

Vietnam's Policy over South China Sea: Potential for Conflict Escalation?

Mustafa TÜTER¹

Abstract

The South China Sea dispute is a major foreign policy issue for Vietnam with regard to its security and economic interests as well as its relations with other regional and major powers. Vietnam's policy over the SCS creates significant implications for regional stability as Vietnam engages with China and the US. In recent years, it tends to move towards diversification of its diplomatic and military options with other non-claimant states such as Japan, India and Russia. These diversification attempts are also strongly associated with energy security matters. This article argues that potential risk for conflict escalation in the SCS is growing not only because of China's growing influence in the region but also because of its increasing energy security concerns. In this regard, Vietnam's concerns over security interests, but particularly energy security concerns, set limits for Vietnam-China cooperation. Thus, the newly adopted energy policy orientation presents potential risks for the future relations between the two countries. It is suggested that there is an urgent need to take certain actions to prevent potential conflict escalation in the SCS in the coming years.

Keywords: Vietnam, South China Sea, China, the United States, policy diversification, energy security, conflict escalation

Vietnam'ın Güney Çin Denizi Politikası: Çatışma Tırmanma Potansiyeli

Mustafa TÜTER¹

Özet

Güney Çin Denizi, Vietnam'ın güvenlik ve ekonomik çıkarları ile bölgesel ve büyük güçlerle ilişkileri açısından en önemli dış politika sorunudur. Çin ve ABD ile geliştirdiği ilişkilere bağlı olarak şekillenen Güney Çin Denizi politikası bölgesel istikrar üzerinde önemli etkiler doğurmaktadır. Son yıllarda Vietnam'ın bu politikası Güney Çin Denizi'nde hak iddiasında bulunmayan Japonya, Hindistan ve Rusya gibi devletlerle diplomatik ve askeri tercihlerinin çeşitlendirilmesi istikametinde ilerlemektedir. Bu politika çeşitlendirme çabaları aynı zamanda enerji güvenliği meseleleriyle yakından ilişkilidir. Bu makale çatışma tırmanmasına yönelik potansiyel riskin sadece Çin'in bölgede artan etkinliği sebebiyle değil aynı zamanda Vietnam'ın artan enerji güvenliği kaygıları nedeniyle büyüdüğünü iddia etmektedir. Vietnam'ın güvenlik çıkarlarına dönük kaygıları, ama özellikle enerji güvenliği kaygıları, Vietnam-Çin işbirliğini sınırlandırmaktadır. Dolayısıyla Vietnam'ın son yıllarda izlediği enerji politikaları yönelimi iki ülke arasındaki ilişkilerin geleceği açısından ciddi potansiyel risk oluşturmaktadır. Bu bağlamda önümüzdeki yıllarda Güney Çin Denizi'nde ortaya çıkması muhtemel çatışma tırmanmasını önlemek için acilen gerekli adımların atılması önerilmiştir.

Anahtar Kelimeler: Vietnam, Güney Çin Denizi, Çin, ABD, politika çeşitlendirilmesi, enerji güvenliği, çatışma tırmanması

INTRODUCTION

After China adopted a new maritime policy towards the South China Sea, the tensions among claimant states have arisen seriously. While China has become more assertive in claiming its own sovereignty rights, the provocations of non-claimant states have been heavily involved in the dispute and the suspicions of claimant states have also been increased. Vietnam, like Philippines, confronts on the front line of maritime disputes with China. Although Vietnam had chosen to navigate policy disagreements in the last decades, the risk of potential conflict grows as the disputes continue to intensify. Since Vietnam is a major claimant state in the South China Sea, its views and actions can produce significant impact on escalating tensions. As a matter of fact, Hanoi commemorated anniversary of a battle against the Chinese navy this year on March 14 (Hanoi Times March 14, 2022). It marks a new stand for further development since the Prime Minister, Pham Minh Chinh, officially attended the ceremony for the first time in history. The shifting attitude indicates that Vietnam government intends to give a clear signal about its maritime sovereignty and security concerns.

Philippine's submission to the Arbitration Court in 2013 marked an important turning point in terms of internationalization of the SCS maritime disputes. This event led the issue to be grown and transformed into geopolitical competition between great powers and other regional states (Yılmaz and Liu, 2019). With the invitation to external powers to the issue and the Court's final decision in favoring Philippines, China's official policy of "dual-track thinking" became jeopardized. In dual-track-thinking, China aims to manage the maritime disputes by taking the question of sovereignty in bilateral negotiations and resolving the non-sovereign disputes through regional multilateral diplomacy (Zhou, 2016: 878). So, Beijing agrees to advocate the ASEAN's role in building consensus on the SCS code of conduct among claimant states. However, the Arbitration process also made ASEAN to be divided internally mainly because of the involvement of external powers.

It is important to recognize that China and Vietnam have experienced several violent conflicts since the beginning of the Cold War. Their sovereignty disputes over the Paracel Islands and Spratly Islands and the related disputes over demarcation of their respective exclusive economic zones (EEZ) have not been resolved peacefully yet. The China-Vietnam conflict over the SCS does not only create military tensions and potential for armed conflict but it also reduces the improvement of political and economic cooperation between the two powers. While China has become confident to manage Vietnamese challenges with its growing political and economic influence, Vietnam attempts to navigate its economic and security interests by applying smaller power approach in its relations with great powers (Path, 2018). Although the expectations for Vietnamese long-term accommodation of Chinese security interests have been widely examined in the existing literature in recent years, exploring the increasing potential conflict escalation over the SCS based on newly emerging energy security concerns are neglected. Therefore, this article aims to explain why Vietnam take a position between cooperation and struggle over the SCS by addressing the likelihood of increasing potential risk for conflict escalation between Vietnam and China in the coming years. Vietnam's increasing concerns for energy security and its new policy orientations tend to reduce Vietnam-China cooperation and presents potential for conflict escalation.

Within this general analytical framework, this article first analyzes Vietnam's engagement with China in recent years. Second, it addresses Vietnam's enhanced security ties with the US especially after the implementation of US' FOIP strategy has become more visible. Third, it also examines Vietnam's efforts to diversify its diplomatic and military policies by establishing new ties with other major powers. Fourth, Vietnam's increasing security concerns are evaluated through its recent energy policy priorities and orientations. And finally, this article makes some suggestions for preventing potential conflict escalation between Vietnam and China in the SCS.

Vietnam's Strategic Policy over South China Sea

Theoretically, ASEAN individual states' strategic responses with respect to great powers are characterized by "hedging". The main purpose of hedging strategy is to preserve national autonomy and avoid policy dependency on any external power. For instance, Kuik defines hedging as "insurance-seeking behavior under high-stakes and uncertain situations" and puts emphasis on deliberately contradictory policies vis-a-vis competing powers (Kuik, 2016). On the other hand, Goh describes hedging as more of "an unconscious, reactive and default option" given the inability of ASEAN states to make concerted strategic decisions (Goh, 2016). As far as it is concerned, Vietnam's hedging behavior

can be understood more specifically as “balanced hedging”, which means maintaining defence ties with the US while keeping deeper economic and diplomatic ties with China (Shambaugh, 2018: 102). So, this type of hedging always implies projecting balancing measures and relative equanimity. Womack’s asymmetry theoretical framework for analyzing Vietnam’s relations with China suggests a different perspective which emphasizes the disparity of national capabilities and their impacts on the differences in risk perception, attention and interactive behavior between a larger state and a smaller state (Womack, 2006). What is important here is to recognize that China and Vietnam have always had an asymmetrical relationship, but it does not mean that China was able to dictate what it wants from Vietnam.

Vietnam’s SCS strategy driven by hedging logic in its relations with China can be formulated as “cooperating and struggling” behavior (Tran and Sato, 2018; Do, 2017). As it is understood, this strategy involves contradictory logic to manage the SCS dispute. While it refers “cooperation” with China and other claimant states as much as possible with an aim to reduce tensions, Vietnam also “struggles” with them in order to preserve its core interests (Thayer, 2016).¹ However, Vietnam’s strategic approach is combined with improved balancing measures particularly against China since 2010. These balancing measures include internal and external elements such as increasing its military and maritime law enforcement capabilities, fortifying its outposts in the Spratlys, preparing battles with China and strengthening strategic ties with the US and other major powers.

Moreover, Vietnam also puts a great deal of diplomatic effort to use ASEAN mechanisms in order to achieve better results for the peaceful resolution of maritime dispute. After Vietnam joined ASEAN in 1995, the mechanisms of ASEAN became the central part of its SCS strategy for dealing with maritime disputes. ASEAN as a multilateral institution provides Vietnam to keep the SCS dispute on the organization’s agenda and an opportunity to internationalize the issue. For instance, the ASEAN’s Leaders’ Vision Statement issued on 26 June 2020 by the 36th ASEAN Summit was shaped in accordance with Vietnam’s expectations. The Vision statement strongly addresses the importance of maintaining maritime security and promoting peace, stability, safety and freedom of navigation and overflight above the South China Sea, as well as upholding international law, including the 1982 UNCLOS, in the South China Sea (ASEAN, 2020).

In the past, Vietnam and the Philippines played key roles in drafting the 2002 Declaration of the Conduct of Parties in the South China Sea. However, the Declaration is not sufficient itself because it is a non-binding document. For that reason, Vietnam contributed to formulate a Code of Conduct for the South China Sea with an aim of helping management of disputes. Vietnam is especially concerned with a code to be “substantive and effective, in accordance with international law, especially 1982 UNCLOS” (Tra November 22, 2018). When the discussions were made during the meetings on a Single Draft Negotiating Text in 2018, Vietnam has demonstrated its willingness for a long list of demands, which means to apply the future code to the whole South China Sea and make it a legally binding document. In addition to that Hanoi has insisted on effective enforcement and dispute settlement mechanisms, including legal arbitration. It has concretely proposed 27 additional points referring to different dimensions of managing the South China Sea dispute (Thayer, August 3, 2018).

By the end of 2020, however, the negotiations between ASEAN and China has interrupted mainly because of the significant differences between Vietnam and China. Vietnam has taken a position not to rush the negotiation in a way that sacrifices the code’s substance and effectiveness. In the negotiations, Beijing favours having veto power on joint military exercises with external powers and preventing companies from outside the region from resource exploitation. While Vietnam asks the code to apply extensively including the maritime issues in the Paracels, China prefers to limit the geographic scope to the Spratlys. Vietnam also demands to create a monitoring commission with respect to its implementation (Hoang, September 28, 2020).

Vietnam is one of the claimant states which shows a strong reaction against China’s nine-dash line claims in the South China Sea. Vietnam’s territorial dispute with China is related to the two archipelagos of Paracels and Spratlys. It claims historical rights for having control over those territories for centuries. Vietnam’s claims are reflected in the two white papers on SCS which were published in 1975 and 1988 (Anh, 2016: 374). Later on Vietnam continues to articulate its claims over sovereignty rights with other diplomatic notes and letters on the UN platform. For example, in 2016, Hanoi stated that it “has ample

¹ This strategic principle first appeared in the Communist Party official documents in 1994, but it is still articulated by policymakers in Vietnam.

legal basis and historical evidence to affirm its indisputable sovereignty over Hoang Sa (Paracel) Archipelago and Truong Sa (Spratly) Archipelago” (UN Document, June 13, 2016). So, Vietnam’s diplomatic perspective on the SCS is mainly based on proclaiming that China has no historical right on territorial sovereignty over the islands.

Vietnam’s policy over the SCS is built upon three pillars. First, Vietnam advocates its sovereignty claims and rights to EEZ and continental shelf over Paracels and Spratlys by proving sufficient historical evidence and legal foundation (Vietnam Ministry of Defence, 2019: 31). Second, it stands in a position being against use of force and supports the idea of peaceful resolution to the dispute in accordance with international law, especially UNCLOS. Third, in order to reach such a solution, Vietnam is ready to work with other parties to manage the dispute and protect regional stability. Vietnam’s SCS policy is consistent with its overall defence policy, which posits “three nos” principle: no military alliances, no foreign bases on Vietnam’s territory and no relationship with one country to be used against a third country. Furthermore, Vietnam adds the fourth principle in its 2019 defence White paper. It underlines the significance of not using force or threat in international relations (Vietnam Ministry of Defence, 2019: 12).

Vietnam’s strategic interests are concentrated on three main issues in the SCS, namely territories, fisheries, and oil and gas. Defending national sovereignty and territorial integrity is not only the most important goal of Vietnam’s SCS strategy, but it also essential for maintaining political stability and legitimacy of the Communist Party of Vietnam. Essentially, Vietnam’s SCS policy still prioritize to preserve status quo while preventing China or other claimants from occupying new territories. In achieving this primary goal, Vietnam remains to be committed to peaceful resolution of the dispute by an attempt to mobilize international support. However, as an important new policy tool, the Party’s Central Committee attempted to combine its substantive policy goal with sustainable development goal of Vietnam’s maritime economy in October 2018. It puts an aim of making Vietnam a “strong maritime country” by 2030 (Vietnamplus, October 22, 2018). The second aspect of Vietnam’s SCS policy is concerned with energy policy. Vietnam’s approach to resource exploitation is changing due to the vital demands of economic development and China’s pressures over its own oil and gas operations in the SCS. The new policy considerations on energy issues are becoming influential to take important steps in changing overall SCS policy.

Vietnam’s Engagement with China

China’s growing confidence on claiming its sovereignty rights in the South China Sea can be observed by looking at the recent maritime institutional reforms. The Chinese public discourse regarding South China Sea has also become intense and assertive. The domestic discourse largely shaped by the Chinese leadership reflects strong support for China’s foreign policy actions in the South China Sea. And its increasing assertiveness was indicated by certain developments such as its official statement of “nine-dash line” claims under the UN in 2009; its establishment of Sansha City and blockade of Scarborough Shoal in 2012; its efforts to construct seven artificial islands in the Spratlys since 2013; its repeated interference in Vietnam’s offshore oil and gas activities in 2011, 2017 and 2019 and its planting of the Haiyang Shiyou 981 oil rig in Vietnam’s claimed EEZ in 2014 (International Crisis Group Report, November 29, 2021).

China’s policy on the South China Sea is mainly based on its long-term policy objective which aims to build a strong maritime power in response to the US presence in the region. The main aspects of this policy are characterized by creating effective control over maritime space, implementing assertive maritime diplomacy and establishing powerful maritime economy (Ross, 2020: 5). In this regard, China’s policy on South China Sea cannot be separated from its grand economic policy of the Maritime Silk Road of 21st Century. It is highly crucial for China to secure sea lines of communication in order to sustain the future development of BRI.

Vietnam is still seeking to preserve its balanced approach towards China in both economic and security terms. It can be suggested that Vietnam continues to adopt hedging strategy between China and the US. The primary goal of Vietnam foreign policy is to achieve peace and security in order to facilitate economic development. Due to having long decades of devastating wars, Vietnam is especially concerned with another armed conflict that prevents its modernization. Although it is determined to secure its core interests, Vietnam is careful to avoid escalations that may lead to the use of force. What is important for Vietnam in its relations with China is to pursue economic development goal as a first

priority as China has become its largest trading partner. The economic exchange between the two countries has certainly helped to increase information exchanges, building trust and containment of incidents, however, it may not be sufficient for Hanoi to prevent Beijing from acting assertively in the SCS. Since 2003, the two countries have made cooperation in the Gulf of Tonkin to create for joint coast guard patrols, oil and gas development and fisheries management. The most important factor to ease tensions and defuse upcoming crises emerges to be the communication channel between the two countries' communist parties.

Vietnam and China established a "comprehensive strategic cooperative partnership" in May 2018. In political terms, Vietnam was able to receive an opportunity for greater network of engagement mechanisms with China under this framework. In military domain, there are some notable channels of conduct like combined naval patrols and port calls, combined patrols along the land border, training programs for officers and scientific military institutions. Between 2003 and 2016, Vietnam and China conducted 60 military cooperation activities, which makes Hanoi the sixth most frequent military diplomacy partner of Beijing in the world and the second one in Southeast Asia after Thailand (Allen and Saunders, 2017: 45).

Vietnam and China regularly conduct high-level negotiations with deputy foreign ministers on territorial issues. According to the ICG, three working groups under this mechanism focus on matters related to the SCS (International Crisis Group, December 7, 2021). Although the substantive issues are remained unresolved, the countries maintain regular dialogues to build trust through these mechanisms. These bilateral negotiations have generated some effective results on delimiting the land and maritime borders in the Gulf of Tonkin in 1999 and 2000. Both countries made a deal to establish a shared hydrocarbon exploration and development zone in the Gulf of Tonkin in 2004, but there is still no improvement on commercial exploitation of resources. In this area the Chinese and Vietnamese national oil companies were engaged in joint development activities. However, it is suggested that the potential domestic political uneasiness has made such an effort "practically impossible" (Treglode, 2016: 39-40). The major obstacle in managing maritime boundary issues is concentrated on outside the mouth of the Gulf of Tonkin. As Vietnam refrains to accommodate China's demand to exclude the Paracels from its own agenda, the negotiations are remained in deadlock (Hai, 2021: 8).

Enhanced Vietnam-US Security Ties

Vietnam tends to resort increasing balancing measures with respect to its security interests in the SCS. By reinforcing its military and maritime law enforcement capabilities, it aims to build up "credible deterrence capabilities" (Grossman, 2018). Some security partners, especially the US and Japan, have helped Vietnam to increase its maritime capacity in developing law enforcement capabilities. For example, the US has transferred to Vietnam two decommissioned US Coast Guard Hamilton-class cutters and 24 Metal Shark patrol boats. Additionally, Vietnam signed an agreement with the Japan International Cooperation Agency for receiving a loan to build six patrol vessels (Reuters, July 28, 2020). Although those efforts cannot be regarded as large-scale militarization activities, in 2016, Vietnam decided to deploy five Spratly features Israel-made EXTRA rocket artillery systems which provide additional capability for Vietnam against China's nearby artificial islands (Reuters August 10, 2016).

The most direct US involvement to the SCS dispute was made by Hillary Clinton at 2010 Hanoi ASEAN Summit when she addressed to the SCS as the US national interest (Landler, 2010). The US rebalancing strategy in the Obama era increased commitments to the region and led to changing perceptions of both sides and escalated tensions. In Trump era, however, the trade war policy was followed by adopting particular regional policy of Free and Open Indo-Pacific (FOIP) to intensify great power competition between the US and China. In this new strategic framework, the Trump administration obviously demonstrated its intention to incorporate Vietnam into the new extended security partnerships, like the Quad, against China. Furthermore, it is important to notice that the Trump administration deliberately produced uncertainty for East Asian geopolitics and took economic security as a first priority. After the improvement of bilateral security relations during Trump era, the new Biden administration has already given positive earlier signs for the following years. It is clear that the Biden administration plans to carry the Trump's legacy of great power competition with China, which also includes to increase support to Indo-Pacific strategy. More importantly, the Biden administration has paid a special attention to name

Vietnam as a key partner in the Indo-Pacific in its National Security Strategic Guidance (White House, March 2021) .

Vietnam and the US already established a comprehensive partnership in 2013 and the considerations for upgrading into strategic level are taken place. In practical terms, the US security support to Vietnam can be regarded as “highly strategic” and its willingness to incorporate Vietnam into Washington’s FOIP strategy has been partially endorsed by Vietnam. It is important to notice that the term “Indo-Pacific” is used by Vietnam in the 2019 defence White paper (Grossman August 5, 2020). Specifically with regard to the US policy towards the SCS, the two countries have convergent interests in opposition to the growing influence of China in the region. After the US removal of arm embargo on Vietnam in 2016, the security ties between Vietnam and the US has been strengthened. Emerging new opportunities for bilateral cooperation include Vietnam’s possible participation in the US-led regional security arrangements and what the US expects from Vietnam is to allow to use its military facilities. Vietnam’s participation to the US-led military exercise for the first time in 2018 presents a symbolic importance for further security cooperation. However, Hanoi’s major concerns for improving economic development and its strategic priority for balanced approach towards China make it unlikely to permit the US military forces getting fully access to Vietnam’s facilities.

Diversification of Vietnam’s Diplomatic and Military Policies

On the other hand, the recent tendency towards diversification of diplomatic and military policies of Vietnam has been remarkable. The attempts for improving relations with other non-claimant actors such as Japan, India and Russia refers to the conditional change for its strategic approach towards the South China Sea dispute in the future.

Vietnam and Japan reached an agreement to extend their strategic partnership into Extensive Strategic Partnership for Peace and Prosperity in Asia in 2014 (Japan Ministry of Defence, March 18, 2014). The bilateral ties based on both economic links and maritime security interests in the SCS serve as a foundation for further improvement for cooperation. The China-Japan strategic competition over infrastructure development also provides ASEAN individual states, including Vietnam, to gain additional benefits (Tüter, 2019). Most recently, Prime Minister Suga Yoshihide made a visit to Vietnam in October 2020 and the two sides reached an agreement for further defence and security cooperation. Vietnam and Japan also agreed on making defense equipment and technology transfer (Associated Press October 19, 2020). In this visit, Suga made a statement on Vietnam’s role in FOIP strategy as “valuable partner” and Vietnam’s possible participation in “Quad plus” arrangement (The Times of India, March 21, 2020).² On the other hand, Vietnam are still cautious about China’s reactions if it engages into those security frameworks so that it is reasonable to expect its “unofficial joining” and “selected participation” (Hiep October 29, 2020). However, Vietnam’s high security priority for the SCS indicates a potential strategic change if it considers China’s pressures can no longer be endurable.

When it comes to Vietnam-India relations, both countries established their strategic partnership in 2007 based on defence cooperation. They have incentives to improve defence cooperation in the following years especially by increasing ties in defense industry and technology (The Hindu, July 1, 2021). Even though the negotiations on India’s sale of BrahMos antiship cruise missiles to Vietnam has not been completed since 2014, within the framework of Prime Minister Modi’s “Act East” policy the two countries share strategic interests in dealing with counter measures against China’s growing influence. In December 2020, Hanoi and Delhi agreed upon to create a joint statement for enhanced military-to-military exchanges, training and capacity-building programmes (India Ministry of Foreign Affairs, December 21, 2020). It can be expected that India will continue to seek improved strategic cooperation with Vietnam to realize its Act East policy, but the major concerns are likely to be concentrated on more regional security issues rather than the SCS crisis as similarly observed in other non-claimant actors’ limited involvement to the issue.

Vietnam’s ties with Russia are also getting closer. Vietnam has a long history of cooperation with Russia, starting from the Cold War to the present. Russia was the first country that Vietnam established a strategic partnership in 2001 and it was upgraded into a comprehensive strategic partnership in 2012. Interestingly, Hanoi allowed Russian warships preferential access to Cam Ranh Bay military base by signing an agreement with Moscow in 2014 (Yen, 2020: 6). Although Russia’s involvement into the

² Vietnam has already joined in some activities of the Quad-plus framework.

SCS is minimal, Vietnam considers its relations with Russia as a strategic asset. But the most important element in Vietnam-Russia strategic cooperation appears in defence cooperation. Moscow is the Hanoi's biggest arms supplier, accounting approximately 74 percent of its total imports (SIPRI, 2020). So, Russian weapons systems are essential for Vietnam in upgrading its military modernization and improving its deterrence capabilities in the SCS.

Vietnam's Increasing Energy Security Concerns

The oil and gas industry has been a central place in Vietnam's economic development in the last decades. However, declining oil production and decreasing oil prices have made Vietnam government wary about both domestic consumption and foreign export in the last few years. More recently, the energy problem has been complicated by China's interference in Vietnam's rigs and survey ships in the SCS (South China Morning Post July 12, 2019). PetroVietnam, Vietnam's national oil company, declared that the South China Sea situation still presented a high political risk and oil and gas exploration activities of the Group were affected by those unpredictable developments (PetroVietnam, January 2020). For example, Chinese oil companies forced PetroVietnam to cancel production-sharing contracts with Spanish energy company Repsol for blocks 135-136 and 07/03 in June 2020. One month later, the company also rejected a drilling contract with Noble Corporation at nearby block 06-01. China has also involved to stop operations of international oil companies in Vietnam. As China insists on conducting all economic activity in the SCS, including oil and gas exploration, by littoral states themselves, Vietnam feels more uneasiness to cope with the negotiations on the Code of Conduct. China's this demand from Vietnam turns into difficult and costly to manage, not only because it lacks sufficient capital and technology but also because its national autonomy is under constrained (Reuters, May 17, 2018). Therefore, Vietnam is quite anxious about its weakening strategic position vis-a-vis China.

As a result of these developments, Vietnam has decided to become more active in energy exploration in the SCS, especially collaborating with Japan, India and Russia. For example, Vietnam and India have agreed to expand and promote oil exploration and exploitation in October 2011. Hanoi preferred to engage the Indian oil company ONGC Videsh Limited, which is India's largest public-sector company, for getting help with oil and gas exploration in the SCS. Beijing demonstrated strong objection to this collaboration mainly because ONGC as a state-owned company operates for not only commercial interests but also strategic interests (VnExpress, October 24, 2019). In addition to that Japan demonstrated its interest on oil fields in Vietnamese coast. Japan's interest in the SCS can also be understood from its energy vulnerability, which means that 90% of Japan's oil imports are shipped through the SCS.

Moreover, Russia's role in the energy nexus of SCS reflects conditional engagement from the outside of the region. Vietnam pays considerable attention to Russia as an important oil and gas partner. On the other hand, Russian companies want to take an advantage of accessing Vietnam market and improve their operations in the country. It can be suggested that the SCS is not a Russian core interest, but Vietnam is more likely to be open to consider Russian option especially after the SCS resource disputes are managed peacefully.

This newly adopted energy oriented policy presents potential risks for the future relations between Vietnam and China. China will likely to sustain its interference on Vietnam's oil and gas activities in the SCS, which creates tensions difficult to avoid in the future. As it was experienced in 2014 Haiyang Sjiyou 981 incident, there is an increasing possibility to expect that Vietnam may choose to confront China again. In 2019, China sent government ships to the Japanese oil rig and its ships harassed Vietnamese fishing boats by challenging Vietnamese claims in the disputed EEZ. The concerns over energy security and resource development in the SCS demonstrate the main limitation to China-Vietnam cooperation. As Richardson suggests, the contestation over energy and resource control outweighs the considerations of territory for some ASEAN countries, including Vietnam (Richardson, 2008). The energy potential of the SCS increases their incentives for jointly developing energy resources with multinational oil companies.

As Robert S. Ross argues, "the maritime sovereignty dispute is not the cause of heightened Sino-Vietnamese conflict. Rather, heightened Sino-Vietnamese conflict over security interests has caused increased tension over the sovereignty and EEZ disputes". He also adds that "only when Vietnam cooperated with the US did China escalate the conflict" (Ross, 2020: 627). Thus, if Vietnam's energy

security concerns are supported by the US in the near future, there is no doubt that this heightened conflict over security interests would stimulate conflict escalation between Vietnam and China.

Preventing Potential Conflict Escalation

By looking at the US reconcentration on Southeast Asia with its new policy tools of FOIP and Quad frameworks, the South China Sea has become the focus of attention with regard to the implications of increasing US-China strategic competition. For other regional claimant states, recent new developments create both opportunities and challenges. Economically, they receive alternative options to gain better advantages, however, they face possible risks in security domain. Most of the regional states would choose to act towards cooperation and reducing tensions under the uncertainty of great power competition. But some of them may choose to move towards taking risks for favourable outcomes. In considering China's position, Beijing has an interest in maintaining stability for minimizing outside intervention to the SCS issue. The rational stabilizer role is also consistent with the need to secure China's future development of BRI given the fact that the stable SCS is crucial. However, nothing can be achieved without well-defined diplomatic actions. There are some initial steps to be taken in order to prevent future potential escalating tensions in the SCS.

First, Vietnam and China should increase their efforts to negotiate on delimitation of the waters outside the mouth of the Gulf of Tonkin. The two countries delimited their sea boundary in the Gulf, however, bilateral negotiations on the outside waters were disseminated. The main disagreement is concentrated on the Paracels. While China claims it as its own EEZ, Vietnam disagrees and demands to negotiate its status. Both parties need to build trust and establish new mechanisms for further cooperation on maritime security and promoting peace in the SCS. As an initial step, it is relatively easier to begin with a focus on the issues of fisheries and scientific research regarding to maritime environment protection.

Second, Vietnam should move towards other regional claimant states, like Indonesia and Philippines, to negotiate their differences. It is practical and promising to narrow the scope of the complicated disputes in the SCS. This approach will contribute to achieve final resolution in the long term. In this regard, the role of ASEAN presents a potential impact on the establishment of cooperative mechanisms for regional countries. The negotiations on the Code of Conduct should be completed as soon as possible in order to avoid possible future conflict escalation in the SCS.

Third, Vietnam should seek and contribute to establishing energy security cooperation mechanisms in order to deal with urgent need to avoid resource based confrontation. Energy security as a shared concern and a strong rationale for cooperation should be considered an opportunity instead of challenge. The essential diplomatic effort should focus on multilateral energy security cooperation by moving beyond the bilateral maritime disputes. The SCS does not only contain rich maritime oil and gas resources but the strategic location it presents makes sea line of communications crucial for international trade and energy. It connects Northeast Asia and the Western Pacific to the Indian Ocean and the Middle East. Without facing the challenging strategic planning issues with regard to the SCS energy routes, it is difficult to reach maritime demarcation agreements or compromises in the SCS. The urgent need for the whole region is to increase investment and technology for regional energy cooperation. From security point of view, improving mechanisms for joint development of resources in the SCS would help to create new norms for subsequent territorial settlements.

CONCLUSION

Vietnam's policy on the SCS is critical as it stands as one of the main parties to the issue. Its foreign policy actions potentially generate considerable impact on the regional security and stability. Vietnam still pursues a cautious and balanced approach towards the SCS, which can be described as a hedging strategy. While sustaining economic and political engagement with China, Vietnam also aims to ease its security concerns by putting balancing options open. As a middle power in the region, the economic development remains to be the first priority and maintaining stable regional environment is favourable for Vietnam. In this context, Vietnam are getting closer to the United States in forming security arrangements and seeks to internationalize the SCS issue. However, what is missing in Vietnam's policy over the SCS is to combine different options for organizing its strategic interests in order to get strategic leverage and ultimately attain desired outcomes.

For responding to this need of making more coherent strategic policy, the recent tendency towards diversification of diplomatic and military policies of Vietnam has been remarkable. The attempts for

improving relations with other non-claimant actors such as Japan, India and Russia presents conditional change for its strategic approach towards the South China Sea dispute in the future. Vietnam are still cautious about China's reactions if it engages into those security frameworks so that it is reasonable to expect its "unofficial joining" and "selected participation" (Hiep October 29, 2020). However, Vietnam's high security priority for the SCS indicates a potential strategic change if it considers China's pressures can no longer be enduring. On the other hand, China's overall energy security diplomacy has become a source of conflict that Vietnam seeks different options to ensure its own particular interests. In this regard, Vietnam's policy over SCS is more likely to be shifted mainly because of its energy concerns.

While comprehensive dispute resolution in the SCS remains to be long-term objective, it is possible to prevent likely tensions upcoming in the following years. Vietnam can actively involve to facilitate negotiations with China on delimiting the border outside the Gulf of Tonkin and bring its maritime claims into conformity with other regional claimant states under the platform of ASEAN. In this regard, it is crucially important to proceed the negotiations for the establishment of the Code of Conduct. For energy security cooperation, both Vietnam and China need to recognize their own preferences and seek convergent interests to realize their own particular energy policies. This need is more likely to be urgent in the coming years ahead and if the increasing risk cannot be managed, it is possible to expect escalating tensions between the two countries.

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