



## **CHINA'S FOREIGN POLICY IN VIETNAM FACING CHALLENGES FROM INDIA**

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### **Abstract:**

The competitive relationship between India and China in Southeast Asia has strongly impacted the political and security situation of countries in the region. Among them, Vietnam holds an important geostrategic position in the South China Sea and Southeast Asia. Thus, Vietnam has become a priority target in the competitive strategies of China and India in the 21st century. Therefore, facing challenges from India, China has taken a pragmatic approach in its foreign policy with Vietnam. Specifically, China continues to regard Vietnam as a priority partner in its diplomatic policy with neighboring countries. In addition, China has been increasingly leveraging its economic power and military strategies to control and put pressure on Vietnam. This paper uses a qualitative analysis method through secondary data collected in August 2023. The results will focus on analyzing the policies and strategies that China has been and is deploying in Vietnam in the face of India's competitive strategy.

**Keywords:** India, China, Vietnam, foreign policy, Southeast Asia.

### **Introduction:**

Since the 20th century, Southeast Asia has become one of the most important geostrategic regions in the world. Possessing abundant natural resources, strategic sea straits like Malacca, Sunda, Lombok, etc. connecting major maritime routes passing through the seas in this region has made Southeast Asia a colony of imperialism. In the 21st century, the role of Southeast Asia has become increasingly important, with its huge market potential and dynamic developing economy being among the best in the world. This has made Southeast Asia the center of power competition

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among major powers. Among them, the competitive relationship between India and China in Vietnam is considered to have a strong and profound impact on Vietnam's political, economic and security situation. Facing challenges from India's competitive strategy, especially since developed the Look East Policy (LEP) into the Act East Policy (AEP), China has made adjustments in its foreign policy with Vietnam. Currently, China is focusing on implementing three main foreign policy strategies in Vietnam: i) Promoting good neighborly diplomatic policy, ii) Using economic strength as a "diplomatic weapon", iii) Increasing the use of military strategy in the South China Sea. Therefore, this paper aims to explore, evaluate and analyze the policies and strategies that China has been and is deploying in Vietnam in the face of challenges from India's competitive strategy in the current period.

### **Analysis:**

#### **1. Vietnam - China relations and challenges from India**

Vietnam and China are two neighboring countries with traditional and long-standing relations dating back many centuries. In modern Vietnamese diplomatic history, China was the first country to establish diplomatic relations with Vietnam on January 18, 1950, right after the People's Republic of China was born on October 1, 1949. Vietnam-China relations experienced ups and downs during the period 1979-1991, when the triangular relationship between the Soviet Union - Vietnam - China lost balance in maintaining the grand solidarity bloc from Europe to Asia, leading to border conflicts between Vietnam and China. This marked the complete political divide between the two communist powers of the Soviet Union and China. By 1991, Vietnam and China agreed to normalize diplomatic relations, and the bilateral relationship developed rapidly when both countries found common solutions to disputes at the Chengdu Conference on September 3-4, 1990. From the late 1990s, especially in the first decade of the 21st century, China has made efforts to strengthen the establishment of multilateral cooperation institutions, while also proactively negotiating, building and upgrading bilateral cooperation mechanisms with ASEAN countries, including Vietnam (Khoo, 2023). Therefore, Vietnam-China relations have become increasingly warm as both countries find common interests in the relationship between neighbors. During General Secretary Le Kha Phieu's visit to China in 1999, both sides agreed to orient the stable diplomatic relationship with the 16-word slogan "Good neighborly friendship, Comprehensive cooperation, Long-term stability, Towards the future" and added the 4-good slogan "Good neighbors, Good friends, Good comrades, Good partners" in 2000 after President Truong Tan Sang's visit to China. By 2008, Vietnam and China officially upgraded their diplomatic relations to a Comprehensive Strategic Partnership, marking close cooperation between the two countries with a common socialist political and social system. This shows that China has a traditional and long-standing relationship with Vietnam.

In the 21st century, the trend of both cooperation and competition is one of the characteristic diplomatic methods of small countries towards major powers. This is also the typical diplomatic method of Vietnam in the context of current competition among powers. In the increasingly fierce power competition trend in the Indo-Pacific region, China and India are among the leading powers

### *China's foreign policy in Vietnam...*

with strong influence on the political and security situation of small countries in the region, especially Vietnam. Looking at the map of Asia, the impression of the “caliper” position in geopolitical composition is very clear, with China at the center, India in the Southwest and Vietnam in Southeast Asia. In the history of cultural interactions, Vietnam as well as the entire Indochina Peninsula inherited many achievements and was strongly influenced by these two brilliant civilizations. However, Vietnam is only a small country compared to the two powers of China and India. Therefore, in the triangular relationship between China - Vietnam - India, there is a huge imbalance in territorial area, national strength such as economy, military, population between Vietnam and the two powers. This has pushed Vietnam into a weak position that requires flexibility and sophistication in adjusting its foreign policy to suit the interests of these two powers. Especially in the context of current competition among powers, with its important geostrategic position in the region and the world, Vietnam has become the focus in the strategies and policies of major powers in the geopolitical competition in Southeast Asia and the world. This stems from three main reasons: i) Vietnam is a country with significant influence and important position in ASEAN; ii) The economy has a high degree of openness, is in a period of strong development and has a market full of potential for major countries; iii) It has an important geostrategic position that affects the political and security situation in the region, especially the South China Sea. Therefore, China is now increasing its influence in Vietnam to compete with India's strategy and that of Western allies, while aiming to complete the “two centenary goals” (song bach) strategy and the “Chinese Dream” doctrine.

#### **2. China's good neighborly diplomatic policy in Vietnam**

Good neighborly diplomacy is not a new concept for China, however this policy has become an important diplomatic strategy of China since the 18th National Congress of the Communist Party of China in 2012. Accordingly, China has new concepts and new goals for good neighborly diplomacy, as well as new measures to implement this strategy. At the same time, China also has to face new challenges as India and its Western allies are increasing their influence and presence in peripheral countries with important geographical locations surrounding China's territory. Overall, China's current good neighborly diplomacy is closely linked to the Belt and Road Initiative (BRI) to promote the realization of the “Chinese Dream”, as well as building a “community of shared destiny”.

The “Maritime Silk Road” in BRI is a series of routes connecting Chinese seaports with international ports through many vital maritime routes in Southeast Asia, South Asia, the Middle East, Africa and the Mediterranean. The “Maritime Silk Road” is closely connected to Southeast Asia, in which Vietnam is closely related to BRI in general and the rise of China in particular. In the 21st century, Vietnam plays a very important role for China both economically and politically (Huy, 2020). Therefore, major powers around the world, including India, always focus on guarding against and responding to China's rise in Southeast Asia, especially Vietnam. Hence, BRI investment projects connecting Southeast Asia have received more attention from China than other regions, accounting for 44% of FDI capital within the BRI framework (Francis & Tritto and Sejiko,

2021). In addition, BRI is China's strategic competition tool against India in the Indo-Pacific region, and a "counterattack" against India's AEP in Vietnam. Good neighborly diplomacy is considered one of the most important priorities of China's diplomatic strategy under President Xi Jinping. Therefore, the Beijing government now attaches more importance to strengthening cooperative relations and diplomacy with the Hanoi government. At the high-level meeting between Vietnam and China in June 2023, both sides affirmed promoting bilateral cooperation between the two countries and former Chinese Foreign Minister Qin Gang affirmed that: "China always regards Vietnam as a priority direction in China's good neighborly diplomatic policy, as well as in China-ASEAN relations" (Hong, 2023). This was reaffirmed once again at the direct meeting between Prime Minister Pham Minh Chinh and President Xi Jinping, where Chinese leaders affirmed considering Vietnam a priority direction in the overall good neighborly foreign policy of China. This is China's strategic choice in the long-term development of China-Vietnam relations, hoping and willing to promote the development of relations between the two Communist Parties, as well as between the two countries in greater depth and substance (Kien, 2023).

Along with promoting the warm relationship between China and Vietnam on the diplomatic front, in the South China Sea region, China is becoming tougher on territorial disputes with Vietnam, especially sovereignty over islands and seas. From 2014 to now, China has carried out extensive reclamation and construction activities on entities in Vietnam's Hoang Sa and Truong Sa archipelagos at a rapid pace and significantly increasing scale compared to the previous period. By now, industrial and military structures on some entities in the two aforementioned archipelagos have been basically completed, while conducting actions to militarize the South China Sea. According to Donald Emmerson's study on China's motivation to control the South China Sea, he argues that China has three fears: "The fear of humiliation coming back again, the fear of outward restraint, and the fear of inward discontent" (Emmerson, 2016). Therefore, the memory of the "century of humiliation" still haunts the minds of China's leaders. Western powers had entered and invaded China through the South China Sea in the 19th and 20th centuries. This has created a strong motivation in the strategy to control the South China Sea in order to protect the eastern territory from being attacked by sea. Secondly, India, the US and Western allies are trying to contain the rise of China. This has required China to increase its power in the region, especially sea power when maritime routes have become the key tool to ensure China's prosperity. Finally, stemming from internal militant nationalism in China, the fact that the Beijing government has claimed sovereignty over almost the entire South China Sea for many years has aroused nationalism and populism domestically and created pressure on military strategy in this region. Therefore, in 2014, China built illegal artificial islands on entities belonging to Vietnam's Hoang Sa and Truong Sa archipelagos, marking a strong and tough move in the South China Sea under President Xi Jinping's leadership. To implement this strategy, China now claims sovereignty over many islands in the South China Sea through the "nine-dash line" claim and the "Standard Map of 2023", despite strong opposition from Vietnam and ASEAN countries.

The 2022 report on "Military and Security Developments Involving the People's Republic of China" by the US Department of Defense analyzed that: "China is focused on increasing control

over vital maritime routes in the Indo-Pacific region through entities illegally occupied and militarized by China in Vietnam's Hoang Sa and Truong Sa archipelagos" (U.S. Department of Defense, 2022). In particular, taking advantage of major changes in the global context due to the impact of the Russia-Ukraine conflict, China conducted military exercises from July 29 to August 2, 2023 in the South China Sea, including part of Vietnam's Hoang Sa archipelago, when the US and its Western allies were having to divert resources to Europe and had a tendency to "appease" China temporarily. This move by China seriously violated Vietnam's sovereignty. Therefore, it faced strong opposition from Vietnam. The Ministry of Foreign Affairs stated: "Request China to respect Vietnam's sovereignty over Hoang Sa archipelago, not repeat similar violations" (My, 2023). This shows that China is increasingly aggressively and strongly increasing its power and desire to become the "hegemon" in the region when the global situation changes in favor of China's rise.

### **3. China's economic strength and military strategy being applied to Vietnam**

The "Economic Weapon" is an important pillar and main power of China to implement major power diplomatic strategies and policies in the 21st century. In the competitive relationship between China and India in Vietnam, the economy has become China's key "weapon" to compete directly with India and allies in the Quad Security Dialogue. China's economic strength is undeniable when China's economy ranks second in the world with a total GDP of 14.72 trillion USD in 2022 (Kiet, 2023). Therefore, with the potential and enormous strength of the Chinese economy, the "economic weapon" used by China in Vietnam is increasingly diverse, unpredictable and creates both positive and negative impacts on economic cooperation with Vietnam.

**Table 1: Import-Export turnover between Vietnam and China from 1991 - 2022**

*Unit: Billion USD*

	<b>1991</b>	<b>2001</b>	<b>2009</b>	<b>2019</b>	<b>2022</b>
<b>EXPORT</b>	0,0191	1,42	5,4	41,414	57,7
<b>IMPORT</b>	0,0184	1,61	16,44	75,451	117,87
<b>BALANCE OF TRADE</b>	0,0007	-0,19	-11,04	-34,037	-60,17
<b>EXPORT-IMPORT TURNOVER</b>	0,0375	3,03	21,84	116,865	175,57

*(Source: Compiled by authors from Vietnam Customs)*

Since the normalization of diplomatic relations, bilateral trade turnover which only reached 37.5 million USD in 1991 has developed rapidly to 21.84 billion USD in 2009, nearly 700 times compared to 1991. Trade between the two countries continued to grow in subsequent years. By 2022, total import-export turnover between the two countries reached 175.57 billion USD with China being Vietnam's largest trading partner. In the Covid-19 pandemic period, the global economy was heavily impacted by border lockdown orders and trade and non-traditional security protectionism policies of major powers, but Vietnam-China trade in 2019 still reached 116.865 billion USD. However, the trade deficit has increased continuously since 2001 with 190 million USD and by 2009 the deficit reached 11.04 billion USD. By 2022 it reached 60.17 billion USD. The

increasing deficit has made Vietnam's economy increasingly dependent on China's economy. Therefore, economic cooperation with China has become one of the important pillars for Vietnam's economy. This has made Vietnam very "vulnerable" when China uses "economic weapons" to directly affect bilateral economic activities, creating instability in Vietnamese society and thereby indirectly affecting political decisions of Vietnam's leaders.

In particular, Vietnam currently depends on more than 30% of key input materials, mainly components, machinery, electronics, textile accessories from China. This was clearly demonstrated during the Covid-19 pandemic when China's prolonged lockdowns disrupted many Vietnamese businesses due to delays in importing raw materials, causing difficulties in the production process of goods, especially industries dependent on raw material supply from China such as electronics, machinery, etc. This forced many Vietnamese businesses to look for ways to diversify their supply sources, or accept high transportation costs to ensure sufficient raw materials for production and ensure completion of signed contracts with partners (World Trade Organization, 2022). Thus, the "economic weapon" is being "effectively" used by China in Vietnam to strategically compete with India and Quad allies. This has brought both positive and negative impacts on Vietnam's economy. Therefore, dependence on China's economy has made Vietnam very "vulnerable" when China uses economic leverage to influence political interests in Vietnam in order to affect decisions of Vietnam's leaders that could be detrimental to China's core interests in the region.

In terms of military strategy, China is currently striving to establish a regional order through the "String of Pearls" strategy to connect the South China Sea with the Indian Ocean. The core objective of this strategy is to restrain the influence of India, the US and Western allies, while enhancing sea power and controlling vital maritime routes around the world passing through the waters in this region. In which, Vietnam is a country with very important geostrategic position in the South China Sea and Southeast Asia. Therefore, Vietnam is being seriously affected by China's "String of Pearls" strategy. The Beijing government is increasing pressure on the Hanoi government. Recently, China has been aggressively using "hard power" to carry out actions occupying Vietnam's sovereignty over islands and seas in the South China Sea. According to the 2022 report "Military and Security Developments Involving the People's Republic of China" by the US Department of Defense, it analyzed that: "China is focused on increasing control over vital maritime routes in the Indo-Pacific region through entities illegally occupied and militarized by China in Vietnam's Hoang Sa and Truong Sa archipelagos" (U.S. Department of Defense, 2022). In particular, taking advantage of major changes in the global context due to the impact of the Russia-Ukraine conflict, China conducted military exercises from July 29 to August 2, 2023 in the South China Sea, including part of Vietnam's Hoang Sa archipelago, when the US and its Western allies were having to divert resources to Europe and had a tendency to "appease" China temporarily. This move by China seriously violated Vietnam's sovereignty. Therefore, it faced strong opposition from Vietnam. The Ministry of Foreign Affairs stated: "Request China to respect Vietnam's sovereignty over Hoang Sa archipelago, not repeat similar violations" (My, 2023). This shows that China is increasingly aggressively and strongly increasing its power and desire to become the "hegemon" in the region when the global situation changes in favor of China's rise.

Along with military strategies in the South China Sea region, China now has military and naval base projects in Coco Island in Myanmar, Gwadar Port in Pakistan, Ream Naval Base in Cambodia by using economic strength to create political leverage to increase influence in these countries. Thus, China is trying to connect the islands in the South China Sea that China claims sovereignty over Vietnam's islands to China's seaports, starting from Hainan Island - China and expanding to the Middle East, forming a "String of Pearls" around vital maritime routes on the ocean. This is to counter the strategies of India and Western allies, while enhancing influence and power in the region and the world. To promote this military strategy, China is now modernizing its military to strengthen its hard power in the face of containment strategies from regional and global rivals. This is clearly demonstrated in Chinese Prime Minister Li Keqiang's remarks at the opening of the first session of the 14th National People's Congress on March 5, 2023: "The increasing efforts from outside to suppress and restrain China have necessitated the increase in China's defense budget" (Duc, 2023). Thus, China increased defense spending in 2022 to 1,450 billion RMB, up 7.1% compared to the 2021 budget, and plans to increase the defense budget by 7.2% to 1,550 billion RMB (225 billion USD at the exchange rate on March 5, 2023) (Duc, 2023). The moves to increase defense spending annually show China's increasingly strong rise in hard power, with the desire to enhance "hegemonic" power in the region, while counterattacking containment strategies from India and Western allies. Thus, Vietnam's strategic position in the South China Sea has become a hot spot on the map of the Indo-Pacific region. Therefore, controlling the entire South China Sea, including all of Vietnam's sovereignty over islands and seas in this region, has become China's core goal in the 21st century.

### **Conclusion:**

The paper has analyzed and clarified the policies and strategies that China has been and is deploying in Vietnam in the face of challenges from India. For China, Vietnam is a neighboring country that plays an extremely important role in strategies in the Indo-Pacific region, especially prioritized in the BRI under President Xi Jinping. Chinese leaders have used pragmatic, flexible good neighborly diplomatic policies and economic strength to increase traditional influence in Vietnam while promoting military strategies to occupy Vietnam's sovereignty over islands and seas in the South China Sea aiming to complete the "String of Pearls" strategy. Thus, although the Vietnam-China bilateral relationship always maintains a friendly, intimate neighborly relationship, the South China Sea issue has become a "Gordian knot" in the relationship between the two countries. Therefore, although Vietnam and China both exist under the socialist system, the leaders of the two countries are always suspicious and wary in the traditional bilateral relationship (Kazuyuki, 2021, p.85). However, pragmatism in economic interests and the imbalance in national power between Vietnam and China have necessitated Vietnam to have sophisticated and flexible foreign policies that do not threaten China's core interests in the region. In summary, China and India are now seeking to increase influence in Vietnam and the competitive trend in this country is predicted to continue in the "Asian century". This stems from Vietnam's strategic position in the South China Sea and Southeast Asia, along with its increasingly enhanced position and potential in

the region and international politics. Therefore, the paper has provided an objective, multidimensional perspective on the policies and strategies that China has been and is applying in Vietnam in the face of challenges from India and Western allies. Vietnam needs to be flexible and strategically adjust its foreign policy appropriately to the new situation in order to protect the prosperity and territorial sovereignty of the Vietnamese nation.

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