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MIDDLE-POWER DIPLOMACY THROUGH REALISM AND CONSTRUCTIVISM: THE CASE OF VIETNAM- AUSTRALIA RELATIONS IN THE INDO-PACIFIC

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ABSTRACT

This study examines Australia-Vietnam relations under the Morrison administration through an integrated framework of structural realism, social constructivism, and structural-functional theory. It explores how leadership traits, domestic politics, and the U.S.-China rivalry shaped Australia's foreign policy orientation toward Vietnam. Findings highlight Vietnam's emergence as a pivotal partner in Australia's Indo-Pacific strategy, advancing both economic and security objectives through expanded trade and defense cooperation in maritime security, peacekeeping, and governance. Morrison's pragmatic, outcome-focused leadership reinforced a "soft balancing" approach that respected Vietnam's autonomy while countering China's assertiveness. The study contributes theoretically by linking individual, state, and international levels of analysis, and offers practical insights for middle-power diplomacy, emphasizing the role of leadership psychology in shaping targeted foreign policy strategies.

KEYWORDS: Australia; Vietnam; Middle-Power Diplomacy; Strategic Autonomy; U.S.-China Competition; Leadership Analysis.

1. INTRODUCTION

A nation with power and influence below a superpower but above the rest, with a diplomatic conduct that is not overly aggressive, ambitious but beyond passive defense, inclined to value multilateral arrangements and actively engage in international solutions to common problems while representing a particular identity can be considered a middle power. Since 2012, Vietnam's economy has become increasingly stable and developed, ranking among the fastest-growing economies in Asia; its investment and business environment has noticeably improved; and it is among the 20 strongest militaries in the world. Not only possessing dynamism, a liberal spirit, and a capacity to shape frameworks characteristic of multilateral diplomacy, Vietnam has also built a network of bilateral relationships with multidimensional interests across about 200 countries and territories. Vietnam has strived to develop a proactive yet cautious and skillful approach and choices, consistently valuing normative conduct and willing to defend legitimate interests; therefore, it fully meets the criteria consistent with the attributes of a middle power (Le 2018, p. 22–53). Furthermore, Vietnam could become an influential middle power in the Indo-Pacific region, an emerging middle power with great potential to connect Australia and ASEAN to “work and learn from each other” (Sang 2022). Australia is a middle power with a distinctive foreign policy style of allying with like-minded countries and concentrating specialized resources on areas that yield the highest returns. Traditionally, Australia often shares ties with countries that have similar Western liberal democratic values and advanced social living standards. The Cold War shifted Australia's defense focus away from Europe toward Asia. Southeast Asia alerted Australia that its future lay in the region. Therefore, Southeast Asia became a top priority in Australia's foreign policy, and Southeast Asian security became a core issue after the Cold War. Studying the foreign policy of the Australian federal government toward Vietnam will help consolidate mutual understanding of the overall historical development of Australia and of Vietnam's place in Australia's foreign policy from the end of the Cold War to the present. COVID-19 demonstrated that the United States' global leadership role had diminished because its health system failed to meet the requirements to prevent a pandemic from spreading worldwide; the world must build global structures less dependent on the U.S. China emerged not only as the first country to successfully contain the spread of COVID-19 and maintain economic

development, but the “rise” of China and the relative decline in the comprehensive national power of the U.S. since the pandemic have become increasingly evident; the “U.S.-China bipolar” scenario no longer seems to fully reflect the future global landscape. Studying Australia's foreign policy in the 2018–2022 period is crucial for understanding the nature of Scott Morrison's foreign policy culture as well as Australia's post-Cold War foreign policy culture to date.

2. METHODOLOGY

This study employs an integrated analytical framework that combines insights from structural realism, liberalism, and constructivism, applied across three levels of analysis: individual, state, and international. Structural realism highlights national interests—economic, defense, geopolitical, and ideological—as key drivers of foreign policy (Wohlforth, 2017; Neuchterlein, 1976). Liberalism emphasizes the role of institutions, liberties, and economic freedom (Doyle, 2016), while constructivism underscores the importance of values, beliefs, and cultural identity in shaping leaders' perceptions and policy choices (Houghton, 2005; Behraves, 2011). By integrating these perspectives, the study avoids one-sided explanations and captures the dynamic interactions among levels of analysis (Jentleson, 2004).

Three complementary methods were applied:

Historical Method: Used to trace the evolution of strategic competition in the Indo-Pacific and Australia's policy responses toward Vietnam. This approach highlights how enduring values such as conservatism, pragmatism, and democracy are reflected in policy statements, speeches, and diplomatic actions.

Systemic Method: Applied to organize and analyze materials related to Australia's federal government policy under Prime Minister Scott Morrison. This method situates Australia's Vietnam policy within the broader regional system, emphasizing reciprocal relationships between domestic structures and the international environment.

Analytical-Synthetic Method: Used to classify and synthesize reference materials into three groups: (a) general theories of foreign policy, (b) Australia's foreign policy, and (c) Australia-Vietnam relations (2018–2022). This method also examined the functions of key institutions (Prime Minister's Office, Ministry of Foreign Affairs, Parliament) in policy formulation.

Together, these methods provide a comprehensive view of how Australia's foreign

policy toward Vietnam was shaped by both material interests (security, trade, power distribution) and non-material factors (values, identity, norms). The integrative approach ensures that the analysis captures the interplay between leadership traits, domestic political context, and regional strategic competition.

3. RESEARCH RESULTS

3.1. *The Motivations of Australia - Vietnam Relations in the Context of U.S.-China Strategic Competition*

Australia is a country with a highly developed economy, sustained growth, low unemployment and inflation rates, and a stable financial system. This economy is among the ten largest in the Asia-Pacific region (Consultancy.com.au, 2018) and has the third-highest per capita income in the region, after China and Singapore (OECD, 2019, p.57). A notable feature of Australia's economy is its deep integration with the global economy. Australia is closely tied to the world economy, with a trade dependency ratio – the size of foreign trade relative to the size of the economy – of 34%, a figure significantly higher than countries such as the UK (29%) or the US (26%) (Asialink, 2021). Its main trading partners are in Northeast Asia, thousands of kilometers away. This dependence on international trade compels Australia to pursue an outward-looking foreign policy focused on maintaining a healthy, open multilateral trading system. Consequently, economic diplomacy has become a pillar of Australia's foreign policy. The country actively strengthens interdependence with other economies through bilateral and multilateral trade agreements. These agreements are not only economically significant but also carry strategic political and security value, allowing Australia to leverage these relationships to support its security and defense interests. Australia's founding membership in important regional organizations such as APEC is clear evidence of its efforts to use economic tools to advance national interests and shape regional structures. Its status as one of the leading economies in the Asia-Pacific grants Australia a voice and influence in these forums, reinforcing its important role in the region.

The link between Australia's economy and foreign policy is also evident in the role of immigrant labor. Australia's natural environment – a dry continent where one-third of the land receives an average annual rainfall of over 500 mm, another third receives between 250 and 500 mm, and the remaining third receives less than 250 mm per year – along

with very high evaporation rates in these arid regions, frequently leads to severe shortages of fresh water (Nguyen, 2004, p.38–71) and very low population density. This has created a close connection between the country's economic life and immigrant labor. Australia's economic development is tightly linked to this workforce. The quality of immigrant labor is a tremendous economic asset. Immigrants with university degrees or higher, mostly from Asia, Africa, and Latin America, constitute more than 50% of the total professionally qualified workforce working as specialists in various fields in Australia (Breunig & Deutscher, 2017). Similarly, immigrant workers with vocational or professional certificates account for over 25% of the workforce in business and trade. Even among manual labor groups, immigrants represent a significant proportion (Breunig & Deutscher, 2017).

Dependence on immigrant labor, particularly from Asia, has created deep human ties and driven shifts in Australia's foreign policy orientation. As Kwok and Aarons (2017) demonstrate, Australia's political engagement with Asia is linked to increasingly close personal relationships between Australia and Asian societies. Immigration policy and foreign policy have become inseparable. Attracting and retaining talent from around the world requires Australia to maintain good relations with source countries while cultivating an image of an open and friendly nation. The growing influx of immigrants from Asia has helped propel Australia's "pivot" toward the region—not only economically but also politically and culturally. This reality forces Australia to adopt a foreign policy based on alliance-building and multilateralism. As Foreign Minister Ashton Calvert noted, due to its unique geographic position and not belonging to any "natural grouping," Australia cannot rely on other countries to protect its interests. Therefore, the country "must rely more directly on its own efforts to protect and promote its economic and security interests" (Ashton Calvert, 2002).

Statistics have shown this shift. In 2018, 29% of Australia's population was born overseas, and nearly half had at least one parent born overseas. More significant than the percentages is the shift in ancestry. The proportion of European immigrants decreased from 52% in 2001 to 40% in 2018, while the proportion of Asian immigrants increased from 24% to 33% during the same period (ABS, 2018). Australia's foreign policy is a complex structure, shaped by the dynamic interaction of many fundamental elements. The sum of these elements creates national synergy, making Australia a

relatively resource-rich middle-income country with significant potential. It is the capabilities that Australia possesses, combined with a proactive integration policy, that have given the country a certain position in the regional power structure. Australia's foreign policy, therefore, is not an arbitrary choice, but a necessary reflection of its people, economy, political system, and place on the world map. It is the story of a nation constantly striving to shape a secure and prosperous position for itself in an ever-changing world.

Australian prime ministers, with centralized power and broad influence over the bureaucracy, often set the tone and direction for the country's foreign policy. As Australia faced a rapidly changing strategic environment—especially the rise of China and global instability—Scott Morrison's rise to power in 2018 and his unexpected election victory marked an important phase. His foreign policy saw notable adjustments, particularly in relations with regional partners like Vietnam. Morrison took office in 2018, a moment many analysts described as full of "unprecedented" challenges. Initially known as a politician focused on domestic issues, his term forced him to become a foreign-policy "shaper." Domestically, his government had to tackle economic issues such as reducing the budget deficit and cutting taxes, and then face the unprecedented challenges of the COVID-19 pandemic, which became the government's main focus. Internationally, his administration had to position Australia within an increasingly complex geostrategic context in the Indo-Pacific. The rise of China and intensifying strategic competition between Beijing and Washington were described by Morrison as the "decisive issue" for global and regional stability, and served as the primary driver of his foreign policies.

The foundation of Morrison's foreign policy was a response to the strategic competition between the U.S. and China. He committed to increasing the defense budget to AUD 270 billion over ten years and decided to establish the AUKUS partnership with the U.S. and the U.K. These moves reflect his assessment of a "poorer, more dangerous and more disorderly world" after the COVID-19 pandemic, and underscore his priority on traditional alliances to counter the threat of an "assertive Beijing." In public opinion, surveys showed Scott Morrison had the lowest satisfaction on foreign policy among recent Australian prime ministers, with only 46% of people rating him as handling these issues well. This figure is markedly lower than predecessors like Kevin Rudd (78%) or Julia Gillard (77%) (Lowy Institute, 2023). This disagreement may partly stem from his

turning foreign policy—usually maintained by bipartisan consensus—into an area of domestic political contestation. Although Australia's major parties (the Liberal/National Coalition and the Labor Party) differ rhetorically on foreign policy—with the Coalition emphasizing the alliance with the U.S. and Labor emphasizing regional dialogue—their behavior in office shows a surprising similarity. This gap between words and actions indicates an underlying consensus among political elites and the bureaucracy, despite shifts in populist politics.

COVID-19 was a structural and strategic crisis. It required a clear action plan, inter-agency coordination, and disciplined implementation. This was the ideal environment for Morrison's high "conscientiousness" to take effect. He established the National Cabinet, an effective coordinating mechanism, and pursued science-based public health measures, helping Australia achieve better outcomes than many Western countries. This demonstrates how his conscientiousness and organizational ability turned a major crisis into a management success. It shows that a leader's effectiveness is not constant but depends on whether their personality traits fit the context and the situation's demands. Morrison's foreign policy toward China marked a clear shift. Relations between the two countries deteriorated sharply, with his approach described as "increasingly confrontational." This contrasted with the more discreet diplomatic approaches of previous Labor governments. The change exacerbated tensions and led Beijing to impose trade sanctions on Australia. This approach can be explained by the alignment between Morrison's personal traits and the foreign policy context. His low "agreeableness" may have driven him toward confrontation and a lack of diplomatic flexibility. His high "extraversion" led him to use strong public statements to assert leadership and rally domestic opinion. This action was reinforced by his call with former U.S. President Donald Trump in 2020, which led to a hurried inquiry into COVID-19 and angered Beijing. Rather than seeking consensus or discreet diplomacy, Morrison chose a path of public confrontation, directly reflecting his personal leadership style in foreign policy.

Against the backdrop of increasingly intense geostrategic competition, the Morrison administration has identified Vietnam as a crucial strategic partner. Morrison's policy demonstrates a clear priority on bilateral relations, consistent with his administration's "bilateral" approach. One of the most significant initiatives was Morrison's proactive proposal to upgrade bilateral relations to a

Comprehensive Strategic Partnership (CSP) during telephone conversations with his Vietnamese counterparts, Nguyen Xuan Phuc in January 2021 and Pham Minh Chinh in May 2021. During his tenure, Scott Morrison considered Vietnam "a key strategic partner of Australia in ASEAN and the region." This was not merely a diplomatic statement but part of a larger strategy amidst escalating Australia-China tensions. The meeting between Prime Minister Scott Morrison and Prime Minister Nguyen Xuan Phuc in August 2019 is a prime example of this approach. The two leaders expressed "deep concern" about developments in the South China Sea, including the militarization and reclamation of disputed structures, as well as the disruption of long-standing oil and gas projects. They also reaffirmed the importance of adhering to international law, particularly the 1982 United Nations Convention on the Law of the Sea (UNCLOS). Against the backdrop of escalating tensions with China, Morrison's policy toward Vietnam is not simply about maintaining bilateral relations, but is part of a larger regional defense strategy. By strengthening cooperation with a country like Vietnam, which also has maritime security concerns in the South China Sea, Morrison's Australia has built a network of like-minded partners. This network acts as a counterweight to China's growing influence. This demonstrates the pragmatism and strategic nature of Morrison's foreign policy, in which Vietnam is considered a key "interest" serving Australia's larger objectives. Morrison's policy toward Vietnam is a combination of his personal characteristics and adaptation to the regional political environment. Morrison's high level of "dedication" has driven him to focus on concrete results in the relationship. This is demonstrated by the signing of cooperation agreements in specific areas such as e-government, finance, and combating human trafficking immediately after the 2019 talks. Instead of limiting himself to general statements, his government sought structured and measurable agreements, consistent with a leader who tends towards discipline and achievement-oriented goals. However, his low level of "associability" may have led him to be less interested in building deeper personal relationships and instead focus on strategic results and agreements. His policy appears to be driven by a "liberal realist" perspective, viewing Vietnam as a strategic interest serving the broader goal of ensuring regional security and countering the rise of China. In short, this relationship is strongly influenced by the regional environment, particularly the changing Australia-China relationship. Global

pressure for maritime security and stability has created opportunities for Australia and Vietnam to draw closer together, and the Morrison government has seized this opportunity. Scott Morrison's foreign policy toward Vietnam is a complex phenomenon, a product of the intricate interplay between personal factors, domestic politics, and the geopolitical context in which individual personality traits interact with the socio-political environment to shape key decisions. His decision to foster closer bilateral relations with Vietnam is driven by strategic calculation. First, it reflects his populist yet pragmatic leadership style, prioritizing specific national interests and seeking to make his mark on the international stage. Second, it is a response to domestic politics, where foreign policy is used to consolidate domestic power. Finally, and most importantly, it is a result of the geopolitical context, where competition between the US and China forces Australia to proactively seek like-minded regional partners on maintaining peace and stability. The interplay of these factors has created a foreign policy with clear priorities. Morrison succeeded in forging a stronger-than-ever bilateral economic relationship, achieving the Australia-Vietnam Enhanced Economic Engagement Strategy (AVEEES) trade objectives. However, the AUKUS decision created a strategic trade-off, causing unease among regional partners. This suggests he prioritized strengthening relationships with traditional allies over building comprehensive trust with emerging regional partners. Secondly, Morrison's policies directly reflect his Big Five personality profile. His high level of "dedication" drove him to make structured and effective decisions during crises like the COVID-19 pandemic. However, his low level of "sociability" was evident through a tough, even confrontational leadership style, and a lack of emotional connection with the public in situations like bushfire disasters. Morrison leveraged his high "Extraversion" to reframe the political narrative and rally support for major strategic decisions, such as the AUKUS agreement. Ultimately, his policy toward Vietnam was not a single event but part of a broader strategy to respond to China's rise. By treating Vietnam as a "key strategic partner," Morrison strengthened bilateral ties not only to advance economic interests but also to build a network of like-minded countries to safeguard Australia's security interests. For countries like Vietnam, understanding the role of individuals in Australia's foreign policy has practical significance. Analyzing the personality traits of foreign leaders can provide important insights for building effective diplomatic relations. In Scott

Morrison's case, recognizing his high "Conscientiousness" and "Extraversion" could help Vietnam focus on promoting specific, measurable cooperation projects rather than relying solely on general statements. This also helps explain why Australia, under his leadership, sought a closer relationship with Vietnam amid shifting regional dynamics.

3.2. The Evolution of Australia - Vietnam Relations in the Fields of Politics - Diplomacy and Security - Defence in the Context of U.S.-China Strategic Competition

The momentum in bilateral relations made significant progress in 2018 with the establishment of a strategic partnership. Dr. Le argues that changes in the geopolitical context – including China's growing assertiveness – contributed to the two countries "rediscovering" each other. Australia, feeling the effects of economic coercion from China, sought partners to diversify. At the same time, Vietnam, concerned about developments and tensions in the South China Sea, was willing to deepen relations with other middle and regional powers as part of its foreign policy of diversification. This momentum has been maintained and developed since 2018; India-Vietnam strategic ties have provided important diplomatic lubrication for the Australia-Vietnam relationship. Vietnamese leaders can justify strengthening security ties with Australia, a close U.S. ally, because Australia is also a close partner of India – a non-aligned country – within the revived Quad. This relationship with India has significantly reduced the political risks associated with tightening security and defense ties with Canberra, ensuring cooperation remains consistent with Vietnam's "Four No's" policy. This convergence has enabled a strong signal of collective security. Coordinated actions by Quad partners (Australia, Japan, and India) in promoting a Free and Open Indo-Pacific (FOIP) and supporting Vietnam's maritime security have produced a multi-directional, multipolar deterrent against coercion in the South China Sea. India's role is especially important as a non-aligned bridge for the Quad's expansion. Prime Minister Modi's emphasis on India's strategic autonomy has distinguished New Delhi from the core U.S.-Australia alliance structure. Japan's investment and commitment to reshoring supply chains have demonstrated that Vietnam is a robust economic partner, directly addressing Australia's concerns about economic vulnerability after 2020. This alignment has indeed provided a three-way economic and strategic reassurance, making political

commitment to the strategic partnership feasible. Furthermore, Japan's parallel efforts in defense cooperation, particularly in maritime awareness and capacity building, have naturally complemented Australia's established defense cooperation frameworks, together strengthening Vietnam's security posture without pushing it toward a formal military alliance. Vietnam's pragmatic acceptance of AUKUS, despite Indonesia's regional objections, sent a decisive signal to the Morrison government. That response affirmed Hanoi's willingness to strategically differentiate its security calculations within ASEAN when its core national interests – especially maritime deterrence in the face of China's assertiveness – converge with Australia's security objectives.

Australia's "engagement with Asia" policy views deepening ties with Vietnam as central to becoming "part of Asia." Canberra's aim was to build a multi-pillared partnership that went beyond economics to include education, people-to-people exchanges, and initial security dialogues. By 2004, Australia had set sophisticated economic objectives focused on trade with Vietnam. However, the 2009 Defence White Paper emphasized large-scale conventional capabilities and alliance alignment, treating Vietnam primarily as a contextual element in the broader region rather than as an immediate, direct security partner. This lag shows that although Vietnam played an essential economic role, its military-strategic importance had not yet been fully appreciated by Australian defence planners, despite formal defence ties having begun with the opening of a Defence Attaché Office in Hanoi in 1999. Notably, external strategic analyses tied to the 2009 White Paper's context indicated that important regional partners, such as Japan, were actively strengthening security relations with countries including India, Indonesia, and Vietnam. Because Australia's defence policy essentially relies on maintaining strong alliance structures, the growing engagement of partners with Vietnam provided tacit strategic validation—even before Australia officially prioritized high-level direct bilateral security support. Unlike the 2009 document, the 2020 Defence Strategic Update framework set out specific, practical military cooperation objectives with Vietnam, realizing the strategic partnership designated in 2017. The Department of Defence explicitly stated that it would "enhance regional peacekeeping capacity, including through training and airlift support to Vietnam."

The formal elevation of relations to a Strategic Partnership in 2018 placed Vietnam on par with other

important Australian partners such as Singapore, Malaysia, and Indonesia in terms of diplomatic intensity. This was followed by a series of high-level meetings and visits that reflected growing shared interests and mutual trust. From Vietnam: visits by Vice President Dang Thi Ngoc Thinh (April 2018), Defence Minister Ngo Xuan Lich (November 2018), and Deputy Prime Minister Trinh Dinh Dung (November 2019). From Australia: visits by the Governor-General (May 2018), Foreign Minister Julie Bishop (May 2018), Speaker of the House of Representatives (July 2018), President of the Senate (January 2019), and Foreign Minister Marise Payne (July 2019). Australian Foreign Minister Marise Payne's visit to Southeast Asia from 3–8 November 2021, shortly after a Royal Australian Navy visit in September 2021 and the Foreign and Defence Ministers' Conferences amid Australia's withdrawal from the Belt and Road Initiative, an enhanced presence in Southeast Asia, and promotion of vaccine diplomacy, demonstrated that Southeast Asia is a strategic security region containing core Australian interests and also produced significant outcomes across security–defence cooperation, trade–investment, health, and education. The selection of Vietnam, Cambodia, Malaysia, and Indonesia as destinations showed Australia's strong emphasis on Southeast Asia and especially on those four countries. The visit also underlined the particular importance of Southeast Asia in advancing the implementation of a free and open Indo-Pacific strategy.

Thus, compared with the early stage of the relationship which recorded only five high-level visits from Australia (one visit being the first visit by a serving Australian prime minister to Vietnam in April 1994, and four visits by foreign ministers), and also recorded only three visits by ministers of Foreign Affairs and Industry and Trade, one visit by National Assembly Chairman Le Quang Dao, one visit by Vice President Nguyen Thi Binh, and two visits by the head of the Vietnamese government to Australia; the 2009–2017 period saw the maintenance of one visit by the Vietnamese Prime Minister to Australia (March 2015), three visits by Vietnamese Deputy Prime Ministers to Australia, and six visits by Vietnamese ministers to Australia, as well as a marked increase with a visit by the Governor-General of Australia in May 2011, four visits by Australian foreign ministers, two visits by Australian defense ministers and a visit by the Speaker of the Australian House of Representatives in May 2013. The density of high-level visits was maintained at its highest level in the 2018–2022 period despite the COVID-19 pandemic:

within just four years there was a visit by the Vietnamese prime minister in March 2018, a visit by the Vietnamese vice president in April 2018, a visit by a Vietnamese deputy prime minister in November 2019, a visit by the Vietnamese foreign minister in September 2022, and a visit by the Vietnamese National Assembly chairman in December 2022, as well as a visit by the Governor-General of Australia in May 2018, three visits by Australian foreign ministers in May 2018, June 2019, and November 2021, a visit by the Speaker of the Australian House of Representatives in July 2018 and a visit by the President of the Australian Senate in January 2019. The Morrison administration showed a remarkable increase both in the number of visits (eight visits) and in the strategic nature of signed documents, particularly the Joint Vision Statement on Defense signed only a few months after he took office. Under Prime Minister Scott Morrison, the concept of "mateship" was used as a tool of "soft balancing" strategy. Although realism is often skeptical of sentiment in politics, in the context of Australia joining AUKUS and causing concerns about a nuclear arms race, Morrison needed to promote "mateship" to reassure ASEAN partners, especially Vietnam, about his commitment to peace. Advancing the upgrade from Strategic Partnership (2018) to Comprehensive Strategic Partnership (2024) was not only a diplomatic symbol but a calculated step to bind Vietnam's security interests – a country with a geostrategic position in the South China Sea – into Australia's security network, helping Australia extend the depth of its distant defense (Vo, 2024). The continual high-level visits by the Australian prime minister and foreign ministers to Vietnam during this period reflected efforts to consolidate political trust at the highest levels, aiming to establish a balance of power in the Indo-Pacific region. According to realist logic, when faced with high security threats, decision-making power often concentrates in the highest executive branch to ensure rapid and unified responses (Hoang, 2017). Australia's focus on the roles of Prime Minister Scott Morrison and Foreign Minister Marise Payne in relations with Vietnam demonstrated the highest-level diplomatic efforts to build political trust and strengthen security commitments without relying on slow bureaucratic mechanisms. The continuous visits by top leaders of the two countries during this period are evidence that Australia viewed Vietnam as an important middle power for establishing a balance of power in the region (Vo, 2024). The direct promotion of relations with Vietnam by Prime Minister Scott Morrison and Foreign Minister Marise Payne

signified that Australia regarded Vietnam as a key partner to balance influence in response to China's rise (Nguyen, 2021).

The position of Minister of Foreign Affairs is clearly the primary, most frequent and active point of contact, playing a key role in maintaining relations and carrying out a larger number of visits than other positions. This indicates that Australia tends to use its Foreign Minister as the regular official channel more often. Similarly, on the Vietnamese side, the senior leadership position with the most visits to Australia is ministerial; visits by ministers (from various ministries such as Foreign Affairs, Defense, Public Security, Planning and Investment...) total 16. Considering only top leadership positions (the four pillars), the Prime Minister has made the most visits, with eight. The period 1995–2009 began to see visits by Defense Ministers and military leaders from both sides, and these became regular in all subsequent periods, showing that this is an increasingly substantive area of cooperation. Both sides have maintained balance in visits at the highest leadership level (Prime Minister, Governor-General/President). The 2018–2022 period under Prime Minister Scott Morrison is a typical example of this symmetry: Vietnam had Prime Minister Nguyễn Xuân Phúc visit Australia (March 2018), and Australia had Prime Minister Scott Morrison visit Vietnam (August 2019). In particular, Prime Minister Scott Morrison's visit from 22–24 August 2019 was an important event that boosted strong economic cooperation and tightened security relations. In the joint statements of 2018 and 2019, the two countries expressed closely aligned strategic views, voiced shared concerns about the situation in the South China Sea, and affirmed their commitment to promote peace and stability in the region.

In November 2018, the two countries' Defense Ministers signed the "Joint Vision Statement on Strengthening Defence Cooperation," emphasizing the expansion of cooperation in areas such as maritime security and peacekeeping (Prime Minister of Australia, 2019). Realism emphasizes the role of legal documents and bilateral agreements in institutionalizing security commitments to reduce uncertainty in an anarchic environment. The Joint Vision Statement on Defence Cooperation (2018), signed soon after Morrison took office, concretized Australia's "pivot" strategy, shifting from an economic focus toward strategic security alignment. It marked recognition that the security interests of the two countries were strongly converging in the face of common threats and that an official framework was needed to legitimize increasing military cooperation.

Security and defense cooperation between the two countries has become one of the three pillars of the Strategic Partnership between Australia and Vietnam, and one of three priority areas in the Strategic Partnership Action Plan for 2020–2023 (Trang, 2018). Despite the COVID-19 pandemic, the Vietnam–Australia Defence Policy Dialogue at ministerial level and the Foreign–Defence Strategic Dialogue between the two countries continued to be held, alongside strategic defence dialogues with Australia's traditional allies and strategic partners such as Malaysia, Indonesia, the United States, and Japan (VNA, 30/10/2019).

Australia also promoted deeper security and defense cooperation between the two countries through Freedom of Navigation Operations (FONOP) exercises to affirm its support for Vietnam's efforts to protect sovereignty, freedom of navigation and air rights in the South China Sea against China's increasingly unlawful claims (Hong, 2021). In 2019, Australia confirmed it would support Vietnam in successfully hosting the ASEAN Defense Ministers' Meeting-Plus (ADMM+) when Vietnam held the ASEAN Chair in 2020. On November 5, 2020, Foreign Minister Pham Binh Minh and Australian Foreign Minister Marise Payne co-chaired the second annual Foreign Ministers' Meeting. The two sides signed an Action Program to implement the Strategic Partnership for 2020–2023 with three main pillars: strengthening economic connectivity; promoting deeper strategic, defense and security cooperation; and building a knowledge and innovation partnership (Anh, 2020). In April 2019, Ho Chi Minh City established a cooperative partnership and sister-city relationship with the state of New South Wales. Australia has also actively supported English-language training for Vietnamese military personnel and was the first country to cooperate in transporting Vietnam's peacekeeping force (a level-2 field hospital) to South Sudan. From 2018 to the first half of 2019, three Royal Australian Navy ships called at Ho Chi Minh City and, for the first time, two ships visited Cam Ranh. In April 2018, three warships – HMAS ANZAC, HMAS TOOWOOMBA and HMAS SUCCESS – visited Ho Chi Minh City. In May 2019, HMAS Canberra and HMAS Newcastle visited Cam Ranh, Khanh Hoa. The increase in visits by HMAS ships (such as HMAS Canberra, HMAS Anzac, HMAS Toowoomba) to Cam Ranh and Da Nang during 2018–2022 occurred alongside China's assertive actions in the South China Sea. Australia used these visits to signal its commitment to maintaining freedom of navigation FONOPs and support for a rules-based order. For Australia, the

South China Sea is a vital maritime route; therefore, sending warships to Vietnam is a form of distant self-defense, ensuring its own economic and military security by cooperating with the country that holds the most important geostrategic position in the region. The sudden increase in the number of HMAS vessels and naval personnel visiting key ports such as Cam Ranh, Da Nang and Ho Chi Minh City in 2018–2022, as well as the signing of a Joint Declaration on defense cooperation soon after Mr. Morrison took office, are clear evidence of a “soft balancing” policy and defense diplomacy. From a realist perspective, this is Australia’s effort to assert military presence and commit to protecting a rules-based order in the South China Sea, against the backdrop of Vietnam’s growing geopolitical importance in the Indo-Pacific strategy (Vo, 2024). It can be seen that Vietnam–Australia security and defense cooperation in 2018–2022 achieved important results in defense dialogue, personnel training, port visits and multilateral exchanges. However, this linkage is mainly assistance from Australia to Vietnam across many areas. These supports are on the one hand necessary for our country’s development but on the other hand may place Vietnam in a scenario of increasing dependence on Australia’s capabilities and technology and fall into Australia’s sphere of coordination. Moreover, Vietnam–Australia defense cooperation still bears much formality because: (i) to date, Vietnam has only cooperated at a normal level with Anglo-Saxon ideological countries; (ii) Australia participates in many minilateral mechanisms that openly counterbalance China, such as AUKUS and the QUAD. This presents a major challenge for the Comprehensive Strategic Partnership.

During this period, China, despite emphasizing peace, cooperation, and development in a harmonious world as the core of its peaceful rise strategy, acted contrary to these statements. Along with the threat to regional security, China’s rise could also lead to the risk of conflict with unpredictable developments. Australia’s concerns about China are growing. China’s assertiveness in disputes in the South China Sea has put regional security on high alert. The threatened maritime security of Southeast Asia demands peaceful negotiations, adherence to international law, and reconciliation. The South China Sea dispute has become a threat to the security of Southeast Asia and also to the security of Australia’s Near North. It can be said that the Chinese factor, and China’s assertive actions in the South China Sea disregarding international law, have strengthened security and defense cooperation

between Australia and Vietnam. Therefore, this very security threat forms a solid foundation for the spirit of security and defense cooperation between the two countries, with the common goal of ensuring regional security.

Against the backdrop of increasingly complex geopolitical dynamics in the Indo-Pacific region, particularly the rise of China, Australia has recognized a shared strategic interest with Vietnam in maintaining a peaceful, stable, and rules-based region. The two countries signed a “Joint Vision Statement on Advancing Defence Cooperation” in November 2018. Defence cooperation extends beyond strategic dialogues to concrete actions such as: Australia has actively supported Vietnam’s participation in UN peacekeeping operations, including transporting a Level 2 field hospital to South Sudan; and over 3,500 Vietnamese military personnel have participated in English language and professional training programs for officers of the Vietnam People’s Army. Morrison’s policy towards Vietnam is a direct result of the escalating US-China rivalry. Canberra is acutely aware that China’s growing power and the erosion of the United States’ relative standing are creating significant pressure, compelling Australia to become more directly involved in the region to protect its interests. However, Australia’s response is not a blind obedience to Washington’s policies. Canberra fears that a confrontational approach by the U.S. could provide China with opportunities to sow discord, particularly in Southeast Asia, where nations seek to avoid choosing between the two superpowers. Recognizing this, Australia’s national security strategy has outlined a dual path: both “strengthening alliances with the U.S.” and “enhancing influence” with regional partners. The focus of this strategy is “expanding the network” of partnerships with middle powers that share interests in maintaining a rules-based order, and Vietnam, with its steadfast stance in the South China Sea, perfectly fits this criterion. The pragmatism was most clearly demonstrated during Prime Minister Morrison’s visit to Vietnam in August 2019. The visit took place against the backdrop of aggressive actions by the Chinese survey vessel (Haiyang Dizhi 8) at Vietnam’s Tu Chinh reef. While the United States publicly condemned China’s actions, Hanoi also expected stronger diplomatic support from Australia. However, Morrison chose a very cautious approach. He deliberately “avoided naming the incident” and “refused to take sides,” instead emphasizing only “the principles of international law.” When directly questioned, he only offered a

vision of a region where "sovereignty and independence are respected and no nation is subjected to coercion from another." This was not hesitation, but a pragmatic and subtle diplomatic move. Canberra understood that forcing Vietnam to publicly choose sides would be counterproductive, eroding trust and putting Hanoi in a difficult position. This approach is a strategic respect, allowing Australia to strengthen the partnership without unnecessary risk, encouraging Hanoi to continue its independent stance. This is a manifestation of a pragmatic foreign policy, prioritizing long-term strategic effectiveness and benefits over confrontational statements. Morrison's pragmatism is reflected in his focus on areas of cooperation that yield tangible benefits for both sides, setting aside differences in political systems to jointly address common challenges, thereby building trust and laying the foundation for deeper development of the relationship. Morrison's policy towards Vietnam supports the arguments of Thayer (2020) and Le Dinh Tinh (2018) that middle-sized countries need to align themselves for strategic autonomy and reduce dependence on superpowers. Morrison's pragmatism is evident in his willingness to set aside debates about democracy and human rights in order to focus on substantive economic and security cooperation (such as support for peacekeeping and maritime security).

For nearly two decades, Canberra pursued a "precautionary" strategy, successfully managing its key economic partner, China, and its core security ally, the United States (Korolev, 2023). Australian policymakers have long asserted they had no choice. This policy is now no longer effective. The mid-2010s marked the beginning of a rapid deterioration in Australia-China relations, culminating in a fundamental shift in foreign policy "from containment to balancing with China" (Fortier & Massie, 2023, p. 7; He & Feng 2023, p. 2). This shift was clearly reinforced by the 2021 AUKUS security treaty, a move widely interpreted as "explicit engagement with the US effort to contain China" (Camut, 2023). Under the Albanese government, which took office in May 2022, the diplomatic tone softened, but the strategic essence remained a hardline balancing policy (Richard McGregor, 2025). Australian Foreign Minister Penny Wong described Australia as being in "permanent competition" with China for influence in neighboring regions, the Pacific Islands, and Southeast Asia (Minister for Foreign Affairs, 2024). Within this new balancing framework, core alliances such as AUKUS, Quad 2.0, and Five Eyes play a crucial role (Lam, 2023).

However, this is a two-pronged strategy. Australia must simultaneously strive to "strengthen relations with ASEAN countries," which are considered "equally important to Australia's economic and security interests" (Lam, 2023). The comprehensive strategic partnership with Vietnam is a prime example of this "network expansion" approach. This is an effort to build a multi-layered network of partnerships (Lam, 2023) that complements the formal alliance structure of the United States, creating a broader and more resilient alliance to maintain regional order.

3.3. The Evolution of Australia - Vietnam Relations in the Fields of Economics - Trade and Investment in the Context of U.S.-China Strategic Competition

Australia's economic relationship with Asia has become increasingly deep. While in 1988 the East Asia-Pacific region accounted for 52.18% of Australia's total export value (WITS - World Bank, 2024a), by 2018 this figure had risen to 61.07%, and exports to traditional markets such as Europe and North America accounted for only 5.22% and 3.85% respectively (WITS - World Bank, 2024b). This economic reality has strongly reinforced the belief that Australia belongs to the East Asian region. Economic integration has driven a search for and reshaping of national identity. Australian government White Papers clearly reflect this shift. Initially, Australia positioned itself as a "middle power" (White Paper 1987), then sought an Asian identity, seeing itself as "part of Asia" (White Paper 1991). However, under Prime Minister Howard (1996), the White Paper In the National Interest (1997) adopted a more pragmatic approach, asserting that developing bilateral relations based on national interests is central to foreign policy (Australian Government, 1997, p.3). This process gradually harmonized Western identity and values with Australia's interests in Asia. Australia's characteristic value chain also changed over time, from "moderate, steadfast, hospitable, democratic and free" (Australian Government, 2003) to "freedom, democracy, equality, mutual respect on the basis of the rule of law" (Australian Government, 2017). This values-based identity has firmly tied Australia to a "rules-based international order," which is seen as the foundation for Australia's approach to the world (Chengxin Pan, 2018, p. 13-20). Vietnam is not only a potential market but also an important link in regional supply chains. Reforms and opening up since 1986 helped Vietnam transform from a backward, war-ravaged agricultural economy into a

country with middle-income status. The economy's scale has steadily expanded thanks to maintaining fairly strong growth. By 2018 GDP had doubled compared with 2011, and GDP per capita reached USD 2,587 (Hieu, 2019). Even amid difficulties, Vietnam has maintained growth momentum and is regarded as a bright spot in the global economy. Recognition from reputable international credit rating agencies such as S&P, Fitch Ratings and Moody's further confirms the stability and prospects of Vietnam's macroeconomy. These factors make Vietnam strategically located, serving as a gateway for Australian goods moving from Southeast Asia to dynamic Northeast Asian economies such as Taiwan, Hong Kong, China, South Korea and Japan. This role makes Vietnam's stability a direct part of Australia's economic interests.

The "Clothing fabric" (textiles) category has shown continuous, uninterrupted growth, even during the COVID-19 pandemic. Its share in Australia's imports from Vietnam rose steadily from 7.06% (2018) to 8.60% (2019), 8.75% (2020), 9.09% (2021), and peaked at 9.41% (2022). This indicates that trade agreements (such as CPTPP and RCEP, of which both are members) and earlier partnership accords have been highly effective, helping Vietnam's textile supply chain become an important and stable part of the Australian market. The steady growth of textiles in import value (even during the pandemic) shows the economic relationship has matured. This allows Morrison's policy to leverage that solid economic foundation to advance higher strategic and technological interests, rather than focusing solely on negotiating to sell more goods. The "Clothing fabric" pillar (textile materials/cotton) has also grown consistently and strongly in Australia's export composition to Vietnam, from 9.60% (2018) to 12.38% (2022). This correlates with the entry into force of new-generation FTAs (CPTPP, RCEP), reinforcing Australia's role as a stable supplier of raw materials for Vietnam's leading export industries. Although "Stone and glass" remains low, coal import data show Vietnam becoming a strategic alternative market for Australia's resources when China imposed restrictions. Vietnam has emerged as a strategic alternative market for Australian resources, particularly coal ("Stone and glass") and agricultural products like barley, amid Australia's trade sanctions from China. Resource trade now carries not only commercial value but also supply-chain security significance.

Australia's exports to Vietnam grew strongly during 2018–2022, especially coal and iron ore,

driven by Vietnam's industrialization needs (enhancing national capacity) and Australia's strategy to diversify markets to reduce dependence on China (especially after China's economic sanctions against Australia in 2020). Local declines in some consumer goods in 2020–2021 were due to supply-chain disruptions from COVID-19, but strategic goods (energy, raw materials) continued to rise to ensure energy security. Bilateral trade expanded markedly after the two countries established a strategic partnership in 2018. Trade boom (despite COVID) and a shift in the balance are the most striking features. Despite the pandemic, trade not only did not fall (as in Rudd's 2009 period) but exploded. Total trade nearly doubled during his term, from USD 8.31 billion (2018) to USD 16.26 billion (2022). In 2021, Australia's exports to Vietnam (USD 7.0 billion) for the first time in 30 years exceeded imports from Vietnam (USD 5.3 billion), producing a strong Australian trade surplus. This sudden change was not a random market fluctuation but the direct result of a deliberate foreign policy.

The trade boom (especially in 2021–2022) was not accidental. It was directly linked to the implementation of new-generation FTAs (CPTPP and RCEP) and the geopolitical context (Australia actively diversifying its markets away from China). The signing of AVEEES (November 2021) acted as a catalyst, transforming strategic opportunities into concrete trade results. Trade during this period was not merely economic, but also a tool for implementing strategic foreign policy and security. The 2021–2022 trade boom and the shift in commodity structure were a direct consequence of a pragmatic policy aimed at diversifying markets and reducing dependence on China. The policy tool for implementing this pragmatism was the "Strategy for Enhancing Economic Cooperation" AVEEES, signed in November 2021. AVEEES is not just an ordinary document; It is a pragmatic action plan, designed to leverage new-generation FTAs (such as CPTPP and RCEP), aiming to transform Vietnam into a leading trading partner. Thus, trade is the pragmatic driver, while the new diplomatic activities are a sophisticated blend of conservatism and the promotion of liberal democratic values.

In 2018, the year the two countries became strategic partners, the cumulative number of active projects as of December 20, 2018, was 440, with a total registered investment capital of US\$2.8 million from Australian businesses, organizations, and individuals in Vietnam. In the first six months of 2019, Vietnam granted investment licenses to over 1,720 projects, an increase of 26%, and Australian

investment capital in Vietnam reached US\$75.2 million (Australian Department of Foreign Affairs and Trade, 2020). As of November 20, 2021, Australia had invested in 545 projects in Vietnam with a total value of US\$1.94 billion, accounting for approximately 0.5% of the total registered FDI in Vietnam. With this result, Australia is Vietnam's 19th largest foreign investor, behind many partners that do not even have FTAs with Vietnam, such as Taiwan, the United States, and Switzerland. The average value of an Australian investment project in Vietnam is US\$3.56 million, significantly lower than the average value of an FDI project in Vietnam, which is US\$11.8 million (Phung, 2021). Part of the reason may stem from the fact that the majority of Australian FDI enterprises in Vietnam operate in the service sector – a sector that does not require large capital investments like manufacturing. The increase in FDI into processing and manufacturing sectors reflects Australia's desire to build production capacity in a friendly country. However, capital flows slowed down at times (2020-2021) due to the uncertainty of the pandemic – an unavoidable factor in the international environment. Some major Australian companies investing in Vietnam include Telstra, RMIT, ANZ, Bluescope Steel, Allens, and BHP, which have made strategic investments contributing to Vietnam's infrastructure and economic development. VMS and Midway Metals have invested in manufacturing, while CBH and SunRice have invested in agriculture. According to data from the Foreign Investment Agency under the Ministry of Planning and Investment, as of June 20, 2022, Australia had 562 investment projects in Vietnam with a total capital of US\$1.96 billion (Thu, 2022). Thus, Australian FDI accounts for only 1.59% of the total number of projects, representing a very small percentage of capital. Australian FDI accounts for 0.5% of the total FDI value in Vietnam and ranks 19th out of 139 countries with the largest FDI investments in Vietnam (Thu, 2022). The amount of newly registered capital is also only equivalent to the adjusted capital, while with all other FDIs, the amount of newly registered capital is always 2-3 times the adjusted capital, which is also a characteristic of FDI from Australia poured into projects in Vietnam (Thu Hien, 2022). In the first six months of 2022, Australian investors implemented 14 new projects, adjusted 3 projects, and increased 43 instances of equity investment with a total registered capital value of US\$29.07 million in Vietnam (Thu, 2022). It is worth noting that, on average, Australian projects in Vietnam are relatively small compared to the average value of FDI projects in Vietnam,

averaging around US\$555,000 per project; for new projects, it is only about US\$167,140 per project; while the overall average of FDI in Vietnam is US\$12.16 million per project (Thu, 2022).

Despite having a new-generation FTA with Vietnam, the average value of an Australian investment project in Vietnam is only US\$3.56 million, lower than the average value of foreign FDI projects in Vietnam in general (US\$11.7 million), and also significantly lower than Taiwan and Switzerland (Song, 2021). Furthermore, the total FDI capital from new Australian projects is only roughly equivalent to the total adjusted capital, while the overall structure of foreign investment in Vietnam requires the total new FDI capital to be 2-3 times higher than the adjusted capital (Song, 2021). This reality shows that Vietnam has not yet attracted many new investors from Australia (the average annual increase in investment capital still depends about half on the expansion of existing projects in Vietnam), despite persuading existing investors to continue investing.

According to Mr. Vu Van Chung, Deputy Director of the Foreign Investment Department, Ministry of Planning and Investment, Vietnam has invested in 1,665 overseas projects in 80 countries and territories, with a total registered capital of US\$22.1 billion (Southern Investment Promotion Center, 2023). Of these, Vietnam has invested in Australia with 93 projects totaling US\$586.4 million, ranking 11th out of 80 countries and territories with Vietnamese investment (Southern Investment Promotion Center, 2023). Conversely, Australia currently has 610 active investment projects in Vietnam with a total registered capital of over US\$2.02 billion, ranking 20th out of 143 countries and territories investing in Vietnam; focusing on the following sectors: Processing and manufacturing industry; Accommodation and food services; Agriculture, Forestry and Fisheries (Southern Investment Promotion Center, 2023). In realism, ODA is not charity but a tool for buying political influence. Australia increased ODA to Vietnam (especially in the Mekong Delta and human resource development) during this period to compete for influence with China's Belt and Road Initiative and maintain its position as the preferred partner in the Mekong sub-region. Overall, the trend of development cooperation between Australia and Vietnam during this period is similar to that of most other countries in Southeast Asia. A typical example is Indonesia, where the scale of Australian ODA to Indonesia decreased most sharply during this period. Specifically, after continuously increasing from the 2010-2011 fiscal year and peaking at AUD 614 million

in 2014-2015, aid flows to Indonesia have sharply declined to only AUD 387 million in the 2015-2016 fiscal year and have steadily decreased to around AUD 300 million in recent years. Similarly, Australia's ODA to the Philippines, Laos, and Cambodia has also tended to decrease, but at a gradually lower rate (Nguyen Tuan Anh, 2022, pp. 57-66). Australia is Vietnam's largest trading partner in the Southern Hemisphere (VNA, 2015), and in Southeast Asia, Vietnam is Australia's second most important economy in terms of goods exports, accounting for 2.1% of Australia's goods exports in 2023, up from about 1.5% before the pandemic (Financial and Monetary Market, 2024). Regarding exports, Vietnam's key export items to Australia have shown positive growth. Australia has a demand for imports of goods in which Vietnam has a competitive advantage, such as footwear, seafood, and fresh fruit, accounting for 25.8%, 25.2%, and 19.4% of the import market share in Australia, respectively (WTO and Integration Center, 2024). Conversely, Australia is becoming a supplier of raw materials and fuels for many of Vietnam's manufacturing sectors, providing essential inputs such as coal, iron ore, metals, cotton, wheat, animal feed, fruits and vegetables, and machinery engines.

A pragmatic impetus behind strengthening ties with Vietnam is the urgent need for economic diversification. After experiencing "economic pressure from China," Australia recognized the dangers of over-reliance on a single market. In response to China's ban on Australian coal, Vietnam increased its imports from 15.7 million tonnes in 2019 to 20.3 million tonnes in 2020. Similarly, Australian barley found an alternative market in Vietnam. The two countries' economies are seen as highly complementary: Vietnam needs Australia as a reliable supplier of raw materials and services, while Australia sees Vietnam as a potential market for its products. Recognizing this opportunity, the Morrison government acted decisively. In November 2021, the two countries signed the Australia-Vietnam Enhanced Economic Partnership Strategy AVEEES. This strategy was not merely a symbolic document, but a pragmatic action plan with specific goals: to make the two countries each a top trading partner and to double bilateral investment. It was a deliberate effort to "address economic challenges and coercive economic practices." Within just two years, the goal of placing both countries among each other's top 10 trading partners was achieved. This is clear evidence of a pragmatic foreign policy, where decisions are driven by direct economic interests and the need to ensure national economic security.

According to the World Bank, Vietnam is one of the countries with the fastest economic growth, leading to the most impressive poverty reduction in the world. By the end of 2020, the poverty rate had fallen to only 2.7%. Millions of Vietnamese households have not only escaped poverty but have also moved up to a "new economic level" - the middle class (Hieu, 2021). According to the General Statistics Office (Ministry of Planning and Investment), in the period 2011-2019, the middle class in Vietnam increased significantly, from 7.8% of the population in 2011 (equivalent to more than 6.8 million people) to 20.2% in 2019 (equivalent to 19.5 million people). Calculations show that during the period 2014-2016, an average of 1.5 million people joined the middle class in Vietnam each year. By the period 2017-2019, this number had increased to approximately 2.2 million, 700,000 more than in the 2014-2016 period (Hieu, 2021). According to the National Center for Socio-Economic Information and Forecasting, middle-class households have "economic security," with a probability of less than 0.5% of falling back into poverty. Among middle-class households, 75% own washing machines, 98% live in houses built of concrete or brick, 55% have private bathrooms and kitchens, and 60% of adults have post-secondary education (Hieu, 2021). This group has incomes high enough to cover daily necessities, withstand income shocks, and still have enough left over for necessary additional expenses. One of the positive impacts of the middle class on economic development and growth is increased consumer demand. Global middle-class consumption in 2020 could reach \$43 trillion - and is considered the "dominant consumer group in the goods market" (Hieu, 2021). Increased societal demand also stimulates the development of high-quality education and healthcare with high spending levels. Families also spend more on education, culture, sports, etc., leading to an increase in the country's development level and an improvement in the human development index. Without industrialization according to world standards, without a high-tech advancement like that of previous nations (a history repeated many times), without a talented and patriotic technocratic elite to formulate policies, without a large and well-invested pool of elite scientists and technologists to carry out industrialization, and without a wise developmental policy from the state that "leads" and inspires entrepreneurs, it is impossible to overcome the middle-income trap. A true economic transformation cannot exist without these combined elements. The scientific and technological elite needs to be vigorously revived after a period of "hibernation"

and self-preparation, given the best conditions to participate in nation-building, to increasingly flourish and contribute their greatest share to the country's revitalization. They are the lifeblood and treasure of the nation. Vietnam does not lack talent; it only needs policies to awaken and utilize them. Let's "truly respect and create conditions to enhance the effectiveness of expert consultation and critical analysis," not "bureaucratize" them, but allow them sufficient freedom and autonomy. Politics can guide wisely, but it shouldn't interfere crudely. Science has its revolutionary nature and independence, and any political or cultural institution, if it wants to utilize it to serve its purpose, must adhere to its objective laws. Without objectivity, there is no science. An important characteristic is that the majority of Australia's overseas investment markets are in Europe and America, developed countries with well-developed middle classes and intellectual, technocratic, and petty bourgeois classes, which are facilitated, encouraged, and promoted through various channels, mechanisms, and policies that prioritize the utilization of talent. Therefore, in order to achieve a more commensurate investment structure and scale from one of the fifteen countries with the most foreign investment in the world, it is thought that the Party, State, and Government of Vietnam need to further improve institutions and policies, ensuring transparency, integrity, and social management through more effective lawmaking and policy planning, with a longer-term and medium-term vision, clearly reflecting the spirit of the East combined with Western technology, so that the Vietnamese middle class, intellectuals, technocrats, and petty bourgeoisie can mature in both quantity and quality. Then, the trend of Australian investment

in Vietnam will also be more stable and grow in a more positive direction.

4. CONCLUSION

The period 2018–2022 under Prime Minister Scott Morrison marked a significant stage in the consolidation of Australia–Vietnam relations. Political trust was strengthened through high-level visits and institutionalized dialogue mechanisms. Defense and security cooperation expanded with concrete initiatives, including support for UN peacekeeping operations and maritime security. Notably, bilateral trade and investment achieved breakthrough growth despite the constraints of the COVID-19 pandemic, underscoring the resilience and complementarity of the two economies. These developments transformed the bilateral relationship from one of potential into a model of effective cooperation grounded in mutual respect and trust.

Australia's policy toward Vietnam during this period exemplifies middle-power diplomacy characterized by pragmatism, flexibility, and effectiveness. By cultivating a trusted partnership, Canberra advanced its national interests while contributing to the maintenance of a stable and rules-based regional order. Rather than adopting a confrontational approach, the Morrison administration pursued a strategy of building networks of reliable partners, with Vietnam emerging as a central pillar. This approach respected Vietnam's strategic autonomy, avoided pressures to align with one side in great-power competition, and reinforced Australia's identity as a responsible and constructive middle power.

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