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<p>The key to address US gaps in influence and credibility in the South China Sea is to pull the economic lever and heavily invest, expand trade relations, and broker military sales with Vietnam. Of the countries in the region, Vietnam is the premier partner for the US with its location, history, willingness to act, and economic capacity. For Vietnam to economically thrive and thus expand its regional role, the country requires aid. The US has the position and resources to create a partnership in which both countries mutually benefit. The key to US success in the region is full-throttle employment of economic tools. Leveraging economic might, a historically proven tactic for producing stable countries, directly benefits the American people and sets conditions to open doors for other levers of national power. The US should now swing from military operations toward building economic solutions through a partnership with Vietnam. This partnership will allow the US to influence the direction the region takes and gain much-needed credibility. Opening doors to economic growth is the US's best hope for reaching national objectives and attaining regional stability.</p>				
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## **A Shift in US Strategy: Economics and Vietnam are Key to the South China Sea**

### **INTRODUCTION**

The key to address US gaps in influence and credibility in the South China Sea is to pull the economic lever and heavily invest, expand trade relations, and broker military sales with Vietnam. Of the countries in the region, Vietnam is the premier partner for the US with its location, history, willingness to act, and economic capacity. For Vietnam to economically thrive and thus expand its regional role, the country requires aid. The US has the position and resources to create a partnership in which both countries mutually benefit. The key to US success in the region is full-throttle employment of economic tools. Leveraging economic might, a historically proven tactic for producing stable countries, directly benefits the American people and sets conditions to open doors for other levers of national power.

### **US INTERESTS AND GAPS IN THE SOUTH CHINA SEA**

US interests are inextricably linked to the South China Sea. The US grand strategy calls for preventing a regional hegemon and maintaining US naval and air superiority in the Western Pacific.<sup>1</sup> The free flow of trade is also essential to the US and global economies. However, China is challenging US aims and interests by creating tensions among state actors, between state actors and China, and between China and the US. These tensions all share an economic theme that must be addressed to regain regional stability.

Any economic uncertainty in the South China Sea, as a trading thoroughfare, has global implications. The countries surrounding the area are dependent on China. Although China trades heavily with each of its regional neighbors, with China's diverse economic portfolio, number of trade partners, and large domestic consumer base, the region needs China, not the inverse.<sup>2</sup> China

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<sup>1</sup> Phuong Nguyen, "Deciphering the Shift in America's South China Sea Policy," *Contemporary Southeast Asia* 38, no. 3 (2016): pp. 389-421, <https://doi.org/10.1355/cs38-3b>.

<sup>2</sup> Yen Nee Lee, "McKinsey Research Finds the World Becoming More Exposed to China - but Not the Reverse," (CNBC, July 15, 2019), <https://www.cnbc.com/2019/07/15/mckinsey-world-has-become-more-exposed-to-china-but-not-the-reverse.html>.

is also infringing on the economic rights, mainly fishing and oil, of several countries. China is conducting a harassment campaign discouraging multi-national companies from investing in the region. Similarly, China is pushing other countries' fishing vessels out of their territorial waters and into the exclusive economic zones (EEZs) of other nations, causing friction between countries in the battle to find food.<sup>3</sup> As a Pacific nation, a proponent of upholding international law, and a world power that has the means to influence the global stage, the US cannot ignore China's economic destabilizing acts.

For the US to begin tackling instability and realizing its national aims, it must first address its own gaps in influence and credibility in the South China Sea. Currently, the US operates in the region to uphold international law, conduct freedom of navigation operations (FONOPS), and defend allies. However, as China continues to exert its power and skillfully employ both military and economical means to exercise regional control, the US is not postured to meet its goals. The distance between the US and the South China Sea and the sheer number of military assets required to face China effectively put the US at a disadvantage. The reliance on partnerships to overcome these gaps is an absolute necessity. Further, employing the US military to rebut China is logical but fails to fully address the root cause of the instability: economic threats.

Although the US desires to build alliances and strong partnerships, many countries are reluctant to partner with the US due to their apprehension in the present and outright fear of choosing the wrong side if in the future China and the US go to war. Likewise, several countries have adopted what Malaysia coined as "light hedging," not fully aligning with either the US or

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<sup>3</sup> Viet Hung Nguyen Cao, "Vietnam's Struggles in the S. China Sea: Challenges and Opportunities," The Maritime Executive, September 22, 2020, <https://maritime-executive.com/editorials/vietnam-s-struggles-in-the-s-china-sea-challenges-and-opportunities>.

China but remaining neutral.<sup>4</sup> Understanding the need to build regional economic capacity, in 2015, the ten countries south of China formed the Association of South East Asian Nations (ASEAN) Economic Community (AEC).<sup>5</sup> With the US relegated to an interested outsider, influence in the forum is dependent on relations with the sitting members. Assigning an ambassador to ASEAN was the first step, but the US still needs to find members to initiate conversations using the “ASEAN Way,” a collaborative process using cultural customs, to guide discussions towards US interests.<sup>6</sup>

The US must also tackle credibility concerns. The perception of the legitimacy to conduct military operations or build lasting economic relationships relies heavily on public opinion, and, therefore, the US must tread lightly. The international community supports FONOPS and welcomes the US Navy’s willingness to ensure global free trade; however, using military power to enforce international laws raises the perception of proportionality concerns. China is actively promulgating anti-American sentiments, mainly focusing on the US as an outsider who has no right to intervene in regional issues. The US must continue to strengthen existing and build new, strong, mutually benefiting partnerships to gain trust and improve influence in the region.

### **VIETNAM AS A PARTNER NATION**

To fill these gaps and address China’s rapid power grab, the US must align with a nation that can assume regional power quickly. Understanding that “economic security is national security,”<sup>7</sup> the US must look through the economic lens when selecting a partner. Further, the US

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<sup>4</sup> Yew Meng Lai and Cheng-Chwee Kuik, “Structural Sources of Malaysia’s South China Sea Policy: Power Uncertainties and Small-State Hedging,” *Australian Journal of International Affairs* 75, no. 3 (2020): pp. 277-304, <https://doi.org/10.1080/10357718.2020.1856329>.

<sup>5</sup> “The ASEAN Economic Community: Investment Opportunities and Challenges in the World’s Newest Market,” Insights | Jones Day, February 2016, <https://www.jonesday.com/en/insights/2016/02/the-asean-economic-community-investment-opportunities-and-challenges-in-the-worlds-newest-market>.

<sup>6</sup> “The ASEAN Economic Community: Investment Opportunities and Challenges in the World’s Newest Market.”

<sup>7</sup> U.S. Department of Defense, June 01, 2019, Indo-Pacific Strategy Report. Preparedness, Partnerships, and Promoting a Networked Region, page 4.

needs to find a country that shares its fundamental desire to challenge China's dominance. When examining the criteria against possible suitors, it is abundantly clear that Vietnam is the best choice to effect change in line with US objectives.

Vietnam's geographical positioning on mainland Asia, contiguous borders with China, Cambodia, and Laos, and 2,030 coastline miles along the South China Sea, makes it immediately relevant to any regional conversation and serves as the backdrop for tensions between countries. Although communist neighbors, Vietnam and China share a complicated history. Cambodia, which owes much to China for aid during the 2008-2012 political crisis, is likewise an unfriendly neighbor to the west.<sup>8</sup> Relations with China and Cambodia are so tumultuous that Vietnam, rooted in fear of alliances, has maintained a "defense compact" for 35 years with Laos to protect its western flank. Significant geopolitical strife also exists between China and Vietnam. Both countries disagree on the physical location and the definition of the EEZs along their shared coastline. Further, both China and Vietnam lay historical claims to the Parcel and Spratly Islands. Vietnam's physical location grants it the influence and authority that the US lacks.

Vietnam is unique among South China Sea nations in its refusal to consent to the will of its superpower neighbor to the north. Through past conflict and current posturing, Vietnam has demonstrated that it is willing to defend claims using force even though military capacity and financial purse strings favor China. Clashes over Parcel and Spratly Islands claims came to lethal Chinese aggression in 1974 and 1988, respectively. Vietnam lost a naval vessel and the lives of 117 sailors, and yet has not yielded its sovereignty claims. In fact, Vietnam has added defensive measures, particularly on the Spratly Islands, to protect economic rights.<sup>9</sup> Additionally,

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<sup>8</sup> Neil Loughlin, "Chinese Linkage, Leverage, and Cambodia's Transition to Hegemonic Authoritarianism," *Democratization* 28, no. 4 (April 2021): pp. 840-857, <https://doi.org/10.1080/13510347.2021.1888931>.

<sup>9</sup> Jamie Seidel, "Stability over: China Standoff Escalates," news (news.com.au - Australia's leading news site, April 11, 2021), <https://www.news.com.au/technology/innovation/military/vietnam-ready-for-combat-in-south-china-sea-as-naval-ships-swarm-region/news-story/61edba43640db15aa38e342bbb571fcf>.

Vietnam is the only country that fought kinetic wars with both China and the US and prevailed. Vietnam's military successes only bolster its reputation as a nation with both the will and appetite to protect itself, making it a strong candidate to partner with the US and address China's aggression head-on.

In addition to having the geography and willingness to defend sovereign rights, Vietnam has the economic capacity to influence the region. With a socialist-capitalist economy, Hanoi has the authority and ability to direct economic growth throughout the country. Several economists predict that Vietnam, with its low labor rates, advancements in technology production, and singular focus, is economically only ten years behind China.<sup>10</sup> Vietnam has expanded its manufacturing from textile to technology, with the preponderance of Samsung smartphones manufactured in the country. Further, Hanoi understands the necessity for foreign investment, as it transforms itself into a smart city to lure companies to Vietnam.<sup>11</sup> The US therefore has multiple possibilities to create financial opportunities that would benefit both countries.

Unlike the US, Vietnam also has a seat at the communal regional table. Since Vietnam is a country of the South China Sea, China cannot short-shrift Vietnam's voice in regional concerns as it does with the US, an outsider whose opinion China finds unnecessary and unwanted. Vietnam is also a vocal member of ASEAN and has ratified the United Nations Convention on the Law of the Sea (UNCLOS), neither of which the US can claim. As a voting member of ASEAN, Vietnam can directly impact economic initiatives in the area; as a signer of UNCLOS with a grievance, Vietnam can send cases to the courts of arbitration. Although Vietnam has yet to challenge China's territorial claims under UNCLOS, experts in the region predict that Vietnam

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<sup>10</sup> Joe Devanesan, "Vietnam's Ho Chi Minh City Is On-Route to Becoming a Globalized Smart City," Tech Wire Asia, September 18, 2020, <https://techwireasia.com/2020/09/vietnams-ho-chi-minh-is-on-the-path-to-becoming-a-globalized-smart-city/#:~:text=Vietnam's%20Ho%20Chi%20Minh%20is,being%20a%20globalized%20smart%20city&text=With%20new%20trade%20and%20investment,fast%2Dgrowing%20Southeast%20Asian%20region.>

<sup>11</sup> Joe Devanesan, "Vietnam's Ho Chi Minh Is on the Path to Becoming a Globalized Smart City."

may be leaning toward this form of lawfare soon.<sup>12</sup> Ultimately to be successful in obtaining strategic aims, the US must strengthen existing and create new partnerships. Vietnam's regional position, disputed claims under international law, willingness to deploy the military to defend those claims, and inclusion in regional conversations allow Vietnam to address directly US gaps in influence and credibility.

### **ECONOMIC INVESTMENT IN VIETNAM'S FUTURE**

Vietnam requires economic assistance to realize its full potential and aid the US as a partner. During the last 15 years, Vietnam has increased by tenfold the use of foreign direct investment (FDI)—finance and control of a business by a foreign nation—to stimulate economic capacity. Although Vietnam's gross foreign investments continue to rise, US FDI decreased by 2.2% between 2019 and 2020;<sup>13</sup> the US needs to do more, not less. Vietnam's large, young labor force, growing cities, and stable government appeal to investors. However, the US State Department reports that Vietnam needs to improve infrastructure, develop a technically trained workforce, and mitigate a weak legal system thwarted with dishonest practices to continue to attract foreign investments.<sup>14</sup> If future US investments could focus on improving these areas of concern, then FDI in Vietnam may well grow at a more rapid rate.

Vietnam's infrastructure, specifically, roads, mass transit, and electric grids, requires improvements to entice foreign investors. USAID has led several projects in the region, but in February 2021, for the first time, USAID was able to subcontract with a Vietnamese construction

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<sup>12</sup> Mark J Valencia, "Should Vietnam Take China to Arbitration over the South China Sea?," Lawfare, August 18, 2020, <https://www.lawfareblog.com/should-vietnam-take-china-arbitration-over-south-china-sea>.

<sup>13</sup> "Vietnam," United States Trade Representative, accessed October 19, 2021, <https://ustr.gov/countries-regions/southeast-asia-pacific/vietnam>.

<sup>14</sup> "2019 Investment Climate Statements: Vietnam," U.S. Department of State (U.S. Department of State, December 1, 2020), <https://www.state.gov/reports/2019-investment-climate-statements/vietnam/>.

company to address the dioxin levels in Vietnam.<sup>15</sup> This contract resolved an environmental concern paving the way for future infrastructure projects, placed money directly in the pockets of Vietnamese, and built a sought-after skill set in a Vietnamese company that could be employed by other countries. Although development projects are helpful, these projects are insufficient. It is time to examine Vietnam differently as a locale for US and multi-national industries to thrive; to transform into its potential, Vietnam needs help in building infrastructure.

Having a robust and flexible workforce is also required to appeal to investors. Vietnam's low labor rates are already attractive to many investors, but there is a need for more skilled labor. Having an educated workforce in technology fields, both electronics and AgriTech, would enable the country to expand beyond cheap manufacturing.<sup>16</sup> The US could also aid in returning the Vietnamese to the workplace post COVID-19. As a health crisis with economic implications, efforts to curtail the virus should be a US priority. Launching a US initiative to distribute vaccines, a potential strategy throughout the region, would improve regional relations, promote goodwill toward the US, and be a catalyst for economic recovery in 2022.

Investors also need confidence that Vietnam's stable government can address legal issues to set conditions that favor venture capital. The Vietnamese government understands the importance of attracting foreign investment but frequently changes laws and regulations making US investors leery. Ambiguous, inconsistent regulatory rules and haphazard prosecution of violations, also makes investments administratively onerous. Vietnam has improved regulations favoring foreign investors, yet large projects have a lengthy approval process and violations are often ignored.<sup>17</sup> With no existing US-Vietnam free trade agreement, perhaps the Biden

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<sup>15</sup> "United States and Vietnam Complete Environmental Remediation at Danang Airport: Press Release: Vietnam," U.S. Agency for International Development, November 7, 2018, <https://www.usaid.gov/vietnam/press-releases/nov-7-2018-united-states-and-vietnam-complete-environmental-remediation>.

<sup>16</sup> "2019 Investment Climate Statements: Vietnam."

<sup>17</sup> "2019 Investment Climate Statements: Vietnam."

Administration, which has shown no inclination to sign the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, would be more amenable to a bilateral trade agreement, which could combat the regulatory ambiguity and give US investors more confidence in Vietnam.<sup>18</sup>

While foreign investment is key to Vietnam's economic growth, expanding and changing import/export relations and finding new markets would benefit both the US and Vietnam. The COVID-19 pandemic affected the global market and highlighted the need to diversify manufacturing portfolios globally.<sup>19</sup> With the US wanting to become less entangled with China, the American markets need to find a substitute. A "made in Vietnam" campaign, in which the US could still obtain products at reduced labor rates, is a solution that needs exploration.

Although Vietnam has robust textile, shoe, and car parts industries that can potentially expand more overseas, the best growth opportunities lie in the technology field.<sup>20</sup> Along with the ever-increasing demand for technology, national security concerns raise anxieties about purchasing electronic devices from China. As US consumers, including the military, move away from procuring tech from China, Vietnam could fill the void. In 2020, US imports from Vietnam increased 19.8 percent<sup>21</sup> indicative of both a willingness by the US to increase relations and a capacity to produce by Vietnam. Similarly, the US could export high-demand science and technology products to Vietnam without requiring Congressional scrutiny required with importing goods. Unlike imports, however, US exports to Vietnam decreased by 8.4 percent in 2020.<sup>22</sup> In

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<sup>18</sup> "The Unlikely, Indispensable U.S.-Vietnam Partnership," The Unlikely, Indispensable U.S.-Vietnam Partnership | Center for Strategic and International Studies, October 20, 2021, <https://www.csis.org/analysis/unlikely-indispensable-us-vietnam-partnership#:~:text=On%20October%202020%20the%20Office%20of%20the,vehicle%20and%20light%20truck%20tire%20imports%20from%20Vietnam.>

<sup>19</sup> "The Post Covid-19 Economy," Barclays, August 14, 2020, [https://www.investmentbank.barclays.com/content/dam/barclaysmicrosites/ibpublic/documents/our-insights/The-post-COVID-economy/post\\_covid\\_economy.pdf](https://www.investmentbank.barclays.com/content/dam/barclaysmicrosites/ibpublic/documents/our-insights/The-post-COVID-economy/post_covid_economy.pdf)

<sup>20</sup> "2019 Investment Climate Statements: Vietnam."

<sup>21</sup> "Vietnam," United States Trade Representative.

<sup>22</sup> "Vietnam," United States Trade Representative.

general, increasing economic ties between the US and Vietnam could financially benefit both countries and lessen the stranglehold China has on the region to coerce compliance through economic warfare.<sup>23</sup>

Military procurement is yet another avenue of economic aid the US can offer. Vietnam has signaled its intent to defend its territorial claims. Although Russia has been a significant supplier of military equipment to Vietnam, it is unclear how far Moscow will go to support Hanoi for fear of angering Beijing. The delay in selling the BrahMos missile and deferral on leasing the Cam Ranh Bay naval base indicates the wavering of Russian military support.<sup>24</sup> The waning of Vietnam and Russian military agreements opens the door for US military sales. The change in relationship dynamics is partially confirmed by the 11 September 2021 defense transfer deal, in which Vietnam overtly agreed to purchase Japanese-made military equipment and technology to address China's regional aggression.<sup>25</sup> It is also important to note that Vietnam made this deal with Japan, a known US ally. If Vietnam remains reluctant to buy directly from the US, Japan may act as a surrogate arms and technology dealer.

Vietnam also has valid economic concerns with China's effective bullying campaign using its nebulous nine-dash line to disrupt fishing and oil drilling in Vietnam's EEZs. Vietnam was reportedly forced to pay over 1 billion dollars to multi-national oil companies when China, between 2017-2020, made life difficult for foreign workers, forcing them to abandon Vietnamese

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<sup>23</sup> Greg Ip, "Global Economic Warfare Intensifies as Military Conflict Recedes," *The Wall Street Journal* (Dow Jones & Company, September 8, 2021), <https://www.wsj.com/articles/global-economic-warfare-intensifies-as-military-conflict-recedes-11631109600>.

<sup>24</sup> Nikola Mikovic, "Russia and Vietnam: An Alliance of Convenience," *The Interpreter* (The Interpreter, August 2, 2021), <https://www.lowyinstitute.org/the-interpreter/russia-and-vietnam-alliance-convenience>.

<sup>25</sup> Darren Maung, "Japan and Vietnam Sign Defence Transfer Deal in Response to China's Influence," *Vision Times*, September 17, 2021, <https://www.visiontimes.com/2021/09/17/japan-and-vietnam-sign-defence-transfer-deal-in-response-to-chinas-influence.html>.

drilling projects.<sup>26</sup> Additionally, much of the Vietnamese fishing fleets must now move further south to avoid confrontation with China.<sup>27</sup> This not only has negatively impacted Vietnam's relations with Malaysia and Indonesia, angered by Vietnamese anglers dropping nets in their EEZs, it is also logistically cost-prohibitive.<sup>28</sup> Fishing further from homelands equates to a more significant overhead with increased fuel cost, decreased time on station, and an additional expense to preserve fish for longer transiting times. As clearly defined in UNCLOS, China's direct attack on Vietnam's economic rights would be a prime opportunity for US military assistance if a strong partnership developed between these nations.

In response to China's harassment, Vietnam has increased the size of its fishing militia. However, when sending a civilian fleet to stave off the Chinese militia, the probability of force escalation increases. The April 2020 sinking of a Vietnamese fishing vessel and the June 2020 capture of a Vietnamese fishing crew by China underscores the likelihood of future conflict between these militia forces.<sup>29</sup> If Hanoi remains reluctant to build a military relationship, the US could employ the US Coast Guard, with its law enforcement role, to train the Vietnamese civilian fleet. Having sailors trained may not prevent a hotspot, but it might mitigate force escalation and legitimize the Vietnamese militia. In the end, it would also open the door for future US training opportunities and perhaps lead to the acceptance of invitations to military training exercises.

The key to granting Vietnam the best chance for success is to develop the country into an economic power much freer from Chinese dependency. Through economic growth, Vietnam can

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<sup>26</sup> "China Pressurises Vietnam to Cancel, Compensate Offshore Firms Operating in South China Sea," *The Economic Times*, July 27, 2020, <https://economictimes.indiatimes.com/news/international/world-news/china-pressurises-vietnam-to-cancel-compensate-offshore-firms-operating-in-south-china-sea/articleshow/77189742.cms?from=mdr>.

<sup>27</sup> Viet Hung Nguyen Cao, "Vietnam's Struggles in the S. China Sea: Challenges and Opportunities," *The Maritime Executive*, September 22, 2020, <https://maritime-executive.com/editorials/vietnam-s-struggles-in-the-s-china-sea-challenges-and-opportunities>.

<sup>28</sup> Viet Hung Nguyen Cao, "Vietnam's Struggles in the S. China Sea: Challenges and Opportunities."

<sup>29</sup> Viet Hung Nguyen Cao, "Vietnam's Struggles in the S. China Sea: Challenges and Opportunities."

assume a greater role as a regional leader. If the US directly contributes to Vietnam's economic independence, the US would benefit financially and create a partnership with the potential for opening other doors of collaboration and taking steps toward regional stability.

### **ECONOMY: THE LEVER OF TRUE INFLUENCE IN THE SOUTH CHINA SEA**

There may be several ways to bolster Vietnam's position in the region, but concentrating efforts on improving its economy is the national power tool of choice. There are multiple historical examples of the US financially investing in a nation to generate stability. The most salient example is the aid that poured into Europe and Japan post World War II. US leaders understood that it was in their strategic best interest to, as George C. Marshall stated, "[revive] a working economy in the world to permit the emergence of political and social conditions in which free institutions can exist."<sup>30</sup> The economy, unlike diplomatic and military powers, can simultaneously accomplish both domestic and foreign aims. The US reaped wealth from aiding war-torn countries, garnered goodwill, and forged multiple alliances that still serve US interests today.<sup>31</sup>

More recent history provides several examples of the US and the international community jumpstarting an economy to increase stability in struggling countries. The bilateral investment treaty and Trade Promotion Agreement between Panama and the US allowed the Panamanian economy to expand and, along with foreign investment, secure and improve the geo-strategic canal.<sup>32</sup> In the 1990s, after the US invested over 1 billion dollars and committed to law enforcement support, Columbia transitioned from an almost failed state run by drug cartels to a

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<sup>30</sup> Patrick Christy, "America's Proud History of Post War Aid: Foreign assistance after World War II proved critical to U.S. interests," US News and World Report, June 6, 2014, <https://www.usnews.com/opinion/blogs/world-report/2014/06/06/the-lessons-from-us-aid-after-world-war-ii>.

<sup>31</sup> Patrick Christy, "America's Proud History of Post War Aid: Foreign assistance after World War II proved critical to U.S. interests."

<sup>32</sup> "U.S. Relations with Panama - United States Department of State," U.S. Department of State (U.S. Department of State, June 10, 2019), <https://www.state.gov/u-s-relations-with-panama/>.

key US partner assisting with Venezuela's economic woes and government disfunction.<sup>33</sup> In the 1950s, impoverished and recovering from war, South Korea received US and international aid and by 1987 had turned its economy around.<sup>34</sup> South Korea's economy was so strong that by 2020 it had donated over 2.2 billion dollars in foreign aid, making it the model of paying it forward. Collectively, these examples demonstrate the flexibility, versatility, and power of wielding US and international economic aid.

Compared to the above examples where the US and the international community financed recovery efforts in countries ravished by poverty, corrupt governments, and war, investment in a stable Vietnam is more than feasible. With additional financial initiatives, Vietnam may realize its economic expansion sooner. Vietnam could be the next South Korea and act as a catalyst for economic growth and regional cooperation. As a member of ASEAN, Vietnam has been a voice of dissent against China. If Vietnam receives aid and continues to prosper, Hanoi could lead ASEAN, currently a disjointed group, toward economic prosperity for all. The US could be a vehicle, but Vietnam would act as the mouthpiece and the example of success.<sup>35</sup>

### **WITH SO MANY CHOICES, IS VIETNAM THE BEST FIT?**

As China expands its influence in the South China Sea, US reliance on partnerships and regional cooperation is essential. Choosing the right partner(s) is a must. With Vietnam's communist government, shared bitter history with the US, and policy of not forming military alliances, is Vietnam the right partner? Is there not another nation better suited to influence the region?

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<sup>33</sup> "U.S. Relations with Colombia." U.S. Department of State, July 19, 2021. <https://www.state.gov/u-s-relations-with-colombia/#:~:text=Bilateral%20Economic%20Relations&text=The%20United%20States%20is%20Colombia's,totaling%20%2429.9%20billion%20in%202020>.

<sup>34</sup> "U.S. Relations with the Republic of Korea," U.S. Department of State, September 22, 2020, <https://www.state.gov/u-s-relations-with-the-republic-of-korea/>.

<sup>35</sup> Kazi Asszad Hossan, "ASEAN's Five Point Consensus: A Solution to Crisis in Myanmar?," *Modern Diplomacy*, May 3, 2021, <https://moderndiplomacy.eu/2021/05/03/aseans-five-point-consensus-a-solution-to-crisis-in-myanmar>.

As a member of the Quadrilateral Security Dialogue, the US along with Japan, Australia, and India are collectively attempting to address regional concerns<sup>36</sup>, but this partnership is not enough. Like the US, all of these powerful nations share the same gaps in influence, credibility, and physical presence. The very recent addition of New Zealand, South Korea, and Vietnam to the group is too new to determine if this will significantly impact the Quad's ability to address concerns in the region.

With the Quad currently insufficient, are there any other South China Sea nations suitable for partnership? The only country in the South China Sea with which the US has a formal treaty alliance is the Philippines. Militarily and economically weak, the Philippines is not suited for regional leadership, especially as the government shifts support between China and the US.<sup>37</sup> While Singapore excels economically, it would not be a good partner with its weak military, no desire to combat Chinese aggression, and controversial human rights allegations. Although Taiwan is a staunch supporter of the US, it is unlikely to act as a centerpiece for regional cooperation due to China's promise to take Taiwan, by force if necessary.<sup>38</sup> Many nations border the sea that may be open to partnership with the US, but none compare to Vietnam.

Vietnam has the most robust financial foundations, and economists predict continued growth. Vietnam also wields its military might to stand up for its sovereign rights like no other nation in the region. Vietnam is asserting its will on the international stage by engaging in defense spending with Japan, supporting the Quad's initiatives, bilaterally working with the Philippines to track China's militia activity, and unilaterally building up defensive positions on

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<sup>36</sup> "Evolution of the Quadrilateral Security Dialogue (Quad)," Current Affairs Review, May 5, 2021, <https://www.currentaffairsreview.com/evolution-of-the-quadrilateral-security-dialogue-quad/>.

<sup>37</sup> Felix K Chang, "Hot and Cold: The Philippines' Relations with China (and the United States)," Foreign Policy Research Institute, July 7, 2021, <https://www.fpri.org/article/2021/07/hot-and-cold-the-philippines-relations-with-china-and-the-united-states/>.

<sup>38</sup> The State Council Information Office of the People's Republic of China, July 2019, China's National Defense in the New Era. Beijing, China: Foreign Languages Press Co.

the Spratley Islands. The mere fact that it has a communist government should not stand as an impediment for partnership. Hanoi has what Friedemann and Philipp Mueller define as the “essentials of good governance.”<sup>39</sup> Vietnam upholds international laws, adopts a market economy, values education, and embraces green production. With these fundamental elements, the US can invest in Vietnam with confidence. The differences between Vietnam and its neighbors make Vietnam unequivocally the partner of choice in the region.

## **CONCLUSION**

With the nations surrounding the South China Sea dependent on China economically, the likelihood of any one country pushing back on China is remote. The financial ties between the nations of the South China Sea and China are placing nations in a paralytic state, allowing China to grow wealthy while simultaneously building military capacity. Soon, China will not need to make financial threats because its military will be perfectly postured to instantly gain sea control in time of conflict. At that point, all regional actors and a significant portion of the global maritime market will be subordinate to China.

With the power imbalance in the South China Sea, the US must focus on improving economic concerns through a partnership with Vietnam. First, the US should relay actionable ideas for economic development to Vietnam who can advocate for these changes at ASEAN so to give US a route to influence regional decisions. Second, the US must strategically use the other levers of national power to directly support the Vietnam economic campaign. This includes the military continuing FONOPS to protect trade while diplomatically looking towards bilateral trade agreements. Finally, the US must impede China from continuing to gain unchallenged economic

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<sup>39</sup> Friedemann Mueller and Philipp Mueller, “The Essentials of Good Governance,” Policy Brief, Caspian Studies Program, December 10, 2002, <https://www.belfercenter.org/publication/essentials-good-governance>.

control in the South China Sea. The partnership's actions should make FDIs more attractive to other nations and perhaps unseat China's 2020 position as the second highest investor in Vietnam.<sup>40</sup> Further, as Hanoi transitions into a smart city, the partnership should prevent China from becoming a significant provider of the telecommunications assets. Collectively, these initiatives can have significant impacts and start to reshape the economic environment toward balance.

In 2011, acknowledging the ever-growing influence of China in the Western Pacific, the Obama Administration announced a "pivot" or "rebalancing" to the Pacific.<sup>41</sup> Over the next decade, as China's power continued to grow, the US relied less on diplomacy and more on its military to assert its will in the region. However, the employment of the US military has not stemmed the tide of China's continued dominance. Therefore, just as in 2011, when the US shifted its primary efforts in the South China Sea from diplomacy to military actions, the US should now swing from military operations toward building economic solutions through a partnership with Vietnam.<sup>42</sup> This partnership will allow the US to influence the direction the region takes and gain much-needed credibility. Opening doors to economic growth is the US's best hope for reaching national objectives and attaining regional stability.

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<sup>40</sup> Minh-Ngoc Nguyen, "Vietnam: Number of FDI Projects by Country and Territory 2020," Statista, February 19, 2021, <https://www.statista.com/statistics/1208420/vietnam-number-of-fdi-projects-by-country-and-territory/>.

<sup>41</sup> Congressional Research Service, "Pivot to the Pacific? The Obama Administration's "Rebalancing" Toward Asia" March 28, 2012, <https://sgp.fas.org/crs/natsec/R42448.pdf>.

<sup>42</sup> Greg Ip, "Global Economic Warfare Intensifies as Military Conflict Recedes."