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Vietnam-India Relations in The Light of India's Look East Policy

Vo Xuan Vinh

Indian Council of World Affairs
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Indian Council of World Affairs
Sapru House, Barakhamba Road
New Delhi- 110 001, India
Tel. +91-11-23317242
Fax: +91-11-23322710
www.icwa.in

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Introduction

India launched its economic reforms and Look East Policy (LEP) simultaneously in 1991. The LEP has become 'the springboard which could take India out of the geopolitically constraining and confining South Asian context and enable it to position itself as a key player and emerging major regional power'.[1] Vietnam-India relations are traditional, time-tested and based on trust and mutual understanding. It encompasses many areas including political, defence and economic cooperation, based on shared perceptions and mutuality of interests. The achievements of the two countries have resulted from India's LEP and Vietnam's policy of '*doi moi'* or renovation.

This paper attempts to highlight Vietnam's perspective of India's LEP and examines Vietnam-India relations in the fields of strategic and political dimensions, economic (trade and foreign direct investment-FDI) cooperation and human resource development. It also explores the prospects for Vietnam-India relationship in the years to come.

India's Look East Policy - A Personal Perspective from Vietnam

It is interesting that the phrase 'Look East' or 'Look East Policy' was not officially initiated by an Indian. In his opening address for the *Singapore Lecture* of the Indian Prime Minister P.V. Narasimha Rao in 1994 in Singapore, his Singaporean counterpart Lee Kuan Yew stated that Prime Minister Rao 'has got India to look East, towards the dynamism of the Asia-Pacific'[2]. There are also viewpoints stating that the LEP had its beginnings in Rajiv Gandhi's initiatives towards China and the other countries east of India'.[3] In official document, the phrase 'LEP' appeared for the first time in *Annual Report of 1995-1996*.[4] The LEP has been studied in variety of aspects, especially since the first ASEAN-India Summit was held in Phnom Penh, Cambodia in 2002.

The Formulation and Development of LEP

As mentioned above, the phrase LEP was officially used for the first time in *Annual Report 1995-1996* of MEA[5]. In its *Annual Report 2006-2007*, MEA asserted that the LEP was launched in 1992.[6] This timing of the LEP's appearance has been mentioned in 2002 by A.N. Ram[7] in his paper entitled 'India's "Look East Policy-A Perspective' (in K.V. Kesavan, (Ed)., *Building a Global Partnership: Fifty Years of Indo-Japanese Relations*, Lancer's Books, New Delhi, 2002, p.78). Recently, Lalit Mansingh also felt that 'India looks East in 1992'.[8] India became a Sectoral Dialogue Partner of Association of South

East Asian Nations (ASEAN) in 1992 is seen as a basis of this standpoint. In Indian academic circle, however, 1991 has been broadly used to mention of the launching of the LEP.

According to the circle, India's economic reforms and its LEP initiation took place simultaneously in 1991. Interestingly, in his keynote address at the Institute for Security and International Studies, Chulalongkorn University in Thailand in September 2007, then External Affairs Minister Pranab Mukherjee claimed that the LEP was launched in 1991 when he stated: 'when our 'Look East' policy was initiated in 1991, it marked a strategic shift in our perspective of the world. It coincided with the beginning of our economic reform process and provided an opportunity for significantly enlarging our economic engagement. At the same time, it also encouraged a renewal of linkages with our civilizational neighbours in South East and East Asia'.[9] Since then, the phase of 'in the early 1990s' has been broadly used to mention of the beginning of the LEP.

India's LEP has experienced three phases. The first phase is from the early 1990s to the first ASEAN-Indian Summit meeting held in November 2002. In this period, India tried to survive its good relations with East Asian countries which were eroded due to the Cambodian issue in 1980s. It is necessary to note that India attempted to enhance its relationship with Japan by the visits of President R. Venkataraman and Prime Minister P.V. Narasimha Rao in 1990 and 1992 respectively. India also took efforts to improve its relations with People Republic of

China (PRC) when President R. Venkataraman and Prime Minister visited PRC in 1992 and 1993 respectively. India reached several bilateral agreements with Japan and China but India's nuclear tests in 1998 were seen as the main factor that undermined its relationship with these two countries. Therefore, as argued by Amar Nath Ram, the LEP's 'focus initially might have been Southeast Asia'.[10]

India gained fruitful achievements from ASEAN and its member states. India became a Sectoral Dialogue Partner and Full Dialogue Partner of ASEAN in 1992 and 1995 respectively. In 1996, India joined the ASEAN Regional Forum (ARF). ASEAN only raised symbolic objection against the nuclear tests of India. India's efforts to extend its LEP scope met with difficulties when its proposal to enlarge ASEAN+3 (ASEAN plus Japan, PRC and the Republic of Korea) which was established in 1997 into ASEAN+4 (known as JACIK, includes Japan, ASEAN, PRC, India and the Republic of Korea) did not materialize. India also concluded some defence arrangements with several Southeast Asian countries such as Singapore and Vietnam.

On the economic front , India started seeking economic cooperation by organising joint seminars on business and investment opportunities in some Southeast Asian countries. A joint seminar was held in 1991 in Singapore by Singapore Trade and Development Board and India's Ministry of External Affairs and two others were held by FICCI/ASSOCHAM in 1995 in Kuala Lumpur.

The first ASEAN-India Summit meeting in 2002 marked the beginning of the LEP's second phase as defined by then External Affairs Minister Yashwant Sinha in his speech delivered at the Institute of Defence and Strategic Studies, Singapore in August 2003: 'with the holding of the first India-ASEAN Summit in Phnom Penh last November, we have effectively entered **Phase II of our 'Look East' policy'**.[11] This can be seen as extended phase of both content and scope of the LEP. The scope of the policy was not bound in Southeast Asian region, it 'has gradually evolved to include the Far Eastern and Pacific regions, and facilitated closer links with China, Japan, South Korea, Australia, New Zealand, Fiji, Papua New Guinea, and the Pacific Island states'[12] where India has not only a deep 'geographical footprint'…but clearly stands out as an integral part of the region".[13]

In comparison with the first phase, contents of the LEP were also extended, as stated by the Indian Foreign Minister Yashwant Sinha in his lecture at Harvard University in 2003: 'The other (aspect of the LEP) is the movement away from exclusive focus on economic issues in phase one to a broader agenda in phase two that involves security cooperation, including joint operations to protect sea lanes and pooling resources in the war against terrorism. The military contacts and joint exercises that India launched with ASEAN states on a low key basis in the early 1990s are now expanding into full-fledged defence cooperation. India has also quietly begun to put in place arrangements for regular access to ports in Southeast Asia. India's defence contacts have widened to include Japan,

South Korea and China. Never before has India engaged in such multi-directional defence diplomacy in Asia".[14]

Since the annual ASEAN plus India summit meeting was set in 2002, India became a stakeholder in East Asia since India has a position on a par with PRC, Japan and the Republic of Korea in the sphere of ASEAN plus one (ASEAN+1). India signed ASEAN's Treaty of Amity and Cooperation (TAC) and ASEAN-India Joint Declaration for Cooperation to Combat International Terrorism in 2003. India's participation in East Asian Summit (EAS) as one of the founding members in 2005 can be seen as significant progress of the LEP in its second phase. Participating in the summit, India had a forum to exchange views on political, security and economic issues of East Asia. In this phase, India also built strategic partnerships with Japan, China and Vietnam.

In the economic field, India embarked on a period of launching initiatives to build forms of trade pacts with its important economic partners in East Asia, including ASEAN and a pan-Asia free trade agreement. In 2002 in Cambodia, India Prime Minister A.B. Vajpayee proposed an India-ASEAN Free Trade area within 10 years. The negotiation on a bilateral India-Thailand Free Trade Agreement (FTA) was also launched. Vajpayee further initiated an Asian Economic Community in the second ASEAN-India Summit in Bali, Indonesia in 2003. India continued its attempts to establish Comprehensive Economic Cooperation Agreements (CECAs) with ASEAN, Singapore, Malaysia, Indonesia, and Comprehensive Economic

Partnership Agreements (CEPAs) with Republic of Korea and Japan. As a result, India concluded a framework agreement on FTA with Thailand in 2003 and an FTA on Trade in Goods with ASEAN in 2009. It also signed a framework agreement on CECA with ASEAN in 2003. A bilateral India-Singapore CECA was signed in 2005. India-Korea CEPA was concluded in August 2009.

The third phase of the LEP was marked by India's public claim of its engagement in affairs in East Asia and Asia-Pacific at large. The move began by the speech of Indian Defence Minister A.K. Antony in the first ASEAN Defence Ministers' Meetings Plus (ADMM+) in October 2010 in Hanoi. Never before had an Indian official publicly supported and committed to secure the freedom and safety of navigation in Asia-Pacific region. In his speech, Antony emphasised:

> "The security of sea lanes of communication is vital in today's world. It is in the common interest of nations to keep sea lanes open, secure and free for navigation, trade and energy supplies. Piracy remains a serious challenge for the world community, as we have witnessed in the Gulf of Aden and adjoining areas. The Indian Navy is actively engaged in providing anti-piracy patrolling and escort operations in the Gulf of Aden for over two years now. India is committed to working together with other countries in the efforts to address piracy. The security of sea lanes is important for the Asia-Pacific region, which is now one of the most important drivers of global economic growth. Through the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ship in Asia (ReCAAP) and the Malacca

> Straits mechanisms, we are partnering with other countries in the region to improve the safety of navigation in the region. Cooperative approaches on maritime security would offer benefits for the region as a whole".[15]

It is important to note here that India's resolute attitude came after China had stepped up its sovereign claim over the whole South China Sea/East Sea (SCS/ES) and the US Secretary of State Hilary Clinton asserted that the U.S. had a national interest in this sea. Whatever reasons, 'New Delhi is expanding the range of issues on which it engages East Asian nations from trade to wider economic and security issues, representing a further "strategic shift in India's vision" that was predicated on the understanding that developments in East Asia are of direct consequence to India's security and development'.[16] Since then, one of the hot spots in Asia-Pacific, SCS/ES dispute, is not a sensitive issue in Indian leaders' speeches related to the region. India's engagement in the matter was clearly shown when Indian Prime Minister Manmohan Singh along with U.S. President Barack Obama and Japanese Prime Minister Yoshihiko Noda, among others, raised the SCS/ES dispute in East Asian Summit 2011 amidst China's objection.

In this phase, India negotiated several free trade agreements in East Asia. It concluded a CEPA with Japan and CECA with Malaysia in 2010 and 2011 respectively. India and Indonesia started negotiating bilateral CECA in October 2011. India and Thailand in January 2012 agreed to expedite the negotiations for a comprehensive bilateral market opening pact.[17] In

the ASEAN-India Summit in 2010, Indian Prime Minister Manmohan Singh pressed for early India-ASEAN FTA in services and investment.[18]

India has sometimes said to be behind China in deploying its strategy towards Southeast Asia in particular and in Asia-Pacific in general. Slowly but firmly, however, India now has a solid position in East Asia region. Obviously, India has gained fruitful achievements through the LEP.

The Objectives of the LEP

No clear objectives of the LEP have officially been publicised by the Indian government so far. However, the policy has been deployed, regularly adjusted and further complemented in its two decades of development in conformity with the regional and international context, and domestic political and economic conditions of India.

From the reality of deploying steps of the LEP, objectives of the policy can be classified into two groups. The first group contains strategic and political dimensions such as: (1) building good relations with countries, regional cooperation institutions and fora in Asia-Pacific in order to facilitate India's trade exchange and investment, and establish its influence of power in the region; and (2) enhancing India's economic and political influence in the region, especially in Southeast Asia to protect from a distance its own territorial integrity and interests in South Asia region and Indian Ocean, and directly its economic interests in Asia-Pacific.

The strategic and political calculations partly originated from India's awareness of China's activities of increasing its influence on South Asia and Indian Ocean as well as the latter's sovereign claims over disputed territory of Aksai Chin and Arunachal Pradesh state. In order to advance its influence in Asia-Pacific, India has made efforts to join institutions of political and security cooperation in Southeast Asia or East Asia which, as being thought, have been driven by ASEAN. India became Sectoral Dialogue partner of ASEAN in 1992 and Full Dialogue partner in 1995. In 1996, India joined ASEAN Regional Forum (ARF), the dialogue India 'consider(s) ASEAN as the driving force … and believe(s) that… participation in the ARF also enables us (India) to engage with a broader range of countries beyond the ASEAN underlining India's commitment and goal in ensuring regional peace and stability'[19]. In 2002, the first ASEAN-India annual Summit held in Phnom Penh, Cambodia. In the eyes of many, the summit was a historic event in India's ceaseless efforts to become a key player in Asia-Pacific because, 'India was trying since 1999 for a summit-level relationship with ASEAN, but it was being obstructed in this endeavour particularly by China'.[20]

An important advance of India's Look East Policy was India becoming a founding member of the East Asia Summit (EAS). In the words of Rajiv Sikri, the former Special Secretary (ER) and Secretary (East) in the Ministry of External Affairs with responsibility for India's Look East Policy between 2002 and 2006, 'India's membership of the EAS has bridged the gap between India and East Asia. If the EAS does manage to

provide a credible framework for Asian community building, Asia could emerge as a new and independent pole of growth and influence, thereby changing strategic equations within Asia as well as globally. If the 21st century is to be a truly "Asian" one, it cannot be so without India playing a central role in this endeavour'.[21] India's political reputation in Asia-Pacific was marked by the participation of Indian Defence Minister A.K. Antony in the first *ASEAN Defence* Ministers' Meeting Plus (ADMM+) in October, 2010 in Vietnam because ADMM+ is 'a key component of a robust, effective, open, and inclusive regional security architecture that would enable the ADMM to cooperate with the eight "Plus" countries to address (our) common security challenges'[22] and 'India is seen as an important stakeholder in the ADMM Plus activities'.[23]

The other group includes economic, especially trade and social calculations. First, 'India believes East Asia holds a key to India's sustained economic growth, particularly when international economic activities are becoming more critical to India's own growth, and other regions are growing at a much slower pace and becoming more protectionist'.[24] In fact, since India launched its economic reform in 1991, trade has increasingly become an important factor contributing to the growth of India. 'India's two-way trade (merchandize exports plus imports), as a proportion of GDP, grew from 21.2 per cent in FY 1997-98, the year of the Asian crisis, to 34.7 per cent in FY 2007-08'.[25] Trade with Asia-Pacific economies[26] increased to US$141,023.40 million in FY 2009-2010 from US$37,912.66 million in FY 2003-04.

More importantly, Asia-Pacific economies' share in India's total trade increased from 26.70 per cent in FY 2003-04 to 30.19 per cent in FY 2009-2010 while the proportions of EU-27 and North America in India's total trade decreased noticeably, from 20.84 per cent and 12.69 per cent to 15.94 per cent and 8.50 per cent respectively in the same period.[27]

Second, India believes that Asia-Pacific could be the springboard for India's leap into the global market place.[28] Rajiv Sikri further stated: 'the fact that India has the largest number of Free Trade Agreements (FTAs) or Comprehensive Economic Cooperation/Partnership Agreements, either operative or under negotiation, with the countries of ASEAN and East Asia brings out the importance that this region will continue to have for India's economic engagement with the world in the future'.[29] In fact, until the end of the first decade of 21st century, economies in Southeast Asia along with Japan and South Korea are markets that have helped India to integrate into Asia-Pacific region in particular and in the world as a whole, especially when India's efforts to conclude free trade pacts with its leading trade partners in the world such as the U.S., European Union (EU), Gulf Cooperation Council (GCC), and China met with difficulties. The detailed list of main forms of trade pacts that India has reached in Table 1 can be seen as a persuasive proof for the importance of Asia-Pacific economies to India's regional and international economic integration.

Third, economic partners in Asia-Pacific region have been importantly contributing to India's inflows of foreign direct

investment (FDI). 'Flow of foreign direct investment India has been only 0.8 per cent of GDP (2008) and … will increase by at least 1.6 per cent of GDP in the next 5 years (2013)".[30] According to the data given by Department of Industrial Policy & Promotion (Ministry of Commerce and Industry, India), economies from Asia-Pacific including Japan, Singapore, South Korea, Hong Kong, Australia, Malaysia, Thailand and the Philippines contributed 15.08 per cent of India's total FDI inflows (US$4.362 billion/US$28.930 billion) from August 1991 to September 2005.[31] From the same source, Singapore, Japan, South Korea, Hong Kong, Indonesia, Australia and Malaysia from April 2000 to October 2010 invested US$18.434 billion in India, accounting for 15.03 per cent total FDI inflows of the former.[32] The numbers have been cited are not small because, as a very special case, Mauritius - a US$11.313 billion economy (2011) standing at 123th in lists of the International Monetary Fund (IMF)[33]- accounted to 43.79 per cent of India's total FDI inflows from April 2000 to December 2008.[34]

Fourth, promoting economic development and stabilising socio-security in eight North Eastern States of India through efforts to open links to countries in Southeast Asian mainland countries and to Bangladesh is also an important objective of the LEP. North Eastern Council (NEC) determines that one of the strengths of the North Eastern region (NER) is its 'proximity to one of the world's fastest-growing economies, the S.E. Asia'[35] so in its 52th meeting in February 2006, 'the Council emphasised the promotion of Border Trade on a mission mode as part of Government of India's Look East Policy. The region

must be assisted to be able to derive full benefit of trade with S.E. Asian countries'.[36] NEC further insisted in its 53th meeting that 'the Look East Policy has potential to break isolation and bring prosperity to the region'.[37]

Basically, the LEP could be understood as the viewpoint stated by Indian Prime Minister Manmohan Singh in his keynote address at Special Leader's Dialogue of ASEAN Business Advisory Council in Kuala Lumpur, Malaysia in December 2005: 'Some of you might recall that in 1992, our Government launched India's 'Look East Policy'. This was not merely an external economic policy, it was also a strategic shift in India's vision of the world and India's place in the evolving global economy. Most of all it was about reaching out to our civilisational neighbours in South East Asia and East Asia'.[38] The then Indian Minister of Foreign Affairs Pranab Mukherjee further explained: 'India's 'Look East' policy was more than an economic imperative. It was a significant shift in India's vision of the world and her place in the emerging post-Cold War global scenario. In the years to come it will be our endeavour to strengthen political, physical and economic connectivity between India and East Asia and broaden the underpinnings of our quest for peace and prosperity'.[39]

The Approaches of the LEP

How has India implemented its LEP? It is obvious that the giant of South Asia region has focused on many areas, ranging from political, economic, defence, cultural and energy diplomacy to sub-regional links.

On the political front, since the early 1990s Indian leaders on their own initiative were paying visits to many East Asian countries to revive and enhance India's relations with the region. In 1990, Prime Minister V.P. Singh paid a visit to Malaysia. President R. Venkataraman visited Japan (1990), Vietnam and the Philippines (1991), and PRC (1992). Assuming the post of Prime Minister in June 1991, Prime Minister P.V. Narasimha Rao also visited Japan in 1992, PRC, Republic of Korea and Thailand in 1993, Singapore and Vietnam in 1994 and Malaysia in 1995 respectively. That is the reason why Rao's speech in Singapore in 1994 was entitled "*India and the Asia-Pacific: Forging a New Relationship*". In fact, India improved its relationship with countries and joined cooperation mechanisms in the regions such as ASEAN's Dialogue Partner, ARF and ASEAN+1.

After having failed in an attempt to realise ASEAN-India Summit meeting in 1999, many Indian leaders' trips to countries in East Asia were made. Then Prime Minister Vajpayee paid visits to Vietnam, Indonesia, Malaysia and Japan in 2001, and Cambodia and Singapore in 2002. India's most successful endeavour in this regard was the realisation of the annual ASEAN-India Summit meeting, beginning from 2002. India ratified TAC in 2003, one of the criteria[40] for India to become a member of EAS.

In the economic field, regional and international economic integration has become a driving force of India's diplomatic mission since the Cold War ended. And, Asia-Pacific has been

recognised to be the main focus of the country's economic diplomacy. As mentioned above, India has initiated free trade pacts with its important economic partners in East Asia and elsewhere. After its ceaseless efforts, India has gained significant results. Many of its concluded free trade pacts come from this region (see table 1).

Defence diplomacy which was seen to be first officially referred by the Bharatiya Janata Party[41] in 1999 has increasingly become an important approach of the LEP. India's defence diplomacy includes various activities such as security dialogue, joint exercise training, high level visits and in some cases is weapon exports. It is deployed in both bilateral and multilateral levels.[42] In fact, activities of India's defence diplomacy have taken place since early 1990s. An India-Malaysia defence arrangement was signed in 1993 and another was signed between India and Vietnam in 1994. India invited ASEAN member countries to join a naval exercise in November 1992 but the initiative did not materialize. After the visit of the then Indian Defence Minister George Fernandes to Japan in 2000, India expanded its naval presence in East Asian region. India has also held joint exercises with the PRC, naval joint exercises with the U.S. and Japan in Japanese Seas, and with Australia, Japan, Singapore and the U.S. in the Gulf of Bengal in 2007. India's friendship naval visits have been conducted in many countries in Southeast Asia.

At a multilateral level, India joined ARF in 1996 and ADMM+ in 2010. India has also held biennial naval exercises

Table 1: India's Free Trade Pacts 2003-2011

Partners	Signed	State
PTA		
South Asian Preferential Trading Arrangement (SAPTA)	April 1993	came into effect since Dec. 1995
Afghanistan	2003	came into effect since Apr. 2003
Mercosur	2005	came into effect since Jun. 2009
Chile	2006	came into effect since Aug. 2007
Southern African Customs Union (SACU)	Not yet	Start negotiation in 2005
FTA		
Sri Lanka (ISFTA)	1998	came into effect since 2000
South Asian Free Trade Agreement (SAFTA)	2004	came into effect since Jan. 2006
BIMSTEC-FTA (framework agreement)	Feb. 2004	came into effect since Jul. 2006
ASEAN (trade in goods)	2009	came into effect since Jan. 2010
Thailand (framework agreement)	2003	Start negotiation since 2003; implementation of EHP
EU	Not yet	Start negotiation in 2008
Gulf Cooperation Council (GCC)	Not yet	Start negotiation in Mar. 2006
CECA		
ASEAN (Framework Agreement)	2003	came into effect since Jan. 2006
Singapore	Jun. 2005	came into effect since Aug. 2005
Malaysia	Feb. 2011	came into effect since Jul 2011
Indonesia	Not yet	Start negotiation in Oct. 2011
CEPA		
South Korea	Aug. 2009	came into effect since Jan. 2010
Japan	Feb. 2011	came into effect since Aug. 2011.
CECPA		
Mauritius	Not yet	First round of negotiation held in 8 Aug. 2005

Source: Complied by the author from relevant sources

in the framework of MILAN with the participation of many navies from many littoral countries in Asia-Pacific except China since 1995.

Culture is an integral part of India's diplomacy. It is associated with the thought of 'the whole world is one family'. Cultural diplomacy in the LEP has been partly reflected in India's various scholarship programmes for countries in Asia-Pacific region such as the Indian Technical and Economic Cooperation (ITEC) Programme, Technical Cooperation Scheme (TCS) of the Colombo Plan, General Cultural Scholarship Scheme (GCSS), Mekong Ganga Cooperation Scholarship Scheme (GCCSS), IOR-ARC Scholarship Scheme, AYUSH Scholarship for BIMSTEC member countries.

In recent years, India also initiated the establishment of English Training Centres, Entrepreneurship Development Centres and Information Technology Training Centres in Cambodia, Laos, Myanmar and Vietnam. As a result, an agreement on Myanmar-India Centre for English Languages Training was signed in 2009 while the Myanmar-India Centre for English Language (MICELT), a Myanmar-India Entrepreneurship Development Centre (MIEDC) and an India-Myanmar Centre for Enhancement of IT Skills (IMCEITS) are all operational.[43]

Under IAI (Initiative of ASEAN Integration) Programme, the Cambodia-India Entrepreneurship Development Centre (CIEDC) was opened in February, 2006 and the Cambodia-

India Centre for English Language Training (CICELT) was established in August, 2007.[44] The LIEDC (Lao-India Entrepreneurship Development Centre) and the LICELT (Lao India Centre for English Language Training) were set up in Vientiane in 2004 and 2007 respectively.[45] Many bilateral cultural exchanges between India and its various partners have taken place in the past two decades. In another development, India's initiative to revive Nalanda University was supported by leaders of EAS member countries in the second East Asian Summit held in Cebu, Philippines in 2007.

Since the beginning of 21st century, India's demand of ever-growing energy supplies has turned energy security to be one of the top priorities of its foreign policy and therefore, energy diplomacy has become an important component of the LEP. India's bilateral cooperation with several countries in Southeast Asia in this field seems to be effective while there is no mechanism for multilateral energy cooperation in Asia-Pacific. India has been engaged in joint offshore energy development projects with Vietnam in the SCS/ES since the late 1980s but the efforts of India have been speeded up by its assertion of continuity of ONGC Videsh Limited (OVL)'s oil and gas exploration in the blocks of 127 and 128 in Exclusive Economic Zone of Vietnam amidst the objections and even warnings of China.

In Myanmar, after its failure in securing the supply of natural gas from two offshore blocks of A1 and A3 in the Shwe Gas reserves in the Bay of Bengal in Myanmar,[46] India has

been more assertive in its energy calculations in Myanmar. In a remarkable development, India's state-run Oil and Natural Gas Corporation (ONGC) and its counterpart the Myanmar Oil and Gas Enterprise signed three accords in September 2007, allowing OVL, an ONGC's overseas investment arm, to explore for gas in three deep-water exploration blocks, the AD-2, AD-3 and AD-9, off the Rakhine Coast. India expressed its 'interest in participating in developing the hydel power potential on the Chindwin River in Myanmar'.[47]

Several big companies of India have their presence in Indonesia. Spice Energy, Tata Power, Surana Industries of Chennai and Reliance Power Ltd entered into agreements with their respective partners in Indonesia to pipeline natural gas or transship thermal energy to India.[48]

Sub-regional links have been an increasingly important component of the LEP. Besides participating in existing regional mechanisms in Asia-Pacific with ASEAN as driving force, India has also promoted its integration into Southeast Asian region through sub-regional links. The establishment of BIMSTEC (SAARC countries are member except Pakistan) in 1997 and the launching of Mekong-Ganga Cooperation which includes members of Greater Mekong Sub-region (GMS) except China have become important cooperation channels of India in the context of the LEP. Speaking of BIMSTEC, one of two sub-regional links, Indian Prime Minister Manmohan Singh stated: 'We consider our participation in BIMSTEC as a key element in our 'Look East Policy' and long standing approach of good

neighbourliness towards all our neighbours - by land and sea'.[49] Mekong-India Economic Corridor conducted by Economic Research Institute for ASEAN and East Asia 'which proposes the linking of corridors in the peninsular, and possibly the North East regions of India with the East Asian region'[50] can become either a new component of Mekong-Ganga Cooperation or a brand new factor in India's set of sub-regional links in South East Asian region. It is clear, however, that sub-regional links contain contents of strategic and political, economic, defence and cultural diplomacy of the LEP.

Vietnam-India Relations

Vietnam's role - Indian Perspective

Vietnam is one of several strategic partnerships in the foreign policy calculation of India in Asia-Pacific, the LEP. In the eyes of Indian, "*Vietnam is important in the promotion of India's political, economic and security interests in South-East Asia, and in turn, in the success of our Look-East Policy. Vietnam is a potential regional power in South-East Asia with great political stability and a successful economic performer with an annual growth rate of seven per cent. Vietnam's geo-strategic location, its demonstrated military prowess and its national will-power lends it a critical place in the strategic calculus of South-East Asia. Economically, Vietnam with its stress on economic liberalisation offers very attractive preferential prospects for Indian foreign direct investment (FDI). In terms of India's energy security, Vietnam's offshore oil deposit offers*

opportunities for exploration and eventual supply to India. On political and foreign policy issues Vietnam had been a consistent supporter of India, including our scheme for the reform of the United Nations and our recent bid for permanent membership in the Security Council. Apart from cooperation in the bilateral framework, the two countries have maintained close cooperation and mutual support at the regional and international fora such as the UN, NAM and other mechanisms in the ASEAN like the ARF, East Asia Summit and Mekong-Ganga Cooperation".[51] It is also necessary to note here, though aggressive, that there are Indians in political circle wanting to see an India-Vietnam ally to constrain China-Pakistan military nexus. In his paper in NAM Today, April 2010, P.K. Patasani writes: 'strategically, placed on the eastern fringe of Southeast Asia, Vietnam is viewed by India as the main obstacle to China's southwards expansion. Much as China has attempted to constrain India by forming a military nexus with Pakistan, New Delhi has been involved in defence cooperation with, and provided military assistance to its rival's smaller, militaristic neighbour'.[52]

Why has India attached much importance to the role of Vietnam in the LEP? Firstly, the Vietnam-India partnership is grounded in history. Vietnam-India relations go back a few thousand years. In the Cold War, the two countries supported each other in regional and international fora. Indian Prime Minister Jawaharlal Nehru was the first foreign leader to visit the newly independent North Vietnam in 1954. The two countries then coordinated in activities in the framework of

Non-Aligned Movement. India supported Vietnam in the latter's resistance war *against America and Vietnam backed India in its conflict with Pakistan in 1971. And, 'throughout of the Cold War, Vietnam and India were strong political allies'*.[53] Secondly, Vietnam sees India as one of the key players in the former's policy of power balance. Since the Cold War ended, India launched its economic reforms in July 1991 and has gradually become a regional political and economic power. The United States and Russia's withdrawal of military bases in Southeast Asia accidently created a 'vacuum of power' in the region.

As Indian P.V. Narasimha Rao stated in his lecture in Singapore in 1994: 'there have been attempts to depict India, along with China and Japan, as a potential power which could fill the vacuum created by the withdrawal of the United States with the end of the Cold War'.[54] Its emergence has turned India into a key player in Asia-Pacific region. *Joint Declaration on the Vietnam India Strategic Partnership signed by Vietnamese Prime Minister Nguyen Tan Dung and his Indian counterpart Manmohan Singh in July 2007 was a logical outcome of Vietnam's flexible foreign policy.* And thirdly Vietnam is an important factor in strategic calculations of, among others, the United States and Japan. While the United States sees bolstering the strategic partnership with Vietnam to be a priority,[55] Japan officially established strategic partnership with Vietnam in October 2006. The U.S. supports India's engagement in Asia-Pacific[56] and the U.S.-Japan-India Trilateral Strategic Dialogue confirmed by *India-U.S. Strategic Dialogue Joint Statement* in

July 2011 provide India momentum to deploy its strategy in Asia-Pacific.

India's Role

The Cold War ended but traditional relationship between Vietnam and India has continued to be maintained and developed. In the documents released by the Communist Party of Vietnam (CPV) in its congress in the post Cold War, the role of India as a traditional friend of Vietnam has been regularly dignified. The Resolution adopted by the Seventh Congress of CPV in 1991 stated that 'the multifaceted co-operations, the friendship and the solidarity between our country (Vietnam) and India as well as many independent countries and the Non-Aligned Movement (NAM) continue developing'.[57] It is interesting that names of the countries have been rarely mentioned in the CPV's Congress Resolutions.

The role of traditional partners, including India, continued to be emphasised in the Eighth Congress of the CPV when Political Report of the Seventh Central Committee at the Eight Congress stated to 'multi-lateralise and diversify foreign relations (of Vietnam), attach much importance to and continue to develop traditional relations'.[58] In the Ninth Congress in 2001, the CPV again emphasised to 'continue to expand relations with traditional friends (countries), independent countries, developing countries in Asia, Africa, Middle East and Latin America, countries in the NAM, support each other to development, and coordinate to protect legitimate interests of each other'.[59]

In fact, in the mind of many generations of Vietnamese, India, among several others, is the best friend of Vietnam. That is the reason why in his visit to India in 1999, nearly a decade before *the Joint Declaration on the Vietnam-India Strategic Partnership* was signed in 2007, President Tran Duc Luong had stressed that 'our two countries had similar interests and viewpoints on major regional and international issues, coordinated and supported each other in international fora. We treat cooperation relations with India as strategic and long-term importance'. In another development, in his official visit to India in February, 2010, President of Vietnamese National Assembly stated that 'Vietnam always treats India as a strategic partner and an indispensable factor in the context of an emerging world.[60]

Political and Strategic Relations - From Traditional Friendship to Strategic Partnership

After visits by Indian leaders to Japan, China, Thailand, Singapore, Vietnam and Malaysia, India became a sectoral-dialogue partner of ASEAN in 1992. India realised that Southeast Asian region in general and ASEAN in particular should be the focal point of its LEP.

In the light of the LEP, Vietnam, a close friend of India in the Cold War, continued being regarded as an important factor in the policy. In the talk with his Vietnamese counterpart, Prime Minister Vo Van Kiet in Hanoi in 1994, the then Prime Minister

Rao affirmed that India supported innovation of Vietnam and treated Vietnam as a special partner. Since then, former Indian Minister of Foreign Affairs Jaswant Singh and former Prime Minister Atal Bihari Vajpayee paid visits to Vietnam in 2000 and 2001 respectively.

From Vietnamese side, before former Indian Prime Minister Rao visited Vietnam in 1994, General Secretary of Communist Party of Vietnam, Do Muoi paid a visit to India in 1992. Then, Vietnamese Prime Minister Vo Van Kiet visited India in January 1997. Developments of India-Vietnam political relations in 1990s made Indian analysts believe that the relations were 'a strategic tie-up'.[61]

In fact, Vietnam was one of the first countries in Asia-Pacific that believed that its relations with India were of strategic importance. After the term 'strategic' was used to describe Vietnam-India relations in his visit to India in 1999, Vietnamese President Tran Duc Luong reaffirmed his appreciation of Vietnam-India relations when he remarked to Indian Foreign Minister Jaswant Singh in mid-November 2000 that 'Vietnam treats India with strategic importance'. The 'strategic' term was officially issued in 2003 in Joint Declaration on the Framework of Comprehensive Cooperation between the Republic of India and the Social Republic of Vietnam as they enter the 21st Century. In the declaration, 'both sides endeavour to develop a strategic dimension to their partnership for the mutual benefit of their peoples, and to contribute to peace, stability, cooperation and prosperity in the Asia-Pacific region

and the world at large'.[62] Strategic partnership between India and Vietnam was officially established in 2007 when leaders of the two countries signed *Joint Declaration* on the *Vietnam - India Strategic Partnership*. With this declaration, Vietnam was the first country in Southeast Asia and the second in Asia-Pacific (after Japan) that officially established strategic relations with India.

Recently, several forms of strategic dialogues between the two countries have been established. Vietnam - India political consultative meeting was held for the first time in 2006 and the fourth meeting was held in New Delhi in October 2009. According to the *Joint Declaration* on the *Strategic Partnership, Vietnam and India* 'agreed to establish a Strategic Dialogue at the level of Vice Ministers in the Foreign Office'.[63] As a result, the first strategic dialogue meeting between Vietnam and India took place in New Delhi on October 15, 2009. The second strategic dialogue and the fifth political consultative meeting between Vietnam and India was held in Vietnam in August 2011. The important point is that in the second strategic dialogue and fifth political consultative meeting, officials from both countries exchanged views on SCS/ES disputes, the issue had been rarely mentioned of before in bilateral meetings.

In the dialogue, two sides also talked about bilateral cooperation in all fields, especially military and security, high-tech, training of human resources and exchanged ways to cement and deepen the Vietnam-India strategic partnership.[64] Specially, Vietnam is among a few countries in Asia-Pacific

such as the United States, PRC, Japan, Malaysia and Singapore which have jointly organised bilateral strategic dialogue with India in recent years.

Defence relations are one of the most successful fields in Vietnam - India relations since the Cold War ended. During Prime Minister Rao's visit to Vietnam in 1994, India and Vietnam signed a Memorandum of Understanding (MoU) on Defence Cooperation and with this event, Vietnam was one of the first countries in Southeast Asian region that signed a defence arrangement with India. 'Since then India has been supplying ammunition, propellants, MiG tyres, spares and Silver Oxide aircraft batteries'.[65] During former Indian Defence Minister Fernandes's visit to Vietnam in 2000, agreements were signed with Vietnam on strategic issues like: joint naval training; joint anti-sea piracy exercises in the SCS/ES; jungle warfare training; counter-insurgency training; Air Force pilots training in India; India's Repair Programmes for Vietnam Air Force fighter planes (MIGs). In his visit to Vietnam in 2007, Indian Defence Minister A.K. Antony announced at a meeting with his counterpart General Phung Quang Thanh that India would transfer 5,000 items of naval spares belonging to the Petya class of ships to Vietnam. He also announced that India would depute a four-member team to impart training on UN peacekeeping operations in the first half of 2008. The two sides agreed to facilitate the signing of a MoU on defence cooperation. General Phung Quang Thanh, Vietnamese Defence Minister paid an official visit to India from November 4-8, 2009 and a MoU was signed during the visit by the two Defence Ministers.[66]

After the Cold War, India restarted its naval ship visits to Asia-Pacific region, and began with Southeast Asian countries since 1998 and Vietnam has become a destination for most of Indian naval ships' visits to Asia-Pacific since then. Three Indian Naval Ships - INS Rajput, INS Delhi and INS Khanjar paid a goodwill visit to Vietnam from October 1.4, 1998. Indian Naval Ship (INS) Rajput, INS Mumbai and INS Jyoti, and India Coast Guard Ship (CGS) Sangram have made goodwill visits to Ho Chi Minh City in 2000, 2001 and 2003 respectively. Since then, *Indian* Navy deployed three naval ships, INS Rajput, INS Kulish and INS Kirpan on goodwill visits to Tien Sa port in central province of Da Nang. In May 2007, two Indian naval ships, INS Mysore and INS Ranjit, and Indian Coast Guard Ship Sagar paid goodwill visits to Ho Chi Minh City. INS Kora and INS Kirpan, two India's naval ships visited Hai Phong from April 17-21, 2008. Hai Phong was also the destination for Indian naval ships' visits in the years of 2009 and 2010. The Indian Naval vessel, INS Airavat paid a friendly visit to Nha Trang and Hai Phong in Vietnam from July 19 to 28, 2011.

The frequency of friendship visits to Vietnam of India's naval ships in Hai Phong province, near Hanoi led to the shape of the confidence that was cited an Indian government source by Deccan Chronicle, 'the move will give India the key to a sustainable presence in the South China Sea'.[67] While Vietnam and some ASEAN member states as parties claim sovereignty over the whole or parts of SCS/ES, the presence of India's navy is being seen as a stabilizer for the peace and stability of the region.

Along with the presence of its navy, India's official support for *resolving* SCS/ES *dispute based on international laws and* freedom of navigation in international waters was an actual breakthrough in India's viewpoint and behavior of SCS/ES issue. If the statement of India's Defence Minister A.K. Antony in ASEAN Defence Ministers Meeting Plus in Hanoi, 2010, laid the foundation for India's engagement in SCS/ES, new developments in 2011 have really led India into a new phase of its Look East Policy when it officially supported the freedom of navigation in SCS/ES and urged parties concerned to respect 1982 United Nations Convention of the Law of the Sea (UNCLOS) and the 2002 Declaration on the Conduct of Parties in the *South China Sea* (*DOC*).

In response to questions on news reports about an alleged confrontation between an Indian Navy Ship and a Chinese vessel off the coast of Vietnam in July 2011, Spokesperson of Indian Ministry of Foreign Affairs emphasised that 'India supports freedom of navigation in international waters, including in the South China Sea, and the rights of passage in accordance with accepted principles of international law. These principles should be respected by all'.[68] India has further stepped up its participation in SCS/ES issue when spokesperson Vishnu Prakash on September 16, 2011 pressed that New Delhi 'supports freedom of navigation in the South China Sea and hopes that all parties to the dispute would abide by the 2002 declaration of conduct in the South China Sea'.[69] In another development before, the officials participating in Vienam-

India Second Strategic Dialogue exchanged views on regional and global issues of common concern, agreeing to resolve the East Sea (South China Sea) issues through peaceful solutions on the basis of international laws, the 1982 United Nations Convention on the Law of the Sea (UNCLOS 1982) and noting the concerned parties' serious observation of the Declaration on the Conduct of Parties in the East Sea (DOC).[70]

Moreover, India has no longer concealed difficult (probably sensitive) problems in its relations with China, especially those related to SCS/ES dispute. Ministry of Foreign Affairs of India in September 2011 officially announced that the Indian Naval vessel, INS Airavat while sailing from the Vietnamese port of Nha Trang towards Hai Phong at a distance of 45 nautical miles from the Vietnamese coast in the South China Sea had been contacted on open radio channel by a caller identifying himself as the 'Chinese Navy' stating that 'you are entering Chinese waters'.[71] In another development, India saw China's sovereignty claim over Vietnam's Exclusive Economic Zone in SCS/ES, especially when China's objection to oil exploration of India's ONGC Videsh Ltd (OVL)'s in Vietnam's EEZ, as having 'no legal basis'.[72] In a new step to assert India's determination to ensure its benefits, 'on a three-day visit to Hanoi in September 2011, Indian Foreign Minister SM Krishna told his Vietnamese counterpart Pham Binh Minh that India's ONGC Videsh will go ahead with oil and gas exploration in the disputed region or the two offshore blocks which Vietnam claims as its own'.[73] Minister of State for Defence M.M. Pallam Raju on September 16, 2011 further asserted India's readiness

in protecting its rights in SCS/ES by stating that 'I think like any nation which wants to assert its right,... As a country, we are very clear about our rights and interests. We will protect our interests very strongly'.[74]

New developments in the relations between Vietnam-India as mentioned above have 'actually elevated India-Vietnam relationship to a new level'.[75]

Economic Cooperation - Needs More Impetus

Firm steps in Vietnam-India political and strategic relations, however, could not hide the reality of slow progress in their bilateral trade ties. Sluggish developments of Vietnam - India trade relations are reflected in their bilateral trade and in forms of trade cooperation.

Vietnam - India bilateral trade value has grown quite dramatically since mid-1990s, from US$119.77 million in FY 1996-1997 to US$1,153.07 million in FY 2006-2007, increased by 862.74 per cent, or at an annual rate of 86.27 per cent, much higher than the comparable growth rate of India's total trade with the world, which grew at nearly 33.0 per cent annually (India's total trade value was US$72,603.36 million in FY 1996-1997 and reached US$312,149.29 million in FY 2006-2007).[76] According to the data from General Statistics Office of Vietnam, Vietnam-India bilateral trade increased to US$1,018.1 million in 2006 from US$97.5 million in 1995, grew 944.20 per cent during ten years or at 94.4 per cent

annually, much higher than that of Vietnam which grew at 36.0 per cent annum (Vietnam's total trade value reached US$18,399.5 million and US$84.717.3 million in 1995 and 2006 respectively). Although bilateral trade value reached US$ 2,483.3 million in 2008, Vietnam's trade with India turned into a deficit since the beginning of 1990s, incredibly, from a US$51.1 million deficit[77] in 1995 dipped to a US$1,107.3 million deficit in 2008.[78] A happy signal in the bilateral trade between the two countries is that India's share in Vietnam's total export value increased from 0.37 per cent in 2007 to 1.37 per cent in 2010. India's share in Vietnam's total trade has also improved, from 1.26 per cent in 2007 to 1.72 per cent in 2010. Furthermore, Vietnam's trade deficit in Vietnam-India trade exchange has decreased from US$ 1,177.3 million in 2007 to US$ 770.4 million in 2010.[79]

Despite the fact that India's proportion in Vietnam's trade has increased, the share of the latter in the former's total trade was really low, and vice versa. India accounted for only 0.19 per cent and 0.75 per cent of Vietnam's total imports and exports respectively in 1996 and proportion of India in Vietnam's trade has been continuously improved but the former occupied only 0.62 per cent of total exports and 2.59 per cent of total imports of the latter in 2008. There was also disappointment given the current situation of Vietnam's proportion in India's total trade. In FY1996-1997, Vietnam accounted for only 0.05 per cent of total exports and 0.004 per cent of total imports of India. Vietnam's share of India's trade has been improved but the former occupied only 0.06 per cent of total exports and

0.29 per cent of total imports of the latter in FY2010-2011 (see table 3).

Table 2: Vietnam's Trade with India

(in US$ million)

	1995	2000	2004	2008	2009	2010 (prel.)
Total exports to India	10.4	47.2	78.6	389.0	419.6	991.6
Total imports from India	61.5	178.4	593.5	2,094.3	1,536.1	1,762.0
Balance of trade	-51.1	-131.2	-514.9	-1,705.3	-1,116.5	-770.4
Exports						
To India	10.4	47.2	78.6	389.0	419.6	991.6
To World	5,448.9	14,482.7	26,485.0	62,685.1	57,096.3	72,191.9
Per cent share of India in Vietnam's global exports	*0.19*	*0.32*	*0.30*	*0.62*	*0.73*	*1.37*
Imports						
From India	61.5	178.4	593.5	2,094.3	1,536.1	1,762.0
From World	8,155.4	15,636.5	31,968.1	80,713.8	69,948.8	84,801.2
Per cent Share of India in Vietnam's Global Imports	*0.75*	*1.14*	*1.86*	*2.59*	*2.19*	*2.08*

Source: General Statistics Office of Vietnam, 2002, 2005 and 2010.

Table 3: India's Trade with Vietnam

(in US$ million)

	1996-97	2000-01	2004-05	2008-09	2009-10	2010-11
Exports						
To Vietnam	118.07	225.90	555.96	1,738.65	1,838.95	2,659.56
To World	33,469.95	44.560,29	83,535.94	185.295,36	178,751.43	251,135.89
Per cent share of Vietnam in India's global exports	*0.3528*	*0.5070*	*0.6655*	*0.9383*	*1.0288*	*1.0590*
Imports						
From Vietnam	1.70	12.39	86.50	408.66	521.81	1,064.90
From World	39,132.41	50,536,45	111,517.43	303,696.31	288,372.88	369,769.13
Per cent share of Vietnam in India's global imports	*0.0043*	*0.0245*	*0.0776*	*0.1345*	*0.1809*	*0.2880*

Source: Calculating from data of Department of Commerce (Ministry of Commerce and Industry, India), *Export Import Data Bank Version 6.0 - Tradestat*, http://commerce.nic.in/eidb/default.asp.

Investment: Foreign Direct Investment (FDI) is difficult to understand in the relations between the two countries. According to Department of Industrial Policy & Promotion (Ministry of Commerce and Industry, India), from August 1991 to December 2005, Vietnam invested only US$0.1 million in India. From the same source, from August 1991 to April 2011, total investment of Vietnam in India was US$0.13 million[80] while, according to the Foreign Investment Agency of Vietnam Ministry of Planning and Investment, the average value of each

outward investment of Vietnam till 28 February 2010 was about US$17.50 million.[81] Data provided by Foreign Investment Agency of Vietnam Ministry of Planning and Investment shows that there is, among 575 valid outward projects of Vietnam, a US$ 650,000 project invested in India.[82]

India's investment in Vietnam in recent years too have been dismal. Before the *Joint Declaration* on Vietnam-India *Strategic Partnership signed in July, 2007, Tata Steel decided to invest in a US$5 billion* steel plant in central province of Ha Tinh. Essar Steel, another steel group of India, was granted the investment certificate to invest US$527.3 million in a steel plant project in province of Ba Ria-Vung Tau. At that time, India was listed among the top 10 investors in Vietnam.[83] However, difficulties, both objective and subjective, defeated Essar's efforts and Tata too narrowed its investment scale. Only 13 months after getting the certificate, Essar decided to quit the project. Tata till August 2010 could not deploy its initial plan though its cooperation agreement with VN Steel and Vicem (Vietnam Cement Industry Corporation) which was signed in 2007. Tata had to re-submit documents for approval with smaller scale of investment. As a result, India became a small investor in Vietnam.

According to the data provided by Ministry of Foreign Affairs of Vietnam, India has registered FDI of 201.1 million USD in Vietnam till September 2009, the 32nd out of a total of 88 countries and territories having investments in Vietnam.[84] A study issued by Vale Columbia Centre on Sustainable International Investment on 22 September 2010 shows that

Vietnam ranked the 8th among India's top 15 outward FDI destinations in the period of 1996-2002. From 2002-2009, however, Vietnam was absent in the top 15 outward FDI destinations of India.[85]

Human Development Cooperation - A Successful Field

If relations between Vietnam and India in fields of trade and FDI need to be improved, contributions of India to Vietnam's human development both in the framework of bilateral relations and of India's commitments to Initiative for *ASEAN* Integration (*IAI*) should be highly appreciated and further encouraged. *Vietnam* has been allotted a lot of slots under the many scholarship schemes such as The *Indian* Technical and Economic Cooperation (*ITEC*) programme, General Cultural Scholarship Scheme (*GCSS*) and *Mekong Ganga* Co-operation *Scholarship* Scheme (MGCSS). India annually grants 95 scholarships to Vietnam under ITEC programme. Besides ITEC scheme, Vietnam is also allotted each year about 10 slots under GCSS and about 20 scholarships under ICCR Cultural Exchange Programme (CEP). Since 2006, additional 10 scholarships under MGCSS have been granted Vietnamese candidates every year.

Initiative for ASEAN Integration (IAI) Work Plan 2002-2008 adopted by the Heads of State/Government at the 8th ASEAN Summit in Phnom Penh, Cambodia on 4 November 2002 aiming at 'assisting New Member Countries is prepared with the aim to reduce the development gaps among ASEAN

Member Countries and expedite greater regional economic integration, promote equitable economic development and help alleviate poverty in Cambodia, Laos, Myanmar and Viet Nam (CLMV)'.[86] The Work Plan focuses on the priority areas of infrastructure development, human resource development, information and communications technology and promoting regional economic integration in the CLMV countries.

As a dialogue partner of ASEAN, India supported IAI Work Plan through its concrete commitments. Joint Statement of the First ASEAN-India Summit in 2002 states that, 'India expressed support for the Initiative for ASEAN Integration (IAI) and its commitment to participate in IAI projects, especially in HRD, and assist new ASEAN members'.[87] One of six proposals which was announced by Indian Prime Minister Manmohan Singh at the 4th ASEAN-India Summit in 2005 is setting up permanent Centres for English Language Training (CELT) be set up in Cambodia, Laos, Myanmar and Vietnam in order to equip students, civil servants, professionals and businessmen with adequate English language and communication skills.[88] In a newer development, the actions planned to support Small and Medium Enterprises (SME) Development in ASEAN's IAI 2 (2009-2015) emphasises to 'conduct a series of projects to cultivate entrepreneurship in CLMV countries, taking in account the Entrepreneurship Development Centers set up by India'.[89]

As a member of CLMV, Vietnam has been supported by India in the framework of India's commitments to IAI Work Plan and IAI Work Plan 2. *Vietnam-India* English Training

Center (*VICELT*) in Da Nang was opened in February 2010. Before that, the *Vietnam-India Entrepreneurship* Development Centre (*VIEDC*) was set up in Hanoi in October 2005 and at least three training courses had been completed till 2008. In the latest event, the Vietnam-India Advanced Resource Center in Information and Communications Technology (ARC-ICT) was launched in Hanoi on September 16, 2011 on the occasion of Indian Foreign Minister S.M Krishna's visit to Vietnam. The centre will operate with assistance from India's Center for Development of Advanced Computing (C-DAC).

Prospects and Recommendations

Strategic and Political Dimensions:

The traditional Vietnam-India relationship in many decades is an invaluable heritage for the two nations and its people as well. It is the solid basis for present relations between the two countries. The establishment of strategic partnership in 2007 manifested the mutual trust and mutual interests between the two partners. Vietnam-India strategic dialogue and political consultative meeting have become effective cooperation mechanisms for maintaining and enhancing the bilateral relations in the strategic and political dimensions. With the ceaseless progress of the relationship, the current Vietnam-India Strategic Partnership is likely to become the Comprehensive Strategic Partnership soon.

Significantly, 'over 97 per cent of India's trade by volume and 75 per cent by value is sea borne. If one follows the 'direction

of trade', nearly 50 per cent of Indian trade is east bound and transits through the Straits of Malacca through which over 60,000 vessels transit annually'.[90] In that context, the safety and security of mercantile through the Straits of Malacca and SCS/ES are important to India, especially when the ASEAN-India Economic Corridor connecting Chennai (India) to Ho Chi Minh City (Vietnam) is operated. India and ASEAN state members' trade through Malacca Straits or the ASEAN-India Economic Corridor will be threatened unless the freedom of navigation in ES/SCS is guaranteed and secured.

The freedom of navigation in SCS/ES, however, can be barred if one of sovereign claimants effectively occupies the whole sea regardless of UNCLOS 1982, the DOC and a legally binding Code of Conduct (COC) in ES/SCS. It is necessary for India, like other countries that have interests in freedom of navigation in SCS/ES, to support a collective mechanism to solve the dispute in SCS/ES (as stated by Defence Minister A.K. Antony in ADMM+ in Hanoi, 2010) and "open" SCS/ES or call for respecting international laws (as referred by Foreign Minister S.M. Krishna in Delhi Dialogue IV, 2012).[91] Respect for international laws (especially regulations of EEZ) is basis for India to continue its oil and gas exploration projects in SCS/ES. In other words, Vietnam-India relationship will be best served if it is in tune with recognized international rules and laws.

Recently, Vietnam and Russia were reportedly planning to begin the joint production of an anti-ship missile, the Russian Uran (SS-N-25 Switchblade) version, in 2012.[92] In the context

of the increasingly security threats in Asia-Pacific, army modernisation is an obligatory duty of not only Vietnam but other small countries in the region. It means that, Vietnam will be an important market for importing weapons and of weapon producing cooperation, a significant chance for any countries. As one of the leading producers of weapons and military equipments, India should take into account of the Vietnam-Russia cooperation model.

Economic Cooperation

When Vietnam claimed to be ready to sign FTA with India in 2007,[93] India seemed to become cautious regards of Vietnam's advantage in several agricultural products.[94] Thanks to India's political will,[95] the ASEAN-India FTA on Trade in Goods was signed in August 2009 and came into effect since 1 January 2010. Vietnam-India trade exchange has increased significantly, from US$1.95 billion in 2009 to US$2.75 billion in 2010 and remarkably, Vietnam's deficit in trading with India decreased from US$-1.12 billion to US$ -770 million (see table 2). In the context of ASEAN-India FTA on Trade in Goods, Vietnam-India trade exchange will promptly increase in the years to come. The progress of ASEAN-India negotiations on a FTA Trade in Services and Investment will probably become a strong framework to enhance ASEAN-India economic relations in general and Vietnam-India economic cooperation in particular.

Cooperation in oil and gas exploration in Vietnam's EEZ in SCS/ES promises to become an outstanding point of joint investment between the two countries. From its side,

Vietnamese investors are becoming strong in recent years. As mentioned above, the average value of each outward investment of Vietnam till 28 February 2010 was about US$17.50 million but there is only a small project of Vietnam in India in the past two decades. Vietnamese investors have advantages of investing in small-scale hydropower projects while India is reported to need more sources of energy, including hydropower. Therefore, small scale hydropower can be a potential field for Vietnamese investors in India. Moreover, Vietnamese investors recently have become important factor in investment sector in Cambodia and Laos. While India needs more presence in these two countries, the cooperation between investors of Vietnam and India should be taken into account.

India-Vietnam economic relations could be enhanced in the scope of Southeast Asian mainland where several economic corridors in the regions have been introduced. The connectivity between the ASEAN-India Economic Corridor and The East-West Economic Corridor connecting Mawlamyin (of Myanmar) in the Gulf of Bengal and Dongha and Danang (of Vietnam) should be mentioned since the infrastructure from Bangkok (one of the main locations of ASEAN-India Economic Corridor) to Mukdahan border gate (an important point of East-West Corridor) can meet the demands of transportation and other services.

Human Development

The continuity of many forms of scholarships that India has granted Vietnam in decades, India's recent decision to extend

more scholarship slots in the framework of ITEC, and the efficiency of Vietnam-India English Language Training Centre and Vietnam-India Entrepreneurship Development Centre have contributed significantly to Vietnam's capacity building efforts.

In recent years, Vietnam has been training manpower to meet the demand of its planned nuclear plants. *Institute of Nuclear* Engineering and *Environmental Physics* of Hanoi University of Science and Technology was established in April 2008 'in order to meet the demand of Vietnam in developing nuclear technology to enhance nuclear energy in fields of economy and environment, include building and monitoring nuclear plants in Vietnam'. In that context, India can assist to provide both lecturers and curriculums for training human resources in this field. Moreover, space science, initially launching and monitoring satellites, is a potential cooperation between Vietnam and India. As one of the leading countries in this field, India could participate in satellite launching market and train manpower for monitoring Vietnam's satellite systems.

Scholar exchanges between the two countries should be speeded up. It is a very useful manner to upgrade knowledge for academic circle from both sides. This can be one of the shortest ways for the two countries to deeply understand and truly trust each other.

Conclusion

Having gained many important achievements since its launch, it is fair to say that 'Look East' is one of the most

successful policies of India since the end of the Cold War. Thanks to the LEP, there is no doubt that India is a stakeholder in the Asia-Pacific region, one of the centres of competition for power and for economic benefits in the world.

As a traditional and partner of India, Vietnam has been recognised as an important factor in the LEP. The coincidence of India's LEP and Vietnam's policy of cementing its relationship with traditional friends and multi-lateralising and diversifying its international relations lead to the establishment of Vietnam-India Strategic Partnership. Vietnam-India relationship in the last two decades gained remarkable achievements. There are many fields that two countries can cooperate at both bilateral and multilateral levels. The signing of the Vietnam-India Strategic Partnership is likely to become the lynchpin for friendship and prosperity of the two peoples and for peace, cooperation and development of Asia-Pacific region and the world at large.

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About the Author

Dr. Vo Xuan Vinh is Research Fellow at the Institute for Southeast Asian Studies (ISEAS), Vietnam Academy of Social Sciences (VASS), Hanoi. He has done his Ph.D. on "The Role of ASEAN in India's Look East Policy" from Vietnam Graduate Academy of Social Sciences, Vietnam.

He has undertaken research on India's Look East Policy, the process of ASEAN Community building, foreign policy and security issues of Asia-Pacific region, and civil society in Thailand, the politics of Thailand and the Philippines. His fields of interest include India-ASEAN relations, economic integration and security in Southeast Asia, regional security architecture in Asia-Pacific. He has presented his research papers in national and international seminars in Vietnam, Cambodia, Thailand, Indonesia and India. He has also contributed articles in journals both in Vietnam and India. His current research focus is on the Process of ASEAN Community Building, India's Engagement with Asia-Pacific and the current transformation in Myanmar.

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Indian Council of World Affairs
Sapru House, Barakhamba Road, New Delhi- 110 001