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## **Background Brief:**

### **Does Vietnam Risk U.S. Sanctions for its Military Ties with Russia?**

**April 20, 2022**

We are preparing a report regarding the threat of sanctions under Countering America's Adversaries Through Sanctions Act on Vietnam. We request your assessment of the following issue: What are the chances that Vietnam could be sanctioned under CAATSA, and how much of a threat do you think Hanoi takes this?

ANSWER: Countering America's Adversaries Through Sanctions Act (August 2017) has been on the books for four years and eight months. The United States faces a dilemma because it is pursuing contradictory objectives. CAATSA aims at punishing Russian defence entities with sanctions because of Russia's annexation of the Crimea and disrupting their arms sales by threatening states who procure Russian arms, such as Vietnam. At the same time, the U.S. seeks to enlist Vietnam as a strategic partner in the Indo-Pacific.

The then Secretary of Defense James Mattis grasped this conundrum and sought waivers for India, Vietnam and Indonesia. Waivers are not indefinite and can only be applied for a fixed period of time. In order to qualify for a waiver Vietnam would have to demonstrate that it is taking steps to reduce its dependency on Russian arms and military technology. Also, a country that has connections with Russian entities implicated in hacking in the United States cannot qualify for a waiver.

In 2018, reportedly, U.S. defence officials in the Trump Administration pressured Vietnam to cut its dependence on Russian arms and military technology or face the possibility of sanctions. Vietnam was urged to buy American weapons instead. In September 2018, at the conclusion of the annual Defence Policy Dialogue held in Hanoi, Vietnam stunned U.S. officials by cancelling fifteen military exercises planned for 2019. It is my assessment that Vietnam was responding to American pressures by demonstrating its independence.

Nevertheless, Vietnam's expenditure on arms procurements peaked in 2018 at US \$333 million and decreased to US \$72 million in 2021. Also, Vietnam has not made any big ticket purchases from Russia since CAATSA was adopted, although it was rumoured to be in the market for new ground attack aircraft and fifth generation fighters.

Vietnam's vote against suspending Russia's membership on the UN Human Rights Council and the recent announcement that Russian and Vietnamese military planners agreed on a series of military exercises involving combat training likely will dampen

U.S. expectations that they can enlist Vietnam as a strategic partner in the Indo-Pacific at present.

In sum, as long as Vietnam continues to restrict its arms procurements from Russia it is unlikely to be sanctioned under CAATSA. However, the new raft of other U.S. sanctions against Russia for its invasion of Ukraine raise complex new difficulties for Vietnam in how to pay for arms procurements and services from Russia without being penalised.

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