

# U.S.-China Competition Presents Vietnam with Risks and Opportunities

*Amid strategic rivalry, Vietnam wants peace and stability in the region so it can focus on economic development.*

In recent years as U.S.-China strategic competition has ramped up, Southeast Asia has been one of the key domains where this rivalry is playing out. Vietnam is the only Southeast Asian country that has suffered from direct military confrontations with several major powers. It suffered at the height of the Cold War, and also when the major powers entangled and realigned their relationships when geostrategic factors shifted, such as when the United States and China improved ties in the early 1970s. So, Vietnam is especially sensitive to this intensifying strategic competition and attuned to the impact on its relationships with major powers.

## How Strategic Competition Is Seen in Vietnam

In the region, U.S.-China competition is generally seen as the most important major power rivalry. In Vietnam, though, Russia is also viewed as an important major power competitor, given Vietnam's long-standing relationship with Russia — and the perception (or misperception) of Moscow's influence in the region. This triangular competing relationship was formed during the Cold War and continues to set the global scene today with important implications for Southeast Asia.

It is the maritime domain that Vietnam feels most of the strategic competition, given Vietnam's significant interests in the South China Sea and China's rapid expansion of its naval power there. But Russia's influence is also becoming more prominent, especially since the Russia-Ukraine war.

Vietnam is also affected by increased competition over trade and

technology, especially considering that China and the United States are its two biggest trading partners. Hanoi is concerned that a polarized and divided world trading system founded on different infrastructures, trading rules and manufacturing standards, and increasingly monopolized critical minerals could hurt the well-connected and diversified economies of the Association of Southeast Asian Nations (ASEAN).

Vietnam has also felt the impact of increasing tension over global governance and institution building through successive major initiatives on security, development, trade and infrastructure launched and led by the major powers, such as [China's Global Security Initiative](#) on the one hand and the U.S. [Indo-Pacific Strategy](#) on the other.

### **Vietnam's Perspectives on Opportunities and Challenges**

Although strategic competition has increased tensions, many in the region believe that competition is necessary to maintain regional balance of power. Most official and academic writings on this subject discuss how to manage the the associated risks of competition, but not to limit the competition itself. It is well understood — although not often explicitly admitted in Vietnam — that in the absence of this competition, the region would be dominated by a hegemonic unipolar order, rendering ASEAN much less important.

Strategic competition could provide ASEAN with greater agency and strategic space, as major and middle powers “pivot” to the Indo-Pacific and increase interest in the region. Strategic competition also provides ASEAN member states opportunities to diversify their relationships and maintain strategic autonomy, most notably through trade, and to reduce dependencies, especially on China. Competition in certain areas, such as technology or governance models, might encourage innovation and benefit the global community as a whole.

On the other hand, strategic competition also makes it harder for Southeast Asia to manage relationships with competing powers. The deficit of trust among major powers can easily spill over to third parties. Vietnam, for example, finds it harder to promote cooperation with one major power without raising certain suspicions from the other.

This is particularly challenging because of Vietnam's close, strategic partnerships with both the [United States](#) and China. Many in the United States, for example, questioned the strategic intention of the Vietnamese leader's [early visit](#) to China after the Chinese 20th Communist Party congress.

Vietnam's "be a friend to all" policy is even harder to achieve when its major friends are increasingly at odds. After the Russia-Ukraine war broke out, Vietnam was under increased pressure from both Russia and the West to be on their respective sides.

ASEAN, as an important cornerstone of Vietnam's foreign policy, could be placed under unprecedented challenges, which the bloc was neither created nor trained for. ASEAN as operates today is a post-Cold War product, designed to take advantage of easing ideological and strategic competition but not to deal with it. ASEAN was often better at speaking with the major powers about security (especially non-traditional), rather than at speaking about the major powers as a security issue.

Whereas strategic competition helps maintain overall balance in the region, Southeast Asia fears that events, such as [on the South China Sea](#), could slip out of its control and become harder to manage. It is generally believed that China's expansion of activities in the South China Sea to new domains, such as the air or under the sea, is aimed at its competition with the United States and its allies. ASEAN coastal states have little capability to even know what goes on in those domains, not to mention having much less influence there. However, any incident that might happen, such as a sub-sea collision of nuclear-powered submarines (not even nuclear-armed), would have profound security and environment impacts on the coastal states.

Nonetheless, so long as it is not zero-sum and does not translate into confrontation, strategic competition could be a positive force.

### **ASEAN's Collective Interests and Vietnam's Options**

Given the strategic landscape, Vietnam's interests are similar to that of the rest of ASEAN: To preserve peace and stability, focus on economic

development and uplift citizens' well-being. Most important to Vietnam — and to any ASEAN member state — is its sovereignty and territorial integrity, as well as its independence and autonomy. Vietnam wants to maximize the opportunities brought by the strategic competition, while guarding against potential risks and hiccups.

Several options are available for ASEAN member states in general and Vietnam in particular. Those are: balancing, hedging, band-wagoning, maintaining neutrality or strategic autonomy, keeping equi-distance to the powers, investing in multilateralism and international law, or even to choose sides. But like Singapore's vocal diplomat Bilahari Kausikan has said, there is no "[sweet spot for Singapore](#)," there may be no sweet spot for ASEAN either. In a private roundtable that I hosted at the Diplomatic Academy of Vietnam in 2023, former British Prime Minister Tony Blair asserted that ASEAN needs to always ask the question of how best to navigate major power competition because there would never be a constant answer to the question.

In practice, ASEAN member states have exhibited to various degrees all of the above policy options. Each country's own "recipe" depends on the unique state of the relationship to the major powers, to its on national interests and domestic situations.

Some observations, however, can be drawn across the board.

First, an application of several policy options will likely serve the national interests of ASEAN member states more than a unified policy in any one direction. That is because of the uncertain nature of strategic competition and of the complex multi-dimensional relationship most ASEAN member states have developed with the world.

Secondly, passive neutrality should not be the primary option for ASEAN member states. Neutrality is neither possible nor desirable when ASEAN is so close to, if not the primary theater of, strategic competition and so affected by it that ASEAN could not afford making itself irrelevant. A policy of strategic autonomy defined by ASEAN — sometimes referred to as active or dynamic neutrality — would be a much wiser policy option and should underpin ASEAN's centrality.

Thirdly, strategic autonomy does not rule out “taking sides” on certain issues, so long as the decision to take sides is based on ASEAN’s own interests and principles and not that of the major powers. In other words, if ASEAN or its member states take sides with a major power on a certain issue, that fact should not be interpreted as inconsistent with ASEAN’s principle of strategic autonomy.

ASEAN member states need to complement strategic autonomy with active support of multilateralism and the rules-based international system based on the U.N. Charter and international law. ASEAN also need to explore ways to make itself more agile and enduring, such as making the [ASEAN minus X formula](#) more flexible and redefine “consensus” in its consensus-based decision-making process.

### **The Role of ‘Other Powers’**

Whereas ASEAN faces a challenging time managing strategic competition in its region and preserving strategic autonomy, other middle powers near and far are having similar issues and have found common interests in engaging ASEAN. These interests are to maintain the rules-based order, especially international law; to maintain the balance of power; diversify trading options; and enhance mutual resilience. These common interests have often been translated into joint policies and cooperative activities. Several Indo-Pacific strategies have been rolled out successively with specific plans and resources geared toward enhanced engagement with Southeast Asia.

ASEAN should utilize the engagement of “the other powers” to help member states escape the binary-choice dilemma that still pervades the region. Other powers’ engagement would further solidify the perception of the multipolar world order, at least in the Indo-Pacific. ASEAN should work with Japan, India, South Korea, Australia, New Zealand, the Europe Union, Canada and other middle powers to promote its interpretation of the rules-based international order based on the U.N. Charter and the universal understanding of international law, interpreted and enforced by diplomacy and multilateralism, and backed up by resilience and collective capacity to deter, especially against aggression and intimidation.

One area where such engagement of the “other powers” is often debated about is in the South China Sea. The willingness of middle powers — like Australia, Japan, India or certain European Union member states — to enhance presence in the South China Sea is seen as an opportunity to maintain and enforce the rules-based order at sea but might also be seen as a source for increasing tensions and risks of incidents.

My opinion is if the presence is aimed at capacity building and at operations clearly seen as law enforcement rather than force posturing, it should be welcomed. Naval operations that are characterized as an exercise of freedom of navigation, for example, are neutral activities in line with United Nations Convention on the Law of the Sea and should be seen as such. U.S. freedom of navigation operations, the so-called “joint patrol” which are to assert or challenge certain country’s claims, on the other hand, need to be transparent about the legal foundation upon which such operations are planned and conducted.

## **Conclusion**

Southeast Asia often expresses concern about the risks of strategic competition while simultaneously downplaying and admitting the necessity and benefit of it. Instead of passively seeking to distant itself from the competition (making itself less relevant as a result), Vietnam, and ASEAN more broadly, should actively seek to manage the competition and to make it “healthy” by discouraging both major powers from a zero-sum mentality. ASEAN should not refrain itself from “taking sides” more visibly when it comes to principles that it strongly subscribes to, such as those laid out in the Treaty of Amity and Cooperation, the Zone of Peace, Freedom and Neutrality, Southeast Asia Weapon Free Zone or ASEAN Outlook on the Indo-Pacific. ASEAN member states also need to accept that the “golden era” for ASEAN integration it enjoyed over the past three decades has been fundamentally transformed, calling for bolder adaptation steps to be undertaken.

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