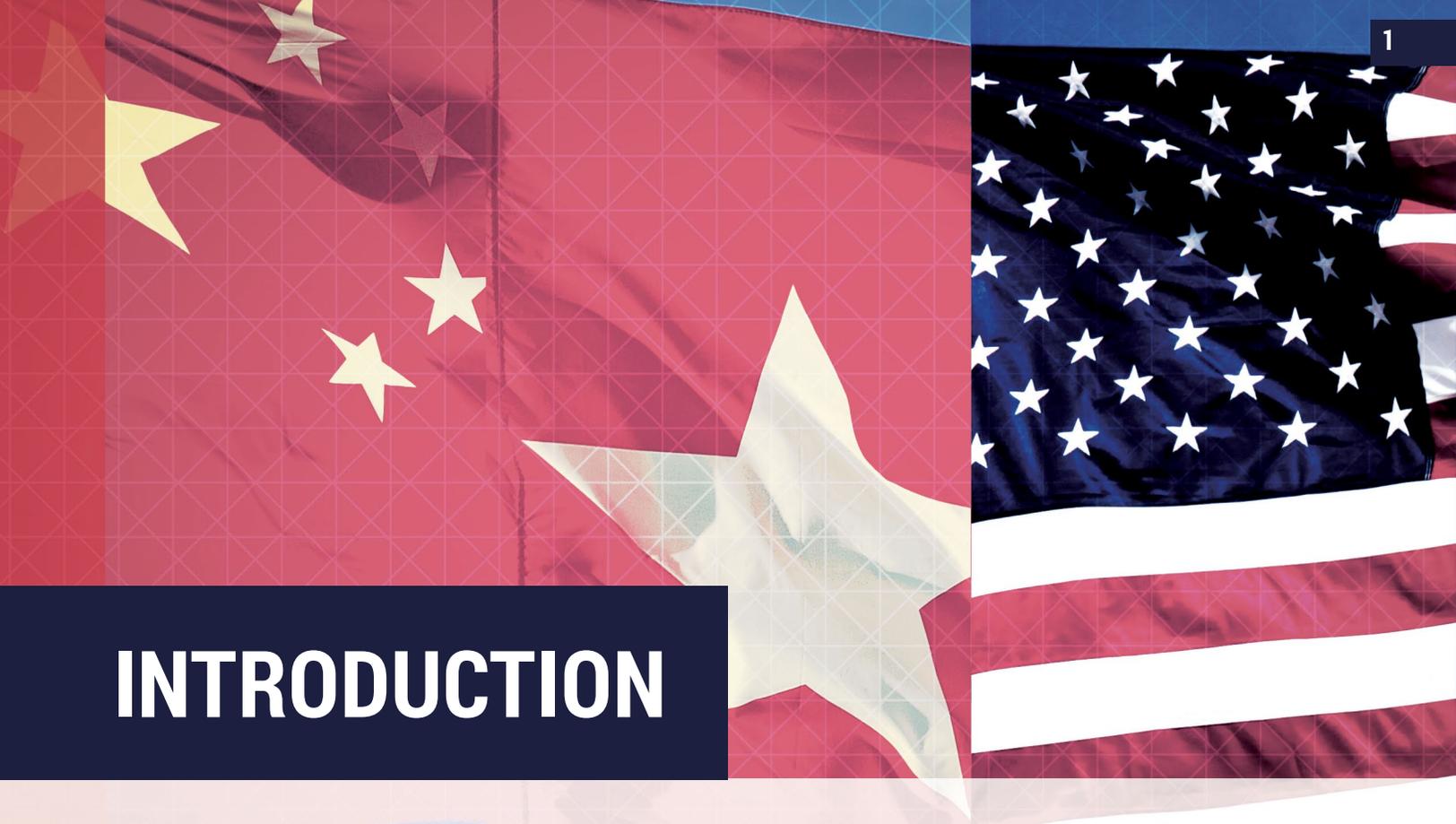


# CHINA'S CHOICE: RESPONDING TO U.S.-VIETNAM COOPERATION

CROWDSOURCED ANALYSIS FROM WIKISTRAT

October 2016



# INTRODUCTION

It is tempting to say that the main driver of increased strategic partnership between Vietnam and the U.S. is Chinese assertiveness regarding – among other things – its claims in the South China Sea. However, Wikistrat’s analysts have, in general, assessed that the U.S.-Vietnam relationship appears to be more than a reaction to recent Chinese behavior – and that it will continue to grow.

The question is not whether China can actively prevent the growth of the U.S.-Vietnam relationship, but to **what extent it can mitigate the negative repercussions thereof.**

In a discussion forum entitled “Evolving U.S.-Vietnam Relations” which Wikistrat ran earlier this year, our analytic community unpackaged these questions and more.



## VIETNAM'S MOTIVATIONS

Vietnam's relationship with China has historically been testy. Formerly a tributary state, Vietnam has been subject to two millennia of Chinese dominance. Recent decades have been no exception. Vietnam and China exchanged fire in a brief but bloody border war in 1979, resulting in tens of thousands of casualties on both sides. In recent years, China and Vietnam have been engaged in disputes over the South China Sea.

Given this history, Vietnam will see major value in encouraging military compatibility with the U.S. and its regional allies – who happen to also be interested in containing China. Vietnam would receive major integrative benefits from arms trades and collaboration with major Western firms.

But China is not Vietnam's only reason for drifting towards the U.S., and it would be a mistake for Beijing to assume so. Vietnam's government requires economic growth to maintain its position – something which requires increased trade with the U.S. and the world community. As long as the U.S. remains the global hegemon, it acts as the gatekeeper of globalization – as evidenced via the recent push for the Trans-Pacific Partnership (TPP), which at present excludes China.<sup>1</sup>

To the extent that China is able to take part in globalization rather than fight for its own mercantile interests, it will prevent the U.S. from being the sole beneficiary of Vietnam's movement into the global marketplace.

---

<sup>1</sup> Notably, drawing back trade tariffs between Vietnam – and its trading partners – is key to Vietnam's economic position as an exporter.

# CHINA-VIETNAM FLASHPOINTS



**LEGEND:**

 Possible Flashpoints



## CAUSES OF A CLASH

A large conflict between Vietnam and China is far from impossible. Though a majority of analysts believed it to be unlikely, 43 percent of participants believed a “major confrontation” is probable before 2026. The possibility must therefore not be discounted.

The South China Sea – the focal point of several overlapping maritime claims, and an area in which Chinese domination would threaten Vietnamese shipping, fishing and natural gas access – is the obvious location for a crisis to develop. Both Vietnam and China’s coast guards routinely drive away and interdict each other’s fishing vessels.

The establishment of an air defense identification zone (ADIZ) in the South China Sea is a possible trigger for confrontation. The 2013 establishment of such a zone in the East China Sea – host to China’s dispute with Japan over the Senkaku Islands – spurred a firm response from the U.S., which sent B-52s into the airspace. Perhaps as a result, China does not presently enforce this ADIZ.

Would the U.S. take similar action on behalf of Vietnam upon the establishment of a South China Sea ADIZ? In fact, it would simply need to take it on behalf of the Philippines, the other major party to the maritime dispute. In such a situation, Vietnam would gain many of the benefits of increased U.S. protection of Manila and reap further rewards regarding follow-on security and intelligence cooperation.

Disputes regarding dam projects on the Mekong and Red Rivers are also a major source of tension. Industrial, electricity and water requirements will compel China to dam up more of these waterways.

## CHANGES IN STRATEGIC THOUGHT

To escalate a crisis, China’s leadership would have to sense – rightly or wrongly – that a circumstantial “window of opportunity” exists in which the U.S. would not back Vietnam in any significant way. Vietnam’s leadership would have to believe the reverse in order to escalate on their end. Moreover, Vietnam may be swayed by a feeling that its economy is unfairly paying the price for Chinese prosperity vis-à-vis a major resource – e.g., fishing.

Memories of past conflict play a major role in any calculus. Uniquely, institutional fears of U.S. involvement in East Asia and its effects may ward off escalation on the part of China (fearing that the U.S. might intervene) or Vietnam (fearing that a U.S. intervention would prolong a war at the expense of Vietnam itself). As those who experienced the Vietnam War era leave leadership positions, the effect of the traumas of the 20<sup>th</sup> century will certainly diminish.



Both sides have settled into a stable but pressurized situation because both recognize that neither would benefit from an escalating crisis or sustained violence. Internal perceptions of self-interest would have to change before a fundamental crisis emerged.

**Jacob Shively**  
Senior Analyst, Wikistrat

## NATURE OF A CONFLICT

Any clash would be caught between a Chinese effort to keep the conflict brief but impactful, and a Vietnamese effort to draw it out and thereby bleed its northern neighbor – or even force U.S. intervention. For this reason, a land invasion of Vietnam is considered highly improbable; China is well aware of Vietnam’s ability to fight off larger and more advanced enemies via asymmetrical means.

One also cannot gloss over the fact that the last major conflict in which Chinese troops participated was in fact the 1979 war. Today, China’s military suffers from more corruption, is less battle-tested, and is drawn from a population unwilling to sacrifice their only children in a war of perceived political choice.

How, then, might China attempt to achieve a “knockout blow”? Some analysts argue that China may attempt to utterly decimate Vietnam’s naval and air forces in the first stages of a conflict. However, as part of its [recent military buildup](#), Vietnam has been developing advanced anti-access/area denial technology to dissuade China from operation off of its coastline. Hanoi has also invested in Kilo-class submarines purchased from Russia. Importantly, the acquisition of the supersonic BrahMos cruise missile from India and Russia – a sale to be positively determined by the end of 2016 – would be a game-changer for Vietnam’s defense.

China also enjoys major cyber superiority over its southern neighbor. Cyberwarfare is therefore flagged as a likely avenue for action – e.g., attacking Vietnam’s electrical grid or command-and-control abilities.

## THE U.S. RESPONSE

Some analysts flag threats to freedom of navigation as the preeminent reason for the U.S. to intervene in a conflict. Otherwise, it is hard to imagine a stomach for active U.S. military intervention in defense of a non-ally. That doesn’t mean Washington would remain uninvolved – quite the opposite. After all, non-involvement would go against the entire reason for the years-long “pivot” to Asia.

Depending on the overtness of Chinese aggression, the U.S. retains the option to do everything short of committing militarily. Wikistrat Sr. Analyst William Combes expects “international condemnation of any overt military offensive towards Vietnam, sanctions against China, humanitarian and military aid to Vietnam, and an increased presence in nearby international waters.” The U.S. is likely to react firmly, but it would ultimately need to weigh *any* action against harm to the global economy.



China would achieve more of its long-term goals in the region faster by being more of a team player, a good neighbor and less aggressive. This may not be their style, which will hinder their goals in the long run.

**William Combes**  
Senior Analyst, Wikistrat



## OTHER CHINESE AVENUES

China has little to gain and much to lose from overtly moving on Vietnam – and the U.S. would have to do very little to reap the resultant rewards. Where, then, can China turn?

### ECONOMIC TOOLS

In fact, many of China's most effective tools are economic – for example, the [Asian Infrastructure Investment Bank and the New Development Bank](#), which are pro-China alternatives to the U.S.-dominated financial system.

Though the TPP will (if enacted) dilute China's dominance, Vietnam remains hemmed in by the fact that Beijing is still its [largest trading partner](#). China may thus choose to develop economic relationships with Vietnam's neighbors and competitors – e.g., Myanmar, Laos – to send the country a warning.

Opportunities also abound to push positive economic integration projects to keep Vietnam in the fold – particularly in Guangxi, an autonomous region bordering Vietnam which enjoys comparative governance freedom from Beijing. The U.S. and others cannot compete on cross-border development projects as China can.

The key for China is to emphasize these economic relationships *before* Vietnam is otherwise scared into discarding ties with Beijing for geopolitical reasons.

### THE RUSSIA BOMB

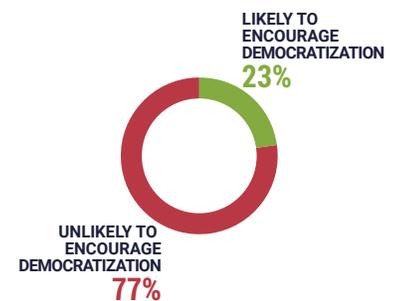
Russia's involvement in Vietnam's defense industry presently outpaces the rest of the world. Pushing an increased Russian presence in Vietnam could "crowd out" U.S. involvement if China develops a poor reputation there. However, China faces a medium-term risk should its relationship with Russia go off-script. Recall that Vietnam was an ally of the USSR – not China – during the Cold War and could be Moscow's client again.

### DEMOCRATIZATION VS. HANDS-OFF POLITICS

A weak link in the U.S.-Vietnam relationship is the lack of democratization Vietnam is likely to see as a result. Most Wikistrat analysts (76 percent) do not consider democratization a likely outcome. If the U.S. holds this expectation, it will be sorely disappointed.

A possible scenario wherein political opinion swings against Vietnam involves domestic repression on a level unacceptable to U.S. policymakers. This is something that Beijing, which takes a politically hands-off approach in its dealings, is inoculated from.

Most Wikistrat analysts do not believe U.S. engagement will encourage democratization in Vietnam



# STRATEGIC TAKEAWAYS

- » While confrontation with Vietnam would not be to China's benefit, it has limited means – short of abandonment of its South China Sea policy – to prevent the country from falling into a loose U.S. orbit.
- » China's best case is to accept its disadvantage, draw back and subtly encourage Vietnam to use the U.S.-China rivalry to its advantage in the fields of energy, arms, technology and foreign investment.
- » Both powers may be willing to ignore otherwise important issues (democratization, South China Sea disputes) if the perceived alternative is Hanoi going into the arms of the other.
- » If China waits too long before softening its stance, U.S.-Vietnam ties could outlive China's present South China Sea policy, as the Vietnamese public's affinity towards the U.S. (and comparative animosity for China) counts towards the establishment of a firmer bond than exists today.
- » The U.S. is indispensable for Vietnam since it is the only one that can push back against China; the alternative for Hanoi is a return to traditional Chinese subordination.
- » Washington therefore cannot expect to dictate terms or strategic interests to Vietnam; such overreach would present a vulnerability which China may exploit.
- » As long as Beijing treads lightly and wields economic incentives rather than military bluster, it should be able to keep a pro-U.S. Vietnam from being anti-China.

# ABOUT US



**2500+**  
ANALYSTS



## CUTTING-EDGE INTELLIGENCE SERVICES



Crowdsourced  
Simulations



Wargames



Red-Teaming



Intelligence  
Monitoring

Wikistrat is the world's first crowdsourced consultancy. It leverages a global network of subject-matter experts via a patent-pending "Collaborative Competition" methodology to provide a variety of analytic services. Scenario generation, policy planning, risk assessment and red-teaming exercises are conducted by Wikistrat on a real-time, interactive online platform.

## WHAT MAKES WIKISTRAT UNIQUE



Geographically  
dispersed  
analysts



Competition  
between  
ideas



Collaboration  
in real time



Fully  
transparent

**VALUE TO  
CLIENTS**



Fuller, fresher  
insights



Rapid



Cost-effective

# ABOUT THE AUTHOR

---



**STEVE KELLER**  
*Senior Editor*

Steve Keller is Wikistrat’s Senior Editor and Social Media Coordinator. His specialization is on the convergence of history and present-day geopolitics.

## DISCLAIMER

---

This report is for informational purposes only and does not constitute financial, investment, economic, financial planning, trading or any other advice. You should consult with a competent independent financial advisor before making any investment or other decisions and should independently verify information on which you rely. The report is provided without any express or implied warranty of any kind including warranties of accuracy, completeness, or fitness for any particular purpose. Without limitation, although we have prepared this report based on sources we believe to be reliable, legally derived, and unbiased, we can provide no assurance with respect to the objectivity or any other aspect of its content. In addition and without limitation, this report may contain predictions, estimates or other information that might be considered forward-looking or predictive. Such statements are subject to risks and uncertainties that could cause actual results to differ materially. We assume no obligation to update the report or any part thereof or to correct any inaccurate or outdated information and reserve the right to remove or modify the report, in each case without notice to you or any other party. Without limitation, this report is subject to the Terms of Service posted on our internet website at [www.wikistrat.com](http://www.wikistrat.com).

# CHINA'S CHOICE: RESPONDING TO U.S.-VIETNAM COOPERATION

**AUTHOR:**  
Steve Keller

**EDITOR:**  
Nick Ottens

**GRAPHIC DESIGNER:**  
Sheila Elizan

For more information on Wikistrat's crowdsourced solutions and systems, contact: [info@wikistrat.com](mailto:info@wikistrat.com)

[www.wikistrat.com](http://www.wikistrat.com)

