# STRATEGIC COMPETITION BETWEEN CHINA AND JAPAN (2012–2025) AND IMPLICATIONS FOR VIETNAM

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**Abstract -** China-Japan relations constitute one of the most complex bilateral relationships in the Asia-Pacific region. The period from 2012 to 2025 marks a significant transformation from latent competition to comprehensive strategic confrontation across three domains: political-diplomatic, security-defense, and economic-technological. Employing qualitative analytical methods and a realist theoretical framework, this article elucidates the principal drivers and manifestations of competition, including the Senkaku/Diaoyu Islands dispute, the arms race, and semiconductor technology rivalry. Based on this foundation, the study assesses the impact of Sino-Japanese competition on Vietnam's strategic space and proposes a "flexible hedging" orientation to safeguard national interests. Vietnam must remain steadfast in its independent and self-reliant foreign policy, diversify international relations, enhance its national defense self-reliance, and leverage ASEAN's role in regional security governance.

**Key words -** China; Japan; strategic competition; Vietnam; international relations; foreign policy; South China Sea

## 1. Introduction

Strategic competition between China and Japan is a key driver shaping the order of the Asia-Pacific region in the 21st century. As the two largest economies in the region, China and Japan are fiercely competing across three domains: political-diplomatic, security-defense, and economic-technological. The period from 2012 to 2025 marks a transformation from latent competition to overt strategic confrontation. The flashpoint occurred in September 2012, when Japan nationalized three islands in the Senkaku/Diaoyu archipelago, prompting a strong reaction from China. Nguyen The Hong observes that "Japan–China relations have entered a state of 'cold politics, hot economics', as a result of historical disputes, territorial disagreements, and competition for regional influence" [1, pp.78–81]. By 2025, this dynamic has shifted to "unstable stability", characterized by high economic interdependence alongside persistent political and security tensions. The 2024- 2025 period has witnessed alarming escalation, as "Chinese Coast Guard vessels appeared in the contiguous zone of the Senkaku/Diaoyu Islands for 355 days in 2024, setting a new record for three consecutive years" [2]. Japan responded by "committing to increase its defense spending to 2% of GDP by 2027, breaking the 'exclusively defense-oriented' principle maintained since World War II" [3].

For Vietnam, this competition exerts multidimensional impacts and presents complex policy challenges. China is both Vietnam's largest trading partner and the source of serious security challenges in the South China Sea. Japan, meanwhile, is a leading investor and a strategic partner in national modernization. The escalation of competition narrows Vietnam's strategic space, forcing the country to balance relations with two major powers that have differing interests and roles, avoid taking sides in regional power rivalries, and simultaneously optimize national interests amid geopolitical turbulence.

Although numerous studies have examined China–Japan relations and Vietnam's foreign policy, three notable gaps remain. First, most research tends to focus on specific aspects but lacks a comprehensive, multidimensional approach to the nature of strategic competition during 2012–2025. Second, studies primarily adopt a bilateral China–Japan perspective, without fully exploring the triangular impact on medium and small countries such as Vietnam. Third, there is a lack of an integrated theoretical framework that combines international relations theory with the foreign policy perspectives of the Communist Party of Vietnam to provide context-appropriate recommendations.

This article clarifies the drivers, manifestations, and trends of China–Japan strategic competition during 2012–2025, analyzes its impact on Vietnam's strategic space, and proposes policy orientations. The study addresses three questions: (1) What are the drivers and manifestations of China–Japan strategic competition in the political-diplomatic, security-defense, and economic-technological domains? (2) How does this competition affect Vietnam's strategic space and policy choices? (3) What foreign policy orientation should Vietnam adopt to optimize national interests? The research employs qualitative methods, secondary document analysis, and applies realism, power transition theory, and hedging strategy, integrated with the perspectives of independent, self-reliant, multilateralized, and diversified foreign policy of the Party and State of Vietnam.

## 2. Theoretical foundations and research methods

### *2.1. Theoretical foundations*

This article employs realism as the central theoretical framework to analyze the drivers of strategic competition between China and Japan. According to realist perspectives, the international system exists in a state of anarchy, where no supreme authority coordinates state

behavior. States are rational actors, consistently pursuing national interests and regarding power as the fundamental measure of international politics.

Hans J. Morgenthau, a representative of classical realism, "asserts that national interest defined in terms of power is the fundamental principle of international politics" [4, p.5]. Kenneth N. Waltz developed structural realism, emphasizing that "in an anarchic system, states must rely on self-help, as no mechanism guarantees absolute security. Therefore, the structure of power in the international system becomes a key factor shaping state behavior and strategies" [5; pp. 79, 105, 111]. Waltz explains the balancing tendency - where weaker states ally or enhance capabilities to counter rising powers, in contrast to bandwagoning, which involves aligning with stronger powers to benefit or avoid confrontation.

John Mearsheimer, a proponent of offensive realism, argues that great powers not only seek security but also strive to maximize power, aiming for regional hegemony as the only way to ensure long-term survival. He predicts that China's rise will not be peaceful, as the structural logic of the system drives intense competition with existing great powers and neighbors [6; pp.140–141, 402]. John Herz adds the concept of "security dilemma": "when a state's efforts to defend itself may cause others to feel threatened, leading to escalating tensions" [7]. Organski and Kugler developed power transition theory: "when a rising power approaches the capabilities of the dominant power, the risk of conflict increases, especially if the rising power is dissatisfied with the current order" [8, p.175]. This theory explains why the period when China surpassed Japan to become the world's second-largest economy (2010) and narrowed the military gap was also the most intense phase of escalation. China–Japan competition reflects three logics: China's rise challenges Japan's traditional leadership (power transition), creates a security spiral as both enhance military capabilities (security dilemma), and pursues maximum regional influence (offensive realism).

For medium and small countries like Vietnam, hedging strategy theory provides an important analytical tool. Goh argues that "hedging is a strategy in which states seek to balance risks from great power competition by maintaining good relations with all sides, avoiding dependence on any single actor" [9, pp.117–118]. According to Oury, Vietnam and several Southeast Asian countries are pursuing a form of "complex hedging," maintaining a flexible balance among major powers through independent, autonomous, and multilateralized foreign policy [10]. This perspective aligns with the foreign policy line of the Communist Party of Vietnam, affirmed in the 13th Party Congress Documents: "Consistently implement the foreign policy of independence, self-reliance, peace, friendship, cooperation and development; diversify and multilateralize external relations. Proactively and actively integrate internationally; properly handle the relationship between independence, self-reliance, and international integration; promote comprehensive, extensive, flexible, and effective international integration for national interests, ensuring independence, self-reliance, and national sovereignty" [11, pp.161–164]. The integrated theoretical framework - realism explains the drivers of competition, hedging theory provides behavioral analysis tools, and the Party's perspectives guide values - forms the foundation for research on China–Japan competition and implications for Vietnam.

### *2.2. Research methods*

This study employs qualitative methods, combining analysis, synthesis, and political interpretation, based on three main groups of documents: (1) academic works from both domestic and international sources on China–Japan relations, Vietnam's foreign policy, and great power competition; (2) official documents and policy reports from governments, Ministries of Foreign Affairs, and Ministries of Defense; (3) statistical data from international organizations such as SIPRI, World Bank, IMF, and reputable research centers like CSIS and CFR.

Document selection criteria are based on source reliability, recency (priority given to materials from 2012 onward), and direct relevance to the research content. The research process consists of three steps: (1) describing the process and characteristics of China–Japan competition in three domains; (2) analyzing causes and drivers based on realism and hedging strategy; (3) synthesizing and assessing the impacts on Vietnam, and deriving policy implications to clarify the orientation of independent, self-reliant, and proactive international integration in Vietnam's foreign policy amidst increasing regional strategic competition.

Research limitations: the time frame is 2012–2025, focusing on bilateral China–Japan competition and its impact on Vietnam, without in-depth analysis of the role of other third countries in the region or non-traditional security and climate change factors.

## 3. Content

### *3.1. China–Japan competition in the political – diplomatic domain*

Political–diplomatic competition unfolds simultaneously on two levels: bilateral territorial disputes and rivalry to shape the regional multilateral order. This combination creates a distinct complexity, whereby tactical disagreements quickly escalate into strategic confrontation. The 2012–2025 period can be divided into three main phases: the outbreak of tensions, the establishment of crisis management mechanisms, and the escalation of structural conflict.

**2012–2014: Outbreak and establishment of structural tensions**. In September 2012, Japan unilaterally nationalized three islands in the Senkaku/Diaoyu archipelago, transforming the dispute from latent to overt confrontation. This was not merely a territorial dispute but a struggle for control over a 740,000 km² exclusive economic zone with an estimated 60–100 billion barrels of oil and gas reserves and, more importantly, a strategic position linking the East China Sea to the Pacific. China responded strategically by declaring an Air Defense Identification Zone (ADIZ) in November 2013, covering the disputed area, aiming to establish a legal basis for

airspace control and alter the status quo maintained by Japan since 1972. Japan redefined China from an economic partner to a strategic rival in its 2013 Defense White Paper, strengthening its alliance with the United States as a counterbalance.

**2014–2022: Crisis management amidst ongoing competition**. Recognizing the risk of unintended escalation, both sides established crisis management mechanisms. In November 2014, a four-point principled agreement acknowledged the existence of differing views and committed to preventing escalation. In 2018, the Maritime and Aerial Communication Mechanism (MACM) was activated after eight years of negotiation. However, these mechanisms served only to "manage disagreements" rather than "resolve disagreements", failing to address fundamental strategic conflicts over sovereignty and regional order. While dialogue continued, both countries enhanced their military capabilities and competed for influence in Southeast Asia and the Pacific. This period reflects the characteristic of "unstable stability": both sides have an interest in maintaining economic stability but are unwilling to compromise on core strategic interests.

**2022–2025: Reconciliatory diplomacy amid structural competition**. The meeting between Japanese Prime Minister Ishiba Shigeru and Chinese President Xi Jinping on the sidelines of APEC in November 2024 "reaffirmed the goal of building a constructive and stable China–Japan relationship suited to the new era" [12], but substantive progress on core disagreements was not achieved. Dialogue is maintained not out of trust, but due to concerns over the costs of direct conflict. In parallel, Japan has accelerated the multilateralization of alliances through the QUAD, cooperating with Australia, India, and Europe within the Free and Open Indo-Pacific Strategy. China regards this as a "containment architecture", responding with the Global Security Initiative and expanding its influence in the South Pacific, Central Asia, and Africa.

**Strategic drivers:** Diplomatic tensions reflect a profound struggle to shape the post-Cold War regional order. China pursues an Asia-centric order with its natural leadership based on material, historical, and cultural power, as manifested in the Belt and Road Initiative (with commitments exceeding USD 1 trillion) and the Community of Shared Future for Mankind. In contrast, Japan supports a multilateral order grounded in international law, the centrality of ASEAN, and alliances with democracies. This opposition creates a structural conflict of interests that is difficult to reconcile, rendering China–Japan relations structurally adversarial rather than merely a matter of policy disagreement. Mearsheimer (2001) argues, "in an anarchic environment, great powers always seek to maximize relative power to ensure their security" [6], explaining why, despite bilateral trade reaching USD 292.6 billion in 2024, political tensions persist and intensify.

### *3.2. China–Japan competition in the security – defense domain*

Security–defense competition during 2012–2025 marks a shift from a conventional "security dilemma" to a systematic arms race, reflecting efforts to build military superiority for deterrence and counterbalance. The rivalry unfolds on three fronts: strengthening defense capabilities, controlling disputed maritime zones, and developing crisis management mechanisms.

**2012–2018: The beginning of the arms race**. China accelerated military modernization under the "anti-access/area denial" (A2/AD) strategy, developing naval and air capabilities to control nearby seas and prevent external intervention. In 2016, "China's defense budget increased by 7.6% to around USD 146 billion, maintaining double-digit growth" [13]. The commissioning of aircraft carriers, Type 055 destroyers, nuclear submarines, and fifth-generation J-20 fighters significantly enhanced maritime combat capabilities. A key move was the establishment of the East China Sea ADIZ in November 2013, demonstrating airspace control and directly challenging Japan's traditional superiority.

Japan responded by overhauling its defense policy. Under Prime Minister Abe Shinzo, the defense budget increased yearly, reaching JPY 5.4 trillion in 2022 [14]. A historic turning point came with the 2022 National Security Strategy, which for the first time designated China as "the greatest strategic challenge ever", marking the shift from "unpredictable partner" to "open strategic adversary". More importantly, Japan fundamentally altered its military doctrine by pursuing long-range strike capabilities - breaking the "exclusively defense-oriented" principle maintained since WWII. The purchase of 400 Tomahawk missiles and development of the Type 12 missile with a 1,000 km range reflect Japan's determination to balance military power with China.

**2018–2022: Crisis management mechanisms and escalation**. Recognizing the risk of unintended conflict, both sides established the Maritime and Air Communication Mechanism (MACM) in June 2018 after eight years of negotiation, including direct communication between ships and aircraft, hotlines between defense agencies, and regular meetings [15]. However, the effectiveness of the MACM has remained constrained by institutional and scope-related limitations. Empirically, according to *Stars and Stripes*, in fiscal year 2016 the Japan Air Self-Defense Force (JASDF) conducted 1,168 scrambles- the highest level since 1958 - of which 851 were responses to Chinese aircraft [16].

Competition for maritime control has become a central arena of Sino–Japanese rivalry in the East China Sea. Following Japan's nationalization of the Senkaku Islands in September 2012, China expanded its maritime activities by increasing the frequency of deployments of law-enforcement forces in the waters surrounding the islands. According to Furuya (2021), in 2020, vessels of the China Coast Guard (CCG) appeared in the contiguous zone for 333 days and intruded into Japanese territorial waters on 29 days, based on statistics released by the Japan Coast Guard [17]. In terms of large patrol vessels (over 1,000 tons), China reversed the balance: from about 41 vessels in 2012 to around 120 in 2018, while Japan had only about 65. More concerning, China "weaponized" law

enforcement by transferring the CCG to military control in 2018 and enacting the Coast Guard Law in February 2021, permitting the CCG to use force to "defend sovereignty" even in disputed areas, significantly increasing the risk of armed conflict.

**2022–2025: New escalation**. At the end of 2022, Prime Minister Kishida Fumio announced a historic plan to raise defense spending to 2% of GDP by 2027, with a budget package of JPY 43 trillion (USD 320 billion) over five years, making Japan the world's third-largest defense spender [18]. This is not just a budget increase but a political statement: Japan is ready to become a "normal military power" to balance China. The appearance of Russian–Chinese warships near the disputed archipelago in June 2022 marked the "multilateralization of conflict", turning a bilateral dispute into broader geopolitical competition between alliance blocs. The US commitment to apply Article 5 of the US–Japan Security Treaty to the disputed islands has transformed the dispute into a potential US–China standoff.

**Strategic drivers:** The security–defense competition creates a dangerous escalation spiral: each side interprets the other's capacity-building as a direct threat, prompting stronger countermeasures. In the absence of strategic trust and unresolved territorial disputes, the "security dilemma" has evolved into a structured arms race, placing Northeast Asia in a state of perpetual tension with a high risk of conflict.

### *3.3. China–Japan competition in the economic – technological domain*

Economic–technological competition during 2012–2025 marks a shift from mutually beneficial cooperation to "geo-economics", where economic tools are weaponized to serve strategic goals. Unlike political and security competition, economic–technological rivalry is more latent but has broader and longer-term impacts on the regional balance of power. The three phases reflect a process from deep integration to selective strategic decoupling, with semiconductor technology becoming the key battleground determining the status of major powers in the Fourth Industrial Revolution. According to The Diplomat (August 18, 2025), China–Japan relations are characterized by "unstable stability", with robust economic ties coexisting with security tensions and persistent political distrust [19].

**2012–2015: Initial transformation**. China announced the "Made in China 2025" strategy in 2015, marking a shift from "world's factory" to "manufacturing powerhouse". The strategy targeted 70% self-sufficiency in core components and materials by 2025, especially in ten key sectors. This was not merely an industrial policy but a geo-economic strategy to reduce dependence on Western technology, particularly from Japan and the US in core areas. Bilateral trade peaked at USD 312 billion in 2014, reflecting deep economic interdependence [20]. Initially, Japan saw this as an opportunity to export high-end equipment but gradually recognized the risks as China imposed forced technology transfers, favored domestic firms, and restricted market access for foreign companies. This phase laid the foundation for technological security awareness in Japan's economic policy, shifting from a free trade logic to protecting national strategic interests.

**2015–2022: Escalation in semiconductor competition**. The focus shifted to semiconductors - the "oil of the 21st century" and the foundation of all technologies from phones and computers to electric vehicles and advanced weaponry. China pursued comprehensive "technological self-reliance" through the National Integrated Circuit Industry Investment Fund (Big Fund): Phase I (2014–2018, CNY 138.7 billion) and Phase II (2019–2024, CNY 204.2 billion), supporting "national champions" like SMIC, YMTC, and CXMT. The self-sufficiency rate in semiconductor manufacturing equipment rose from 13.6% in 2015 to nearly 30% in 2022, reflecting substantial progress though targets remain unmet.

Japan responded with an "economic securitization" strategy, enacting the Economic Security Law in 2022, strengthening controls on sensitive technology exports, and diversifying supply chains. Blackwill and Harris emphasize that economic tools have become key instruments in power competition [21], underscoring that economic–technological foundations determine long-term competitiveness. This period saw "rare earth tensions" after China banned exports to Japan in 2010 amid the Senkaku/Diaoyu dispute; this lesson prompted Japan to bolster strategic reserves and develop recycling technologies. Interdependence remains deep: China dominates 220 strategic sectors versus 15 for Japan, notably controlling 90% of global rare earth refining capacity, while Japan leads in semiconductor manufacturing equipment (30% global market share), advanced materials, and industrial robots (52% global share).

**2022–2025: Selective decoupling**. Japan has joined a technology alliance with the US to curb China's tech ambitions, participating in "Chip 4" with the US, Taiwan, and South Korea - four economies controlling over 70% of global semiconductor production capacity and 90% of advanced chips below 10nm - establishing a "technology fence" limiting China's access to advanced technologies. In 2023, Japan, following the US and the Netherlands, imposed export bans on 23 types of advanced semiconductor manufacturing equipment to China. According to CSIS, "technology competition between China and developed economies is reshaping global supply chains, placing great pressure on Southeast Asian countries to choose sides amid geo-economic polarization" [22].

Simultaneously, Japan provided JPY 476 billion in financial support for TSMC to build a plant in Kumamoto and JPY 920 billion for the Rapidus project in Hokkaido to develop 2nm chips, reviving domestic semiconductor manufacturing after three decades of decline. China responded by comprehensively restricting exports of 17 rare earths, gallium, germanium, and graphite in October 2025, leveraging "asymmetric dependence" to exert economic pressure. Although bilateral trade still reached USD 292.6 billion in 2024, reflecting mutual dependence that is difficult to sever in the short term, both sides have strengthened economic security measures and reduced strategic dependence in the long run. The trends of "friend-

shoring" (relocating supply chains to friendly countries) and "near-shoring" (moving production closer to end markets) are now central to global supply chain restructuring strategies.

**Strategic drivers:** Technological competition has deeper implications than economics, as control over semiconductors, artificial intelligence, and key technologies determines who will set future global technology standards, thereby holding soft power and geopolitical influence. This is a competition for status in the Fourth Industrial Revolution, where technological advantage translates directly into military (smart weapons, military AI), economic (labor productivity, innovation), and political (influence through standard-setting) superiority. The bifurcation into two geo-economic blocs - a democratic technology alliance led by the US and Japan, and China's self-reliant technology ecosystem - is impacting global supply chains, forcing intermediary countries like Vietnam to navigate carefully to maximize economic benefits while ensuring strategic security.

### *3.4. Forecasting trends in China–Japan strategic competition*

Based on analysis of the three domains of competition and underlying strategic drivers, China–Japan rivalry is likely to intensify in both scope and intensity during 2025–2035, with profound spillover effects on East and Southeast Asia. Three main trends are projected:

*First trend:* Political–diplomatic competition will shift from crisis management to long-term structural confrontation. The core contradiction over regional order - between two opposing strategic visions (a China-centric order versus a rules-based multilateral order) - will become increasingly irreconcilable. Organski and Kugler argue that when a rising power approaches the capabilities of the dominant power and is dissatisfied with the current order, the risk of conflict rises [23, pp.19–20]. In this context, China will continue to promote its own multilateral initiatives (BRI, GSI, GDI, GCI) to reshape regional architecture, while Japan will further strengthen alliances with the US and democratic partners through the QUAD, G7, and bilateral mechanisms. The Senkaku/Diaoyu dispute will remain a persistent flashpoint with a high risk of unintended conflict, especially as China continues its "salami slicing" strategy through regular Coast Guard presence. The competition for influence will expand to Southeast Asia, the South Pacific, Africa, and Central Asia, where both countries are increasing development aid, infrastructure investment, and security cooperation to win partners.

*Second trend:* The regional arms race will intensify, raising the risk of military conflict. Herz emphasizes that in an anarchic environment, one state's efforts to enhance security reduce the security of others, creating an uncontrollable escalation spiral [7]. This "security dilemma" is materializing in Northeast Asia as both sides continue to increase defense budgets, modernize weaponry, and expand deterrence capabilities. Japan will achieve its goal of raising defense spending to 2% of GDP by 2027 (about USD 320 billion over five years), develop long-range strike capabilities, and strengthen cyber, space, and electronic warfare defenses. China will continue military modernization toward the goal of a "fully modernized military by 2035", focusing on blue-water navy, strategic air force, and missile forces. The emergence of the "US–Japan–China triangle" in the Senkaku/Diaoyu dispute - with the US commitment to apply Article 5 of the Security Treaty - transforms the bilateral dispute into a potential US–China confrontation, raising the risk of global conflict. The most dangerous aspect is the "strategic grey zone" between peace and war, where sub-threshold activities (Coast Guard vessels, information warfare, cyber attacks) can escalate uncontrollably.

*Third trend:* Technological competition will reshape global supply chains and increase geo-economic polarization. Blackwill and Harris note that economic tools have become key means of power competition among states [21], and semiconductor rivalry is the clearest manifestation. The "chip war" between the US–Japan–South Korea–Taiwan alliance and China will remain fierce, with both sides increasing restrictions on key technology exports, ramping up R&D investment, and building autonomous supply chains. Japan's support for TSMC and Rapidus to develop advanced domestic chips, alongside export controls on semiconductor manufacturing equipment to China, will deepen global technological bifurcation. China is responding with "technological self-reliance" and restrictions on critical raw material exports (rare earths, gallium, germanium), leveraging "asymmetric dependence". The trends of "friend-shoring" and "near-shoring" will restructure global supply chains along geopolitical blocs, forcing intermediary countries to make careful choices to avoid economic isolation or loss of technological autonomy.

**Implications for Southeast Asia:* These three trends create a "stable instability" strategic environment, with persistent contradictions but the possibility of managing tensions to avoid all-out conflict. Southeast Asian countries, especially Vietnam, will face increasing pressure to navigate between competing powers while protecting national interests and maintaining autonomous strategic space. According to Goh, small and medium-sized states in a great power competition environment often adopt "hedging" strategies to manage uncertainty and balance risks from multiple sources [9], which is the optimal strategy for Vietnam in the coming period.

### *3.5. Implications for Vietnam*

Strategic competition between China and Japan creates a complex security environment, presenting both opportunities and challenges for Vietnam. As a country with a critical geostrategic position in Southeast Asia, sharing a border with China and maintaining a comprehensive strategic partnership with Japan, Vietnam cannot remain unaffected by this rivalry.

**Strategic opportunities:* China–Japan competition opens diplomatic space for Vietnam to implement a policy of multilateralization and diversification of foreign relations. As both powers compete for influence, Vietnam can attract support from both sides without having to explicitly choose one. Japan has increased ODA, FDI,

and technology transfer to Vietnam in infrastructure, clean energy, and maritime security; between 2020–2024, Japan provided six patrol vessels to the Vietnam Coast Guard. The "China Plus One" strategy of Japanese corporations creates opportunities to attract high-quality investment. According to CFR, "Vietnam is emerging as an attractive destination thanks to its favorable geography, competitive costs, and extensive network of trade agreements, drawing multinational companies seeking alternatives to China" [24].

**Strategic challenges:* First, there is a risk of tensions spilling over into the South China Sea. Both the South and East China Seas are part of the first island chain that China needs to control to break out into the Pacific. As tensions rise in the East China Sea, China tends to assert sovereignty more strongly in the South China Sea. Vietnam faces increased pressure as Chinese Coast Guard vessels maintained a regular presence at Vanguard Bank for 354 days in 2024, hindering legitimate oil and gas activities. Newsweek notes, "China is employing similar tactics in disputed waters: deploying heavy Coast Guard ships, maintaining persistent presence to create 'new realities,' and coercing coastal states to accept illegal sovereignty claims" [25].

Second, Vietnam faces pressure to choose sides in the US–China rivalry. With Japan as a key US ally, both seek to draw Vietnam into their strategic orbit, while China pressures Vietnam not to join any "containment alliance". This challenges Vietnam's "independent, self-reliant, non-aligned" policy. If not handled skillfully, Vietnam could fall into a "strategic trap" - being isolated if it rejects both sides, or losing autonomy if it tilts toward one.

Third, technological competition impacts global supply chains. The bifurcation into two geo-economic blocs compels Vietnam to carefully consider technology investments, partner choices, and supply chain participation. Decisions regarding 5G/6G technology, digital infrastructure, or the semiconductor industry all carry deep geopolitical implications. Although "China Plus One" creates investment opportunities, Vietnam must improve technological capability, business environment, and human resource development to compete with India, Indonesia, Malaysia, and Thailand.

**Vietnam's hedging strategy:* Goh posits that hedging is a preventive strategy in which states avoid making clear choices between great powers, maintaining strategic flexibility through indirect balancing, complex engagement, and multilateralization [9]. Oury adds that Vietnam is pursuing a "sophisticated hedging strategy", maintaining a "complex diplomatic balance" through an independent, self-reliant, and multilateral foreign policy [10]. This approach aligns with the foreign policy line of the Communist Party of Vietnam, affirmed in the 13th Party Congress Documents: "Consistently implement the foreign policy of independence, self-reliance, peace, friendship, cooperation and development; diversify and multilateralize external relations... properly handle the relationship between independence, self-reliance, and international integration" [11, pp.161–164].

Based on the above analysis, Vietnam should implement a comprehensive hedging strategy with three main pillars:

*First pillar:* Maintain an independent, self-reliant foreign policy and promote ASEAN centrality. Vietnam needs to maintain good relations with both China and Japan, while enhancing strategic cooperation with the US, EU, India, Australia, South Korea, and Russia, creating a balanced and multidimensional network of relations. Mearsheimer emphasizes that in an anarchic environment, states must protect themselves [6], but small and medium states can maximize security through flexible balancing and leveraging great power rivalries. Vietnam should promote ASEAN as a "balancer" and "honest broker", expedite negotiations for a legally binding Code of Conduct (COC) in the South China Sea, and strengthen multilateral mechanisms such as the EAS, ARF, and ASEAN dialogue partnerships.

*Second pillar:* Enhance national defense self-reliance and maritime sovereignty protection. Waltz argues that the anarchic nature of the international system compels states to act within a "self-help" mechanism, where each must ensure its own security and survival [5]. Vietnam needs to modernize its naval and air forces, improve surveillance, patrol, and maritime sovereignty protection capabilities, and diversify defense cooperation to access advanced technologies without total dependence on any single power. Japan's transfer of patrol vessels and commitment to defense technology support exemplify a cooperation model compatible with Vietnam's policy of non-alignment.

*Third pillar:* Leverage technological competition to promote digital transformation and sustainable development. Vietnam should attract high-quality investment from both geo-economic blocs, participate more deeply in global value chains in high technology (semiconductors, AI, renewable energy, digital economy), while enhancing innovation, developing high-quality human resources, and improving the business environment. This requires a delicate balance between technological cooperation with various partners without falling into technological dependence or geopolitical pressure.

This hedging strategy demonstrates Vietnam's principled diplomacy - harmoniously combining steadfastness and flexibility, principles and interests, sovereignty protection and development cooperation. This is the essence of Vietnam's "bamboo diplomacy" - deep-rooted yet supple, steadfast yet flexible - helping the country maintain a peaceful environment, enhance its position, and secure long-term national interests.

## 4. Conclusion

The strategic competition between China and Japan from 2012 to 2025 has shifted from latent rivalry to comprehensive strategic confrontation across three domains: political–diplomatic, security–defense, and economic–technological. The Senkaku/Diaoyu dispute remains the focal point of tensions, with alarming developments in 2024–2025: Chinese Coast Guard

vessels set a record with 355 days of presence, and for the first time, a Coast Guard helicopter violated Japanese airspace. Japan responded by raising defense spending to 2% of GDP, abandoning the exclusively defense-oriented doctrine, and strengthening its alliance with the United States. China continues to expand its influence through the Belt and Road Initiative and technological self-reliance strategy, controlling 90% of global rare earth refining capacity.

The nature of this competition is a structural conflict over power and visions of regional order, not merely temporary policy disagreements. As realism theory points out, power shifts generate security dilemmas and action–reaction spirals that are hard to escape. Looking ahead, competition is likely to intensify in the short and medium term as China grows stronger economically and militarily, while Japan continues to adjust its security policy accordingly. However, both sides are acutely aware of the costs of direct military conflict and the benefits of economic cooperation, making the state of "unstable stability" likely to persist. The role of the United States as Japan's key ally and China's strategic adversary will remain a crucial factor shaping the actions of both sides.

For Vietnam, this competition presents both opportunities and challenges. Vietnam should implement a comprehensive hedging strategy based on three pillars: (1) maintaining an independent, self-reliant policy and promoting ASEAN's role; (2) strengthening national defense self-reliance; and (3) leveraging technological competition to drive digital transformation and sustainable development.

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