

ENHANCING DEFENCE INDUSTRY AND TECHNOLOGY COOPERATION WITH VIETNAM

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The ‘Comprehensive Strategic Partnership’ between India and Vietnam, signed in 2016, has progressively evolved over the years to include a substantial focus on defence cooperation. In light of the growing challenge posed by Chinese expansionism and the coercive actions of its maritime law enforcement agencies in the South China Sea, Vietnam increasingly perceives India as a strategic partner with shared interests in upholding a rules-based maritime order in the Indo-Pacific.¹ Defence industry collaboration, in particular, emerged as a key area of discussion during the 15th India-Vietnam Defence Policy Dialogue held in Hanoi on 10 November 2025.² Following India’s successful USD 375 million BrahMos missile export deal with the Philippines in 2022³, and amid reports of a potential USD 700 million BrahMos deal being negotiated with Vietnam⁴, India’s ambition to establish itself as a major defence exporter in Southeast Asia appears to be manifesting itself quite strikingly. This article analyses the current state of defence industrial collaboration between India and Vietnam and explores how this cooperation may be further enhanced. Beginning with an overview of Vietnam’s defence industrial landscape, it reviews the existing mechanisms of defence cooperation between the two countries, analyses the challenges and potential barriers to greater defence industry cooperation, and identifies key sectors — particularly shipbuilding and advanced naval technologies — where cooperation can be expanded. The article concludes by offering policy recommendations for Indian policymakers and industry leaders to strengthen defence industrial cooperation between India and Vietnam.

¹ Embassy of India in Hanoi, Vietnam, Government of India, “Vietnam’s Diplomacy and Vietnam-India Diplomatic Relations”. <https://www.indembassyhanoi.gov.in/page/vietnam-s-diplomacy-and-vietnam-india-diplomatic-relations/>

² Ministry of Defence, Government of India, “15th India-Vietnam Defence Policy Dialogue held in Hanoi: MoU inked for Mutual Submarine Search, Rescue Support & Cooperation; Letter of Intent Signed to Strengthen Defence Industry Collaboration”, *Press Information Bureau (PIB) Delhi*, 10 November 2025.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2188495>

³ “Philippines to Acquire Missile System from India for \$375 million”, *Reuters*, 15 January 2022.

<https://www.reuters.com/world/asia-pacific/philippines-acquire-missile-system-india-375-mln-2022-01-15/>

⁴ Shivani Sharma, “India Nears \$700 million BrahMos Missile Deal with Vietnam, Indonesia Likely Next”, *India Today*, 17 April 2025. <https://www.indiatoday.in/india/story/india-vietnam-brahmos-missile-deal-philippines-2710436-2025-04-17>

Vietnam's Defence Industrial Landscape

According to data drawn from the Stockholm International Peace Research Institute (SIPRI), Vietnam's military expenditure in 2018 amounted to USD 5.5 billion, representing 1.8 per cent of its GDP and 8.8 per cent of total government expenditure.⁵ Its military expenditure rose steadily from USD 1.02 billion in 2005 to USD 5.5 billion in 2018.⁶ More recently, Global Data reported that Vietnam's defence budget reached USD 7.8 billion in 2024 and is forecasted to grow at a compounded annual growth rate (CAGR) of over 5 per cent between 2025 and 2029.⁷ According to SIPRI data, between 1995 and 2024, Vietnam imported arms worth USD 9.349 billion, with Russia accounting for approximately USD 7.572 billion — around 81 per cent of Vietnam's total arms imports. The graphical depiction of this data is provided in Figure 1 below.⁸ During this period, Vietnam ranked as the 21st largest arms importer globally and the third largest amongst ASEAN member States, following Singapore and Indonesia.⁹

**Decadal Trends in Vietnam's Arms Imports
(1995-2024)**

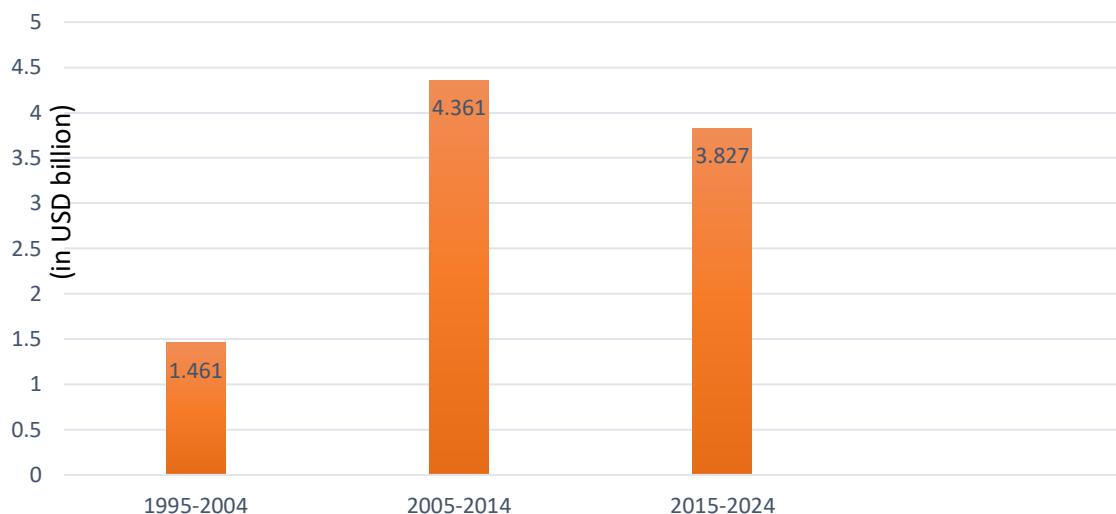


Figure 1: Decadal Trends in Vietnam's Arms Imports (1995-2024)
Source: Author (based on the SIPRI Arms Transfers Database)

⁵ SIPRI Military Expenditure Database, “Vietnam”, *Stockholm International Peace Research Institute (SIPRI)*. <https://milex.sipri.org/sipri>

⁶ SIPRI Military Expenditure Database, “Vietnam”.

⁷ “Vietnam Defense Market Size, Trends, Budget Allocation, Regulations, Acquisitions, Competitive Landscape and Forecast to 2029”, *Global Data*, 07 February 2024. <https://www.globaldata.com/store/report/vietnam-defense-market-analysis/>

⁸ SIPRI Arms Transfers Database, “Vietnam”, *Stockholm International Peace Research Institute (SIPRI)*, accessed 26 September 2025. <https://armstransfers.sipri.org/ArmsTransfer/CSVResult>

⁹ SIPRI Arms Transfers Database, “Vietnam”.

Since the mid-2010s, however, Vietnam has sought to diversify its defence imports away from Russia, engaging with suppliers from Israel, the United States, and South Korea.¹⁰ As a notable example, Vietnam's Factory Z111 production facility, managed by the country's General Department of Defence Industry (GDDI), started manufacturing the Galil assault rifles in partnership with the Israel Weapon Industries (IWI) in 2015, with the aim of gradually phasing out the AK-47 used by the Vietnam People's Army (VPA).¹¹ Israel has also supplied Vietnam with SPYDER short- and medium-range air defence systems, 160-mm and the 300-mm EXTRA mobile rocket launchers for coastal defence, and Orbiter-2 and Orbiter-3 small UAVs.¹² In the domain of defence shipbuilding, the Damen Group of the Netherlands established the Damen-Song Cam joint venture shipyard in Vietnam in 2014. By 2022, the shipyard had supplied a naval survey ship, four large offshore-patrol vessels (OPVs), and four salvage tugs for the Vietnam People's Navy (VPN) and the Vietnam Coast Guard (VCG).¹³ The VPN's current inventory includes “SSK Kilo Class (Type 636) submarines, Gepard 3.9 class frigates, project 12418 class missile corvettes, TT-400TP gunboats, project 10412 class patrol boats, Bastion mobile coastal defence systems, EC-225, DHC-6 aircraft, and SCORE-3000 radar systems.”¹⁴ Vietnam's Air Defence-Air Force (Vietnam ADAF) operates “Su-30MK2 multirole fighters, Su-27 fighters, Su-22 fighter bombers, C-295 military transport aircraft, MiG-21 supersonic jet fighters and interceptors, S-300PMU1 air defence missile systems, SYPDER short- and medium-range mobile air defence systems, 36D6M1-2 mobile 3D airspace surveillance radar systems, and various types of anti-aircraft guns.”¹⁵ In 2017, Vietnam also established a Cyber Command to strengthen its capacity and capability in information and cyberwarfare.¹⁶

The bulk of Vietnam's defence production is managed by state-owned enterprises (SOEs) operating under the Ministry of National Defence (MoND).¹⁷ The development, manufacturing, and procurement of defence platforms, weapon systems, and equipment, are directed by the GDDI, which is embedded within the MoND.¹⁸ Comparable to India's Department of Defence Production (DDP) under the Ministry of Defence (MoD), the GDDI oversees Vietnam's defence manufacturing units, research institutions — such as the Institute for Military Science

¹⁰ SIPRI Arms Transfers Database, “Vietnam”.

¹¹ “Production of Galil Rifles in Vietnam has Begun”, *Israel Defense*, 22 February 2015. <https://www.israeldesign.co.il/en/node/22064>

¹² “Arming Vietnam: Widened International-security Relations in Support of Military-capability Development”, *The International Institute for Strategic Studies (IISS)*, March 2023, 15. <https://www.iiss.org/globalassets/global-content--content--migration/arming-vietnam-widened-internationalsecurity-relations-in-support-of-militarycapability-development.pdf>

¹³ “Arming Vietnam: Widened International-security Relations in Support of Military-capability Development”, *The International Institute for Strategic Studies (IISS)*, 15.

¹⁴ Ministry of National Defence, Government of the Socialist Republic of Vietnam, “2019 Vietnam National Defense”, *National Political Publishing House*, 84. <https://mod.gov.vn/wcm/connect/08963129-c9cf-4c86-9b5c-81a9e2b14455/2019VietnamNationalDefence.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-08963129-c9cf-4c86-9b5c-81a9e2b14455-mXQ.UaH>

¹⁵ Ministry of National Defence, Government of the Socialist Republic of Vietnam, “2019 Vietnam National Defense”, 82.

¹⁶ Ministry of National Defence, Government of the Socialist Republic of Vietnam, “2019 Vietnam National Defense”, 86.

¹⁷ “Opportunities in Vietnam”, *Orissa International*, 13 January 2025, 8.

https://vm.ee/sites/default/files/documents/2025-03/Vietnam%20Strategy_Defence.pdf

¹⁸ “General Departments and Agencies”, Ministry of National Defence, Government of the Socialist Republic of Vietnam. <https://mod.gov.vn/en/intro/vnd/sa-en-mod/sa-en-dv-mf-cttt>

and Technology — and the units responsible for the maintenance of defence equipment.¹⁹ Imports and exports of defence equipment, ammunition, and raw materials are primarily handled by the General Import and Export Van Xuan Corporation (VAXUCO) which, too, is under the MoND.²⁰ In addition, several other entities — including the Defence Economic Technical Industry Corporation (GAET), Viettel High Technology Industries Corporation, the High Technology Application One Member Company Limited (HITACO), Technological Application One Member Limited Liability Company (TECAPRO), and the Thai Son Corporation — also operate under the MoND as importers of defence equipment and technology developers.²¹ Among these, the Viettel High Technology Industries Corporation, established in 2019 by the MoND-controlled Viettel Group, has taken the lead in research, development, and manufacturing of C5ISR (Command, Control, Computer, Communication, Cyber, Intelligence, Surveillance, and Reconnaissance) combat models, electronic warfare systems, unmanned aerial vehicles (UAVs), communications equipment, optoelectronics, radar systems, and simulators.²² In addition, Viettel recently exhibited its indigenously-developed mobile coastal defence system VCS-01 “Truong Son”, featuring eight VSM-01A anti-ship missiles, at the Vietnam Defence Expo (VIDEX) in December 2024.²³ Notably, Vietnam’s defence industry has developed advanced flight simulators for fourth-generation Su-30MK2 aircraft, which have been localised for Vietnam, reportedly making it the second country after Russia to achieve this feat.²⁴ Additionally, the simulator also enables simultaneous training of pilots and ground-control personnel.

Since the 13th National Congress of the Communist Party of Vietnam (CPV) in 2021, the country has placed renewed emphasis on modernising its indigenous defence industry.²⁵ The Politburo-issued Resolution No. 08-NQ/TW of 2022 called for accelerating the development of Vietnam’s defence industry until 2030 and beyond, emphasising the incorporation of advanced technologies to support military modernisation.²⁶ Towards this end, Vietnam is focusing on acquiring advanced capacity and developing capabilities in artillery systems, missile and missile defence systems, fixed-wing aircraft, UAVs, submarines, naval vessels, and tactical communication systems.²⁷

¹⁹ Ministry of National Defence, Government of the Socialist Republic of Vietnam, “Major Research Institutes”. <https://mod.gov.vn/en/intro/vnd/sa-en-mod/sa-en-dv-mf-vnc>

²⁰ “About Vaxuco”, General Import and Export Van Xuan Corporation. <http://vaxuco.vn/eng/About/28/gioi-thieu-chung.html>

²¹ International Trade Administration, Department of Commerce, Federal Government of the United States of America, “Vietnam Country Commercial Guide: Defense and Security Sector”, 30 January 2024. <https://www.trade.gov/country-commercial-guides/vietnam-defense-and-security-sector>

²² “Business Areas: Military”, Viettel High Tech. <https://viettelhightech.vn/en/military>

²³ “Vietnam Develops New Truong Son Coastal Defense System Armed with Eight VSM-01A Anti-ship Missiles”, *Army Recognition*, 19 December 2024. <https://armyrecognition.com/news/navy-news/2024/vietnam-develops-new-truong-son-coastal-defense-system-armed-with-eight-vsm-01a-anti-ship-missiles>

²⁴ “Vietnam Modernises Military, Strengthens National Defence”, *Vietnam News*. 21 December 2024. <https://vietnamnews.vn/politics-laws/1689314/viet-nam-modernises-military-strengthens-national-defence.html>

²⁵ “Vietnam Modernises Military”, *Vietnam News*.

²⁶ “Defence Industry Should Become a Spearhead of National Industry: PM”, *Vietnam Plus*, 15 March 2025. <https://en.vietnamplus.vn/defence-industry-should-become-a-spearhead-of-national-industry-pm-post311645.vnp>

²⁷ “Vietnam Defense Market Size, Trends, Budget Allocation, Regulations, Acquisitions, Competitive Landscape and Forecast to 2029”, *Global Data*.

Current Levels of Defence Industrial Cooperation between India and Vietnam

India and Vietnam signed an Memorandum of Understanding (MoU) on Defence Cooperation in 2009, followed by the signing of the “Joint Vision Statement on Defence Cooperation” for the period 2015-2020, and an MoU between the Indian Coast Guard (ICG) and VCG in 2015 to strengthen cooperation in combatting transnational crime and enhance mutual cooperation.²⁸ The 2009 MoU paved the way for cooperation through visit exchanges, training programmes, ship visits, service-to-service cooperation, and capacity-building initiatives.²⁹ India has assisted Vietnam with the repair and upgradation of its Soviet-era *Osa-II* fast-attack missile craft and *Petya*-class anti-submarine corvettes, in addition to donating thousands of spares for the *Petya*-class frigates.³⁰

Following the visit of the CPV’s General Secretary Nguyen Phu Trong to India in 2013, New Delhi agreed to train 500 Vietnamese sailors in “*comprehensive underwater combat operations*” at the Indian Navy’s submarine school (INS *Satavaraha*) in Visakhapatnam.³¹ In the same year, India extended a USD 100 million line of credit to Vietnam.³² Under this agreement, 12 high-speed guard-boats were delivered to Vietnam in 2022 — five constructed by Larsen & Toubro (L&T) in India and the remaining seven by the Hong Ha Shipyard in Hai Phong.³³ Subsequently, in September 2016, during Prime Minister Narendra Modi’s visit to Vietnam, India extended a USD 500 million line of credit for defence procurement.³⁴ Vietnam has also been negotiating the purchase of BrahMos cruise missiles from India since the early 2010s.³⁵ In 2022, during India’s defence minister Rajnath Singh’s visit to Vietnam, a new “Joint Vision Statement on India-Vietnam Defence Partnership towards 2030” and an “MoU on Mutual Logistics Support”

²⁸ Consulate General of India, Ho Chi Minh City, Vietnam, Government of India, “Bilateral Relations: India-Vietnam Relations”, January 2025. <https://www.cgihcmc.gov.in/page/bilateral-relations/>

Also see: Ministry of National Defence, Government of the Socialist Republic of Vietnam, “Vietnam, India sign Joint Vision Statement on Defence Cooperation for 2015-2020 period”.

<https://mod.gov.vn/en/event/detail?current=true&urle=wcm:path:/mod/sa-mod-en/sa-en-news/sa-en-news-span/d1950b9e-8075-426b-a250-e1567217083c>

²⁹ Ministry of Defence, Government of India, “Strengthening of Defence Ties with Vietnam”, *Press Information Bureau (PIB)*, 12 February 2014 <https://www.pib.gov.in/newsite/PrintRelease.aspx?relid=103545>

Also see: Ministry of External Affairs, Government of India, “Joint Vision Statement on the State Visit of Prime Minister of the Socialist Republic of Vietnam to India (October 27-28, 2014)”, 28 October 2014.

<https://www.mea.gov.in/bilateral-documents.htm?dtl/24142/Joint Statement on the State Visit of Prime Minister of the Socialist Republic of Vietnam to India October 2728 2014>

³⁰ Carlyle A Thayer, “Force Modernisation: Vietnam”, *Southeast Asian Affairs*, (2018): 432. https://cooperative-individualism.org/thayer-carlyle_force-modernization-vietnam-2018.pdf

³¹ Rajat Pandit, “India Kicks Off Sub Training for Vietnamese Navy”, *The Times of India*, 22 November 2013. <https://timesofindia.indiatimes.com/india/india-kicks-offs-sub-training-for-vietnamese-navy/articleshow/26172370.cms>

³² Sandeep Dikshit, “India Offers Vietnam Credit for Military Ware”, *The Hindu*, 28 July 2013. <https://www.thehindu.com/news/national/india-offers-vietnam-credit-for-military-war/article4960731.ece>

³³ Ministry of Defence, Government of India, “Raksha Mantri Shri Rajnath Singh Hands Over 12 High Speed Guard Boats, Constructed Under India’s \$US 100 million Line of Credit, to Vietnam”, *Press Information Bureau (PIB)*, 09 June 2022. <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1832495>

³⁴ Ho Bin Minh, “India Offers \$500 million Defence Credit as Vietnam Seeks Arms Boost”, *Reuters*, 03 September 2016. <https://www.reuters.com/article/world/india-offers-500-million-defence-credit-as-vietnam-seeks-arms-boost-idUSKCN11905X/>

³⁵ Carl A Thayer, “How India-Vietnam Strategic Ties are Mutually Beneficial”, *The Diplomat*. 03 December 2013. <https://thediplomat.com/2013/12/how-india-vietnam-strategic-ties-are-mutually-beneficial/>

were signed.³⁶ Another significant milestone in bilateral defence cooperation occurred in July 2023, when Admiral Hari Kumar, then Chief of the Naval Staff (CNS) of India, officially handed over the operational INS *Kirpan* to the VPN at Cam Ranh during his official visit.³⁷

Challenges in Achieving Deeper Defence Industry Cooperation with Vietnam

1. **Lack of Private Sector Involvement.** Vietnam's defence sector remains heavily state-controlled and the participation of private sector enterprises is fairly limited.³⁸ Consequently, defence procurement is largely centralised through the MoND and has historically lacked transparency, with established strategic partnerships being prioritised over an open bidding process.³⁹ Although Vietnam is seeking to modernise its military arsenal and diversify its supplier base, the transition towards a more transparent and competitive procurement framework will likely be gradual.⁴⁰ This presents a particular challenge for smaller Indian firms (especially start-ups) seeking market access in Vietnam.
2. **Limited Progress in Diversification and Decline in Arms Imports.** While Vietnam's arms imports from Russia have significantly declined due to the war in Ukraine and Hanoi's intention to diversify its sources, only limited progress has been made in finalising new orders with alternative suppliers despite the country's defence modernisation announcements in 2021.⁴¹ According to SIPRI data, Vietnam placed no new orders in 2023 and 2024, and the only new delivery in 2023 was INS *Kirpan* donated by India.⁴²
3. **Growing Competition from Domestic Industry.** According to analyst Carl Thayer, the VIDEX 2024 was “*an eye-opener for international guests*”, as it showcased several indigenously-developed advanced technologies in missile, radar, drones, and electronic-warfare, highlighting the modernisation capacity of Vietnam's domestic defence industry, especially in upgrading Russian-origin platforms and weapon systems.⁴³ Thus, in addition to Russia and other Western suppliers, Indian defence entities also face competition from Vietnam's growing domestic defence industry.
4. **Slow Pace of Negotiations and Bureaucratic Delays.** Defence procurement processes in both India and Vietnam have been hampered by protracted negotiations and

³⁶ Consulate General of India, Ho Chi Minh City, Vietnam, Government of India, “Bilateral Relations: India-Vietnam Relations”.

³⁷ Ministry of Defence, Government of India, “Handing Over of INS KIRPAN to VPN — 22 JUL 23”, *Press Information Bureau (PIB)*, 22 July 2023. <https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=1941807>

³⁸ “Opportunities in Vietnam”, *Orissa International*, 8.

³⁹ “Opportunities in Vietnam”, *Orissa International*, 8.

⁴⁰ Gordon Arthur, “Vietnam's Defense Market Presents New Opportunities, Unique Challenges for Western Firms”, *Breaking Defense*, 05 May 2025. <https://breakingdefense.com/2025/05/vietnams-defense-market-presents-new-opportunities-unique-challenges-for-western-firms/>

⁴¹ Francesco Guarascio, “Vietnam Arms Imports Drop to a Trickle Despite Regional Tensions”, *Reuters*, 14 March 2024. <https://www.reuters.com/world/asia-pacific/vietnam-arms-imports-drop-trickle-despite-regional-tensions-2024-03-14/>

⁴² SIPRI Arms Transfers Database, “Vietnam”.

⁴³ Gordon Arthur, “Vietnam's Defense Market Presents New Opportunities”.

bureaucratic delays. Discussions on the BrahMos missile system, for instance, have been ongoing since 2011. Similarly, it took nearly a decade to fully utilise the USD 100 million line of credit through the eventual delivery of 12 high-speed guard boats to Vietnam. The divergence in strategic interests, procurement procedures, regulatory frameworks, intellectual property rights (IPR) norms, and pricing considerations are among the common factors delaying the finalisation of deals for advanced platforms and weapon systems.⁴⁴

Opportunities in Key Sectors Where Cooperation Can be Expanded

1. **Naval Technologies and Shipbuilding.** Building upon the successful model of the joint construction of 12 high-speed guard boats delivered in 2022, India and Vietnam could explore collaboration in the joint production of larger vessels, such as offshore patrol vessels (OPVs) and corvettes. India has already offered assistance to Vietnam in warship building and maintenance.⁴⁵ Considering Vietnam's focus on maritime security amid China's coercive actions in the South China Sea, India and Vietnam could also consider co-developing advanced underwater technologies, such as sonar systems, unmanned underwater vehicles (UUVs), propulsion systems, and stealth technologies.
2. **Drone and counter-drone Technologies.** Leading Vietnamese defence firms such as Viettel and CT Group are increasingly investing in the development of sophisticated drone technologies. Meanwhile, Indian defence firms and start-ups, including ideaForge, Paras Defence, and Gurutvaa Systems, have developed considerable expertise in unmanned aerial systems (UAS) and counter-UAS (C-UAS) technologies. Considering the difference in the respective defence budgets, and given Vietnam's emphasis on dual-use innovation,⁴⁶ India and Vietnam could pursue co-development and joint production of affordable and advanced systems with civilian and industrial applications, incorporating Artificial Intelligence (AI) and Internet of Things (IOT) technologies.
3. **Missile and Satellite Technologies.** Vietnam's domestically-produced VSM-01A ("Vietnam anti-Ship Missile") "Song Hong" missile — developed by Viettel in cooperation with the state-owned Z189 Shipyard — is a high-subsonic missile with an estimated range of up to 80 kilometres.⁴⁷ India has offered its Akash 1S air defence system to Vietnam, with a provision for ToT and local production.⁴⁸ Going forward, the two countries could also explore opportunities

⁴⁴ Sandeep Dikshit, "Vietnam's Plea Puts South Block in a Predicament", *The Hindu*, 09 November 2011. <https://www.thehindu.com/news/national/vietnams-plea-puts-south-block-in-a-predicament/article2610605.ece>

Also see: Arming Vietnam: Widened International-security Relations in Support of Military-capability Development", *The International Institute for Strategic Studies (IISS)*, 10.

⁴⁵ Rajat Pandit, "India Offers Help to Vietnam in Warship-Building & Maintenance", *The Times of India*, 20 April 2021. <https://timesofindia.indiatimes.com/india/india-offers-help-to-vietnam-in-warship-building-maintenance/articleshow/82164567.cms>

⁴⁶ "Defence Industry Should Become a Spearhead of National Industry: PM", *Vietnam Plus*.

⁴⁷ Gordon Arthur, "Vietnam Unveils New VCS-01 Mobile Coastal Defence System", *Naval News*, 22 December 2024. <https://www.navalnews.com/naval-news/2024/12/vietnam-unveils-new-vcs-01-mobile-coastal-defence-system/>

⁴⁸ Raunak Kunde, "New Delhi Offers Vietnam its Akash 1S for Local Production", *Indian Defence Research Wing*, 18 August 2024. <https://idrw.org/new-delhi-offers-vietnam-its-akash-1s-for-local-production/>

for the co-development of missile technologies and air defence systems under a cost-sharing model suitable for both countries. Additionally, with regard to satellite technology, India agreed to operationalise a Satellite Tracking and Data Reception Centre and Data Processing Facility in Ho Chi Minh City in 2018, following an implementation agreement between the Indian Space Research Organisation (ISRO) and Vietnam's National Remote Sensing Department.⁴⁹ ISRO could also collaborate with the Vietnam National Space Center (VNCS) under the Vietnam Academy of Science and Technology (VAST) in the areas of satellite design and development, remote sensing, and advanced space technologies.

4. Maintenance, Repair, and Overhaul (MRO) Cooperation. Following the announcement of its defence modernisation plans in 2021, Vietnam has been expected to place the bulk of new orders for defence platforms and weapon systems with Russia.⁵⁰ In the preceding decades, India has supported Vietnam by offering MRO services for several Russian-supplied platforms and weapon systems. Vietnam's own R&D institutions have also mastered and improved upon Russian-origin platforms and equipment over time.⁵¹ In the wake of the Ukraine war and the consequent disruption of Russian supply chains, India and Vietnam have an opportunity to significantly expand their MRO cooperation for legacy Russian platforms and systems. Notably, India also plans to locally produce the Sukhoi Su-30 and aims to export it to Southeast Asian countries already operating the aircraft, including Vietnam.⁵² Both Malaysia and Vietnam have demonstrated an interest in acquiring BrahMos-A air-launched cruise missile for their Su-30MKM fighter jets.⁵³ Furthermore, India has finalised the Terms of Reference (ToR) for establishing a 'Su-30 Forum' with Malaysia to enhance cooperation in the maintenance of these aircraft, which are operated by the air forces of both countries.⁵⁴ There is scope for establishing a similar mechanism with Vietnam, given that the Su-30s form the largest segment of fighter jets operated by the Vietnam ADAF.⁵⁵

⁴⁹ Anirban Bhaumik, "India All Set to Activate its Satellite Tracking Station in Vietnam, Despite Objection by China", *Deccan Herald*, 25 January 2018. <https://www.deccanherald.com/archives/india-all-set-activate-its-1918018>

⁵⁰ Gordon Arthur, "Vietnam's Defense Market Presents New Opportunities".

⁵¹ "Arming Vietnam: Widened International-security Relations in Support of Military-capability Development", *The International Institute for Strategic Studies (IISS)*, 17.

⁵² "India Plans to Build Sukhoi Su-30 Locally, Targets Sales to Several Southeast Asian Nations", *Defence Security Asia*, 27 August 2024. <https://defencesecurityasia.com/en/india-plans-to-build-sukhoi-su-30-locally-targets-sales-to-several-southeast-asian-nations/>

⁵³ "Malaysia and Vietnam Show Interest in Sukhoi Su-30 Fighters Armed with India's BrahMos Missile", *Indian Defence News*, 03 September 2025. https://www.indiandefensenews.in/2025/09/malaysia-and-vietnam-show-interest-in.html#google_vignette

⁵⁴ Dalip Singh, "India, Malaysia Finalise Terms of Reference for Maintenance of Sukhois Both Operate", *The Hindu Business Line*, 19 February 2025. <https://www.thehindubusinessline.com/news/national/india-malaysia-finalise-terms-of-reference-for-maintenance-of-sukhois-both-operate/article69238270.ece>

⁵⁵ "Arming Vietnam: Widened International-security Relations in Support of Military-capability Development", *The International Institute for Strategic Studies (IISS)*, 8.

Policy Recommendations

1. **Encouraging Private Sector Collaboration.** Vietnam's 2024 Law on National Defense and Security Industry and Industrial Mobilisation — set to come into force in 2025 — introduces provisions enabling private companies to further participate in defence production.⁵⁶ It allows for the “*signing of contracts with foreign partners in the stage of investment policy approval for use as a basis for project appraisal and approval*” for foreign investment projects involving ToT in defence.⁵⁷ This presents an opportunity for smaller private Indian firms and start-ups to partner with emerging Vietnamese private defence enterprises, such as CT Group, and gradually gain market access.
2. **Enhancing Funding Support to Vietnam through Lines of Credit and Expediting their Utilisation.** India should continue extending lines of credit to Vietnam for the acquisition of larger defence platforms and weapon systems. However, given the significant delays in utilisation in earlier cases, both sides should prioritise the timely finalisation and execution of projects. Following the model of the Army Software Park, which was constructed with a USD 5 million grant from India, India should continue to invest in upgrading defence industrial facilities in Vietnam.⁵⁸
3. **Establishing Joint R&D Partnerships in Emerging Technologies.** The establishment of co-funded or jointly managed centres dedicated to, among others, advanced naval technology, marine engineering, sonar systems, and autonomous vessels could form the foundation of collaborative R&D. These partnerships could operate on equitable cost-sharing arrangements to support capability-enhancement in Vietnam. This could be further supported by establishing joint testing facilities, for instance, for testing propulsion, sonar and underwater technologies, and underwater data collection in tropical waters.

Conclusion

Over the past decade, defence industry cooperation between India and Vietnam has gained considerable momentum, especially following the delivery of the 12 high speed guard boats in 2022 and the gifting of INS *Kirpan* in 2023 by India. Vietnam's maritime security imperatives in the South China Sea, given China's expansive claims and coercive actions, coupled with Hanoi's strategic objective of developing a self-sufficient domestic defence industrial base, present an alignment of interests to enhance defence industry and technology cooperation with India.

⁵⁶ Gordon Arthur, “Vietnam's Defense Market Presents New Opportunities”.

⁵⁷ “New Law Provides Particular Mechanisms for National Defense and Security Activities”, *Vietnam Law & Legal Forum*, 22 July 2024. <https://vietnamlawmagazine.vn/new-law-provides-particular-mechanisms-for-national-defense-and-security-activities-72209.html>

Also see: National Assembly of Vietnam, Socialist Republic of Vietnam, “Law No. 38/2024/QH15: National Defense and Security Industry and Industrial Mobilization”, *Thu Vien Nha Dat*, 27 June 2024.

<https://thuvienphapluat.vn/van-ban-phap-luat-viet-nam/law-38-2024-qh15-national-defense-and-security-industry-and-industrial-mobilization-621470.html>

⁵⁸ “Vietnam PM, PM Modi Inaugurate Army Software Park in Vietnam”, *The Economic Times*, 01 August 2024.

<https://economictimes.indiatimes.com/news/defence/vietnam-pm-pm-modi-inaugurate-army-software-park-in-vietnam/articleshow/112194094.cms?from=mdr>

There is substantial potential for enhancing cooperation in the domains of naval shipbuilding, marine engineering, advanced maritime technologies, weapon systems, autonomous surface vessels, drone and counter-drone technologies, along with expanding MRO collaboration. However, in order to realise this potential, it is imperative to streamline regulatory processes, reduce bureaucratic inertia, establish more focussed institutional mechanisms, encourage private sector participation, and invest in joint R&D projects. By deepening defence industry and technology cooperation in times of a rapidly evolving geopolitical landscape, India and Vietnam can effectively leverage their complementary strengths to advance a shared vision of an open, secure, stable, and inclusive Indo-Pacific.

About the Author

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