India-Vietnam Axis: Energy & Geopolitical Imperatives

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India's previous policy of avoiding alliances with great powers and/or playing an overt geopolitical balancing game seems to be no longer a foreign policy option in an increasingly multi-polar world order. India is finally waking up to this harsh reality in the light of the ongoing power transition in East and South East Asia that has resulted from China's growing assertiveness in the region. At the regional level, a new Sino-Indian competition, especially in the states on each other's peripheries, is shaping the geopolitics of the Indian Ocean Region (IOR). While China seeks to enhance its strategic influence in Sri Lanka on the Indian periphery[1], the evolving Chinese role beyond its core interests in East Asia is impelling India to pursue strategic partnership with Vietnam - on China's southern periphery – which seeks to deter Beijing's military presence in the South China Sea. New Delhi's growing energy interests in the South China Sea region are also adding a new dimension to the Sino-Indian strategic engagements in the IOR region.

India's evolving strategy in the IOR was clearly on display during Vietnamese Prime Minister Nguyen Tan Dung's visit to New Delhi in late October.[2] Dung's visit ended with the sealing of a series of defence, trade and energy agreements. For the first time, India's Vietnam engagement

seems to be driven by New Delhi's careful and cautious articulation of interests in the South China Sea region, and underpinned by a bold strategy to pursue them. The signing of defence cooperation agreements suggests that New Delhi has finally woken up to Vietnam's seminal importance in its geo-strategic calculus. Among the seven bilateral agreements signed is an agreement on oil and gas exploration, thus making defence and energy cooperation two main pillars of future India-Vietnam relations.

Energy Cooperation

The linkage between energy interests and defence co-operation are particularly evident in India-Vietnam joint energy projects in the South China Sea region. In September 2014, Indian President Pranab Mukherjee visited Vietnam, and during the visit a "Letter of Intent" (LoI) for joint oil exploration was signed between ONGC Videsh Limited (OVL), an Indian government-run subsidiary, and Petro Vietnam.[3] In 2006, OVL obtained rights from Vietnam for blocks 127 and 128, located in maritime territory over which China claims sovereignty. Block 127 was relinquished in 2011 after OVL could not find any oil or gas there, but exploration in block 128 has been ongoing, and China has protested in response. Amid the growing uncertainty over oil supplies from West Asia, especially after India was forced to reduce oil imports from Iran, New Delhi has been diversifying its oil procurement sources, and is looking to increase imports from South America and Russia.[4] New Delhi has also augmented its exploration of untapped hydrocarbon resources in the IOR region, including the South China Sea. Vietnam, which also seeks to increase its oil exports, is thus New Delhi's crucial partner in the region.

During the recent visit of President Dung, OVL has signed "Heads of Agreement" document with PetroVietnam "for mutual cooperation for exploration in PetroVietnam's Blocks 102/10 and 106/10" in the South China Sea. The new blocks, 102/10 and 106/10 lie outside the waters that China claims, while Block 128 is in the disputed area. In June 2012, OVL had decided to return block 128 to Vietnam as its exploration was not commercially viable, but held off doing so at New Delhi's insistence to help India to continue its presence in the region. On the other hand, the South China Sea, with its rich hydrocarbon resources, continues to remain China's "matter of core concern" and territorial interest.

In July this year, Chinese foreign ministry spokesman Hong Lei stated, "China has indisputable sovereignty over the Nansha islands [Beijing's name for the Spratly Islands, portions of which are claimed by Vietnam and other south-east Asian nations]. Any lawful and justifiable oil exploration activity… is fine by us. But if (it) undermines sovereignty and interests of China we are firmly opposed to this."[5] Reacting to the joint exploration agreement between India and Vietnam in the South China Sea, China's Foreign Ministry spokesman mentioned that Beijing had no objection as long as it was carried out in waters that are not disputed. The spokesman, however, clarified that if the joint exploration in any way harmed China's sovereignty, his government would "resolutely oppose it".

Beijing's reaction to any activity in the South China Sea is perceived by New Delhi in the larger context of China's expansionist and assertive moves over the past several years. Earlier, in July 2011, the INS Airavat, an Indian naval vessel, was travelling in the South China Sea when it was reportedly contacted on open radio channel by a caller identifying himself as the "Chinese Navy" stating that the ship was entering Chinese waters.[6] China has objected against Vietnam giving exploration rights to India's ONGC Videsh in the disputed waters. In May this year, China and Vietnam came quite close to a conflict after China placed an oil rig in waters just off the disputed Paracel islands, whipping up tensions in the region.

Defence Cooperation

During Dung's visit, Prime Minister Modi emphasized military ties, declaring: "Our defence cooperation with Vietnam is among our most important ones. India remains committed to the modernization of Vietnam's defence and security forces. This will include expansion of our training programme, which is already very substantial, joint exercises and cooperation in defence equipment."[7] India is providing a $US 100 million line of credit to Vietnam to buy military hardware including patrol boats from India.[8]

New Delhi is also reportedly willing to sell BrahMos short-range supersonic anti-ship missiles to Vietnam.[9] In 2007, Hanoi for the first time expressed its keen interest in acquiring BrahMos missiles to defend itself and to deter China in the disputed territories in the South China Sea. New Delhi's willingness to transfer this missile to Hanoi, albeit after a long delay, is a clear indication of Vietnam's pivotal significance in New Delhi's geopolitical scheme in the region. The BrahMos anti-ship missile is likely to strengthen Hanoi's conventional sea deterrence against the Chinese South Sea fleet.

India-Vietnam Axis and "American Pivot"

Many observers, in fact, argue that India's defence policies vis-à-vis Vietnam are similar to that of U.S. policies and aimed at balancing China's military presence in the Indo-Pacific region. The Obama administration's "pivot strategy" has encouraged countries like Vietnam and the Philippines to stand-up to Chinese military belligerence in the region.[10] The United States has not only normalised relations with Vietnam since 1995, but is also strengthening military and strategic ties with the country. Although, Beijing may suspect an active Washington and New Delhi military alliance in the region, New Delhi has in fact been a reluctant supporter of the American pivot.

Indian official response to the U.S. "pivot" indicates a preference for "hedging" wherein New Delhi refrains from joining U.S or China in the unfolding great game in the Indo-Pacific region, allowing India to wait in order to make more informed choices. Though the Indian Navy has been constantly seeking a bigger role in the IOR region, it appears reluctant to increase its coordination with U.S. forces in the Indian Ocean and beyond. Although India continues to pursue its own balancing strategy in the region, it is imperative that New Delhi fully realises the consequences of growing Chinese involvements in its immediate South Asian neighbourhood. Acknowledging common strategic objectives with the U.S in the larger Indo-Pacific region and pursuing coherent objectives as part of bilateral Indo-U.S. strategic partnership are likely to better serve India's strategic interests.

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