

## CHAPTER 8

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# Vietnam's Security Challenges: Priorities, Policy Implications and Prospects for Regional Cooperation

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### Introduction

The historic end of the Cold War and the rising tide of globalization have significantly changed the nature of threats and security discourses in Asia. There is a notable shift of attention from military power as the core determinant of national security to several non-traditional sectors with a much enhanced role of economic, political, and societal forces. Non-traditional security issues—such as climate change, natural disasters, transnational crimes, and terrorism—require both policymakers and military strategists to deal with security threats in a more comprehensive manner. Increasing interdependence among states also magnifies the impacts of these threats, urging Asian countries to forge regional cooperation in multilateral forums such as ASEAN, EAS, APEC, and ARF. Though these efforts are commendable, their effectiveness in tackling such a wide canvass of threats is still open to question.<sup>2</sup>

What is more worrying to Asia is the resurgence of border disputes and nationalism. Territorial and maritime disputes in the South China Sea have “doubled” the risks for several Asian countries, including Vietnam. Having been troubled by the global economic meltdown and the creeping effects of climate change, Vietnam must confront the rising challenges of conflicting claims in the South China Sea and water security in the Mekong region. This paper aims to analyze how Vietnamese official perceptions of national security challenges have changed over the last few years, identify the three most daunting security challenges to Vietnam in the year 2012, and study its implications for the defense sector and the future of regional cooperation.

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<sup>2</sup> Eddie Walsh, “Non-traditional security threats in Asia: Finding a regional way forward,” East Asia Forum, June 4, 2011, <http://www.eastasiaforum.org/2011/06/04/non-traditional-security-threats-in-asia-finding-a-regional-way-forward/> (accessed January 10, 2013).

## Official Perceptions of Vietnam's National Security Challenges

Although official perceptions of the most challenging security threats and the priorities attached to them were largely shaped by the external environment and internal situation, there are four major security challenges that Vietnam has confronted since the end of Cold War. They are: economic weakness, regime security, territorial sovereignty, and non-traditional security issues.

The Defense White Paper in 2004 and especially the Defense White Paper 2009 highlighted “diversified and complicated security challenges” Vietnam is facing as follows: (i) Economy has been in danger of further lagging behind due to insufficient resilience while coping with the serious impact of the global financial crisis and economic recession, (ii) Democratic freedom, religious freedom, and human rights have been abused by hostile forces in order to undermine the great national solidarity, and to incite violence and separatism in some areas of the country, (iii) Disputes over sovereignty, sovereign rights, and jurisdiction in the East Sea<sup>3</sup> have “seriously affected many activities and the maritime economic development of Vietnam,” (iv) Non-traditional security issues such as illegal trafficking of weapons and drugs, piracy, organized transnational crimes, terrorism, illegal migration and immigration, environmental degradation, climate change, and epidemics continue to concern Vietnam.<sup>4</sup>

Resolution of the 11th National Party Congress adopted in January 2011 also stated that “The Asia-Pacific, including Southeast Asia, will . . . contain many factors possibly leading to instabilities. More territorial, sea and island disputes will occur.” For Vietnam, the Resolution identified “major and intertwined challenges” that Vietnam will face in the next five years, namely economic weakness and regime security. Regarding economic weakness, the Resolution stated that Vietnam is at “risk of lagging behind in economic development with other countries.” For regime security, there are both internal and external challenges. Internally, “the degradation in political ideology, thought, morality and lifestyle of a number of cadres and Party

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<sup>3</sup> The South China Sea is translated in Vietnamese as East Sea (or *Biển Đông*). For the purpose of academic discussion, the author will use “the South China Sea” in this article.

<sup>4</sup> *Defence White Paper 2004*

<http://admm.org.vn/sites/eng/Pages/vietnam-snationaldefenseintheearly-nd-14441.html?cid=236>.  
*Defence White Paper 2009*, pp 17-18. <http://admm.org.vn/sites/eng/Pages/vietnamnationaldefence%28vietnamwhitepapers-nd-14440.html?cid=236>.

members who are involved in bureaucracy, corruption and waste will still be serious, lowering the people's confidence in the Party and State." Externally, "hostile forces will continue implementing the 'peaceful evolution' scheme, causing disturbances and using the so-called 'democracy' and 'human rights' in order to change the political system in Vietnam."<sup>5</sup>

The Political Report adopted at the 11th Party Congress in 2011 defined major defense and security objectives, and tasks relating to three of the four aforementioned challenges. They are: (i) protecting national independence, sovereignty, territorial integrity, (ii) protecting the Party, State, people, and the regime, ensuring political stability, social order and security, as well as actively preventing and defeating any hostile attempts and activities to damage the state, and (iii) readily responding to global non-traditional security challenges.<sup>6</sup>

Among non-traditional security threats, the issue of water resources has become increasingly important for Vietnam in recent years. Construction of dams by China and Laos on the mainstream of the Mekong River will have a major impact on the Mekong Delta of Vietnam. On September 29, 2012, Vietnam's President Truong Tan Sang delivered a speech at the meeting with business leaders on the sidelines of the Asia-Pacific Economic Cooperation (APEC) summit in Russia, warning that tensions over water resources are not only threatening economic growth, but also presenting a new source of conflict. He believed that the management and utilization of water resources in the Mekong River are developing into a "pressing issue with direct and unfavorable bearing" on Vietnam, especially on rice production.<sup>7</sup> Water resources in the Mekong River are transnational in nature—therefore Vietnam needs to engage in international cooperation to ensure water security.

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<sup>5</sup> "Resolution of the 11th National Party Congress," <http://www.nhandan.com.vn/cmmlink/nhandan-online/homepage/politics/11th-party-congress/coverage-on-the-party-congress/resolution-of-the-11th-party-national-congress-1.282810>.

<sup>6</sup> "Political Report of the 11th National Party Congress."

<sup>7</sup> Address by President of Viet Nam Truong Tan Sang at the plenary session on "Water: A New Global Strategic Resource" at APEC 20, 2012, <http://www.mofa.gov.vn/en/nr040807104143/nr040807105001/ns120908003447>.

## **Vietnam's Daunting Security Challenges: A Critical Examination**

Given the breadth of challenges that Vietnam has to cope with, it is essential to identify the groups of threats that pose the gravest danger to national security and development. For the purpose of this paper, the author will concentrate on three issues that are most likely to stay on top of the agenda of Vietnamese policymakers and strategists, namely: (i) protecting sovereignty and maritime interests in the South China Sea, (ii) sustaining uninterrupted economic growth, (iii) tackling non-traditional security threats, the most salient of which is the complex nexus of climate change and food/water security.

### ***Protecting Sovereignty and Maritime Interests in the South China Sea***

The South China Sea issue continue to be the number one security challenge for Vietnam. In Hanoi's view, the South China Sea relates to almost all aspects of national security and development: protecting territorial integrity and national sovereignty, promoting maritime economic development, maintaining external peaceful environment, especially peaceful relationships with China and other claimants, and safeguarding the regime's legitimacy and internal stability.

There are at least four issues that Vietnam has to tackle in the South China Sea disputes: (i) sovereignty claims over "land features" in the Spratlys, (ii) sovereignty claims over "land features" in the Paracels, (iii) sovereignty rights and jurisdiction within Vietnam's exclusive economic zone and continental shelf including management and utilization of hydrocarbon, mineral resources, and other living resources, especially fishing, (iv) and China's arrest of Vietnamese fishermen and the confiscation of their vessels in the Paracels.

Although Vietnam has overlapping claims in the South China Sea with five other parties (China, Taiwan, Malaysia, Brunei, and the Philippines), ASEAN claimants have implicitly reached a common understanding in maintaining the status-quo of occupation, settling disputes by peaceful means, and refraining from activities that can negatively affect interests of other members. Taiwan's activities have mainly concentrated on its occupied-island Itu-Aba, the largest feature of Spratlys, and therefore did not directly threaten Vietnam's security in the South China Sea. China's excessive claims and growing assertiveness in the South China Sea, on the

other hand, have stirred regional wariness and made it harder for Vietnam to protect its legitimate interests.

China claims sovereignty over all islands, rocks, and reefs in the Parcel and Spratly archipelagoes, and published the U-shaped line (or nine-dotted line) map claiming about 80% of the waters in the South China Sea on the basis of historical rights, exclusive economic zones, and the continental shelf of the Paracels and the Spratlys. China has occupied the whole Paracels since 1974 and seven features of the Spratlys since 1988. In 2002, China and ASEAN signed the Declaration of Conduct of parties in the South China Sea, and committed to “resolving disputes by peaceful means . . . without resorting to the threat or use of force.”<sup>8</sup>

Although China is not satisfied with the status-quo of occupation in the Spratlys, it did not attempt to attack (and possibly will not attack in the near future) the Vietnamese-controlled islands and rocks there. Increasingly for Vietnam, the issue of defending sovereign rights and jurisdiction on exclusive economic zones and the continental shelf has become more prominent than the issues of sovereignty claim over “land features” of the Paracels and the Spratlys. China’s renewed assertiveness in the South China Sea since 2009 has raised the occurrence of incidents in the overlapping area between the U-shaped line and Vietnam’s EEZ. The issue of resources exploitation (hydrocarbon and fish) on Vietnam’s EEZ becomes the most frequent source of tensions between Vietnam and China. On the one hand, China accused Vietnam and other claimants of extracting “China’s oil,” and catching “China’s fish,” while China has not obtained any drop of oil from the Spratlys, and Chinese fisherman are being captured and driven away.<sup>9</sup> On the other hand, China tried to prevent Vietnam from oil and gas development in the overlapping area between China’s U-shaped line and Vietnam’s EEZ. China threatened a number of foreign oil and gas companies to stop joint offshore exploration operations with Vietnam, or face

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<sup>8</sup> “Declaration on the Conduct of Parties in the South China Sea,” <http://www.asean.org/news/item/declaration-on-the-conduct-of-parties-in-the-south-china-sea>.

<sup>9</sup> Mingjiang Li, “Reconciling Assertiveness and Cooperation? China’s Changing Approach to the South China Sea Dispute,” *Security Challenges*, Volume 6, Number 2 (Winter 2010), p 51, p 58.

unfathomable consequences in their businesses with China.<sup>10</sup> Within 2011–2012, at least three times China adopted more aggressive tactics of using law enforcement vessels (from Maritime Surveillance Agency) and/or fishing boats to harass and cut the seismic cables of commercial oil exploration vessels operating within Vietnam’s EEZ.<sup>11</sup> China has unilaterally imposed fishing bans between May and August every year since 1999. Chinese maritime law enforcement forces have repeatedly detained Vietnamese fishermen, confiscated fishing boats, and charged fines for their release.

In 2012, Vietnam had to deal with a more coordinated and centralized China in its approach toward the South China Sea issues than in previous years. In response to the adoption of Vietnam’s Law of the Sea in June 2012, China at the same time employed multi-directional measures such as issuing diplomatic protests, establishing the prefecture-level city of Sansha to administer the Paracels, Macclesfield Bank, and Spratly Islands and “their surrounding waters” in the South China Sea,<sup>12</sup> offered oil blocks within Vietnam’s EEZ for international bidding,<sup>13</sup> deployed a large number of paramilitary vessels to patrol the South China Sea, and put the military forces of “Sansha city” under the combat-ready position.<sup>14</sup> Other evidences of a

<sup>10</sup> Scot Marciel, “Maritime Issues and Sovereignty Disputes in East Asia,” Testimony before the Subcommittee on East Asian and Pacific Affairs, Committee on Foreign Relations, United States Senate, July 15, 2009, [http://foreign.senate.gov/hearings/hearing/20090715\\_2/](http://foreign.senate.gov/hearings/hearing/20090715_2/).

For summary of leaked US diplomatic cables released by WikiLeaks on China’s protests against international oil firms signing exploration deals with Vietnam in the South China Sea, see Greg Torode, “Beijing pressure intense in South China Sea row,” *South China Morning Post*, September 23, 2011, <http://topics.scmp.com/news/china-news-watch/article/Beijing-pressure-intense-in-South-China-Sea-row>.

<sup>11</sup> First cable cutting incident on May 26, 2011, took place in an area just about 80 miles off the south-central coast of Vietnam, within Vietnam’s exclusive economic zone when three Chinese patrol ships accosted and harassed the Vietnamese ship Binh Minh 02. See “Press conference on Chinese maritime surveillance vessel’s cutting exploration cable of PetroViet Nam Seismic Vessel,” [http://www.mofa.gov.vn/en/tt\\_baochi/pbfnf/ns110530220030#1JLxTTgwqAy2](http://www.mofa.gov.vn/en/tt_baochi/pbfnf/ns110530220030#1JLxTTgwqAy2).

Second incident occurred on June 9, 2011, when a Chinese fishing boat, with support from Chinese fishing patrol vessels, rammed the survey cables of the PetroVietnam ship Viking II, which was conducting a seismic survey in Block 136-03, an area within 200-nautical mile exclusive economic zone of Vietnam. Foreign Ministry Spokesperson Nguyen Phuong Nga at the Press Conference, June 9, 2011, [http://www.mofa.gov.vn/en/nt\\_baochi/pbfnf/ns110610100618#kyKoH1NekSr9](http://www.mofa.gov.vn/en/nt_baochi/pbfnf/ns110610100618#kyKoH1NekSr9).

Most recent incident happened on December 3, 2012 when two Chinese boats ran up behind and cut seismic survey cables of PetroVietnam’s ship Binh Minh 02 while this commercial ship was operating in the area outside the mouth of Tonkin Gulf on Vietnam’s side, about 20 miles from median line between China’s coast and Vietnam’s coast. See “PetroVietnam Protests Chinese Ships’ Breakage of Survey Cable,” <http://biengioianhtho.gov.vn/eng/PrintNews.aspx?NewsId=4466f14c>.

<sup>12</sup> “Administrative status of islands raised,”

[http://europe.chinadaily.com.cn/china/2012-06/21/content\\_15517602.htm](http://europe.chinadaily.com.cn/china/2012-06/21/content_15517602.htm).

<sup>13</sup> CNOOC, “Notification of Part of Open Blocks in Waters under Jurisdiction of the People’s Republic of China Available for Foreign Cooperation in the Year of 2012,” <http://en.cnoc.com.cn/data/html/news/2012-06-22/english/322127.html>.

<sup>14</sup> “China pledges to protect maritime sovereignty,” [http://www.chinadaily.com.cn/china/2012-06/29/content\\_15533944.htm](http://www.chinadaily.com.cn/china/2012-06/29/content_15533944.htm).

more coordinated and centralized approach can be seen in China's handling of the Scarborough confrontation with the Philippines in April 2012.<sup>15</sup>

China also initiated several steps that are regarded as infringements on Vietnam's sovereignty and rights in the South China Sea, which provoked protests from Hanoi. The Chinese government issued new electronic passports with the map of the U-shaped line claiming most of the South China Sea. In November 2012, the Hainan provincial government announced new regulations allowing law enforcement vessels to board, inspect, detain, expel, or confiscate foreign ships conducting "illegal" activities within Chinese waters. Though Hainan's officials and China's Ministry of Foreign Affairs spokesperson assured the international community that the scope of application of this rule is within 12 nautical miles of Hainan's coast and the Paracels,<sup>16</sup> the language of the regulation regarding Chinese "jurisdictional waters" and "Sansha city" is relatively ambiguous, which can be later exploited by Chinese law enforcement agencies to expand "board and search" activities to the U-shaped line, or at least to the territorial sea of other islands and rocks in the South China Sea.<sup>17</sup> Tension is likely to increase if China applies this new regulation and arrests Vietnamese fishermen conducting fishing activities near the Paracels. In case Chinese law enforcement agencies expand "board and search" activities to the territorial sea of Vietnamese-controlled islands and rocks in the Spratlys, there will be new clashes and incidents in these areas.

In response to China's increasing encroachments in the South China Sea, Vietnam applies the policy of a weaker party in asymmetric relations to defend its national interests while seeking to preserve an external peaceful environment. This policy is relatively comprehensive and combines several directions: (i) using international law, especially the UNCLOS 1982, to defend its maritime claims, (ii) negotiating directly

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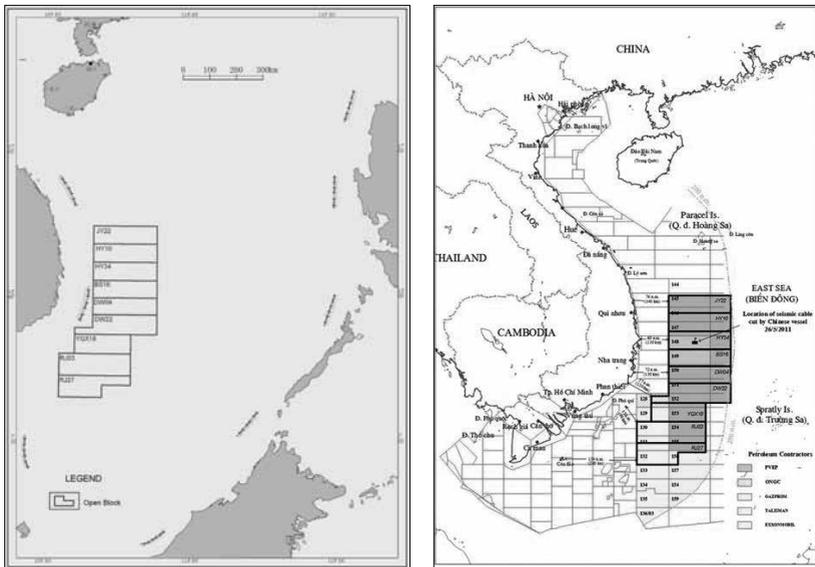
<sup>15</sup> To deter the Philippines, China applied a comprehensive and coordinated approach, from imposing diplomatic pressures, strengthening presence in the disputed area with hundreds of fishing boats and law enforcement vessels from deferent agencies (Marine Surveillance and Fishing Patrol), applying economic sanctions on Philippines agricultural products and promoting international propaganda. In relations with ASEAN, to influence on the chair – Cambodia – and on ASEAN's internal discussions, President Hu Jintao visited Cambodia just before opening of ASEAN summit in April. Defense Minister Liang Guanglie also paid an official visit to Cambodia during the 6th ASEAN Defense Ministers' Meeting (ADMM) in May, informally turning the ADMM into ADMM+1.

<sup>16</sup> "China says 'board and search' sea rules limited to Hainan coast," <http://in.reuters.com/article/2012/12/31/china-seas-idINL4N0A51QH20121231>.

<sup>17</sup> See text in Chinese at [http://www.hq.xinhuanet.com/news/2013-01/01/c\\_114221654.htm](http://www.hq.xinhuanet.com/news/2013-01/01/c_114221654.htm)  
Vietnamese translation: "Điều lệ quản lý trị an biên phòng ven biển tỉnh Hải Nam," <http://nghiencuubiendong.vn/tin-ncbd/3275-iu-l-qun-ly-tr-an-bien-phong-ven-bin-tnh-hi-nam>.

with China to defuse tensions and settle remaining bilateral issues, particularly the delimitation of maritime areas outside the mouth of Tonkin Gulf, (iii) working with other members of ASEAN in engaging China in DOC implementation and working towards a new code of conduct (COC), (iv) bringing up the South China Sea issues in regional forums with the participation of other external powers, (v) and improving capacity for deterrent purpose, especially modernizing navy and strengthening law enforcement capability (Marine Police and Fishing Patrol Agency).

*Map 1: Nine blocks that CNOOC announced for tender of oil and gas exploration in June 2012.*



Sources: CNOOC, PetroVietnam

### ***Sustaining Uninterrupted Economic Growth: A New Security Challenge?***

Vietnam's economy has been hard hit by the global financial crisis and it grew at the slowest pace in 13 years in 2012. According to the General Statistics Office of Vietnam (GSO), GDP rose 5.03% this year, down from 5.89% in 2011 and the least since 4.77% in 1999. Foreign investment pledges fell 14% this year and Vietnam's credit rating was cut by Moody's Investors Service due to mounting bad debt and weakened state-owned enterprises (SOE).<sup>18</sup>

The real-estate market stays stagnant and shows no sign of recovery, while the number of insolvent businesses continues to rise. A survey conducted by the Business Registration Management Agency, Vietnam's Ministry of Planning and Investment revealed that in 2012, 44,906 businesses suspended operation and 9,355 dissolved.<sup>19</sup> Though exports have grown and made up for what was probably sluggish domestic demand, economic growth in 2013 is projected to be at the same level as last year, or slightly higher.

More importantly, these figures might point to more chronic economic problems that recurred in the 2006-2011 period, argued Dr. Vuong Quan Hoang. First, he observed that Vietnam "experienced a severe trade deficit from 2006 to 2010, about \$12.5 billion per year, or roughly 22% of total exports revenue. This is a non-trivial increase from the 17.3% ratio of the 2001-2005 period, especially since exports grew faster than the economy's output expansion."<sup>20</sup> Second, the emerging economy of Vietnam proved to be inefficient, with wasteful use of physical and capital resources through an indicator called the "Investment-to-GDP" ratio.<sup>21</sup> This ratio has gone up over three critical phases: 34.9% (1996-2000) to 39.1% (2001-2005) 43.5% (2006-2010), before falling to 34.6% in the crisis year of 2011, meaning that "the country

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<sup>18</sup> "Vietnam Grows at Slowest Pace Since '99 on Credit Slump: Economy," *Bloomberg*, 25 December 2012, <http://www.bloomberg.com/news/2012-12-24/vietnam-economy-grows-5-03-this-year-slowest-pace-since-1999.html> (accessed January 10, 2013)

<sup>19</sup> "Nam 2012: Gan 55,000 doanh nghiep dung hoat dong va giai the" [2012: Almost 55,000 businesses suspended operation and dissolved], *Economy and Forecast Review*, <http://tapchikinhthedubao.mpi.gov.vn/p0c285n15086/nam-2012-gan-55000-doanh-nghiep-dung-hoat-dong-va-giai-the.htm> (accessed January 10, 2013).

<sup>20</sup> See Vuong Quan Hoang, "Vietnam's Economic Challenges," *Stratfor*, 21 August 2013, <http://www.stratfor.com/other-voices/vietnams-economic-challenges> (accessed January 10, 2013).

<sup>21</sup> The higher the ratio is, the less efficient the output productivity of the economy becomes.

had to use more scarce resources to finance and support its growth.”<sup>22</sup> Unfortunately, Vietnam’s growth rate also dropped over time (6.8% in 2010, 5.89% in 2011 and 5.03% in 2012).<sup>23</sup> Third, most law-makers voiced their concern about privileges granted to SOEs in acquiring scarce financial (bank credits, subsidy programs, bad debt “restructuring” and even cash injection) and physical assets (land, housing, mines, and other monopolistic pecuniary rights in doing businesses), citing total officially registered borrowings by SOEs reaching VND 1,300 trillion (\$62.2 billion) while their total assets were only \$87.7 billion. In July, the State Bank of Vietnam said that 8.6% of loans in the banking system were bad, and this is considered the highest ratio amongst any of the ASEAN states.<sup>24</sup>

The worsening economic conditions have presented serious challenges to the credibility of the government and the legitimacy of the Communist Party of Vietnam (CPV). In 1986, under *Doi Moi* reforms, the CPV decided to promote economic development as the most important source of its legitimacy. Lagging behind other countries economically is considered the most serious threat because the Party believes economic underdevelopment will breed political instability and undermine its rule. Moreover, the CPV leadership also judged that economic development and improved living conditions would help ward off other threats to the regime, especially “peaceful evolution.”

However, since 2005, Vietnam’s inflation rate has been steadily rising. Between 2005 and 2010, Vietnam’s Consumer Price Index (CPI) increased by 64.32%, and 2007 saw the highest year-on-year inflation rate at 22.97%. Increased prices have, to some degree, offset the benefits of economic growth and considerably worsened living standards, especially of poor people. Moreover, the near bankruptcy of the state-owned ship building giant Vinashin has led to severe criticism of the government over the poor management of the economy in general, and state-owned corporations

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<sup>22</sup> Another way to assess how wasteful the economy has become is the measure ICOR (incremental capital to output ratio). It measure show many more units of capital investment the economy requires to produce one more unit of economic output. The answer is dismal. Vietnam’s ICOR was around 5:1 during 1996-2005, but increased to around 6:1 from 2006 to 2011. See Vuong, *op. cit.*

<sup>23</sup> Logically, statistics show that productivity per capita in Vietnam is very low compared to other countries in East Asia, only \$2,072/person (in 2010), while that same measure for Japan is \$80,307, South Korea \$33,638, Thailand \$4,854, China \$4,087, the Philippines \$3,324, and Indonesia \$2,859.

<sup>24</sup> James Parker, “Vietnam’s Economic Challenge”, *The Diplomat*, September 13, 2012, <http://thediplomat.com/pacific-money/2012/09/13/vietnams-economic-challenge/> (accessed January 10, 2013).

in particular. In the last five years, there have been 3,829 mass public protests of which 326 involved more than 50 participants.<sup>25</sup> Harsh economic conditions are usually at the heart of these protests.

Although the CPV's decision to base its legitimacy on socio-economic performance proved rational, it also presents the Party and the government with a new challenge: to maintain uninterrupted economic development. This will become a daunting task for the ruling regime due to Vietnam's increasing dependence on external exchanges for its economic wellbeing.

***The Dangerous Nexus of Non-traditional Security Threats: The Mekong Case Study***

Vietnam is one of the several countries most adversely affected by climate change, and this has been confirmed in many studies by the World Bank, UNDP, and the UN Intergovernmental Panel on Climate Change (IPCC). In 2009, an assessment report by the Institute of Strategy and Policy on Natural Resources and Environment (within Vietnam's Ministry of Natural Resources and Environment) revealed that during the 1958-2007 period, Vietnam's annual average surface temperature has increased by approximately 0.5–0.7oC, while the sea level along its coastline has risen by approximately 20 cm.<sup>26</sup> It is estimated that if the sea level rises by 1 meter, 22 million Vietnamese people will be homeless.<sup>27</sup> Climate change has resulted in more severe and/or frequent occurrences of natural disasters, such as cyclonic storms, floods, and droughts. From 2001 to 2010, extreme patterns of weather in Vietnam killed 9,500 people with a total property loss equivalent to 1.5% GDP per year.<sup>28</sup>

What seems more alarming is that the catastrophic impact of climate change can “spill over” to other sectors such as agricultural production and water resources. It is estimated that if the temperature increases by 1oC, the rice yield will decrease

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<sup>25</sup> “Khong nen quay lung voi khieu nai dong nguoi” [Mass public protests should not be ignored], *Vietnamnet*, August 23, 2011.

<sup>26</sup> “Vietnam Assessment Report on Climate Change,” Institute of Strategy and Policy on Natural Resources and Environment, Hanoi, 2009, [www.unep.org/pdf/dtie/VTN\\_ASS\\_REP\\_CC.pdf](http://www.unep.org/pdf/dtie/VTN_ASS_REP_CC.pdf) (accessed January 11, 2013).

<sup>27</sup> “Fighting climate change: Human solidarity in a divided world,” Human Development Report 2007/8 UNDP, p. 105, <http://hdr.undp.org/en/reports/global/hdr2007-8/> (accessed January 11, 2013)

“Economics of Adaptation to Climate Change,” World Bank, 2010, [http://climatechange.worldbank.org/sites/default/files/documents/EACC\\_Vietnam.pdf](http://climatechange.worldbank.org/sites/default/files/documents/EACC_Vietnam.pdf) (accessed January 11, 2013)

<sup>28</sup> Vietnam's National Strategy on Climate Change, issued by Prime Minister Nguyen Tan Dung in Decision 2139/QĐ-TTg on December 05, 2011, p.6, <http://www.chinhphu.vn/portal/page/portal/English/strategies/strategiesdetails?categoryId=30&articleId=10051283> (accessed January 11, 2013)

by 10%.<sup>29</sup> Large cultivation areas in the Mekong and Red River Deltas are likely to be affected by salt water intrusion due to sea level rise. Climate change is also likely to result in increasing extinction of biodiversity and affect people's health, as increasing temperatures facilitate the growth of various viruses and disease carriers. Here, the "evil" nexus between climate change, food/water security, and other aspects of human security unfolds and the region most vulnerable to these complex threats is the Mekong River Delta.

According to the IPCC, 1 meter of sea level rise in Vietnam would lead to the flooding of up to 20,000 km<sup>2</sup> of the Mekong River Delta, and more than 1 million people in this region would be directly affected.<sup>30</sup> 1.77 million ha of land will be salinized, accounting for 45% of the total land. A sea level rise of 30 centimeters (a scenario for 2050) would increase the salinity of the main tributaries of the Mekong River as far as 10 kilometers inland. Inundation and the resulting loss of land and saline water intrusion in the Mekong Delta and parts of the Red River Delta, the country's most important agricultural areas, will pose serious threats to farmers as well as to agricultural exports such as rice (of which Vietnam is the second largest exporter in the world), and possibly to national food security.

Added to the existing problems is China's massive cascade of dams on the Upper Mekong in Yunnan province and the dams proposed on the Lower Mekong Basin's mainstream in Laos, Cambodia, and on the Thai-Lao border. Vietnam is greatly concerned about these projects, at least for following reasons. First, dams in China and in the lower mainstream (with total reservoir storage capacity of about 40 billion m<sup>3</sup>) will trap a big portion of the Mekong's sediment that the river should naturally transport to the Delta. The fertility of the Delta, vital for rice cultivation, will suffer and productivity will decline.<sup>31</sup> Second, most of the dams in China and all of 12 dams in mainstream of Lower Mekong basin are "run-of-river dams," but they are designed for daily regulation to meet changing power demand, mainly during the dry

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<sup>29</sup> "The Economics of Climate Change in Southeast Asia: A Regional Review," ADB, 2009, p4-6, <http://www.adb.org/publications/economics-climate-change-southeast-asia-regional-review> (accessed January 11, 2013)

<sup>30</sup> "Climate Change 2007: Impacts, Adaptation, and Vulnerability," Contribution of Working Group II to the Fourth Assessment Report of the Intergovernmental Panel of Climate Change, Cambridge University Press.

<sup>31</sup> Dao Trong Tu, "A Vietnamese Perspective on Proposed Mainstream Mekong Dams," Stimson, December 8, 2011, <http://www.stimson.org/summaries/a-vietnamese-perspective-on-proposed-mainstream-mekong-dams/> (accessed January 11, 2013).

season. This poses a risk to downstream water levels, especially during the dry season and gives way to salinity intrusion in the Mekong Delta. Third, Laos' recent decision to move ahead with the construction of Xayaburi can be followed by the development of another 11 dams on the Mekong mainstream. However, the cumulative downstream impacts of Xayaburi and the 11 other dams have not yet been adequately studied. The real possibility might be distant, but should there be a dam failure, whether due to human error or natural factors (disasters) like earthquakes, it will leave huge negative impacts on Vietnam, as well as other countries affected by dams on the Mekong River. While the complex vested interests of states in this region make it harder to coordinate actions, the Mekong River Commission is only an advisory body that cannot alone impose or enforce any binding agreements on plans to develop the water resources of the Mekong basin.



Source: Richard Cronin and Timothy Hamlin, "Mekong Turning Point: Shared River for a Shared Future", Stimson Center, January 2012.<sup>32</sup>

<sup>32</sup> See more at <http://www.stimson.org/spotlight/new-publication-mekong-turning-point/>.

It can be seen from the above discussion that the Mekong Delta of Vietnam is expected to suffer greatly under the “double impacts” of both upstream dam development and global climate change. The interfaces of between environment, development, and security in the Mekong Delta will pose a direct threat to the country as the region is now home to nearly 18 million people, and the source of half of Vietnam’s national rice production.

## **Implications for Vietnam’s Defense Development and Modernization**

The implications of aforementioned challenges for Vietnam’s defense sector are numerous. There are at least two aspects of these implications. First, as a medium and centralized country, Vietnam is applying a comprehensive approach in dealing with national security challenges, in which defense sector plays an important role. Consequently, changes in perceptions and especially in overall policy to deal with specific security challenges require coordinated defense strategy, sound restructuring, and effective investment in defense sector. Second, Vietnam has to strike a good balance between security and development objectives within its government expenditure, which mirrors real growth in GDP. In other words, economic conditions will most often determine the budget for defense sector.

The implications for the defense sector can be seen as follows: First, though Vietnam is embracing diplomacy as its “first line of defense,” and is using international law to resolve the disputes by “peaceful means,” rising competition in the South China Sea has induced Hanoi to invest in improving its “deterrent” capacity. After about a decade of inadequate investment, Vietnam is modernizing its deterrent capability through naval, air, and electronic-fighting capability upgrades. For instance, it was widely reported that Vietnam signed contracts with Russia to buy six Project 636 Kilo-Class submarines with a value of up to US\$1.8 billion. Vietnam also ordered four Russian Gepard-class light frigates, specially equipped for anti-submarine warfare, and in 2011 deployed its first two. In 2012, Vietnam is also finalizing a contract to purchase four Sigma-class corvettes from the Netherlands. To provide air cover to its naval fleet and skies, Vietnam is acquiring at least 20 Russian-made Su-30MK2 multi-role fighter aircrafts in addition to about a dozen relatively modern SU-27s and MiG aircrafts. To improve naval surveillance and patrol, Vietnam has

procured six amphibious DHC-6 Twin Otter aircrafts from Canada.<sup>33</sup>

The second implication is closely related to the first one: Vietnam needs to improve interoperability capacity to effectively coordinate its maritime domains and skies. Vietnam has also put significant efforts in training and retraining to transform its military into a modernized and professional one.

The third implication is funding. Military expenditure is directly linked with economic growth. The worsening economic conditions will have direct impact on the defense sector budget. Tighter funding also implies that Vietnam has to seriously consider the balance in developing different branches within its defense forces, with more attention being given to the navy and air force.

The fourth implication flows from the escalated situation in the South China Sea disputes. China's strategy to increasingly deploy its paramilitary forces to patrol the South China Sea is both a move to consolidate its claims over the disputed areas, and a clever message to outsiders that China only uses "peaceful measures." Contest for control of resources in the South China Sea increasingly becomes one among law enforcement vessels. Vietnam has to improve patrolling capability of its law enforcement forces, especially the Maritime Police, which is currently under the Ministry of Defense. Another question that is being considered is whether Vietnam should transfer Maritime Police from the Ministry of Defense to the command of other civilian agencies to avoid the accusations of using military forces for law enforcement purpose. Vietnam also has to improve interagency coordination among various forces under the defense sector (such as Maritime Police, Border Defense Command) and other civilian agencies (such as newly established Fishing Patrol Command under Ministry of Agriculture) to deal with non-traditional security threats and maritime issues.

The fifth implication is that defense diplomacy has to actively contribute to "maintaining a peaceful and stable environment," and promoting regional cooperation. Vietnam's policy in tackling the challenges in the South China Sea and the Mekong River is to bring up the issues of common concerns in international

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<sup>33</sup> "Vietnam builds naval muscle," [http://www.atimes.com/atimes/Southeast\\_Asia/NC29Ae01.html](http://www.atimes.com/atimes/Southeast_Asia/NC29Ae01.html).

and regional forums, and to engage China and other countries to collectively find solutions. The Vietnam defense sector also raises these issues in defense-related forums, and participates in confidence-building process within or outside the framework of DOC implementation.

The sixth implication relates to non-traditional security issues. Vietnam is one of the countries in the region most affected by natural disasters. As discussed above, Vietnam is already experiencing and is expected to suffer greatly under the “double impacts” of both upstream dam development in the Mekong River and global climate change. This development requires the defense sector to pay more attention and distribute adequate resources in contribution to disaster prevention and mitigation. The Ministry of Defense is permanently in charge of day-by-day work of the National Committee of Search and Rescue, which is responsible for search and rescue, and disaster relief. Vietnam’s defense sector also actively contributes to the work of the National Steering Committee for Flood and Storm Prevention and Control.

### **Vietnam’s Strengthened Defense Cooperation in Dealing with National Security Challenges**

The complex nature of security threats has demanded Vietnam to “expand defense diplomacy and actively participate in defense and security cooperation in the regional and international community.”<sup>34</sup> Bilaterally, Vietnam “wishes to widen defense relations with all countries,” and the range of prioritized activities includes “exchange of military delegations, information and sharing experience, cooperation in training and education, and solving humanitarian issues.”<sup>35</sup> More significantly, Vietnam has diversified its defense relations beyond the former Soviet Union, Warsaw bloc, and traditional friends China, North Korea, Laos, Cuba, India, and Yugoslavia to 65 countries “spanning Asia-Pacific, Australasia, Europe, North America, the Middle East, South America and Africa,” observed Carlyle Thayer.<sup>36</sup> The following examples can testify to Vietnam’s strengthened defense cooperation with several partners:

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<sup>34</sup> *Defence White Paper 2009*, p. 24

<sup>35</sup> *Ibid.*

<sup>36</sup> Carlyle A. Thayer, “Vietnam People’s Army: Development and Modernization,” Research Monograph, April 30, 2009, p.26.

- In 2007, the upgrade of Vietnam-India ties to strategic partnership paved the way for further exchanges of delegations, increases in frequency of goodwill visits by naval ships, application of information technology and e-technology, and technical support for the Vietnamese navy.
- In 2009, a Defense Cooperation Agreement was signed between Vietnam and Singapore to formalize existing interactions and promote new areas of cooperation such as study visits, military medicine, personnel education and training, humanitarian assistance and disaster relief (HADR), as well as search and rescue (SAR).<sup>37</sup>
- Vietnam-China defense cooperation was taken to a higher level with the establishment of a “comprehensive strategic partnership” in October 2008. Both sides agreed to step up cooperation in the research and transfer of military technologies, training of staff, organizing search and rescue missions, disarming [land] mines, and conducting joint sea patrols.
- In addition to China, Vietnam has set up hotlines and conducted joint patrols with Thailand, Cambodia, and Malaysia to “improve the effectiveness in coordination in maintaining security in overlapping zones and bordering areas at sea.”<sup>38</sup>
- Vietnam recently studied the possibility of military cooperation to mitigate the effects of natural disasters, and this topic has been raised in high level talks between Vietnam and Cuba. Cuba offered to assist Vietnam in building the civil defense force, training rescue, and natural disaster prevention work.
- In September 2011, Vietnam and the US signed a memorandum of understanding (MOU) on defense cooperation, which sought to promote cooperation in five priority fields: the establishment of regular, high-level dialogues between the U.S. Department of Defense and Vietnam's Ministry of National Defense, maritime security, search and rescue, peacekeeping operations, and humanitarian

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<sup>37</sup> “Singapore, Vietnam Sign Defence Cooperation Agreement,” Singapore Ministry of Defence, September 7, 2009, [http://www.mindef.gov.sg/imindef/news\\_and\\_events/nr/2009/sep/07sep09\\_nr.html](http://www.mindef.gov.sg/imindef/news_and_events/nr/2009/sep/07sep09_nr.html) (accessed January 12, 2013).

<sup>38</sup> *Defence White Paper 2009*, p.26

assistance and disaster relief.<sup>39</sup>

Vietnam also attaches great importance to multilateral cooperation in security issues through international/regional organizations and forums such as the UN, ASEAN, ARF, and APEC. During its term as a non-permanent member of the UN Security Council (UNSC) (2008-2009), Vietnam closely coordinated with other members of the UNSC in tackling international security challenges and successfully completed its mission. Vietnam is now preparing for its participation in the UN Peacekeeping Operations (UNPKO) in conformity with its capability and conditions. Activities under the auspices of ASEAN and ASEAN-related forums have been given strong support, and Hanoi displayed its activism when initiating the ADMM+8 (namely Australia, China, India, Japan, Republic of Korea, New Zealand, Russia, and the US). This mechanism was hoped to serve as an effective platform for consultation, building confidence, and finding areas of practical cooperation in the defense sector. Senior defense officials regularly attend the annual meeting of the Shangri-La Dialogue in Singapore, and Defense Minister General Phung Quang Thanh delivered important speeches at the 9th and 10th dialogues in 2010 and 2011 respectively.<sup>40</sup>

In the past few years, Vietnam has also earned kudos for its constructive maritime diplomacy. Recognizing the dangers of escalating territorial and maritime disputes, and its potential impacts on regional security and development, Vietnam's foreign and defense ministries have repeatedly called for a peaceful resolution of disputes in accordance with international law and respect for freedom of navigation. This appeal has well resonated with the interests of other stakeholders in the region, and these issues have been addressed at various meetings such as EAS, ARF, ADMM+..., which eventually leads to a unanimity on the need to protect maritime security and preserve peace in the Asia-Pacific.

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<sup>39</sup> Lewis M. Stern, "Adding Strategic Depth to U.S.-Vietnamese Defense Relations," *Stratfor*, May 17, 2012, <http://www.stratfor.com/other-voices/adding-strategic-depth-us-vietnamese-defense-relations> (accessed January 12, 2013).

<sup>40</sup> His speech at the 9th dialogue titled "Renewing the Regional Security Architecture" can be accessed at <http://www.iiss.org/conferences/the-shangri-la-dialogue/shangri-la-dialogue-2010/plenary-session-speeches/sixth-plenary-session/phung-quang-thanh/> and the speech at 10th dialogue titled "Responding to New Maritime Security Threats" is available at <http://www.iiss.org/conferences/the-shangri-la-dialogue/shangri-la-dialogue-2011/speeches/fifth-plenary-session/general-phung-quang-thanh/>.

## **Prospects for Enhanced Regional Cooperation: Some Concluding Thoughts**

Asia is standing at a critical transition where there exist numerous risks and uncertainties to its future. The US can no longer be the sole security provider for the region, while other rising powers have not displayed the will and capability to shoulder this burden. The security order must be redefined to reflect the new balance of power. Still, regional players have not been able to agree on a comprehensive structure that effectively addresses the web of traditional and non-traditional security threats confronting Asia. These threats are transnational in both nature and impact and therefore, they cannot be dealt with alone. To prevent a scenario of chaos and conflict, Asian countries need to join hands and create a principled order that can facilitate more substantive cooperation on security issues. With a forward-looking and constructive approach, Vietnam would strongly support and expect to see vigorous regional efforts in the following areas:

- Promoting cooperation in humanitarian assistance and disaster relief (HA/DR). It is important to streamline existing HA/DR mechanisms in Asia so that resources are more effectively used and regional powers are encouraged to work together.
- Improving regional initiatives in search and rescue, assisting ships and fishermen in distress at sea. As the number of submarines in the region is increasing quickly, the idea of submarine search and rescue should be given timely attention.
- Enhancing coordination in dealing with transnational crimes and piracy. Given the prominence of these threats in Asia, cooperation among law enforcement agencies should be prioritized and reinvigorated.
- Developing good practices, norms and rules to avoid incidents at sea. A model arrangement like the US-Soviet Incidents at Sea agreement should be studied thoroughly to become a multilateral agreement.
- Working towards a Code of Conduct (COC) to foster confidence-building and create a favorable environment for cooperation. Such a COC can first be established in the South China Sea and then extended to other seas, should the relevant parties find applicable.

Globalization has essentially made collective security an essential element of national security and vice versa. Relevant stakeholders, both in and out of this region, should be able to realize this truth and collaborate to build a more predictable future of their own. The value of such a shared commitment toward peace and stability lies in what UN Secretary General Ban Ki Moon once said: “We should not let our future generations suffer because of our failure to do the right thing.”