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**“India-Vietnam: Expanding Strategic Engagement in
21st Century”**

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India – Vietnam relations have been built on a firm foundation, with close links in culture, history and civilization, mutual trust and understanding as well as the strong mutual support in international and regional fora. The foundation of this relationship was laid by the two prominent leaders — Prime Minister Pandit Jawaharlal Nehru of India and President Ho Chi Minh of Vietnam, who exchanged visits way back in the 1950s. India had extended her support and assistance to Vietnam during its struggle against French colonialism. The strong affinity between the two countries was established due to their shared historical roots of common struggle for liberation from foreign rule and the national struggle for independence. Both countries have actively cooperated in Non aligned movement (NAM). The main objective of the paper is to highlight the major achievements over the years in the development of relations between India and Vietnam, both in bilateral and regional spheres, and to discuss measures to further deepen and broaden this special partnership.

In the 21st century, the Indo-Pacific generated far more interest and far more speculations about its future than any other part of the world. It is the centre of trade and global economy and is also the fastest growing region of the world. Keeping this in view, India and Vietnam as partners are of strategic importance in the Indo-Pacific century. The cooperation in various fields throughout different periods of history, together with the accomplishments through the strategic partnership established in 2007 have been highlighted below.

Political Cooperation

The foundation for India-Vietnam cooperation was laid by leaders of both countries who paid visits during different periods of history, which in turn helped to create bonhomie as well as camaraderie between the leaders of the respective governments. The political contacts between both the countries have been strengthened in recent years through several high-level visits by leaders from both sides.

During the visit of Vietnamese Prime Minister Nguyen Tan Dung in 2007, India and Vietnam signed the Joint Declaration on the Strategic Partnership in order to diversify

and deepen the relationship between India and Vietnam in a rapidly changing environment in the political, economic, security, defence, cultural, science and technological dimensions and steer their cooperation in regional and multilateral fora in years to come. The thrust areas of this Declaration were establishment of a strategic dialogue, a Joint Working Group on Counter Terrorism, closer defence cooperation, India's commitment to assisting Vietnam through grants and Concessional lines of Credit, a joint commitment to work together to establish an Asian community and expansion of bilateral trade, enhancement of science and technology and cultural cooperation and closer cooperation in multilateral fora. Most of these have since been implemented. 5th Strategic Dialogue was held in New Delhi in August 2016. Bilateral cooperation in areas of defence, counter terrorism, S&T, trade and culture has considerably expanded. Joint Committee/ Working Groups on Trade, S&T, Education, and IT have been meeting regularly, and a number of projects/ schemes have been successfully implemented. Some of the implemented/ ongoing projects include the Joint Project for leather research and tannery waste recycling, Advanced Resource Centre in Information and Communications Technology (ARC-ICT) in Hanoi, High Performance Computing facility at the Hanoi University of S&T, and conservation and restoration project at the UNESCO heritage site of My Son in Vietnam. The recent Lines of Credit (LoCs) extended by India to Vietnam include (excluding defence LoCs) US\$ 19.5 million LoC for the Nam Trai-IV hydropower project and Binh Bo Pumping station; and USD 100 million under the Buyer's Credit of the National Export Insurance Account(BC-NEIA) for use by Vietnam. India and Vietnam closely cooperate at regional and multilateral arena. Both countries have stressed on need for UN reforms and UNSC expansion in both the permanent and the non-permanent categories. Vietnam consistently has supported India's candidature for permanent membership of a reformed and expanded UNSC. India considers Vietnam as a key pillar of its Act East policy. Both sides have also recently signed the Program of Cooperation in UN Peacekeeping Matters.

During the most recent visit of Prime Minister Narendra Modi in September 2016, India-Vietnam relationship was elevated to a 'Comprehensive Strategic Partnership'.

Both PM Modi and his counterpart, the Prime Minister of the Socialist Republic of Vietnam, Nguyen Xuan Phuc agreed to increase the exchange of high-level and other visits, step up relations between political parties and legislative institutions of both sides and uphold established bilateral cooperation mechanisms, and effectively implement the agreements signed between two countries. Several Agreements/ MoUs for cooperation in key areas of trade and investment (avoiding double taxation, IT, health, standardization and conformity assessment, and establishment of the Centre of Excellence in software development and training in Vietnam); people to people relations (celebrating 2017 as the "Year of Friendship", and cooperation between the Vietnam Academy of Social Sciences and the Indian Council of World Affairs); defence and security (UN peacekeeping matters, sharing of white shipping information, and contract for offshore high-speed patrol boats); and new and emerging areas of cyber security and exploration and uses of outer space for peaceful purposes were signed during the visit. The recently signed (Dec 2016) 'Inter-Governmental Framework Agreement on Cooperation in the Peaceful Uses of Nuclear Energy' between India and Vietnam will set a strong foundation for further cooperation in civil nuclear energy.

Cooperation in Regional fora

Vietnam is an important pillar of India's 'Act East Policy', a strategic shift from earlier 'Look East Policy' announced by Prime Minister Modi at 9th East Asia Summit and 12th India – ASEAN Summit at Nay Pyi Taw in 2014, for a more proactive and pragmatic approach to India's relations with the extended neighbourhood in Southeast and East Asia and Pacific. It focuses on closer cooperation in combating terrorism and collaborating for peace, prosperity and stability in the region and promoting maritime economy and security based on international norms and laws. PM Modi placed emphasis on cooperation with respect to infrastructure, manufacturing, trade, skills, urban renewal, smart cities, 'Make in India' and other initiatives. He had also highlighted the significance of connectivity, information highways, cooperation in space, S&T and people to people exchanges which would be a springboard for regional integration and prosperity.

Besides fostering closer bilateral relations, deeper strategic and institutional engagement with ASEAN through the regional and sub-regional organisations like India-ASEAN Summit, East Asia Summit (EAS), Asian Regional Forum (ARF), ASEAN Defence Ministers' Meeting (ADMM) Plus, and Mekong Ganga Cooperation (MGC) has been a priority for India's foreign policy. India is fully supportive of ASEAN centrality in the various ASEAN led fora and looks forward to further enhance cooperation in building a peaceful and stable region. Vietnam has consistently supported and helped in increasing institutional cooperation between India and ASEAN.

Vietnam is the ASEAN Coordinator for India for the period of 2015-2018, during which both countries should closely cooperate and timely implement various initiatives and projects/ schemes to further consolidate ASEAN - India Strategic Partnership. There is need to expedite work on priority projects identified for implementation during 2016-18 from the ASEAN-India Plan of Action for the period 2016-20 adopted in August 2015 which identifies concrete initiatives and areas of cooperation along the three pillars of political-security, economic and socio-cultural arenas. Apart from encouraging further constructive dialogue and cooperation activities through the existing regional mechanisms to promote peace and security in the region; POA focuses on security cooperation including counter terrorism and non-traditional threats, HADR, maritime cooperation, tourism and connectivity, a modern, comprehensive, high quality and mutually beneficial RCEP Agreement, promoting private sector engagement and encouraging business-to-business relations, investment and finance with focus on SMEs, energy including new and renewable energy and rural electrification, food, agriculture and forestry, ICT, mining and natural resource management, S&T and innovation, environment, climate change and biodiversity, health, education, culture and people-to-people exchange, and related facilitation like visa etc. 54 out of 130 projects and activities (including annual meetings/visits, seminars/workshops, training courses and exchange programmes) identified under 3rd POA have been already implemented. Similarly physical and digital connectivity projects, information highways, space, S&T cooperation and capacity building projects, for which India has

announced LoC of US \$ 1 Billion to ASEAN countries, should be expedited, as these are aimed at bringing regional integration and prosperity.

Defence and Security

Defence and security cooperation has emerged as a significant pillar of our strategic partnership with Vietnam. The areas of focus have been high level visits, annual high-level dialogue, service-to-service cooperation, naval ship visits, extensive training and capacity building, defence equipment procurement and related transfer of technology, and cooperation at regional fora such as ADMM-Plus, ReCAAP and Expanded ASEAN Maritime Forum.

After the signing of the MoU on Defence Cooperation by the two Defence Ministers in November 2009, the relations have grown steadily. A 'Joint Vision Statement for 2015-2020' signed by the two Defence Ministers in May 2015 enunciates the way ahead for our defence cooperation. Regular high-level defence exchange and interaction, defence trade and cooperation in production of new technology and equipment, Naval cooperation, and training are the focal points of cooperation.

Bilateral defence cooperation received a major boost during the visit of Prime Minister Modi to Vietnam in 2016. Prime Minister Modi reaffirmed India's significant interest in promoting defence industry cooperation between the two sides. India extended a \$500 million line of credit to Vietnam for defence cooperation projects and procurements. Earlier in 2014 India signed an agreement to lend Vietnam \$100 million to buy defence equipment. A Technical Agreement on Sharing of White Shipping Information, and Contract for construction and supply of 12 offshore high-speed patrol boats were also signed during the visit.

Vietnam has also expressed interest in Akash surface-to-air missile systems and training, and for training of their personnel in ground training, ab-initio training and advanced training on Su-30 aircraft. This, along with new areas of cooperation like

missile technology, and satellite imagery station, signals a stepped up defence engagement between the two nations in times to come.

On traditional and non-traditional security matters, during PM Modi's visit, an MOU on Cyber Security was signed. India also agreed to transfer of equipment to the Indian funded Indira Gandhi High-Tech Crime Laboratory. Both sides agreed to an early conclusion of the MOU for cooperation between the two National Security agencies, emphasized the need to establish the Deputy Ministerial level dialogue and to enhance cooperation on traditional and non-traditional security matters, cyber security, counter-terrorism, transnational crimes, disaster management and response, and undertaking training and capacity building programmes.

We have increasing convergence on the emerging regional security architecture, where ASEAN welcomes India's presence as a balancer. There is need for greater synergy between our navies, coast guards and security agencies to secure sea lanes of trade and communication and for development of marine economy; to combat menaces of terrorism, drug and human trafficking and piracy, as well as in humanitarian and disaster relief operations. India has offered to share its expertise in dealing with cyber crimes and coastal surveillance radar system. Regular ship visits, joint exercises such as International Fleet Review at Vishakhapatnam in February 2016, field training exercise on humanitarian mine action under ADMM Plus and platforms such as IONS help in better coordination and understanding among navies and other security agencies of different countries in the region.

This, along with expeditious implementation of project of establishment of Tracking and Data Reception Station and Data Processing Facility in Vietnam by ISRO under the India-ASEAN Space Cooperation, will go a long way in increasing capabilities of Vietnam and ASEAN countries in remote sensing and coastal surveillance with numerous commercial and scientific applications, including critical area of disaster relief and management. Collaboration in defence technology and production between India and Vietnam will lead the way for further regional cooperation in this sector.

South China Sea

In the 21st century, maritime domain is shaping the geopolitics of the Southeast Asia region. This domain is also the area where contesting claims are being manifested. India and Vietnam can come closer to overcome the anxiety about China's territorial expansion in the South China Sea (SCS). Some of the Southeast Asian countries, which are involved in the SCS dispute, are important partners for India. Vietnam has collaborated with India to address the issues relating to the SCS. In a Joint Communiqué between the Socialist Republic of Vietnam and the Republic of India released on the occasion of President Mukherjee's visit to Vietnam on September 2014, the two leaders had stressed on the direction of action as regards maintaining peace and stability in Asia with regard to the disputed waters of the SCS. The two leaders had agreed that freedom of navigation in the Sea should not be impeded and called the parties concerned to 'exercise restraint, avoid threat or use of force and resolve disputes through peaceful means in accordance with universally recognized principles of international law, including the UNCLOS-1982'. They also welcomed the concerned parties to work towards the implementation of the 2002 Declaration on the Conduct of Parties in the South China Sea. Cooperation between India and Vietnam on the SCS issue indicates that by working together, a strong difference in the Indo-Pacific region can be made.

Economy, trade and investment

India's relations with Vietnam are marked by growing economic and commercial engagement. India is now among the top ten trading partners of Vietnam. Both sides have agreed on a new trade target of US\$ 15 billion by 2020. During former Prime Minister Nguyen Tan Dung's visit to India in October 2014, the two sides decided to make economic cooperation a strategic thrust in the India-Vietnam Strategic Partnership. The focus sectors are hydrocarbons, power generation, renewable energy, infrastructure, tourism, textiles, footwear, medical and pharmaceuticals, ICT, electronics, agriculture, agro-products, chemicals, machine tools and other supporting industries. With regard to investment, India has 114 projects with total investments of about US\$1.1 billion. This includes Indian investment from third countries. Major

sectors of investment are energy, mineral exploration, agro-processing, sugar manufacturing, agro-chemicals, IT and auto components. In 2013, Tata Power was awarded a US\$ 1.8 billion thermal power project in Soc Trang Province, which is the largest Indian investment project in Vietnam till date. Vietnam has three investment projects in India with total investment of US\$ 23.6 million.

Both countries are presently working on key trade and investment enablers which include banking branches in each others' countries, direct containerisation, and air connectivity. Positive developments in this regard are: opening of Bank of India's branch in Vietnam since July 2016; and possibility of starting direct flights to India by Vietnamese carriers towards mid 2017. As regards sea connectivity, both sides have nominated their members to the Joint Working Group (JWG) being established under India-Vietnam Maritime Shipping Agreement. The two countries also have agreement on cooperative oil exploration in Vietnam's EEZ in the South China Sea. Indian companies OVL and Essar Oil are presently active in oil and gas exploration in Vietnam.

For India, increasing and diversifying trade and investment with ASEAN is high priority. Our 'Act East' policy has stressed on significance of connectivity, information highways, cooperation in space, S&T and people to people exchanges, and accordingly focus is on expeditious implementation of various projects in this regard. India has also placed emphasis on seeking investment in key infrastructure and manufacturing sector in its flagship 'smart cities', 'Make in India', 'Digital India' and other initiatives.

Despite sustained efforts made by both sides, India-ASEAN trade is far below potential. While ASEAN is India's fourth largest trading partner, India ranks 10th in the list of ASEAN's trading partners, way behind China, EU and US. The annual trade between India and ASEAN stood at approximately US\$ 65.04 billion in 2015-16. Investment flows have been growing both ways, with ASEAN accounting for approximately 12.5% of investment flows into India (about US\$49.40 billion) since

2000. FDI outflows from India to ASEAN countries, from April 2007 to March 2015, according to DEA, were about US\$38.672 billion.

The ASEAN-India Free Trade Area, which has been completed with the entering into force of the ASEAN-India Agreements on Trade in Service and Investments in July 2015 is expected to boost India's trade and investment with ASEAN. Finalisation of the Regional Comprehensive Economic Partnership (RCEP) needs to be pushed to realise true economic potential of this partnership. With major thrust given by the present government to economic reforms including landmark initiative of GST and on manufacturing, digital economy and FDI, and other concerted moves by India to integrate itself with global economic dynamics more closely, India is hopeful for early membership of APEC. We should work closely with Vietnam on this, as Vietnam has earlier also supported India's bid to join APEC.

Conclusion

After the end of the Cold War, India and Vietnam bilateral relations have been revitalised, and are today marked by greater mutual trust and beneficial cooperation across all sectors. However, there is need to fast track a number of bilateral projects and schemes, to expand bilateral trade and investment in mutually beneficial sectors of garment and textile, pharmaceuticals, agriculture, agro processing & agro-commodities, leather & footwear, machinery & engineering, ICT, energy, tourism, mineral exploration etc, as well as to tap new potential areas. Potential future areas of cooperation include maritime economy and security, cyber security, space, civil nuclear energy, defence production and technology, renewable energy and climate change. The infrastructure for this is already in place in terms of bilateral MoUs/Agreements. This would help in qualitative upgradation of our bilateral relationship going into the future.

The trajectory of the India-Vietnam relationship provides insight into India's strategic outreach in the region. At the same time, India's relationship with Vietnam is natural and not directed against any third country or alliance. India seeks to deepen strategic

engagement with the region with a view to bring peace, stability and shared prosperity. India considers Vietnam as a key partner in this journey.

