



Sansad TV Special: India, Vietnam Relations

For Prelims: [India and Vietnam](#), [Comprehensive Strategic Partnership](#), [ASEAN-India Trade in Goods Agreement](#), [Digital Payment](#), [QR codes](#), [Terrorism](#), [Cybersecurity](#), [Indo-Pacific Region](#), [India's Act East Policy](#), [Mahatma Gandhi](#), [Mekong-Ganga Cooperation \(MGC\)](#), [UNESCO World Heritage](#), [INS Kirpan](#), [VINBAX-2023 Military Exercise](#), [MILAN International](#), [South China Sea](#), [ASEAN](#), [Artificial Intelligence](#), [Renewable Energy](#), [Digital Infrastructure](#), [Climate Change](#), [Sustainable Development](#).

For Mains: Significance of India's Neighbourhood and Foreign Policies Like Look East Policy in Securing India's Interests.

Why in News?

Recently during a bilateral meeting in New Delhi, [India and Vietnam](#) announced a new plan to strengthen their bilateral '[comprehensive strategic partnership](#)' over the next five years.

- The agreement highlights efforts to strengthen the relationship between the two countries, emphasizing areas such as customs capacity building, radio and television networks, agriculture, law and justice.

What are the Key Highlights of the Bilateral Meeting?

- **New Plan of Action:**
 - **India and Vietnam** have unveiled a new plan of action to enhance their bilateral '**comprehensive strategic partnership**' over the next five years.
 - India-Vietnam relations were elevated to the level of '**Comprehensive Strategic Partnership**' in 2016. The plan of action for implementing the **comprehensive strategic partnership** will be rolled out from 2024 to 2028.
 - As announced after the bilateral meeting, this includes initiatives to establish digital payment connectivity and expedite the review of the [ASEAN-India Trade in Goods Agreement](#).
- **Agreements and Financial Support:**
 - During the visit, the two countries signed six **Memorandums of Understanding (MoUs)** covering agricultural research, customs capacity building, law and justice, media, and traditional medicines.
 - India also extended two [lines of credit](#) to Vietnam totaling **USD 300 million**.
- **Trade and Digital Payments:**
 - India highlighted the significant growth in trade and cooperation in various sectors over the past decade, noting an **85% increase** in two-way trade and accelerated defense and security collaboration.
 - An early conclusion of the **ASEAN-India Trade in Goods Agreement** review is expected to facilitate this growth.
 - Additionally, Vietnam proposed a new bilateral trade target of **USD 20 billion**, up from **USD 14.8 billion**.

- Both nations have agreed to set up [digital payment](#) connectivity, enhancing cross-border transactions through [QR codes](#) and instant payments.
- **Focus on Defence and Security:**
 - The leaders also discussed boosting defense and security cooperation, including a new **Army Software Park** in Nayachang, funded by an Indian grant.
 - Also, bilateral cooperation will extend to [counter terrorism](#) and [cybersecurity](#).
- **Conservation of Temples:**
 - A **letter of intent** was signed between both Governments to restore and conserve a number of ancient **Shiva temples** located in My Son, Quang Nam province.
- **Indo-Pacific Vision:**
 - Both India and Vietnam reaffirmed their commitment to a free, open, and rules-based [Indo-Pacific region](#), with Vietnam playing a key role in [India's Act East Policy](#).
 - India reiterated India's support for development over expansionism, indirectly addressing concerns about China's activities in the region.

What is the Present Status of India-Vietnam Relations?

- **Historical and Diplomatic Relations:**
 - Father of Nation of respective countries, [Mahatma Gandhi](#) and **President Ho Chi Minh** exchanged messages during their respective independence movements.
 - Diplomatic relations between India-Vietnam were established in 1972, and bilateral relations were elevated to **strategic partnership** in 2007 which was further converted to a **Comprehensive Strategic Partnership** in 2016.
 - The "**Joint Vision for Peace, Prosperity, and People,**" adopted in 2020, now guides our relationship.
 - In 2022, both nations marked the 50th anniversary of their diplomatic ties and continue to work on strengthening their multifaceted cooperation.
- **Economic Cooperation:**
 - Indian companies like ONGC Videsh Limited., Bharat Electronics Limited, Hindustan Computers Limited, Bank of India and others have presence in Vietnam.
 - **Trade Statistics** for April 2023 to March 2024, between India and Vietnam reached **USD 14.82 billion**.
 - India's exports to Vietnam were USD 5.47 billion, while imports totaled USD 9.35 billion.
 - The **ASEAN-India Trade in Goods Agreement**, finalized in 2009, provides a **preferential trade regime** and is currently under review.
 - **India exports** engineering goods, agricultural products, chemicals, pharmaceuticals, electronics, minerals, textiles, and plastics to Vietnam.
 - Imports from Vietnam include computer and electronic goods, mobile phones, machinery, steel, chemicals, footwear, garments, and wooden products.
 - **Indian investments** in Vietnam total around **USD 2 billion**, covering sectors such as energy, mineral processing, agro-processing, IT, auto components, pharmaceuticals, hospitality, and infrastructure.
 - According to Foreign Investment Agency of Vietnam, during the period from Jan - Dec 2023, India had 53 fresh projects with a total value of **USD 131.90 million**.
 - Conversely, Vietnam's investments in India are approximately **USD 28.55 million**, primarily in consumer goods, electronics, construction, IT, and pharmaceuticals.
- **Development Partnership:**
 - Developmental Partnership under the [Mekong-Ganga Cooperation \(MGC\) framework](#), India has completed about 45 Quick Impact Projects across more than 35 Vietnamese provinces, and another 10 projects are underway.
 - MGC, established in 2000, includes Cambodia, Laos, Myanmar, Thailand, Vietnam, and India, focusing on tourism, culture, education, IT, telecommunications, and transport.
 - India has also supported the conservation of the [UNESCO World Heritage](#) site 'My Son' in Quang Nam Province, with the [Archaeological Survey of India](#) finishing the restoration of several temples at the site in 2022.
- **Defense and Security Ties:**
 - India and Vietnam have robust **defense and security** ties, bolstered by a 2009 MoU on Defence Cooperation and a 2015 **Joint Vision on Defence Cooperation**.

- In 2022, they signed a "[Joint Vision Statement on India-Vietnam Defence Partnership towards 2030](#)" and a "**Memorandum of Understanding on Mutual Logistics Support.**"
- Vietnam received an indigenously built missile corvette, [INS Kirpan](#), in 2023.
- Bilateral military cooperation includes staff talks, exercises, training, and exchanges, such as the [VINBAX-2023 military exercise](#). Also, a Vietnamese navy ship participated in the [MILAN international](#) maritime exercise in India in February 2024.
- **Cultural Exchange:**
 - MoUs between **Indian and Vietnamese** institutions promote **academic and cultural exchanges**.
 - Events like the **Northeast India Festival in Ho Chi Minh City** enhance cultural ties. Ancient Buddhist connections are reflected in the travel of Vietnamese Buddhist scholars and pilgrims to India.
 - Yoga is widely practiced in Vietnam, with many Indian yoga teachers contributing to its popularity.
 - The **Swami Vivekananda Indian Cultural Centre** in Hanoi plays a significant role in promoting Indian culture and strengthening bilateral relations through various programs and activities.

What are the Challenges in India-Vietnam Relations?

- **Trade Imbalances and Market Access:** Despite significant trade growth, India's imports from Vietnam exceed its exports, leading to an unfavorable trade balance for India.
 - Addressing these trade imbalances and improving market access for both nations' products remains a key challenge.
- **Geopolitical Tensions in the Indo-Pacific:** The strategic rivalry in the **Indo-Pacific region**, particularly concerning China's assertiveness in the [South China Sea](#), poses a challenge to India-Vietnam relations.
 - Both countries share concerns about regional security and freedom of navigation, but navigating these geopolitical tensions requires careful diplomacy.
- **Infrastructural and Logistical Constraints:** The development of bilateral trade and investment is sometimes hampered by infrastructural and logistical challenges.
 - Limited connectivity, inadequate port facilities, and inefficient logistics can affect the smooth flow of goods and services between the two countries.
- **Security and Defense Cooperation Complexities:** While India and Vietnam have strengthened defense cooperation, there are complexities related to defense procurement, technology transfer, and strategic alignment.
 - Ensuring effective collaboration in defense and security requires addressing these complexities while navigating regional security dynamics.

Way Forward

- **Comprehensive Strategic Partnership:** Both nations should continue to build on the existing Comprehensive Strategic Partnership by expanding collaboration across key areas, including defense, security, and regional stability.
- **Defense and Security:** Strengthen defense ties by increasing joint exercises, training programs, and technology exchanges.
 - Explore further cooperation in areas such as maritime security, cyber defense, and counter-terrorism.
- **Trade Growth:** Aim to achieve the proposed bilateral trade target of \$20 billion by addressing trade barriers, diversifying export-import products, and enhancing cooperation in sectors such as technology, energy, and pharmaceuticals.
 - Accelerate the review of the **ASEAN-India Trade in Goods Agreement** to facilitate smoother trade operations.
- **Investment Opportunities:** Promote bilateral investments by identifying and supporting high-impact projects in infrastructure, energy, and technology.
- **Mekong-Ganga Cooperation:** Continue supporting and expanding the **Mekong-Ganga Cooperation framework** by focusing on impactful projects that address regional development challenges.

- **Indo-Pacific Vision:** Collaborate on maintaining a free, open, and rules-based Indo-Pacific region. Work together to address regional challenges and support [ASEAN's](#) central role in regional security and economic integration.
- **Technology Transfer:** Promote technology transfer and joint ventures in emerging technologies such as [artificial intelligence](#), [renewable energy](#), and [digital infrastructure](#).

UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims:

Q. Consider the following countries: (2018)

1. Australia
2. Canada
3. China
4. India
5. Japan
6. USA

Which of the above are among the 'free-trade partners' of ASEAN?

- (a) 1, 2, 4 and 5
(b) 3, 4, 5 and 6
(c) 1, 3, 4 and 5
(d) 2, 3, 4 and 6

Ans: (c)

Q. The term 'Regional Comprehensive Economic Partnership' often appears in the news in the context of the affairs of a group of countries known as (2016)

- (a) G20
(b) ASEAN
(c) SCO
(d) SAARC

Ans: (b)

Mains:

Q. Evaluate the economic and strategic dimensions of India's Look East Policy in the context of the post Cold War international scenario. (2016)