



Integrated Country Strategy

VIETNAM

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1. Chief of Mission Priorities

The U.S.-Vietnam relationship has undergone a profound transformation since the normalization of diplomatic relations 27 years ago. Our two countries have moved from a history of conflict to a Comprehensive Partnership that spans political, security, economic, and people-to-people ties. The U.S. Mission in Vietnam continues to work closely with Vietnam to address the economic and social impacts of the COVID-19 pandemic, and to build upon the experience of the past 27 years to strengthen the bilateral partnership and raise it to a higher level. The U.S. Mission in Vietnam supports a partnership founded on inclusivity, resilience, trust, and shared priorities, which contributes to international security, combats climate and health threats, promotes a fair international trading system and inclusive economic growth, and advances human rights and the rule of law. To achieve that objective, we will focus on the following priorities:

Security: The United States promotes regional peace, prosperity, and stability by developing Vietnam's military and law enforcement equipment and skills, both on land and at sea. We work with Vietnam's Coast Guard and military to help ensure that Vietnam can capably protect its homeland and waters, contribute to regional efforts to ensure a rules-based order, and prevent disputes being settled by the threat or use of force. We also support Vietnam's participation in United Nations peacekeeping missions while strengthening its ability to respond to natural disasters. Vietnam and the United States have developed robust cooperation to combat transnational organized crime, including the illicit trafficking of drugs, wildlife, and people. We are also working together to make crucial reforms to Vietnam's judicial sector and improve maritime law enforcement by upholding international law and resisting coercion in the South China Sea, while upholding UN sanctions regimes. Our bilateral security relationship continues to strengthen and can serve as a foundation for other areas of our partnership.

Regional Engagement: Vietnam considers the United States a key diplomatic partner and has extensive and growing relationships with several other U.S. allies and partners. In support of Vietnam's multidirectional foreign policy and our shared interest in regional stability, we will complement and support Vietnam's own efforts to strengthen ties with U.S. allies and partners

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including Japan, Australia, India, the Republic of Korea, the UK, and others. By engaging both Vietnam and our close partners—through trilateral and multilateral formats—the United States can facilitate increasing Vietnam’s capacity in areas where the United States is not currently providing U.S. assistance, and also reinforce a broad coalition for our shared regional goals and priorities.

Trade and Investment: Bilateral trade has grown exponentially from less than \$1 billion in 1995 to almost \$113 billion in 2021, and Vietnam is now the United States’ tenth largest trading partner. While the 100-million-strong Vietnamese market and its fast-growing middle class hold great potential for U.S. exporters, American goods face a challenge to remain competitive here, as the United States remains Vietnam’s only major trading partner without a regional or bilateral Free Trade Agreement. The United States continues to run a substantial and growing trade deficit with Vietnam, which has benefitted greatly from global supply chains shifting out of China. Vietnam has emerged as a key node in U.S. supply chains semiconductors and other microelectronics, as well as footwear, apparel and furniture. We are committed to achieving a mutually beneficial and thriving economic relationship with Vietnam by reducing barriers to trade and investment, particularly in the fast-growing digital economy, and advancing market-oriented reforms. The U.S. Mission is strongly committed to generating commercial opportunities for U.S. companies that want to do business in Vietnam and encouraging Vietnam to improve its business and regulatory environment – steps that remain crucial to Vietnam’s own aspirations for growth and sustainable development. We are also endeavoring to identify opportunities for Vietnamese companies to invest in the United States, creating jobs for American workers.

Humanitarian and War Legacy Issues: The resumption of official engagement between the United States and Vietnam was focused on the repatriation of fallen soldiers, and addressing the legacy of war remains a foundational element of our relationship to this day. We honor the sacrifices on both sides, uphold our principles, build trust, and promote our future work together by cooperating to identify the fallen from both sides, clean up explosive remnants of war, assist persons with disabilities regardless of cause and in provinces of particular concern,

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and remediate dioxin hot spots. Our work on these issues partially explains why 96% of the Vietnamese people view Americans favorably.

People-to-People: The legacy of large-scale emigration from Vietnam to the United States over the past half century continues to bind our two nations. Over 21,600 Vietnamese are currently studying in the United States, and the number was over 30,000 prior to the COVID pandemic, making Vietnam the sixth largest source country for foreign students and contributing up to \$1 billion to the U.S. economy annually. We hope to grow this number further once Covid is behind us. The Ho Chi Minh City Consulate General has the fourth largest immigrant-visa workload of U.S. consular posts worldwide, and it is in the top 20 for nonimmigrant visas. In consular affairs, two priorities are improving consular access and arrest notification, and mutual extension of standard visa validity periods on the basis of reciprocity. Pre-COVID-19, Vietnam drew an estimated 750,000 travelers per year from the United States for business, tourism, family visits, and other purposes. These people-to-people ties strengthen the bonds between our nations on a personal, grassroots, and long-lasting basis and help boost U.S. exports of education and tourism services. Our support to English language learning, higher education, and human capital development aims to help Vietnam reach its full potential as a knowledge-based economy. We will continue to facilitate professional engagements between officials and representatives of government organizations, political parties, and research organizations. Our efforts lay a foundation of mutual understanding and prosperity for decades to come.

Climate: With its long coastline and highly populated and fertile river deltas, Vietnam is one of the world's top ten countries most vulnerable to the effects of climate change. By promoting clean air and water, sustainable use of natural resources, better waste management practices, and climate adaptation and mitigation efforts, we can improve health outcomes and provide export and investment opportunities for U.S. businesses. Advancing renewable energy, battery storage systems, and energy efficiency will help the country transition to a cleaner energy environment and to meet its ambitious climate goals, as announced in COP26 in 2021. Also, our work to address wildlife trafficking, illegal logging, and illegal, unregulated, and unreported fishing will help protect Vietnam's biodiversity for generations to come.

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Health: Prevention and control of infectious diseases, such as HIV, tuberculosis (TB) and emerging pandemic threats, including COVID, have long been a key Mission priority, and our engagement with the Vietnamese authorities in the health field has fulfilled tangible programmatic objectives and deepened bilateral trust. Our considerable health funding to Vietnam's health sector, well over one billion dollars in assistance, and our donations of millions of COVID-19 vaccines made the United States a key partner in combatting the COVID-19 pandemic. Continued collaboration with the Government of Vietnam (GVN) to build sustainable health systems that can detect threats, and plan, finance, and implement solutions to public health challenges will ensure better health for the people of Vietnam and will help promote a world that is safe by containing public health threats where they arise.

Human Rights and Rule of Law: The United States respects Vietnam's system of government, but we will continue to honor our values by speaking out against increasing violations of fundamental human rights, urging Vietnam to fully respect the rights guaranteed in its domestic law and international commitments. Both the U.S.-Vietnam partnership, and Vietnam itself, will only achieve their greatest potential when Vietnamese vulnerable populations are protected and included and civil society can peacefully organize, freely express and exchange views in person and online, and participate in policymaking. To that end, we will continue to support Vietnam's efforts to reform its judicial, governance, and education systems, including building the capacity of local governments. We will advocate for judicial best practices, including the inclusion of elements of the adversarial justice system in the judicial sector. We will continue to express our opposition, both in public and in private, regarding an increase in censorship and content blocking, and to cybersecurity regulations that are not aligned with international norms.

Management: Physical deficiencies in our facilities in both Hanoi and Ho Chi Minh City limit our Mission's capacity to advance U.S. policy objectives in Vietnam. Personnel growth in both locations has led to multiple leases to accommodate staffing but has reduced efficiencies and increased costs. With a New Embassy Compound site now secured, we will work to begin construction of an Embassy facility capable of supporting our current Mission objectives and befitting the modern U.S.-Vietnam partnership. In HCMC, we will continue preparation for the

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construction of the New Consulate Compound, which is listed on the 2025 Capital Security Construction Program. Construction of the New Embassy Compound will require significant additional staffing, including to maintain site security. The movement of the Embassy will also require restructuring of the housing pool, which will need to commence far in advance of the completion date of the new facility. In the meantime, the Mission must find ways to accommodate the continuing expansion of the bilateral relationship, and the increases in personnel that accompany it. It is also a policy priority to promote and champion diversity, equity, inclusion, and accessibility (DEIA), from the recruitment of new staff to a fuller integration of DEIA principles in all internal and external USG Mission work.

Vietnam is a country beset by external threats, including health and environmental challenges, and faces the necessity of maintaining economic transformation to benefit its growing and relatively young population. These are conditions that will test its government's abilities. It is also a country that offers tremendous opportunities for American investors and exporters, a willing partner in furthering regional stability, a like-minded counterpart in supporting global rules and norms, and a country playing an increasingly important role on issues of regional and global concern. Deepening our engagement and support for Vietnam will pay great dividends for United States security and prosperity, while continuing our commitment to addressing the legacy of our shared history and furthering our support for strong protection of rights and freedoms within Vietnam will strengthen our moral leadership bilaterally and in the region.

2. Mission Strategic Framework

Mission Goal 1: Vietnam and the United States cooperate as trusted partners on shared security, bilateral and regional trade, the legacies of war and people to people ties.

- **Mission Objective 1.1:** Strengthen Vietnam's ability to contribute to regional and global security by enhancing its defense and law enforcement capacities.
- **Mission Objective 1.2:** Enhance the investment climate to benefit American exporters, U.S. brands, and Vietnamese consumers.
- **Mission Objective 1.3:** Address war legacies to support and advance our shared relationship. (Incorporates CDCS: Special Objective)
- **Mission Objective 1.4:** Deepen people-to-people ties to shape a new narrative of U.S. – Vietnam relations.

Mission Goal 2: Vietnam and the United States create an environment for smart, inclusive, and sustainable economic growth for the 21st Century.

- **Mission Objective 2.1:** Vietnam enacts government, business and regulatory reforms that improve the domestic business environment for enhanced prosperity. (Incorporates CDCS: DO 1)
- **Mission Objective 2.2:** Vietnam fulfills its domestic and international global climate change, energy, and Mekong development commitments. (Incorporates CDCS: DO 3)

Mission Goal 3: Vietnam maximizes the potential of its people by inclusively developing its human capital and protecting human rights.

- **Mission Objective 3.1:** Support social inclusion, civil society, respect for the fundamental freedoms and the rule of law. (Incorporates CDCS: Special Objective)

- **Mission Objective 3.2:** Strengthen human capital, including for vulnerable and underrepresented groups, to enhance domestic economic growth and regional prosperity. (Incorporates CDCS: DO 1)

Mission Goal 4: Vietnam increases its capabilities to address epidemic and endemic diseases and other public health threats.

- **Mission Objective 4.1:** Strengthen capacity of sustainable health systems to detect and respond to emerging challenges and to protect and improve health and well-being. (Incorporates CDCS: DO 2)

Management Objective: Strengthen the Mission's capacity to advance U.S. policy objectives in Vietnam by improving and protecting physical and digital infrastructure, and better aligning staffing with DEIA principles to support mission priorities.

3. Mission Goals and Objectives

Mission Goal 1 | Vietnam and the United States cooperate as trusted partners on shared security, bilateral and regional trade, the legacies of war, and people-to-people ties.

Description | In order to secure vital U.S. interests in the Asia-Pacific region, the United States seeks to enhance our partnership on shared security challenges, bilateral and regional trade issues, and overcoming the legacies of war. To do this, we envision four principal lines of effort. (1) Strengthening Vietnam's ability to contribute to regional and global security by enhancing its defense and law enforcement capacities. This includes strong military-to-military cooperation, including on maritime security, but also encompasses transnational crime fighting, humanitarian and disaster relief, and other efforts to strengthen Vietnam and the region's stability and ability to contribute to the global rules-based order. (2) Enhancing the investment climate to benefit American exporters, U.S. brands, and Vietnamese consumers. This includes efforts to address the concerns of U.S. business through our bilateral engagement and institutional frameworks. (3) Addressing war legacies. This includes the humanitarian cooperation to clean up dioxin, remove unexploded ordnance, achieve the fullest possible accounting of personnel lost on both sides during the war, improve the lives of those with disabilities. (4) Deepen people-to-people ties to develop deeper and long-lasting relations. This includes efforts to promote reconciliation narratives through expanded dialogue, promote collaboration between U.S. and Vietnamese educational institutions and civil society organizations, expand the network of American Spaces, and strengthen U.S. alumni networks in Vietnam.

Objective 1.1 | Strengthen Vietnam's ability to contribute to regional and global security by enhancing its defense and law enforcement capacities.

- **Justification** | In order to maintain peace and stability in the Asia-Pacific region, the United States must build relationships with key partners such as Vietnam. U.S.-Vietnam

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security and law enforcement cooperation, including on maritime security, humanitarian assistance and disaster relief operations, and combatting transnational crimes, with the end goal of strengthening regional peace and stability. Vietnam's extensive coastline and territorial waters necessitate that Vietnam increase its maritime security capabilities in order to become an effective U.S. partner on regional stability. Vietnam contributes to global peacekeeping and the United States is its partner of choice for building needed capabilities. Vietnam's vulnerability to natural disasters and climate change, coupled with a developing economy and infrastructure, also mean insufficient disaster response capability can have destabilizing effects on the country and region if not strengthened. In order to prevent cyber threats and transnational crime from undercutting U.S. interests, more robust defense, detection, and law enforcement mechanisms that also respect the rule of law and human rights are required.

- **Linkages** | This objective furthers the Indo-Pacific Strategy goals of advancing a free and open Indo-Pacific, bolstering Indo-Pacific Security, and building resistance to transnational threats. The objective also contributes to the Joint Regional Strategy objective to “increase security capabilities of regional partners to support and promote a free, open, and rules-based order in the region, including in the maritime and cyber domains.”
- **Risks** | If we do not support Vietnam’s ability to contribute to a stable, peaceful regional and global order, we will cede ground to other major powers, including China, that want to shape an order that benefits them at the expense of regional peace and a rules-based system.

Objective 1.2 | Enhance the investment climate to benefit American Exporters, U.S. brands and Vietnamese consumers.

- **Justification** | Vietnam continues to welcome foreign direct investment (FDI), and the government has policies in place that are broadly conducive to U.S. investment, particularly in export-oriented sectors like manufacturing. Factors that attract foreign

investment include recently signed free trade agreements, political stability, ongoing economic reforms, a young and increasingly urbanized population, and competitive labor costs.

Despite a comparatively high level of FDI inflow as a percentage of GDP – 7.3 percent in 2020 – significant challenges remain in Vietnam’s investment climate. These include corruption, weak legal infrastructure, poor enforcement of intellectual property rights (IPR), a shortage of skilled labor, restrictive labor practices for foreigners, and the government’s slow decision-making process. The evolving nature of regulatory regimes and commercial law in Vietnam, combined with overlapping jurisdictions among government ministries, often results in a lack of transparency, uniformity, and consistency in government policies and decisions on commercial projects.

Vietnam recently moved forward on free trade agreements that will likely make it easier to attract FDI by providing better market access for Vietnamese exports and encouraging investor-friendly reforms. The EU-Vietnam Free Trade Agreement (EVFTA) came into force August 1, 2020. Vietnam signed the UK-Vietnam Free Trade Agreement which became effective on May 1, 2021. On November 15, 2020, Vietnam signed the Regional Comprehensive Economic Partnership (RCEP), which came into force January 1, 2022. While these agreements lower certain trade and investment barriers for companies from participating countries (including U.S. company operations in the EU/UK), U.S. companies attempting to export from the United States may find it more difficult to compete without similar advantages.

The past several years have seen significant improvements in Vietnam’s anti-corruption legal framework, with the implementation of more anti-corruption actions, and the prosecution of many high-ranking officials involved in corruption cases. However, corruption and administrative red tape within the government is still a vast challenge for governmental consistency and productivity and for foreign companies doing business in Vietnam.

Vietnam plays a critical role in strengthening diverse and secure U.S. supply chains. With its strategic location, competitive labor costs, welcome approach to foreign investment and a broad network of free trade agreements, the country has become a top destination for global manufacturing, as firms seek to increase supply chain resilience and decrease reliance on China. As a result, Vietnam is a key node in U.S. supply chains for apparel and footwear, furniture, and electronics, including critical goods like semiconductors.

- **Linkages** | This work is led by the interagency Economic-Trade Working Group/Cluster, which includes State Econ, FCS, USAID, USDA/FAS, DFC, and USTDA. Partners could be U.S. business associations including AmCham Vietnam and USABC. International partners include other diplomatic missions to Vietnam, especially the EU, Japan, South Korea and Australia. This objective furthers Indo-Pacific Strategy goals to drive regional prosperity and building connections within and beyond the region.
- **Risks** | Vietnam faces serious challenges in both the short and long-term. Amid a fast-growing fourth COVID-19 outbreak, Vietnamese authorities in the summer of 2021 established some of the strictest manufacturing protocols in the world, especially in Ho Chi Minh City and surrounding areas of Southern Vietnam with significant U.S. investments and manufacturing operations. These protocols required factories to house workers on-site or isolate them in hotels. The pandemic and accompanying restrictions severely curbed industrial production, impacting supply chains and the U.S. industrial base. Consumer goods have been impacted, as apparel, footwear, and furniture factories were forced to close until restrictions were lifted. The central government has directly pledged support to help resolve the supply chain resiliency issues, and directed local governments to implement consistent directives, but poor communication, and inconsistent decision-making and policy implementation continue to pose challenges for foreign investors.

Furthermore, investors often run into poorly developed infrastructure, high start-up costs, unexpected tax assessments, arcane land acquisition and transfer regulations and procedures, and a shortage of skilled personnel. Vietnam remained steady with a

ranking of 70 among 190 countries in the World Bank's Doing Business 2020 report, putting it in the middle of the regional average. Of note, the World Bank reported that reforms in cross-border trading and contract enforcement are making it easier to do business. Lack of financial transparency and poor corporate disclosure standards add to the challenges U.S. companies face in performing due diligence on potential partners and clients. A slate of draft decrees aimed at tightening Vietnam's control over its digital space also pose risks for foreign investors, by applying costly and onerous requirements related to data localization and data privacy.

Objective 1.3 | Address war legacies to support and advance our shared relationship.

- **Justification |** In the 25 years since the normalization of diplomatic relations, cooperation on humanitarian and legacy of war issues, specifically U.S. assistance programs in this sphere, established a strong foundation for bilateral partnership, and remain the key to unlocking even greater defense and security cooperation. The U.S. government has been funding war legacy programs in Vietnam since 1985. U.S. support for these efforts has exceeded \$400 million, including clearing unexploded ordnance (UXO), dioxin remediation, accounting for those missing in action (MIA), promotion of veterans' exchanges, and disabilities assistance.

In 2019, the Vietnam Wartime Accounting Initiative was added in response to a request from the GVN. The United States will share our experience in personnel recovery to help the GVN account for their missing in action. This project's components range from building the capacity of Vietnam to analyze DNA samples to digitizing war-related documents located in the United States to interviewing and recording first-hand information from veterans in both countries.

Remediating Agent Orange, and its by-product, dioxin contamination, remains a focal point of the bilateral relationship. The successful remediation of Danang Airbase sent a strong, positive signal of U.S. commitment. While Phase I of the Bien Hoa Airbase remediation program was disrupted by COVID, both governments remain committed to remediating this, the last major dioxin hotspot in Vietnam. Activities to address the

needs of persons with disabilities in Vietnam are focused in eight target provinces, and undertaken in partnership with the Vietnamese Department of Defense. The programs aim to create an inclusive society that provides health and social support to persons with disabilities.

Large areas of Vietnam's countryside remain contaminated with Explosive Remnants of War (ERW), which predominantly consists of U.S.-origin UXO. This situation hinders economic development and endangers local civilians. For over three decades USG programs to locate, remove, and destroy UXO and also to address the health and economic development challenges Vietnamese face living in affected areas.

As the effort to provide the fullest possible accounting for American missing and unaccounted-for continues, it remains critical that this mission receives adequate funding to be completed with honor, dignity and as quickly as possible. The relentless march of time continues to decrease the number of surviving witnesses, and degrades recovery sites, hampering recovery efforts in the long-term. In addition to U.S. efforts to locate, identify, and repatriate missing Americans, the U.S. government has previously committed resources to help locate and identify the remains Vietnamese personnel who were lost during the war. Further efforts to help locate and identify Vietnam's fallen personnel would engender additional goodwill.

- **Linkages** | This objective contributes to the Joint Regional Strategy objective to protect America's security at home and abroad. This objective also aligns with the Indo-Pacific Strategy goal of bolstering Indo-Pacific security, and with the interagency regional goals of both USAID and the Department of Defense. Building a stronger U.S.-Vietnam partnership through reconciliation activities will contribute to a stronger security relationship and help offset Chinese influence.
- **Risks** | Unstable or inconsistent USG funding for projects that have been verbally committed could undermine strategic trust between the two countries. Misunderstandings or difficulty in agreeing to specific objectives and milestones with Vietnamese partners remains a concern.

Objective 1.4 | Deepen people-to-people ties to shape a new narrative of U.S. – Vietnam relations.

- **Justification** | With the continued transformation of the bilateral relationship, new opportunities have opened up for cooperation not only between the two governments, but also between the people of Vietnam and the people of the United States. While great strides have been made in reconciling the two countries since the war, dialogue on reconciliation efforts must continue to expand and address new collaboration, including in the search for Vietnam’s missing. The north-south divide in Vietnamese society remains a significant challenge hindering Vietnam from playing a larger role as a regional leader and from fully engaging with the United States as a partner. As long as the Vietnamese population believes the country is still divided into two separate parts – the conservative north and the more open south – the Mission’s ability to cooperate on nationwide issues remains limited. The Vietnamese diaspora is an asset to the bilateral relationship, but there remains room for progress in connecting the diaspora to audiences across Vietnam, not just in the south. The growing community of active Vietnamese alumni of U.S. exchange programs is a powerful tool to multiply program benefits, yet many alumni remain disconnected from national networks and unaware of their important role in strengthening relations between the two countries. Further engagement with these important groups will foster deeper connections and set the stage for enhanced collaboration. The continued deepening of these people-to-people ties will help establish wider understanding and acceptance of how the United States is and has been responsibly addressing the legacies of war and enable the Mission to shape a new narrative of U.S.-Vietnam relations focused on prospering together in the future.
- **Linkages** | This objective contributes to the State Department Joint Strategic Plan objective to “strengthen the effectiveness and sustainability of our diplomacy and development investments.” This also furthers the Indo-Pacific Strategy goal of building connections within and beyond the region, and driving regional prosperity.

- **Risks** | If we do not continue to deepen our engagements on a people-to-people level, we will cede ground to other major powers, including the PRC, that are making inroads into courting Vietnamese public opinion through educational and cultural investments.

Mission Goal 2 | Vietnam and the United States create an environment for smart, inclusive, and sustainable economic growth for the 21st Century.

Description | Vietnam is one of the most dynamic economies in the world, underpinned by a low-cost, tech savvy workforce; a welcome approach to export-oriented Foreign Direct Investment (FDI) and broad network for Free Trade Agreements (FTAs); a domestic market of nearly 100 million; and rapidly growing middle class. But it also faces significant challenges: the country's population is rapidly aging, and COVID-related restrictions and global supply chain disruptions have slowed economic growth. Serious environmental degradation, extreme vulnerability to climate change, and the risks of automation are growing. And the country's political system and governance have not kept pace with rapid economic and social reforms.

Mission Vietnam is committed to helping Vietnam meet these challenges, and its ambitions of becoming a high income, knowledge-based country by 2045. U.S. Mission Vietnam aims to accelerate Vietnam's clean energy transition to achieve net zero emissions by 2050; enhance Vietnam's infrastructure to build diverse and secure global supply chains; unlock its potential for digital transformation by promoting a free and open digital economy, and strengthen its health and education systems to promote inclusive growth and socio-economic development. The United States and Vietnam share the same economic and livelihood goals: An aspirational middle class that seeks better, safer, and higher quality jobs. Mission Vietnam is working to support Vietnam by creating smart, inclusive and economic growth for the future, and looking to grow a sustainable economy while balancing the trade deficit.

Objective 2.1 | Vietnam enacts government, business and regulatory reforms that improve the domestic and FDI business environment for enhanced prosperity.

- **Justification** | Strengthening Trade and Investment is a leading priority, and to do so requires a whole-of-mission effort, with partners, to improve the regulatory environment. This is not only to address the trade balance, but also to identify fair, competitive opportunities for U.S. companies, especially as many of Vietnam’s trading partners enjoy the benefits of a Free Trade Agreement arrangement. The lack of structural, macroeconomic reforms, transparency, accountability, and public participation harm social and economic development. Strict, security focused regulations impair the growth of the digital service economy. Inefficient capital markets hamper growth. To continue to attract FDI, Vietnam will need to improve the efficiency of its State-Owned Enterprises.

Reforms are needed to ensure a full transition to a market economy and improvements to infrastructure, energy security, digital economy, agricultural trade, and IPR protection. Despite these challenges in the investment climate and some regulatory uncertainty, the U.S. business community in Vietnam is very optimistic about the opportunities in the market. The U.S. Mission is committed to achieving a mutually beneficial and thriving economic relationship with Vietnam by reducing barriers to trade and investment, particularly in the fast-growing digital economy, and advancing market-oriented reforms. The Mission is also strongly committed to generating commercial opportunities for U.S. companies that want to do business in Vietnam and encouraging Vietnam to improve its business and regulatory environment – steps that remain crucial to Vietnam’s own aspirations for growth and sustainable development.

- **Linkages** | This work is led by the interagency Economic-Commercial Working Group, which includes State, FCS, USAID, USDA/FAS, USTDA, and DFC. International partners include the multilateral lending banks and other diplomatic missions. This objective furthers the Indo-Pacific strategy goal of advancing a free and open Indo-Pacific and driving regional prosperity. This objective links to the Joint Regional Strategy, Strategic Goal 5: ECONOMIC: Advance more inclusive and sustainable growth and promote free, fair, and open trade and transparent investment that improves the lives of Americans and those around the world.

- **Risks** | The GVN’s bureaucracy, policy uncertainty, and endemic corruption risk progress on these issues. In addition, the GVN balances its foreign policy-related decisions and engagements with other key partners and with a “what’s in it for us” approach. America’s major competitors for access to the Vietnamese market, including China, Japan, Australia, the EU, and the UK, benefit from a range of free trade agreements such as the ASEAN FTA, CPTPP, and RCEP. Many changes or new regulations benefit partners in these agreements. U.S. exporters could be at a disadvantage in the future, especially as RCEP gains more traction. U.S. agricultural exports are already losing market share for consumer-oriented products to competitors with FTAs.

Objective 2.2 | Vietnam fulfills its domestic and international global climate change, energy, and Mekong development commitments. (USAID/ECON).

- **Justification** | Vietnam is one of the most vulnerable countries in the world to climate change impacts and natural disasters, and forecasts say the eastern part of Ho Chi Minh City could be underwater as early as 2030. Meanwhile, the country has one of the largest remaining pipelines of planned coal power in development, and Vietnam’s emissions are expected to increase significantly absent substantial changes. In addition, rising levels of air pollution contribute to near-term warming, and the rapid loss of biodiversity and increases in conservation crimes threaten the health of forests and undermines their capacity to store and absorb carbon.

Climate is among the top priorities of the Biden Administration, and the United States and Vietnam have a strong relationship on climate, environment, and energy issues through their strategic dialogues. Vietnam has been responsive to high-level political engagement as well as strong working-level engagement from Mission Vietnam, but the country will need significant international support to reach its COP26 goals, especially its 2050 net zero commitment. It is looking to the U.S. government and U.S. companies for help.

The Mekong Delta is especially vulnerable to climate change, and faces the added challenges of droughts, saltwater intrusion, and land subsidence. As Vietnam’s “rice

bowl,” the Delta is a major agricultural center, and farmers are already losing crops due to saltwater intrusion. Vietnam’s Red River Delta faces similar risks, and the central region is vulnerable to natural disasters, including storms, heavy rain, and landslides.

- **Linkages** | Bureaucratic hurdles and a lack of inter-ministry coordination have slowed progress in the past, although a newly formed national steering committee led by the Prime Minister may help. A lack of regulations governing pricing has stalled the advance of solar and wind energy. An over-reliance on coal-powered electricity is based on decades of experience with the industry and a comfort level with coal’s reliability. This, plus concerns about the ability of renewable energy to meet Vietnam’s energy demands, equals a mindset that will be difficult to change. Finally, Vietnam’s energy transition plan currently depends on scaling up the import and use of liquified natural gas (LNG). With the U.S. Interim International Energy Engagement Guidance discouraging advocacy for LNG except in limited circumstances, U.S. companies may find it difficult to compete with foreign competitors for contracts. Our ability to influence energy plans may be reduced without that private sector presence.
- **Risks** | Bureaucratic hurdles and a lack of inter-ministry coordination have slowed progress in the past, although a newly formed national steering committee led by the Prime Minister may help. A lack of regulations governing pricing has stalled the advance of solar and wind energy. An over-reliance on coal-powered electricity is based on decades of experience with the industry and a comfort level with coal’s reliability. This, plus concerns about the ability of renewable energy to meet Vietnam’s energy demands, equals a mindset that will be difficult to change. Finally, Vietnam’s energy transition plan currently depends on scaling up the import and use of liquified natural gas (LNG). With the U.S. Interim International Energy Engagement Guidance discouraging advocacy for LNG except in limited circumstances, U.S. companies may find it difficult to compete with foreign competitors for contracts. Our ability to influence energy plans may be reduced without that private sector presence.

Mission Goal 3 | Vietnam maximizes the potential of its people by inclusively developing its human capital and protecting human rights.

Description | In support of human rights, the U.S. Mission will partner with Vietnam, local partners, and stakeholders to across several lines of effort including, 1) promoting a legal framework in line with global norms, especially for freedom of expression, assembly, association and religion; 2) reducing restrictions on civil society and religious organizations to help Vietnam ensure that vulnerable groups such as ethnic minorities, disabled persons, women, and LGBTQI+ individuals are full participants in society; 3) partnering with sub-national and local organizations to improve policy, policy implementation, and delivery of services.

Vietnam's economy is changing dramatically, and human capital development will need to keep pace with these changes. Vietnam's industry and services sectors now account for 86% of the economy, surpassing the agriculture sector. Vietnam seeks to become an upper income economy, driven by growth in the digital economy. However, formal education system is not providing the quantity or quality of talent needed by employers. The shortage of IT workers was 90,000 in 2019 and the gap is estimated to have grown exponentially to half a million in 2020. Assistance delivered will also further Diversity, Equity, Inclusion, and Accessibility (DEIA) goals to narrow the digital divide in Vietnam.

Objective 3.1 | Support social inclusion, civil society, respect for the fundamental freedoms and the rule of law.

- **Justification** | Vietnam's human rights record remains a significant impediment to realizing the potential of a mutually beneficial U.S.-Vietnam Comprehensive Partnership. Lack of a free and independent press, restrictions on Internet freedom, systemic and political obstacles to due process, and endemic corruption not only deter foreign direct investment and stymie growth in critical areas such as infrastructure, but also suppress the political participation of its citizens. Reducing restrictions on civil society and religious organizations will help Vietnam fulfill its constitutional and international commitments on freedoms of association, assembly, and religion and help ensure that

vulnerable groups such as ethnic minorities, disabled persons, women, and LGBTQI+ individuals are full participants in society. The Mission will prioritize outreach and programming strengthening the capacity of civil society organizations serving marginalized populations to ensure they are equipped and positioned to advocate for societal changes.

Despite government control of the press, Vietnam's young population is increasingly active online. Mission Vietnam will continue to leverage social media to expand discourse on a range of topics. Expanded opportunities for cross-cultural exchange and promotion of online rights advance freedom of expression, spur critical thinking, and foster innovation, advancing the full range of Mission policy priorities.

Progress over the long-term remains evident, but the human rights situation in Vietnam has deteriorated and the number of persons arrested or convicted for peacefully expressing their political views has increased markedly. The United States respects Vietnam's system of government, but we will continue to speak out in defense of human rights and religious freedom and urge Vietnam to fully embrace the rule of law. Both the U.S.-Vietnam partnership, and Vietnam itself, can only achieve their greatest potential when Vietnamese workers and civil society can peacefully organize, freely express and exchange views in person and online, and participate in policymaking. We will continue to support Vietnam's efforts to reform its judicial, economic governance, and education systems. We will continue to express our opposition, both in public and in private, regarding an increase in censorship and content blocking, and to laws and cybersecurity regulations not aligned with international norms. We will advocate for judicial best practices, including the inclusion of elements of the adversarial justice system in the judicial sector.

Beginning in 1989, disability activities initially focused on the provision of prosthetics and orthopedics for amputees, the majority of whom were victims of war. Activities later expanded to include policy advocacy and introduced elements of a social model to promote the inclusion and participation of persons with disabilities. Programming has

actively supported the GVN to strengthen the capacity of health, education and social service providers; promote employment, and advocate for the creation of laws supporting persons with disabilities while training rehabilitation practitioners, and strengthening local hospitals in rehabilitation service provision. The USG supports the capacity of and engagement between sub-national government and local organizations, leading to more transparent policy-making, effective implementation processes, and better delivery of services to Vietnamese citizens. Finally, partnership with Ministry, and provincial and non-governmental stakeholders seeks to improve policies, inter-ministerial coordination, and supportive services for victims of trafficking through training and mentoring.

- **Linkages** | This objective advances the Indo-Pacific Strategy goal of building a free and open Indo-Pacific, and specifically the action plan supporting good Governance and accountability. links to the EAP JRS Strategic Goal 4: Democracy: Strengthen democracy in the region; promote equity, accessibility, human rights; and advance transparent, accountable governance that works in the public interest and Assistance delivered under this ICS objective will also further Diversity, Equity, Inclusion, and Accessibility (DEIA) goals.
- **Risks** | Vietnam's human rights record remains a significant impediment to realizing the potential of a mutually beneficial U.S.-Vietnam Comprehensive Partnership. While the Vietnamese people have experienced a swift economic growth, the lack of a free and independent press, restrictions on Internet freedom, systemic and political obstacles to due process, and endemic corruption not only deter foreign direct investment and stymie growth in critical areas such as infrastructure, but also suppress the political participation of its citizens.

Vulnerable Populations: Disadvantaged communities, including ethnic minorities, persons with disabilities, LGBTI individuals, and women continue to face economic, political, and social discrimination.

Human Rights/Democratic Governance: The GVN continues to harass, detain, and abuse human rights advocates, journalists, and bloggers and continues to

restrict civil society and religious freedom. Vietnam increases its to restrictions on the free flow of information online through censorship and surveillance.

Legislation: The GVN continues to pass and implement legislation, decrees, or other legal mechanisms designed to exert greater control over Vietnamese press, social media, and therefore impede freedom of the press and expression.

Mitigation: While the achievement of Mission goals related to human rights remains challenging, the Mission plans to continue to focus on discreet goals, recognizing that incremental progress is progress. Continued engagement on issues of mutual interest continues to build upon the growing relationship of trust, particularly among the more conservative elements of government and society. Building upon that trust, over time, creates opportunities to address more sensitive issues.

Objective 3.2 | Strengthen human capital, including for vulnerable and underrepresented groups, to enhance domestic economic growth and regional prosperity.

- **Justification |** After decades as one of the world's fastest-growing economies, Vietnam's industry and services sectors now account for 86% of the economy, having long ago outstripped the previously dominant agriculture sector. Unskilled labor cost competitiveness and export-oriented manufacturing have fueled Vietnam's growth to date, but seismic changes are now taking place in the global economy that are demanding new competitiveness models from countries seeking to grow in the 21st century. Vietnam seeks to become a digital economy by 2030 with the digital economy accounting for 30% of the GDP but the formal education system is not providing the quantity or quality of talent needed by employers. The shortage of IT workers was 90,000 in 2019 and the gap is estimated to have grown exponentially to half a million in 2020.

Additionally, to fully integrate its workforce into the digital economy and adjust to the realities of globalization, Vietnam needs to improve the quality and availability of English language instruction in all levels of education. Vietnam is seeking to

make English a second language by 2025, and while English proficiency levels in Vietnam have improved in recent years, Vietnam still lags behind countries in the region. Our English programs, which will be expanded further by Peace Corps Vietnam, will help ensure that educators and students have the skills to succeed on campus and in the global economy. Further, the Mission will continue to work with the Ministry of Education and Training and vocational and independent educational institutions, to support reform efforts in teacher training and curriculum design. In partnership with U.S. higher education institutions and the private sector, USAID will help Vietnamese universities to improve academic quality and enhance institutional governance to serve as modern models of higher education and drive Vietnam's socio-economic development. Programming will improve basic digital literacy skills of entrepreneurs and workforce participants, as well as, enhance the capacity of major training institutions providing leadership training programs.

Historically, the Vietnamese education system has played a limited role in developing core 21st century competencies such as leadership, critical thinking and problem solving, hindering workforce preparedness and competitiveness capabilities. Certain academic disciplines remain unavailable for study in Vietnam, necessitating Vietnamese students and professionals to study overseas in the United States and other countries. The internationalization of curriculum and degree programs remains in the nascent stages and global competitiveness of the academic sector remains low: only 23 percent of Vietnamese faculty are PhD holders, impacting the quality of teaching and research and hindering economic development. U.S. Mission Vietnam will promote academic excellence within Vietnam's higher education system by improving English language teaching and access to English learning at all levels and by promoting educational opportunities in the United States.

One of our greatest areas of opportunity is that the U.S. system of education remains the gold standard in the minds of most Vietnamese. Vietnam remains one of the leading countries worldwide in sending students to study in the United States. Public Affairs Vietnam's EducationUSA student advising services work to expand this number. Given

that Vietnamese society relies on face-to-face interaction to build relationships, our academic study and exchange programs have a long-term impact. By studying or training in the United States, Vietnamese returnees are able to leverage this experience to be more competitive candidates for leadership positions within Vietnamese society, enabling us to draw on these relationships and ties to U.S. educational institutions to support future educational and economic reforms.

- **Linkages** | ICS Objective 3.2 aligns with the Indo-Pacific Strategy goal of building a free and open Indo-Pacific and with EAP-JRS Bureau Objective 5.4: “Strengthen human capital, including for marginalized and underrepresented groups, to advance regional prosperity;” and Indo-Pacific Economic Framework/DCCP objectives to bolster the capacity of Indo-Pacific partners to remain independent, including digitally, from non-strategically aligned actors. Assistance delivered under this ICS objective will also further Diversity, Equity, Inclusion, and Accessibility (DEIA) goals to narrow the digital divide in Vietnam by developing training materials and specific activities targeting women and girls, rural citizens and other disadvantaged populations who are interested in technology and have potential to develop their careers in the digital sector but were underserved or unable to take advantage of traditional forms of education. Assistance programming will promote inclusive economic opportunities by leveraging traditional and new methods of education/training and collaboration of stakeholders in the workforce ecosystem.
- **Risks** | The Revised Law on Higher Education is prompting significant changes to move the country toward a more open higher education system. Vietnam has resolved to move forward with plans to deliver autonomy to its public universities, which is expected to increase responsiveness between schools and the economy and business sector. Advancing higher education reforms entails commitment and buy-in from not only the universities, but also from various Ministries (Ministry of Education & Training (MOET), Ministry of Finance, Ministry of Home Affairs, and respective line ministries, such as Ministry of Health). Given the complex landscape for institutional autonomy, conflicting policies, reform barriers, and coordination challenges pose serious risks to

achieving the Mission Objective. The Mission will mitigate this risk by partnering with MOET to help improve the enabling environment for the implementation of the law, including support for policy review, policy dialogues, and joint forums that focus on key reform topics, such as challenges and opportunities with the autonomy agenda, and models and best practices for reform implementation.

The private sector has already begun responding to workforce readiness gaps and several training platforms exist in the Vietnamese market. However, most of these initiatives tend to be based in major economic hubs, to the detriment of rural communities, and there is a risk that women and vulnerable populations will not be able to tap into existing opportunities because of cost, time, or suitability of content. There is also a risk that private sector training institutions may not recognize women and vulnerable populations as commercially viable clients. To mitigate these risks, we will employ a partnership approach with the private sector to deploy and co-invest in initiatives that will deepen the supply of workforce training programs, and pilot innovative financing mechanisms to ensure equitable access. Additionally, if English language skills do not significantly improve on a national level, Vietnamese businesses and institutions will be locked out of current globalization trends, further limiting growth.

Mission Goal 4 | Vietnam increases its capabilities to address epidemic and endemic diseases and other public health threats.

Description | To protect America's security at home and abroad, the U.S. Mission will help Vietnam increase their capacity and resilience to address public health threats. As major contributors to the health of a population, health activities via sustainable systems are necessary underpinnings for prolonged and inclusive prosperity. Achieving this goal will advance America's leadership and values by preventing the spread of disease and supporting sustainable health systems.

Objective 4.1 | Strengthen capacity of sustainable health systems to detect and respond to emerging challenges and to protect and improve health and well-being.

- **Justification** | U.S. health diplomacy in Vietnam has taken many forms over the past decade. In 2004, Vietnam became the 15th focus country under the U.S. President's Emergency Plan for AIDS Relief (PEPFAR). This partnership has greatly reduced the number of new HIV infections reported each year from 23,000 (2004) to 13,000 (2021) and has placed more than 160,264 individuals on lifesaving antiretroviral (ARV) treatment. The PEPFAR partnership has established a strong relationship among the USG health agencies, the Ministry of Health and other actors, building trust and stronger platforms for health diplomacy.

Vietnam has had many achievements in disease prevention and control, including the rapid success in controlling the SARS outbreak in 2003, avian influenza in 2004-2005, H1N1 influenza in 2009, and stalling the large-scale transmission of SARS-CoV-2 for over a year. However, Vietnam's health system remains vulnerable to emerging infectious disease threats. Early detection and response are key to protecting its healthcare infrastructure. Ecologically, Vietnam is in a high-risk region for these threats, which include other coronaviruses such as MERS-CoV, novel influenza viruses, rabies, hand foot and mouth disease, dengue, Zika, diphtheria, pertussis, and others. Like the rest of the world, Vietnam is working with regional and global partners to combat the threats posed by tuberculosis (TB), antimicrobial resistance, and healthcare-associated infections. Collectively, these emerging infectious threats could destabilize public health, food security, livelihoods, trade, supply chains, economic development, and other dimensions of human security in this lower-middle-income country with nearly 100 million people. Strengthening essential public health functions and the public health workforce is core to health security in Vietnam.

Globally, Vietnam ranks 10th among countries with the highest TB and MDR-TB burden. While TB/HIV is a small part of the overall TB burden in Vietnam, TB continues to disproportionately affect PLHIV. TB incidence is estimated to be 12 times higher among

PLHIV than the general population. While the GVN commits to the Ending TB goals, and largely owns the programmatic and operational aspects of the TB response, the reported annual TB treatment coverage is only 58% of the estimated burden, leaving an estimated 72,000 TB patients per year undetected or under-reported. Drug-resistant TB (DR-TB) is a significant issue in Vietnam. The Vietnam National TB program, largely supported by donor funding, dramatically scaled-up and decentralized both diagnosis and treatment between 2015 to 2020 including the rapid piloting and adoption of shorter, more patient friendly regimens. Even so, most of DR-TB detection and treatment services are only available at the national and provincial level and in spite of the above gains, only 39% of the estimated DR-TB cases are diagnosed and treated.

Support has often resulted in parallel, but fragmented programs focused on specific diseases rather than overall improvement of the Vietnamese health system. To strengthen Vietnam's capacity to respond to health threats, host country ownership and collaboration across sectors and disease programs are needed and will remain a foundation of the US Mission's health diplomacy.

- **Linkages** | CDC, USAID, DOD, and the ESTH offices in both Embassy Hanoi and CG Ho Chi Minh City work closely together to advance health goals and objectives, and coordinate through monthly interagency meetings. Programming links to [President Biden's National Security Directive 1](#) and the EAP JSR Bureau Objective 2.1: Build sustainable and resilient health systems to detect and respond to emerging challenges. This objective furthers the Indo-Pacific Strategy goal of building resistance to 21st Century transnational threats.
- **Risks** | While Vietnam's capacity for enhanced health systems grows, various risks remain. Challenges to the country's ability to adequately respond to health threats include limited coordination between the preventive and clinical sectors, insufficient information sharing between regions and between programs, an inability of those with authority to collect timely, accurate data for decision making, and a general decline in morale among healthcare workers leading to possible burnout, particularly during the COVID-19 pandemic.

4. Management Objective

Management Objective 1 | Strengthen the Mission's capacity to advance U.S. policy objectives in Vietnam by improving and protecting physical and digital infrastructure, and better aligning staffing with DEIA principles to support mission priorities

- **Justification** | Physical deficiencies in our facilities in both Hanoi and Ho Chi Minh City limit our Mission's capacity to advance U.S. policy objectives in Vietnam. Personnel growth in both locations due to expansion of existing programs and adding new dimensions to portfolios of existing sections/agencies are increasingly challenging, given the saturation of available office space.

With a New Embassy Campus site now secured, the next step is constructing an Embassy facility capable of supporting our current Mission objectives and benefitting the modern U.S.-Vietnam partnership. Recognizing the reality of a typical NEC timeline, even with the signed lease agreement (five to seven years to design and build), mission management must maintain and improve the conditions of current facilities until a NEC is constructed and commissioned. In HCMC, preparations continue for the construction of the New Consulate Compound, which is listed on the 2025 Capital Security Construction Program.

Construction of the New Embassy Campus, in Hanoi, will require significant additional staffing, including to maintain site security. The location of the New Embassy will also require restructuring of the housing pool, which will need to commence far in advance of the completion date of the new facility. In the meantime, the Mission must find ways to accommodate the continuing expansion of the bilateral relationship, and the increases in personnel that accompany it. It is also a policy priority to promote and champion diversity, equity, inclusion, and accessibility (DEIA), from the recruitment of

new staff to a fuller integration of DEIA principles in all internal and external USG Mission work.

- **Linkages** | This objective links to the Joint Strategic Plan FY 2018-2022; Goal 4: Ensure Effectiveness and Accountability to the American Taxpayer – Strategic Objective 4.2: Provide modern and secure infrastructure and operational capabilities to support effective diplomacy and development and Strategic Objective 4.4: Strengthen security and safety of workforce and physical assets. This objective will provide a platform for the U.S. to advance its Indo-Pacific Strategy goals more effectively.
- **Risks** | Expanded whole-of-government efforts to deepen engagement and bilateral cooperation with Vietnam have created demand for increased capacity across agencies and functions. Alternatively, current infrastructure limitations, lack of adequate office space and aging physical structures will challenge wholesale efforts to increase staffing. Therefore, decisions to increase staffing must be strategic, prioritized, and data-driven. The GVN have only recently started to loosen commercial air traffic into Vietnam. For almost two year, no commercial air traffic has operated flights into the country, many of the key activities that Management is planning, is reliant on Mission Vietnam’s ability to bring in skilled TDY assistance.