

## CHAPTER III

### United States-Vietnam Bilateral Relationship

There is a long history of U.S. and Vietnam relations, from Vietnam War until the lift of U.S. arms embargo. This chapter will explain the relations by categorizing it into two parts. First part will explain the dynamics of bilateral relationship from before Vietnam War and the degenerated relationship after Vietnam War. The second part will explain the dynamic attempts to re-establish the formal relationship, the dynamic after formal relationship has been established that led to the lift of arms embargo.

#### A. Before Normalization

United States and Vietnam actually had diplomatic relations even before the Vietnam War. United States had a consulate in Saigon since 1907 as the representative to French Indochina. As the recognition to the State of Vietnam in 1950, the status then changed to the United States Embassy to State of Vietnam in Saigon. Donald R. Heath was appointed as the first U.S. ambassador to Vietnam. However, during the Vietnam War, the embassy was bombed in 1965 and then moved the new location with upgraded security.<sup>1</sup>

United States involvement in Vietnam War was pushed by Domino Theory. It was an idea that if one Asian nation fell to the leftist ideology, others would quickly follow. Other reason was the obligation to exercise containment

---

<sup>1</sup>Corfield, Justin (2013). *Historical Dictionary of Ho Chi Minh City*. Anthem Press. p. 312

policy.<sup>2</sup> United States in Vietnam War used military approach because the economic approach already proven fail when U.S. gave economic support to France in order to prevent the communism that already took control on North Vietnam after the declaration of independence by the communist government in 1945 from France. France was defeated in 1954 in effort to defend the area of South Vietnam from communism.

Vietnam War was the war between the communist government of North Vietnam and its allies in South Vietnam, known as the Viet Cong, against the government of South Vietnam and its principal ally, United States.<sup>3</sup> The war started in 1954 and ended in 1975. The war created more casualties from U.S. side, around 47.000 soldiers were died during the war. The war also got resistance at home. It implied on U.S. president at that time, Richard Nixon announced the policy of “Vietnamization” in June 1968. Vietnamization was the policy of empowering South Vietnam military to enable U.S. to reduce troop numbers. More than 500.000 U.S. soldiers were withdrawn over the following three years, and in 1972 full withdrawal of U.S. soldiers from Vietnam.<sup>4</sup>

Vietnam War had caused the devastation on both sides. On Vietnam side, the war caused 2 million Vietnamese died, 3 million wounded, and 12 million became refugees. It also impacted on scrambled infrastructure and economic of

---

<sup>2</sup> Vietnam War: History. (n.d.). Retrieved June 24, 2016, from [http://news.bbc.co.uk/2/shared/spl/hi/asia\\_pac/05/vietnam\\_war/html/introduction.stm](http://news.bbc.co.uk/2/shared/spl/hi/asia_pac/05/vietnam_war/html/introduction.stm)

<sup>3</sup> Spector, R. H. (n.d.). Vietnam War. Retrieved June 23, 2016, from <http://www.britannica.com/EBchecked/topic/628478/Vietnam-War>

<sup>4</sup> US Withdrawal (1969-73). (n.d.). Retrieved June 24, 2016, from [http://news.bbc.co.uk/2/shared/spl/hi/asia\\_pac/05/vietnam\\_war/html/us\\_withdrawal.stm](http://news.bbc.co.uk/2/shared/spl/hi/asia_pac/05/vietnam_war/html/us_withdrawal.stm)

Vietnam, with a very slow development of reconstruction.<sup>5</sup> On the U.S. side, it had killed more than 58.000 U.S. soldiers and more than 150.000 soldiers were wounded. The post impact of the War also caused economic burden where U.S. government spent more than \$350 billion to \$900 billion which include veteran benefits.<sup>6</sup> Besides that, the war also left 1.643 U.S. soldiers missing which later categorized as prisoners of war (POW) and missing in action (MIA). Later, the POW/MIA issues became one of the central topics in normalization relations between U.S. and Vietnam.

The fall of Saigon City to the communist government of North Vietnam remarked the end of Vietnam War, the communist government then renamed it to Ho Chi Minh City. North and South Vietnam finally unified under the Socialist Republic of Vietnam. The end of Vietnam War remarked the loss of U.S. and the termination of formal relationship. The termination was followed by raising travel ban for U.S. citizens to Vietnam, and giving economic and military sanction.

The economic sanction implementation prohibited all U.S. citizens and business firms to have import and export activities with Vietnam. It was also the restriction on financial and commercial transaction and private investment in Vietnam, and the freezing assets held by Vietnamese in U.S. territory. The Trading with the Enemy Act of 1917 was used as the legal base in imposing

---

<sup>5</sup> History.com Staff. (2009). Vietnam War History. Retrieved December 09, 2016, from <http://www.history.com/topics/vietnam-war/vietnam-war-history>

<sup>6</sup> Rohn, A. (2014, January 22). How Much Did the Vietnam War Cost? - The Vietnam War. Retrieved December 09, 2016, from <http://thevietnamwar.info/how-much-vietnam-war-cost/>

economic sanction which later was codified with Foreign Assets Control Regulations and the Export Administration Regulations.<sup>7</sup>

On arms embargo, U.S. used several laws, those are: Arms Control and Disarmament Act of 1961, Foreign Assistance Act of 1961, Foreign Military Sales Act of 1968, International Traffic in Arms Regulations, and Arms Export Control Act. In Foreign Military Sales Act of 1968, it is explained that the military sales should be approved only when a state is consistent with the foreign policy interests of the United States. Later, it is stated that the military sales should be prohibited if it would lead to arm military dictators who are denying social progress to their own people.<sup>8</sup> Foreign Assistance Act of 1961 in Section 620 (f)(1) is prohibiting that there should be no assistance to the Communist country including Socialist Republic of Vietnam.<sup>9</sup> The more specific regulation on Vietnam arms embargo is regulated on International Traffic in Arms Regulation Section 126.1 (l) which is written as follows:

“(l) *Vietnam*. It is the policy of the United States to deny licenses, other approvals, exports or imports of defense articles and defense services destined for or originating in Vietnam except, on a case-by-case basis, for:

- (1) Non-lethal defense articles and defense services, and
- (2) Non-lethal, safety-of-use defense articles (e.g., cartridge actuated devices, propellant actuated devices and technical manuals for military aircraft for purposes of enhancing the safety of the aircraft crew) for lethal end-items.”

---

<sup>7</sup>Castelli, B. (1995, January 1). The Lifting of the Trade Embargo Between the United States and Vietnam: The Loss of a Potential Bargaining Tool or a Means of Fostering Cooperation? *Penn State International Law Review*, 13(2). Retrieved December 8, 2016, from <http://elibrary.law.psu.edu/cgi/viewcontent.cgi?article=1354&context=psilr>

<sup>8</sup> The Foreign Military Sales Act of 1968, Pub L. No. 90-628, § 1, 82 Stat. 1320 (1968)

<sup>9</sup> Foreign Assistance Act of 1961, Pub L. No. 87-195, § 620, , 22 U.S.C. § 2370 (1961)

The relationship then got worsened by the invasion of Vietnam to Cambodia on 1978-1979. Vietnam invaded Cambodia because it wanted to topple Khmer Rouge from power in Cambodia. Actually, both Vietnam and Cambodia were communist states and fought against U.S.-backed regime on their own states. However, Khmer Rouge was afraid that Vietnam would unify Indochinese with Vietnam as the leader. Then, Khmer Rouge began to eliminate Vietnam-trained personnel. Later, Cambodia began to attack Vietnamese island of Phú Quốc that marked the start of Vietnam-Cambodia War.<sup>10</sup> In this war, Vietnam got its victory.

Despite the victory, the act of Vietnam received resistances from international community. United States showed more resisting actions towards Vietnam. For example, United States vetoed the application of Vietnam to join United Nations, press other states to implement the same economic sanction as U.S. did, and influence international financial institutions such as International Monetary Fund (IMF) and World Bank to give loans to Vietnam. As the impact, Vietnam economic is decreasing every year, became more isolated in the international community and more dependent to Soviet Union.

The plan to end the conflict actually already had been negotiated before the war itself ended. In 1973, North Vietnam, South Vietnam, the Provisional Revolutionary Government of the Republic of South Vietnam (PRG) and United States signed a peace treaty named “Agreement on Ending the War and Restoring Peace in Vietnam” or in short is “Paris Peace Accords” which had goal to restore

---

<sup>10</sup> Daniel Bultmann. (2015). *Inside Cambodian Insurgency. A Sociological Perspective on Civil Wars and Conflict*, Ashgate: Burlington, VT/Farnham, UK

peace in Vietnam and end the conflict. The accord included the full withdrawal of U.S. troops and dismantled all U.S. bases. United States also eligible to provide \$3,3 billion for the reparation of Vietnam but U.S. refused to do it because of humanitarian issues and Vietnam's invasion to Cambodia.<sup>11</sup> Another point is the release of 591 U.S. prisoners of war (POW) by North Vietnam which was called as Operation Homecoming. However, U.S. government still listed about 1.350 POW, which U.S. still struggle until three decades later.

This sub chapter is done in explaining the dynamics that lead to the turn point of formal relations of both countries, which is the re-establishment of formal relations, but still not touching it. The re-establishment is important because it would lead to the development in other sectors. Next subchapter will explain the dynamics that led to re-establishment and after that.

## **B. Normalization Era**

### **1. The Process to Reestablish Formal Relationship**

The factors to normalize the relation came first from Vietnam side, one of it was the withdrawing of Vietnamese army from Cambodia. Vietnam realized that its economic condition could be taken for any longer. Thus, Vietnam would call for economic reform. Vietnam implemented a new policy in 1986 after the Sixth Party Congress, the policy was called Doi Moi policy or "more friends, less

---

<sup>11</sup> Valentine, T. (2013, May 22). What was Paris Peace Accords? - The Vietnam War. Retrieved December 09, 2016, from <http://thevietnamwar.info/what-was-paris-peace-accords/>

enemies” which ramified Vietnam’s relations with outside world. The new policy triggered the initiative of U.S. to evaluate its relation with Vietnam.<sup>12</sup>

In 1988, the search for U.S. POW/MIA entered a new round when Vietnam allowed U.S. to enter the country to continue the investigation. The mission was led by General John Vessey. President Bill Clinton stated “Vietnam’s willingness to help us return the remains of our fallen servicemen to their families has been the biggest boost to improve ties.” One year later, Vietnam Foreign Minister Nguyen Co Thach hosted the visit by Ambassador William Sullivan and other U.S. delegation to Hanoi. The visit discussed the plan for normalization of bilateral relations between both countries and the founding of the U.S.-Vietnam Trade Council. Vietnam responded the initiative by paying the visit to Vietnam in September 29, 1990. Vietnam’s Minister of Foreign Affairs, Nguyen Co Thach met U.S. Secretary of State, James Baker in New York. The visit gave the result on the roadmap plan for phased normalization of ties introduced by Secretary Baker and the opening of U.S. government office in Hanoi to help settle POW/MIA issue one year later.<sup>13</sup>

The U.S. Senate then created ‘The Senate Select Committee on POW/MIA Affairs’ to investigate the issue of U.S. prisoners of war and missing in action when on the Vietnam War. The initiator for the committee was Senator Bob Smith who introduced a simple resolution S.Res 82: A Resolution to Establish a Select

---

<sup>12</sup> Que, T. T., & Phuc, T. X. (n.d.). The Doi Moi policy and its impact on the poor. Retrieved December 09, 2016, from <http://www.socialwatch.org/node/10854>

<sup>13</sup> V. (2016, May 21). The timeline of U.S. - Vietnam post-war relationship - VnExpress International. Retrieved December 09, 2016, from <http://e.vnexpress.net/interactive/2016/key-milestones-of-vietnam-us-post-war-relations>

Committee on POW/MIA Affairs.<sup>14</sup> The strong factor behind this resolution was the soldier family who wanted to discover the fate of their family who categorized as POW/MIA involved in Vietnam War. The committee was fulfilled mostly by Vietnam War veterans. The committee was chaired by John Kerry and with Bob Smith as the vice-chairman, both are Vietnam War veterans. Other Vietnam War veterans in the committee were John McCain, Bob Kerrey, Chuck Robb, and Hank Brown.<sup>15</sup>

The relations went further when in November 1991 U.S. decided to lift travel ban to Vietnam. The lifting of travel ban would officially allow U.S. tourists, veterans, businessmen and journalist to visit Vietnam. United States then allowed U.S. companies to open their representative offices in Vietnam. On July 2, 1993, U.S. helped clearing the way for Vietnam to international lending including IMF and World Bank. On the same year, U.S. opened representative office in Hanoi. Vietnam through Vietnam Foreign Ministry also opened representative office in Washington DC.

In 1994, U.S. officially lifted economic embargo to Vietnam. The lift was pushed by the Congress after it passed the legislation HR.2333 and signed into law P.L. 103-236. The lift of economic embargo had strong relationship with the POW/MIA action which was showed in President Clinton speech that stated, “Today I am lifting the trade embargo against Vietnam because I am absolutely

---

<sup>14</sup>A resolution to establish a Select Committee on POW/MIA Affairs. (1991 - S.Res. 82). (n.d.). Retrieved December 09, 2016, from <https://www.govtrack.us/congress/bills/102/sres82>

<sup>15</sup>The Vietnam-Era Prisoner-of-War/Missing-in-Action Database. (n.d.). Retrieved December 09, 2016, from [http://lcweb2.loc.gov/frd/pow/senate\\_house/investigation\\_S.html](http://lcweb2.loc.gov/frd/pow/senate_house/investigation_S.html)



convinced it offers us the best way to resolve the fate of those who remain missing and about whom we are not sure.”

Other reason were the political and economic reform and giving opportunities for foreign investment which have been done by Vietnamese government. The Vietnamese Communist Party was experiencing the decrease of influence in Vietnam. Since the late 1980s, the old conservative communist defenders were replaced by a more liberal young generation. The policy of Doi Moi which reduce the control of state own enterprises gave signal to emphasize market control in the economy. On December 29, 1987, Vietnam signed Foreign Investment Law (IFL). This law would make foreign business able to retain full of their profit, limit the nationalization of foreign enterprises, and four year tax break. This law would attract the foreign investment to enter Vietnam’s market.

The major progress happened in 1995, Vietnam proposed a request to WTO Accession which got full support from U.S. The WTO General Council then established Vietnam WTO Accession Working Party. The peak of normalization process also happened in 1995 where both U.S. and Vietnam agreed on settling property claim. Both states then established liaison offices on the other state’s capital. The road to official normalization got supports from Veteran of Foreign War.

On July 11, President Clinton announced the relations normalization with Vietnam at White House Ceremony. The next day, Vietnam Prime Minister Vo Van Kiet also announced the relations normalization. Finally, on August 6 1995, Secretary of State Warren Christopher officially opened U.S. embassy in Hanoi.

On the same day, Vietnam also opened official embassy in Washington DC. Pete Peterson was appointed to become the first U.S. ambassador to Vietnam after the War, and Lee Van Bang became the Vietnam Ambassador to Vietnam. On May 1997, U.S. and Vietnam opened their Consulate General in Ho Chi Minh City and San Francisco. The reestablishment of formal relation led to other expansion of relations, including economic and military.

In expanding the bilateral relations, U.S. used the indicator of Vietnam human right condition since it still became a major concern. Vietnam has been recognized as the state which suppress human rights of its citizen, including suppression on the freedom of expression, freedom of religions, freedom of assembly, and ethnic and religious minorities. For U.S., the human rights issue is important because the problem of prisoners of war (POW) and missing in actions (MIA) as the legacy of Vietnam War is not resolved yet. United States still listed there are 1.353 U.S. troops who missing in Vietnam as per December 14, 2007.

#### **a. Economic Relations**

The trade relation of both states is framed under three agreements, those are U.S.-Vietnam Bilateral Trade Agreement (BTA), Trade and Investment Framework Agreement (TIFA), and Trans-Pacific Agreement (TPP). The most important is the U.S.-Vietnam BTA because it specifically negotiate the development of trade status between two states and the Congress was involved on the negotiation. It was negotiated from 1996 until ratified on both states in 2002.

TIFA was signed in 2007, and TPP is a multilateral agreement between U.S., Vietnam, and other 10 participating states. It was negotiated since 2008 and signed in 2016.<sup>16</sup>

The blueprint of U.S.-Vietnam Bilateral Trade Agreement was proposed first time by U.S. to Vietnam in Vietnam Minister of Trade Le Van Triet visit to Washington DC in May 1996. The purpose of the BTA was to elevate the status of Vietnam as trade partner of U.S. Before that, Vietnam already granted unilateral Most Favorite Nation status to U.S. on January 1999.

The first step of the negotiation was reached on July 25, 1996 when United States Trade Representative (USTR) Richard Fisher and Vietnam Trade Minister Truong Dinh Tuyen, were agreed on the “agreement in principle” of the BTA in Hanoi, Vietnam. However, both U.S. and Vietnam failed to reach agreement of the final issues of the BTA which was negotiated in APEC meeting in Auckland, New Zealand on September 12-13, 1999. Three months later, the talk was continued by Ex-Im and the State Bank of Vietnam and succeeded in completing the framework agreements. The output was Ex-Im was allowed to operate in Vietnam. The following year, the BTA was finally signed by Vietnam Minister of Trade Vu Khoan and USTR Ambassador Charlene Barshefsky at USTR Headquarter in Washington DC. At the same time, President Bill Clinton announced the conclusion of BTA at White House Rose Garden Ceremony. The

---

<sup>16</sup> U.S.-Vietnam Trade Council. (2010). Chronology of Key Events in U.S.-Vietnam Normalization. Retrieved on October 30, 2016 from <http://www.usvtc.org/us-vietnam/Chronology/Chronology%20of%20US-VN%20Normalization%206Jul10.pdf>

BTA used as the basis for WTO Accession which Vietnam officially joined WTO in the end of 2005.

The struggle for BTA continued under Bush II administration when President Bush process the BTA to the Congress for the request of Normal Trade Relations (NTR) for Vietnam and registered as H.J.Res. 51. The joint resolution was sent to the Senate Finance Committee for consideration and mark-up session. The Senate agreed to reported to the Senate Floor by voting. On the House, it was sent to the House Committee on Ways and Means for consideration and mark-up session too. The voting was held and it passed by 324-91 vote. On the Senate, it also passed without amendment by 88-12 vote. It later signed by President Bush into Public Law No: 107-52. The BTA was soon ratified by Vietnam National Assembly by 278-85 vote and signed into law by Vietnamese President Tran Duc Luong on December 7, 2001 and since then Vietnam officially held status as Normal Trade Relations with U.S.

In 2006, the Congress would like to elevate the status of Vietnam to become the Permanent Normal Trade Relations (PNTR). The bills were submitted into both chambers with registered number H.R.5602 and S.3495. The Senate processes the bill by conducting public hearing in the Senate Finance Committee. Later, the Senate Finance Committee voted to approve with 18 yeas, 0 nays, and 2 present. However, the problem of Vietnam textile and apparel imports were holding PNTR bill to Vietnam. In accordance to the issue, the House rejects the PNTR bill but it requires two-third majority votes. The legislation failed because it only voted for 228 against 161.

A new bill would be presented that only need simple majority to be approved, those are H.R.6406 and H.R.6111. H.R.6404 was voted on the House and passed by 212-184. Meanwhile, H.R.6111 was voted in the Senate and also passed by 79-9 votes. Since then, it is official that Vietnam held the status of Permanent Normal Trade Relations.

United States proved its commitment to escalate the relation with Vietnam after normalization by joining Vietnam into existed TIFA and TPP agreements. TIFA was signed by U.S. and Vietnam on June 21, 2007 in order to further extend the bilateral trade and investment ties. Under Obama Administration, U.S. announced that it would engage on TPP, Vietnam was also becoming the involving party in the negotiation of TPP until it was signed on struggle to extend the bilateral trade and investment ties was continued by signing Trade and Investment Framework Agreement in 2016.

In the normalization in economic sector, U.S. also giving economic assistance to Vietnam. Vietnam is the state that receive the largest portion of U.S. economic assistance in East Asia which the value had surpassed \$90 million in 2007. The economic assistance is given under several goals such as, HIV/AIDS prevention and treatment program and Millenium Challenge Account (MCA).

The trade value between U.S. and Vietnam increased every year. Before U.S. lifted economic embargo, U.S. export to Vietnam only valued \$4,6 million in 1992 and \$7 million in 1993 with no import from Vietnam. After the embargo was lifted in 1994, the trade was increased significantly, U.S. export to Vietnam was valued \$172,9 million and import \$50,5 million in 1994. The trade balance of

U.S. with Vietnam was surplus until 1996. Since 1997 until 2015, the trade balance always deficit for U.S, and the trend of deficit is increasing every year.<sup>17</sup> In 2015, Vietnam is the 5<sup>th</sup> country which made U.S. trade balance deficit, after China, Germany, Japan, and Mexico. Vietnam is the 36<sup>th</sup> trading partner of U.S. for export which the value is \$7 billion and the 13<sup>th</sup> for import which the value is \$30 billion.<sup>18</sup>

According to Office of the United States Trade Representative, in 2013, the top export categories are electrical machinery (\$611 million), miscellaneous grain and seeds (\$566 million), machinery (\$426 million), cotton/yarn/fabric (\$403 million), and edible fruit and nuts (\$309 million). United States also the 13<sup>th</sup> largest export market of U.S. for agricultural products with total of \$2,1 billion. Leading categories export are cotton (\$401 million), soybeans (\$319 million), dairy products (\$240 million) and tree nuts (\$237 million). On import, the top categories are knit apparel (\$4,7 billion), woven apparel (\$3,3 billion), footwear (\$2,9 billion), furniture and bedding (\$2,6 billion), and machinery (\$2,1 billion).<sup>19</sup>

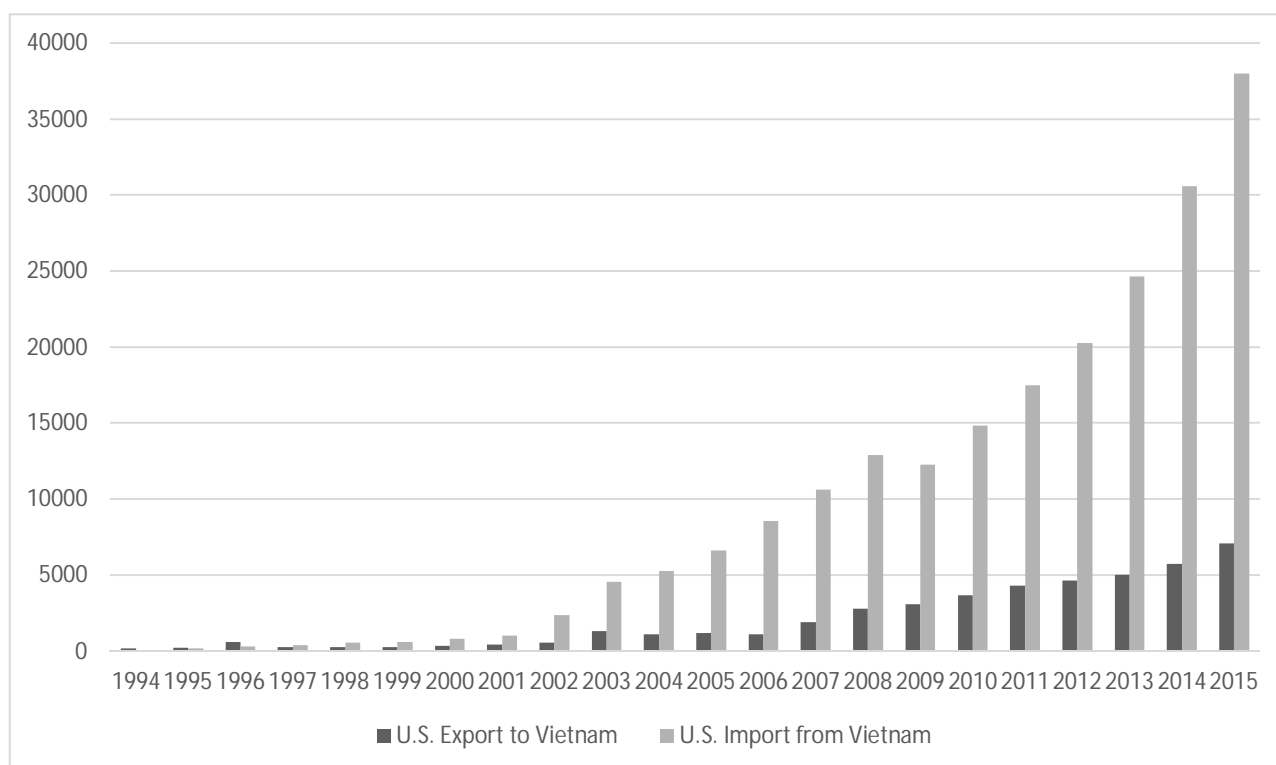
---

<sup>17</sup> U.S. Census Bureau (n.d.). Foreign Trade: Data. Retrieved December 09, 2016, from <http://www.census.gov/foreign-trade/balance/c5520.html>

<sup>18</sup> U.S. Census Bureau, U.S. Bureau for Economic Analysis. (2016, June 3). *U.S. International Trade in Goods and Services Annual Revision for 2015* [Press release]. *Census.gov*. Retrieved November 26, 2016, from [https://www.census.gov/foreign-trade/Press-Release/2015pr/final\\_revisions/final.pdf](https://www.census.gov/foreign-trade/Press-Release/2015pr/final_revisions/final.pdf)

<sup>19</sup> Office of the United States Trade Representative. (May 8, 2014). Vietnam. Retrieved on November 25, 2016 from <https://ustr.gov/countries-regions/southeast-asia-pacific/vietnam>

**Chart 3.1. U.S.-Vietnam Trade in Goods (in million dollar)**



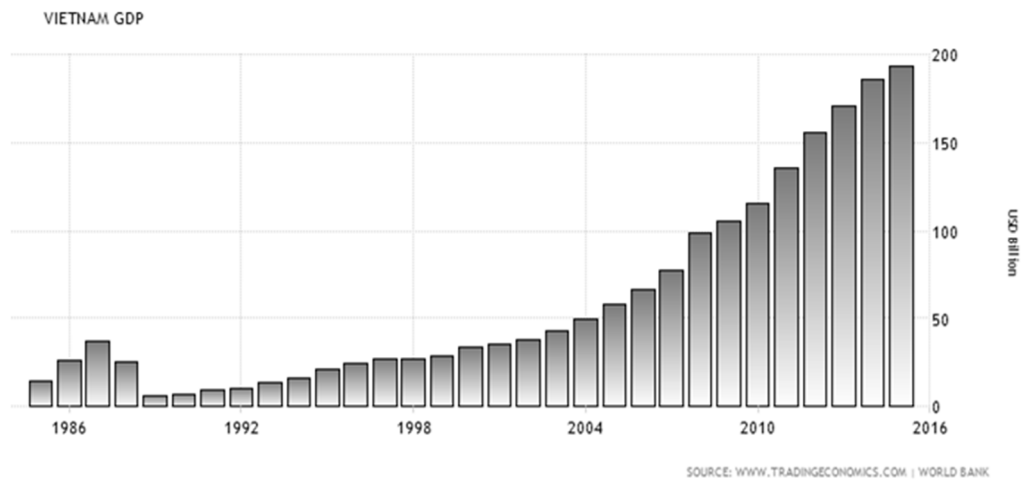
Source: <http://www.census.gov/foreign-trade/balance/c5520.html>

The export and import contributed to the economy of Vietnam. In 2015, Vietnam GDP reached \$193,6 billion or 0,31% of world's GDP.<sup>20</sup> Vietnam also

<sup>20</sup> Vietnam GDP | 1985-2016 | Data | Chart | Calendar | Forecast | News. (n.d.). Retrieved December 09, 2016, from <http://www.tradingeconomics.com/vietnam/gdp-growth>

the third largest GDP growth in the world after Nigeria, Bangladesh, and Venezuela with the rate of 6,80% in the world. The highest GDP growth of Vietnam was 8,46% in 2008.<sup>21</sup>

**Chart 3.2. GDP growth of Vietnam**



Source: <http://www.tradingeconomics.com/vietnam/gdp>

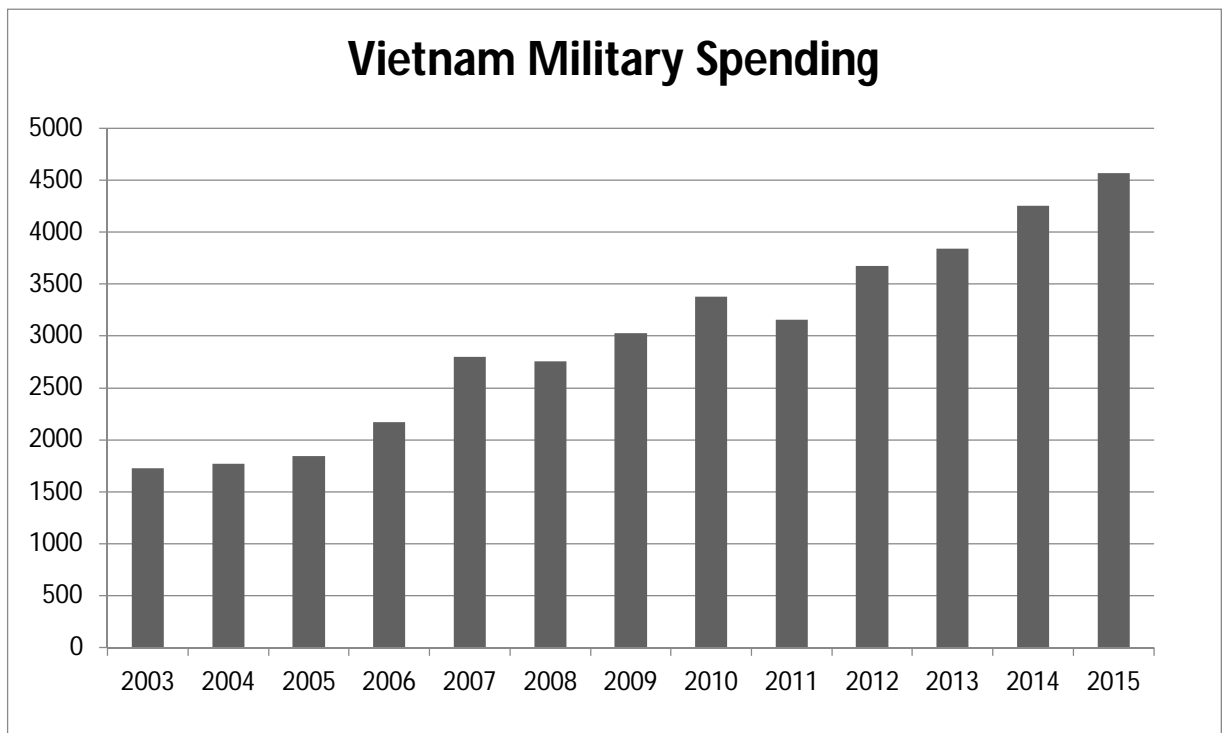
It can be said that both states have the commitment to normalize the relations. From Vietnam, it is showed by the economic and political reform that aimed to attract the U.S. intention to make a greater relationship. From U.S. side itself it showed by the consistent effort, such as the enchancing trade status of two states which also get support from U.S. Congress, U.S. effort to involved Vietnam in many economic partnership with U.S, and the economic assistance given to Vietnam which is the largest economic assistant recipient in East Asia

<sup>21</sup> Vietnam GDP Growth Rate | 2000-2016 | Data | Chart | Calendar | Forecast. (n.d.). Retrieved December 09, 2016, from <http://www.tradingeconomics.com/vietnam/gdp-growth>



The economic condition of a state also has the correlation with the military condition. The increase of economic condition is a state economy will increase its military spending, moreover there supporting factors that require a state to increase its military spending, such as growing tensions in the region. Vietnam's military spending to GDP is stagnant on the level of 2,2% to 2,3% from 2007 to 2015, with once at 2% in 2011. Despite the stagnancy, the spending has the trend of increasing year by year in U.S. Dollar and always increasing in local currency. The dynamics of security and defense relations will be explained on the next chapter.

**Chart 3.3 Vietnam's military spending (in million dollar)**



Source: Stockholm International Peace Research Institute

## **b. Military Relations**

United States and Vietnam are bound in several agreements and cooperation in military relation. For example, International Military Education and Training (IMET), Foreign Military Financing (FMF), Maritime Security Initiative (MSI), and Memorandum of Understanding on Advancing Bilateral Defense Cooperation. Both states also involved on the defense talks which is Defense Policy Dialogue (DPD) and Political, Security, and Defense Dialogue (DPDD).

Vietnam joined IMET in 2005. IMET is a joint program between Department of State and Defense. Department of State would determine the states which will have the program that later executed by Department of Defense. IMET itself has several goals, including to increase mutual understanding between U.S. and recipient states, enhance the effectiveness of the use of military resources which obtained from U.S., and provide assistance in English language training.<sup>22</sup> The program for Vietnam itself is focusing in providing English language assistance. IMET funding for Vietnam is increasing every year from around \$196.000 in 2009 to \$900.000 in 2013 to \$1.500.000 in 2015.<sup>23</sup>

---

<sup>22</sup> U.S. Government Accountability Office. (October 2011) International Military and Education Training: Agencies Should Emphasize Human Rights Training and Improve Evaluations. Retrieved on December 5, 2016 from <http://www.gao.gov/new.items/d12123.pdf>

<sup>23</sup> Qiang, Xin. (May 11, 2015). U.S.-Vietnam Security Cooperation: Development and Prospects. Retrieved December 9, 2016 from [http://www.ciis.org.cn/english/2015-05/11/content\\_7894319.htm](http://www.ciis.org.cn/english/2015-05/11/content_7894319.htm)

Vietnam is also included in Foreign Military Financing (FMF) since 2009 and Southeast Asia Maritime Security Initiative (MSI). FMF is focused on assisting the maritime security aspect through increasing Vietnam's coastal patrol unit for search and rescue, disaster relief, and other aspects. The lift of arms embargo also part of this program by pledging \$18 million to help Vietnam buy U.S. patrol boats.<sup>24</sup> Meanwhile, MSI is created in order to enhance the capacity of the participating states to face the maritime challenges, including China's aggressiveness in South China Sea. The program was initiated by Senate Armed Services Committee which is headed by Senator John McCain. Vietnam received over \$2 million in the program.<sup>25</sup>

Both states are involved in annual intensive security talks, those are U.S.-Vietnam Political, Security, and Defense Dialogue (PSDD) and Defense Policy Dialogue (DPD). Both talks are an upgrade from annual defense dialogue which was upgraded to PSDD since 2008 and DPD since 2010. Every year the dialogue discusses different specific issues. For example, on the 2014 DPD the discussion was about the issue on regional and international security, maritime security, and cooperation in multilateral forums.<sup>26</sup> Meanwhile, on the eight PSDD in 2016 the discussion was about strengthening relations between U.S. and Vietnam to ensure

---

<sup>24</sup> Parameswaran, P. (2016, May 27). US-Vietnam Defense Relations: Problems and Prospects. Retrieved December 09, 2016, from <http://thediplomat.com/2016/05/us-vietnam-defense-relations-problems-and-prospects/>

<sup>25</sup> Parameswaran, P. (2016, April 10). US Kicks Off New Maritime Security Initiative for Southeast Asia. Retrieved December 09, 2016, from <http://thediplomat.com/2016/04/us-kicks-off-new-maritime-security-initiative-for-southeast-asia/>

<sup>26</sup> 2014 Vietnam-U.S. Defence Policy Dialogue. (2014, October 21). Retrieved December 09, 2016, from <http://vietnamembassy-usa.org/news/2014/10/2014-vietnam-us-defence-policy-dialogue>

the security in Asia-Pacific region, including security cooperation, defense trade, and maritime security.<sup>27</sup>

The dialogue also created Memorandum of Understanding (MoU) Advancing Bilateral Defense Cooperation between both states in 2011. The MoU covered five main areas, those are maritime security, search and rescue, United Nations peacekeeping operations, humanitarian and disaster relief, and exchanges between defense universities and research institutes.<sup>28</sup> However, even though there are many cooperation, agreements, and communication between both states in military relations, U.S. still forbid Vietnam to buy lethal weapons prior to 2015.

## **2. The Lift of Arms Embargo**

There are two events which remarked the expanding of military relation. First is on October 2, 2014 when U.S. announce the lifting the arms embargo on lethal defense articles and services on maritime security.<sup>29</sup> Second is on May 23, 2016, when U.S. announced that the embargo would be lifted on the lethal weapon, which in other words, it was the fully lift of arms embargo.<sup>30</sup>

Approximately one month after the first announcement, an Executive Communication EC7774 on 113<sup>th</sup> Congress Session was released. Executive

---

<sup>27</sup> Media Note. (2016, August 02). Eighth U.S.-Vietnam Political, Security and Defense Dialogue. Retrieved December 09, 2016, from <http://www.state.gov/r/pa/prs/ps/2016/08/260751.htm>

<sup>28</sup> Thayer, Carlyle A. (November 10, 2016). *Vietnam's Foreign Policy in an Era of Rising Sino-U.S. Competition: Providing Equity to the Major Powers While Pursuing Proactive International Integration*. Retrieved December 9, 2016 from [http://viet-studies.net/kinhte/VNForeignPolicy\\_Thayer.pdf](http://viet-studies.net/kinhte/VNForeignPolicy_Thayer.pdf)

<sup>29</sup> BBC News. (October 2, 2014). U.S. to Partially Lift Vietnam Arms Embargo. Retrieved on December 9, 2016 from <http://www.bbc.com/news/world-us-canada-29469719>

<sup>30</sup> BBC News (May 23, 2016). Obama Lifts U.S. Embargo on Lethal Arms Sales to Vietnam. Retrieved on December 9, 2016 from <http://www.bbc.com/news/world-asia-36356695>

Order is a message from the President or other executive branch official to the Senate.<sup>31</sup> EC7774 was recorded on November 11<sup>th</sup>, 2014. It is the report of “Amendment to the International Traffic in Arms Regulations: Policy on Exports to Vietnam”. The revised part is the section 126.1 of International Traffic in Arms Regulations to become as follows:

“(1) Vietnam. It is the policy of the United States to deny licenses or other approvals for exports or imports of defense articles and defense services destined for or originating in Vietnam, except that a license or other approval may be issued, on a case-by-case basis, for:

(1) Lethal defense articles and defense services to enhance maritime security capabilities and domain awareness;

(2) Non-lethal defense articles and defense services; or,

(3) Non-lethal, safety-of-use defense articles (e.g., cartridge actuated devices, propellant actuated devices and technical manuals for military aircraft for purposes of enhancing the safety of the aircraft crew) for lethal end-items.”<sup>32</sup>

Related to the second event, an executive communication EC7100 on 114<sup>th</sup> Congress Session was released. It was recorded on November 15<sup>th</sup>, 2016. It is the report titled “Amendment to the International Traffic in Arms Regulations: Tunisia, Eritrea, Somalia, the Democratic Republic of the Congo, Liberia, Cote d'Ivoire, Sri Lanka, Vietnam, and Other Changes.” It expands the lifting arms

---

<sup>31</sup> U.S. Senate (n.d.) Executive Communication. Retrieved December 3, 2016 from [http://www.senate.gov/reference/glossary\\_term/executive\\_communication.htm](http://www.senate.gov/reference/glossary_term/executive_communication.htm)

<sup>32</sup> Directorate of Defense Trade Control. (November 10, 2014). Amendment to the International Traffic in Arms Regulations: Policy on Exports to Vietnam. Retrieved December 2, 2016 from <https://www.pmdtc.state.gov/FR/2014/79FR66615.pdf>

embargo to Vietnam to the fully lifting by removing Vietnam from ITAR Section 126.1.<sup>33</sup>

This chapter has done in explaining the bilateral relationship between U.S. and Vietnam from before Vietnam War until the lift of arms embargo. The bilateral relationship is fulfill by several ups and downs. United States closed all formal relationship with Vietnam including in economic and military. After several events, there were several efforts to re-establish formal relationship. It impacted on the increase of both economic and military relations. On military relations prior to 2015, the military relationship was limited to only military assistance, cooperation, and dialogue only. The turning point was on October 2, 2014 and May 23, 2016 when President Obama announced that U.S. would lift arms embargo to Vietnam. Around the announcement, there were several legislations which support the announcement. Next chapter would explain how the legislation is passed.

---

<sup>33</sup> Directorate of Defense Trade Control. (September 29, 2016). Amendment to the International Traffic in Arms Regulations: Tunisia, Eritrea, Somalia, the Democratic Republic of the Congo, Liberia, Cote d'Ivoire, Sri Lanka, Vietnam, and Other Changes. Retrieved December 9, 2016 from <https://www.pmdtc.state.gov/FR/2016/81FR66804.pdf>