



## **VIETNAM-AUSTRALIA PARTNERSHIP: BEYOND THE UPGRADE**

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On March 7 Australia and Vietnam upgraded their relationship to a Comprehensive Strategic Partnership following the 50th ASEAN-Australia Special Summit. This elevates their cooperation in defense, security, trade, and education, and opens doors for new initiatives. However, challenges remain, and deeper cooperation can be explored.

### **From Former Enemies to Trading Partners**

Despite a complex past marked by Australia's involvement in the Vietnam War, the two countries established diplomatic relations in February 1973 and steadily strengthened ties. This culminated in the establishment of a comprehensive partnership in 2009, during the visit of general secretary of the Communist Party of Vietnam, Nong Duc Manh, to Australia.

For decades, Australia has been a leading provider of official development assistance to Vietnam. This support has spanned diverse fields, from education and structural construction to infrastructure development and promotion of agricultural and rural development. Australia's many practical projects and initiatives have greatly contributed to Vietnam's sustainable development. These projects, along with numerous Australian-funded bridges, illustrate the close and practical relationship between the two nations.

Economically, Vietnam and Australia are important trading partners, ranking as each other's 10th-largest in 2023. Furthermore, Australia is a growing foreign investor in Vietnam, holding the position of the 20th-largest foreign direct investor in Vietnam as of January 2024.

### **Areas of Core Cooperation**

Upgrading the relationship between Vietnam and Australia to the CSP level would enable extensive cooperation in many areas, particularly economics and defense. This would benefit both countries.

On the one hand, China is the dominant trading partner of Vietnam. However, Vietnam increasingly prioritizes diversifying its economy and reducing dependence on any single nation. This is where Australia emerges as a valuable partner with significant potential to play a crucial role in Vietnam's economic development. On the other hand, while the China-Australia trade war shows some signs of easing, it still has lasting impacts on the Australian economy. Therefore, tightening economic ties with Vietnam offer Australia valuable diversification in its trade partnerships, especially considering the two nations' trade growth pace.

Indeed, Vietnam-Australia trade has boomed, growing at an impressive 8.6% annually over the past 20 years. This outpaces both Australia's overall trade growth (5.8%) and its trade with ASEAN (5.5%). By 2023, two-way trade between the nations reached almost \$14 billion, reflecting their growing importance as trading partners. Moreover, January 2024 saw a surge in trade between Vietnam and Australia, reaching \$1.25 billion. This marks a significant jump from \$872 million in January 2023. Deeper cooperation may also lead to discussions on labor standards, but Vietnam's willingness to adopt reforms will depend on its own economic and political priorities. The EU and Canada's pressure on Vietnam to ratify Convention 87 on freedom of association illustrates this point. Australia's engagement could similarly raise the issue of labor standards, potentially pushing Vietnam towards meeting Western expectations. Despite these challenges, differences in political ideologies and economic systems do not

preclude progress in specific sectors. Incremental economic integration remains achievable.

Beyond economic ties, the CSP also strengthens Vietnam-Australia defense cooperation in industry collaboration, maritime security, intelligence sharing, and cyber defense. This aligns perfectly with Vietnam's recent military modernization efforts, which previously leaned heavily towards Russia. The A\$4.15 million Vietnam-Australia Defense Cooperation Program (2023-24) focuses on strategic dialogue, peacekeeping (including Women, Peace and Security cooperation and support for Vietnam's UN mission in South Sudan), training (including English language), maritime security (with annual ship visits), and Air Force and Army engagement.

Defense cooperation with Australia, particularly as it gains experience through the AUKUS alliance, can be highly valuable in this regard. This reinforces the vision stated by Australian Foreign Minister Penny Wong on the ASEAN-Australia Special Summit 2024 that "Australia is transparently investing in a capable military, defense industry and partnerships to continue to be a reliable security partner for the region. Our longstanding defense partnerships in the region, including with ASEAN member states, build not only interoperability, but friendships and understanding. Together, we show the high costs for anyone seeking to provoke conflict."

### **Beyond Economics and Defense**

Vietnam possesses a powerful asset for strengthening relations with Australia: its thriving Vietnamese-Australian community of over 350,000 members. This community plays a crucial role in promoting people-to-people exchanges, fostering cultural understanding, and contributing significantly to Australia's cultural diversity with Vietnamese ranking as the fourth most common language. Apart from a cultural bridge, their presence also serves as a vital link for economic ties between the two nations.

This is evident in the growing investment flows. By the end of 2023, Vietnam had invested over \$552 million in 92 projects across Australia. Conversely, Australian businesses have a significant presence in

Vietnam, with 631 valid projects and a total registered capital exceeding \$2 billion. A case in point is the international engagement strategy 2022-2026 of the Australia's Northern Territory government, which places Vietnam in the top six priority countries for trade and investment cooperation. While this vibrant community serves as a crucial bridge, challenges in communication and collaboration remain.

Recent events such as President Vo Van Thuong's request during Governor-General David Hurley's April 2023 visit to Vietnam in "controlling and handling of terrorist individuals and organizations that may use its territory to conduct sabotage activities against Vietnam" have raised concerns among some Vietnamese Australians. These concerns stem from a belief that the request targets their community, who consistently speak out for human rights violations in Vietnam. This concern, amplified by the statement issued by Human Rights Watch on the same day urging similar action on human rights from Vietnamese leadership, highlights the need for Hurley to call on the Vietnamese government to release all political prisoners, who were sentenced solely for peacefully exercising their basic rights. So, addressing these is crucial for further solidifying ties. Open communication and mutual understanding between the governments and the Vietnamese-Australian community are essential to address these concerns and build trust. Furthermore, open communication is crucial to address other areas of cooperation, such as the high number of Vietnamese asylum-seeker applications in Australia (2,905 in 2023, the largest ethnic group and 12% of the total). This highlights the need for deeper collaboration in this field.

In conclusion, the upgraded Vietnam-Australia partnership opens doors for expanded cooperation in trade, defense, and beyond. The thriving Vietnamese-Australian community strengthens ties, but communication challenges and asylum seeker applications require attention. Through open dialogue, both nations can unlock the CSP's full potential for a secure and prosperous future.

*PacNet commentaries and responses represent the views of the respective authors. Alternative viewpoints are always welcomed and encouraged.*