

VIETNAM'S NEW FOREIGN POLICY STRATEGY THROUGH THE UPGRADED RELATIONSHIP WITH AUSTRALIA: OPPORTUNITIES AND CHALLENGES

NGUYEN THUY NGAN¹ and KHUONG PHUONG THAO²

¹Lecturer, Diplomatic Academy of Vietnam. Email: ngannt.dav@gmail.com

²Student, Social Science, Tran Dai Nghia High School for the Gifted.

Abstract

Vietnam and Australia have maintained diplomatic relations since February 26, 1973. Over the decades, the bilateral relationship has grown increasingly robust, with the establishment of a Comprehensive Partnership in 2009 and a Strategic Partnership on March 15, 2018. Most recently, in 2024, the two countries elevated their ties to the highest level by forming a Comprehensive Strategic Partnership (CSP). This marked a pivotal milestone, opening up new avenues for cooperation across various fields such as economics, trade, investment, education, and more. This paper aims to assess how this upgraded partnership fits within Vietnam's new foreign policy strategy, emphasizing the opportunities and strategic implications it brings. The study focuses on potential areas of cooperation including bilateral trade, investment and technology, education, labor, and emerging sectors. It also discusses the strategic significance of the CSP in enhancing Vietnam's geopolitical standing, the challenges the country must overcome to realize these benefits, and the policy recommendations required to leverage this partnership effectively—transforming it into a driver for sustainable national development and international integration.

Keywords: Vietnam, Australia, Comprehensive Strategic Partnership, Foreign Policy Strategy.

1. INTRODUCTION

In the context of the Indo-Pacific emerging as a new center of global economic and strategic activity, many countries are seeking to strengthen their economic partnerships in the region to reduce geopolitical risks, stabilize supply chains, and diversify markets. The Indo-Pacific currently accounts for approximately 58% of the global population, 63% of global GDP, and 46% of global merchandise trade, reshaping the global landscape. Vietnam, located at the heart of Southeast Asia and a member of ASEAN, is considered one of the most dynamic emerging economies. With rapid growth, a large domestic market, pro-investment policies, and participation in several new-generation free trade agreements (FTAs), Vietnam stands out as a key strategic partner in the region. Australia, a middle power with a developed economy, strong technological and educational capabilities, and abundant natural resources, has in recent years pursued a clear strategy of diversifying its international partnerships, especially in trade and investment through participation in major multilateral FTAs such as the Regional Comprehensive Economic Partnership (RCEP), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA). Australia also maintains several bilateral FTAs with countries like South Korea, China, and Thailand, indicating its commitment to open markets and inclusive cooperation.

In today's complex international environment, expanding and upgrading diplomatic and economic partnerships plays a vital role in Vietnam's strategy for sustainable development and global positioning. Among its strategic partners, Australia emerges as a country with deep potential for cooperation across various sectors including trade, investment, education, and clean energy. The official elevation of Vietnam–Australia relations to a Comprehensive Strategic Partnership (CSP) in March 2024 marked not only a major diplomatic and political milestone, but also opened a new chapter of multidimensional cooperation. This development represents one of the most important turning points in the bilateral relationship, reflecting a high level of political trust and the shared ambition to strengthen cooperation between the two economies.

However, there has been limited in-depth research evaluating this partnership's implications from a foreign policy strategy perspective, particularly its economic opportunities and challenges for Vietnam. In the context of Vietnam's efforts to diversify strategic partnerships, enhance national capacity, and increase international competitiveness, identifying the implications of the upgraded relationship is both practically and theoretically significant. This study, therefore, aims to examine the upgraded Vietnam - Australia partnership within the broader framework of Vietnam's foreign policy. It highlights areas of potential cooperation, evaluates practical economic opportunities, and identifies challenges that must be addressed to realize these gains. Furthermore, the paper proposes strategic policy directions to help Vietnam leverage the CSP as part of its long-term diplomatic and economic goals, especially as the country aspires to become an upper-middle-income economy by 2030.

Since the establishment of diplomatic ties on February 26, 1973, Vietnam and Australia have continuously developed a strong and resilient bilateral relationship. Mutual trust, understanding, and respect have laid the foundation for increasingly deep economic and political cooperation. In 2019, both countries jointly committed to building an Enhanced Economic Engagement Strategy (EEES), aiming to become each other's top ten trading partners and to promote two-way investment. Recognizing Vietnam's dynamic growth trajectory since the *Đổi Mới* (Renovation) reforms in 1986, the two countries officially elevated their ties to a Comprehensive Strategic Partnership (CSP) on March 7, 2024. This strategic upgrade reflects mutual trust and ambition to expand cooperation across a broad spectrum of areas. In the Joint Statement announcing the CSP, the Australian Government affirmed its commitment to a shared vision for a peaceful, resilient, inclusive, and prosperous Indo-Pacific—one that upholds sovereignty, independence, and international law. Both sides pledged to strengthen collective capacity to address common challenges and outlined a strategic expansion of cooperation under six key pillars: Political, defense, and judicial collaboration; Economic engagement; Knowledge sharing and people-to-people connectivity; Climate, environment, and energy cooperation; Support for science, technology, innovation, and digital transformation; Regional and international cooperation. These pillars reflect the shared ambition to build a deeper and more strategic partnership in line with regional and global developments. Since the economic reforms of 1986, Vietnam has actively engaged in global economic integration by joining international organizations, signing multiple FTAs, and attracting significant foreign direct investment (FDI) from developed countries including

Japan, China, Germany, and Australia. These efforts have been central to mobilizing resources, transferring knowledge, and improving Vietnam's global competitiveness. Foreign policy has become a key tool for Vietnam to forge international connections, secure external support, and drive a strategy of sustainable growth and economic modernization. Proactive diplomacy enables Vietnam to adapt to global economic shifts, attract high-quality investments, and transition toward knowledge-based, green, and digital economies. This study emphasizes the role of the upgraded relationship with Australia as a strategic component of Vietnam's foreign policy, with a particular focus on economic outcomes and policy implications in key sectors.

2. METHODS

This research adopts a qualitative and descriptive approach combined with statistical analysis, aiming to clarify the research questions through both empirical evidence and contextual interpretation. The descriptive method is employed to analyze the historical evolution and current status of the Vietnam–Australia relationship, especially within the context of foreign policy development. The statistical method is used to evaluate key indicators of bilateral economic engagement, such as trade volumes, investment flows, and aid distribution, in order to provide an evidence-based foundation for assessing the strategic and economic implications of the Comprehensive Strategic Partnership. The integration of these methods ensures that both quantitative data and qualitative insights are leveraged to understand the opportunities, challenges, and policy pathways associated with Vietnam's upgraded relationship with Australia.

3. LITERATURE REVIEW

Realism posits that states act primarily in pursuit of their national interests, particularly security and survival, in an anarchic international system (Mearsheimer, 2001). Within this framework, middle powers such as Australia play a unique role. Although they lack the influence of great powers, middle powers often promote multilateralism, regional stability, and issue-based coalitions to amplify their strategic presence (Cooper, 1997). Australia exemplifies a middle power that leverages its diplomatic, economic, and normative influence to shape regional order, particularly in Southeast Asia and the Indo-Pacific. Its engagement with Vietnam through bilateral and multilateral initiatives underscores the realist logic of hedging and balance of power—especially amidst intensifying great power rivalry (Beeson & Hameiri, 2017). For Vietnam, aligning with a reliable middle power enhances its strategic autonomy without over-reliance on any one major actor. Economic interdependence theory argues that increased trade and investment flows between countries reduce the likelihood of conflict and foster peaceful cooperation (Keohane & Nye, 1977). The Vietnam–Australia relationship aligns with this theory, as both nations have actively deepened economic ties through shared participation in free trade agreements (e.g., CPTPP, RCEP). The bilateral Comprehensive Strategic Partnership (CSP) promotes mutual dependency in sectors such as clean energy, education, and digital innovation, which serves as both a stabilizing force and a vehicle for economic modernization. The theory posits that states will prioritize stability and partnership when their economies are tightly interconnected—a rationale evident in the Enhanced Economic Engagement Strategy

(DFAT, 2021). Institutionalism emphasizes the role of international institutions, norms, and legal frameworks in facilitating cooperation, reducing transaction costs, and promoting transparency (Keohane, 1984). Institutions such as ASEAN, APEC, and the WTO, where both Vietnam and Australia are active members, offer platforms for rule-based engagement. Australia's support for Vietnam's institutional development through initiatives like Aus4Reform, Aus4Innovation, and Partnerships for Infrastructure reflects the institutionalist belief that durable cooperation is anchored in shared rules, technical support, and predictable processes.

These programs help align Vietnam's domestic reforms with international norms, enhancing trust and long-term collaboration. The relationship between Vietnam and Australia has been a subject of increasing academic interest, particularly in the context of regional realignments in the Indo-Pacific. Several studies have explored the political and economic dimensions of bilateral cooperation, but few have focused specifically on the implications of the 2024 upgrade to a Comprehensive Strategic Partnership (CSP) for Vietnam's foreign policy strategy. Vietnam's foreign policy has undergone significant transformation since the *Đổi Mới* reforms in 1986, emphasizing multilateralism, diversification of partners, and strategic autonomy (Thayer, 2010). Recent scholarly works suggest that Vietnam's shift toward more comprehensive partnerships reflects an adaptive strategy in response to changing regional geopolitics (Le, 2023).

Australia has been actively repositioning itself in Southeast Asia through initiatives such as the Southeast Asia Economic Strategy to 2040 and various ODA programs targeting strategic development in the region (Medcalf, 2022). Studies by the Lowy Institute (2023) highlight Australia's interest in Vietnam as a "like-minded partner" with shared regional objectives and complementary economic structures.

The economic complementarity between Vietnam and Australia has been well documented. According to Nguyen and Do (2022), the two countries have a non-competitive trade structure and benefit from participation in multiple free trade agreements (e.g., CPTPP, RCEP, AANZFTA). Recent government reports emphasize the strategic significance of bilateral trade and investment, especially in emerging sectors such as digital innovation, green energy, and education (DFAT, 2024).

The elevation to a Comprehensive Strategic Partnership in March 2024 marks a significant development not only economically but politically. Scholars argue this upgrade reflects a deeper level of trust and mutual alignment in foreign policy goals, particularly regarding regional security, economic resilience, and multilateral rule-based cooperation (Pham & Tran, 2024).

However, limited academic literature to date has examined this milestone from a foreign policy strategy lens, particularly how it fits within Vietnam's broader diplomatic playbook amid rising strategic competition in the Indo-Pacific. This study aims to bridge that gap by assessing how the upgraded partnership fits into Vietnam's new foreign policy orientation—one that balances economic integration with strategic autonomy and enhanced regional visibility.

4. RESULTS

Strong Trade Complementarity and Growth Potential

Vietnam and Australia possess non-competing trade structures, creating a foundation for mutually beneficial economic exchange. Vietnam's exports—such as electronics, textiles, and seafood—are increasingly welcomed in the Australian market, while Australia provides Vietnam with essential raw materials and agricultural inputs. Participation in multiple FTAs (e.g., CPTPP, RCEP) enhances this synergy, and bilateral trade reached over USD 14 billion by 2024 and expected to reach 20 billion in 2025 (Thuy Duong, 2025). The upgrade of bilateral relations to a Comprehensive Strategic Partnership (CSP) in March 2024 has become a pivotal driver for trade expansion. This elevation promotes deeper institutional cooperation, reduces technical and tariff barriers, and reinforces implementation of existing FTAs such as RCEP, CPTPP, and AANZFTA. Vietnam benefits from a non-competing trade structure with Australia, where exported goods are complementary rather than overlapping. In the first half of 2024, leading Vietnamese exports included: machinery and spare parts, mobile phones, crude oil, electronics, garments, footwear, and seafood. Under the CSP framework, both governments reaffirmed their commitment to close coordination in multilateral forums such as ASEAN, APEC, WTO, OECD, and IPEF. These platforms provide avenues for Vietnam to boost its export performance in areas like tropical agriculture, processed foods, and consumer electronics.

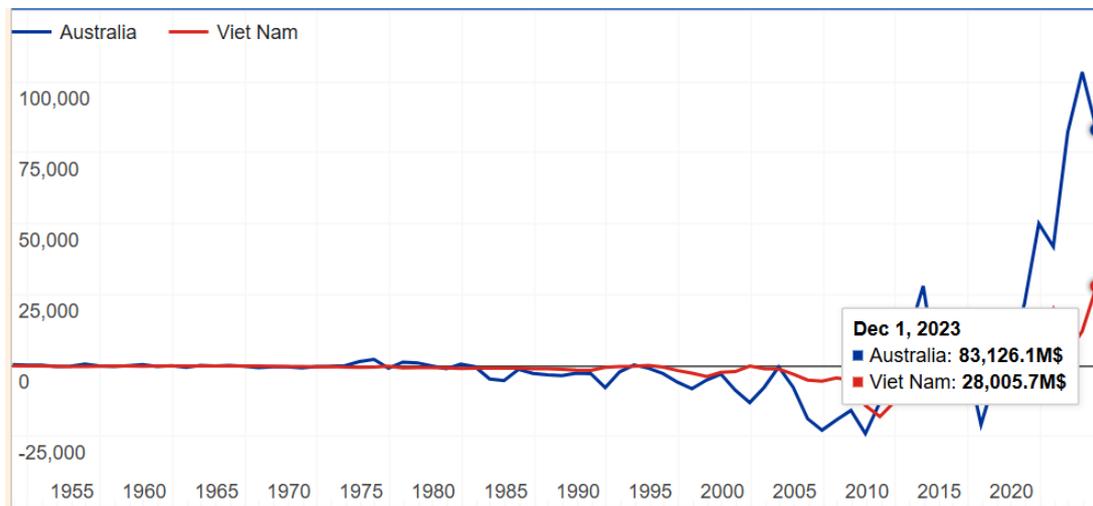


Chart 1: Trade balance Viet Nam vs Australia comparison

Source: *countryeconomy.com*

Australia also supports trade development in Vietnam through flagship programs like Aus4Reform, Aus4Growth, and Aus4Innovation, which help enhance business environments, promote innovation, and increase private sector competitiveness.

Initiatives such as the establishment of a Vietnam–Australia Business Council and SME development roadmaps further facilitate market expansion and supply chain diversification.

With political trust and aligned development goals, bilateral trade is expected to grow in scale and shift toward high-value, sustainable cooperation.

Foreign direct investment (FDI) and scientific cooperation

Beyond trade, the CSP opens the door to stronger foreign direct investment (FDI) and scientific cooperation. Amidst global FDI realignment—particularly the “China +1” strategy—Vietnam has emerged as a preferred destination for Australian investors. The Indo-Pacific region, including Vietnam, is receiving heightened attention from Australia for strategic investment initiatives. As of September 2024, Australia had 662 active FDI projects in Vietnam, valued at approximately AUD 3.02 billion, focusing on agriculture, clean energy, education, and digital technology. The *Enhanced Economic Engagement Strategy* prioritizes bilateral programs like Aus4Innovation, aimed at fostering Industry 4.0 transitions, technology transfer, and R&D collaboration.

Joint initiatives are underway to dismantle barriers to investment and strengthen supply chain integration. For example, a feasibility study on automotive supply chains is being conducted, alongside infrastructure financing support under Australia’s Mekong Subregion investment strategy.

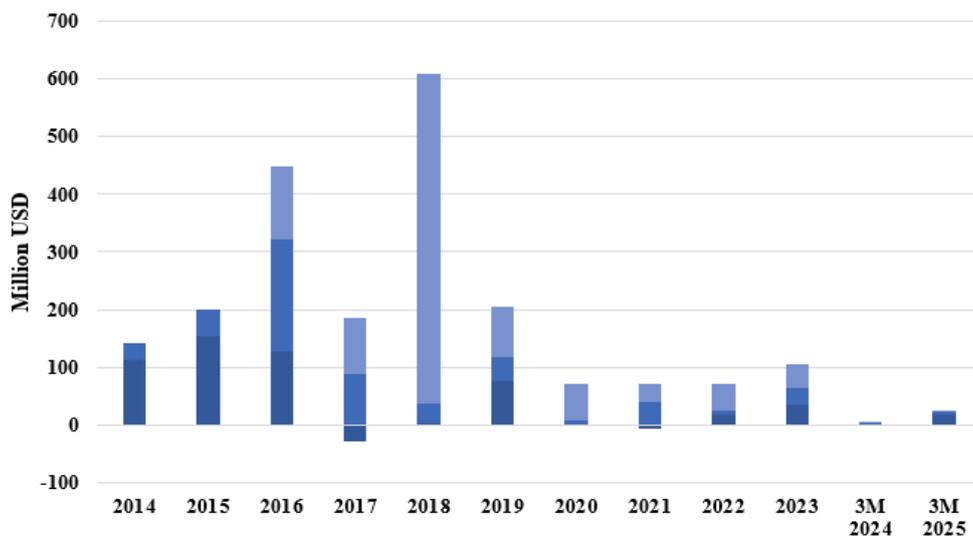


Chart 2: FDI from Australia to Vietnam (2014-2024)

Source: Authors compiled from MPI

Vietnam stands to benefit in priority sectors such as:

- Renewable energy: Australia’s strength in wind and solar technologies and green finance complements Vietnam’s vast but underdeveloped clean energy potential.
- Digital economy and innovation: With Australia leading in EdTech, FinTech, and clean tech, Vietnam can tap into knowledge-sharing, AI, blockchain, and start-up development platforms under programs like CSIRO and Aus4Innovation.

Australian FDI in Vietnam is expanding, particularly in sectors aligned with innovation and sustainability, such as clean energy, agriculture, and digital transformation. Initiatives like Aus4Innovation and Australia's Mekong Subregion investment strategy illustrate a shared commitment to enhancing scientific collaboration and industrial modernization.

Australia's Official Development Assistance (ODA) to Vietnam has also been a critical pillar of the bilateral relationship. For the fiscal year 2024–2025, Australia pledged approximately AUD 95.7 million in ODA to Vietnam, focusing on strategic sectors such as education, healthcare, vocational training, and agriculture. Since 1973, cumulative ODA from Australia has reached nearly AUD 3 billion, with 67–70% of this assistance consistently coming from the bilateral country program. This reflects Australia's long-standing commitment to Vietnam's sustainable development and institutional capacity-building.

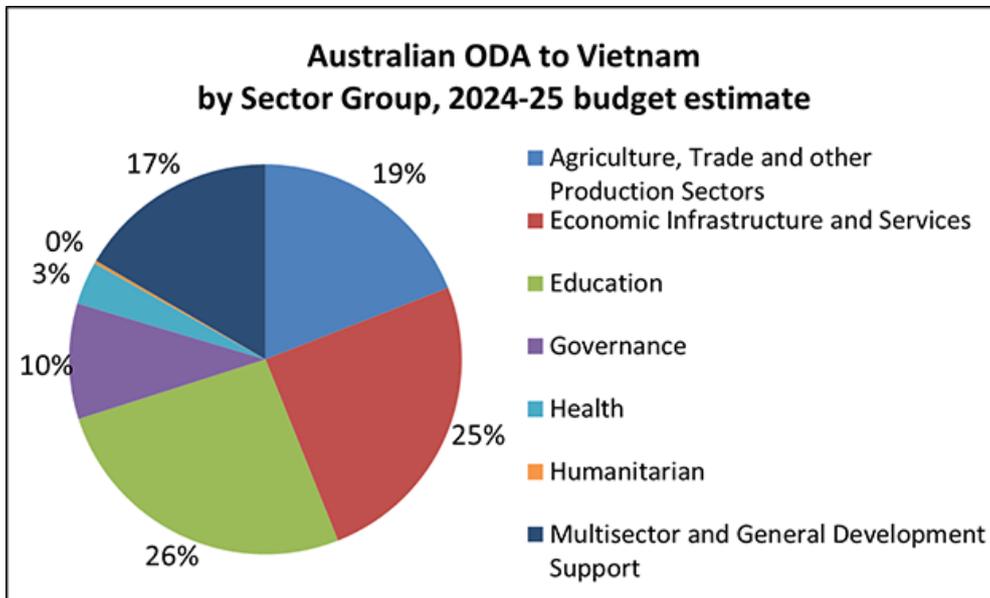


Chart 3: Australian ODA to Vietnam period 2024-2025

Source: Department of Foreign Affairs and Trade

Education and Human Capital cooperation

Australia plays a significant role in Vietnam's human capital development. With over 7,000 scholarships awarded since 1974 and ongoing programs like Aus4Skills and the New Colombo Plan, the two countries have fostered a robust education partnership. Australia's commitment of 26% of its ODA to education in 2024 underlines this long-standing priority. Australia has long supported Vietnam in education and human resource development.

Flagship programs such as Aus4Skills have fostered expert exchange, vocational training, and logistics education tailored to Vietnam's industrial transformation. Australia also invests in transnational education through institutions like RMIT, Swinburne, Monash, and UTS, reflecting a long-term commitment to cross-border education cooperation. According to DFAT,

approximately 26% of Australia’s ODA to Vietnam in 2024 is allocated to education—its highest share among supported sectors. Through the International Education Strategy 2021–2030, both countries are working to enhance student experience, academic exchanges, and joint research. Initiatives include expanding short-term Australian courses in Vietnam, online English instruction, and the establishment of the Vietnam–Australia Policy Institute to promote strategic education policy development. Programs such as post-graduate work rights, the New Colombo Plan, and Australian volunteer programs also foster people-to-people ties and institutional internationalization in Vietnam.

The Vietnamese community in Australia numbers approximately 300,000 people, making it one of the largest Southeast Asian diaspora groups in the country. Vietnamese is the fifth most spoken language in Australia, reflecting the strong cultural retention and integration of the community. Vietnamese-Australians actively contribute to various sectors of Australian society, including the economy, education, public service, and entrepreneurship. Conversely, many Australians have traveled to Vietnam for tourism, built commercial and investment linkages, or even migrated with their families, further deepening bilateral people-to-people ties.

According to these figures, student and visitor visas accounted for 80% and 11.7% respectively of all temporary visas granted to Vietnamese nationals in 2022–23. This underscores Australia’s continued appeal as both a top education destination and a valued travel location for Vietnamese citizens. Deepening cooperation in education, technical training, and vocational pathways has significantly enhanced the number of internationally certified Vietnamese workers, particularly in sectors where Australia faces labor shortages such as agriculture. In 2024, both governments signed a Memorandum of Understanding (MoU) under the Pacific Australia Labour Mobility (PALM) scheme. This agreement facilitates the deployment of 1,000 Vietnamese workers to the Australian agricultural sector, addressing critical workforce gaps while fostering bilateral labor cooperation (Thu Hang, 2024).

Table 1: Temporary Visa Issuance to Vietnamese (2020–2024)

Visa Type	2020–21	2021–22	2022–23	2023–24
Visitor Visa	6,124	25,167	113,592	105,810
Student Visa	6,776	9,243	18,814	15,436
Temporary Skilled Work Visa	465	1,076	1,418	1,261
Working Holiday Maker	381	1,945	3,986	3,605
Other Temporary Visas	2,556	2,822	9,037	5,792
Total Temporary Visas	16,302	40,253	146,847	131,904

Source: homeaffairs.gov.au

Emerging Areas of Cooperation

Green Energy and Net-Zero Transition: Both nations are committed to achieving net-zero carbon emissions by 2050, making clean energy a central pillar of future cooperation. Australia is supporting Vietnam through programs such as Partnerships for Infrastructure (P4I) and pilot projects in green hydrogen. Vietnam is also being integrated into Australia’s hydrogen export development strategy.

Sustainable Supply Chains and Circular Economy: Recognizing the fragility of global supply chains, both countries are pursuing more resilient, diversified networks. Australia has identified Vietnam as a key partner in sectors such as automotive manufacturing, electronics, food processing, and pharmaceuticals. These efforts aim to strengthen regional supply chains and promote circular economic models. The CSP has opened pathways for collaboration in emerging domains such as green hydrogen, circular economy, food security, and digital innovation. Australia views Vietnam as a strategic partner in building sustainable regional supply chains and achieving net-zero carbon goals by 2050. Bilateral cooperation is reinforced through active engagement in regional and global institutions including ASEAN, APEC, and the WTO. Australia supports Vietnam's regulatory and institutional reforms through programs like Aus4Reform and Partnerships for Infrastructure, facilitating long-term policy alignment and institutional capacity-building.

5. DISCUSSION

Australia views Vietnam as playing an increasingly important role in ASEAN's economic development. With a stable political system, independent foreign policy, and strategic vision, Vietnam has become a reliable partner in the region. Both countries have long been economic partners with complementary trade structures, underpinned by strong people-to-people ties. The elevation of their bilateral relationship to a Comprehensive Strategic Partnership (CSP) in March 2024 marked a historic milestone, signaling a new level of trust and strategic commitment despite global geopolitical uncertainties.

The CSP is not only symbolic but also practical, serving as a robust platform for expanded cooperation in trade, investment, education, and green energy—key drivers of sustainable development. It creates opportunities for Vietnam to diversify markets, attract high-quality investment, and establish its presence as a key player in the Indo-Pacific region. Additionally, this upgraded partnership has been reinforced by Australian-led initiatives such as Aus4Innovation, Aus4Reform, and Partnerships for Infrastructure (P4I), which aim to support Vietnam's institutional reform, innovation capacity, and sustainable growth.

The elevation of Vietnam - Australia relations to a Comprehensive Strategic Partnership (CSP) in March 2024 marks a pivotal step in Vietnam's foreign policy modernization. It aligns with Hanoi's broader strategy to enhance its international profile and diversify diplomatic and economic ties in the Indo-Pacific region. Australia sees Vietnam as a rising power in ASEAN - politically stable, economically dynamic, and strategically located.

This perception is reinforced by Vietnam's consistent GDP growth, growing role in regional trade networks, and willingness to engage multilaterally. Australia's commitment to shared democratic values, rule of law, and regional stability makes it an ideal long-term partner. Moreover, the CSP is strategically significant for reducing overdependence on major powers such as China or the United States. It contributes to Vietnam's hedging strategy by strengthening ties with middle powers, enabling more maneuverability in the changing global order.

Despite the promising prospects of the CSP, Vietnam still faces several critical challenges:

First, the competitiveness and quality of Vietnamese exports remain limited. Australia's import market is known for its strict quarantine, quality assurance, and traceability standards (Austrade, 2024). Most Vietnamese enterprises are small-scale and lack access to market information and international compliance capabilities, which reduces their ability to benefit from the FTAs already in effect. The regulatory inefficiencies, limited SME capacity to meet Australian standards, uneven provincial investment conditions, and underdeveloped vocational education constrain the country's ability to fully leverage the CSP framework, particularly in high-tech and green sectors. Trade Capacity and Export Standards Australia has among the world's strictest import standards, including sanitary and phytosanitary (SPS) and technical barriers to trade (TBT). Vietnamese exporters, especially SMEs often struggle with compliance due to limited resources, knowledge gaps, or fragmented supply chains.

Second, Vietnam's business and investment environment continues to present obstacles. Australian investors have cited weak legal enforcement, complex tax regulations, unfair competition, and inconsistent protection of investors across provinces. These issues hinder long-term investment, particularly in high-tech sectors such as renewable energy, digital education, and innovation. Business and Investment Environment Vietnam's regulatory environment remains bureaucratic. According to several Australian investors, issues such as unclear land-use laws, tax inconsistencies, and unequal policy enforcement across provinces discourage long-term FDI, especially in sensitive sectors like education or renewable energy. Legal Frameworks for Green Transition Australia has shown strong interest in supporting Vietnam's transition to clean energy. However, Vietnam lacks clear regulatory pathways for investment in solar, wind, and hydrogen energy. This results in uncertainty for investors and delays in implementation.

Third, the quality of Vietnam's workforce and technological infrastructure remains subpar. Although Vietnam benefits from an abundant and cost-effective labor pool, it suffers from a lack of vocational training, urban-rural education gaps, and relatively low productivity. Moreover, outdated equipment and limited access to modern machinery reduce Vietnam's attractiveness for high-value international investors. Australia has also noted Vietnam's insufficient legal frameworks for human capital development in green transition industries, impeding effective workforce planning in sectors aligned with sustainability. While Vietnam's labor market is cost-competitive, skill quality and digital literacy are lagging. Vocational education is underdeveloped. There's also a lack of readiness to adopt Industry 4.0 technologies, limiting the country's ability to absorb high-tech investments or participate in global innovation networks.

Lastly, regional competition is intensifying. Australia is also strengthening ties with other Southeast Asian nations such as Thailand, Malaysia, and Indonesia, countries that offer competitive incentives and robust investment conditions. Vietnam must respond proactively with appropriate policies and long-term strategies to retain its strategic appeal as a top-tier economic partner for Australia.

To fully leverage the opportunities created by the CSP, Vietnam should implement several strategic policy measures:

Enhancing export capabilities and product quality: The government should invest in building standardized raw material zones, encourage technology upgrades, and assist businesses in meeting international technical standards, especially for demanding markets like Australia. Branding campaigns, product showcases, and trade fairs should be promoted in sectors such as textiles, agriculture, footwear, and manufacturing.

Improving the investment and business environment: Vietnam must develop a transparent and streamlined legal framework to attract high-quality FDI, particularly in renewable energy, education, and technology. Favorable tax policies, simplified administrative procedures, and targeted incentives should be extended to Australian investors to ensure ease of project implementation.

Strengthening human capital and supporting innovation: Vietnam should make the most of Australia's educational support programs under the CSP, such as Aus4Skills and vocational training schemes, to improve workforce quality. Enhancing technology transfer and supporting R&D, especially in priority industries, will also be critical in raising Vietnam's investment appeal. The CSP should be used as a platform to initiate high-level economic dialogues, focusing on emerging sectors such as digital economy, food security, and green transformation. Strengthening institutional cooperation in these areas will build trust and long-term connectivity between both nations.

Vietnam's alignment with a reliable middle power like Australia enhances its ability to pursue a balanced foreign policy, avoiding overdependence on major powers. Strengthening ties with Australia supports Vietnam's hedging strategy, allowing it to maintain constructive relations with multiple partners while preserving national sovereignty and independent decision-making. The CSP reinforces Vietnam's "economic diplomacy" doctrine, which positions international cooperation as a driver of national growth. By embedding CSP priorities, such as green energy, education, and innovation into national development plans (e.g., Vision 2030 and 2045 goals), Vietnam can attract quality investment, upgrade industrial value chains, and diversify its markets. To ensure continuity and impact, Vietnam should institutionalize regular policy dialogues, joint working groups, and cross-ministerial task forces with Australia. Furthermore, Vietnam should leverage the CSP to enhance regional connectivity through ASEAN frameworks, trilateral cooperation (e.g., Vietnam - Australia - Indonesia), and Indo-Pacific economic initiatives like IPEF. To attract high-quality Australian FDI and meet export market requirements, Vietnam must accelerate regulatory and institutional reform, particularly in areas such as legal transparency, digital infrastructure, intellectual property rights, and clean energy regulation. These improvements will not only boost CSP outcomes but also elevate Vietnam's global competitiveness. Vietnam should strengthen its diplomatic messaging by framing the CSP as a model for "mutually respectful" and "forward-looking" strategic partnerships. Promoting people-to-people exchanges, academic cooperation, and cultural diplomacy with Australia can also enhance Vietnam's soft power and international image in the Indo-Pacific region.

6. CONCLUSION

The formal upgrade of Vietnam - Australia relations to a Comprehensive Strategic Partnership in March 2024 marks a significant milestone, not only diplomatically but also economically. Built on mutual trust and long-standing cooperation, this new framework allows both nations to expand into emerging economic areas aligned with global trends. This paper has shown that Vietnam - Australia economic ties hold strong potential due to their complementary trade structures and mutual participation in key FTAs like CPTPP, RCEP, and AANZFTA. Australia's FDI into Vietnam has not only increased in quantity but also in quality, with attention shifting toward innovation and sustainable sectors. Human capital development through joint education and vocational initiatives has also been a cornerstone of bilateral cooperation. New areas such as digital economy, green technology, and food security are receiving increased attention from both governments and private sectors. However, to seize these opportunities, Vietnam must overcome challenges in export competitiveness, regulatory transparency, workforce development, and regional competition. In a time of global uncertainty, strengthening bilateral ties with Australia is a strategic step toward market diversification, institutional modernization, and sustainable development. The CSP serves as a key economic lever to support Vietnam's goal of becoming a high-income country by 2045 and reinforcing its role as a strategic player in the Indo-Pacific region.

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