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## **Background Brief:**

# **U.S.-China Rivalry and Impact on Vietnam**

**January 7, 2022**

We request your assessment of U.S.-China competition and its impact on Vietnam in 2022. We have three questions:

Q1. How do assess U.S.-China competition at present? Will it become more intense in 2022?

ANSWER: U.S.-China competition will intensify this year and take the form of an intense action-reaction cycle. In other words, China and the United States will respond to the actions of the other.

Xi Jinping views the current domestic polarisation of politics in the United States as likely to intensify in the run up to the mid-term elections in November. In his view, this will hasten the current decline of American power and influence globally and in the Indo-Pacific Region.

Xi's assessment that the United States is in decline is bolstered by the pace of Chinese military modernisation including the construction of more warships, aircraft and missiles and the expansion of their capabilities. The balance of military power will tilt more towards China.

Many analysts forecast that China will step up its harassment and intimidation of Taiwan after the Beijing Winter Olympics. China will continue to harass the Philippines to undermine its alliance with the U.S. And China will continue to disrupt oil and gas exploration by foreign companies operating in Indonesian and Malaysian waters claimed by China.

The United States will respond to China's actions by conducting naval and air military exercises in the Western Pacific and South China Sea in cooperation with members of AUKUS and the Quad. Also, the United States will step up diplomatic pressure and economic inducements on regional states to counter China.

Q2. What are impacts of U.S.-China competition on Vietnam and your recommendations for Hanoi to mitigate any negative effects?

ANSWER: As a senior Vietnamese diplomat put it to me, Vietnam prefers the "Goldilocks formula" (from an American's child's story) in its relations with China and the United States. Vietnam prefers that U.S.-China relations not become "too hot" (close) or "too cold" (strained) but "just right." In other words, Vietnam can leverage differences between Beijing and Washington when their relations are strained.

Vietnam will find it more difficult to leverage relations with Beijing and Washington if their relations deteriorate and become “cold.”

Vietnam should continue to promote its bilateral relations with both China and the United States, as well as multilaterally through ASEAN and ASEAN-led regional mechanisms. However, this approach is not sufficient.

Last year I attended a presentation by a former head of state and renowned China expert under Chatham House rules. His advice was that it was better to be “part of a gang” in dealing with the major powers rather than acting alone. This means Vietnam will have to adjust its current strategy by placing more emphasis on multilateral diplomacy with selected regional states such as India, Indonesia, Singapore, Malaysia, and the Philippines to mitigate competition between China and the United States.

Q3. Are there any new elements in U.S.-China competition to watch for in the new year? What should Vietnam do to minimize their impact?

ANSWER: The most significant new element in U.S.-China competition in the Indo-Pacific is the tightening of the multipolar system. In the past, the regional system was a loose form of multipolarity and this favoured Vietnam’s policy of diversifying and multilateralizing its external relations.

Now, the U.S. and its allies have come closer together in AUKUS and to a lesser extent the Quad. Australia and Japan have stepped up their relations through a defence Reciprocal Access Agreement. China and Russia have also moved closer together in response. These developments mean that Vietnam has less room to leverage its relations among the major powers.

The most worrying aspect of tight multipolarity is the potential linkage of a crisis in Taiwan and a crisis in the Ukraine or vice versa. In other words, Russia or China could respond opportunistically to a crisis involving Taiwan and Ukraine, respectively. Or, less likely, Moscow and Beijing could collude to provoke a dual crisis to strain U.S. resources.

Vietnam should continue to support ASEAN centrality but as noted above this too is insufficient. Vietnam should give serious consideration to becoming a middle power with the capacity to build coalitions, initiate diplomatic settlement of disputes, and influence the regional security agenda. As a middle power, Vietnam should work to enhance the role of the East Asia Summit as a multilateral security forum. The East Asia Summit comprises eighteen members: ten ASEAN states and the United States, Japan, Australia, South Korea, New Zealand, India, Russia and China.

Suggested citation: Carlyle A. Thayer, “U.S.-China Rivalry and Impact on Vietnam,” *Thayer Consultancy Background Brief*, January 7, 2022. All background briefs are posted on Scribd.com (search for Thayer). To remove yourself from the mailing list type, UNSUBSCRIBE in the Subject heading and hit the Reply key.

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