Vietnam’s Perceptions and Strategies toward China’s Belt and Road Initiative Expansion: Hedging with Resisting

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ABSTRACT

China’s Belt and Road Initiative (BRI) which was launched by Xi Jinping in 2013 seemingly draws a great picture of mutual development with a lot of promises in term of financial and technological supports to infrastructure development projects in a large number of countries. Such promises sound good to many countries including Vietnam, a developing country who is in its capital thirst. However, Vietnam’s reaction to this Initiative in particular and to China’s strategic intentions in general is not easy to understand. Vietnam’s perceptions on the BRI have varied across many different social spectra. Based on those common understandings, Vietnam’s strategies toward China and its BRI are a mixture of seemingly contradictory policies which show either their supports (bandwagoning strategy) or denials (balancing strategy) or both simultaneously. However, it is in fact hedging strategy which is a flexible combination of both bandwagoning and balancing strategies is working comprehensively in various spheres.

KEYWORDS

BRI, foreign policy, perception, balancing strategy, bandwagoning strategy, hedging strategy

Introduction: perception matters with strategy choice

The Belt and Road Initiative (BRI) was proposed by Chinese General Secretary Xi Jinping during his official visit to Indonesia and Kazakhstan in 2013. This is an ambitious initiative of China to connect regional economies and the world. The two main components are the Silk Road Economic Belt and the 21st Century Maritime Silk Road. Cooperation under the BRI consists of five main areas: policy coordination; infrastructure connection; trade and investment connection; financial and monetary connection; people to people exchange. Chinese policymakers also set bigger goals of not only economic development but also a “community of common destiny.” BRI countries are expected to benefit from this new infrastructure development and vice versa China will be able to expand new markets for its goods and services. China has signed many cooperation mechanisms, closer ties with countries on the BRI route. In order to promote trade and investment proactively and step by step to form a network of free trade zones along members of the BRI, China has signed to upgrade ASEAN Free Trade Agreements and Economic Cooperation Agreements with the Eurasian Economic Union. Those collaborative initiatives have promoted the Belt and Road trade with the participation of 83 countries and international organizations. Recently, China has been gradually promoting new types of trade cooperation such as cross-border e-commerce, along with 18 countries to build bilateral e-commerce cooperation mechanisms and business cooperation zones. It is worth noting that
China has shown a clear priority on cooperation in production capacity. Currently, China and more than 40 countries have signed production cooperation agreements, expanding its cooperation with organizations such as ASEAN, African Union, Latin American-Caribbean Community.

Vietnam is located in China-Indochina Peninsula Corridor, one of the five economic corridors in the BRI. Geographically, with the land border of 1,406 km and close to the dynamic economic development areas of China, Vietnam has an important and strategic position in the BRI. The benefits that BRI promises to offer seem to be attractive to Vietnam. However, since the Initiative was launched, the Vietnamese have been very cautious on China’s intention of whether this Initiative would threaten Vietnam both economically and politically (Soong & Nguyen, 2018). At the same time, there is also a hesitating perception of the possibility for the Initiative being a good opportunity for Vietnam’s economic development. In other words, it is a complex and ambivalent mixture of suspicion and eagerness. These seemingly conflicting and hesitating perceptions find their respective expressions in Vietnam’s complicated strategies, such as strengthening her military capability meanwhile striving to cultivate comprehensive and deeper relationships with China. Vietnam not only involves in international and regional organizations where China is also present, but also strengthens relationships with major powers around the world. Such of Vietnam’s strategies might be considered as its efforts to engage and bind China down together.

A challenging question, which is so far not yet properly answered, is whether Vietnam’s perceptions of China and its true intentions behind the BRI are inherently contradictory in themselves and conflicting with the national strategy? Or whether all of these perceptions and their respective on-the-ground strategic plans meet each other at the ultimate goal of protecting and defending the country’s ever unchanged core values and interests of national independence, autonomy, sovereignty and integrity? In order to further clarify Vietnam’s complicated strategic reactions to the BRI, this paper focuses on analyzing Vietnam’s perceptions of China and its strategic intentions in general and its ambitious BRI in particular at three levels: the state, the people and the market. Analyses of those perceptions in their turn can help to provide a deeper and clearer understanding of Vietnam’s seemingly conflicting strategies in dealing with China’s ambitious initiative, namely: balancing, bandwagoning and hedging. Finally, a figurative conclusion in term of a three level scale of strong, mild and weak degrees will be designed to respectively evaluate Vietnam’s strategy preference on balancing, bandwagoning and hedging strategies toward China’s Road and Belt Initiative.

**Vietnam’s perceptions on China’s footprints**

**The perception of Vietnamese political elites: ambivalent and vague strategy**

It can hardly be denied that the Vietnamese leaders are consistently alerted with any political and national security impacts that China’s economic, political and security strategies, among which is the BRI, may have on Vietnam. However, despite these un-eased feelings toward their neighbor, Vietnam’s leaders still believe that the foundation of the bilateral relations is and should be of friendship and cooperation (Nhan Dan, 2020). This perception of the political elites about the international environment has undergone dramatic changes since the 6th National Congress of the Communist Party of Vietnam (CPV). In the domain of international relations, they no longer keep a bi-polar view of capitalism and socialism, or only friends or foes. Instead, they view countries in the world as both “partners and objects.” China in Vietnamese leaders’ eyes is considered as both a partner and an object: a “partner” of cooperation and an “object” of struggle (Thayer, 2017). However, the “object” element is deliberately kept somewhat more dominant in the China-Vietnam bilateral relations. Being a relative small country living next to a giant like China, Vietnamese political elites’ perception is affected profoundly by sentiments of Chinese expansionism, Great Han chauvinism. Therefore, the Vietnamese leaders think that the BRI is a tool for
China to expand its sphere of influence and thus regain its hegemonic power and influences. As a brilliant civilization in the past, throughout human history, China has maintained its position as a leading power in the world. At present time, with its economic, technical and military power after 40 years of economic reform, as a matter of facts, China wants to gradually exert its influences in the world economically and politically. This perception is further reinforced by an ambitious leader like Xi Jinping with the China Dream, the dream of “the great rejuvenation of the Chinese nation.”

Throughout its heroic but bloody history, even in the modern time, Vietnam has always faced the risk of aggression from the Northern feudal regimes. For more than 1,000 years of Chinese domination of Vietnam (北屬 in Chinese), Vietnamese people stood up to gain autonomy for tremendous times, but it was oppressed and dominated again by Chinese feudal regimes. In the modern era, although both countries share the same ideology, Vietnamese leaders still believe that China always finds ways to abuse and manipulate Vietnam for its own sakes. In events like 1954 Geneva Conference and US-China Declaration in 1972, Vietnam was believed to be “sold” by China. Worse, profound disagreements led to the breakdown of diplomatic relations and consequently the outbreak of the Sino-Vietnamese war in 1979. In 1990, while negotiating with China on the normalization of diplomatic relations, the former Vietnamese Prime Minister Pham Van Dong stated that China was, after all, still China as it was thousands of years ago and Vietnam could not trust China (Tran, 2003).

However, Vietnamese leaders also believe that the BRI is an opportunity to take advantages economically. This initiative is a new and innovative approach to promote co-operations and economic exchanges. While other economic development co-operations in previous time proved less effective, the BRI is expected to provide participants with abundant development resources in terms of capital, technology and a vast market of over 1.4 billion consumers. Vietnam thus welcomes the BRI as an initiative to connect multinational, regional, intercontinental economies by building infrastructures and expanding markets. This Initiative thus might create a foundation for economic development and narrow the development gaps between countries in the region (Vietnamnet, 2017). More than thirty years of Renovation (Đổi mới), Vietnam has made remarkable achievements in economic development. However, there have still been many existing problems that need to be solved: increasing big gap between the rich and the poor, low GDP per capita, and low quality of growth. Hoped that the BRI could meet Vietnam’s needs.

Nevertheless, one of the most sensitive issues in the relationship between China and Vietnam is the South China Sea dispute. There is a truism that China has ever used its economic influence to force Vietnam, and other ASEAN nations like the Philippines, to make concessions in the South China Sea issue. Therefore, Vietnam’s extensive cooperation with China in the BRI highly depends on the ability of Vietnam in handling the risks caused by China. Protecting territorial sovereignty and national independence is always a vital task. The Communist Party of Vietnam (CPV) will find it hard to retain its political legitimacy if it fails to accomplish this task. As for thousands of years in relations with China, the relationship needs to be well-handled and to ensure stable development environments.

The perception of Vietnamese people: hostile and resisting attitude

It is a fact that Vietnamese people often have negative views on China. According to a survey conducted by the Pew Research Center, 80% of the Vietnamese population views China negatively and consider China’s power and influence as the top threat. This stems from long-standing history between the two countries with China’s wars of aggression and Vietnam’s wars of anti-aggression. Most recently, the Sino-Vietnamese war that caused heavy losses of life and property is still imprinted in the minds of Vietnamese people. This war, along with more than 10 years of border tensions launched by China, showed how brutal China was.
More specifically, this Initiative was launched when tensions in the South China Sea were escalating. As a result, Vietnamese people have their own reasons to cast doubt on China’s true intentions in this strategy which can be seen as a tool to enhance economic and political influences. This is especially urgent in the view of intellectuals who question the issue of substantive relations with China: whether China is still a good comrade, good neighbor and good friend as Vietnam leaders often repeatedly say. Many people believe that China’s recent aggressive actions in the South China Sea have put an unavoidable question to the 16 golden words (namely friendly neighborhood, comprehensive cooperation, long-term stability and future orientations) and spirit of 4 goods (good neighbors, good friends, good comrades and good partners). In recent years, the wave of nationalism has surged amid escalating tensions between the two countries. The mass protests against the Administrative Economic Special Zone draft law are a typical example. While there is no word in the draft law mentioning China but the vast majority of the Vietnamese people understands it in that direction. They claimed that a 99-year lease contract for Chinese people was the concession that only poor and inferior countries can make. They also warned it could be used by the neighboring China to induce its people’s migration into Vietnam which would cause security concerns. The protests reached their peak in June 2018 across the country including Hanoi and Ho Chi Minh City, especially in Binh Thuan province. On 11th June 2018 with 85% of Congressmen’s approvals, the National Assembly of Vietnam suspended indefinitely the draft law due to negative reactions and opinions from the public.

Beside the concerns about national security, the Vietnamese are worried about the issue of loans from China. To them, the Asian Infrastructure Investment Bank (AIIB) with generous loans is just a bait. These loans are not cheaper than the other sources either. Excessive loans from China to build key infrastructure works may produce negative consequences for the economy and the national security. Although there has still been no project officially funded by the BRI, many of Vietnam’s key projects got Chinese loans under various sources. According to a member of National Assembly of Vietnam, most of Engineering Procurement and Construction (EPC) contracts of Vietnam are undertaken by Chinese contractors (Le, 2013). In addition, there are also many urban and highway projects that Chinese contractors won the bids such as Cat Linh-Ha Dong, Hanoi-Hai Phong, Noi Bai-Lao Cai highways and so on. However, many of these major projects with national importance caused serious problems such as the increase of investment capitals, slow progress, and environmental pollution. For example, the Cat Linh-Ha Dong urban railway plan has been delayed to be put in use 5 times and has an increase of 205% compared to initial investment capitals. This is the project most criticized by public opinions with many rhetorics such as "king of delay", "a 13-km bone".

Vietnamese businesses’ views and their economic considerations: cooperative and competitive niche

From the market views, there are some perceptions that can be found depending on characteristics of their businesses. Importers and exporters which have trade relationships with China, normally have a quite positive stand. There is an undeniable fact that China goods have advantages that no single country can compete with: cheap and diversified in models. Therefore, they are quite suitable for a developing country of low per-capita incomes like Vietnam. A China of 1.4 billion population is obviously a huge market for Vietnamese exports. In addition, by constructing infrastructure projects, such as roads or railways, connecting Southern China and countries in the Greater Mekong Sub-region, Vietnam’s businesses reserve a bright outlook because of reduction of logistic cost and time. While infrastructure is one of the key bottlenecks, this Initiative can meet those requirements.

On contrary to the importers and exporters, manufacturers doing business in the domestic market show a more negative view when economic exchanges become more extensive and free
between the two countries. While Vietnam’s enterprises are quite small, China’s large scale enterprises with financial abundance, advanced technology and flexible adaptation can overwhelm the market easily. In terms of fair competition, it is also difficult for Vietnam’s enterprises to compete with them. Recently, tremendous Chinese construction enterprises have been constructing most of Vietnam’s key projects as mentioned above.

Yet concern of Vietnam’s businesses is subject to the common sentiments of Vietnamese people to the BRI. It is a certain reserve regardless of whether they are getting benefits or not getting benefits from trade with China. When public opinions show their doubts about the Initiative, Vietnam’s businesses would seek to diversify the supplies of materials and output markets for their products. The reason is they are concerned that if Vietnam-China relations become worse, their businesses will be affected. For example, the 2014 China-Vietnam oil rig crisis affected heavily trade and hospitality industry of Vietnam. Agricultural products were unable to be exported to China then. The number of hotel bookings decreased and cancelations increased during that time because tourists feared a conflict would occur between the two countries. It was estimated that the Vietnamese tourism market lost about 1 million Chinese visitors in 2014. Therefore, if they did not have anti-China sentiment before, they would indirectly have it if China takes actions that strain the relations between the two countries. Herein, the negative view of China sometimes comes from the pragmatism of their thinking.

Based on the above analysis of Vietnam’s perceptions of the BRI, it is clear that: the perception of the political elites is profound and comprehensive; the perception of the Vietnamese people, which is somewhat under the influence of the populist stance, is impulsive and nationalist; the perception of the business community is pragmatic and rational. With its unique power position in a one-party state, the perception of political elites is the decisive foundation in Vietnam’s foreign policy toward China. Of course, they also take into considerations the opinions and reactions from the market and the public. Although these three level perceptions may seemingly contain some senses of situational contradictoriness and ambiguity, they all meet each other in the country’s strategic efforts to manage possible risks and threats from China and maximize the benefits Vietnam expects to extract from her relations with the great neighboring power.

Vietnam’s strategies toward the belt and road initiative

Balancing strategy: traditional consideration and autonomy

In the context of an asymmetrical relationship, Vietnam “has had a more acute sense of the risks” (Womack, 2006). Therefore, balancing with China by reinforcing military power is essential. It should be stressed that the increase in military capacity is unlikely to change the status quo between the two countries. However, on the one hand, it is to ensure that Vietnam can withstand China’s preemptive attack and, on the other hand, it aims at making China take into account the cost of war. It also creates the necessary weight to reduce political dependence on China in case China projects its strategic influence through the BRI. Army modernization thus is the goal of the Vietnamese government in the present era. Vietnam’s defense budget is more than twofold within 8 years from US$2.67 billion in 2010 to US$5.5 billion in 2018.6

In response to the new situation, especially the tensions in the South China Sea, Vietnam’s strategy has changed fundamentally. It is the reduction of the army and the expansion of the navy and the air force. Most defense procurement programs are primarily implemented to ensure this priority. In recent years, the weapons purchased by Vietnam are highly appreciated by the world military experts for their level of modernity and technical-tactical characteristics that are superior to weapons of the same kinds. According to Stockholm International Peace Research Institute (SIPRI) data, in the five-year period from 2014 to 2018, Vietnam’s import value of weapons has accounted for 2.9% of the total global procurement on defense equipment, ranking 10th
among countries purchasing the most defense equipment. In 2016, President Barack Obama’s approval signing of complete abolishment of the US’s embargo on sales of lethal weapons to Vietnam has made it possible for Vietnam to diversify its weapons supplies from the United States as well as its allies. This allows Vietnam to further enhance its defense capacity and thus better cope with external military threats such as China.

Besides, Vietnam also plans to develop a domestic defense industry through military contracts with former socialist allies, India, France, and Israel, etc. Vietnam’s defense industry has been gradually modernized and able to meet the needs of military equipment and basic weapons. Deputy Defense Minister Nguyen Chi Vinh affirmed that the current rate of armed equipment made by Vietnam is now greater than before, demonstrating Vietnam’s self-reliance on weapons (Vnexpress, 2019). According to Global firepower, Vietnam is ranked 22nd in the 2020 Military Strength Ranking and remains the second strongest military power in South East Asia. With improving military capability, Vietnam declares that it can respond to wars of aggression, an implication for China.

The balancing strategy proved to be effective, but an increasing military power would inevitably cause concerns for China. In addition, Vietnam is also hard to find a reliable ally. Although the US is the most suitable choice, there is a big difference in the political systems between the US and Vietnam. Especially after coming to power, President Trump has repeatedly made statements against socialism. Therefore, only focusing on balancing is an unwise strategy, Vietnam might miss the opportunity to take advantage of the economic benefits from the BRI for its economic prosperity which is considered a top priority. Bandwagoning may simultaneously be used as a complementary option to gain its goals.

**Bandwagoning strategy: realistic choice and interests**

Regarding Vietnam’s foreign strategy, Vietnamese leaders always attach great importance to the development of friendly, peaceful relationship and comprehensive cooperation with China. This is one of the top priorities in Vietnam’s foreign policy. Since the normalization, China-Vietnam relations have broadened in many fields, especially political and economic fields. Politically, Vietnam has been reinforcing and strengthening her traditional relationship with China. In recent years, a series of high-level visits between leaders of the two countries have taken place. Beside high-level visits, Vietnam and China have also implemented many cooperation mechanisms between two parties, two governments. Through these visits, leaders of the two sides can exchange leadership experience, development strategies in building socialism, protect the leadership of the two Communist Parties, strengthen mutual trust, resolve disputes or disagreements.

Economically, in recent years, China has become the biggest trading partner of Vietnam. In 2019, the total trade volume between Vietnam and China reached US$116.866 billion, of which, Vietnam’s exports were US$41.414 billion and imports up to US$75.452 billion. The Chinese market accounted for 22.6% of the country’s total import-export turnover, especially the share of import turnover from China accounted for nearly 30%. Vietnam is the 8th biggest trading partner of China and the biggest one in ASEAN. Vietnam also participated proactively in the founding of the AIIB. This cooperation is more likely to create a win-win situation, especially for Vietnam (Soong, 2018). Being a founding shareholder, Vietnam can take advantage of an important source of capital to finance the country’s infrastructure development. Demand for investment capital for infrastructure in the current period is very big. According to the World Bank’s estimation, this demand will reach US$25 billion per year. Vietnam has become a middle-income country so that Official Development Assistance (ODA) capital will be reduced. This is not a small challenge. Therefore, the AIIB can fill this gap. Another important thing, loans from the AIIB is seemingly “safer” than loans from financial institutions of Chinese government such as the China Development Bank or the Import-Export Bank of China and so on. Anyway, the AIIB
is still a multilateral bank with shareholders from many countries, where loan decisions are made collectively. So it will reduce the negative elements such as political influence and corruption in loans.

In addition, in dealing with the Covid-19 epidemic which has been spreading rapidly, Vietnam has strengthened cooperation with China to prevent and control the disease. Vietnam and China are closely coordinating in the management of trade and transportation between the two countries. To ensure the interests of both sides, Vietnam only blocks small roads or paths between the two countries, but not shut down the Vietnam-China border. All goods or means of transportation are strictly quarantined to prevent the spread of the coronavirus when the best conditions for trade between the two countries are still ensured. Vietnam has also donated medical equipment including ventilators, antiseptic clothes, gloves and medical masks totaling US$500,000. Although it just has symbolic meaning, it will strengthen the solidarity between the two countries.

The employment of a pure bandwagoning strategy might have helped Vietnam in regime protection and economic development. However, if relying too much on China economically, Vietnam may fall into its debt trap that other countries are also seriously concerned. In addition, politically if considering China as the life savior in maintaining the survival of the regime, Vietnamese may lose its autonomy and sovereignty in many other matters, especially in territorial disputes. If this problematic dilemma is not properly handled, the Communist Party of Vietnam is difficult to retain its legitimacy. It is clear that Vietnam needs to develop an instrumental and more flexible but not less effective strategy to not only take advantage of economic opportunities and political supports but also minimize risks from them. It is hedging strategy.

**Hedging strategy: pragmatic and flexible application**

Since the 6th Congress, the Communist Party of Vietnam has diversified and multi-lateralized its foreign policy to seek good relations with all countries and international organizations. These bilateral and multilateral relations have contributed to creating favorable international conditions for economic development as well as reducing influences from the Northern neighbor. "If we want to tame China, we have to show China that we have many friends. If we only have relations with China and China considers us as a weak and isolated country, they would be very tough on us" (Tran, 2003). It could be seen as Vietnam’s multi-facet, comprehensive and dominant strategy to hedge against China in general and its ambitious BRI influences in particular in the recent time. Actually, the more Vietnam deepens her comprehensive relations with China, the more intensively Vietnam develops her respective relations with important partners in the region and the world. This strategy not only works as an insurance policy against possible risks (balancing), but also can work as comparative benchmarks, a sort of international standards and requirements to help stimulate the existing relations with China (bandwagoning).

One of Vietnam’s most important partners is the United States. Despite being only a comprehensive partner of Vietnam, it plays a crucial role in dealing with China. Firstly, the United States is the world’s number one military superpower, therefore only the US can challenge and contain China. Secondly, the US is also the number one economic superpower, a huge market for Vietnamese goods. Thirdly, Vietnam and the US share common concerns about China’s aggressive actions in the South China Sea. While Vietnam and China have territorial disputes, the US also wants to maintain dominant role as well as ensure freedom of navigation in the region.

Vietnam-US relations over the past years have become increasingly cooperative and substantial in term of political and economic ties. Politically, along with high-level visits between Vietnamese and Chinese leaders, many high-level visits were taken place between the leaders of Vietnam and the US. These visits reinforce the friendly relationship between the two countries. Notwithstanding bilateral cooperation on security and defense has been just strengthened recently, this area has attracted international attentions. The two sides have reached a number of
landmark agreements. The cooperation has taken place in many aspects: delegation exchanges at different levels, war consequence settlement, military training cooperations, sharing UN peacekeeping experiences. However, in order to avoid unnecessary misunderstandings from China, Vietnam constantly declares that this relationship does not harm or cause concerns to any country. Generally, in the view of Vietnam, the defense tie with the US is sort of gradual moves, rather than of breakthroughs. Leaning too close on the US will greatly harm Vietnam-China relations. Therefore, Vietnam will take slow but firm steps in order to not fall into the political spiral between the two great powers.

Economically, Vietnam-US economic relations have gained great achievements. In 1995, the year Vietnam and the United States had their relations normalized; trade volume between the two countries was only US$450 million, in 2018 it increased to over US$60 billion. Regarding trade volume, the United States ranked third among more than 200 countries and territories which have trade relations with Vietnam. Developing trade relations with the US is expected to help Vietnam reduce its economic dependence and trade deficit from China. In order not to borrow too much from the AIIB as well as various sources from China in raising capital for infrastructure construction, Vietnam has cooperated with the US. In 2019, Vietnam and the US signed a cooperation framework to finance infrastructure development projects. This cooperative initiative will contribute to mobilize private capital sources helping Vietnam achieve its infrastructure development goals.

India is also another important partner of Vietnam. India and Vietnam have also built strategic partnerships, including extensive cooperation in defense and strengthening regional security. While Vietnam considers India to be one of its most important partners, India also considers Vietnam to be one of the pillars of its “Look East” policy. In recent years, facing the rise and expansion of China, especially territorial disputes, Vietnam has strengthened close relations with India. In 2018, Vietnam invited India to participate in the first bilateral naval exercise between the two countries. India also regularly sends its warships on goodwill visits to Vietnam’s territorial waters. In 2016, with permission of Vietnamese government, India built satellite tracking station in Southern Vietnam that can keep eyes on China’s activities in the South China Sea. Besides, India has also regularly voiced its support for Vietnam in territorial disputes in the South China Sea.

The Russian Federation is one of three comprehensive strategic partners of Vietnam. Vietnam cooperates closely with Russia in two fields: military and oil extraction. Russia is the most important country to help Vietnam strengthen its military capacity. Most of Vietnam’s modern military equipment is imported from Russia; some of them are advanced military equipment from kilo-class submarines to advanced jet fighters that could be deployed in the South China Sea. In recent years, after the failure in cooperating with two partners, India’s Oil and Natural Gas Corporation (ONGC) and Spain’s Repsol group (due to pressure from Beijing), Vietnam has invited PJSC Rosneft Oil Company, a leading oil company in Russia, to jointly exploit oil and gas in the South China Sea. Currently, the warm relationship between Russia and China is an obstacle for Vietnam. However, in long term, Russia would be concerned about Chinese influence over Central Asia, which is its traditional sphere of influence. Therefore, Russia can be an important partner of Vietnam to discourage Chinese aggression.

Japan, the first country in G7, established a strategic partnership with Vietnam. In March 2014, the two countries upgraded their relations to the level of extensive strategic partnership for peace and prosperity in Asia. Based on similar strategic interests in containing China, Japan is the most capable power helping Vietnam to resist China’s influence. Japan is currently Vietnam’s leading important economic partner. It is Vietnam’s fourth largest trading partner with trade volume up to US$39.9. Regarding Foreign Direct Investment (FDI), Japan ranks the second (after South Korea) among countries and territories investing in Vietnam with a total registered capital of US$59.3 billion in 2019. Japan has tensions with China regarding historical issues and
disputes in the East China Sea. Because there are no major contradictions, Vietnam-Japan relations has high reliability. Japan helps Vietnam on defense as to keep the balance of power in the region. One obstacle is that the Article 9 of the Japanese Constitution forbids the use of Japanese forces in settling international disputes. However, in a recent new evolution the Japan’s government has tried to reinterpret this Article to pave the way for military actions beyond the country border. Vietnam voiced to support this move, an implication for the Japan’s help in South China Sea disputes.

For EU, Vietnam highly values EU’s role and position in the world as well as in the region. Therefore, recently, Vietnam has strengthened its relations with the EU amid the increasingly tense situation in the South China Sea. In 2012, the two sides signed the Comprehensive Partnership and Cooperation Framework Agreement (PCA) which creates an important legal framework to expand Vietnam-EU relations toward equal, comprehensive and long-term cooperation. The EU is now one of Vietnam’s leading trading partners. Exports to the EU account for 15.7% of total exports of Vietnam.18 Imports from the EU account for 5.9% of Vietnam’s total imports.19 Regarding investments, most EU member states and large corporations have invested in Vietnam. FDI from the EU’s members ranks fourth among countries and territories investing in Vietnam. The rapport between the two sides has made a great turning point by the signing of European-Vietnam Free Trade Agreement (EVFTA) that will help Vietnam’s export turnover to the EU increase. Politically, in 2019, Vietnam signed with the EU the Framework Partnership Agreement (FPA) marking a new development between Brussels and Hanoi. Besides, Vietnam is also the first country in the Association of Southeast Asian Nations (ASEAN) and the second partner country in Asia to sign this agreement with the European Union. By signing such new generation agreements, Vietnam’s comprehensive national interests of security, political and economic stability would become main concerns in the EU’s foreign policy. With its stance in supporting Vietnam in the South China Sea dispute, the EU can be the third party, which has weight to mediate these disputes.

Being a dynamic regional organization, ASEAN is a significant diplomatic channel, which Vietnam has taken advantages to reduce economic and political influences from the BRI (Soong, 2018). ASEAN will put China into interdependence network and therefore complicate Chinese calculations. Economically, the ASEAN Economic Community (AEC) can be an important market to balance economic influence from China. AEC is a common market with a population of 650 million and annual GDP of US$3,300 billion.20 Therefore, ASEAN is a large market for goods and services of Vietnam. For years, ASEAN has been Vietnam’s leading trading partner. Exports to ASEAN countries account for 9.4% of Vietnam’s total export volume in 2019.21 ASEAN countries are big investors in Vietnam such as Singapore, Malaysia and Thailand. Vietnam also cooperates with ASEAN countries extensively through the Association’s multilateral free trade agreements with India, South Korea, Japan, Australia and China. China not only confronts with Vietnam but also a group of ten countries.

Regarding the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Vietnam is one of the founding members who draft the rules of the game. The CPTPP is obviously a great effort initiated by the US to deal with China’s ambitious BRI. This is one of the turning points in the process of international economic integration of Vietnam. Economically, Vietnam can benefit significantly from expectedly higher GDP growth, exports and foreign direct investment (FDI) attraction. In addition, because of many incentives from the CPTPP, not only investors from member countries but also other investors from ASEAN also come to Vietnam market to gain more benefits. Although China will still be Vietnam’s largest trade partner in the near future, by signing this agreement, with the commitment of tariff reduction to 0%, China’s economic influence on Vietnam would not be as high as now. Besides, some of strict regulations on the origin of products will be expected to enhance the position of Vietnam products compared to China (Le, 2015). Strategically, by integrating Vietnam further into regional trade and production networks, the agreement would also help Vietnam improve its strategic position not only
among member countries but also in the world. The CPTPP will become a strategic tool for Vietnam to promote not only its economic prosperity but also its national security.

For more than thirty years of Renovation, Vietnam has learned a lot to improve its national strategies in general and its foreign strategy toward China in particular. Instead of pursuing pure bandwagoning and balancing strategies which respectively lead to heavy dependence on China and/or risky challenges to the super power, Vietnam has deliberately developed its hedging strategy which artfully combines its soft and hard stances toward China. This strategy also takes into its pragmatic calculations both domestic and international situational changes flexibly.

The linkage of perception and strategy toward China

From the above discussions of the Vietnamese’s perceptions and their all-around strategies, some further analyses hereafter can help to have deeper insights into the dialectical relations between the Vietnamese’s perceptions and the country’s strategies toward China in general and its BRI in particular. The former serves as rational justification and moral legitimacy providing guiding principles for the latter. The latter works as necessary practical adjustments for the former.

It is widely believed that a long history suffering from bloody wars and invasions from the Northern neighbor together with recent and present experiences in dealing with China has taught the Vietnamese a lot. Although the politics, the market and the civil society in Vietnam may not share exactly the same detailed opinions concerning China, they never have any conflict in perceiving that China was, is and will still be the biggest, hardest and most annoying challenge to the country.

There is no surprise when the Vietnamese’s beliefs of a China being too aggressive, chauvinist, expansionist, at the same time so powerful make the Vietnamese keep a stand-by fear as well as anger or even hostility toward China. The Vietnamese also strongly believe that China is unreliable and unpredictable. That is why the Vietnamese keep being suspicious in many kinds of relations with China. Such perceptions find their respective expression in the strategies Vietnam utilizes to defend its national core interests and values. Vietnam always tries to develop not only its military power, strengthens its international position but also tighten its diplomatic, political and military relations with major powers in the world to at least tame the hot heads in Beijing. At the same time, of course, Vietnam is quite small so that too hard balancing measures are irrational. This strategy has been tactfully managed, a well-managed balancing strategy. Bloody wars against China have never lost their bitter meanings in the minds of the Vietnamese people. This sort of realist stance puts a lot of consideration, even hesitation on Vietnam’s strategic decision to join the BRI.

Paralleling the quite negative perceptions toward China, the Vietnamese also see from the history of its relations with China, as well as the current situations, a powerful China of modern sciences, advanced technology, developed economy, rich culture, and similar political system. Such facts cannot be turned away and have always induced a sense of eagerness in the Vietnamese. The Vietnamese therefore believe that Vietnam cannot ignore this tempting source of not only economic, technological benefits but also tactical political supports. Such perceptions translate themselves into the current bandwagoning strategy that Vietnam is employing quite well.

Practically finding it impossible to take either pure balancing or pure bandwagoning strategies, the Vietnamese believe that they need to employ a more eclectic way: hedging. This strategy has been employed comprehensively in various spheres of relations between not only Vietnam and China, but also between Vietnam and other powers whose interests and positions may have influences on the Vietnam-China relation. This strategy is perceived by the Vietnamese as an artful combination of balancing and bandwagoning, of hard and soft powers, of high and low politics, of domestic and international politics, etc. This strategy is where necessary and deliberate
tradeoff, compromise, concession can be made to protect and defend the ultimate national goals of independence, autonomy, sovereignty and integrity.

On the one hand, this hedging strategy well expresses the Vietnamese’s rational calculations of China and their country’s comparative strength and position regionally and internationally. Say, small country desires to join the big game set and ruled by the giant to extract comprehensive benefits and at the same time tries to protect its vulnerable position by carefully deliberated and well managed measures. On the other hand, this strategy shows clearly the Vietnamese’s perceptions and sentiments toward China and its hidden intentions. Say, a complicated mixture of fears, doubts, hostility and eagerness, desire, even admiration and jealousy.

In fact, this strategy has been somewhat successfully carried out by Vietnam. It can take advantage of the various Vietnam-Sino relations to develop its economy, improve its regional and international position. At the same time, Vietnam can employ its improved strength and position as well as its bilateral and multilateral relations with China and other major powers to bind China and tame down China’s hard realist calculations toward Vietnam. In the case of BRI, Vietnam has a reasonable approach. It deliberately welcomes the Initiative in any of its official statements but carefully considers both pros and cons. In reality, Vietnam has prepared well for any unfavorable situation and unexpected consequences when it makes strategic decisions to join the BRI. Vietnam’s simultaneous decision to proactively join the CPTPP and reasonably approach the BRI is one of typical evidences to prove this contention.

In short, the Vietnamese’s perceptions and intentions, whether they come from the politics, the market or the civil society, have always played a guiding and influential role in most of aspects of relations between Vietnam and China, in most of strategies Vietnam employs; especially in those dealing with the BRI. In other words, Vietnam has quite successfully translated the nation’s and the people’s core perceptions, intentions and values into its practical strategies, especially the hedging strategy, to protects its national interests. This hedging strategy contains in itself two main forces: pulling and pushing, or tempting and resisting in which the latter appears to be more dominant. It may take time to see any changes in this pulling-pushing relation, which shows the Vietnamese’s perceptions toward China as well as its ambitious BRI.

Based on above analysis, to make a clearer concluding view on Vietnam’s strategies toward China, it is better to evaluate them figuratively (Table 1). Each strategy is measured at three degrees of which are respectively strong, mild and weak. Regarding the state’s strategy preference with its comprehensive and profound perceptions, its most favored is hedging. In other words, hedging is given the highest value on the evaluation scales at the strong level. The other two strategies would be treated as mild. For the society, its perception is quite sentimental and nationalistic; therefore balancing strategy is given the highest value: strong. The other two would be mild. In case of the market, when trading with China is considered as source of economic benefits, bandwagoning and hedging strategies are strongly prioritized. For the businesses, balancing strategy would be too aggressive and risky to maintain their economic interests; therefore, it would be somewhat weakly treated.

**Conclusion: hedging combining with resisting, balancing, and bandwagoning**

Vietnam’s strategies toward China and its BRI are a mixture of seemingly contradictory policies, which show either their supports (bandwagoning strategy) or denials (balancing strategy) or both
simultaneously. Actually, Vietnam’s strategies should not merely and simply be seen as pure bandwagoning, resisting, or pure balancing. They are in fact hedging strategy, which is a flexible combination of bandwagoning, resisting, and balancing strategies, working comprehensively in various spheres.

This complicated mixture has its root from the Vietnamese’s seemingly contradictory perceptions toward China and its strategic intentions in general and its ambitious BRI in particular. The Vietnamese believe that China is a constant threat due to its unpredictable and unreliable, aggressive actions in the spheres of politics and security. At the same time, the Vietnamese also perceive that a powerful China of developed economy, modern science, technology, rich culture and similar political system could benefit Vietnam’s development. Such complicated perceptions working as guiding influences lead to the implementation of Vietnam’s hedging strategy. This strategy is a platform for necessary and deliberate tradeoff, compromises and concessions to be manipulated, for protecting and defending the ultimate national goals of independence, autonomy, sovereignty and integrity.

Notes
7. According to Stockholm International Peace Research Institute (SIPRI) data
12. Ibid
19. Ibid.
21. Ibid.
References


