



U.S.-Vietnam Relations

Since the establishment of diplomatic relations between the United States and the Socialist Republic of Vietnam in 1995, overlapping strategic and economic interests have led the two countries to expand ties across a wide spectrum of issues. Particularly since 2010, the two governments have formed partnerships on many regional security and economic issues, prompted in part by shared concerns about China’s increased assertiveness in the region. In 2023, the United States was Vietnam’s second largest trading partner (after China), and Vietnam was the United States’ ninth largest trading partner. A potential agreement under the U.S.-led, 14-country Indo-Pacific Economic Framework for Prosperity (IPEF) initiative, which includes Vietnam, may further deepen U.S.-Vietnam economic ties. Congress has played a significant role in charting the course of U.S.-Vietnam relations during the more than three decades since the two began normalizing relations in the early 1990s. In particular, Members have been at the forefront of efforts to improve relations, highlight human rights conditions, and address unresolved issues from the Vietnam War.

In September 2023, President Joseph Biden traveled to Hanoi, where he and Communist Party of Vietnam (CPV) Secretary-General Nguyen Phu Trong elevated the U.S.-Vietnam relationship from a “comprehensive partnership” to a “comprehensive strategic partnership,” the highest level of Vietnam’s hierarchy of official partnerships. The designation provides top-down blessing inside Vietnam for the government and ruling party to deepen and expand areas of cooperation with the United States. The upgrade was accompanied by a host of new and expanded initiatives and other announcements, including plans for the Secretary of State and Foreign Minister to meet annually. The U.S. government pledged to support Vietnam’s development of its semiconductor industry (including with \$2 million in U.S. government funds) and digital infrastructure (\$12 million), as well as physical infrastructure construction and climate change mitigation efforts (\$11 million). Following the summit, a U.S. news outlet reported the two sides had begun discussing a possible large-scale arms deal, which likely would be subject to congressional review.

The pace and extent of further improvement in bilateral relations is limited by several factors. First, Vietnam usually does not undertake large-scale diplomatic moves—especially with the United States—without first calculating China’s likely reaction, and Hanoi and Beijing share interests on many issues. Second, although opinion polls show the Vietnamese public holds positive views of the United States, many Vietnamese officials suspect that the United States’ goal is to end the Vietnamese Communist Party’s monopoly on power through “peaceful evolution.” Third, U.S. concerns about Vietnam’s human rights record, which has deteriorated over the past decade, historically

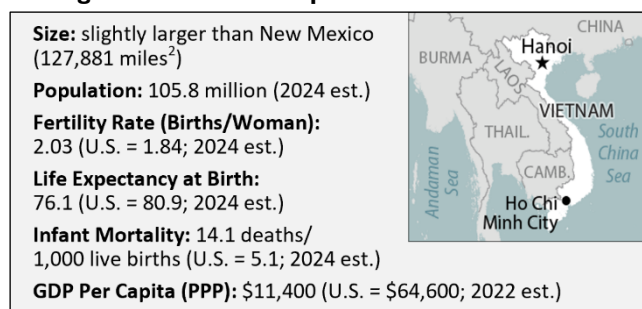
have limited the types of cooperation the U.S. government is willing to undertake, particularly in the security sector.

Vietnam’s Political Structure

Vietnam is a one-party, authoritarian state ruled by the CPV, which sets the general policy direction, leaving most day-to-day implementation to the government. The two top leadership posts are the CPV General Secretary and the Prime Minister, positions currently held by Trong (age 79) and Pham Minh Chinh (64), respectively. Trong has been General Secretary since 2011. Under Trong and Chinh, the CPV and government are continuing the “blazing furnace” anti-corruption campaign Trong first launched a decade ago and that since 2022 has led to the resignations of two Presidents and several other Politburo members. Although corruption is viewed by many analysts as a legitimate threat to the CPV’s legitimacy, some perceive the campaign also as a way for Trong and/or Vietnam’s security establishment to weaken their political rivals.

Vietnam’s leaders have tried to diversify the country’s export markets and sources of foreign direct investment (FDI) as they seek to become an upper middle-income economy by 2030 and a high-income developed country by 2045. On foreign policy, Vietnam’s approach has included boosting its defense capabilities and expanding its security relationship with the United States, Australia, India, and Japan as a hedge against China. A stated principle of Vietnam’s foreign policy is avoiding an over-dependence on any one country or group of countries. This pursuit of balance, combined with a wariness of alarming China, has resulted in Vietnam expanding relations with the United States incrementally and in a non-linear fashion.

Figure 1. Vietnam Map and Selected Statistics



Source: Map, CRS; Other information, Central Intelligence Agency, *The World Factbook*, 2024.

China-Vietnam Relations

Vietnam’s relationship with China is its most important bilateral relationship. The two countries have Communist Party-led political systems that provide a party-to-party communication channel and engender similar official world-views. China is Vietnam’s largest trading partner.

Two months after hosting Biden, Vietnam welcomed Chinese President Xi Jinping to Hanoi, where the two countries signed over 30 cooperation agreements. The Sino-Vietnamese relationship, however, is prone to tension, particularly over Chinese dams on the upper Mekong River, which affect Vietnam's agricultural center, and the two countries' competing claims in the South China Sea. CPV at its 2021 Party Congress initiated a thorough modernization of Vietnam's military forces. The U.S. government has sought to improve Vietnam's ability to maintain maritime domain awareness and patrol its coastal waters. The Obama, Trump, and Biden Administrations have provided Vietnam with 24 new coast guard patrol vessels, unmanned aircraft systems, coastal radar, and two decommissioned U.S. Coast Guard Hamilton-class cutters, Vietnam's largest coast guard ships.

Vietnam and the War in Ukraine

Vietnam has maintained a low-profile position on Russia's 2022 invasion of Ukraine, abstaining on votes at the United Nations to condemn Russian aggression. Russia supplied around 80% of Vietnam's arms imports from 2000 to 2021. Despite Vietnam's purchases of Russian defense articles, neither the Trump nor Biden Administration has determined that Vietnam has engaged in a "significant transaction" with Russia's security sector, a determination that under U.S. law would require the President to impose sanctions.

Human Rights

The CPV maintains an extensive organization that allows it to monitor the daily activities of citizens. For the past three decades, the CPV appears to have followed a strategy of permitting many forms of personal and religious expression, while selectively repressing individuals and organizations that it deems a threat to the party's monopoly on power. Over the past decade, according to many observers, repression against dissenters has worsened, and the government has increased its legal and technological capacity to monitor Vietnamese citizens' social media activity. In the 118th Congress, the Vietnam Human Rights Act (H.R. 3172) would prohibit U.S. assistance to Vietnam's Ministry of Public Security and require the executive branch to put more emphasis on ensuring internet freedom in Vietnam. In its 2023 Trafficking in Persons Report, the State Department upgraded Vietnam from "Tier 3" to "Tier 2 Watch List" for making "achievements" in its efforts to eliminate trafficking.

Economics and Trade

Over the last decade, Vietnam has emerged as a major manufacturing center and has risen to become one of the United States' top 10 trading partners. Based on U.S. trade data, bilateral trade in goods was \$124 billion in 2023, down 11% from 2022. The U.S. bilateral trade deficit in goods with Vietnam in 2023 (\$104 billion) was the United States' third largest. Vietnam is a major source for consumer electronics, furniture, semiconductor and parts, apparel, and footwear imports. It is the second-largest source of U.S. clothing imports, after China. Top U.S. goods exports to Vietnam are cotton, civilian aircraft and parts, semiconductors, and various agricultural goods. The United States maintains a surplus in bilateral services trade, which in 2023 was around \$1.7 billion.

U.S. business interest in Vietnam has grown, fueled by Vietnam's relatively low wages, market-oriented economic reforms, and political stability. Several trends have added to investor interest, including rising production costs in China, U.S.-China trade tensions and supply chain diversification, and the entry into force of regional trade agreements among Vietnam and key trading partners in East Asia. In 2022, U.S. foreign direct investment in Vietnam was \$3.5 billion, up 27% from 2021 (latest data available). Some U.S. business leaders assert that Vietnam's weak infrastructure, lack of regulatory transparency, weak labor rights, inadequate protection of intellectual property rights, barriers to digital trade, and other trade issues pose challenges.

The U.S.-Vietnam 2007 Trade and Investment Framework Agreement (TIFA) is the primary platform for discussing bilateral trade and investment issues. The September 2023 upgrade of the U.S.-Vietnam relationship could increase opportunities to expand bilateral economic engagement, including increasing U.S. investment in Vietnam and expanding Vietnam's manufacturing capacity in sectors of U.S. interest, such as semiconductors and critical minerals.

Following the upgrade of bilateral relations, the Commerce Department initiated a review of Vietnam's nonmarket economy (NME) designation under U.S. trade law. The Vietnamese government seeks to lose its NME status, arguing that the country's economic reforms implemented over the last two decades should be sufficient to label Vietnam as a market economy. Opponents, including some Members of Congress, have raised concerns over Vietnam's close economic ties to China and lack of labor rights as reasons for maintaining Vietnam's NME status. Commerce is expected to publish its final decision in July 2024.

U.S. Foreign Assistance to Vietnam

The Biden Administration has requested just over \$205 million for assistance to Vietnam for FY2025, roughly the same level as in FY2023 and FY2024. One aim of this assistance is remediating the Vietnam War-era damage from the U.S. military's use of Agent Orange and its accompanying dioxin defoliant over Vietnam between 1961 and 1971. A 2003 study estimated 2.1-4.8 million Vietnamese were exposed to Agent Orange and/or dioxin. Since 2007, Congress has appropriated over \$500 million for dioxin removal and related health care services. A joint dioxin cleanup project in Da Nang was completed in 2017. In 2020, the two governments developed a 10-year remediation plan for cleaning up the Bien Hoa airbase, with an estimated cost of up to \$450 million. The Vietnamese government has pressed the United States to do more to remove dioxin and help victims of Agent Orange.

Bilateral cooperation in locating U.S. military personnel missing in action (MIA), a program that has been in operation for over three decades, has been one of the centerpieces of the bilateral relationship. Since 2020, Congress has appropriated \$7 million for the Defense Department to help Vietnam's Defense Ministry account for some of the approximately 300,000 Vietnam War-era Vietnamese MIA personnel.

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