

# 了解當代中越關係：一位外人的看法

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## Understanding Contemporary

## Sino-Vietnamese Relations: an Outsider's Perspective

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### 摘要 / Abstract

越南這個國家從歷史角度來看顯示了它有時是一個失敗者，有時是一個勝利者，但總是一個生存者。它成功了抵抗比更大的國家，中國，幾次的侵犯。它打敗了比他更先進更強大的敵人，法國和美國。它被日本佔領，但只不過短暫的佔領。今天的越南已成為亞洲經濟發展最快和友好的國家之一。但新一輪來自越南北方的攻勢可能正在上演。

The nation of Vietnam has proven time and again over the centuries that it is sometimes a loser, often a winner but always a survivor. It managed to resist encroachment and domination by the huge Chinese empire several times. It fought off other bigger and more technologically advanced aggressors, the French and the Americans. It was taken over by the Japanese, but only briefly. Today, Vietnam has emerged as one of the fastest growing developing economies in Asia and is establishing itself as a peaceful stakeholder in the world. However, a modern form of encroachment on the Vietnamese by the Chinese seems to be in play.

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**關鍵詞：**越南、中國、激發點、南中國海、南沙、中沙

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## Historical Evolution of Political Relations

In order to understand contemporary Vietnamese thinking on China, it is necessary to go a little back into history. Vietnam was once ruled by China from the 2nd century B.C.E through the early 10<sup>th</sup> century C.E. During the tumultuous 19<sup>th</sup> and 20<sup>th</sup> centuries, China and Vietnam's fate were to closely resemble each other in the sense that both were subjects of foreign aggression, domination and subsequent liberation.<sup>1</sup>

China was invaded in the 19<sup>th</sup> and 20<sup>th</sup> century by Britain and other major powers, including the United States, France, Russia, Germany, Austria-Hungary and Japan. With the surrender of the Japanese at the end of the Second World War in the mid 1940s and the defeat of the Chinese Nationalists in the Chinese Civil War in 1949, the Peoples' Republic of China was established by Mao Zedong in October 1949.

The French invaded Vietnam in 1858 and remained in Vietnam for almost one hundred years till the end of French Indochina rule in 1954 with the defeat of the French at the battle of Dien Bien Phu; in the mean time, the Democratic Republic of Vietnam (later known as the Socialist Republic of Vietnam after the Reunification of North and South Vietnam in 1975) was established and declared independent by Ho Chi Minh in September 1945. American forces came to Vietnam in 1964 and Vietnam did not regain its full independence again until after the Vietnam War ended in 1975 with the defeat of the Americans in Saigon, modern day Ho Chi Minh City. All these events have shaped and strengthened the

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<sup>1</sup> Bruce M. Lockhart and William J. Duiker, *Historical Dictionary of Vietnam* (Lanham: Scarecrow Press, 2006).

Vietnamese culture and made its people a highly resilient one.

In the initial decades after its establishment in 1949, the Cold War, ideology and geopolitics framed the Peoples' Republic of China's relations with her next door neighbour Vietnam. Sino-Vietnamese diplomatic relations were officially established in January 1950. Geopolitical circumstances required both countries to work hand in hand together despite the fact that the bigger of the two neighbours China, itself was also an invader and occupier of Vietnam for a millennium, almost ten centuries ago; the Vietnamese have never forgotten this as the facts have been embedded in their history textbooks for centuries.

Both China and the former Soviet Union aided Vietnam in her struggle against the French and the American invading forces, not merely to simply help Vietnam, but also as a proxy against their own respective struggles against the West. The flashpoints for the deterioration of Sino-Vietnamese relations were gradual, commencing perhaps most dramatically with former United States President Richard M. Nixon's 1972 visit to China. During the visit, the American President and his Secretary of States Henry Kissinger in a secret intelligence meeting briefed the Chinese on Soviet military forces arrayed against China; an important outcome of this meeting was that the Soviets had become a common enemy to both China and the United States.<sup>2</sup> Sino-Soviet relations begun deteriorating and Hanoi would also later call this visit the beginning of China's betrayal of Vietnam; though in the mid-1970s the signs of an impending breakdown were barely noticeable. Until 1977 the Vietnam-Cambodia dispute appeared to the outside world to be purely bilateral and China's strategic considerations seemed only distantly connected to the skirmishes that took place on the Vietnamese-Cambodian border. From 1978-1979, the Vietnamese-Cambodian dispute became an international crisis due

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<sup>2</sup> For more details, see *The National Security Archive* at George Washington University available at <http://www.gwu.edu/~nsarchiv/>

to Vietnamese conflicts with China supported Pol Pot's Khmer Rouge regime. The fact that the Communist Party of Vietnam had sided with (after a period of ambivalence) the former Soviet Union whereas the Communist Party of Kampuchea remained loyal with the People's Republic of China did not help to make the situation better.<sup>3</sup>

China in the 1976-77 period was preoccupied with internal affairs, including the deaths of Mao Zedong and Zhou Enlai, the arrest of Mao's widow and her 'Gang of Four', and the return to power of Deng Xiaoping. As the situation between Vietnam and Cambodia deteriorated, the signs of a potential Sino-Vietnamese rift became clearer and the more Cambodia's strategic importance for both China and Vietnam appeared at risk. Aside from risking the return of the Khmer Rouge, Vietnam, viewed a disengagement from Cambodia as paramount to inviting China to create a two-front threat by establishing a foothold on a second Vietnamese frontier. In China's view, Vietnam's sustained presence in Cambodia not only precluded such an accomplishment, but conferred territory, once administered by an acknowledged Chinese ally, to the authority of an historic Asian adversary that was closely allied with a contemporary superpower rival, the Soviet Union. Vietnam was eventually forced by the United Nations, the European nations, Japan and ASEAN to withdraw its troops from Cambodia,<sup>4</sup> whereby the total withdrawal was only completed in 1989.<sup>5</sup>

Another sticking point was Vietnam's treatment of its 'Hoa' (ethnic Chinese) people, which became an issue in 1978, when Hanoi instituted a crackdown on the

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<sup>3</sup> Khac Vien Nguyen, *Vietnam: A Long History* (Hanoi: The Gioi Publishers, 2007), pp.546-547.

<sup>4</sup> ASEAN is the acronym for the Association of South East Asian Nations comprising the ten nations of Brunei, Cambodia, Indonesia, Laos, Myanmar, Malaysia, the Philippines, Singapore, Thailand & Vietnam.

<sup>5</sup> Steven Erlanger, "Vietnam Promises Troops will Leave Cambodia by Fall," *The New York Times*, April 6, 1989.

Chinese community because of its pervasive role in domestic commerce in the South and its alleged subversive activities in the North. The government action forced an unprecedented exodus of thousands of 'Hoa' across the border into China, prompting Beijing to accuse Vietnam of persecuting its Chinese community and of breaking a 1955 agreement that called for the gradual and voluntary integration of the 'Hoa' into Vietnamese society. The situation was aggravated when Vietnam denied landing privileges to three Chinese ships dispatched to evacuate 'Hoa' seeking voluntary repatriation to China. Beijing threatened Hanoi with unspecified retaliation, and Chinese activities on the Sino-Vietnamese border escalated.

The breaking point came when China invaded Vietnam, and in the words of the Chinese leadership "to teach the Vietnamese a lesson not to be too close to the former Soviet Union" as well as "not to meddle in the Cambodian issue", in a brief but bloody border war in early 1979, which the Vietnamese have not forgotten till this day.<sup>6</sup> In 1979, the Vietnamese were fighting a two-front war, defending its northern border against China and supporting its army in Cambodia, which was fighting the China-backed Pol Pot's Khmer Rouge regime. Vietnamese troops begun withdrawing from Laos and Cambodia in 1988 and in 1991, Vietnam signed the Cambodian Peace Agreement.

Since the 1979 border clash, a deeper sense of distrust against China developed in Vietnam, amid the fact that distrust of China have already being in existence in Vietnam for over a thousand years. In 1987 tensions along the Sino-Vietnamese border erupted in sporadic fighting. China believed that the Cambodian conflict would serve Chinese interests by draining the Vietnamese economically and weakening Hanoi. China's sustained pressure on Vietnam's northern border would also tax Vietnam militarily, while satisfying ASEAN's

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<sup>6</sup> Xiaoming Zhang, "China's 1979 War with Vietnam: A Reassessment," *The China Quarterly*, Vol. 184 (2005), pp.851-874.

requests for Chinese assistance in the conflict and providing Chinese armed forces with invaluable combat experience. Consequently, Vietnam's campaigns to eliminate Cambodian resistance base camps along the Thai-Cambodian border were generally matched by corresponding Chinese acts along the Sino-Vietnamese border. China issued vague threats to Vietnam of a "second lesson" in the mid-1980s but did not act on these threats.

Official ties were broken in the 1970s throughout the 1980s, but were re-established by the official normalization of Sino-Vietnamese relations only after leadership renewal in Vietnam. Former Vietnamese Communist Party Central Committee General Secretary Do Muoi and former Prime Minister Vo Van Kiet visited China in November 1991;<sup>7</sup> Do Muoi was a much more moderate leader compared to his predecessors Nguyen Van Linh (1986-1991) and Le Duan (1960-1986). Nevertheless, a love-hate relationship continues to exist till this very day between the two countries.

The fact that Vietnam joined ASEAN in 1995 also helped Sino-Vietnamese relations improved. At the 9<sup>th</sup> ASEAN Summit held in Bali, Indonesia in 2003, Chinese Premier Wen Jiabao signed the Treaty of Amity and Cooperation (TAC) with ASEAN to express China's goal of establishing a strategic partnership with ASEAN for 'peace and prosperity.' China is the first country in the world to conclude this historic treaty, signaling to ASEAN that it is willing to accept ASEAN's norms and values, and the rest of the world that it is a responsible regional global leader; the United States is still currently the dominant regional power in East Asia and has extensive influence in Southeast Asia and Beijing has repeatedly stressed that maintaining stable Sino-American relations is a top priority

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<sup>7</sup> For more details, see *The National Security Archive* at George Washington University available at <http://www.gwu.edu/~nsarchiv/>

of Chinese foreign policy.<sup>8</sup> The TAC renounces the use of force and calls for greater economic and political cooperation among all signatories. Vietnam is of course a member of ASEAN.<sup>9</sup>

In September 2005, Chinese President Hu Jintao in his address at the United Nations in New York first raised internationally the themes of China being part of a ‘harmonious world’ and engaging in ‘peaceful rise’, concepts of peace, cooperation, development and inclusiveness over China’s growing political and economic clout. The Chinese want to portray to the world that they are a friendly and peaceful nation.<sup>10</sup>

## **Economic Relations Under the Frame of Regional Cooperation**

With the exception of the brief border clash between China and Vietnam in 1979, there was relative peace for more than a decade after the end of the Vietnamese- American war; however Vietnam experienced little economic growth because of conservative leadership policies. In an effort to change this stagnation, in 1986 Vietnamese authorities committed themselves to *Doi Moi* (Renewal), a market reform drive to economically liberalize Vietnam and enacted structural reforms needed to modernize the economy and to produce more competitive, export-driven industries. This *renewal* exercise was largely a process modeled after China’s economic reform and open-door policy in 1978.

Sino-Vietnamese economic and trade has since developed robustly and this

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<sup>8</sup> “The Rise of China: Regional and Global Power Shifts,” *CSS Analyses in Security Policy*, Vol. 2 No. 8 (2007), p.2.

<sup>9</sup> For more information, see ASEAN Secretariat <http://www.aseansec.org>

<sup>10</sup> “Hu Calls for a Harmonious World at Summit,” <http://www.nyconsulate.prchina.org/eng/xw/t212464.htm> (August 13, 2008)



has contributed to the socio-economic development, stability and improvement in living standards of the peoples from both countries. In 1991 when Vietnam-China economic relations resumed, bilateral trade amounted to only US\$ 32.23 million; it grew to nearly US\$ 2.5 billion in 2000 and US\$ 7.2 billion in 2004 and by 2006, bilateral trade has reached US\$ 9.95 billion.<sup>11</sup> 2007 bilateral trade figures were over US\$ 15 billion.<sup>12</sup> China has become one of Vietnam's largest trade partners today.

Vietnam exports in great volumes crude oil, coal, coffee, sea products, fruits and vegetables, and footwear to China, while China has registered large increases in the export of pharmaceutical products, machinery and equipment, petroleum, fertilizers, motorbike parts and cars to Vietnam.

Cross-border trade, which has been posing problems for the authorities for years due to the long border, is now gradually being put in order. In addition, official trading channels have been increasing, adding more kinds of goods that previously were only traded in small volumes. A more open payment mechanism at the branches of the two countries' banks in the border area has encouraged businesses to pay through banking services, thus reducing risks and disputes in cross-border trade.

Bilateral trade relations are also expanding in scale, with more Chinese businesses from inland and coastal provinces reaching out to Vietnam, and Vietnamese businesses looking beyond the border to China's coastal provinces and economic zones. The two sides' businesses also shifted from trade to forming joint ventures to manufacture and sell products in the two countries and also export to third countries. The boost in economic and trade ties is attributed to hundreds of

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<sup>11</sup> China Statistical Yearbook 2007 & various issues

<sup>12</sup> China Monthly Trade Statistics Jan 2008

talks and meetings between the two countries' enterprises concerning policies, market information and trade opportunities, as well as a great number of product exhibitions held in the two countries, especially in common border provinces. The Vietnam-China Business Forum, established in 2004, is an especially noteworthy economic cooperation initiative.<sup>13</sup>

China is the fourth largest buyer of Vietnam's goods and the biggest seller to Vietnam. Yet the value of two-way trade accounts for just 12% of Vietnam's total trade turnover, and represents only 0.6% of China's in 2004; the respective 2007 figures are 13.8% and 0.7%.<sup>14</sup> The Vietnam Chamber of Commerce and Industry (VCCI) suggested that to further boost bilateral trade, both countries' businesses should look to long-term contracts on supplying products not only to their countries but also to third countries.

An economic corridor linking China's southwestern Yunnan province with Vietnam's northern provinces and cities is expected to provide further impetus to bilateral business ties. The corridor will run from Kunming city of Yunnan province through Vietnam's Lao Cai province, to the Vietnamese capital Hanoi, and through the port city of Haiphong to Vietnam's Quang Ninh province; it is one of the three economic projects to be established under an agreement reached by former Vietnamese Prime Minister Phan Van Khai and Premier Wen at their meeting in Beijing in 2004. Another economic corridor will connect Nanning city of China's Guangxi province and Vietnam's Lang Son province, Hanoi and Haiphong cities and Quang Ninh province, while an economic belt will encompass the Tonkin Gulf. A Pan-Tonkin Gulf Economic Cooperation project is in the works

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<sup>13</sup> For more information on Vietnamese trade, please see Ministry of Trade, Socialist Republic of Vietnam available at <http://www1.mot.gov.vn/en/News.asp?kind=1>

<sup>14</sup> "EU is Vietnam's Second Largest Export Destination," [http://vietnamnet.vn/service/printversion.vnn?article\\_id=1070108](http://vietnamnet.vn/service/printversion.vnn?article_id=1070108) (August 14, 2008)

and will involve the maritime states of ASEAN including Laos and Thailand; Vietnam and China are the main pushers for this project.<sup>15</sup>

The Kunming corridor will help implement Vietnam's policies on pushing socioeconomic development in its northern mountainous provinces, considered the country's major target for 2001-10. The corridor will also assist China in carrying out its strategy to "open up" the west - an important part of the country's overall economic development plan. The building of the corridor involves developing trade and economic ties, investment, technical cooperation, tourism, cross-border economic exchange, and land, railway and water transportation. The two countries agreed to focus first on transport infrastructure, not only to meet the increasing demands of trade between the two countries but also to serve the transit needs of China and ASEAN member countries. Railways and roads connecting Kunming with Lao Cai, Hanoi and Hai Phong will be upgraded and a new highway linking Kunming to Lao Cai, Hanoi, Haiphong and Quang Ninh will be built, followed by a trans-Asia railway line.<sup>16</sup>

The two sides are coordinating to promote cross-border trade and transit trade. Yunnan's key exports are electro-mechanical products, telecommunications equipment and chemicals, while Vietnam mainly exports agro-forestry-aquatic products and minerals. Tourism in the corridor also has great potential, as the area boasts many famous landscapes. The two sides hope to attract tourists from Europe, the Chinese mainland and Vietnam, with tours highlighting the two countries' original cultural and ecological features. However, Sino-Vietnamese trade is characterized by excessive trade deficits on the Vietnamese side, and trade surplus

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<sup>15</sup> For more details, see John Wong and Siow-Song Teng, *Beibu Gulf in ASEAN-China Economic and Trade Relations: Views from Singapore* (Hanoi: The Gioi Publishers) (Forth coming 2008)

<sup>16</sup> This author attended the "International Conference on Pan-Beibu Gulf Regional Cooperation under the ASEAN-China 10 + 1 Framework" held at Nanning, Guangxi in December 2007.

on the Chinese side. China imports raw materials from Vietnam and Vietnam imports machinery and other industrial equipment that China produces. This is slowly becoming a thorny issue for Vietnamese.

In the investment front, China has invested more in Vietnam than vice versa, due to China's more advanced economic and technological developments. China's investments in Vietnam have reached US\$ 1.1 billion in 2006. However, when compared to other countries, China invests mainly in small-scale projects whereby the average capital investment for each project was only US\$ 2.5 million. Chinese investment projects have shifted from service and light industries to heavy industrial, indicating that Vietnam is increasingly an attractive investment destination for China. China has provided Official Development Assistance (ODA) and low interest loans to Vietnam for upgrading Vietnam's infrastructures, industrial and mining activities. These have helped Vietnam alleviate poverty in many areas and grow economically.

There has been no big change in the structure of Vietnam's export items over the last one year, since Vietnam became the official 150<sup>th</sup> member of the World Trade Organization (WTO). Vietnam mainly exports raw materials and processed products that have low added value. In 2007, Vietnam's trade deficit with China reached US\$8.7 billion.<sup>17</sup> The Vietnamese Ministry of Industry and Trade has set the target of US\$58.6 billion worth of export turnover in 2008, an increase of US\$10 billion over 2007.

Vietnam wants to gradually reduce the exports of raw materials and natural resources. The exports of coal will be reduced from 32 million tonnes to 25 million tonnes, while the exports of crude oil from 15.2 million tonnes to 15 million tonnes; this may yet offend China as China's demand for energy resources is rising. China

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<sup>17</sup> China Monthly Trade Statistics Jan 2008

has an almost insatiable hunger for natural resources that it desperately needs to feed its burgeoning growth. So it is no surprise that Vietnam's top exports to China include coal, crude oil and natural rubber.

China is the leading manufacturer and user of coal in the world. Coal is the force that fuels China's boom and answers seventy percent of its energy needs. Much more than just lighting homes, without coal-fired power plants the country would have never become the manufacturing titan that it is now. It is expected that industrial products will replace crude oil to become the biggest export items. Vietnam hopes to earn US\$9.5 billion in garment exports and US\$4.5 billion in footwear exports in 2008 and plans to focus on developing China as the main export market, considering this one of the most important tasks in 2008; thus the former is careful not to want to offend the latter, its customer. After China, Vietnam is emerging as the world's next factory of choice for labour-intensive goods. One can see that in the changing composition of the country's exports. The labor cost in Vietnam is about half that of China, while productivity is about the same. Chinese-made goods have become more expensive in the US over the past six months. Vietnamese manufacturers are thus given the opportunity to win a bigger share of their largest export market. The ingredients are in place.

Vietnam's accession into the WTO in January 2007 has provided its textile industry with quota-free access to the US. It has also caused a dramatic increase in foreign direct investment (FDI) to US\$16 billion. Vietnam's biggest draw is its labor; the workforce is young, literate and healthy. The risk for Vietnam is inflation, which accelerated to 13 per cent in December 2007 and to over 25% in May 2008, the fastest in more than a decade.<sup>18</sup> In the short run, Vietnam must sacrifice some

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<sup>18</sup> "Vietnam's inflation hits 25.2 percent, highest in a decade, as food, construction costs soar," *International Herald Tribune*, May 27, 2008 available at <http://www.iht.com/articles/ap/2008/05/27/business/AS-FIN-ECO-Vietnam-Inflation.php> accessed

economic growth to halt the increase in prices, especially of construction materials, food and housing among others. If unchecked, inflation will become a drag on its competitiveness and social stability. On the whole, the country is heading for prosperity. While the annual per-capita income was US\$723 in 2007, the time for the Vietnamese consumer will undoubtedly come.<sup>19</sup> With 85 million people and an economy the International Monetary Fund (IMF) forecasts Vietnam will continue to grow further; her growth rate in 2007 was 8.5%; her 2008 growth has been estimated to be about 7%.<sup>20</sup> Vietnam will soon have a sizeable domestic market.

For now, the producer has the bigger opportunity. There is no room for complacency. Cheap labor makes it easier for a country to enter the global supply chain but it must work to stay in. The risk for Vietnam, if it opens its border to trade but does not upgrade technically to make value-added products, is it becomes an assembly factory and producer of raw materials for China.

## **International Relations in the South China Sea**

Amid global skyrocketing prices for oil and natural gas as well as the growing demand for energy resources from China, Vietnam and China may repeat their military clashes of 1988 and 1992 in the South China Sea.<sup>21</sup> In July 2007, the

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on August 13, 2008.

<sup>19</sup> For more details, see IMF Country Report No. 07/386 Dec 2007, available at <http://www.imf.org/external/pubs/ft/scr/2007/cr07386.pdf>

<sup>20</sup> "Vietnam Trade Gap Widens, State Media Says," <http://www.chinapost.com.tw/print/162405.htm> (August 13, 2008).

<sup>21</sup> For more information on the South China Sea, the Paracels and Spratly islands see Alex G. O. Elferink, "The Islands in the South China Sea: How Does their Presence Limit the Extent of the High Seas and the Area and the Maritime Zones of the Mainland Coasts," *Ocean Development and International Law*, Vol.32 No.2 (2001), pp.169-190.

Chinese Navy opened fired on some Vietnamese fishermen causing one death and several injuries.<sup>22</sup> On 15 January 2008, about 80 miles offshore of Vietnam, a Vietnamese fishing boat sunk due to a collision with a Chinese boat. 10 Vietnamese fishermen died. The incident took place in the vicinity of the disputed Spratly Island.<sup>23</sup>

Vietnamese fishermen meeting calamity at the hands of the Chinese navy boats in the disputed waters of the South China Sea have become a regular affair. Incidents range from fishing boats and its occupants being chased, captured, and sunk, to being shot and killed by the Chinese navy patrol boat.

While the Vietnamese people have not gotten over the latest shock with their fellow fishermen, they have become even more alarmed when China accused that it was Vietnamese bandits robbing Chinese fishing boats on 7 January 2008 in the Gulf of Tonkin.

According to China's People's Daily, up to 10 Chinese boats fishing in international waters in the Gulf of Tonkin were attacked by more than 10 armed Vietnamese fishing boats early on the morning of January 7. The Chinese newspaper reported that while there were no fatalities, Chinese boats were struck by bullets and the Vietnamese robbers made off with their fishing equipments. These were strongly denied by the Vietnamese side.<sup>24</sup>

Many Vietnamese are outraged that the Chinese government attempted to deflect attention from the 15 January incident by making up and exaggerating things that never took place in the Gulf of Tonkin on 7 January. Many ask why is it that the Chinese government took ten days to come out with official statements

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<sup>22</sup> Frank Zeller, "Vietnamese Rally Again Over Islands Disputed with China," *The Straits Times*, Dec. 17, 2007.

<sup>23</sup> David Koh, "Sino-Vietnamese Relations: Hanoi Catch-22 Situation," *The Straits Times*, Jan. 23, 2008.

<sup>24</sup> "Vietnam Denies Chinese Boats Attacked, Robbed," *Agence France Presse*, Jan. 18, 2008.

about the Gulf of Tonkin incident, and only 2 days after the sinking of the Vietnamese boat near Spratly. If the situation were indeed serious, then why did China not issue a statement sooner? The situation could be regionally explosive, since four other countries also make overlapping sovereignty claims on the Spratly and Paracels archipelagos, two groups of small islands and reefs in the South China Sea.<sup>25</sup>

For two weekends in a row in December 2007, hundreds of Vietnamese nationalists including students have been holding rare public demonstrations outside the Chinese embassy in Hanoi in northern Vietnam and the Chinese consulate in Ho Chi Minh City in the south. Shouting anti-Chinese slogans and singing patriotic songs, they accused China of staging a creeping invasion of the Spratlys, which have become one of Asia's major potential flashpoints. It is possible that other claimants, such as the Philippines, are also provoked by Vietnam actions.<sup>26</sup>

Not surprisingly, a possible response came from another claimant; a Taiwanese Air Force C-130 cargo plane reportedly landed on 21 January 2008 on an islet called Taiping, the largest of the Spratlys, before returning to Taiwan; this was strongly condemned by Vietnam.<sup>27</sup> Former Taiwanese President Chen Shui-Ban, whose Democratic Progressive Party was badly beaten in parliamentary elections on January 12th 2008, visited the island to assert Taiwan's claim before the Presidential elections in March 2008.

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<sup>25</sup> Six nations, including China, have staked overlapping claims to the 200 islands, rocks and reefs that make up the chain. Vietnam, Malaysia, the Philippines and Brunei have claims to some of the islands, while China claims sovereignty over them all. Taiwan's claim is similar to China's. All countries except Brunei stationed troops on one or more islands.

<sup>26</sup> "China, Vietnam Clash Over Lonely Islands; Protesters Accuse Beijing of Creeping Invasion of Spratlys," *National Post*, Dec. 18, 2007.

<sup>27</sup> "Vietnam Reiterates Sovereignty Over Archipelagoes," *Thanh Nien (The Youth)*, Jan. 25, 2008.



Disagreement over territorial waters in the Gulf of Tonkin stemmed from agreements reached between China and France in 1887, stipulating a territorial limit of no more than three nautical miles. These agreements had been adequate until 1973, when Hanoi announced to Beijing its intention to negotiate contracts with foreign firms for the exploration of oil in the Gulf of Tonkin. The disputed islands in the South China Sea assumed importance only after it was disclosed that they were near the potential sites of substantial offshore oil deposits. Various news reported that between 1974 to 1976, Chinese military units begun seizing islands in the Paracels occupied by former South Vietnamese armed forces, and Beijing claimed sovereignty over the Spratlys. Following their conquest of South Vietnam in the spring of 1975, units of the communist People's Army of Vietnam (PAVN) nevertheless moved to occupy the Spratly Islands previously held by the Saigon regime.

There have been numerous military skirmishes in the past 30 years to reinforce the conflicting claims, the most serious was in 1976, when China invaded and captured a nearby island chain, the Paracels Islands, from Vietnam. Twelve years later in 1988, the two countries clashed again as their navies waged a brief battle off Johnson Reef in the Spratlys. Several Vietnamese boats were sunk and more than 70 sailors died.

Most of the islands are low-lying coral reefs and rocky outcrops in the middle of the South China Sea, home to little more than a few dozen seabirds. Some of them are so small they are covered at high tide. Yet the island chain is strategically located in the centre of one of Asia's largest potential reservoirs for oil and natural gas, and surrounded by rich fishing grounds. Since then, Beijing and Hanoi have tried to ease tensions by promising to seek a diplomatic solution. But despite the diplomatic talk, China has continued to build military installations on some of the

islands and reefs, insisting there are only shelters for Chinese fishermen.

More recently, the legislature in Beijing ratified a plan to manage the Paracels and Spratlys as a new administrative district of Hainan province, turning the islands into a new "county-level city" called Sansha.<sup>28</sup> This was what the Vietnamese weekend protests were all about. Many Vietnamese protesters and dissidents considered that the Vietnamese government had ceded too much of their border land to China in a controversial border treaty concluded in the Vietnam-China Treaty on Land Borderline of 1999, which was mainly negotiated based on the 1887 and 1895 France-China (Qing government) Conventions and in accordance to modern standard international practices; in reality, both countries gave ways.<sup>29</sup>

It is still not clear why Hanoi raised the issue at a moment when its economy is booming, while China is concentrating on preparations for the 2008 Summer Olympics in Beijing. As reported, several hundred demonstrators in Hanoi and Ho Chi Minh City marched on Sunday over the long-simmering dispute. Such a demonstration in the Communist state must have had full approval from the Hanoi government. From time to time disputes among the claimants have emerged and provoked tension in the region.

During the Suharto era, Indonesia tried to organize some workshops about the islands. China for years took a low profile on the issue, although it insists the two archipelagos are under its jurisdiction. That has infuriated Vietnam, which tried last spring to let drilling and pipeline rights for a US\$2-billion gas field to energy giant BP in an area of the Spratlys off its southern coast. When Beijing accused Hanoi of

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<sup>28</sup> Russell Hsiao, "China Exerts Administrative Control Over Disputed South China Sea Islets," *China Brief*, Vol. 7 No. 27 (2007), p.1.

<sup>29</sup> For more information, see "On Settlement of Vietnam-China Border Issue," <http://www.vietnamembassy-usa.org/news/story.php?d=20020916000456> (Aug. 8, 2008).

infringing Chinese territory, BP decided to halt exploration work. Still, Vietnam insists many of the Spratly Islands lie within the bounds of its sovereignty and it resents China's claims, which are backed by an assertive new nationalism and one of its biggest military spending sprees ever.

Regional rivalries take on an added geopolitical importance because the islands straddle Asia's most vital sea lanes. About 25% of world shipping passes through the region, carrying Middle East oil to Japan and the western United States. Washington's alliances and defence agreements with countries in the region could drag the United States into a confrontation with China if the conflict over the Spratlys and Paracels ever turns violent. That concerns Washington, because in 1995 the U.S. Naval War College ran a series of computer war games simulating a conflict with China over the South China Sea, and in each case China won. Since then, Beijing has spent billions modernizing and expanding its navy with an eye to a possible confrontation in the Spratlys and Paracels.

China has filled a virtual power vacuum in the South China Sea after the end of the Cold War, the withdrawal of the former Soviet Union's navy from Vietnam's Cam Ranh Bay and the U.S. withdrawal from Subic Bay in the Philippines. As if to assert that fact, China infuriated Vietnam by staging a naval exercise in the South China Sea in November 2007 near the Paracels. Now, Beijing is accusing Vietnam of threatening relations between the two countries by permitting street demonstrations in front of the Chinese embassy for two weekends in a row. The Vietnamese Foreign Ministry insists the protests were spontaneous and quickly ended by police.<sup>30</sup> But a Chinese Foreign Ministry spokesman said, "We are highly concerned over the matter. We hope the Vietnamese government will take a

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<sup>30</sup> "Bieu tinh chong laic ac dong thai cua Trung Quoc tren quan dao Truong Sa hoan toan khong duoc su chap thuan cua chinh phu Viet Nam," (Protests of China's island moves not allowed: government spokesman) *Thanh Nien (The Youth)*, Dec. 11, 2007.

responsible attitude and effective measures to stop this and prevent bilateral ties from being hurt.”

Fortunately in June 2008, after Vietnamese Communist Party leader Nong Duc Manh visited Chinese President Hu Jintao in Beijing, Sino-Vietnamese relations improved. Both China and Vietnam agreed to further clarify the ownership of greater maritime zones between the two countries as they pledged to start a joint survey in the waters outside the mouth of the Tonkin Gulf. In addition, they also agreed to complete the demarcation of and erection of mere stones along the full length of their land border within 2008, which had already been agreed upon in earlier negotiations.<sup>31</sup> All these will help improve bilateral relations and potentially solve the land and sea border disagreements.

Recalling a few months' back, while attending the annual Association of Southeast Asian Nations (13<sup>th</sup> ASEAN Summit) meeting in Singapore in November 2007, Chinese Prime Minister Wen Jiabao reiterated that China upholds the principle of peaceful resolution to conflicts. In 2002, China and ASEAN agreed on a code of conduct to avoid any action that might heighten tensions over the Spratlys.<sup>32</sup> All these recent bilateral sparring between China and Vietnam is hardly any evidence of 'amity' (as stipulated in the TAC), 'harmonious world' and 'peaceful rise' (as mentioned by Chinese President Hu and Premier Wen), but of enmity and it seems that the Vietnamese have been on the receiving end of the rod since so many of their nationals have died.

Since oil and gas scarcity will continue, the temptation to control natural resources in the South China Sea area will be very difficult to resist. It will be

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<sup>31</sup> "China, Vietnam Agree on Survey in Parts of Beibu Bay," *The China Daily*, June 2, 2008; also see "China and Vietnam Sign Land Border Treaty,"

<http://www.mfa.gov.cn/eng/wjb/zzjg/tyfls/tyfl/2631/t15493.htm> (Aug. 8, 2008).

<sup>32</sup> See "Declaration on the Conduct of Parties in the South China Sea,"

<http://www.aseansec.org/13163.htm>

worse if tension in the region is abused by the conflicting parties to drum up more domestic support for their governments. So far there is no sign of escalating tensions, because China will not likely risk damaging its momentum toward emerging as a world economic superpower. It is also believed that other claimants, including Vietnam, will not play dangerous games just to serve domestic interests.

Overlapping sovereignty conflicts can explode at any time, especially when leaders put aside the global interest in peace merely to show off or to maintain their political power. Vietnam and China have plunged into a new war of words over Asia's most hotly contested pieces of real estate, the Tonkin Gulf and the Spratly Islands.<sup>33</sup> If the conflicting parties do not exercise restraint -- if they put ownership of the islands and their rich natural resources above all other concerns -- the whole world, not just the region, will pay dearly.

## Conclusion

For the moment, however, China is sticking to its vision of a harmonious world and peaceful rise. Only time will tell if China will continue to adhere to what it has espoused once it becomes successful. Meanwhile, Vietnam's new generation of leaders led by the three wise men Communist Party of Vietnam Secretary General Nong Duc Manh, President Nguyen Minh Triet and Prime Minister Nguyen Tan Dung, widely recognized as the dream team of Vietnamese politics, who assumed office in 2006 is now facing a real test of their leadership abilities. Faced with calls for more political and economic reform,<sup>34</sup> rapid action against

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<sup>33</sup> Do Tien Sam and Le Van Sang, "Vietnam-China: How to Strengthen the Efficiency of Bilateral Relations" in *ASEAN-China: How to Improve Cooperation Effectiveness?* (Hanoi: The Gioi Publishers, 2007).

<sup>34</sup> Shawn W Crispin, "Vietnam's Reform on the Line," [http://atimes.com/atimes/Southeast\\_Asia/JF28Ae02.html](http://atimes.com/atimes/Southeast_Asia/JF28Ae02.html) (July 14, 2008).

domestic corruption, inflation, economic particularly trade and financial imbalances,<sup>35</sup> greater transparency, democratic and political reforms in Vietnam, in addition to international relations problems particularly with China, how well Vietnam will sail through these storms will depend on Nong, Nguyen, Dung and their team. As for how this 'Catch-22' situation of Vietnam will unfold,<sup>36</sup> the jury is still out there.

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<sup>35</sup> Phan Van Thanh, "Is Vietnam in Dire Financial Straits," <http://vietnamnews.vnagency.com.vn/showarticle.php?num=01BUS270608> (June 30, 2008).

<sup>36</sup> David Koh, op.cit.