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“RUSSIA – VIETNAM – CHINA” TRIANGLE: CURRENT CHALLENGES, TRANSFORMATIONS AND ASYMMETRIES

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Abstract. The article discusses Russia – Vietnam and China – Vietnam relations in the conditions of the changing geopolitical situation in the world, aggravation of Russia-US/the West relations and the rise of China. It is an attempt to follow the dynamics and development features of two bilateral models, their place and role in the Southeastern Asian region, the influence of external factors on economic, military and political processes, to throw light upon the reaction of the leading Russian and Chinese experts to the relationships in the “Russia – Vietnam – China” system, the specificity of China’s realization of infrastructure projects in the scope of the “One Belt and One Road” initiative in Vietnam.

Keywords: Russia, Vietnam, China, cooperation, challenges and threats, disputed islands, “One Belt and One Road”.


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Introduction

The conventional “Russia – Vietnam – China” tripartite structure exists virtually as a regional combination of bilateral Russia-Vietnam, China-Vietnam and Russia-China formats connected with Vietnam (the latter is not considered). At the same time, it develops fragmentarily in different regional and subregional projects and initiatives, such as APEC, the Regional Comprehensive Economic Partnership (RCEP), the Eurasian Economic Union

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(EAEU), “One Belt and One Road” and others. Between Russia-Vietnam and China-Vietnam relations there has been formed a significant trade-economic and investment asymmetry in favor of China, which annually increases its presence in Vietnam.

In Russia, the academic discourse on issues of Russia – Vietnam and China – Vietnam relations, as well as on common security and cooperation issues in Southeastern Asia including “dispute islands” in the South China Sea, are actively developed. There are researches of the bilateral Russia – Vietnam model, evolution of its political shape and trade-economic content including military-technological cooperation [Mazyrin 2019–2021; Kobelev 2020; Kolotov 2019; Kanaev 2021; Kashin 2020; Britov 2022; Lokshin 2017]. The crucial idea in this trend is the analysis of new economic realities, as well as “the limiters” in the structure of Russia-Vietnam relations and the recommendations how to adapt the partnership to the current challenges and to overcome the existing barriers [Mazyrin 2020: 114–132].

An important part of the Russian discourse is the research of Vietnam’s foreign policy in different regional aspects, Hanoi’s combination of ‘balancing’ tactics with the use of different external supports and priorities [Koldunova 2021], as well as general works on ASEAN issues in the context of the enhancing China’s pressure on ASEAN countries and aggravation of China-US relations in the region [Sumskiy 2021; Mosyakov 2021].

A relatively independent track seems to be the research of trade-economic preferential formats “EAEU – Vietnam”. A number of Russian economists have presented a macro-economic situation and dynamics of bilateral paths of EAEU countries and the SRV, having thrown light on the specificity of influence of the liberal mechanisms introduced in 2015 on the growth of commodity exchange in some options [Glinkina, Migranyan, Pylin 2018].

As far as foreign researchers are concerned, an important place belongs to the PRC’s researchers, who investigate China – Vietnam relations and who can be conventionally divided into several groups. One of them is represented with the experts of the Institute for Southeastern Asian Studies of China Institutes of Contemporary International Relations (CICIR), the China Institute for International Studies of RF MFA, and a number of other centers. Some of them focus on China’s “strategic concerns” of the cooperation with Vietnam, justify a Chinese version (“nine-dash line”) of historical belonging of the disputed islands to China [Lijian Gang 2020; Gu Huoping 2022]. The others, on the contrary, emphasize the necessity to increase trade-economic cooperation of the two countries and to conserve “the unsolved problems” and focus their attention on the involvement of Vietnam into the “Maritime Silk Road” project and neutralization of the US in China [Qu Wenjia 2017; Jiang Yushan 2018].

The author makes an attempt to compare the two bilateral models of relations, i.e., Russia – Vietnam model and China – Vietnam one and to determine the degree of the exhaustion of “historical memory” between Moscow and Hanoi and the current stage of its converting into more pragmatic relations. What crucial projects and trends are especially relevant in the current China – Vietnam relations? What is especially troublesome and frightful in them for Hanoi?

The Russia – Vietnam format

On bilateral tracks of Russia and SEAN countries Russia – Vietnam track was traditionally strong and priority one, with a long friendly history since the Soviet period and traditions of a great economic, military and ideological assistance in the 1960s to the 1980s.

In 2012 political frames were consolidated with the Declaration on Comprehensive Strategic Partnership between the RF and the SRV. At the same time Vietnam pursues multi-vector foreign policy of “three nos”, i.e., no to participation in military alliances; no to the presence of third states’ military bases in its territory; no to joining alliances against third states.
After the reunion of the Crimea and Russia in 2014, and general aggravation of the US/the West relations, Russia-Vietnam structure had no systemic political deformations and “breaks”. At the end of 2021 during the visit of the SRV President to the RF, after V.V. Putin’s and Nguyen Xuan Phuc’s talks there was adopted the Joint statement on the vision of strategic partnership development [Sovmestnoe zajavlenie... 2021].

An important economic relations’ driver was the agreement of the establishment of the Free Trade Zone between Vietnam and the EAEU, which was signed in 2015 and strengthened bilateral economic relations between Russia and Vietnam. The volume of the bilateral trade was evaluated $4,1 billion in 2018, and by 2021 it had achieved $5,7 billion (15,7% increase). The crucial component was hydrocarbon cooperation, including the operation of joint enterprises “VietSovPetro” for oil and gas exploration on the sea shelf of the Vietnamese zone of the South China Sea and “RusVietPetro” in the territory of Russia, as well as the operation of the Vietnamese Concern “TH True Milk” in Moscow and Kaluga oblasts in the sphere of agriculture and the launch of the joint industrial park “DEEP C Russia” in the north of Vietnam, which had been planned to be ready by 2023. The industrial park was designed as a logistics hub for coastal industrial territories shipping [“Azatskij povorot”... 2022].

According to the Russian experts from the RAS Institute of economics in 2016 and 2017 the total volume of the trading turnover of the EAEU integrated group should have been $4,3 billion and $5,9 billion respectively; by 2019 the growth of gross volumes of trade had been evaluated $6,6 billion and no less than $7,041 billion. At the same time, the main increase was observed in pairs “Kazakhstan-Vietnam” and “Russia-Vietnam”. Real volumes were 17–20% less than those predicted. In the experts’ opinion, the liberalization effect, i.e., the reduction of trade barriers, which ensured a certain trade growth, “had exhausted itself” [Migranyan 2019: 95].

Russian researchers mention that there were three reasons for the success of the Eurasia-Vietnam preferential project, namely, 1) there were no competition between import goods produced in the EAEU countries and their analogues in Vietnam; 2) insignificant trade volumes could not have a negative impact on the signatories’ economies in the case of the project unfortunate development; 3) Russia was interested in the speedy signing of the agreement on the Free Trade Zone to increase the political effect and prospects of the established Eurasian integration association [Koldunova 2021: 31–35].

Traditional military-technological cooperation developed continuously and successfully. Though in 2016 Washington lifted its embargo on military supplies to the SRV and in 2017 an American military destroyer demonstratively entered the port of Danang [Mosyakov 2021], Vietnam preserved a significant niche for the cooperation with Russia in the military sphere. Russia controlled more than 50% of Vietnamese fleet of armaments from the Russian defense industry and all the military supplies. The US could not monopolize this sector.

Vietnam bought Russian fighters Su-27/Su UBK and Su-30MK, and anti-aircraft missile systems S-300 PMU1. Under Russian licenses the SRV began to build missile boats project 1241 with “Uran” anti-ship missile system. There were concluded contracts for supplies of light frigates (code Gepard) and diesel-electric submarines Project 636.1 etc. [Kashin 2020: 75–77, 80–83]. Despite the withdrawal of the Russian Navy base from Cam Ranh in 2002, Russian Navy still had ship maintenance points on the Vietnamese coast.

There emerged the license production of several types of Russian weapons in the territory of the SRV, a new cooperation form. A number of contracts were signed for the establishment of service centers on maintenance and repair for helicopters, supplies of Russian tanks T-90M “Proryv” and coastal anti-ship systems “Bal” and “Bastion” etc. [Ibid.: 77, 80, 82–83].

On the other hand, after 2014 there appeared serious cracks and mismatches in Russia-Vietnam cooperation.

In February 2014 Russia retired from the project for building a plant of the SRV Defense Ministry. As the result, the production of Russian AKM Kalashnikov was replaced by the production of
Galif ACE-31 и ACE-32 from Israel. In 2016 Vietnam unexpectedly for the Russian leadership blocked several crucial projects in the spheres of metro construction, Cosmos, gas exploration as well as modernization of “Dung Quat” oil refinery and purchase of the Sukhoi Superjet 100. The most serious blow for Moscow was Hanoi’s cancellation of the Ninh Thuan 1 Nuclear Power Plant after eight years’ works to prepare the construction by “Rosatom”, in spite of the $10 billion loan from Russia [Britov 2022: 5–7, 11–15].

Most leading Russian experts do not connect this resolution with official explanations by Hanoi of some economic and ecological reasons not to adopt those projects. In their opinion, the main reason was much deeper due to direct influence of the US, EU, and Japan, who virtually torpedoed mutually beneficial contracts between Moscow and Hanoi [Mazyrin 2020: 115–119, 126–129; Britov 2022: 5–7, 9, 12–15]. At the same time, some experts believe that the geopolitical part is not the chief obstacle, that everything was due to mismatches of economic formats, that Russia’s attempt to increase the bilateral economic level but on the base of administrative resources, by increasing the trade turnover with Vietnam, embedded in the East Asian supply chains, in the processes of Hi-Tech production, are wrong and have no prospects, that the executive decision cannot attach Russian producers to Vietnamese commercial processes [Kanaev, Fajnshmidt, Fedorenko 2020].

After the beginning of the Special Military Operation, some Vietnamese experts are pessimistic about Russia-Vietnam relations prospects. Thus, in the opinion of Nguyen Chi Tam, the former SRV trade representative in Russia, the Ukraine conflict has jeopardized the whole system of Russia-Vietnam commercial contracts, including purchases of technologies and equipment for raw materials exploration, extraction and processing, due to the disconnection of Russian banks from the international SWIFT banking networks, conservation of the conduct of a large order (77% ready) by the Power Machines company for Long Phu-1 thermal power plant, because the company is subject to the US sanctions. [Nguyen Chi Tam 2022].

Like publications, according to the author, do not show the whole picture of Russia-Vietnam relations, concentrating exclusively on negative effects. Complexification of fulfilling a number of Russian-Vietnamese commercial contracts in the conditions of total western sanctions is complicated, indeed, but as a rule it is a technological problem, typical for all trends in Asian foreign economic relations after February 24, 2022. At the same time, given all the difficulties of fulfilling current contracts, Russia is still dominating at Vietnam’s military markets, as well as de-jure and de-facto being the crucial EAEU state which realizes the preferential project with the SRV. On July 5–6, 2022, S.V. Lavrov, Head of the RF Ministry of Foreign Affairs, visited Hanoi, had a meeting with the Vietnamese leadership and discussed economic and technological, current and long-term issues of the bilateral relations. There were emphasized the importance to strengthen on the strategic partnership format, the necessity to develop the Free Trade Zone between the EAEU and SRV [RF i Vietnam…: 17.07.2022].

Hanoi’s maintenance of friendly neutrality in connection with the Ukrainian events and general positivity for the further development of the partnership with Moscow, if they really exist, is a certain political base for building the updated Russia – Vietnam model.

The prospects of its updating are connected with the solution of the problem of a discrepancy between a high form of the existing partnership and the unsatisfactory condition of trade-economic and investment cooperation. Western sanctions and Ukrainian events have intensified this asymmetry. In the opinion of the leading Russian specialists on Vietnam, to slow down the process of form and content breaking and to strengthen the momentum it is necessary:

a) to increase Russian investments into industry, first and foremost into energy and transport; to ensure the presence of Russian companies in infrastructure transport and pipeline projects in Vietnam;
b) to take part in a long overdue modernization of nearly 300 enterprises and energy objects built in the USSR;

c) to promote the Greater Eurasia project due to a real contact between the EAEU and economic ASEAN community, widening the scope of the Agreement on the Free Trade between the EAEU and Vietnam, as far as investments, services trade, exchange in people, information and technologies are concerned, and reducing non-tariff barriers [Mazyrin 2020: 119–120, 128–132].

Though these recommendations had been made prior to the Russian special military operation, they are quite relevant now adjusted for current technological, financial and international legal realities of Russian positioning worldwide and particularly in Southeastern Asia.

The China – Vietnam model

Chinese reform experience has been studied in Vietnam. As the Chinese reforms appear to be ideologically-friendly they are also friendly to the SRV economic structure. Vladimir Mazyrin, the leading Russian Vietnamist (RAS Institute of China and Contemporary Asia), mentions that the Vietnam’s model, certainly, used the principles of market transformation and socialism-capitalism “synthesis” in China. At the same time both China and Vietnam accentuate national specificity and originality in constructing Chinese and Vietnamese “market socialism” models [Mazyrin 2013].

Bilateral relations embraced a whole complex of trends and projects such as regional-integration ASEAN – China and trade-economic ones, where China in the early 2000s drove out all the competitors and during twenty years has steadily been the leader by a large margin. To compare, in 2020 the SRV volume of trade with the PRC and US was correspondingly $153,4 billion and $87,2 billion [Grossman 2022].

One of the main obstacles are disputes on the ownership of the Paracel Islands being a part of the more general “island dispute” by ASEAN countries (Indonesia, the Philippines, Malaysia, Brunei) with China on the Spratly Islands. Since 2002, when China signed the Declaration on the Conduct of Parties in the South China Sea, and in 2017 The Code of the Conduct of Parties on the South China Sea began to be discussed, with the “freedom of navigation”, the right of warships passage, navigation etc., the China – Vietnam relationships have not got better, but in some cases become complicated. Experts mention that the adoption of the Code would not be decisive as it is unlikely that China will consider it as a binding and enforceable document. Vietnam, in its turn, does not agree to adopt the project which will exclude the Paracel Islands regions, once annexed, Hanoi believes, by Beijing [Lokshin 2017: 58]. At the same time, since 2009 there exists so called line of nine sections/points established in the PRC; in accordance with it 80% of the South China Sea area and all its islands are historically China’s own [Ibid.: 43].

It is obvious that the historical-legal dispute is gradually transforming into a geopolitical one, with the dominating military-strategical and hydrocarbon (oil and gas) interests of the parties, first and foremost of China, which fortifies its southern maritime borders. Thus, a number of China’s mass media describe the construction of three artificial islands near Nansha (the Paracel Islands), which became “the strongest defense establishments, virtually, unsinkable aircraft carriers”, as well as the control of other forty islands and reefs in the same area [Woguo nansha... 2020].

In May 2014, when China had located its platform in the disputed waters, the hydrocarbon crisis in the bilateral relations obviously reached the interstate level. The PRC President Xi Jinping’s visit to Vietnam in 2015, politically mixed the problems, being of symbolic importance for the SRV’s involvement into the Chinese “One Belt and One Road” Initiative assessed rather contradictory by the Vietnamese leadership.
Vietnam joined the Asian Infrastructure Investment Bank (AIIB) established by China and the leading world states to finance “The New Silk Road” project, and stated its participation in the construction of the Vietnamese part of the Trans-Asian Railway and a number of coal-fired power plants etc.

On the other hand, the SRV having agreed to cooperate with the PRC on some projects did not state its support of the entire initiative including “The Maritime Silk Road”. In Vietnam, at the expert and political levels they said about finance and credit risks from Chinese contracts, because economic dependence would automatically strengthen Chinese position in “the islands disputes” at the same time weakening the position of Vietnam in them, that the terms of the contracts were not transparent etc. [Model' razvitiya… 2019: 623–624].

Vietnam has developed its own long-term maritime strategy to 2030, which contains the plan of maritime economy, ship transport, navy security and other trends development and is made for self-sufficiency an independence of external players (China) [Le Dinh Tinh 2021].

China views energy and military issues in the South China Sea mainly through the prism of “nine-dash line” being very quick in response to Russia – Vietnam cooperation in oil exploration in these areas, including “Rosneft” projects, Russian-Vietnamese military exercises, as well as RF military supplies to the SRV.

Beside “the island issue”, one of the crucial problems in Chinese expert community is the problem of embedding Vietnam into the Chinese “Maritime Silk Road” strategy, the analysis of geo-economic and international-political factors of its realization. Professor Qu Wenjia, one of the leading experts (China University of Political Science and Law, Beijing), marking the beneficial geographical location of Vietnam, its “socialist kinship” suggests to build the two countries’ rapprochement on mutual “maritime strategies” granting a number of economic preferences to the Vietnamese party [Qu Wenjia 2021].

On the contrary, Li Jianggang, a leading researcher of China Institutes of Contemporary International Relations (CICIR) emphasizes that the countries have already achieved the necessary consensus in the scope of cooperation in the projects of “One Belt and One Road”, including “The Maritime Silk Road”; therefore, it should be found a more careful approach to new risks, also, he mentions, “Vietnam’s strategic doubt about China”, shifting tides of China-Vietnam relations etc. The expert suggests to take a tougher and more selective approach to Vietnamese projects tracking and preventing Hanoi’s negative reaction [Li Jianggang 2020].

Other Chinese experts mention the necessity to enhance the work with the Vietnamese leadership in order to convince them that further integration of economic development plans, embedding into “One Belt and One Road” with its maritime part, intensifying the interaction with the AIIB etc. will help Vietnam to accelerate economic growth at a new higher level of its own economic modernization [Jiang Yushan 2018].

Chinese applied researches are focused on the structure, demand and features of macro-economic indices of the bilateral trade and investment interaction. According to Chinese official figures, by 2019 Chinese accumulated investments in Vietnam had been estimated at USD 66.42 billion, while Vietnamese ones in China but USD 2.2 billion. These estimates directly contradict the SRV statistics, according to which the first indicator in 2021 was USD 21.6 billion, and the second USD 36.8 million (SYBVN, 2022: 277, 291). The scope of the PRC investments’ sector-specific application is also rather broad, i.e., from labor-intensive industries, agriculture to high-tech production, manufacturing industry, energy and tourism. A number of infrastructure projects (such as ports modernization, construction of five highways) is realized in “One Belt and One Road” framework. Regionally, Chinese investments concentrate mostly in south-eastern coast of Vietnam, namely in the Red (Hong) River Delta and in the border areas neighboring China.
Conclusion

Thus, in “Russia – Vietnam – China” triangle the crucial role in economic sphere belongs to the PRC. Vietnam’s foreign policy strategy is still based on the combination of three balance types, i.e., the institutional type using the ASEAN, EAS, ARF etc.; the foreign policy type, based on the search for the partners other than China, and the internal one, which is diversification of the growth sources [Koldunova 2021: 48–50]. Given this methodology, Russia, with its enhancing Chinese trend, does not so far meet entirely Vietnam’s foreign policy priorities. At the same time, after 2014 Ukrainian events indirectly influenced Hanoi’s decreased activity and cancel of a number of projects.

On the other hand, Russia-Vietnam relations are self-sufficient; they are of success in a set of local mutually beneficial economic, military-technological and humanitarian tasks. Despite China-Vietnam complicated relationships, Russia, purely theoretically, can be a mediator between China and Vietnam, smoothing conflicts at some stages. Doctor Evgeny Kobelev (RAS ICCA), a veteran of Vietnamese studies in Russia, mentions that this task will force Vietnamese elites to overcome old approaches and stereotypes connected with some Russian obligations to Vietnam, which existed in the Soviet-Vietnamese friendship period, and it means the active support of Vietnam’s position against China [Kobelev 2020: 17].

Contemporary Russia develops outside of ideological and country-specific (pro-Chinese or pro-Vietnamese) frameworks. Therefore, taking place just in between Hanoi and Beijing. It can objectively influence both parties, equally advantageously for all.

It is possible, that the RIC (Russia – India – China) project experience, being regionally and historically unlike Vietnam, theoretically may be useful for Mainland Southeast Asia and in the perspective realized in a tripartite interaction in “Russia – Vietnam – China” triangle, which is potentially able to play a stabilizing role in the sub-regional structure of international relationships.

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