

US-China global competition and dilemma for Vietnam's strategic choices in the South China Sea conflict

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Abstract

The South China Sea (SCS) conflict has become a critical factor for regional peace and development with growing geopolitical competition between China and the USA. To face the rising threat of China, the study argues that the balance of power theory is relevant to explain why Vietnam attempts to strengthen strategic alliances with the USA, Russia, EU, and India to balance against the rising threat of China in SCS. However, this theory is not able to explain why Vietnam has a bandwagoning policy toward China at the same time. To fill the gap of the previous studies, this study endeavors to put forward the point that as geopolitical rivalry between the two superpowers, the United States and China, intensifies, Vietnam is put in a predicament of balancing the economic and the political choices against the choices of taking a neutral stand against the assertiveness of China in the SCS. Further, the alternative traditional balance options with ASEAN, and Russia are not sufficiently effective for Vietnam to balance against China since the position of both ASEAN and Russia is much weaker than China. This study also suggests that the support of the USA, EU, and its alliance for Vietnam's position creates unbearable costs for China's aggressive behaviors in SCS. By using the mathematical and logical framework, the study suggests that Vietnam tends to adopt a mixed strategy (balancing, bandwagoning, neutrality) in dealing with China's threats.

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1. Introduction

The South China Sea (SCS) is a disputed region that holds significant importance to China, Vietnam, and other nations, such as Taiwan, Brunei, Malaysia, and the Philippines. China claims more than 86% of the 3.5 million square kilometers of the SCS, which is rich in fisheries, oil, natural gas, and other resources. The disputes over the SCS have the potential to trigger a global conflict, given the region's geopolitical and strategic economic importance. The SCS connects the Pacific to the Indian Ocean, Persian Gulf, and Europe, and accounts for one-third of global shipping and \$3.4 trillion worth of value in the capital (Figure 1). The United States accounts for 6% of its global trade through the maritime trade line of the SCS, while 90% of petroleum imported by

major countries such as China, Japan, and South Korea passes through this area. The military and diplomatic significance of the SCS cannot be overlooked, as it involves the confrontational involvement of two superpowers of the world, the USA and China, with both having nuclear weapons. The SCS conflict is no ordinary dispute over territorial waters, but it involves a significant threat to regional and global peace. The strategic alliance and conflict with the global power of the USA and China 's rise as a regional hegemony add to the complexity of the issue.

The US has security agreements with the Philippines, Singapore, and Vietnam to counter the threats of China, while France, the United Kingdom, and Germany have challenged the legality of China's maritime claims in the SCS. However, Vietnam and South-east Asian countries face a dilemma in choosing an alliance in the event of a China-US conflict, given their interest in maintaining trade and investment relations with major countries while avoiding direct conflict with China [1]. There are three schools of international relations theory that deal with conflict problems. Firstly, liberalism is the dominant school of thought on international relations that opposes realism, which suggests that power politics and competition among states can lead to war. Instead, liberalism proposes that mutual benefits, cooperation, and interdependence among states lead to peace and development. The economic costs of conflict prevent states from engaging in warring behaviors. Therefore, liberalism proposes that states can work together to maximize their peace and prosperity through political, economic, and cultural interdependence.

Constructivism is a theoretical framework that posits that a state's behavior is not solely determined by material factors but also shaped by a unique combination of historical context, ideas, norms, and beliefs. This perspective highlights the importance of social interactions, relationships, state identities and interests, and the capacity of concepts and ideas to influence state actions. Regional institutions are vital in examining how shared identity, socialization, and ideas can foster cooperation. In the SCS conflict, ASEAN's role might help to promote "common and cooperative peace" through diplomacy and economic cooperation. Thirdly, in contrast, realism assumes that international politics remain anarchic, and states wish to survive and strengthen their power and hegemony whenever possible. Thus, conflict may be inevitable, because China's rising power can threaten Southeast Asian and US national security. Therefore, realism provides a balance of power arguments that strategic moves of Vietnam's diplomacy toward the alliance with the US and EU can help contain the rising threat of China in the SCS conflict.

However, China's strategy of "winning a war without firing a single shot" through the Belt and Road Initiative (BRI) may create alliances out of economic gains. Thereby creating strategic dominance over Vietnam and other related conflicting countries in the SCS while excluding the roles of the EU and US in the region. Therefore, both liberalism and constructivism may not be relevant to dealing with the SCS conflict, while realism provides a balance of power arguments. The study can put forth the balance of power theory as a relevant argument for Vietnam and other countries to deal with the SCS conflict and promote regional and global peace and development.

The previous studies have faced the following gaps. First, the previous studies focus on the conflict between China and Vietnam, while ignoring the importance of balance of power theory in dealing with SCS conflict. Second, some studies of liberalism seem too optimistic that economic liberalization and interdependence can reduce the future conflict between Vietnam and China. Third, some critical factors such as the ideology of communist parties of both China and Vietnam can induce Vietnam not fully to adopt the balance of power theory as expected. These factors have not been analyzed in the context of SCS conflict. To address the gaps in previous studies, this study aims to investigate the context of the SCS conflict and analyze Vietnam's strategic choices concerning the balance of power theory. The study will also identify and analyze the policy options and factors for both Vietnam and China in dealing with the conflict. Based on the study findings, the research will provide policy recommendations for Vietnam, China, and other relevant stakeholders to promote regional and global peace and development. The study focuses primarily on the period starting from 1991 when Vietnam normalized its economic relations with China [2].

However, the research will also examine the cultural and historical legacy of Vietnam-China relations in the past, whenever necessary. The study identifies other factors such as geopolitical competition between China and the USA, ideological diplomacy, and the role of ASEAN in this relationship, as these countries significantly influence the foreign policies of Vietnam and China. The study employs a country-level analysis approach to examine the foreign policies and strategies of both Vietnam and China. This study consists of five sections, including the introduction. Section 2 outlines the study methodology, while Section 3 delves into the literature review. Section 4 focuses on an empirical analysis of Vietnam's foreign strategy, and finally, Section 5 offers concluding remarks.

2. Study methodology

This study combines both institutionalism and constructivism. First, the study analyzes the complex ideological relations between China and Vietnam in the context of the SCS conflict. In addition, the study examines the roles of international organizations such as ASEAN and the UN in this context. The study applies a qualitative approach to gain insights into the foreign policies of China, Vietnam, and the various non-state actors in this process. Employing the interpretive and explanatory methodologies with relevant empirical analysis. Empirical evidence is collected by observation and experience of international events and the behavior of actors in international political relationships. Meanwhile, interpretivism helps to clarify the social meanings embedded within this relationship. The balance of power theory is critically assessed to understand the economic asymmetric interdependence between the two countries and Vietnam's strategic choices.

There are various levels of analysis to study global politics including individuals, collectors' actors such as states, and the global system. This study focuses on the state level of analysis, specifically the relations between China and Vietnam and their government agencies, with a focus on their economic interdependence in the context of the SCS conflicts. However, the study also acknowledges the influence of other actors, such as the enterprise sector and ideological diplomacy, that can impact international relations within states. Additionally, the study considers the global level of analysis by examining the larger geopolitical context of the rivalry between the United States and China and the roles of ASEAN in managing the conflicts. The study also considers the domestic culture and identities of Vietnam and China in their interaction. For policy implication, the study utilizes a mathematical and logical framework to analyze security scenarios and strategic decision-making processes in Vietnam. The utilization of this framework facilitates a meticulous and systematic analysis of diverse security scenarios and the strategic choices undertaken by Vietnam, hence augmenting the policy implications for Vietnam.

The research employs any type of secondary and primary qualitative and quantitative data and tries to analyze the national policy changes and the Vietnam-China relations over time. The primary source materials like expert views, documents from both countries' Ministry of External Affairs, think tanks, and duly published policies provide information on the ongoing evolution of diplomatic relationships. Also, quantitative trade and financial data from government bodies such as the Statistical Office of Vietnam, the IMF, the World Bank, and related ministries present the economic interrelatedness between the two entities. Through interviews and reports of the policy reforms in China, Vietnam, and its partners, we can understand the context through a historical and institutional lens. The comprehensive, extensive, mixed-method approach would lead to a broad investigation consenting to the understanding of the factors that can contribute to the peaceful coexistence between the two nations.

3. Literature review and balance of power theory

3.1. Empirical review

There are four trends of the previous studies on a balance of power theory and SCS conflict. Previous research on balance of power theory and the SCS dispute has revealed three tendencies.

First, some research investigates the role of major powers in the SCS conflict. Leelai analyses China's strategic approach towards managing the influence of the United States in the conflicts occurring in the South China Sea [2]. Although the United States of America is not directly engaged in the complex situation in the South China Sea, its focus on safeguarding the security of the sea lanes and its emphasis on the utilization of peaceful methods to address the challenges in the region have prompted China to exercise prudence in its endeavors to regain its disputed territories. China aims to encourage the Association of Southeast Asian Nations (ASEAN) and the respective ASEAN claimant states to reduce their dependence on the United States. The United States' surveillance and military capabilities, especially in the era following the September 11 attacks, have had a significant impact on preventing the escalation of disputes in the South China Sea to levels deemed unacceptable.

Probably, the ongoing stalemate in the negotiations about the South China Sea would last for an extended duration. Further, A. L. Vuving emphasizes Vietnam's South China Sea involvement with the United States and Japan [3]. The role of foreign actors in shaping regional dynamics and affecting Vietnam's strategic choices is the subject of this issue. It is crucial to understand how major powers impact the SCS conflict. R. D. Kaplan and E. Emmers are interested in the changing power dynamics of international interactions in the South China Sea, as well as the possibility of conflict [4,5]. These studies, however, lacked a more in-depth evaluation of the specific processes and tactics used by Vietnam to manage and mitigate risk. According to L. Hu, the SCS disputes between China and Southeast Asian claimant nations (Vietnam, the Philippines, Malaysia, and Brunei) are a matter of great worry for the Association of Southeast Asian Nations due to several factors [6].

The conflicts have emerged as a significant source of tension in the Southeast Asian area, affecting both ASEAN member states with territorial claims and those without, and posing a threat to regional stability. Furthermore, the ongoing disputes pose a significant obstacle to the advancement of ASEAN-China relations. As an example, a retracted statement from ASEAN in 2016 acknowledged the desire of ASEAN governments to enhance China-ASEAN cooperation but also acknowledged the existence of concerns regarding the events occurring in the South China Sea. Furthermore, within the framework of the ongoing Sino-US strategic confrontation, mishandling the issues has the potential to entangle Southeast Asia in this competition. One potential concern that may arise is the potential questioning of ASEAN's self-proclaimed leadership, importance, and significance in regional matters if it fails to adequately address the contentious SCS conflicts, which are widely seen as one of the most contentious issues in the region.

Second, the other studies explain the institutional balance approach to SCS conflict management. L. Buszynski investigates the role of ASEAN and the SCS Declaration. This issue dives at ASEAN's diplomatic efforts as well as the region's conflict resolution processes [7]. Understanding Vietnam's participation in these institutions, as well as its approach to power balancing, is critical for understanding its conflict management tactics. K. Morton investigates China's intentions in the South China Sea, attempting to determine whether a legitimate maritime order is achievable. Understanding China's goals is critical for understanding Vietnam's responses [8]. Meanwhile, M. Majumdar examines the ASEAN's role in dealing with conflict resolution in the South China Sea. This study clarifies the diplomatic processes and regional structures that Vietnam employs to manage its affairs [9]. H. S. Marston agrees that Southeast Asian governments can apply hedging strategies by promoting their security partnership with both the United governments and China [10].

Third, some studies clarify Vietnam's hedging strategies with the SCS conflict. D. T. Hai and L. H. Hiep illuminate that Vietnam attempts to balance power in response to China's aggressiveness in the South China Sea. These alliances influence Vietnam's security and stability [11,12]. C. A. Nguyen analyses the geopolitical landscape, where the US supports Vietnam in the SCS conflict. This ensures the freedom of marine commercial transport [13]. The strategic interests of both the United States and China are considered critical for Vietnam. Vietnam plays a crucial position in this conflict. Due to the significant strategic importance of the South China Sea for China, the United States, and Vietnam, the SCS conflict is shaped by various international political powers.

However, these studies do not explain why many countries, such as Vietnam, choose to deal with SCS conflict through a balance of power policy. This is the fundamental shortcoming of prior investigations. Given that both Vietnam and China are socialist countries, they do not propose some possibilities and policy implications for these economic connections. To fill research gaps, the study will investigate the following methodological points. First, the study can shed light on Vietnam-China relations in the context of the SCS conflict, where the balance of power theory can be used to examine Vietnam's different policy options. Second, the study should consider other issues such as the roles of ASEAN, the United States, the European Union, and others.

3.2. Balance of power theory and balancing strategy of Vietnam

Balance of power theory (BOP) suggests that when a nation becomes so powerful that it can challenge other powerful states, a counter-balancing coalition emerges to limit the rising power's influence. In a balance-of-power system, nations can accumulate power through internal balancing by building up their military capabilities, or through external balancing by forming alliances that aggregate the military and economic power of each member. The BOP theory is based on two assumptions. First, the international system is considered anarchic, with no global authority or government to enforce global institutions. States must increase their capabilities relative to one another through internal or external efforts to face conflict and threats from other countries [14]. Second, in the international system, states are the primary actors that typically pursue foreign policies based on their self-interest. This assumption is important because non-state or transnational actors may be powerful enough to challenge state actors, but only in terms of policy "networks". Thus, this theory is derived from the realism school of thought for the relative power maximization of each state.

The balance of power in an international system includes three main factors. The first factor is the intention or perceived intention of the major powers within the system. The second factor is the preferences of states, which can be based on their pursuit of absolute or relative gains. The third factor is the availability of new information in each situation that may externally alter the first two variables. Together, these factors shape the balance of power within a system, determining how states interact with one another and pursue their interests.

According to the offensive realist perspective of John Mearsheimer [1], states tend to focus on relative gains rather than absolute gains, given the self-help system and self-interested nature of states. In contrast, the neoliberal view highlights the significance of international institutions and cooperation in reducing the negative impacts of a system without a central authority. International organizations such as the United Nations (UN), the World Trade Organization (WTO), and the International Monetary Fund (IMF) can provide a structure for states to resolve conflicts cooperatively and achieve mutual benefits through economic interdependence. The problem of such an anarchic system is inequality and pervasive uncertainty, leading to suspicion, tension, and a security dilemma when each state attempts to increase its security by strengthening armaments. Soft and hard balance concepts can contribute to the balance of power theory, where states can sustain a stable international order by countering perceived threats to their power. States use their military power against their potential threats [1]. Thus, they may pursue the development of internal means (robust military and economic capabilities) or build alliances with other states to ensure their collective military and economic power.

On the contrary, the soft balance theory is concerned with diplomacy and economic influence to counter potential threats. The state tends to build alliances and partnerships with other states and leverage its economic power through cooperation [15]. Both soft and hard balance are considered pivotal roles in sustaining a stable international order or they are employed to counter perceived threats. States can choose balancing or bandwagoning strategies to achieve their goals. Bandwagoning behavior means aligning with a more powerful state for greater security or economic benefits. China can employ the debt-trap diplomacy to influence ASEAN and Vietnam. In contrast, balancing behavior is to build alliances with other states to counterbalance the more powerful state.

The Indo-Pacific region is the field of geopolitical rivalry among major global powers between the US and China. The United States plays the role of the dominant global power, that attempts to deter China. China

pursues greater power status in the region to respond to the Indo-Pacific strategy of the USA. This study posits that the variables of balance of strength and balance of alignment play a crucial role in influencing the likelihood of competition between China and the United States for a regional order that is deemed preferred. The implementation of Beijing's strategic balancing measures has notably bolstered its economic and military capacities, thereby narrowing the disparity with the United States. Additionally, these efforts have garnered the interest of specific regional nations to participate in regional initiatives headed by China. Nevertheless, because of the intricate dynamics of power distribution in the region and the active involvement of smaller and medium-sized nations, the alignment of forces does not favor either American or Chinese hegemony in Asia. In contrast to the prevailing discourse of a 'new Cold War', the pursuit of order in the region does not include the establishment of two opposing blocs. Instead, it entails the formation of intersecting groupings and coalitions under the leadership of the two major powers. As a result, it may be inferred that the ongoing shift in global order towards a new bipolar structure would likely endure for an extended period and exhibit a rather stable nature in comparison to the bipolarity experienced during the Cold War era [16].

4. Empirical analysis and results: Hedging strategy of Vietnam and balancing challenges

The increase in China's power over the past 30 years has led neighboring countries to question how best to deal with the uncertainties that come with China's new status. Although direct engagement can help Vietnam manage its relationship with China, it may not be enough to ensure Vietnam's safety in the South China Sea, especially given China's superior military strength. Vietnam is particularly concerned about China's rapidly modernizing navy because many of its upgraded naval capabilities are present in the South China Sea.

China, as an emerging global power, has strategically aimed to create a division within the US-Vietnam Comprehensive Partnership. This objective is pursued to impede the United States from utilizing Vietnam as a base to contest China's sphere of influence. In what manner did China strategically create division or discord? China exerted pressure on Vietnam's external security using military might, while simultaneously fostering cooperation with Vietnam in the realms of politics and economics to address its internal security concerns. China sought to demonstrate to Vietnam the unreliability of US protection and the advantages that Vietnam stands to gain from fostering a cordial relationship with China. China sought to strengthen Vietnam's neutrality in response to escalating Chinese assertiveness towards Vietnam in maritime disputes. This study examines China's diplomatic actions and responses in the context of US-Vietnam and China-Vietnam relations between 2013 and 2022, with a particular focus on China's employment of wedge techniques aimed toward Vietnam [17].

In the early 2000s, China began constructing a naval base on Hainan Island near Yalong Bay that can accommodate up to twenty submarines, including nuclear ballistic-missile submarines, and future aircraft carrier battle groups. This base enables the Chinese navy to project its power into the South China Sea. Since the possibility of an armed conflict over the land border has decreased following the land border treaty of 1999, Vietnam has focused on managing China's growing naval power in the South China Sea as part of its national defense and China strategy. Consequently, Vietnam has expedited its military modernization efforts to address this concern, Vietnam has undertaken substantial endeavors to upgrade its military capabilities by improving its domestic defense industry and acquiring modern weapons from foreign sources. As per Vietnam's 2009 National Defence White Paper, the country has invested in manufacturing weapons and equipment that match its technological capabilities, as well as procuring contemporary weapons and technological equipment to enhance its military strength. Vietnam has made significant efforts to modernize its military capabilities through both foreign acquisitions and domestic defense industry development. According to Vietnam's 2009 National Defence White Paper, the country has invested in manufacturing certain weapons and equipment in line with its technological capabilities, while also procuring modern weapons and technological equipment to enhance the combat strength of its armed forces [18].

China has been developing its military forces to challenge the United States' regional influence and military presence. In response, neighboring countries have become less secure and have built up their military forces, leading China to accuse the United States of orchestrating containment efforts to keep China vulnerable. However, a strategic alliance between Vietnam and the United States can bring mutual benefit for both countries. As China's economic and military power continues to grow, the United States and its allies must contain China's power before it can dominate the global order. Vietnam, due to its conflict with China over territory and maritime space in the South China Sea, is considered the most natural anti-China and pro-US member of the Association of Southeast Asian Nations. The United States is considered the only country that can contain China's military ambitions, and a closer partnership with the United States is a strategic choice for Vietnam to address the security conflict. Both countries support the peaceful settlement of disputes by international law and endorse training programs and non-combat military exercises to ensure freedom of navigation in the South China Sea. The United States has been leading the Indo-Pacific Strategy, which seeks to counter China's rise and safeguard US leadership in the region. The future effectiveness of the Indo-Pacific strategy depends on the alliance among the United States, Japan, India, and Australia, which can involve ASEAN members and Vietnam. While both Vietnam and the United States suspect China's Belt and Road Initiative, the Indo-Pacific Strategy aims to counter China's use of predatory economics to coerce other nations and China's control over the Mekong River in Vietnam [19].

Vietnam adopts the hedging strategy to maintain a balance of power in the region by avoiding over-reliance on any single partner and to ensure that the country is not caught off-guard in the event of a conflict. In the context of the SCS dispute, some countries such as Vietnam have pursued hedging policy by building strategic and military ties with other major powers such as the US, Japan, and India, while at the same time maintaining economic relations with China. Vietnam has indeed pursued a hedging strategy in its foreign policy towards China. This includes strengthening ties with other partners in the region, such as Japan and Australia, South Korea, and the EU [20].

Vietnam could strengthen its security and economic partnerships with major powers such as Australia, India, Japan, the United States, the United Kingdom, and France to counter China's increasing assertiveness in the region. It could also form alliances with like-minded ASEAN countries such as the Philippines, Malaysia, and Indonesia, which are similarly threatened by China in the SCS. Vietnam's defense white paper of 2019 allows for the possibility of strengthening security cooperation with the United States, despite the "four no's" defense policy that precludes alliances, foreign bases on Vietnamese territory, and aligning with a second country against the threat of China. However, the statement also notes that depending on specific circumstances, Vietnam may partner with the United States for further assistance against China's behavior in the SCS [21].

Vietnam has established diplomatic relations with all major powers, including the United States and the European Union, since 1995. By September 2013, Vietnam had formed strategic partnerships with Russia, Japan, India, South Korea, Spain, the United Kingdom, Germany, Italy, Thailand, Indonesia, Singapore, and France. Vietnam has upgraded its partnerships with Russia and China to the "comprehensive strategic" level and entered "comprehensive partnerships" with Australia and the United States. The criteria for strategic partnerships are based on four categories: political powers, economic powerhouses, military powers, and countries that play significant roles in the management of the SCS dispute and balance against China's economic and military. The United States' economic power accounts for 141.2% of China's nominal GDP, but only 86% of China's PPP. This implies that the US is no longer the number one superpower in the world. The latest GDP reports indicate that the US economy shrank by 2.3% in 2020, while China's economy grew by 2.3% amidst the coronavirus pandemic. This trend suggests that China's higher economic growth will lead to a decline in the relative economic power of the United States. However, the Quad countries (India, Japan, Australia, and the United States) account for 204.1% of China's GDP and 151.1% of China's PPP. Therefore, the US must rely on the democratic alliance (Quad) to balance against China's rising economic power. The Quad nations could enhance their prosperity through closer cooperation in areas such as trade, investment and finance, healthcare,

and infrastructure development. The Quad is regarded as a “democratic security diamond” in the Indo-Pacific strategy, which is a new alliance of like-minded powers that promotes infrastructure projects, supply chains, national sovereignty, and people’s health and safety while reducing economic dependence on China. In 2020, the US population accounted for only 23% of China’s population, indicating that China’s development potential is much higher than the United States. However, the democratic alliance Quad accounts for more than 129.4% of China’s population [22].



Figure 1. South China Sea conflict and marine Silk Road of China [23]

Vietnam’s diplomacy and security strategies must be redefined based on the Indo-Pacific Framework and the support of QUAD’s alliance to manage the rising threat of China in the SCS. In this context, the United States and QUAD countries have the potential to assist Vietnam in maintaining its independent foreign and security policies. Vietnam’s strategic concerns are aligned with international rules-based order, national sovereignty, transparency, and freedom of navigation as supported by the United States, Japan, Australia, and India (Figure 1).

The Balancing Option based on ASEAN’s roles is a potential strategy for Vietnam to secure its economic and national interests against China’s aggression. However, the institutional framework of ASEAN has not been effective in ensuring Vietnam’s consensus to protect its strategic interests in the SCS conflict. While Vietnam’s multilateral approach is to internationalize the SCS conflict through ASEAN, China prefers to deal with the conflict bilaterally. Furthermore, China has employed a “divide and rule” diplomacy strategy, as demonstrated when Cambodia hosted the ASEAN ministerial meeting and did not agree to issue a joint statement. The ASEAN’s normative institutions are not robust enough to restrain China’s increasing assertiveness in the South China Sea, and the ASEAN-China Declaration on the Conduct of Parties in the SCS signed in 2002 has not produced notable outcomes. Moreover, the Paracel Islands, a disputed territory, are not covered in the declaration’s geographic scope. In this regard, Vietnam and its ASEAN counterparts should continue to engage China in negotiations for a more enforceable Code of Conduct to manage China’s actions in the South China Sea. However, the outcome of these consultations remains uncertain. Additionally, Vietnam has minimal economic benefits from trading with ASEAN, while ASEAN remains highly dependent on China for trading and investment relationships. Therefore, relying solely on ASEAN security and economic mechanisms is not sufficient to address the rising economic and military power threats posed by China. Only by partnering with the US and its allies can ASEAN increase its balancing power against China [24].

Vietnam has a long-standing relationship with Russia, which dates to the time when the former Soviet Union provided economic and military support to Vietnam during the Vietnam War. However, Vietnam’s continued

reliance on Russia as a strategic partner for its security and development may no longer be effective in the current geopolitical context. While Russia remains a valuable military and economic provider for Vietnam, it lacks the diplomatic and economic power necessary to confront China alone. Furthermore, Russia tends to align with China in world affairs and is a member of the Shanghai Cooperation Organization, which is de facto led by China. Russia's strategic alignment with China may serve China's interests, preventing the consolidation of the Vietnam-USA military alliance. Therefore, Vietnam's dependence on Russia for its security and development may not be the most effective option, and it may need to explore alternative strategic policy options to balance its relations with major powers in the region.

Economic diplomacy is a vital component of China's grand strategy to increase both soft and hard power in the South China Sea. While soft balancing can be an effective strategy for Vietnam to handle its relationship with China, it may not offer enough assurance for Vietnam's security concerns in the South China Sea, primarily due to China's superior military capabilities [13]. In response, Vietnam needs to expedite its military modernization efforts to counter China's actions. Despite having a modest defense budget of \$745 million, which accounted for 3.4% of the GDP in 2011, Vietnam has maintained its defense spending at around 2 to 2.5% of the GDP in recent years [25]. Hard balancing of Vietnam refers to strategies in the SCS conflict by smaller states "to build and update their military capabilities, as well as create and maintain formal and informal alliances and counter-alliances to engage the great powers in international institutions to reduce security threats from them." However, due to Vietnam's relatively small military budget and economy, its hard power cannot be compared to that of China (Figure 2). Thus, the strategic solution for hard balancing should also be based on promoting the alliance with the USA and its alliance following the Quad and Indo-Pacific strategy of the USA and Quad.

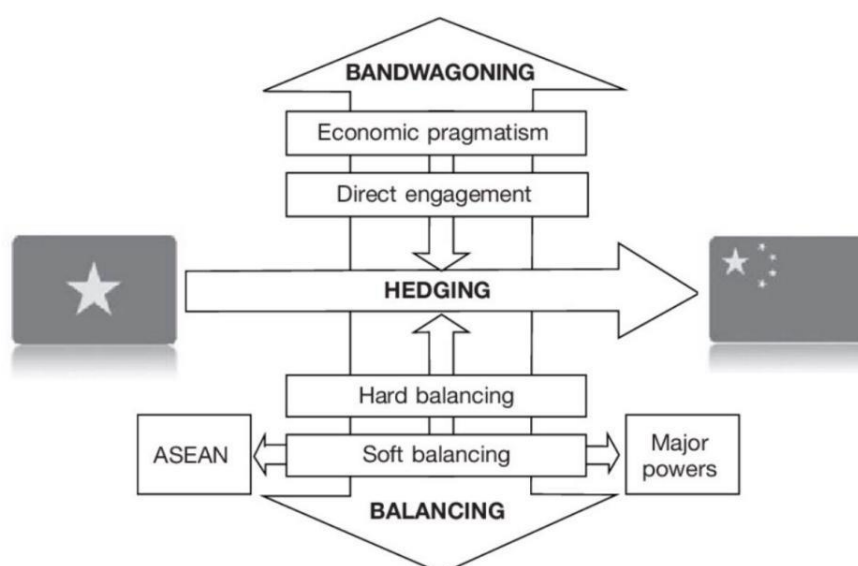


Figure 2. Hedging strategy of Vietnam towards China [12]

Vietnam has actively participated in regional organizations, notably ASEAN, where it has vigorously pursued its interests concerning the South China Sea dispute. This aligns with the wisdom of the famous military strategist Carl von Clausewitz, who emphasized, "If you want peace, prepare for war." In the context of Vietnam's hedging strategy, this notion holds significant relevance. While Vietnam aims to maintain a delicate balance in its relationships with major powers and foster regional stability, it also acknowledges the need to safeguard itself against potential threats [26]. It is crucial to recognize that military power alone cannot guarantee peace and security. Diplomacy and engagement with other nations and multilateral institutions are equally essential components of Vietnam's strategy. Through a policy of non-alignment and active participation in multilateral institutions such as ASEAN, Vietnam strives to promote regional stability and minimize the risk of conflict.

Furthermore, Vietnam's asymmetric reliance on China in both economic and diplomatic dimensions poses a notable risk to its hedging strategy, as illustrated in Figure 3. China stands as Vietnam's largest trading partner, with bilateral trade surpassing \$110 billion in 2020 [25]. Any disruption in economic relations with China could have significant ramifications for Vietnam's economy, potentially resulting in job losses and reduced export revenues. Moreover, China's growing influence in the region and its assertive actions in the South China Sea pose a significant challenge to Vietnam's security and sovereignty. Vietnam has tried to uphold a steady and peaceful connection with China and avoid any face-to-face conflict, notwithstanding the unresolved territorial disputes.

Share of China PPP and GDP

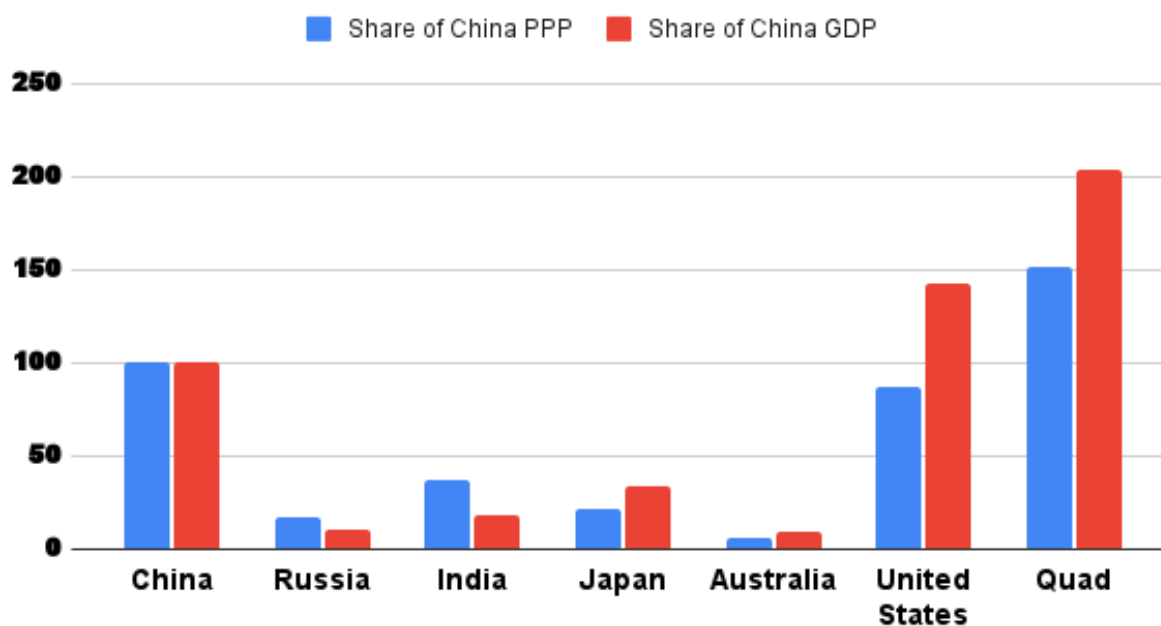


Figure 3. Comparative economic power of China, Quad, and USA Alliance in 2020 [22]

The Quadrilateral Security Dialogue (QSD), also known as Quad, was established in 2007 but was discontinued with the resignation of Japanese Prime Minister Shinzo Abe and Australia's withdrawal during Kevin Rudd's term as Prime Minister. During the 2017 ASEAN Summit, leaders of the United States, Japan, Australia, and India engaged in discussions regarding the establishment of a framework aimed at promoting peace, stability, and development in the Indo-Pacific region. This topic resurfaced because of concerns over China's assertive actions, which are perceived to pose a threat to the objectives. The re-establishment of the Quad (often referred to as "Quad 2.0") following almost ten years has raised apprehension within the Chinese media. This apprehension stems from the perception that the Quad may potentially serve as an initial stage in the development of an "Asian NATO" [27].

Further, there has been a significant transformation in the US-China rivalry since the conclusion of the Cold War. The two dominant global powers are currently engaged in a wide-ranging and all-encompassing conflict across multiple domains, including but not limited to trade, investment, technology, security, and ideology. Vietnam continually pursues a policy of non-alignment and hedging strategy to prevent becoming a political instrument in the competition between major global powers, namely China and the United States, both in economic and political spheres. This strategic approach effectively integrates both bandwagoning and completely balancing measures. Vietnam has effectively utilized its geopolitical positioning to further its economic progress while simultaneously mitigating adverse effects and demands from external powers on its national autonomy and independence [28]. However, the rising confidence and territorial demands of China in the South China Sea have triggered worries among Vietnamese decision-makers regarding China's ultimate motives.

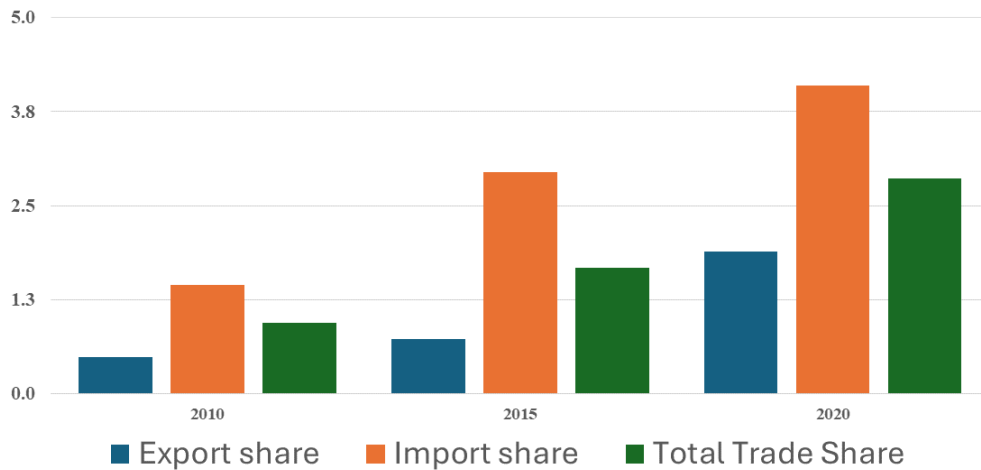


Figure 4. Vietnam’s role in China’s trade (%) [29]

These asymmetrical dependencies highlight the need for Vietnam to continue to pursue a balanced hedging strategy that diversifies its economic ties and strengthens its military capabilities. By engaging with a variety of countries and multilateral institutions, Vietnam can reduce its reliance on any one country and promote regional stability (Figure 5).

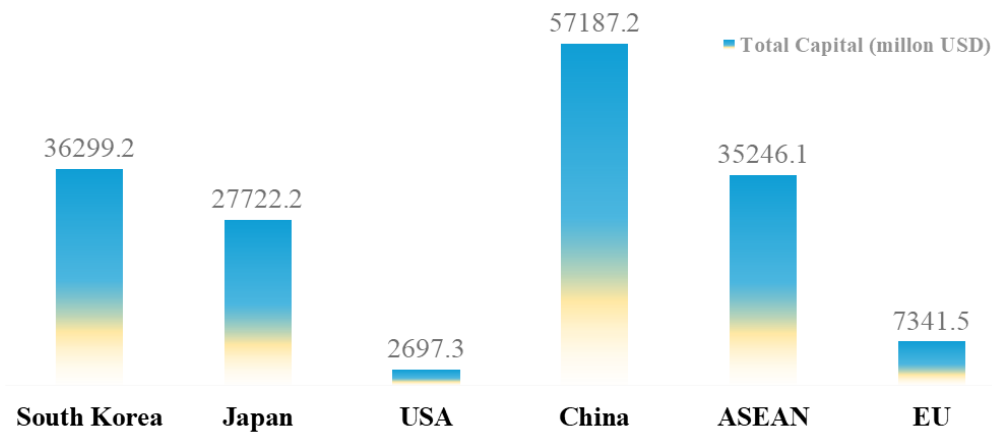


Figure 5. Relative roles of China’s FDI in Vietnam (2016-2020) [29]

Overall, while Vietnam’s asymmetric dependence on China does pose risks to its hedging strategy, Vietnam has demonstrated its ability to navigate complex regional dynamics and pursue its interests even in the absence of strong support from other countries. Through a balanced strategy that incorporates both military preparedness and engagement with other countries, Vietnam can continue to promote its interests and maintain its independence in the region.

5. Discussion

Formulating a mathematical model for the logical analysis of the scenarios for strategic choice for Vietnam to represent the Balance of Power theory, which involves states making strategic decisions between balancing and bandwagoning behaviors to maximize their utility. Let P be the power of state i , A is the alliance strength or the number of states allied with state i , and B is the behavior of state I , with $B=1$ representing balancing behavior, whereas $B=0$ represents bandwagoning behavior. S is the state i security, and E is the state's economic benefits.

The objective is to maximize a state’s utility $U(S,E)$, which represents the overall well-being, by making strategic decisions. The objective function aims to maximize the utility function U , which is a function of the variables S and E i.e., *Maximize* $U(S,E)$.

Power constraint:

$$P = P_0 + A \quad (1)$$

This constraint represents a state's power (P), which depends on its initial power (P_0) and the strength of alliances (A).

Balancing and bandwagoning constraints:

For balancing behavior ($B=1$):

$$S = f_B(P) \quad (2)$$

where $f_B(P)$ is a function that relates security to power when engaging in balancing behavior.

For bandwagoning behavior ($B=0$):

$$E = f_W(P) \quad (3)$$

where $f_W(P)$ is a function that relates economic benefits and direct conflict avoidance to power when engaging in bandwagoning behavior. It means that small countries use bandwagoning states to acquire their economic benefits as well as avoid direct conflict with China in the South China Sea.

Choice constraint:

This constraint enforces that a state must choose either balancing ($B=1$) or bandwagoning ($B=0$) behavior. This mathematical model provides a simplified representation of the Balance of Power theory, where states make strategic decisions based on their power, alliances, and the choice between balancing and bandwagoning behavior to maximize their utility in the international system. The functions $f_B(P)$ and $f_W(P)$ could reflect the dynamics of the international order. We can clarify three strategic scenarios with two states: China (C) and Vietnam (V).

$$B \in \{0, 1\} \quad (4)$$

Scenario 1: Balancing against China's influence

In this case, to improve its security (S), Vietnam makes two strategic choices "balancing behavior" ($B=1$) with the power limitation ($P=P_0+A$), which induces Vietnam to look for allies to boost its power and balance against China's expanding influence. In this case, Vietnam attempts to contribute to a stable international order. Vietnam's capacity is dependent on how effective this approach is to maintain the balance against China.

Scenario 2: Bandwagoning to avoid conflict and to attain the economic benefit

In this scenario, Vietnam avoids direct conflict with China, while Vietnam can maximize its economic gains. It is called "bandwagoning behavior" ($B=0$) (E). Vietnam will consider this strategy as a relevant choice when the direct conflict is very costly. Further, Vietnam needs China for its economic development.

Scenario 3: Employing a hedging or mixed strategy

Vietnam might adopt a mixed strategy or combine both balancing ($B=1$) and bandwagoning ($B=0$) behaviors to deal with a complex international environment. Vietnam uses balancing to face immediate security threats, while Vietnam tends to employ bandwagoning for economic benefits and a peaceful environment. The cultural diplomacy approach can be considered in this choice [30,31],

This hybrid approach reflects the flexibility of Vietnam's foreign strategies. The effectiveness of this approach is dependent on Vietnam's capacity to make informed decisions quickly.

Vietnam can adopt a neutrality and non-alignment stance (B is neither 0 nor 1), refraining from taking sides in power struggles. Instead, it can strengthen its power (P) through internal development and diplomacy. The efficacy of this approach depends on Vietnam's capacity to uphold its neutrality while maximizing its benefits.

The above scenarios provide strategic choices for Vietnam as follows:

- The Vietnam Communist Party can use a bandwagoning approach with the Chinese communist party to avoid direct conflict and to attain economic advantages [32].
- Vietnam continues to follow the balance of power to deal with China's strong territorial claims in the South China Sea. Strategic partnerships with the United States and its allies are relevant to counter China's influence and protect its territory.
- Vietnam intends to adopt a policy of neutrality in its diplomatic approach to negotiate the highly competitive power dynamics in the South China Sea. This position enables Vietnam to mitigate involvement in the power struggles between dominant nations and uphold regional stability, particularly within the ongoing uncertainty surrounding the rivalry between the United States and China (C).
- A mixed strategy that combines different approaches (bandwagoning, balancing as well as neutrality) can be employed, demonstrating Vietnam's ability to adjust to the changing geopolitical dynamics in the South China Sea.

As the China tensions with other regional actors over who should control South China Sea territories still last, Vietnam might anticipate alternative future possibilities. If China further transforms islands and reefs in the area under its control into military bases, Vietnam has a high risk of following suit, which may involve putting its military capabilities on the frontline, potentially receiving support from the US. Besides, if the Philippines likely wins the case of China's claims in the international court, Vietnam can also take a similar action of bringing the case to the international court. Besides, when ASEAN is making progress on the topic of the code of conduct with China regarding the South China Sea, Vietnam might just ease its discontent regarding the Chinese governance of the parcel of water. Glancing to the future, if the world's joint efforts to fight against climate change have increased, then Vietnam and China need to be more committed to collaborating on aspects like the sea level rise that may affect the whole region no matter which area the territorial disputes take place. Weighing up the strategic, legal, and environmental aspects of the current and projected developments, Vietnam can take rational steps besides protecting its interests.

While Vietnam is stuck with the South China Sea dilemma, the excessiveness of China's moves in the region has a role. In the future, the strategic conduct of Vietnam would possibly be the major determinant of the increasing tide. Further Chinese military build-up in the Spratly Islands and their air defense identification zone may trigger Hanoi to seek strong defense ties between the United States and regional partners to counterbalance the move. Another possibility is, that Vietnam can look for concessions like joint development agreements or a bilateral code of conduct and ultimately end up with improving bilateral relations with China. The country of Vietnam also exists under potential threats of climate instances like the rise of sea levels and stronger typhoons which can be disastrous for the coastal regions, and may potentially reshape its priorities from inwards. Some fundamental social and economic trends will affect Vietnam's ability to pursue its long-term considerations and schemes in the long-term. A rising number of youthful people combined with a growing economy may be among the factors that determine a more aggressive maritime presence and vigorous foreign policy to protect its territorial boundaries.

The diplomatic, economic, and military aspects of this multifaceted strategy will be used by Vietnam to stand for its maritime claims and the rights of the South China Sea region. Diplomatically, ASEAN peers can together provide more robust backing by issuing joint statements as well as operations in the South China Sea that emphasize the importance of freedom of navigation principles. This can be supported by countries like India, Europe, or the United States. The economic aspect of the dispute can be solved promptly if Vietnam can invite well-known multinational energy firms to cooperate on offshore business projects and offer joint development schemes to claimant countries as incentives for cooperation. Militarily, Vietnam can equip itself with additional naval and air assets, reinforce coastal fortification, and utilize routine patrols and exercises to influence the situation on occupied islands. Negotiating via ASEAN, the virtue of solid partnerships while setting up a defense posture will allow Vietnam to achieve its interests under the contested maritime zone. Regional interaction as

well as coalition-building are strategic elements that could, in this case, be used to dismiss China's threatening behavior.

6. Conclusion

Vietnam has several strategic policy options to deal with China's economic and military threats. The first choice is that Vietnam employs ASEAN to ensure its national interests and deal with SCS conflict. However, it is for Vietnam to reach a consensus to protect its strategic interests while facing China's "divide and rule" diplomacy strategy. The second option is that Vietnam can use Russia as a trustful and helpful yet non-invasive partner to Vietnam for more than 50 years. However, this option is no longer relevant for Vietnam's security, when Russia builds an alliance with China in world affairs in the Shanghai Cooperation Organization. Soft balancing is useful for Vietnam to deal with China, but Vietnam is relatively weak to China. Thus, it does not ensure Vietnam's security. Therefore, Vietnam needs to find a military alliance with the USA and its allies to balance China's influence with its gradual military modernization.

In 2011, Vietnam allocated a defense budget of \$745 million, which accounted for around 3.4% of the nation's Gross Domestic Product. At present, Vietnam constantly dedicates a portion ranging from 2% to 2.5% of its GDP towards defense expenditures. In the context of the confrontation in the South China Sea, the term "hard balancing" refers to the measures implemented by smaller states to enhance their military capability. This entails the establishment of both formal and informal alliances and counter-alliances, active engagement with major countries within international organizations, and so effectively addressing security challenges. Nevertheless, it should be noted that Vietnam's military budget and economic resources are somewhat constrained, which implies that its hard power capabilities are not on par with those of China. Hence, a recommended approach to address the challenge of hard balancing would involve the cultivation of alliances with the United States and its associated partners, in alignment with the Quad and Indo-Pacific strategies. China's strategy towards the South China Sea conflict combines both economic and military capabilities with a multifaceted approach known as the "carrot and stick" tactics. Furthermore, China's militarization approach can benefit its interests such as man-made islands, the deployment of coast guards and maritime militias, and economic instruments to deal with the SCS dispute.

However, conflict between China and the US is still possible due to their strategic and core interests in the region. Vietnam must enhance its alliance with the US and its allies to deter China's regional hegemony. It is suggested that China should adopt a peaceful strategic solution through diplomatic negotiations, ensuring more symmetric economic relations, and reducing aggressive behaviors in the SCS for long-term regional and global peace and development. The strategic choice for Vietnam includes bandwagon to gain economic gains without confrontations; to counter China's South China Sea claims, Vietnam will require strategic relationships with the US and its allies to resist China's rising might and safeguard its South China Sea territorial interests. Finally, Vietnam tends to avoid big-power clashes between major nations, especially given the US-China competition is unclear. Therefore, the mixed strategy that combines bandwagoning, balancing, and neutrality might be relevant for the SCS conflict.

Declaration of competing interest

The authors declare that they have no known financial or non-financial competing interests in any material discussed in this paper.

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Author contribution

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Ethical approval statement

Ethical approval is not applicable for this research.

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