

Vietnam's president visits White House

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Talks between US President Barack Obama and Vietnamese President Truong Tan Sang in Washington on July 25 saw both leaders emphasise their intention to enhance economic, political and military cooperation, potentially against China.

The private talks in the White House Oval Office lasted an hour and a quarter—longer than expected. The meeting was only the second for the two countries' heads of state since 1995, when diplomatic relations were re-established. That year marked the 20th anniversary of the end of American imperialism's decade-long war against Vietnam that killed as many as three million Vietnamese people and left much of Indochina devastated.

Despite that horrific legacy, the Stalinist regime in Hanoi has been anxious to develop its relations with Washington, both for strategic and economic reasons. It has strengthened its military ties to the US as a counterweight to China, and these relations have deepened under the Obama administration's aggressive "pivot" to Asia to counter China's influence. At the same time, like its counterpart in Beijing, the Vietnamese government has transformed the country into a cheap labour platform for global capitalism and increasingly depends on the US for trade, investment and economic aid.

In a joint press conference after the Oval Office meeting, Obama said a "step by step improvement" in relations "has allowed us now to announce a comprehensive partnership between our two countries that will allow even greater cooperation on a whole range of issues from trade and commerce to military-to-military cooperation."

Sang's visit had attracted some protests by American-Vietnamese groups over Hanoi's treatment of political dissidents. Some members of the US Congress cynically sought to play the "human rights" card to heighten the pressure on Hanoi, threatening to refuse to

ratify any new trade agreement unless the Vietnamese Communist Party (VCP) regime made some concessions on that front.

However, Obama brushed this agitation aside, only making what the *New York Times* termed a "gentle" reference to human rights. The newspaper noted: "For the [Obama] administration, the looming shadow in all this is China, whose tentacles reach throughout Asia."

Since 2011, the Obama administration's Asian "pivot" has played the central role in determining American policy toward Vietnam. The overall aim in the region is to secure political and military alliances to strategically isolate Beijing. This includes backing South East Asia nations like Vietnam and Philippines to assert their territorial claims against China over islets and energy resources in the South China Sea.

Obama said his discussion with Sang related to efforts to "peacefully" resolve the territorial disputes in the South China Sea. This is a cover for the US position of demanding that China agree to "multilateral" negotiations on the territorial conflicts, with the US playing a leading role. This is opposed to Beijing's insistence on dealing with the disputes bilaterally, free of US interference.

Sang thanked Washington for its support of Vietnam's stance. Officially, Hanoi's position is that it does not want to choose sides in the rivalry between the US and China. This echoes the hypocrisy of the US claim that it is neutral, yet stands ready to defend Vietnam and other South East Asian states.

In the past few years, US warships have visited Vietnam—which holds the largest group of the Spratly islands in contest with China—to show Washington's support for Hanoi. Military links have been steadily stepped up. In June, the Vietnamese chief of the general staff and deputy defence minister visited the Pentagon for the first time and met the top US Joint Chiefs of Staff officers.

Last Tuesday, before his Oval Office meeting, Sang repeated earlier calls for bilateral relations to be fully normalised, with the US lifting its ban on selling advanced weapons to Vietnam.

On economic relations, Obama and Sang both stressed a commitment to complete, by the end of this year, an agreement on trade rules for the Trans-Pacific Partnership (TPP). This US-orchestrated scheme so far involves 12 nations in the Asia-Pacific region, but excludes China. Washington wants to use the TPP to undermine Beijing's commercial clout in the region. Over the past decade, China has become the largest trading partner of most Asian countries.

The worsening fallout from the global economic crisis since 2008 has provided Washington with opportunities to pull Hanoi further into its orbit.

The World Bank predicts that the Vietnamese economy will grow by only 5 percent this year, its slowest rate in 13 years. Since the Stalinist regime adopted its pro-market *doi moi* policy in 1986, it has depended on high growth rates to generate jobs and curb opposition to the corrupt Communist Party's authoritarian rule.

In export industries spawned by transnational corporations that have outsourced production to Vietnam, workers have been brutally exploited as cheap labour. Discontent in this growing working class could erupt as the economy slows and unemployment rises.

Sections of the ruling bureaucracy see a closer alliance with the US imperialism as an answer to growing economic competition with, and strategic concerns over, China.

China is Vietnam's largest trading partner, but Vietnam has a huge trade deficit with China, reaching \$US16.4 billion in 2012. China imports agricultural products, such as oil, rubber lumber and coal, from Vietnam, but takes almost none of its manufactured goods. Instead, cheap Chinese goods undercut Vietnam's export sector. Chinese investment in Vietnam is concentrated in mining, energy and construction. Concern has been raised in military circles over dependence on China in these strategic sectors.

By contrast, the US is now Vietnam's largest export market. Vietnam's trade with the US grew from \$21.57 billion in 2011 to \$24.45 billion last year, with Vietnam having a surplus of \$15.76 billion. The US is also the

seventh largest source of foreign direct investment in Vietnam, with 658 projects worth \$10.5 billion.

By lining up behind the US in the TPP, Vietnam stands to gain relaxed rules on textile and other imports into the US. This would be at the expense of China, the world's largest textile manufacturer.

According to a June 2013 report prepared by the US Congressional Research Service, US supporters of Vietnamese participation in the TPP hope to extract promises from Hanoi for "market reforms" at a later date, aimed at dismantling the state-owned enterprises that dominate heavy industry in Vietnam. The TPP contains measures directed against state enterprises, largely drawn up to bar China, which still retains a sizeable state sector.

Washington has already exploited regional security concerns over Chinese investment to set up the Lower Mekong Initiative (LMI), involving Vietnam, Burma, Cambodia, Laos and Thailand, but excluding China. Through the LMI, launched in 2010, the US is stirring fears in Vietnam that Chinese built dams in the Upper Mekong, and plans for 11 more downstream in Laos, will threaten the annual flood surge that is vital for the fertility of the Mekong Delta region.



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