

A Vietnamese Perspective on China's Belt and Road Initiative in Vietnam

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Abstract

China's Belt and Road Initiative (BRI) has attracted significant attention from the international community for the sheer size of potential economic opportunities that it is expected to bring the world. China now is enhancing its peripheral diplomacy and BRI, and thus Chinese diplomacy has also highlighted China's relations with the Association of Southeast Asian Nations (ASEAN), including Vietnam. Vietnam, which is included in the BRI's geographical scope and has a great need for infrastructure investments, stands to benefit from the initiative. The BRI is an important source of funding that Vietnam may want to tap to finance its infrastructure projects. Vietnam's demand for infrastructure investments will keep increasing in the coming years. Those will promote Vietnam-China relations towards a new stage of development. Despite Vietnam's support for the Initiative as a measure to strengthen the overall relations with China, the BRI will face some challenges in Vietnam. In order to ensure the BRI's long-term success in Vietnam, the two countries can do more together to improve people's trust in the initiative and to improve the quality of China's investments in Vietnam.

Given this situation, the paper aims to examine how Vietnam promotes its cooperation and connectivity with China under the context of BRI.

Keywords: *China, Vietnam, Belt and Road Initiative (BRI), China-Vietnam cooperation, China-Vietnam connectivity*

1. Introduction

The “Belt and Road Initiative” (BRI) is a common term for the “Silk Road Economic Belt” and “21st Century Maritime Silk Road” initiative. BRI was launched in 2013, and there has so far has been nearly 6 years of implementation. The introduction and implementation of this initiative by China also shows that the country is ambitious to restructure the global cooperation. China’s promoting the construction of “Belt and Road” is to push China to build systematic constructions of “community of shared future” and create a “new type of international relationship”. This actually reflects the view of China’s official pronouncements, as appears often in President Xi Jinping’s speeches on BRI and also that of China’s scholars¹. As a country with an important position in China’s regional strategy, as well as the current BRI of Beijing, Vietnam can take advantage of large inflows of capital from China into the field of Infrastructure investment sector. Vietnam has also announced its participation in this initiative of China, and is well aware of the opportunities offered by BRI. However, the challenges of economic relations between the two countries are not small, especially the challenges related to China’s trade deficit, investment issues in Vietnam, as well as that Vietnam’s enterprises still lack information about the China’s economic policies. This makes it difficult for Vietnamese goods and businesses to enter the Chinese market. However, the biggest challenges facing China’s BRI in Vietnam are the Vietnamese concerns

of “debt-trap” for Vietnam in BRI as China bids for projects, and the BRI as a point of trust concern since it passes through the South China Sea as well.

2. Vietnam's Position on the Belt and Road Initiative

China launched BRI in late 2013; by 2015 Vietnam officially announced its participation in this initiative. Vietnam's official position expressed the welcome and support of BRI to ensure the principles of peaceful, equal and mutually beneficial cooperation, and mutual respect, in accordance with international law, towards the goal, and contribution towards the development and common prosperity of all countries.

In his speech at Belt and Road Forum, President Trần Đại Quang said that “Vietnam supports initiatives on trade and regional connectivity, including the Belt and Road Initiative. Vietnam is willing to join other nations to study and implement projects that could bring mutual benefits and sustainability.”² And, he proposed that the Belt and Road partnership need to be in line with the United Nations' 2030 Agenda for Sustainable Development, and prioritise practical projects and voluntary and equal collaboration.³ He also stated that in the context of the world entering a turning point, every country and region seeks new, creative and maximizing approaches to potentials and advantages, bringing into play the efficiency of the advanced achievements of science and technology, ensuring a peaceful, secure and stable environment for mutual sustainable development. In that spirit, Vietnam welcomes initiatives of economic integration, regional connectivity in general, and BRI in particular.⁴

In addition, in the thank you message from President Trần Đại Quang to Chinese President Xi Jinping after his visit to the Belt and Road Forum (May 11-15, 2017), he emphasized: “High-level forum on

Belt and Road cooperation is an important opportunity for countries and other international partners to discuss measures to enhance cooperation and promote international integration for peace, prosperity and sustainable development. Vietnam welcomes BRI and its efforts to promote economic connectivity, regional connectivity and will contribute positively to the common good of the nations.”⁵ In May 2017, the Roundtable of Leaders in the framework of the Belt and Road Forum for International Cooperation was held in Beijing, China, and President Trần Đại Quang was also emphasizing how Vietnam participates in the “Belt and Road Initiative”, saying: “Vietnam advocates efforts to promote economic links and transport links with neighboring countries. Many steps and specific solutions have been implemented, including the cooperation with Mekong countries in developing East-West Economic Corridor, North-South Economic Corridor, and Southern Economic Corridor, towards building the Mekong Sub-region to become a bridge between the Indian Ocean and the Pacific Ocean.”⁶

Besides, “Vietnam also actively participates in the implementation of the ASEAN Master Plan and cooperates with China in studying the possibility of connecting “Two Corridors, One Belt” with the “Belt and Road Initiative”; economic cooperation between Vietnam and China has been increasingly expanded, deepened, and practical effected.”⁷ Although Vietnam considers the “Belt and Road Initiative” as very important to “building a seamlessly connected global market, for the benefit of all parties, for the peace, security, stability and prosperity of the region and the world”⁸, the plan to participate in this initiative is still in the feasibility study phase, especially the connection of development strategy as well as infrastructure connection.

From April 25 to 27, 2019, Prime Minister Nguyễn Xuân Phúc attended the Leaders’ Roundtable of the 2nd Belt and Road Forum for International Cooperation in Beijing with the theme “*Belt and Road*

Cooperation: Shaping a Brighter Shared Future". In particular, Prime Minister Nguyễn Xuân Phúc also clearly stated Vietnam's views on BRI when he thought that in order to cooperate with BRI to bring substantial and lasting results, the views of nations, big and small, must be respected, listened to and the differences resolved by consultation and dialogue. Cooperation should be equal, transparent, open, sincere, mutually beneficial, and at the same time respect the sovereignty and territorial integrity, in accordance with international law. That is the foundation for successful sustainable connectivity and development. He emphasized: "From our experience, we see that promoting the potential strengths and intensive international integration are the foundation for successful cooperation. Currently, Vietnam is focusing on socio-economic development, while promoting international integration, including cooperation with the BRI."⁹ Vietnam continues to cooperate well with China and other countries to build effective, mutually beneficial forms of cooperation. With appropriate resources (capital), Vietnam is actively deploying many infrastructure projects to expand its connectivity with China, Laos, Cambodia and other member states of ASEAN, including transportation, energy, agriculture, technology, education, health care, and tourism.¹⁰

Furthermore, Prime Minister Nguyễn Xuân Phúc also emphasized the areas of connectivity within the BRI framework, when he stated that connectivity should be promoted comprehensively, including digital connection, and development of transport, energy, information and telecommunication, to people. BRI's sustainable development must be in tune with the 17 Sustainable Development Goals of the United Nations 2030 Agenda. In addition to the efforts of each country, initiatives and international cooperation mechanisms must aim to: (i) balance the short-term growth objectives with the long-term development objectives, ensuring economic efficiency, environmental and social sustainability;

(ii) take people as a center, heighten people’s responsibility, contribution and creativity, and people must enjoy the fruits of BRI cooperation with a better life, with no one being left behind; and (iii) transit to a digital economy with innovation-based growth, and science and technology as the basis for the flow of Industrial Revolution 4.0.¹¹

3. Promote the Connectivity between China and Vietnam

Among Southeast Asian countries, Vietnam is the country where, from the Chinese perspective, the implementation of BRI is relatively slow. However, up to now, both parties have promoted BRI and have achieved certain results in different fields, in which Vietnam and China also promoted policy connectivity within the BRI framework. Vietnam and China issued a Joint Statement on the occasion of the State visit to Vietnam by Party General Secretary and President of China Xi Jinping (November 5-6, 2015); both parties declared “strengthening the development strategy connection between the two countries, promoting the connection between the framework of ‘Two Corridors, One Belt’ and the ‘Belt and Road Initiative’”.¹² It is known that the framework of “Two Corridors, One Belt” is the idea of building a common economic development zone between Vietnam and China. This idea from 2004 was proposed by the current Vietnamese Prime Minister Phan Van Khai to China. The “Two Corridors” here are Guangxi (China) — Quảng Ninh — Hải Phòng (Vietnam) and Yunnan (China) — Lào Cai — Hanoi — Hải Phòng (Vietnam). And “One Belt” includes a number of border provinces in southern China and a number of northern provinces in Vietnam, extending to Quảng Bình province.

Not only that, in 2006 Guangxi (China) and later with the support of the Chinese Government proposed the “One Axis and Two Wings” strategy with a wider scale in terms of number of countries, territories

and people. All are far beyond the original idea of “Two Corridors, One Belt” of Vietnam. The “One Axis and Two Wings” strategy is part of China’s southern policy. “One Axis” is the economic corridor from Nanning connecting to Singapore. And “Two Wings” include left and right. The “left Wing” is the cooperation of the Greater Mekong Subregion, with participating countries including Vietnam, Laos, Cambodia, Myanmar, Thailand and Guangxi and Yunnan provinces. The “right Wing” is the expanded Gulf of Tonkin cooperation, with the participating countries of Laos, Cambodia, Thailand and most other ASEAN members, along with the provinces/regions of Guangxi, Yunnan, Hainan, Guangdong and Hong Kong.

Besides, the infrastructure connection between Vietnam and China is strongly promoted. The two countries signed a Memorandum of Understanding (MoU) on linking of the “Belt and Road” and “Two Corridors, One Belt” initiatives on the occasion of Chinese Party General Secretary and President Xi Jinping’s State visit to Vietnam in 2017. Chinese ambassador to Vietnam Xiong Bo noted that: “In the coming time, China is willing to work closely with Vietnam to successfully implement the common perspectives of senior leaders of both countries, especially activities within the Belt and Road and ‘Two Corridors, One Belt’ initiatives.”¹³ Currently, the implementation of infrastructure connection between Vietnam and China has also achieved certain development steps, especially the two sides’ connectivity through “Two Corridors, One Belt”. Trade between Vietnam and China is more favorable. In particular, there are roads related to the Economic Corridor Kunming (China) – Lào Cai – Hanoi – Hải Phòng – Quảng Ninh (Vietnam) and the route Nanning (China) – Lạng Sơn – Hanoi – Hải Phòng – Quảng Ninh (Vietnam). Currently, the Chinese side has also completed some roads connecting with Vietnam, such as in Dongxing, China, connected to the Móng Cái – Vân Đồn highway of Vietnam.

Besides, the strengthening of connecting air routes between the two countries has also been promoted recently. At the same time, Chinese contractors are flooding into Vietnam to bid for infrastructure projects such as road transport and electricity.

The connection between the two countries' economic development strategies is expressed by the two sides strengthening connectivity in terms of transport and cross-border economic cooperation programs. For trade and industrial activities with China, the Ministry of Industry and Trade (Vietnam) issued Decision No.805/QĐ-BCT dated January 23, 2014 on Approving the Master Plan on Industrial and Commercial Development of Vietnam-China border to 2020, vision to 2030, in which, Vietnam's development viewpoints are: (i) developing Vietnam-China border trade and commerce industry with reasonable structure and speed of development, and developing rapidly, sustainably and efficiently on the basis of promoting the advantages of geographical position, natural resources and border gate system; (ii) linking and enhancing cooperation in all areas to promote industry and trade to develop the entire Vietnam-China border; (iii) developing industry and trade to actively contribute to the economic restructuring of the locality on the route, while at the same time, contributing to hunger eradication and poverty alleviation, employment and social issues; (iv) closely combining industrial and commercial development with preserving national cultural identity, effectively exploiting and using resources, and ensuring national defense, security, defense and environmental protection.¹⁴

Next, on September 12, 2016, Vietnam and China signed a Border Trade Agreement, in which border trade regulations were implemented through the border gates of land and areas (points). The border market is agreed to be opened in seven provinces of Quảng Ninh, Lạng Sơn, Cao Bằng, Hà Giang, Lào Cai, Lai Châu and Điện Biên of Vietnam and two

provinces/regions of China namely Yunnan province and Guangxi Zhuang Autonomous Region, operating at the border markets of people and means of transport on entry or exit, with goods exported or imported from and into the border market (points) through the border crossing between the two sides.

The Yunnan province and Guangxi Zhuang Autonomous Region of China are adjacent to the land border with Vietnam. These two provinces/regions have also developed their border economic development strategy, which is having a strong impact on border economic development in the northern border provinces of Vietnam. Along with China's deepening open-door reform career, especially since the 18th National Congress and the 18th Plenum of the 18th Central Congress, China has also set out to "promote the region along the land border and coastal open development for additional advantages", "strengthening steps to open coastal areas". This has also placed new demands on the work of border areas.

On November 20, 2016, the Yunnan government issued a document called "*Measures to manage the border economic cooperation zone of Yunnan province*", in which the main contents include: (i) Promote the code institutionalizing management of border cooperation areas. In terms of administrative management, a Management Board is established in border economic cooperation zones. (ii) Clearly define incentive policies for industries. In terms of investment and business, this document clearly identifies industries and projects that need to be encouraged such as import and export processing industry, logistics and related industries, national trade and service industry, cross-border tourism and cultural industries, equipment manufacturing, financial services, and industries that match local resource advantages. (iii) Strengthen the policy of "going out". Encourage cooperation in foreign economic investment and border trade, encouraging "going out"

of enterprises in economic zones, developing integrated agricultural trades with reciprocal areas. Encourage the mining industry, cooperate in tourism and build outsourcing production infrastructure with foreign countries. Encourage and fund the provincial “going out” strategy. (iv) Strongly encourage financial services. This document clearly promotes the use of renminbi in cross-border trade with economic zones, and encourages the increase in the construction of provincial financial investment playgrounds in border economic zones.¹⁵

For the construction of China’s border gate economic zones in Guangxi, the State Council, China’s Cabinet, officially approved the construction plan to make the *National Key Experimental Zone for Development and Opening-up*¹⁶ (国家重点开发开放试验区) for two cities, namely Dongxing and Pingxiang in southern Guangxi Zhuang autonomous region, including Dongxing (Guangxi) National Key Experimental Zone for Development and Opening-up and Pingxiang (Guangxi) National Key Experimental Zone for Development and Opening-up at Border Area, which are the most important spearheads to connect with Vietnam. Dongxing is the only Chinese port city that borders by sea and land with a country in the Association of Southeast Asian Nations. The city and Vietnam’s Mong Cai are neighbors facing each other across a river.

It can be said that the *Dongxing (Guangxi) National Key Experimental Zone for Development and Opening-up* is an important spearhead of China not only to increase border economic cooperation with Vietnam but also a gateway to enter ASEAN. Dongxing border economic cooperation zone is an important component of the international trade and economic zone, belonging to a breakthrough pioneer area in Guangxi’s reform. Regional infrastructure has been relatively adequate, and with project management and construction agencies having been established and put into operation, China is now

speeding up the construction of projects belonging to the functional areas. The fields of trade, transportation and exchange of goods and tourism between the two sides in the cooperation area have been quite developed; however, the manufacturing and processing industry has not yet formed. China built the *Dongxing (Guangxi) National Key Experimental Zone for Development and Opening-up* to become “a breakthrough pioneer in Guangxi reform”. Dongxing of Guangxi (China) and Móng Cái of Quảng Ninh (Vietnam) are the two border-gate cities with the closest distance to the border on the Vietnam-China border. According to the common perception of the governments of the two countries and the signed documents of the local governments of the two countries, the determination of Dongxing - Móng Cái cross-border economic cooperation zone emphasizes the implementation of cooperation in areas such as construction of infrastructure, trade, tourism and investment cooperation, production cooperation, financial cooperation, socio-cultural cooperation, environmental protection cooperation, mutual legal assistance and other areas of cooperation of mutual interest.¹⁷

From 2013, China has kicked off three major start-up projects of Dongxing (Guangxi) National Key Experimental Zone for Development and Opening-up, including: (1) cross-border economic cooperation zone between Dongxing, Guangxi (China), and Móng Cái, Quảng Ninh (Vietnam); (2) Dongxing, Guangxi border-gate trade center; (3) Jintan Tourism Island. In particular, the Chinese side will build Dongxing to become “the first station for ASEAN on both continents and islands to enter China.”¹⁸

Meanwhile, the Vietnamese side has also actively promoted the construction of border economic zones and the improvement of the transportation system. In particular is the Hanoi - Lào Cai highway with a length of 245 km and an investment of 1.45 billion USD, a project

started in the third quarter of 2008 and was completed on September 21, 2014. This is one of the cooperation routes to develop the Greater Mekong sub-region, contributing to the successful implementation of the strategy “Two Corridors, One Belt”. It is the shortest international transport route from Vietnamese seaports to the Yunnan region (China), and connects China with ASEAN countries. Currently, the Vietnamese government is studying the connection between Noi Bai - Lao Cai highway and Lai Châu province, Dien Bien (via IC16 intersection), connecting with Ha Giang province (via IC12 intersection), and with Tuyên Quang, Phú Thọ (via IC10 intersection). Currently, some localities have been actively asking for the policy and self-funding additional investment intersections to connect with Nội Bài - Lào Cai highway (intersections of Pho Lu, IC13, IC15 ...) in order to create infrastructure.¹⁹ On May 18, 2015, the Vietnamese side officially completed the 19 km highway connecting Nội Bài - Lào Cai to Kim Thành border gate (Lào Cai). When putting into use, motor vehicles carrying passengers and goods from Hanoi will go straight to Kim Thành border gate to China, connecting with Hekou - Kunming highway.

According to representatives of local import-export enterprises, the director of Nghĩa Anh Company (in Lào Cai province) said that “China is a big market, a ‘market’ of the world, and Nội Bài - Lào Cai highway is the bridge of ASEAN goods with China by meeting the criteria to shorten the time of goods on the road and reduce transportation costs...”²⁰

At the same time, on February 1, 2019, Hạ Long - Vân Đồn highway was officially put into operation after more than 3 years of construction (the project was started in September 2015). With a length of nearly 60 km, Hạ Long - Vân Đồn creates a smooth traffic circuit from Hanoi to Vân Đồn, enhancing connectivity in the growth triangle

of Hanoi – Hải Phòng – Quảng Ninh. In addition, the project of Móng Cái - Vân Đồn expressway, the highway connecting with two highways of Hạ Long – Hải Phòng and Hạ Long - Vân Đồn, is 80.2 km long with 4 lanes and speeds of 100 km/h was started in December 2018. Time to complete the project is 22 months. When the Móng Cái - Vân Đồn Expressway project is completed, Quảng Ninh will have about 200 km of expressways, connecting with Hanoi – Hải Phòng and Hanoi - Lào Cai highways contributing to the completion of the extended highway from Lào Cai - Hanoi – Hải Phòng - Móng Cái (Quảng Ninh), becoming the longest freeway currently in Vietnam, forming an important traffic gateway connecting trade with ASEAN and China to implement a strategy to enhance border trade activities, gradually making Quang Ninh a leading service center and a gateway for domestic and international trade.

In addition, the Bắc Giang – Lạng Sơn highway was started in 2015 with a length of 64 km and was opened to technicians on September 29, 2019. This highway will be officially put into operation in early 2020. At that time, the travel time from Hanoi to Lang Son will be shortened from the current 3.5 hours to about 2 hours. The Bac Giang - Lang Son expressway project is an important route, one of the road trade gateway between Vietnam and other countries in the region, and in the near future, the further completion of Chi Lăng – Hữu Nghị with 43 km length will connect the entire Hanoi – Lạng Sơn highway.

Furthermore, the Vietnamese government has approved the construction plan for the Trà Lĩnh (Cao Bằng) – Đồng Đăng (Lạng Sơn) highway. This is an important traffic corridor to facilitate the trade of goods from the southwestern provinces (China) to the Trà Lĩnh Border Gate (Vietnam) - Longbang (China) – Lạng Sơn – Hanoi (Vietnam), traveling to ASEAN countries and internationally through Hải Phòng port and vice versa.²¹

Besides, the Vietnamese side is promoting the construction of border economic zones. Vietnam currently has about 24 international border gates, 25 bilateral border gates, 68 secondary border gates, 57 frontier openings and 295 border gate markets in border economic zones for border trade. Across the Vietnam - China border line, there are 7 pairs of state-level border gates: Móng Cái - Dongxing, Đồng Đăng - Pingxiang, Hữu Nghị - Youyiguan; Tà Lùng – Shuikou, Thanh Thủy - Tianbao, Ma Lò Thành - Jinshuihe, Lào Cai - Hekou; seaports including ports of Fangchenggang, Beihai, Qinzhou, Zhanjiang, Haikou, Sanya of China and Hải Phòng, Cái Lân (Quảng Ninh) of Vietnam; airports including Kunming and Guangzhou of China and Hanoi of Vietnam,.... China and Vietnam are taking positive steps to increase cooperation in the development of border economic zones, trade centers and border markets, develop logistics systems, and continue to promote more. Moreover, measures to shorten customs clearance time, on the other hand, need to establish a modern system of goods storage warehouses waiting for customs clearance (cold storage) to help extend the time of goods preservation.

To build and develop border economic zones into a trade, service and tourist center of the northern midland and mountainous region, the focal point is the Hanoi - Lang Son - Nanning economic corridor, Hanoi - Lào Cai - Yunnan and Hanoi - Móng Cái – Fangchenggang. To promote development cooperation in the economic development planning of Hai Phong - Hanoi - Lao Cai - Kunming and Hai Phong - Hanoi - Lang Son - Nanning, the economic belt of the Tonkin Gulf, to effectively exploit the advantages of natural conditions, economic geographic position and position of each border gate economic zone in developing trade and international and domestic services, thus promoting economic development and economic restructuring of provinces with border-gate economic zones, to develop border-gate

economic zones in association with the formation of urban systems and border rural residential areas and in association with the arrangement, and stabilization of population in border communes, to plan the development of traffic axes connecting domestic border economic zones and with China's border gates and border economic zones in order to promote the development and link of border gate economic zones in regions with regions throughout the country and internationally, and to continue investing in perfecting infrastructure in border-gate economic zones according to the development planning and the general planning of border-gate economic zones, focusing priority on border-gate economic zones is the focal point for inter-regional and international economic corridors such as Mong Cai, Lao Cai and Lang Son border gates.

Móng Cái border-gate economic zone of Quang Ninh province was established under Decision 675/TTg of September 18, 1996 of the Prime Minister. On September 18, 2015, the Prime Minister also issued *Decision No.1626/QĐ-TTg on approving the Master Plan for Construction of Mong Cai Border Gate Economic Zone, Quang Ninh to 2030, with a vision to 2050*. In addition, Mong Cai Border Gate Economic Zone has been selected as one of the nine key Border Gate Economic Zones nationwide focusing on development investment from the state budget in the period of 2016-2020, and it was approved by the Prime Minister to build Móng Cái (Vietnam) – Dongxing (China) Border Economic Cooperation Zone with a system of open policies and mechanisms specifically applied in the Cooperation Area.²²

On the other hand, Lào Cai Border Gate Economic Zone is one of nine border-gate economic zones, which are paid attention by the Vietnamese government to invest in the construction of plain infrastructure and regulations and policies. This border-gate economic zone plays an important role in connecting with China, especially in

Yunnan province. The Prime Minister issued Decision No.1627/QĐ-TTg dated November 23, 2018, on the General Planning for Construction of Lào Cai Border Gate Economic Zone, Lào Cai province, to 2040, with a vision to 2050. Accordingly, Lào Cai Border Gate Economic Zone has a total area of about 15,929.8 ha (stretching over the entire border of Lào Cai with China), forecasting that by 2040, the population will be about 90,000 people, including about 45,000 labors. This decision also emphasized: “This is a multi-sector border gate economic zone, an economic breakthrough of Lào Cai province and northern midland and mountainous provinces. As a development pole of the Northern midland and mountainous region, the economic center of industry, trade, tourism and services, it is one of the trade centers of ASEAN region and Southwest region of China.”²³

For Dong Dang - Lang Son Border Gate Economic Zone, on October 14, 2008, the Prime Minister issued Decision No.138/2008/QĐ-TTg on establishing Dong Dang - Lang Son Economic Zone. The Border Gate Economic Zone is located at an important gateway connecting China and ASEAN countries, which is the first point of Vietnam on the economic corridor of Nanning (China) – Lạng Sơn – Hanoi – Hải Phòng (Vietnam), located next to the key economic triangle of Hanoi – Hải Phòng – Quảng Ninh.

4. Enhancement of Cooperation in Trade, Investment and Human Connection

Trade cooperation: opportunities for both sides to strengthen trade relations as well as infrastructure connections not only with China but with other countries within the BRI framework. China is a huge market with 1.4 billion people. Vietnam and China share a common border both on land and at sea, so this is also a favorable condition to increase trade

between the two countries. From 2004 up to now, China has been Vietnam's largest trading partner for many consecutive years, with bilateral trade remaining strong. China is currently the second largest export market of Vietnam in the world, after the US. Vietnam is also China's largest trading partner in ASEAN, the eighth largest in the world and the fifth largest export market and China's ninth largest import market in the world. Along with that, the two sides continue to maintain regular mechanisms of bilateral economic and trade cooperation to promptly solve the existing problems in trade relations between the two countries, bringing economic cooperation and bilateral trade development more and more stable towards a more balanced and sustainable manner. In addition to the similarities in culture and consumption habits etc., Vietnam-China bilateral trade has developed with geographical advantage. Besides, China has the largest population in the world and currently has over 400 million people in the middle class so the consumption demand is very large and is an attractive export market for many countries in the world including Vietnam.

The growth rate of trade between the two countries from 2001 to 2008 averaged over 25%. In 2004, the two countries' trade turnover reached approximately 7.2 billion USD, the second time surpassing the target set by the governments of the two countries to achieve the target of 5 billion USD in 2005. In 2008, the Vietnam-China trade turnover reached over 20.18 billion USD, increasing 535 times compared to the turnover in 1991 and the third time to complete two years before the goal of the two countries set to bring the trade turnover of the two countries to 20 billion USD by 2010. In 2016 bilateral trade reached 71.9 billion USD, increasing 7.9% compared to 2015. In 2017, it reached 93.69 billion USD, up to nearly 61.5% compared to 2016, equivalent to the number increased by 13,503 billion USD. In 2018, the two-way trade turnover reached 106.7 billion USD, increasing 13.8% compared to

2017. In the first 4 months of 2019, the Vietnam-China trade turnover reached 33.24 billion USD, increasing 11.58% compared to the same period in 2018.

While participating in the Second Belt and Road Forum for International Cooperation in April 2019 in Beijing, China, Prime Minister Nguyễn Xuân Phúc also suggested China, Vietnam's second largest export market, to continue to open the door for other agricultural products of Vietnam, especially 8 kinds of fruits, pork and bird's nest, to facilitate rice trade between the two countries, to coordinate in handling a number of problems regarding the procedures for finalizing the settlement, capital, slow progress, and low efficiency in cooperation projects between the two parties, to promote the signing of new railway agreement, connecting Lào Cai - Hekou railway. He also proposed increasing the number of non-stop flights between the two countries, providing appropriate take-off hours for Vietnamese airlines to fly regularly to/from Beijing and Shanghai, and to create favorable conditions for businesses of the two countries to effectively participate in the Chongqing-Singapore transport route.²⁴

Moreover, Vietnam's border infrastructure, in which there is still inadequate trade infrastructure, cannot meet the demand of rapidly growing bilateral commodity exchanges. Agricultural and aquatic products that are officially exported to China are not abundant. The progress of market opening for new products of Vietnam is still slow. Therefore, in order to boost the export of goods to the Chinese market, Vietnamese businesses need to raise awareness and identify China as a key market and should not say that this is an easy market. Enterprises need to carefully understand the market needs and market areas in China to determine key products and key market areas.

Investment: opportunities to increase foreign investment serve the growing demand for infrastructure construction in Vietnam. In the coming time, Vietnam needs huge infrastructure investment, in which about 10 years from now Vietnam needs 105 billion USD to build infrastructure, ports, trains, and electric systems. Besides, the GI Hub – Global Infrastructure Hub, which is under the management of the G20 Big Economies Group, has just cooperated with Oxford Economics, a leading global forecasting and quantitative analysis unit, to make and publish the Global Infrastructure Perspective report. According to this report, Vietnam's demand for infrastructure investment is 605 billion USD between 2016 and 2040. Considering the ratio of investment in infrastructure to GDP, Vietnam's demand for infrastructure investment accounts for 5.87%, the highest in Southeast Asia and second in Asia after China. Vietnam is expected to meet 83% of total infrastructure investment needs. The biggest gap is in the road sector with an increase in investment demand of up to 70% to meet anticipated needs.²⁵

Rapid industrialization in recent years and increasing urbanization require further development of infrastructure. The Global Infrastructure Outlook reports that Vietnam will need more than 600 billion USD to meet its infrastructure goals by 2040. The Asian Development Bank (ADB) estimates that Vietnam needs to average at least 16.7 billion USD per year between 2015 and 2025 to finance infrastructure development needs while the World Bank's forecast is 25 billion USD.²⁶ Amanda Rasmussen, president of the American Business Association in Vietnam (AmCham), at the mid-2019 Vietnam Business Forum (VBF) in Hanoi on June 26, 2019, said that infrastructure and energy is important to ensure sustained growth in Vietnam. However, according to VBF's Infrastructure Working Group, the current state of Vietnam's infrastructure has only "improved slightly" over the past decade. According to the World Economic Forum's Global Competitiveness

Report 2018, Vietnam's infrastructure rankings (out of 140 studied economies) from 93rd in 2008 have inched to 75th in 2018. In particular, road infrastructure has achieved little success, while water and electricity are ranked as good as those in more developed countries like Thailand.²⁷

The "Uoolu 2018 Ten Countries on Belt and Road Property Investment Data Report" by Uoolu, on August 31, 2018²⁸, selected eight countries in Southeast Asia and two countries in the Middle East along the Belt and Road based on the Cooperative Development Index to assess the investment risk in the Belt and Road Initiative region. The report also reveals that Thailand, the Philippines, the United Arab Emirates, and Vietnam are the major markets today that receive the most attention from Chinese investors. Vietnam is among the top ten major markets that receive the most attention from Chinese Belt and Road property investors.²⁹ Since June 2018, 33 listed Chinese companies have informed China's two stock exchanges of their plans to follow their foreign counterparts out of the country to mitigate the prolonged trade war between China and the US. Majority of Chinese firms consider Vietnam preferred investment destination. Nearly 70% of 33 Chinese listed companies planning to set up production abroad have cited Vietnam as their preferred destination, while the remaining chose Cambodia, Malaysia, Thailand and others.³⁰

Therefore, Chinese enterprises have been choosing Vietnam as their investment destination as part of the Chinese government's long-term strategy of pursuing economic integration with the world and neighbouring countries. So there will be the huge capital source from China in the BRI framework into Vietnam, and this can be considered as one of the important additional sources of capital that thirst for infrastructure investment. The investments of Chinese enterprises in Vietnam is also in line with China's ambitious Belt and Road Initiative (BRI). Projects in Vietnam that come under BRI include the construction

of a highway linking the southern provinces of China with Hanoi and the northern ports, and the upgrading or building of new ports in the area. Given that, the Vietnamese government has recently adopted Decree No.63/2018/ND-CP, which clarifies and improves the possibility of investment under the public-private partnership model. This legal framework provides a tool that enables foreign investors to implement major infrastructure developments across Vietnam. Meanwhile, funds are available from various markets like China and Hong Kong. This is an opportunity for Vietnam to capture the benefits of economic growth associated with a national programme of infrastructure development.

Regarding direct investment, as of December 2008, China invested directly in Vietnam with 628 projects, total registered capital of nearly 2.2 billion USD, in which implementation capital is 271 million USD, ranking 13th among 64 countries and regions investing directly in Vietnam. If counted in the period of 2001-2010, China's FDI into Vietnam increased in both the number of projects and the scale of capital (about 2.5 million USD/project), and there appeared many projects from 1 to 10 million USD. In the period from 2011 to 2017, China's FDI into Vietnam had the most significant change, but also began to show many issues of concern. In particular, in 2016, China's investment capital into Vietnam reached 1.26 billion USD, accounting for 8.3% of total FDI into Vietnam.

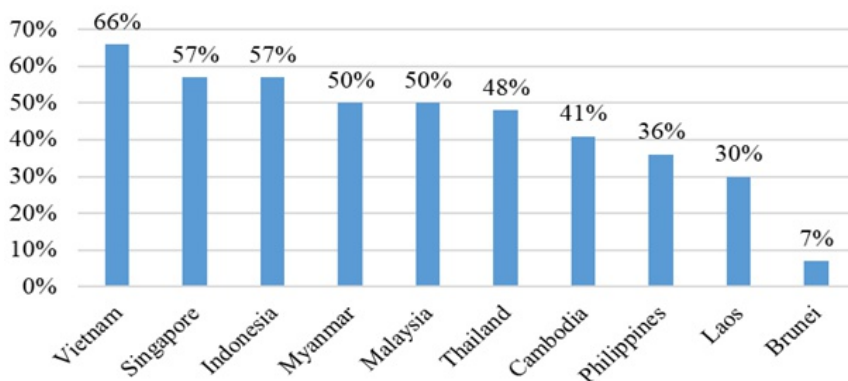
By the end of May 2019, China had 2,387 valid investment projects in Vietnam with a total registered capital of 15.1 billion USD, ranking 7/131 countries and territories. In the first half of 2019, China was the largest investor with more than 1.6 billion USD, accounting for 22.6% of the total newly registered capital; followed by South Korea with more than 1.2 billion USD, accounting for 16.7%; Japan 972 million USD, accounting for 13.1%; Hong Kong (China) reaching 920.8 million USD, accounting for 12.4% ... This shows that the two capital flows from

China and Hong Kong increased sharply. Specifically, in the first 6 months of 2019, the total newly and additionally invested capital and capital contribution to purchase shares was 7.5 billion USD, of which Hong Kong was 5.3 billion and China was 2.2 billion USD. Meanwhile, the total investment of China and Hong Kong into Vietnam in 2017 was only 3.7 billion USD, in 2018 was 5.8 billion USD. Particularly, the number of newly registered projects in the first 6 months of 2019 of these two investors also increased sharply, doubled compared to the first 6 months of 2018, reaching 437 projects with a total registered capital of 3.15 billion USD.³¹ Thus, after a long time only ranked 3rd or 4th in Vietnam, the investment capital from Chinese investors has surpassed that of big investors from Japan, Korea and Singapore in Vietnam. This is also the first time that the newly registered FDI capital from China has risen to the top.³²

Especially, in the first half of 2019, Vietnam drew 1.6 billion USD from investments related to China's Belt and Road Initiative (BRI), ranking fourth among Southeast Asian countries. Chinese BRI investment and construction contracts in the Southeast Asian region almost doubled to 11 billion USD in the first half of 2019, from 5.6 billion USD in the last six months of the previous year. These numbers reflect thriving interest in BRI participation in the region, also captured in the other report by PwC and the Singapore Business Federation, which represents more than 25,000 companies' interests in the city-state. Among countries in the region, Indonesia drew the lion's share of new BRI contracts, valued at 3 billion USD in the first half. It was followed by Cambodia at 2.5 billion USD, Singapore at 1.9 billion USD and Vietnam at 1.6 billion USD. Most of the projects were in transport and energy. Their report, released at a mid-August conference in Singapore on infrastructure development, named Vietnam, Singapore and Indonesia as the top countries where organizations see BRI

opportunities. The report cites a survey of about 50 public- and private-sector leaders in the region – from industries like financial services, energy and construction – which found that 66% of respondents identified Vietnam as a place with BRI opportunities, followed by Singapore and Indonesia at 57%. Countries like the Laos drew less interest at 30%, while Brunei was near the bottom at 7% (see Figure 1).³³ These numbers show that Vietnam is likely to benefit most from BRI.

Figure 1 ASEAN Countries Where Respondents See BRI Opportunities



Source: Author’s calculation using: *Consultancy.asia* (2019), “Singapore seen as especially attractive for Belt & Road investment”, 16 August, <<https://www.consultancy.asia/news/2435/singapore-seen-as-especially-attractive-for-belt-road-investment>> (accessed August 25, 2019).

Human connection: this is an area where the two sides have achieved many important achievements. Human exchanges and cultural exchanges on the two sides took place strongly. The number of foreign students exchanging between the two sides increased rapidly. At the

same time, tourism activities and cultural exchanges between the two countries took place more strongly. For tourism, in recent years, Vietnam's tourism industry has always been growing at a high speed. According to data from the Vietnam National Administration of Tourism, in 2018, international visitors to Vietnam were estimated at nearly 15.5 million, up nearly 20% over the same period last year. However, out of 15.5 million international visitors, more than half came from China and South Korea with 5 million and 3.5 million respectively. In the first four months of 2019, there were 1.3 million Chinese tourists coming to Vietnam. Each year more than 1 million Vietnamese tourists travel to China. If including cross-border exchanges, each year the number of exchanges between the two sides reaches about 12 million.

5. The Challenges Facing Vietnam under the Belt and Road Initiative

Besides the opportunities that BRI brings to Vietnam, there are challenges facing Vietnam under BRI, which we can consider in some following aspects:

First, the risk of being economically dependent and falling into a “debt trap”. Vietnam as a whole can be classified as in a group of countries at risk of falling into a “debt trap”. Especially, there have been too many lessons in cooperation with China in the investment field. In fact, the first attraction of Chinese capital is that the size and conditions of access are much easier than loans from the World Bank (WB) or the Asian Development Bank (ADB). The AIIB's Charter stipulates that the main function of this institution is to focus and prioritize “promoting investment activities in infrastructure and regional economic links”. But unlike the World Bank or ADB, AIIB loans “will definitely not come with political conditions” (No Political Interference). This may initially

be similar to China's "no intervention" principle but it eliminates two important factors that the World Bank, ADB, International Monetary Fund (IMF) or European Bank for Reconstruction and Development (EBRD) often include in loans to enhance the governance of a project. These are: (i) political transparency and (ii) human rights issues.

Second, *Chinese projects have also a poor track record in Vietnam.* They have been known for delays, cost overruns, and poor construction quality in various projects, among other issues. And, China lacks typical projects in Vietnam. At present, many Chinese investment projects in Vietnam face problems with investment quality, capital, as well as investment progress. This creates a bad image of China's investment activities in Vietnam. Therefore, the Vietnamese side often feels concerned about Chinese investment activities. The price is cheap and the capital is due to the technical level, and especially when the road is completed, the cost of repair and maintenance increases, the capital will be raised very quickly if the economic stimulus cannot be met from those projects. The Cát Linh – Hà Đông metro line in Hanoi is a stark example.³⁴ The project, which is being funded by Chinese loans and built by a Chinese contractor, was originally scheduled for completion in 2013 but is still not finished. The 13-kilometre Cát Linh – Hà Đông elevated railway will have 12 stations and a depot linking Dong Da district's Cat Linh street and Ha Dong district's Yen Nghia Bus Station. Once completed, the trains will transport up to 2,110 passengers at an average speed of 35 and a maximum of 80 kilometres per hour. The Cát Linh – Hà Đông metro line has used official development assistance (ODA) from China with appointed contractor and supervision consultant also from China. The project has a total investment of 866 million USD. It was initially scheduled to begin operation in 2016. However, the construction of the project has been delayed numerous times. Since its

construction started in 2011, the official operation was delayed eight times. The latest promise made by the transport ministry pushed the deadline to April 2019. At present, around 95 per cent of the project has been completed, while the remaining 5 per cent depends greatly on the disbursement of the remaining 250 million USD. The long operational delays and ballooning budget in Hanoi's metro project have been caused by an inexperienced Chinese contractor.³⁵

However, it must be fair, even in the Hồ Chí Minh City No.1 railway: Bến Thành – Suối Tiên is also behind schedule and capital. Nhỏn – Hanoi Station railway project, the second railway project of Hồ Chí Minh City with German capital, is also capitalized. This is a matter of policy, management of Vietnam and a problem of Vietnam's public investment. However, we need to understand that Chinese capital is now considered to be easy, but not cheap because of environmental constraints and civil rights interests in borrowing policies. This is different from the environmental constraints, balance, and social security of the WB and ADB recently. Chinese loans have not addressed the issue of pollution emissions and anti-corruption right from their national policies. Due to the relatively convenient mechanism in lending, many people feel quite easy, but would be trapped with this capital inflow. The failure to fully realize the impact of pollution from Chinese capital has been strongly affecting the environment, society and development planning of receiving countries.

Third, *Vietnam at risk of higher trade deficit with China.* China is a big market, but it is also a “factory of the world”. While the trade structure of Vietnamese goods is similar to China, it is also more difficult for Vietnam to penetrate the Chinese market. Meanwhile, Vietnam's trade deficit with China increased sharply every year, especially of imported raw materials to serve Vietnam's key export industries. In the past 6 years, the two-way trade relationship between

Vietnam and China has been disproportionate, and Vietnam has a heavy trade deficit with China of about 150 billion USD, an average of about 25 billion USD/year. The structure of Vietnam's imports from China is mainly machinery, equipment, components, electricity, fertilizer, coal, tobacco raw materials, fresh fruits, etc. Meanwhile, Vietnam exports mainly to China low-value products such as rubber, agricultural products, cassava chips, rice, fruit and timber, etc. In the context of the US-China trade war getting increasingly fierce today, with the promotion of BRI in Vietnam, the risk of trade deficit will become more serious.

Fourth, the interaction between security and economic issues, especially with BRI. Overall, the Vietnamese are relatively skeptical in doing business with China, so the instability in economic relations between the two sides is clearly shown. This instability manifests itself in two aspects. First is the issue of territorial sovereignty disputes between the two countries regarding the South China Sea. It can be seen that the suspicion lasts between the two countries in the context of the South China Sea dispute. At the formal level, Vietnam's emphasis on principles such as consensus, equality, mutual respect and compliance with the UN Charter and international law in the implementation of BRI shows that Vietnam is being very careful. In addition, Vietnam is also concerned that the impacts of water cooperation on the Mekong River could affect the bilateral cooperation process in general, including BRI. And, one more aspect, is the lack of transparency in China's economic activities. Therefore, Prime Minister Nguyễn Xuân Phúc during his meeting with Chinese senior leaders in Beijing in April 2019 also emphasized that: "Vietnam welcomes and supports the Belt and Road Initiative. Belt and Road Initiative ensures the principles of peaceful, equal and mutually beneficial cooperation, mutual respect and conformity with international law."³⁶

Besides, Vietnamese people are also worried that Chinese investment projects may affect national security, such as with the Special Zone Act, a law that would create “Special Economic Zones” (SEZs) with the goal of sparking investment and economic reform in Vietnam. SEZs are expected to be established in three provinces: Bắc Vân Phong in Khánh Hoà province, Vân Đồn in Quảng Ninh province, and Phú Quốc in Kiên Giang province. The bill would allow foreigners, mostly Chinese investors, to lease land for up to 99 years in the three SEZs. This project is codified in the proposed SEZ Law or the “Law on the Special Administrative-Economic Units”. Regarding geographic location, however, all the three districts are located in critically strategic sites of Vietnam, and they hold a crucial implication for national security. So, the Vietnamese people are concerned about this issue, and that has fueled anti-Chinese sentiment in Vietnam. There were several demonstrations nationwide against the SEZs that they fear will fall into the hands of Chinese investors. Tens of thousands of people on June 10, 2018 took to the streets in Hanoi, Đà Nẵng, Bình Thuận, Nha Trang, Bình Dương, Đồng Nai, Vũng Tàu and Hồ Chí Minh City to protest against the government’s plan to create the three SEZs. Many protesters hold a banner which reads “No Leasing Land to China even for Anytime” during a demonstration against a draft law on the SEZs in Hanoi. Facing the situation, Mrs Nguyễn Thị Kim Ngân, chairwoman of the Assembly, addressed the morning of June 11, 2018 that: “People should stay calm, believe in the decisions of the party and the state, especially in the fact that the National Assembly is always listening to the people’s opinions when discussing the bills.”³⁷ Mrs Nguyễn Thị Kim Ngân added that “the concerns and worries of the people and voters were right and the National Assembly need more time to complete the law”³⁸. In addition, many members of Vietnam’s National Assembly and Vietnamese elite expressed concern that the provision of land for

projects up to 99 years in SEZs could affect national sovereignty, with the reason that all three SEZs of Vân Đồn, Bắc Vân Phong and Phú Quốc are located in the front lines, which are very sensitive. Hence, it is necessary to consider the impact of the draft law on the aspect of national defense.³⁹ Whereby, Vietnam's National Assembly, in the morning of June 2018, agreed not to adopt the draft Law on Special Administrative and Economic Units of Vân Đồn, Bắc Vân Phong, and Phú Quốc at its ongoing fifth session.⁴⁰

As a result, in August 2019, Kiên Giang province has written to the Prime Minister Nguyễn Xuân Phúc proposing the suspension of a major plan to establish a special administrative and economic zone on Phú Quốc Island off the province until the National Assembly passes the law on special administrative and economic zones.⁴¹ And, Khánh Hoà province, in December 2019, has also written to central authorities proposing the suspension of a major plan to establish the Bắc Vân Phong SEZ while waiting for the law on special administrative and economic zones to be passed and for investment calls to be made.⁴² For the Vân Đồn case, the Vietnamese government has issued a resolution on the pilot establishment of a management unit of Vân Đồn economic zone under the Quảng Ninh People's Committee after the controversial draft law on SEZs was withdrawn in 2018. Under the master plan for socio-economic development of Vân Đồn economic zone by 2030, the locality is expected to be transformed into a smart, modern and green coastal urban area, as well as the region's economic and cultural hub with gross regional domestic product (GRDP) of 5.6 billion USD, with the population set to grow to 140,000 from the current 52,000, and 89,000 jobs to be created. By 2050, Vân Đồn should become one of Vietnam's major economic driving forces and a worth-living city in the Asia-Pacific.⁴³

Fifth, Vietnam's dilemma with its border economic cooperation with China. Vietnam lacks up-to-date information on changes in China's economic policies, thus affecting Vietnam's economic cooperation policies with China, especially Vietnam's cross-border cooperation policy making. Besides, the implementation of China's economic development policies took place quickly, flexibly and vibrantly in the border economy (such as loosening the rights and making concessions for the border areas, etc.); meanwhile Vietnam's adaptation is slow. China's development zones facing Vietnam's Border Economic Zones are experiencing higher levels of development in terms of institutions, laws, infrastructure, management discipline, cooperative experience, and trade. While Vietnam is not ready for the full free market, cheap Chinese goods have flooded, causing domestic manufacturers to worry and threaten the employment of workers in many areas. Considering the structure of goods export, in recent years, the structure of exports of Vietnam and China is quite similar, so the competition in the third market is increasingly fierce. In general, with China's current position and power, trade liberalization will cause many difficulties for economic development in Vietnam's Border Gate Economic Zones in the face of higher competitiveness of goods and service from China.

Sixth, the risk of a new wave of Chinese immigrants. China is implementing investment strategies in the style: "Where the money goes, people go there" that has a lot of bad consequences; over time, many Chinese resource exploitation projects in Latin American countries, Africa and Southeast Asia are characterized by bringing many unskilled workers into the project, sometimes tens of thousands of people into the country, to invest. In this way, countries have been reassessing the benefits of Chinese investment to development. Chinese investment projects in many other developing countries as well as in Vietnam often

entail influx of unskilled Chinese laborers into host countries. Besides, due to the advantage of traffic between Vietnam and China, many Chinese people come to Vietnam to seek business opportunities, especially the activities of small businesses. This has also caused a rapid increase in the influx of Chinese immigrants in Vietnam, and is affecting Vietnam's socio-economic issues such as ensuring social security and order, increase in Vietnamese marriages among Chinese, increasing criminal activities, etc.

Seventh, because China's business investment practices are "not transparent", this creates the risk of corruption. This situation of China has also caused Chinese President Xi Jinping in the 2nd BRI Conference (April 25-27, 2019) to also declare transparency and anti-corruption in BRI projects. In developing countries – where corruption is widespread – the lack of transparency reduces the efficiency of capital use in many respects: loans are misused – loans are wasted in usage, which is borrowed even when the effectiveness of the project is low. Besides, while Xi Jinping has vigorously launched the fight against domestic corruption, there has been no sign of Xi's anti-corruption and anti-bribery issues in another country.

Eighth, environmental issues from Chinese investment. Although the Belt and Road Initiative extends to about 78 countries, China says it will only commit green standards within its own country. This means that China is not responsible for pollution caused by the construction of railroads, ports, highways and power plants throughout Asia, Africa, Europe and South America. Accordingly, Vietnam will also face environmental issues from Chinese investment projects.

Ninth, strengthening human connection, in which tourism is considered as an important channel. However, tourism activities between China and Vietnam have increased in an extremely hot way in recent years and have had unexpected effects on Vietnam. The boom in

Chinese tourists abroad has brought new opportunities and challenges to host countries around the world, including Vietnam. In the first half of 2018, 2.5 million Chinese tourists came to Vietnam, an increase of 36% over the same period last year and accounted for 32% of the total international visitors to Vietnam. However, the benefits Chinese tourists bring to Vietnam may not be as great as they appear.⁴⁴

Various media reports indicate that many tourists have come to Vietnam through the so-called “zero-dollar tours” (known as “zero-đồng tours” in Vietnam) organized by Chinese tourism companies. During these trips, Chinese tourists stay at Chinese-managed hotels, eat at Chinese restaurants and shop at Chinese shopping venues. They also use Chinese tour guides instead of local guides. Just like the use of Chinese e-wallet services, these issues reduce the positive effect that Chinese tourists bring to the economy in general and local businesses in particular.

In May 2018, a group of Chinese tourists wearing T-shirts printed with a Chinese map shaped U caused a rage among the Vietnamese public. In 2016, the Vietnamese public was also angry when a Chinese tour guide was said to have introduced to Chinese tourists that “Huế Citadel has an architecture similar to China because it was formerly in China”. The problems that Chinese tourists cause host countries are not unique to Vietnam. Similar stories can be heard across Southeast Asia and elsewhere. For example, a recent article by Cambodian scholar Pheakdey Heng raised similar issues in Cambodia. Among other things, the author found that “Chinese settlers and tourists come to Cambodia but buy from Chinese businesses, eat at Chinese restaurants and stay at Chinese hotels. The spillover impact on local businesses is very small.”⁴⁵

Tenth, increasing electronic payments through the forms of Alipay and Wechat Pay in Vietnam not only makes the government unable to collect taxes but also potentially poses many other risks. The Ministry of

Finance and relevant government agencies in Vietnam seek to control Chinese e-wallet services such as WeChat Pay and AliPay, as well as points of accepting illegal bank card payments at attractions frequently visited by Chinese tourists. The government is concerned that the use of such payment methods, in which transactions made between Chinese bank accounts of tourists and business owners, may bypass the banking system and goods and services regulations, leading to tax revenue losses and other potential problems.⁴⁶

6. Conclusion

As a country playing an important role in China's BRI, Vietnam stands to benefit from BRI due to its growing demand for infrastructure investments to fuel the country's growth. On the other hand, BRI also brings new opportunities for multinationals investing in Vietnam. As a potential catalyst for greater connectivity, BRI will facilitate manufacturing and cross-border trade in the region. This is no surprise given Vietnam's proximity to China and strategic position in the ASEAN, which will open up more opportunities for the country. Hence, Vietnam has expressed its support and willingness to participate in this initiative of China. The official statements of the Vietnamese leaders on the Belt and Road Initiative are relatively clear, but in reality the implementation of policy on connectivity and infrastructure connection within the BRI framework between the two countries have not been strongly implemented yet, as the two sides still have many gaps in finding common points in their cooperation. Vietnam is cautious about the initiative's implications, given the lingering distrust between the two countries. Trust is a very important issue as the public still does not fully understand the cooperation between Vietnam and China in the BRI. In Vietnam, people are concerned about BRI projects, partly due to worries

about rising debt to China. Although the actual implementation of the BRI in Vietnam may be slow, it is most likely that Hanoi will continue to lend diplomatic support to the initiative as a means to strengthen overall relations with China.

Notes

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16. These are two of seven National Key Experimental Zones for Development and Opening-up that have been approved by Chinese State Council since 2012, including Dongxing (Guangxi) National Key Experimental Zone for Development and Opening-up (广西东兴国家重

点开发开放试验区 (2012 年 7 月获批)); Ruili (Yunnan) National Key Experimental Zone for Development and Opening-up (云南瑞丽国家重点开发开放试验区 (2012 年 7 月获批)); Inner Mongolia - Manzhouli National Key Experimental Zone for Development and Opening-up (内蒙古满洲里国家重点开发开放试验区 (2012 年 7 月获批)); Inner Mongolia Autonomous Region - Erenhot National Key Experimental Zone for Development and Opening-up (二连浩特国家重点开发开放试验区 (2014 年 6 月获批)); Mengla (Mohan) National Key Experimental Zone for Development and Opening-up (云南勐腊 (磨憨) 国家重点开发开放试验区 (2015 年 7 月获批)); Heilongjiang National Key Experimental Zone for Development and Opening-up (黑龙江绥芬河 - 东宁国家重点开发开放试验区 (2016 年 4 月获批)); Pingxiang (Guangxi) National Key Experimental Zone for Development and Opening-up (广西凭祥国家重点开发开放试验区 (2016 年 8 月获批)).

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