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A Decade of India-Vietnam Strategic Partnership: Progress and Prospects

Vietnam's President Tran Dai Quang visited India for three days at the beginning of March 2018. The visit comes at an opportune moment. Indo-Vietnamese ties witnessed the completion of 10 years of the 'strategic partnership' in 2017 and Vietnam is in the final year of its role as country coordinator for India in the Association of Southeast Asian Nations. This paper reflects on the progress achieved under the partnership in the last decade as well as highlights potential areas of cooperation going forward.

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Introduction

In January 2018, Indian Prime Minister Narendra Modi made global headlines when he hosted the leaders of all 10 Association of Southeast Asian Nations (ASEAN) member states at India's annual Republic Day parade. The move was widely seen as an indication of India's seriousness towards its 'Act East' policy, which was enunciated as an upgrading of the earlier 'Look East' policy.

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The Republic Day parade was quickly followed by a three-day visit of a Vietnamese delegation, comprising President Tran Dai Quang and Foreign Minister Pham Binh Min, to India, on 2 March 2018. During the visit (the first for President Tran to India), the two sides announced three memoranda of understanding (MoUs) on trade, agriculture and nuclear cooperation respectively.² The discussions between the leaders covered several areas of bilateral cooperation such as defence and security, economic relations, energy, connectivity and regional/multilateral collaboration.³

The two consecutive events have outlined the importance of the Indo-Vietnamese relationship, bolstered by 10 years of strategic partnership, in the context of India-ASEAN cooperation.

The Indo-Vietnamese Relationship: A Decade of Strengthening Ties

India and Vietnam share close to half a century of relations with formal diplomatic ties established in 1972 between India and then-North Vietnam. The relations derived from common historical linkages as colonies of Western powers, which strived for independence. Even prior to the formalisation of relations, India's then-Prime Minister Jawaharlal Nehru was considered a "great and close friend"⁴ of Vietnam and was the first foreign leader to visit then-North Vietnam in 1954, at the behest of then-President Ho Chi Minh. In the following years, trade ties were consolidated through agreements such as the Joint Declaration on Comprehensive Cooperation, signed in 2003. However, the signing of the 'strategic partnership' in 2007 ushered in a new era of focused cooperation.

Vietnam became one of four ASEAN members (the others being Indonesia, Singapore and Malaysia), who are 'strategic partners' of India, when it signed the partnership agreement. In

² "Vietnamese President praises PM Modi on Act East Policy, bats for India's UNSC membership", *The Indian Express*, 4 March 2018. <http://indianexpress.com/article/india/vietnamese-president-praises-pm-modi-on-indias-act-east-policy-5085490/> Accessed on 5 March 2018.

³ "India-Vietnam Joint Statement during State visit of President of Vietnam to India (3 March 2018)", *Ministry of External Affairs, Government of India*. <http://www.mea.gov.in/bilateral-documents.htm?dtl/29535/IndiaVietnam+Joint+Statement+during+State+visit+of+President+of+Vietnam+to+India+March+03+2018> Accessed on 7 March 2018.

⁴ "Full speech of Vietnam President Tran Dai Quang at Nehru Museum Library", *The Economic Times*, 8 March 2018. <https://economictimes.indiatimes.com/news/politics-and-nation/full-speech-of-vietnam-president-tran-dai-quang-at-nehru-museum-library/articleshow/63212961.cms> Accessed on 7 March 2018.

the period that has followed, relations between the two intensified and ultimately led to the elevation of the partnership to a ‘comprehensive strategic partnership’ in 2016, during a visit by Prime Minister Modi (the first visit by an Indian Prime Minister to Vietnam in 15 years). The two cornerstones of the relationship have undoubtedly been defence and security cooperation on the one hand and economic ties on the other.

Defence and security have traditionally been the bedrock of Indo-Vietnamese relations due to the tenuous relations of both countries with neighbouring China and its presence in the South China Sea, which is of direct relevance to Vietnam and of strategic relevance to India. In 2016, as the Comprehensive Strategic Partnership was signed, India extended US\$500 million (S\$658 million) to Vietnam in defence cooperation. In an interview preceding the recent visit, the Vietnamese President also highlighted defence and security as the “effective strategic areas of cooperation”⁵ between the two nations.

Simultaneously, trade between India and Vietnam has seen exponential growth. Boosted by the ASEAN-India Free Trade Agreement of 2010, trade balances exceeded US\$5 billion (S\$6.58 billion) from 2010 to 2016.⁶ During the latest visit, the Vietnamese President reiterated the goal of US\$15 billion (S\$19.7 billion) in trade balances by 2020 and indicated that India would emerge as Vietnam’s “top trading partner”⁷ soon. Vietnam is also arguably India’s closest partner in the ‘CLMV’ (Cambodia-Laos-Myanmar-Vietnam) sub-bloc within ASEAN which India has noted as presenting a “huge opportunity”⁸ for Indian commerce.

The advances in defence, security and trade have also been accompanied by cooperation in sectors such as regional/multilateral diplomacy, energy solutions, and cultural linkages. For example, Vietnam has backed India’s bid for a seat in the United Nations Security Council

⁵ “Defence is effective strategic area of cooperation with India: Vietnam President”, *The Economic Times*, Chaudhury, Dipanjan Roy, 27 February 2018. <https://economictimes.indiatimes.com/news/defence/defence-is-effective-strategic-area-of-cooperation-with-india-vietnam-president/articleshow/63098129.cms>. Accessed on 1 March 2018.

⁶ “Vietnam-India Ties: An economic success story”, *Vietnam Economic News*, 20 November 2017. <http://ven.vn/vietnam-india-ties-an-economic-success-story-29543.html>. Accessed on 7 March 2018.

⁷ “India to emerge as a top trading partner of Vietnam”, *The Times of India*, 3 March 2018. <https://timesofindia.indiatimes.com/business/india-business/india-to-emerge-as-top-trading-partner-of-vietnam-tran/articleshow/63149773.cms>. Accessed on 7 March 2018.

⁸ “CLMV region provides huge opportunity for India: Sitharaman”, *The Hindu Business Line*, 12 January 2016. <https://www.thehindubusinessline.com/economy/clmv-region-provides-huge-opportunity-for-india-sitharaman/article8098799.ece>. Accessed on 2 March 2018.

and emphasised its “consistent support”⁹ during the recent visit. It has also provided concessions for Indian exploration of oil off its shores. From a cultural perspective, a ‘Year of Friendship’ was celebrated in 2012 and 2017, coinciding with the 40th and 45th anniversary of relations respectively. Thus, the Indo-Vietnamese relationship has evolved into a deeply potent one which has opened up avenues to step up cooperation in other sectors.

Potential Areas of Cooperation

The bilateral focus on defence and security between India and Vietnam, while vital, should not, however, preclude other areas of cooperation between the nations, which could provide fertile space for development. Two such areas are higher education and tourism. Although these two areas have featured in the talks between the two sides (including the recently concluded visit), much more can be done. As the diaspora populations of both countries in the other are negligible, these two distinct areas can provide the vital people-to-people connectivity which will ensure that the relationship includes social and public elements, in addition to strategic elements of trade and defence.

Although education does not readily come to mind when discussing India-Vietnam relations, a closer look at the two countries reveals that it might well be a key area of development. India and Vietnam both possess a demographic dividend in that a significant bulk of their populations are young and within the limits of the traditional economic working age (that is, 15-64 years.). India’s cumulative population in the age group 15-54 years stood at over 55 per cent in 2017¹⁰ whereas it was more than 60 per cent in the same age group in Vietnam.¹¹ Quality education is pivotal to harnessing these dividends. However, beyond simply demographic parallels, education is a crucial issue in the sustained development of both countries and one where collaboration could yield mutual growth. There has already been

⁹ “India, Vietnam emphasise freedom of navigation in South China Sea”, *The Economic Times*, 4 March 2018. <https://economictimes.indiatimes.com/news/defence/india-vietnam-emphasise-freedom-of-navigation-in-south-china-sea/articleshow/63158850.cms>. Accessed on 7 March 2018.

¹⁰ India, *CIA World Factbook*. <https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>. Accessed on 1 March 2018.

¹¹ Vietnam, *CIA World Factbook*. <https://www.cia.gov/library/publications/the-world-factbook/geos/vn.html>. Accessed on 1 March 2018.

some action in this regard. Under the umbrella of a “knowledge partnership”,¹² the Indian government has established English language and information technology training centres in Vietnam. It has also provided scholarships to Vietnamese students under its technical and economic cooperation programme. However, efforts have not yet been substantial enough in the crucial areas of education reform. One such area of reform which holds great potential is that of higher education.

Vietnam has made much progress in higher education in recent times in terms of number of graduates and skills. However, critical issues remain. In an analysis on higher education reform in the country, some of the challenges identified are quality accreditation, research commercialisation, financial affordability, internationalisation, equity, etc.¹³ India can provide assistance in several of these such as financial assistance, improving the research output and quality of local universities, and quality accreditation. For example, India’s Universities Grants Commission could provide input on developing Vietnam’s local statutory body for accreditation. India could also assist in developing a “more international integrated higher education system”¹⁴ which is one of the steps outlined under Vietnam’s Higher Education Reform Agenda, passed in 2005. This could take the form of MoUs between institutes of higher learning in India and Vietnam for educational exchanges which would serve to develop vocational and technical skills in targeted industries, as well as encourage enterprises and entrepreneurship among students from both sides.

Another area of cooperation which has yet more potential for development is tourism. Tourism development has steadily progressed between the two countries and has been supported by the governments on either side. For example, in 2017, the Vietnamese government undertook several initiatives towards boosting tourism in the Indian market, such as hosting exhibitions, festivals in cities, and workshops. It also recently added India to a list of countries whose citizens can apply for visas electronically.¹⁵ During President Tran’s visit, at the India-Vietnam Business Forum, the Vietnamese low-cost air-carrier Vietjet announced

¹² “India & Vietnam: Old Friends, New Vistas”, *Ministry of External Affairs, Government of India*, Chand, Manish. 24 August 2014. <http://mea.gov.in/in-focus-article.htm?23947/India+amp+Vietnam+Old+Friends+New+Vistas>. Accessed on 12 March 2018.

¹³ *Reforming Higher Education in Vietnam*, Harman G, Hayden M and Pham T N, Springer. 2010.

¹⁴ Ibid.

¹⁵ “Australia, India among 6 new countries eligible for e-visa to Vietnam”, *Vn Express International*. Pham Du, 3 December 2017. <https://e.vnexpress.net/news/travel-life/travel/australia-india-among-6-new-countries-eligible-for-e-visa-to-vietnam-3678894.html>. Accessed on 6 March 2018.

that it will commence direct flights between New Delhi and Ho Chi Minh City, operating four times a week.¹⁶ This route will be the first direct flight route between the two countries, despite the distance between most major Indian and Vietnamese cities being less than 10 hours by flight.

In spite of this progress, tourist numbers between the two sides leave much to be desired. Although the number of Indian tourists to Vietnam has more than doubled in the period from 2010 to 2016 (from over 30,000 to over 80,000)¹⁷ the figures comprise less than one per cent of the total estimated tourist arrivals in Vietnam for that year.¹⁸ In comparison, the number of Vietnamese tourists to India is even more dismal, with the total figures for three years from 2014 to 2016 being cumulatively less than 50,000 or an average of 0.19 per cent of total tourist arrivals in India during that period.¹⁹

The economic potential between the two sides should be leveraged upon to develop tourism. Both countries have rapid growth rates and have been classified as lower-middle-income economies by the World Bank (with gross national income between US\$1,066 [S\$1,402] to US\$3,955 [S\$5,202]).²⁰ More importantly, the middle class in both countries, a crucial population group for tourism, has been increasing. A dedicated and cohesive bilateral tourism framework is needed which would develop connectivity, provide incentives to tourism operators and promote destinations. This framework should be one which involves inputs from the varied stakeholders, including policymakers, tourism agencies as well as the public. In India's competitive federal model, the various States can also be co-opted into this opportunity by promoting Vietnam as a tourist destination for their residents and vice versa. Certain States which are geographically linked to ASEAN, in particular, can benefit from this connectivity. For example, States in India's Northeast could capitalise on an under-

¹⁶ "Vietjet to start Ho Chi Minh City-Delhi flight services", *The Business Standard*, 3 March 2018. http://www.business-standard.com/article/news-ians/vietjet-air-to-start-ho-chi-minh-city-delhi-flight-services-118030300586_1.html. Accessed on 6 March 2018.

¹⁷ "Viet Nam promotes tourism in India", *Vietnam National Administration of Tourism*. <http://vietnamtourism.gov.vn/english/index.php/items/12412> Accessed on 2 March 2018.

¹⁸ "International visitors to Viet Nam in December and 12 months of 2016", *Vietnam National Administration of Tourism*. <http://vietnamtourism.gov.vn/english/index.php/items/11311>. Accessed on 6 March 2018.

¹⁹ India Tourism Statistics 2017, *Ministry of Tourism, Government of India*. <http://tourism.gov.in/sites/default/files/Other/INDIA%20TOURISM%20STATISTICS%202017.pdf>. Accessed on 2 March 2018.

²⁰ "World Bank Country and Lending Groups", *World Bank*. <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>. Accessed on 7 March 2018.

construction trilateral highway with Myanmar and Thailand, which may be extended to Vietnam in the future.²¹

Conclusion

India and Vietnam have completed a decade of their ‘strategic partnership’ which has seen the two sides grow closer than perhaps ever before. Vietnam has become one of India’s “strongest, trusted and privileged partners”²² while Vietnam regards India as “one of [its] most important partners”.²³ On the foundation of a relationship grounded in strategic and economic interests, the two sides would do well to increase the bonds between their people as a means of ensuring that future relations are multi-faceted. Education and tourism provide two pragmatic, complementary gateways for the countries to build such bonds. While education can leverage upon the youth capacities of the countries, tourism can promote knowledge and goodwill on both sides. An effective combination of the two could set the course for the next decade of the partnership.

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²¹ ISAS Briefs No.561, “What Next for ASEAN-India Ties?”, Borah, Rupakjyoti. 7 March 2018. <https://www.isas.nus.edu.sg/wp-content/uploads/2018/03/ISAS-Briefs-No.-561-What-Next-for-ASEAN-India-Ties1.pdf>. Accessed on 12 March 2018.

²² ISAS Insights No. 346, “India-Vietnam Ties: The Stamp of Modi Doctrine”, Chaturvedy, Rajeev Ranjan. 21 September 2016. <https://www.isas.nus.edu.sg/ISAS%20Reports/ISAS%20Insights%20No.%20346%20-%20India-Vietnam%20Ties.%20The%20Stamp%20of%20Modi%20Doctrine>.pdf. Accessed on 7 March 2018.

²³ “Full speech of Vietnam President Tran Dai Quang at Nehru Museum Library”, *The Economic Times*, op cit.