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96th Congress }
1st Session }

COMMITTEE PRINT

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VIETNAM'S FOREIGN RELATIONS 1975-78

REPORT

PREPARED FOR THE
SUBCOMMITTEE ON ASIAN AND PACIFIC AFFAIRS
OF THE

COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

BY THE
FOREIGN AFFAIRS AND NATIONAL DEFENSE
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JUNE 1979

Printed for the use of the Committee on Foreign Affairs

U.S. GOVERNMENT PRINTING OFFICE

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(II)

FOREWORD

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Washington, D.C.

This study was prepared by Douglas Pike, Foreign Service Information Officer on detail as scholar in residence, Congressional Research Service, Foreign Affairs and National Defense Division, Library of Congress, at the request of Hon. Lester L. Wolff, chairman of the Subcommittee on Asian and Pacific Affairs.

The findings expressed are those of Mr. Pike and do not necessarily reflect the views of the members of the Committee Foreign Affairs.

CLEMENT J. ZABLOCKI,
Chairman.

INTRODUCTION

The purpose of this book is to provide a comprehensive overview of the current state of research in the field of artificial intelligence. This book is intended for researchers, students, and practitioners who are interested in the latest developments in the field. The book is organized into several chapters, each covering a different aspect of the field. The first chapter provides an overview of the field, while the subsequent chapters delve into more specific topics. The book is written in a clear and concise style, making it accessible to a wide range of readers. The book is a valuable resource for anyone who is interested in the field of artificial intelligence.

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LETTER OF TRANSMITTAL

HON. CLEMENT J. ZABLOCKI,
Chairman, Committee on Foreign Affairs,
U.S. House of Representatives, Washington, D.C.

On October 4, 1978, the Subcommittee on Asian and Pacific Affairs released a Library of Congress study, "The Vietnam-Cambodia Conflict," prepared by Mr. Douglas Pike, Foreign Service Information Officer on detail as scholar in residence at the Foreign Affairs and National Defense Division of the Congressional Research Service.

To provide the Congress and the U.S. public with a greater understanding of recent Vietnamese diplomacy, the subcommittee requested Mr. Pike to prepare the present study on Vietnamese foreign relations from the fall of Saigon (1975) through 1978.

As the subcommittee noted in releasing Mr. Pike's initial study, the conflict between Vietnam and Cambodia was one with "broad ramifications for all of Asia." The events of the past 6 months, in particular the signing of the Soviet-Vietnamese Treaty of Peace and Friendship and the Vietnamese invasion of Kampuchea, have confirmed the accuracy of that assessment. And, as the United States moves to formulate policy in response to developments in Southeast Asia, the subcommittee believes Mr. Pike's study to be particularly timely.

The findings and judgments in this report are those of Mr. Pike and do not necessarily reflect the views of the Library of Congress, the Subcommittee on Asian and Pacific Affairs, or the Committee on Foreign Affairs or its members.

At the same time, the subcommittee wishes to express its gratitude to Mr. Pike for the present study. The subcommittee believes that Mr. Pike's work offers valuable insights for those seeking to understand recent developments in Indochina.

LESTER L. WOLFF,
Chairman, Subcommittee on
Asian and Pacific Affairs.

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SUMMARY

This study is a brief and general review of the experiences of various countries in dealing with Vietnam in recent years, specifically from the end of the Vietnam war in May 1975 to late 1978. It is divided into three parts. The first part provides an overview of post-Vietnam-war Vietnamese foreign relations up to December 1978 (and therefore does not deal either with the Vietnamese full-scale invasion of Cambodia nor the Sino-Vietnamese border conflict). The second part deals with diplomatic and representational activities; that is, the day-to-day intercourse between Vietnam and those nations with diplomatic missions in Hanoi. The third part deals with relations other than diplomatic or political, chiefly economic relations.

In inspecting the diplomatic intercourse between Vietnam and some 82 countries in which formal recognition exists, several general observations suggested themselves. These include:

The central characteristic of Hanoi's foreign policy has moved abruptly from determination to achieve unification of Vietnam which was seen by Hanoi in anticolonial, anti-imperialistic, nationalistic terms, to a bitter internecine struggle among Communist nations of Asia which involves both ideology (orthodox communism versus heterodox communism) and more ancient ethnolinguistic rivalries.

Vietnam's entire external relationship changed as a result of its military success in the south. Victory caused a basic shift in certain of Hanoi's national interests and this has been reflected in foreign affairs. The change is more meaningful to Communist nations than to non-Communist nations.

Recently the relationship of almost every country with Vietnam became more complex. This was because the stakes in the Sino-Soviet dispute in Southeast Asia increased sharply and Vietnam entered (or was drawn into) the regional power struggle to a greater degree than in the past. The regional condition became a giant interrelated circle of entanglements. Vietnam's war with Cambodia and takeover of Laos triggered hostile Chinese behavior, which caused Vietnam and the U.S.S.R. to move closer together, which caused concern and reaction in Japan, Southeast Asia, and the United States. In the flux of those events, various nations perceived both dangers and opportunities and their moves became a feedback into the original narrow trouble (the Vietnam-Cambodia war) as well as the broader issue (the Sino-Soviet dispute).

Not only have the various relationships become more complex, they have become more dynamic. Changing situations mean new estimates for the Governments involved, often followed by new policies. A major example of this is the problem faced by the Association of Southeast Asian Nations (ASEAN) as to whether to take sides or remain aloof in the Vietnam-Cambodia and Vietnam-China quarrels.

For ASEAN nations particularly, the situation has a new—one might even say novel—significance. The issue is war or peace, not ASEAN-Communist state war, but war among Communist nations. However, there can be scant satisfaction drawn by ASEAN leaders in this, for they know that if the Indochina scene continues to deteriorate, instability will increase and spread, affecting relations within ASEAN—and with the ultimate specter of war—not only just in Indochina but throughout the region.

The present Hanoi tilt toward the U.S.S.R. probably was not intended to be a hostile gesture toward any country although it is seen as such by some, particularly by China. Certainly it is a blow to ASEAN nations which had entertained some hope that they might exploit Vietnamese nationalism and creatively lure it into taking a positive role in regional affairs. This condition may be self-correcting in the long run.

The war with Cambodia and the growing Chinese hostility forced Hanoi to reestablish (or preserve) its doctrinaire discipline of the war years, and to retreat somewhat back toward its wartime attitude of isolated defiance of the rest of the world.

OVERVIEW

The character of Vietnam's relations with non-Communist powers must be understood in the context of its predominant concern with regional problems. Vietnam's most important external concern at the moment is the fact of war. It obviously eclipses all other foreign difficulties.

Vietnam, by late 1978, was on the same full wartime footing as in the decade of 1965-75. There was general mobilization, new wartime emulation campaigns to increase production in agriculture and industry, and a massive agitation-propaganda campaign built around patriotic themes.

The war with Cambodia bled and bled and seemed to defy all efforts at resolution, either by military campaign or negotiation.

The specter of war with China, which most observers a year earlier dismissed as remote, became a possibility that daily grew more menacing.

The overriding characteristic of Vietnam's present foreign relations perhaps is the marked and extensive rise in the stakes in the Indochina struggle for power. In part, this is due to the rebirth and growth of narrow nationalism within Indochina. In part, it is due to the fact that the Sino-Soviet dispute has become more central to politics throughout Southeast Asia. The Cambodian war acquired special meaning because of moves by Moscow and Peking. Some observers went so far as to assert that China and the U.S.S.R. were deliberately on a collision course. Vietnam's face-off with China was thrust into the very center of the Sino-Soviet dispute when Hanoi and Moscow signed what the Chinese saw as a military alliance.

There was no reason to believe that Hanoi's top military planners were excessively worried about Vietnam's long-term strategic condition. They had after all, a powerful army, fourth largest in the world, well trained and battle hardened. They had, after November, a mutual security arrangement with the U.S.S.R. which, if nothing else, served as a deterrent against China. And the war with Cambodia, while a serious irritant, was not one which could be lost in the sense that the Cambodians could achieve military victory, outnumbered as they were seven to one and with an even greater imbalance of military strength.

Many official statements about Vietnam's basic strategic position came out of Hanoi during 1978, the most revealing perhaps being a study by the country's top line officer, Gen. Van Tien Dung, writing in the August *Tap Chi Quan Doi Nhan Dan*, the party's theoretical journal for the armed forces and entitled "Defense in a New Era."

General Dung listed what he considered to be the six basic sources of Vietnamese strategic strength. These were set down as already

existing conditions but, in the peculiar semantics of Vietnamese communism, can and should also be read as conditions to be achieved if they do not presently exist. The six sources are:

- (1) The Vietnamese heritage of unity and national spirit;
- (2) The country's socioeconomic system of collectivism;
- (3) A reorganized and technically developed national armed force;
- (4) A leadership experienced in application of Marxist military science (people's war) doctrine to produce a superior strategy;
- (5) A just cause; and
- (6) International support as well as the support of history (i.e., moving in the direction history is taking the world).

Some of the six, General Dung indicated, are existing strengths and would include Nos. 1, 4, and 5. No. 2 was essentially a strength but required additional attention. The remaining Nos. 3 and 6 were conditions not yet sufficiently achieved.

All in all, the Dung list represents an accurate and authoritative perception of Vietnam's situation as seen from Hanoi.

CHINESE BRINKSMANSHIP

Vietnam's troubles with China came on with the suddenness and fury of a tropical typhoon. Hanoi's economic troubleshooter, Nguyen Chanh, arrived in Peking January 2, 1978, for the annual "Goods Exchange and Payments Agreement" negotiations, which was duly signed January 10. Chanh made his usual obligatory visit to the Chungshan Botanical Garden. It was the same agenda followed for 20 years. When the annual Sino-Vietnamese Railway Conference, one of the oldest continuous institutions associating the two countries, met in mid-April, it was, said Radio Hanoi (April 14), in "an atmosphere of fraternal friendship." Foreign Minister Nguyen Duy Trinh the following day told visiting Yugoslav journalists:

The Socialist Republic of Vietnam and the People's Republic of China are two neighbors, two fraternal countries. The close relations between our two countries are like those between lips and teeth. In the past these relations were good. They still are, and will be so in the future.¹

Then the border incidents began. The first of these came in February, but neither side commented officially. A more serious incident came in late March at Highway 4 where it crosses from Vietnam to China.² But there had been border clashes for years in the region and always both sides had not allowed the situation to deteriorate.

It was China that decided to grasp the nettle firmly. After years of steadily worsening relations, it abruptly altered its foreign policy toward Vietnam—"did its *volte face*" as the Vietnamese put it. While the break was sudden, it was not entirely unexpected.

The Chinese said subsequently that Sino-Vietnamese estrangement started with the death of Ho Ci Minh when the Vietnamese Politburo began tilting toward Moscow. As evidence, Peking cited discrimination against ethnic Chinese in the Vietnamese Communist Party,

¹ VNA, Apr. 15, 1978.

² Subsequent reports by Swedish radio and others said that 30 persons were killed in the clash which involved the use of tanks on both sides and lasted nearly 2 days.

refusing them higher echelon cadre jobs and generally treating them like "bees up one's sleeve." It interpreted the early unification of North and South Vietnam as a move to shut Chinese presence out of Vietnam. Other grievances listed were the confiscation and nationalization of ethnic Chinese property in South Vietnam; elimination of "pro-Chinese" officials in the SRV government; making ethnic Chinese Vietnam's scapegoat for economic ills; a series of provocative gestures involving flags and maps and other symbols, so important in Asia; and use of hostile or at least snide rhetoric in references to China by the Hanoi press.

It was no single act by Vietnam which triggered the sharp Chinese change of policy. There were longstanding grievances and there were recent events and developments. The Cambodia-Vietnam war was seen as an effort by Vietnam to establish regional hegemony. Vietnam's ever-increasing intimacy with the U.S.S.R. smacked of collusion, a conspiracy by Moscow and Vietnam as a surrogate force, to shut China out of Southeast Asia. Overseas Chinese in Vietnam were being mistreated embarrassing China at a time when she was attempting to attract overseas Chinese throughout Southeast Asia to come to China on short-term contract work. Hanoi was behind certain anti-Chinese moves by Laos. Finally the Vietnamese were behaving in an ideologically improper manner.

All these conditions had existed to some extent for years, but what was ominous was their cumulative effect. Apparently it was the trend that bothered China—the trend of encirclement by her enemies. China decided the time had come to end its famous "lip and teeth relationship" with Vietnam.

April 1978 was the cruel month of decision. Deputy Foreign Minister Phan Hien went to Peking in mid-April to deal with a problem in which he is a specialist, border disputes, probably in response to the border trouble earlier in the year. Also, the Vietnamese may have gotten wind of Peking's decision to reduce or eliminate economic assistance to Vietnam, a decision apparently taken in early April. Aid was reduced by about half in late April or early May, then eliminated entirely in June. Actually there had been a steady drop in assistance for several years.

Chou En-lai in early 1973 promised Vietnam 5 years of economic aid at the 1973 level. In 1975 China ended its nonreimbursable loan (i.e., gift aid) arrangement and began regarding assistance as a repayable debt. At the same time, China ended military aid. Technically, China had met its original aid obligation and was free to halt assistance in mid-1978, having given Vietnam, it said, \$10 billion in 20 years. The cutoff was announced June 9, and China ordered home some 1,000 technicians and construction supervisors from 20 major aid projects.

Sino-Vietnamese disorders developed about the same time—at the Hanoi railway station, in Cholon, and at the ironically named Friendship Pass, main gateway between China and Vietnam. By late 1978, border incidents were running at the rate of several a week.

On June 19, China ordered the closing of the four Vietnamese consulates in China (Canton, Kuming, Nanning, and Kwangchow) which had been in operation since 1956.

The most intractable problem between the two countries involves the ethnic Chinese in Vietnam, what Hanoi calls the *hoa chiao* or *hoa* people.³ Difficulties involving them were longstanding, but came to a head early in the year with the nationalization of domestic trade in Vietnam.

During the Vietnam war, most ethnic Chinese in South Vietnam attempted to remain inconspicuous in the intra-Vietnamese struggle but clearly realized that their fortunes rested with the Saigon Government. After the Vietnamese Communists captured the South, most Chinese there attempted to adjust to the situation.

A significant exodus began in late 1977 with the economic crack-down, and by the end of the year, some 15,000 had left. In early 1978, the rate increased slowly, then after the March 24 "economic coup d'etat," became a flood. On the surface it was what the regime said it was—a further turn of the economic screws in the anticapitalism campaign in the south. But its implementation could not be separated from anti-Chinese racism. It may also have been intended as a warning to Peking not to act in an unfriendly manner toward Vietnam. The Cholon raids on March 24 made use of PAVN troops who were not always gentle with the Chinese. Some 30,000 Chinese families lost their businesses that night. Within a week some 50,000 Chinese had been dispatched to the new economic zone. Regulations published at the same time forbade Chinese to practice certain professions (such as teaching) and other occupations (such as fishermen, foresters, radio repairmen, busdrivers, typists, photocopiers, or printers).⁴

Somewhat unexpected was the reaction of Chinese in the North. Foreign Ministry official Xuan Thuy in a May 4 interview with VNA introduced the subject. On May 18 he told Peking newsmen that Chinese were free to leave Vietnam. "If anyone wants to return to China he has only to make an open request." The following day there were long lines outside the Chinese Embassy in Hanoi, ethnic Chinese seeking visas for China. There were disorders, followed by clashes with police.

The exodus from the North began to increase sharply. In May it was running at about 2,500 a week and by August, at double this rate. The alarmed Chinese closed the border, although blaming the halt on the Vietnamese. Even so, by December an estimated 175,000 ethnic Chinese had left Vietnam, most of them for China, although some by boat to Southeast Asia. About 75 percent of those departing were from the North.

Late in the year, reports of trouble between China and Vietnam grew steadily more ominous. Border clashes continued and various military strategic moves were reported. A Soviet airlift of arms pumped weapons and other military supplies into Vietnam. There were additional shipments of Soviet-built Mig-23 fighter planes, some of which Vietnam positioned closer to the China border than ever before. The Chinese replied by installing additional missile batteries along the border.

³ The exact number of ethnic Chinese in Vietnam is in dispute. China said it was 2 million, Le Thanh Nghi in an interview said 1 million. At the time of the fall of South Vietnam there were about 800,000 ethnic Chinese in Cholon alone. In addition there were about 50,000 in Cambodia. The overseas Chinese population in Southeast Asia is about 20 million.

⁴ Vietnam News, vol. 1, No. 3, November-December 1977.

A culmination of sorts was reached early in 1979, in the month-long Chinese incursion into Vietnam. Although analysis of this action and its subsequent effects on Vietnamese and regional foreign relations are beyond the scope of this paper (the bulk of which was written in late 1978), two points can be made in passing with respect to the incursion. First, it was the logical, even inevitable, culmination of the 8-year deterioration of Sino-Vietnamese relations. Second, the incursion was singularly inconclusive; most wars, even short and small ones, usually settle some of the contending issues or at least clear the air between the two sides, but this did not happen in the February-March 1979 Sino-Vietnamese border war. Thus, virtually nothing was changed in the relationship and problems remained afterward approximately what they had been before.

SOVIET ALLIANCE

Hanoi-Moscow postwar relations have improved steadily both rhetorically and institutionally. The two recent major official acts were Socialist Republic of Vietnam admission into Comecon in August 1978 and the signing of the U.S.S.R.-Socialist Republic of Vietnam Treaty of Friendship and Cooperation in November 1978.

Although the direction of the relationship is apparent, the forces behind it are not. One interpretation is that the new close relationship is the result of Moscow's insistence. According to this thesis, the U.S.S.R. wants to bind Vietnam in alliance to assure getting value received from economic aid being granted; that it regards Vietnam as a strategically located ally on China's southern flank; and it wants to make Vietnam strong both economically and militarily, and then integrate it into the Soviet sphere economically and strategically. The alternate explanation is that the initiative for a closer relationship came from Vietnam, frightened by Chinese brinksmanship and driven to extract even more economic aid from Moscow. Vietnam did gain some economic advantage in joining Comecon. The Socialist group agreed to take over certain abandoned Chinese aid projects, and granted Vietnam a preferential exchange rate which in effect was a subsidy for Vietnam's foreign trade.

At least some of the members of the Socialist world were cool to the new Moscow-Hanoi romance. Hungary demurred in the Comecon membership and Romania took strong exception to a treaty pledging Moscow support for Vietnam in the event of a war, presumably with China.

The treaty was the first such signed by the two nations. In addition to the friendship and cooperation treaty, five other agreements were signed, dealing with defense, economic aid, science, technology, and cultural exchange. The signing came November 3, 1978, by Party Secretary Le Duan and Premier Pham Van Dong for Vietnam and by President Leonid Brezhnev and Premier Alexei Kosygin for the U.S.S.R.

Exactly what the U.S.S.R. committed itself to under the treaty was not at all clear. The operative clause, with respect to security guarantees, was article 6 which read:

In case either party is attacked or threatened with attack the two parties signatory to the treaty shall immediately consult each other with a view to eliminating the threat, and shall take appropriate and effective measures to safeguard peace and the security of the two countries. * * *⁵

Moscow spokesman stated that the treaty threatens no one, is similar to those signed with non-Communist nations such as Finland, Iraq, and Ethiopia, as well as those treaties with Warsaw Pact nations. The language of the treaty with India (and the unspoken reference to Pakistan) is the same as in the Vietnamese treaty.

Reaction to the signing in Asia was strong and hostile. The PRC of course saw it as a direct threat, termed it an out-and-out military alliance aimed at serving the U.S.S.R.'s hegemonistic dreams in Southeast Asia and the Vietnamese goal of a Federation of Indochina. In signing, said Peking, Vietnam became the tool of big-power hegemonists, became the Cuba of the East.⁶ The treaty also drew strong response in Tokyo where the Japanese saw it as a move by the U.S.S.R. to increase its influence in Southeast Asia at Japan's expense and as a sharp blow to the Japanese foreign policy goal of a nonaligned Southeast Asia.⁷

The new relationship has begun to pay off for the Vietnamese in terms of military aid. A monthlong airlift in arms in November 1978 built up the Vietnamese Air Force. More Mig-23 fighter planes were delivered. There were reports of new U.S.S.R. missile installations at Hon Gai and elsewhere in the China border area. During the Sino-Vietnamese border war the U.S.S.R. supplied Vietnam with various critically needed military items which were not too bulky to move by air.

In the past 3 years, Vietnam grew increasingly dependent on the U.S.S.R., a trend accelerated by Chinese moves. Hanoi relies totally on Moscow for military hardware, there being no arms factories in Vietnam. And it has become ever more deeply dependent on Moscow for its most fundamental need of all, food. Vietnam's grain shortfall, by her own admission, ranges from 20 percent to 40 percent annually depending on the weather and other agricultural vagaries. This food deficit previously was made up by China, but that source was cut off in early 1978. Eventually, Vietnam may become self-sufficient in food production, but not for several years, and in the meantime remains highly dependent on the U.S.S.R. To what extent Moscow will exploit this vulnerability is uncertain, but it seems clear that for the foreseeable future what Moscow demands, Vietnam must grant. This would include Soviet naval, air, and military bases in Vietnam (although probably not on an extraterritorial basis).

⁵ Treaty text was broadcast by Hanoi VNA in English Nov. 3, 1978.

⁶ Peking dispatched a high level delegation, including military figures, on a mission to Cambodia 2 days after the signing.)

⁷ Some critics of the Government in Japan suggested that the treaty was a U.S.S.R. reaction to the signing earlier in the year of the People's Republic of China-Japan treaty.

REGIONAL RELATIONS

Vietnam has now moved from cautious wooing of ASEAN members to more or less outright solicitation; however, under changed circumstances. The same is essentially true with Vietnamese-Japanese and Vietnamese-American relations. Both conditions and prospects have changed markedly recently.

The central fact of regional relations to emerge is the growing U.S.S.R.-People's Republic of China rivalry with ever more one-sided Vietnamese involvement. Moscow sees China attempting to shut it out of the region, Peking sees the U.S.S.R. attempting to encircle it. The U.S.S.R. has responded to Peking's moves by pursuing unilateral arrangements, either alliances or something less. The People's Republic of China pursues the strategy of forging an anti-Moscow united front throughout Asia.

Vietnamese missions to Southeast Asia were virtually nonstop after midyear. From official statements, final communiques, and other pronouncements, Hanoi's purposes and goals in this effort became relatively clear. They were fourfold. First and primarily, the purpose was courtship, to improve the spirit of the relationship or at the very least to prevent a deterioration. The effort was thus, communicational. Second, to press in a low key an anti-Chinese theme, sometimes but not always accompanied by a corresponding pro-U.S.S.R. theme. Third, to solicit aid and trade. And fourth, in a few instances, to deal with specific issues, such as boundary lines with Indonesia or interned fishermen with Thailand.

Hanoi in these statements said it was willing to "cooperate with ASEAN," something never before explicitly stated. It also embraced more fully the idea of ASEAN as a neutral zone, but this gesture took on a new, essentially anti-Chinese, meaning.⁸ China asserted that the U.S.S.R. was pressing Vietnam to join ASEAN (at least in observer status) to further U.S.S.R. interests and eventually to destroy ASEAN.

Whatever Hanoi's exact motives, it is clear to the ASEAN nations that their organization has become rather deeply involved in a power struggle that has meaning far beyond the ASEAN-Socialist Republic of Vietnam relationship. It also seems apparent that until Vietnam's preoccupation with more immediate external problems, in Cambodia and with China, is ended, it is unlikely that there will be much development or change in Socialist Republic of Vietnam-ASEAN relations.

In some ways the new condition is of benefit to the smaller nations of the region. Premier Pham Van Dong went to Bangkok and promised not to support Thai insurgents,⁹ something which could hardly have been envisioned a year earlier. Reportedly, Vietnam wanted a treaty of friendship with Thailand but could not persuade the Bangkok Government. The Thais quite obviously sense a momentary advantage over the Socialist Republic of Vietnam and are exploiting it. They are, for instance, pressing Vietnam to repatriate Vietnamese who have been living in Thailand since the Viet Minh war.

⁸ The old semantically rooted issue of freedom versus independence continues to plague Hanoi-ASEAN relations. The ASEAN nations stand for freedom as does China. Vietnam (and the U.S.S.R.) insist that ASEAN nations must become "independent"; that is, free of their interdependent relationship with capitalist nations. Freedom in this context has overtones of anticommunism, but now independence also conveys, in this context, an anti-Chinese sentiment.

⁹ The final communique, signed Sept. 9, 1978, said that both sides promised not to engage in direct or indirect subversion, and also to refrain from the use of force or threat of force against the other.

Japanese-Vietnamese relations continue to be dominated by economic interests. In August 1978, Japan approved a \$450 million Bank of Tokyo loan to Vietnam, and also was involved in some World Bank loans. Japan quietly held up economic aid to Vietnam after the full-scale Vietnamese invasion of Cambodia in mid-December 1978 but reports from Tokyo in April 1979 said it was about to be resumed, also quietly. Japan, in this case, was caught between its interests in China and its interests in Vietnam.

American-Vietnamese officials met during the year, in Paris and in New York, on the question of normalization of relations. Vietnam softened, but apparently did not entirely abandon, its position that war reparations must accompany or follow an exchange of embassies. Increasingly, the China connection tended to influence American thinking on the question of establishing diplomatic relations with Vietnam as did the exodus of refugees, the war with Cambodia, and human rights violations. As this was being written, Vietnam's precise attitude toward normalization of relations with the United States was not at all clear. Hanoi was of course momentarily preoccupied with more important matters, two wars. Signals to the United States were minimal. Some observers professed to see signs that Vietnam had become fully forthcoming and cooperative in attempting to normalize relations with the United States, while other equally astute observers saw what few moves were being made as suggesting much but actually changing nothing. The prospect remains that eventually the two countries will establish diplomatic relations, but the timing remains uncertain.

DIPLOMATIC RELATIONS

DIPLOMATIC CONTEXT

Vietnam's internal condition and its various domestic policies are, as in all countries, the context in which diplomatic relations are practiced. While detailed discussion of these is beyond the scope of this paper, some note must be taken of this context.

At the end of the war, Vietnam faced the basic question of whether it wanted to begin full-scale rehabilitation of its economy (and, if so, whether to put that goal ahead of all others) or whether it wanted to press rapid unification with the south and amalgamation of the two differing systems with all the attendant social and political frictions inherent in such a process. It said it wanted to do the first—put economics in command—but actually it did the second.

During those first postwar years, two factors—economic need influenced by ideology and foreign relations conditioned by economics—combined to create a highly ambiguous scene. Vietnam was unbending in its economic takeover of the South and in its determination to emasculate all vestiges of even the social influences of capitalism. Yet it welcomed foreign bankers to Hanoi for consultations, hinted that it planned to accept massive amounts of foreign investment and enticingly held out the promise of millions to be made in oil exploitation. But socioeconomic decisions, in the North and well as in the South belied this economic openness. Abroad, Vietnam made universal calls for diplomatic détente, yet rattled the sabre at Thailand when it extended the hand of friendship. Smiling diplomacy in Southeast Asia was punctuated by insulting behavior, as at the 1976 Nonaligned Nations Conference in Sri Lanka. Hanoi called for a “mutual special relationship” with Laos and Cambodia, but kept 30,000 troops stationed in Laos after the end of the war and embarked on an ambitious effort to manipulate the Khmer Rouge, through one of its major factions, resulting in the destruction of that faction and the emergence of a ruling group in Cambodia with an implacable hatred for Vietnam.¹

The internal decision to absorb the south quickly had, first, high cost in terms of economic development and then a secondary external effect, the abandonment of Hanoi's longstanding position of man-in-the-middle (or good offices) in the Sino-Soviet dispute. This, plus emasculation of the southern system (with so many ethnic Chinese involved) and intrusiveness in Cambodia, combined to alienate China. The original internal decision was taken in the economic sector, basically for ideological reasons. It resulted in a chain reaction that ended in a new external relationship made mandatory by economic need and not entirely in Vietnam's interest.

¹ Simon, Sheldon W., *New Conflict in Indochina*, “Problems of Communism,” September–October 1978.

Some would argue that Vietnam actually had little choice in the matter, that the cold shoulder treatment given it by most of the world forced it to go it alone, in becoming self-sufficient quickly, and that when this failed, and as economic trouble piled on economic trouble, it was thrown into the arms of Moscow.

In any event it seems clear that the cornerstone of Vietnamese external relations—its famed assertion of “independence”—has been abandoned at least temporarily. How much actually has changed remains debatable. Is Vietnam now firmly in the U.S.S.R. camp? If so, how permanent is the arrangement?

The Vietnamese closeness to the U.S.S.R. may prove neither truly intimate nor durable. Soon (or eventually) Vietnam may decide to get on with the business of economic development and meet the necessary requirement of getting along with all its neighbors. It may be as P. J. Honey, Britain's famed Hanoi watcher, has noted, Hanoi's leaders will find themselves “constrained by circumstances which they cannot alter to behave toward other states in a fashion they would not always wish to, to make public pronouncements they would prefer to leave unsaid and generally to comport themselves in ways not entirely to their liking. This is part of the business of administering an independent country in a world of heterogeneous blocs, alliances and states, each of which must, whether it likes it or not, modify the things it does and says so in order to comply to a greater or lesser extent with the requirements of others.”²

What makes these present rulers different from other rulers, however, almost a difference in kind, is a paranoid-like suspicion of the motives of others and in how to deal with them. In part, this is due to their Vietnamese heritage of centuries of betrayal, and in part to their being conditioned by years, decades even, of warfare. But it is not to anyone's interest, in or out of Vietnam. Perhaps no real improvement can come until the scythe of time cuts down the older leaders and a generational transfer of power takes place. However the rest of the world has certain tasks in overcoming the neurotic suspicions of Vietnam's leaders.

THE HANOI AMBIENCE

The environment of Vietnam has a strong and sometime peculiar effect on outsiders stationed there or those who come there to do business. A full explanation of this probably would test the powers of a skilled social psychologist.

Diplomats in Hanoi find their surroundings extremely trying. A *Der Spiegel* editor³ who spent some time with the diplomatic missions earlier in the year concluded:

For ambassadors from Western countries Hanoi is simply a place of exile, “the lousiest post there is in the entire foreign service” as one diplomat, whom we understandably quote only anonymously, expressed in rather undiplomatic language.

² China News Analysis, Hong Kong, Sept. 15, 1978, in an article, “Vietnam's Dispute with China: Its Causes and Effects.”

³ “Waiting for the Fruits of Victory,” by Siegfried Kogelfranz; Hamburg, *Der Spiegel*, Feb. 6 and 13, 1978.

He visited the West German Embassy in the Reunification Hotel (formerly the Metropole) in downtown Hanoi and his account is quoted here at some length because of its qualities of provocative interest:

Anyone going to call on the Ambassador from Bonn had better drop all notions usually connected with such a visit in other regions. The Embassy is on the ground floor at the end of a dark corridor in the Thong Nhat; on the other side of the corridor a barber is busy snipping at someone's hair.

The Chancellery consists of one room, about 25 square meters. This is the working space for the Ambassador, the Chancellor, the registrar, a lady secretary and a Vietnamese interpreter.

Until recently, not all of these people had private lodgings. The registrar had to camp either in the outer room of the Ambassador, who has two private rooms on the second floor, or on a folding bed in the one-room place of the chancellor. Beginning of this year, the Germans could finally get another room at the place of a Dutch colleague.

The toilet plumbings date back to the turn of the century and they look just as something would look after about eight decades in the tropics.

Rats emerge from its pipes. The rats provide a constant topic of conversation among the diplomats living in the Thong Nhat. Recently, one of the rats jumped out of the Chancellor's desk drawer into which it had been lured, at an unobserved moment, by the cough drops kept there. This rat was later killed in a trap, for which purpose the team had to sacrifice a piece of valuable cheese.

Because the state of provisioning corresponds with the state of the housing, in the restaurant that belongs to the establishment, beer and vodka are warm, and the only thing that is cold is the soup. Meat is served only on rare occasions, the daily meals consist of eggs, potatoes and fruit.

Thus, one feeds from cans, warmed up on electric heaters in the rooms. This is also the way guests are entertained—and also with Loewenbrau, imported in cans via Hongkong and Canton, and 3 marks more by the time it arrives.

The daily routine work does not render the stay more interesting. Contacts with Vietnamese are almost nonexistent. Officially, a contact person is provided in the foreign ministry, but this person is sometimes abruptly replaced without any notification to the diplomats. Private contacts are deemed undesirable. If it happens that a native, perhaps at a reception, smiles at a foreigner one time too often, he may not be seen anymore the next day—especially if it is a female native.

There are no newspapers from abroad. No publication from any Western country is available to Vietnam. Western broadcasts can be heard only in fragments. Telegrams will also not do; all diplomatic telegrams are transmitted through the post office (70 pfennigs per word via Peking, DM 2.50 to Europe direct).

The diplomats are not allowed to leave Hanoi without prior permission. They have therefore no problem with the gasoline ration of 50 liters per month. Very often, short distances are anyhow covered by pedalling along on the office bicycle.

All these are conditions that make German diplomats hesitate to expect their family members to share the life of a diplomat in Hanoi. "It is simply unimaginable if somebody would fall seriously ill here," said one member of the Embassy staff. With one exception of the Ambassador, the staff are being replaced annually.⁴

A peculiar condition also applied to the business community. Visitors return from Hanoi proclaiming the Socialist Republic of Vietnam's willingness, eagerness even, to traffic with the outside world. They want aid at almost any price. They want lots of visitors. They are willing to grant generous trade terms. They promise to be reasonable and forthcoming toward virtually any sort of venture the outsider has in mind. Such is the message borne by the traveler arriving home in Tokyo, Paris, or New York. The bearer usually is sincere and genuinely believes his message is real and important.

⁴ Ibid.

Interviews with businessmen who have explored this process suggest that typically months pass and nothing much happens. Doubt begins to enter. Blueprints get dusty. Requests for visas go unanswered. Promised additional information does not arrive. The prospect of early and ambitious undertakings becomes uncertain, then hope fades. The visitor at first is puzzled, then disillusioned, sometimes bitter. In some instances the situation can be traced to specific causes, but in an equal number of cases the reason remains enigmatic. The Vietnamese offer no explanation.

Blame for the failure of the encounter generally falls equally on both parties. The visitor commonly misreads Vietnamese attitudes and anticipated state policies. He does this in large measure because he is in an alien environment where few familiar landmarks exist to guide him. Sometimes such errors are compounded by Vietnamese hosts, who out of hospitality or desire to please may allow the visitor to come to some unwarranted conclusion or may indicate agreement when there is none.

The Vietnamese, or at least their system, are also to blame. The visitor is restricted to dealing with people who have little authority to make commitments, who very often are not even sure what is official policy on matters of interest to the visitor.

The outsider also finds an impenetrable barrier maintained between him and higher level officialdom, particularly at the Politburo level. All major decisions in Vietnam, even many small ones, are made by the 17 men of the Politburo, a concentration of power that exists in few other countries. But these men are old, suspicious of outsiders and, in any event, working under an operational code that prohibits unilateral bargaining or even dealing with foreigners on a one-to-one basis.

In the rare instance when a visitor manages to get to a figure of power, such as Prime Minister Pham Van Dong, he finds his encounter highly ritualistic, with minimal substantive meaning. Replies to his questions are abstract generalizations, rote answers heard by visitor after visitor even when the questions are different. His efforts to probe or bargain are simply ignored. It is not the Vietnamese way. People like Pham Van Dong do not engage in impromptu negotiation with foreigners.

Those who have worked in Hanoi counsel every visitor to do two things: First, to guard against high expectations; second, when in Hanoi, to remember that one is dealing not with people but with a system. This is difficult, for appearances can deceive. Surrounded by people who generally are helpful, it is easy to believe that to succeed one need only to get to the right people. But in this sense there are no "right people." There is only the system. To enter Vietnam, a visitor must fill out 14 separate application forms and supply 16 photographs for nine different governmental agencies. Such a demand is a product not of people but of a system. It is the system which determines whether anything will come of the visit, which throws up the barricades and provides the inertia, which victimizes Vietnamese and foreigner alike, which in the end doles out the successes and failures.

This is not to say the system cannot be dealt with, and sometimes with success, but that it is a slow-moving process requiring, first, an awareness of what needs to be done, and then, application of necessary knowledge and skills.

ECONOMIC RELATIONS

The experiences of outsiders in economic dealings with Vietnam during the past 3 years—primarily involving governmental aid and private foreign trade—have been far less successful than expected by many but not as disastrous as predicted by a few. Outside economic observers of the Vietnamese scene tend to fall into either extreme—"bear" or extreme "bull" categories—with the result that the predictions and anticipations of both prove somewhat unreliable.

By way of overview, Vietnam's general economic condition beginning with the end of the war in May 1975 improved for about 1½ years, then flattened out, and then began to decline. It is now (December 1978) in a condition of considerable malaise.¹

The reasons for this are manifold, and not entirely clear. What is clear, however, is that the largely agrarian Vietnamese economy, in the past 6 months has entered an extremely precarious economic situation. More than one observer has noted that if Vietnam were a private corporation it would now be in bankruptcy court.

ECONOMIC AID

Vietnam cannot survive without massive doses of foreign aid.² This comes largely from Communist nations. The U.S.S.R. has pumped billions of dollars into Hanoi in the past 20 years; China, somewhat less, about equal to that from East Europe.

The original estimate of Communist-nation aid to Vietnam for its present 5-year plan (1976–80) was about \$6 billion. Of this, about \$2.6 was to come from the U.S.S.R., about \$1.9 billion from China, and the rest from East Europe. (The Chinese before the cutoff in aid in mid-1978, had delivered an estimated \$800 million.) Most aid is in the form of credits for the purchase of plant equipment, raw materials, and technology. In addition, all these countries provided Vietnam with commodity aid, chiefly food, which is carried on the books as trade rather than aid (but which in reality amounts to a grant since it is unlikely the money will ever be repaid).

This aid is designed to serve the basic thrust of Vietnam's economic development which, under the 5-year plan, is to concentrate on the agricultural sector, broadly defined to include industrial support of agriculture.³

¹ The serious economic situation was admitted and discussed with some candor by Premier Pham Van Dong in an interview with an Indonesian journalist, appearing in the Jakarta newspaper, Merdeka, Dec. 12, 1978, and reported by AFP the same date. The Prime Minister said economic troubles were due to the halt in Chinese economic aid and to recent flooding which destroyed much of the rice crop.

² Thayer, Carlyle A. "Dilemmas of Development in Vietnam," *Current History*, December 1978.

³ Official economic targets announced in January 1978 were the following (expressed in percentage increases over 1977): National income, 16 percent; industrial output, 20 percent; construction, 43 percent; and exports, 55 percent.

Vietnam hopes to increase its agricultural output to the point where it becomes a major exporter of food and agricultural products for use in industry. The first target, fixed for the end of the current plan, is self-sufficiency in food production. Then, beginning in 1980, Vietnam plans to expand agricultural production and begin significant exports. Such has been the goal since late 1975, but the prospect of meeting this timetable—self-sufficiency by 1980—diminishes with the passing of each day. Even to predict that Vietnam will be self-sufficient in food production by the end of its next plan (1985) would seem optimistic.

The most crucial area of foreign aid obviously is food. Total food aid assistance has ranged, depending on local harvests, from 500,000 metric tons of rice per year to as high (the estimate for this year) as 2 million metric tons.⁴ Previously most of this came from China. As far as shipment of food is concerned, Vietnam's aid dependency has passed at least for the moment from substantial to extreme. The plain fact is that without extensive input of food for the next year or so, Vietnam will starve.

FOREIGN TRADE

The postwar upward and then downward curve in Vietnam's economic expectations also was followed by foreign trade. The high point apparently was in early 1977. At that time there was great commercial activity (or at least motion) involving Hanoi officials and visiting businessmen and prospective investors from abroad. Japanese businessmen were a common sight, filling the hotels and fanning out over the countryside. Traders from France and other West European countries, representing oil interests, manufacturing firms, and banks, came and went, each hinting that ambitious business ventures were underway.

Official pronouncements indicated that Vietnam would seek aid from capitalist countries and in fact would be willing to borrow money if acceptable credit arrangements could be made. Chief needs, it was said, included construction equipment and materials such as steel, cement, and lumber; also cranes and earth-moving equipment; transportation and communication systems and equipment; agricultural technology and means of mechanizing agriculture; oil exploitation and mineral extractive equipment and technical assistance; plus whatever gratis aid projects involving consumer goods or humanitarian might be garnered.

Vietnam claimed that it could offer, by way of trade (now or available shortly): coal, phosphates, gold, tungsten, manganese and other metals and minerals, and (eventually) oil; industrial crops (kenaf, ramie, rubber, and seagrass matting); silk, rattan and bamboo furniture, fish and seafood (chiefly shrimp and lobster), and citrus fruits; art objects; lumber and plywood and wooden goods; textiles; duck feathers; handicraft objects; plus a whole range of agriculture products such as coffee, tea, sesame, peanuts, beans, cinnamon, manioc, onions, and garlic.

A foreign-investment code was promulgated April 18, 1977, which provides for three ownership/management arrangements for foreign

⁴ "Three Years of Postwar Achievements" Vietnam News Agency (Hanoi), Aug. 14, 1978

firms, either outright ownership, joint ownership with the Vietnamese Government, or foreign investment in a Vietnamese firm and receiving a percentage of the production output. Exactly how forthcoming is the code, or what exactly are its guarantees against expropriation is debated by foreign businessmen in Hong Kong and elsewhere.⁵

All these developments added up to the prospect of a bright future in trade. One of the respected observers of Vietnam's economic scene, Louis E. Saubolle of the Bank of America's office in Hong Kong described the postwar development of Vietnamese trade relations with Hong Kong as "phenomenal" and added:

Vietnam's * * * trade relations with the West are developing at a faster pace than at any time in the previous decade. * * * Indeed relations with the United States are in such a state of flux that some aspects of this article may be outdated by the time it comes off the press.⁶

Such was the view held by most observers. But then, in what at first were subtle and inexplicable ways, the brightness began to dim. Vietnam entered a time of troubles, internally, externally, psychologically. A general downturn, in and out of the society, was reflected in trade prospects in a dozen ways. The message on the billboard outside the Hanoi airport—"All For Development"—remained, but the lettering faded. Intentions were preserved but increasingly were not translated into actions, deeds, or policies. The rate of increase in foreign trade began to flatten out. Trade in 1976 increased by 70 percent over 1975. Trade in 1977 increased by only 42 percent over 1976.⁷ Preliminary estimates for 1978 indicate little increase during the year, possibly a decrease.⁸

In any event, the trade deficit—always bad—has worsened recently. Imports to Vietnam during 1978 are estimated at about \$1.6 billion versus exports of about \$325 million (the latter being a generous estimate) gives Vietnam one of the worst trade deficits of any country.

Vietnam's import needs are expected to reach \$1.8 billion by 1980 and probably \$2.5 billion by 1983. A sober World Bank study in late 1977 said it was doubtful if Vietnam in the foreseeable future could increase its exports enough to offset the massive imports it requires or meet the large foreign loans now outstanding. Vietnam now is being carried economically by the Communist world, chiefly by the U.S.S.R., and all indications are that this situation will continue.

In what some have seen as a desperate act of capitulation, Vietnam in July 1978 joined the Council of Mutual Economic Assistance (CEMA or COMECON), the Moscow-dominated Socialist world economic institution.

Vietnam's relations with international organizations are beyond the scope of this paper. For a study of this subject see "International

⁵ Various drafts of the code have appeared in print in the United States. See the *Asian Wall Street Journal* Mar. 4, 1977, and Bank of America version published by its branch in Hong Kong (April 1977). For discussion of the code see *Asian Finance*, Feb. 15, 1977; *Euromoney*, July 1977; and *Far East Economic Review*, May 13, 1977.

⁶ "Vietnam: The New Trade Challenge" by Louis E. Saubolle, in *Amcham*, journal of the American Chamber of Commerce in Hong Kong, May 1977.

⁷ Cited by Vice Premier Le Thanh Nghi in observing the 20th anniversary of the establishment of the country's foreign trade sector and reported in *Nhan Dan*, Apr. 30, 1978.

⁸ This is based on *Far Eastern Economic Review* material published in 1978. Also, the *Indochina Spotlight*, a monthly economic newsletter published by Bank of America's Asia representative office in Hong Kong.

Organization Funds Available in 1978 To the Socialist Republic of Vietnam" by Jonathan E. Sanford and Marjorie Ann Browne, U.S. Library of Congress, CRS/FAND, August 17, 1978.

France has made a determined effort to maintain her economic influence in Indochina. Her record probably is better than any other outsider. Less successful have been French efforts to protect the \$300 million investment in South Vietnam, much of which—principally rubber plantations and the larger industrial plants—have been lost to nationalization. In postwar years, however, French commercial efforts in the northern part of the country steadily increased, at least until mid-1977. French companies were involved in projects at the Thai Nguyen steel mill, dockyards in Haiphong, and a Renault truck assembly plant. The French built a bicycle factory, a chemical plant, a wool carpet mill, expanded the Ha Tinh cement factory, gave Vietnam five large fishing trawlers, and provided considerable commodity aid (chiefly chemical fertilizer and food). In the past 5 years, France has granted Vietnam some \$500 million in economic aid, most of it in the form of Government loans (or private credits guaranteed by the Government). French tourists are the most numerous of all foreign visitors.

Vietnam's troubles with China have been viewed by some European businessmen as an opportunity. Umberto Dragone, head of the Italian League of Cooperatives trade mission to Vietnam, was quoted in a Rome newspaper as saying, "With China out, we're in." He said plans were underway for several ventures in Vietnam including sugar refineries, slaughterhouses, pasta factories, and fruit canneries. Later, he expects contracts for construction of prefabricated housing, schools, and hospitals. These commercial arrangements he said were the result of careful political maneuverings. Italy, Dragone said, will now "reap the fruits of years of efforts to achieve political solidarity." Clearly he believes that trade follows the ideological banner.⁹

India in the past year has become Vietnam's fastest rising aid and trade partner. The two countries signed five separate 3-year agreements of cooperation in February 1978, following a 10-day visit to India by Premier Pham Van Dong.

The trade and economic agreement provides for most-favored-nation status. India agreed to give or loan Vietnam 370,000 metric tons of wheat and about \$50 million in credit for the purchase of goods in India, including railroad rolling stock (about 2,000 engines and cars). India offered for trade: Iron and steel products, electrical equipment, agricultural machinery and pharmaceuticals; Vietnam listed as available commodities: Rice, apatite, and tung oil. The science and technology agreement calls for Indian technicians to train Vietnamese and to work in Vietnam sharing technological know-how, including nuclear energy technology.¹⁰ The banking and credit agreement deals with fiscal transfers and credit arrangements, and calls for all exchanges to be in convertible currencies. The agricultural research

⁹ L'Espresso of Rome, July 16, 1978.

¹⁰ Exactly what nuclear energy technical aid India is to provide is not clear. The Vietnamese say they plan to bring the Dalat nuclear research reactor back into operation with technical assistance from India. The reactor, given South Vietnam by the United States, was deactivated in early 1975 when the United States removed its fuel elements. Vietnam says its long-term objective is to develop the capability of generating atomic-powered electricity.

agreement calls for India to help Vietnam develop its agricultural technology, particularly rice production and animal husbandry (chiefly at the Lai Khe research station to which India has sent some 500 buffalo). The fifth agreement was a cultural exchange agreement. The package was the largest aid agreement India ever signed with a single country and was Vietnam's third largest postwar agreement with a non-Communist country (after Japan and France).

Late in 1978, Vietnam began sounding out India about replacing the aid and technical personnel being withdrawn by China. Press reports said New Delhi agreed to pick up some or all of the 21 projects abandoned by China.¹¹

Japan has the lead in trading with Vietnam and its businessmen continue to search for ways to consolidate their position. The steel and textile sectors are particularly active. Japan provides Vietnam with about \$50 million a year in aid. The Socialist Republic of Vietnam's Foreign Minister Nguyen Duy Trinh arrived in Tokyo in late December 1978 for foreign policy and trade and aid talks. Results of this meeting were held in abeyance after Vietnam's invasion of Cambodia and future economic relations remained in doubt as this was written.

Bai Bong, a wood and pulp and paper mill project north of Hanoi appears to be the major foreign economic aid horror story. This ill-fated Swedish venture has been one long string of mutual misunderstandings, technical difficulties, and the inability of Vietnam to meet deadlines and schedules. Cost overruns doubled and then tripled. The project from the start was plagued by labor shortages, material damage, thefts and supplies ruined in transport. The original budget was about \$180 million. It increased steadily, in part because the Vietnamese demanded that the Swedes not only build the plant (located in a remote area) but also 1,000 miles of forest roads to service it. The unofficial estimate for the project in December 1978 was \$900 million and it is not yet in full production (48,000 tons of pulp and 55,000 tons of paper annually). The money spent on the plant, a Swedish engineer noted wryly, could have supplied Vietnam with its paper needs for 20 years.¹²

Press reports from Norway indicate considerable dissatisfaction with Vietnamese handling of Norwegian aid. Cited was the report that an entire fish meal factory was shipped to Hanoi and for 2 years lay opened in packing crates on the dock, and that an ocean research vessel, the *Bien Dong*, had laid at anchor for months because it could not receive necessary authorization from Socialist Republic of Vietnam military authorities to leave Haiphong harbor.¹³

Because of the U.S. trade embargo there is no trade between the United States and Vietnam. A U.S. business delegation visited Hanoi in June 1978 and said on return that Vietnamese officials clearly had indicated willingness to begin trading immediately with the United

¹¹ Indian Express, New Delhi, June 13, 1978. The Christian Science Monitor, Aug. 1, 1978, reported that both India and Albania had been asked to fill the aid void left by China.

¹² Wall Street Journal, May 5, 1977.

¹³ Reported by Aftenposten, an Oslo newspaper, Sept. 15, 1978, which criticized the Government for appropriating additional moneys for Vietnam aid when past aid had not been used.

States when the embargo is dropped. The delegation, five businessmen based in Hong Kong, were from the American Chamber of Commerce in Hong Kong, representing, said their spokesman Michael Emmons, 390 U.S. corporations. Another member of the group, Tim Williams of the Bank of America in Hong Kong, said Vietnam seemed particularly interested in U.S. participation in oil exploration, exploitation, and refining.¹⁴ The Hong Kong American Chamber of Commerce has been the most vocal lobby in American business circles for U.S. abandonment of its trade embargo against Vietnam. In December 1978, six U.S. industrialists went to Hanoi representing oil, steel, and electric power interests. As this was written there was no report on the outcome of their visit.¹⁵

Brief note should be taken of tourism in Vietnam. In mid-1977 the Vietnam Tourist Office was established under the International Cooperation Department of the Ministry of Communications and Transport to encourage and facilitate tourism. The key figure here is Nguyen Dinh Van, head of the International Cooperation Department. The office succeeded in attracting some 20,000 tourists, most of them French, in 1977. Probably somewhat fewer came in 1978. Van has told visitors his department seeks outside help in hotel management and encourages only group travel (rather than individual tourists) because of a shortage of tourism personnel.¹⁶

Relationships with Vietnam, in official terms, can exist on three levels: State, party, and private. The first two of these are handled by the Foreign Ministry and by special Party Central Committee subcommittees. Private visitors institutionally are the charge of the Vietnamese Committee of Friendship and Solidarity with Foreign Peoples, established in 1977, "to improve understanding, friendship, and solidarity between the Vietnamese people and all other people in the world, to struggle against imperialism, neocolonialism, and racism, for peace, national independence, democracy, and socialism * * * and to seek contacts with existing public organizations, peace committees, and friendship societies in other countries."

Vietnam prefers to deal with foreign visitors on an organizational basis rather than as individuals or even groups of tourists. It prefers visitors to represent something, to belong to some institution, in effect, to wear a label.

Vietnam has a marked shortage of tourist facilities, particularly in the north. Apparently those in the south have worsened in the past 3 years. A Ho Chi Minh City newspaper in September 1978 reported that provincial hotel operations in South Vietnam has deteriorated badly in the past year because of "dissatisfaction of carryover employees whose income is less than it was under private ownership."¹⁷

¹⁴ Vietnam has moved with glacial speed in contracting with foreign firms to do offshore drilling. In mid-1975, oil journals reported that agreements were imminent and that full-scale drilling would be underway by the end of 1975; 3 years later there had been no significant progress. As this is written, there are renewed reports of Hanoi interest and predictions that Canadian, West German, and Italian companies would begin offshore drilling by mid-1979.

¹⁵ AFP Hong Kong, Dec. 7, 1978, listed the Americans as "Mr. Goulden and Mr. Knight, director and vice president of Combustion Engineering-Lummsu; Alexander Sivas, director of Combustion Engineering; Mr. Shappee, director of Combustion Engineering-Vetco; Mr. Cox, vice president of Combustion Engineering-Crest; and Mr. Gutshall, vice president of U.S. Steel Engineering Services."

¹⁶ New Times (Moscow), No. 45, November 1978.

¹⁷ Tin Sang, Ho Chi Minh City, Sept. 23, 1978.

It also said, "In 1978 owners of many hotels, still unnationalized, were not making necessary repairs or even replacing burned out lightbulbs in anticipation of the imminent takeover of their property by the State." Finally it said trouble was due to "the appointment of unqualified military personnel to manage the nationalized hotels."

Some antiforeign incidents are reported by tourists and other visitors to Vietnam. Western travelers particularly say hostile or unfriendly incidents are common in Da Nang and Ho Chi Minh City (Saigon). Among these are spitting, stone throwing and, infrequently, physical attacks. Usually, say the visitors, these are by South Vietnamese against Europeans believed to be Russians. A Belgian Universal Postal Union official was stabbed in Da Nang in September 1977, apparantly mistaken for a U.S.S.R. official.¹⁸

Vietnam's economic prospects are not particularly bright at this writing. Its need for economic assistance is greater than at any time in the past, chiefly because of growing food shortages plus the loss of a major source of food—China. Even if various countries are willing to supply food, the magnitude of the need is likely to be so great (certainly if it reaches 2 million metric ton shortfall this year) that delivery in time may prove to be an insurmountable task. Foreign trade has been disrupted by the war with Cambodia, which resulted in a total mobilization order disrupting the civilian economy, causing the investment environment to deteriorate further and making the cautious prospective investor even more cautious. Finally, given the face-off with China, coupled with the new forthcoming attitude by Peking to outside capitalism, many potential investors in Asia see themselves able to choose between Hanoi and Peking and may be inclined to opt for the latter.

¹⁸ Jean Thoraval, AFP report from Hong Kong Nov. 23 and Dec. 14, 1977. See FBIS Daily Report—Asia and Pacific, Dec. 14, 1977.

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