

China's Geopolitical Manoeuvring Bringing India-Vietnam Closer

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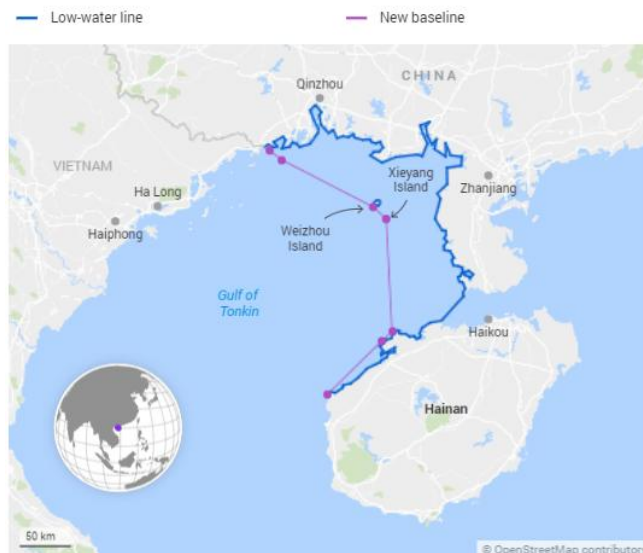
Introduction

Beijing is employing aggressive tactics to expand its territorial claim in the South China Sea (SCS) to gain strategic position, access oil and energy resources, and command trade routes. China's expanding dominance over the region will lead to a corresponding reduction of sovereign control for other neighbouring states, alarming Vietnam. Both Vietnam and India have explicitly rejected China's 2023 map, which asserts claims over parts of their respective territories.¹ To counter China, a mutual adversary, cooperation between India and Vietnam has increased tremendously in recent years. Does it imply that Beijing's aggressiveness is drawing its neighbours closer to India?

Understanding the China-Vietnam Confrontation

Territorial Claims.

After historical bitterness between China and Vietnam, efforts were made in 2000 to delimit the maritime boundary in the Gulf of Tonkin, which was violated by China's action in March 2024, when it released new baselines extending its territorial waters, challenging Vietnam's sovereignty in the region.²



Source: South China Morning Post

Beijing refers to the Spratly Islands as Nansha Islands, Parcel Islands as Xisha Island, and the Gulf of Tonkin as Beibu Gulf³ to substantiate its claims by linking historical connections. As Major General (Dr) S B Asthana (Retd) said in Economic Times, "China is adopting 'Incremental Encroachment Strategy' in multi-domain warfare without naming it".⁴

China creates more space to exploit by producing broad national security laws and regulations. The extraterritorial application of Chinese laws often coerces smaller neighbouring states (like Vietnam) into compliance.

How Vietnam is Navigating.

When relations between China and Vietnam began improving in 1991, several trade agreements were signed to boost economic cooperation. In 2022, China export to Vietnam was USD 138 bn and it imported USD 58.7 bn from Hanoi.⁵ Vietnam's trade deficit with China amounted to USD 23.6 bn in Q1 of 2024.⁶ As part of the Belt and Road Initiative, China has invested heavily in Vietnam's production and infrastructure development. To connect Southern China (China's most developed and populous region) with Northern Vietnam, 'Two Corridors, One Belt' initiative was signed in 2004.⁷ Vietnam is diversifying its bilateral relations with other nations, such as India, Japan, South Korea, the United States (US), and the European Union (EU),⁸ to mitigate asymmetric economic relationship with China.

Vietnam, being a smaller neighbour, is left with little space to make error as China's economic coercion can punish Vietnam's ambition. Vietnam is pursuing 'Hedging Strategy' against China—avoiding direct opposition towards China, engaging in both deference and defiance, and simultaneously diversifying relations with other countries.⁹ 170 exhibitors from 30 nations showed up in Vietnam's first Defence Expo in December 2022.¹⁰

Vietnam released 'Three No's and One Depend' foreign policy, with three Nos being—no military alliance, no foreign bases on Vietnam soil, and not working with a second country against another. The One Depend policy leaves the door open by stating that depending on the circumstances, Vietnam will consider developing military relations with other states,¹¹ leaving scope for India to deepen its defence cooperation.

India-Vietnam Relationship

The 'Strategic Partnership' signed in 2007 between India and Vietnam was elevated to 'Comprehensive Strategic Partnership' in 2016. India gifted INS Kirpan to Vietnam's People Navy in 2019,¹² and in 2020, both navies participated in the Passage Exercise. Vietnam is also a participant in Milan exercise.¹³ In 2022, various Memorandum of Understanding (MoU) on logistics support were signed between the two countries. In 2024, India has offered a USD 300 mn loan to facilitate Vietnam's maritime security.¹⁴ It has also offered BrahMos cruise missiles, Akash missile air defence system, Varunastra anti-submarine torpedoes, and coastal radars to Vietnam.

India's trade with Vietnam, Japan and South Korea through the SCS is increasing, with nearly 25 per cent of India's sea-bound trade passing through this region.¹⁵ In 2011, an agreement on cooperation between Petrovietnam and Oil and Natural Gas Corporation (ONGC) Videsh Limited was signed,¹⁶ highlighting the

mutual desire to expand oil and gas cooperation. This was followed with a renewed MoU in 2013.¹⁷ In August 2024, ONGC Videsh Limited (OVL), an overseas arm of ONGC, secured an extension with Petrovietnam for exploration and production of oil and gas blocks in SCS till 2039.¹⁸ India has been given the access to use Vietnam's port in Nha Trang, near deep-sea port Cam Ranh Bay by Vietnam. Over 400 Indian companies have invested in Vietnam across various sectors.¹⁹

Alignment between 'Viksit Bharat 2047' vision and 'Vietnam 2045' vision have facilitated cooperation between India and Vietnam, along with growing threat from China.²⁰ Hanoi is an important pillar in India's Act East Policy. Vietnam has also supported India's bid for a permanent seat in United Nations Security Council.²¹

Challenges

- In past, China has carried out few proactive activities near oil blocks where ONGC was operating.
- India's cooperation with Vietnam is bound by limitations as New Delhi also practises restraint from offending China, as the latter can intensify its operations on India's northern and eastern border, creating troubles for New Delhi. Global Times warned India that its postures in SCS will strain India-China relationship.²²
- Hanoi's economic dependence on China is significant, with Vietnam facing a large trade deficit with China, which can make Hanoi's diversification process difficult.
- It is difficult to assess Vietnam's defence spending, as Hanoi has stopped publishing its defence budget since 2018. According to
- Stockholm International Peace Research Institute's estimates, Vietnam has spent around 1.8 per cent of its GDP²³ (approximately USD 433.7 billion²⁴) on military expenditure in 2023, which is increasing every year.

Recommendations for India

- Both India and Vietnam had historically relied on Russia's defence exports. In 2000s, 80 per cent of Vietnam's arms imports were from Russia.²⁵ Though Hanoi is trying to reduce its dependence on Russian armaments, it will still be using the acquired weapons. India-Vietnam Marine Security Dialogue (2019) aimed at enhancing Vietnam's capability to use Russian defence equipment like Su-30 fighters and Kilo-class submarines.²⁶
- Cordial relationship between ministries of both countries is important as Vietnam's Ministry of National Defence and the Ministry of Public Security prepare list of defence items that can be imported, which is then submitted to their Prime Minister for approval,²⁷ making government-to-government relations imperative.

- Vietnam, being a major arms importer, is an attractive market for India to increase its defence export. Vietnam is looking to grow itself through tech transfer and co-production. Being considerate towards its needs might build long-term trust between the parties.
- People-to-people connect needs to be increased to establish trust between the population in the two countries. Prasar Bharti and Voice of Vietnam signed an agreement for media cooperation.²⁸

Conclusion

Both New Delhi and Hanoi have avoided explicitly naming China as a mutual adversary. However, when reading between the lines, it is visible that China is drawing the two nations closer. Kautilya's 'Mandala Theory' also hypothesised that states having a common enemy are bound to come together, as '*mitra*'. Because of the presence of strategic sea lanes, oil and gas reserves, India will continue to engage in the region to protect New Delhi's strategic interests, while China will also continue to eye SCS. While Vietnam is a potential counterbalance to China in East Asia, it cannot serve as an equivalent to China's 'Pakistan Card' against India.

Endnotes

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