Recolonialization of Vietnam?

by Linda de Hoyos and Uwe Parpart

Despite the ground-breaking meeting at the United Nations Sept. 29 between U.S. Secretary of State James Baker and Vietnamese Foreign Minister Nguyen Co Thach, the United States continues to deny normal diplomatic relations to Vietnam, is maintaining its trade embargo, and once again stamped its veto on Vietnam's entry into the International Monetary Fund and the World Bank, making it impossible for Vietnam to obtain credit from the international markets.

Washington insists that Vietnam contribute to a political settlement of Cambodia (although how has not been publicly specified) and also settle to the Bush administration's satisfaction the question of the Americans Missing in Action from the Vietnam War. The suspicion is, however, that these conditions are but pretexts. The Bush administration's primary concern is the People's Republic of China. Bush wants to slow things down so as not to overtake the pace of diplomatic goings-on between Hanoi and Beijing. Just as Thach was meeting with Baker, Vietnamese Politburo member and war hero Vo Nguyen Giap was in Beijing meeting with high-level officials in hopes of reviving ties.

Who benefits

Great Britain is another party that appears to be benefiting from the U.S. embargo. While Japan has obeyed U.S. economic strictures, sharing only 0.03% of total foreign investment in Vietnam, Great Britain is getting in on the ground floor of exploration in Vietnam's rich offshore oil fields. Britain accounted for 30.01% of foreign investment in Vietnam in 1989, followed by France with 21.44%, and the Netherlands with 19.03%. Royal Dutch Shell, Total of France, and British Petroleum are now searching for oil in the southern part of Vietnam's continental shelf. This pattern of investment in Vietnam is drawing loud complaints from the U.S. Chamber of Commerce, which points out the obvious: The U.S. is losing out.

All Vietnamese oil—1.5 million tons in 1989—is exported, since Vietnam has no refinery. In August, Communist Party leader Nguyen Van Linh invited Michio Watanabe and four other members of the Japanese ruling Liberal Democratic Party to Vietnam to explore avenues by which Japan might help build a refinery. Vietnam's own oil consumption is expected to increase five-fold by the year 2000. But unless the U.S. embargo is lifted, prospects look dim, leaving the former colonialist powers in the region free to haul off the petroleum in classical neo-colonialist style.

High and dry

Other than the oil investment, Vietnam's economy has been left high and dry. In mid-summer 1990, the Soviet Union informed Hanoi that it should expect a sharp reduction in aid from Moscow for 1991 and must also take steps to redress its trade imbalance. Until 1989, reports the *Far Eastern Economic Review,* Vietnam received 100% of its fuel and cotton and 80% of its fertilizer from the Soviet Union. Now Vietnam obtains only 60-70% of its fuel from the Soviets, and only 50-60% of its fertilizer. Soviet officials cited in the *Review* say that 47% of Vietnam's electricity, 50% of its cement, and 85% of its coal are produced at Soviet-built installations. On top of aid, Vietnam's debt to the U.S.S.R. is $18.25 billion.

Over the last 18 months, the Vietnamese government has carried out a harsh austerity program designed to rein in inflation from its 700% high in 1988. The result has been a steep decline in industry. In June, State Planning Commission chairman Pham Van Khai reported that industrial output had fallen 5.3% in state-owned enterprises this year and output in private factories had fallen 7.9%.

The industrial deflation has resulted in mass unemployment—the source of the thousands of "boat people." According to AFP, there are now 6 million unemployed—almost 10% of the population and 20% of the labor force. In addition, the Army has cut its strength by half, releasing 500,000 soldiers onto the job market. Thousands more Vietnamese workers are being repatriated from Eastern Europe, where "reform" economies can no longer afford Vietnamese guest labor. Another 1 million workers enter the job market every year.

The government has no funds for welfare.

The year 1989, when Vietnam underwent the steepest downturn, produced the greatest number of boat people—with 34,000 arriving into Hong Kong alone. Most of these were from the north, particularly the poverty-stricken provinces of Haiphong and Quant Ninh.

The flow has slowed this year. One reason is that the return to private ownership of agriculture—nearly 80% of Vietnam's food production is carried out privately—has resulted in increased productivity and yield. According to a report by the Foreign Commonwealth Office of London, grain production rose by 19 million tons in 1988 to 21 million tons in 1990. In 1989, Vietnam was able to export 1.5 million tons of rice, making it the world's third largest rice exporter.

But unless Vietnam is able to acquire investment for infrastructure and technology development, its food and oil-producing capacities will be wasted, producing wealth only for the nation's returned exploiters.