

Globalisation and A Number of Impacts on Vietnam - Russia Relations

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Abstract: The globalisation process has now new features and movement trends with strong adjustment of actors involved in this process, ranging from international and regional institutions, transnational companies to countries and individual businesses. The process of globalisation in the first two decades of the 21st century is posing new challenges and new opportunities with both positive and negative aspects, with both cooperation and struggle, to all countries and peoples of the world, including the Russian Federation and Vietnam. This paper focuses on analysing the characteristics, content and new trends of globalisation, recognising the effects of globalisation on the current Vietnam-Russia relations.

Keywords: Globalisation, trends, impacts, Vietnam-Russia, relations.

Subject classification: Politics

1. Introduction

Conceptually, globalisation can be understood as the process of increasing the quantity and quality of mechanisms, processes and activities to increase the interdependence among countries of the world in all fields including economics, politics, culture, society... on a global scale.

According to Joseph Stiglitz, who received the Nobel Prize in Economics in 2001, basically, globalisation “is the closer integration of the countries and peoples of the world which has been brought about by the enormous reduction of costs of

transportation and communication, and the breaking down of artificial barriers to the flows of goods, services, capital, knowledge, and (to a lesser extent) people across borders”. Globalisation is also accompanied by the creation of new organisations/institutions and they join with existing mechanisms/institutions to promote or hinder cross-border activities of those flows [3]. According to O'Loughlin et al., globalisation is a set of processes in which capital flows, technology, people, goods and information move constantly across political boundaries on maps, and thus the interdependence among societies with large

distances and shortened time frames has been strengthened [2].

The connotations of globalisation that have been clearly reflected in the concepts of many large international organisations (e.g. UN, WB, FAO, UNESCO, IMF, OECD) as well as many world-renowned scholars and economists include: (i) International connectivity in interconnected networks at the global level or international integration; (ii) The more liberal movement of flows of goods, services, capital, information, technology, knowledge, competition, enterprises, people, cultural values, ideologies, institutions and policies; (iii) Interdependence among countries and peoples in all areas on a global scale.

2. Outstanding features, contents and trends of globalisation today

Globalisation in the early 21st century has some outstanding features as follows:

First, the connection of economies and peoples (including people, businesses and governments) through the process of international integration which tends to become increasingly deeper and broader in all fields at the global level. The interdependence among countries and societies in economic, political, cultural, social, ecological and military sectors on a global scale is increasing and becoming closer.

Second, interconnected networks at the global level related to the flow of goods and services, international capital flows, technology, information and data, knowledge, transnational companies, flows of migrants and labour, cultural values, products of cultural industry,... are increasingly

expanding both in size and speed, making the flows in each global connection network also tend to increase quickly.

Third, national boundaries among peoples in the world tend to become increasingly blurred in the long term. Transnational companies as well as global governance organisations and non-governmental organisations play an increasing role in strengthening connectivity and increasing interdependence among nations and peoples at the global level. The importance of countries and territories tends to decline in the long run relative to the role of global trade, global markets, global governance organisations / institutions [1].

Fourth, information technology and the internet significantly cut costs of transportation, media, communication and production to help strengthen cross-border connectivity for all the people on a global scale. Not only geographical distance but also time and space for interaction and connectivity across national borders also tend to be compressed or become narrowed significantly in the long term [2].

Fifth, the boundaries of cultural differences among cultures of peoples in the world are becoming more blurred. Migration flows and tourism help strengthen cross-border connectivity for peoples and countries on a global scale.

The content of globalisation can be divided into four main pillars as follows:

- *Economic globalisation*, one of the most important pillars of globalisation, is often understood as the growing interdependence of economies around the world through the rapid increase in scale of trade of transboundary goods and services, mobility of international capital flows,

cross-country labour migration, the deep and broad involvement of transnational companies in economies, tendency to reduce tariff and non-tariff barriers, increasingly fierce competition among companies and across industries, rapid spread of technology and data sharing.

Countries at present accept deeper integration into the global economic system through free trade agreements. In 1995, the world had only two trade agreements, then at the beginning of 2014, the World Trade Organisation (WTO) noted that 546 bilateral and multilateral trade agreements had been signed among countries. In the 2000-2017 period, the world recorded an average of 20 FTAs each year.

- *Cultural globalisation*, one of the key pillars of globalisation, often refers to the rapid transmission and spread of cross-border interaction of ideas, attitudes, languages, meanings, knowledge, norms, cultural values, ideologies, beliefs, images, and products of the cultural industry in a way that constantly expands and enhances social relations by resonate impacts of information and internet technology, the booming of cyber social networking sites and online social media, the widespread development of satellite communications, the flexibility of the labour market and migrant flows, as well as the changing demand for cultural enjoyment of the youth and middle class in the global market.

- *Political globalisation* not only refers to the increase in both the size and complexity of the political system and its institutions globally but also emphasises the strengthening and expansion of international relations (enabling peoples and cultures to get closer to one another) as well

as a tendency to decline the relative importance of the nation-state's role in political relations, both bilateral and multilateral, with other global governance organisations / institutions in the long term.

- *Environmental globalisation* not only refers to the growing role of global environmental management organisations but also emphasises improving environmental governance capacity and strategic coordination capabilities of countries (international practices, standards, and signed international commitments related to environmental protection) as well as proactively upgrading knowledge systems and expanding environmental monitoring networks (especially global climate change and disaster warning) in the direction of strengthening uniformity and global connection in global environmental management and protection practices in a regular, synchronous, transparent and highly accountable fashion.

The trend of new globalisation

The annual meeting of the World Economic Forum (WEF) held in Davos (Switzerland) in January 2019 highlighted the theme: "Globalisation 4.0: shaping a global architecture in the age of the fourth industrial revolution". The Forum says that the world is entering the 4th industrial revolution, all becoming a flat world, but from a certain perspective, globalisation is faced with certain inadequacies.

Globalisation 4.0 actually refers to the new globalisation trend based on the breakthroughs of the fourth industrial revolution, which was launched in G7 countries after the 2008 global financial crisis and economic recession and continued to present. Although it has been

taking place for less than a decade, the speed and spread of the fourth industrial revolution has been very fast and strong. So far, this fourth globalisation trend has been marked by a turning point in comparison with previous globalisation trends.

The fourth industrial revolution with unprecedented technological breakthroughs has transformed the globalisation process into a new phase with deeper and more comprehensive changes. Klaus Schwab, founder and chairman of the World Economic Forum, said that the world was only at the beginning of Globalisation 4.0 and was completely unprepared to respond to the scale of changes forthcoming. Countries were still continuing to address the problems of globalisation with an obsolete perspective, thus it is necessary to redefine processes and institutions to better utilise the new opportunities ahead, while avoiding disturbances [4].

The fourth industrial revolution exerts a strong impact on employment in such areas as health care, transportation, communications, production, distribution and energy. The development of technology will create new jobs but at the same time deprive workers of job opportunities who have not yet adapted to the new era. Machines can replace human beings faster than the speed at which human society adapts to changes created by machines. In addition, ecological challenges, typically climate change, are threatening socio-economic development. Climate change and its dangerous consequences are no longer a new issue. The question is just how countries agree and cooperate to solve this global problem.

Along with the booming of the science and technology revolution, the integration

process creates opportunities for economies to receive more and more new achievements, creative breakthroughs in science and technology, organisation and management, production and business, knowledge and international experience, not only for the state, companies, but also for individuals. Every country is trying to take advantage of the advantages that globalisation brings about and avoid being marginalised by this irreversible process.

3. Impacts of the new global trend on Vietnam-Russia relations

Before analysing the impact of the new globalisation trend on the relations between the two countries, I would like to take a look at the global influence on the development of each country. For Vietnam, after more than 30 years of *đổi mới*, or renovation, period, the country's economy has escaped from underdevelopment, and it has joined the group of middle-income countries, integrated deeper and broader into the region and the world. According to international organisations, in the early years of the 21st century, Vietnam was one of the countries benefiting most from the globalisation trend. In 2017, its trade/GDP ratio reached more than 200%. This has been the highest number among countries with the population of over 50 million surveyed by the World Bank since 1960. In the group of 20 most populous countries in the world, Vietnam has well surpassed the country ranked second, which is Thailand with 122%. In the early years of the 21st century, Vietnam focused on accelerating the process of deep integration with the

world. Along with multilateralising and diversifying relationships, being a reliable partner of countries and regions in the world, Vietnam has paid great attention to economic integration. It has signed ten, and will sign six more free trade agreements (FTAs). That is also a good opportunity for Vietnam to attract the world's resources. It can be said that the factors of globalisation and international economic integration play an important role in the country's average growth of 7% over the past three decades.

JP Morgan's research also shows that Vietnam ranks among the most powerful supporters of globalisation. In the coming period, in the long term, international and regional development trends in the coming years will exert a very positive and favourable influence on the country's takeoff and development. Vietnam is having a good chance when international integration dynamics are moving to developing countries located in the Asia-Pacific region - where there are centres of growth and strengthened regional links. The fourth industrial revolution and the popularity of the global production network is a new condition for Vietnam to leapfrog, narrowing the gap in knowledge and technology, even when conditions for innovation-based growth have just started.

In the short term, the world economic and political situation is at large bends with a high degree of uncertainty as the multipolarity of the world order increases while global governance institutions appear ineffective. In the short term, the international environment still has many underlying uncertainties and risks for the development process. The impact of global issues and

challenges of unconventional insecurity such as climate change, loss of water security and energy security, etc., will directly affect Vietnam more and more deeply in the time to come. In particular, the strategic adjustment, increased unilateralism and "abnormal" relations of powers have put Vietnam in front of risks in foreign relations and environment for development.

In the early years of the 21st century, the Russian Federation also gained great achievements in economic development and improved its defense capacities and position in the international arena. In the trend of Globalisation 4.0 since 2012, Russian President V.Putin has drafted the Programme and Prospects for Development of the Russian Federation *with a very important highlight being the innovative socio-economic development orientation*, with the following characteristics. *First*, based on the modernisation of Russia's traditional economic sectors (such as oil, gas, raw materials, agriculture and transport), it is necessary to increase the volume of highly-processed products, which are the sectors with the most contributions to its GDP towards 2020. *Second*, it is important to renovate the economic growth factors; to increase labour productivity in all areas of national competitiveness; to reduce energy consumption; and to increase technology innovation and market share of innovative products. *Third*, it is important to form a new economy, which is the economy based on knowledge and high technology, which becomes a leading sector of the national economy and by 2020 will contribute to Russia's GDP with a ratio similar to that of the sectors of oil and gas and of raw materials.

However, the Ukraine crisis since the beginning of 2014 along with disagreements with the West, and the imposition of sanctions by the US and EU made the Russian economy face with more difficulties. In this context, Russia's primary goal is to resolve external challenges, especially the US and EU sanctions, continuing to restore and affirm the position of a power, to restore and to promote economic growth.

Russia under the leadership of President Putin has always been geared towards rising to restore its superpower and counterbalance status to the United States. The outlook in Mr Putin's foreign policy is that Russia, together with China, will become opposite poles against the West, having military and political balance with the US. In the time to come, creating favourable opportunities for development in the country is still an important task for Russia, because it determines that economic backwardness is continuing to be a growing threat to its sovereignty, narrowing opportunities in the foreign policy.

From now until 2025, Russia will still have enough potential to continue implementing its foreign policy in the direction of independence, proactiveness, pragmatism and flexibility to ensure maximum national interests on the basis of taking advantage of its advantages and potentialities of energy, fuel, weapons, etc., to gather forces, to seek allies for the purpose of improving its role and influence as a power in the region and the world.

Russia will give maximum priority to strengthening relations with those countries and regional organisations that it has many interests with such as, first of all, the CIS, the US, China, EU and ASEAN to serve its

economic development objectives and to make it one of the world's leading economies, to have in place a rational policy to attract foreign investment; and for Russian businesses to enjoy numerous advantages to expand to external markets.

Russia's main foreign relation interests will still be to create maximum international conditions to develop the country, to reduce costs due to conflicts with external stakeholders, and to ensure high security at an optimal and effective cost.

In general, in the trend of increasing globalisation, both Vietnam and the Russian Federation are pursuing their foreign policies of self-reliance and independence, deriving from their national interests, and on the basis of unconditional respect for international laws. Russia and Vietnam are fully aware of their special responsibilities to maintain security in the world at the global and regional levels, with the aim of working together with all relevant countries to resolve common challenges.

The external strategies of both the countries have always been adjusted in the direction of both prioritisation and diversification, both flexibility and pragmatism, in accordance with the changes of the domestic and international situation, and the relationship of powers as well as the position of each of the two countries in the region and the world. Both countries consider economic development, building defense capacities, ensuring national sovereignty and territorial integrity to be top priorities in their foreign policies, aiming to create a favourable environment for domestic sustainable development and diversification of their own economies, through the promotion of promising and

innovative projects in various sectors, strengthening cooperation with leading countries in the world.

Some impacts of the new globalisation trend of Vietnam - Russia relations:

With a history of more than 70 years of traditional relations inherited from the Vietnam-Soviet relations and 25 years since the establishment of official relations between Vietnam and the Russian Federation, it can be said that this is a valuable traditional friendship to be respected. Since 2001 until now, the relationship has continuously developed, and has so far become a comprehensive strategic partnership, contributing strongly to the development of either country. For the past ten years, the Vietnam-Russia relations also has been characterised with common features of the trend of globalisation, with cooperation and competition; promoted diplomatic political bonds, trade and economic relations, and ties in national security and defence, science and technology, education and culture; both strengthening bilateral relations and taking advantage of multilateral mechanisms, and also undergoing both advantageous and disadvantageous effects of the international and regional contexts. In this paper, it is not possible to point out all direct and indirect impacts in all areas by globalisation on each of the two countries as well as the relations between them. However, it is possible to point out some significant impacts of globalisation on bilateral relations since the Ukraine crisis to date.

Located in an important geostrategic position, being the intersection of Southeast Asian countries, controlling the key

maritime and air routes through the *Biển Đông* (East Sea, i.e. South China Sea), having political stability and potential for economic development, Vietnam is considered one of Russia's priorities in the eastward policy that the latter is pursuing. The strengthening of cooperation between the two countries is considered one of the important prerequisites to help Russia strengthen its presence and establish its influence in Southeast Asia in particular and in Asia in general, while helping it strike the balance of power in the region.

The position of Vietnam in Russia's the foreign policy has been affirmed many times in Russian documents and in the statements of leaders of the two countries in meetings and exchange of visits. President V.Putin affirmed that "Developing multi-faceted relations with Vietnam is one of the priorities in the foreign policy of the Russian Federation in Asia" [5]. This is a positive point for the Russian Federation and Vietnam "to have the cordial cooperation between the two partners that never betray each other" [5].

In the diplomatic and political relations, the last two years have seen a series of regular visits by leaders of the two countries in a bilateral framework as well as within the regular multilateral cooperation of APEC, ASEM and ASEAN+. President V.Putin and Prime Minister D.Medvedev came to Vietnam, while General Secretary of the Communist Party of Vietnam (CPV) cum State President Nguyen Phu Trong and Prime Minister Nguyen Xuan Phuc also visited the Russian Federation.

Regarding the trade and economic ties, right after the strengthening of the regional economic integration with the establishment

of the Eurasian Economic Union (EAEU), Vietnam was the first country to sign an FTA with the organisation in June 2015. The FTA is expected to be the driving force to achieve the goal of increasing the total bilateral trade turnover to USD 10 billion in the next few years, based on areas of traditional cooperation such as oil and gas, fuel and raw materials, and active development in other areas such as agriculture, tourism and services. There is the need for breakthrough solutions to promote those areas where Russia has comparative advantages such as railways, nuclear power, space technology, and those where Vietnam has advantages such as agriculture, tourism, fisheries and human resources.

In reality, the FTA has had a positive impact reflected by the Vietnam - Russia bilateral trade turnover which has increased more quickly such as a 31% growth rate of 2017 compared to 2016, and a 35.7% growth rate in the first ten months of 2018.

High-tech is also a field prioritised by the two countries. Russia is a country with strong capabilities in the field of nuclear development, defence industry, aviation and space. The two countries have reached cooperation agreements in the use of the GLONASS system, application of information technology in urban management, building e-government, etc. In the upcoming future, if Vietnam re-starts its nuclear power programme, the Russian Federation will be its top priority for cooperation.

The promotion of cooperation in the fields of agriculture, fisheries, forestry, industry to serve agriculture, irrigation, prevention and control of natural disasters towards sustainable development, is also emphasised on by the two countries.

Especially, in the field of tourism and culture, rapid increases have been recorded in accordance with the global trend for the past few years. Only in 2017, more than 500,000 Russian visitors came to Vietnam, which nearly doubled the figure of five years earlier. With the current growth rate of 30% per year, it is expected that by 2020, 1,000,000 Russian tourists will choose Vietnam as their destination [6].

On multilateral cooperation:

Vietnam and the Russian Federation will jointly build a system of multi-polar, equal and democratic international relations, based on the principle of broad cooperation between countries and organisations, uniform rules for all nations, the supremacy of international law and the solid role of the United Nations as a centre for regulating and coordinating world politics.

Vietnam and Russia promote bilateral and multilateral cooperation to combat the increasing risks of using information and communication technology for criminal and terrorist purposes, including the purpose of sabotaging the security of nations.

Vietnam and Russia affirm to develop cooperation in the fight against terrorism, transnational organised crime, production and circulation of illegal drugs, corruption and other challenges and risks of loss of security.

Russia and Vietnam always closely cooperate and coordinate in multilateral fora of negotiation, where international security issues are discussed, including arms control, disarmament and non-proliferation of weapons of mass destruction. The two sides affirm the importance and necessity of the UN military disarmament mechanism, including

Commission 1 of the United Nations General Assembly, Conference on Disarmament and the United Nations Commission on Disarmament, to develop multilateral agreements to maintain international security and to ensure strategic stability.

The two sides express their support for the international community's efforts to strengthen the legal base to fight terrorism and the use of weapons of mass destruction for terrorist purposes.

The leaders of the two countries have always emphasised that border and territorial disputes and other disputes in the Asia-Pacific region should be addressed by stakeholders by peaceful means, with the restraint from the use of force or threat to use force, on the basis of international law, including the 1982 United Nations Convention on the Law of the Sea, to ensure peace, stability and security in the region. Vietnam and Russia support the full and effective implementation of the Declaration on the Conduct of Parties in the *Biển Đông* (East Sea, i.e. South China Sea) of 2002 and welcome the efforts of the parties to soon adopt the Code of Conduct of Parties in the South China Sea.

Both countries consider maintaining peace and stability, strengthening mutual trust to be the core factors to ensure stable development of the Asia-Pacific region as one of the centre of the new multipolar world order.

As General Secretary of the CPV Nguyen Phu Trong and President V.Putin have affirmed, it is necessary to continue the joint efforts to build in the region an equal and undivided security structure of an open, inclusive and transparent character, based on compliance with

international law via promoting dialogue and cooperation within the framework of ASEAN-led fora such as ASEAN-Russia, ASEAN Regional Forum on Security (ARF), East Asia Summit (EAS), ASEAN Defense Ministers Meeting with Dialogue Partners (ADMM+) ...

It can be seen that there have been many positive impacts on the relations between the two countries in recent years. However, there are still many obstacles from the globalisation trend or the regional and international context, which results in the relationship between Vietnam and Russia being not developed in accordance with the potentialities and needs of both sides.

First of all, in terms of economy, the growth rate is quite high, but so far, Vietnam-Russia trade turnover is only USD 4 billion, while the former's total import-export turnover is nearly USD 480 billion. The figure of USD 4 billion is also quite far from the USD 10 billion goal set by the two sides ten years ago. Accounting for a high proportion still is the simply processed products and fuel and raw materials, which is different from the general trend of increasing the proportion of services and goods with high technology contents.

With regard to investment activities, there is still a "paradox" of the poorer Vietnam investing more in Russia than vice versa. Especially, there is a large imbalance between the cooperation in security and defence and that of trade and economic fields.

Currently, Vietnam is implementing a policy of multilateralising its military cooperation, diversifying the arms suppliers. However, in the period 2012-2016, Russian weapons still accounted for 88% of the volume of Vietnam's imported

weapons. Moscow provides Vietnam with most of the types of important weapons. It is clear that Russia plays the No. 1 important role in ensuring the latter's defence security, yet it is not included in Hanoi's top ten trading partners. In the trend of powers adjusting their strategies towards increasing unilateralism and putting national interests above all, making the trend of competition increasingly fierce in terms of both economic strength and defence, the imbalance between the two important areas needs to be overcome.

In terms of economic benefits, the Vietnam - Russia trade turnover, being only USD 4 billion, is not comparable to Russia - China trade of nearly USD 100 billion. And, if compared with Vietnam's total import and export turnover of nearly USD 480 billion, it is clear that the trade benefits with Russia so far are also modest.

4. Conclusion

The industrial revolution 4.0 and the changing position and role of great powers such as the US, EU, China and Russia have been greatly changing the world economy, politics and security so far and in the years to come. With high-level visits by Russian leaders to Vietnam and by Vietnamese leaders to Russia, shown were good prospects of the relations between the two countries in the future. Despite the impact of regional, domestic and international changes, the relationship will remain unchanged and be increasingly consolidated and developed.

In the current trend of globalisation 4.0, the relationship between Vietnam and the

Russian Federation is facing huge opportunities and challenges. The adjustments of the policies of each of the countries to take advantage of opportunities and overcome challenges, and to strengthen their comprehensive strategic partnership to be more and more profound and practical, are essential.

Note

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