

Sixth Sapru House Lecture

by



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on

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Ambassador Shri Rajiv Kumar Bhatia,

Mr. Chair,

Ladies and Gentlemen,

It is my great honour to be with you at the Indian Council of World Affairs – a very prestigious institution. Standing here, I am reminded of the late Prime Minister Jawaharlal Nehru, who established this building, and the late President Hồ Chí Minh, who had been here during his visit to India some decades ago. Uncle Ho and Chacha Nehru, our two great founding fathers, laid the common foundation between Vietnam and India. Their warm personal friendship truly helped cement the bonds between our two nations. During his time, the late President Ho Chi Minh often emphasized the contribution by India – an independent and strong nation – to peace in Asia and the world. All of these words remain relevant today.

I would like to present my further thanks to Ambassador Rajiv Bhatia and the Indian Council of World Affairs for strengthening the dialogue and understanding between our two countries. Your joint effort with the Diplomatic Academy of Vietnam had made possible the Seminar on *Vietnam and India Strategic Partnership: Future Directions* last July. I was briefed that the Seminar was very successful.

The fact that I am invited to speak with you today, ladies and gentlemen, demonstrates your interests in Vietnam, in our bilateral relationship, and in what our two countries can achieve together in this changing global and regional landscape.

On this occasion, I wish to share with you a few thoughts on the dynamics of our world and our region, the role of India, ASEAN and Vietnam, and some suggestions on how to bring our strategic partnership forward.

1. Global and Regional Contexts

First, I often ask myself: What kind of world are we living in now?

It looks to me in the last few years that we stand before a world of profound changes. The global financial crisis has brought about structural movements in the global economy, in growth models

and strategies, in the trends in manufacturing, consumer and financial markets and in the increasing connectivity of economies and regions.

One immediate impact of those changes is the shift in dynamics of power. We have seen power gradually shifts from West to East, from North to South, and from the developed countries to the developing world. Whereas the leading industrial powers face with extreme difficulties, the emerging economies have seen seemingly unstoppable rise. In the last five years alone, there have been momentous changes at the world's table of economic power. In 2010, China became the world's second largest economy, India became the ninth largest in 2011 and Brazil already caught up with Britain. Between 2001 and 2012, the total size of BRICS economies expanded 6 folds while the world's entire economy grew twice. The voice of BRICS is now increasingly heard in the global economy, in international relations and in the global security structure. The coordinating economic role of the G-20 is also an established fact. The emerging economies have altered fundamentally the nature of power politics. Relationship among major powers is no longer the exclusive domain of leading industrial nations.

Against that backdrop, our Asia is now becoming the centre of gravity, the engine of world growth and economic recovery. In the last few years, notwithstanding global economic downturn, Asian economies still register strong growth. Last year, that reached 7.6%. One notable feature of Asia is emerging regionalism. With a total of 76 free trade agreements, Asia – Pacific leads the world in the drive for economic integration in the absence of progress of the Doha Round. I am of the view that the number of FTAs and other forms of economic linkage will continue to rise. For example, along with the process of ASEAN Community, we have witnessed the gradual emergence of the Regional Comprehensive Economic Partnership (RCEP), Trans Pacific Partnership (TPP), Northeast Asia Free Trade Area, Enhanced Economic Engagement between ASEAN and the United States, Mekong Suregional cooperation. The scope of activities within ASEM and APEC now expands to cover non-traditional issues.

Another indication of Asia's importance is that all major powers now focus on the region. It is inevitable as four leading global economies, three permanent members of the United Nations Security Council and 10 out of 20 members of the G20 are from Asia. The world has been paying most attention to China's spectacular rise, the US with its strategic rebalancing, India's

Look East policy and Japan gradually assuming an active role. Many leading think tanks agree that by 2030 Asia – Pacific will surpass other continents and regions in terms of power, population, GDP output and military spending.

These profound changes have brought about both opportunities and challenges. Although major powers still retain their enormous ability to control events, the influence of emerging powers cannot be denied. International politics have become more democratic and multipolar as a result. If we reflect on the global landscape a decade earlier, we can see that the United Nations and multilateral organizations nowadays play a more significant role in maintaining peace, stability and international security. International law is now recognized as a point of reference for all global issues. Against this backdrop, peace and stability have more chances to be maintained, thus ensuring a favourable environment for development. And a prosperous Asia is, in turn, the very propeller for the socio-economic development at each of our countries.

Historically however, any shift in the dynamics of power lead to some sorts of chaos. Countries in Asia still have to deal with the aftermaths of the wars in Iraq and Afghanistan as well as the lingering shadow of terrorism. The Korean Peninsula remains a hotspot. We are faced daily with internal economic, political and social difficulties, partly fueled by the economic downturn. Non-traditional threats now affect our lives in the forms of climate change, sea rise, calamities, food, energy and water security, cybercrime etc. Of particular concern is territorial disputes between countries, especially on the East China Sea and Eastern Sea (South China Sea). These disputes are further aggravated by competition among major powers, by the changes in strategic goals, by rising nationalistic sentiments, and by the arms race in certain parts of the region.

Among these complexities, we all share the common interest in peace, stability, security and freedom of navigation along the major maritime route that link West and East, from the Mediterranean, the Gulf through Indian Ocean, to the Eastern Sea and further to the Pacific. Incidents that took place in the last few years have complicated the situation on the Eastern Sea, one of the most important links on that maritime route. I believe you in India are all aware of those incidents.

What I wish to emphasize is that Eastern Sea is of utmost importance to the global commons – that is, overall peace, stability, security and freedom of navigation, freedom of trade and the common prosperity for the whole world. It is estimated that over three-fourths of global trade in goods are transported by sea, and two-thirds of those merchandise go by way of the Eastern Sea. All littoral states on the Eastern Sea, and all major economies, within and without the region, depend on this maritime route for their livelihood. It is for this reason that apart from protecting each country's own heritage, we must also strive to protect these global commons, that is sovereignty, territorial integrity, and the economic interests in terms of natural resources, fisheries and oil.

At the 12th Shangri-La Dialogue last month in Singapore, Vietnam's Prime Minister Nguyen Tan Dung called on all nations to jointly build and enhance a strategic trust for peace, cooperation and prosperity. This strategic trust must be based on good will and sincerity, the will to observe international law, and the responsibility of all nations, first and foremost of major powers. And the efficiency of multilateral security mechanisms must be enhanced, in which ASEAN's centrality must be respected.

In this regard, we appreciate the consistent position of the Republic of India, in words and in deeds, on the issue of maintaining peace and securing maritime lanes on the high seas as well as the Eastern Sea. We welcome the recent statement by External Affairs Minister Salman Khurshid during the meeting with ASEAN in Brunei last few days, when he rejected any use of force and supported freedom of navigation.

After all, my dear friends, as Jawaharlal Nehru said: *“Without peace, all other dreams vanish and are reduced to ashes”*.

2. Regional architecture, India's and ASEAN's Roles

Ladies and Gentlemen,

The second question I ponder myself is: How do we navigate in this uncharted water ? How do we build a lasting foundation for peace and stability, so that we can all prosper in Asia ?

I am of the view that peace cannot be guaranteed by defence means alone. The answer to peace may lie in the ever expanding network of countries, in overall connectivity and linkage of economic, trade, political, security, cultural and social fields. We must do so not only between countries, but also at different levels: among subregions, intra-regional and inter-regional. By this profound integration, we can create intertwined interests, involve all players, enforce rules and norms, and minimize the potentials of conflict.

Bearing that in mind, I think we should have an ever broader view that Asia – Pacific and South Asia are interlinked into what is called Indo – Pacific. There are today many proposals, ideas, concepts and initiatives that promote linkage between South Asia with East Asia and the Pacific. This reflects a reality that we all share a common prosperity, our destinies are intertwined. And ASEAN plays the crucial role as the bridge linking our regions, as the threshold for India to enter Asia – Pacific.

As you may be aware of, existing multilateral arrangements in Asia - Pacific has not been fully effective in preventing and managing conflicts, nor do they deal adequately with non-traditional security issues such as the SARS outbreak in 2003, tsunami disasters in the Indian Ocean in 2004 and Japan in 2011.

Therefore, much has been expected of the evolving regional architecture as one of the steps towards addressing the challenges and realizing the Indo-Pacific. Along that line, ASEAN has played the important role as the nexus of regionalism. The Association is able to maintain a dynamic growth of an economic community of 600 million consumers and GDP output of 2,100 billion USD. Apart from being the hub of most regional and bilateral FTAs, ASEAN is also at the centre of mechanisms and instruments to ensure peace and security. I can name the Treaty on Amity and Cooperation (TAC), SEANWFZ, Declaration on the Conduct of Parties in the South China Sea (DOC), East Asia Summit (EAS), ASEAN+ Defense Ministers Meeting. The annual gatherings of ASEAN provides strategic platforms for all regional countries to get together, to manage potential conflicts and to promote regional connectivity. So far, ASEAN has been able to maintain a dynamic balance in promoting ties with all dialogue partners.

In the upcoming years, ASEAN's priorities are: to realize the Roadmap towards a Community by the end of 2015, to increase connectivity and bridge the development gap, and to ensure sustainable and inclusive development. However, looking further beyond 2015, ASEAN must be more proactive in enhancing our centrality in the evolving regional architecture. We must play a leading role in addressing the most pressing challenges of the region, both traditional and non-traditional security issues.

In order to realize these goals, ASEAN will step up our interaction with Dialogue partners and to encourage them to further engage with us and to work with us toward the said common goals, that is peace, stability and development of the region. In this regard, ASEAN in general and Vietnam in particular always view India with great respect and as an important partner. India naturally has a formidable presence in the Indo-Pacific by virtue of its size, its economy and its willingness to assume a greater role on the world stage.

Economically, as a economic powerhouse and a key driver, India has much leverage. Its population, the vitality of its youth with the highest proportion of working age in Asia makes the country a creative hub of IT. The country can contribute to regional growth through its growing web of FTAs and PTAs with ASEAN and other countries and its increasing two-way flows of investment with the rest of Asia.

Strategically, India commands a geo-political location that straddles the land and maritime space between East and West. As the founding and leading member of the Non-Aligned Movement, the country holds high prestige and role in the developing world. India and its relations with other powers have long formed a component of the regional security structure. More importantly, India is proving to be among leaders of global importance and influence.

In the past two decades, India has played a constructive role with its notable Look East Policy through economic cooperation and security initiatives. The establishment of the ASEAN – India Strategic Partnership for Peace and Shared Prosperity in 2012 has brought our cooperation to a new height. Your presence in Southeast Asia becomes more visible in many fields: political, economic, trade, defence, energy cooperation. The statistics alone are

impressive: The Free Trade Agreement on Goods between India and ASEAN has created a linkage between two giant markets with 1.8 billion consumers and total GDP output of 3 trillion USD. Bilateral trade volume between India and ASEAN reached 80 billion USD in 2012.

However, between ASEAN and India, there are still potentials that need to be tapped and explored further. We need to work more closely together in inter-regional initiatives. We need to join force in schemes that link our sub regions such as the Mekong-Ganga Initiative, between ASEAN and the South Asian Association for Regional Cooperation (SAARC). There are areas that India can help in a meaningful way, such as cooperation in the Lower Mekong to which Japan, the United States and Korea are parties to, and initiatives for connectivity in infrastructure, land and maritime transport.

We in ASEAN notice that India's interests in Southeast Asia has surged in recent years. I welcome the establishment of the Coordinating Committee for ASEAN – India Connectivity at the last joint ministerial meeting ten days ago. The ASEAN – India Centre was also set up recently, to name but a few of the new initiatives.

In short, we in ASEAN welcome India's commitment and engagement with ASEAN with concrete measures. We all want to see more of India's presence in Southeast Asia, not only politically, but also economically. And as a responsible and proactive member of ASEAN, Vietnam stands ready to be at the forefront of the cooperation between the Association with India. With the even more active India in cooperation with ASEAN, we can dream of a vast Indo-Pacific with strong linkages, efficient connectivity and after all, with shared prosperity and peace.

3. Vietnam-India Strategic Partnership in the changing regional landscape

Which brings me to the third question: What shall we, Vietnam and India, do together in this changing landscape ?

Vietnam and India treasured a long history of interaction. The Indian civilization has left its visible and invisible marks in Vietnamese culture. One notable feature of this time-honoured interaction between our two nations is that it has been entirely peaceful.

With the founding of modern Vietnam in 1945, we have an India as a faithful friend ever since. And I believe you find the same in us. Constantly built up through the years, mutual trust is the most important heritage that we have. And it was that very mutual trust that helped sustain our traditional friendship in times of turbulence. This is the legacy of our bilateral relations that we must safeguard. And I am certain that it was what the late President Ho Chi Minh and late Prime Minister Jawaharla Nehru had nurtured and intended.

Upon the foundation of mutual trust, common values and shared strategic interests, the Strategic Partnership between Vietnam and India was built in 2007 and has flourished ever since. In this time of no less challenges, we should stand together to address the political and economic issues presented by the changing regional contexts. The nexus between India's Look East Policy and Vietnam's foreign policy of overall international integration provides much space for us to work together. We must also pool our efforts to translate the huge potential in bilateral cooperation into reality, so that our partnership stands on a firmer ground.

The Declaration that established the Strategic Partnership between our two countries in 2007 set out very clearly the five pillars of cooperation. These are: political, defense and security cooperation, economic cooperation and commercial engagement, closer trade and investment, science and technology, cultural and technical cooperation, and cooperation at multilateral and regional forums. During his state visit to India in 2011, President Trương Tấn Sang and the Indian leaders agreed on more concrete steps and targets that both sides should work on. Among those, the leaders agreed that we should aim to bring annual two-way trade to USD 7 billion by 2015.

By the end of 2012, we had concluded a successful Year of Friendship of Vietnam and India. Efforts made by both sides during the year brought about significant achievements, making firmer ground for our relationship to soar in the years to come.

The year 2013 has witnessed ever more efforts to consolidate what we gained last year. Last week, H.E. Mr. Kapil Sibal, the Indian Minister of Communication and Information Technology, visited Vietnam and reached a number of agreements with his Vietnamese counterpart. In the upcoming years, Vietnam will choose IT as a foundation for new development model. We look to India, as a leading IT industry powerhouse in the world, for help and support. I fully agree with proposals by Minister Sibal that Vietnam and India should set up joint ventures in IT, making full use of India's advantage in software and Vietnam's hardware products.

My visit to the Republic of India this time is to co-chair with my colleague, HE Mr. Salman Khurshid, Minister of External Affairs, the 15th plenum of the Joint Vietnam – India Commission. Yesterday Minister Khurshid and I discussed ways to realize the many targets between our two countries. I expressed our views that Vietnam has a lot to offer in terms of trade and investment. We support Indian businesses to explore more opportunities in oil exploration, electricity, science and technology and agriculture. A vivid example is that Tata Power has won a USD 1.8 billion contract to build the thermal power plant Long Phu 2 in the province of Soc Trang, thus bringing India from 40th to 12th biggest foreign investor to Vietnam.

These are merely a few examples of our recent endeavours. As much as I am proud of our long-lasting friendship, I am fully optimistic about the prospect of our relations. The potentials are there, and they are huge. What matters is we must continue to work tirelessly together to tap into those opportunities.

Ladies and Gentlemen,

I wish to conclude my speech by expressing my deep appreciation to all of you, scholars and officials of the Indian Council of World Affairs. Please be assured that we in Vietnam follow closely your researches, debates and policy recommendations. We greatly value your inputs on the global and regional situation and on our bilateral strategic partnership.

Ambassador Rajiv Bhatia, ladies and gentlemen, may I wish you the best of health, happiness and prosperity.

Thank you very much once again.
