

China-Vietnam ties remain more sour than sweet

A long-simmering squabble over the Paracels and Spratlys heats up again

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Despite official attempts to paper over their differences, the historically fractious ties between Beijing and Hanoi have recently taken a turn for the worse over a flock of geographically insignificant but strategically important dots in the South China Sea that are claimed by every country that abuts them.

The disputed islands, known to the west as the Paracels and Spratlys, lie amid strategic sea lanes and lucrative fishing grounds and are believed to harbor rich oil and gas deposits. Although Brunei, Malaysia, Taiwan and the Philippines are also claimants, the major dispute is between China and Vietnam, who assert sovereignty over almost the entire island chains.

Last December, after China planted new markers on the Paracels, Hanoi issued a rare public rebuke and officially sanctioned raucous street protests outside the Chinese diplomatic missions in Hanoi and Ho Chi Minh City. Beijing angrily reasserted its right to the islands and warned the Vietnamese not to go too far. Calling the islands by their Chinese names, foreign ministry spokesman Liu Jianchao said: *"China has indisputable sovereignty over the Xisha and Nansha islands, and we have all the historical and legal evidence to prove it."*

So the maritime skirmishes and the deep-rooted animosity has continued unabated.

In the latest incident, a Norwegian-registered vessel hired by Russian interests to undertake offshore oil exploration work for the Vietnamese was intercepted by Chinese naval ships and ordered to leave the area or risk being fired upon.

The Norwegian boat promptly left the area, exacerbating the chagrin of Hanoi, which was still festering from a decision by the US oil giant ExxonMobil to suddenly terminate its joint oil exploration plans with PetroVietnam. ExxonMobil's decision in July, like that made by its fellow American oil company ConocoPhillips in May, was due to pressure from Beijing, which made it known that any company seeking to exploit the disputed offshore region could kiss goodbye to any plans to do business with China.

To reinforce its hardening position, China reportedly dispatched five naval vessels and two submarines to the area around the Paracels earlier this year. More recently, some military sources say they believe China may deploy a JIN Class 094 nuclear submarine to the area, although others are doubtful since the seas around the islands are relatively shallow and viewed as unsuited for deep water submarine activity.

Still, the effect of China's toughening stance has meant that the energy-starved Vietnamese, who desperately want to develop the offshore oil and gas deposits, have once again been left fuming. Vietnam Communist Party members expressed their anger at the situation in no uncertain terms at the hurriedly-called party plenum on Oct 2-4 in Hanoi. Just prior to the plenum, Deputy Foreign

Minister Vo Dung was dispatched to Beijing as a special envoy of the Hanoi leadership to deliver a Note from Vietnam about the state of bilateral ties.

In unusually strong wording, the Note referred to several sensitive issues, including the recent incidents in the disputed areas of the South China Sea and the threats against the foreign oil companies hired by Vietnam.

The Vietnamese state-controlled press reported that the deputy minister and his Chinese counterpart engaged in “frank discussions on the East Sea issue.”

Afterwards, the two sides said they had agreed to set up a comprehensive strategic partnership in line with the motto “friendly neighborliness, comprehensive cooperation, durable stability and future-oriented vision.” Precisely what this nebulous agreement will mean in practice is unclear.

Certainly, the omens are not good, if the question of the far less sensitive land border demarcation is anything to go by. When the deputy minister returned to Hanoi on Sept 27, he reported that both sides had agreed to speed up work on the demarcation of this 1,350-kilometre (840-mile) land border in order to complete it by the end of this year – a deadline set a decade ago.

But the Vietnamese remain doubtful that the deadline will be met. Furthermore, they claim the Chinese are duplicitous – repositioning markers that have already been put in place and turning a blind eye when their citizens plant crops and even bury bodies on the Vietnamese side.

Hanoi has decided that it cannot sit idly back and accept the stiff-arm tactics of the Chinese, particularly in the disputed offshore areas. And it has been moving to solidify other strategic alliances. Russia, the United States and India have all been actively cultivated – and have responded positively, since they view Vietnam as a potential hedge against the dominance of China in the Asia Pacific region.

Shortly before the October party plenum convened in Hanoi, Vietnam’s defence minister visited Russia and Belarus, two of Vietnam’s key suppliers of arms, naval equipment and military hardware. Later last month, the first ever US-Vietnam security dialogue was quietly held and further security sessions are planned.

The key issue of US oil companies being forced by China to pull out of the offshore waters claimed by Vietnam was on the agenda at the security dialogue, as it was when US Deputy Secretary of State John Negroponte visited Hanoi in September. Sources familiar with the talks say Negroponte made no attempt to hide his sympathy for Hanoi’s position and that furthermore the US would do what it could to support Vietnam, short of openly antagonizing China.

This tacit support led Hanoi to subtly alter the arrangements for the visit of the American guided-missile destroyer USS Mustin last month.

US Pacific Command (PACOM) sources confirm, the USS Mustin, which has 32 officers and 348 crew and is part of the US 7th Fleet, was originally scheduled to visit the port of Ho Chi Minh City in mid-October. But after China’s threatened attack on the Norwegian oil exploration vessel, Vietnam asked the Americans to re-route the ship to Danang’s Tien Sa port instead.

Washington happily agreed, knowing full well the significance of the change.

Not only is the High Command of Vietnam’s 5th Military Region headquartered in Danang, but so too is the High Command of its Navy Zone No. 3, which patrols the disputed offshore region around both the Paracels and the Spratlys. Although the US vessel was officially only visiting to participate in

community relations projects and for its crew to play a volleyball game against seamen from the Vietnam People's Navy, the symbolism of its visit to Danang at that time was lost on no one.

Said the USS Mustin Commanding Officer, Cmdr. James Jones: *"This visit emphasizes the growing cooperation between the United States and Vietnam."*

SACOM sources, who confirmed that they have also been checking into the reported skirmish involving the Norwegian vessel, said that the re-routing of the USS Mustin for its Oct 18-21 visit to Vietnam was timed to send a clear message to China.

Having sent that message, Vietnam's Prime Minister Nguyen Tan Dung left for China to attend the 7th Asia-Europe Summit. He pointedly arrived in Beijing on Oct 21, a day earlier than originally planned. That enabled him to have an extra day before the summit began in order to discuss the sovereignty flare-up with his Chinese counterpart Premier Wen Jiaobao and to protest the action taken against the Norwegian vessel.

It was Dung's first official visit to Beijing since becoming prime minister back in July 2006. Observers say the delay of more than two years before visiting the capital of his country's giant northern neighbor bespeaks volumes about the hyper-sensitive relationship between China and Vietnam. The impact of his delay was compounded by the fact that during the past two years Dung not only found it more important to visit places like Dublin and Canberra before Beijing, but that he pointedly decided to make his first overseas visit as PM to China's regional rival Japan.

Such slights, and they were clearly intended, and certainly noted in Beijing, reflected the depth of animosity that all Vietnamese feel towards China and the extreme sensitivity of any moves relating to Sino-Viet relations. Still, during their meeting, Dung and Wen did reportedly under oversee the signing of a strategic cooperation agreement between their respective state-run oil companies, China National Offshore Oil Corp and PetroVietnam, but the precise terms of the pact were not revealed.

And perhaps most significantly, the agreement itself was not released at the completion of Dung's bilateral talks on Oct 22 as is normally done, but instead it was delayed until after the ASEM summit ended on Oct 25, the day Dung left China. When it was eventually released, the agreement stated in vague terms that both sides hoped to increase economic cooperation and boost bilateral trade to US\$25 billion by 2010.

While the overall amount is relatively large, it is massively in favour of China. Last year, Vietnam's trade deficit with China hit \$9 billion and it is expected to reach \$13 billion this year.

In contrast, Vietnam's increasingly warm ties with the US are firmly anchored by a large trade surplus with America which reached \$12 billion last year. In fact, trade with the US now constitutes around 20 percent of Vietnam's exports, while that with China is only 15 percent.

Vietnam's trade and overall relations with Taiwan are far better than those with mainland China. Taiwan remains one of the top three investors in Vietnam, while the mainland is down at number ten. Indeed, there are more flights from Vietnam to Taiwan than to mainland China.

So, despite last month's vaguely-worded joint agreement, the atmosphere between Beijing and Hanoi regarding sovereignty over the offshore remains as poisonous as ever. But as a partial antidote to the poison and in a bid to assuage Chinese fears over its growing naval ties with the US, Russia and India, Hanoi has just agreed to allow the Chinese Navy training vessel Zheng He to pay a short visit to Danang starting on November 18.

In recent years, there have been many port calls by naval ships from India, Thailand, Australia, France, Japan and the US, but this will mark only the second time since Hanoi and Beijing established diplomatic ties in 1991 that a Chinese naval vessel has visited Vietnam. Aware of sensitivities, the Vietnamese have carefully arranged for the Zheng He's program to exactly mimic that followed by the USS Mustin last month. Its officers will meet Danang municipal leaders and their military counterparts, while crew members will play volleyball with local seamen.

While this fraternal jollity ensues, however, websites in both nations continue to crank out virulently nationalistic messages that display the disputed offshore areas as entirely their own sovereign territory and show the other side attempting to make a bullying landgrab for them. And ironically, while Prime Minister Dung appears to make conciliatory gestures by signing the cooperation pact and approving the Zheng He visit, the fact that he studied in China during the late 1960s when schooling was difficult in North Vietnam due to the American bombing campaign, means that he must be extra careful in not appearing to be too pro-Chinese.

No Vietnamese leader can maintain his standing in the party and among the general public without taking a firm stand on the sovereignty dispute with China. Some years ago when Dung visited to his old school in Guanxi province, the Chinese media carried extensive reports of the event with photographs of the garlanded Vietnamese leader; but no reports or pictures appeared in the state-run media back home.

P.S.

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