CHINA-JAPAN GEO-ECONOMIC COMPETITION AND VIETNAM'S CURRENT INTERNATIONAL ECONOMIC INTEGRATION POLICY ORIENTATIONS

CẠNH TRANH ĐỊA - KINH TẾ TRUNG QUỐC – NHẬT BẢN VÀ ĐỊNH HƯỚNG HỘI NHẬP KINH TẾ QUỐC TẾ CỦA VIỆT NAM HIỆN NAY

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Abstract - The geo-economic competition between the People's Republic of China and Japan during 2012-2025 period has profoundly shaped the economic and political architecture of the Asia-Pacific region. This article examines three principal dimensions of this competition: (1) bilateral trade and investment; (2) technological rivalry and supply chain restructuring, particularly in the semiconductors, electric vehicles, artificial intelligence, and renewable energy sectors; and (3) competition for regional influence through China's Belt and Road Initiative (BRI) and Japan's Free and Open Indo-Pacific (FOIP) strategy. Grounded in the Communist Party of Vietnam's principles of independence and self-reliance, and proactive international integration, the article assesses the opportunities and challenges this competition poses for Vietnam. It proposes policy orientations aimed at enhancing self-reliance, diversifying partnerships, deepening engagement in global value chains, and promoting green and sustainable development.

Key words - Geo-economics; China; Japan; Vietnam; international economic integration.

Tóm tắt - Cạnh tranh địa - kinh tế giữa Cộng hòa Nhân dân Trung Hoa và Nhật Bản giai đoạn 2012–2025 đang tác động sâu sắc đến cấu trúc kinh tế - chính trị khu vực châu Á - Thái Bình Dương. Bài viết phân tích ba biểu hiện chủ yếu của cạnh tranh này: (1) thương mại và đầu tư song phương; (2) cạnh tranh công nghệ và tái cấu trúc chuỗi cung ứng, đặc biệt trong các lĩnh vực bán dẫn, ô tô điện, trí tuệ nhân tạo và năng lượng tái tạo; (3) cạnh tranh ảnh hưởng khu vực thông qua Sáng kiến Vành đai và Con đường (BRI) của Trung Quốc và chiến lược Ấn Độ Dương – Thái Bình Dương Tự do và Mở (FOIP) của Nhật Bản. Trên cơ sở vận dụng quan điểm của Đảng về độc lập, tự chủ và hội nhập quốc tế sâu rộng, bài viết đánh giá cơ hội – thách thức đối với Việt Nam, đồng thời đề xuất định hướng chính sách nhằm nâng cao năng lực tự chủ, đa dạng hóa đối tác, tham gia sâu chuỗi giá trị toàn cầu và phát triển kinh tế xanh, bền vững.

Từ khóa - Địa - kinh tế; Cộng hòa Nhân dân Trung Hoa; Nhật Bản; Việt Nam; hội nhập kinh tế quốc tế.

1. Introduction

In the context of a world order shifting from unipolarity to multipolarity, states increasingly compete not only through military strength or political instruments but also by deploying geo-economics as a key means to safeguard national interests and expand influence. According to the IMF, rising geopolitical tensions are driving the politicization and securitization of economic and trade activities, while also compelling firms to restructure their supply-chain networks in order to adapt to an increasingly complex competitive environment [1, p. 92].

Relations between the People's Republic of China and Japan clearly display the characteristic of "both cooperation and competition." As two of Asia's largest economies and among the world's largest, they are deeply interdependent while simultaneously competing to shape the Asia–Pacific regional order. After Japan nationalized several islands in the Senkaku/Diaoyu archipelago in 2012, bilateral tensions escalated sharply, adversely affecting trade, investment, and the regional cooperative environment. As Nagy notes, this move "triggered a fierce reaction from the Chinese government and people," and caused "widespread anti-Japanese riots, boycotts of Japanese goods, and the vandalism of Japanese businesses across China" [2, p. 49]. This demonstrates that China–Japan competition not only reflects bilateral disagreements but also embodies a broader trend toward the "securitization" of the economy and the "politicization" of trade amid profound regional transformations.

For Vietnam, the relationship of cooperation and competition between China and Japan directly affects the country's strategic space for development. On the one hand, it presents an important opportunity for Vietnam to expand markets, attract high-quality investment, and integrate more deeply into regional value chains. On the other hand, it also poses challenges in maintaining independence and self-reliance, ensuring balanced relations with major centers of power, and reconciling national interests in an increasingly complex environment of strategic competition.

Geo-economic competition between China and Japan has been examined from various perspectives. From an economics standpoint, studies have largely focused on trade, investment, and bilateral economic cooperation. From a traditional security perspective, many works analyze territorial disputes, military competition, and maritime security issues in the South China Sea and the East China Sea. However, a geo-economic approach within political science - which examines the relationship between political power and economic instruments in international strategic competition - has not been fully developed in Vietnam-based studies on China–Japan relations.

Several representative international studies have addressed this competition through multiple dimensions. Goh analyzes Southeast Asian states' hedging strategies in response to great-power competition, emphasizing how smaller states balance relations to safeguard independence and strategic autonomy [3]. Petri and Plummer assess the impacts of the RCEP on the regional economic structure and identify a trend of trade reorientation toward greater concentration in East Asia [4]. Jones and Hameiri critique the "debt-trap" narrative regarding the Belt and Road Initiative, arguing that recipient countries play an active role in shaping policy [5].

In Vietnam, research on China–Japan relations has primarily approached the topic through historical analysis, bilateral diplomacy, or maritime and island security. Very few studies systematically examine China–Japan geo-economic competition in the 2012–2025 period, particularly its implications for Vietnam's strategic space and its international economic integration policy. This is the research gap that the present article seeks to address.

This article contributes to the existing body of knowledge in three respects. First, it approaches the issue from a geo-economic perspective within political science, combining structural power theory and hedging strategy to analyze competition between two Asian major powers. Second, it provides a clear periodization of 2012–2025, linked to major geopolitical–economic shocks (the 2012 Senkaku crisis, the U.S.–China trade war, the COVID-19 pandemic, and the trend toward the securitization of technology). Third, it positions Vietnam as a strategic actor - not merely as a "recipient of impacts," but as a country capable of leveraging and adjusting its development space through flexible hedging.

Against this backdrop, examining China–Japan geo-economic competition from a political-science perspective is not only academically significant but also practically valuable, as it helps clarify the basis on which Vietnam can formulate a proactive and flexible international integration policy aligned with the foreign-policy line of the Communist Party of Vietnam. The documents of the 13th National Party Congress explicitly state: "Proactively and actively pursue comprehensive, deep, effective international integration while firmly safeguarding independence and self-reliance for the national interest" [6, p. 158].

Responding to these theoretical and practical imperatives, the article focuses on three main issues: (1) the principal manifestations of China–Japan geo-economic competition during 2012–2025; (2) the impacts of this competition on Vietnam's strategic development space; and (3) Vietnam's policy orientations for international economic integration in the new context.

2. Theoretical foundations and research methods

2.1. Theoretical foundations

Geo-economics theory holds that states increasingly employ economic instruments - trade, investment, aid, and technology - to advance national interests and generate geopolitical influence. In the context of globalization and deep international integration, economic interdependence serves not only as a driver of cooperation but can also become a tool of pressure, competition, and international order shaping. The global value chain approach likewise highlights each country's position within international systems of production and distribution, while also pointing to opportunities for supply-chain restructuring and deeper participation in high-technology domains.

Hedging is widely regarded as a rational choice for small and middle powers amid competition among great powers, enabling them to cooperate to seize economic development opportunities while maintaining balanced relations to safeguard independence, strategic autonomy, and national security. According to Goh, hedging comprises a set of strategies that allow states to "avoid having to choose decisively between two competing great powers, while seeking to benefit from both sides" [3, pp. 113–114]. This approach is particularly suitable for analyzing Vietnam's contemporary foreign policy, as Vietnam pursues multilateralization and diversification and maintains a flexible balance among major centers of power.

On this theoretical basis, the Communist Party of Vietnam has consistently upheld a stance of proactive and active international integration linked to safeguarding independence and self-reliance, as clearly articulated in the Documents of the 13th National Party Congress: "Continue implementing an independent and self-reliant foreign policy of multilateralization and diversification; proactively and actively pursue comprehensive, deep, effective international integration; maintain a peaceful and stable environment; and continuously enhance Vietnam's international position and prestige" [6, pp. 117–118]. Politburo Resolution No. 50-NQ/TW affirms the need to "proactively participate deeply and extensively in global value chains," while also "strengthening the economy's autonomy and self-reliance" [7]. In the context of intensifying strategic competition among major powers, Vietnam steadfastly pursues an independent and self-reliant foreign policy of multilateralization and diversification of relations, combining cooperation and struggle, with national interests as the highest priority. Politburo Resolution No. 52-NQ/TW on proactively participating in the Fourth Industrial Revolution emphasizes the importance of technological development, digital transformation, and participation in global value chains, regarding these as decisive factors for ensuring rapid and sustainable national development. Accordingly, the Party's view of independent and self-reliant international integration constitutes an important foundation for Vietnam to adapt to strategic competition among major powers.

2.2. An integrated analytical framework

This article employs a three-tier analytical framework to clarify the mechanisms through which China–Japan competition affects Vietnam.

Tier 1 - Manifestations of competition. The analysis identifies three pillars of geo-economic competition: (a) bilateral trade and investment; (b) technology and supply chains; and (c) regional influence through the BRI and the FOIP. Each pillar reflects a dimension of power (economic statecraft) and the degree to which economic relations are "politicized" within the bilateral relationship.

Tier 2 - Mechanisms of impact. The competition generates multi-layered effects on Vietnam: (i) Bilateral impacts, through Vietnam's trade and investment relations with each country; (ii) Regional impacts, via shifts in value chains and institutional competition (RCEP, CPTPP); and (iii) Global impacts, as China–Japan competition becomes embedded within the broader U.S.–China strategic confrontation, thereby affecting the international economic order.

Tier 3 - Policy responses. Vietnam applies a flexible hedging strategy combining three modalities: (1) economic balancing, by diversifying trade and investment partners; (2) institutional binding, by participating simultaneously in RCEP and the CPTPP to maximize benefits; and (3) capacity building, by strengthening domestic technological capabilities and local supply chains.

The relationships among the three tiers can be understood through the following causal logic: China–Japan competition unfolds across three pillars (trade–investment, technology–supply chains, and regional influence), generating multidimensional effects on Vietnam at three levels (bilateral, regional, and global). These effects create both opportunities and challenges, requiring appropriate policy responses through flexible hedging in three modalities (economic balancing, institutional binding, and capacity building). The ultimate outcome is that Vietnam can maximize independence and self-reliance, and sustainable development. This framework not only systematizes the manifestations of competition but also clarifies the causal logic linking competition to Vietnam's policy orientations.

3. Manifestations of China–Japan Geo-economic competition in East Asia

China–Japan geo-economic competition is characterized simultaneously by economic partnership and by strategic contradictions between two of Asia's leading powers. This relationship is manifested in three main dimensions: bilateral trade and investment, technology and value chains, and regional influence

3.1. Competition in bilateral trade and investment

China–Japan economic relations during 2012–2025 display the paradox of "both cooperation and competition": the two economies are deeply interdependent yet compete intensely across most domains. Against the backdrop of shifting regional power structures, trade and investment are no longer purely economic arenas but have become instruments for protecting and expanding national interests.

Following the 2012 Senkaku/Diaoyu crisis, China–Japan economic relations declined noticeably. According to JETRO (2014), bilateral trade turnover in 2013 fell by 6.5% compared with 2012, to approximately USD 311.995 billion; Japanese exports to China declined by 10.2% to USD 129.883 billion [8]. At the same time, Japan's foreign direct investment (FDI) into China decreased by 17.6% (in yen terms) [9]. A widespread boycott of Japanese goods in China caused Japanese automakers' sales to drop by 40–50% in Q4/2012. This episode became a salient lesson in how political factors can "weaponize" economic relations, turning interdependence into an instrument of strategic pressure.

After the crisis period, Japan proactively adjusted its strategy by implementing a "China + 1" model and shifting investment toward ASEAN to reduce political risk. In 2012, Japan became the largest investor in Vietnam with total registered capital of USD 5.59 billion, accounting for over 34% of total investment [10]. By 2016, Japan's investment in ASEAN remained above USD 20 billion, whereas investment into China fell to around USD 8.9 billion [11]. By 2023, "Singapore attracted USD 12.9 billion of Japanese investment, indicating that Japan continued to be among the three largest FDI investors in the ASEAN region" [12]. These developments reflect a policy logic that balances economic interests with national security in Japan's external economic policy. Nevertheless, complete "decoupling" is not feasible. China still accounts for roughly 21–22% of Japan's total trade, and thousands of Japanese firms have built complex supply chains in China. Bilateral trade peaked at around USD 340 billion in 2018, indicating that connectivity remained deep despite political tensions.

From 2017 to 2019, amid the U.S.–China trade war, the two countries continued to cooperate and compete in shaping the regional order. Japan played a leading role in free trade agreements such as the CPTPP and the RCEP, while China expanded its influence through the Belt and Road Initiative. This parallel trajectory suggests that strategic competition had shifted from the bilateral arena to the institutional level, closely associated with competing development models and regional influence.

During 2020–2022, the COVID-19 pandemic disrupted global supply chains and prompted China to intensify a strategy of "technological self-reliance," treating innovation as a means to reduce external dependence. In response, Japan "securitized" the economy and launched a program to support supply-chain diversification. According to Bloomberg, "Japan earmarked about USD 2.2 billion in its stimulus package to support this program" [13]. Japan further institutionalized this orientation through the 2022 Economic Security Promotion Act, affirming the economy as a component of national security. From 2023 onward, economic competition extended into merchandise trade. After the release of treated water from the Fukushima nuclear power plant, China suspended imports of Japanese seafood. As a result, "Japan's seafood exports to China fell sharply, accounting for only 0.1% of total exports in the first nine months of 2024, compared with 23.7–28.6% in previous years" [14]. FDI inflows into China in 2023 fell by 14% to USD 163.3 billion, no longer exhibiting the earlier pace of breakthrough growth.

From China's perspective, its economic policy toward Japan is likewise dual in nature. On the one hand, China continues to need Japanese technology, industrial equipment, and managerial experience to serve its "Made in China 2025" strategy. On the other hand, China does not hesitate to use economic instruments to exert political pressure. This strategy of "the economy serving politics" generates structural instability in the bilateral relationship.

Thus, from a political-science perspective, China–Japan bilateral trade and investment competition in this period represents the "politicization of external economic relations," in which trade and investment serve not only economic interests but also as tools in a contest for influence among major powers. Rising trade tensions have proceeded in parallel with a trend toward the "securitization" of the economy, as both countries adopt measures to protect supply chains, screen investment, and limit strategic dependence. Even so, bilateral trade has remained large-scale, reflecting "conditional interdependence" in China–Japan economic relations and laying the groundwork for an expansion of competition into technology and global supply chains.

3.2. Technological competition and supply chains

Technological competition between China and Japan has increasingly become the central pillar of geo-economic competition in East Asia, amid intensifying U.S.–China strategic confrontation and the expanding trend of economic "securitization." Unlike traditional trade competition, technological rivalry is directly linked to the ability to control value chains, set technical standards, and secure each country's strategic position in the global economic order.

The semiconductor industry is a paradigmatic battleground. Although China has invested hundreds of billions of U.S. dollars through state-backed funds such as the "Big Fund," it remains significantly dependent on equipment and materials from Japanese firms such as Tokyo Electron, Shin-Etsu Chemical, and SUMCO. As the United States tightened export controls on semiconductor technologies from 2018 onward, Japan faced a dilemma between security imperatives and economic interests. Under these circumstances, Japan adopted an approach of "selective compliance," restricting exports of advanced technologies while continuing to supply legacy-generation equipment in order to balance strategic interests.

Shifts in technological power are also evident in the automotive sector - Japan's traditional economic pillar. The transition toward electric vehicles has reversed competitive dynamics: Japanese automakers, once dominant in the Chinese market due to their internal combustion engine technologies, now confront the rapid rise of Chinese firms such as BYD, NIO, and XPeng, strongly supported by subsidies, tax incentives, and regulations promoting the share of "new energy vehicles." By 2022, China's electric vehicle sales accounted for nearly 60% of the global market, reaching about 6.9 million units [15], whereas in the first half of 2023, battery electric vehicles represented only about 2% of total new car sales in Japan [16]. This reversal has weakened Japanese automakers' competitive position in China and signals the risk that China may emerge as a global competitor in a domain where Japan once played a leading role.

China–Japan technological competition has also expanded into green energy, reflecting global energy transition trends and Net Zero commitments. China has become a manufacturing powerhouse for renewable energy equipment, accounting for more than 70% of global solar panel manufacturing capacity and playing a major role in wind turbine exports. The "Made in China 2025" strategy prioritizes the development of energy storage technologies such as lithium and sodium batteries, while building a closed-loop green-energy supply chain. By contrast, Japan does not compete on manufacturing scale but focuses on higher value-added technologies such as green hydrogen, fuel cells, and smart grid management. This divergence suggests that green-energy competition is not merely a market race but is also linked to technological trajectories and long-term strategic advantages, thereby affecting developing countries' access to technology and energy costs, including Vietnam.

Recognizing the risk of technological lag, Japan has pursued a "reindustrialization" strategy coupled with the protection of critical technologies through foreign investment screening and the formation of "technology alliances" with the United States, South Korea, Taiwan, and G7 countries. The establishment of Rapidus - a joint venture to manufacture next-generation 2-nm chips in cooperation with IBM - reflects Japan's determination to regain its position in the global semiconductor industry.

The COVID-19 pandemic further exposed the concerning degree of global supply-chain dependence on China. The Japanese government allocated around USD 2.2 billion in its economic stimulus package to support firms in diversifying supply chains and reducing strategic dependence [17]. However, due to high costs and the complexity of existing value chains, many Japanese companies have opted for a "China plus one" model rather than a full withdrawal.

In more recent years, technological competition between China and Japan has gradually shifted from products to technical standards and technology ecosystems. China has actively promoted its standards in international fora such as the ITU and ISO, while Japan has coordinated with the United States and the G7 to build alternative standards frameworks, particularly in 5G/6G, artificial intelligence, and quantum technologies. From a political-science perspective, China–Japan technological competition and supply-chain restructuring clearly reflect trends toward the "politicization" and "securitization" of technology. These dynamics generate spillover effects for developing countries such as Vietnam, requiring more flexible adjustments to industrial and integration policies, alongside strengthened endogenous technological capacity to reduce dependence risks and enhance deeper participation in global value chains.

3.3. Competition for economic influence in the region

China–Japan economic competition has moved beyond the bilateral sphere to become a contest for influence in Southeast Asia. Both view ASEAN as a critical strategic space where multidimensional competition - economic, political, and diplomatic - unfolds. China's Belt and Road Initiative (BRI) and Japan's Free and Open Indo-Pacific (FOIP) strategy embody two competing visions of the regional order, reflecting fundamental differences in how influence is expanded and power structures are shaped in the Asia–Pacific.

Announced by China in 2013, the BRI is an ambitious geopolitical initiative with investment on a scale estimated in the trillions of U.S. dollars. Through large-scale infrastructure investment, concessional lending, and economic connectivity, China creates networks of dependence: recipient countries gradually become reliant on capital, technology, and infrastructure, and thus must weigh political positions accordingly. In Southeast Asia, emblematic projects include the China–Laos high-speed railway, the Kyaukpyu port in Myanmar, and industrial zones in Cambodia and Indonesia. This strategy has generated intense debate over "debt traps." Hurley et al. warn that "eight of 68 potential BRI countries are of particular concern with respect to debt sustainability as lending concentrates increasingly in the hands of Chinese official and quasi-official creditors" [18]. By contrast, Jones and Hameiri argue that the "debt-trap diplomacy" thesis is largely a myth, because recipient countries in practice play an active role in shaping China's BRI to serve their interests rather than acting as passive victims [5, pp. 2–3].

Japan counters with the FOIP, emphasizing a "rules-based order," "freedom of navigation," and "transparency" in investment. Unlike China's "large-scale, high-speed" approach, Japan pursues a "high-quality" approach intended to shape regional norms. Its ODA and investment projects focus on environmental standards, technology transfer, and institutional development, promoted as an "alternative model" to the BRI with more transparent conditions. Competition is visible in railway projects: China secured the Jakarta–Bandung line and the China–Laos line, while Japan prevailed in the Bangkok–Chiang Mai project. In Malaysia, the East Coast Rail Link was renegotiated from USD 16 billion down to USD 11 billion, indicating that smaller states can leverage competition to negotiate better terms. Vietnam has pursued a strategy of "partner diversification," accepting investment from both China (energy and heavy industry) and Japan (transport infrastructure and supporting industries) to maintain independence and self-reliance.

Beyond physical infrastructure, competition also plays out at the level of institutional construction. China has taken a leading role in the RCEP - the world's largest free trade agreement (signed in 2020), comprising 15 countries that account for 30% of global GDP. Petri and Plummer note that "RCEP will be of particular economic importance for China, Japan and Korea" [4, p. 1] and will "reorient trade and economic relationships away from global linkages toward relationships focused on East Asia," creating a regional economic system with China at its center. Japan responded by leading the CPTPP (after the U.S. withdrawal in 2017) - a "high-standard" trade bloc with strong commitments on labor, the environment, and intellectual property. China's application to join the CPTPP in 2021 creates a complex situation: accepting it would enable China to enter Japan's institutional "home ground," while rejecting it could cause the CPTPP to be perceived as a "discriminatory" instrument and lose credibility.

In development finance, Japan has long been ASEAN's largest ODA provider, but China's financial scale through the BRI has far exceeded it. To counterbalance, Japan has shifted from "aid" to "strategic investment," combining ODA with private capital through the JOIN fund and the JBIC, while also building coalitions with the United States (the Blue Dot Network), Australia, and India (the Asia–Africa Growth Corridor) to create alternative financing networks. This competition has turned ASEAN into a geopolitical "space" where the two powers vie for influence. ASEAN countries benefit from multiple sources of capital and greater partner choice, but they also face pressure to clarify political positions as China–Japan tensions escalate and become embedded within the broader U.S.–China strategic confrontation. ASEAN's ability to maintain "centrality" and strategic autonomy depends on whether its member states can continue to balance among competing powers, as geopolitical polarization pressures - pushing states to align with a particular axis of power - grow increasingly strong.

4. Implications for Vietnam and policy orientations

4.1. Opportunities and challenges

Economic–technological competition between China and Japan during 2012–2025 has generated two-way impacts on Vietnam: it opens opportunities for development and deeper integration, while also posing complex challenges in the economic, security, and foreign-policy domains. The "China plus one" trend has made Vietnam one of the region's most attractive investment destinations. According to Kuik Cheng-Chwee, in an environment of great-power competition characterized by high uncertainty and risk, small and middle powers often pursue hedging strategies, avoiding clear-side alignment and combining selective cooperation with major powers in order to seize development opportunities and maintain a flexible strategic space [19]. Vietnam is a typical example, flexibly leveraging China–Japan economic–technological competition to diversify partnerships, enhance self-reliance, and strengthen its position within regional value chains.

With respect to China, Vietnam is both profoundly affected economically and presented with significant opportunities to participate more deeply in regional supply chains. In 2024, China remained Vietnam's largest trading partner, with bilateral trade reaching approximately USD 205.2 billion, accounting for about 26% of Vietnam's total trade value [20]. With respect to Japan, Vietnam is regarded as an important link in Japan's FOIP strategy. Japan has invested in Vietnam through 5,369 projects with a total registered capital of USD 76.76 billion [21].

The Regional Comprehensive Economic Partnership (RCEP), which entered into force on 1 January 2022, is an important cooperation framework bringing together China, Japan, and Vietnam. It is not only the world's largest free trade agreement, but also the first economic cooperation mechanism between China and Japan, and a space in which the two countries can project influence toward ASEAN. For Vietnam, RCEP creates opportunities to expand markets and participate more deeply in regional value chains, while also requiring a balancing of economic interests among competing partners. Implementing RCEP in parallel with the CPTPP enables Vietnam to preserve a flexible strategic space in international economic integration.

In the green-energy sector, Vietnam is benefiting from China–Japan technological competition. From China, Vietnam can access renewable energy equipment at competitive costs, contributing to the accelerated deployment of large-scale solar and wind power projects. From Japan, through the Just Energy Transition Partnership (JETP) with a USD 15.5 billion financing package, Vietnam is supported in key technologies such as smart grid management, energy storage, and green hydrogen development, and is additionally committed support for establishing an ASEAN Energy Center. In this context, Vietnam needs to use technological competition effectively to diversify supply sources, avoid dependence on any single partner, and gradually develop domestic manufacturing capabilities for renewable energy equipment in order to strengthen the autonomy of the energy transition process.

Alongside energy cooperation, Vietnam–Japan economic relations continue to serve as a pillar. According to data from the General Department of Vietnam Customs (cited by Industry and Trade Information, 2024), in 2023 Vietnam–Japan bilateral trade reached USD 44.95 billion, a decrease of 5.62% compared with 2022; exports totaled USD 23.31 billion and imports USD 21.64 billion [22]. Japan is also a key overseas labor market, with more than 400,000 Vietnamese workers employed there. The upgrade of Vietnam–Japan relations to a Comprehensive Strategic Partnership in 2023 created a favorable framework for advancing deeper cooperation in high-technology areas, digital transformation, renewable energy, and the green economy.

4.2. Policy orientations for international economic integration

To maximize opportunities and minimize risks arising from China–Japan competition, Vietnam needs to maintain an integration policy orientation that is proactive, flexible, and substantive.

First, an important orientation in Vietnam's international economic integration policy is to remain steadfast in an independent and self-reliant line while promoting multilateralization and diversification of external relations in order to avoid excessive dependence on any single partner. In the context of intensifying strategic competition among major powers, maintaining a flexible balance in relations with China, Japan, the United States, and other key partners has become a structural requirement. According to Mely Caballero-Anthony, ASEAN and Southeast Asian states adapt to strategic competition by seeking flexible multilateral cooperation mechanisms (such as the ARF and the EAS) to manage security challenges without being drawn into forced strategic choices favoring one camp among the major powers [23]. In Vietnam's case, participating concurrently in RCEP and the CPTPP not only expands its strategic options but also helps balance relations among competing centers of power, thereby maximizing economic interests and foreign-policy room for maneuver in a volatile regional environment.

Second, Vietnam should improve the quality of international economic integration. Politburo Resolution No. 50-NQ/TW emphasizes the need to refine institutions and policies on foreign investment and to proactively select and attract FDI flows in a targeted manner, focusing on high-technology and environmentally friendly projects with strong spillover effects for the economy. Vietnam should strengthen investment attraction from Japan, South Korea, and the EU in semiconductors, green energy, and supporting industries, while upgrading value chains in electronics, textiles and garments, and agricultural products.

Third, amid increasingly intense global technological competition, strengthening technological and economic autonomy has become a key requirement for Vietnam. This calls for greater investment in education, research and development (R&D), and high-quality human resource training - especially in science, technology, engineering, and mathematics (STEM) - as well as the development of supporting industries, the semiconductor industry, and digital technologies to reduce external dependence and enhance Vietnam's position in global value chains. At the theoretical level, Farrell and Newman point out that as global economic and technological networks become increasingly politicized, states may become vulnerable if they do not control the network's "central nodes" [24]. Accordingly, developing endogenous technological capabilities and maintaining flexibility in international cooperation constitute an important basis for ensuring independence and self-reliance. On this basis, a "technology-neutrality" orientation enables Vietnam to broaden cooperation with multiple partners while safeguarding national interests and autonomy in development.

Fourth, Vietnam should promote green, sustainable, and resilient development. Vietnam has affirmed its commitment to achieve net-zero emissions by 2050, consistent with global energy transition trends. According to SIPET, "in December 2022, Vietnam and the International Partners Group announced an initial USD 15.5 billion financing package from public and private sources to support Vietnam in achieving net-zero emissions by 2050" [25]. This Just Energy Transition Partnership (JETP) marks an important step forward in efforts to promote green growth, develop renewable energy, and move toward a low-emissions economy.

Overall, Vietnam's orientation for international economic integration should rest on three pillars: (1) strategic independence and autonomy; (2) proactiveness and creativity in integration; and (3) resilience and sustainability in development. This is a fundamental orientation enabling Vietnam both to leverage advantages arising from China–Japan competition and to maintain independence and self-reliance in a complex geopolitical environment.

5. Conclusion

Geo-economic strategic competition between China and Japan during 2012–2025 underwent three phases of transformation: from bilateral trade–investment competition after the Senkaku/Diaoyu crisis, to an expansion into technological rivalry and global supply-chain restructuring, and then to a broader race to shape the regional order through the BRI and the FOIP.

Looking ahead, China–Japan geo-economic competition is expected to continue escalating and becoming more complex along three main trends.

First, technological competition will become increasingly intense, particularly in critical fields such as next-generation semiconductors (below 3 nm), artificial intelligence, quantum technologies, and green energy. China will continue to advance its policy of "technological self-reliance" to reduce dependence, while Japan will strengthen technology alliances with the United States and OECD partners, contributing to a global technology order divided into blocs (technology blocs).

Second, regional supply-chain restructuring will persist in the direction of "selective decoupling." Firms will not fully withdraw from China but will adopt "China + 1" or

"China for China" models (producing in China only for the domestic market, while shifting production for global markets to ASEAN countries). This creates major opportunities for Vietnam, but also requires upgrades in infrastructure, human resources, and institutions.

Third, competition for regional influence will shift from infrastructure investment toward competition over standards and rules. In its next phase, the BRI will emphasize "high quality" and "green development." Japan will continue to lead alternative initiatives such as the Partnership for Quality Infrastructure (PQI) and the Blue Dot Network, emphasizing ESG standards. Vietnam needs to prepare to participate in shaping regional standards in order to avoid passivity in adopting externally set rules.

For Vietnam, the ability to maintain strategic space and achieve sustainable growth depends on three factors: (1) the capacity to navigate policy flexibly among competing centers of power; (2) the pace of upgrading technological and manufacturing autonomy; and (3) a proactive role in shaping the regional economic architecture through ASEAN and multilateral mechanisms. The greatest challenge is to avoid being drawn into a "choose sides" logic as U.S.–China tensions intensify, while leveraging China–Japan competition to expand strategic options without undermining relations with any major partner.

China–Japan competition will remain complex as it becomes embedded within the broader U.S.–China strategic confrontation. Vietnam's ability to preserve independence and self-reliance will depend on flexible balancing policies and strengthened self-reliance - foundational orientations for ensuring peace and sustainable development in a period of global power transition.

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