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## **Background Brief:**

### **Impact of War in Ukraine on Vietnam's Military Modernisation**

**February 20, 2023**

On the first anniversary of Russia's invasion of Ukraine, we request your analytical insights in the impact of this war on Vietnam's plans to modernise its military. We request your response to the following questions:

Q1. Vietnam has announced plans to modernize its military forces by 2030 that will almost certainly require it to procure foreign military equipment. As the majority of Vietnam's big ticket and advanced military items are from Russia, what's your evaluation about the impact of the war in Ukraine and western sanctions against Russia on Vietnam's ability to achieve military modernization within the next seven years?

ANSWER: Vietnam's plans to modernize its military were drawn up well before the Russian invasion of Ukraine in 2022. And the threat of sanctions was ever present since Russia's annexation of Crimea in 2014. In 2017, the U.S. Congress passed the Countering America's Adversaries Through Sanctions Act (CAATSA). If we look at data on Vietnam's arms procurements since 2014, it is noticeable that they plummeted from over a billion dollars in 2014 to under several hundred million in 2020.

In sum, Russia's invasion of Ukraine, coming a year after the 13<sup>th</sup> national congress of the Vietnam Communist Party approved a major program to modernize its military, has resulted in Vietnam putting its procurement plans on hold. Two reasons explain this – threat of western sanctions and Russia's inability to provide weapons.

A forecast issued on 7 February 2022 by the Global Data Aerospace and Defense Intelligence Center, prior to Russia's invasion of Ukraine, estimated that if Vietnam could achieve an average growth rate of 7.48 percent over the next five years (2023-27), it would be able to spend an average of U.S. \$1.5 billion annually, or U.S. \$7.5 billion in total. Since the forecast was issued, Vietnam's economy has entered the post-COVID recovery period with GDP growth rising to 8.02 percent in 2022.

Vietnam's economic recovery means it will be in a position to selectively modernize its armed forces, particularly by acquiring military technology, weapons and platforms from non-Russian sources. But its plans to "Build a Streamlined and Strong Army by 2025 and a Revolutionary, Regular, Highly Skilled and Modern People's Army by 2030" are unlikely to be met.

Q2. Vietnam reportedly operates three regiments of the Su-22. These are an older generation of warplanes. How do you evaluate Vietnam's need to modernize its combat aircraft?

ANSWER: In 2000, Vietnam identified enhancing its MRO – maintenance, repair, overhaul – capability as a priority. Vietnam upgraded its A32 factory in Da Nang to develop this capability for its Soviet/Russian legacy air fleet.

Most defence analysts believe Vietnam's Su-22s are obsolete and nearing the end of their service life as witnessed by at least six Su-22 crashes since 2015. While Vietnam may well have contemplated replacing the Su-22 under its military modernization program. As noted above, under current conditions these plans appear to have been put on hold as Vietnam adopts a wait and see approach.

Q3. Your evaluation about the impact of the war in Ukraine on Vietnam's efforts to maintain, repair, and upgrade its advanced weapons from Russia?

ANSWER: Over the last decade prior to Russia's invasion of Ukraine, Ukraine has played an instrumental role in the development of Vietnam's MRO capabilities to modernize its fleet of Soviet/Russian combat aircraft. In 2013, for example, Ukraine assisted Vietnam in upgrading the A32 factory to support MRO for the Saturn AL-31 engines for the Su-27SK and Su-30MKS.

In 2017, Vietnam received significant technical assistance from Ukraine that enabled the A32 factory to modernize Vietnam's Su-22M3, Su-22M4 and Su-27SK fighters. In late 2020, A32 began carrying out MRO on its Su-30MK2 fleet.

Russia's 2022 invasion of Ukraine has altered Ukraine's priorities and disrupted its ability if not its political willingness to assist Vietnam because of Vietnam's failure to condemn Russia for aggression.

Q4. In March 2022, Russia bombed Ukraine's Zorya-Mashproekt factory that manufactured gas turbine engines for some of Vietnam's top warships, including four Gepard 3.9 frigates. How do you evaluate Vietnam's difficulties in maintaining and keeping those warships operational given the impact of the war?

ANSWER: First, Vietnam had to undertake quite a diplomatic effort to acquire the Ukraine-manufactured turbines to go with the Russian-constructed Gepard frigates in the aftermath of Russia's annexation of Crimea in 2014.

Second, over the last decade and a half, Vietnam has made determined efforts to modernize and upgrade its shipbuilding industry, including naval MRO. During this period Vietnam has demonstrated the capacity to assemble missile patrol vessels from Russian kits, build TT400TP patrol vessels, and construct Tarantul-V class guided missile corvettes under license at Ba Son naval yard.

In 1992, Vietnam established the X52 factory at Cam Ranh Bay to support Vietnam's fleet of Project 636 *Varshavyanka* conventional submarines. X-52 has also played a major role in providing MRO to the Vietnam People's Navy. In 2017, for example, it was reported that X52 provided MRO services to twenty naval ships.

In sum, Vietnam very likely has the capacity to maintain the turbines on its Gepard frigates. It can look overseas for assistance from India, the Netherlands and

elsewhere. But at the same time, Vietnam may be forced to reduce the time spent by the Gepard frigates at sea to prolong their life.

Q5. What is your evaluation of Vietnam's domestic national defence industry?

ANSWER: Vietnam's national defence industry continues to develop and modernize. Vietnam can maintain, repair, refurbish and upgrade Russian legacy and newly acquired weapons and platforms. Vietnam's domestic shipbuilding industry is able to build 1,500-ton, 2,200-ton and 4,300-ton vessels for the Vietnam Coast Guard.

As noted above, Vietnam has produced TT-400TP gunboats and assembled Molniya-class (Tarantul) missile fast attack craft domestically.

Vietnam also co-produces anti-air and anti-ship missiles such as the Igla (SA-18), Yakhont (SS-N-26), and Kh-35 Ural-E (SS-N-25).

Q6. What new initiatives can Vietnam pursue to modernize its armed forces?

ANSWER: Three points should be made:

First, Vietnam's national defence industries have worked with foreign companies to manufacture military equipment in Vietnam. Vietnam has entered into agreement with a Russian company to manufacture military transport vehicles in Vietnam. And Vietnam has worked with an Israeli company to domestically manufacture assault rifles. Vietnam and Indonesia have been considering the possibility of co-production of maritime patrol aircraft. Vietnam is currently mulling a law on Defence and Security Industries and Industrial Mobilisation that would enable foreign arms companies to invest in Vietnam.

Second, Vietnam is positioning its national defence industry to enter the international arms market with niche products such as ammunition, mines, small drones, communications equipment, and C5ISR technologies.

Third, Vietnam's national defence industry is not capable of manufacturing big ticket weapons and platforms, such as follow on fighters to replace the Su-22s, advanced Su-30s or next generation stealth aircraft. Vietnam must look abroad for procurements to modernize its armed forces, particularly the Air-Defence Air Force.

If Vietnam does make a decision to acquire non-Russian weapons and platforms this will take some time to implement in order to create the logistics, maintenance and human resources support services needed to keep modern equipment operational.

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