SHEDDING TO GROW: THE COMING DOI MOI 2.0 IN VIETNAM’S FOREIGN POLICY

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Abstract

Purpose of the study: The purpose of this study is to revisit the characteristics of Vietnam’s foreign policy since its renovation in 1986, also known as Doi Moi, and explore its future trajectory in the coming decades.

Methodology: This study employs a well-established analytical framework relying on the two-level game theory in foreign policy analysis which denotes that a state’s foreign policy is shaped by both external and domestic factors. Primary data are collected from a wide range of trusted resources and databases and communications of the authors with Vietnamese veteran diplomats and foreign policymakers.

Main finding: This article finds that three decades since the launching of Doi Moi in 1986, fundamental principles of Vietnam’s foreign policy remains intact. Because both domestic and external foundations for the initial stage of renovation have fundamentally been replaced by new contexts, Hanoi will likely move towards the so-called Doi Moi 2.0 characterized by greater proactiveness and determination.

Applications of this study: This study has implication for policymakers, scholars and experts in the disciplines and subfields of politics, international relations, foreign policy analysis given that Vietnam has been well known for its significant achievements in its diplomatic relations after the Cold War and it is playing a growing role in regional and international affairs.

The originality of this study: This study makes an original contribution to the existing literature of Vietnam’s foreign policy because it digs into an issue where only a few numbers of scholars have touched upon and provides a comprehensive analysis of the factors influencing Hanoi’s mindset, shaping Vietnam’s national interests and formulating Vietnam’s foreign policy in the coming decades.

Keywords: Vietnam, Foreign Policy, Doi Moi, Open Door, Middle Power, Multidirectional Relations.

INTRODUCTION

Renovation process or Doi Moi was introduced at the 6th National Congress of the Communist Party of Vietnam (CPV) in 1986, following the CPV’s reassessment of the internal and external context for the country’s development in the following decades. Over the past three decades, Doi Moi has been characterized by shifting from a centrally planned to a market-driven economy, maintaining fundamental political principles and opening up to the world in terms of foreign policy. In its implementation, Doi Moi was conducted by a cautious and gradual approach to ensure no disruption in the political system or society caused by sudden changes.

Thanks to this strategy, Vietnam has often been seen as a successful example in the post-Cold War era. One of the most important indicators for the country’s success is its economic performance. Vietnam’s annual growth rates in the period from 1988 were always higher than 5% and the average annual growth in the period from 2005-2019 was 6.7% (World Bank, n.d.-b). The ratio of people living below the poverty line of $1.90 a day dropped from 52.9% in 1992 to 2% in 2016 (World Bank, n.d.-c). In security terms, since the end of the Cold War, Vietnam has generally maintained a peaceful environment and a stable society.

Doi Moi has spread into the field of foreign relations. Many authors have been attracted by the developments of Vietnam’s foreign policy. The common observation is that Hanoi has been increasingly integrated into the world, fostering good and stable relations with all major powers, and playing active roles in major international and regional multilateral mechanisms, including the UN and ASEAN (Hiep, 2018; Quy, 2019; Thayer, 2016, 2018; Trung, 2017; Tung & Tu, 2018).

Domestic factors and political mindset are considered vital for the making of Vietnam’s foreign policy (Duong, 2006; London, 2009; Thayer, 2017; Thu, 2018). While Vietnam has been seen by some authors as an authoritarian state, London (2009) noted that the Vietnamese view of its political and economic regime has significantly changed from the central-planned economy to democratic centralism and market-Leninist economic regime which have pushed economic growth and lifted up people’s living standard. Thu (2018) pays attention to the international economic integration aspect of Vietnam’s foreign relations, arguing that economic integration is possible with the transformation from centrally-planned to a market-based economy. Duong (2006) sees the interplay between power and identity factors as the key in shaping Vietnam’s foreign policy and contends that the making of Hanoi’s foreign relations is decided by the combination and interplay between Vietnamese ethnocultural nationalism, renovated socialism and Southeast Asian...
regionalism. Meanwhile, Thayer (2017) focuses on the transformation of state-society relations in Vietnam as a source for Hanoi’s foreign policy, arguing that the CPV has shifted its regime legitimacy “from nationalism and socialist ideology to performance legitimacy” and public opinion and elite factionalism are gaining their influence in Vietnamese politics and foreign policy.

At strategic levels, experts tend to agree that Vietnam’s diplomacy has since Doi Moi been more pragmatic and role of ideology has declined (Chapman, 2017; Dosch & Tuan, 2004; Hiep, 2018; Quy, 2019; Thayer, 2016; Trung, 2017; Tung & Tu, 2018). Hiep (2018) notes that Vietnam’s foreign policy stresses the principles of independence, peace, cooperation and development based on international law, equity, mutual benefit. In practice, Hanoi pursues firm position against China in the South China Sea and rapprochement with the US. In a similar vein, Chapman (2017) argues that the core interests of Vietnam namely maintaining peace and stability, protecting sovereignty and independence, and promoting position in the international Sea remain unchanged since Doi Moi. Hanoi’s main objective in foreign relations is to reduce uncertainty in the external environment while benefiting from deepening its process of integration into the world. In order to achieve this objective, Vietnam pursues a multidirectional foreign policy to enhance its leverage against potential threats. This allows Hanoi to avoid falling into either camp of balancing or bandwagoning with great powers.

At the operational level, experts contend that Vietnam’s strategy is to maintain balanced relations with major powers (Quy, 2019; Thayer, 2016, 2018; Trung, 2017). Thayer (2016) examines Vietnam’s defence and security cooperation with major partners and argues that Vietnam keeps equidistant relations with its strategic partners in order to avoid being pulled into the orbit of strategic rivalry between major powers, most notably China and the US. This strategy is a part of Hanoi’s principle of non-alignment and strategic autonomy while maintaining security and development. Quy (2019) and Trung (2017) focuses on the multilateral dimension of Vietnam’s foreign policy. The content that one way for Hanoi to increase its bargaining power vis-à-vis more powerful states is to actively join in multilateral mechanisms. A domestic implication of actively joining these multilateral institutions is that their memberships will further bolster internal economic renovation and restructuring of Vietnam.

However, as the third decade of the 21st century unfolds, Hanoi is facing a number of emerging critical challenges that may impact its foreign policy. Vietnam’s sovereign rights in the waters of the South China Sea have been at times seriously violated, risking short conflicts. This happens in the context where the country is emphasizing developing its maritime economy, putting higher pressure on the Government. Non-traditional security challenges in the Mekong delta, including the shortage of freshwater concurring with sea-level rise, would sink half of the Mekong Delta underwater and around a third of the Vietnamese population would be at serious risk of losing their incomes and homes by the end of the 21st century (Minderhoud et al., 2020). Against this context, not many authors have attempted to discuss the future of Vietnam’s foreign policy in the coming decades. One authoritative idea is to introduce Vietnam as a middle power in international affairs (Tinh, 2019; Phuong, 2019; Tinh and Long, 2019). Their thesis is that with the new economic capabilities and diplomatic capital, Vietnam could be considered a middle power and should undertake middle power diplomacy, characterized by a more proactive role in international affairs. While this argument is significant, it has the shortcoming of over-simplicity when assuming that countries with similar (middle) power capabilities would pursue a similar foreign policy approach.

This study attempts to shed light on the future trajectory of Vietnam’s foreign policy in the coming decades in this changing context. It is compelling because Vietnam is rising as a regional power and expanding its role in regional and international affairs. Hanoi’s policy and behavior in its foreign relations domain will be significant to regional order, stability, and security. We argue that the extensive transformation of both internal and external environments requires the CPV to calibrate its current foreign relations strategy, making Hanoi more proactive and determined in the coming decades.

TWO-LEVEL GAME IN FOREIGN POLICY MAKING AND THE CASE OF VIETNAM

This research falls into the subfield of foreign policy analysis (FPA). This subfield has a wide range of theoretical approaches, methodologies, and models, including efforts to build general quantitative and qualitative theories, studies of the role of personal cognition and personality, research on the role of institutional constraints, and influence of the international system on foreign policy (Garrison, 2003; Smith, 1986).

In a nutshell, this study adopts an approach commonly agreed by foreign policymakers and analysts, that a country’s foreign policy is strongly driven by both domestic and external actors (Putnam, 1988; Tsebelis, 1990). Domestic actors interact with one another in a complex process to establish a room with certain limits for the government to operate in its external environment. Meanwhile, the external environment, most importantly the international configuration established by the relative power of states and the existing international regimes that regulate the concerned case, performs push and pull functions in determining a state’s foreign policy and its successful implementation in a given issue.

The international effects of domestic variables are well known as the ‘second image’ (Waltz, 1959). In turn, the term ‘second image reversed’ denotes international effects on domestic politics (Gourevitch, 1978). While foreign policy is an instrument to carry domestic political wills, the external situation limits the available foreign policy instruments, thus interfering in the process of translating the domestic preference into actual actions. As actors representing states in
international relations, governments face both internal and external constraints in implementing their foreign policy goals. This two-dimensional feature of foreign policy was termed by Robert Putnam (1988) as the two-level game. This characteristic was also labelled as a ‘nested game’ or ‘double-edged diplomacy’ (Tsilibris, 1990; Evans et al., 1993).

This two-level approach is strikingly agreed by the vast majority of prominent Vietnamese veteran diplomats and policymakers who confirm their views through a wide range of discussions and communications with the authors. So adopting this methodology in the study of Vietnam’s foreign policy, this research examines the thorough transformations of the domestic and international environments that have shaped Vietnam’s foreign policy from when Doi Moi was started in 1986 to the ones that Hanoi is facing. The examination leads to the argument that Vietnam is expected to consider some important shifts in its foreign policy in the coming years to cope with the new situation.

THE FUNDAMENTALS OF DOI MOI IN VIETNAM’S FOREIGN POLICY 1986-2016

By 1986, Vietnam was faced with enormous and multi-faceted challenges. Domestically, Hanoi failed to achieve most targets set out for the second Five Years Plan (1976-1980) and the third Five Years Plan (1981-1985). The ultimate objectives of stabilizing the socio-economic situation and improving people’s living conditions after a long war as set out at the 5th General Congress of the CPV in 1981 were not accomplished (CPV, 2006). Externally, Vietnam suffered strict sanctions from the US and Western countries, while its major ally, the Soviet Union, was sliding along the way to collapse and thus could not provide sufficient support. Adding to that, Hanoi was engaged in the battle against the genocidal Khmer Rouge regime in Cambodia and in protracted fighting against China to defend its sovereignty along its northern border after the short but deadly conflict in 1979.

Facing such paramount threats, at the 6th National Congress in December 1986, in the name of Doi Moi, the CPV made a brave and landmark turn in its overall strategy thanks to the reassessment of the internal and external situation. As the CPV’s General Secretary Truong Chinh acknowledged in July 1986, in order to overcome critical challenges in the socio-economic situation, Hanoi needed to change its mentality, especially its economic mindset (CPV, 2006). This led to the shift in Vietnam’s development model from a centrally planned economy towards a socialist-oriented market one. Following that direction, at the 6th National Congress in December 1986, the CPV officially recognized the existence of different economic sectors in the transition period and followed the basic principles of a market economy whereby the price is decided by the balance between demand and supply (CPV, 2006).

The Doi Moi mindset spread into the field of Vietnam’s foreign policy. In short, Vietnam’s new foreign policy after 1986 is characterized by a more pragmatic approach. Apart from maintaining its relations with traditional partners such as the Soviet Union, Laos, and other countries in the socialist bloc, Hanoi has been active in promoting relations with industrialized countries, international organizations and foreign investors on the basis of equality and mutual benefit (Thayer, 2018).

While Vietnam’s foreign policy has evolved very much in the past three decades, some fundamental principles remain unchanged in its strategy. The most important principle of Vietnam’s foreign policy is maintaining its independence and self-reliance. This doctrine has been frequently repeated in all important documents of the CPV. Nevertheless, there have been a number of voices inside Vietnam in the past decades on the need to redefine the term independence. The general consensus among policymakers today is that in the context of globalization and Vietnam’s growing integration into the world, independence must be viewed in a broader and more flexible approach to reflect the deeper inter-dependence between different factors in the making of Vietnam’s foreign policy.

The second principle remaining unchanged is Vietnam’s gradual but strong and consistent commitment to its open-door strategy. In the initial period, the open door was focused on economic integration, inviting foreign investors to come and do business in Vietnam. Hanoi has cautiously opened its market for sensitive industries, such as banking and telecommunications. Apart from the rapid increase in foreign direct investment (FDI) and official development assistance (ODA), a large number of non-governmental organizations have come to assist in the development process in Vietnam. Vietnam’s international integration has gradually expanded into social and political dimensions. It has twice served as a non-permanent member of the United Nations Security Council (UNSC). In 2018, Vietnamese doctors were sent to Sudan for its first UN peacekeeping mission. Hanoi also held the 2nd US-DPRK Summit and received frequent visits of top leaders from major powers. Defence diplomacy is considered as a major pillar to protect national interests and sovereignty (Ministry of National Defence [MOD], 2019).

Third, Vietnam’s interest in multilateral mechanisms is growing. Hanoi’s approach towards multilateral mechanisms started at the 7th National Congress of the CPV in 1991, as it stated clearly that one objective of Vietnam’s diplomacy was to contribute to the development of the United Nations (UN) and foster relations with UN’s functional bodies and multilateral financial institutions (CPV, 2001). In the period after CPV’s 7th National Congress, Hanoi managed to join major regional and international organizations, such as ASEAN, APEC, and WTO, and to enter a number of multilateral free trade agreements, such as China-ASEAN FTA (CAFTA), CPTPP and EVFTA. A milestone in Vietnam’s multilateralism was Resolution 22-NQ/TW issued by the Politburo on April 10, 2013. This document for the first time stressed the need for Hanoi not only to join existing multilateral mechanisms but also proactively provide initiatives and contribute to the development of multilateral mechanisms. By the 8th National Congress of the CPV, multilateralism was placed in the Political Documents as a guiding strategy for Vietnam’s diplomacy. Resolution 06-NQ/TW of CPV’s...
Central Committee in November 2016 further emphasized strengthening and enhancing Vietnam’s multilateral diplomacy.

Fourth, Hanoi adheres to the rule of law in the international arena, considering it as an important principle to ensure a peaceful and stable security environment for its development. The 2019 Defence White Paper stated that Vietnam would uphold standards and norms in international relations and develop its relations with other countries on the basis of fundamental principles of international law (MOD, 2019). This concept has particularly appeared in the speeches of Vietnamese top leaders amid growing concern about the South China Sea. For example, Prime Minister Nguyen Xuan Phuc while speaking at the 35th ASEAN Summit in Bangkok in November 2019 highlighted the importance of peace, stability, and the rule of law in the South China Sea.

CHANGES FROM WITHIN: NEW DOMESTIC DRIVERS FOR FOREIGN POLICY

As Vietnam enters the 4th decade since its Doi Moi and is preparing for its 13th CPV National Congress in 2021, Hanoi has found itself in a substantially new domestic setting compared with the one over three decades ago.

First, Vietnam’s economic development model of expansion relying on the exploitation of natural resources and cheap labor in the past three decades is no longer optimal. Three key factors contributing to the success of the expansion-based economic development model in Vietnam in the past, namely cheap labor force, natural resources and external resources have now come to their limits. As early as 2010, a leading expert in modern competitive advantage theory, Michael Porter, and his colleague have recommended that Vietnam should open a new chapter in its economic development to replace the existing one, which has successfully finished its role in the initial stage of Doi Moi in Vietnam (Porter et al., 2010).

Concerning human resources, the General Statistics Office of Vietnam estimated that by 2014, Vietnam had joined the group of countries with an aging population, as the number of elderly people (those from 60 years old up) accounted for 10.15% of the Vietnamese population. The proportion of elderly people reached 11.29% in 2018 and is expected to rise to 17% in 2025 (VietnamNews, 2017). In addition, life expectancy in Vietnam has increased from 68.6 years in 1999 to 73.5 in 2017 and this number will likely reach 78 in 2030 (Thanh, 2019). In addition, there are growing demands of laborers that employers need to increase their wages and pay for their social insurance and other worker benefits programs (Kerkvliet, 2019). The unprecedented fast-aging population also requires Hanoi to invest significant wealth to care for its senior citizens. For these reasons, in the coming decades, Vietnam would no longer enjoy the comparative advantage of having abundant skillful, young and low-cost labor.

With regards to natural resources, rapid economic expansion in the past decades have put natural resources, such as petroleum, agricultural land, forests, and water under high pressure of over-exploitation and thus at high risk of depletion (Cu et al., 2018; Shivakoti et al., 2017). Despite the sharp reduction in the contribution to Vietnam’s overall GDP (less than 10% in 2019 compared with some 20-20% in the period 2006-2015) (PetroVietnam, 2019), petroleum exploitation is still the main source of income for Vietnam. This industry, however, is now facing grave difficulties, including the rapid exhaustion of its main oil discoveries, the lack of high technologies and capabilities to go further offshore, severe international competition in the petroleum industry, and heightened tension in the South China Sea (Thanh & Loan, 2018). At the same time, the use and distribution of land is also a contentious political issue. As World Bank noted, the land is a relatively scarce resource in Vietnam. Unsustainable agricultural practices have led to rapid land degradation, deforestation, biodiversity loss and water and air pollution (World Bank, 2016). One research suggested that over 70% of petitions, accusations and other criticisms from citizens are about land issues (Kerkvliet, 2019). If this trend continues, agriculture and the land-based economy could not be counted as a critical force to sustain the high economic growth rate in Vietnam in the coming decades.

Concerning external resources, foreign direct investment (FDI) and foreign assistance have still been very important sources to sustain Vietnam’s economic growth in recent years. By 2019, the inflow FDI into Vietnam reached over $38 billion, compared with almost nothing in the period immediately after the launch of the opening policy in 1986 (Macrotrends, n.d.). Foreign investment provides businesses and the whole economy with capital and at the same time serves as an important factor pushing the country towards being more open to the world (Nhung, 2017). Export value from the FDI sector currently contributes 70% of Vietnam’s overall exports (Chinh & Chi, 2018). However, looking deeper into the investment structure, the FDI sector has not yet met expectations in contributing to Vietnam’s industrialization strategy. Investments often come to such sectors as natural resource exploitation, real estate, processing, and assembling, to make use of the natural resources and the cheap labor force. In 2019, the largest proportion of total FDI, 64.60%, or $24.56 billion, went into the manufacturing and processing sectors. Real estate ranked second, attracting 10.20% of the total FDI (Dung, 2019). Only 6% of FDI businesses possessed high technologies, while 80% were with an average tech level and 14% were equipped with low tech (Thuong, 2018). Hanoi’s expectation of the spill-over of high technologies and advanced management knowledge from the FDI sector to other sectors has thus not been realized. The high FDI flow has even led to a certain level of distortion in economic structure and unequal developmental levels between different regions in Vietnam (McLaren & Yoo, 2017; Thuong, 2018). As the Vietnamese Government is advocating a high-tech and innovation strategy, its foreign relations in general and strategy to attract
foreign investment in particular, need to stay focused on priority groups of states and foreign investors who are interested in these areas.

Second, after three decades of renovation, Vietnam’s overall strengths have significantly improved. A higher level of development with increased strengths allows Hanoi to pursue a more dynamic and confident approach in its foreign policy. The country’s GDP has consistently increased in the past 30 years, from roughly $6.3 billion in 1989 to $245.2 billion in 2018, and GNI per capita has been raised from $210 to $2,360 in the same period (World Bank n.d-a). Together with this achievement, Vietnam has also seen remarkable improvements in other key criteria. The country’s total foreign reserves in 2018 were equal to $55.45 billion, 42 times as much as the figure of $1.32 billion in 1995 (World Bank, n.d-f). The trade value of Vietnam has risen from roughly $30 billion in 2000 to $517 billion in 2019 (World Bank, 2019). Hanoi also invested a lot more in military spending. Vietnam’s defence budget in 2018 was $5.5 billion, compared with roughly $460 million in 1986 (World Bank, n.d-d).

Domestic changes are manifested not only in statistical growth but also in substance. Economically, Vietnam’s international integration has deepened and economic growth has been increasingly dependent on foreign trade. In 1989, merchandise trade value only accounted for 71.68% of the country’s GDP and this figure has rocketed to 135.49% in 2010 and 199.76% in 2018 (World Bank, n.d-e). By February 2020, Vietnam was a signatory to 13 Free Trade Agreements (FTA), of which 12 are effective. Hanoi is also negotiating three more bilateral and multilateral FTAs (VCCI, 2020). In the past years, Vietnam has entered into some new generation of FTAs, or FTA 2.0, such as the EVFTA with the European Union and the CPTPP with 10 other countries. FTAs 2.0 is far more influential than a pure economic cooperation agreement as they have stricter commitments and cover a wider range of issues, such as environmental protection, conditions for the labor force and government spending (Brown, 2016; Harrison et al., 2018).

Other indicators of Vietnam’s deepened integration into the world include the high penetration rate of the internet in the country and the increasing number of foreign tourists to Vietnam. In 2019, nearly 60 million Vietnamese people were internet users (Statista, 2020). In the same year, some 18 million foreign tourists came to Vietnam, contributing over $31 billion to the country’s GDP. Altogether, they indicate that the boundary between domestic and external affairs has been blurred and Vietnam’s foreign policy in the coming years must be formulated to meet the emerging needs of the very different internal context of Vietnam.

CHANGES IN THE INTERNATIONAL ENVIRONMENT

In the past three decades, international and regional relations and the security environment have changed enormously, setting new foundations for the making of the foreign policy of Vietnam.

To begin with, the balance of power among the great powers and regional countries has evolved to a very different stage compared with the time immediately before the end of the Cold War when Vietnam adopted its opening foreign policy at the end of the Cold War (Fels, 2016; Shambaugh, 2018). The regional order has gradually moved from a pax Americana unipolarity to a more bipolar order shared by the US and China, or a multipolar one with the increasing role of middle powers (Pogosson, 2018; Raymond, 2019).

China, Vietnam’s big and influential neighbor, has since 2009 surpassed Japan to become the second-largest economy and it is fast approaching the US economic size. Indian high growth rates in the past decade have allowed it to approach East Asia more assertively by moving from a “Look East” to an “Act East” policy (Bajpaee, 2017; Mishra, 2017). Japan, while relatively declining economically, has determined to head back to a normal state, expanding its foreign policy influence (Ozaki & Arnold, 2018; Smith, 2019). ASEAN, usually criticized for its minimal and gradual approach, has achieved milestones in its integration process with the ASEAN Charter in 2008 and the establishment of the ASEAN Community in 2015 (Gugler & Vanoli, 2017; Nesadurai, 2017). Against this context, Sino-US relations have been a determinant in shaping regional affairs. Since 2016 when Donald Trump assumed the Presidency of the US, Sino-US relations have experienced a period of uncertainty (Graaff & Apeldoorn, 2018; Kirshner, 2019). The current great power competition between China and the US may decouple the region and divide countries into two opposite camps led by China and the US (Wei, 2019). In that case, Vietnam, like other regional countries, may have to abandon their balanced approach and take sides on certain issues.

China’s rise has impacted Vietnam in both negative and positive ways (Hai, 2017; Hiep, 2017). On the one hand, Vietnam’s economy has benefited from China’s advancement and prosperity. On the other hand, increased Vietnam’s trade with China has led to a certain level of dependency on Vietnam on China’s economy and this, in turn, has inadvertent implications for Vietnam’s security. China’s increased overall strength also poses security challenges for Vietnam, as Beijing has greater capability to pursue its assertive and unilateral foreign policy at the expense of Vietnam on disputed issues (Hiep, 2017).

Second, globalization continues to be a dominant and mega trend in international relations after the Cold War and this impacts on Vietnam’s foreign policy calculations (Abbott & Tarp, 2012; Vinh & Phong, 2018). Developments in transportation systems, technologies, and the internet have been the main driving forces for deeper and more extensive globalization. Different regions have increasingly become inter-connected, exemplified by the emergence of the Indo-Pacific. The subsequent impacts of globalization are increasing interdependence and thus the need for greater roles for
multilateral institutions at both regional and global levels (Bisley, 2018). ASEAN and ASEAN-led mechanisms have thus been expected to play more active roles in fostering Southeast Asia’s economic cooperation and security. Vietnamese views are generally positive towards globalization, believing that it would generate more opportunities for the country. However, globalization has also brought about socio-economic challenges for Vietnam, such as social and cultural disruption, identity crisis, and economic backlash from the opening of the domestic market (Phong et al., 2018).

Third, technological advancements worldwide also contribute to shaping Vietnam’s foreign policy. Over the past decades, technological advancements in such areas as telecommunication, big-data, robotic industry and artificial intelligence have improved productivities worldwide, and at the same time posed greater risks for less developed countries like Vietnam for being marginalized under the digital-divide phenomenon (Ranis, 1972). Vietnamese businesses have been increasingly dependent on technology, evident in the application of the internet. The internet was first introduced to the country in 1997, roughly a decade after Doi Moi was introduced, but it has quickly expanded to become an indispensable part of the Vietnamese people’s daily life (Ba, 2018; Duong, 2019). By November 2019, Vietnam had some 64 million internet users, representing roughly 66% of the total population. Out of this, some 62 million people are active social media users. The Internet has become an important infrastructure for businesses to undertake their activities, such as doing market research, promoting sales, communication and internal collaboration (Duong, 2019).

Fourth, higher expectations of the international community about Vietnam is another driver for the formulation of Vietnam’s foreign policy. From a socialist country surviving the Cold War, Vietnam has witnessed a long period of sustained high growth rate and is increasingly integrated into the world. As a result, many countries currently look at Vietnam as rising security and economic partner with a dynamic market and lots of opportunities rather than a donor-recipient country (Grønning, 2017; Hang, 2016). There is also a growing consensus that Vietnam should play a more active role and contribute more to maintain regional affairs.

THE COMING DOI MOI 2.0 IN VIETNAM’S FOREIGN POLICY

The evolving domestic and international contexts set the new foundation for Vietnam to seriously think about a new chapter in its foreign policy. In order to discuss foreign policy strategy in the new context, it is important, to begin with reviewing what constitutes Vietnam’s key national interests in the new context as any policy direction must serve these interests.

Common wisdom among Vietnamese scholars and the policy-making community is that Vietnam’s foreign policy serves three major interwoven tasks of protecting security, facilitating economic development, and enhancing the country’s position in the international community. When the CPV initiated its Doi Moi in 1986, one vital security concern was to protect the leadership and legitimacy of the Party. After over three decades, Vietnam’s security concerns need to be redefined. The US, once a key concern, no longer represents a major security threat for Hanoi (Siracusa & Hang, 2017). Instead, Washington is now seen as a security balancer. Since US President Clinton visited Vietnam in 1992, all his successors have been to Hanoi for bilateral visits. In July 2015, CPV’s General Secretary Nguyen Phu Trong paid a historical visit to Washington at the invitation of President Barak Obama’s Administration, symbolizing full US recognition of and respect for Vietnam’s political system. As for China, Vietnam signed a land border agreement and an agreement on the demarcation of the Gulf of Tonkin respectively in 1999 and 2000. This has allowed relatively stable Sino-Vietnamese relations over the past two decades. However, strategically, Vietnam is faced with negative impacts of China’s rise, and one example is China’s increasing assertiveness in the South China Sea (Hiep, 2017; Tuan, 2018). Apart from that, non-traditional security issues such as climate change and the shortage of water in the Mekong sub-region have also emerged as new and long-term risks for Vietnam’s national security. They would be issues for Hanoi to resolve in the coming years (Thao, 2019).

The second national interest that foreign policy needs to address is facilitating economic development. As discussed, Vietnam’s development model relying on a low-cost labor force and the exploitation of natural resources in the initial period of renovation is no longer the ideal choice. Instead, a knowledge-based economy is a future for Vietnam’s development and different sectors are eager to grasp this opportunity (Au, 2016; Thu et al., 2018). In past years, Vietnamese Prime Minister Nguyen Xuan Phuc has often advocated building a country of renovation and creativity. At the third meeting of the socio-economic subcommittee in March 2019 in preparation for the 13th National Party Congress, he argued that science and technology and the promotion of innovation and creativity should be prioritized to maintain the momentum of robust growth and that it would serve as the foundation for economic restructuring and renovation of the growth model in the coming years (VietnamNews, 2019).

The third category of interest in driving Vietnam’s foreign policy is to enhance Vietnam’s position in the world. When it initiated the open-door policy in 1986, Vietnam’s approach to the international system was mainly to learn about international institutions, choosing the suitable ones and joining them. In other words, Vietnam played the role of a rule-taker. However, the achievements of the renovation strategy have lifted Vietnam to a new level of development with greater strengths and it has a high reputation as a robust, growing country with a stable political system, and a dynamic and open foreign policy. As Vietnam enjoys a better position, since its 11th National Congress, the CPV has committed
to promoting the country as a reliable partner and an active, proactive and responsible member in the international community.

Taking all these objectives into consideration, Vietnam’s foreign policy in the coming years is expected to move to a new chapter or version 2.0 of Doi Moi. As the strategic goals of Vietnam’s foreign policy remain unchanged, this version of Doi Moi is to maintain the core principles that the country has upheld in the past decades. Protecting national sovereignty and security, including preserving the leadership of the CPV, and at the same time maintaining a stable external environment in order to invest maximum resources for development, will continue to be the most important goals. To accomplish these objectives, the principles of independence and self-reliance while fostering international integration is requisite as the cornerstone in Vietnam’s diplomacy. Hanoi is also likely to uphold the main foreign policy directions such as upholding multilateralism, keeping a balanced approach towards major powers and advocating for the rule of law and building a rules-based order.

The new context, however, requires changes in operationalizing foreign policy, especially in external economic cooperation. First, Vietnamese foreign policy is expected to proactively approach and facilitate cooperation with high-tech partners to support its inevitable move towards building a knowledge-based economy. Hanoi should give priority to FDI projects that have a sustainable plan, eventually leading to hi-tech transfer, and assisting the development of other sectors. In this regard, Hanoi needs to further expand its diplomacy to non-state actors, such as high technology corporations. The meeting of PM. Nguyen Xuan Phuc and Samsung leaders in 2018 leading to Samsung’s investment to build an R&D facility in Hanoi is a good example. Equally important, countries from which investors often perform poorly should be blacklisted and that would be used as one criterion when assessing and approving new projects. Second, Hanoi would gradually move from safety-seeker to a more risk-taker as international integration is deepened. The better position Vietnam has in the international system, the more pressure it would face to make choices on different international issues, especially at a time when Sino-US great power rivalries intensify. To accommodate the new role and keep itself apart from heightened great power competition, Vietnam is expected to take a position instead of taking sides. In other words, when facing a certain issue, Hanoi should stick to the principles it has committed to uphold instead of choosing any specific country. This approach requires a clear, consistent and relatively transparent diplomatic doctrine.

Third, Vietnam would prioritize developing relations with friendly countries that share fundamental principles in international affairs. Vietnam’s current system of distinguishing different levels of its external relations, such as special relations to the comprehensive strategic partnership, strategic partnership, the comprehensive partnership could be one suggestion, but it needs to be more substantial and more pragmatic. Finally, Vietnam would play a greater role in mediating and settling regional and international disputes. The successful organization of the Hanoi summit between US President Donald Trump and DPRK leader Kim Jong Un in 2019 and many other major events such as WEF ASEAN 2018 and APEC 2017 suggests that Vietnam is a good venue to host big security events in the coming years. Vietnam’s contribution should not be limited to providing event venues. In fact, Hanoi has significant advantages as a credible mediator. The country has gone through wars with major powers and severe sanctions from the West, and it is now increasingly integrated into the global community and among the most robust growing countries in the world. Its experiences can be meaningful for countries in the process of state-building and conflict resolution.

CONCLUSIONS

Over three decades after initiating the renovation strategy, Vietnam has found itself in a much transformed domestic and international environment. A new knowledge-based development model is needed to replace the existing one reliant on the exploitation of natural resources and a cheap labor force. Externally, major power competition has intensified and Vietnam is seen as a successful example of development who should play a greater role in international affairs. This transformation is expected to compel Hanoi to adjust its foreign policy in the coming years to fulfill its overall development, security and foreign relations objectives. The new version of Vietnam’s foreign policy is expected to retain fundamental principles that Hanoi has pursued since its opening up. However, at the operational level, Vietnam could be more determined, focusing on areas of high interest, such as technology cooperation and transfer, and defending the principles it upholds in international affairs and playing a greater role in maintaining international security and stability.

One issue that this research has not properly addressed is the interplay between the three main goals of Vietnam of promoting security, development, and international position and how this interaction may influence Vietnam’s foreign policy options. Generally speaking, these objectives are mutually reinforcing as the promotion of one goal will bolster up the others. However, in case Vietnam confronts a harsher external environment, the three objectives may be contradictory and Hanoi has to make a sharp decision on its preference and priority. The specific decision in one critical moment may, in turn, have significant impacts on the future course of Vietnam’s overall foreign policy. This issue is open for another research in the future.

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