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**VIETNAM COAST GUARD DEVELOPMENT:
MODERNIZATION PROCESS, STRATEGY AND
CHALLENGES**

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Introduction

The Vietnam's Coast Guard (VCG) has been currently attracting attention not only from foreign observers but also from the domestic commentators.

Understanding the development and modernization of the armed forces and of the VPN in particular is essential in order to understand the future maritime strategy of Vietnam, in the context of increasing Chinese encroachment and assertiveness in the South China Sea.

In the first section of the chapter, we will review the modernization process of VCG since 2010. This process officially took off since VCG since then has improved both in terms of quality and quantity and Vietnam Marine Police was officially renamed to Vietnam Coast Guard in 2016.

Section 2 analyzes the important position of VCG in the overall Vietnam's maritime strategy, beside Vietnam's People Navy (VPN). This section also shows that VCG has become an important element of Vietnam's maritime strategy in the context of growing naval asymmetries between China and Vietnam in the dispute over the South China Sea.

The last section try to build up some insights about the obstacles VGC is currently facing in its efforts of modernization. Those hurdles are both subjective and objective, thus require careful consideration and discussions from which meaningful solutions can be draw out.

The Modernization Process

Last November 2016, the Coast Guard Journal was officially announced as a forum for officials and scholars to exchange their ideas and initiatives about the future operation and administration of the Vietnam Coast Guard (VCG). This journal has also become the first channel where academic writings from researchers both inside and outside the ranks of VCG could be widely published and discussed. The birth of the Coast Guard Journal was once step further in an attempt to build up a "revolutionary, professional and modern" VCG.³

This was also an indicator suggesting the rising importance of VCG in Vietnam's overall maritime strategy, the youngest branch of the Vietnam's People Army (VPA), which was first set up on 28 March 1998. Falling under the direct management of the Ministry of National Defense (MoND), VCG has been playing an important role in maintaining security and stability in the vast exclusive economic zone and continental shelf boundary of the country.

Facing immense difficulties in its early days, VCG since then has improved both in terms of quality and quantity. Since 2010, more resources were invested in VCG in order to enhance its overall strength in the context of increasing Chinese assertiveness in Vietnamese waters and Beijing's strategy of using "white hulls". This particular year also marked the rising of China's intrusion of Vietnam's territorial waters in the South

³ Canhsatbien.vn, 2016, *Ra mắt Tạp chí Cảnh sát biển Việt Nam* (Coast Guard Journal officially launched), November 15th 2016.

China Sea, through clashing with Vietnamese law enforcement agencies or harassing Vietnamese fishermen. Besides, non-traditional security issues have also arisen, such as piracy, sea robberies and other transnational maritime crimes, requiring the presence of a more robust, effective and modern VCG in sovereign waters.

In 2013, Vietnam Marine Police was officially renamed to Vietnam Coast Guard; the Bureau of Marine Police was changed to Coast Guard Command; and the Chief of the Bureau became Coast Guard Commander⁴. Additionally, each Coast Guard region also had its own command indicating that the regions would have now their own autonomy in dealing with various incidents at sea.

Until 2016, VCG has in its service more than 50 vessels of different classes, ranging from light vessels such as the 120-ton TT-120 class patrol vessel to the giant 2.900-ton H-222 class replenished/transport vessel.⁵ VCG also operates 3 CASA C-212 patrol aircrafts. The backbones of VCG's fleet are four 2000-ton DN-2000 offshore patrol vessels, which were built totally by domestic shipyards with technical support from DAMEN group. More vessels of this class would continue to be

commissioned in the near future. It is also worth noting that a brand new class of vessel, codename DN-4000, which could weigh around 4000 tons, would be soon under construction. This class will be the largest coast guard vessel in Southeast Asia.

Currently, most of VCG's ships are constructed by domestic contractors, and this trend will definitely carry on as shipbuilding capabilities of those shipyards continue to be improved. Additionally, as relationship between Vietnam and other countries has been strengthening in recent years, especially in security and military affairs, more international donors are willing to give VCG second-hand vessels.

For instance, Japan and South Korea already transferred to VCG several of their old ships. Cooperation with the United States in this particular area has also shown signs of great potential, when Washington provides 18 Metal Shark high-speed boats to VCG. The U.S. would also aid in training as well as provide other necessary equipment, such as the Long Range Acoustic Device (LRAD) equipped in DN-2000 vessels⁶.

What particular roles VCG will play in Vietnam's maritime strategy?

We assume that VCG has become an important element of Vietnam's maritime strategy in the context of growing

⁴ Tien Phong Newspaper, 2013, *Đổi tên cục cảnh sát biển thành Bộ tư lệnh Cảnh sát biển* (Bureau of Marine Police was changed to Coast Guard Command), <http://www.tienphong.vn/xa-hoi/doi-ten-cuc-canhsat-bien-thanh-bo-tu-lenh-canhsat-bien-643382.tpo>.

Accessed February 23rd 2017.

⁵ Soha.vn, 2016, *Nghiệm thu tàu vận tải đa năng lớn nhất của Cảnh sát biển VN* (Acceptance of the largest multirole transport ship of Vietnam Coast Guard), <http://soha.vn/nghiem-thu-tau-van-tai-da-nang-lon-nhat-cua-canhsat-bien-vn-20160508103035773.htm>. Accessed February 23rd 2017.

⁶ Soha.vn, 2016, *Khám phá vũ khí đặc biệt của Mỹ trên tàu cảnh sát biển Việt Nam* (See more about the new US's equipment on Vietnam Coast Guard vessels), <http://soha.vn/quan-su/kham-pha-vu-khi-dac-biet-cua-my-tren-tau-canhsat-bien-viet-nam-20140102234623671.htm>. Accessed February 23rd 2017.

naval asymmetries between China and Vietnam in the South China Sea. These “asymmetries” could be regarded as tactics helping weaker naval forces, who have inferior conventional combat power and technologies, in effectively prevailing against a more technological advanced opponent both tactically and strategically. The main rationales of asymmetric tactics are to “avoid the strengths and exploit the vulnerabilities” of the larger opponents, by that “weakening the adversary’s resolve and ability to use its superior conventional military capability effectively to intervene” in potential conflicts.⁷

The VPN has been able to produce the P5 Pyatyorka/Shaddock anti-ship missiles with the effective range up to 550 km (after upgrade). Previously, Vietnam was the only country in the world receiving this kind of missile as part of military assistance from the Soviet Union. The most significant step in modernizing its coastal defense force was the VPN’s purchase and commission of two K-300P Bastion-P coastal defense systems with the range of 300 km, which are capable of protecting a total of 600-km length of coastline. Additionally, the VPN is also equipped with the CW-100 radars from Thales, designed for monitoring the coastline with the ability to conduct “over-the-horizon” tasks.⁸

⁷ K. C. Dixit, 2010, *The Challenges of Asymmetric Warfare*, Institute for Defense Studies and Analyses, http://www.idsa.in/idsacomments/TheChallengesofAsymmetricWarfare_kcdixit_090310. Accessed February 23, 2017.

⁸ Soha.vn, 2013, *Uy lực mắt thần canh biển tối tân của Việt Nam* (The Power of Vietnam’s modern sea-

According to various defense sources and from the Stockholm International Peace Research Institute (SIPRI), Vietnam has received two more new weapon systems for its coastal defense force, including the mid-range EXTRA missile system from Israel and possibly the close-range Bal-E system from Russia, which uses Kh-35 Ural-E missile, the similar type of missile used by Molniya-class FAC and Gepard-class frigates of the VPN. Russian Tactical Missiles Corporation JSC (KTRV) announced that Vietnam is the second country, after Russia, to receive the Bal-E system.⁹

The firing range of the EXTRA system is 150 km with its circular error probability (CEP) is very low, only around 10 meters. This means that EXTRA is a highly accurate missile system. In addition, the EXTRA rockets are capable of launching from a variety of means of carrying, assembled in clusters of 2 to 16 launch tubes. Cluster launch tubes can be mounted on trucks or in highly mobile battlefield fixed. These missiles are contained in airtight container, which possess a long life and low maintenance costs. As we can acknowledge, VPN’s coastal defense force can cover a wide range of protection, thus it is playing an important role in preventing any amphibious intrusion from the sea.

watching radar), <http://soha.vn/quan-su/uy-luc-mat-than-canh-bien-toi-tan-cua-viet-nam-20130318175716398rf20130318175716398.htm>.

Accessed February 23, 2017.

⁹ Soha.vn, 2014, *Nga trình diễn tổ hợp tên lửa bờ Bal-E cho Việt Nam* (Russia presents Bal-E missile system to Vietnam), <http://soha.vn/quan-su/nga-trinh-dien-to-hop-ten-lua-bo-bien-bale-cho-viet-nam-20130816013928958.htm>. Accessed February 23, 2017.

Another element of the "asymmetric tactics" is the Molniya fast attack craft (FAC), which Vietnam currently has 10 vessels in its service (including 6 Molniya-class and 4 older Tarantul-class). Molniya-class FAC has high speed, powerful weapon, which is suitable for surprising "hit and run" tactics initiated from various directions that the opponents could not be able to respond effectively.

This tactic is best used in an environment where there are numerous small islands and estuaries spreading along a long coastline, providing places for warships to hide and facilitate ambush and later retreat under the protection of defense platforms such as coastal defense missiles. Vietnam has also mastered the technology to build the Molniya-class FAC based on technical transfer from Russia.

The main armaments of this class are 16 Kh-35 Ural-E anti-ship missiles with firing range of 130 km that Vietnam has successfully localized with the codename KCT-15. Thus, if the information of Vietnam acquiring the Bal-E system is correct, the KCT-15 missiles could also be used by this system.

According to Professor Carl Thayer of the Australian Defense Force Academy, Vietnam's asymmetric tactics targeting China aims to prevent Beijing deploying its warships in case low-intensity conflicts break out¹⁰. It means that warships of the VPN are deployed to

¹⁰ Thayer Carl, 2014, *Can Vietnam's Maritime Strategy Counter China?*, The Diplomat <http://thediplomat.com/2014/09/can-vietnams-maritime-strategy-counter-china/> Accessed February 23rd 2017.

protect paramilitary ships operating around Vietnam's islands. "Asymmetric" weapon systems render Chinese navy's activities within the distance of 200-300 nautical miles from the coastline of Vietnam dangerous.

Therefore, VCG was established as a mean to alleviate the burden put on the navy in peacetime. It can also facilitate a legal approach in enforcing maritime sovereignty and jurisdiction rights, as granted by the United Nations Convention on the Law of the Sea. However, the never-before-seen effort from Vietnamese government since 2010 to modernize its coast guard, alongside its navy, is a direct response to what China is doing in the South China Sea. It seems that Vietnam is trying to mimic the same approaches from China: using its "white-hull" force as a mean to resist against China's encroachment into Vietnamese waters.

Utilizing VCG would also minimize the military and political cost of a direct confrontation with other stronger forces at sea should such incidents spiral up into a crisis. Take into account the 2014 oil rig standoff between China and Vietnam in which, although VCG itself was overwhelmed and outnumbered by the Chinese Coast Guard, it was still able to fend off the aggressor.

This opened the way for the government as well as the party to negotiate directly with China. VCG also plays an essential role in defending Vietnamese fishermen against China's maritime militia forces concealed in false appearance on fishing boats. This approach has been proved to be quite successful in maintaining Vietnam's effective control in the disputed waters and dealing

with unexpected incidents at sea under untold pressure of China's maritime forces.

Because of that reason, VCG now holds an important position in the overall Vietnam's maritime strategy, beside VPN. Vietnam could possibly come up with the idea of a three-layer defense strategy where VCG stands at the middle of this spectrum. In peacetime scenario, VCG becomes the milestone in the country's effort of keeping tight control over its sovereign waters.

VPN, at the same time, keeps its defensive and deterrent position against any potential adversaries. VCG's vessels and airplanes could also be helpful in reconnaissance and other intelligence activities. This role will be changed when war breaks out, as VPN would become spearhead in defending the country's maritime sovereignty and VCG, alongside Vietnam's own maritime militia, who turns to be a supportive force.

Challenges of the VCG

This kind of Coast Guard-Navy nexus is a rising phenomenon, not only is it applied by Vietnam but by other regional coast guard agencies as well. Greater integration between the two types of maritime organizations is considered a response to constant and changing maritime challenges and requirements. Nevertheless, this trend encounters several unique problems due to specific disparities between the two maritime agencies.

For Vietnam, the first obstacle could be the lack of a comprehensive cooperation framework between VCG and VPN, especially when emergency incidents appear requiring

immediate coordination. At the moment both VCG and VPN have their own command and control structures under different lines of communication. Although Vietnam has its own maritime strategy announced in 2011 pointing out some orientations for developing the country's marine future, little detail about how to particularly develop a sufficient navy was actually mentioned other than to fully integrate economic and maritime national defense measures.

It is now quite also confused of the exact obligations both agencies have to implement from their activities at sea, in time of war and in time of peace. Competitive interactions or overlapped obligations could reduce the overall capabilities of the two and therefore can result in "grey zone" conflicts involving political and legal issues. A vision of the general a comprehensive cooperation framework between VCG and VPN has to be developed and broadly discussed in the context of the Award issued by the Arbitral Tribunal in The Hague on July 12th. This Award has borne multiple legal implications in the South China Sea, which opened more room for the role of Coast Guards and a coast guard cooperative mechanism in the region¹¹.

¹¹ For example, a clarification on the legal regime of the features may also contribute to defusing the tension over territorial sovereignty disputes. Sovereignty claims over the tiny insular features are usually aimed not at gaining control over the landmass of the features but at the vast maritime zones that are generated from these features up to, or in some cases beyond, 200nm. Such control over the waters translates to possession of exclusive rights to explore and exploit fisheries resources and oil and gas reserves. This is, however, only possible if these insular features meet the criteria to be considered as islands under Article 121(1) UNCLOS. The arbitral tribunal finds that these insular

So far, no truly naval strategy has been publicized and the public seems highly unlikely to get any knowledge of such strategy due to its secrecy. Experts and analysts, even inside Vietnam, have been able to gather no more than fragmented information. Therefore, incomplete analyses are made only by observing the VPN's foreign contracts and through several of its leaders' statements. This thick fog of secrecy and lack of transparency surrounding the making of naval and related strategies limits the participation in the policy-making process of other intellectuals outside the military realm, thus creating unnecessary restrictions on how to make comprehensive and effective comments or providing feedback.

Second, budget constraint has always been one of the most enduring challenges to the

features are merely rocks under Article 121(3) or low-tide elevations under Article 13, this means they are not entitled to such vast area of waters surrounding them. The tribunal's verdict, therefore, has provided a legal avenue for Vietnam to protect its maritime interests and rights in the South China Sea. Vietnam now has a strong legal ground to block China's future encroachments into its EEZ. The court's verdict has rendered a legal foundation for Vietnam to protect its EEZ and continental shelf, rejecting any other claims in its legally-defined waters. The court also invalidated the bidding offer of a series of nine oil blocks lying within Vietnam's EEZ and continental shelf that China National Offshore Oil Corporation (CNOOC) made to foreign investors in 1992. Other intimidating behaviors such as cutting sonar cables of PetroVietnam's vessels and chasing away Vietnamese fishermen in their traditional fishing ground must be stopped. Vietnam and other claimants have the right to ask China to terminate its illegal unilateral fishing ban, which started in 1998. See more press release by the Permanent Court of Arbitration (PCA) in the South China Sea Arbitration, July 12, 2016, <https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Press-Release-No-11-English.pdf> Accessed February 23rd 2017.

efforts of the VPN and VCG in modernizing its outdated arsenal. According to SIPRI statistics, Vietnam's defense budget has increased dramatically since 1988 to 2015. Between 2005 and 2015, the country's military spending went up 115 per cent, considered the largest amongst Southeast Asian states, but the percentage of this budget accounted for just around two percent of total GDP at the same period. The latest figure in 2016 shows that total spending could reach nearly \$US 5 billion¹².

Unfortunately, the exact amount of money allocated to the VPN and VCG has always been shrouded in mystery, as well as those budgets for other military branches. Analysts and experts, even inside Vietnam, are facing immense difficulties in trying to figure out those data. It is not clear at the moment whether or not there is competition between different military branches for budget allocation, but one thing for sure: the VPN and VCG is not the only branch of the armed forces that will "proceed directly to modernization". More guests joining the party means less resources for all and it is very likely that the VPN and VCG has to compete with others such as the air force to gain its necessary funds.

Additionally, Vietnam's economy after the 2007/2008 global financial crisis has not been fully recovered. The Vietnamese government is still struggling with mountainous tasks to restructure the economy, thus any large-scale

¹² Zachary Abuza and Nguyen Nhat Anh, 2016, *Vietnam's Military Modernization*, The Diplomat, <http://thediplomat.com/2016/10/vietnams-military-modernization/> Accessed February 23rd 2017.

military buildup will require carefully consideration, as to how it can be balanced in given account sheets¹³. As a consequence, the future modernization scenario of the VPN is not only dependent on China's ongoing assertiveness in the South China Sea, but also on how strong the economy will become and how much budget it would possibly get.

Less budget means less vessels and other infrastructure come into service, which in turn slowing down the modernization efforts. VCG has in its service mostly small and less capable vessels than its naval counterpart, which in turn reduce the effectiveness and the desire to cooperate from VCG. Most of the ships in service of VCG are small and, as showed in the 2014 oil rig incident, could not effectively engaging with bigger and more enduring Chinese vessels. VCG also lacks of experienced seamen, especially when it is

commissioning more and bigger vessels. Combat readiness needs to be improved. There is also lacking of necessary infrastructure such as shipyards, ports in remote islands, logistics capabilities etc. which reduce the effectiveness of VCG operations.

Prospects

For a nation with limited resources like Vietnam, an effective navy becomes a tool for both defense and deterrence, a guarantee for security and prosperity in a new century where most of the country's wealth is being derived from maritime trade and resources. Small navies, similar to other naval powers, obviously require a comprehensive and effective strategy to deal with numerous challenges in a constant changing maritime environment. This strategy has to include both operational and tactical issues as well as administration and coordination tasks with other maritime agencies in order to increase the overall constabulary capabilities. Those are all essential questions that need careful considerations by Vietnamese maritime strategists.

¹³ In most of the years the current account balance in Vietnam showed negative values, however the last year 2015-2016 was more or less balanced. In some of the years the current account deficit was very high with values of more than 5% or even 10% of GDP. Current account deficits have several negative repercussions. They can lead to a lack of domestic demand. They also lead to foreign debt which in the case of Vietnam is debt in foreign currency. Foreign debt implies a dangerous currency mismatch and the possibility of currency crises. With an actual foreign debt level of 45.2% of GDP in early 2016 (according to the IMF 2016) Vietnamese foreign debt is high. In case of a strong depreciation of the dong the foreign debt can become a high burden. Most of the debt is public debt. While official loans to Vietnam are shrinking, Vietnam might gradually seek ways to get more risky commercial loans with floating interest rates. Therefore, the risk of changing interest rates and exchange rates might substantially increase. See more: Herr, Hansjörg, Erwin Schweisshelm and Truong-Minh Vu *Vietnam in the global economy: development through integration or middle-income trap?*, Global Labour University Working Paper, No. 44, 2016.

