



India-Vietnam: New Waves of Strategic Engagement

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The relationship between India and Vietnam has been remarkably cordial and over the years, matured from warm friendship to comprehensive Strategic Partnership. This signifies the convergence of interests and views on bilateral and multilateral issues. The year 2013, may be labelled as yet another year when New Delhi-Hanoi relations touched another major milestone.

The year 2013 was marked by a number of high-level visits by Vietnam's policymakers. In late 2013, Nguyen Phu Trong, Vietnam's topmost leader and General Secretary of the Communist Party of Vietnam, came on a four-day State visit to India. Earlier, in October 2011, Truong Tan Sang, the President of Vietnam, also undertook a State visit; in December 2012, Prime Minister Nguyen Tan Dung visited India to mark the 40th anniversary of bilateral diplomatic relations and 5th anniversary of Strategic Partnership. He also participated in the 2012 India-ASEAN Commemorative Summit held in New Delhi.

Likewise, India's 2013 diplomatic calendar for Vietnam commenced with the visit of India's Vice President Hamid Ansari to Vietnam to conclude the "Year of India-Vietnam Friendship". The visit also explored trade and investment prospects.

Apparently, the main focus of the visit of General Secretary Nguyen Phu Trong was to

further deepen defence and strategic cooperation between New Delhi and Hanoi. During the visit, eight Memoranda of Understanding (MoU) and agreements were inked to facilitate cooperation on issues of mutual interest, including in the fields of direct air service, trade, customs, education, hydropower and oil exploration. Additionally, MoU for setting up the Indira Gandhi Hightech Crime Lab (IGHCL) in Hanoi and agreement on protection of classified information were also signed.

Vietnam's Critical Role in India's Look East policy

India's Look East policy (LEP), formulated by India's former Prime Minister P. V. Narasimha Rao, has fruitfully completed its two decades and entered the third decade in 2012. Initiated in 1992, the LEP was a landmark initiative for developing extensive economic relations with the Association of Southeast Asian Nations (ASEAN) and since then India has progressed from a Dialogue Partner to the present status of a comprehensive Strategic Partner.¹ The LEP has three-fold purposes; first, to ensure India's economic integration with other Asian economies; second, on the political front, become part of all ASEAN-led institutions that emerged during the last decade (such as East Asia Summit (EAS) and are emerging (ADMM (ASEAN Defence Ministers Meeting) Plus), and the expanded consultations among the region's defence ministers and; third, the geographic scope of LEP has been expanded to include Japan, South Korea and Australia.² The special focus of the LEP is on the ASEAN countries and a separate administrative unit, the CLMV (Cambodia, Laos, Myanmar and Vietnam) desk, in the Ministry of External Affairs of India, has been created signifying their importance for India.³

Among the CLMV countries, Vietnam has been India's long-time friend and Indian leadership perceives Vietnam as one of the most important countries for the LEP. Vietnam has endorsed India's bid for United Nations Security Council (UNSC) membership, and also supported India's candidature for the Asia-Pacific Economic Cooperation (APEC) membership, after its entry in APEC. Despite China's resistance, Vietnam supported India's membership to the EAS.

India's consistent support to Vietnam for a peaceful resolution of the South China Sea dispute has also played a significant role in deepening mutual trust between Hanoi and New Delhi. Historically, under the purview of Asian solidarity, India stood by Vietnam's side during its

struggle for liberation against the French Colonial masters. Vietnam's interest also lies in countervailing China's influence in the region with the help of external powers such as India and the US.

Given Vietnam's strategic location in East Asia and a fiercely independent foreign policy, no doubt it is a leader in Southeast Asia and a pivot of East Asian power politics.⁴ Likewise, India's inevitable rise in the 21st century and its robust LEP attracts countries of the region towards it. To substantiate this, the case of *INS Sudarshini*, India's Sail Training Ship which was sent on a commemorative expedition to the ASEAN member countries for six months in 2013, can be taken into consideration. The heartening reception of *INS Sudarshini* expedition across the Southeast Asian region has underscored the point that India's strategic manoeuvres and maritime diplomacy has been a success.⁵

India-Vietnam Strategic Cooperation

The first major MoU on defence cooperation between India and Vietnam was signed in September 1994, and comprehensive defence engagement began with the signing of a formal defence Protocol in 2000. The Protocol included the sale of military helicopters, equipments for the repair of Vietnam's MiG-21 aircraft and training programmes for Vietnam's military personnel and pilots. Since then, the two countries share a common prism on strategic matters such as defence and maritime security manifested through cooperation at multifarious levels.⁶

The Seventh India-Vietnam Strategic Defence Dialogue held in September 2012, also demonstrates closer bilateral defence and strategic cooperation. In September 2013, with a view to strengthen defence engagement with India, Chief of the General Staff of the Vietnam People's Army, Senior Lieutenant General Do Ba Ty visited New Delhi. Speaking on the occasion, Air Chief Marshal Norman Anil Kumar Browne remarked, "India attaches much importance to fostering relations with Vietnam, especially in defence and sees Vietnam as its top partner in the Southeast Asian region".⁷

During the visit of General Secretary Nguyen Phu Trong, India extended a US\$ 100 million Line of Credit (LoC) to Hanoi for the purchase of four offshore patrol vessels. Being maritime

nations, India and Vietnam cooperate extensively to address non-traditional security threats and challenges including piracy and terrorism. Joint naval exercises and exchange of officials for defence training purposes has become a common feature of their engagement. For instance, on June 8, 2013, Indo-Vietnam bilateral joint naval exercise in the South China Sea was perceived by China as an attempt to undermine its sovereignty over uninhabited islands in the South China Sea.⁸

Besides, India agreed to train 500 Vietnamese sailors in underwater combat operations at its submarine training establishment, INS *Satavahana* located at Vishakhapatnam, Andhra Pradesh. For further enhancing defence cooperation with India, Phu Trong requested New Delhi for conversion training for Vietnamese pilots to fly Sukhoi-30 aircrafts.⁹ Vietnam is also part of the Indian initiative 'MILAN', which is a multinational maritime exercise involving the navies of as many as 15 countries. It has also expressed willingness to purchase Indo-Russian jointly manufactured BrahMos supersonic cruise missiles for which negotiations are still going on.¹⁰

Economic Ties: Gathering Momentum

Bilateral economic cooperation is, by and large, in the form of India's extension of loans and developmental aid to Vietnam. Till date, India has extended 17 LoCs to Vietnam totalling US\$ 164.5 million.¹¹ On the trade front, India's trade with ASEAN is expanding steadily. While bilateral trade has been relatively low, it is slowly gathering momentum. India conferred the status of 'Most-Favoured Nation' to Vietnam in 1975, just three years after the establishment of full diplomatic ties; it is still Vietnam's 10th largest exporter. However, it is a recent phenomenon that India and Vietnam are inching closer on the trade and investment front. Consequently, bilateral trade is growing rapidly and has touched US\$ 3.94 billion in 2012 i.e. an increase of 1.1 per cent vis-à-vis 2011.¹² The total volume of India-Vietnam trade was recorded at US\$ 2.2 billion till May 2013 and the two countries aim to reach the US\$ 7 billion mark by 2015 and US\$ 15 billion in 2020.

As far as investments are concerned, as of June 2013, India was ranked 30th out of 101 nations and territories investing in Vietnam, with 73 valid projects worth over US\$ 253 million in the Southeast Asian nation.¹³ Several Indian companies in sectors as diverse as oil and gas, steel, minerals, tea, coffee, sugar and food processing have invested in Vietnam and most Indian investments are in the form of wholly foreign invested projects.¹⁴ The major amount of India's

investment in Vietnam is in the field of oil and gas exploration. Nevertheless, the real worth of economic cooperation is yet to be realised.

India-Vietnam Energy Cooperation and the South China Sea

India-Vietnam energy cooperation has substantially increased in recent years, encompassing joint oil and gas exploration activities in the South China Sea. India's state-owned oil company, ONGC Videsh Limited (OVL) has so far invested approximately US\$ 360 million in the three acquired blocks namely 06.1, 127 and 128. India has invested US\$ 342.78 million in block 06.1 till March 2012; US\$ 68 million in block 127 till March 2010; and US\$ 49.14 million in block 128 till March 2012.¹⁵ Indian operations in extracting natural gas in Block 6.1 since 2003 in the region which is not under dispute continues from where it got two billion cubic metres (bcm) of gas in 2011-12 for its 45 percent participating interest.¹⁶

Although India-Vietnam joint exploration activities date back to 1988 when Vietnam allotted block 06.1 in Nam Con Son Basin of South China Sea to India, it is more in the news since 2011 because of China's opposition to India's involvement in the exploration of oil and gas in the South China Sea. In 2011, the issue caught international attention when China began to resist India's oil exploration in blocks 127 and 128 in Phu Khanh Basin. These blocks were allotted to India in 2006 with 100 per cent stakes. Ironically, logistics restraints coupled with non-availability of enough oil in the block 127 led India to withdraw from the block. Amid these tensions, it was reported by the *Financial Times*, London that the unidentified Chinese warship demanded that India's *INS Airavat*, an amphibious assault vessel, which was on a friendly visit to Vietnam and other Southeast Asian countries, to identify itself and explain its presence in the so called 'Chinese waters'.¹⁷ India's decision to withdraw from the oil blocs was not seen as a good strategic move.¹⁸ However, India reviewed its stand and decided to continue with the project.

China maintains that any country carrying out oil and gas exploration activities with Vietnam in the South China Sea interferes in China's internal affairs. India's official position has been that engagement with Vietnam for oil and gas exploration activities in the South China Sea serves commercial purposes and has little to do with China. It reiterates its support for freedom of navigation in the waters of South China Sea and other international waters. In response to China's opposition to India's involvement, President of Vietnam Truong Tan Sang stated in 2011, "All

cooperation projects between Vietnam and other partners, including ONGC, in the field of oil and gas are located on the continental shelf within the Exclusive Economic Zone and under the sovereign rights and jurisdiction of Vietnam, entirely in conformity with international laws, especially the 1982 UN Convention on the Law of the Sea”.¹⁹ For India, “maritime multilateralism” is a useful tool for addressing contemporary transnational challenges such as piracy and terrorism as also economic activities in places like South China Sea.²⁰

China is in disagreement over the ownership of uninhabited islands in the South China Sea with several Southeast Asian countries (Brunei, Malaysia, the Philippines and Vietnam) and has warned India not to carry out oil and gas exploration activities with Vietnam in the South China Sea. While China is consistently reiterating its assertive postures vis-à-vis the South China Sea dispute, Vietnam is also not shying away and prefers external presence and intervention in the matter. For instance, Vietnam’s Prime Minister, during 2012 India-ASEAN Commemorative Summit, called upon India to:

“...back ASEAN and China in fully and effectively implementing the Joint Statement marking the 10th anniversary of the Declaration on the Conduct of Parties in the East Sea and support the ASEAN in implementing its Six-Point Principle on the East Sea to ensure the settlement of disputes by peaceful measures in line with international law, especially the 1982 United Nations Convention on the Law of the Sea”.²¹

One of the most important developments that took place during Phu Trong’s visit was Vietnam granting seven oil blocks to India in South China Sea on the basis of nominations, including three on an exclusive basis where Hanoi is hoping for production-sharing agreements with OVL and joint prospecting in some Central Asian countries with which both Hanoi and New Delhi have good political ties.²² In fact, the MoU between Vietnam Oil and Gas Group (PetroVietnam) and OVL has been signed providing for development and production of petroleum resources by OVL in oil and gas blocks in Vietnam.²³ The joint statement issued at the time of the visit notes:

“The leaders reiterated their desire and determination to work together to maintain peace, stability, growth and prosperity in Asia. They agreed that freedom of navigation in the East Sea/South China 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 recognised principles of international law, including the UNCLOS”.²⁴

China has always given a firm response to India-Vietnam joint exploration; however, this time China has remained silent on the issue of joint exploration. While not directly voicing its opposition to the newly-signed MoU on joint exploration, China expressed its hope that countries would “do more things that are conducive” to stability.²⁵ As far as Vietnam is concerned, it sees India’s presence as a positive move and has been encouraging New Delhi to take a stake in the disputed sea through the acquisition by OVL.²⁶

Though India-Vietnam’s joint venture to explore oil and gas in the South China Sea are for purely commercial and peaceful purposes, China has its reservations on the matter. It is important to note that China has not yet reacted sharply to OVL and PetroVietnam’s joint venture, which, in no way, indicates that China supports the joint venture. For instance, China’s recent Air Defence Identification Zone (ADIZ) assertions, which led to diplomatic row between China on one hand and the U.S., Japan, South Korea on the other hand, suggest that China may take an assertive stand and express its reservations over OVL venture.

Conclusion

India-Vietnam partnership is undeniably one of the most robust Strategic Partnerships and the overall state of India-Vietnam relations is encouraging. A careful assessment of the latest India visit of General Secretary Nguyen Phu Trong reveals that India-Vietnam partnership is progressing and all the indicators such as request to purchase BrahMos missile and offering seven oil blocks to India indicate that Vietnam sees India as a reliable strategic partner in the world of uncertainties. Though both India and Vietnam have territorial disputes with China, their partnership does not aim to militarily counterbalance China. India and Vietnam’s decision to work together on oil exploration shows their confidence and belief that such collaborative activities could be done without offending

China. China also appears to be giving a measured response to it.

A methodical and pragmatic study of India-Vietnam relations confirms that convergent security and economic interests persuade both partners to work closely. India's close relations with Vietnam help India to be a predominant benign power in the East Asian region. Strong India-Vietnam ties also pave the path for India to play a much greater role in shaping the East Asian security architecture. A strong and robust India-Vietnam partnership is important for realisation of India's strategic interests in the maritime domain and Vietnam's pursuit for engaging reliable international stakeholders in the region.

The trajectory of India-Vietnam relations implies that Vietnam is one of the most important countries for India in the East Asian region. To ensure that India-Vietnam relations go from strength to strength, India requires engaging Vietnam more comprehensively. India should take lessons from its bilateral relations with Russia and Japan and consider initiating an annual security Summit with key partner countries of Southeast Asia including Singapore and Vietnam. A 2+2 dialogue, similar to the India-Russia and India-Japan dialogues, with Vietnam will certainly bring the relationship to new heights. Though there does exist an annual security dialogue at defence secretary level between India and Vietnam, there is an urgent need to upgrade it to the level of top leadership.

Endeavours to enhance people-to-people contacts are also needed, and tourism could help in this regard. This is important in the light of the fact that both countries share cultural roots, which are more than a thousand year old. More than half of Vietnamese population is Buddhist (Mahayana 50 percent and Theravada Buddhists 13 percent)²⁷ In essence, Vietnam views India as its most trusted partner and their relations are certainly going to take a more constructive shape in the near future.

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Disclaimer: Views expressed are of author and do not reflect the views of the Council.

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