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Vietnam, an Emerging Partner in Israel's 'Asia Pivot' Policy

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EXECUTIVE SUMMARY: Israel is increasingly looking for partnerships in economic, political, cultural, and military sectors with countries in Southeast Asia, and relations with Vietnam in particular are on the upswing. While cooperation between Israel and Vietnam is largely focused on civilian sectors, defense ties are also growing more robust, with Israel getting involved in upgrading aging Vietnamese weapons systems and collaborating on weapons development. There is a visible bonhomie between the nations, and Israel-Vietnam ties are likely to deepen.

Vietnam's relationship with Israel has been getting steadily stronger over the past few years. In what could be considered an extended, modern-day "peripheral doctrine", Israel is doing all it can to enhance cooperation with the Asian countries. This can be seen with regard to China, India, Singapore, Thailand, the Philippines, Myanmar, South Korea, and Japan. Thriving economic and military-security cooperation has become the hallmark of its relations with these countries (though in some cases, political relations have yet to be strengthened).

Israel and Vietnam are carefully crafting a potential partnership based on their respective national interests – economic, military, and political.

Contemporary Israel's Vietnam policy resembles the overtures it made during the 1950s and early 1960s towards the Sub-Saharan countries, with which it shared technical expertise in agriculture and healthcare. With the aim of forging friendly, supportive relations, Israel focused on multifaceted initiatives in Africa, including technical assistance, training programs, joint-economic

enterprises, trade, and so on. Military cooperation and arms trading were also important elements of Israel's relations with African countries, including Uganda, Kenya, Ethiopia, Zaire, and Ghana.

A similar trend is now being followed with Vietnam. Israeli-Vietnamese relations are expanding in the fields of agriculture, commerce, science, and technology, and – most importantly – in the defense sphere.

Israel and Vietnam established diplomatic relations in July 1993, and their economic relationship is relatively healthy. Bilateral trade volume touched US$1.3 billion last year, and the countries aspire to take it to an annual US$2 billion. In 2004, the countries signed the Agreement of Economic and Trade Cooperation for further development of trade. Israel imports cellular phones, electronic components, seafood, coffee, textiles, and footwear from Vietnam, and exports machinery and equipment, hi-tech goods, and fertilizer.

In the first quarter of 2017, Israel had 25 foreign direct investment (FDI) projects in Vietnam worth over US$46 million. In December 2015, during a visit by Vietnamese Deputy Prime Minister Hoang Trung Hai to Israel, formal discussions were launched on a Free Trade Agreement (FTA). This raised the prospects for further growth in the investment, finance, services, science and technology, and labor sectors. Cooperation in the health sector is also expanding: the two countries have signed an agreement in which Israel has agreed to assist Vietnam in the construction of a 300-bed hospital with some of its latest technology and equipment.

Israel's agricultural involvement with Vietnam – an area in which Israel has deep expertise over many decades – is significantly on the rise. To augment cooperation, Israel's Agency for International Development Cooperation, Ministry of Foreign Affairs (MASHAV), and embassy in Hanoi have implemented a training program in the country for Vietnamese citizens. In December 2013, Israel's Agriculture Minister Yair Shamir and Vietnamese officials agreed to establish a joint Research and Development (R&D) program in agriculture to expand businesses in this area. Some of the areas in which Israeli companies can offer assistance to Vietnam are breeding, preservation technology, water use, and models for scientific research.

Remarkable progress can already be seen, and Israel has become an important partner for Vietnam's dairy industries – so much so that it has become an essential component of Vietnam's "dairy diplomacy". Israel-developed agricultural technology is now widely used in almost every province in Vietnam.

Simultaneously, there is steady growth in openly acknowledged military-security relations between the countries. In addition to trading arms, Israel and Vietnam are engaged in joint ventures in the production of weapons systems suitable to the needs of the Vietnamese armed forces. Israel's entry into this defense market is timely, as Hanoi is undergoing modernization programs for all three military services. It is increasing defense expenditures, which touched nearly US$4.6 billion in 2015 and are expected to reach US$6.2 billion by 2020. These steps have likely been taken by the Vietnamese government in response to the Chinese military build-up in the South China Sea.

Israel has carved a niche in the global arms market by developing and manufacturing some of the most technologically advanced systems for maritime security, air defense, electronic warfare systems, reconnaissance drones, arms and ammunitions, short/long-range missiles, and avionics and other subparts. These systems are reasonably priced, and the securing of deals to acquire them is relatively easy as they tend to come with fewer strings attached.

Vietnam's large army is equipped with aging weapons systems, and Israel has the potential to upgrade some of them. Elbit Systems is reported to have secured an upgrading contract for Vietnam's Mil Mi-17 helicopters. In 2011-12, Israel Weapon Industries established a production facility (at a cost of $100 million) in Vietnam to help supply Galil ACE 31 and 32 assault rifles to the Vietnam People's Army (VPA). In 2014, the countries worked towards signing agreements to establish a "formal framework" to upgrade their bilateral defense relations, including promotion of future technology transfer and industrial cooperation. In 2015, Israel set up a defense attaché in Vietnam.

The frequency of visits by military officials, which has become an annual phenomenon, is another manifestation of the keenness on both sides to intensify defense ties. In January 2017, General Pham Ngoc Minh, Deputy Chief of Staff of the VPA, met Mishel Ben-Baruch, Director of the Israeli Ministry of Defense's International Defense Cooperation Division (SIBAT), to explore ways to expand military cooperation to include training, education programs, and exchanges. Following a meeting in Hanoi in late February between Vietnamese President Tran Dai Quang and Israel Military Industries (IMI) chairman Yitzhak Aharonovitch, Vietnam began to consider purchasing Israeli-made Delilah standoff-range air-to-surface missiles (including, for example, the Orbiter-2 Unmanned Aerial System [UAS], manufactured by Aeronautics). Vietnam has also fortified some of the islands in the disputed South China Sea with the EXTRA rocket system acquired from Israel.

Between 2010 and 2016, Vietnam imported Spyder, Derby, and Python-5 missiles and ELM2288/ ER and ELM2022 air defense radars from Israel. More trade in such items can be expected, as the lethal arms embargo against

Vietnam was lifted by then US president Barack Obama in May 2016. At this stage, immediate competition from other international arms vendors is unlikely, as Israel's share in Vietnam's imports is relatively low. Russia, for instance, is accountable for 80% of Hanoi's recent military purchases. However, this possibility cannot be ruled out, as a Moscow-based military expert has already questioned the capability of Israel-made missiles.

Arms exports remain an important instrument of Israel's foreign policy for both politico-diplomatic and economic reasons. The perpetual nature of the security challenges emanating from its hostile neighbors, and their unrelenting attempts to isolate and castigate Israel politically from the standpoint of regional and international groupings, continue to motivate Israel's arms sales diplomacy. Israel's economic and technological assistance and arms transfers to Vietnam can be understood as emanating from this strategy.

While Israel's arms diplomacy helps it to build political relationships, the funds generated by arms exports sustain its R&D programs in military technology, which it needs to maintain its edge over its regional adversaries. This applies to almost all its relations with Southeast Asian countries. Given that the Asia-Pacific countries contributed US$2.6 billion to the Israeli arms business in 2016 out of a total global export of US$6.5 billion, Israel will certainly continue to encourage defense cooperation with Vietnam and other nations as a means of diversifying its revenue sources.

The state visit of Israeli President Reuven Rivlin to Vietnam in late March 2017 added further impetus to the already flourishing ties. He pushed not only for the existing cooperation to continue, but also for Vietnam's political support, especially in multilateral fora such as the UN. If good relations are to last, this element – in addition to economic and military cooperation – will be very necessary.

That said, an atmosphere was created by the Rivlin visit, and more avenues for cooperation have opened in all the sectors. It is now up to the two countries to determine how they can most effectively take advantage of the plethora of opportunities they can offer one other. Prime Minister Benjamin Netanyahu's "pivoting to Asia" policy is taking shape, and Vietnam is emerging as a crucial partner.

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