India-Vietnam Strategic Partnership and ASEAN

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Abstract

India Vietnam relations have weathered the pre and post-Cold War world order and have remained unaffected with the disintegration of erstwhile Soviet Union and the emergence of unipolar world. The new configuration which is likely to emerge with China’s One Belt One Road (OBOR), Asian Infrastructure Investment Bank (AIIB) and the emergence of an alternate order in the form of BRICS would have an effect on the trajectory of this relations, but given the fact that both countries are balancing their interests between China and the US, it shows that ASEAN centrality would remain core to their interests in the Southeast Asian region for the future. The two countries have joined ASEAN as a member and dialogue partner in 1990s, thereby undermining the Cold War configuration. The two countries have elevated their partnership and are destined to play a more proactive role in ASEAN. This paper outlines the bilateral relationship and argues that ASEAN would be an important platform for interaction and exchange of views between the two nations.

Keywords- Comprehensive strategic partnership, ASEAN centrality, defence cooperation, culture, trade, investment, India-Vietnam, Doi-Moi, Act East Policy

India and Vietnam have enjoyed exceptionally friendly and cordial relations that have been a product of historical understanding. Exchange of bilateral visits have been a common feature of this relationship since the leaders of both countries- Jawaharlal Nehru and Ho Chi Minh exchanged visits in the 1950s. The establishment of diplomatic relations between the two countries in 1972 contributed towards consolidating the relationship. India-Vietnam relations gained positive dynamism in the year 2007 as the Joint Declaration on forming a strategic partnership between the two

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countries was signed. It sought to “diversify and deepen the relationship between India and Vietnam in a rapidly changing environment”\textsuperscript{165}. Since 2007, several developments in the fields of defence, trade, business and investment as well as energy, education, culture and science and technology (S & T) have enriched the overall bilateral cooperation between the two countries, and have reiterated the commitment to deepen India-Vietnam relations.

The purpose of this paper is to highlight the new developments which have taken place since the elevation of the relationship between the two countries to a Comprehensive Strategic Partnership in the year 2016. At the same time, it seeks to highlight the potential areas of cooperation for realisation of a shared strategic future.

**MULTIFACETED PLAN OF ACTION- 2016**

When PM Modi and his counterpart, the Prime Minister of the Socialist Republic of Vietnam, Nguyen Xuan Phuc, met in Vietnam in September 2016, they upgraded the relationship to a ‘Comprehensive Strategic Partnership’ which signalled a serious and calculated push by India to strengthen ties with one of its most important partners in Southeast Asia. The leaders had agreed to increase the exchange of high-level and other visits, boost relations between political parties and legislative institutions of both sides and strengthen established bilateral cooperation mechanisms, along with effectively implementing the agreements signed between two countries.

As Prime Minister Narendra Modi remarked after holding talks with his Vietnamese counterpart, “our decision to upgrade our Strategic Partnership to a Comprehensive Strategic Partnership captures the intent and path of our future cooperation. It will provide a new direction, momentum and substance to our bilateral cooperation”.\textsuperscript{166} The two countries signed 12 agreements in a wide range of areas covering IT, space, double taxation and sharing white shipping information. The Plan of Action to realise the Comprehensive Strategic Partnership in all directions


includes collaboration in major sectoral areas. The next section proposes to discuss the developments in sectoral cooperation since the signing of the Comprehensive Strategic Partnership in 2016 and the potential for future cooperation in each sector.

DEFENCE AND SECURITY- THE FOUNDATION OF STRATEGIC PARTNERSHIP

In September 2016, the two Prime Ministers had expressed satisfaction at the significant progress made in defence cooperation, including exchange of high level visits, annual high-level dialogue, service-to-service cooperation, naval ship visits, extensive training and capacity building, defence equipment procurement and related transfer of technology, and cooperation at regional fora such as ADMM-Plus. India had extended $500 million Line of Credit to Vietnam for facilitating deeper defence cooperation which is reflective of India’s interest in contributing and thereby shaping the political security order in the Asia-Pacific.\(^{167}\) The offering of the Line of Credit in 2016 to Vietnam gives a further boost to the defence relations which had received an impulse in 2003, 2009 and 2015 when the Joint Declaration on the Framework of Comprehensive Cooperation, the MoU on Defence Cooperation and the Joint Vision Statement on India-Vietnam Defence Relations were signed respectively.

The signing of the MOU on Cyber Security between the two countries and the transfer of equipment to the Indian funded Indira Gandhi High-Tech Crime Laboratory signalled a positive step taken in the direction for beefing up collective security resources, expertise and training to deal with the problem of cyber threats. Cooperation on other traditional and non-traditional security matters, include cooperation on counter-terrorism, transnational crimes, disaster management and response, and undertaking training and capacity building programmes which have significantly expanded security cooperation.

India has held a range of talks on the sale of indigenously developed surface-to-air Akash missile and supersonic Brahmos missile to Vietnam,

in what would be its first transfer of such weapons to the Southeast Asian country. The move is in line with Prime Minister Narendra Modi’s push to establish India as an arms exporter as well as to beef up Vietnam’s defence abilities. Both the countries have held discussions on a range of issues in this regard. Trials on Pinaka rocket were successfully conducted at Integrated Test Range (ITR) Balasore in two phases in January 2017, with range of 65 km and 75 km respectively. Vietnam has been scouting for rockets and short range missiles for its coastal protection as well as protection of its off shore islands.

Vietnam has considerable abilities to upgrade its military build-up that can also act as a deterrent, to secure its 200 nautical mile Exclusive Economic Zone (EEZ). The ongoing dispute over Chinese resource exploitation near the Paracels islands has been of concern to Vietnam, which also holds a claim in the adjoining straits. Apart from considering buying surface-to-air missiles from India, Vietnam has shown a keenness for fighter jets and more advanced missile systems, in addition to the technical and training support for its two Kilo-class submarines that it has bought from Russia. India and Vietnam have an agreement on cooperative oil exploration in Vietnam’s Exclusive Economic Zone (EEZ) in the South China Sea. Indian companies ONGC Videsh Limited (OVL) and Essar Oil are presently active in major ventures for offshore oil and gas exploration in Vietnam.

The Indo-Pacific region is the hub of trade and global economy and is also the fastest growing region of the world. India and Vietnam are key strategic partners for promoting peace, prosperity and stability in the Indo-Pacific region. Substantial partnership among navies, coast guards and security agencies to secure sea lanes of trade and communication, to counter terrorism, terror financing, drug & human trafficking and piracy, as well as in HADR operations should be stressed upon. Strengthening marine research, development of eco-friendly, marine industrial and technological base are also other areas where the two countries can explore opportunities for promoting strategic relations.

On nuclear energy, the recently signed ‘Inter-Governmental Framework Agreement on Cooperation in the Peaceful Uses of Nuclear Energy’ in December 2016 between India and Vietnam would help to establish a strong foundation for further cooperation in civil nuclear energy.
ECONOMY, TRADE AND INVESTMENT-EXPLORING THE LATENT POTENTIAL

India’s relations with Vietnam have been marked by growing economic and commercial engagements. Both the countries have signed the Double Taxation Avoidance Agreement (DTAA) in 1994, and Bilateral Investment Promotion and Protection Agreement (BIPPA) in 1997\textsuperscript{168} which has helped to consolidate the economic relationship between the two countries.

India is now among the top ten trading partners of Vietnam. The total trade between the two countries during April – December 2016 stood at $ 7.285 billion\textsuperscript{169}. However, in order to achieve the mutually agreed target for bilateral trade of USD 15 billion by 2020, new trade and business opportunities are needed to be tapped. Some of the steps to realize the trade target include utilizing established mechanisms such as the Joint Sub-Commission on Trade, intensifying the exchanges among states of India and provinces of Vietnam, strengthening exchanges of delegation and business-to-business contacts, regular organization of trade fairs and events such as the India-CLMV Business Conclave and Vietnam - India Business Forum. The recognition of a standard system in 2016 between the Bureau of Indian Standards (BIS) and the Directorate for Standards, Metrology and Quality of Vietnam (STAMEQ) pointed to the possibility of furthering trade understanding between the two countries.

On investments, while there are 132 Indian projects with total investments of about $ 1.07 billion, India ranked at 25 in terms of total investments into Vietnam\textsuperscript{170}. This is expected to rise in the coming years. Indian companies have been involved in sectors like consulting, energy, mining and agricultural growth, and solar and energy cooperation in Vietnam. A number of Indian companies are actively exploring new opportunities in Vietnam in renewable energy and energy conservation, leveraging their expertise and scale in India’s domestic market gained due to Prime Minister Modi’s ambitious programme of installation of 175 GW of renewable


energy by 2022 of which 100 GW would be in solar and 60 GW in wind energy.\textsuperscript{171}

India has also been supporting Vietnam in socio-economic development through extension of credit to promote trade & investment, and assistance in manifold areas including the coast guard, tackling the drug challenge and training in peacekeeping, among other areas.

NEW DEVELOPMENTS/PROSPECTS FOR FUTURE COOPERATION:

Both countries are currently working on enhancing trade and investment which include measures like banking branches in each other’s countries, direct containerisation, and air connectivity. Positive developments in this regard are: opening of Bank of India’s branch in Vietnam since July 2016; and possibility of starting direct flights to India by Vietnamese carriers towards mid-2017.\textsuperscript{172} However, the flights are yet to start by the end of 2018 and there are issues related to slotting of the flights so as to be economically viable.

India has lifted import ban on six commodities including, coffee beans from Vietnam after resolving phytosanitary issues with the latter. Earlier, Vietnam had also removed suspension on imports of five commodities (namely pods and seeds of peanuts, seeds of cassia, cocoa, bean and fruit of tamarind) from India after it was satisfied with the corrective action to improve pest management. Phytosanitary issues have been addressed and temporary ban on import of six commodities (namely coffee beans, bamboo, black pepper, cinnamon, cassia and dragon fruit) from Vietnam was lifted recently in 2017.\textsuperscript{173}


Both the countries can explore new business opportunities in the identified priority areas for cooperation: hydrocarbons, power generation, renewable energy, infrastructure, tourism, textiles, footwear, medical and pharmaceuticals, ICT, electronics, agriculture, agro-products, chemicals, machine tools and other supporting industries. India has been very welcoming towards Vietnamese companies to take advantage of the various facilities offered under the schemes like ‘Make in India’, ‘Digital India’ and Smart City programmes. For creating conditions conducive for mutual investment, a commitment from both nations to create favourable conditions for investments in accordance with laws can be said to be instrumental to achieve mutual benefits.

Towards realization of Regional Comprehensive Economic Partnership Agreement (RCEP), the formation of regional value chains and production networks would be beneficial in fast tracking the RCEP negotiations. While India has agreed to drastic reduction of tariffs for the ASEAN nations, it has been lack of reciprocal tariff reduction by China which is holding the culmination of RCEP negotiations. It might be signed by the end of 2019.

**REGIONAL AND INTERNATIONAL COOPERATION**

In 2016 while signing the Comprehensive Strategic Partnership, the two Prime Ministers valued the cooperation and coordination between both sides at regional and international fora and agreed to strengthen cooperation particularly in UN, NAM, WTO, ASEAN and related forums including ARF, ADMM Plus, EAS, ASEM and as well as other sub-regional cooperation mechanisms. India had welcomed the realization of ASEAN Community and expressed full support for ASEAN's centrality in the evolving regional structure. Vietnam is also an important pillar of India's ‘Act East Policy’ (AEP).

Both Vietnam and India had stressed the need for reform of the United Nations and expansion of the UN Security Council in both the permanent and the non-permanent categories of membership, with enhanced representation from developing countries. Vietnam has supported India’s candidature for permanent membership of a reformed and expanded UNSC. The Indian side expressed its commitment to capacity building and training to enable Vietnam's participation in UN peacekeeping operations.

The two countries also felt the need to enhance their understanding and partnership on regional and international issues of common concern. The South China Sea (SCS) has found significant place in the diplomatic agenda of India and Vietnam. It has especially received added significance under
Modi government’s AEP, where the Southeast Asian countries, some of which are involved in the SCS dispute, are important for India from the economic aspect. In a Joint Communiqué between the Socialist Republic of Vietnam and the Republic of India released on the occasion of President Mukherjee’s visit to Vietnam on September 2014, the two leaders had clearly emphasized the direction of action as regards maintaining peace and stability in Asia with regard to the disputed waters of the SCS. They had agreed that freedom of navigation in the Sea should not be impeded and called the parties concerned to ‘exercise restraint, avoid threat or use of force and resolve disputes through peaceful means in accordance with universally recognized principles of international law, including the UNCLOS-1982. The concerned parties were also urged to work towards the implementation of the 2002 Declaration on the Conduct of Parties in the South China Sea.  

In 2016, Vietnam had invited India to explore natural resources within its 200 nautical mile Exclusive Economic Zone in the South China Sea region. Along with India’s stance in the South China Sea dispute, the invitation extended by Vietnam indicates its appreciation for the strategic content that had been added in the bilateral ties.

The Framework Agreement on cooperation in the exploration and usage of outer space for peaceful purposes signed in 2016 would enable the two countries to explore the potential interest areas of cooperation in space science, technology, HADR operations and other new areas which will be beneficial not only for Vietnam but for the entire region as well.

Vietnam has consistently supported and helped in increasing institutional cooperation between India and ASEAN. Vietnam has given support to India’s effort to expand ties with the ASEAN and has even recognized India’s desire to seek summit partnerships, in the ASEAN Regional Forum (ARF), East Asian Summit (EAS) and the Asia Pacific Economic Cooperation (APEC). Vietnam is the ASEAN Coordinator for India for the period of 2015-2018, which is important to us in terms of history, geography and the economic and strategic space that we share. As such, this is the opportune time for both the countries to implement various projects and schemes which have been undertaken in the past. The ASEAN-India Plan of Action (POA) to implement the ASEAN-India

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Partnership for Peace, Progress and Shared Prosperity (2016-2020) spells out and sets the course of joint actions, practical cooperation and concrete projects and activities. Out of 130 projects, 54 were identified to have been already implemented under the 3rd POA. However, the POA needs to work towards enhancing connectivity with mainland Southeast Asia which would benefit Vietnam also.

**CONNECTIVITY AND S & T COOPERATION:**

Connectivity is a vital feature linking nations and opening up various paths for progress. Highlighting the need for physical connectivity for better prospects of trade and economic development, the joint statement in 2016 emphasised the opening of direct flights between major cities of Vietnam and India. The Indian side had also urged Vietnam to utilize various initiatives of India for CLMV countries and the India-ASEAN Line of Credit for enhancing physical and digital connectivity.

India has set up the India-Vietnam Advanced Resource Centre in ICT in Hanoi at a cost of approximately 1.8 million US dollars (INR 100 million). India also provided a PARAM supercomputer to Vietnam at a cost of 8.3 million US dollars (INR 460 million). Further, Vietnam has been a key recipient of training programmes under Indian Technical and Economic Cooperation (ITEC) programme and other scholarship schemes. To tap the growing opportunities in the region, in 2016, PM Modi had announced a grant of $5 million for the establishment of a Software Park in the Telecommunications University in Nha Trang to create a hub of technological expertise and elevate the skill levels of Vietnamese professionals.

India and Vietnam uplifted their ties to comprehensive strategic partnership in 2016, with stronger cooperation in information and communication technology (ICT). Since Vietnam started its reform 30 years ago, Indian ICT firms have invested in Vietnam, including large businesses like APTECH and NIIT. India’s credit package of 1 billion USD for digital connectivity projects in ASEAN member countries, including Vietnam can reduce transaction costs and facilitate intraregional trade and investment. Vietnam can also draw upon from India’s experience in designing policies and legal regulations in management of post and telecommunication, 4G and 5G services as well as public and rural communications.

On connectivity, quicker implementation of India Vietnam Economic Corridor and India-CLMV land connectivity can advance further scope for
deepening ties between the two countries. The announcement of $1 billion line of credit by the Government of India in 2015 could be used to enhance both physical and digital connectivity. As regards sea connectivity, both sides have nominated their members to the Joint Working Group (JWG) being established under India-Vietnam Maritime Shipping Agreement.

Furtherance of air and surface connectivity along with promotion of historical and cultural sites showcasing our ancient Hinduism and Buddhism linkages, and other tourism destinations can also facilitate the path towards shared understanding and prosperity. The then Information and Broadcasting Minister M Venkaiah Naidu had recently remarked at the meeting with Vietnamese delegation led by Minister of Information and Communications Mr. Truong Minh Tuan that India would extend all possible support to promote exchange programmes between public broadcasters of India and Vietnam in content creation, screening and distribution of films. Cooperation in the field of institution capacity building in social media, student exchange programs between premier institutes of both the countries in the field of journalism and films would bring the two countries close. Developing synergy between the national broadcasters of both the countries to work closely in the field of real time information gathering and discussion would expand systemic understanding between the two countries.

For India, extending cooperation to Vietnam in fields like science and technology gives an opportunity to deepen their exceptionally friendly and cordial relations with the country. India can avail advantages out of favourable demographics and good secondary education performance of Vietnam. Vietnam on the other hand can cooperate to take the best out of infrastructural expertise and developed innovation and information base of India. In fact, science and technology cooperation has been a recognisable feature of bilateral cooperation.


CULTURE AND TOURISM-THE CIVILIZATIONAL BONDS

India-Vietnam cultural cooperation is vibrant. The Indian Embassy in Hanoi inaugurated the Indian cultural centre on April 20, 2017 in Hanoi to project a composite picture of Indian heritage. The ICCR can host musical festivals, film screenings and art and photography exhibitions which can promote and popularise Indian culture in Vietnam. Bollywood films and especially television soaps are popular in Vietnam. The International day of Yoga has been attracting thousands of practitioners across Vietnam every year.

The number of Indian tourists to Vietnam rose sharply from 16,000 arrivals in 2010 to 66,000 arrivals in 2015, representing annual average growth of 32% in the period 2010-2015. Since 2015, tourism road shows have been a regular feature to facilitate tourism between the two countries. Such road shows have been held by Vietnam at Calcutta, Bhubaneswar and New Delhi in India. These serve as good opportunities not only to attract Indian travellers but also for Vietnamese tourism businesses to seek cooperation and attract Indian entrepreneurs. Cheap aviation fares and easy facilitation of visa procedures can further promote the potential of tourism between the two countries.

The translation of literary, cultural and historical works from Hindi and other Indian languages to Vietnamese and vice versa will help to embrace and learn about the history, culture and civilization of respective countries. An Indian Foundation can also be set up to promote and strengthen cultural exchange, undertake various forms of activities such as personnel exchanges (dispatching Indian scholars, artists, professionals, sports instructors, and other individuals to Vietnam and inviting Vietnamese scholars, artists, and others to India, exchange of visiting faculties etc.), exhibitions of Indian art works, Indian stage and musical performances, promotion of Indian history, and cooperation and assistance for the diffusion of English language education to expand cooperation in the cultural sector. Vietnamese students can come with grants from the ICCR to study Hindi, Punjabi, Urdu and other Indian languages. The


implementation of the Memorandum of Understanding on Conservation and Restoration of Cham monuments at My Son, Quang Nam province by the Archaeological Survey of India has begun in February 2017.

Tourism development between the two countries can lead to creation of favourable conditions for strengthening the traditional partnership. More people to people contacts can help to create avenues which can alter the general misconceptions about tourism in Vietnam which are often understood as difficulty in getting visas and lack of tourist’s destinations. Tourist hotspots can also be created in collaboration with Indian entrepreneurial partners in and around famous lakes like the Nui Coc Lake in Thai Nguyen Province and the Ba Be lake in Bac Kan Province, which can simultaneously also add to the infrastructural development of the respective provinces.\textsuperscript{179} For enhancing the prospects of tourism, direct connectivity between the two countries, however, needs to be advanced.

**CONCLUSION**

In the 21\textsuperscript{st} century, India and Vietnam have been poised together to strengthen relations. With the changing geopolitical developments that have come to characterise the present order of international politics, both countries are in the process of redefining their strategic positions towards each other. They are influential actors in Asia and as such, both of them share common political and security interests. India-Vietnam relationship is one of the perfect examples of a deep-rooted and sustainable relationship between two countries sharing many common historical and cultural characteristics. Recent bilateral accomplishments have no doubt been made in the right direction but the bottlenecks in the sectoral cooperation need to be overcome to bring maximum gains out of the collaboration. The untapped potential in the bilateral relationship needs to be realised by putting focus on a future plan of action which includes cooperation in areas like maritime cooperation, tourism and connectivity, facilitating the realisation of the RCEP Agreement, promoting private sector engagement, investment and finance with focus on SMEs, strengthening development partnerships, encouraging higher competitiveness and innovation, sharing resources and knowledge and strengthening regional security infrastructure. Vietnam is a country of great importance in Southeast Asia. There is no doubt that India-Vietnam relationship has shown considerable and durable staying power and has the potential to contribute to building regional stability.

\textsuperscript{179} Ibid.