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Israel-Vietnam Arms Deals at Risk After Arrest Warrant Against Key Middlewoman

The affair could spell trouble for Israeli security exports to Vietnam, which have risen sharply in the past decade

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Israeli security exports to Vietnam, which have ramped up tremendously in recent years, could face difficulties after the issuance of an arrest warrant against a key middlewoman in the deals.

Late last week local authorities in Hanoi raided the apartment of businesswoman Nguyen Thi Thanh Nhan – who has been a key person in promoting and brokering the Israel-Vietnam arms deals over the past decade – and issued the warrant in absentia, accusing her of fraud and breach of trust. Nguyen had moved to Europe prior to the affair.

Over the past 15 years Vietnam, with a population of more than 100 million, has become an important market for Israel's security industries. The two countries signed a confidentiality agreement in 2011 that helped bolster security ties, and a high-level Israeli delegation visited Vietnam about three and a half years ago. Over the past decade the Israel Defense Forces and the Defense Ministry have sent military attachés and sales representatives to work from the Israeli Embassy in Hanoi.

Deals with the country have reached a value of over \$1 billion, and one of the largest currently on the table is the sale to Vietnamese military intelligence of an "Ofek" (Horizon) spy satellite produced by Israel Aerospace Industries (IAI). The sale, a direct deal with the Vietnamese Defense Ministry, was set to bring in about \$550 million. A few months ago, an IAI delegation signed an agreement on the technical dimensions of the deal, but did not sew up the financial aspects. France-based Thales Group is competing with IAI over the satellite contract and has expended major efforts to win it.

Nguyen, who left Vietnam and moved to Europe more than a year ago, is suspected of fraud, breach of trust and bid rigging of medical equipment worth some \$7 million.

However, a Vietnamese source familiar with the situation said the real reason for her arrest was her involvement in military deals. The source stressed that one reason for the arrest is rooted in power struggles in Vietnam between the current prime minister, Pham Minh Chinh, Communist Party Secretary General Nguyen Phu Trong, who is to step down, Public Security Minister General To Lam and Vietnamese President Nguyen Xuan Phuc.

Nguyen was once considered very close to the prime minister.

A slew of arms deals

The biggest arms deal between the two countries thus far was implemented five years ago, when [Rafael Advanced Defense Systems](#) sold three mobile air defense systems – Spyder ground-to-air missiles – in a deal amounting to more than half a billion dollars. The Israeli company

operating the longest in Vietnam is [Verint](#), which began selling there some 20 years ago, and sells listening and intelligence devices to security forces there for about \$30 million.

In other recent deals, IAI sold knowledge on upgrading tanks and rockets for tens of millions of dollars; cyber intelligence company Cellebrite signed a contract with Vietnam's Public Security Ministry in another [reported deal](#); and the owner of Israel Weapons Industries, Sammy Katsav, established a factory in Vietnam to assemble Tavor assault rifles at a cost of about \$100 million.

Additional pacts have included a roughly \$60 million sale of control and monitoring systems, and some \$30 million in cyber and communications equipment, from aerospace and defense company Elbit to the Vietnamese Navy. IAI additionally sold three Heron unmanned aerial vehicles for about \$140 million, and its subsidiaries sold radar systems for about \$150 million and 60 armored vehicles for \$20 million.

Another Israeli company selling its products in Vietnam at tens of millions of dollars is Ness, which, among other things, manufactures aerial surveillance systems.