

CHAPTER 6

Vietnam's Security Outlook

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Introduction

During the first half of 2011 tensions flared between Vietnam and China as a result of the aggressiveness of Chinese civilian maritime patrol boats in asserting Chinese jurisdiction in disputed waters in the South China Sea lying within Vietnam's Exclusive Economic Zone (EEZ). Chinese state vessels reportedly cut the cables of two oil exploration vessels, the Binh Minh 02 and Viking II, while they were conducting seismic surveys under commercial contracts with Vietnam's state petroleum authority. China claims jurisdiction over these waters based on historic rights depicted on a map containing nine-dash lines forming a u-shape around the rim of the South China Sea.

Chinese assertiveness in the South China Sea provoked a series of eleven anti-China demonstrations in Vietnam over a twelve week period from June to August. Vietnamese leaders responded to domestic pressure by making unusually strong public statements defending Vietnam's territorial integrity and national sovereignty. More significantly, Vietnam conducted a live-firing exercise to demonstrate its resolve.

Vietnam also responded to China's actions by dispatching a special diplomatic envoy to Beijing in mid-year. Shortly after, China and the Association of Southeast Asian Nations (ASEAN) adopted Guidelines to Implement the DOC (Declaration on Conduct of Parties in the South China Sea). South China Sea tensions abated in the second half of the year. Nguyen Phu Trong, the Secretary General of the Vietnam Communist Party, visited Beijing in October. China's Vice President Xi Jinping, heir apparent to President and party leader Hu Jintao, paid an official visit to Hanoi in December.

With one possible exception, Vietnam faced no serious internal security challenges in 2011. In May, the Center for Public Policy Analysis, an advocacy groups based

in Washington, D.C., reported that a public protest by several thousand Hmong ethnic minority people in Dien Bien province adjacent to Laos resulted in a major crackdown by Vietnamese and Lao security forces using armed helicopter gunships.¹ The Center for Public Policy Analysis alleged that at least sixty-three Hmong were killed. By year's end no corroborating evidence was forthcoming.

During 2011, Vietnamese security personnel reportedly continued to repress Degar Christians in the Central Highland.² Vietnam also intensified its repression of bloggers and political activists; thirty-three activists were tried and sentenced to imprisonment during the year. In addition, a further twenty-seven religious freedom and pro-democracy activists were arrested.³ Police also intervened on several occasions to break up anti-China protests in Hanoi and Ho Chi Minh City.

Security Challenges Facing Vietnam

Vietnam shares land borders with three countries: China (1,281 km), Laos (2,130 km) and Cambodia (1,228 km). Vietnam is mainly concerned to control the challenges of transnational security threats such as smuggling; trafficking in drugs, women and children, and weapons; infectious diseases; and cross border political activities by anti-regime activists.

Vietnam's total land border of 4,639 km compares with a coastline of 3,444 km. Vietnam is also concerned with smuggling by sea, piracy and maritime security. Vietnam currently occupies nearly thirty islands and rocks in the South China Sea. China claims sovereignty over these islands and features. Threats to Vietnam's territorial integrity and national sovereignty rank high on its list of security challenges.

¹ Center for Public Policy Analysis, Press Release, "Vietnam, Laos Uprising: 28 Hmong Protestors Killed by VPA," May 5, 2011 and Center for Public Policy Analysis, Press Release, "Vietnam: 14 Die as Troops Converge on Hmong," May 9, 2011.

² Montagnard Foundation, "Vietnamese Security Forces Attack Christian Worshipers," August 15, 2011.

³ "Vietnam," Human Rights Watch, *World Report 2012*, p. 401 and Ron Corben, "US Steps Up Pressure on Vietnam Over Human Rights," *Voice of America News*, January 22, 2012.

Vietnam is the world's fourteenth largest country with a population of 90 million. This makes it roughly comparable to a middle-sized province in China. Vietnam ranks forty-second in the world in terms of Gross Domestic Product (purchasing power parity) at U.S. \$277 billion (July 2011 estimate). If official exchange rates are used, Vietnam has a GDP of U.S. \$106 billion. Vietnam officially claims it spends 2.5% of GDP on defence. This would equate to approximately U.S. \$2.65 billion. When these figures are compared to similar figures for China it is obvious that Vietnam is in a highly asymmetric relationship with its northern neighbour

The Vietnam People's Armed Forces comprise both military and public security forces. The former come under the direction of the Ministry of National Defence and the latter come under the control of the Ministry of Public Security. The regular Vietnam People's Army comprises the Army, Navy and Naval Infantry, and Air-Air Defence Force (see Table 1). These regular forces are supplemented by a paramilitary Border Defence Force and local forces, the Militia (rural areas) and Self-Defence Force (urban areas). The local forces are estimated to number 5 million.

Table 1: Vietnam People's Army Force Estimates

Military Service	Size
Army	412,000
Navy	13,000
Naval Infantry	27,000
Air-Air Defence Force	30,000
sub-total	482,000
Border Defence Command	40,000
Total	522,000

Source: International Institute for Strategic Studies, *The Military Balance 2009*, 415-417.

Vietnam's most recent Defence White Paper, released in December 2009, offers the appraisal that Southeast Asia's security environment is "basically stable... [but] potential risks of conflicts still remain."⁴ These risks are identified as follows:

⁴ Nuoc Cong Hoa Xa Hoi Chu Nghia Viet Nam, Bo Quoc Phong, *Quoc Phong Viet Nam* (Hanoi: Nha Xuat Ban The Gioi, 2009), 15.

- Destabilising impact of global economic recession on domestic stability “in some countries”
- Territorial disputes over land and sea
- Natural disasters — storms, floods and tsunamis
- Terrorism and piracy
- Climate change
- Epidemics
- Transnational crime

With respect to Vietnam, the Defence White Paper identifies four major security challenges: (1) impact of the global financial crisis on Vietnam’s economy and the danger of “further lagging behind” other regional states; (2) the threat by “hostile forces... to incite violence and separatism” in order to undermine domestic stability; (3) disputes over sovereignty, sovereign rights and jurisdiction over the territories in the East Sea [South China Sea]; and (4) non-traditional security issues (specifically illegal trafficking of weapons and drugs, piracy, organised transnational crimes, terrorism, illegal migration and immigration, environmental degradation, climate change, and epidemics).⁵

Vietnam’s Defence White Paper is a public document whose intended audience is the international community. It therefore treads lightly on sensitive issues. When developments since the 2009 White Paper are reviewed, the following emerging security challenges may be identified alongside long-standing security concerns: managing defence relations with the great powers; protecting national sovereignty in the South China Sea; naval modernisation; non-traditional security; and developing forces for international peacekeeping. Each of these challenges is discussed in turn below.

Managing defence relations with the major powers

Since the collapse of the Soviet Union in 1991, Vietnam became a country without a formal ally. A major challenge for Vietnam is how to develop relations with former foes and new multilateral institutions to buttress national security. In 2011 managing defence relations among the major powers became a major concern for Vietnam.

⁵ Bo Quoc Phong, *Quoc Phong Viet Nam*, 17-18.

Vietnam's foreign and defence policy guidelines include "independence, self-reliance, cooperation and development with a foreign policy of openness, multilateralisation and diversification along [with] the principle that Vietnam wishes to be a friend and credible partner of all nations in the international community."⁶

Vietnam has been highly successful in implementing these guidelines. By 1995 Vietnam became a member of ASEAN, the ASEAN Regional Forum (ARF), repaired relations with Japan and the European Union⁷, and established diplomatic relations with the United States. Vietnam's foreign policy achieved further success when, as the unanimous choice of the Asia bloc, it was overwhelmingly elected by the United Nations General Assembly as a non-permanent member on the United Nations Security Council (2008-09).

Vietnam has sought to strengthen ASEAN in its relations with the major powers. Vietnam played a proactive role in 2010 as ASEAN Chair in shepherding the establishment of the ASEAN Defence Ministers Meeting Plus (ADMM Plus). Vietnam also used its role as ASEAN Chair to internationalise the South China Sea issue.

Nevertheless, Vietnam's experience as ASEAN Chair confirmed that ASEAN-centric multilateral security arrangements are weak reeds to support robust security arrangements to restrain Chinese assertiveness. For example, Vietnam's support for the ADMM Plus was in response to its frustration over the talk shop nature of the ASEAN Regional Forum. When Vietnam hosted the ADMM Plus inaugural meeting many of the major external players raised their concerns over maritime security. An Expert Working Group on Maritime Security, co-chaired by Malaysia and Australia, was set up. But the ADMM Plus ministers decided to convene once every three years, thus scuttling the possibility of swift action on rising tensions in the South China Sea and other maritime security issues.

⁶ Bo Quoc Phong, *Quoc Phong Viet Nam*, 21.

⁷ Japan and the EU cancelled development assistance after Vietnam's intervention in Cambodia in late 1978.

In 2011 Vietnam supported Indonesia in its role as ASEAN Chair in pursuing the South China Sea issue including Guidelines to Implement the DOC.⁸ Vietnam puts little faith in the current ASEAN Chair, Cambodia, to be proactive regarding South China Sea issues. Cambodia and Myanmar, for example, were the only two members of the East Asia Summit that did not raise maritime security issues at the informal leaders' retreat. Cambodia will be followed by Brunei (2013), Myanmar (2014), and Laos (2015).

In 2011, Vietnam hosted the Fifth ASEAN Navy Chiefs Meeting (ANCM 5) and was aghast when the chiefs quibbled over a number of issues including the formal name of the meeting, how often it should meet, the conduct of joint patrols, and a proposal by Vietnam for an ASEAN communications protocol when navy ships from ASEAN members pass each other at sea.

Vietnam views working within the ASEAN-centric multilateral security framework as a necessary but not sufficient condition to maximise its national security. Vietnam has therefore sought to develop defence and security ties with all the major powers. China's rise and challenge to U.S. primacy present a pressing security challenge for Vietnam.

Vietnam's interactions with China and the United States represent a distinctly different set of relations from the other great powers because they are triangular in nature. Analysts often describe Vietnam's policy as a form of "soft balancing" or hedging. Neither term accurately captures Vietnam's self-perceived role as pivot between Beijing and Washington. Vietnam prefers a situation where there is a certain amount of tension, rivalry and competition between China and the United States. Vietnam stands to benefit from this state of affairs because as pivot it can maximise its utility to Beijing and Washington as an independent actor. Vietnam does not wish to see tensions between China and the United States deteriorate to open hostility as Vietnam would suffer from the fall out. Vietnam also fears that if Beijing and Washington develop amicable relations they will collude at Vietnam's expense. A review of defence interaction between Vietnam with China and Vietnam and the

⁸ Declaration on Conduct of Parties in the South China Sea adopted by ASEAN member states and China in November 2002.

United States in 2011 bears this out.

In mid-2011, despite rising tension over South China Sea issues, China and Vietnam conducted their eleventh joint naval patrol in the Gulf of Tonkin. Both navies have conducted search and rescue exercises. At the conclusion of this patrol, Vietnam's navy ships made their second port call to China (the first took place in June 2009).⁹

On August 28th, China and Vietnam held their 2nd Defence-Security Strategic Dialogue at deputy minister level in Beijing.¹⁰ Lt. General Ma Xiaotian, Vice Chairman of the People's Liberation Army (PLA) General Staff hosted his Vietnamese counterpart, Lt. General Nguyen Chi Vinh, Deputy Minister of National Defence. The two deputy ministers agreed to step up the exchange of military delegations, open a hot line between the two defence ministries, and expand military training.

General Ma noted that the sovereignty dispute in the South China Sea was the "most difficult and sensitive issue" in bilateral relations. General Vinh responded by stating Vietnam's readiness "to cooperate for mutual development with China in really disputed areas," in accord with international law and the mutual interest of both sides. General Vinh also stressed that there were three closely related aspects to the East Sea issue: "the declaration of sovereignty by concerned countries, solving issues related to the ties between Vietnam and China, and solving issues at multilateral forums."¹¹ The following month China hosted a visit by General Ngo Xuan Lich, the head of the Vietnam People's Army (VPA) General Political Department and member of the Central Military Party Committee.

In October, Nguyen Phu Trong, Secretary General of the Vietnam Communist Party, visited Beijing for discussions with his counter-part Hu Jintao. The Joint Statement issued after their discussions included a paragraph on stepped up defence cooperation that read:

⁹ The People's Liberation Army Navy made three port visits to Vietnam after a hiatus of seventeen years: November 2008, December 2009 and October 2010.

¹⁰ China and Vietnam initiated their first annual defence security consultations in April 2005. They were upgraded to deputy minister level and first Strategic Defence Security Dialogue was held in Hanoi in November 2010.

¹¹ All quotations in this paragraph are taken from "Vietnam, China hold second defence, security dialogue," *Vietnam News Agency*, August 31, 2011.

Fourthly, to promote in-depth cooperation between the two armies, increase contact between high-ranking army leaders of the two countries; continue to organise good strategic dialogues at deputy ministerial level; accelerate the establishment of a direct telephone line between the two defence ministries; increase cooperation in personnel training and exchanges between junior officers; conduct trial joint patrols along the land border at a convenient time; continue to hold joint naval patrols in the Gulf of Tonkin; increase cooperation in such fields as mutual visits by the two countries' naval ships.¹²

Finally, in December, Vice President Xi Jinping made an official visit to Hanoi and met with all of Vietnam's top party and state leaders. Xi's visit was primarily "a get to know you" visit as he is widely viewed as Hu Jintao's heir apparent. It was later revealed that Xi warned each of the senior Vietnamese leaders whom he met "to keep [their] distance from the United States on the sensitive issue of territorial disputes in the South China Sea."¹³

In 2011, the United States and Vietnam entered into discussions to raise their bilateral relationship to a "strategic partnership," a classification used by Vietnam to describe countries with which it has particularly close bilateral relations.¹⁴ In April, the President of the National Defense University (NDU), Vice Admiral Ann Rondreau, visited Hanoi and offered scholarships for Vietnamese officers to undertake professional military education at the NDU.

Vietnam and the United States held their 4th Political, Security and Defence Dialogue in Washington in June where they discussed peacekeeping operations and training, humanitarian assistance and disaster relief, counter-terrorism and counter-narcotics, non-proliferation and maritime security. The following month the U.S. and Vietnam signed their first formal military agreement, a Statement of Intent on Military Medical Cooperation (August 1); the Commander of the U.S. 7th Fleet visited Hanoi (August 5); and the USS *George Washington* returned to South China

¹² "Tuyen bo chung hai nuoc Viet Nam va Trung Quoc," *Vietnam News Agency*, October 15, 2011, point 4 (iv).

¹³ Kyodo, "China warns Vietnam not to cozy up to U.S. on S. China Sea issue: sources," *Mainichi*, January 21, 2012.

¹⁴ Vietnam and China characterize their bilateral relations as a comprehensive strategic partnership.

Sea waters on August 13. Once again Vietnamese officials were flown out to observe operations.

U.S.-Vietnam defence relations were advanced at the 2nd Defence Policy Dialogue held in Washington on September 19. Deputy Assistant Secretary of Defence Robert Scher and Vice Minister of National Defence Lt. Gen. Nguyen Chi Vinh signed the first formal Memorandum of Understanding (MOU) on defence cooperation. The MOU included five priority areas: the establishment of a regular high-level dialogue between defence ministries; maritime security; search and rescue; studying and exchanging experiences on United Nations (UN) peacekeeping; and humanitarian assistance and disaster relief.

With respect to other major powers, Vietnam's defence relations with India are of long-standing. Vietnam and India have declared their relationship to be strategic partnership. In September 2011 they held their 6th Strategic Defence Dialogue at deputy minister level in Hanoi. This meeting discussed, among other things, naval, air force, air defence and defence industry training cooperation and possible Indian arms and equipment sales to Vietnam.

In October 2011 the Defence Ministers of Japan and Vietnam signed a Memorandum of Understanding on the enhancement of defence cooperation. The MOU includes provisions for regular defence talks at deputy minister level, mutual ministerial visits, and exchanges between the Japan Self-Defense Force and the Vietnam People's Army. According to Japanese officials, the two ministers discussed incidents involving China's obstruction of maritime activities. The MOU was designed in part "to keep in check China's growing assertiveness in the South China Sea and East China Sea."¹⁵ In November 2011, Vietnam signed separate MOUs on defence cooperation with France and the United Kingdom.¹⁶

In sum, Vietnam has not aligned itself with any of the major powers nor has Vietnam tilted towards the United States to contain China. Rather, Vietnam has attempted

¹⁵ Kyodo, "Japan, Vietnam sign memo on defense cooperation enhancement," *Mainichi*, October 25, 2011.

¹⁶ "Vietnam, France agree to boost defense cooperation," *Tuoi Tre News*, November 24, 2011 and "VN, UK sign MoU on defence cooperation," *Tuoi Tre News*, November 25, 2011.

to develop defence relations with all major powers in general and develop defence relations in parallel between China and the United States in particular. Vietnam prefers to play the role of pivot to preserve its autonomy for independent action.

Protecting national sovereignty in the South China Sea

Territorial disputes in the South China Sea, especially with China, constitute Vietnam's main security challenge. In Hanoi's view the issue is one of territorial integrity and national sovereignty. Vietnam has stationed small military garrisons on the major islands and rocks that it occupies.

There are four components to the South China Sea dispute: sovereignty claims over islands and features (rocks) including the western Paracels; maritime delimitation of Vietnam's EEZ; sovereign rights to oil, gas and minerals within Vietnam's EEZ; and fishing in the South China Sea.

China claims indisputable sovereignty over all the islands and rocks in the Parcel Islands and Spratly archipelago. China claims an estimated eighty percent of the South China Sea on the basis of historical rights as illustrated in a map containing nine dash lines forming a u-shape line that cuts deeply into Vietnam's EEZ. China also claims sovereign rights to oil, gas and minerals in the South China Sea and views Vietnamese exploitation of these resources as plundering. China imposes an annual fishing ban from May to August in the South China Sea.

The waters of the South China Sea were roiled by Chinese assertiveness in 2007-2010 in imposing a unilateral fishing ban in waters north of twelve degrees north latitude. In 2011 China adopted particularly aggressive tactics involving cutting the cables of two commercial oil exploration vessels operating within Vietnam's EEZ. Vietnam responded by conducting a live-fire naval exercise on June 13 in the waters near Hon Ong Island.¹⁷ Hon Ong Island is located approximately forty kilometres off Quang Nam province in central Vietnam roughly opposite the Parcel Islands and removed from the area where the two cable-cutting incidents occurred. The first

¹⁷ Bao Dam An Toan Hang Hai Mien Bac [Northern Maritime Safety Corporation], "Ve viec ban dan that tren vung bien Quang Nam," So 107/TBHH-CT.BDATHHMB, June 9, 2011, <http://www.vms-north.vn>.

phase of the exercise involved coastal artillery, while the second part of the exercise involved missile corvettes firing their deck guns. Reportedly, anti-ship missiles were also fired from Sukhoi jet aircraft.¹⁸

Naval modernisation

With the collapse of the Soviet Union in 1991 Vietnam lost its major arms supplier. Vietnam's military equipment deteriorated sharply in the following years. Once the Russian Federation stabilised arms and military technology sales resumed. In the late 1990s Vietnam embarked on a modest program to modernise its armed forces. This has picked up in recent years. In 2009, in a major development, Vietnam announced that it would procure six conventional diesel powered *Kilo*-class submarines from Russia. These are scheduled to be delivered in 2014. They are expected to be based at facilities to be constructed by Russia at Cam Ranh Bay. The *Kilo*-class submarines are likely to be equipped with sea-skimming 3M-54 Klub anti-ship missiles with a range of 300 kilometres.¹⁹

In 2011 Vietnam stepped up its naval modernisation programme when it took delivery of four additional Su-30MK2 multi-role jet fighters. These are expected to be equipped with the Kh-59MK anti-ship cruise missile with a range of 115 km. Vietnam currently has on order sixteen more Su-30MK2 jet fighters.²⁰ Vietnam also took delivery of two *Gepard*-class guided missile frigates armed with Kh-35E anti-ship missiles with a range of 130 km and two *Svetlyak*-class missile Patrol Boats.²¹ In addition, Vietnam launched its first indigenously built gunship and multi-deck troop carrier.²² In October, while on a tour of the Netherlands, Prime Minister Nguyen Tan Dung gave his approval for the purchase of four *Sigma*-class corvettes, two of which are slated for construction in Vietnam.²³ These too are expected to be equipped with

¹⁸ Reported by a confidential Vietnamese military source to the author.

¹⁹ The author would like to thank Robert Karniol for an advance copy of his "Vietnam's Strategic Challenge," *The Straits Times* (forthcoming).

²⁰ "Russia to supply Vietnam six submarines in 2014," *Thanh Nien News*, July 3, 2011.

²¹ "Russia exports aircraft to Vietnam," *The Voice of Russia*, June 22, 2011; "Hai quan Viet Nam nhan tau chien Nga," *BBC*, August 24, 2011; "Russia delivers second coastal missile system to Vietnam," *Interfax-AVN Military News Agency*, October 11, 2011; and *BBC*, "Nga giao tiep hai tau tuan tra cho VN," October 25, 2011.

²² "Viet Nam tu dong tau chien," *BBC*, October 3, 2011 and Greg Torode, "Vietnam's military growth raising eyebrows in region," *South China Morning Post*, January 27, 2012.

²³ "VN dam phan mua 4 tau chien cua Ha Lan," *BBC*, October 18, 2011.

lethal anti-ship missiles.

In 2011, Vietnam beefed up its land-based coastal defences by acquiring its second Bastion land-based anti-ship ballistic missile system. Vietnam also acquired Vera passive radio locators from the Czech Republic. Vietnam also reportedly acquired Israeli Extended Range Artillery Munitions—a ballistic missile effective beyond 150 km. In October 2011, during President Truong Tan Sang’s visit to New Delhi, the local media reported that India was prepared to sell Vietnam its BrahMos supersonic cruise missile.²⁴ President Sang requested Indian assistance in four areas: submarine training, conversion training for pilots to fly Sukhoi-30s, transfer of medium sized patrol boats, and modernisation of port facilities at Nha Trang.²⁵

Non-traditional security

Vietnam faces a continuing security challenge in maintaining control over its land borders with China, Laos and Cambodia. Vietnam has attempted to secure its borders by creating twenty-two economic-defence zones (*khu kinh te-quan su*) in which regular forces are given responsibility for security and socio-economic development. In addition, the Border Defence Command, formerly under the Ministry of Public Security, has responsibility for maintaining border security.

Vietnam and China have demarcated their land border and are currently putting in place mechanisms to resolve local disputes. There is on-going cooperation between Military Zones adjacent to the border and between their respective border guards.

Vietnam’s borders with Laos and Cambodia are porous and the main security challenges are transnational. These include trafficking in drugs, weapons and persons; illegal migration; guarding against infectious diseases (avian flu); criminal activity and the activities of anti-regime political activists. In 2001, and subsequently, ethnic minority unrest in the Central Highlands has spilled over into neighbouring Cambodia. In 2011, an incident involving demonstrations by disaffected Hmong ethnic minority broke out in Dien Bien province and spilled over into Laos. One

²⁴ Robert Johnson, “India is Preparing To Sell BrahMos Supersonic Cruise Missiles to Vietnam,” *Business Insider*, September 20, 2011.

²⁵ Sandeep Dikshit, “Vietnam’s plea put South Block in a predicament,” *The Hindu*, November 9, 2011.

overseas advocacy group alleged that Vietnam and Laos mobilised military forces and armed helicopter gunships to suppress unrest. A review of the publicly available evidence indicates that these allegations are overstated if not inaccurate.²⁶

Cambodia continually protests over the activities of Vietnamese squatters and smugglers along their border. The political opposition in Cambodia alleges that Vietnam has illegally encroached on the border. In one high-profile incident in 2009 opposition leader Sam Rainsy and a group of supporters physically uprooted and removed several border marker poles. In April 2011, Cambodia and Vietnam signed a Memorandum of Understanding on demarcating the remaining area of the land boundary before the end of 2011 (a deadline since extended to the end of 2012). Cambodia and Vietnam are in the process of placing granite markers along the border.

Vietnam also experiences security challenges along its maritime borders with neighbouring states. These include piracy, poaching and smuggling. Vietnam conducts joint naval patrols with Thailand, Malaysia and Cambodia to address these issues.

Developing forces for international peacekeeping

For the past decade and a half Vietnam has been mulling whether or not to join international peacekeeping operations under the authority of the United Nations. Vietnam has deferred making a commitment arguing that its forces were untrained for peacekeeping, did not have sufficient foreign language fluency, and public opinion opposed posting Vietnamese forces abroad. In private Vietnamese defence officials raise concerns that involvement in international peacekeeping might make Vietnam the target for attack.

In 2011, Vietnam finally decided to prepare a small force earmarked for UN peacekeeping. Special facilities have been set up and armed forces personnel are currently undergoing language and other relevant training. The United States and Australia are assisting Vietnam.

²⁶ Carlyle A. Thayer, "Vietnam: Hmong Demonstrations a Post-Mortem," *Thayer Consultancy Background Briefing*, September 20, 2011. Available at Scribd.com.

Developing forces for international peacekeeping is a security challenge for Vietnam because it extends the mission of the VPA from national defence to international security. It is also a security challenge because the reputation of the VPA and its military professionalism will be put on the line. If Vietnam makes a successful debut it will have to contend with pressures to step up its contributions to international security operations under the UN.

Implications for the Defence Sector

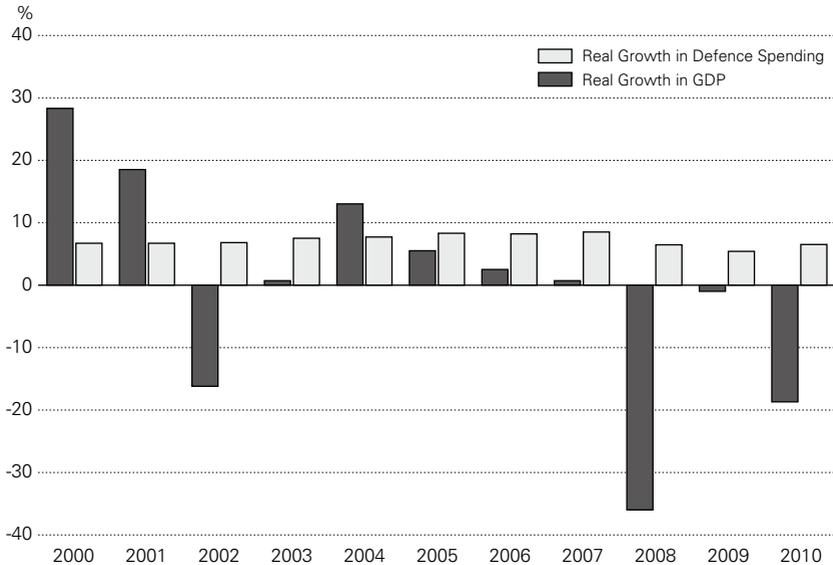
What are the implications of the five security challenges outlined above for Vietnam's defence sector? Ten implications are discussed below. It should be noted that many of these implications are interrelated.

The first implication is funding. As Chart 1 indicates, real growth in defence spending has not mirrored real growth in GDP since 2005. And as Chart 2 shows, defence spending as a proportion of government expenditure has consistently declined since 2011. There are signs, however, that Vietnam may be increasing its defence expenditures.²⁷ In November 2011, it was reported that Vietnam approved a defence budget of U.S. \$3.3 billion for 2012 of which U.S. \$276 million was allocated for the navy.²⁸ The naval budget is projected to rise to U.S. \$400 million by 2015.²⁹ It is commonly estimated by analysts that Vietnam devotes one-fifth to one-quarter of its defence budget to arms procurements.

²⁷ Vietnam's Defence Minister, General Phung Quang Thanh, revealed that defence expenditures programmed for 2010 represented 2.54 percent of GDP or fifty-two trillion dong (U.S. \$2.66 billion). This is a higher figure than DIO estimates.

²⁸ Trefor Moss, "Chinese Aftershock," *The Diplomat*, November 26, 2011.

²⁹ Agence France Presse, "China tensions stoke Vietnam naval ambitions," *The Economic Times*, November 14, 2011.

Chart 1: Growth in Defence Spending vs Growth in GDP (Annual % Change)

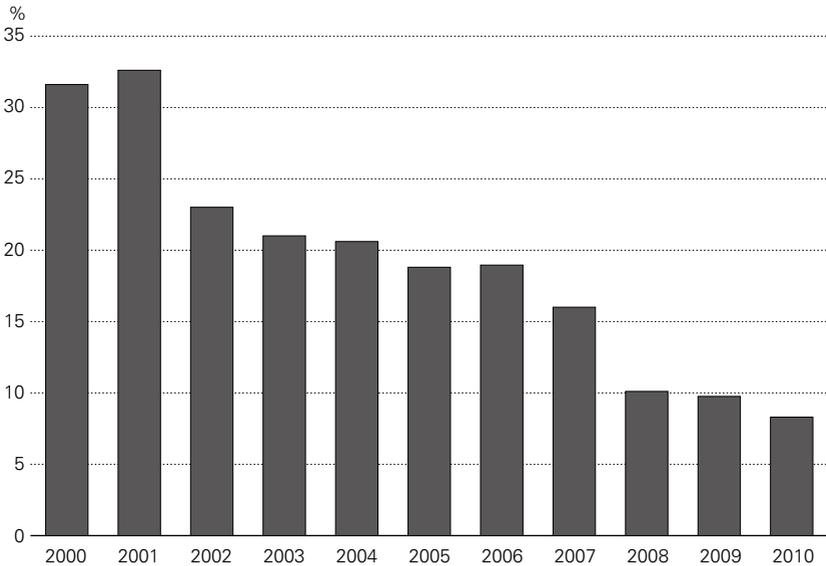
Source: Australia, Defence Intelligence Organisation (DIO), *Defence Economic Trends in the Asia-Pacific* (2010: 26).

Few analysts believe that Vietnam's officially released defence budget reflects actual reality. Vietnam has not provided details on what is included in its defence budget. Arms and equipment procurements with the Russian Federation are reported to involve counter trade in goods.

Military expenditure traditionally has been closely linked with economic growth and has steadily declined as a percentage of GDP over the past decade. A key question is how Vietnam will finance the procurement, maintenance and repair costs of all the new military equipment, platforms and armaments it has acquired recently. The maintenance costs of the six *Kilo*-class submarines are expected to be quite high.

One possible new source of funding arises from the development of commercial ship repair facilities at Cam Ranh Bay.³⁰ In 2009 Vietnam’s Prime Minister Nguyen Tan Dung announced that these facilities would be open to all countries in the world. In August 2011, the United States became the first country to avail itself of these facilities. The USNS *Richard E. Byrd* called in for minor repairs. Another U.S. Military Sealift Command ship was reportedly repaired at Cam Ranh Bay in 2011 but no publicity was given to its visit.

Chart 2: Percentage of Government Spending on Defence



Source: Australia, Defence Intelligence Organisation, *Defence Economic Trends in the Asia-Pacific*, (2010: 27).

The second implication is that Vietnam must devote more human and financial resources to international defence cooperation. So far Vietnam has broadened considerably its international defence cooperation network. This has resulted in a number of mainly symbolic MOU agreements. The recent Vietnam-United States

³⁰ Commencing in 2009, Vietnam agreed to conduct voyage repairs on U.S. Military Sea Lift Command ships. The first repair was conducted on the USNS *Safeguard* in the port of Saigon in September 2009 and the second repair was conducted on the USNS *Richard E. Byrd* at Van Phong Bay in March 2010.

MOU, for example, in fact codified activity that was already underway and was primarily a transparency measure. If Vietnam proceeds to move beyond vaguely worded Defence Cooperation Agreements into more practical arrangements with its major partners it will have to devote more resources to this effort.

The third implication is that Vietnam must modernise its defence industry to absorb technology transfers to maintain and repair new equipment, platforms and weapons systems.

The fourth implication is that Vietnam must step up the ladder of the revolution in military affairs to integrate its various systems to improve their synergy.

The fifth implication is that Vietnam has to put major efforts into developing joint forces to operate effectively in its maritime domain and air space. In this respect, Vietnam will need to develop doctrine to accompany the development of more modernised joint forces.

The sixth implication is that Vietnam may have to reduce the size of its standing army to make savings so it can increase the size of its naval, air and air-defence forces.

The seventh implication is that in order to fund a more professional military, the VPA might have to divest itself of primary responsibility for border security and transnational issues by transferring the Border Defence Command back to the Ministry of Public Security.

The eighth implication is that Vietnam will have to expand the capabilities of its Maritime Police (*Canh Sat Bien*) for enforcing state jurisdiction in Vietnam's EEZ.

The ninth implication is that Vietnam must restart the process of divesting its military of commercial enterprises that do not contribute directly to national security. In 2007, the Vietnam Communist Party Central Committee directed that the Defence Ministry divest itself of commercial enterprises. This process stalled with the onset of the global economic and financial crisis.

The tenth implication concerns the requirement to upgrade Vietnam's system of professional military education and training (PME) to create an officer corps that is proficient in dealing with modern technology and logistics management systems. Vietnam's participation in overseas PME courses must be closely tailored to Vietnam's needs.

Prospects for Regional Cooperation

Vietnam is a firm supporter of regional defence cooperation. It has initiated joint patrols with neighbouring states to meet challenges to security in their maritime domain. Vietnam joined with China and the Philippines in a Joint Maritime Seismic Undertaking in the Spratly islands from 2005 until 2008 when the agreement lapsed. Vietnam has also supported the development of multilateral approaches to regional security through ASEAN-centric organisations.

East Asia's security architecture is in a state of flux. There have been six major developments that could facilitate regional defence cooperation in addressing maritime security issues. These are:

- ASEAN Regional Forum Inter-Sessional Meeting (ISM) on Maritime Security
- ADMM process
- ADMM Plus process
- ASEAN-China implementation of the Guidelines to Implement the DOC
- Expansion of the East Asia Summit to include the United States and Russia
- ASEAN Maritime Forum

In 2009 the ASEAN Regional Forum established the ISM on Maritime Security. The 44th ASEAN Ministerial Meeting approved the Work Plan for the ISM on Maritime Security in July 2011.³¹ The Work Plan focuses mainly on information sharing, capacity building, and training.

³¹ ASEAN Regional Forum, "Draft Outline of a Work Plan on Maritime Security: A Template for Discussion," 2nd ARF ISM on Maritime Security, Auckland, March 29-31, 2010; "Co-Chairs' Summary of the Third ARF Inter-Sessional Meeting on Maritime Security, Tokyo, Japan, February 14-15, 2011"; and "44th AM/PMC/18th ARF, Indonesia 2011, Chair's Statement, 18th ASEAN Regional Forum, July 23, 2011, Bali, Indonesia," Point 41.

In May 2006, ASEAN Defence Ministers met for the first time and began the process of institutionalising defence cooperation on a regional basis. They approved a subordinate ASEAN Defence Senior Officials Meeting (ADSOM). The ADSOM in turn oversees a structure involving ASEAN service chiefs (army, navy and air) and heads of intelligence. The ASEAN Defence Ministers now form part of the ASEAN Political Security Council established under ASEAN's Charter. At the 5th ADMM in 2011, it was agreed that ASEAN navies would cooperate to patrol their maritime boundaries. As noted above with respect to the ASEAN navy chiefs, progress on practical activities to address security challenges is at a nascent stage.

At the inaugural meeting of the ADMM Plus in October 2010, the ministers approved the establishment of five Expert Working Groups: maritime security, humanitarian assistance and disaster relief, counter-terrorism, peacekeeping operations, and military medicine. Each group is to be co-chaired by an ASEAN and non-ASEAN member. The terms of reference for these Expert Working Groups were approved in October 2011. The Expert Working Groups will report their deliberations to the ADMM Plus Senior Officials Meeting. Progress on addressing security issues is likely to remain slow because the 2nd ADMM Plus meeting is not scheduled until 2013. It is possible, however, that ADMM Plus ministers will meet on an annual basis thereafter. In the meantime, ADSOM Plus may review proposals from the expert working groups and make recommendations to the defence minister.

In July 2011, China and ASEAN member states adopted Guidelines to Implement the DOC. They set up the ASEAN-China Joint Working Group to Implement these Guidelines. China held the first meeting in January 2012. This process holds the promise that confidence-building measures included in the 2002 DOC may now be adopted and implemented. In November 2011, in a separate process, ASEAN Senior Officials began discussions on what activities and projects to include in a Code of Conduct for the South China Sea. Once agreement is reached, the draft COC will be presented to China "to determine what, when, where and how the project would be carried out," according to an Indonesian official.³²

³² "ASEAN ready to discuss continuation of doc with China," *Antara*, November 14, 2011.

In 2010 ASEAN established the ASEAN Maritime Forum (AMF) under the terms of the *ASEAN Political Security Community (APSC) Blueprint*.³³ The second meeting of the AMF was held in Thailand in August 2011 and proposed expanding its membership to include dialogue partners in a separate meeting (or AMF Plus). The AMF is focused on a comprehensive approach to maritime issues and has so far not dealt with South China Sea issues in detail.³⁴

In 2011 the East Asia Summit met with an expanded membership including the United States and the Russian Federation. At the EAS informal leaders' retreat sixteen of the eighteen leaders raised maritime security issues. China was the only dissenting voice arguing that the EAS was not an appropriate venue. Nevertheless Indonesia, as ASEAN Chair, noted that maritime security had now been put on the agenda.

Each of these six multilateral arrangements holds the promise of contributing to regional security cooperation. There is an obvious overlap in their areas of concern and responsibility. A major step forward in regional cooperation could be made if government leaders could agree that the EAS should be the peak body to oversee regional security cooperation. The next step would be for government leaders to instruct their defence and foreign ministers to propose ways to streamline the work programs of these various subordinate bodies to maximise their effectiveness with a view to ensuring the timely flow of policy advice to senior officials prior to the convening of the East Asian Summit. Vietnam can be expected to play a proactive role in all of these processes.

³³ "Hanoi Plan of Action to Implement the ASEAN Regional Forum Vision Statement," May 20, 2010, Point 3.

³⁴ "Chair's Statement of the 19th ASEAN Summit, Bali, November 17, 2011," Points 14-17 (Maritime Cooperation).