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Background Brief:

Can Vietnam Diversify Its Arms Procurements to Lessen Dependency on Russia?

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Vietnam is currently hosting its first international defence exhibition. Vietnam is seeking to reduce its reliance on Russia in order to diversify and modernize its weaponry by importing hi-tech weapons from other sources.

Q1. Will Vietnam's poor human rights record make it difficult for it to purchase weapons from the United State and other Western countries?

ANSWER: Prior to the COVID-19 pandemic, Vietnam allocated about two percent of its GDP to the defence budget annually. Between 1995 and 2021, Vietnam procured weapons and military technology from twenty-seven countries. The top six, as measured in U.S. millions of dollars, were: Russia (\$7,402m), Israel (\$550m), Ukraine (\$273), Belarus (\$263), South Korea (\$120m) and the United States (\$108m).

During the period 2014 to 2021, that is from Russia's annexation of Crimea until last year, Vietnam's arms procurements fell precipitously. Vietnam's arms acquisitions from Russia fell from U.S. \$1.056 billion in 2014 to U.S. \$72 million in 2021. Vietnam's GDP fell from 6.4% in 2014 to 2.6% in 2021 as a result of the COVID pandemic.

At the same time, the 13th National Congress of the Vietnam Communist Party set the objective of building "a streamlined and strong Army by 2025, and a revolutionary, regular, advanced and modern People's Army by 2030." This is Vietnam's most major effort to modernise its armed forces. This was before Russia's invasion of Ukraine.

In summary, Vietnam has been marking time and has not signed any major arms procurement contracts since 2016. During this period, the costs of maintaining existing weaponry continue to rise and cut into the defence budget, reducing the amount available for overseas procurements.

Vietnam is overwhelmingly dependent on Russian legacy weapons and technology. Its entire service and maintenance system is orientated on Russian military weapons and technology. Russia does not put conditions on the sale of weapons to Vietnam such as human rights. Vietnam cannot afford to abruptly shift from Russia to alternate sources for "big ticket" items such as next generation aircraft, warships and air defence systems. Also, Vietnam cannot afford to alienate Russia to the extent that Russia retaliates by cutting off access.

Vietnam's GDP is expected to exceed 7% in 2022 and thus present an opportunity to resume arms procurements. Vietnam has shown it is capable of shopping around for weapons and military technology from non-Russian sources, such as Israel, South Korea, and the United States. But these are niche purchases to fill specific needs. Also, Vietnam is cognizant that the U.S and states in the European Union could invoke human rights considerations to curtail or block arms sales in response to egregious violations of human rights at any moment.

In summary, Vietnam is not likely to purchase "big ticket" items from the United States or Europe and is likely to wait and see how the conflict in Ukraine is resolved. Vietnam will, however, be in market for niche technologies say for coastal radar, air defence, unmanned aerial vehicles (UAVs), counter-UAV missiles, cyber etc.

Q2. How do you evaluate Vietnam's plan to sell its domestically produced weapons?

ANSWER: In June, Lt. General Phung Si Tan, Deputy Chief of Staff of the Vietnam People's Army, said the Defence Expo would "showcase means of warfare, state of the art technologies and equipment serving the different military forces."

In addition to showcasing Vietnam's military modernisation, Vietnam's defence industry will also display domestically produced weapons, equipment and technology such as ammunition, explosives, detonators, optical devices, unmanned aerial vehicles, communications equipment, cyber security, firefighting equipment, logistics support equipment, armoured vehicles and small gun boats.

Vietnam has three main objectives: (1) to showcase its national defence industry, (2) to identify clients for its domestic products and (3) to enter into co-production technology-transfer arrangements to boost its national defence industry.

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