

THE IMPACTS OF CHINA'S "BELT AND ROAD INITIATIVE"
ON VIETNAM'S NATIONAL SECURITY

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Strategic Studies

by

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14. ABSTRACT China's Belt and Road Initiative (BRI)—formerly known as the One Belt One Road initiative, first unveiled by the Chinese President in 2013, is one of the biggest initiatives in modern Chinese history. The "Belt" refers to connecting overland infrastructure projects. It aims to link China with Central Asia, Russia and Europe, China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia, and China with Southeast Asia, South Asia and the Indian Ocean. The "Road" is the maritime route. It is an ambitious "Road" that connects many different seas in the world starting from the coastal ports of China and travels through the South China Sea, South Pacific Ocean, Oceania, and Indian Ocean. At present, China is very active in implementing the BRI to attract participating countries and Vietnam is one. Even though Vietnam and China have an adversarial history, because of Vietnam's geographical location, they can hardly refuse to participate in the BRI initiative. The main question is what degree is Vietnam willing to participate in the BRI. This initiative will bring Vietnam opportunities, but also challenges its national security, especially, in the context of China's increasingly aggressive actions in the South China Sea. The thesis starts by reviewing the process of improving the relationship between two countries and the foundations of the initiative. The research examines the literature review of BRI using the DIME model. This thesis then scrutinizes the benefits and challenges for Vietnam's national security through the lens of DIME model of national power as an analytical framework of three options that Vietnam may participate. The thesis concludes by suggesting policies for Vietnam to mitigate the potential negative impact from the BRI.					
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ABSTRACT

THE IMPACTS OF CHINA’S “BELT AND ROAD INITIATIVE” ON VIETNAM’S NATIONAL SECURITY, by Van Hai Dinh, 130 pages.

China’s Belt and Road Initiative (BRI)—formerly known as the One Belt One Road initiative, first unveiled by the Chinese President in 2013, is one of the biggest initiatives in modern Chinese history. The “Belt” refers to connecting overland infrastructure projects. It aims to link China with Central Asia, Russia and Europe, China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia, and China with Southeast Asia, South Asia and the Indian Ocean. The “Road” is the maritime route. It is an ambitious “Road” that connects many different seas in the world starting from the coastal ports of China and travels through the South China Sea, South Pacific Ocean, Oceania, and Indian Ocean.

At present, China is very active in implementing the BRI to attract participating countries and Vietnam is one. Even though Vietnam and China have an adversarial history, because of Vietnam’s geographical location, they can hardly refuse to participate in the BRI initiative. The main question is what degree is Vietnam willing to participate in the BRI. This initiative will bring Vietnam opportunities, but also challenges its national security, especially, in the context of China's increasingly aggressive actions in the South China Sea. The thesis starts by reviewing the process of improving the relationship between two countries and the foundations of the initiative. The research examines the literature review of BRI using the DIME model. This thesis then scrutinizes the benefits and challenges for Vietnam's national security through the lens of DIME model of national power as an analytical framework of three options that Vietnam may participate. The thesis concludes by suggesting policies for Vietnam to mitigate the potential negative impact from the BRI.

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ACRONYMS

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
ASEAN	Association of Southeast Asian Nations
BRI	Belt and Road Initiative
COC	Code of Conduct of Parties in the South China Sea
CPC	Communist Party of China
CPV	Communist Party of Vietnam
CPEC	The China–Pakistan Economic Corridor
DOC	Declaration on the Conduct of Parties in the South China Sea
DIME	Diplomatic, Informational, Military, Economic
IMF	International Monetary Fund
MOU	Memorandum of Understanding
NDRC	National Development and Reform Commission, People Republic of China
PLA	People's Liberation Army
PLAN	People's Liberation Army Navy
SCS	South China Sea
SEZs	Special Economic Zones
SRF	Silk Road Fund
SOEs	State-Owned Enterprise
UNCLOS	United Nations Convention on the Law of the Sea
VPA	Vietnam's People Army

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CHAPTER 1

INTRODUCTION

Reciprocation pleases both sides.

—Vietnamese proverb

Vietnam and China have a very special relationship, they share both land and sea borders, and have similar ideologies, culture, and history, including positives and negatives. Despite many ups and downs, the two sides have maintained a comprehensive strategic relationship, and that relationship is currently improving. Vietnam and China have almost always supported each other's development; in particular, the economic development.

China is implementing its Belt and Road Initiative (BRI)—formerly known as the One Belt One Road initiative. It aims to connect the economies of the world through “The Silk Road Economic Belt” and “The 21st Century Maritime Silk Road”. Currently, China is still very active in implementing the BRI and attempting to attract participating countries of which Vietnam is one of them. Due to the nature of relations between China and Vietnam and with its geographical position, Vietnam can hardly refuse to participate in the initiative, the only question is how much. The most feasible option for Vietnam is to welcome China's initiative, in a limited way. This participation will give Vietnam many political, informational, military, and economic benefits, and it is also the best way to mitigate the chance of negative effects on its national interests.

Vietnam's national security is not threatened by BRI as long as the Vietnamese Government identifies the benefits and challenges, the proper policies that will strengthen and protect Vietnam's national interests by a thorough analysis utilizing the Diplomacy,

Information, Military and Economic (DIME) model. Using the DIME model as a lens to analyze the different instruments of national power, there are three basic ways that Vietnam could participate in BRI: full Vietnam participation, limited Vietnam participation and no Vietnam participation in the initiative. The paper starts by reviewing background knowledge, including the geography of Vietnam and China, a summary of the history and the process of improving the relationship between two countries, an overview the BRI, and the reality and mechanisms of implementing the initiative.

Geography

The Geography of Vietnam and China Affect Their Understanding of Geostrategic Issues

The geography of Vietnam and China affect their understanding of geostrategic issues because historically they shared both a land border and key waterway along one of Asia's key trade route. In the process of cooperation and development, the two countries have solved many land and water border issues.

The Socialist Republic of Vietnam is located on the Indochina Peninsula in Southeast Asia. It has a 4,550 km long mainland border with China to the North, Laos and Cambodia to the West, and the South China Sea (SCS) of the Pacific Ocean to the East. Vietnam is a country with the advantage of having a long coastline of 3,260 km. Vietnam faces the SCS to the East and the Gulf of Thailand to the South and Southwest.

Vietnam's territorial waters in the Eastern Sea extend to the East and Southeast, including the continental shelf, islands and archipelagoes.¹

The People's Republic of China is located in Eastern Asia, bordering the East China Sea, Korea Bay, Yellow Sea, and SCS, between North Korea and Vietnam. China is the world's fourth largest country (by total area), with 9,596,960 square kilometers of land and 270,550 square kilometers of water. China is bordered by 15 countries, including Vietnam. China has a coastline of 14,500 km.²

Vietnam and China share borders both on land and at sea. On land, Vietnam and China share 1,449 km, bordered by seven provinces of Vietnam, including Dien Bien, Lai Chau, Lao Cai, Ha Giang, Cao Bang, Lang Son and Quang Ninh with Yunnan and Guangxi Zhuang Autonomous Region of China.³ On December 31, 1999, in Hanoi, Chinese Foreign Minister Tang Jiaxuan and Vietnamese Deputy Prime Minister and Foreign Minister Nguyen Manh Cam signed the Treaty of Land Border between China and Vietnam.⁴ This treaty has set a new mark in relations between the two countries.

¹ Embassy of the Socialist Republic of Vietnam in the United States of America, "Geography," accessed 22 September 2018, <http://vietnamembassy-usa.org/Vietnam/geography>.

² Central Intelligence Agency, "The World Factbook: China", accessed 1 April 2019, <https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>.

³ Bien Phong Vietnam, "Tổng quan về biên giới trên đất liền Việt Nam - Trung Quốc," 13 December 2011, accessed 22 September 2018, <http://bienphongvietnam.vn/cong-tac-bien-phong/duong-bien-moc-gioi/234-dbmgl4.html>.

⁴ Ministry of Foreign Affairs of the People's Republic of China, "China and Vietnam Sign Land Border Treaty," 15 November 2000, accessed 1 April 2019, https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/yzs_663350/gjlb_663354/2792_663578/2793_663580/t16247.shtml.



Figure 1. Countries with Claims in the SCS

Source: William Pesek, "Making Sense of The SCS Dispute," *Forbes*, 22 August 2017, accessed 4 April 2019, <https://www.forbes.com/sites/outofasia/2017/08/22/making-sense-of-the-south-china-sea-dispute/#7bd9b46c1c3b>.

In the Gulf of Tonkin, there is a dispute between the two countries over the sovereignty and status of fishermen. China frequently violates long established fishing practices. Delimitation of the Gulf of Tonkin has undermined the relationship between the two countries, and peace and stability in the region. After the two countries normalized relations in 1991, on December 25, 2000, the two countries signed the

Agreement on Delimitation of the Tonkin Gulf, marking an important milestone in relations between the two countries.⁵

The History of the Relationship between Vietnam and China

The relations between China and Vietnam have a long history of conflict and friendship. The contradictory nature of the relationship has meant that the present friendship and increased levels of cooperation are set against a background of either support against common enemies or actual conflict between the two partners, although the conflict has chiefly involved minor skirmishes on the border or in the SCSs.⁶

Vietnam was a Chinese colony for almost a thousand years, beginning in about 179 BC until approximately 938 AD, known as "the Northern domination period." On September 2, 1945, Vietnam announced its independence, and in 4 years China announced its independence on October 1, 1949. The two countries officially established diplomatic relations on January 18, 1950 and from this point on, the two countries shared a political direction, a path to communism. History has recorded many events that have had a profound impact on the relationship between the two countries; in 1974, China occupied Paracel Islands of Vietnam. In 1975, the Vietnam War ended and in 1978, China established diplomatic relations with the US. On February 17, 1979, China sent troops to attack Vietnam on the northern border, this war lasted until mid-1989 when China withdrew from Vietnam's encroachment points.

⁵ Thanh Minh Nguyen, "Quá trình phân định biển giữa Việt Nam và các nước láng giềng," accessed 23 September 2018, <http://nghienccuquocte.org/2016/12/04/phan-dinh-bien-giua-viet-nam-va-cac-nuoc-lang-gieng/>.

⁶ Essay UK, "An Analysis of Vietnam's Relations with China from the Beginning of the Cold War to the Present," accessed 23 September 2018, <https://www.essay.uk.com/free-essays/international-relations-politics/analysis-of-vietnams-relations-with-china.php>.

In November 1991, the two countries normalized relations. Since then, the biggest achievement is the two countries have constantly strengthened and developed political and diplomatic relations. Today, the general trend in the Vietnam-China relationship is to develop peace, stability, and meet aspirations in accordance with the interests of both sides.

At the political level, since the normalization of relations, high-level leaders regularly visit and meet on the sidelines of international conferences. Through high-level meetings, Vietnam and China have set a framework for cooperation, from “friendly neighbors, all-round cooperative relations, long-term and stable, future-orientated” (1999) to “good neighbors, good friends, good comrades, good partners” (2005) and finally “cooperation partners comprehensive strategy” (2008.)⁷ The two countries have resolved major disagreements relating to border and territory through the Treaty of Land Border between China and Vietnam (1999) and completed landmark demarcation (2008); signed the Agreement on Maritime Boundary Delimitation in the Gulf of Tonkin (2000); and signed the Agreement on Fishery Cooperation in the Gulf of Tonkin (2004).⁸

In economic terms, relations between Vietnam and China in recent years have developed in many different forms, especially in trade, foreign direct investment, and tourism, etc. China is one of Vietnam’s largest trading partners and is also the main

⁷ Nguyễn Thị Mai Hoa, “Quan hệ Việt Nam - Trung Quốc: Thành tựu và trở ngại cần vượt qua để tương lai tốt đẹp,” *Tap Chi Quoc Phong Toan Dan*, 2015, accessed 23 September 2018, <http://www.tapchicongsan.org.vn/Home/Binh-luan/2015/35997/Quan-he-Viet-Nam-Trung-Quoc-Thanh-tuu-va-tro-ngai.aspx>.

⁸ Ibid.

export market. Bilateral trade between China and Vietnam reached \$106.71 billion USD in 2018.⁹

Existing Obstacles between the Two Countries

Besides these great achievements, Vietnam-China relations are still inevitably infused with difficulties, disagreements, and challenges, requiring efforts from both sides to resolve. At present, one of the biggest obstacles in the Vietnam-China relationship is related to territorial disputes in the SCS. The two main disputed archipelagos are the Paracel and Spratly Islands. In addition, China's declaration of the "Nine dash line; China's move to bring the oil rig, HYSY 981, into Vietnam's exclusive economic zone and continental shelf (2014), and the construction of artificial islands in recent years, make the situation in the SCS tense and complicated.

Another problem also related to "water" is the Mekong River. The Mekong is the 10th-largest river in the world with a length of 4,909km, and it flows through six countries from upstream in the highlands of Tibetan Plateau of China, continuing into Myanmar, Laos, Thailand, Cambodia, and Viet Nam before emptying into the SCS.¹⁰ In Vietnam, the Mekong River carries alluvial soil to the southwestern plain of Vietnam, turning the area into Vietnam's largest granary. The region accounts for 90 percent of

⁹ Xinhua Silk Road Information Service, "China-Vietnam Trade Exceeds USD100 Bln in 2018," 23 January 2019, accessed 4 April 2019, <http://en.silkroad.news.cn/2019/0123/128927.shtml>.

¹⁰ Mekong River Commission, "Physiography," accessed 4 April 2019, <http://www.mrcmekong.org/mekong-basin/physiography/>.

Vietnam's rice exports and contributes about 23 percent to the national GDP.¹¹ However, China has built a series of hydropower dams on the Mekong River since 1995. They are also building or planning more than 20 other dams in Tibet, Yunnan, and Qinghai.¹² These dams greatly affect the region and countries which the Mekong River flows through, of which Vietnam is the most. Hydropower dams make downstream countries fall into severe droughts, as well as affecting aquaculture. However, this situation also results in other implications. "In 2015 and 2016, droughts increased throughout the Mekong sub-region. At that time, China seemed to have played a "hero" role and announced the discharge of water from upstream dams to reduce water shortages in the downstream delta."¹³ In other words, "If more dams are built and water is more scarce, then ... China can use its upstream position as a leverage and even as a coercive instrument"¹⁴ and "The control of both the SCS and the Mekong will strategically sandwich mainland Southeast Asia".¹⁵

¹¹ Tuoi Tri Online, "Thảm họa phát triển sông Mekong," 24 April 2018, accessed 4 April 2019, <http://nghiencuubiendong.vn/an-ninh-phi-truyen-thong/6937-tham-hoa-phat-trien-song-mekong>.

¹² Phúc Long, "Sông Mekong sẽ là Biển Đông thứ hai?" 3 January 2018, accessed 4 April 2019, <https://tuoitre.vn/song-mekong-se-la-bien-dong-thu-hai-20180103114226738.htm>.

¹³ Vietnamnet, "Sông Mekong: Vấn đề cũ, nỗi lo mới," 29 March 2018, accessed 4 April 2019, <https://vietnamnet.vn/vn/tuanvietnam/tieudiem/song-mekong-va-n-de-cu-no-i-lo-mo-i-438514.html>.

¹⁴ Micheal Sullivan, "China Reshapes the Vital Mekong River to Power Its Expansion," *NPR*, 6 October 2018, accessed 4 April 2019, <https://www.npr.org/2018/10/06/639280566/china-reshapes-the-vital-mekong-river-to-power-its-expansion>.

¹⁵ Ibid.

In the economic sphere, the trade deficit is on the high side for Vietnam, the trade surplus tilts toward China. Additionally, many items imported into Vietnam from China, which have not been quality assured, have negative impacts on the Vietnamese economy, public opinion, and long-term benefits to bilateral economic relations between the two countries. These challenges are having a great impact, which is undermining confidence, and negatively impacting confidence in each other that the two countries have made efforts to build over the years.¹⁶

¹⁶ Nguyễn Thị Mai Hoa, “Quan hệ Việt Nam - Trung Quốc: Thành tựu và trở ngại cần vượt qua để tương lai tốt đẹp.”

Overview of the BRI

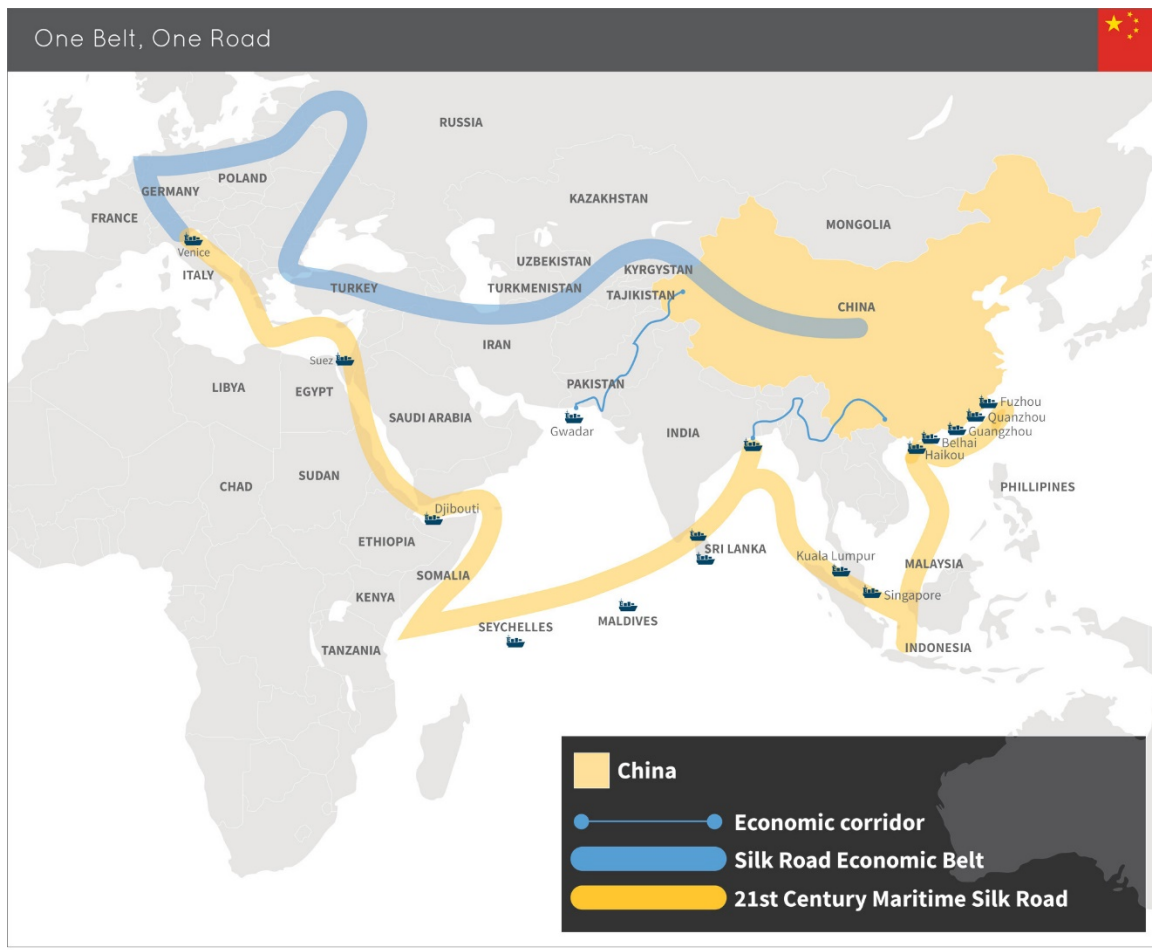


Figure 2. One Belt, One Road

Source: Perter Cai, "Understanding China's Belt and Road Initiative," Lowy Institute, 22 March 2017, accessed 12 May 2019, <https://www.lowyinstitute.org/publications/understanding-belt-and-road-initiative>.

Understanding the "BRI"

The initiative has two components (or two routes): The Silk Road Economic Belt "The Belt" and the 21st Century Maritime Silk Road "The Road." The geography of the

BRI is very broad and includes maritime and land-based routes. It links to participating countries in five ways: Policy coordination; Facilities connectivity; Investment and trade cooperation; Financial integration; and, People-to-people bonds.¹⁷ The scope of the BRI is also astonishingly broad; its aims are to connect Asian, European, and African continents and three oceans, the Pacific Ocean, the Indian Ocean, and the Atlantic Ocean. According to China, up to 65 countries are in the main axis of this initiative, with a combined population of over 4 billion and a total GDP of \$21 trillion, which is about 30 percent of the world's GDP.¹⁸ The NDRC states that the BRI "aims to promote the connectivity of Asian, European, and African continents and their adjacent seas."¹⁹ The BRI will "set up all-dimensional, multi-tiered and composite connectivity networks, and realize diversified, independent, balanced and sustainable development in these countries."²⁰

The Belt and Road run through the continents of Asia, Europe, and Africa, connecting the vibrant East Asia economic circle at one end and developed European economic circle at the other, and encompassing countries with huge potential for economic development. The Silk Road Economic Belt focuses on bringing together China, Central Asia, Russia and Europe (the Baltic); linking China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia; and connecting China with Southeast Asia, South Asia and the Indian

¹⁷ National Development and Reform Commission, People's Republic of China (NDRC PRC), "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road," March 2015, accessed 29 September 2018, http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html.

¹⁸ Michael D. Swaine, "Chinese Views and Commentary on the 'One Belt, One Road' Initiative," Hoover Institution, accessed 25 February, 2019, <https://www.hoover.org/sites/default/files/research/docs/clm47ms.pdf>.

¹⁹ NDRC PRC, "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road."

²⁰ Ibid.

Ocean. The 21st Century Maritime Silk Road is designed to go from China's coast to Europe through the SCS and the Indian Ocean in one route, and from China's coast through the SCS to the South Pacific in the other.²¹

The BRI will connect China with other nations by six economic corridors:

1. The New Eurasian Land Bridge Economic Corridor
2. China–Mongolia–Russia Economic Corridor
3. China–Central Asia–Western Asia Economic Corridor
4. China-Indochina Peninsula Economic Corridor
5. China–Pakistan Economic Corridor
6. Bangladesh–China–India–Myanmar (BCIM) Economic Corridor.²²

The NDRC affirms that,

The connectivity projects of the Initiative will help align and coordinate the development strategies of the countries along the Belt and Road, tap market potential in this region, promote investment and consumption, create demands and job opportunities, enhance people-to-people and cultural exchanges, and mutual learning among the peoples of the relevant countries, and enable them to understand, trust and respect each other and live in harmony, peace and prosperity.²³

²¹ NDRC PRC, “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road.”

²² Office of the Leading Group for the Belt and Road Initiative, *Building the Belt and Road: Concept, Practice and China's Contribution* (Beijing, China: Foreign Language Press, May 2017).

²³ NDRC PRC, “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road.”

Reality of Implementing BRI over Time

Implementation of the BRI in the Domestic

At the central level, the BRI is an addition to two important national documents. The first document is the Party Statute, the highest legal and mandatory policy foundation at the highest level, directing the work of all local levels. The second important document is the 13th Five-Year plan for economic and social development of the People's Republic of China (2010-2020) of Central Committee of the Communist Party of China. Chapter 51 "Move Forward with the Belt and Road Initiative", Section 1 "Cooperation Mechanisms" states that "We will improve the bilateral and multilateral cooperation mechanisms of the Belt and Road Initiative focusing on policy communication, infrastructure connectivity, trade facilitation, capital flow, and people-to- people exchanges."²⁴ The "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road", released on 03/28/2015, issued by the National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China, with State Council authorization is considered the "white paper" for BRI.²⁵ "The Chinese government has drafted and published the Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-

²⁴ National Development and Reform Commission, People's Republic of China Central Committee of the Communist Party of China (NDRC PRC), "The 13th Five-Year plan for economic and social development of the People's Republic of China (2010-2020)," 2010, accessed 12 May 2019, <http://en.ndrc.gov.cn/newsrelease/201612/P020161207645765233498.pdf>.

²⁵ Rolland Nadège, "A Concise Guide to the Belt and Road Initiative," The National Bureau of Asian Research, 11 April, 2019, accessed 16 May, 2019, <https://www.nbr.org/publication/a-guide-to-the-belt-and-road-initiative/>.

Century Maritime Silk Road to promote the implementation of the Initiative, instil vigour and vitality into the ancient Silk Road, connect Asian, European and African countries more closely and promote mutually beneficial cooperation to a new high and in new forms.”²⁶

Under the direction of the Chinese government, localities in the country organized a series of international conferences, forums, seminars, and fairs with the theme "One belt, One road" to enhance promotion, understanding, common perceptions, and promoting deeper cooperation. According to the NDRC, by March 2016, there were 28/33 provinces, autonomous regions, and cities that had completed the plan in order to implement the BRI in their localities.²⁷

Chinese ministries also issued important documents of their ministries to implement BRI. For instance, Education Action Plan for the Belt and Road Initiative (July 2016); Action Plan on the Belt and Road Cultural Development (2016–20) (December 2016); Vision and Action on Jointly Promoting Agricultural Cooperation on the Belt and Road (May 2017); Belt and Road Sports Tourism Development Action Plan, (July 2017); and Special Plan on Advancing Cooperation of Science and Technology Innovation in the Belt and Road Construction (November 2017), etc.²⁸

²⁶ NDRC PRC, “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road.”

²⁷ Pham Sy Thanh, *Vành đai con đường: sáng kiến của Trung Quốc và hàm ý chính sách đối với Việt Nam* (Hanoi, IL: Thế Giới Publishers, 2017).

²⁸ Nadège, “A Concise Guide to the Belt and Road Initiative.”

Implementation of the Initiative in Other Countries

China's Belt and Road Initiative marked 5 years in 2018 since it was launched by Chinese President Xi Jinping. Since then, the BRI has become a major strategy of China's foreign policy. China has stepped up promotion of propaganda about BRI to seek support for this initiative, through foreign visits by Chinese leaders, conferences, international and regional forums, and a series of international seminars on BRI. In February 2014, the two Russian and Chinese leaders agreed to build the Belt and Road, and to connect BRI with Russia's Euro-Asia Railways.²⁹ In March and April 2014, during an official visit to European countries, Xi mentioned the idea of building the Silk Road Economic Corridor with Germany and Belgium.³⁰ In July 2015, Premier Li Keqiang visited the European Union and both sides expressed their interest in the combination European strategic investment fund with the BRI.³¹ In June 2016, during an official visit to Serbia and Poland, President Xi mentioned the BRI and in September 2017, President Xi talked with his Brazilian counterpart to find ways to promote cooperation within BRI.³² Also in September 2017, President Xi met the South African President, promoting BRI implementation.³³ On 4 September 2017, the president met the Thai prime minister

²⁹ The State Council, The People's Republic of China, "Chronology of China's Belt and Road Initiative," updated 28 March 2015, accessed 21 October 2018, http://english.gov.cn/news/top_news/2015/04/20/content_281475092566326.htm.

³⁰ Pham Sy Thanh, *Vành đai con đường: sáng kiến của Trung Quốc và hàm ý chính sách đối với Việt Nam*.

³¹ Ibid.

³² Ibid.

³³ Ibid.

and the two sides signed a bilateral cooperation agreement on railway construction and BRI cooperation.³⁴ On September 4, 2017, Xi met the Mexican president and invited the country to join BRI.³⁵ In November 2017, during President Xi Jinping's visit to Hanoi, the two sides signed a Memorandum of Understanding on the promoting connection between Vietnam's "Two Corridors and One Economic Circle" plan and the BRI.³⁶

In the past five years, BRI has attracted the attention of many countries. In May 2017, China hosted the first BRI summit, which welcomed almost 30 world leaders and representatives from nearly 110 countries.³⁷ Under the BRI, 81 education institutions and projects, as well as 35 cultural centers were established, and in the first 7 months of 2018, Chinese companies raised investments in 54 countries.³⁸ "According to the Center for Strategic and International Studies, from 2014 to 2017, the awareness of BRI has tripled in the international arena."³⁹

³⁴ Pham Sy Thanh, *Vành đai con đường: sáng kiến của Trung Quốc và hàm ý chính sách đối với Việt Nam*.

³⁵ Ibid.

³⁶ Mengjie, ed., "China, Vietnam Sign MOU on Cooperation of Development Initiatives," *Xinhua*, 12 November 2017, accessed 6 May 2019, http://www.xinhuanet.com/english/2017-11/12/c_136746803.htm.

³⁷ Asif Amin, "Belt and Road Initiative Five Years Later," *China Daily*, updated August 10, 2018, accessed September 30, 2018, <http://www.chinadaily.com.cn/a/201808/10/WS5b6d46f5a310add14f38525f.html>.

³⁸ Ibid.

³⁹ Ibid.

Reality of Implementing BRI over the Past Five Years

“China has made significant achievements with the countries and regions involved in the Belt and Road Initiative in the past five years after the initiative was proposed. The total trade volumes between China and the countries and regions involved in the Belt and Road Initiative has exceeded \$6 trillion.”⁴⁰ There have been 171 cooperation documents signed between China and 29 international organizations and 123 countries on developing the Belt and Road.⁴¹

Firstly, “The Road”

According to “Assessment on United States Defense Implications of China’s Expanding Global Access” by the US Department of Defense, December 2018, the People's Liberation Army Navy (PLAN) conducted numerous port calls (from 2008-2017), namely operated in 15 ports throughout the world, built and operated 3 ports, constructed 5 ports, and used 1 port as dual-use (Chinese base.) According to other data, by the end of 2017, China had partially invested or gained trading rights, operating in the long term with 76 seaports worldwide.⁴²

⁴⁰ Zu Wenqian, “China has signed 171 B&R Cooperation Documents,” *China Daily*, 7 March 2019, accessed 9 March 2019, <https://eng.yidaiyilu.gov.cn/qwyw/rdxw/81686.htm>.

⁴¹ Ibid.

⁴² Tap Chi Quoc Phong Toan Dan, “Sáng kiến “Vành đai, Con đường” của Trung Quốc: 5 năm nhìn lại,” 27 March 2019, accessed 9 May 2019, <http://www.tapchiconsan.org.vn/Home/The-gioi-van-de-su-kien/2019/54516/Sang-kien-Vanh-dai-Con-duong-cua-Trung-Quoc-5-nam-nhin.aspx>.

Under the BRI, Chinese state-owned port construction companies such as China Ocean Shipping Company (COSCO) and Shanghai International Port Group (SIPG) massively poured money to buy shares or long-term leases to target abroad strategic ports. COSCO operates and owns 100 percent of Piraeus Port (Greece).⁴³ COSCO and China Merchants Holdings (International) and a third investor have paid close to \$1 billion for a controlling stake in Kumport Terminal (Turkey).⁴⁴ Also, COSCO was granted the right to build and operate new container terminal at Khalifa (UAE) under a 35-year concession agreement with UAE Government.⁴⁵ SIPG manages operations of the first part of the new port in Haifa (Israel) in a 25-year strategic perch.⁴⁶

In April 2015, China was granted the right to operate Gwadar (Pakistan) port for 40 years.⁴⁷ In December 2017, China controlled equity stake and a 99-year lease for

⁴³ John A. Mathews, “China’s Takeover of the Port of Piraeus in Greece: Blowback for Europe,” *The Asia-Pacific Journal* 15, no. 13 (1 July 2017): 1-5, accessed 9 April 2019, <https://apjif.org/2017/13/Mathews.html>.

⁴⁴ Greg Knowler, “China port giants pour \$1 billion into Turkish terminal,” *JOC.com*, 17 September 2015, accessed 9 April 2019, https://www.joc.com/port-news/china-port-giants-pour-1-billion-turkish-terminal_20150917.html.

⁴⁵ The National, “China’s Cosco to build and operate new container terminal at Khalifa Port,” 20 January 2011, accessed 9 April 2019, <https://www.thenational.ae/business/china-s-cosco-to-build-and-operate-new-container-terminal-at-khalifa-port-1.201120>.

⁴⁶ Angela Yu, “Chinese port operator signs deal to run Israel’s Haifa port,” *JOC.com*, 2 June 2015, accessed 9 April 2019, https://www.joc.com/port-news/international-ports/haifa-port/chinese-port-operator-signs-deal-run-israel%E2%80%99s-haifa-port_-0.

⁴⁷ Wang Ting, “China gets 40-year rights at Pakistani port,” *China Daily*, 14 April 2015, accessed 9 April 2019, http://www.chinadaily.com.cn/world/2015-04/14/content_20433493.htm.

Hambantota port (Sri Lanka.)⁴⁸ Most importantly, China opened its first overseas military base in Djibouti, a country in the Horn of Africa on 1 August 2017, the same day that the People's Liberation Army celebrated its 90th birthday.⁴⁹

Secondly, "The Belt"

Over the past five years, China has strongly promoted cooperation and implementation of the "Belt", including infrastructure and railways projects. Central Asia countries in particular Kazakhstan, Kyrgyzstan, Uzbekistan, and Turkmenistan play a vital key in the BRI. These projects have different values for the development of the receiving country, as well as China's relations with those countries. Pakistan is a very clear sample. The China-Pakistan Economic Corridor (CPEC) covers China's Xinjiang Uygur Autonomous Region and the whole territory of Pakistan,⁵⁰ worth \$46 billion, so Pakistan is now considered Beijing's most important strategic partner. As an essential part of the CPEC, China and Pakistan have joined hands to build transportation infrastructure such as KKH Phase II (Havelian- Thakot Section), 120 km (Progress 70 percent); Karachi-Lahore Motorway (Sukkur-Multan Section), 392 km (Progress 70 percent); Joint

⁴⁸ Kiran Stacey, "China signs 99-year lease on Sri Lanka's Hambantota port," *Financial Times*, 11 December 2017, accessed 9 April 2019, <https://www.ft.com/content/e150ef0c-de37-11e7-a8a4-0a1e63a52f9c>.

⁴⁹ Reuters, "China formally opens first overseas military base in Djibouti," 1 August 2017, accessed 9 April 2019, <https://www.reuters.com/article/us-china-djibouti/china-formally-opens-first-overseas-military-base-in-djibouti-idUSKBN1AH3E3>.

⁵⁰ Government of Pakistan Ministry of Planning, Development and Reform and People's Republic of China National Development & Reform Commission, "Long Term Plan for China-Pakistan Economic Corridor (2017-2030)," accessed 12 May 2019, <https://www.pc.gov.pk/uploads/cpec/LTP.pdf>.

Feasibility Study for Upgradation of ML1 and Establishment of Havelian Dryport, (Progress 100 percent); Upgradation of ML-1 (Multan-Lahore Section, 339 km; Hyderabad-Multan Section, 749 km; Kemari-Hyderabad Section, 182 km), (Progress 40 percent); New Havelian Dry Port (Progress 25 percent); Khuzdar-Basima Highway (N-30), 110 km, (Progress 25 percent); KKH Phase III(Raikot-Thakot Section), 280km (Progress 25 percent); and D.I.Khan-Quetta Highway (N-50), 533km, (Progress 15 percent.)⁵¹ CPEC rail based mass transit projects include Karachi Circular Railway, Greater Peshawar Region Mass Transit, Quetta Mass Transit, and Orange Line – Lahore..⁵²

So far, three railroad connections in the region have been completed under the BRI: Pop-Angren in Uzbekistan, Uzen-Bereket-Gorgan across Kazakhstan, Turkmenistan, Iran, and the biggest dry port in the world in the future (Khorgos) in Kazakhstan that connects China and Kazakhstan. On February 25, 2018 the China-Kyrgyzstan-Uzbekistan highway was launched. The 950-kilometer highway starts from Kashgar in Northwest China's Xinjiang Uygur autonomous region, goes through Osh in Southern Kyrgyzstan, and ends in Uzbekistan's capital Tashkent..⁵³

Africa is also a very important component in “the Belt” of the BRI. The Djibouti-Ethiopia Railway, which started operating in 2017, is another project within BRI. Other

⁵¹ China-Pakistan Economic Corridor, “Transportation Infrastructure,” accessed 9 March 2019, <http://www.cpecinfo.com/road-infrastructure>.

⁵² Ibid.

⁵³ Liu Yue, “China-Kyrgyzstan-Uzbekistan highway opens to traffic,” *Belt and Road Portal*, 27 February 2018, accessed 9 March 2019, <https://eng.yidaiyilu.gov.cn/home/rolling/49136.htm>.

projects in “the Belt” are Lagos-Calabar Railway, Lagos-Kano Railway, Abuja Rail Mass Transit Phase II, Abuja-Kaduna Railway (Nigeria); Chad-Cameroon & Chad-Sudan Railway (Chad); Benguela Railway (Angola); Harare Airport Expansion (Zimbabwe); and the Khartoum-Port Sudan Railway (Sudan), etc.⁵⁴

In Southeast Asia, many infrastructure projects have been implemented with relatively large investments, such as Jakarta-Bandung high-speed rail in Indonesia, China-Laos railway, National Road 58 in Cambodia, Bangkok-Chiang Mai Railway and Bangkok-Nong Khai Railway in Thailand.⁵⁵

In Europe, the Chinese railway industry is strongly involved with the first trail from China to UK on 18 January 2017 after a 7,500-mile journey, marking a milestone in China’s push to build commercial links across Europe and Asia. By the end of February, 2019, 14,000 trips China-Europe freight trains have been implemented, a significant part of the BRI.⁵⁶ Many EU members have signed the BRI MOU with China. Most recently, Italy, the member state of Group of Seven major industrialised nations, signed MOU with China’s “Belt and Road Initiative.”⁵⁷

⁵⁴ Belt and Road Initiative, “BRI Projects,” accessed 3 March 2019, <https://www.beltroad-initiative.com/projects/>.

⁵⁵ Ibid.

⁵⁶ Wenqian, “China has signed 171 B&R cooperation documents.”

⁵⁷ Cao Siqi, Zhao Juecheng, “Italy hails BRI MOU, expects tangible results,” *Global Times*, 26 March 2019, accessed 25 April 2019, <https://eng.yidaiyilu.gov.cn/qwyw/rdxw/83914.htm>.

Thirdly, Energy Cooperation

Many projects on energy pipelines and electricity have been initiated or implemented. Some projects being granted by AIIB are: Turkey Gas Storage Expansion Project; Bangladesh Bhola IPP; Transmission System Strengthening (India); Egypt Round II Solar PV Feed-in Tariffs Program, which consists of 11 photovoltaic solar power plants; Tajikistan Nurek Hydropower Rehabilitation Project, Phase I; India Andhra Pradesh 24x7 – Power For All; Bangladesh Natural Gas Infrastructure and Efficiency Improvement; Azerbaijan Trans Anatolian Natural Gas Pipeline Project (TANAP); Myanmar Myingyan Power Plant Project; Pakistan Tarbela 5 Hydropower Extension Project; and Bangladesh Distribution System Upgrade and Expansion.⁵⁸

Fourthly, the Special Economic Zones

The SEZs are considered to have contributed greatly to changing China after more than 40 years of reform, therefore China has proposed a lot of SEZs within the BRI. SEZ "Khorog - Eastern Gate" is geographically located in the centre of the Eurasian continent in the south-eastern part of the Republic of Kazakhstan, considered as a strategic facility to create a logistics hub connecting China, Central Asia, and Middle East. In Pakistan, China is proposing nine SEZs planned under the CPEC, which are set to promote trade and industry in the area.⁵⁹

⁵⁸ Asian Infrastructure Investment Bank (AIIB), "Approved Projects," accessed 9 March 2019, <https://www.aiib.org/en/projects/approved/index.html>, 2019.

⁵⁹ China-Pakistan Economic Corridor, "Proposed Special Economic Zones," accessed 9 April 2019, <http://www.cpecinfo.com/proposed-special-economic-zones.php>.

Mechanism of Implementing the BRI

Financial Mechanism for the BRI

Besides active diplomatic activities to promote BRI, China has also quickly established a number of new financial institutions to support its strategic goals. The first new financial institution is Asian Infrastructure Investment Bank (AIIB), which began operations in January 2016, and “is a multilateral development bank with a mission to improve social and economic outcomes in Asia.”⁶⁰ It has now grown to 93 approved members worldwide, 70 members and 23 prospective members, with an authorized capital stock of US\$100 billion.⁶¹ According to the “Articles of Agreement” of the Bank, Article 28-Voting states “Except as otherwise expressly provided in this Agreement, all matters before the Board of Directors shall be decided by a majority of the votes cast.”⁶²

The second financial institution that must be mentioned is Silk Road Fund (SRF.) Founded on December 29, 2014, headquartered in Beijing, SRF is jointly invested by the State Administration of Foreign Exchange, China Investment Corporation, China Development Bank and Export-Import Bank of China.⁶³ The Fund has a total capital of

⁶⁰ Asian Infrastructure Investment Bank (AIIB), “About AIIB,” accessed 10 March 2019, <https://www.aiib.org/en/index.html>.

⁶¹ Asian Infrastructure Investment Bank (AIIB), “AIIB Annual Report and Accounts 2016,” accessed 12 May 2019, https://www.aiib.org/en/news-events/news/2016/annual-report/.content/download/Annual_Report_2016.pdf.

⁶² Asian Infrastructure Investment Bank (AIIB), “Articles of Agreement,” accessed 10 March 2019, https://www.aiib.org/en/about-aiib/basic-documents/_download/articles-of-agreement/basic_document_english-bank_articles_of_agreement.pdf.

⁶³ Silk Road Fund, “Overview,” accessed 3 March 2019, <http://www.silkroadfund.com.cn/enwap/27365/27367/26761/index.html>.

USD \$40 billion and RMB \$100 billion, “provides investment and financing support for trade and economic cooperation, and connectivity under the framework of the Silk Road Economic Belt and the 21st-Century Maritime Silk Road Initiative”.⁶⁴

Cooperation Mechanisms

The Vision and Actions plan states “China will take full advantage of the existing bilateral and multilateral cooperation mechanisms to push forward the building of the Belt and Road and to promote the development of regional cooperation.”⁶⁵ In order to improve and develop a number of bilateral cooperation, China “should encourage the signing of cooperation MOUs or plans, and develop a number of bilateral cooperation pilot projects. We should establish and improve bilateral joint working mechanisms, and draw up implementation plans and road maps for advancing the Belt and Road Initiative.”⁶⁶

For multilateral cooperation mechanisms, China will make full use of existing mechanisms to strengthen communication with relevant countries, and attract more countries and regions to participate in the Belt and Road Initiative.⁶⁷

These mechanisms include: Shanghai Cooperation Organization (SCO), ASEAN Plus China (10+1), Asia-Pacific Economic Cooperation (APEC), Asia-Europe Meeting

⁶⁴ Silk Road Fund, “Overview.”

⁶⁵ NDRC PRC, “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road.”

⁶⁶ Ibid.

⁶⁷ Ibid.

(ASEM), Asia Cooperation Dialogue (ACD), Conference on Interaction and Confidence-Building Measures in Asia (CICA), China-Arab States Cooperation Forum (CASCF), China-Gulf Cooperation Council Strategic Dialogue, Greater Mekong Subregion (GMS), Economic Cooperation, and Central Asia Regional Economic Cooperation (CAREC.)

Limitations

Because of limited time, this paper only aims to examine benefits and challenges for Vietnam, if Vietnam fully participates, does not participate, or makes limited participation in the BRI in the near future. It will not suggest policy recommendations for specific areas. Finally, another very important element is the restriction in source material for this thesis as China has been only implementing this initiative in 2013.

Delimitations

The thesis is restricted to case study and practical events between Vietnam and China. This thesis focuses on what China has done in the past five years since the launch of the initiative. The study will review parameters and statistics regarding the initiative in the past five years. The thesis will not assess different important external factors that exert influence on the Vietnam-China relationship.

Significance

Vietnam and China have a long history of relations and have experienced many events that have a profound impact on bilateral relations. There are still many obstacles in the two countries' relations, which is mainly disadvantageous for Vietnam's security interests. At present, China is very active in implementing the BRI initiative to attract participating countries, and Vietnam is one of them.

The BRI is likely to create a breakthrough in China's political, security, economic, and cultural status. Put in the context of China's rise, this initiative could have direct impacts on Vietnam's security interests. Especially, in the context of China's increasingly aggressive actions in the SCS, the analysis, evaluation of the BRI initiative is essential.

Primary Question

What are these challenges and benefits from the BRI for Vietnam?

Secondary Questions

1. What is the BRI?
2. What has China done to implement the BRI?
3. What are the strategic goals of the BRI?
4. What are these China's advantages and disadvantages in implementing the BRI?
5. What are the implications of China's BRI to Vietnam's national security interests through the lens of DIME?
6. What are the suggestions of policies for Vietnam?

CHAPTER 2

LITERATURE REVIEW

Each country has its own strategy for development, not only to become a rich country but also to try to influence other countries. China is a typical example of those countries. After four decades of reform and opening-up, China succeeded in becoming the world's second largest economy in 2010. Based on that achievement, China has set new ambitions. These diplomatic and economic strategies aim at making China a global power, able to reshape the global economic and political map. In order to understand Chinese strategies and provide readers with reviews and criticisms about the BRI to the present time through the DIME model, this chapter will divide the literature review into four sections. The sections are comprised of the theory of strategic thinking, China's grand strategies, Vietnam's strategies and current thinking about the BRI based on the DIME model of national power (diplomatic, informational, military, and economic.)

The Theory of Strategy Thinking

How do policymakers formulate national strategies? This section will review literature on how strategy is made and what are the elements or basis for the strategy. Joint Doctrine Note 1-18 states that "Strategy is about how nations use the power available to them to exercise control over people, places, things, and events to achieve objectives in accordance with their national interests and policies."⁶⁸ Joint Doctrine Note 1-18 also states that "a comprehensive and effective strategy answers four basic

⁶⁸ Joint Chiefs of Staff (JCS), Joint Doctrine Note (JDN) 1-18, *Strategy* (Washington, DC: Government Printing Office, 25 April 2018), I-1.

questions: (1) Where do we want to go, or what are the desired ends? (2) How do we get there, or what are the ways? (3) What resources are available, or what are the means? (4) What are the risks and costs associated with the strategy?”⁶⁹

Arthur F. Lykke, Jr. simplified the theory of strategy into three basic elements: ends, ways, and means.⁷⁰ “Strategy is all about how (way or concept) leadership will use the power (means or resources) available to the state to exercise control over sets of circumstances and geographic locations to achieve objectives (ends) that support state interests. Strategy provides direction for the coercive or persuasive use of this power to achieve specified objectives.”⁷¹ There are eight characteristics of strategy, including: (1) strategy is proactive and anticipatory; (2) the strategist must know what is to be accomplished; (3) the strategy must identify an appropriate balance among the objectives sought, the methods to pursue the objectives, and the resources available; (4) political purpose must dominate all strategy; (5) strategy is hierarchical; (6) strategy is comprehensive; (7) strategy is developed from a thorough analysis and knowledge of the strategic situation/environment; (8) some risk is inherent to all strategy and the best any strategy can offer is a favorable balance against failure.⁷² According to Lykke, if the

⁶⁹ JCS, JDN 1-18, I-1.

⁷⁰ Richard H. Yarger, *Towards a Theory of Strategy: Art Lykke and the Army War College Strategy Model* (Carlisle Barracks, PA: U.S. Army War College, 2008), accessed 26 March 2019, <http://www.au.af.mil/au/awc/awcgate/army-usawc/stratpap.htm>.

⁷¹ Ibid.

⁷² Ibid.

above three factors are not balanced, it will create very large risks, causing the strategy to be broken.⁷³

In terms of military strategy, Henry stated that “Strategy is the comprehensive direction of power to control situations and areas to attain broad objectives.”⁷⁴ He also argued, the strategy will cover all aspects of action, it does not care about operational details.⁷⁵ “But as resources are always limited, the strategist must identify those minimum key areas and situations in relation to time and distance and the availability of tactical and logistic resources.”⁷⁶

Sun Tzu, Chinese military strategist, being one of the greatest strategists of all time, authored the book "The Art of War." The book can be summarized in these sentences, “Know when to fight and when not to fight: avoid what is strong and strike at what is weak. Know how to deceive the enemy: appear weak when you are strong, and strong when you are weak. Know your strengths and weaknesses: if you know the enemy and know yourself, you need not fear the result of a hundred battles.”⁷⁷ Sun Tzu pointed out that if an army wants to achieve its goal of defeating the enemy (end), the army must

⁷³ Yarger, *Towards a Theory of Strategy: Art Lykke and the Army War College Strategy Model*.

⁷⁴ Henry E. Eccles, “Strategy - The Theory and Application,” *Naval War College Review* 32, no. 3 (May-June 1979): 11-21, accessed 12 May 2019, https://www.jstor.org/stable/44641842?seq=1#metadata_info_tab_contents.

⁷⁵ Ibid.

⁷⁶ Ibid.

⁷⁷ James Clear, “The Art of War by Sun Tzu,” accessed 30 March 2019, <https://jamesclear.com/book-summaries/the-art-of-war>.

know how to choose the time, know where its power lies (mean) and at the same time show how fight to lead to success (way.) The book of Sun Tzu offers keen insights in terms of strategic thinking for the military and how nations or kingdoms can leverage influence to wield power short of war.

Thus, this project will seek to utilize an ends, ways, and means construct in considering how China and Vietnam build national strategies to advance their own interests. The next section will review China's strategies according to ends, ways, and means. Later, in Chapter three, this project will anchor Vietnam's ends based on two key strategic documents "Overall Strategy for International Integration through 2020, Vision to 2030" of Vietnam and "The White Paper: Vietnam National Defense 2009" in order to understand the value of BRI for Vietnam. In addition, this paper will employ the framework of DIME to understand benefits and challenges in determining ways. Finally, the paper will not focus on the necessary means and resources.

China's Strategies

China's Intent

Today China is emerging as a great power, and has an influential position in the international arena. China is also a strategic visionary country, has many "ends", such as enhance economic development coupled with political influence, control the SCS, etc. Hence, China has been conducting many "ways" simultaneously, namely investing in infrastructure development connecting the economy between the continents together by railways or highways, ports, or providing credit etc., with the huge "means", for instance financial resources (AIIB, SRF), and military power (PLA) to achieve these objectives.

Many scholars are also very interested in analyzing Chinese strategy in order to point out these elements in China's strategy. Hal Brands - the Henry A. Kissinger Distinguished Professor of Global Affairs at the Johns Hopkins School of Advanced International Studies (SAIS) and a Senior Fellow at the Center for Strategic and Budgetary Assessments (CSBA), posted a series of articles on Bloomberg: "China's Master Plan: A Global Military Threat", "China's Master Plan: Exporting an Ideology", "China's Master Plan: A Worldwide Web of Institutions", to explain China's strategy and its efforts. Firstly, commenting on China's current military power, he wrote "China has the second-largest defense budget in the world, and the PLA is a more sophisticated, modern force capable of taking on ever-more ambitious missions."⁷⁸ Therefore, Chinese military officials are looking outside the Western Pacific and are thinking about how to promote China's military influence in the Indian Ocean, African Horns, and Persian Gulf.⁷⁹ The BRI, a large commercial and infrastructure project aimed at linking China with countries across Asia and Europe, also aims to achieve that goal.⁸⁰ Obviously, China has made clear its objective is to become a maritime power and to control many important sea routes by offering the concept of economic initiative, with a huge investment for defense budget.

⁷⁸ Hal Brands, "China's Master Plan: A Global Military Threat," *Bloomberg Opinion*, 10 June 2018, accessed March 28, 2019, <https://www.bloomberg.com/opinion/articles/2018-06-10/china-s-master-plan-a-global-military-threat>.

⁷⁹ Ibid.

⁸⁰ Ibid.

China's second largest strategy that Brands mentioned is that of exporting an ideology. The author argues that China is carrying out a two-way attack involving promoting authoritarian governance while undermining democratic practices in other countries.⁸¹ “This should not be surprising. If the US has long sought to make the world safe for democracy, China’s leaders crave a world that is safe for authoritarianism. The best way of achieving that goal is to ensure China is not a lone, isolated autocracy in a democratic world. Autocracy-promotion thus becomes an ever-larger part of Chinese foreign policy.”⁸² Because “Xi and his advisers certainly understand that they will be safer in a world in which authoritarianism is more widespread, and their policies are working toward just that end.”⁸³ In order to spread Chinese thought and culture to the world, China has used many soft tools such as building Confucius institutes abroad, promoting authoritarian governance, and undermining democratic practices in other countries by Chinese money, language and people.

The last one is China is trying to change the order of the international institutional. China is a member of many international financial institutions. China has been waiting and hoping to gain greater voting rights in the IMF as well as many other international organizations, but China increasingly feels international organizations do not allow China's influence to increase, therefore, China created its own institutions.⁸⁴

⁸¹ Brands, “China’s Master Plan: Exporting an Ideology.”

⁸² Ibid.

⁸³ Ibid.

⁸⁴ Ibid.

AIIB, Regional Comprehensive Economic Partnership, and the BRI are mechanisms and means for this strategy.⁸⁵ “Beijing will use its regional economic pact and infrastructure bank as tools for drawing neighboring countries deeper into its economic orbit, slowly but surely rendering them less capable of remaining geopolitically independent of China.”⁸⁶ With the aim of changing the order of global financial regimes in favor of China, China has established a bank (AIIB) of scale and nature like the IMF, from the major contributions of China and other members in the world.

China's Strategies

From the analysis of strategic theory and samples above, it can be seen that China has been applying the theory to its strategies very well. Some typical strategies China is implementing are: China’s Military Strategy, Made in China 2025 and China’s Policies on Asia-Pacific Security Cooperation written in 2015 and 2017. They respectively express officially the nation’s interests, policies and strategy, especially, the BRI demonstrates China's great ambition.

China’s Belt and Road Initiative is one of the biggest initiatives in modern Chinese history. “China has determined five routes for the Belt and Road. The Silk Road Economic Belt has three routes: one from Northwest China and Northeast China to Europe and the Baltic Sea via Central Asia and Russia; one from Northwest China to the Persian Gulf and the Mediterranean Sea, passing through Central Asia and West Asia; and one from Southwest China through the Indochina Peninsula to the Indian Ocean. The

⁸⁵ Brands, “China’s Master Plan: Exporting an Ideology.”

⁸⁶ Ibid.

21st-Century Maritime Silk Road has two major routes: one starts from coastal ports of China, crosses the SCS, passes through the Malacca Strait, and reaches the Indian Ocean, extending to Europe; the other starts from coastal ports of China, crosses the SCS, and extends to the South Pacific.”⁸⁷ “The Belt and Road Initiative is a Chinese proposal whose aim is to promote peaceful cooperation and common development around the world. Cooperation under the Belt and Road framework is something in which all countries, big or small, rich or poor, can participate on an equal footing. This cooperation is public, transparent, and open, and brings positive energy to world peace and development.”⁸⁸

However, many people disagree with the above aims. Anja Manuel stated in his article, “It’s about competing with the United States. At a minimum, it creates leverage to make many smaller countries feel economically beholden to China.”⁸⁹ In addition, contractors for Chinese projects are less intended for companies from national receiving and international. “Out of all contractors participating in Chinese-funded projects within the Reconnecting Asia database, 89 percent are Chinese companies, 7.6 percent are local companies (companies headquartered in the same country where the project was taking

⁸⁷ Office of the Leading Group for the Belt and Road Initiative, *Building the Belt and Road: Concept, Practice and China’s Contribution*.

⁸⁸ Ibid.

⁸⁹ Anja Manuel, “China Is Quietly Reshaping the World,” *The Atlantic*, 17 October 2017, accessed 2 August 2018, <https://www.theatlantic.com/international/archive/2017/10/china-belt-and-road/542667/>.

place), and 3.4 percent are foreign companies (non-Chinese companies from a country other than the one where the project was taking place.)”⁹⁰

Politically, China is gradually gaining profits when it presses other countries through loans. “Chinese infrastructure loans have helped persuade some countries, including the Philippines and Cambodia, to reevaluate military or diplomatic ties with the United States.”⁹¹ An emerging problem now is the debt trap China is bringing to receiving countries. Djibouti is an example. “In just two years, public external debt has increased from 50 to 85 percent of GDP, the highest of any low-income country. Much of the debt consists of government-guaranteed public enterprise debt and is owed to China Exim Bank.”⁹² As a result, China opened its first overseas military base in Djibouti, a country in the Horn of Africa on 1 August 2017, the 90th birthday of the People’s Liberation Army.⁹³

Vietnam’s Strategies

English-written documents studying Vietnam’s strategy are not common, especially from Vietnam’s perspective. The information about Vietnam’s national objectives and strategies will be examined through three documents namely “The White

⁹⁰ Jonathan E. Hillman, “China’s Belt and Road Initiative: Five Years Later,” Center for Strategic & International Studies, 25 January 2018, accessed 30 September 2018, <https://www.csis.org/analysis/chinas-belt-and-road-initiative-five-years-later-0>.

⁹¹ Ibid.

⁹² John Hurley, Scott Morris, and Gailyn Portelance, “Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective” (Center for Global Development (CGD) Policy Paper 121, CGD, Washington, DC, March 2018), 16.

⁹³ Reuters, “China formally opens first overseas military base in Djibouti.”

Paper: Vietnam National Defense 2009;” the “Resolution of the XII Congress of the Communist Party of Vietnam;” and the “Overall Strategy for International Integration through 2020, Vision to 2030.”

The first governmental publication which reflects Vietnam’s defense policy is Vietnam National Defense 2009. So far, Vietnam's strategy on defense policy as well as in the SCS issue is still the same as in this white paper. Vietnam Defense White Paper aims to publicize Vietnam's defense transparency with countries around the world. It is also an official document used to serve defense foreign affairs. The White Paper pointed out Vietnam’s national interests, “Vietnam always regards the maintenance of peaceful and stable environment for socio-economic development, industrialization and modernization, building the socialism oriented market economy as the top national interest, and the consistent goal of its national defense policy.”⁹⁴ So, “Vietnam has followed a national defense policy of peace, and self-defense expressed in the guideline of not using force or threatening of using force in international relations; solved differences and disputes with other countries by peaceful means. Vietnam advocates the gradual modernization of the Vietnam People Army and enhancement of the defense potential only to maintain its military power sufficient for self-defense capability. Vietnam opposes arms race.”⁹⁵

A common point that international researchers have pointed out when researching Vietnam's defense white paper is the “Three Nos” policy – “that is, no military alliances,

⁹⁴ Ministry of National Defense, *White Paper: Vietnam National Defense* (Hanoi: Nha Xuat Ban The Gioi, December 2009), 18.

⁹⁵ Ibid.

no aligning with one country against another, and no foreign military bases on Vietnamese soil.”⁹⁶ Vietnam pursues this policy because “On implementing the independent, and self-reliant national defense policy, Vietnam builds national defense power mainly upon its own resources and people.”⁹⁷

Regarding the disputes in the SCS, the current policy of Vietnam is not changed compared to the White Paper 2009. “There is sufficient historical evidence and legal foundation to prove Vietnam’s undeniable sovereignty over water areas and islands in the East Sea (SCS), including the Paracel and the Spratly, it is always ready to negotiate with all parties concerned to find peaceful solutions to those disputes in conformity with regulations of the 1982 United Nations Convention on the Law of the Sea. While continuously seeking for a long-term solution to the issue, Vietnam advocates that all parties must restrain themselves, strictly abide by DOC, and strive for building COC in order to reach a long-term and fair solution to this complicated issue, turning the East Sea into a sea of peace, friendship, and development.”⁹⁸

The second document is “Overall strategy for international integration through 2020, vision to 2030” issued January 7, 2016. The strategy provides Vietnam’s strategic objectives and solutions to achieve international integration through 2020, vision to 2030.

The overall objectives of international integration through 2030 are to contribute to strengthening the country’s aggregate strength; take full advantage of favorable

⁹⁶ Derek Grossman and Dung Huynh, “Vietnam's Defense Policy of ‘No’ Quietly Saves Room for ‘Yes’,” *The RAND Blog* (blog) Rand Corporation, January 2019, accessed 7 May 2019, <https://www.rand.org/blog/2019/01/vietnams-defense-policy-of-no-quietly-saves-room-for.html>.

⁹⁷ Ministry of National Defense, *White Paper: Vietnam National Defense*, 21.

⁹⁸ *Ibid.*, 20.

global conditions to soon turn Viet Nam into a modern-oriented industrialized country, improve people's living standards; maintain independence, sovereignty, unity, and territorial integrity; and firmly defend the socialist Fatherland of Viet Nam; heighten the country's position and prestige in the world.⁹⁹

The strategy consists of five parts, in which the focus is part IV – Orientation and solutions to integration. Part IV has three sections. Section 1 deals with solutions for international economic integration. Section 2 relates to politic, defense and security integration. Section 3 discusses integration in culture, labor, social security, healthcare, education and training, science and technology, and other fields.¹⁰⁰

The last important document is Resolution of the XII Congress of the Communist Party of Vietnam (CPV), issued January 28, 2016. This document affirms that foreign relations and international integration of Vietnam are more and more extensive and effective. Position and international prestige of Vietnam continues to be improved. The CPV determined the strategy for the next five years from 2016 to 2020 is “to bring our country to become an industrial country in the modern direction, to improve the material and spiritual life of the people. Resolutely, persistently struggle to firmly defend the independence, sovereignty, unity and territorial integrity of the Fatherland, protect the Party, the State, the people, and the socialist regime. Maintaining peace, stability, activeness, and active international integration to develop the country; enhance Vietnam's

⁹⁹ The Socialist Republic of Vietnam, Online Newspaper of the Government, “Overall Strategy for International Integration through 2020, Vision to 2030,” 31 January 2016, accessed 8 May 2019, <http://news.chinhphu.vn/Home/Overall-strategy-for-international-integration-through-2020-vision-to-2030/20161/29060.vgp>.

¹⁰⁰ Ibid.

position and prestige in the region and the world.”¹⁰¹ In the spirit of the Resolution of the XII Congress of the CPV, protecting national and national interests are the highest goals.

In short, Vietnam’s strategic objectives can be generalized as follows:

1. Turn Viet Nam into a modern-oriented industrialized country.
2. Build the socialism-oriented market economy.
3. Implement the policy of defense with peace and self-defense, gradually modernizing the Vietnam People’s Army, maintaining independence, sovereignty, unity, and territorial integrity, and firmly defending the socialist Fatherland of Vietnam.

These objectives from the three documents are the foundation of establishing what ends Vietnam’s participation in BRI should achieve. As a result, an evaluation of its participation requires anchoring on these national interests and goals.

DIME

Since the BRI was released in 2013, scholars generally agree that this is a new Chinese strategy and it has far-reaching implications for China’s national power as seen above in the previous literature section. Thus, the author sought a simple, but effective framework to bin or separate the key considerations of national power in order to evaluate their overall benefits and challenges for Vietnam. The literature review will

¹⁰¹ Communist Party of Vietnam Online Newspaper, “Nghị quyết Đại hội đại biểu toàn quốc lần thứ XII của Đảng,” 29 January 2016, accessed 7 May 2019, <http://dangcongsan.vn/xay-dung-dang/ngphi-quyet-dai-hoi-dai-bieu-toan-quoc-lan-thu-xii-cua-dang-368870.html>.

examine these materials based on the DIME model of national power (diplomatic, informational, military, and economic.)

The DIME model is mentioned in US doctrine, Joint Publication 1, *Doctrine for Armed Forces of the United States*. It is a tool to consider the national power to achieve national strategic objectives, using four elements: diplomatic, informational, military, and economic.

The first element of the framework is “Diplomatic.” Diplomacy is seen as a form of soft power, that a country uses to influence other countries to achieve its political goals. Joint Publication 1 considers diplomacy to be the principal instrument for engaging with other states and foreign groups in order to advance values, interests, and objectives. It is a main means to organize coalitions and alliances, including states and non-state entities, as partners, surrogates, and others.¹⁰²

The second element is “Informational.” Informational power is an important instrument of national power and a strategic way to national security. A nation uses information to provide the world with a narrative about their country, in order to enhance the image promotion and attract global attention. Thereby, the country gains benefits in many fields. Today, the concept of information as an instrument of national power has been expanded, not referring to only nation-states, but also non-state actors.¹⁰³

¹⁰² Joint Chiefs of Staff (JCS), Joint Publication (JP) 1, *Doctrine for the Armed Forces of the United States* (Washington, DC: Department of Defense, 2013, incorporating Change 1, 12 July 2017), I-12.

¹⁰³ Ibid.

The “Military” is considered a nation's strength, or a hard power of a nation. It plays a vital role in defending a country. Fundamentally, the military instrument is used to prevent attacks from outside and prevent external aggression. Besides, military capabilities are also useful in non-conflict situations, such as in humanitarian relief.¹⁰⁴

The last element is “Economic.” With a strong economy, the government will have many sources to invest in social programs, ensuring people's lives are happy and growing. It also enables a strong national defense.¹⁰⁵ Economic power is vitally important because it also provides the means for external influence in terms of interest from other countries or ability to attract or even coerce other countries without using military means.

Diplomatic

A lot of progress has been made thus far since Chinese President Xi Jinping launched BRI in the autumn of 2013. On September 7, 2013, Xi Jinping had a speech with title "Promote People-to-People Friendship and Create a Better Future" at Kazakhstan's Nazarbayev University, Kazakhstan. Xi Jinping proposed Eurasian countries jointly build the "Silk Road Economic Belt."¹⁰⁶ In October 2013, in his speech at the Indonesian parliament, Xi proposed building a close-knit China-ASEAN

¹⁰⁴ JCS, JP 1, I-13.

¹⁰⁵ Ibid.

¹⁰⁶ Ministry of Foreign Affairs of the People's Republic of China, “President Xi Jinping Delivers Important Speech and Proposes to Build a Silk Road Economic Belt with Central Asian Countries,” 7 September 2013, accessed 21 October 2018, https://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpfwzysiesgjtfhshzzfh_665686/t1076334.shtml.

community and establishing the Asian Infrastructure Investment Bank (AIIB).¹⁰⁷ Later the name “One Belt One Road Initiative” or “Belt and Road Initiative” was used as the official designation for this vision. Since launching the idea, China has carried out a series of diplomatic activities to promote the BRI.

In December 2013, “Xi urged strategic planning of the Belt and Road initiative to promote connectedness of infrastructure and build a community of common interests at the annual Central Economic Work Conference.”¹⁰⁸ In February 2014, the two Russian and Chinese leaders agreed to build the Belt and Road, and to connect BRI with Russia's Euro-Asia Railways. Then, in November 2014, during the 22nd Asia-Pacific Economic Cooperation (APEC) Summit, held in Beijing, Xi officially announced the "One Belt, One Road."

Later in 2015, Chinese Foreign Minister Wang Yi stated that China's main diplomatic focus in 2015 will focus on promoting BRI.¹⁰⁹ In 2016, it was time to go more global with the strategy. China held a series of exposes, exhibitions, and summits to promote the image of the BRI to the world. On May 14–15, 2017 in Beijing, China held the first major international meeting, The Belt and Road Forum for International Cooperation, or BARF. The meeting attracted 29 foreign heads of state and government and representatives from more than 100 countries. “Xi’s keynote speech also included

¹⁰⁷ The State Council, The People’s Republic of China, “Chronology of China’s Belt and Road Initiative.”

¹⁰⁸ Ibid.

¹⁰⁹ Chen Heying, “Foreign policy in 2015 to focus on ‘Belt and Road’ initiatives,” *Global Times*, March 9, 2015, accessed 29 October 2018, <http://www.globaltimes.cn/content/910919.shtml>.

China's latest attempt to assuage those concerns: "We are ready to share practices of development with other countries, but we have no intention to interfere in other countries' internal affairs, export our own social system and model of development, or impose our own will on others. In pursuing the Belt and Road Initiative, we will not resort to outdated geopolitical maneuvering. What we hope to achieve is a new model of win-win cooperation."¹¹⁰ From the beginning of 2018 until now, China has been proceeding bilateral diplomatic activities with many countries in order to attract more participation of countries in the world. This year is also the fifth anniversary of the BRI.

Concerning the current relationship between Viet Nam and China within the BRI, during a five-day state visit to China in May 2017 that included attendance at the Belt and Road Forum for International Cooperation, the State leader of Vietnam stressed Vietnam welcomed the Belt and Road Initiative along with efforts to promote economic and regional connectivity. In November 2017, the two sides signed a MOU on promoting the connection between the Vietnam's "Two Corridors and One Economic Circle" plan and the BRI.¹¹¹

Informational

With the revolution in digital communications, information can be globally transmitted instantaneously. People easily and rapidly gain knowledge about what is

¹¹⁰ Shannon Tiezzi, "What Did China Accomplish at the Belt and Road Forum?" *The Diplomat*, May 2017, accessed 27 October 2018, <https://thediplomat.com/2017/05/what-did-china-accomplish-at-the-belt-and-road-forum/>.

¹¹¹ Mengjie, "China, Vietnam sign MOU on cooperation of development initiatives."

happening throughout the world. China is proactively using this instrument to promote the BRI to the world. All official Chinese websites have opened the BRI, such as the National Development and Reform Commission, the Ministry of Foreign Affairs, and the Ministry of Commerce. Similarly, all the famous and popular online newspapers of China have a column for the BRI, namely Chinadaily.com.cn, news.china.com, en. people.cn, scmp.com, etc. The files clearly and systematically describe the historical background, co-construction principles, frame work thoughts, as well as cooperation focus, cooperation mechanism, and operation methods of the BRI.¹¹²

On March 28, 2015 — The National Development and Reform Commission, Ministry of Foreign Affairs and Ministry of Commerce jointly released an action plan for the Belt and Road Initiative. In October 2017, the BRI was written into the Communist Party's constitution, a sign of the project's policy significance.¹¹³ At the state level, BRI mattered and China wanted the world to know. However, the exact concept still causes some confusion, particularly for western diplomats and policymakers. For example, some western diplomats and authors consider the BRI as China's version of Marshall Plan, the American initiative, aimed to confront communism. This generally implies a tone of concern or mistrust when mentioning the BRI.¹¹⁴ Meanwhile, Chinese media stated that

¹¹² Shunqing Cao and Wenting Shi, "A Tentative Expansion of Variation Theory: A Case Study on 'One Belt and One Road'," *Advances in Journalism and Communication* 4 (2016): 67-74. doi: 10.4236/ajc.2016.42007.

¹¹³ Deloitte, "Embracing the BRI ecosystem in 2018," 12 February 2018, accessed 27 October 2018, <https://www2.deloitte.com/insights/us/en/economy/asia-pacific/china-belt-and-road-initiative.html>.

¹¹⁴ Cao and Shi, "A Tentative Expansion of Variation Theory: A Case Study on 'One Belt and One Road'," 67-74.

modern BRI is the continuation of the ancient Silk Road, and “The Belt and Road cooperation features mutual respect and trust, mutual benefit and win-win cooperation, and mutual learning between civilizations.”¹¹⁵ BRI and its intentions remain contested in the information domain as countries seek clarity and understanding not only from words but also actions.

Vietnamese media are very interested in the BRI. The major newspapers of Vietnam continually analyze this initiative, focusing on content, implementation mechanism, essence of strategy of the initiative, and the role for Vietnam in this initiative, etc. The official press office of the CPV, has a very thorough analysis of the BRI titled "Belt and road initiative: Toward "Chinese Dream." The article stated this initiative is seen as a new global strategic aimed toward the "Chinese Dream," which makes China a global power.¹¹⁶ However, the author did not analyze the challenges or benefits for Vietnam, which is an important topic for policymakers as they review Vietnam's level of participation in BRI. Another important newspaper, Vietnam People's Army, argued the BRI has been emerging not only as Chinese strategy but also as a global strategy which can reshape geopolitical and economic positions in and outside Asia.¹¹⁷ Again, the authors did not discuss the impact on Vietnam. In general, the

¹¹⁵ NDRC PRC, “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road.”

¹¹⁶ Tap Chi Quoc Phong Toan Dan, “One Belt, One Road: Toward ‘Chinese Dream’,” 2 August 2017, accessed 19 August 2018, <http://www.tapchicongsan.org.vn/Home/The-gioi-van-de-su-kien/2017/46202/Vanh-dai-con-duong-Huong-toi-Giac-mong-Trung-Hoa.aspx>.

¹¹⁷ Tap Chi Quoc Phong Toan Dan, “Đôi nét về sáng kiến “Vành đai và Con đường” của Trung Quốc,” 13 November 2017, accessed 5 August 2018,

Vietnamese press is very interested in the BRI. However, there is limited research and discussion about the challenges and benefits for Vietnam.

Military

The military ties between China and Vietnam have experienced dramatic changes. This is illustrated through a number of historic visits between senior military leaders, agreements, dialogues, and defense cooperation activities. Over the past years, Vietnam-China defense cooperation has achieved good results, which is a key pillar in the overall relationship between the two countries. With China, Vietnam advocates the promotion of defense cooperation on the basis of comprehensive strategic cooperation. Vietnam promotes efforts to resolve conflicts by peaceful means when problems occur for the benefit of both sides. Since 2005, Vietnam and China have jointly coordinated the annual fishery cooperation in the Tonkin Gulf. In order to strengthen political trust and build closer ties between the two countries' armed forces, Vietnam and China regularly exchange delegations at all levels, attaching importance to cooperation in training and promotion of relations, exchanges, and cooperation between the Navy, the Border guard and the Coast guard. In 2013, the two countries signed 10 documents, including the "Border Cooperation Agreement between the Ministry of Defense of Vietnam and China", and the "Action Program between the Government of Vietnam and China on the implementation of the comprehensive strategic partnership and cooperation between Vietnam and China. In January, 2017, during the visit to China by General Secretary of

<http://tapchiquptd.vn/vi/quoc-phong-quan-su-nuoc-ngoai/doi-net-ve-sang-kien-vanh-dai-va-con-duong-cua-trung-quoc/10813.html>.

Vietnam communist party Nguyen Phu Trong, the two sides jointly issued a 10-point joint statement, expressing common perceptions gained as well as basic directions and measures to enhance the view, traditional friendship, and comprehensive strategic partnership in the future. The two sides also witnessed the signing of 15 cooperation documents, including the Joint Declaration on Defense Cooperation between the Ministry of Defense of Vietnam and the Ministry of Defense of China until 2025, the land border between the Ministry of Defense of Vietnam and the General Department of Customs of China.¹¹⁸

Many experts say that the BRI does not point to a "win-win" label as Beijing claims, but is a tool for expanding China's political influence and military presence, especially in the SCS. China's increased activity in the SCS and the rising concern from other major powers about the impact of this activity creates security challenges in the SCS. Indeed, the 21st century Maritime Silk Road, one of the two important component of the BRI, has two major routes: "one starts from coastal ports of China, crosses the South China Sea, passes through the Malacca Strait, and reaches the Indian Ocean, extending to Europe; the other starts from coastal ports of China, crosses the South China Sea, and extends to the South Pacific."¹¹⁹ Thus, it is clear SCS is the focal point of this route.

¹¹⁸ Political Argument of the Central Committee of the Communist Party of Vietnam, "Hợp tác quốc tế về an ninh, quốc phòng của Việt Nam những năm đầu thế kỷ XXI," 6 June 2018, accessed 4 November 2018, <http://www.tapchicongsan.org.vn/Home/Doi-ngoai-va-hoi-nhap/2018/51120/Hop-tac-quoc-te-ve-an-ninh-quoc-phong-cua-Viet-Nam.aspx>.

¹¹⁹ Office of the Leading Group for the Belt and Road Initiative, *Building the Belt and Road: Concept, Practice and China's Contribution*.

Vietnam is also aware of that. Previously, Vietnam also tried to resolve disagreements with China at sea with various agreements. The two countries signed the “Agreement on basic principles guiding the settlement of sea-related issues between Vietnam and China” as the basis for resolving the SCS issue.¹²⁰ The two sides established expert-level negotiation mechanisms outside the Gulf of Tonkin and expert-level negotiating mechanisms for cooperation on less sensitive issue at sea. The two sides have achieved an agreement on the establishment of joint technical survey team for the delamination and development cooperation in the area outside the Tonkin Gulf and an agreement on selecting three projects related to less sensitive issues at sea for research and pilot implementation.¹²¹ However, there are still differences between the two countries.

Regarding the BRI and SCS, the situation will be more complicated when main projects of the BRI spread across strategic locations such as the SCS entrance or include port development that could be sensitive for the country. Clearly, the SCS is an important place to keep the "21st-Century Maritime Silk Road." Although Beijing tries to use this initiative to strengthen political mutual trust and increase interest connectivity, the process of building the "21st-Century Maritime Silk Road " is difficult to separate from the SCS dispute. Therefore, Vietnam’s security apparatus will face obstacles in solving this problem.

¹²⁰ Le Van Toan, “Vietnam - China relations in the new context,” *Political Theory*, 24 October 2017, accessed 23 July 2018, <http://lyluanchinhtri.vn/home/en/index.php/international-issues/item/502-vietnam-china-relations-in-the-new-context.html>.

¹²¹ Ibid.

Economy

Economy is not the only issue in Vietnamese-Chinese strategic thinking, but it is certainly an important dynamic in this relationship. China is the major commercial partner with Vietnam. China has been Vietnam's largest trading partner for 14 years in a row. Vietnam has continuously been China's largest trading partner for three years in ASEAN. In terms of investment, in 2018, China is ranked 7th among 129 countries and territories investing in Vietnam.¹²² When the BRI was announced, Vietnamese scholars showed great interest in understanding the implications of this initiative because of the potential impact on Vietnam's economy. Therefore, the analysis of economic impact on Vietnam is necessary before any projects will be signed.

Dr. Pham Sy Thanh, Director of Chinese Economic Studies Program (VCES), of the Vietnam Institute for Economic and Policy Research (VEPR), and Lecturer at the Faculty of Oriental Studies, University of Social Sciences and Humanities, Vietnam National University, Hanoi, published the book named “Vành đai con đường: sáng kiến của Trung Quốc và hàm ý chính sách đối với Việt Nam” (China's Belt and Road Initiative - Policy implications for Vietnam) in 2017. This book analyzes the mechanism for implementing the BRI from Chinese central to local, namely, the policy mechanism and the mechanism for mobilizing finance. The book gathers information on the practical implementation of the initiative after four years and different responses, countries as well as economic, international relations, and security impacts on nations. Especially, the

¹²² Dai Doan Ket, “Việt Nam – Trung Quốc: Tiếp tục tăng cường quan hệ trên mọi lĩnh vực,” 26 March 2019, accessed 4 May 2019, <http://daidoanket.vn/chinh-tri/viet-nam-trung-quoc-tiep-tuc-tang-cuong-quan-he-tren-moi-linh-vuc-tintuc433021>.

author made very deep and specific policy recommendations for Vietnam in specific areas such as information connectivity, infrastructure connectivity, public debt risk control, recommendations on the environment, labor, and the connection between people with people within the scope of the initiative. The author argues that Vietnam should participate in the BRI actively and orderly. In particular, he provides important policy recommendations on information connectivity, infrastructure connectivity, public debt risk control, recommendations on the environment, and labor. However, the author does not have an analysis of the challenges and benefits for Vietnam's national security when Vietnam joins the BRI.

In addition, many seminars have been held throughout Vietnam. On August 25, 2017, a seminar entitled "Road and Road Initiative: New Opportunities for Vietnam-China Cooperation" was held in Hanoi. The event was organized by Vietnam Diplomatic Academy in cooperation with the Embassy of China in Vietnam. This talk was the first of its kind in Vietnam in connection with the BRI. The event was attended by about 80 delegates from ministries, research institutions, and enterprises from Vietnam and China. The purpose of the seminar was to provide the public and academics with information on the BRI, and also to identify new concrete opportunities for Sino-Vietnamese cooperation. On December 21, 2017, the VCES under the VEPR held the 21st China Economic and Strategic Research Seminar entitled "The BRI: from China's view and implications for Vietnam." The seminar analyzed China's viewpoint about the initiative as well as its impact on Southeast Asian countries, especially Vietnam, through its speeches focused on: (1) Vietnam's role in BRI; (2) proposals for cooperation with

Vietnam; (3) cooperation with ASEAN and its impact; and (4) opportunities for cooperation of Vietnam, while still protecting the sovereignty in the SCS.

The views and judgments of many international experts and scholars on the BRI are featured in numerous articles in leading policy research journals such as the Heritage Foundation and ISEAS – Yusof Ishak Institute, etc. Author Jeff M. Smith has a thorough report entitled “China’s Belt and Road Initiative: Strategic Implications and International Opposition” on the Heritage Foundation. This six-part report provides very detailed analysis of BRI from the perspective of the US and its partners. Part I of this report provides basic and brief information about the BRI. Part II looks at China's motives for making the initiative and economic and geopolitical benefits that China can gain. Part III provides a more detailed analysis of the change in perspective as well as the increasing criticism of the BRI from the diamond quadrilateral, Australia, India, Japan, the US, and a number of European countries. Part IV analyzes the direct macroeconomic consequences, geopolitical challenges that participating countries will face, as well as the emergence against Chinese investments. In section V, the author examines the attempts of the US, Japan, India, and other countries to find alternatives to BRI to entice regional countries to participate. The report ends with a series of policy recommendations.¹²³

Notably, Hong Hiep Le – a fellow at the ISEAS –Yusof Ishak Institute, published an article titled “The Belt and Road Initiative in Vietnam: Challenges and Prospects.” Le wrote “The BRI is an important source of funding that Vietnam may want to tap to

¹²³ Jeff M. Smith, “China’s Belt and Road Initiative: Strategic Implications and International Opposition,” *Background*, no. 3331 (9 August 2018), accessed 14 August 2018, https://www.heritage.org/sites/default/files/2018-08/BG3331_2.pdf

finance its infrastructure projects.”¹²⁴ The author argues that although Vietnam will be cautious in participating in the initiative, but in terms of diplomacy, Hanoi will continue to support this initiative “as a measure to strengthen the overall relations with Beijing.”¹²⁵

To sum up, when evaluating China's strategies through the above examples from a theoretical perspective of strategy, it can be seen that China has clear strategic objectives, and very diverse ways and many different tools and means to achieve its national objectives. However, “The Chinese Dream” or “the revival of the great Chinese nation” is the China's highest and most apparent goal in order to lead the world. To achieve that goal, China has implemented various Diplomatic, Informational, Military and Economic mechanisms to achieve their strategies over the years. However, the BRI is a new, overarching, and broad strategy that incorporates all four elements of national power. While economics and particularly infrastructure investment is the lead point of the strategy, the BRI also incorporates diplomatic, information, and military components to achieve this “Chinese dream.” As the literature describes, Vietnam will face many opportunities, benefits, and challenges in navigating this major strategy with respect to its own national interests and objectives, but the literature is lacking a comprehensive DIME analysis and evaluation of the challenges and benefits for Vietnam with respect to BRI.

¹²⁴ Le Hong Hiep, “The Belt and Road Initiative in Vietnam: Challenges and Prospects,” *Perspective*, no. 18 (29 March 2018), accessed 21 July 2018, https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2018_18@50.pdf.

¹²⁵ Ibid.

Thus, this research paper will seek to address this shortcoming in Chapter Three, Chapter Four, and Chapter Five.

CHAPTER 3

RESEARCH METHODOLOGY

This chapter presents the research methodologies used to answer the research questions introduced in chapter 1. The research methodology seeks to evaluate the benefits and challenges if Vietnam participates in China's Belt and Road Initiative. To evaluate the benefits and challenges for Vietnam, this methodology anchors on the "Overall Strategy for International Integration through 2020, Vision to 2030" of Vietnam and "The White Paper: Vietnam National Defense 2009" as the core national strategic objectives. The research proposes three options for participation in BRI, and uses the DIME framework to conduct a cost-benefit analysis for each option. The tested thesis is Vietnam should participate in the Belt and Road Initiative in a limited capacity based on the current strategic environment.

This thesis also seeks to answer the following secondary research questions:

1. What is the BRI?
2. What has China done to implement the BRI for the past five years?
3. What are these strategic goals of the BRI?
4. What are these China's advantages and disadvantages in implementing the BRI?
5. What are the implications of China's BRI to Vietnam's national security interests?
6. What are the suggestions of policies for Vietnam?

The research used in this study is a combination of methods. It includes qualitative analysis of the pertinent documents, passive observation of recent and current events, and analysis through the lens of DIME. Chapter 4 will answer the third and fourth question by qualitative analysis of the pertinent documents and passive observation of recent and current events. The research will also analyze information and documents from the Chinese Government, articles of economic experts on electronic newspapers, professional insights and assessment from the author including the strategic goals of China in implementing the initiative, China's advantages and disadvantages in implementing the initiative and the forecasted timeline of BRI implementation in the future. The research question number 5 will be also answered and analyzed in Chapter 4 by using the DIME framework in terms of three possible options: full participation in BRI, no participation in BRI, and limited participation in BRI. Prior to describing these options, the research first must establish the core national strategic objectives for Vietnam. Finally, this study will not involve any direct engagement with living persons either through new interviews, surveys, focus groups, observations, oral histories or other means.

Based on Vietnam's Defense White Paper in 2009, Vietnam's states its core national objectives as, "Vietnam always regards the maintenance of peaceful and stable environment for socio-economic development, industrialization and modernization, building the socialism oriented market economy as the top national interest, and the consistent goal of its national defense policy."¹²⁶ This research methodology assumes

¹²⁶ Ministry of National Defense, *White Paper: Vietnam National Defense*, 18.

Vietnam will seek to maximize benefits for these core objectives: socio-economic development, industrialization and modernization, building the socialism oriented market economy, and Vietnam will also seek to reduce costs that hinder achievement of these core objectives.

Due to the nature of the relationship between China and Vietnam as described in Chapter 1 and Chapter 2 and Vietnam's core national objectives, this research proposes three possible options for Vietnam's participation in the Belt and Road Initiative. Full participation means Vietnam will participate in the initiative in a proactive and extensive way. Vietnam will find ways to promote its economic development through this initiative to the maximum extent. Vietnam will make the most of every opportunity to acquire capital from the AIIB and SRF funds to invest in infrastructure development, which is in a state of failure to meet the economy's requirements. Of course, Vietnam will not hesitate to participate in projects under the "21st Century Maritime Silk Road."

Option 2 is Vietnam will not participate the BRI. Vietnam will find ways to cleverly reject all offers from China, knowing that it will likely cause friction in bilateral relations. Economic, trade, investment, and tourist exchanges between the two countries will continue to be developed and actively promoted. However, Vietnam will seek alternate funding options for development needs.

The last option is limited participation in the BRI. Limited participation means Vietnam will select a project which is not sensitive or directly related to national security concerns. Vietnam will review Belt and Road Initiative projects from the lens of its key strategic documents, and it will choose a project or projects that minimize risk and maximize development. For example, Vietnam may choose to avoid offers relating to the

“21st Century Maritime Silk Road” because maritime sovereignty is a key issue for Vietnamese national security. Vietnam could also choose smaller projects with smaller loans to assess the true strengths and weaknesses of the BRI process to make a fuller evaluation of participation in the future.

Using three options, the research employs the framework of diplomatic, informational, military and economic factors to conduct a benefits-challenges analysis for Vietnam’s core strategic objectives. Joint Publication 1, Doctrine for the Armed Forces of the United States (Washington, DC: Department of Defense, 2013 Incorporating Change 1, 12 July 2017) introduced the DIME into its doctrine. Instruments of National Power comprises of Diplomatic, Informational, Military and Economic. These factors will determine the effectiveness of advancing national interests..¹²⁷

¹²⁷ JCS, JP 1.

Table 1. The BRI through the Framework of DIME:
Three Possible Options for Vietnam

Instruments of National Power	Full Participation	No Participation	Limited Participation
Diplomatic - Implementing independent foreign policy. - Promoting and deepening relations with partners. - Elevating multilateral foreign relations; actively and actively participating in multilateral institutions.	- Benefits: - Challenges:	- Benefits: - Challenges:	- Benefits: - Challenges:
Informational - Promoting socio-economic development.	- Benefits: - Challenges:	- Benefits: - Challenges:	- Benefits: - Challenges:
Military - Defending the country. - Promoting stable and peaceful regional environment.	- Benefits: - Challenges:	- Benefits: - Challenges:	- Benefits: - Challenges:
Economy - Building the socialism oriented market economy. - Improving the competitiveness of the economy. - Expanding markets, taking advantage of capital, technology and management knowledge.	- Benefits: - Challenges:	- Benefits: - Challenges:	- Benefits: - Challenges:

Source: Created by author.

Chapter 5 will suggest policies for Vietnam to analyze for future consideration about how to participate in BRI, propose ways to mitigate the risks in terms of interacting with China, and offer recommendations for further research. This will appropriately answer question 6 from the research and address the overall stated thesis.

In order to provide policy suggestions for the three above scenarios, the author will use the Communist Party of Vietnam policy, specially, the “Three Nos” rules in

Vietnam's defense policy. In addition, the author will use qualitative assessment of geopolitical factors between Vietnam and China, specifically geographical factors, the nature of relationship between the two countries, the balance interests between politics and economy, as well as Vietnam-American relations, the dispute in the SCS, and ASEAN Community factor.

To sum up, the methodology used in this thesis is a synthesis of different methods. It is a qualitative analysis of the relevant documents, passive observation of recent and current events, and look through the four lenses of the DIME model. All materials are evaluated based on their validity, relevance to the research.

CHAPTER 4

ANALYSIS

BRI's core goals focus on building a network of roads, ports and railways to bring more than 70 countries together from multiple regions of the world in trade and economic development. BRI's stature is vast in terms of geographic scale as well as the amount of economic investment required. In this chapter, the author will examine strategic objectives in terms of diplomacy, informational, military, and economic. The author reviews China's advantages and difficulties when implementing the initiative from past projects. From this analysis, the author will scrutinize the opportunities and challenges for Vietnam's national interests when participating in the project in three scenarios: fully participating, not participating and participating in limited way.

Strategic Goals of China in Implementing the Initiative

At the 19th National Congress of the Communist Party of China (18-24 October 2017), Chinese president Xi Jinping stated: “We have seen a further rise in China's international influence, ability to inspire, and power to shape; and China has made great new contributions to global peace and development.”¹²⁸ In order to realize the Chinese Dream of national rejuvenation, “China adheres to the fundamental national policy of opening up and pursues development with its doors open wide. China will actively

¹²⁸ China Daily, “Full text of Xi Jinping’s report at 19th CPC National Congress,” 4 November 2017, accessed 10 April 2019, http://www.chinadaily.com.cn/china/19thcpcnationalcongress/2017-11/04/content_34115212.htm.

promote international cooperation through the Belt and Road Initiative. In doing so, we hope to achieve policy, infrastructure, trade, financial, and people-to-people connectivity and thus build a new platform for international cooperation to create new drivers of shared development.”¹²⁹ China advocates the implementation of synchronous solutions: economy - trade as the focus; politics - diplomacy as the pioneer; the culture is the driving force of BRI implementation. Thus, BRI will make China the central hub for connecting the world.¹³⁰

To achieve those goals, at the 19th National Congress of the Chinese Communist Party, the Party added many constructs to the Party’s constitution. The two most important additions were "Xi Jinping Thought" as one of the party's guiding theories and the BRI. This initiative reflects a strategic shift from the foreign policy under the time of Deng Xiaoping with dictum “hide our capabilities and bide our time; never try to take the lead.”¹³¹ The 19th National Congress of the Chinese Communist Party determined China will actively promote international cooperation on BRI to include: strengthening infrastructure connectivity; increasing capital circulation; promoting aid to developing countries, especially underdeveloped countries; supporting multilateral trade organizations; and promoting free trade policies, and open economic construction. Thus,

¹²⁹ China Daily, “Full text of Xi Jinping’s report at 19th CPC National Congress.”

¹³⁰ NDRC PRC, “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road.”

¹³¹ J. P. Beijing, “What is China’s belt and road initiative?” *The Economist*, 15 May 2017, accessed 10 April 2019, <https://www.economist.com/the-economist-explains/2017/05/14/what-is-chinas-belt-and-road-initiative>.

BRI is a comprehensive strategy with objectives in diplomacy, information, military, and economics.

Diplomatically, China will be maintaining stability in China's neighbourhood, directly affecting those countries. China wants to affirm their position as an international powerhouse that is able to influence global political norms and institutions. Another important goal is to soften disputes over sovereignty and territory with other countries to ensure a stable security environment for China to expand its influence outside, and to unite Chinese people together with the goal of "reviving the Chinese nation." In addition, China wants to gradually push America out of the region in terms of political influence.

Informationally, increasing soft power is China's aim. China promotes and propagates to the world their ideology, culture, language, and domestic policy, foreign policy, as well as promotes cooperation in education, training and science. One of the main pillars of BRI is the "people to people" bond. Through cultural, scientific and educational exchanges, or funding for cultural and educational projects, China will gradually integrate its cultural ideology to propagate and attract every class in host countries, especially young people.

Militarily, the BRI will support China to expand military operations outside its borders, establishing China as a world military power. It will affirm China's position and role as a global leader. In particular, through the implementation of the initiative, China will gradually modernize its naval forces, becoming a global naval power. This naval power will also promote its regional power and influence in competing sovereignty claims in the SCS. Certainly, activities to promote "The 21st Century Maritime Silk Road" will not be inseparable from the full control of the SCS. In the context that China

is still militarizing the islands in the SCS, and dividing the countries of ASEAN in the issue of SCS, “The 21st Century Maritime Silk Road” will be a significant challenge for these countries. The goal of increasing naval power through “The 21st Century Maritime Silk Road” is essential when considering and evaluating this initiative.

Economically, China promotes the establishment of an international economic and financial system led by China. Gradually, China will seek to restore China's central world position, making China a superpower in the next coming decades. On a smaller scale, China will increase economic connectivity with its neighbours in Central Asia, West Asia, as well as in ASEAN countries. To achieve that goal, China will strongly implement trade cooperation, infrastructure connectivity, and financial integration. These are three of the five main pillars of this initiative to develop China's economy in depth and breadth.

Overall, the BRI's goals are to diversify and deepen economic cooperation, deepen China's relationships with not only their neighbours but also a lot of countries in the world, and revive China, and implement strategy of building sea power. “In essence, the BRI is a strategic tool to help China deploy development strategies, military strategy and foreign strategy, at least in the immediate period.”¹³²

¹³² Tap Chi Quoc Phong Toan Dan, “One Belt, One Road: Toward ‘Chinese Dream’.”

China's Advantages and Disadvantages in Implementing the Initiative

Advantages

From a Subjective Perspective

China has a high internal consensus when implementing this initiative. In other words, there is a high level of unity and high political determination. This is reflected in a series of official documents from the highest level- the Chinese Communist Party, the government, ministries and local action plans. The Chinese Communist Party's XVIII Congress (November 2012) stated that the overall strategic development goal is to implement the "Chinese Dream" with a two-step roadmap: Chinese leaders in 2010 pledged to double China's GDP by 2020 and by 2049 "to complete the construction of China's modern, rich, democratic, civilized and harmonious socialist China."¹³³ To follow those strategies, at the 19th National Congress of the Communist Party of China, the Chinese president Xi Jinping stated: "China will actively promote international cooperation through the Belt and Road Initiative. In doing so, we hope to achieve policy, infrastructure, trade, financial, and people-to-people connectivity and thus build a new platform for international cooperation to create new drivers of shared development."¹³⁴ Clearly, China has very high unity about BRI in the Communist Party - the country's highest leadership.

¹³³ Ministry of Foreign Affairs Viet Nam, "Tài liệu cơ bản về Trung Quốc và quan hệ Việt Nam - Trung Quốc," updated March 2015, accessed 5 May 2019, http://www.mofahcm.gov.vn/vi/mofa/cn_vakv/ca_tbd/nr040818094447/ns150401025706.

¹³⁴ China Daily, "Full text of Xi Jinping's report at 19th CPC National Congress."

China also has great economic potential. After 40 years of reform (12/1978-12/2018), China successfully gained many great achievements in socio-economic development. They improved national synergy, and they progressed forward in their global status with respect to economic, cultural, military, security, and political positions. “From 2013 to 2017, China had one of the fastest growing economies in the world, averaging slightly more than 7% real growth per year.”¹³⁵ And “China became the world’s largest exporter in 2010, and the largest trading nation in 2013.”¹³⁶ According to the latest data, China’s GDP (purchasing power parity) reached \$ 23.31 trillion (2017 est.), ranking No.1 in the world; Gross national saving reached 45.8% of GDP (2017 est.), ranking No.6 in the world; Stock of narrow money and stock of broad money reached the same figure at \$8.351 trillion (31 December 2017 est.), ranking No.1 in the world; and market value of publicly traded shares reached \$7.335 trillion (December 2016 est.), ranking No.2 in the world.¹³⁷ China is the largest exporter and the second largest importer in the world, with \$2.216 trillion (2017 est.) and \$1.74 trillion (2017 est.) respectively.¹³⁸ China is also the country with the largest reserves of foreign exchange and gold in the world with \$3.236 trillion (31 December 2017 est.).¹³⁹

¹³⁵ Central Intelligence Agency, “The World Factbook: China.”

¹³⁶ Ibid.

¹³⁷ Ibid.

¹³⁸ Ibid.

¹³⁹ Ibid.

From an Objective Perspective

More and more countries are interested in BRI. China receives strong support from many countries, especially, less developed countries with poor infrastructures. Many countries now view China as an important investor. Leaders of 28 countries and delegates from 110 countries and representatives of 61 international organizations attended the first Belt and Road Forum in 2017 in Beijing.¹⁴⁰ In April 2019, the number increased significantly. Leaders from 37 countries and delegates from over 150 countries and representatives of 90 international organizations attended the second Belt and Road forum in Beijing.¹⁴¹ According to the Chinese President, “a large number of cooperation projects have been launched, and the decisions of the first BRF have been smoothly implemented. More than 150 countries and international organizations have signed agreements on Belt and Road cooperation with China.”¹⁴²

The capital demand for infrastructure is huge. “The world spent \$9.5 trillion, or 14 percent of global GDP, on infrastructure in 2015.”¹⁴³ The world needs to invest an

¹⁴⁰ Mengjie, ed., “Trade, investment cooperation robust along Belt and Road,” *Xinhua*, 27 April 2017, accessed 6 May 2019, http://www.xinhuanet.com/english/2017-04/27/c_136241203.htm.

¹⁴¹ Mu Xuequan, ed., “Xi to address Belt and Road forum next week: FM,” *Xinhua*, 19 April 2019, accessed 6 May 2019, http://www.xinhuanet.com/english/2019-04/19/c_137991210.htm.

¹⁴² Xinhua, “Xi's keynote speech at the opening ceremony of the second Belt and Road Forum for International Cooperation,” *Belt and Road Portal*, 27 April 2019, accessed 5 May 2019, <https://eng.yidaiyilu.gov.cn/qwyw/rdxw/88232.htm>.

¹⁴³ McKinsey Global Institute, “Bridging infrastructure gaps: Has the world made progress?” October 2017, accessed 11 March 2019, <https://www.mckinsey.com/industries/capital-projects-and-infrastructure/our-insights/bridging-infrastructure-gaps-has-the-world-made-progress#section%201>.

average of \$3.7 trillion in infrastructure necessary -roads, railways, ports, airports, power, water, and telecoms every year through 2035 in order to keep pace with projected GDP growth.¹⁴⁴ Meanwhile, according to the Global Infrastructure Outlook, an estimated global infrastructure investment needs is \$94 trillion by 2040.¹⁴⁵

Figure 3: Regional infrastructure investment needs 2016–2040 (\$ billion)

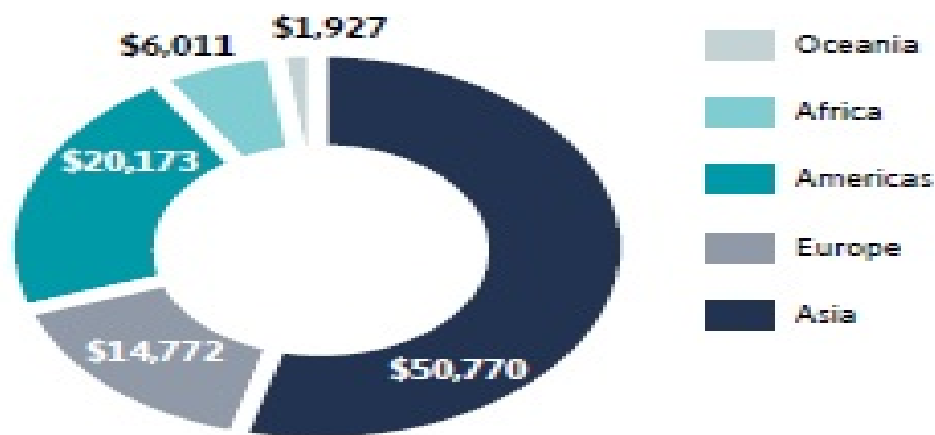


Figure 3. Regional Infrastructure Investment Needs, 2016-2040 (\$billion)

Source: Created by author using Chris Heathcote, “Forecasting infrastructure investment needs for 50 countries, 7 sectors through 2040,” *Getting Infrastructure Finance Right* (blog) The World Bank, 10 August 2017, accessed 11 March 2019, <http://blogs.worldbank.org/ppps/forecasting-infrastructure-investment-needs-50-countries-7-sectors-through-2040>.

¹⁴⁴ McKinsey Global Institute, “Bridging infrastructure gaps: Has the world made progress?”

¹⁴⁵ Chris Heathcote, “Forecasting infrastructure investment needs for 50 countries, 7 sectors through 2040,” *Getting Infrastructure Finance Right* (blog) The World Bank, 10 August 2017, accessed 11 March 2019, <http://blogs.worldbank.org/ppps/forecasting-infrastructure-investment-needs-50-countries-7-sectors-through-2040>.

Disadvantages

From a Subjective Perspective

Chinese state-owned enterprise (SOEs), which fund a majority of BRI projects, are not a strong economic enterprise, and they are not even the main driver of economic output in China. For example, as the American Enterprise Institute notes, “State-owned enterprises account for more than 95 percent of the \$208 billion in construction projects since 2014.”¹⁴⁶ However, some analysts believe Chinese SOEs lack innovative drive, experience, long-term R&D investment, strong leadership, and effective decision-making processes.¹⁴⁷ “SOEs themselves are not a single entity, but rather represent numerous companies of varying sizes with different standards and objectives. Regulation has always been problematic and even more so when operations are being conducted overseas.”¹⁴⁸ Finally, while Chinese SOEs play a strategic role in the Chinese economy, they are not the main engine of economic output per Figure 4 below.

¹⁴⁶ Cecilia Joy-Perez and Derek Scissors, “The Chinese state funds Belt and Road but does not have trillions to spare,” *AEI*, 28 March 2018, accessed 10 May 2019, <https://www.aei.org/publication/the-chinese-state-funds-belt-and-road-but-does-not-have-trillions-to-spare/>.

¹⁴⁷ Michele Lee and Dr. Liu Guilin, “Conquering the challenges of Chinese State-Owned Enterprises during economic slowdown,” *M&A Leverage* 4, no. 1: 11-13, accessed 13 March 2019, https://www.aon.com/apac/human-resources/thought-leadership/M-and-A/AonHewitt_M&A_Vol.4_Conquering%20the%20challenges%20of%20China's%20state%20owned%20enterprises%20during%20economic%20slowdown.pdf.

¹⁴⁸ Institute for Security & Development Policy, “The Belt and Road Initiative,” October 2016, accessed 13 March 2019, <http://isdpr.eu/publication/belt-road-initiative/>.

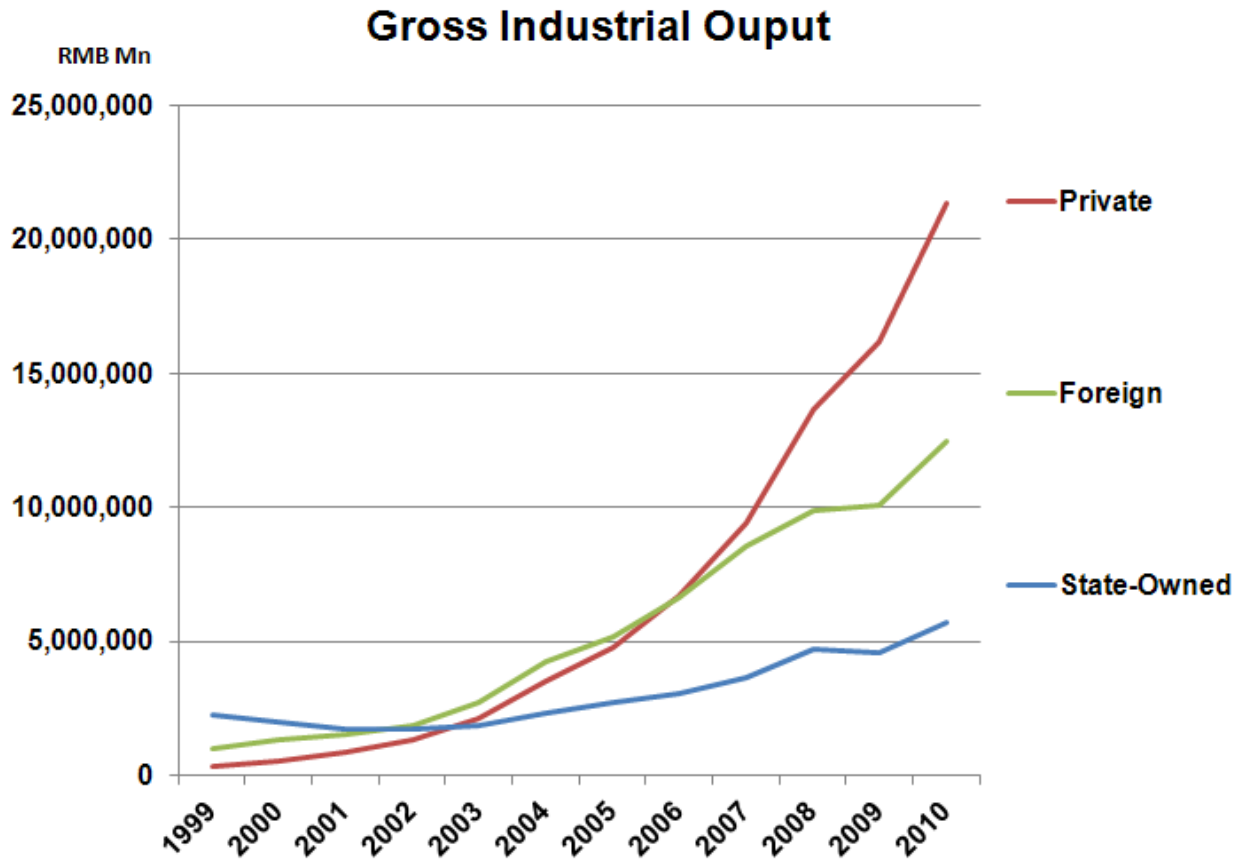


Figure 4. Gross Industrial Output

Source: Nicholas Borst, "SOEs Are Important, But Let's Not Exaggerate," *China Economic Watch* (blog) Peterson Institute for International Economics, 21 November 2011, accessed March 13, 2019, <https://piie.com/blogs/china-economic-watch/soes-are-important-lets-not-exaggerate>.

China has had multiple disputes over territorial sovereignty with neighboring countries. For example, China currently has territorial disputes over the East China Sea with Japan, in the SCS with some ASEAN countries, and on land with India, etc. These conflicts complicate BRI negotiations, causing concerns for related countries in terms of dispute resolution when participating in the BRI. National security concerns have made most of these countries very cautious and unable to fully participate in the initiative.

From an Objective Perspective

Many countries are concerned about China's ambition to expand influence and increase control in the region. There is a complex dynamic between political and economic factors in implementing this initiative. These may be due to lack of political trust and lack of accurate information for the initiative. The most worrisome thing currently emerging is that receiving loans from China makes poor countries at risk of default and political influence of China, called China's "Debt-Trap Diplomacy." "Some believe China engages in 'debt-trap diplomacy' through the BRI, ensnaring developing countries with debt dependence and then translating that dependence into geopolitical influence."¹⁴⁹ Sri Lanka was also unable to repay a \$8 billion loan with a 6% interest rate used to build Hambantota Port. In July 2017, China agreed to a debt swap in exchange for managing the port for 99 years.¹⁵⁰ This example demonstrates the potential for "debt-trap diplomacy."

Many countries are concerned about the lack of transparency in BRI investment projects. At 2018 Shangri La Dialogue, Prime Minister of India Narendra Modi stated that "Connectivity is vital. It does more than enhance trade and prosperity, it unites a region. India has been at the crossroads for centuries and we understand the benefits of connectivity. There are many connectivity initiatives in the region. For these to succeed, we must not only build infrastructure, we must also build bridges of trust. And for that,

¹⁴⁹ Sophie van der Meer, "Demystifying Debt Along China's New Silk Road," *The Diplomat*, 6 March 2019, accessed 13 March 2019, <https://thediplomat.com/2019/03/demystifying-debt-along-chinas-new-silk-road/>.

¹⁵⁰ Ibid.

these initiatives must be based on respect for sovereignty and territorial integrity, consultation, good governance, transparency, viability, and sustainability. They must empower nations, not place them under impossible debt burden. They must promote trade, not strategic competition.”¹⁵¹

Many infrastructure projects within BRI have been rejected, canceled or delayed. In Malaysia, since taking office in May 2018, Prime Minister Mahathir Mohamad has expressed contrary views on foreign policy toward China, and has cancelled two of the largest Chinese projects in Malaysia—a \$20 billion railroad and a \$2.3 billion natural gas pipeline since to avoid his country going into further debt. In November 2017, in just a few weeks, both Pakistan, Nepal and Myanmar simultaneously canceled large hydropower projects of Chinese companies. Nepal canceled a deal with China to build a US\$ 2.5 billion dam based on a MOU signed by the two sides in June, less than a month after Nepal officially agreed to join China's "Belt and Road Initiative" (in May 2017 in Beijing.) Pakistan canceled the \$14 billion Diamer Basha dam in the CPEC because of the unreasonable conditions imposed by China. In addition, four years ago, Myanmar stopped the \$3.6 billion project, and last year, they confirmed that they did not intend to pursue this hydropower project. In December 2018, Pakistan, a very important participant in the BRI, requested Beijing to postpone a joint \$2 billion coal power project. In addition, by analyzing 173 BRI infrastructure projects initiated between 2013 and 2017

¹⁵¹ Ministry of External Affairs, Government of India, “Prime Minister’s Keynote Address at Shangri La Dialogue,” 1 June 2018, accessed 14 March 2019, <https://www.mea.gov.in/Speeches-Statements.htm?dtl/29943/Prime+Ministers+Keynote+Address+at+Shangri+La+Dialogue+June+01+2018>.

across 45 countries on the Eurasian supercontinent, CSIS experts realized that “project activity on the ground is not adhering to China’s grand vision.”¹⁵²

Forecasting the BRI in the Future

In the short term, China will adapt BRI to improve both the operation of the credit institutions and the overall acceptability of the policy around the world. In addition, China will continue promoting and propagating the benefits of this strategy both at home and abroad. They will strengthen economic and trade cooperation, especially promoting investment in infrastructure projects in specific countries to bring practical benefits. China will focus on completing projects that have been implemented within the framework of the initiative, taking that as a model to attract the participation of other countries.

In the medium term, China will have flexible policy adjustments to adapt to internal requirements as well as external challenges. China will respond to problems of debt trap in BRI and geopolitical challenges emerging since China announced the initiative. China will also seek ways to relieve skepticism about the initiative, especially in terms of the economic-national sovereignty of the host countries. Finally, they will focus on energy and infrastructure projects as the foundation of the BRI.

In the long term, along with the increasing national synergy of China, China will leverage these positive outcomes to accelerate and promote the international and regional integration process of the BRI strategy. The link between China and other countries will

¹⁵² Jonathan E. Hillman, “China's Belt and Road Is Full of Holes,” Center for Strategic & International Studies, 4 September 2018, accessed 15 March 2019, <https://www.csis.org/analysis/chinas-belt-and-road-full-holes>.

be strengthened, gradually bringing China greater economic benefits and political influence. Most importantly, China will focus on developing the “21st Century Maritime Silk Road,” namely building port infrastructure. These port facilities will establish China as a maritime power that can control important seas in the world. The Chinese navy could use this initial commercial footprint to serve as naval bases when conditions permit. The ultimate goal will be complete control of the SCS and maritime power projection throughout the world.

The Impact of China’s BRI on Vietnam’s National Security

While the BRI is not only for neighboring countries, the main objects of the BRI are still China’s neighboring area (Southeast Asia, Northeast Asia, Central and South Asia.) Thus, Vietnam, as a neighbor who shares a border with China, is an important country in the BRI. Due to the nature of the relationship and proximity between the two countries, it is difficult for Vietnam to refuse this initiative. The waterways around the two countries serve as the gateway of the "21st century Maritime Silk Road" - a major goal of the BRI. Therefore, Vietnam has many opportunities and advantages as well as difficulties and challenges when choosing to fully participate, limit participation, or not to participate in BRI's collaborative projects.

When Vietnam Makes Full Participation

Diplomatic

Benefits

Obviously, once Vietnam chooses full participation in the BRI, Vietnam will receive a positive reciprocation from China. China appreciates and attaches great

importance to persuading and engaging Vietnam to join BRI. If fully participating in BRI, Vietnam has the opportunity to consolidate and strengthen political-diplomatic relations with China, having more favorable conditions to expand cooperation with China in many areas.

In terms of diplomacy, Vietnam presently supports China's BRI. Implementing the foreign policy of independence, autonomy, multilateralism, diversification, proactive, international integration, Vietnam has actively participated in the activities of "The Belt and Road Forum for International Cooperation," held on May 14–15, 2017 in Beijing. At this forum, Vietnam supported the process of BRI implementation. Additionally, Vietnam leaders have repeatedly and publicly expressed support for this initiative. During the trip to Beijing, former Vietnam President stated that Vietnam welcomes the Belt and Road Initiative.¹⁵³ On November 4 and 5, 2018, Prime Minister Nguyen Xuan Phuc engaged in an array of activities such as participating in the first International Import Expo of China (CIIE 2018), also met with Party General Secretary and President of China, Xi Jinping. In the meeting with Xi, Nguyen extolled China's initiatives to contribute to peace, stability and prosperity in the region and the world, as well as its Belt and Road Initiative.¹⁵⁴ During AIIB president Qin Liqun's visit to Vietnam in March 2017, Vietnamese Prime Minister Nguyen expressed his hope that AIIB will support

¹⁵³ Vietnam +, "President Tran Dai Quang Concludes State Visit to China," 16 May 2017, accessed 22 July 2018, <https://en.vietnamplus.vn/president-tran-dai-quang-concludes-state-visit-to-china/111750.vnp>.

¹⁵⁴ Vietnam +, "Vietnam considers relationship with China one of top priorities: PM," 4 November 2018, accessed 15 March 2019, <https://en.vietnamplus.vn/vietnam-considers-relationship-with-china-one-of-top-priorities-pm/141276.vnp>.

infrastructure projects in Vietnam, especially projects developed by private investors..¹⁵⁵

If diplomatic relations remain positive, then it will enable other areas to succeed. For Vietnam, building a good foreign policy relationship with China is always a top priority to avoid complex diplomatic and political challenges similar to past friction in the bilateral relationship.

Vietnam will gain greater support from China in the international arena, enhancing Vietnam's position and role. In addition, the full participation will also help Vietnam to have more favorable conditions to strengthen friendship and cooperation with other countries within the framework of cooperation of the initiative. Foreign policy is the soft power to support of national interests. Vietnam is a small country, located in an important strategic geopolitical position, a geographic and strategic center of the "Indo-Pacific", standing right in front of China's exit and entry into the SCS, understands that very much. With offers from China, it is very difficult for Vietnam to refuse. Certainly, Vietnam will benefit diplomatically from embracing the initiative. Besides, in the trend of international integration, Vietnam cannot stand outside because Vietnam may be excluded from international and regional connections. By the same token, "Hanoi will continue to lend diplomatic support to the Initiative as a measure to strengthen the overall relations with Beijing".¹⁵⁶

¹⁵⁵ Mu Xuequan, ed., "AIIB urged to invest into Vietnam in 2017: Vietnamese PM," *Xinhua*, 3 March 2017, accessed 15 March 2019, http://www.xinhuanet.com/english/2017-03/07/c_136110177.htm.

¹⁵⁶ Le Hong Hiep, "The Belt and Road Initiative in Vietnam: Challenges and Prospects."

Challenges

In the long term, the political binding ties with China will increase dramatically, making it difficult for Vietnam to implement domestic and foreign policies as the risk of dependence on China increases. First, Vietnam should be concerned about “Debt-Trap Diplomacy.” Over the past five years, as mentioned above, there are several countries that are dealing with “the trap.” “Debt-Trap Diplomacy” causes political security losses, difficulties with the nation's territorial sovereignty, and harms bilateral relations. In Vietnam’s case, the maritime claims in the SCS are the best example of this potential issue. China argues that “Debt-Trap Diplomacy” does not exist. However, per previous notes in this paper, Sri Lanka and Djibouti are representative examples of this phenomenon. If not carefully calculated, Vietnam will be caught in this “trap.” As the loans have piled up, both principal and interest must be paid. The debtor will not be able to pay those debts off; then, they will be subject to diplomatic pressure from creditors. This pressure will turn into land, property, and even sovereignty. In other words, deep integration will likely have side effects, and this may also threaten national security.

In the BRI, SEZs are a significant problem for Vietnam because they involve leasing land for a long time which is not in accordance with Vietnam’s national strategy. China advocates the establishment of many SEZs in many countries along the BRI, with the aim of promoting trade. However, the issue of land tenure in SEZs complicates acceptance of BRI proposals. If China leases the land for a lengthy period of time, they become like a feudal lord in another country. Last year, Vietnam started the process of authorizing a SEZ Law, which included 99-year land lease to foreign investors in three regions that would have fewer administrative restrictions than the rest of the country.

However, Vietnam postponed the passage of this law. People have been concerned that land leasing for 99 years will undermine national security, and land leasing will create difficulties in terms of national security by giving foreign investors control of parts of Vietnamese territory.

Vietnam faces the challenge of balancing diplomatic strategies between major powers, namely China and America. At the APEC Summit in Da Nang (November 10, 2018) President Trump announced the vision of "Open and Free Indian - Pacific Ocean", replacing the "pivot" or "rebalancing strategy" under President Obama. But, why did President Trump choose Vietnam to declare the vision? It was an opportunity to highlight Vietnam as a geographically significant partner who is important regionally and in the new Indo-Pacific vision for the US. At the APEC Summit in Da Nang, President Trump reiterated the history of the two Trung Sisters against the Han. President Trump described this sensitive piece of history in front of the Chinese President, focusing on Vietnam's opposition to the Han.¹⁵⁷

On October 5, 2018, President Trump signed into law the Better Utilization of Investment Leading to Development (or "BUILD Act") bill, to create an International Development Finance Corporation (IDFC). It will have an exposure cap of US\$60 billion. This plan is "just like the belt and road plan, and will make available loans and guarantees to developing countries, particularly in Asia and Africa."¹⁵⁸ In the same vain,

¹⁵⁷ Nguyễn Quang Dy, "Việt Nam và đối đầu Mỹ-Trung," *Nghien Cuu Quoc Te*, accessed 21 May, 2019, <http://nghienquocuocte.org/2018/12/05/viet-nam-va-doi-dau-my-trung-p1/>.

¹⁵⁸ Bhavan Jaipragas, "Trump strikes a blow in US-China struggle with Build Act to contain Xi's Belt and Road," *South China Morning Post*, 20 October, 2018, accessed

this is America's "economic diplomacy" tool to counterbalance BRI and AIIB of China. On October 16-17, 2018, former US Secretary of Defense James N. Mattis visited Vietnam (for the second time in 10 months.) If Vietnam becomes a key regional partner of the US, surely, China will seek to counter Vietnam's leaning toward the US and China will again take drastic actions to "control" Vietnam. Therefore, if Vietnam chooses full participation either in BRI or the BUILD Act, Vietnam will always face a challenge in balancing the interests of major powers.

Finally, sovereignty in the SCS is a major issue for Vietnam. There are concerns that China is using BRI as both an economic initiative and a method to occupy the SCS. If China strongly implements "the Road" by building numerous of ports, SEZs along the SCS, and continues to militarize the islands on the SCS, it will lead to clashes. This collision involves numerous regional countries including Vietnam. However, Vietnam will be the most affected country due to disputed territory in both the Paracel and Spratly islands. These claims conflict throughout the SCS. From a Vietnamese perspective, this is the most difficult issue with promoting and participating in BRI. Diplomatically, full participation will make sovereignty disputes over the SCS more delicate diplomatically and could exacerbate existing tensions, particularly in terms of militarizing islands and potentially ports.

16 March, 2019, <https://www.scmp.com/week-asia/geopolitics/article/2169441/trump-strikes-blow-us-china-struggle-build-act-contain-xis>.

Informational

Benefits

In support one of the five main pillars of the BRI, “people-to-people bond,” China pointed out, “We should carry forward the spirit of friendly cooperation of the Silk Road by promoting extensive cultural and academic exchanges, personnel exchanges and cooperation, media cooperation.” ... “We should enhance international exchanges and cooperation on culture and media, and leverage the positive role of the Internet and new media tools to foster harmonious and friendly cultural environment and public opinion.”¹⁵⁹ Therefore, China has deployed large-scale information activities in many different ways to propagate this strategy over the past five years.

As a key benefit, China will provide Vietnam cooperative projects on education, culture, science, which will assist in meeting Vietnam's needs to develop the country. Vietnamese people and students will have the opportunity to learn languages and cultural exchanges, promoting economic cooperation and exchanges with China. China has established numerous Confucius Institute. According to the latest figures from Confucius Institute Headquarters, China established 144 Confucius Institutes and 134 Confucius classes in 53 of 64 countries along the BRI. “Today, 530 Confucius Institutes and 1,113 Confucius Classrooms in primary and secondary schools have been established in 149 countries and regions.”¹⁶⁰

¹⁵⁹ NDRC PRC, “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road.”

¹⁶⁰ Confucius Institute Headquarters, “Feature One: 5th Anniversary of the Belt and Road: Star on the Silk Road—Confucius Institute,” *Hanban news*, 29 September

Vietnam welcomes the presence of Confucius Institute which will promote the study and teaching of Chinese language. They will contribute to strengthening and developing Vietnamese-Chinese relations. The Confucius Institute at Hanoi was established in December 2014. It is the first Confucius Institute of Vietnam, and it is the only one in Vietnam. From Vietnam's perspective, the establishment of the Confucius Institute contributes to promoting the study of Chinese culture, as well as contributing to strengthening and developing the friendly relationship between the people of Vietnam and China. State-to-state relations come from the friendship between the peoples of those two countries, and this benefit of the BRI will assist in promoting healthy bilateral relations.

Challenges

While there are positive benefits to cultural and educational exchanges, full participation in BRI could also result in negative consequences for Vietnam. Full participation could result in a cultural "invasion," causing Vietnam's national cultural identity to be eroded. China could take advantage of this full cooperation to build pro-China forces in Vietnam to serve China's interests, especially in the policy-making process of Vietnam. At the same time, this increased influence could put pressure on Vietnam in preserving the national cultural identity.

Vietnam may face strong cultural and educational encroachments when it comes to the initiative. Today, it is very easy to find a place to learn Chinese language as well as

2018, accessed 16 March 2019, http://english.hanban.org/article/2018-09/29/content_747560.htm.

to seek information about the BRI in Vietnam. Information and misinformation abound in online media. However, this information is not always valid, particularly from pro-China sites seeking to influence Vietnam, and it could confuse Vietnamese people in clearly understanding the impacts of BRI both in Vietnam and throughout the region.

Military

Benefits

Full participation has very limited benefits for Vietnam in terms of national security. Most of the research did not include any discernible military benefits for Vietnam. However, the author could see some limited benefit in a broader multilateral cooperative environment for maritime security cooperation within the BRI framework. This outcome is unlikely based on current military tensions. Vietnam might also obtain more favorable conditions to develop defense and military relations with other countries participating in the BRI, but this is also limited because participation with other countries is not a precondition for BRI participation.

Challenges

Vietnam will face many difficulties in protecting sovereignty over the SCS. By implementing the BRI, specifically “the 21st Century Maritime Silk Road,” China will strengthen its presence in the SCS, as well as in Southeast Asia. There are other potential consequences in a strengthened Chinese position including incentives to increase militarization of islands in the SCS and a potential regional arms race by countries to counter this influence. All of these outcomes are challenges for Vietnam.

Vietnam will face China's increased military presence in the SCS, increased militarization of islands in the SCS, and increased naval activity of an emerging sea power. Probably, China understands the American Navy Captain Alfred Thayer Mahan's thought, "sea power is not only more important than land power in the fight for dominance, but also less threatening to international stability."¹⁶¹ Therefore, the PLAN "will gradually shift its focus from "offshore waters defense" to the combination of "offshore waters defense" with "open seas protection," and build a combined, multi-functional and efficient marine combat force structure" to "safeguard the security of China's overseas interests."¹⁶² The BRI is a critical component of this naval strategy in terms of port expansion.

Full participation in BRI will cause potential military challenges for Vietnam. The situation in the SCS will become more and more complicated and impossible to predict naval activity and practices in the SCS. Using the BRI, China seeks to penetrate and strengthen its military presence in Vietnam and the region. Along with continued militarization the SCS, China seeks to establish military ports and military bases in countries on the axis of the "Road." If the problem in the SCS cannot be resolved by diplomatic channels, this requires Vietnam's military to always be ready to fight to protect the sovereignty over the sea and islands. More Chinese naval involvement and

¹⁶¹ Robert D. Kaplan, *The Revenge of Geography: What the Map Tells Us about Coming Conflicts and the Battle Against Fate* (New York: Random House, 2012).

¹⁶² The State Council, the People's Republic of China, "China's Military Strategy," White Paper, 2015, updated 27 May 2015, accessed 16 March 2019, http://english.gov.cn/archive/white_paper/2015/05/27/content_281475115610833.htm.

activity in Vietnam's ports and waters will further complicate this readiness to protect the sea and islands.

Economy

Benefits

Full participation in the BRI will give Vietnam many opportunities to expand economic, trade and investment cooperation with China. Vietnam wants to expand economic, trade and investment relations with the outside to develop the country, while China is the second economic power in the world. Participating in the initiative is an opportunity to strengthen and promote trade cooperation between the two countries. The Vietnamese economy benefits from trade cooperation with China. China, the second largest economy in the world, remains Vietnam's largest trade partner, Vietnam's largest export market, and the largest import market of Vietnam. For example, total bilateral trade turnover reached 106.7 billion USD, accounting for 22.2 per cent of Vietnam's total import and export value in 2018.¹⁶³ Clearly, China is Vietnam's most important trade partner and the main market of Vietnam. If BRI projects are signed, it is also a way to increase the proportion in trade between the two countries.

The number of Chinese tourists to Vietnam will also increase. A market of more than one billion people and a rising middle class is a very good opportunity for Vietnam tourism. China continues to lead in the number of foreign visitors to Vietnam. China is the country with the most tourists coming to Vietnam, about 5 million visitors,

¹⁶³ Cafef.vn, "10 đối tác thương mại lớn nhất của Việt Nam," 21 January 2019, accessed 17 March 2019, <http://cafef.vn/10-doi-tac-thuong-mai-lon-nhat-cua-viet-nam-20190121101308453.chn>.

accounting for nearly a third of the total number of international tourists visiting Vietnam in 2018.¹⁶⁴ Surely, this will be a great source of income for tourism in particular as well as for the Vietnamese economy in general.

Vietnam has an additional capital to invest in domestic infrastructure projects. Vietnam has many constraints on infrastructure. Vietnam needs a huge of capital to invest in infrastructure to boost economic growth further. “According to World Bank estimates, Vietnam’s sustainable infrastructure needs will require investments of up to US\$25 billion per year.”¹⁶⁵ In addition to the traditional channels that have cooperated for a long time such as WB, ADB or IMF, Vietnam will now have AIIB or other alternatives from China.

Challenges

The economic impact is already significant. As Richard Rosecrance, a California professor, wrote “States can increase their power in two ways, either aggressively by territorial conquest or peacefully through trade.”¹⁶⁶ Despite the benefits of economic cooperation, China’s economic impact could also cause political, social, security,

¹⁶⁴ Khang Trần, “Gần 5 triệu khách Trung Quốc đến Việt Nam năm 2018,” *Zing News*, 17 January 2019, accessed 17 March 2019, <https://news.zing.vn/gan-5-trieu-khach-trung-quoc-den-viet-nam-nam-2018-post906740.html>

¹⁶⁵ The World Bank, “World Bank Ready to Help Vietnam Meet Growing Infrastructure Demands,” 25 February 2019, accessed 15 May 2019, <https://www.worldbank.org/en/news/press-release/2019/02/25/wb-ready-to-help-vietnam-meet-growing-infrastructure-demands>

¹⁶⁶ Joseph S. Nye, Jr., *Understanding International Conflicts: An Introduction to Theory*, 6th ed. (Longman, 2007), 6.

cultural, and environmental impacts. Thus, full participation will also present challenges for Vietnam's strategic policymakers to consider.

Challenges in addressing the relationship between economy and politics. The relationship between economy and politics has always been the most important issue of development. The international integration process is always accompanied by challenges, the biggest is the national security challenges. As analyzed above, "Debt-Trap Diplomacy" is the burning issue which is clear. Vietnam needs a lot of money for investing in infrastructure, it means Vietnam may fall into the trap.

An additional challenge is the potential increase of economic dependence on China. Vietnam's import and export situation depends largely on China. The total import-export turnover from China always accounts for a high proportion of Vietnam's total import-export turnover. Besides, China is currently the EPC (Engineering, Procurement, and Construction) general contractor of many energy projects in Vietnam, including national key projects. If Chinese contractors withdraw their capital from non-construction, dozens of power projects will be stalled, leading to increased projects costs. This concern will increase when the BRI contracts are signed.

Economic feasibility of the project within the BRI. Most projects from the Chinese side will have conditions such as using Chinese technology, equipment and contractors. However, Chinese technology does not have a proven record of quality compared to other developed countries, and this is a concern for the quality and longevity of their projects. In addition, there are some other impacts such as environment and social security.

When Vietnam Makes No Participation in the BRI

Diplomatic

Benefits

Vietnam can avoid the implications of China's BRI, while maintaining independence and autonomy in domestic and foreign policy making. Especially, Vietnam can avoid the "Debt-Trap Diplomacy" as analyzed above, as well as other Chinese political intentions behind BRI. Vietnam will also be able to avoid a security and economic dilemma between sovereignty disputes in the SCS and receiving support from BRI projects, particularly ports. Vietnam would be free to respond independently to any aggressive actions that threaten Vietnamese sovereignty, similar to Chinese oil rig movements in 2014. While military action is the last resort if the parties cannot resolve diplomatic, legal or negotiation, this independence from BRI is a benefit in this scenario.

Additionally, no participation in BRI will enable Vietnam to avoid an imbalance in relations with major countries. This scenario helps Vietnam to be proactive in solving international relations issues without undue influence from one power. For example, if Vietnam receives a good offer for security or economic assistance from multiple partner nations, it is free to choose the best offer in terms of Vietnam's national interests without concern over the impact to its participation in the BRI.

Challenges

If Vietnam does not participate in BRI, China could seek to isolate Vietnam diplomatically or actively work to undermine Vietnam's influence in other multilateral institutions. If the political relationship with China collapsed, there would be many other implications affecting Vietnam's national security. For instance, the most significant

short-term impact is a potential trade war with China. Or, in an extreme outcome, military conflict and actual war breaks out over these rising tensions. Non-participation will also be in stark contrast to the stated foreign policy goals of the CPV and Vietnam – promoting and deepening relations with partners. Thus, securing national interests as well as national security is difficult in a non-participation scenario, particularly in the SCS dispute.

Vietnam will also lose the opportunity to strengthen relations with other countries. This multilateral support is necessary when Vietnam faces regional difficulties. Non-participation requires Vietnam to stand out from the cooperative mechanisms and frameworks of the BRI framework. Vietnam also may not be able to take advantage of some multilateral economic opportunities and infrastructure projects like roads or railways with other countries in the BRI. China could then take advantage of these countries to isolate Vietnam in some sensitive issues between Vietnam and China. Therefore, there will be many impacts from major countries in Southeast Asia and the Asia Pacific on Vietnam. These impacts will lead to a partial collapse in diplomatic relations with many countries around the world, causing great consequences for other areas of Vietnam.

Informational

Benefits

Vietnam can limit the negative impacts from the "soft power" strategy deployed by China in the BRI framework. In other words, Vietnam can avoid cultural assimilation as well as can control foreign cultural aggression. Non-participation will enable less interaction, and it will limit the penetration of organizations and individuals into the lives

of people as well as other classes of Vietnam society, especially for students to propagate deviant ideas and views. Generally, it is easier to prevent psychological warfare, bribery, and cultural assimilation from outside the borders of your country than from within your borders. Non-participation will limit the space for China to operate within Vietnam.

Challenges

Vietnam is unable to use China's strengths in culture, education, science and technology. In other words, Vietnam does not take advantage of opportunities to enhance information, cultural and educational cooperation with other countries in the initiative. With 65 to 70 countries participating in the initiative, it is clear that this is a huge opportunity for Vietnam to strengthen cultural and artistic exchanges, as well as education, science and technology cooperation. However, when not participating, Vietnam will lose this opportunity to enhance these exchanges and miss opportunities to strengthen relations between countries.

Military

Benefits

Vietnam will not fall into the arms race in the SCS. Vietnam also can control China's intention to deploy troops through projects under the BRI. Due to not participating, Vietnam will not have any disagreements or collisions with China at sea. Thus, this lack of conflict enables the Vietnam military force adequate preparation time for the worst possible situations. Present evidence demonstrates that the BRI has a military focus. For example, China officially inaugurated the first military base abroad in

Djibouti. Overall, countries who seek global influence and prominence traditionally seek to translate economic power into military power.

Challenges

Vietnam still has to deal with the increase in the military presence of China in the SCS. Whether Vietnam is involved or not, China still promotes BRI, especially “21st Century Maritime Silk Road”. China may remain active in militarizing islands in the SCS, and BRI will not provide an opportunity for cooperation with China. Additionally, non-participation in BRI potentially limits or worsens defense relations between Vietnam and China. Defense relations are a critical part of the overall bilateral relationship between the two countries. Defense relations help resolve disputes, ensuring the common security and future of bilateral relations. With the spirit of development cooperation and a reliable partner of all countries in the international community, Vietnam has continued to expand its defense cooperation with many countries, including China. Non-participation reduces the likelihood of this cooperation. Thus, Vietnam will lose the opportunity to take advantage of the favorable conditions created by BRI to develop defense-security relations. At the same time, China may interpret non-participation in BRI as a preference of Vietnam to develop security-defense relations with the US and its regional allies. Then, China may increase pressure on Vietnam which will increase, not reduce, regional tensions.

Economy

Benefits

Vietnam reduces the possibility of economic dependence on China, enhancing independence and autonomy in expanding economic, trade and investment relations with other countries. At the same time, it also avoids the side effects brought by BRI including: environmental impacts and the use of outdated technology. If Vietnam refuses to cooperate with China on economic contracts in terms of infrastructure on land as well as on the sea, Vietnam will not face the mismanagement challenges similar to other Chinese-led projects financed by Chinese loans. Chinese financed projects in Vietnam currently slow construction progress. As a result, it is not clear to local populations when the projects will finish, and this lack of transparency and predictability results in local economic problems and frustration for the Vietnamese people. For instance, the 13km-long railway line in Hanoi cost approximately US\$868 million, of which two-thirds were loans from China began in 2011 and was initially planned to be completed in 2014, but after several delays, it is unknown whether this railway will be able to serve people.¹⁶⁷ Avoiding this frustration helps maintain stability and support for the government.

Challenges

Vietnam will not take advantage of the opportunities for economic, trade and investment cooperation by BRI, and at the same time contradict the government's policy of promoting foreign economic relations. Vietnam does not take advantage of

¹⁶⁷ Vietnamnet, "Hanoi railway misses deadline again," 30 January, 2019, accessed 16 May, 2019, <https://english.vietnamnet.vn/fms/society/217051/hanoi-railway-misses-deadline-again.html>.

opportunities and favorable conditions to promote the economic integration with a large area with great potential for economic cooperation.

Vietnam may face economic sanctions from the China. China can put pressure on Vietnam's exports. For instance, if China refuses to import agricultural products in just one day, then millions of Vietnamese farmers will lose, because the main export market of Vietnam's agricultural products is China. Likewise, the big trade deficit from China will also affect the domestic market. Another example, with the tourism sector. For Vietnam, the Chinese tourist market always accounts for 28-30% of the total international arrivals.¹⁶⁸ The key thing is bilateral trade between China and Vietnam reached 106.71 billion USD, accounting for 22.2 per cent of Vietnam's total import and export value in 2018.¹⁶⁹ Therefore, if China uses a policy that discourages travel companies from sending guests to Vietnam, then Vietnam will suffer immense damage from this policy.

When Vietnam Makes Limited Participation

Diplomatic

Benefits

The limited participation will contribute to strengthening diplomatic-political relations with China, and promote friendship solidarity between the two countries. The limited participation of Vietnam will help this relationship to be maintained in a tight

¹⁶⁸ Admin iTDR, “Thị trường khách du lịch Trung Quốc đến Việt Nam và những vấn đề đặt ra trong quản lý khách du lịch Trung Quốc tại Việt Nam,” *iTDR*, February 1, 2019, accessed May 10, 2019, http://itdr.org.vn/ngghien_cuu/thi-truong-khach-du-lich-trung-quoc-den-viet-nam-va-nhung-van-de-dat-ra-trong-quan-ly-khach-du-lich-trung-quoc-tai-viet-nam/.

¹⁶⁹ Cafef.vn, “10 đối tác thương mại lớn nhất của Việt Nam.”

state and show the spirit of reciprocal relations. This is entirely consistent with the policy of CPV as well as the relationship between the two countries. In addition, Vietnam will have opportunities to cooperate and strengthen diplomatic relations with many different countries in the world within the scope of the initiative. The limited participation aims to fight for the protection of sovereignty and interests, promote cooperation in the SCS, enhance Vietnam's position, and contribute to promoting peace, stability and cooperation in the area.

Vietnam will also enhance its relationships with major countries. Participation at a limited level demonstrates a willingness to cooperate with China, as well as reflecting the policy of the CPV, which is active in international economic integration. Since Vietnam officially became a member of WTO (in 2007), Vietnam's international economic integration process has become more and more extensive, achieving many results. International economic integration has become one of the important driving forces for socio-economic development. From the policy of selective participation, Vietnam could select suitable projects to serve political, external, economic, and security interests, as well as create favorable conditions to strengthen friendship and multifaceted cooperation with other countries. Suitable projects will also keep Vietnam engaged in BRI meetings and consultations without being a signature or priority country for BRI projects.

Challenges

Limited participation will also reduce the political challenges Vietnam faces compared with full participation. Vietnam could limit projects that are not less prone to debt-trap diplomacy (smaller roads or railways). Despite this limitation, Vietnam will still face diplomatic pressure from any project. More specifically, when Vietnam signs an

infrastructure construction contract, it is likely that China will use diplomatic pressure to influence Vietnamese businesses to accept technology, Chinese led companies, and Chinese workers. This agreement would likely reduce the construction quality based on past Vietnamese experiences with outdated technology and lower standards compared to other developed countries. Additionally, construction mismanagement, lack of progress, and social environment impacts are still a worry no matter how small the project. Ultimately, limited participation would reduce Vietnam's exposure to these diplomatic risks without full refuting China's BRI.

Informational

Benefits

Limited participation will strengthen the cooperation between the two countries in terms of cultural and educational exchanges. There are favorable conditions to expand cooperation in culture, education and training, absorbing science and technology, contributing to meet the current needs of Vietnam in developing the country in the new period. The cultural exchange process will help Vietnam acquire the cultural essence of humanity, and bring Vietnam's cultural quintessence abroad, enabling other countries to enrich their own culture. Cultural exchanges also affect sensitive issues such as politics, breaking ties that are stuck between countries. The "ping-pong diplomacy" between the US table tennis team and the People's Republic of China is a great example. After the success of table tennis matches, in June 1972, President Richard Nixon made historic visit to China to begin negotiations on the re-establishing diplomatic relations. Japan used cherry blossoms to fascinate people, to implement foreign policy. In 1912, 3,020 cherry

trees were transported from Yokohama to Washington D.C..¹⁷⁰ Since then, cherry blossom is a very popular flower of the American people.

The limited participation will also strengthen the cooperation between the relevant ministries, the relations of people to people, and take advantage of opportunities for cooperation in information, culture, and education to serve the country's development. In addition, the successful cultural exchanges also contribute to mutual understanding, building strategic trust among nations and avoiding misunderstandings.

Challenges

Vietnam will face fewer challenges in fighting cultural and educational encroachment from China. Vietnam can control the cultural and educational encroachment when it comes to limiting the initiative, because the limited participation policy will require careful selection processes before signing any cooperation. Most likely, Vietnam will choose cultural and educational collaborations that are less sensitive, only formative to avoid deep impacts on the cultural and educational nature of Vietnam.

However, negative impacts from China's "soft power" strategy on Vietnam's cultural identity are unavoidable. Obviously, cultural exchange is easy to bring about cultural assimilation and hybridization, eroding the national cultural identity. The reality in Vietnam is that Vietnamese people understand Chinese history as well as their own history. The reason is simple - China produces a lot of movies on historical topics and they are widely released on Vietnam television. Thus, even limited access to the BRI

¹⁷⁰ National Park Service, "History of the Cherry Trees," accessed 17 April, 2019, <https://www.nps.gov/subjects/cherryblossom/history-of-the-cherry-trees.htm>.

allows China increased access to soft power markets such as television, radio, and other media as they conduct projects in Vietnam. However, limited participation at least reduces the risks compared to full participation where the presence is more pervasive.

Military

Benefits

Vietnam's defense posture must remain independent according to the national defense policy. Thus, participation in BRI must not impact the defense security of Vietnam. Due to limited participation, Vietnam can fully analyze and evaluate potential projects in a comprehensive and thorough manner, so it is possible to exclude projects that are detrimental to Vietnam's national security. Therefore, with a stable security environment, it helps Vietnam focus its defense investments on developing its armed forces.

Selective participation in the BRI also adds to the cooperation between the two armies, contributing to the defense-security relations between the two countries as well as other countries. Defense cooperation includes exchanges on army, navy, air force and border guard. From 2014 until present, Vietnam and China organized five border defense exchanges. These exchanges included talks, cultural exchanges, shared experiences, and opportunities to coordinate confidence-building mechanisms in resolving situations in the border areas and border gates. Defense cooperation is considered as one of the measures to strengthen political credibility, strengthen friendship, and promote mutually beneficial cooperation in all fields. Therefore, limited participation would assist Vietnam in maintaining these ties with China.

Challenges

Whether there is no participation, full participation, or limited participation, Vietnam must still deal with the strengthening of China's military presence in the SCS. Limited participation prevents rising tensions or diplomatic pressure from the “no participation” option without exposing Vietnam to the potential risks of full participation, namely port construction and Chinese pursuit of increased maritime access. It also allows the Vietnamese military to continue to grow and develop independently to strengthen its own defense capabilities. Preferably, from a position of strength and openness to work with all countries, Vietnam can solve the SCS issues diplomatically bilaterally and multilaterally. Limited participation enables Vietnam to use BRI cooperation to leverage influence for these purposes.

Economy

Benefits

Vietnam's economy continues to grow because of commercial cooperation with China. Vietnam will take advantage of economic, trade, and investment cooperation opportunities within the BRI in accordance with the conditions and capabilities of Vietnam, and positively limit risks and challenges. Limited participation seeks to proactively prevent full economic dependence on China and hedge with China to respect Vietnam's legitimate interests and needs. In addition, Vietnam can take advantage of opportunities and favorable conditions to develop economy, trade, investment with other countries. For example, it can promote economic integration with Eurasia and other outside partners. In order to minimize risks, Vietnam could utilize these relationships for additional insights like feasibility studies and careful competition over projects before

participating. Limited participation keeps Vietnam as a competitive economic space for foreign direct investment instead of a Chinese development state.

Challenges

Limited participation will result in the loss of some economic cooperation, particularly port construction projects. For example, limited participation reduces the ability of Vietnam to access ample loans from AIIB or SRF. The real long-term risk is that Vietnam is seriously lacking in investment capital for economic development and other countries benefit more than Vietnam as China invests heavily in their infrastructure because they fully participate. China uses this leverage to influence Vietnam to participate more deeply in BRI because China prioritizes other countries and rejects Vietnam's limited participation. Limited participation requires a smart policy framework to update decisions and adjust as necessary to changing geostrategic conditions.

Table 2. Summary of Findings

Instruments of national power	Full Participation	No Participation	Limited Participation
Diplomatic - Implementing independent foreign policy. - Promoting and deepening relations with partners. - Elevating multilateral foreign relations; actively and actively participating in multilateral institutions.	- Benefits: + A positive reciprocation from China + Support from China in the international arena - Challenges: + The political binding ties with China can increase dramatically + “Debt-Trap Diplomacy” + SEZs: leasing land for a long time + Balance diplomatic strategies between power + Maintaining sovereignty in the SCS.	- Benefits: + Vietnam can avoid the implications of China’s BRI. - Challenges: + China could seek to isolate Vietnam diplomatically. + Lose the opportunity to strengthen relations with other countries.	- Benefits: + Strengthening diplomatic-political relations with China + Balance in relations with major countries. - Challenges: + Still face diplomatic pressure to take Chinese loans, construction companies, and outdated technology, but limits the risks.
Informational - Promoting socio-economic development.	- Benefits: + More cooperation projects on education, culture, science from China - Challenges: + Vietnam may face strong cultural and educational encroachments. + Pro-Chinese narratives of history and current events might undermine national identity	- Benefits: + Vietnam can limit the negative impacts from the "soft power". - Challenges: + Vietnam is unable to use China's strengths in culture, education, science and technology.	- Benefits: + Strengthen the cooperation between the two countries in terms of cultural, educational exchange. + Strengthen the relations of the people to people. - Challenges: + Fewer challenges in fighting cultural and educational encroachment from China
Military - Defending the country. - Promoting stable and peaceful regional environment.	- Benefits: + Very limited; possible multilateral cooperation among BRI countries in maritime cooperation, but unlikely. - Challenges: + Protecting sovereignty claims in SCS + China's increased military presence in the SCS + Regional Arms Race	- Benefits: + Vietnam will not fall into the arms race in the SCS - Challenges: + The increase in the military presence of China in the SCS.	- Benefits: + Promote cooperation between the two armies, contributing to the defense-security relations between the two countries as well as other countries. - Challenges: + The strengthening of China's military presence in the SCS.
Economy - Building the socialism-oriented market economy. - Improving the competitiveness of the economy. - Expanding markets, taking advantage of capital, technology and management knowledge.	- Benefits: + Opportunities to expand economic, trade and investment cooperation with China. + Chinese tourists will be increased. + capital to invest in infrastructure. - Challenges: + Effective Economic management of capital infusion and prudent borrowing. + Increasing economic dependence on China. + Economic feasibility of projects.	- Benefits: + Vietnam reduces the possibility of economic dependence on China + Avoid mismanagement of projects causing population frustration and economic problems - Challenges: + Vietnam may face economic sanctions from the China. + Lose opportunities for economic, trade and investment cooperation by BRI.	- Benefits: + Vietnam’s economy continues to grow. + Promote cooperation with other countries in the BRI. - Challenges: + Reduces the ability to access ample loans from AIIB or SRF.

Source: Created by author.

BRI is China's long-term, global strategy to promote its establishment of the world's leadership. The scope of influence of BRI is broad and it brings not only benefits but also the challenges for concerned countries. Therefore, as demonstrated in the summary table, Vietnam needs to have a strategic vision beyond simply economic benefits in order to align with national policy because economic dependence will entail unpredictable consequences in other national interests. Vietnam needs to understand the nature and depth of China's intentions, measures and strategies in implementing BRI. Vietnam must anticipate the difficulties, complexities, and risks that the BRI participation can face to actively seek reasonable and effective policy options. From the analysis of benefits and challenges through the lens DIME of the three scenarios, the author draws some conclusions as follows.

The first option, full participation, will jeopardize Vietnam in terms of DIME because of the risk of losing control of political sovereignty and military considerations, despite a lot of economic benefits. The national interests of Vietnam will gradually be affected, leading to the loss to Chinese hands. Full economic cooperation in many infrastructure projects will result in high public debt as well as diplomatic debt. The issue of cash flow management will be a very difficult problem for Vietnam because limited large-scale project experience in infrastructure creates vulnerabilities in terms of mismanagement or being taken advantage of in terms of debt.

The second option, non-participation, cannot be feasible within the reality of the current development of Vietnam. It is not consistent with CPV policy as well as the relationship between the two countries. The most important reason is that Vietnam cannot refuse China because this relationship is extremely special for Vietnam. Vietnam is

currently on a positive development trajectory, and Vietnam is seeking to promote international cooperation, not deny it. Meanwhile, Vietnam's capital demand is very high, so Vietnam cannot refuse to participate. If Vietnam does not participate, Vietnam will lose on several fronts - politically, diplomatically, and economically. Relations with China will deteriorate quickly, and relations with other countries in the world will also be affected in a disadvantageous way for Vietnam.

The third option, limited participation, is considered the most feasible, because it helps Vietnam strengthen relations with China as well as promote relations with other countries. Participating on a small scale or in a limited way is the best way for Vietnam to protect their national interests while still having opportunities to seek economic cooperation. This plan also demonstrates that Vietnam actively implements international economic integration and develops relations with other countries in the world. This plan builds a positive image for Vietnam, and it assists in improving Vietnam's global and regional standing. Vietnam and China are neighboring countries; bilateral relations are on a steady development. The closer cooperation in the economic field and other areas as well as two-way positive exchanges will bring many benefits to the two countries.

In summary, Vietnam should participate in the initiative with the third option, limited participation. As an independent country, protecting national interests will be paramount. However, as the late elder of Singapore Lee said "a small country must seek a maximum number of friends, while maintaining the freedom to be itself as a sovereign and independent nation."¹⁷¹

¹⁷¹ Bhavan Jaipragas, "What new Silk Road snub means for Singapore's ties with China," *South China Morning Post*, 18 May 2017, accessed 18 April 2019,

<http://www.scmp.com/week-asia/geopolitics/article/2094781/what-belt-and-road-snob-means-singapores-ties-china>.

CHAPTER 5

CONCLUSION

This thesis has investigated the possible impacts of BRI on Vietnam's national security with three scenarios, when Vietnam takes full participation, limited participation and does not take part in the BRI in the future by using the DIME model. Based on these discussions and analyses, this study ends with policy suggestions to mitigate the risks for Vietnam according to the three options mentioned above, also to answer the sixth question given in the introduction. Before coming up with recommendations, the author carefully studied the following underlying factors that may affect policy proposals, namely policies of the Communist Party of Vietnam in foreign relations and economic development, the "Three Nos" defense policy, and factors that can affect Vietnam-Sino relations, such as Vietnam-American relations, the dispute in the SCS, and the ASEAN factor.

On the objectives and tasks of foreign relations, the 12th Congress of the Vietnam Communist Party (2016) determined: the ultimate goal is to ensure national and ethnic interests, based on the basic principles of international law, equality and mutual benefit. This includes consistent implementation of independent foreign policy, autonomy, peace, cooperation and development; diversifying and multilateralizing external relations; proactive and active international integration; and being a reliable partner and a responsible member of the international community.¹⁷² In other words, stimulating the

¹⁷² Tuyen Giao, "Đường lối đối ngoại của Đảng theo tinh thần Nghị quyết Đại hội XII - Một tầm cao mới," 18 October 2016, accessed 6 April 2019,

economy must be associated with maintaining independence, protecting sovereignty, unity and territorial integrity. These are the main strategic goals. The Vietnamese people have suffered through many wars to protect their country, so independence and sovereignty are their most sacred things.

Vietnam's defense policy always follows the policies of the Communist Party of Vietnam and the State of Vietnam. Vietnam's defense policy is an independent, and self-reliant national defense policy, Vietnam builds national defense power mainly upon its own resources and people.¹⁷³ Therefore, Vietnamese Defense White Paper 2009 includes “Vietnam consistently advocates neither joining any military alliances nor giving any other countries permission to have military bases or use its soil to carry out military activities against other countries.”¹⁷⁴ Vietnamese Defense White Paper 2009 also asserted Vietnam’s sovereign rights over the South China Sea, which includes the Spratly and Paracel islands.

The US is one of Vietnam’s comprehensive partners and is one of the most influential countries in the Asia Pacific region. Concerning sovereignty disputes in the SCS and the Chinese attempting to militarize some of the disputed islands in the SCS today, the US always voiced its opposition to China's projects. America is concerned about freedom of navigation and the flow of maritime commerce. Clearly, the US-Vietnam relationship will be strengthened if both countries share common interests in this

<http://tuyengiao.vn/dua-nghi-quyet-cua-dang-vao-cuoc-song/duong-loi-doi-ngoai-cua-dang-theo-tinh-than-nghi-quyet-dai-hoi-xii-mot-tam-cao-moi-92923>.

¹⁷³ Ministry of National Defense, *White Paper: Vietnam National Defense*, 18.

¹⁷⁴ *Ibid.*, 21.

regard. However, a closer US-Vietnam relationship may worsen Vietnam's relationship with China.

The dispute in the SCS is complex and sensitive in terms of international relations and politics. Vietnam always wants to resolve conflicts by diplomatic and peaceful means. Namely, disputes must be resolved in the spirit of equality, mutual understanding and respect, respect for international law, especially the UNCLOS 1982, respect for sovereignty and jurisdiction of coastal countries for the exclusive economic zone to the continental shelf; while trying to promote negotiations to find a fundamental and long-term solution, stakeholders need to remain stable on the basis of the status quo and take no action to complicate the situation or, use force or threaten to use force. Concerned parties need fully and effectively to implement the DOC, together with ASEAN countries, to promote the process of developing COC. Issues related to the two countries of Vietnam - China, need to be solved by bilateral settlement. Any issues related to other countries, or related to maritime freedom, should be discussed by the concerned parties. If the parties cannot resolve by a negotiating mechanism, it must be solved by other means such as mediation or international arbitration mechanisms such as International Court of Justice, International Court of Law Sea and Arbitration Courts.¹⁷⁵

ASEAN (now known as ASEAN Community) is a regional intergovernmental organization with ten countries in Southeast Asia and was established in 1967 in Thailand. Vietnam, joined the ASEAN in 1995, ASEAN has strategic significance for

¹⁷⁵ Kim Anh - Thu Hà, "Việt Nam kiên trì giải quyết các tranh chấp ở Biển Đông bằng biện pháp hòa bình," *Vietnamnet*, accessed 7 April 2019, <https://vietnamnet.vn/vn/chu-quyen-hoang-sa-truong-sa/viet-nam-kien-tri-giai-quyet-cac-tranh-chap-o-bien-dong-bang-bien-phap-hoa-binh-420515.html>.

Vietnam because it is directly related to its security and development environment. For more than the past 50 years, ASEAN has succeeded in creating a relatively peaceful, stable environment in the region, and building trust among countries in the region as well as between its members and its external partners. That success is due to the principle of consultation and consensus. All ASEAN issues must bring to all ASEAN member states and the decision will only be passed when all member states agree or disagree.

The principle of consensus plays a leading role in ASEAN's formation and development process over than past 50 years. However, this principle of operation is causing many challenges for ASEAN when facing the influence and impact of power countries outside the region today. China-ASEAN-SCS relation is the best pattern for that. This was clearly evident in Cambodia as ASEAN chair of 2012. Cambodia refused to mention China's actions in the SCS, making the Association unable to make a joint statement for the first time in ASEAN's history. Ironically, back in 2002, also in Cambodia, ASEAN and China signed the DOC- a historical document for both sides in order not to make the SCS situation worse.

For Beijing, ASEAN is beneficial for China's strategy in the SCS, where China wants to negotiate directly and hand in hand with the countries involved. Conversely, Vietnam will lose a supportive voice in the issue of SCS due to the split of ASEAN. The friction also has another problem if solidarity is not strengthened by the signing of COC between ASEAN and China, and this is very difficult to happen. As long as COC has not been signed, Vietnam's benefits at SCS continue to be threatened.

The above are only the most fundamental impact factors, most likely to affect Vietnam-China relations. There are also many other tangible and intangible factors that

can have positive and negative impacts on this relationship per the DIME analysis of chapter 4 by DIME model, and after considering the factors that can influence Vietnam-Sino relations, the author offers a number of policy suggestions for Vietnam according to the three options of participation.

When Vietnam Makes Full Participation in the BRI

Vietnam needs to be active and proactive in participating in China 's BRI, especially updating information, analyzing research, forecasting, and proposing solutions. It is necessary to speed up the task of restructuring the economy to be able to quickly take advantage of opportunities and benefits that BRI can bring when Vietnam fully participates.

In fact, in Vietnam society there is a trend of not supporting the government to sign important economic projects with China. Therefore, Vietnam needs to attach importance to public and wide seminars, exchanges and propaganda in order to get the right general awareness, thereby attracting get the support of the people and the participation of businesses and investors.

The more extensive economic cooperation with China, the more Vietnam must improve its defense and security tasks, not to be caught off guard. Vietnam needs to take advantage of cooperation and interwoven benefits to force China to seriously participate in the peaceful settlement of sovereignty disputes in the SCS. Vietnam also needs to prioritize the development of naval forces to be ready to deal with Chinese unilateral and aggressive actions that can threaten and cause losses to Vietnam.

Vietnam needs to strengthen external economic relations with ASEAN countries, large countries, and non-regional countries, and there are many benefits in maintaining a

stable and sustainable development of the economy. Benefits can reduce pressure and the severity of consequences if BRI's cooperation projects fail.

When Vietnam Makes No Participation in the BRI

If Vietnam does not participate, the BRI still impacts Vietnam's security and interests. Therefore, Vietnam still has to accurately identify the nature, intention of China, predict the impact and influence of BRI projects to Vietnam, and have appropriate solutions to handling, dealing, especially in the SCS issues.

In order not to be isolated because of China's intention to pressure, Vietnam needs to promote regional and world economic integration, and strengthen multifaceted cooperation with ASEAN countries and big countries like US, India, Japan, Korea, EU, and Russia. Vietnam needs to step up economic restructuring and build an open investment environment to attract investment capital and science and technology of big countries.

Although not participating in BRI, Vietnam still needs to strengthen its friendly neighborly relations, promoting the expansion of cooperation with China, as well as persist in the solution of peaceful negotiation to resolve disputes over sovereignty in the SCS with other disputed countries. The intention of China as well as the consequences and risks from BRI is a potential threat to the unity, consensus, the central role in ASEAN's regional mechanisms and the ability of ASEAN to react the China's unilateral, illegal, adventurous, and aggressive actions in the SCS. Therefore, Vietnam needs to promote its active role in building the ASEAN Community, preventing China's intention to manipulate, divide and use ASEAN as a tool to serve its ambitions.

When Vietnam Makes Limited Participation in the BRI

If Vietnam makes limited participation in the BRI, Vietnam still needs to raise vigilance, timely detect the intentions, measures, and weaknesses of Chinese projects in the BRI. Vietnam can sign a small project under the “The Silk Road Economic Belt” to get a deeper assessment of the impact and influence of BRI on key areas of Vietnam. In addition, Vietnam needs to actively observe the effectiveness of BRI-funded projects in other countries and regions around the world to draw useful experiences and lessons learned.

Financially, Vietnam should continue to work closely with other financial institutions around the world to find a source of loans for the development of the country, avoiding dependence on a certain partner. The best sources for Vietnam today are international financial institutions, ODA partners, especially Japan. Also, some European countries have deep economic relations with Vietnam.

Protection of sovereignty and interests in the SCS continues to be key strategic tasks of Vietnam, so Vietnam needs to continue to improve the national defense-security and modern weapons procurement, especially for the navy and air force, strengthening international cooperation on maritime security and maritime safety.

To sum up, policy making is always a difficult task, requiring flexibility to adjust to meet the actual situation taking place daily, so the above policy suggestions are for reference only. Basically, due to the nature of the relationship, Vietnam will almost certainly participate in cooperation with China within this initiative, and may be at a limited level to maintain the relationship. Therefore, Vietnam needs to prepare carefully

to have appropriate solutions, to direct relevant agencies to effectively implement and avoid unfortunate mistakes that can adversely affect national interests of Vietnam

Suggestions of Possible Future Research

The BRI is a great Chinese plan, demonstrating its ambition to become a superpower, reaching out to influence the globe. In a few words, the BRI both aims at strategic objectives of politics, security, economy, territorial sovereignty and builds a new framework of game rules in the region and the world, in which China plays leading role. The initiative is considered a breakthrough in China's neighboring diplomacy policy to establish a region of Chinese influence. It also helps China to enlist influence to implement other policies from politics to diplomacy to gain advantages in territorial disputes.

The BRI is a long-term strategy, and could last until 2049, commemorating the 100th anniversary of the People's Republic of China. In fact, China has implemented the initiative for five years, however, it is difficult to make comprehensive assessments of its effectiveness. In the next five years, China will continue to implement this initiative aggressively and widely. Especially, China promotes the "21st-Century Maritime Silk Road" to achieve its goal of winning sovereignty disputes over the SCS, and strengthening its naval power to become a maritime power capable of reducing American's influence in the region.

Within a limited time for the project, the author only examined the benefits and challenges for Vietnam when takes part in the initiative through three scenarios, without analyzing the impact of the US factor on Vietnam cooperation with China within BRI. Therefore, a future study could focus on analyzing the main impacts on Vietnam-US

relations when Vietnam joins the initiative. Still another topic that could be pursued is to study the impacts of the initiative on Sino- American relations. Another area for further research is to examine the strength of the Chinese Navy after BRI has been implemented for ten years. Another very important topic that can be assessed is the examination of the dispute in the SCS after ten years of the China's initiative.

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