

India and Vietnam build closer economic and military ties

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A three-day visit by Vietnam Prime Minister Nguyen Tan Dung to India late last month aimed at developing closer ties between the two countries concluded with the signing of a series of defence, trade and economic agreements. India and Vietnam are lining up in particular against China as the US intensifies its “pivot to Asia” aimed at isolating China and encircling it militarily with a web of strategic partnerships and alliances.

A major focus of the trip was on the economic front. Vietnam and India signed seven pacts of which two concerned oil and gas exploration. Two countries will also cooperate in several other fields including radio broadcasting, culture and education. Places at India’s Petroleum University will be made available for Vietnamese students to train as management personnel in oil and gas exploration projects.

India has so far invested more than \$254 million in 78 projects in Vietnam. During the past five years, bilateral trade has gone up significantly. It reached \$5.23 billion in 2013 up by an estimated 30 percent increase compared to 2012. The two countries are seeking to reach a target of \$15 billion by 2020.

Dung and Indian Prime Minister Narendra Modi agreed to work cooperatively at forums such as the Association of Southeast Asian Nations (ASEAN) and World Trade Organisation (WTO). Vietnam is supporting India’s bid for a permanent seat on the UN Security Council while India is assisting Vietnam in its efforts to participate in UN peacekeeping operations.

Since coming to power in May, Modi has sought to boost the country’s regional influence, including its longstanding “Look East” policy focussed on developing ties with countries in South East Asia. During Dung’s visit, he declared that India always considered Vietnam as “one of the main pillars” of its

Look East policy.

Modi explained: “We emphasised the need for stronger economic relationship as an essential component of a strong strategic partnership. We see great opportunities for increased trade and enhanced Indian participation in areas such energy, infrastructure, textiles, chemicals, machinery, agro-processing and information technology in Vietnam.”

The connection between military and economic interests is particularly evident in the joint energy projects between India and Vietnam in the South China Sea. In September, Indian President Pranab Mukherjee visited Vietnam during which a Letter of Intent (LoI) was signed between ONGC Videsh Limited (OVL), an Indian government-run subsidiary and Vietnam Oil and Gas Group (Petro Vietnam) for joint oil exploration.

India and Vietnam have previously engaged in energy exploration, including in areas of the South China Sea claimed by China, which has protested in response. The latest deals signed by Dung in India extending energy collaboration will only further heighten tensions with Beijing.

The Obama administration’s “pivot” has encouraged countries like Vietnam and the Philippines to more aggressively press their territorial disputes with China. In May, Vietnam reacted angrily to China’s placement of an oil rig in disputed waters off the Paracel Islands, administered by Beijing. Anti-Chinese protests in Vietnam resulted in several deaths and an exodus of Chinese citizens. Dangerous manoeuvring between Chinese and Vietnamese vessels went on for weeks, before China withdrew the rig.

India has lined up with the US in portraying Chinese actions as “provocative” and expansionist.” When Modi visited the US in September, a joint statement with President Obama insisted on the necessity of

“safeguarding maritime security and ensuring freedom of navigation and overflight” in the South China Sea. Such statements are also to justify the “right” of US war ships to patrol in sensitive waters near the Chinese mainland.

During Dung’s visit, Modi explicitly highlighted military ties, declaring: “Our defence cooperation with Vietnam is among our most important ones. India remains committed to the modernisation of Vietnam’s defence and security forces. This will include expansion of our training program, which is already very substantial, joint exercises and cooperation on defence equipment.

India is providing a \$US100 million line of credit to Vietnam to buy military hardware. New Delhi Television reported on October 28 that India is planning to sell patrol boats, and possibly BrahMos short-range supersonic anti-ship missiles, to Vietnam

On October 14, the Indian coast guard vessel, Samudra Paheredar, arrived in the central Vietnamese city of Da Nang for a three-day visit which included a joint search-and-rescue exercise with Vietnamese forces. India has been seeking greater access to Vietnamese ports for its navy, which Dung declared he would welcome.

India has trained about 500 Vietnamese naval cadets. This includes “comprehensive underwater combat operations” training for Vietnamese sailors who will man six Kilo-class submarines that Vietnam is buying from Russia. The Indian navy has been operating similar Russian-made submarines since the mid-1980s.

Beijing is clearly concerned about the growing security ties between India and Vietnam. The state-run *Global Times* warned both countries to “think about the potential consequences for Sino-Indian relations before selling missiles and patrol boats to Vietnam.” It pointed out that the BrahMos anti-ship missiles could “pose a serious threat to the warships of the PLA [People’s Liberation Army] Navy in the South China Sea.”

On the eve of Dung’s visit, India’s Defence Acquisition Council chaired by Defence Minister Arun Jaitley gave the green light for defence projects worth of 800 billion rupees (\$13 billion) in a massive upgrade of India’s military prowess. The bulk of the purchases will go to the navy, with 50 billion rupees for the construction of local-made submarines.



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