

THE VIETNAMESE DEVELOPMENTAL STATE: HOW THE EUROPEAN UNION-
VIETNAM FREE TRADE AGREEMENT SUPPORTS FOREIGN AND DOMESTIC
AGENDAS

BY

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THESIS

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Abstract:

Vietnam since Doi Moi has undertaken a drastic reimagination and reform of their economic development model, turning to export led industrialization as their guiding principle from 1986 onward. Subsequently, Vietnam's foreign policy changed drastically, shifting from being one of the most geopolitically isolated countries to a deeply integrated country in the global economy in support of their developmental agenda. The Vietnamese developmental state recognized the utility of free trade agreements in fueling their export led development agenda, identifying them as an integral part of their strategic agenda while concurrently acknowledging their versatility to also address matters of domestic and foreign interests. Vietnam in 2019 signed a landmark next generation free trade agreement, the European Union-Vietnam Free Trade Agreement, with a vast array of commitments for both parties. The developmental state has acted strategically, leveraging the commitments made in the agreement to address their interests in the domestic and foreign policy arena, demonstrating the agency and strategic nature of the Vietnamese development state in support of their economic development since Doi Moi.

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Chapter 1: Introduction

The modern history of Vietnam has oftentimes been characterized as one of unrelenting crises, resulting in a politics of crisis. However, this has certainly not been the case in Vietnam which has in fact been characterized by its remarkable continuity in political form and rule (Beeson & Pham, 2012, p.541). Beginning in the 1980s, the Vietnamese state undertook a transformative reform process, *Doi Moi (renewal)* amid the unfolding consequences of their attempt at central planning in the Soviet model and geopolitical isolation. The country was faced with crippling inflation (700 percent), an import surplus, and a severe shortage of goods, leading the Communist Party of Vietnam to introduce market-oriented measures at their 6th Party Congress in 1986 (Thoburn, 2013, p.3). Reform proved inevitable, the Communist Party of Vietnam was on the brink of collapse and identified economic growth as a source of legitimizing their precarious rule (Hoang & Garcia, 2022, p.297). The reforms included the liberalization of the domestic market, favoring light industrialization, and most importantly a focus on increasing openness to trade and foreign direct investment (Tuan, 2009, p.38). The Vietnamese state adopted its development model in this era, relying on trade and foreign direct investment to achieve its domestic agenda as well as its objectives in foreign policy, a model that remains at the forefront of Vietnamese policy. It was precisely in this period of reform in which the Vietnamese developmental state was conceived.

The Vietnamese developmental state is an institution worthy of concerted analytical attention, however, it has attracted little attention from scholars of international political economy despite its remarkable growth rates and increasing geopolitical significance in Southeast Asia (Beeson & Pham, 2012, p.539). Following the end of central planning in Vietnam with *Doi Moi*, the Vietnamese state was presented with two predominant models of industrial

development, the Washington Consensus, and the East Asian model. The East Asian model of development has been characterized by the central role of the state in directing economic development, guided by a policy of state led industrialization and development through industrial policy (Beeson & Pham, 2012, p.540). All states that followed this state led model of development took advantage of the prevailing open international trade and finance system to attract international investment and push exports, crucial to this model of development. This model emerged concurrently with Washington's neo-liberal model of development, prescribing free market policies, openness to international trade, and a general liberalization of domestic markets. However, the Vietnamese state never fully adopted one model, instead taking elements of integration and state led development to carve out a unique space within the global economy (Masina, 2012, p.188). It is precisely this emergence into the global economy at a time of competing models of development that allowed Vietnam to adopt a uniquely Vietnamese model of development that has continued to lead their impressive development project well into the 21st century. Despite their adoption of neo-liberal prescriptions and integration into international financial institutions, the Vietnamese state has remained central in guiding the course of development.

At the core of Vietnamese development has been the objective of rapidly integrating into the global economy, diversifying exports, and attracting foreign direct investment in order to advance the industrialization of Vietnam (Thoburn, 2013, p.2). Doi Moi in turn catalyzed a rapid reorientation of Vietnamese foreign policy, beginning in part with the Politburo's Resolution 32 of 1986 that called upon the state to create the conditions necessary for economic development (Chapman, 2017, p.32). Later resolutions such as Resolution 13 in 1988 called for a policy of a multidirectional foreign policy, creating "more friends and less enemies" (Chapman, 2017, p.32).

A new vision of foreign policy emerged in which the Vietnam's national security interests in foreign policy grew increasingly tied to their economic and development goals. Foreign policy became intrinsically connected to the nation's development and economic policy, with foreign policy emerging as a crucial avenue through which to advance the developmental state's agenda of rapidly integrating into the global economy, diversifying export, and attracting foreign direct investment. Such a policy of diversified foreign relations, accompanied by proactive integration into the global economy has allowed the Vietnamese state to avoid an overdependence on one nation, a sore memory of its relationship with the Soviet's.

Vietnam in its foreign policy has had a particular focus on leveraging free trade agreements as their primary means of achieving economic development through the expansion of exports and acquisition of direct investment. Importantly, in recent decades, the Vietnamese developmental state has identified free trade agreements as key platforms to achieve domestic objectives and reform while concurrently accelerating its integration into the global economy (The Socialist Republic of Vietnam Ministry of Industry and Trade, 2016). In August of 2020, Vietnam ratified the largest free trade agreement of its modern history, not with the United States or China, but with the European Union, the European Union-Vietnam Free Trade Agreement (EVFTA). The expansive free trade agreement will eliminate tariffs and trade barriers on 99.7 percent of Vietnam's exports to the bloc, while also extracting Vietnamese concessions in trade liberalization, government procurement, state-owned enterprises, and intellectual property (World Bank, 2020, p.19). The EVFTA has been referred to as a "next generation free trade agreement" because of the departure from negotiating average standards and basic tariff reduction in accordance with World Trade Organization commitments (Hoang & Garcia, 2022, p.137). Many of the provisions included in the trade agreement are issues on which Vietnam has

never signed international commitments. Therefore, the EVFTA serves as a tactile frame of analysis when considering the Vietnamese developmental state, its interests (foreign and domestic), agency, and concessions it is willing to make to advance the economic development of the state.

The Vietnamese developmental state therefore emerges as an entity worthy of careful analytical consideration. Vietnam as previously mentioned, has oftentimes been excluded from the focus of scholars in international political economy. Mainstream international relations theory has focused on power, emphasizing structure over agency with weaker states conceived as buffer zones or client states attendant to hegemonic power (Do, 2021, p.319). This, however, limits our understanding of and knowledge produced on developing states, erasing the agency they carry in their exertion of state power. The Vietnamese developmental state represents a strategic and agent actor in global affairs, calculating its decision making to best suit its agenda of economic development. Subsequently, this paper adopts a theoretical foundation provided by the Mudroch school of International Political Economy. The school has recently begun to depart from its originally domestic focus, studying international dynamics more explicitly, with the approach being utilized by scholars to explain the international behavior of states: linking the international with domestic, considering the reciprocal interaction between these two spheres (Deprez, 2018, p.7).

The Vietnamese developmental state with its astounding development and economic growth represents an agent and strategic actor in both domestic and foreign policy, necessitating careful analytical analysis. Since Doi Moi, the Vietnamese government has been following a strategic policy of economic development focused on integration into the global economy through foreign policy, using its geopolitical and domestic implications to increase state power

and actualize state objectives, and the EVFTA reflects this, serving as an analytical framework through which to consider this agenda.

Chapter 2: The Vietnamese Developmental State

Beginning with Doi Moi in 1986, the Vietnamese state embarked on a unique and understudied project of economic development, placing state led economic development fueled by export growth at the center of its agenda. This model of state led development borrowing elements of the East Asian and Washington Consensus models of economic development has placed foreign policy at the forefront of the Vietnamese state's agenda, cultivating a new era of foreign relations in which the state actively seeks to maximize its gains vis-a-vis other actors. For this reason, the ultimate fruits of foreign policy, such as free trade agreements, merit analytical attention, given that they represent an actualization of the Vietnamese development state's interests in both foreign and domestic spheres of influence.

In 1986, Vietnam was on the brink of economic collapse, suffering from 700 percent inflation and an economy that was overly dependent on the Soviet Union, receiving as much as \$4 million per day in financial support, this era of economic downturn was the ultimate impetus for Doi Moi (Baum, 2020, p.7). The Communist Party of Vietnam (CPV) was faced with the threats of regime security and economic insolvency, ultimately forced to act to preserve political power, with economic growth understood as legitimizing their hold over power (Hoang & Garcia, 2022, p.297). The CPV at their 6th Party Congress officially changed its posture, adopting a market-oriented socialist economy under state guidance, rather than a centrally planned socialist economy (Beresford, 2008, p.221). Market oriented measures were introduced, these included the liberalization of domestic markets, reducing the prevalence of state-owned

enterprises, and creating a climate favorable to foreign direct investment (Tuan, 2009, p.38). However, Vietnam did not merely acquiesce to the Western policy advice being given to developing nations. Conventional neo-liberal theory promoted that the government should adopt a role of market facilitator (Beresford, 2008, p.223). The Vietnamese developmental state in contrast has continually stated an intention to advance state guidance of the market through “commanding heights” by state owned enterprises (Beresford, 2008, p.223). The state had and continues to have a vested interest in controlling the market to a certain degree, a state-business relationship that grew incredibly popular amongst the East Asian countries within their development models. The Vietnamese state clearly understood the challenges facing its economy and understood that a degree of liberalization was inevitable, however, the state retained a large amount of control over the ultimate extent and way liberalization took place. The Vietnamese state followed a model of economic development that was in many ways characterized by the East Asian model of development, however, the state was not confined to the adopting all the features of the model. Vietnam strategically adopted features from both the East Asian model and the Washington Consensus, with the Washington Consensus proving to be incredibly important to expand the export of Vietnamese goods.

Vietnam’s development agenda brought about a concurrent shift in foreign policy that in many ways borrowed crucial elements from western policy advice with respect to free trade and multilateral institutions. The Vietnamese developmental state recognized the utility of integration into the global economy and the sheer potential for subsequent economic development. Therefore, Doi Moi can also be seen as placing a rapid integration into the global economy, a diversified portfolio of exports, and the attraction of foreign direct investment at the center of the Vietnamese developmental agenda (Thoburn, 2013, p.2). Pivoting to the emerging

free trade consensus following decades of isolation and unfavorable relations with the west and China was no straightforward task. The Vietnamese developmental state subsequently undertook a concerted and strategic campaign, beginning in 1986 to completely reorient their foreign relations to be conducive to economic exchange and amicable relations with its peers.

Vietnam's developmental state in this period of reform elected to prioritize economic development and diplomacy over military strength, a posture that allowed the country to sink its teeth into the global economy, slowly carving out its unique position amongst its peers. The Politburo's Resolution 13 signaled the shift, calling for the swift adoption of a multidirectional foreign policy that would create "more friends and less enemies" (Chapman, 2017, p.32). The 7th Party Congress in 1991 saw the Vietnamese developmental state continue to evolve its foreign policy to best benefit its economic development project. At this party congress, Vietnam fully adopted a multidirectional foreign policy, turning to a diversification and multilateralization of Vietnam's relations with both countries and international organization. This period proved fruitful for the Vietnamese state who quickly joined various regional organizations such as ASEAN and APEC in the mid 1990s. It is important to recognize that a proactive foreign policy and a restoration of diplomatic relations were crucial to create international economic conditions favorable to the Vietnamese developmental state's agenda. Such a policy would allow the state to navigate the sanctions and embargos impeding their integration and economic development. The Vietnamese developmental state was cognizant of such and acted accordingly. However, the state did not yield in its pursuit of increased global integration and its subsequent economic growth. At the 9th Party Congress in 2001, Vietnam further updated its foreign policy stance, placing a greater state focus on a *proactive* integration in international and regional economies (Chapman, 2017, p.33). This proactive integration ultimately paid dividends in advancing

Vietnam's integration into the global economy. In the period from 2000-2008, Vietnam's foreign trade grew at an annual rate of 23 percent (Tuan, 2009, p.39). Vietnam's integration reached new heights following its accession to the World Trade Organization in 2007, setting the stage for a heightened level of trade for Vietnam, however, Vietnam's export expansion was well underway by this point in their history as indicated by Figure 1 (Thoburn, 2013, p.4).

Figure 1

Table 2
Major merchandise exports, Vietnam, 1998, 2003, 2005,

	1998		2003		2005 (prelim)		Ratio 2005/1998
	Value (US\$ mil)	% of total	Value (US\$ mil)	% of total	Value (US\$ mil)	% of total	
Crude oil	1,232	13.2	3,821	19.0	7,373	22.7	6.0
Textiles and garments	1,450	15.5	3,609	17.9	4,838	14.9	3.3
Footwear	1,032	11.0	2,261	11.2	3,040	9.4	2.9
Marine products	858	9.2	2,200	10.9	2,739	8.4	3.2
Electronic products		0.0	855	4.2	1,427	4.4	
Rice	1,024	10.9	720	3.6	1,047	3.2	1.0
Rubber	127	1.4	378	1.9	804	2.5	6.3
Coffee	594	6.3	505	2.5	735	2.3	1.2
Coal	102	1.1	188	0.9	669	2.1	6.6
Handicrafts	111	1.2	397	2.0	569	1.8	5.1
Cashew nuts	117	1.2	277	1.4	502	1.5	4.3
Fruit and Vegetables	53	0.6	151	0.7	235	0.7	4.4
Black pepper	64	0.7	105	0.5	150	0.5	2.3
Other merchandise exports	2,601	27.8	4,682	23.2	8,314	25.6	3.2
Total all merchandise exports	9,365	100.0	20,149	100.0	32,442	100.0	3.5

Source: VDR (2005: appendix Table 3.2) for 1998 and 2003, and VDR (2007: Appendix Table 3.2) for preliminary 2005.

Note: Reprinted from, Thoburn, J. (2013). Vietnam as a Role Model for Development. *Oxford University Press eBooks*, 99–118.

The question as to why the Vietnamese developmental state continued to advance the degree and importance of integration into global markets is logical. However, their position is sensible once one considers the shift in ideology that took place alongside Doi Moi. Once Vietnam abandoned a centrally planned economy in favor of a market oriented socialist economy, exports became the name of the game, especially as state owned enterprises (initially dominant) began to lightly industrialize. Peace and amicable relations with its peers became

incredibly salient to the Vietnamese model of development, whereby economic development, and integration came to be associated with the national security of the state. Especially in the face of economic collapse, and the threat of regime insecurity, the CPV grew to increasingly associate economic prosperity with national security, given that they understood the former as legitimizing their rule and bringing stability to the nation. Therefore, the new vision of economic development that emerged with Doi Moi, promoting a rapid integration into the global economy and the expansion of exports through light industrialization was seen by the CPV and developmental state as essential to their security and in turn, the security of the state. Subsequently, a vehement adherence and conscious advancement of the integrative agenda of the state is an execution of actions seen as benefiting national security, but also an advancement of an agenda of economic development that the state has continued to pursue to this day.

Vietnam's strategy of state led export development has been at the forefront of the developmental state's agenda in the recent decades since Doi Moi. However, within the last ten years, the developmental state has been increasingly intent on negotiating expansive free trade agreements to pursue their developmental agenda. These "next generation free trade agreements" diverge from their more dated predecessors in that they diverge from the common focus on negotiating average trade standards and basic tariffs reductions in accordance with WTO commitments (Hoang & Garcia, 2022, p.137). The next generation of free trade agreements Vietnam has negotiated go far further than previously ratified texts, including provisions on government procurement, origin of goods, human rights, civil society, sustainable development, labor, and foreign direct investment. This pivot, however, is not imposed, or coerced from Vietnam's trading partners. Instead, such a shift is emblematic of an agent and calculated decision on behalf of the developmental state to advance the country's priorities using the

provisions of these trade agreements to address issue areas at both the international and domestic levels of politics.

Vietnam's Ministry of Industry and Trade has acknowledged this, highlighting that they consider trade agreements as tactile platforms through which to further open Vietnam, accelerating domestic reforms while also serving to further integrate into the global economy while strengthening multilateral cooperation (Chapman, 2017, p.45). Furthermore, Vietnam's Strategy for International Integration Through 2020, Vision to 2030 explicitly calls for international integration to be embedded in all parts of the Vietnamese political system, with the ultimate objective of bolstering national aggregated strength (Le Thu, 2018, p.131). This strategy further includes the strategic objective of taking part in several trade agreements, such as the EVFTA, Israel-Vietnam Free Trade Agreement, and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) to name a few. Evidently, the developmental strategy of pursuing integration into the global economy and export led development remains at the forefront of Vietnamese policy making, with trade agreements, particularly next generation free trade agreements being conceived of as instruments to advance this agenda while also serving the purpose of advancing interests in foreign and domestic policy. Vietnam, since Doi Moi and its initial integration into the global economy has gone much further than merely liberalizing its economy and fostering amicable relations with its peers. Instead, the developmental state has leveraged the global economy in its favor, taking advantage of free trade agreements to deepen its integration to historic heights while understanding that the binding provisions of said agreements could be utilized to achieve foreign and domestic agendas.

Examining the table in Figure 2, the Vietnam's concerted integration becomes evident, with the once geo-politically isolated state securing regional, bilateral, and multilateral trade agreements with numerous parties.

Figure 2

Table 1: Summary of Vietnam's FTAs (as of May 2022)

No	FTA	Entry-into-force date (for Vietnam)	Trading partners
FTAs in force			
Regional FTAs			
1	AFTA	1996	ASEAN
2	ACFTA (ATIGA)	2005	ASEAN, China
3	AKFTA	2007	ASEAN, Korea
4	AJCEP	12/1/2008	ASEAN, Japan
5	AIFTA	1/1/2010	ASEAN, India
6	AANZFTA	1/1/2010	ASEAN, Australia, New Zealand
7	AHKFTA	6/11/2019	ASEAN, Hong Kong
8	CPTPP	1/14/2019	Vietnam, Canada, Mexico, Peru, Chile, New Zealand, Australia, Japan, Singapore, Brunei, and Malaysia
9	RCEP	1/1/2022	ASEAN, China, Korea, Japan, Australia, New Zealand
Bilateral FTAs			
10	VJEPA	10/1/2009	Vietnam, Japan
11	VCFTA	1/1/2014	Vietnam, Chile
12	VKFTA	12/20/2015	Vietnam, Korea
13	VN-EAEU FTA	10/5/2016	Vietnam, Russia, Belarus, Armenia, Kazakhstan, Kyrgyzstan
14	EVFTA	8/1/2020	Vietnam, EU27
15	UKVFTA	5/1/2021	Vietnam, United Kingdom
FTAs under negotiation			
		Negotiation date	
16	Vietnam-EFTA	2012	Vietnam, EFTA (Switzerland, Norway, Iceland, Liechtenstein)
17	Vietnam-Israel FTA	2015	Vietnam, Israel

Note: Reprinted from USDA & Foreign Agricultural Service. (2022). *FTA Competition in Vietnam*.

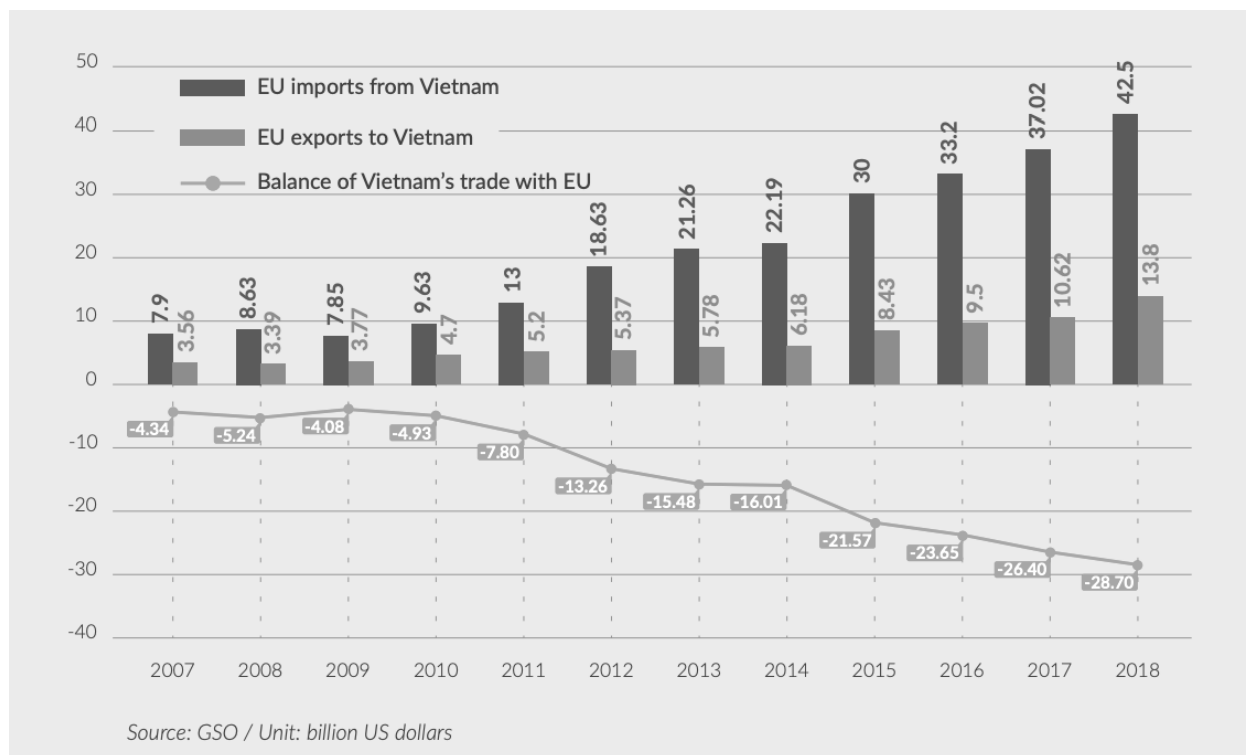
The Vietnamese developmental state has been following a consistent and concerted strategy of achieving economic development through integration and subsequent export growth. Trade agreements have been recognized by the developmental state as not only accelerating international integration and economic development but are also understood to serve a purpose in achieving the state's interests in the domestic and international sphere. As previously mentioned, traditional international relations theory is rather dismissive of the agency of medium sized nation states, viewing such states more so as vassal states rather than agent, independent actors. However, history has proven that Vietnam stands as a strong, independent, and resistive state, countering forces and peoples that threatened the very territorial integrity of the nation for decades, now marching forwards towards unprecedented levels of economic and social development. The modern trade agreement subsequently emerges as a salient frame of analysis to challenge this theory that is dismissive of the power that smaller states ultimately wield. Utilizing a trade agreement as a frame of analysis allows us to consider the development strategy, agency, and objectives (foreign and domestic) of the Vietnamese developmental state.

An incredibly relevant trade agreement for considering the economic development and agency of the Vietnamese state is the European Union-Vietnam Free Trade Agreement (EVFTA). Although only ratified in 2020, this next generation free trade agreement has its roots far earlier in the bilateral relations between Brussels and Hanoi. The EVFTA represents the culmination of a complex and extended negotiation process between the European Union and Vietnam, from 2012-2019. The trade agreement emerged out of the European Union's failed attempt to negotiate a free trade agreement with ASEAN in 2008, seeking to secure a firm position in Southeast Asia. However, relations between Vietnam and the European Union were deepening far before the negotiation of this trade agreement. EU-Vietnam relations have their

origin in Doi Moi, with the two parties establishing diplomatic relations in 1990, with a Framework Cooperation Agreement being agreed upon in 1996, establishing the legal framework of cooperation between both parties (Nguyen & Mascitelli, 2021, p. 85-87). Initially, the European Union and Vietnam grew closer through an agenda of development and humanitarian cooperation, with the European Union investing 102 million Euros from 1996-2001, becoming Vietnam's greatest source of FDI and aid donations (Nguyen & Mascitelli, 2021, p.87-88). As the Vietnamese developmental state's developmental agenda unfolded and Vietnam grew increasingly integrated into the global economy, the focus quickly shifted from aid to trade.

Deepening economic ties between Hanoi and Brussels have been consistent throughout the last three decades, however, the last ten years has seen record high levels of economic integration between both bodies. Between 2000 and 2019, the trade turnover between the European Union and Vietnam increased 13.7 times, rising from \$4.1 billion to \$56.45 billion (Trang, 2021, p.131). Vietnamese exports in this timeframe similarly grew exponentially, increasing by 14.8 times, rising from \$2.8 billion in exports to \$41.54 billion, not only illustrating Vietnam's agenda of export led economic development, but also indicating the increasingly amicable relations between both trading blocs. This trend is highlighted in Figure 3, illustrating the rapid increase of European import of Vietnamese goods, with a negative trading balance with Vietnam continuing to grow.

Figure 3



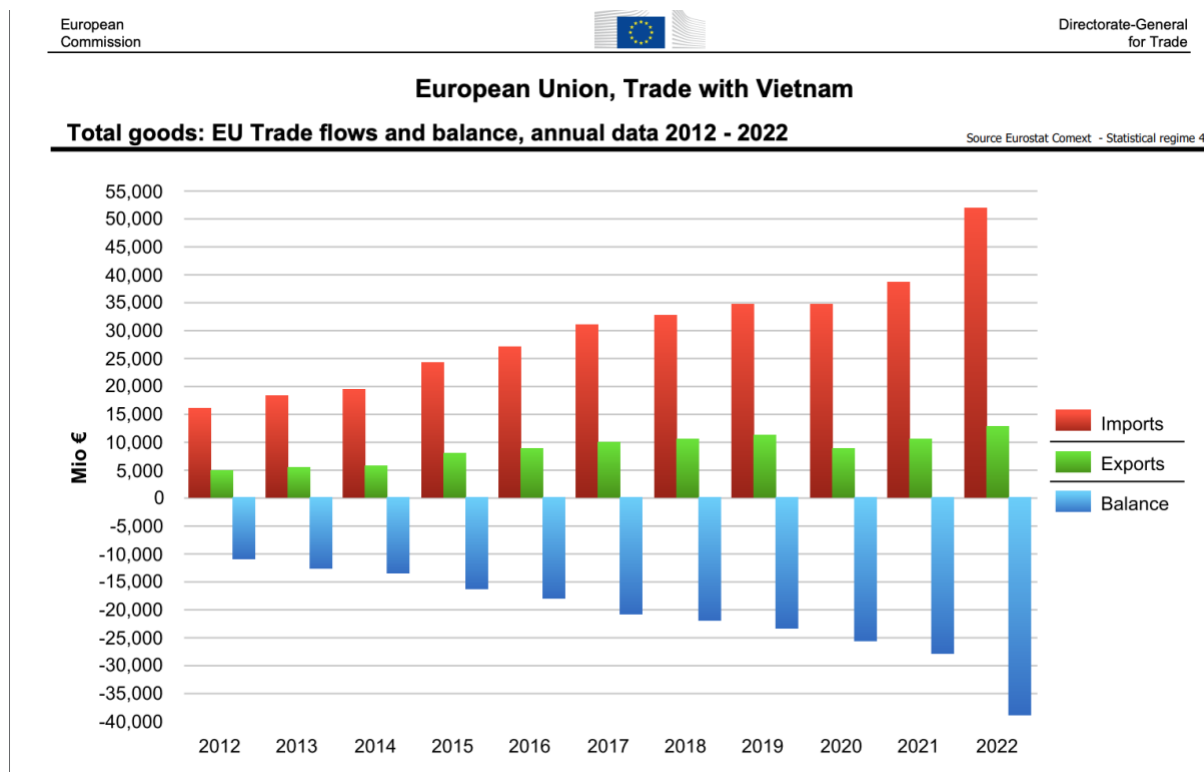
Note: Reprinted from Delegation of European Union to Vietnam. (n.d.). *Guide to the EU-Vietnam Trade and Investment Agreements*. European Commission.

It is salient to note that this level of economic cooperation between both parties has taken place prior to the ratification and implementation of the EVFTA. Both parties clearly share a vested interest in expanding the scale of their bilateral relations, elevating them recently through the EVFTA. Both the European Union and Vietnamese developmental state hold a vested interest in pushing the bilateral ties of their trading blocs in the goal of pursuing their own individual interests. It is precisely for this reason that the EVFTA lends itself as a relevant frame of analysis for considering the Vietnamese developmental states use of free trade agreements to pursue its strategy of economic development through export growth. Not only does the trade agreement form an integral part of the nation's economic development policy as previously outlined, but as

this thesis will demonstrate, it also is demonstrative of the developmental states interests, both foreign and domestic.

Irrespective of its utility as a frame of analysis, the EVFTA is a monumental free trade agreement worthy of a concerted analysis. The EVFTA is a truly expansive, next generation free trade agreement, consisting of 17 chapters, 2 protocols, and several mutual understandings between the two ratifying parties (World Trade Organization, 2016, p.3). The European market comprises a large part of Vietnam's export market, with the procurement of free trade terms projected to impact Vietnam's GDP three times more than the CPTPP, one of Vietnam's hallmark multilateral trade agreements (World Bank, 2020, p.10). The trade agreement will eventually eliminate tariffs and trade barriers on 99.7 percent of Vietnam's exports to the trading bloc, however, in the short term, Vietnam has been afforded a tremendous opening into the market (World Bank, 2020, p.19). As of the EVFTA's ratification and implementation, the European Union has eliminated tariffs on 85 percent of trade lines, reducing tariffs on 70.3 percent of Vietnam's exports to the region. The immediate impacts have been an expansion of the already blossoming economic exchange between Vietnam and the European Union as seen in Figure 4, pushing Vietnam's exports to the bloc higher, increasing their trade surplus with the trading bloc. Prior to the EVFTA's entry into effect, Vietnamese exports to the European Union were steadily expanding, reaching record heights in 2022, pushing the European Union's trade deficit with the Vietnamese further and further. However, this trade imbalance has not raised quarrels with the Europeans, who have instead valued their entrance into Vietnam and Southeast Asia, gaining massively in their ability to invest in Vietnam, as well as corresponding gains in intellectual property rights, public procurement bids, investment rights, and assurances on labor and sustainability.

Figure 4



Note: Reprinted from Directorate-General for Trade. (2020). *European Union, Trade in goods with Vietnam*. European Commission.

The EVFTA aside from its economic impacts and support of the Vietnamese developmental states' agenda has had and will continue to exert profound domestic impacts. However, as this thesis posits, these domestic impacts in many ways support the domestic agenda of the developmental state. Chapter 13: Trade and Sustainable Development is of particular importance about domestic implications for Vietnam. Chapter 13 is an incredibly comprehensive chapter, covering: the enforcement of International Labor Organization (ILO) conventions, stipulations on civil society participation, as well as agreements on the climate and sustainable development. This chapter ultimately represents the greatest challenge to the Vietnamese in their compliance with the trade agreement, requiring a substantial degree of domestic reform. However, the Vietnamese developmental state has acknowledged the utility of

free trade agreement provisions in advancing otherwise difficult to achieve domestic reform. Therefore, while this chapter may be seen as burdensome on the Vietnamese state, in many ways it ultimately represents a give and take, in which the developmental state granted concessions to the Europeans, using these concessions to address domestic areas of interest. It is demonstrative of a rational and agent Vietnamese state navigating the ultimate provisions of the free trade agreement to actualize the maximum number of gains in exchange for its concessions made to the European Union. Therefore, an analysis of this chapter, its domestic impacts, and the vested interest of the state is necessary to analyze the Vietnamese developmental state's use of the EVFTA to exert domestic impacts in its larger pursuit of a developmental agenda guided by foreign policy with the ultimate objective of advancing economic integration.

Chapter 3: The Domestic Impact of the EVFTA

As we have seen, since Doi Moi, the Vietnamese developmental state has pursued a concerted developmental agenda focused on a continued integration into the global economy. Trade agreements have subsequently emerged as tactile tools to not only advance this developmental agenda, but also to advance both the foreign and domestic interests of the state. Therefore, the agency of the Vietnamese developmental state, as it relates to their domestic and foreign politics is intrinsically tied to the study of their developmental agenda and the way it has been pursued and achieved. The EVFTA lends itself as a useful frame of analysis for not only illustrating the continuity of the developmental state's agenda since Doi Moi, but also for framing our analysis of the overlooked agency of the Vietnamese developmental state. Therefore, it is salient to consider not only the provisions of the text and how they relate to Vietnamese developmental policy, but also how these provisions ultimately support the specific

interests of the state. In turn, an analysis of Chapter 13: Trade and Sustainable Development allows us to illustrate the domestic functions of the EVFTA while also enabling an analysis of the underlying domestic interests of the developmental state, demonstrating the agency of the Vietnamese state.

The State of Domestic Labor and the Role of Worker's Unions:

One of the most expansive aspects of the EVFTA and its Trade and Sustainable Development chapter are the provisions addressing labor and the rights of workers within the text of the trade agreement. Article 13.4: Multilateral Labour Standards and Agreements outlines the specific provisions of the trade agreement, importantly calling for the adoption of the International Labor Organization's fundamental rights as part of their 1998 declaration. These fundamental rights include: the freedom of association (and recognition of the right to collective bargaining), eliminating all forms of forced or compulsory labor, abolishing child labor, and abolishing all types of discrimination regarding employment and occupation (Navasartian, 2020, p.565). The language surrounding these fundamental rights is arguably weak stating that, "each party will make continued and sustained efforts towards ratifying...core ILO conventions" and "each party will also consider the ratification of other conventions" (Tran & Werner, 2017, p.405). Subsequently, the Vietnamese state undertook the project of reforming its labor code in 2016 and 2019 respectively to address the provisions of not only the EVFTA, but also the more binding CPTPP. A considerable degree of scholarship has in fact dedicated itself to considering the extent to which free trade agreements, such as the EVFTA have served as external catalysts of domestic reform, specifically in the policy arena of labor. While the arguments of these authors are truthful, this external focus provides an incomplete picture of the issue of labor

within the Vietnamese context while also erasing the agency of the Vietnamese state. When one considers the issue of labor within the Vietnamese context more closely, it becomes clear that external pressure is certainly a factor in their domestic labor reform. However, domestic conditions and the interests of the Vietnamese state are overlooked, obscuring our view of how the Vietnamese developmental state leverages free trade agreements to address issues within their domestic interests.

Vietnam first began to face external pressure regarding its domestic labor code as they began to negotiate both the EVFTA and TPP. The state initially took issue with the EVFTA's requirement of independent labor unions within the domestic labor force, standing in total opposition to the proposition. This is largely due to the structure of domestic labor within the Vietnamese state. The Vietnam General Confederation of Labor (VGCL) prior to 2019, served as the nation's official trade union, existentially linked to the Vietnamese Communist Party. Independent union formation was prohibited, with the communist party appointing leadership at the VGCL (Tran & Werner, 2017, p.401). Although independent labor unions were not permitted, the labor code required that unions be established at the factory level, administrative level (city, district), and by industry. The Vietnamese state enjoyed a virtual monopoly on the organization of labor within the country prior to their negotiation of next generation free trade agreements. This is in large part due to the 1990 Trade Unions law, with its opening line stating, "a trade union is a large political and social organization of the working class voluntarily established under the leadership of the Vietnamese Communist Party" (Tran & Werner, 2017, p.401). It becomes evident why the Vietnamese state was initially apprehensive about undertaking the labor reform stipulated by the TPP and EVFTA. The state stood to lose, having to relinquish its power to independent labor unions. Although it is undeniable that the foreign

pressure played some role in pushing forward the reform of Vietnam's labor code, I contend that domestic conditions were already advancing the role of labor unions within Vietnam, with the state turning to the EVFTA to address domestic conditions that were a threat to their power.

Prior to Vietnam's negotiation and ratification of next generation free trade agreements, conflicts over the country's labor code were beginning to emerge domestically. Beginning in 2005, Vietnam began to see sharp increases in the number of wildcat strikes taking place per year, as seen in Figure 5, with consistently high figures continuing late into the 2010s.

Figure 5

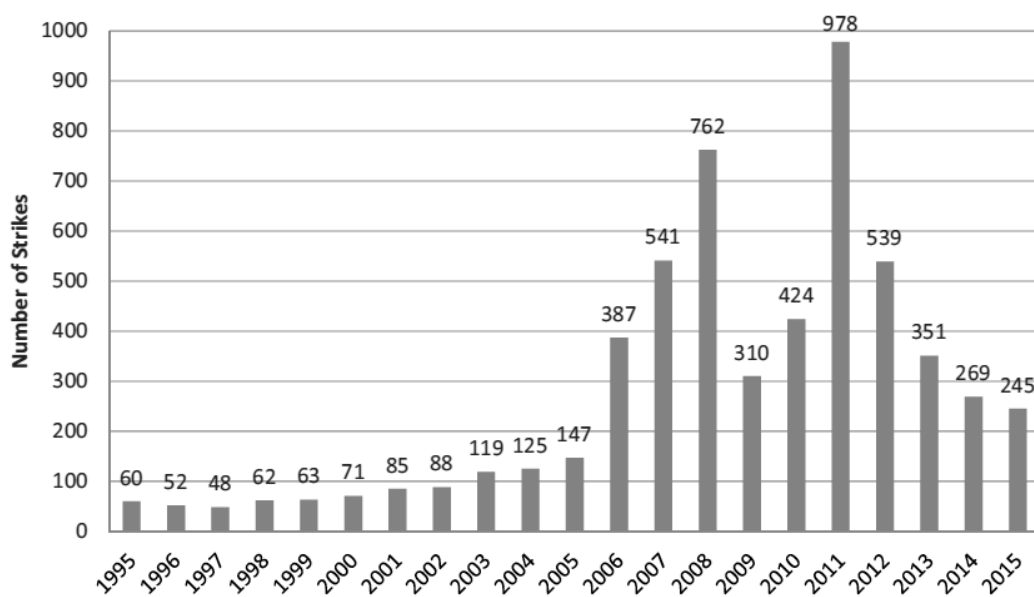


Figure 1. Vietnamese strikes by year, 1995–2015.

Note: Reprinted from Tran, A. N., Bair, J., & Werner, M. (2017, October). Forcing change from the outside? The role of trade-labour linkages in transforming Vietnam's labour regime.

Competition & Change, 21(5), 397–416.

Most of these strikes were concentrated in foreign owned factories or domestic exporters. It is important to note that despite the 1994 Labor Code granting Vietnamese workers the right to

strike, it is seriously diluted by the fact that the strike must be led by a union with a two-week notice (Tran et al., 2017, p.401). Furthermore, a strike could only be approved following failures of conciliation at both the company and provincial levels. Given that the state held a virtual monopoly on the formation of unions, the right to strike was essentially stripped from the domestic workforce. Therefore, despite the Vietnamese state having severely restricted the ability to legally strike, labor militancy was increasing, in large part due to the increasing impacts of inflation on the domestic populace and a lack of compliance with the inflation-adjusted minimum wage by foreign owned firms (Tran et al, 2017, p.402). These strikes, at foreign owned enterprises and domestic exporters were by no means a popular occurrence with the Vietnamese developmental state. The very nature of these strikes was understandably a threat to the development model that Vietnam had been so carefully curating since the inception of the Doi Moi reforms in the 1980s. Vietnam had been working towards a development model of concerted international integration that would fuel not only foreign investment, but also the country's exports. Therefore, the very nature of these strikes, whatever their underlying motives, was and would be disruptive to the Vietnamese development project.

The Vietnamese government prior to the negotiation and ratification of the EVFTA was clearly apprehensive about the role of labor unions and the state of labor within domestic society, proactively working to restrict the right to the freedom of association, creating a domestic structure in which the CPV and VGCL held a monopoly on the formation of labor unions and their right to strike. This position was ultimately challenged by the EVFTA, given that the agreement explicitly called upon the government to adopt the ILO's fundamental Convention 98, on the Right to Organize and Collective Bargaining. The Europeans had forced the Vietnamese's hand, pushing the state to adopt a new stance to reap the economic benefits the EVFTA stood to

offer. While many have argued that this pressure ultimately served as a catalyst for reform (i.e., Marslev & Staritz (2022) and Tran et al., (2017)) the interests of the Vietnamese and the ultimate text of the EVFTA are emblematic of the developmental state leveraging the trade agreement to address labor unrest in support of their developmental agenda. The Vietnamese developmental state recognized the danger posed by labor unrest, placing this issue at the forefront of their interests as they entered negotiations for the EVFTA, acknowledging the threat to foreign direct investment and exports posed by labor militancy (Tran et al., 2017, p.403). As popular discontent with the structure of labor grew within Vietnam, a faction of reformists within the CPV and National Assembly began to grow thereby compounding the pressure on the Vietnamese developmental state (Marslev & Staritz, 2022, p.15). Therefore, the domestic superstructure had to be reformed, not to appease the domestic base or reformists within government, but instead to consolidate and strengthen the power of the Vietnamese developmental state who since Doi Moi had been pursuing a developmental agenda that served as a basis of power for the CPV. As the specific provisions and mechanisms of the Trade and Sustainable Development Chapter will demonstrate, the Vietnamese government was able to adopt a “mock compliance” whereby nations go through the motions of complying with western idealized practices (Beeson & Pham, 2012, p.543).

By 2014, the Vietnamese state had adopted a new stance on the issue of labor. The state had shifted from a total opposition to independent labor unions to a stance of open dialogue. This shift was not driven by the pressure exerted by external bodies like the European Union, but instead by a desire to shift the issue from externally driven to internally guided (Marslev & Staritz, 2022, p.15). In the face of external pressures, the state ultimately decided to preserve its autonomy and agency, using the EVFTA as a platform through which to address the threat to

power and increasing discontent with the country's labor code while concurrently ensuring compliance with the stipulations of the trade agreement. As the final provisions of the EVFTA and the country's new labor code demonstrate, the Vietnamese state did achieve compliance, while in many instances preserving their power, agency, and control over their domestic labor base.

The EVFTA and Labor Reform:

Shortly after taking the issue of labor from the international sphere to a domestic question, the Vietnamese developmental state began working to achieve compliance with the EVFTA. In 2015, the Vietnamese state adopted a contingency plan to ratify the core ILO conventions stipulated by the EVFTA between 2016 and 2020 through Resolution 06 of the Politburo (Marslev & Staritz, 2022, p.16). By 2019, the Vietnamese General Assembly voted in favor of adopting ILO Convention 98, on the Right to Organise and Collective Bargaining, which entered into effect in July of 2020 (Navaristan, 2020, p.565). Furthermore, the Vietnamese Ministry of Labour committed to adopting both Convention 105 on the Abolition of Forced Labor and Convention 87 on the Freedom of Association and Protection of the Right to Organise by 2020 and 2023 respectively. It is important to note that the state did not go further than stipulated by the text of the EVFTA, having only adopted 24 of the 190 ILO Conventions on labor (Navaristan, 2020, p.565-566). This fact supports the argument presented by Beeson and Pham that the Vietnamese state has undertaken a "mock compliance" with western idealized practices, adopting only those which are completely necessary and in the best interest of the state. The Vietnamese developmental state by the late 2010s was well on its way to adopt western idealized practices in the sphere of labor, however, the state was taking careful steps to

ensure that their autonomy and power were not relinquished entirely. Undoubtedly aided by the fact that the EVFTA has no hard obligations in place, instead relying on “sustained efforts” by the Vietnamese state to achieve compliance with Chapter 13: Trade and Sustainable Development.

Accompanying the states adoption of these requisite ILO Conventions, the Vietnamese government modified its labor code in 2019 to better conform with international standards. Namely, the state for the first time modified its code to allow workers to form or join a representative organization of their choice, independent of the Vietnamese General Confederation on Labor (Navaristan, 2020, p.566). However, an important safeguard that the state adopted to preserve their dwindling monopoly on the organization of domestic labor was the fact that they did not reform the nation’s penal code alongside the labor code reform. This meant that the state was still empowered to incriminate those people or organizations actions that run contrary to the state’s interests. Joining organizations hostile to the state being remained punishable under the penal code, in turn, leaving a legal recourse for the state to punish those joining independent unions (Navaristan, 2019, p.566). Ultimately, this serves as a great example of the state preserving its agency, autonomy, and power while striving to achieve compliance in the eyes of a western power like the European Union. Despite having relinquished a previously non-negotiable position, independent union formation, the state found a creative way to achieve both compliance and a preservation of the state’s power. Furthermore, the state in the span of ten years was able to address the threat of labor unrest, a potentially grave impediment to their developmental agenda of international integration and export based economic development. Popular discontent with the state of domestic labor was consistently growing from 2006 well into the mid 2010s. As a result, a reformist faction within domestic society was quickly growing in

power, applying pressure on the state concurrently with the demands of the European Union. Rather than acquiescing to the Europeans demand's, the state looked inward, using the issues raised under the EVFTA to address the demands of domestic factions while preserving their power and autonomy, demonstrating the agency of the Vietnamese state in the face of a formidable power.

The ratification of ILO Conventions and a subsequent reform of the labor code is not the only instance in which the Vietnamese state was able to preserve its autonomy and power while meeting the requisites of the European Union. Chapter 13 of the EVFTA features a dispute settlement mechanism that is specific to this chapter of the agreement, notably separate from the mechanism in place for the rest of the agreement. The agreement establishes the creation of two bodies in each respective state, Domestic Advisory Groups (DAGs), comprised of independent representative organizations (Navaristan, 2020, p.568). These organizations are to embody a balanced representation of the different stakeholders involved in the implementation of this chapter, i.e., employers, worker's organizations, and business groups. These DAGs can submit their findings and recommendations to both parties, however, there is no obligation for either party to follow-up on their findings, their participation must instead be requested (Navaristan, 2020, p.569). These DAGs form part of the broader Committee on Trade and Sustainable Development, the body responsible for monitoring the implementation of the provisions of this chapter. Therefore, the mechanism in place for a dispute settlement between both parties as it relates to this chapter is state to state consultations, where if a resolution is not met, the Committee on Trade and Sustainable Development must instead find a resolution. Within this process, the advice of DAGs and other experts can be requested if necessitated. This mechanism utilizing civil society groups through DAGs forms part of the European Union's

requisite that civil society groups play an adequate role within Vietnam. This represents the European Union's value-based trade policy, whereby civil society participation has been institutionalized within its next generation free trade agreements (Thu & Schweißhelm, 2018, p.4). Such a policy is a manifestation of western values, superimposed upon developing nations seeking to expand their economic and political power vis-à-vis more powerful actors. This is an ideology and value system that is foreign to the Vietnamese context, however, the implementation of this requisite has in many ways been diluted, in large part because of the Vietnamese state's tight grip on civil society.

Vietnam in the eyes of western scholars is a strict, one party, communist state with tight restrictions on civil and political rights. Civil society groups in whatever capacity they function in many ways represent a threat to the monopoly on power any state wields. As we have seen, since Doi Moi, the Vietnamese developmental state has leveraged its economic development agenda to legitimize the CPV's rule over Vietnam. It is unsurprising therefore that the developmental state is apprehensive of civil society groups that have continuously pressed for further reform of domestic conditions. Allowing for their active participation within the dialogue of Chapter 13 represents a massive change for Vietnamese domestic society, however, the state has found ways to preserve their autonomy and power vis-à-vis these groups. For example, the Vietnamese state has proposed utilizing its General Confederation on Labor (VGCL, Vietnam's longtime only worker's representative) as the official representative of the non-state sector in these Domestic Advisory Groups (Thu & Schweißhelm, 2018, p.6). This is in part due to the text's provision that "new or *existing* groups" be consulted, allowing the state to use existing CPV affiliated mass organizations like the VGCL as a DAG (Thu & Schweißhelm, 2018, p.25-26). The state is fully within its rights to do so, given that each state is responsible for

appointing its DAGs, with no legal recourse for either party. Therefore, despite having to in theory acquiesce to the European's demands of greater civil society participation in Vietnam in the monitoring of Trade and Sustainable Development, the Vietnamese state has taken advantage of the ambiguity of the dispute settlement mechanism that forms part of Chapter 13 to serve its domestic interests.

The European imposition of civil society participation within the Vietnamese context represents an incursion into the state's autonomy and agency, however, the state has fully leveraged the EVFTA's lack of enforcement mechanisms and ambiguity to pursue the states interests in this context. That is, limiting the power of civil society groups tasked with ensuring compliance with the provisions of Chapter 13, such as in labor, as previously covered. The ultimate power of the Committee on Trade and Sustainable Development is arguably weak, serving as a mere advisory body, rather than a true dispute resolution mechanism. The Vietnamese developmental state has a vested interest in preserving its power within the domestic context to preserve the power of the CPV. They have done so not just through their leveraging of the text of the EVFTA, but also through their use of domestic laws to further control civil society groups. For example, the state has used tax law and their penal code to jail civil society leaders on charges of tax fraud, anti-state propaganda, and abusing democratic freedoms (Sidel, 2023, p.2). The developmental state of Vietnam has a vested interest in preserving its domestic power. Therefore, despite granting civil society a greater role within society within the framework of the EVFTA, the state has used the agreement itself to further solidify its control over society, choosing what civil society groups can ultimately serve in an advisory capacity, while also using its laws to prosecute those that pose a threat to their power. This is a glaring example of how the state has leveraged the context of the EVFTA to pursue its domestic interests, not only as it

relates to civil society, but also on the question of labor as argued earlier in this chapter. The state has used the domestic implication of its economic development agenda to increase the state's power while concurrently actualizing state interests. However, it is not merely within the domestic realm that their developmental agenda has been used to achieve state interests while increasing state power. As the following chapter will argue, the same has been true within the realm of foreign policy, with the Vietnamese developmental state using its economic development policy and subsequent geopolitical implications to achieve their interests in the realm of foreign policy as well.

Chapter 4: Foreign Policy in Support of the Developmental Agenda:

Since Doi Moi, the Vietnamese state has reconceived its foreign policy, understanding the seismic shifts in global alliances and the pivot towards an increasingly interconnected global economy. It was in this period that the developmental state recognized that its economic development and foreign policy were structurally interconnected and codependent, with the nation's new export led economic development fundamentally hinging upon its foreign policy. Such an understanding has remained at the forefront of Vietnamese strategic interest, with the EVFTA standing as a hallmark example of this reorientation of the state's foreign policy. The trade agreement has undoubtedly served the states strategic interest of furthering its economic development through increased international integration. However, this is not the only sphere in which the trade agreement functions. As this chapter will argue, the EVFTA operates in two ways, supporting the developmental state's agenda of economic integration while also working to advance their geopolitical agenda, carefully avoiding an overdependence on China and the United States, finding new friends and no enemies.

As Vietnam emerged from its decades of isolation, both economic and diplomatic, the nation found itself at the crossroads of a newly emerging global order. Concurrently, the Vietnamese government was faced with diversified security challenges, such as regime security, augmented by the countries worsening economic conditions, especially as it related to their precarious relations with the Chinese in the north. Foreign policy and the restoration of diplomatic relations quickly emerged as a necessary tool to ameliorate the nation's economic conditions, namely through sanctions/embargo removal, multilateral economic integration schemes, and participation in international trade agreements (Le Thu, 2018, p.128). This was supported by the Politburo's Resolution 32 in 1986, that called for the Vietnamese government to create the conditions conducive to economic development, including a peaceful coexistence with China, the United States, and ASEAN (Chapman, 2017, p.32). Doi Moi catalyzed an ideological shift within the developmental state in which their conception of the world into camps of "us" and "them" was shifted to "partners" and "targets," symbolizing a pragmatic view of individual contexts as they relate to national interest (Le Thu, 2018, p.127). Subsequently, foreign policy emerged as a new tool for the Vietnamese state to leverage, to protect its national security while securing economic development, two interests that became intrinsically linked during Doi Moi as demonstrated by Resolution 32. As discussed in Chapter 2, economic integration has been the primary foreign policy focus of the developmental state. This position has been consistently reaffirmed and deepened by the Politburo's resolutions, i.e., Resolution 13 (1988) that recognized the economic weakness generated by diplomatic isolation, calling upon the state to make "more friends" and "less enemies" (Le Thu, 2018, p. 127). This reconception and agenda ultimately paid dividends, with the Vietnam enjoying diplomatic relations with 163 nations by 1995, compared to just 23 in 1985.

Subsequent resolutions only furthered the state's commitment to deepening its international integration, with the CPV pushing the envelope further. For example, at the 7th Party Congress in 1991, the Vietnamese developmental state fully committed to this agenda, calling for the diversification and multilateralization of Vietnam's relations with other countries and international organizations (Chapman, 2017, p.32). By 2001, the developmental state's strategic interests in foreign policy were further developed at the 9th Party Congress. Wherein the proactive integration of the Vietnamese state into international and regional economies to maximize the country's strength, autonomy, and national interest was called for (Chapman, 2017, p.3). Vietnam's foreign policy was rapidly evolving as the country sought to maximize the gains of its foray in international integration. Economic development was at the forefront of their strategic interests, and their foreign policy was constantly evolving in support of this interest, namely through the introduction of trade agreements in support of this agenda. The memory of the country's overdependence on the Soviet Union served as an inflection point for the developmental state, who was keen to avoid an overdependence on any particular nation. Trade agreements quickly became the state's primary means of pursuing its economic development through foreign policy. The Ministry of Industry and Trade cited them as key platforms to achieve domestic objectives and reform while concurrently accelerating its integration into the global economy (The Socialist Republic of Vietnam Ministry of Industry and Trade, 2016).

It is within this agenda of economic development, driven by exports and international integration that the EVFTA came to fruition for the Vietnamese developmental state. Free trade agreements and economic development became fundamental if not synonymous to Vietnamese foreign policy as the state's definition of national security came to encompass economic, political, and social factors (Chapman, 2017, p. 45). A bilateral trade agreement of this

magnitude, with one of the largest net importing trading blocs of the global economy represents the pinnacle of the Vietnamese developmental state's agenda since Doi Moi. Ultimately representing an evolution of the Vietnamese state's economic development policy that evolved alongside the state's agenda of economic integration and amicable relations with all nations, guiding the developmental state's vision of economic development that was to be achieved through foreign policy. However, as this paper has argued, the Vietnamese state has exercised a great deal of strategic agency through its economic development policy, utilizing the impacts of the EVFTA, both foreign and domestic, to actualize the developmental state's goals. Therefore, the foreign implications of the EVFTA must be considered vis-à-vis the Vietnamese state's foreign interests. Namely, diversifying the state's relations and creating an economic base that avoids an overdependence on an increasingly assertive and hostile China. The EVFTA has served in support of these foreign objectives, with the developmental state leveraging the geopolitical implications of its economic development agenda actualized through the EVFTA to support these foreign interests as the next section will argue.

The EVFTA, a Hedge and Diversification of Trading Partners:

When considering the foreign policy of the Vietnamese state, there is one actor that must be considered above all. China has remained at the forefront of Vietnamese concerns over its national security and sovereignty exerting a discernable impact on Vietnamese foreign policy. Their precarious relationship dates far further back than the modern geopolitical landscape that this paper discusses. History is incredibly important within the Vietnamese context, especially as it relates to Sino-Vietnamese relations. China has continuously presented challenges to Vietnamese independence throughout history, creating a tumultuous and precarious relation

between these two neighbors. Their history has been described as characterized by conflicts over sovereignty and economic rights, augmented by the Chinese desire to establish a sphere of influence over the South China Sea (Ross, 2020, p.613). Tensions between both parties reached a boiling point in 1978, when the Vietnamese occupied Cambodia to remove Pol Pot alongside the Soviets. This incursion resulted in the Chinese invasion of Vietnam in 1979, leading to a prolonged ten-year conflict between both parties, leaving more than 50,000 dead and a lasting impact on Vietnam's people and the state's strategic interests (Ross, 2020, p.617). Both parties ultimately moved towards a normalization of their relations in 1989, reaching the 1991 Comprehensive Political Settlement that ushered in a normalization of relations. However, the two parties have continued to butt heads with China's increasingly provocative actions in Southeast Asia leading Vietnam to perceive China as an existential threat, ultimately shaping its foreign policy decision making.

Throughout the 20th and 21st century, Vietnam and China have continually come to a head over maritime sovereignty, namely over their conflicting claims to the South China Sea. The South China Sea is an enormous economic zone, with 5 trillion dollars' worth of trade passing through this region annually (De Gurung, 2018, p.1). China lies claim to an expansive 90 percent of the South China Sea through its 9-dash line claim of sovereignty and maritime claims. This claim places China in conflict with Vietnam, Malaysia, Brunei, and the Philippines' claims to their respective Exclusive Economic Zones cradling the South China Sea. A staggering 3,400 km of Vietnam's east coast lies along the sea, comprising an integral part of the nation's economy, setting the stage for maritime conflict with China over the sea. The South China Sea contains important gas and oil reserves, as well as fish stocks for the Vietnamese. The sea is integral to Vietnam's vision of global trade, proving to be of incredible economic and

geostrategic importance (Tran et al., 2013, p.163). Considering that Vietnam's maritime economy represents 55 percent of GDP and 55 to 60 percent of their exports, it becomes clear how central the issue of the South China Sea and China is in Vietnamese decision-making. Vietnam went so far as to declare the South China Sea as an "inevitable requirement" for its economic development as part of its 2012 Maritime Law, positioning the maritime economy as a precondition to defense and national security (Tran et al., 2013, p.164).

Vietnam's strategic concerns regarding China are not limited to maritime disputes. China throughout history has been one of Vietnam's largest economic partners, creating a dependence on China that has handicapped Vietnam's ability to address issues on equal footing with the Chinese (Tran et al., 2013, p.174).

Figure 6

Table 1. Vietnam's trade with China, 2002 - 2018

Year	Vietnam's exports		Vietnam's imports		China's GDP growth (%)
	Value (USD billion)	Growth rate (%)	Value (USD billion)	Growth rate (%)	
2002	1.52	7.12	2.16	34.40	9.13
2003	1.88	24.03	3.14	45.38	10.04
2004	2.90	53.95	4.60	46.41	10.11
2005	3.25	11.98	5.90	28.39	11.40
2006	3.24	-0.11	7.39	25.28	12.72
2007	3.65	12.44	12.71	71.96	14.23
2008	4.85	33.02	15.97	25.68	9.65
2009	5.40	11.40	16.67	4.38	9.40
2010	7.74	43.31	20.20	21.17	10.64
2011	11.61	49.99	24.87	23.08	9.54
Average 2001-2011		24.71		32.61	10.69
2012	12.84	10.53	29.03	16.76	7.86
2013	13.18	2.66	36.89	27.04	7.76
2014	14.93	13.28	43.65	18.33	7.30
2015	16.57	10.98	49.44	13.27	6.90
2016	21.95	32.49	50.04	1.21	6.70
2017	35.49	61.67	58.31	16.53	6.90
2018	41.27	16.29	65.44	12.23	6.68
Average 2012-2018		21.13		15.05	7.16

Sources: ITC (2018) [3], Vietnam Custom (2019a, 2019b) [18, 19]

Note: Reprinted from Vu, H. L., & Thi, P. H. (2019). Changes in Vietnam - China Trade in the Context of China's Economic Slowdown: Some Analysis and Implications. *VNU Journal of Science: Economics and Business*, 35(2). <https://doi.org/10.25073/2588-1108/vnueab.4229>

China in recent history has been a crucial source of foreign direct investment, trade, economic aid, and developmental aid for the Vietnamese. For example, Chinese investments in Vietnam grew by nearly 400 percent in the period from 2005 to 2009 (Ross, 2021, p.617). Furthermore, as demonstrated by Figure 6, the economic activity between both parties has continued to grow at remarkable rates, with Vietnam's imports from China increasing by 32.61 percent on average from 2001 to 2011. Vietnam had in turn arrived at an incredibly difficult position while pursuing its economic development strategy, coming to increasingly rely on a perceived existential threat (China) for a sizeable portion of its economic vitality. The developmental state was subsequently forced to act, to protect the autonomy and sovereignty of the state from considerable Chinese economic influence over Vietnam. Vietnam's memory of its overdependence on the Soviet's remains a fresh wound in the minds of those exercising statecraft when their overdependence on the USSR nearly pushed the country to economic collapse. This memory has fueled the Vietnamese desire to maintain diversified relations with all nations, while also serving their economic development strategy through the introduction of new markets for Vietnamese goods. It is precisely this overdependence on the Chinese that the Vietnamese sought to rectify through its development of trade agreements with various parties, namely the European Union (Chapman, 2017, p.46).

While in pursuit of their economic development agenda, the Vietnamese saw a clear opportunity to pivot away from the Chinese through their negotiation and ratification of the EVFTA. China in recent history has grown economically closer to the Vietnamese, while growing increasingly assertive and threatening to the state. Therefore, the Vietnamese pivot away from the Chinese is a logical evolution of their foreign policy in the wake of their growing economic dependence and Chinese aggression towards the state. Subsequently, the Vietnamese

state has pursued a strategy of hedging to counter their asymmetric relations with China. Sino-Vietnamese relations have been characterized by a persistent asymmetry between both parties, therefore, a major preoccupation of the Vietnamese state has been how to use its diplomacy and economic relations to preserve Vietnamese autonomy, hedging against the Chinese state (Tran et al., 2013, p.168). The EVFTA is an actualization of this hedging strategy, representing a concerted, decades long effort by the Vietnamese to slowly diversify their economic relations to reduce their dependence on the Chinese. The European Union has ultimately emerged as an economic partner with the market power to counterbalance the economic leverage of China over Vietnam, allowing Vietnam to reduce its dependence on China for trade and foreign direct investment. It is precisely this pivot and expansion of Vietnamese-European relations that is emblematic of the Vietnamese developmental state using the geopolitical impacts of its economic development policy to actualize its objectives in the realm of foreign policy. By growing closer to the European Union throughout the 1990s until the ratification of the EVFTA, Vietnam has been able to achieve its foreign policy objective of reducing its dependence on China while concurrently pursuing its economic development agenda. It is a clear example of the way in which the developmental state has leverage the impacts of trade agreements to address issues not only in its domestic interests but also in its foreign interests all while advancing its economic development. The EVFTA is a multifaceted agreement operating on many levels, in this instance in the realm of geopolitics, aiding the Vietnamese in pivoting away from China in an era of increased assertiveness in Southeast Asia, a brilliant example of statecraft advancing the Vietnamese economy while preserving their autonomy and clearly demonstrating their agency.

Conclusion:

Vietnam and its economic development represent one of the greatest human development projects in modern history. The country, ravaged by centuries of imperialism and grotesque warfare superimposed by imperial powers has rewritten its own script, lifting millions of Vietnamese citizens out of poverty, dramatically growing their economy, and becoming a crucial actor in the global arena. Such a change was made possible by the concerted agenda of the Communist Party of Vietnam and its Politburo, who in 1986 undertook Vietnam's greatest economic reforms through Doi Moi. These reforms shifted Vietnam from being one of the most geopolitically isolated countries in the world to being at the forefront of international economic integration and the deepening integration of its economy within the global economy. At the forefront of this developmental agenda has been the free trade agreement and its multifaceted application, a strategic policy of the Vietnamese state exemplified by the EVFTA as discussed in this thesis.

Vietnam has long been overlooked in international relations scholarship, with the vast majority of the scholarship discussing this particular topic being western centric, oftentimes focusing on the interests and agenda of those particular nations. This thesis seeks to illuminate the agency and strategic vision of the Vietnamese developmental state which has tactfully guided the country to a tremendous position since 1986. I believe that there remains an enormous amount of scholarship to be produced regarding the Vietnamese state, and this space will only increase as the country moves forward, towards its goal of becoming an upper middle-income country. Vietnam deserves and will garner the attention of scholars for decades to come, given that the nation shows no signs of stopping in pursuit of its economic development. The free trade agreement has been and will continue to be of paramount importance to the country, as Vietnam

works towards ratifying its Vietnam-United Kingdom Free Trade Agreement and negotiating the Vietnam-Israel Free Trade Agreement.

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