The Current Impacts of the US - China Strategic Competition on Vietnam

Abstract: Vietnam has a quite special position in the comprehensive foreign policy of the US and China in Southeast Asia thanks to its important geostrategic location in this region. “Whoever controlling Vietnam can control Southeast Asia”.¹ In the complicated context of US-China competition, beside the same impacts as Southeast Asian countries, Vietnam also suffers from other impacts due to its unique geo-strategic location. In order to clarify the impacts of US-China strategic competition on Vietnam, the article will present the following contents: (1) Vietnam's geostrategic location; (2) The impacts of US-China competition on Vietnam.

Keywords: Impact, US - China competition, Vietnam.

INTRODUCTION

1. The important geostrategic location in Vietnam

The geostrategic location of a country is determined by many factors, in which geographical location, territory, climate, environment, natural resources... play the leading roles. From the perspective of topography and the shape of the country's territory, Vietnam has the most important geostrategic location in the region and in the world. On the regional geopolitical map, Vietnam is considered the connection between the two maritime economic zones and the continental economy of Asia. Vietnam is a gateway to trade with regional marine economies, and at the same time a gateway to the land transport systems of Southeast Asian and Asian countries - a multi-ethnic region which is rich in resources and currently the most dynamic economic region in the world.

The East Sea has many major trading shipping routes, connecting with giant economies such as China, Korea, Taiwan, Japan, and the Russian Far East. Vietnam’s two archipelagoes, Paracel Island and Spratley Island, are located on a convenient sea corridor, with 50% of the world's volume of goods circulating through this sea.² With a long and narrow bordering seaside, Vietnam is really an economic and commercial center in Southeast Asia, easily connecting with the East Sea and with the Far East of Russia. Also, it is possible to reach South Asia from Vietnam through Cambodia, Thailand, Myanmar, and Bangladesh by road. Vietnam has good conditions to develop the marine economy with rich resources, including oil and gas resources on the continental shelf.

The geostrategic locations of East Sea and Vietnam have always been in the global strategic calculation of the major powers, especially China and the US. To China, the East Sea is of vital importance because 80% of China's imported oil as well as most of China's trade with Europe and the Middle East go through this sea. China unreasonable claim of the "nine-dash line" to occupy more than 80% of the East Sea, which proves that the East Sea is one of China's "core interests" (March 2010), along with the recent actions of island and rock reclamation and militarization, have made the East Sea a hot spot, threatening maritime security and freedom of navigation and aviation in this area. To the US, although the East Sea is not vital, it is of strategic importance because it is the sea route connecting the shortest route from the Pacific Ocean to the Indian Ocean, and is also a "main bloodline" of the regional economy and of China - the main rival of the US and Japan - America's main ally in the region.

Vietnam's geostrategic location is always in the global strategic calculation of the major powers, especially China and the US. As a country with half of the islands which were occupied in the Truong Sa archipelago, and at the same time stationing on a number of shoals off the southern continental shelf, and with a coastline running along the international

route, Vietnam is a country of the most geographical advantage in controlling the East Sea. Among Southeast Asian countries, Vietnam is the most contiguous and most strategic to China, having the longest history and the most extensive experience in dealing with China. Therefore, both the US and China want to entice Vietnam to take their side in the event of a dispute.

China is currently occupying and militarizing the Paracel Islands and a part of the Spratly Islands of Vietnam. China's increasing control over the East Sea, exerting influence in Southeast Asia and not hiding its ambition to become a world power and regional leader have made other major countries, especially the US, Japan and India focus on the East Sea, Southeast Asia, and find countermeasures. To the US, this rise of China directly threatens America's position as the world's number-one superpower, so Washington wants to contain Beijing. The two countries Japan and India want to consolidate their positions as the Asian powers, so of course they don't want China to emerge as a "regional leader". In Asia, a regional leadership dispute has emerged between China on the one hand and the US-Japan-India axis on the other.

With a special geo-strategic location, Vietnam often has to witness the competitive advantages mixed with cooperation among major countries and sometimes has to face the fear of losing sovereignty of the its sea and islands. However, Vietnam has also attracted the cooperation in many fields from other countries and received the attention and support of the international community in protecting Vietnam's territorial sovereignty.

2. The Impacts of US-China competition on Vietnam

Geostrategic resources are strategically important to the destiny of a country. The prosperity of a country depends a lot on its ability to exploit and utilize geostrategic resources. Vietnam's geostrategic location is of paramount importance to the region and the world, so it has a great impact on Vietnam's international relations with neighboring countries and powers who have common interests of geopolitics, including China and the United States. In the increasingly complex context of US-China competition, Vietnam has to suffer both positive and negative impacts from this issue:

The positive impacts

Firstly, creating conditions for Vietnam to improve its political role and position in the international and regional arena.

The increasing competition between the US and China makes Vietnam’s geostrategic location become more important. Currently, Vietnam has achieved a high international position, being a strategic partner of many countries, whose foreign investment and foreign trade turnover is growing dynamically. At multilateral forums, Vietnam has contributed many important initiatives with great influence such as ASEAN, United Nations, APEC, ASEM, Mekong sub-regional cooperation... Vietnam's position has been raised with the successful host of the 132nd Inter-Parliamentary Union General Assembly, actively contributing to the United Nations in formulating and approving the 2030 Agenda for Sustainable Development, trusted by countries to be voted for with a high number of votes to the United Nations Human Rights Council for the term of 2014-2016, the UNESCO World Heritage Committee for the term of 2013-2017, the non-permanent member of the United Nations Council 2020-2021, for the first time joining the United Nations peacekeeping force. ²

Second, creating favorable conditions for Vietnam to balance its relations with major countries, creating conditions for consolidating and the national independence.

Vietnam's current position gives itself the right to choose the cooperation and association with other countries to balance the strategy in relations with the US and China in particular, and with major countries in general. The US and China's strategic adjustment in order to pull Vietnam to their side and compete for influence in the region has helped Vietnam balance its relations with major countries, have the opportunity to strengthen the international cooperation, and play a role in regional and international forums.

In order to contain China, the US has to make concessions to Vietnam in the following issues: acknowledging Vietnam's political system, solemnly welcoming General Secretary Nguyen Phu Trong as the country's leader; reducing pressures in policies on democracy and human rights; completely removing the ban on arms trade in Vietnam. The US also creates many opportunities for Vietnam such as strengthening the cooperation, creating a favorable environment to expand the cooperation in all fields, helping Vietnam adjust its policies in expanding international integration and maintaining its identity.

To counterbalance the US, China is forced to make Vietnam an important comprehensive strategic partner in the region; strengthen political links with Vietnam and make appropriate adjustments related to territorial borders, islands and a number of regional and international issues in the presence of the US in the region. China also wants to maintain good relations with Vietnam to increase its influence with ASEAN countries faster.

Third, Vietnam has the opportunity to learn from experience and strengthen cooperation with other major countries.

China’s strengthening of defense and monopolization of the East Sea has created opportunities for Vietnam to improve its relations with the US, facilitating learning from experience, especially in economic activities and handling of maritime disputes because the US is the leading expert in this field. The US declared its readiness to help upgrade Cam Ranh port and called on Vietnam to allow US naval ships to come here, ready to train skills for the coast guards. The US has completely removed the ban on the sale of lethal weapons (2016); supporting maritime patrol ships worth 18 million USD and about 40 million USD in aid to help Vietnam strengthen its maritime intelligence and reconnaissance capabilities. The United States has committed itself to maintaining the stability in the East Sea. The increased involvement of the United States, both militarily, diplomatically and legally in the East Sea, will help limit China’s escalation and prevent China from rudely monopolizing the East Sea.

Fourth, ensuring the territorial sovereignty and to deal with non-traditional security issues.

In dealing with non-traditional security issues, the US has a lot of experience and ability to deal with natural disasters, epidemics, and environmental pollution. Vietnam and the US have joined hands to cooperate in the strategy of sustainable development. The US has also committed to supporting Vietnam in developing clean nuclear energy by building institutions, training human resources, and providing technical assistance. From 2011 up to now, the US has invested more than 40 million USD to help Vietnam reduce the impacts of climate change, 50,000 USD in aid to overcome drought in the Mekong Delta, and 5 million USD in supporting against the wildlife trade. The US has contributed $92 million to address threats posed by unexploded weapons, invested $90 million to dioxin decontamination in Da Nang and environmental assessment at Bien Hoa airport. This is creating more resources, means and experience for Vietnam in dealing with emerging non-traditional security challenges. On May 6, 2020, Prime Minister Nguyen Xuan Phuc had a phone conversation with the US President Donald Trump about bilateral cooperation and coordination in the prevention of the COVID-19 epidemic. Currently, the two sides are also actively cooperating in responding to the COVID-19 pandemic and gradually recovering the economy after the epidemic. The US government has helped Vietnam with more than 10 million USD to fight against the epidemic and restore the economy. President Donald Trump also announced to donate ventilators to Vietnam. In particular, as the Chair of ASEAN 2020, Vietnam has coordinated to promote health cooperative activities between the United States and ASEAN, including exchanging information and experiences, and improving capacity for epidemic prevention and control COVID-19.

Fifth, increasing Vietnam’s position in the economic cooperation and linkage for the region and the world.

Vietnam has been winning hearts in ASEAN as a responsible and reliable country in the regional and international community. Vietnam’s fast-growing economy has opened up many opportunities for countries to promote the economic cooperation, especially in the context of increasingly regional integration, in which Vietnam is playing an important role. The increased investment and cooperation between the US and China in the economic field with Vietnam not only gives Vietnam’s economy a new look, attracts foreign investors, and promotes economic reform, balance trade relations with major markets, increase export turnover, but also creates opportunities to take advantage of capital sources and markets of the two superpowers in the world’s first class.

The US has helped Vietnam improve its competitiveness and minimize the downside in trade development with China, especially in reducing trade deficit from this country. Up to October 20, 2020, the total investment capital of investors from mainland China, Taiwan and Hong Kong into Vietnam reached over $76 billion, surpassing the total investment capital in Vietnam so far from Korea (70.4 billion USD), Japan (nearly 60 billion USD) and Singapore (55.7 billion USD). From not being in the "top 10" of major investors in Vietnam, Chinese's current capital always ranks 6th in

Vietnam. Year by year, Chinese capital is gradually improving its position among major partners in Vietnam, and even in a period of time, Chinese capital was at the 4th position just after South Korean, Singaporean and Japanese.  

Sixth, Vietnam has the opportunity to contact, exchange cultural, promote the image of Vietnam to the international arena.

The US and China have signed with Vietnam many documents to exchange education - training, exchange of cultural, artistic, scientific and technical products... Currently, China has increased investment in Confucius Institute, while the US opened Fulbright University in Vietnam, helping Vietnam have more opportunities and advantages in studying and absorbing the world's progressive culture. China is one of the countries with the largest number of Vietnamese international students. As of February 5, 2020, the number of Vietnamese students studying in China is about 11,299 students. As of December 2020, there are more than 31,000 Vietnamese international students studying and doing research in the United States. Vietnam is currently ranked first among ASEAN countries and eighth in the world in terms of the number of international students studying in the United States. In addition, tourism is constantly being enhanced with the fact that more than 800,000 US tourists choose Vietnam as a destination every year, ranking first among Southeast Asian countries. That the US implements the program for young Vietnamese leaders to study in the US, such as Fulbright, VEF, and YSEALI has contributed many talents to Vietnam. Currently, there are over 13,000 Vietnamese people who are members of the Young Southeast Asian Leaders Initiative (YSEALI), ranking second after Indonesia, many of whom have held key leadership positions after returning back home. Currently, Vietnam has up to 13,000 members of the Young Southeast Asian Leaders Initiative (YSEALI), ranking second only after Indonesia. Vietnam has the opportunity to interact and exchange cultures with countries inside and outside the region, having good images in the eyes of international friends.

The negative impacts
First, creating many challenges for national security

The ambitions of the US and China in Southeast Asia create a dilemma for Vietnam in its relations with major countries. If Vietnam does not know how to handle these relations well, Vietnam can be caught in the middle, sometimes get into "two lines of bullets" from competitors or become the "cannon fodder" of the other opponent.

To Vietnam, the competition for geo-political supremacy among major powers, especially between the US and China in Southeast Asia, is not only dominated by nationalism and big powers, but also influenced by the political ideological struggle - class ideology. This further increases the complexity and sensitivity of Vietnam's relations with China and the US. This is a challenge for Vietnam in the current period. Vietnam needs to be very alert in balancing relations with major countries, especially with the US and China.

In its relations with the US, Vietnam always has to take into account the factor of neighboring China. If Vietnam shows a too friendly attitude towards the US, China will take aggressive actions when thinking that Vietnam relies on big countries to fight against them, causing a significant impact on Vietnam's national independence. Vietnam will miss many opportunities to develop the country and cooperate with the US as well as with other major countries if Vietnam considers its relation with China the best and the only one. Through various forms of cooperation, aid, ideological and political ideology, hostile forces still constantly entice, incite and divide inside Vietnam in order to make the people lose faith in the Party and Government, thereby controlling Vietnam to serve their dark schemes and interests.

The US continues to carry out the “peaceful evolution” in combination with subversive riots to oppose the renovation cause of Vietnam. The US focused on Marxism-Leninism and Ho Chi Minh's ideology, the Party’s Platform, the Constitution, and the State's laws to divide inside the Party and between the Party and the people; aiding hostile forces, political opportunists and degenerates to try to distort the truth on sensitive issues such as democracy, human rights, religion, people's rights and interests, inciting the people, causing socio-political instability, confusion, oscillation, loss of confidence in the leadership of the Party, in the regime, in the cause of renewal. Under the influence of the US, Thailand and the Philippines have tolerated anti-Vietnam reactionary organizations to operate. The US took advantage of the reactionary organization Khmer Cambodia Crom to incite the national hatred, raise territorial claims, and at the same
time incite the Highland people to flee to Cambodia. If the US and China have the commission, especially in the East Sea issue, Vietnam will deal with the complicated difficulties in security and politics. Vietnam has suffered the most in the region because it shares a border with China, has no allies or military alliances with any major powers, and has no treaty to protect its territory like the Philippines, Japan or South Korea. However, because of the immediate goal of containing China, the US will be more lenient with Vietnam on democracy and human rights issues, support the resolution of the East Sea issue by multilateral means, and develop a good cooperative relation with Vietnam.

In the East Sea issue, China is conducting an “encirclement” of Vietnam by taking control of Laos and Cambodia through aid and increased investment. China has promised to regularly aid and offer loans to Cambodia with at least $500 million per year.\(^1\) In 2012, China provided Laos with $7 billion to build a 420-kilometer railway running along Laos connecting Yunnan and China.\(^2\) In the East Sea, China is rudely encroaching on Vietnam's seas and islands. Vietnam will be surrounded in a closed circle with no way out.

In addition, China entices a number of countries to support it against the international arbitrators in the South China Sea case, including longtime friends or comprehensive strategic partners of Vietnam such as Russia, Cambodia, etc. Cambodian Prime Minister Hun Sen objected to ASEAN's support for the Permanent Court of Arbitration's East Sea ruling and said that it would lead to divisions between ASEAN member states themselves and between ASEAN and China. That Russian President Vladimir Putin's stated that Moscow supports China's position on the East Sea issue, opposes the Arbitrator’s judgment on July 12, 2016 and opposes any third party interference in the East Sea\(^3\) is the main message to send to the US. However, this statement went against the legitimate interests of Vietnam and the region, influencing the process of resolving the East Sea issue; to the decision-making in strategic cooperation on security and politics of Vietnam with countries which have long-standing friendly relations.

Moreover, China also strongly invests in leasing land in key and strategic places in watershed forests with a long term of 50 to 70 years such as those in Quang Ninh, Nghe An, Quang Nam, Lang Son and Kon Tum. ... or near military zones such as: World Shine international resort in Hai Van near military zones IV, V, constructing high buildings near Nuoc Man airport (Da Nang).... This has a serious impact on the situation in the defensive area; the forest cover is decreasing day by day; water security and environment are seriously affected, which causes the loss of the topographic factor for Vietnam's national defense and security.

China's border economic relations are soft power, making the role of the hard border blurred, the sense of nation, national boundaries and national sovereignty reduced, making the potential and political power of the country weakened. China's exploitation of resources in the Central and Highlands has exhausted natural resources and minerals. The factories of textiles, dyeing, printing, tanning and metallurgy have caused serious problems to environment, society, national security and defense of Vietnam. More seriously, the fact that Chinese enterprises in Vietnam use the excuse that local workers do not have enough physical strength, discipline, and working skills to recruit Chinese workers on a regiment and divisional scale as in the organization of the military force.\(^4\) If they stay in Vietnam for a long time and get married to Vietnamese women, it can lead to national assimilation, disturbing social order, causing many consequences on employment, security and foreign immigrant management, social evils...

Second, affecting the development of the country

Vietnam exports raw materials to the US and China with low added value. Meanwhile, the finished products imported into Vietnam from these two countries are with high added value. Even, raw materials that have just been preliminarily processed in Vietnam and exported to foreign countries are sold at a cheap price, but when they have been processed and returned to Vietnam, they are sold at many times higher prices, such as coffee, petrol... This shows that Vietnam's trade balance tends to depend more and more on imports from these two powers. Vietnam's economy is very easily fallen into the "middle income trap".

China is a big challenge to Vietnam's competition in manufacturing exports and dominating the market. Products of Vietnam and China are similar. While the Vietnamese market is not large enough, and Chinese entrepreneurs have

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2. Vu Ha (2012), China helps Laos build a railway of 7 billion USD, VNExpress electronic newspaper, November 23, 2012,
extensive market experience, cheaper Chinese products, so they can easily penetrate, hold and manipulate the market. A series of companies in Vietnam have been acquired into Chinese companies or hidden by Chinese people. Dozens of projects in Vietnam fell into the hands of Chinese contractors due to low bids. However, after that, these contractors always prolong the deadline, fail to complete on schedule, raise the price, and the quality is poor. For example: Cat Linh - Ha Dong elevated railway project, Thai Nguyen Iron and Steel Factory, Ninh Binh Fertilizer Factory... If there are bad impacts due to politics, Chinese contractors withdraw their capital construction, dozens of projects will be delayed, leading to an increase in construction costs. The decrease in trade and FDI investment from China will lead to heavy damage to Vietnam's economy.

Energy security is a vital sector of the country. According to preliminary statistics, projects in the fields of electricity, mining, oil and gas, metallurgy and chemicals are undertaken by Chinese contractors, of which there are up to 30 national key projects, 23/24 cement factories, 15/20 thermal power projects, 2 bauxite projects and 3 coal screening plants are all under the general contractors of China; while the localization is almost equal to 0%. From simple to complex jobs, all are done by Chinese people, causing loss of job opportunities and increasing dependence on the Chinese market. In addition, technical equipment and materials all come from China, making it difficult to replace if Vietnam-China relations become tense and confrontational. Always fighting for key projects of national strategic importance, China's scheme is to acquire interests, forcing neighboring countries' economies to depend on China, thereby exerting political pressure.

In addition, the situation of Chinese traders entering Vietnam through tourism or uncontrollable commercial activities creeping to localities to collect and buy “strange” agricultural and aquatic products in the countryside, puts Vietnamese farmers and traders in trouble. Chinese traders with the method of raising and lowering prices have created virtual supply and virtual demand with no value, disrupting industry and regional planning, causing market disruption, and the export of goods is affected. Many of Chinese agricultural products, food, household appliances, dirty oil, medicines, toys, poor quality baby milk... to Vietnam are toxic goods that poison the Vietnamese people. The activities of Chinese traders are assessed as showing signs of fraud, sabotaging the economy, adversely affecting the economic situation, national defense and security in many localities. All of these activities have potential risks of imbalance, causing damage to the economy, affecting the health of consumers and adversely affect Vietnamese commercial brands.

China's aggressive actions, arrests, and sinking of ships towards Vietnamese fishermen cause a sense of fear and insecurity for those who go far, making offshore fishing businesses become more difficult; this frightens Vietnamese fishermen and causes the reduction of fishing output. This causes not only material or economic problems, but also the long-term survival of Vietnamese fishermen. It’s also related to the protection of the national over sea and islands sovereignty. China also finds ways to oppose and prevent Vietnam from cooperating with foreign companies to exploit oil and gas in Vietnam's sea, while they are willing to sign with partners. The above fluctuations force Vietnam to develop marine economic works in combination with a plan to defend and protect the territorial sea, resulting in increasing the defense budget because of the cost of purchasing military modernized equipment. This causes significant costs for national economic development.

The participation of institutions such as CPTPP, RCEP will pose many challenges, especially pressure on market opening, competition for Vietnamese enterprises, lack of capital, and high management capacity. Vietnam needs to be well-prepared, otherwise many manufacturing and service industries will face difficulties leading to bankruptcy. Most Vietnamese businesses, even leaders, do not understand deeply about these integration games; that is small and medium-sized enterprises could cause big damages.

In the competition of economic relation with China, the US will have more favor with Vietnam's products, which makes the competition in exporting goods to the US between China and Vietnam become more intense. In addition, the penetration of foreign-invested enterprises narrows the domestic economic sector, distorts the structure by composition, and reduces the dominance of the state economy and the domestic economy. The US and China will make Vietnamese contractors unable to compete due to limitations in competitiveness, capital, technology and management experience. In Vietnam, the main export products to the US is textiles, footwear and seafood production. The fact that Chinese businesses focus on investing in Vietnamese market, mainly in the textile and garment industry and real estate, will reduce the competitiveness of Vietnamese businesses because our businesses are mostly small, outsourcing and the imported raw materials are heavily dependent on China. China's grasp of key stages of Vietnam's economy will cause...

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many unpredictable economic consequences and political instability as well as the right to be independent and self-determined of Vietnamese people.

CONCLUSION
Vietnam has an important geo-economic and geopolitical location in Southeast Asia in particular and the world in general. Therefore, major countries including the US and China are very eager to find ways to entice or force Vietnam to be on their side. In that context, the US-China competition has a profound effect on Vietnam. For Vietnam and Southeast Asian countries, if the US-China relation is stable, it will create a stable and peaceful environment for development, and at the same time create opportunities for Vietnam and other Southeast Asian countries to balance their relations with major countries, taking advantage of all favorable conditions for domestic development and opening up for international integration. However, in reality, when the US-China competition gets out of control or when there are certain compromises between these two countries related to the development of Vietnam and Southeast Asian countries, Vietnam and these countries will suffer the loss of benefits and its consequences can last for many years and be very difficult to overcome.

REFERENCES