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The Practicalities of US Military Sales to Vietnam

Despite converging strategic and economic interests, expect a slow start to U.S. military sales to Vietnam.

By Eric Tegler
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During his early July visit to Washington DC, Nguyen Phu Trong, general secretary of Vietnam’s Communist Party, did at least two highly symbolic things.

He spent over an hour – more time than scheduled – meeting with President Barack Obama at the White House. The following day, in a speech he gave at the Center for Strategic and International Studies he said, “A fast changing world requires ourselves (sic) to be exposed to new ways of thinking and new ways of action.”

A few extra minutes with the president and musing about change might not seem like much when set against the shear novelty of the Vietnamese Communist Party secretary general actually visiting D.C., but these examples speak to the pragmatism which will make the once unthinkable sale of American weapons systems to Vietnam a reality. What’s driving it?

The obvious answer is China. But it’s not the only answer. Consider that, as Trong pointed out, the United States – not China – is Vietnam’s largest trading partner. In 2014, that trade amounted to \$36 billion. In this context, prospective American foreign military sales (FMS) to Vietnam are merely an expansion of the two countries’ existing trade relationship.

As Vietnam’s largest single-country export market (\$19.7 billion worth in the first half of 2015), the United States might reasonably expect the trade balance to even slightly as Vietnam’s economy grows. The country has outperformed America in expansionary terms with average GDP growth at 6.15 percent from 2000-2015. Economic growth surely benefits Vietnamese defense spending but only at the margin, since the nation’s defense budget remains at less than two percent of GDP.

Of course, China cannot be dismissed. Vietnam runs a hefty trade deficit with its gigantic neighbor – through June 2015 China exported \$24.22 billion in goods and services to Vietnam, an increase of 23.2 per cent over the first half of 2014.

Trong recently summed up his country’s geographic and strategic reality, saying, “China is a big neighbor. So whether we like it or not, we still have to live close to that country. We don’t have the right to select a neighbor.”

Vietnam eyes China warily, however. As noted Asian affairs expert, Carl Thayer puts it, “They acknowledge China’s supremacy but aim to have Vietnam’s autonomy respected.”

Thayer, emeritus professor at the University of New South Wales at the Australian Defense Force Academy, has visited Vietnam twice this year and was returning from Hanoi when he spoke with *The Diplomat*. He explains Vietnam’s relations with China and the United States as part of its post-Cold War historical pattern of foreign policy diversification.

“Vietnam presents itself as irresistibly attractive to Great Powers,” Thayer says. “Yet it’s careful not to be taken into the orbit of any one. It tries to manipulate them so all feel compelled to center on Vietnam for fear of losing out.”

While China is Vietnam’s preeminent strategic partner, Russia, India, and Japan follow in that order. The U.S. has only signed a “comprehensive agreement” with Vietnam, placing it a tier below. Thayer maintains that this layered, multi-lateral foreign policy is key to understanding Vietnam’s approach to U.S. relations and arms agreements. In so many words, strategic partners (notably Russia, which has a virtual monopoly) get first crack at selling Vietnam weapons systems.

Recent Russian sales of *Kilo* submarines, *Gepard*-Class frigates and Club-S submarine-to-surface missiles affirm the acquisition hierarchy, as does Vietnamese interest in Indian/Russian BrahMos cruise missiles. China too, sells extensively in the Southeast Asian marketplace. But recent events and a demographic shift within Vietnam itself are increasing the likelihood that it will take advantage of the partial lifting of the ban on American arms sales.



Vietnamese sailors stand in review during a welcoming ceremony for U.S. Defense Secretary Ash Carter at the Vietnamese Navy's headquarters in Hai Phong, Vietnam, May 31, 2015

Image Credit: U.S. DoD photo by Glenn Fawcett

“I think the desire in the U.S. to put the ghosts of the past behind it is combining with hard national interests on both sides, partly in response to perceived Chinese coercion,” Gregory Poling of the Center for Strategic and International Studies opines.

The coercion of which Poling speaks stems from China’s 2014 deployment of the Haiyang Shiyou 981 (HD-981) oil rig in the South China Sea near Vietnam. The incident reinforced anti-Chinese feeling within Vietnam and put China-friendly Communist Party conservatives on the defensive.

“What the rig did was open a window of time in which it was not politically okay to argue against more rapprochement with the U.S. or others,” Poling points out. “It created a months-long period where the pro-Beijing crowd in Hanoi were sidelined.”

Carl Thayer agrees that a level of “strategic trust” was lost between the Party elites in Vietnam and China. That trust was already low among newer generations of Vietnamese.

“Anti-China feeling is extraordinarily widespread among the educated youth of Vietnam,” Thayer says flatly. “Once you get below 50 years of age, people are quite angry over the South China Sea.”

The redeployment of the rig to waters slightly farther from Vietnam by the China National Offshore Oil Cooperation this June certainly hasn’t impressed ordinary Vietnamese. Its symbolism — coming just weeks before the general secretary’s first visit to Washington — was clear.

A new generation of Party and political leaders is set to assume power in Vietnam, where the mandatory retirement age of 65 will see its more conservative elites exit stage right. That generation will be more favorably disposed to the United States, but its pragmatism toward China will promote slow change in arms-sourcing.

Practicalities will also mean slow going, Gregory Poling cautions. So byzantine is the U.S. system for accessing FMS, that for a nation with no experience (not only with the U.S., but with NATO-compatible procurement) Vietnam will have to be taught how to go about deciding what it wants and making the requests. The first acquisitions will likely be maritime systems. The Vietnamese Coast Guard is the region’s third largest after Japan, ahead of neighbors like Malaysia and the Philippines.

Lockheed Martin and Boeing reps recently visited Vietnam, raising the possibility of coastal radar or communications systems sales. Thayer sees potential consideration for a range of systems from a stripped-down P-3 Orion to helicopters and C3I systems. Poling views aircraft and ships as second-generation type of acquisitions and cautions that Vietnam has acquired radar systems from Israel in the last couple of years. He adds that even if the U.S. can offer higher quality systems at a competitive price, the challenge of integrating new logistics and training to accommodate them may dissuade the Vietnamese.

“The problems become apparent when you look at neighbors like Malaysia who have split their equipment between Russian and NATO-compatible. It’s hugely inefficient and very costly,” Poling says.

However the forces driving the Vietnamese to counter-balance China (which has yet to complain publicly about the prospect of U.S. arms sales) may lead to a more sophisticated defense acquisition relationship with the United States, Thayer asserts:

“It could well be that aside from just buying [weapons systems] off the shelf, Vietnam is looking for a long term working relationship with American defense industry to help develop, transfer technology and co-produce.”

None of it will happen overnight (Gregory Poling puts the first arms sales deal in 2016 at the earliest) and any acquisition will unfold within the context of the Party’s five-year planning.

Still, the confluence of Vietnamese and American strategic and economic interests is, in effect, inspiring “the new ways of thinking and new ways of action” Secretary Trong referenced.

Eric Tegler is a regular contributor to Aviation Week & Space Technology, Popular Mechanics, Wired, and Faircount Media Defense on political, government, and military affairs.

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