

## **Are Australia-Vietnam Relations Set to Reach New Heights in 2022?**

**An opportunity to upgrade the Australia-Vietnam partnership is within reach, but both sides should take concrete steps to realize this goal.**

By Huynh Tam Sang

Australia is eager to pursue a new milestone in its relations with Vietnam. In May of last year, Australian Prime Minister Scott Morrison proposed to elevate bilateral ties to a comprehensive strategic partnership (CSP) by 2023. Should they wish to make the goal more feasible, leaders from both sides need to foster closer cooperation on a number of fronts.

Australia-Vietnam relations have flourished since the end of the Cold War, with linkages widened and mutual trust deepened thanks to Hanoi's embrace of the foreign policy philosophy "more friends, fewer enemies." To Australia, Vietnam is a primary target in the nation's strategy of enhancing its outreach to Southeast Asia, highlighted by Australia's restoration of bilateral aid to Vietnam since 1991. The two countries established a comprehensive partnership in 2009 and signed a strategic partnership in 2018, indicating their convergence of interests and the growing maturity of the relationship. Vietnam's comprehensive partnership denotes a higher level of cooperation than a conventional partnership, but the uniformity between cooperative aspects is not evident. Strategic partnership implies mutual trust, and both sides focus on key sectors of cooperation, commonly in a narrow field or on a specific goal.

Economic cooperation has been a key priority for both countries. Over the past 30 years, two-way trade between Australia and Vietnam has grown dramatically. During the first 10 months of 2021, bilateral trade turnover reached a record of \$10 billion, up about 50 percent year-on-year. Despite the impacts of COVID-19, fruits, vegetables, seafood, garments, and textiles are among Vietnam's top exports to Australia. In November 2021, the Vietnam-Australia Trade and Investment Promotion Centre was inaugurated in Melbourne to promote bilateral trade and the sale of Vietnamese products in Australia. Both countries, while sharing commitments to trade and investment liberalization, are advocates of a multilateral trading system, and are members of comprehensive free trade agreements, including the ASEAN-Australia-New Zealand Free Trade Area (AANFTA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Regional Comprehensive Economic Partnership (RCEP).

In launching their Enhanced Economic Engagement Strategy last month, Hanoi and Canberra sought to double two-way investment, become top-ten trading partners by 2025, and support each other's economic recovery from the COVID-19 pandemic. This strategy has the status of being the first blueprint that Vietnam has signed that is aimed at unlocking new opportunities for economic collaboration and to addressing "economic challenges and coercive economic practices." In the words of Morrison, this strategy "will guide both partners towards new, inclusive and sustainable growth and prosperity."

In terms of cultural and social ties, the participation of the Vietnamese-Australian community, which numbers around 450,000, in Australia's social, commercial and, to a certain extent, political life has contributed to the shaping of Australia's identity as a multicultural

society and helped foster people-to-people ties. Closer ties are also facilitated by student mobility and research collaboration activities coordinated by the two countries, among other meaningful activities like “sharing Australian expertise in quality assurance, enhancing Vietnam’s capacity in vocational training.” However, Australian universities have been slashing Vietnamese language studies programs, which would eventually leave Canberra ill-equipped for its deeper engagement with Hanoi. Lacking knowledge about Vietnam could pose a hindrance to Australian experts working with their Vietnamese counterparts, who generally have a working proficiency in English.

Canberra and Hanoi are also deepening defense ties through official visits and high-level dialogues. Australian warships often dock at the Cam Ranh International Port, one of the deep-water ports in central Vietnam. In December last year, Morrison and his counterpart Pham Minh Chinh underscored their mutual views on ensuring security and freedom of navigation and overflight in the South China Sea. Yet defense cooperation is mostly restricted to training and English-language support.

Shared strategic interests have underpinned the growing relationship between Australia and Vietnam, which share roughly the same ranking in the power hierarchy. Australia, a traditional middle power, and Vietnam, an emerging mid-sized state, are advocates of the status quo in the Indo-Pacific and have no interest in challenging the current order. Essentially, Australia and Vietnam share “a firm commitment to an open, inclusive and resilient region, with ASEAN at its core.” Both countries are beneficiaries of peace and stability in the Indo-Pacific region and have underlined their willingness to work collaboratively towards the preservation of a prosperous region based on international law. While not openly embracing the anti-Chinese sentiment that has become common among some Australian politicians, Vietnam is receptive to collaboration with Australia as this could maximize Hanoi’s security assurance.

Recently, Vietnam has maintained a low profile on the AUKUS pact, a trilateral security agreement involving Australia, the United Kingdom, and the United States. This could be interpreted as “hidden support rather than opposition” given Hanoi’s foreign policy pragmatism particularly Beijing’s assertive behavior in the South China Sea. In July 2020, Morrison said that Australia would continue to “adopt a very consistent position” and advocate “very strongly” for freedom of navigation through the South China Sea.

On the strategic front, Vietnam is a crucial partner for Canberra in counterbalancing Beijing’s growing clout in Southeast Asia. This gives Canberra and Hanoi a sound rationale for forging closer ties. But it should be noted that China is a contributing factor rather than the sole determinant of the elevation of Australia-Vietnam ties.

Vietnam currently has a CSP with three leading powers: China (2008), Russia (2012), and India (2016). To Hanoi, China and Russia are framed as “comrades,” with China being viewed more as a “frenemy,” while India receives recognition as a “traditionally close and cordial” friend. If Vietnam agrees to embrace a CSP with Australia, the upgrade will imply that Australia and Vietnam share concerted interests and agree to “build mutual trust at the strategic level,” among other long-term commitments.

In a similar way, Canberra and Hanoi should frame their relationship in a meaningful way, to ensure the upgraded partnership goes beyond mere diplomatic labelling. During his trip to Vietnam in August 2019, Morrison declared that both countries had evolved “from friends to mates” in the context of rising challenges in the Indo-Pacific. In Australia, “mateship” embodies

an important connotation – an established and strengthened relationship characterized by equality and loyalty. Canberra and Hanoi could frame their ties as fellow Indo-Pacific nations with a unique underlying bond who are working towards the fulfillment of a shared vision for the region. The novelty of the Australia-Vietnam relationship would also be within the spirit of a middle-power-to-middle-power comradeship.

As mentioned above, Morrison's call for the elevation of ties with Vietnam has taken place in the context of China's harassment and intimidation. Australia has been intimidated by China economically, while Vietnam has lingering concerns over China's militarization of the South China Sea. But a more convergent concern for Canberra and Hanoi lies in Southeast Asia, a crucial venue for Hanoi's strategy of advancing its strategic position and cementing its ties with ASEAN neighbors. Canberra has meanwhile sought to foster its economic and political investment in the region. Crucially, at a summit organized in October last year, Australia and ASEAN agreed to establish a CSP.

Canberra and Hanoi are heading toward the 50th anniversary of bilateral diplomatic relations in 2023. Facing similar threats from China, both countries should focus on niche areas where there is the potential for advancing cooperation further. But while China's rise has caused grave concern in both countries, it would be simplistic to call for alliance simply to counter Beijing. This sort of alliance would undoubtedly undermine the dynamic and impetus of Australia-Vietnam ties.

Instead, Canberra and Hanoi should strive for more concrete forms of collaboration, like addressing the shortcomings of Australia's investment in Vietnam, accommodating the impacts of climate change, and sharing Canberra's experience in digital governance with Hanoi. Australia's capital in Vietnam is modest as Canberra's investment accounts for only 0.5 percent of the total foreign investment stack in Vietnam. Hence, Hanoi should make effective reforms in the public sector, review local regulations, and call for more investment from Canberra.

Last year, the two countries signed a joint statement on climate change action, setting up a framework for "practical efforts to achieve climate targets" and "energy security." Australia's updated digital government strategy in December 2021 and its hands-on experience in digital governance could help support Vietnam's first e-government development strategy issued in June. Additionally, Australia could support initiatives and working schemes to help modernize Vietnam's health system amid the country's current COVID-19 surge.

The nature of a strengthened Australia-Vietnam partnership lies in the growing strategic ties between the two Asia-Pacific middle powers. Vietnam could possibly play a bridging role between Australia and ASEAN, given its constructive contribution and growing role in the region. Conversely, Canberra could provide a model for Vietnam to act as an influential middle power in the Indo-Pacific region. A new model for middle-power cooperation, i.e. collaboration between a traditional and a rising middle-sized power, could be both strategic and pragmatic. Toward this end, Australia and Vietnam should frame their potential ties as "working and learning from each other."

The ball is now in Australia's court. Nevertheless, the determination seems to be in the strategic calculation of their counterparts in Hanoi. Though the Australia-Vietnam relationship is comprehensive and strategic in essence, both sides need to work harder to boost their ties amid the region's uncertainties. The feasibility of a CSP between Australia and Vietnam should not be

framed as an issue that needs a simple “yes” or “no” answer. Instead, the anticipated CSP should be a goal toward which both sides should invest intellectual capital.

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