

India and Vietnam: Time to Elevate a Trusted Partnership into a Strategic Economic Alliance

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The May 7-9 State Visit of H.E. To Lam, General Secretary and President of Socialist Republic of Vietnam to India comes at a defining moment in Asian geopolitics and geoeconomics. In a rapidly changing global order marked by supply chain disruptions, rising protectionism, strategic competition and technological realignments, the relationship between India and Vietnam is no longer merely a diplomatic partnership rooted in goodwill and historical solidarity. It is steadily emerging as one of the most strategically relevant bilateral relationships in Asia with the potential to reshape regional economic architecture and contribute to a stable Indo-Pacific order.

India and Vietnam have shared warm political relations for decades. India stood firmly with Vietnam during difficult periods of its history, and Vietnam has consistently supported India's larger regional role and aspirations in international forums. The relationship today rests on mutual trust, strategic convergence and civilizational affinity. Both countries believe in strategic autonomy, peaceful coexistence, rule-based international order and freedom of navigation. Both nations also increasingly see each other as reliable partners in a world where economic dependencies are becoming instruments of geopolitical pressure.

The visit of H.E. To Lam therefore carries significance beyond ceremonial diplomacy. It signals the intent of both governments to elevate the bilateral relationship into a deeper economic and strategic partnership capable of unlocking enormous untapped potential.

The economic relations between India and Vietnam have witnessed substantial expansion and increasing depth in last decade and half. Bilateral trade has risen from around US\$ 2 billion in 2009 to more than US\$ 16 billion, underscoring the growing economic complementarities between the two countries. The composition of trade has also evolved significantly, extending beyond conventional commodities to include sectors such as electronics, engineering products, textiles, chemicals, pharmaceuticals and agro-based products. This evolution is particularly noteworthy as it reflects the gradual emergence of deeper production linkages and value chain integration, rather than trade being confined merely to conventional buyer-seller transactions.

Vietnam today has emerged as one of Asia's most dynamic manufacturing hubs, especially in electronics, mobile phones and export-oriented industrial production. India, on the other hand, is positioning itself as a major manufacturing and digital economy under initiatives such as "Make in India," "Digital India" and the Production Linked Incentive schemes. There exists a natural convergence between the two economies. Vietnam's manufacturing efficiency combined with India's scale, technology capabilities, skilled manpower and massive domestic market can together create powerful regional value chains.

The ASEAN-India Trade in Goods Agreement has certainly contributed to the expansion of bilateral trade between India and Vietnam. However, the existing framework is increasingly proving inadequate to fully address the evolving aspirations and emerging realities of the contemporary global economy. Despite the steady growth in economic engagement, bilateral trade between the two countries continues to remain well below its actual potential. This itself

highlights the enormous untapped opportunities available for deeper commercial integration, stronger market access and expanded economic cooperation between India and Vietnam.

To unlock this potential, both governments must now move decisively from incrementalism to strategic economic integration.

First, India and Vietnam should seriously engage to sign Comprehensive Economic Partnership Agreement. Such an agreement must not only focus on tariff liberalisation but also address non-tariff barriers, harmonisation of standards, customs facilitation and regulatory cooperation. Businesses in both countries often face avoidable procedural delays, certification issues and logistics bottlenecks that reduce competitiveness and increase transaction costs.

Second, strengthening connectivity must become a strategic priority within the bilateral partnership. Inadequate maritime linkages and the absence of sufficient direct shipping connectivity continue to act as significant impediments to the expansion of bilateral trade. There is therefore a pressing need to enhance direct shipping services between key ports of India and Vietnam, improve air connectivity, develop integrated logistics networks and establish more efficient trade facilitation mechanisms. Improved connectivity infrastructure would substantially reduce transit time and logistics costs, particularly benefiting sectors such as perishables, pharmaceuticals, engineering goods and textiles.

Third, both nations should actively collaborate in emerging sectors that will define the next generation of economic growth. These include semiconductors, electronics, green technologies, electric vehicles, renewable energy, digital trade, artificial intelligence, critical minerals and resilient supply chains. Vietnam's growing role in global electronics manufacturing and India's push for semiconductor and electronics ecosystems create substantial scope for co-production and joint ventures.

The recent investment by Vietnamese EV major VinFast in Tamil Nadu is a highly encouraging development and should be viewed as a beginning rather than an isolated success story. India should facilitate investments in other sectors such as food-processing, chemicals, and electronics. Indian companies too must look at Vietnam not only as an export destination but as a gateway to ASEAN and East Asian markets.

Services trade also offers enormous untapped possibilities. India's strengths in IT services, digital public infrastructure, fintech, healthcare, pharmaceuticals, education and professional services align well with Vietnam's developmental priorities. At the same time, Vietnam's rapidly growing tourism and hospitality sector can integrate strongly with Indian aviation, wellness and tourism industries. Direct flights between more Indian and Vietnamese cities would further accelerate tourism, business mobility and people-to-people exchanges.

Equally important is the strategic dimension of the relationship. India and Vietnam are both important stakeholders in the Indo-Pacific region. Maritime security, blue economy cooperation, defence manufacturing, cyber security and strategic technology cooperation must continue to deepen. Vietnam occupies a strategically critical location in Southeast Asia while India remains a

major stabilising force in the Indian Ocean region. Stronger India-Vietnam cooperation therefore contributes not only to bilateral prosperity but also to broader Asian stability.

At a time when global supply chains are being reconfigured due to geopolitical uncertainties, both countries have a historic opportunity to emerge as trusted partners in alternative production and supply networks. International businesses today are increasingly looking for politically stable, demographically strong and economically competitive destinations. India and Vietnam together can become important anchors of such diversification strategies.

However, achieving this vision will require greater institutional engagement between industry bodies, chambers of commerce, policymakers and businesses. Industry-to-industry partnerships, SME collaborations, startup exchanges, academic cooperation and innovation platforms should become integral parts of the relationship. Business communities on both sides must also move beyond traditional sectors and actively identify future-oriented areas of collaboration.

The India-Vietnam partnership has all the ingredients necessary for transformational growth reflecting in political trust, strategic convergence, economic complementarities, demographic strength and regional importance. What is needed now is scale, speed and strategic intent.

The momentum generated by the visit has been further reinforced by the announcement of an ambitious target to raise bilateral trade between India and Vietnam to US\$ 25 billion by 2030. The visit has also witnessed the signing of multiple agreements and Memoranda of Understanding across sectors including critical minerals, digital payments, pharmaceuticals, technology, cultural cooperation, maritime collaboration and supply chain resilience. This clearly demonstrates that both governments now recognise the strategic and economic importance of elevating the partnership beyond traditional trade engagement into a more comprehensive and future-oriented economic alliance.

At the Indo Vietnam Chamber of Commerce and Industry (IVCCI), we are witnessing a steadily growing interest among Indian enterprises to explore opportunities in Vietnam across sectors such as manufacturing, renewable energy, agro-processing, pharmaceuticals, information technology, logistics, education and hospitality. Indian businesses increasingly recognise Vietnam not merely as an export destination, but as a strategic gateway into ASEAN and East Asian supply chains. Equally encouraging is the rising interest from Vietnamese enterprises looking at India as a large and trusted market, investment destination and technology partner. The ongoing State Visit of H.E. To Lam reflects this mutual intent at the highest political level and demonstrates that the enthusiasm for stronger engagement is now equally strong on both sides. The moment is therefore opportune to convert this growing interest into concrete investments, institutional partnerships, industrial collaborations and long-term strategic economic integration.

Beyond economics and geopolitics, India and Vietnam also share a profound civilisational and spiritual connection rooted in Buddhism and centuries of cultural exchange. His Excellency To Lam's visit commencing with Bodh Gaya symbolically underlines this enduring civilisational bond. The Buddhist heritage of India has always occupied a special place in the hearts and

minds of the Vietnamese people. Sacred sites associated with Lord Buddha in India naturally create an emotional and cultural bridge between the two countries. Expanding Buddhist tourism circuits, direct connectivity to pilgrimage destinations, academic exchanges in Buddhist studies and cultural cooperation can further deepen people-to-people ties and create a stronger societal foundation for the strategic partnership. In many ways, the India-Vietnam relationship is not merely a partnership of economies or governments, but a relationship anchored in trust, history, shared values and civilisational affinity.

The visit of H.E. To Lam represented an important opportunity for India and Vietnam to redefine and elevate their partnership in line with the emerging realities of the Asian century. With strategic vision, institutional commitment and stronger economic integration, the goal of achieving US\$ 25 billion in bilateral trade by 2030 can become a steppingstone towards an even larger and more consequential partnership in the years ahead.