



***Vietnam's Membership of ASEAN:
Issues and Implications***

Current Issues Brief
No. 3 1995–96

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Issues and Implications***

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Major Issues

Vietnam joined the Association of Southeast Asian Nations as a full member on 28 July 1995. This is both a highly significant development for ASEAN and an illustration of the extent of change underway in the Asia-Pacific region in the post Cold War era.

Until the early 1990s Vietnam and the pre-existing ASEAN members (Brunei, Indonesia, Malaysia, Singapore, the Philippines and Thailand) had little opportunity for constructive contact or cooperation. Little contact was possible during the period of the Vietnam war and after 1978, Vietnam and ASEAN were regional adversaries over the issue of Vietnam's presence in Cambodia, which ASEAN (with backing from China, the US and many other countries) opposed.

The decline of Cold War tensions and the conclusion of the Paris Agreements on Cambodia (October 1991) transformed the regional climate and made rapprochement between Vietnam and ASEAN possible and desirable. Vietnam moved much closer to the ASEAN members in the early 1990s and after 1993 moved to be accepted as a member.

Both Vietnam and the pre-existing ASEAN members have strong motivations for Vietnam's entry. For Vietnam, membership in the prestigious ASEAN group will help it gain wider access to markets and increase its acceptability to investors. ASEAN membership will also increase Vietnam's sense of confidence as it handles relations with China, whose power is growing rapidly. For ASEAN, accepting Vietnam adds to the Association a dynamic country of 73 million people, underscores ASEAN's relevance and vitality after 28 years and gives it added 'weight' in its relations with the major powers. Vietnam's entry has been well received by ASEAN's major international associates, including Australia.

However, the new regional partners face several significant challenges and potential difficulties. Vietnam and its new partners have different political systems (Vietnam is the first Communist member of what in the past has been an avowedly anti-Communist group) and face a legacy of some bilateral suspicions (for example, between Vietnam and Thailand) which need to be overcome. The new partners may also have some difficulty in maintaining a consensus on how they should best cope with China, an issue which has seen substantial differences in emphasis among the ASEAN members in the past. Vietnam also must adjust to the requirements of the ASEAN Free Trade Area, ASEAN's blueprint for economic

cooperation. ASEAN has agreed that Vietnam can comply with AFTA at a slower pace than the other members but participation in AFTA will both challenge Vietnam's developing industries and limited infrastructure, and increase pressures on Vietnam to continue its process of market oriented economic reforms, which still have a considerable way to go.

ASEAN since 1967 has been able to play a considerable role in facilitating stability in Southeast Asia. It now has an ambitious post Cold War agenda to both stimulate trade and investment through AFTA and to help promote dialogue over security issues in Southeast Asia and in the wider Asia-Pacific region through the ASEAN Regional Forum. ASEAN also hopes to soon be able to encompass all of the ten countries in Southeast Asia, while keeping the flexible and congenial style of dialogue which has enhanced confidence and inter-state cooperation among its members for the past three decades. The way in which the new partnership between Vietnam and its ASEAN co-members evolves will have a major bearing on ASEAN's continued vitality, international credibility and capacity to continue to contribute to regional stability.

Introduction

On 28 July 1995 Vietnam was admitted formally as the seventh member of the Association of Southeast Asian Nations. ASEAN is now twenty eight years old and has been by far the most successful and prominent Third World regional organisation.

Vietnam's membership of ASEAN is a striking illustration of the impact of the changes in Southeast Asian affairs since the end of the Cold War and the attainment of the Cambodian peace agreements in 1991. It will assist greatly Vietnam's efforts to consolidate its foreign policy emphasis on wide international relations and to gain additional and much needed trade and investment. Vietnam's membership offers ASEAN a way of broadening its coverage in Southeast Asia and bolstering its credibility as it seeks to reaffirm and expand its role in the post Cold War era. Vietnam's membership, however, also poses some interesting and significant questions about how the seven countries will cooperate to overcome the historical legacies of suspicion among them and of how ASEAN itself will be affected by what is undoubtedly the most significant development for the Association since its inception in 1967.

This paper will outline the transformation in Vietnam's relations with ASEAN since the mid 1980s, consider the motivations on the part of Vietnam and the pre-existing ASEAN members in Vietnam's membership, and discuss some major issues raised by Vietnam's entry into ASEAN.

Vietnam and ASEAN: From Enmity to Cooperation

The fact that Vietnam has joined ASEAN is striking when placed against the background of suspicion and tension which governed Vietnamese relations with the ASEAN members for most of the last forty years.¹ The fledgling communist regime in Vietnam (the Democratic Republic of Vietnam - DRV - inaugurated in 1945 and in power in northern Vietnam after 1954) had little contact with the non-Communist states of Southeast Asia from the 1940s. The regime in Hanoi was seen as a part of the Communist bloc and it soon became involved in the war in southern Vietnam from the late 1950s. Most of the other Southeast Asian governments were sympathetic to the cause of the regime in Saigon and several actively supported the United States' intervention. Thailand and the Philippines supplied military forces to assist the Saigon regime and both allowed their air bases to be used by US forces for bombing in both North and South Vietnam, a policy which drew bitter criticism from Hanoi. The Hanoi government did have diplomatic relations with the

Indonesian government under President Sukarno but otherwise its contacts with its Southeast Asian neighbours were minimal.

The five countries which formed ASEAN in 1967 (Indonesia, Malaysia, the Philippines, Singapore and Thailand - Brunei joined when it assumed full independence in 1984) were all avowedly anti-Communist and several had sizeable communist insurgencies to contend with. They saw ASEAN as a potentially valuable way of stabilising their region, keeping great power interference at bay and promoting economic development as an essential part of their strategies to defeat domestic Communists. The ASEAN members made it clear at the outset that their organisation could be joined by other like minded Southeast Asian states, but there was at that stage little basis for any contacts with the Communist regime in Vietnam. For its part, the government in Hanoi was suspicious and critical of ASEAN, which it saw as a vehicle for continuation of Western influence in Southeast Asia.

The end of the war in Vietnam in April 1975 and the attainment of reunification in June 1976 (with the inauguration of the Socialist Republic of Vietnam) in fact stimulated ASEAN into greater activity. The ASEAN members were concerned that a powerful united Vietnam should not influence adversely the political and military balance of power in their region and acted to upgrade ASEAN's cooperation efforts from the Bali Heads of Government summit (February 1976) onwards.

After 1976 there was a brief period of thaw in Southeast Asia in which Vietnam and the ASEAN members began to develop bilateral relations and initiate some tentative contacts. Vietnam also began to reduce its suspicion of ASEAN as a group. However this cautiously promising phase in regional relations was replaced by renewed suspicions in 1978. The rapid increase in outflows of refugees from Vietnam caused great difficulties and concern to many ASEAN members. Then at the end of 1978 Vietnam, facing escalating conflict with the Khmer Rouge regime in Cambodia (including cross-border Khmer Rouge attacks), invaded the country, ejected the Khmer Rouge regime and installed a new Communist regime which would now be allied with Vietnam. The ASEAN members did not support the Khmer Rouge regime but could not accept what they saw as a blatant violation of national sovereignty by Vietnam, a violation carried out with the backing of the Soviet Union. They were joined in this view by China and the United States and many other Third World and Western countries including Japan and Australia.

From 1979 ASEAN played a leading role in denying international acceptance to Vietnam's policies in Cambodia. Backed up by military and diplomatic support from China and the US, ASEAN was highly influential over the Cambodia issue. Vietnam, with what it thought would be solid support from its ally the Soviet Union (with whom it concluded a 25 year friendship treaty in November 1978), hoped that ultimately the new status quo in Cambodia would be accepted internationally and regionally. ASEAN however was equally determined to reject Vietnam's position and China with Thai cooperation supplied military assistance to the Cambodian resistance parties (including the Khmer Rouge) which

operated in Cambodia from Thai territory. A stalemate persisted through to the mid 1980s with Vietnam and ASEAN locked into adversarial positions.

The regional standoff between Vietnam and ASEAN over Cambodia began to change from the mid 1980s. After years of economic stagnation, Vietnam's leaders initiated a new process of economic reform from 1986 under the banner of 'Doi Moi' (renovation): many regulations were lifted and market forces played an increasing role, thus creating new incentives for wider regional and international economic relations for Vietnam. President Gorbachev's policy revisions and especially his speech in Vladivostok in 1987, signalled a revised and more critical attitude towards allied relationships and an increased interest in resolving costly regional conflicts. China also made it clear that the situation in Cambodia remained one of the principal obstacles to improvement in Sino-Soviet relations. The rapid changes underway in the Soviet Union led to a drastic cutback in aid by 1990, a development followed by the collapse of the Soviet Union itself in December 1991. Vietnam now could not sustain its position in Cambodia. It had withdrawn its military forces by September 1989 and began to cooperate with efforts to seek a political settlement that could provide the basis for a rapprochement with its neighbours and wider international acceptance. The ASEAN members were also keen to see the conflict over Cambodia resolved.

Regional and international efforts (including an extensive contribution from Australia) led to the conclusion of the Paris Agreements on Cambodia signed by 19 countries (including Vietnam and all ASEAN members) on 23 October 1991. While the United Nations encountered substantial difficulties in implementing the Agreements fully within Cambodia, the Agreements were highly successful at the regional and international levels in opening the way for a new era of detente and cooperation. Contacts between Vietnam and ASEAN, which had been progressively stepped up from the late 1980s, now increased rapidly. With Vietnam eager to develop new economic relationships to replace the collapsed Soviet bloc, trade and investment from the ASEAN members increased substantially (by 1994 Singapore was Vietnam's largest trading partner). High level visits were exchanged by senior leaders, with President Suharto leading the way among the ASEAN members with his visit in November 1990; these exchanges included a number of visits by military leaders to develop new contacts and increase confidence.

Both Vietnam and the six ASEAN members now began to give increasing attention to the issue of a formal association between them. In 1992 Vietnam signed the ASEAN Treaty of Amity and Cooperation which had been drawn up and signed at the Bali summit in 1976. This was a highly significant gesture by Vietnam which signified its full acceptance of the ASEAN concept of regional cooperation in Southeast Asia. Vietnam gained observer status in ASEAN in 1993 and was accepted as a founder member of the ASEAN Regional Forum in 1994.

While Vietnam and ASEAN have been developing bilateral and multilateral contacts at a rapid rate, Vietnam has nonetheless joined ASEAN sooner than most observers expected.

In the early 1990s it was widely considered that Vietnam might join towards the end of the decade. However, Vietnam from 1993 appears to have stepped up its efforts to gain early membership and while some in ASEAN have felt that neither Vietnam nor the pre-existing ASEAN members have been fully prepared for Vietnam's entry, ASEAN decided not to delay a decision on the issue.²

Vietnam Gains ASEAN Membership, 28 July 1995

Both Vietnam and the six pre-existing ASEAN members have strong motivations for Vietnam's full participation in the Association.

For Vietnam, ASEAN membership is an important priority for two reasons. Vietnam's leaders have clearly believed that full membership of ASEAN will assist greatly their country's prospects of gaining acceptance as a legitimate part both of the dynamic Southeast Asian economic region and of the international economy. Membership of ASEAN places Vietnam alongside internationally respected countries, most of which have excellent records of economic management and growth. ASEAN membership gives foreign investors an additional strong basis for confidence in Vietnam's international legitimacy after years of isolation. It also helps increase the already substantial bilateral cooperation between Vietnam and ASEAN members, especially Singapore, Malaysia and Thailand, which is already greatly helping Vietnam's economic revival.

Vietnam's leaders also clearly consider that at a time when China's economic strength is growing rapidly and when it is also moving to substantially upgrade its defence capacities, membership in ASEAN can offer a valued boost to Vietnam's security. ASEAN is not a formal defence pact and membership does not involve a commitment to either defence cooperation or defence support. ASEAN is nonetheless a respected and prestigious regional grouping which has an explicit interest in preserving and advancing regional security. ASEAN has regular discussions with a series of 'dialogue partners' including Japan and the United States: it also meets regularly with China and Russia who are associate dialogue partners. With the Soviet Union and its alliance system consigned to history, ASEAN membership provides for Vietnam a valuable new identity as a legitimate, accepted part of Southeast Asia and the wider Asia-Pacific region. Vietnam's Vice Foreign Minister Vu Khoan emphasised in early 1995 that 'We cannot stand outside international organisations to see their members surging ahead. We cannot let time pass in isolation, left behind.'³

ASEAN and its members also have strong motivations to accept Vietnam as a member despite the continuing differences in political and (to a lesser degree) economic systems. With the end of the Cold War ASEAN has been anxious to maintain a sense of direction and purpose now that the Cambodia conflict has been resolved as an international issue. ASEAN has been keen to try to play a major role in the emerging efforts to pursue dialogue on security issues in Southeast and East Asia. It has also been interested to maintain a strong identity as a distinct regional grouping at a time when considerable

attention has been focussed on the broader APEC grouping. From the ASEAN members' perspective, admitting Vietnam underscores ASEAN's significance as a dynamic institution which can ultimately hope to encompass all ten Southeast Asian countries, helps consolidate the new cooperation between Vietnam and its members and can provide ASEAN with an increased 'weight' in its relations with major external powers. It also provides for ASEAN's pre-existing members the opportunity to help influence the evolution of Vietnam's foreign policy in the post Cold War period, especially its commitment to regional cooperation.

Against this background of strong motivations on both sides, Vietnam's formal application in 1994 to join ASEAN was accepted by the six members, paving the way for the historic ceremony at ASEAN's annual ministerial meetings, in Bandar Seri Begawan on 28 July 1995. The importance of this development for both Vietnam and ASEAN was stressed by the participating foreign ministers. Vietnam's Foreign Minister Nguyen Manh Cam said that his country's membership '...constitutes a milestone marking a change in the conjuncture of Southeast Asia 50 years after the end of the Second World War'. Indonesia's Foreign Minister Ali Alatas described Vietnam's membership as a 'momentous event' and said that 'I am confident that an expanded ASEAN will contribute even more substantially to the maintenance of international peace and security'. Other participating ministers saw Vietnam's membership as a prelude to eventual inclusion of all Southeast Asian states within the association: Thailand's Foreign Minister Kasem Kasemsri stated that 'Thailand has long recognised that ASEAN will not be complete as long as there remains a country in Southeast Asia that is not yet a member.'⁴

Amid the round of mutual congratulations Singapore's Foreign Minister Jayakumar sounded a cautionary note and warned that an expanded ASEAN would face ongoing challenges of remaining robust and united: 'All is not rosy. There are worrying trends and developments in the Asia-Pacific region. The challenges ahead will test our unity and diplomatic skills.'⁵ Jayakumar's comments highlight the need to look both at the benefits and potential problems arising from the newly expanded ASEAN.

Vietnam in ASEAN: Implications and Challenges

In the immediate aftermath of the Brunei conference, both Vietnam and ASEAN have gained benefits from Vietnam's membership. For ASEAN its acceptance of Vietnam has bolstered its image of being able to adapt to the post Cold War environment, to be flexible and to have the confidence to embrace as a member a country with a political system which differs substantially from that of any other ASEAN member. The move was received well by ASEAN's dialogue partners and will boost ASEAN's already favourable international image.

Vietnam has also gained obvious immediate benefits. Membership of ASEAN is a vindication of Vietnam's revised foreign policy since the late 1980s. Vietnam reversed its policies on Cambodia, fully accepted the Cambodian peace settlement (against the

expectations of a number of sceptics at the time of the Paris Agreements) and has clearly endorsed the model of regional cooperation pursued by its former adversaries. As a result Vietnam, having lost the identity in foreign policy provided previously by its association with the seemingly powerful Soviet bloc, is now an accepted regional actor in Southeast Asia: this is a remarkable change in its position over the past decade.

Membership of ASEAN has already helped Vietnam consolidate its wider international relationships. Just two weeks before Vietnam joined ASEAN, the United States announced the normalisation of diplomatic relations (on 11 July). The United States had already been moving towards diplomatic recognition. Substantial progress had been made in recent years over the vexed question of the 'missing in action' with Vietnam upgrading its cooperation. The US in September 1993 withdrew its opposition to Vietnam's participation in international financial institutions, thus enabling Vietnam to normalise its relationship with the World Bank and Asian Development Bank. In February 1994 the US had finally lifted its economic embargo on Vietnam, opening the way towards involvement by US business and access by Vietnam to much needed US products such as modern airliners (to supplement Air Vietnam's ageing Soviet models).

By mid 1995 considerable momentum had built up for the US to take the step of diplomatic recognition. However it is likely that Vietnam's acceptance by ASEAN hastened the US decision. It would have been anomalous for the US to meet in formal dialogue sessions with the major regional body when it did not recognise one of its members. Vietnam still needs to conclude a trade treaty with the US and gain most favoured nation status and access for its products under the Generalised System of Preferences (GSP) in order to have a fully 'normal' economic relationship with the US but this should be more readily obtained as an ASEAN member.

With normalisation achieved with the US, Vietnam now has diplomatic relations with all major powers in the Asia-Pacific region for the first time in its modern history. As an ASEAN member Vietnam can now deal with those powers on a more equitable basis by participating in ASEAN's regular discussions with the US, Japan, China, Russia and the European Union. The value of ASEAN membership to Vietnam has also been illustrated by the support it has gained for membership of the new World Trade Organisation, another international institution important for Vietnam's integration into the regional and international economy. During the Brunei meetings the ASEAN members announced that they would support Vietnam in its bid for entry.

Alongside these benefits, Vietnam and its ASEAN partners face some challenges and uncertainties in their new relationship.

i) Managing bilateral and intra-ASEAN relations

Vietnam and its new partners now must develop congenial working relationships and this may not be without some problems. Vietnam may well face some problems in adapting

and handling ASEAN's operational style which is both relatively informal and based on very frequent communication. One of ASEAN's major contributions to the politics of Southeast Asia has been to help build up trust and confidence among six very diverse states. (The potential for sensitivity in relations among the original ASEAN members which still persists has recently been illustrated by the tensions between Singapore and the Philippines aroused by the case of the Filipino maid Flor Contemplacion who was hanged in Singapore after being convicted of murder). ASEAN has worked to achieve this trust partly by holding an extensive series of regular meetings: there are about 260 ASEAN meetings and conferences annually. ASEAN's common language is English (which is spoken very widely in four of the pre-existing six members and taught extensively in the other two - Indonesia and Thailand). Vietnam however has relatively few diplomats and other officials fully proficient in English. Intensive programs in English language are underway to train Vietnam's officials both within and outside Vietnam (with assistance from Australia - see below) but it will necessarily be some time before Vietnam can easily accommodate the range of discussions in the association it has now joined.

Vietnam's political system may also have an impact on the character of its interactions within ASEAN. While the six non-Communist members have widely differing political systems they share many broad values in common, including a heritage of suspicion of Communism and a longterm commitment to the market economy. They also have leaders who can deal with their fellow ASEAN members with some authority to negotiate and to make decisions on behalf of their own governments and countries. Vietnam is likely to interact in a somewhat different manner. Its ruling Communist Party has a tradition of both clandestine activity and of collective decisionmaking. Even if Vietnamese leaders and officials became fully proficient on the golf course, they are not likely to adapt easily to the existing ASEAN style of frequent discussion and informal confidence building. Vietnamese leaders at conferences will be very much representatives of the collective decision making group, and may not feel free to act in a similar manner to their ASEAN counterparts. A further issue is that while the pre-existing ASEAN six members allow travel among themselves on a 'visa-free' basis, Vietnam requires visas for all visitors, a policy which is not likely to change rapidly, and Vietnamese citizens also require visas to enter ASEAN countries. These factors are likely to pose some challenges in communication for both sides.

Vietnam and its new partners also have some legacies of bilateral suspicion to overcome. Vietnam's government has had longterm friendly relations with Indonesia and relations with Malaysia have also been cordial and have been deepened recently by extensive commercial interactions. However relations with Thailand have been more sensitive with a considerable legacy of rivalry and suspicion of each other's intentions in relation to Laos and Cambodia. Elements of the Thai military for example have retained a reserved attitude towards Vietnam, seeing it as a possible source of future security challenge to Thailand. Vietnam for its part has been concerned at Thailand's eagerness to gain access to Vietnam's natural resources, especially in fishing, and these reservations have impeded the development of commercial relationships.⁶ While all ASEAN leaders have clearly

welcomed Vietnam, some bilateral relations, especially with Thailand, may need more time and confidence building to be comfortable.

ii) Coping with China

A further important set of issues concerns the way Vietnam's membership will influence ASEAN approaches towards China. The question of how to view China's policies and regional role has been a consistently complex one for ASEAN. There have been clearly discernible differences in emphasis between Indonesia (and to a lesser extent Malaysia), who have tended to be suspicious of China's potential for influence, and Thailand and Singapore, who have been relatively more sanguine. During the period of the Cambodia conflict, for example, Indonesian leaders had reservations about the extent to which Thailand had developed a close relationship with China but these concerns were not allowed to disturb ASEAN's capacity to maintain an agreed position over Cambodia.

Vietnam has had both a very long and a complex relationship with China which has within the last two decades involved serious conflict and a major Chinese punitive invasion of Vietnam (in February-March 1979 in the aftermath of Vietnam's invasion of Cambodia) which caused the loss of thousands of lives on both sides. Vietnam and China have directly overlapping claims in the South China Sea and their naval forces clashed in the area in March 1988. Vietnam's relations with China have improved greatly since the Paris Agreements on Cambodia with normalisation achieved, many delegations exchanged and substantial trade. Tensions have nonetheless persisted. There have been some continuing tensions in the South China Sea with both sides seeking to consolidate their positions and there have also been disputes over the land borders which have for example delayed the reopening of rail links between the two countries.⁷

Vietnam does not want discord with China but there could in the future be differences in its interests and its approach to China and those of some other ASEAN members. Vietnam is involved more extensively in the disputes over sovereignty in the South China Sea than any other ASEAN member. While Vietnam would not expect any direct assistance from its ASEAN partners in a possible clash with China it would expect diplomatic support. It is uncertain how other ASEAN members, including Thailand and Singapore, might react in such circumstances. Thus while Vietnam brings to ASEAN substantial military capacities and diplomatic skills, its accession to membership may pose some medium term challenges for ASEAN in maintaining a cohesive approach towards the most important regional security issue the members face, the growing power of China.

iii) Vietnam and the ASEAN Free Trade Area

A third important issue for ASEAN will be how Vietnam's relationship develops with the ASEAN Free Trade Area, ASEAN's blueprint for economic cooperation in the region. While economic relations have been developing rapidly between the new partners,

Vietnam is still consolidating the development of a market economy and there are wide disparities in wealth among the seven ASEAN members: Vietnam in 1993 had a Gross Domestic Product estimated by the Asian Development Bank of \$US170, compared with Indonesia (\$730), the Philippines (\$830), Thailand (\$2,040), Malaysia (\$3,160) and Singapore (\$19,310).⁸

The ASEAN Free Trade Area (AFTA) proposal was inaugurated in 1993 and has the ambitious aim of liberalising trade within ASEAN, creating a more integrated market of over 400 million people, and attracting increased levels of foreign investment. ASEAN's major means for achieving this is the Common Effective Preferential Tariff (CEPT) which established a formula for the phased reduction of intra-ASEAN tariffs to levels of no more than 5 percent in ten years from January 1993. Under the AFTA process, ASEAN also seeks to remove non-tariff barriers on goods within the CEPT scheme and to seek harmonisation of standards and other trade facilitation measures (along lines similar to those being pursued by the wider APEC grouping). AFTA's overall purpose is to ensure that in a competitive international economic environment ASEAN bolsters its potential as a regional market and its attractiveness to foreign investors whose funds are also sought eagerly by other rapidly developing economies such as China and India.

For Vietnam AFTA is a very important aspect of its membership in ASEAN. If Vietnam can adapt successfully to the liberalisation proposed by AFTA then it would be in a credible position to request acceptance in APEC when that group is willing to consider new members. However in Vietnam the prospect of participation in AFTA has produced both optimism and concern. Pham Chi Lan, Secretary General of Vietnam's Chamber of Commerce and Industry, commented in July that 'Only after Vietnam joins AFTA, can we be a real member of ASEAN. We should approve AFTA soon to reap the benefits like other ASEAN countries'.⁹ However Vietnamese business representatives have also expressed concerns about the impact of AFTA and Vietnam's preparedness for it. Ms Lan also said that 'Many businesses are very worried about surviving or being competitive even in the domestic market once we join ASEAN'. Thai Van Huong, vice director of the Shoe and Leather Association of Vietnam, said that 'businesses are still not ready for this event. Besides the lack of capital, technology and infrastructure, we don't have capable management who know international laws and trading rules. Unless we prepare well it will be only the Vietnamese firms who suffer'.¹⁰

Vietnam has taken a cautious approach towards AFTA and has been given special consideration by ASEAN in accepting and implementing its provisions. Under Vietnam's agreement with ASEAN on AFTA it is understood that Vietnam will meet the requirements on tariff and non-tariff reductions over a ten year period, beginning on 1 January 1996. Vietnam is to draw up a concrete plan for AFTA participation including how and when Vietnam will apply for inclusion within the CEPT. Tariff rates on agreed 'fast track' items should be reduced to 5 percent by 2003 and Vietnam should place goods which have at present a tariff rate of below 20 percent immediately on the CEPT list. In comments at the time of Vietnam's entry into ASEAN, Finance Minister Ho Te said that

Vietnam hoped to submit a list of items for tariff reduction to the meeting of ASEAN finance ministers in September. He also emphasised that Vietnam faces many problems in its transition from a centrally planned to a market economy, including standardisation of its tax system, infant industry and lack of experience in trade and services.

Participation in AFTA thus involves some substantial challenges for both Vietnam's businesses and its economic managers. As the comments of the Finance Minister suggest, Vietnam still has a considerable way to go in its pursuit of what has been called 'Market-Leninism'. Vietnam still has a large and inefficient state industrial sector which receives extensive state subsidies, privatisation has been explored in only a tentative way so far and many aspects of infrastructure (such as commercial law) remain underdeveloped.¹¹ ASEAN membership is likely to exert added pressure on Vietnam to continue the process of economic reform so that its economy can interact fully effectively with both its ASEAN and international trade and investment partners.

Australian Reactions

For the past two decades Australia has supported the development of closer relations between Vietnam and its neighbours in the ASEAN region. This process was severely inhibited from 1979 during the period of the Cambodia conflict and Australia's efforts to help facilitate dialogue and negotiations were pursued partly because of the contribution which a settlement would bring to regional relations.

Australia has accordingly welcomed Vietnam's entry into ASEAN. In a statement tabled at the ASEAN meetings in Brunei on 2 August Senator Evans said 'Membership of ASEAN is an important milestone in Vietnam's accelerating integration with the region. ASEAN membership is all the more significant because of the opportunity it gives Vietnam, which suffered decades of war and isolation, to share fully in the economic growth and development of the region. Nor are the benefits of this event only Vietnam's: the political and economic strength of ASEAN will be enhanced by the addition of an educated and industrious nation of some 73 million people... Vietnam's membership - and prospects for an even larger group - will maintain ASEAN's central role in the Asia-Pacific community.'¹²

Australia is giving practical support to the expansion of communication between Vietnam and its ASEAN partners by assisting in the development English language capacities in Vietnam. At Vietnam's request, one of the main priorities in the training assistance being provided by Australia under the bilateral aid program is the development of English language speaking and teaching skills: a number of the over 500 Vietnamese students currently under sponsorship in Australia are studying to be English language teachers. Australia is also helping directly in the expansion of English language skills among the officials who will be responsible for Vietnam's liaison within ASEAN: twenty such officials are currently receiving training in Western Australia. In addition, Australia is investigating the development of an English language training facility in Vietnam as well

as the provision of support to training programs underway for Vietnamese in the Philippines.

Concluding Comment

Vietnam's entry into ASEAN is clearly the most substantial single development in the Association's history. That ASEAN, which based much of its development of identity and cohesion on suspicion of Communism, should now welcome as a new member the world's second largest Communist state is a striking illustration of the changes and realignments which the end of the Cold War has made possible and desirable. The new association between Vietnam and its ASEAN co-members offers major potential benefits to all parties. The question now is whether Vietnam and its ASEAN partners will be able to adjust to new roles and develop new relationships in order to preserve and extend the cooperation which has helped promote peace and economic development among the ASEAN members for nearly three decades.

Vietnamese membership in ASEAN has not surprisingly produced widely varying reactions from observers. These reactions have been illustrated by the comments in July by two experienced analysts (and colleagues at Thailand's Chulalongkorn University). Dr Sukhumband Paribatra, expressing the view of the sceptics, has suggested that there has been 'an underlying apprehension among ASEAN members that Hanoi will not be an easy partner to deal with considering that its diplomatic history has been shaped by the need to deal with adversaries'. There is, he argued, also concern that Vietnam 'will not be able to understand or abide by the unwritten rules of ASEAN diplomacy and after its entry, posturing and bargaining will replace consultation and consensus building as the predominant form of conducting intramural affairs'. However Dr Kusuma Snitwongse offered a positive analysis of the prospects for the new partners. She argued that 'Economics has replaced ideology as a priority in the formulation of national policy, thus removing the once major barriers between the two Southeast Asias.' While Vietnam has not been able to share the experience of the ASEAN six in gradually building up confidence and trust, Dr Kusuma argued, Vietnam will gradually come to embrace the ASEAN 'spirit' whereby members of the group 'place the good of the whole within their national ethos alongside their own individual interests'.¹³

ASEAN since 1967 has been able to play a considerable role in facilitating stability in Southeast Asia. It now has an ambitious post Cold War agenda to both stimulate trade and investment through AFTA and to help promote dialogue over security issues in Southeast Asia and in the wider Asia-Pacific region through the ASEAN Regional Forum. ASEAN also hopes to soon be able to encompass all of the ten countries in Southeast Asia, while keeping the flexible and congenial style of dialogue which has enhanced confidence and inter-state cooperation among its members for the past three decades. The way in which the new partnership between Vietnam and its ASEAN co-members evolves will have a major bearing on ASEAN's continued vitality, international credibility and capacity to continue to contribute to regional stability.

Endnotes

- 1 This paper is based partly on other works by the author, particularly *Vietnam's Foreign Relations: Dynamics of Change*, Pacific Strategic Paper No 6, Singapore, Institute of Southeast Asian Studies, 1993. The discussion has also benefited from interviews with officials and academic analysts in San Diego, Washington and New York in June-July 1995.
- 2 'But can they sing Karaoke?', *Far Eastern Economic Review*, 3 August 1995.
- 3 'Tensions in East ease as Vietnam makes peace', *Bangkok Post*, 7 August 1995.
- 4 'Vietnam becomes latest member of ASEAN family', *Bangkok Post*, 29 July 1995.
- 5 *ibid.*
- 6 Carlyle A Thayer, *Beyond Indochina*, Adelphi Paper No 297, London, International Institute for Strategic Studies/Oxford University Press, 1995, p 36-44.
- 7 Thayer, *op cit*, p 31-38.
- 8 Asian Development Bank, *Asian Development Outlook 1995/1996*, New York, Oxford University Press, 1995, p 240.
- 9 'Vietnam hopes to draw up tariff reduction list on time', *Bangkok Post*, 29 July 1995.
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