



## ECONOMIC RELATIONS BETWEEN VIETNAM AND THE SOVIET UNION (1986-1991)

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### Abstract:

On November 3, 1978, Vietnam and the Soviet Union signed the Treaty of Amity and Cooperation, signaling a fresh and significant development in many domains, both in breadth and depth, which had a significant impact on the development of the two countries. This is seen as a "golden period" in particular for business connections between Vietnam and the Soviet Union. When both Vietnam and the Soviet Union began the process of "reforming" and "renovating" their respective nations in 1986, the two nations' economic connections continued to experience qualitative advancements. Vietnam was able to begin the process of rehabilitation and national construction with a strong economic foundation thanks to the Soviet Union's backing and aid during the years 1986 to 1991.

**Keywords:** economic relations between Vietnam and the Soviet Union (1986-1991), Treaty of Amity and Cooperation, economic connections

### 1. Introduction

Entering a new chapter, putting creative ideas into practice in the area of economic cooperation with the Soviet Union, "*quickly renewing the cooperative relationship with the Soviet Union*" and "*improving the effectiveness of cooperation on the basis of mutual understanding*". "*First and foremost, strengthen solidarity and cooperation with the Soviet Union, innovate strategies and boost the effectiveness of Vietnam-Soviet cooperation to meet the interests of each country*" [1; p.118]. The Soviet Union and Vietnam's economic ties deepened throughout time and were built on a foundation of collaboration.

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## **2. Research results**

The economic cooperation between the two nations has steadily increased in both scale and scope in accordance with high-level and intergovernmental agreements that have been signed, taking on many novel and progressive forms. This has greatly aided in resolving numerous pressing political and economic issues for the nation and laid the groundwork for further development of relations between Vietnam and the Soviet Union. The implementation of three major economic programs, ensuring the advancement of numerous important projects, initially taking a number of measures to improve the efficiency of using production capacities built with assistance from the Soviet Union, stepping up cooperation in the fields of oil and gas exploration and exploitation, planting and processing a number of important crops, and other urgent tasks facing the Vietnamese economy were given top priority by the two sides.

### **2.1. In the field of industry**

The Vietnam-Soviet industrial cooperation has produced numerous positive outcomes under the leadership of the Party and the execution structure of the Government, ministries, and departments.

According to the Ministry of Foreign Economic Affairs' study on economic and trade ties between Vietnam and the Soviet Union during the years 1986 to 1990; in accordance with the Agreement that was signed, the Soviet Union loaned Vietnam up to 1,655 million rubles during the 1986–1990 plan to help with the purchase of machinery for the building of projects in the national economic sectors of electrical energy, coal, chemicals, transportation, mechanics, and metallurgy. By the end of 1990, the implementation estimate was 1,400 million rubles, or 84% of the loans under the signed agreement. Of this amount, 620 million rubles went to electrical energy, 150 million to the coal industry, 155 million to chemicals and fertilizers, 50 million to building materials, and 41 million to transportation. Regarding the importation of tools and supplies for construction projects between 1986 and 1990. The Soviet side concentrated on providing tools and materials for the building of interim projects between 1981 and 1985 (this time period required roughly 850 million rubles) [7, p. 197].

#### **A. Regarding transportation**

In accordance with the negotiated agreement, the Soviet Union continued to assist Vietnam in finishing the traffic projects that were under development during the previous time, particularly the crucial traffic project and the completion of the Hanoi railway junction. The project has significantly lowered traffic density in Hanoi city and promoted the effectiveness of using Thang Long Bridge. In addition to the Hanoi traffic hub, the Soviet Union also researched and collaborated on a number of other traffic initiatives. Vietnam was still receiving transportation equipment from the Soviet Union, such as passenger and cargo vehicles, construction motorcycles, light diesel locomotives, and more, as well as shipbuilding assistance from the SEV and Soviet Union. In order to carry out the shipbuilding tasks stipulated in the negotiated contract, the Soviet Union

assisted in supplying the Ha Long, Bach Dang, and liberating Vietnam shipyards [3, pp. 24–25].

In the maritime sector, the delivery of Soviet commodities to Vietnam and the receipt of Vietnamese goods at Vietnamese ports are still guaranteed by Soviet fleet or Soviet-chartered ships. The Soviet Union assisted Vietnam in developing the port of Haiphong, Saigon, bolstering the equipment used for loading and unloading cargo, a center for information, and designing and setting up cargo terminals. The Soviet Union outfitted a wide range of contemporary ships, including as ro-ro ships, paver ships, and container ships, in order to facilitate the movement of commodities on maritime routes from the Far Eastern Black Sea seaport to the seaports of Vietnam. The Soviet Union also adopted a system of carrying barges (a modern means of transport in the world at that time). The first barge ship named after the late Chairman of the Council of Ministers of the USSR "Alfrogbuilding Coxüxin" carrying 82 barges of 376 tons each arrived at Ha Long-Hai Phong in early 1986, by 1988 there were more than a dozen such trains to Vietnam [3, p.27].

In the late 1980s and early 1990s of the 20th century, the Soviet Union also assisted Vietnam in developing a complete traffic map for the construction and development of the nation's economy. In the early years of the Doi Moi period, Vietnam's transportation system benefited from the Soviet Union's extensive collaboration and aid by developing a system of facilities and infrastructure that helped to satisfy the needs of the country's economic development.

## **B. Regarding energy**

First and foremost, the two parties agreed, Vietnam's fuel-energy complex needs to be developed. accelerate the discovery and production of oil and gas on the southern continental shelf of Vietnam [5; p. 3]. Tri An hydropower plant was completed on October 31, 1989, with a designed capacity of 100,000 kw and an average annual output of 1 billion 760 million Kw/h [4, p.529]. Along with the hydropower projects at Hoa Binh and Tri An, it not only has the effect of generating electricity but also of flood protection in the Red River Delta, increasing river traffic (for the Hoa Binh project), and supplying more water for irrigating crops and daily use (for the Tri An project). In the years 1986 to 1990, the Soviet Union gave Vietnam a significant amount of materials specified in the phase II total diagram, four times as much as phase I, in order to build a power grid of 110-220 kilovolts, with more than 3000 kilometers of lines and substations, and a total capacity of 3000 megavolts Am-pe. An increase in annual electricity production has been attributed to the aforementioned power sources and grids [3, p.43]. A joint agreement on the production of materials and equipment with a voltage of 35 kilovolts or less was signed in May 1987 between the governments of Vietnam and the Soviet Union. The agreement marks a new phase in Vietnam's cooperation with the Soviet Union. Rather than relying on the Soviet Union to provide equipment, we will now produce other electrical equipment to outfit the country's economy and create power grids that are 35 kilovolts or less in time with the 110–220 kilovolt grid and energy sources [3, p. 44].

### **C. Regarding oil and gas**

Vietnam's oil and gas sector has been steadily established and developed thanks to the Soviet Union's assistance and collaboration. This partnership has evolved into a joint enterprise that benefits both parties equally, starting with the Soviet Union's assistance in laying the first foundations and progressing to the point of co-authoring scientific works, the realization of potential exploration possibilities with long-term loans, and technical assistance. The oil storage station's flow meter read just 1 million tons as of December 29, 1988. That is the quantity of oil that was extracted from the Bach Ho oil field, off the coast of the Vung Tau - Con Dao special zone, by drilling rigs 1, 3, 4, and 5 of the Viet Soviet Oil and Gas Joint Venture Enterprise (Viêtsôpêtrô). The first ton of oil entered the Crimean floating oil storage facility on June 26, 1986, initiating the exploitation phase. 27 lakh tonnes of oil were produced in 1987; 67.8 lakh tonnes were produced in 1988, a rise of 1.7 lakh tonnes from the original estimate. The Council of Joint Venture Enterprises decided that the exploitation production for 1989 would be 1 million 49 lakh tons at its meeting in Vung Tau in December 1988. Additionally, it is anticipated that 5 million tons of oil will be produced overall after three years [2, p.1]. The Soviet Union provided significant support to Vietnam's oil and gas industry, which was evidenced by the fact that it established a reliable and coordinated material and technical foundation for the sector. Vietnam received training from the Soviet Union for a team of experts, technical engineers, and managers at all levels who had good and thorough professional credentials and were able to understand the scientific and technological aspects of the oil and gas business in the future.

The Soviet Union continued to assist Vietnam during this time in the majority of crucial industries, particularly heavy industries. The Soviet Union contributed 60% of the initial investment funds for Vietnam's new building projects and 80% of the equipment for these industries. 43% of the power, 98% of the coal, 63% of the tin, 46% of the cement, 37% of the tea, and 100% of the apatite and superphosphate of sulfuric acid were produced in plants with Soviet assistance [3, p. 54].

### **2.2. In the field of agriculture**

The agriculture sector is regarded as the primary front in Vietnam's economy, carrying out the Party's Resolution VI (1986). Vietnam received significant help and assistance from the Soviet Union in agriculture in addition to giving industrial production priority. More than 1 million tons of nitrogen fertilizers, more than 1 lakh tons of petroleum, and about 1 lakh tons of pesticides are delivered to Vietnam annually by the Soviet Union. Up until 1988, the USSR provided Vietnam with 15,000 different types of tractors, tens of thousands of agricultural machines, six large repair facilities, more than one hundred smaller facilities, and a significant amount of spare parts equipment. The Soviet Union gave Vietnam an additional 1 million tons of nitrogen fertilizers and 700 tractors to increase production in just the years 1989, 1990, and 1991 [3, pp. 13–14]. In all provinces and cities across the nation, 45 tractor maintenance stations were built with assistance from the Soviet Union. In comparison to the previous period, the level of agricultural cooperation between the two nations has increased significantly. A mutually beneficial

basis was used to establish five significant cooperation agreements between the two nations in the areas of vegetables, coffee, rubber, tea, and vegetable oil. The Soviet Union invested more than 400 million rubles in Vietnam to finish these cooperation projects.

Through targeted cooperation measures, the Soviet side hoped to gradually close the balance of payments difference between Vietnam and the Soviet Union. They implemented initiatives for tea, vegetables, rubber, coffee, and coconut oil between 1986 and 1990. These initiatives come in two varieties:

- For fresh planting, the USSR received supplies and goods worth 246 million rubles (including 160 million rubles for rubber, 22 million rubles for coconut oil, 26 million rubles for tea, and 38 million rubles for coffee). The Vietnamese side must be required to pay back debts after 4 years for tea and coffee, 5 years for coconut oil, and 7 years for rubber [7, p. 195].
- With regards to intensive farming: In addition to the fruit and vegetable cooperation program, the Soviet Union won supplies and goods for intensive programs of tea, coffee, and coconut cultivation worth \$100 million rubles (of which: tea 17 million rubles, coconut oil 50 million rubles, coffee 33 million rubles, corresponding to the value of these supplies, The Vietnamese side supplied the Soviet Union with a volume of 127,000 tons. The Vietnamese side was only able to supply to the Soviet Union during the implementation process a volume of around 54,000 tons from intensive gardens (of which: tea 10,000 tons, coffee 9,000 tons, and coconut oil 35,000 tons) [7, p.195].

### **2.3. In the field of trade - services**

#### **a. Export**

According to the agreements made with the USSR, 2.63 billion rubles worth of exports were made. Vietnam's export revenue to the Soviet Union was calculated at around 2.14 billion rubles for the five-year period between 1986 and 1990 (achieving 79.8% of the signed deals). The Soviet side reduced imports of certain commodities like tobacco (111 million rubles) and high oil (46 million rubles), and the Vietnamese side could not afford to implement certain commodities like crude oil (134 million rubles shortfall), cotton processing (61 million rubles shortfall), etc. vegetables (155 million rubles shortfall), coconut oil (37 million rubles shortfall), light industry (155 million rubles shortfall), and others. This is why the implementation results were less than expected compared to the Agreement.

Vietnam's exports to the Soviet Union soared by 84% (2.14/1.16 billion rubles) between 1981 and 1985. [7, p.191]

Vietnam's exports to the Soviet Union from 1986 to 1990: Their composition The percentage of heavy industry and mineral goods was the lowest at 3.4%, up 0.6% from the years 1981 to 1985. The percentage of agricultural and forestry products was 51%, up 26% from the years 1981 to 1985. The percentage of handicrafts and light industries was 46%, down 26% from the years 1981 to 1985. During this time, Vietnam sent to the Soviet Union 170,000 tons of rubber, 31,000 tons of tea, 32,000 tons of coffee, and 2,000 tons of tin, among other vital goods.

## **b. Import**

In accordance with the signed agreements, imports from the USSR between 1986 and 1990 totaled roughly 6.6 billion rubles (excluding complete equipment and oil and gas), of which 5.7 billion rubles were exchanged for goods and 900 million rubles were spent on cooperation initiatives. In 5 years, the USSR implemented around 6.2 billion rubles, fulfilling 94% of the negotiated agreements, with 600 million rubles spent on programs and 5.6 billion rubles on products exchange [7, p.192].

In terms of the structure of goods, the Soviet Union supplied Vietnam primarily with raw materials, which accounted for 4,600 million rubles, or 87% of the total (up 12% from the period 1981–1985); equipment and machinery, which accounted for 625 million rubles, or 12% of the total (down 1% from the period 1981–1985); and consumer goods, which accounted for only 53 million rubles, or 1% of the total (down 11% from the period 1981–1985). The main goods that Vietnam imports from the Soviet Union are iron and steel cast iron, which totals 22,000 tons (up two times from the years 1981 to 1985), whole equipment, which totals 1600 million rubles (up 700 million rubles from the years 1981 to 1985), cotton fiber, which totals 300,000 tons (up 102 thousand tons from the years 1981 to 1985), nitrogen fertilizers, which total 1,400 thousand tons, and oil products, which total 13,300 thousand tons. 80–85% of Vietnam's total imports from the socialist region and more than 50% of all imports are represented by the aforementioned number. Most of Vietnam's demand for various important economic commodities, including: 100% of the demand for petroleum products, cotton, cast iron, 95% of autos, 70-80% of inlaid steel, fertilizers, non-ferrous metals, etc., was satisfied by goods imported from the Soviet Union. Each five-year plan sees an increase in these needs of 1.5 to 2 times.

As can be seen, between 1986 and 1990, Vietnam's exports to the USSR totaled about 2,200 million rubles, or 45.8% of Vietnam's overall export turnover. Meanwhile, Vietnam's imports to the USSR totaled 6,500 million rubles, or 62% of Vietnam's overall import turnover. However, Vietnam's exports to the USSR barely made up 0.6% of the USSR's overall export revenue [6, p. 1]. As a result, a sizable share of Vietnam's overall import-export turnover was always accounted for by the Soviet Union's import and export turnover.

When compared to the preceding five years, *the Long-Term Trade Agreement*, which was adopted on January 23, 1986, had remarkable outcomes for the interchange of commercial commodities between the two nations in the years 1986-1990. The overall value of import and export during this time period has increased over the years, according to the outcomes of the Protocol's adoption in 1990. This import number excludes the import portion for the full equipment works but includes the Soviet portion of supplies for targeted cooperation programs totaling roughly 600 million rubles. Through the aforementioned, it is clear that there is a correlation between import and export in the commodity market, and the balance of payment difference steadily narrows between the two countries' import and export gaps.

## **2.4. Labor cooperation**

The Prime Minister decided to send people to work in production in communist nations in conjunction with skill enhancement training, as per Notification No. 71-TB dated 09-11-1979. especially with the USSR's worker cooperation. Vietnam did not implement it until the early 1980s, even though the Soviet Union had been putting pressure on it since the late 1970s. About 35,000 Vietnamese had been brought to the Soviet Union by 1990 to labor. From 1986 to 1990, Vietnam imported roughly 10,000 laborers. These workers were generally productive, helped the Soviet Union overcome its labor shortage problems, received specific skill training, and were able to support themselves and their families with additional revenue. The State of Vietnam has an additional 50 million rubles in trade thanks to this collaboration, which equates to a transfer of approximately 30 million rubles [5, p.360].

## **3. Conclusion**

As a result, the first phase of national renovation coincided with significant and deep changes in both the global and local environments. Following the completion of the complete economic and commercial cooperation between Vietnam and the Soviet Union, it has continued to grow in scope and richness. In comparison to the 5-year plan in the years prior to 1981-1985, the amount of materials and projects with which the Soviet Union collaborated and assisted Vietnam in the years 1986-1990 more than doubled. As a result, Vietnam created, renovated, and utilized more than 300 works in various economic sectors during the first years of the national reconstruction period. The Soviet Union's collaboration and aid played a significant role in helping Vietnam overcome significant and challenging obstacles so that it could eventually complete its assigned duties.

## **Conflict of Interest Statement**

The authors declare no conflicts of interest.

## **About the Author(s)**

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