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# India-Vietnam Enhanced Comprehensive Strategic Partnership: Trade, Defence, and Indo-Pacific

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# India-Vietnam Enhanced Comprehensive Strategic Partnership: Trade, Defence, and Indo-Pacific

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## WHY IN NEWS

During Vietnamese President **To Lam's** state visit to New Delhi (May 5-7, 2026), India and Vietnam elevated their bilateral relationship to an **Enhanced Comprehensive Strategic Partnership** – the third major upgrade in two decades – and signed **13 agreements** spanning trade, defence, critical minerals, and technology.

## TIMELINE OF INDIA-VIETNAM BILATERAL RELATIONS

YEAR	MILESTONE
1972	Diplomatic relations established
2007	Strategic Partnership
2016	Comprehensive Strategic Partnership
2026	<b>Enhanced Comprehensive Strategic Partnership</b>

Vietnam is a key pillar of India's **Act East Policy**, which prioritises ASEAN connectivity, trade, and security engagement with South-East Asia.

## KEY OUTCOMES OF THE MAY 2026 SUMMIT

### Trade and Economic Cooperation

- **Bilateral trade:** \$16 billion (2025-26) -> **Target: \$25 billion by 2030**
- Trade has doubled in the last decade
- **ASEAN-India Trade in Goods Agreement (AITIGA)** revision: both sides agreed to fast-track, with the revision substantially concluded in 2026

- **Agricultural trade:** India’s grapes access Vietnam market; Vietnam’s durians access India market

## 13 Agreements Signed – Key Highlights

DOMAIN	AGREEMENT
Critical Minerals	IREL (India) – ITRRE (Vietnam) MoU on rare earth cooperation
Defence	MRO support for Vietnam’s Su-30 jets and Kilo-class submarines
Digital Payments	UPI-Vietnam payment interoperability framework
Pharmaceuticals	Regulatory cooperation on drug approvals
Education	Scholarships and academic exchange
Banking	Cross-border financial services cooperation
Culture	Cultural exchange programme 2026-2030

## Strategic and Security Cooperation

- Vietnam joined **Indo-Pacific Oceans Initiative (IPOI)** – India’s framework launched at East Asia Summit 2019
- Enhanced maritime security cooperation in the **South China Sea**
- India affirmed respect for UNCLOS and freedom of navigation
- Defence MRO creates long-term supply chain dependency – a soft power tool

## WHY VIETNAM MATTERS FOR INDIA

### South China Sea Dynamics

Vietnam has overlapping territorial claims with China in the South China Sea. India’s defence engagement with Vietnam – particularly supplying BrahMos missiles and MRO support for Russian-origin equipment – serves as:

- A counterbalance to Chinese assertiveness in the South China Sea
- Demonstration of India’s role as a reliable defence partner in the Indo-Pacific

### Rare Earth Strategy

Vietnam is among the **world’s top rare earth mineral producers** (second only to China in reserves). The IREL-ITRRE MoU for rare earth cooperation is critical for India’s semiconductor and clean energy supply chains, given China’s dominance in rare earth processing.

## Act East Policy Connection

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Vietnam is a founding member of **ASEAN** and sits at the intersection of India's maritime interests, supply chain diversification agenda (China+1 strategy), and Indo-Pacific security architecture.

### ASEAN-INDIA TRADE IN GOODS AGREEMENT (AITIGA)

AITIGA, signed in **2009**, governs duty-free and preferential trade between India and 10 ASEAN nations. Both India and ASEAN have long called for a revision to:

- Update rules of origin (to prevent Chinese goods re-routed through ASEAN)
- Expand coverage to services and investments
- Address non-tariff barriers

The 2026 review target is significant given India's trade deficit with ASEAN (India imports far more than it exports under AITIGA).

### UPSC RELEVANCE

#### GS Paper 2 – International Relations

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- Act East Policy implementation
- India-ASEAN relations and AITIGA
- Indo-Pacific Oceans Initiative (IPOI)
- South China Sea and UNCLOS framework

#### GS Paper 3 – Economy

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- Rare earth minerals and supply chain security
- Trade agreements and rules of origin
- Critical mineral strategy for India

#### Mains Angles

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- 1 Examine the strategic significance of India's defence cooperation with Vietnam in the context of South China Sea security dynamics.
- 2 How does the India-Vietnam Enhanced Comprehensive Strategic Partnership advance India's Act East Policy?
- 3 Critically assess India's rare earth cooperation with Vietnam as part of its critical mineral strategy.

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**INDIA-VIETNAM MILESTONES:**

CSP elevated to Enhanced CSP: May 2026 (To Lam-Modi summit, May 5-7, 2026)

13 MoUs: rare earths, defence MRO, UPI, pharma, education, banking, culture

Trade: \$16 bn (2025-26) -> \$25 bn target (2030)

IREL (India) x ITRRE (Vietnam): rare earth cooperation MoU

Vietnam: Su-30 jets + Kilo-class submarines – MRO support from India

Vietnam joined IPOI (2026)

AITIGA revision substantially concluded in 2026

Act East Policy: 2014 (renamed from Look East Policy of 1991)

IPOI: 7 pillars – maritime security, maritime ecology, maritime resources, capacity building, disaster risk reduction, science, trade and connectivity

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A trade measure that imposes a carbon price on imports from countries...

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