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Discussion on the Significant Cooperation between Australia and Vietnam since Becoming Comprehensive Strategic Partners

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Introduction

Vietnam and Australia have cultivated a strong relationship based on strategic trust and mutual understanding since establishing diplomatic ties in 1973. The Strategic Partnership in 2018 deepened cooperation across multiple sectors, supported by complementary economies and close people-to-people ties.

Both nations share a vision for a stable, peaceful, and prosperous region, emphasising respect for sovereignty, independence, and international law, particularly under the United Nations Charter. Recognising the strength of their ties, Prime Ministers Anthony Albanese and Pham Minh Chinh announced the Comprehensive Strategic Partnership on March 7, 2024. The Comprehensive Strategic Partnership (CSP) reflects the high ambition of both nations, reinforcing their commitment to enhancing cooperation while respecting each other's sovereignty and political systems.

The CSP included six key objectives: (1) deepening political, defence security and justice cooperation; (2) enhancing economic engagement; (3) building knowledge and connecting people; (4) strengthening climate, environment and energy cooperation; (5) supporting science, technology, innovation and developing digital transformation; and (6) reinforcing regional and international cooperation.

Key Areas of Cooperation

1. Economic engagement

a. Trade Relations and Free Trade Agreements (FTAs)

Trade relations between Vietnam and Australia have experienced robust growth in recent years, underpinned by major free trade agreements such as the ASEAN–Australia–New Zealand Free Trade Agreement (AANZFTA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Regional Comprehensive Economic Partnership (RCEP).

In the first nine months of 2024, Vietnam's exports to Australia reached USD 5.04 billion, marking a significant 29% year-on-year increase. Key export items from Vietnam to Australia in 2024 included machinery and equipment (up 108.3% year-on-year), textiles and garments (up 21.5%), seafood (up over 10%), and agricultural products such as coffee (up 58.4%), pepper (up 48%), rice (up 18.75%), and vegetables (up over 27%) (MP Logistics, 2025).

Beyond traditional trade, Vietnam and Australia are actively strengthening cooperation in high-tech sectors and innovation. The two countries possess complementary strengths—Australia is known for its advanced research capabilities, cutting-edge technologies, and experience in modern industries, while Vietnam offers a dynamic, youthful workforce, an improving investment environment, and a growing demand for technological development.

These advantages provide a strong foundation for both countries to expand collaboration in key areas. In information and communication technology (ICT), for example, Vietnam can benefit from Australia's technological expertise to accelerate its digital transformation. In sustainable agricultural technology—a field where Australia has significant know-how—the two sides can jointly develop eco-friendly and smart farming solutions that enhance food security and increase the value of agricultural exports. Advanced materials is another promising field, with applications across manufacturing, construction, and renewable energy sectors.

On 5 March 2024, the Australian Government announced the establishment of an Investment Deal Team hub in Ho Chi Minh City. This hub aims to identify and facilitate outbound investment opportunities for Australian investors. The Deal Team comprises experts from Austrade, the Department of Foreign Affairs and Trade (DFAT), and Export Finance Australia (EFA), and forms part of the Government's implementation of the Invested: Australia's Southeast Asia Economic Strategy to 2040.

The steady expansion of bilateral trade and investment reflects the deepening strategic trust and long-term vision shared by both nations in the Indo-Pacific region. As the global economy shifts toward sustainable development and green transformation, the Vietnam–Australia partnership is expected to play an increasingly important role in fostering economic growth, both bilaterally and regionally.

b. Foreign Direct Investment (FDI)

Bilateral investment between Vietnam and Australia has grown significantly over the past decade, reflecting the deepening economic ties and growing strategic trust between the two countries. Australia is currently Vietnam's 20th largest foreign investor, with a total of USD 2.1 billion invested across 631 projects in 45 cities and 18 sectors, including manufacturing, natural resources, renewable energy, agriculture, and infrastructure. Major Australian companies with a strong presence in Vietnam include Austal, VMS, Midway Metals, RMIT, ANZ, and BlueScope (Binh Le, 2024).

Foreign direct investment (FDI) flows from Australia to Vietnam have seen notable spikes in key years—particularly in 2016 (USD 447.6 million), the first year of the Comprehensive Partnership, and in 2018 (USD 609.1 million), when the Strategic Partnership was announced. Although annual FDI levels have fluctuated since 2023 and early 2024 recorded a steady contribution of USD 73 million and USD 38.4 million respectively, following the upgrade to a CSP in 2024 (Vietnam Ministry of Planning and Investment, 2024).

Conversely, Vietnam’s investment in Australia has also grown, totaling approximately USD 570 million, primarily in the resources and livestock sectors, with major investors including Hoa Phat Group and TH Group. This upward trend in two-way investment reflects not only expanding commercial opportunities but also the shared ambition to build a resilient, sustainable, and innovation-driven economic partnership.

2. Building knowledge and connecting people

Under the Development Partnership Plan (DPP), Australia supports Vietnam’s leadership capacity building and vocational education and training (VET) reforms to enhance national, regional, and international engagement.

a. Key Areas of Support

Vietnam and Australia are intensifying cooperation in personnel training and policy research through the Vietnam Australia Centre (VAC), co-chaired by the Ho Chi Minh National Academy of Politics (HCMA) and the Australian Government. The center aims to build a team of capable public leaders and managers, strengthen governance capacity, and foster long-term academic collaboration between the two nations.

In the area of Vocational Education and Training (VET), both countries are collaborating to enhance the quality, accessibility, and industry relevance of vocational programs. These efforts aim to improve workforce productivity in key economic sectors through industry-led training models and by strengthening the capacity of VET providers, employers, and graduates. Vietnam’s VET reform is also supported through partnerships with international actors such as Germany, Denmark, and the International Labour Organisation (ILO), fostering policy development and the exchange of global best practices.

Meanwhile, in higher education and research, the partnership focuses on university internationalisation, accreditation systems, and collaborative research. Programs such as the Vietnam Australia Centre, the Mekong–Australia Partnership, and regional initiatives under ASEAN frameworks, along with mobility schemes like the Australian Volunteers Program and the New Colombo Plan, are fostering strong people-to-people links and enabling long-term collaboration between institutions.

These initiatives not only support academic exchange but also directly contribute to training future leaders and skilled professionals for Vietnam’s public and private sectors (DFAT, 2025).

b. Key Investments & Future

Key Australian investments further reinforce this commitment to human capital development in Vietnam. The Aus4Skills program plays a central role in supporting vocational education, higher education, and leadership training, with a strong focus on capacity building for government officials and public employees. Many of these initiatives are directly implemented in Ho Chi Minh City, targeting key departments and agencies with tailored training, policy workshops, and skills development programs to enhance administrative effectiveness and service delivery (DFAT, 2024).

Another notable program is the Digital Capacity Building Initiative with RMIT University Vietnam – a multi-year collaboration aimed at developing Massive Open Online Courses (MOOCs) on digital government, smart cities, and inclusive innovation, as well as establishing a research hub to support strategic planning and capacity building for public servants in the city.

A particular highlight of Australia’s cooperation is its emphasis on inclusive leadership development, guided by the GEDSI (Gender Equality, Disability, and Social Inclusion) framework. These initiatives promote women’s participation in leadership roles, support inclusive career pathways, and provide skills training for people with disabilities, ensuring that Vietnam’s human resource development is both equitable and future-ready (HCMA, 2024).

Australia is currently designing the next phase of its human resource development support for Vietnam (post-2026). This upcoming phase will align closely with Australia’s International Development Policy and DFAT’s climate and green economy priorities, aiming to equip Vietnam’s workforce—including public sector leaders—with the knowledge and tools needed to lead in a rapidly evolving, climate-conscious regional context.

These long-term investments not only reflect Australia’s strategic commitment to Vietnam’s development but also build the foundation for a more capable, resilient, and inclusive public sector—starting from Ho Chi Minh City and extending across the country.

3. Climate

a. Climate Adaptation & Mitigation in the Mekong Delta

Vietnam and Australia are collaborating closely to enhance climate resilience in the Mekong Delta, a region highly vulnerable to climate change impacts. Australia is supporting locally led, inclusive approaches to climate adaptation and environmental management, focusing on climate-resilient agriculture, food security, and sustainable natural resource use.

Key initiatives include:

- **Aus4Adaptation Program:** This partnership between Australia and Vietnam addresses climate change challenges in the Mekong Delta. With a budget of AUD 94.5 million, the program aims to assist farmers in adapting to climate change and ensuring sustainable agricultural production (Vietnam Development Bank, 2024).
- **Transforming Rice Value Chains for Climate Resilient and Sustainable Development (TRVC):** Funded by Australia's Department of Foreign Affairs and Trade (DFAT), this five-year project (2023–2027) focuses on transitioning to low-carbon, climate-resilient rice production in the Mekong Delta. It emphasises sustainable value chain development, improved livelihoods for smallholder farmers, and reduced greenhouse gas emissions (SNV Netherlands Development Organisation, 2024).
- **Contributions to the World Bank's Mekong Delta Climate Resilience and Integrated Transformation Project (MERIT):** Australia supports the MERIT project, which aims to enhance climate resilience and promote sustainable development in the Mekong Delta through integrated approaches (World Bank, 2024).

These collaborative efforts demonstrate a shared commitment to implementing long-term, systemic changes that protect livelihoods and ecosystems in the Mekong Delta.

b. Transition to Net Zero by 2050

Supporting Vietnam's commitment to achieve net zero emissions by 2050, Australia is actively contributing to the development of renewable energy and green transport.

Australia's engagement focuses on three pillars: enhancing policy frameworks, mobilising green finance, and promoting clean technology innovation. Through institutional support and policy dialogue, Australia helps Vietnam create a regulatory environment conducive to clean energy investments. This is essential to attracting both domestic and international investors into high-potential sectors like solar, wind, and green mobility (Vietnam Briefing, 2024). At the same time, Australia facilitates access to green finance by encouraging blended finance models, supporting climate-aligned infrastructure projects, and building Vietnam's capacity in environmental risk management.

Moreover, Australia plays a vital role in promoting technology-driven climate solutions—particularly in smart energy systems, battery storage, and sustainable urban transport. These efforts are guided by broader frameworks, such as the Australia–Vietnam Enhanced Economic Engagement Strategy (EEES) and the Invested: Australia's Southeast Asia Economic Strategy to 2040, both of which place green growth and climate resilience at the center of regional cooperation.

An example of this commitment came in 2024 with the launch of the Net Zero Challenge, jointly organised in Ho Chi Minh City by the Australian Consulate-General and key partners. This landmark initiative identified and supported Vietnamese start-ups working in climate tech, energy transition, and green innovation. The Net Zero Challenge served not only as a platform to showcase Vietnam's thriving climate entrepreneurship ecosystem, but also as a catalyst for future partnerships in green innovation and impact investment.

4. New Opportunities for 2025

With both countries committed to sustainability, innovation, and inclusive growth, several key areas offer strong potential for deepened collaboration.

Net Zero Transition: Australia's expertise in renewable energy, green finance, and clean technologies can support Vietnam's low-carbon transition. Building on the Net Zero Challenge in Ho Chi Minh City, both countries can expand collaboration in green tech innovation and climate entrepreneurship. A growing focus is also placed on the green transformation of industrial parks in Ho Chi Minh City. Australia can support pilot projects in energy efficiency, renewable integration, and circular economy practices—helping decarbonise production while boosting sustainable investment. These efforts position the city as a leader in climate-smart industrial development (Vietnam Briefing, 2024).

Research Collaboration: Bilateral research partnerships can be further strengthened in fields such as environmental science, smart agriculture, AI, digital transformation, and public policy. Joint academic programs, think tank exchanges, and innovation labs can help generate policy-relevant insights and technological solutions to address shared development challenges (CSIRO, 2023).

International Financial Centre in Ho Chi Minh City: As Ho Chi Minh City advances its ambition to become a regional financial hub, Australia can contribute valuable expertise in regulatory frameworks, fintech development, and sustainable finance. Australian investment institutions and advisory firms are well-placed to support the design and development of the city's International Financial Centre, including knowledge transfer, training, and capacity building for financial governance.

Human Capital Development: Continued focus on education, skills training, and leadership development will remain essential. Australia can expand support through scholarship programs, vocational education partnerships, and executive training in public administration and digital governance. Tailored programs for public officials, women in leadership, and digital workforce readiness—especially those aligned with the GEDSI (Gender Equality, Disability and Social Inclusion) principles—will further enhance workforce quality and inclusiveness.

As Vietnam enters a new phase of economic modernisation and global integration, these priority areas represent not only opportunities for bilateral cooperation but also shared contributions to regional sustainability and prosperity.



Formerly the Deputy Director of HIDS, Vu was appointed to Director in August 2024. He was previously Vice-Dean and Head of the International Political Department at the Faculty of International Relations at the Ho Chi Minh City University of Social Sciences and Humanities, as well as and Inaugural Director of the University's Center for International Studies. Vu also served as the Director of the Information Technology Park at Vietnam National University-Ho Chi Minh City (VNU-HCM), Deputy Head of the Department of External Relations and Project Development at VNU-HCM.

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