



# 6 ESSENTIAL QUESTIONS: PRESIDENT OBAMA'S VISIT TO VIETNAM

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In the lead-up to President Obama's May 23-25 trip to Vietnam, ASG asks – and answers – the 6 essential questions for this trip. Full analysis available [here](#).

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## 1 - WHAT IS HAPPENING IN HANOI AT THE MOMENT?

Obama's visit comes during a challenging time for Vietnam's new leadership. The government is dealing with a major coastal pollution crisis, severe drought, and the National Assembly general elections on May 22.

Since early April, an [estimated 100 tons of fish have washed up](#) across the central coast of Vietnam, devastating provinces that depend on fishing and tourism for a living. Many in the public have accused a Taiwanese-owned steel mill of polluting the waters, but the government has appeared reluctant to tie the firm to the incident.

This has fanned the flames of deep [anti-Chinese sentiment](#) among the Vietnamese public and the government has become increasingly concerned with managing the situation. Reports of the improper use of force by police against demonstrators and media censorship have risen in recent days, shining a spotlight on human rights violations just as Hanoi is trying to convince Washington to remove its ban on lethal weapons exports.

The crisis has also fueled domestic debate over foreign investors' labor and environmental practices and the adequacy of government oversight. Vietnam is heavily dependent on foreign direct investment (FDI) for sustaining its high levels of economic growth and has consistently worked to improve its standing as a trade and investment destination.

## 2 - WHAT ARE THE MOST PRESSING ISSUES OF MUTUAL INTEREST?

The most pressing issues of mutual interest to both the U.S. and Vietnam are the preservation of stability in the South China Sea and the timeline for ratification of the Trans-Pacific Partnership (TPP) in the United States. Both Hanoi and Washington perceive enhanced cooperation as vital to regional stability and to deepening regional economic integration in the Asia-Pacific.

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### 3 - WHAT DOES HANOI WANT TO COME OUT OF THIS VISIT?

Hanoi hopes to focus on the outlook for U.S. ratification of the TPP, a central pillar of Vietnam's [efforts to diversify trade and investment flows away from China](#) which enjoys strong support from Vietnam's government and the public.

China's increasingly assertive actions in the South China Sea have led to increased maritime and defense cooperation between the United States and Vietnam. Vietnam has urged the Obama administration to fully [lift the 30-year-old ban on lethal weapons](#) exports, citing its importance for defense cooperation and maritime security, as well as for deepening mutual trust and fully normalizing relations.

### 4 - WHAT ARE THE OBAMA ADMINISTRATION'S PRIORITIES FOR THIS VISIT?

The White House will seek to highlight Vietnam as an important partner for maintaining peace and stability in the region, as well as one of the most promising markets for U.S. companies. Differences over political ideology and human rights have remained a thorn in the bilateral relationship, however, and Obama undoubtedly sees this trip as his last and best opportunity to push for real progress on these issues.

Obama will also leverage the visit to reiterate the strategic and commercial importance of ratifying the TPP. The Obama administration also views the TPP as an important vehicle for improving human rights in Vietnam, particularly labor rights. [The U.S.-Vietnam "labor consistency plan" included in the TPP](#) requires Vietnam to legalize independent unions, enhance protections against employment discrimination, and increase penalties for forced labor before the country can benefit from U.S. market access commitments.

### 5 - WHAT DOES THIS VISIT MEAN FOR COMPANIES LOOKING TO INVEST IN VIETNAM?

For U.S. companies, the visit is a critical opportunity to engage with both governments on remaining barriers to greater bilateral trade and investment. Vietnam's inclusion in the TPP, low cost of labor, and strategic location between China and India make the country a highly [attractive trade and investment destination](#) for U.S. companies, particularly for labor-intensive manufacturing and services such as education. The overall operating environment for U.S. companies in Vietnam has improved markedly, though a wide range of barriers to further trade and investment remain, including evolving laws and policies, an underdeveloped court system, and high levels of red tape and corruption.

### 6 – WHAT ARE POTENTIAL OUTCOMES OF THE VISIT?

- Expanded cooperation in the core areas of the 2013 United States-Vietnam Comprehensive Partnership, which include maritime capacity building, economic engagement, climate change and environmental issues, education cooperation, and human rights.
- The signing of new commercial deals.
- Expanded cooperation on humanitarian assistance and issues related to the aftermath of the Vietnam War, including dioxin contamination and unexploded ordnances.

