



BILATERAL RELATIONS

**INDIA - VIETNAM**

# INTRODUCTION

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India-Vietnam relations, also known as Indian-Vietnamese relations or Indo-Vietnamese relations, refers to bilateral relations of India and Vietnam.

Cultural and economic links between India and Vietnam date back to 2nd century. The Indic Chămpa kingdom had some influence on Vietnamese music. In contemporary era, relations between India and Vietnam have been governed by several areas of shared political interests. India strongly condemned U.S. action during the Vietnam War and was also one of the few non-communist countries to assist Vietnam during the Cambodian-Vietnamese War.

In 1992, India and Vietnam established extensive economic ties, including oil exploration, agriculture and manufacturing. The relations between the two countries, especially defence ties, benefited extensively from India's Look East policy. Bilateral military cooperation includes sale of military equipment, sharing of intelligence, joint naval exercises and training in counterinsurgency and jungle warfare. India also regularly deploys its warships for goodwill visits to Vietnamese seas.



# BACKGROUND

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India supported Vietnam's independence from France, opposed American involvement in the Vietnam War, and supported unification of Vietnam. During the Vietnam War, India supported the North, albeit not by conducting military hostilities against the South. This can be contrasted with the policies of the US, who strongly supported the South and engaged in military conflict with the North, albeit without issuing an official declaration of war.

India and North Vietnam established official diplomatic relations in 1972 and have since maintained friendly relations, especially in wake of Vietnam's hostile relations with the People's Republic of China, with which India had some diplomatic disputes.



# DEVELOPMENT OF BILATERAL AND COMMERCIAL TIES

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India granted the "Most Favoured Nation" status to Vietnam in 1975 and both nations signed a bilateral trade agreement in 1978 and the Bilateral Investment Promotion and Protection Agreement (BIPPA) on March 8, 1997. The Indo-Vietnam Joint Business Council has worked to promote trade and investment since 1993. In 2003, both nations promulgated a Joint Declaration on Comprehensive Cooperation when the General Secretary of the Communist Party of Vietnam Nông Đức Mạnh visited India and both nations are negotiating a free trade agreement. In 2007, a fresh joint declaration was issued during the state visit of the Prime Minister of Vietnam Nguyễn Tấn Dũng.

Bilateral trade has increased rapidly since the liberalisation of the economies of both Vietnam and India. India is the 13th-largest exporter to Vietnam, with exports that have grown steadily from \$11.5 million in 1985–86 to \$395.68 million by 2003. Vietnam's exports to India rose to \$180 million, including agricultural products, handicrafts, textiles, electronics and other goods. Between 2001 and 2006, the volume of bilateral trade expanded at 20-30% per annum to reach US\$1 billion by 2006.

Continuing the rapid pace of growth, bilateral trade is expected to rise to \$2 billion by 2008, 2 years ahead of the official target. India and Vietnam have also expanded cooperation in information technology, education and collaboration of the respective national space programmes. Direct air links and lax visa regulations have been established to bolster tourism.

In 2010, as the ASEAN-India free trade agreement came into effect, bilateral trade exploded to US\$3.917 billion by the end of 2012, with Vietnam exporting \$1.7 billion to India in 2012, an increase of 56.5% from 2011. As of 2015 bilateral trade stands at US\$7 billion & both nations have agreed on a target of US\$20 billion by 2020.

The PRC has complained about Indian cooperation for the exploration for oil in Vietnamese waters, especially in light of the disputed political status of the Spratly Islands, and other nearby island chains, which India currently recognises as part of Vietnam.

# STRATEGIC COOPERATION

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In January 2000, the Indian Defence Minister, George Fernandes, called for a renewed political relationship with Vietnam, describing Vietnam as India's most trusted friend and ally. He proposed that India should develop a naval presence in the South China Sea through access to the Cam Ranh Bay naval and air base and that India should provide training and advanced weapons to Vietnam.

India and Vietnam are both members of the Mekong-Ganga Cooperation, created to develop and enhance close ties between India and nations of Southeast Asia. Vietnam has supported India's bid to become a permanent member of the U.N. Security Council and join the Asia-Pacific Economic Cooperation (APEC).

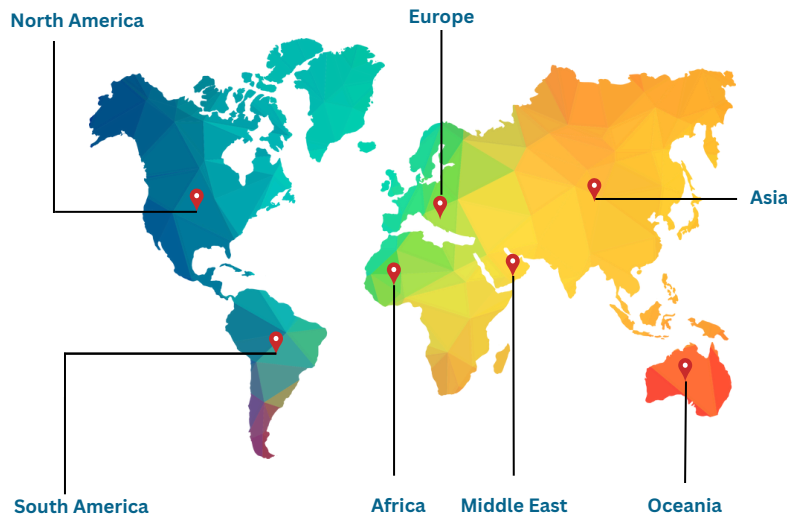
In the 2003 joint declaration, India and Vietnam envisaged creating an "Arc of Advantage and Prosperity" in Southeast Asia; to this end, Vietnam has backed increasing the significance of the relationship between India and the Association of Southeast Asian Nations (ASEAN) and its negotiation of an Indo-ASEAN free trade agreement. India and Vietnam have also built strategic partnerships, including extensive cooperation on developing nuclear power, enhancing regional security and fighting terrorism, transnational crime and drug trafficking.

Vietnam has also welcomed Indian Navy ships in their region which would enhance India and Vietnam military relations. Vietnam has also welcomed Indian support for a peaceful resolution of the territorial disputes in the South China Sea. Indian Foreign Minister Salman Khurshid has called Vietnam one of the pillars of India's "Look East" policy. In 2018, India and Vietnam are scheduled to conduct their first bilateral naval exercise together, in Vietnamese waters.

India is providing training support for Vietnam's Kilo-class submarines. India has also offered to train Vietnamese pilots to fly Sukhoi aircraft. India is providing a \$100 million credit line to Vietnam, that allows Vietnam to buy defence equipment from India. During his visit to Vietnam, on 2 September 2016, India's Prime Minister Narendra Modi announced a new line of credit US\$500 million for procurement of defence equipment. India is selling Vietnam four large patrol vessels that will enable Vietnam to patrol its waters and Vietnam is also interested in buying BrahMos short range cruise missiles.

India is setting up the Satellite Tracking and Imaging Centre by Indian Space Research Organisations in Southern Vietnam for intelligence gathering to keep an eye on China. Recently, Indian army personnel have provided training for Vietnamese military personnel to work in the UN peacekeeping force.

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## Key Contact

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