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Jyoti
Research Scholar, Department of Political Science, Maharshi Dayanand University, Rohtak, Haryana, India

Dr. Jyoti Singh
Department of political science, Maharshi Dayanand University, Rohtak, Haryana, India

Strengthening India-Vietnam ties under India's Act East Policy

Jyoti and Jyoti Singh

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Abstract

Act East Policy is an impression of the enhanced strategic emphasis and the new strategic outlook in India's eastward engagement. It seeks to deepen cooperation with countries in the Indo-Pacific region, with a particular focus on fostering ties with Southeast and East Asian nations. Vietnam is a key regional power, regarded as a trusted and privileged strategic partner and a significant pillar of the policy. Further, Engagement between these two countries underscores the role and significance of maintaining security, stability and growth in the region. Balancing against the rise of China is another key driver for New Delhi's Act East stance. China is a major strategic rival for India and Vietnam, and its aggressive rise in the region is a shared concern for both states. The paper examines the mushrooming bilateral engagement between Vietnam and India within India's Act East Policy (AEP) framework. Through the analysis of diplomatic, economic, and strategic dimensions, this study highlights the multifaceted cooperation between these partner countries. The paper also underscores the importance of New Delhi and Hanoi's relationship in shaping the geopolitical landscape of the Indo-Pacific construct and offers insights for further strengthening bilateral ties. Overall, it explores the challenges and opportunities confronting the India-Vietnam partnership.

Keywords: India, Vietnam, act east policy, strategic ties, balancing against

1. Introduction

The history of India's 'Act East' Policy can be traced to the early 1990s, when India launched the initial version of 'Look East' as a part of its concerted efforts to elevate the strategic importance of Southeast Asia in the country's foreign policy agenda. The first official mention of the Look East Policy (LEP) was in the Ministry of External Affairs (MEA) Annual Report 1995-1996. MEA, once again, in its Annual Report of 2006-2007, argued that this policy was initiated in 1992. Additionally, 1991 has been widely used to refer to the launch of the LEP. For instance, during his keynote address at Chulalongkorn University in Thailand in September 2007, the then-External Affairs Minister of India, Pranab Mukherjee, stated that this policy was initiated in 1991. As the LEP was not a single foreign policy stance by India but a group of initiatives simultaneous to India's economic reforms in the early 1990s, since then, the phrase 'early 1990s' has also been widely used to suggest the start of the policy ^[1]. Since the 1980s, India's economy had been facing severe problems. At the beginning of the 1990s, it reached its worst condition. India was compelled to launch economic reforms to overcome the crisis and started liberalising its economy. For a large country like India, it was imperative to enhance its economic and regional capacity, and the Association of Southeast Asian Nations (ASEAN) appeared to be a highly suitable arena for boosting India's financial capacity. Furthermore, along with ASEAN, Southeast Asian states were performing exceptionally well on the economic front. India was also profoundly impressed by the economic miracles of these East Asian economies ^[2].

At the same time, the Post-Cold War world environment was a place where global and regional politics underwent qualitative modification. The collapse of the erstwhile Union of the Soviet Socialist Republic (USSR) thwarted the resolution of the decade-long Cambodian crisis, and the 1991 economic liberalisation policy inaugurated by the Narasimha Rao government directed substantial changes in India-ASEAN relations.

Corresponding Author:
Jyoti
Research Scholar, Department of Political Science, Maharshi Dayanand University, Rohtak, Haryana, India

Furthermore, the ending of India's unique partnership with the former USSR, followed by the dissolution of the Soviet Empire, was a crucial factor that made ASEAN's approach toward India softer and consequently brought more warmth to their relations.

In this scenario, India was compelled and motivated simultaneously to reexamine its foreign policy towards its eastern neighbours. It then decided to give a notable procedural boost to its ties with the Association of Southeast Asian Nations and desired improved relations with individual countries in Southeast Asia, as well as with the ASEAN organisation as a collective entity. During this time, under the leadership of then-Prime Minister of India P. V. Narasimha Rao, India proclaimed its Look East Policy, which was well-evaluated and well-thought-out^[3].

This policy's primary aim was to achieve economic growth by revitalising its economy and strengthening commercial ties with ASEAN and other regional states. There was a deliberate shift in the Indian perspective towards the Southeast Asian region and the world at large. The region secured a position as an essential component of the policy, driven by both economic and strategic interests. Furthermore, the policy presented ample opportunities for India to grow in line with other major world powers. It was perceived that it could pull New Delhi out of the geopolitically compelling and restrictive South Asian milieu and empower it to position itself as an indispensable actor and advance as a substantial regional power^[4]. As the then Prime Minister of India, Manmohan Singh, once said, this foreign policy is “not merely an external economic policy; it is a strategic shift in India's vision of the world and India's place in the evolving global economy”^[5]. Furthermore, under its Look East stance, India sought to extend its political and economic sway in the region, specifically in Southeast Asia. It hoped to shield its territorial integrity and interests in the South Asia region and the Indian Ocean from a distance and immediately its commercial interests in the Asia Pacific^[6].

To achieve its goals, India enthusiastically started political and diplomatic engagement with East and Southeast Asian nations. Efforts to improve engagement with the Association of Southeast Asian Nations led to the establishment of India's sectoral dialogue partnership in 1992 and, subsequently, as a full dialogue partnership in 1995. Summit-level partnership with the Association of Southeast Asian Nations was another remarkable achievement of India's regional foreign policy. Later, along with ASEAN, India engaged with other ASEAN-based multilateral institutions, such as the ASEAN Regional Forum (ARF) and the East Asia Summit (EAS). Despite Chinese efforts to curtail India's influence, New Delhi came to be recognised as a major power in the Asia-Pacific region when it became the founding member of the East Asia Summit^[7].

As a regional country, Vietnam played a vital role in strengthening India's ties with ASEAN and the latter's engagement in the region. During the Cold War, both countries shared traditionally close and cordial relationships. Their bilateral ties also continued developing in the post-Cold War years, as India's Look East coincides with Vietnam's policy of renovation, introduced in 1986 with the aim of the country's transformation from a centralised planned economy to an open liberalised market-oriented

economic system. Vietnam's decision to open its economy and the Resolution of the Cambodian issue also helped in changing ASEAN's perception of the country; it motivated Vietnam to improve its ties and strategically engage itself with regional states. These developments also brought India and Vietnam economically and geographically closer to each other.

Moreover, due to their friendly history and increasing strategic engagement with Hanoi in the region, New Delhi recognised the importance of the Former in promoting its political, economic, and security interests in Southeast Asia and, in turn, in the success of the Look East Policy. At that time, Vietnam also dignified India's role in its foreign policy calculus. Vietnam was one of the first Asian Pacific countries to believe that its relations with India were strategically important.

In 1994, both countries signed an agreement on the ‘Avoidance of Double Taxation’ to address complexities in the economic field. In the same year, they also inked the Memorandum of Understanding (MOU) on their bilateral defence engagement. In late March 2000, during his visit to Vietnam, the Indian Defence Minister called Hanoi its most ‘trusted friend and ally’, which demonstrated the significance of this relationship in New Delhi's foreign policy. The defence ministers and their Vietnamese counterparts signed a ‘Formal Defence Protocol’ between these countries, covering agreements on joint military exercises, joint campaigning, anti-piracy operations in the South China Sea, and insurgency training. At the turn of the Twenty-first century, to further strengthen their mutual ties, both countries signed a ‘Joint Declaration on a Framework of Comprehensive Cooperation’ in 2003. The areas included in the declaration were regular high-level meetings, assistance in safeguarding mutual interests, close cooperation with the United Nations Organisation (UNO) and other international forums, and steps to expand cooperation in the fields of security and defence^[8].

In light of the Look East Policy, the India-Vietnam bilateral partnership officially acquired strategic significance and entered a new phase of mutual ties when both states signed a ‘Joint Declaration on the India-Vietnam Strategic Partnership’ in 2007. With this declaration, Vietnam was the first country in Southeast Asia and second in the Asia Pacific (after Japan), with which India officially established strategic relations.

As India progressed in its Look East Policy, its engagement in Southeast and East Asia further helped in closer relations and economic integration with Vietnam. From 1995 to 2001, bilateral trade growth between the two countries increased by 20 percent; in 2006, for the first time, their bilateral trade crossed the mark of US \$1 billion. Under the ‘India ASEAN Free Trade Agreement’, signed in August 2009 and enacted in January 2010, the two countries inked their ‘Free Trade Agreement in Goods’ in October 2009. Signing of this agreement brought a new zeal in their bilateral ties, specifically in the economic field. India recognised Vietnam as a ‘full market economy’ in 2009 and further in its trade policy from 2009 to 2014, considering the latter as one of the essential destinations in its Look East Policy^[9].

Alterations in regional and global conditions, as well as India's recognition of the diversity, competition, and collaboration among major powers in the Indo-Pacific

region, prompted the Indian Prime Minister to promote the transformation and upgrading of the Look East Policy into the Act East Policy^[10].

Under the leadership of Narendra Modi, since he took office as the Prime Minister in 2014, India has made various significant adjustments to its internal and external policies. As the first Indian Prime Minister born after independence, it is expected that he will have a shift in worldview compared to his former leaders^[11]. Shortly after coming into power, Prime Minister Narendra Modi proclaimed the adjustments of LEP to AEP, which reflects the upgrading of New Delhi's commitments in the Asia Pacific region. This modification has a significant impact on the economic, political, and security conditions in East and Southeast Asia, including those in Vietnam. Strengthening economic ties with the Asia-Pacific region, advancing India's impact on the global stage, and enhancing its capacity to balance the power with China in the Indian Ocean are the primary objectives of the newly altered AEP^[12]. Prime Minister Modi has given new momentum to India-Vietnam relations. His shifting of gears from LEP to AEP has brought a new dynamic to the bilateral partnership as through the Act East stance, India seeks now not only to look but also implement practical actions to defend its interests, to express its desire to perform a more eminent part, and to be a substantial player in the regional and international space^[13].

2. Motivations for India-Vietnam ties under the act east policy

2.1 Convergence between the Act East Policy and Vietnam's Balance of Power Approach

New Delhi's Act East Policy coincides with Hanoi's 'Great Power Balance' approach and multilateralism, strategically motivating both states to enhance their bilateral relations^[14]. Performing remarkably economically, Vietnam is a strategic player in the Association of Southeast Asian Nations and a regional power in Southeast Asia. Along with the desire to maintain its influential position in the region, Vietnam seeks to establish a significant presence on the global stage. Meanwhile, the rising assertive behaviour of China has put the former in a state of dilemma. Compared to Vietnam, China is a giant, a neighbour, and far more potent in all fields than Vietnam. To protect its political and strategic interests, Hanoi must collaborate with significant powers to form a balance of power in the region. India is a traditional friend of Vietnam and one of the major powers in Asia, making it a suitable partner for such engagement.

At the same time, with the help of its Act, East Policy, India hopes to take advantage of friendly countries like Vietnam to make a stronghold in the Southeast Asia region. In addition, India also seeks to build engagement with Vietnam to counter China's growing influence. It hopes to continue being influential in the region and beyond. In this context, it is evident that India and Vietnam are coming closer to fulfilling similar interests in their foreign policy approaches^[15].

2.2 Need for energy security

Another motivation for India-Vietnam bilateral relations is their need for energy security. India and Vietnam are states with rapid economic growth, and their total energy demand is increasing daily. India's energy consumption has been on the rise in recent years at one of the fastest rates in the world. It is the fifth-largest electricity generator and the

sixth-largest energy consumer globally. India's demand for energy has also grown at 3.6 over the last 30 years. India is a country that is highly dependent on oil and natural gas. Vietnam's economic growth and energy policies have made it a net energy exporter. After discovering potential hydrocarbon deposits in Vietnam's territorial waters, the oil and gas industry has become the country's biggest foreign currency earner^[16]. India and Vietnam's energy cooperation has substantially increased in the last few years. There have been a wide range of developments in the energy sector, accompanied by increased diplomatic exchanges. Both countries have agreed to continue and expand their bilateral investments in various projects between Vietnam's Petro Vietnam (PVN) and India's Oil and Natural Gas Corporation (ONGC). The Vietnamese side has welcomed investments, the presence of ONGC, and its partnership with PVN for oil and gas explorations in Vietnam. They have increased their oil and gas exploration in Vietnam's Exclusive Economic Zone (EEZ) and continental shelf^[17]. Along with oil and gas, India and Vietnam collaborate in the atomic and renewable energy sectors to meet demand. Both countries signed several agreements in the nuclear energy field and further sought to enhance their collaboration for the peaceful use of atomic energy^[18]. Furthermore, Vietnam's cooperation on renewable energy has been strengthening. India is one of the world's leading producers of renewable energy. Renewable energy has become a significant part of its energy planning process. Vietnam is in the tropical monsoon region and is considered one of the nations with massive potential for renewable energy sources. Vietnam has supported India's renewable energy development strategy and expressed its desire to cooperate and receive support from India in developing its renewable energy sector^[19]. Therefore, leaders of both states are looking forward to stepping up their cooperation in oil and gas, as well as engagement in atomic and renewable energy sectors, which could reap significant benefits in terms of their urgent need for energy security for both sides.

2.3 South China sea and its significance for India and Vietnam

South China Sea, or East Sea as Vietnam calls it, is a crucial aspect of the India-Vietnam partnership under New Delhi's Act East Approach. It is a maritime space bordering Brunei, China, Darussalam, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. As one of the busiest trade routes in the world and with a wealth of marine and mineral resources, the South China Sea (SCS) grasps immense geostrategic significance^[20]. The region has an untapped reservoir of oil and natural gas. According to a British Petroleum study, the estimated presence of gas in the basin is nearly two quadrillion feet, which is five times the reserves of Latin America; also, a Chinese evaluation suggests 213 billion barrels of oil lying underneath the SCS, which is nearly 80 percent of Saudi Arabia's known deposits^[21]. Further, SCS is a conflicting space, with nine sovereign states and territories directly involved in the disputes^[22]. There are two major types of conflicts in the South China Sea. The first one is territorial disputes over the Spratly and Paracels islands. Second, the disputes are over Sea boundaries and overlapping continental shelves^[23]. The South China Sea involves three levels of friction. The first one is among the states surrounding the SCS, i.e., China, Philippines, Malaysia, Brunei, and Vietnam. The second

level of conflict includes China on one side and ASEAN on the other. The third level involves conflict among Asia-Pacific powers, notably China, the United States, and Japan. The nations from the first level are directly involved in the disputes, but the competition among the states at the third level significantly influences the trends, tensions, and conflicts. That's why considerable powers have a crucial role in resolving SCS conflicts [24]. Though the disputes in this region are longstanding, tensions in the region have intensified since 2009, after China's introduction to its 'Nine Dash Line' stance claiming its sovereignty over more than eighty percent of SCS. America's involvement in the region began in 2010, when its Secretary of State declared that "freedom of navigation in the East Sea is the US's natural interest" [25]. Since then, bilateral issues in the region have become a multilateral conflict involving ASEAN states and other major powers. This is one of the most complicated disputes in the world, involving not only the coastal states of the East Sea but also the geopolitical interests of many countries in the Asia Pacific and most of the major countries in the world, including India [26]. The South China Sea or East Sea is the only maritime route that links the Pacific with the Indian Ocean. Further, of India's total sea-borne trade, around fifty percent is eastbound and passes through the region. In addition, in the context of its hydrocarbon and minerals reserves, the region involves energy interests where India is a part of oil exploration activities [27]. China is accelerating its influence in South Asia and the Indian Ocean, which is traditionally under India's influence. Therefore, New Delhi seeks a partner capable and reliable enough to help India enhance its regional presence as a necessary counterweight to China. In this scenario, Vietnam is a suitable option for India [28]. Vietnam has a long coastline of 3,260 kilometres and one million square kilometres of Exclusive Economic Zone in the South China Sea, providing ideal circumstances to develop oil and gas exploration, sea shipping and tourism and further considering a new strategy to establish a sea-borne economy to help foster economic progress and to confirm territorial security [29]. Recently, in a joint statement, the Presidents of both states affirmed, "Vietnam and India agree that freedom of navigation in the East Sea/South China Sea should not be impeded and called the concerned parties to exercise restraint...and resolve disputes through peaceful means by universally recognised principles of international law" [30]. With the profound geostrategic alterations in the region and further convergence of India and Vietnam's bilateral interests in economy, energy geopolitics, and strategy; both states agree to extend their cooperation in the region under the Act East Policy.

2.4 Role of China factor

For both countries and their bilateral interests and engagement, China has always been one of the potential factors.

Whether tacit or implicit, the tensions between New Delhi and Beijing are fundamentally formed by historical and contemporary aspects. Since the 1960s, disputes over the land border and consequent bitterness in their bilateral relations have occurred. For India, China is a foremost geostrategic rival that claims a large chunk of its northeastern frontier [31]. Recently, starting with the Doklam incident of 2017, there have been reports of continuous face-offs and incidents of clashes between the armies of

these two countries. The contrast in their political administrations, ongoing territorial disputes, and geopolitical rivalries is essential to their bilateral ties. Despite continuous political interaction at bilateral and multilateral levels and solid economic engagement, a lack of trust and ambivalence still mark the relationship. In addition, China's advancement in the Indian Ocean—traditionally considered by India an area of its influence—is a matter of concern for the latter. Furthermore, Beijing is showing increasing assertiveness in the South China Sea, where India maintains friendly relations with various countries. Along with its political interests, India also has economic and geostrategic interests in the region.

Like India, China has remained a suspect power in the eyes of the Vietnamese leadership. Vietnam's long-standing border problems with China, which converted into a border clash in February 1979, have amply demonstrated its hegemonic posture toward Southeast Asia. This outlook was further amplified when China adopted its expansionist stance over the disputed East Sea/South China Sea territory [32]. Hanoi still has an unresolved maritime border with Beijing in the region. Currently, China is drastically increasing its illegal activities in the islands of the area. In this situation, it is beneficial for India and Vietnam to come together to stand up against China's aggression, as both have boundary disputes with China, and the latter continues to engage in expansionist activities without showing sufficient commitment to international rules and Laws.

2.5 Rise of the indo-pacific as a strategic theatre

In recent decades, with changes in global geopolitics, the concept of the Indo-Pacific has entered the geopolitical discourse, replacing the term 'Asia Pacific.' Indo-Pacific refers to maritime-configured macro-regions that span Asia's maritime underbelly connecting the Indian Ocean and the western Pacific Ocean. It is a region with border disputes, simmering domestic and cross-border conflicts and geopolitical rivalries. The increasing footprint of China in the region, the comparative decline of the United States' alliance system, and the country's strive for resurgence are the broader reasons behind the rise of the Indo-Pacific. China's rise and its political and economic aspirations are challenging and creating threats to the interests of the regional countries and other stakeholders such as India, ASEAN states (including Vietnam), the United States and Japan; China's increasing military assertiveness, building ports across Indian ocean region under its string of pearls stance and the connectivity projects in the name of the Belt and Road Initiative (BRI), and its aggressive posture in the south China sea are crucial development. These events simultaneously motivated like-minded countries to develop their Indo-Pacific strategies, enhancing their engagement at both bilateral and multilateral levels to contain China's aggressive and overambitious behaviour and promote an open, free, inclusive, and rule-based order in the region [33]. The commencement of the Indo-Pacific can be traced back to the early 1920s, when Karl Haushofer, amongst the geopolitical thinkers, forecasted the importance of the Indo-Pacific region, which he then called "Asiatic Monsoon countries." He also developed his theory of Indo-Pacific as a prescription for Germany and a vision for the world. He urged German policymakers to promote the geopolitical unity of this region to offset British and American power [34]. In modern India, Kalidas Nag used the term 'Indo-

Pacific' in his book 'India and the Pacific World'; while doing so, he attempts to indicate the cultural and civilizational entity of the region [35]. Further, C. Rajmohan, an analyst from India, also attempted to conceptualise the term and opines that "the seas of the Pacific and the Indian Ocean must be seen as a single integrated geopolitical theatre (which is) the Indo Pacific" [36].

The term started gaining currency in 2007 when Japanese Prime Minister Shinzo Abe delivered his "Confluence of the Two Seas" speech in the Indian parliament. While addressing the joint session of the parliament, he highlighted the emerging interconnection between Indian and the Pacific Ocean and the need for cooperation among like-minded countries in the region. In his speech, the Prime Minister stated, "Now as the new 'broader Asia' takes shape at the confluence of the two seas of the Indian and the Pacific Ocean...bringing about a dynamic coupling, as seas of freedom and prosperity...I felt that it is important that democratic nations located at opposite edges of these seas deepen the friendship among their citizens at every level" [37]. From that point in time, academicians, analysts, and government officials started using the term increasingly and countries from Asia and beyond started framing their policies and strategies for the region.

In 2010, the United States officially recognised the Indo-Pacific region for the first time. Speaking in Honolulu, the United States Secretary of State, Hillary Clinton, talked about "expanding our work with the Indian Navy in the Pacific, because we understand how important the Pacific basin is to global trade and commerce". A year later, in 2013, Australia released its Defence White Paper, which carried the first government articulation of the Indo-Pacific concept [38]. Finally, in November 2017, the President of the United States, Donald Trump, articulated his Indo-Pacific strategy during his Asia tour. To implement his plan, the president also stressed building an anti-China alliance by reviving the earlier Quadrilateral Security Dialogue (QUAD), which comprised Australia, India, Japan, and the United States [39]. Further, the country released its Indo-Pacific strategy report in 2019, which was drafted by its defence department. When the revised version of the report was released in February 2022, the US's overarching strategic objective of containing China became more evident.

Eventually, India embraced the Indo-Pacific concept in June 2018 during Prime Minister Narendra Modi's address at the Shangri-La Dialogue. India's Indo-Pacific vision encompassed the sub-concepts of openness, inclusiveness, and ASEAN Centrality [40]. Advancing its holistic security approach for the region, India also launched its Indo-Pacific Ocean Initiative (IPOI) in November 2019 during the fourteenth East Asian Summit in Bangkok. The IPOI encompasses seven key areas of cooperation: Maritime security, maritime ecology, maritime resources, disaster risk reduction and management, capacity building and resource sharing, science, technology, and academic collaboration, and trade, connectivity, and maritime transport [41].

The Association of Southeast Asian Nations, initially averse to the US president's Indo-Pacific strategy, adopted the 'ASEAN Outlook on the Indo-Pacific' (AOIP) in June 2019 at the 34th ASEAN Summit in Bangkok [42]. At the end of the second decade of the century, European countries such as France and Germany released their Indo-Pacific strategies in 2018 and 2020, respectively. Along with these

states, the concept of Indo Pacific was also favoured by the United Kingdom and the Netherlands.

Vietnam mentioned the Indo-Pacific in its 2019 White Paper and favoured engaging in defence cooperation with other governments to maintain peace and stability in a fast-changing regional order. The country located at the heart of Southeast Asia, facing the South China Sea and circumscribed by the other Southeast Asian nations, occupies an essential strategic position in the Indo-Pacific region, which makes the country strategically significant in the geopolitical calculus of countries like India and the United States. Washington regarded Hanoi as one of Southeast Asia's three 'key players' and mentioned its name twenty-four times in its 2019 Indo-Pacific Strategy (IPS). Moreover, Vietnam is 'one of the leading partners' with which the United States aimed to strengthen its relationship to create 'collective capacity' and 'common action' in pursuing a free and open Indo-Pacific. Though Hanoi is deepening its ties with Washington as both nations upgrade their ties to a comprehensive strategic partnership—the highest level in the former's diplomatic ranking, the country has not yet issued any official statement supporting the US's IPS [43].

Instead, Vietnam found more space for engagement in India's soft Indo-Pacific approach, as outlined in its Security and Growth for All in the Region (SAGAR) and IPOI, to address the common threats and challenges in the region. Additionally, India and Vietnam are both integral parts of the Indo-Pacific region. As Vietnam is located in the Pacific Ocean, covering much of the western part of the South China Sea, its Exclusive Economic Zone (EEZ) overlaps with the Chinese claim based on the legally invalid and vaguely defined Nine Dash Line concept. Despite objections from Vietnam and other regional countries, China is continuously building artificial islands in the SCS, which it has been doing since 2013. Even some of them were militarised by Beijing to gain favourable strategic footholds in the sea and the entire region, which is quite alarming for Vietnam and creates threats to its sovereignty and diplomatic and economic interests. In the same way, China has grand ambitions in the Indian Ocean region (which has been regarded as India's sphere of influence) with its BRI megaproject proposed by Xi Jinping in 2013 and the Maritime Silk Route (MSR) connecting three continents, which is a part of it. Furthermore, Beijing is attempting to encircle India by operating and controlling ports and bases in the latter's neighbourhood and beyond in the region. For instance, China gained control of the strategic port of Hambantota in Sri Lanka in 2017; in the same year, it opened a military base in Djibouti. The country has also been discovering partnerships with Myanmar and Bangladesh to gain access to its ports in the Bay of Bengal. China's presence in the Gwadar port in Pakistan, as well as the 'China-Pakistan Economic Corridor' (CPEC) passing through the disputed Gilgit-Baltistan region (which is under Pakistan's control but claimed by India), are also matters of concern for India [44].

Considering that most security threats in the Indo-Pacific, specifically for India and Vietnam, are posed by China, they have committed to working together to ensure the security of the Sea Lanes of Communication (SLC) and maintain a rule-based order and territorial sovereignty. Despite China's protest, India has reinforced Vietnam's position in the South China Sea (East Sea for Vietnam) and continues its oil

exploration within Hanoi's exclusive economic zone [45]. Moreover, as Prime Minister Narendra Modi proclaimed, Hanoi is an essential pillar of New Delhi's Act East Policy and a crucial partner in its Indo-Pacific Vision [46]. In addition, the two states agreed to cooperate on the common principles of the Association of Southeast Asian Nations' Indo-Pacific Outlook (AIPO) and India's Indo-Pacific Ocean Initiative (IPOI) to maintain peace and prosperity in the region [47]. In this way, India and Vietnam have many favourable conditions to become essential partners, contributing to building a free and open Indo-Pacific area. Further, despite the complex changes in the region's geopolitical landscape, the convergence of strategic interests between New Delhi and Hanoi is a solid foundation for the cooperation of the two states.

3. Ongoing progress in India and Vietnam's Bilateral Relations

3.1 More strengthened bilateral interactive mechanisms and an increase in high-level visits

Under the guidance of the Act East Policy, bilateral dialogue mechanisms appear to have strengthened, and political interactions through bilateral visits have also increased.

Firstly, after the announcement of the transformed AEP (Act East policy), bilateral visits between India and Vietnam significantly increased. Since 2014, there have been at least some significant high-level visits every year from India to Vietnam and vice versa. In September 2014, then-President of India Pranab Mukherjee undertook a state visit to Hanoi. Seven agreements in different fields were signed between these two states during the visit. In 2016, Prime Minister Narendra Modi of India visited Vietnam, marking the first time an Indian Prime Minister had visited in fifteen years. This visit proved remarkable for India-Vietnam, as the countries decided to elevate their strategic cooperation to a Comprehensive Strategic Partnership. From the Vietnamese side, Prime Minister Nguyen Xuan Phuc visited New Delhi from 24 to 26 January 2018 to join 'The ASEAN-India Commemorative Summit-2018', where he was among the Chief Visitors for the Republic Day celebration [48].

Despite difficulties due to COVID-19, India and Vietnam continued their bilateral interaction and held a virtual summit on December 21, 2020 at the Prime Minister's level. On the summit's sidelines, the two nations' foreign ministers signed an Action Plan for 2021-23 to implement the Joint Vision. In 2022, Vietnam's Foreign Minister visited India to attend a Special ASEAN-India Foreign Minister's Meeting in New Delhi from 16 to 17 June [49]. Furthermore, both countries have ample bilateral interaction mechanisms. Their bilateral interaction platforms encompass strategic, maritime, defence, official, and diplomatic levels, as well as trade and commerce. Both states have a Joint Commission and a Sub-Commission at the level of foreign ministers and trade Secretaries, respectively. The strategic dialogue between India and Vietnam for the ninth time was held in Hanoi in May 2022. The third Policy Planning Dialogue between the Foreign Ministers was held on June 8, 2023 [50]. As the bilateral dialogue mechanism is diverse, providing interactions from policy planning to other significant areas of Hanoi-New Delhi's partnership further under AEP, political exchanges would remain essential for their strong bilateral ties.

3.2 Emergence of defence & security as a key arena

In recent years, Under India's Act, East Approach, Defence & Security engagement between India and Vietnam has emerged as a critical area for cooperation. They are following up with upgrading their strategic association to the level of comprehensive strategic partnership. Indian assurance for help in modernising Vietnam's armed forces through enhancing the latter's maritime capacities and providing the country with significant military equipment enhances not only cooperation but also provides the former with a chance to present itself as a security provider state not only for Vietnam but also as well as for other Southeast Asian nations. Bilateral defence collaboration between Hanoi and New Delhi covers wide-ranging contacts such as capacity building, defence policy dialogue, and personnel training. High-level visits, military-to-military exchanges, and cooperation in United Nations peacekeeping [51].

China is another element in India's and Vietnam's respective strategic calculus. Both are going through similar issues facing assertive China. Further, it is natural for both states to enhance their defence and security cooperation to meet the challenges posed by China. The two states also focused on improving their partnership in space, civil-nuclear, Cyber Security, and Counter-Terrorism [52]. Indian Defence Minister Rajnath Singh's recent visit to Hanoi in June, 2020 strengthened bilateral ties with Vietnam. Both countries entered the 'Joint Vision Statement Towards 2030' to "enhance the scope and scale of existing defence cooperation." Furthermore, the two sides signed a Memorandum of Understanding (MOU) on mutual logistics support on the same occasion. The agreement is the "first of its kind that Vietnam has inked with any country" [53]. It demonstrates the significance of the India-Vietnam partnership for both nations. It signals that both have recognised their defence & security ties as a crucial aspect of their bilateral relationship.

3.3 Continuous development of economic aspects of their mutual ties

India-Vietnam economic ties are another critical pillar of their bilateral relations. These commercial linkages are strategically essential for both states and are further marked as growing. The signing of the Free Trade Arrangements between India and ASEAN in 2009, of which Vietnam is a part, proved to be a turning point for their bilateral ties and had a positive impact on their mutual commercial connections. Bilateral trade, just \$US 200 million in 2000, reached \$US 3.8 billion in 2012. Continuing at the same pace, two-way trades are currently growing in a positive direction. New Delhi is now among the top ten trading partners of Hanoi. For the financial year 2021-22, Vietnam is the fourth-largest trading partner within the Association of Southeast Asian Nations and the twenty-third most significant partner globally. During the same period, bilateral trade between the two countries totalled \$ US\$14.4 billion [54]. Vietnam has emerged as an attractive location for manufacturers transferring from China due to the U.S.-China trade war. In addition, Vietnam's speedy and effective management of the COVID-19 pandemic impressed investors and trade partners, including India [55]. At the same time, New Delhi's expertise in oil and gas, pharmaceuticals, and IT services can significantly benefit Vietnam. New Delhi is one of the fastest-growing economies in the world and presently ranks fifth worldwide

in Gross Domestic Product. Additionally, a large middle class, comprising 1.3 billion people, makes it a lucrative destination for trade and investment collaboration with Vietnam^[56].

4. Conclusion

Act East is a pragmatic and proactive policy move by India to address the geopolitical dynamics of Southeast Asia and the Indo-Pacific. The paper advocates that under the Act East policy, strengthening ties with reliable partners like Vietnam is pivotal for India to enhance its stature and intensify its regional influence. It also proposes that the emergence of the Pacific as a new geostrategic theatre added thrust to the India-Vietnam bilateral relationship. Moreover, it finds that China is both a push and pull factor for India-Vietnam relations. Although India and Vietnam share concerns over China's expansion in the region and combine to create a balance against China, both states avoid a direct face-off against Beijing, as the latter is a neighbour and a leading trade partner for both states. The paper finds that bilateral ties have recently strengthened on the economic front, but they are still far behind expectations. Further, India faces a trade deficit with Vietnam, and it doesn't seem easy for the former to compete with other countries regarding investment. To overcome economic challenges and achieve a trade balance with Vietnam, India must strengthen its manufacturing sector, diversify its trade basket, and increase its exports to the country. The paper also suggests that the defence relation between these two countries is already a crucial component of their comprehensive strategic partnership; India and Vietnam should collaborate in manufacturing in the defence sector, along with this, they can further increase procurement of defence equipment to reach a new height in their bilateral engagement.

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