THE MAIN TRENDS OF VIETNAM – JAPAN COOPERATION WITHIN THE FRAMEWORK OF BILATERAL STRATEGIC PARTNERSHIP

The article examines the process of formation and development of the comprehensive political and trade & economic cooperation between Japan and the Socialist Republic of Vietnam since 1973, when diplomatic relations were established between the two countries, and then received a new impetus after Vietnam started the market reforms in 1986 and commenced the renewal policy (in Vietnamese – “Đổi Mới”). In 2009, Japan and Vietnam decided to raise the bilateral relations to the level of strategic partnership for the common interests of both countries. In 2010, as part of the official visit of the Prime Minister of Japan to Vietnam, a Joint Declaration on strategic cooperation for peace and prosperity in Asia was adopted.

The article focuses on cooperation between the two countries in the framework of international and regional organizations, in particular, in the framework of the Trans-Pacific Partnership Agreement, as well as in the framework of the Regional Comprehensive Economic Partnership, in which Japan and ASEAN member states participate. In recent decades Japan has been one of Vietnam’s main foreign economic partners and the second largest investor into Vietnamese economy. At the same time, Japan is the largest sponsor of Vietnam through the Official development assistance program (ODA), actively assisting Vietnam in implementing its national strategy of industrialization and modernization under the framework agreement on cooperation between Vietnam and Japan until 2020 with the prospect of 2030. Besides, the article discusses and analyzes the largest joint projects implemented in Vietnam with the technical and financial assistance from Japan.

Key words: strategic partnership, official development assistance program, foreign direct investment, national strategy of industrialization and modernization.

Introduction

Vietnam and Japan established diplomatic relations almost 50 years ago in September 1973, but, in fact, the ties between the two countries existed much earlier. Back in the 16th century, the Japanese chose the seaside town of Hoi An in central Vietnam as a trading point, which at that time was called the “largest Japanese city” in the region. Vietnam became the center of Japan’s trade in Southeast Asia. The Japanese bridge in the ancient town of Hoi An is an example of a longstanding trade relationship between the two states. And today, many vivid testimonies and records of economic and cultural ties between Japan and Vietnam have been preserved (Hoang, 2014).

Since Vietnam in 1986 has chosen its path of social modernization – a renovation strategy (in Vietnamese – “Đổi Mới”), which allowed the policy of “open doors” in its foreign economic relations, Japan has always been an important partner of Vietnam in all fields of cooperation (Nguyen Q.T., Tran, 2014). Japan always considered Vietnam as a country that would play an important political and economic role in the Asia-Pacific region in twenty-first century (Terada, 1995). Nowadays, relations between the two countries are at the stage of active development. Japan and Vietnam demonstrate the mutual trust and the common interests in increasing the effectiveness of cooperation and the desire to be oriented towards the future. The success in the development of cooperation between Vietnam and Japan was achieved due to the efforts made by the leaders and peoples of the two countries. Over the last decades both sides regularly exchanged visits and maintained contacts at the highest level. In 2009, the two countries unanimously raised their bilateral relations to the level of strategic partnership for the sake of peace and stability in Asia. Close geographical location, long-standing relations, as well as current strategic interests bring Vietnam and Japan closer to each other.

Results and Discussion

Vietnam and Japan support each other in the international and regional forums, in cooperation for ensuring aviation and maritime security, against climate change and against terrorism. Japan, being a member of the G7, was the first to recognize the market economy of Vietnam. Vietnam was one of the first to declare its support for Japan’s entry into the UN Security Council as a permanent member and has consistently adhered to this position (Hook…, 2005). Japan and Vietnam worked together, accelerating the conclusion of the Trans-Pacific Partnership Agreement and Regional Comprehensive Economic Partnership (RCEP), which will involve 10 ASEAN member states and 6 others, including Japan.

Today Japan is one of the main foreign economic partners of Vietnam, being its fourth largest trading partner (after China, the United States and South Korea) and...
third in terms of exports (after China and the United States). For the export-oriented economy of Vietnam, the Japanese sales market is one of the key ones. In 2019, the total trade turnover between Japan and Vietnam reached US$ 39.5 billion, having increased 2.3 times compared to the year 2010 (in 2010 the total trade turnover between the two countries amounted to US$ 16.75 billion). In 2019 Vietnam’s exports to Japan amounted to US$20 billion, accounting for 7.7% of the whole Vietnam’s exports this year. At the same time, in 2019 imports from Japan to Vietnam amounted to US$ 19.5 billion, accounting for 7.7% of the whole Vietnam’s imports this year. The structure of trade for Japanese and Vietnamese goods is complementary and non-competitive. Japan is a big importer of seafood, consumer industrial products such as textiles, leather shoes and processed food while Vietnam is a country with absolute competitive advantage in these products. In contrast, Vietnam imports from Japan machinery, equipment, technology and raw materials for production.

Currently, Japan is the largest sponsor of Vietnam through the Official development assistance program (ODA) and the second largest investor in Vietnam overall (Japan lags behind only South Korea in this indicator) (Araki, 2007). Of the total amount of ODA funds received by Vietnam over the past 20 years and amounted to US$ 90 billion, Japan contributed almost 30%. The amount of grant aid provided by Japan to Vietnam during 2012-2016 under the Official development assistance program (ODA) was US$ 1.14 billion. At the same time, the amount of loans provided by Japan to Vietnam during 2012-2016 under the ODA Program totalled about US$ 14.2 billion. In 2019, the total foreign direct investment (FDI) capital in Vietnam amounted to approximately US$ 38 billion, with Japan’s FDI valued up to US$8 billion in 2019, which accounted for around 31% of all foreign investment in Vietnam in 2019 (Vinh, 2018). As of 2017, Japanese investors have invested in Vietnam 3599 FDI (foreign direct investment) projects with a total registered capital of US$ 49.46 billion, ranking the second among investment partners in Vietnam after South Korea (Kieu, 2017). Among Japan’s major investment projects in Vietnam one should mention the investment projects in the city of Haiphong, including the construction of US$ 250 million drug and medical equipment plant by nipro Pharma Corporation, the construction of US$ 575 million Bridgestone Corporation tire plant, as well as the construction of US$ 119 million printing plant by Fuji Xerox. By the year 2016, there were 95 Japanese investment projects in the city of Haiphong with a total investment of US$ 2.6 billion, which accounted for almost half of all investments in the city.

Many large infrastructure and industrial projects in Vietnam have been implemented as a part of bilateral cooperation. Japan is actively developing logistics in Vietnam, and is also participating in the rise of Vietnam’s backward regions (Nguyen X.T., 2010). The Vietnam industrialization strategy is being implemented between the two countries within the framework of Vietnam-Japan cooperation for the period up to 2020 and its prospects for 2030 (Lehnen, Warren, 2012).

Among the biggest projects being implemented currently in Vietnam with the Japanese assistance, including ODA grants and technical assistance provided by Japan, are the following:

1). Assistance in creating the Vietnam National Space Center, the first space center in Vietnam, which was completed with the help of the Japanese specialists in 2018. Japan has allocated US$ 688 million for the construction of this space center under the Official development assistance program (Streltsov, 2008). Vietnam National Space Center is located at Hoa Lac high-tech park in Hanoi. It is planned that Vietnam will produce its satellites using Japanese space technologies. Since 2008, the engineers from Vietnam Academy of Space and Technology (VAST) have been sent to the training on satellite development at Tsukuba Space Center in Japan. During the period of 2011-2015, 35 Vietnamese students were sent to study Master of satellite technology in Japan and were engaged in manufacturing the 50 kg satellite Micro Dragon. On November 19, 2013, 1 kg satellite Pico Dragon, researched and manufactured by Vietnam National Space Center engineers, has become the first “made-in-Vietnam” satellite operating in orbit.

2). Construction of the second nuclear power plant in Vietnam. It is known that the first nuclear power plant in Vietnam was to be built by the representatives of the Russian corporation “Atomstroyexport” in 2014-2020. The Vietnamese authorities, not wanting to become dependent on one supplier of nuclear technology, reached an agreement with Japan that the second nuclear power plant in Vietnam would be built by Japanese specialists. The Ninh Thuan 2 nuclear power plant had to be located at Vinh Hai in Ninh Thuan Province of Vietnam. It was supposed to consist of four 1,000 MWe reactors. The feasibility study of the project was to be carried out by Japan Atomic Power Company. The Ninh Thuan 2 nuclear power plant was to be built by a consortium, International Nuclear Energy Development of Japan Co., Ltd (JINED), which comprises 13 Japanese companies. The plant was to be owned and operated by Vietnamese state-owned electricity company EVN. Unit 1 of the Ninh Thuan 2 nuclear power plant was expected to be commissioned in 2021, unit 2 in 2022, unit 3 in 2024 and unit 4 in 2025. The marine geological survey for preparations of the construction was carried out by the Japan-based Kawasaki Geological Survey Company at the ship M. T. Choyo.

However, in November 2016, Vietnam decided to abandon nuclear power plans until 2030 as they were considered not economically viable by the Vietnamese government because of other cheaper sources of power.

3). Construction of Long Thanh international airport in Dong Nai Province, 40 km east from Ho Chi Minh City. The construction of this airport has been approved by the Vietnamese government in January 2011, and it’s planned to be finished by 2025. Long Thanh airport will serve over 100 million passengers and 5 million tons of cargo annually when built to the maximum designed capacity. It will become the largest airport in Vietnam and one of the largest airports in Southeast Asia. The total cost of the project is estimated at US$ 16 billion. The project financing is expected to be covered through government subsidies, domestic and international investments. The Airports Corporation of Vietnam (ACV) will invest US$ 235.34 million on Long Thanh international airport construction project. The government will borrow US$ 2.25 billion of the Official development assistance (ODA) loans for the first phase of the construction (Ja-
The relations between the Socialist Republic of Vietnam and Japan have been extremely active over the last decade. In October 2010, during the official visit of the Prime Minister of Japan N. Kan to Vietnam, the joint declaration on the strategic cooperation for peace and prosperity in Asia was adopted.

In 2012-2017, a number of Vietnamese high-ranking officials, including the President of the Socialist Republic of Vietnam, the Prime Minister and the Secretary General of the Communist Party of Vietnam, visited Japan. In particular, during the visit of the Head of the Vietnamese Government to Japan a loan agreement totaling US$ 1.2 billion was concluded between the Japanese Agency for International Cooperation and the Ministry of Finance of Vietnam. In addition, Japan has pledged two grants totaling US$ 900 million to Vietnam in order to develop the country’s space program. At the same time, in 2012 the Japanese Government allocated US$ 1.9 billion to Vietnam under the Official Development Assistance program (Kovrigin, 2014). One can draw attention to the fact that, when the Japanese Prime Minister S. Abe paid a visit to Vietnam in January 2013, it was his first foreign visit as the newly elected Head of the Government of Japan. Thereby, the year of 2013 was also declared a year of Vietnam-Japan friendship.

Later, in March 2014 the state visit of the President of Vietnam T. T. Sang to Japan took place at the invitation of the Japanese Emperor Akihito. The main objective of this visit was to deepen the strategic partnership between the two countries and to further intensify cooperation in different fields. Of particular note is the fact that the above mentioned state visit of T. T. Sang to Japan was the second visit of the President of Vietnam since the establishment of diplomatic relations between the two countries in 1973.

In September 2015, at the invitation of Japanese Prime Minister S. Abe, the Secretary General of the Central Committee of the Communist Party of Vietnam N. P. Trong paid his first official visit to Japan. As he stressed during the talks with the Japanese counterparts, Vietnam will continue its consistent policy, according to which Japan is one of the most important partners. He also noted that Vietnam has always highly appreciated the active contribution that Japan has made to the cause of peace, cooperation, regional and global development over the past decades. The Secretary General of the Communist Party of Vietnam N. P. Trong noted that his visit to Japan was intended to raise the Vietnam – Japan relations to a new level. The main emphasis was placed on the discussion of 3 key issues: economic integration of the two countries, strengthening political mutual trust and expanding cooperation in resolving regional and international problems.

In a joint statement published after the meeting, the parties confirmed that they would strengthen cooperation in the trade & economic sphere, in ensuring security and promoting the comprehensive deepening of strategic partnership relations between Japan and Vietnam. The statement confirms the need to strengthen cooperation in the field of security and defense. The parties signed a memorandum of cooperation between the maritime security authorities, and Japan agreed to provide Vietnam with second-hand ships that can be used for maritime patrols. The parties also confirmed that they will promote dialogue.
and exchange in this area at all levels, as well as strengthen cooperation in personnel training.

The official visit of the Secretary General of the Communist Party of Vietnam N. P. Chong to Japan was considered by the two countries an important milestone that will open up new horizons, will further expand and deepen relations of a "broad Vietnam-Japan strategic partnership for the peace and prosperity of Asia" under the slogan of "building confidence, economic ties, expanding cooperation, sustainable development, future orientation" (Le, 2017).

During the visit of the Japanese Prime Minister Y. Suga to Vietnam in October 2020, which was his first foreign trip since taking office in September 2020, the two countries have signed US$ 40 million worth of cooperation agreements with Japan providing technical support and medical equipment to Vietnam as a contribution in the fight against the Covid-19 pandemic.

As a result of negotiations between Y. Suga and his counterpart, Vietnamese Prime Minister N. X. Phuc, Japan and Vietnam agreed to implement cooperation projects in climate change, natural disasters prevention and control, improving capacity in coping with drought and saltwater intrusion, environmental protection, and e-government building. The two sides pledged to cooperate at regional and international forums such as the Association of Southeast Asian Nations (ASEAN), Mekong and the United Nations (Huynh, 2017), and to advance economic connectivity mechanisms on the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP) (Vietnam Chamber of Commerce and Industry..., 2016).

At a news conference following talks with Vietnamese Prime Minister N. X. Phuc, Y. Suga announced an agreement for Japan to export military equipment to Vietnam, as China has been asserting its military presence in the region. Y. Suga told reporters that the agreement was a "big step in the field of security for both countries, that we reached an agreement in principle on the transfers of defense equipment and technology". The two leaders also agreed on the importance of maintaining peace, security and freedom of navigation, and overflight in the South China Sea. "Vietnam welcomes Japan, a global power, to continue to actively contribute to the regional and global peace, stability and prosperity", N. X. Phuc said.

The leaders of Vietnam and Japan were satisfied with the strong and comprehensive developments of the relationship between the two countries. The Japanese Prime Minister K. Suga emphasized that Vietnam-Japan relations are at the best stage in history. The Japanese leader attaches great importance to the ties with Vietnam, proved by his selection of Vietnam as the first overseas destination after taking office. Y. Suga emphasized that the two countries had agreed to bolster their cooperation to mitigate the economic impact of the coronavirus pandemic and reopen markets as soon as possible. Japan and Vietnam agreed on restarting "business track" travel, as well as passenger flights between the two countries from now on.

The Prime Minister of Japan reaffirmed his country's intention to continue to actively assist Vietnam in implementing its national industrialization and modernization program through the Official development assistance program (ODA). He also promised to continue cooperation with Vietnam in the implementation of the country's national industrialization strategy in accordance with the framework agreement on cooperation between Vietnam and Japan until 2020 with the prospect of 2030. In addition, it was announced that Japan would allocate US$ 500 million to Vietnam in Japanese yen equivalent for the development of infrastructure. These are, first of all, the construction of new and modernization of existing highways, bridges and power plants.

The parties in the statement reached an agreement to deepen the trade and economic cooperation. Japan will provide support to Vietnam in transforming the model of its economic development. Japan, being the largest donor country to Vietnam through the Official development assistance (ODA), promised to continue strengthening assistance to Vietnam in developing infrastructure and in resource development (Nishigaki, 2000). Japan will help to improve the efficiency of the ODA use in Vietnam, and is planning to allocate about US$ 635 million for this purpose.

In addition, the two countries also lifted restrictions on trade in certain goods. The statement also confirmed the need to strengthen cooperation between the two sides within the United Nations, WTO and other international organizations. The two countries paid a special attention to the security sphere and especially emphasized their serious concern over the situation in the South China Sea, in particular, it was noted the need to strengthen communication in ensuring security at sea, as well as to fight transnational criminal groups and piracy (Nguyen V.K., 2014). Given the existence of territorial disputes with the People's Republic of China in both countries, Japan and Vietnam stressed the need to resolve the existing problems peacefully, on the basis of international law.

Conclusions

Both Japan and Vietnam have many similarities in terms of mutual benefits, which is the driving force and foundation for the two countries to further strengthen their strategic partnership and bilateral cooperation in different areas. This relationship can not be only beneficial to Japan and Vietnam, but it also has positive impacts on the bilateral and multilateral relations in the region. For the Japanese point of view Vietnam's socio-economic conditions are changing in a positive direction, economic growth in 2018-2020 is forecasted to continue with a stable trend, so many Japanese enterprises will step up investment in Vietnam. In order to boost Japan's import-export and investment activities in Vietnam, the two countries should continue to strengthen their political ties through regular visits and contacts at all levels, especially high-level; enhance the effectiveness of dialogue mechanisms between the ministries, sectors and localities of the two countries. Special encouragement should be given to the private sector investment, with the special support for the investment capital and the special tax incentives (exemption from import taxes on equipment and technology, exemption from business taxes etc.).

On the basis of the current good economic and trade cooperation, Vietnam and Japan should strive to bring into full play the advantages of each country to comple-

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ment each other on the principle of mutual benefit, promoting links between the two economies, through strengthening cooperation via Official development assistance (ODA), trade and investment. Besides, Vietnam needs to improve the investment environment and create the best conditions for the Japanese investors to implement the licensed projects. Vietnam should try to attract the Japanese investment with different methods, including trade and investment promotion conferences. Businesses of two countries must actively strengthen the management capacity, renew the human resource qualities, link the global supply chains, create the competitive mechanisms to take advantage of all opportunities.

Given the current state of development of the bilateral cooperation, with the proper efforts, consensus and policies from both sides, Vietnam and Japan will pursue to deepen their mutual strategic partnership that continues to be promoted and developed comprehensively, for the benefit of the people of two countries, as well as the people of Asia and around the world.

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ОСНОВНІ НАПРАЯМИ В’ЄТНАМСЬКО-ЯПОНСЬКОГО СПІВРОБІТНИЦТВА
В РАМКАХ ДВОСТОРОННЬОГО СТРАТЕГІЧНОГО ПАРТНЕРСТВА

У статті розглядається процес формування та розвитку всеосвітнього політичного й торговельно-економічного співробітництва між Японією і Соціалістичною Республікою В’єтнам (СРВ), починаючи з 1973 року, коли було встановлено дипломатичні відносини між двома країнами, і який отримав нового поштовху після започаткування В’єтнамом у 1986 році ринкових реформ та реалізації політики оновлення країни ("Дой Мой"). У 2009 році Японія і В’єтнам вирішили підняти двосторонні відносини на рівень стратегічного партнерства заради спільних інтересів обох країн. У 2010 році в рамках офіційного візиту до СРВ прем’єр-міністра Японії було прийнято Спільну декларацію щодо стратегічного співробітництва задля миру та процвітання в Азії.

Значна увага у статті приділена співробітництву двох країн в рамках міжнародних та регіональних організацій, зокрема в рамках Угоди про Трансіндоокеанське партнерство, а також в рамках Регіонального всебічного економічного партнерства, у якому беруть участь Японія і країни-члени АСЕАН. Показано, що протягом останніх десятиліть Японія є одним із основних зовнішньоекономічних партнерів В’єтнаму і другим за величиною інвестором у в’єтнамську економіку. Водночас Японія є найбільшим спонсором В’єтнаму у рамках Офіційної допомоги задля сприяння розвиткові, активно допомагаючи В’єтнаму у реалізації національної стратегії індустріалізації та модернізації країни відповідно до рамкової угоди про співпрацю між В’єтнамом і Японією до 2020 року з перспективою до 2030 року.
У статті розглянуто та проаналізовано найбільші спільні проекти, що реалізуються у В'єтнамі за технічної та фінансової допомоги Японії, серед яких є створення першого космічного центру у В'єтнамі, де вироблятимуться космічні супутники із використанням японських технологій; будівництво другої черги атомної електростанції Нінгхуан-2 на території СРВ за проектом японської компанії з атомної енергії (JAPC); будівництво міжнародного аеропорту Лонгтхань поблизу міста Хошимін, який після вводу в експлуатацію стане найбільшим аеропортом у В'єтнамі і одним з найбільших аеропортів у Південно-Східній Азії; будівництво нового міжнародного морського порту Лакхуен у прибережному місті Хайфо на півночі країни; проект спільної розробки рідкоземельних металів на території СРВ, в рамках якого було створено Центр дослідження рідкоземельних елементів й трансферу технологій у м. Ханой на базі в'єтнамського Інституту технологій радіоактивних та рідкоземельних елементів.

У роботі висвітлено сучасний стан співробітництва двох країн у багатьох сферах, показано, що Японія і В'єтнам продовжують розширювати та поглиблювати відносини широкого двостороннього стратегічного партнерства. В рамках політичної взаємодії обидві країни підтверджують необхідність посилення співпраці між двома сторонами в рамках ООН, СОТ та інших міжнародних організацій. Сторони приділяють особливу увагу сфери безпеки та особливо підкреслюють свою серйозну стурбованість ситуацією у Південно-Китайському морі. Враховуючи існування територіальних суперечок з Китайською Народною Республікою у обох країн, і Японія, і В'єтнам наголошують на необхідності вирішення існуючих проблем мирним шляхом, на основі міжнародного права.