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India-Vietnam Maritime Connectivity: Convergence of Interests

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ABSTRACT
In 2022, Vietnam and India witnessed significant strides in the maritime sphere as the Vietnam Maritime Corporation (VIMC) inaugurated a direct shipping route connecting Vietnam, Malaysia, and India, and the Adani Group expressed interest in expanding Lien Chieu port in central Vietnam. These developments underscore a shared recognition by India and Southeast Asian nations, including Vietnam, of the imperative to enhance land, air, and sea connectivity. Geopolitical concerns, spurred by China's Belt and Road Initiative, highlight the need for east-west corridors linking India and Southeast Asia. While assessing the feasibility and sustainability of the VIMC and Adani projects is premature, growing interests in Vietnam-India maritime connectivity, driven by businesses and the private sector, prompt essential inquiries. The article seeks to identify factors driving the recent interest in direct shipping routes and analyse historical sluggishness in maritime connectivity development. This article will attempt to address: What and how can Vietnam and India provide support and devise strategies to aid in and sustain development and connectivity? The article is designed to approach these questions from a broader geopolitical context rather than from a technical point of view.

Keywords: India, Vietnam, Southeast Asia, Geopolitics, Maritime Connectivity, Ports, Maritime Cooperation

Introduction

The year 2022 witnessed two new developments between Vietnam and India in the maritime domain. In July 2022, the Vietnamese Maritime Corporation (VIMC) inaugurated a shipping route linking Vietnam, Malaysia, and India. This development has been hailed as one of the first direct maritime links between Vietnam and India. A month earlier, the Gujarat-based Adani Group expressed an interest in investing in Lien Chieu, a port located in central Vietnam. This project is expected to turn Lien Chieu into a port complex which could handle ships with a capacity of 100,000 DWT and container ships of up to 8,000 TEU. The total cargo going through these harbours would be 3.5-5 million tonnes per year.

These developments are phenomenal. For a long time, India and other nations in Southeast Asia, including Vietnam, realised the need to enhance connectivity — via land, air, and sea — through which the movement of goods would be fostered. China's proposal of the One Belt One Road initiative, also known as the Belt and Road Initiative, fuelled geopolitical concerns over the dearth of east-west corridors connecting India and Southeast Asia. Maritime cooperation is also one component of Vietnam and India's

partnership. Several workshops and seminars were held with recommendations put up. However, the tangible outcomes were limited.

It is too premature to assess the feasibility and sustainability of the VIMC and Adani projects. However, the nascent interests in Vietnam-India maritime connectivity harboured by businesses and the private sector pose several pertinent questions. First and foremost, which factors have contributed to the nascent interest in improved maritime connectivity between the two countries, particularly regarding direct shipping route? Why has maritime connectivity been slow to develop in the last few decades? There is a need to discuss whether these factors are temporal or sustainable. What and how can Vietnam and India provide support and devise strategies to aid with and sustain development and connectivity? The article is designed to address these questions from a broader geopolitical context rather than from a technical point of view.

The Concept of Maritime Connectivity

Although the term has been widely used, 'maritime connectivity' has not been adequately defined. It often alludes to international freight traffic carried by the sea. In other words, it refers to the maritime transport of cargoes and people between ports, either directly or indirectly. Maritime connectivity is defined as the performance of shipping transport networks and comprises facets such as, among others, the number of destinations served, frequency of services, and logistics costs.[1]

The United Nations Conference on Trade and Development (UNCTAD) proposed two indices to measure the breadth of maritime connectivity: the Liner Shipping Connectivity Index (LSCI) and Bilateral Liner Shipping Connectivity Index (BLSCI). The LSCI is an indicator for how well a country or port is connected to the global liner shipping services. It is measured by a combination of four factors, including the number of ships, the TEU capacity, the number of shipping companies, the number of services, and the sizes of ships. Meanwhile, the BLSCI represents how well two countries and ports are linked together; it is built on five elements. These include the number of trans-shipments required from country A to country B; the number of direct services common to both countries A and B; the number of direct connections of countries A and B; the level of competition on services; and the size of the largest ships on the weakest route connecting country A and country B.[2]

According to Vice Admiral Pradeep Chauhan, maritime connectivity is broader than shipping networks. It is composed of four distinct but interrelated elements, namely (i) the ports as nodes of maritime connectivity and logistics infrastructure; (ii) the medium which establishes the connectivity, either physical ones as waterway or digital connections; (iii) the ships which are physical platforms affecting the connectivity; (iv) the items which ships ferry — either cargo or human beings; (v) the policy frameworks that affect maritime connectivity in two countries. As a result, maritime connectivity exists in various forms, physical, and non-physical linkages — including procedural, cultural, or digital ones.[3]

Maritime connectivity has been driven by either geo-economic or non-geoeconomic motivations, or both. Often, maritime connections are described as a function of

interstate trade. It is estimated that 80 percent of international trade is sea-borne. As a result, the development of maritime transport linkages is believed to be driven by supply chain integration and the globalisation of production. From the national point of view, improved connectivity is seen as the most important strategy towards stimulating exports and plugging domestic economies to global supply chains, thereby accelerating economic growth, and reducing poverty.[4] Access to high-quality international shipping services provide a country with a competitive edge over those countries which are poorly connected.[5]

Moreover, connectivity can also be driven by non-geoeconomic goals. This means that it can be used not only to generate commercial dividends, but also expand political influence. American Admiral Alfred Thayer Mahan has argued that global dominance is secured by the control of the seas, which allows the free movement of ships, goods, commerce, and military forces.[6] In the modern day, the construction of ports, highways, railways, or pipelines, as well as the establishment of free trade zones have potential impacts on the political landscape — redirecting the movements of goods and shaping political and security dependency and interdependency. Infrastructure nowadays has the power of shaping the flow of goods and information, which has become a major element of strategic and security competition. In this light, maritime infrastructural development is not merely commercial design, but also involves security, political, and cultural implications.

New Great Game in Asia

Since the end of the Cold War, connectivity has mostly been seen as a conduit of the global economy, driven by globalisation. The seas and oceans are regarded as mediums to connect people, companies, and countries together, enabling the delivery of goods and services to local, regional, and global markets. While it is considered as one part of logistics system, that is among the most important determinants of trade costs.[7] It is estimated that a 10 percent reduction in costs of transportation would result in a 20 percent increase in international trade. As a result, the UNCTAD has created and started data collection for the LSCI at the country-level annually since 2004. In this regard, countries struggled to enhance their LSCI as a measure to better their position in the connected globe. China served as the leader in upgrading its status in maritime connectivity. Its LSCI rose by 51 percent between 2006 and 2019, reflecting deeper integration of China into the global economy.[8]

Connectivity is also part of regional integration projects. Southeast Asian countries supported their regional integration projects through the adoption of the Master Plan on ASEAN Connectivity (MPAC) in 2010. Defined as a key engine to establish the ASEAN community, the MPAC was designed to enhance connectivity among ASEAN members through three modes: physical, institutional, and people-to-people links. After years of integration through trade facilitation, ASEAN realised that the key to narrow development gaps among its members lay in infrastructural upgrade. Members who are well-connected to the global markets in the form of extremely high LSCIs are much better off than others.

The first MPAC prioritised mega physical projects such as the pan-ASEAN highways, railways, and energy grids.[9] Clearly, it was not just aimed for intra-ASEAN connectedness but also to strengthen ASEAN linkages with the greater Pacific region.

The MPAC has progressed sluggishly due to a lack of actual funding and investment. ASEAN members have had no option but to rely on external partners for funding their big-ticket wish-list projects. This forced ASEAN to adopt a new blueprint in 2016 which shifted focus on to soft connectivity. The Connectivity Master Plan 2025 specifies five priority areas, and these include sustainable infrastructure, digital innovation, seamless logistics, regulatory excellence, and people mobility.[10] Though not really moving away from physical connectivity projects, the second plan clearly emphasises on developing enabling policies.

Interestingly, while ASEAN has struggled with its own vision, its idea of connectivity has diffused and transcended beyond its own region, becoming a buzz word with strong geopolitical connotations. Connectivity was put on the agenda of the Asia-Europe Meeting (ASEM).[11] The Asia-Pacific Economic Cooperation (APEC) also took over it and released a Connectivity Blueprint in 2014, which reflects the first MPAC's focus. Major powers in the region such as China, India, Japan, South Korea, and Australia also developed their own connectivity strategies. The US and the European Union later joined the game, signalling their interest in infrastructural development across the region.

Connectivity changed its nuance when rising and assertive China took over the idea and made it a geopolitical gambit. October 2013 saw Chinese President Xi Jinping announcing in Kazakhstan and Indonesia the One Belt One Road scheme (OBOR) which was said to be "a bid to enhance regional connectivity and embrace a brighter future". The 'belt' refers to the trans-Eurasia land links, which includes a vast network of roads, rails, pipelines, bridges, and other physical infrastructures in Central Asia, South Asia, and Southeast Asia. The road, which is short for the 21st Century Maritime Silk Road, is described as a network of ports and maritime routes linking eastern China to Southeast Asia, South Asia, the Middle East, Africa, and Europe. The belt and road projects were financed by the China-led Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund. In 2016, OBOR was rebranded as the Belt and Road Initiative (BRI), perhaps to avoid any negative geopolitical connotations.

China's OBOR or BRI received an unexpectedly hearty welcome and enthusiasm. The first Belt and Road Forum in May 2017 was attended by 29 heads of state and representatives from 130 countries and 70 international organisations. Even Italy, a G7 member, expressed support. Till date, 147 countries — or two thirds of the world population and 40 percent of global GDP — have indicated interest. China looked attractive for several reasons. First, the lack of funding for major infrastructural development in the region is chronic while traditional sponsors and loan providers including the Asian Development Bank (ADB) and International Monetary Fund (IMF), as well as Japan could not cater to all the needs. Second, China has been a remarkable leader in infrastructural build-up and economic development over the last two-three decades. Third, Beijing had a deep pocket with a foreign reserve of over US$ 3000 billion. Four, as an alternative to existing fundings, China seemingly appeared "more flexible" in giving loans, with less strings attached as compared to other lenders.

However, China's ambitious plan had also equally stirred much suspicion, anxieties, and criticisms. First and foremost, concerns were voiced about 'debt trap diplomacy' as the Chinese avoid transparency about the terms and conditions of their loans. If the money was not properly spent or managed, not only have projects been left incomplete, but the debtors would also go default or eventually feel limited by their strategic options. Besides, many analysts opined that the China-led infrastructure would also entail geopolitical motives. As a rising power, Beijing has allegedly not only aimed to restructure trade links across the region but also tried to scale up its strategic expansions. China-sponsored infrastructural projects might be the "Trojan Horse" for Beijing's access to — or more permanent presence in — disputed territories. China's relentless attempts to change the status quo in the South and East China Sea were seen as an indication of unsettling expansionism, and there are legitimate worries that China-built ports and other facilities could be used both for civilian and naval deployment purposes.

In response to these developments, other big powers converged into a new geopolitical theatre — the Indo-Pacific. Together with shoring up their military presence, they tried to curtail Beijing's increased political and economic clouts by giving infrastructure-thirst a range of alternatives. Struggling to compete with Beijing, Washington adopted the Build Act in 2018 to set up the U.S. International Development Finance Corporation (US DFC) — a new agency to channel private finance to build infrastructures in developing countries in line with U.S. foreign policy goals and national security interests. Despite traditionally being a builder in the region, Japan also stepped up its efforts, committing more than US$ 300 billion from public and private funding to sponsor key projects in the region. Concerned about the China-Pakistan Economic Corridor (CPEC) which runs through the area that India referred to as Pakistan-occupied Kashmir, New Delhi committed US$ 3 billion to develop infrastructure in Afghanistan and beefed up its discussions on connectivity. In December 2021, the European Union adopted the Global Gateway, a US$ 300 billion-infrastructure investment programme explicitly aimed to compete with the BRI.

As China has many advantages in the game due to its deep pockets and geographical proximity, other major powers coordinated and aligned their efforts to match China's infrastructure spending. In 2019, the US, Japan, and Australia agreed to establish the Blue Dot Network — an initiative aimed to advance a multi stakeholder framework for quality infrastructure promotion based on financial transparency, environmental sustainability, and impact on economic development.[12] In 2021, under the US leadership, the Group of Seven (G7) introduced the Build Back Better for the World Initiative (B3W), which is said to be a values-driven, transparent, non-coercive and private sector-led infrastructure investment programme to compete with the BRI. Though some supporters say B3W acts as a complement to BRI, many acknowledge that its lack of financing prevents it from acting as a serious challenger to China's initiative. One year after B3W was announced, commitments under the initiative totalled only US$ 6 million, and it had been renamed the Partnership for Global Infrastructure and Investment (PGII).

India actively engaged and took a clear and decisive stance. In 2015, Prime Minister Narendra Modi made public his vision of the Indian Ocean through "SAGAR" (Ocean in

Sanskrit) — acronym for "Security and Growth for All in the Region" — which is an all-encompassing programme to deepen India's relationship with its maritime neighbours. In 2017, India and Japan launched the Asia-Africa Growth Corridor (AAGC) — a plan to develop and connect ports from Myanmar to East Africa. Taking the idea of SAGAR further in 2018 at the Shangri La Dialogue in Singapore and in 2019 at the East Asia Summit in Bangkok, Prime Minister Modi announced the Indo-Pacific Oceans' Initiative to support the building of a rules-based regional architecture resting on seven spokes. These spokes are maritime security; maritime ecology; maritime resources; capacity building/resource sharing; disaster risk reduction and management; science, technology, academic cooperation; and trade connectivity/transport.

What happened since 2013 in the region showed that infrastructural connectivity is no longer a commercial competition but also a political and ideological contestation. In a more polarised world, connectivity is not a vector for greater integration, but a measure for fragmentation, which has significant impacts on the security and development of all countries in the region.

India-Vietnam Maritime Connectivity

India and Vietnam were linked maritimely in the ancient past, thanks to the function of the maritime kingdoms of Chola, Srivijaya, Majapahit, Malacca, and Temasek (Singapore). These kingdoms were great seaports and foci of communications which developed in response to the increasing volume of seaborne trade in the Malay waters. The ancient maritime routes interlinked the Far East empires in China and Japan with kingdoms in the Indian Ocean via the South China Sea, while the passage through the Straits of Malacca also opened the region to the West Asian and the European empires. The southern part of Vietnam, which was considered a major producer of rice for its citizens and for traders, was a node of maritime trade across the region.

The maritime links were disrupted with the fall of the ancient kingdoms and the arrival of Western colonisers. The consecutive wars isolated Vietnam by and large from the global shipping networks and maritime connectivity even though Southeast Asia emerged as the crossroads for trade and a connection point of the global exchange circuit. Only once the communist leadership decided to open through Doi Moi did Vietnam gradually plug into the global economy, with its maritime domain transforming from a security buffer to a connecting theatre. In 1988, Vietnam welcomed ONGC Videsh Limited (OVL) — the international subsidiary of the Oil and Natural Gas Corporation of India — to explore hydrocarbons in three blocks 06, 12E and 19 in the Nam Con Son basin. OVL subsequently expanded its operations into blocks 127 and 128.[13]

Besides cooperation on offshore oil and gas exploration, Vietnam and India's maritime cooperation is heavily centred on the security aspect. Since 2000, India's Navy has paid regular port calls to Vietnam and conducted joint activities with the Vietnamese People's Navy. Such cooperation has allowed India to be present in the South China Sea waters regularly. India has also supported Vietnam's maritime capacity building in many ways. In 2000, during the visit of Indian Defence Minister George Fernandes, the two

countries concluded an agreement prescribing cooperation in many fields, including joint naval training. In 2007, New Delhi agreed to transfer 5000 items of naval spare parts for Vietnam to maintain its Petya-class ships.[14] Since 2011, India has been providing submarine training for the Vietnam People's Navy.

Increased maritime engagements between India and Vietnam have occurred in the context of China's greater activism and assertiveness in the South China Sea and in the Indian Ocean. In 2013, India announced that it would train about 500 Vietnamese sailors in "comprehensive combat operations" in its modern training centre INS Satavahana in Visakhapatnam. In the same year, during the visit of the General Secretary of the Communist Party of Vietnam, India pledged to give a US$ 100 million line of credit to Vietnam for defence acquisition.[15] Later on, it became clear that Vietnam opted to use this credit line to build 12 high-speed guard boats for its border forces. In 2015, both countries also signed a "Memorandum of Understanding between Indian Coast Guard in the Republic of India and Vietnam Coast Guard in the Socialist Republic of Vietnam for Establishment of Collaborative Relationship to Combat Transnational Crime and Develop Mutual Cooperation".[16] In 2016, during the visit of Prime Minister Narendra Modi to Hanoi, India proposed to provide Vietnam with another credit line of US$ 500 million to build up the latter's maritime capacity. More recently, the two Defence Ministers also signed the 'Joint Vision Statement' on 08 June 2022, where Raksha Mantri Shri Rajnath Singh held bilateral talks with Vietnam's Minister of National Defence General Phan Văn Giang in Hanoi to expand bilateral defence engagements and regional and global issues. India and Vietnam signed a Defence Partnership towards 2030 and a Memorandum of Understanding (MoU) on Mutual Logistics Support.[17]

Interestingly, connectivity is by and large very weak link in the Vietnam-India maritime cooperation. The joint statement on the official visit of Indian Prime Minister Narendra Modi to Vietnam in September 2016 indicated connectivity was an area for cooperation. It said: "Both sides reiterated the importance of connectivity between Vietnam and India. They urged airlines of both sides to soon open direct flights between major cities of Vietnam and India. They sought to accelerate the establishment of direct shipping routes between the seaports of Vietnam and India. Both sides agreed on the need to further strengthen physical connectivity between India and ASEAN."[18] However, the progress was slow. No concrete projects were followed up by the Indian government. Direct flights were started in December 2019 while the first direct shipping routes began in July 2021. Reportedly, they have succeeded to a great extent thanks to the private sectors, rather than having been pushed by relevant authorities.

There have been discussions to promote connectivity within the framework of ASEAN-India cooperation. At the 13th India-ASEAN Summit in Kuala Lumpur in November 2015, Indian Prime Minister Narendra Modi made public a Line of Credit of US$ 1 billion to finance the projects of physical and digital connectivity between India and ASEAN. In December 2017, ASEAN and India held the Connectivity Summit in New Delhi, which served as a forum to accelerate connectivity projects and map out new ideas and initiatives in the field. Connectivity was also featured in the plan of action to implement the ASEAN-India Partnership for Peace, Progress, and Shared Prosperity 2021-2025. However, it mostly referred to the land link, particularly the India-Myanmar-Thailand

trilateral highway, with no reference to the shipping network. It was reported that the two sides are in the process of negotiating a maritime transport agreement and India had a plan to set up a maritime transport working group to explore the feasibility of a shipping network with Myanmar, Thailand, Cambodia, and Vietnam.[19] Yet, no significant projects and progress were noted.

New Geopolitical Tailwinds

The geopolitical shifts in the broader region gradually created new favourable parameters for greater interactions between Vietnam and India. Since Washington started the trade war with Beijing in 2018, multinational corporations have pursued the China-plus-one strategy more rigorously to avoid collateral damages. Near-shoring and friend-shoring are major vectors for relocating supply chains. Disruptions occurring during the Covid-19 pandemic also intensified their efforts to seek alternative locations for their manufacturing bases to reduce dependence on China. Vietnam and India stood out among the prime destinations for China-plus-one shifts. It is observable that many big techs such as Apple and Samsung have explored or decided to expand production facilities in India and Vietnam, as well as other Southeast Asian nations.

The survey by the German container logistics platform confirmed the course. When asked about the shipping and supply chain industry, 67 percent of respondents out of 2,600 industry professionals from over 20 countries believe India and Vietnam would "rise as functioning container shipping hubs" in 2023.[20] Indeed, the fundamentals of Vietnam and India's economies are favourable for the emergence of new manufacturing hubs. India's vast population and high birth rate make it both an attractive market as well as a manufacturing base for big tech.[21] Though its population is not as big as India's or China's, Vietnam has advantage of political stability and economic liberalisation with a thick network of Free Trade Agreements, which give its exports greater market access to major markets such as ASEAN, EU, UK, Japan, Australia and EAEU countries.[22] The salaries of workers in both countries are significantly lower than that of China. They both pursued aggressive policies to upgrade infrastructure, improve business environment, and provide incentives to attract manufacturing.

The trade ties between Vietnam and India have grown fast in recent years and have the potential to maintain the momentum. In 2022, according to the General Statistics Office of Vietnam, bilateral trade between the two countries reached US$ 15 billion — the target set by the two Prime Ministers in December 2020. For the last two decades, trade has recorded a 75-fold increase, from US$ 200 million in 2000 to US$ 15 billion in 2022. However, this figure is just about 2 percent of Vietnam's foreign trade turnover and 1.5 percent of India's figure. Though many obstacles remain, there is clearly ample room for continued expansions in the years to come.

A closer look into the balance sheet shows Vietnam has gained higher market access in India, having a trade surplus with changing trade composition. According to the commodity-wise trade data from the Ministry of Commerce & Industry, Department of

Commerce, Govt. of India, the major commodities exported and imported by Vietnam to and from India are shown in Chart 1.

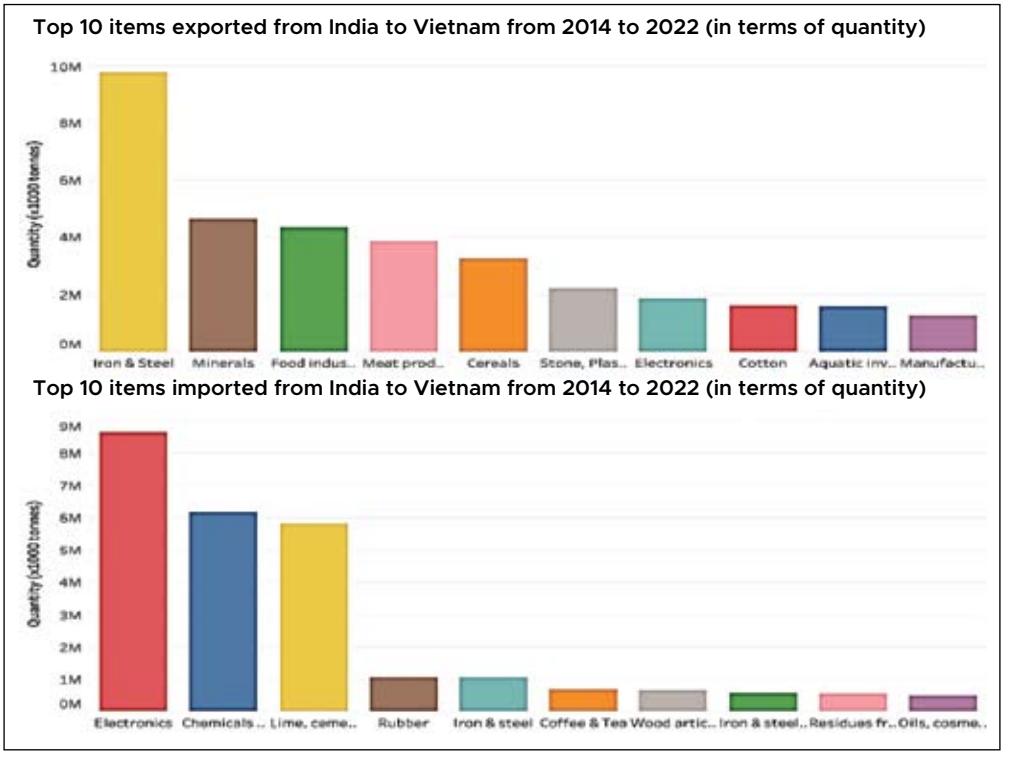

Chart 1 : Author's compilation based on data's available at Ministry of Commerce & Industry, Department of Commerce, Govt. of India: https://tradestat.commerce.gov.in/eidb/default.asp.

An examination of secondary data (Chart 2) of Haldia & Paradip Ports' Administrative Reports from 2015 to 2021 gives us an overview of the major commodities that are traded through cargo ships between Vietnam and India.

From the trade statistics, it can be concluded that while steel (2020-21) constitutes the highest exported commodity to Vietnam from Haldia Port, limestone (2020-21) constitutes the highest imported commodity at Haldia Port from Vietnam. Also, while iron and steel constitute the highest exported commodity from Paradip Port to Vietnam, coking coal, coal, FRM liquid and other dry bulk constitute the major commodities that are imported at Paradip Port from Vietnam. India's overall exports for the year shot up 29.1 percent annually to 10.78 million tonnes. This was despite the finding by the ASEAN-India Centre that in 2021-22, the volume of India's maritime trade with Vietnam had increased to over 399,201 TEU in terms of exports and 115,236 TEU in terms of imports, generating over 250+ feeder vessels in the process.

Both India and Vietnam were pursuing port-led socio-economic development. Yet detailed knowledge of each country's plans, extant and future plans for port infrastructure

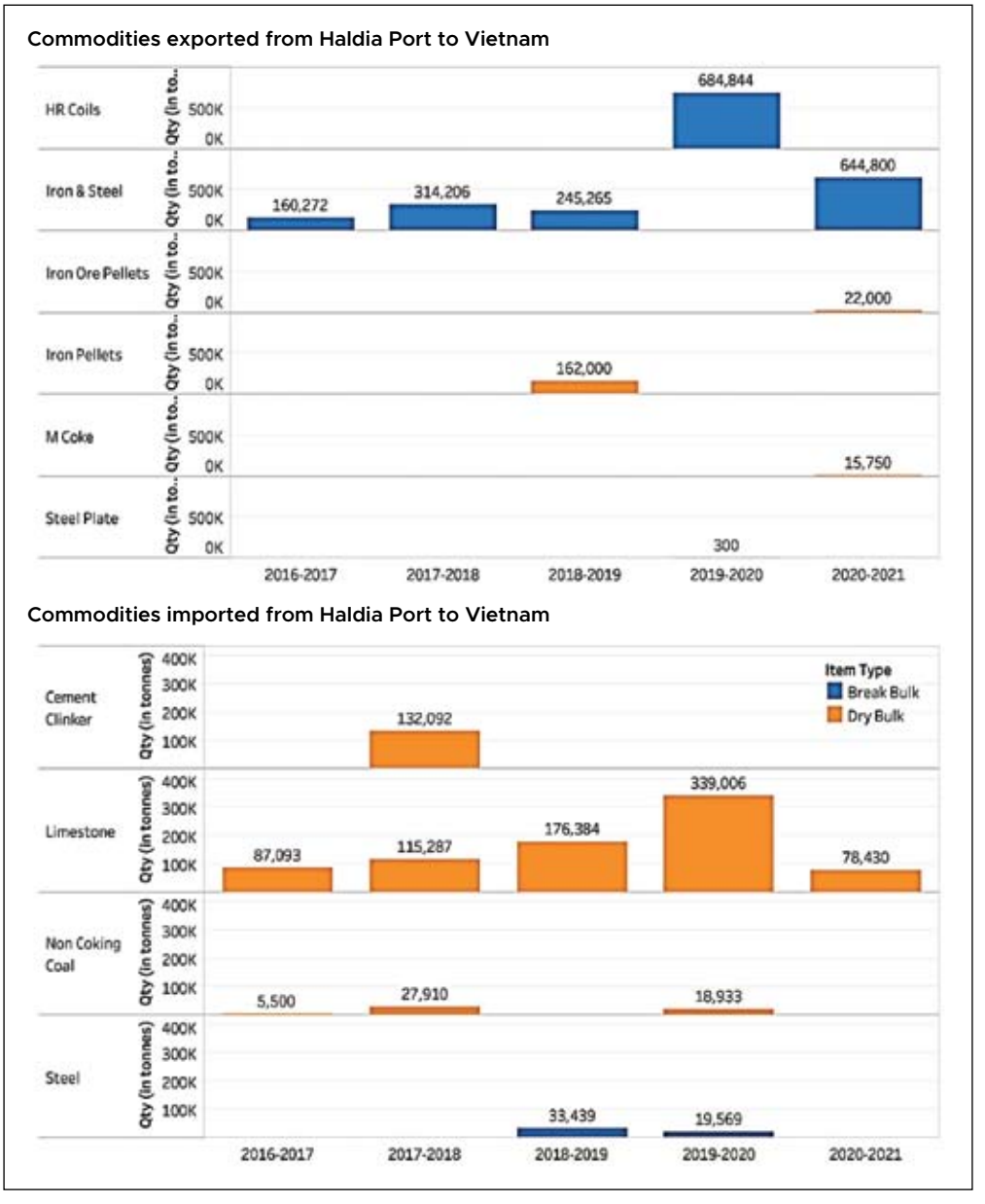

Chart 1 : Author's compilation based on data available at Ministry of Commerce & Industry, Department of Commerce, Govt. of India: https://tradestat.commerce.gov.in/eidb/default.asp.

(incorporating both, greenfield and brownfield ports), etc., was abysmally poor — even in the case of large, specialist logistic and shipping companies. Although a direct shipping route to India was introduced in July 2022, this was only between the Vietnamese port of Cua Lo (located 200 kilometres southwest of Haiphong) and the Indian riverine port of

Kolkata. There were very significant opportunities for enhanced mercantile shipping that simply went abegging. These opportunities were underscored by the fact that Vietnam planned to double the cargo-handling capacity of its ports — from 200 million tonnes (MMT) to 400 MMT by 2030.[23] Likewise, the total traffic handled at Indian ports had risen from 885 MMT in 2010-11 to 1,300 MMT in 2019–20, with 54% of all Indian cargo being handled by the country's twelve major ports.[24]

Yet, the ability to leverage these opportunities remained mired in large swaths of ignorance. For instance, commodity-wise specific data-records between Indian and Vietnamese ports were available with the customs authorities stationed at the various ports of both countries, but there was no system in place in either country to systemically obtain this data. Other challenges included operating patterns that were in place; for instance, breakbulk cargo vessels did not move the cargo from source to destination in a single voyage, which led to significant discrepancies in analysis. The substantial quantum of transhipment occurring at the transhipment hubs of Singapore and Port Klang added to the difficulties of accurately assessing, analysing, and recommending new, direct trade routes.

In a snapshot, the supply chain restructuring, current momentum of bilateral trade and policies of both governments are tailwinds supporting connectivity between the two countries. The trade war and decoupling process make Vietnam and India more significant in the global manufacturing. The MNCs' relocation of productive forces out of China would naturally bind India and Vietnam in the new supply chains. Bilateral trade ties are expanding, as both countries are seeking diversification and building up resilient supply chains. Strong civilizational and cultural links, as well as strategic trust provides an environment favourable for trade and investment expansions. Finally, the improvement of port systems in both Vietnam and India serves as a solid ground for connectivity. Current geopolitical vectors provide impetus for improved maritime linkages between Vietnam and India.

A Pathway Forward for India and Vietnam

Since 2019, direct flights have started and increased quickly, which has prompted a surge in travelling between the two countries and offers an enormous chance for business engagements. This has helped dispel the myth of low volume of traffic which made airlines of both countries delay the operationalisation of direct airlinks despite the air service agreement between Vietnam and India which was inked almost fifteen years ago. The same would be applied to direct shipping routes, which would help shorten the transport time by a third — from 21-22 days to 14-15 days.[25] As trade potential is there and remains substantial, the establishment of the maritime highway would spur interests and open opportunities, not vice versa.

The increased intensity of geopolitical rivalry among major powers, also major economies has driven both India and Vietnam to diversify their supplies and markets, making their economies far less vulnerable to any single supplier or a couple of major markets. A case in point would be Vietnam's textile and garment industry, and India's

pharmaceutical industry, which are much dependent on a single source of supply. The ongoing restructuring of the supply chain also kindled business interest in expanding dyadic maritime connectivity between Vietnam and India. As the two countries are emerging as new centres of reliable supply chains, increased transportation and logistical links would broaden the range of choice for investors. Consequently, improving connectivity in the maritime domain is no doubt a pathway towards comprehensive maritime security.

However, maritime connectivity ought not be left to market forces and the private sectors only. Given the fact that it needs big investments and has long-term impacts, governmental interventions are necessary. Also, as geopolitical competition in the Indo-Pacific region gathers more steam, the risks to maritime shipping increase. Against that backdrop, maritime connectivity cannot be realised without a certain degree of security and safety, which can be provided by state actors. Improved maritime linkages not only deepen economic integration through greater trade and investment but are also a condition for broader cooperation to build a more secure maritime domain between the two countries.

To this end, the governments of India and Vietnam should continue to upgrade their respective port infrastructure and facilitate reliable investments into the industries. According to a Reserve Bank of India report in 2022, India's poor shipping connectivity has hindered its integration into the global value chain. The report reveals that India scored 34% in the GVC participation index, whereas the 10-member Association of Southeast Asian Nations scored 45.9%. On the other hand, Vietnam scored above 50% in the same gauge, as reported in a separate study.[26] In this context, Adani's investment into Lien Chieu ports in Da Nang, if materialised, would create a gateway for the flow of India's goods into Vietnam. Vietnamese enterprises should be encouraged to invest into port infrastructure and trading houses in India. Besides that, developing smart ports, which are not only climate sustainable but also digitally intelligent, could also be a potential field for cooperation between the two countries.

The two countries also need to give incentive to shipbuilding industries and encourage direct shipping routes to reduce reliance on global shipping cartels. To this end, New Delhi and Hanoi should consider reducing cabotage restrictions and give favourable conditions for Indian and Vietnamese companies to connect a range of ports in both countries, and jointly develop special and preferential taxation mechanisms and procedures to avoid any unnecessary prolongation of lay times, simplify and expedite wherever possible customs and other formalities to facilitate the flow of goods from one country's port to the other's port. To reduce dependence on global shipping giants such as Maersk, MSC or Cosco, the two countries should consider giving special support to their national shipping corporations to form maritime shipping joint ventures for better development of direct routes. To this end, Vietnam and India might need to revisit the agreement on Maritime Shipping Agreement signed on 24 May 2013.[27]

Observably, insufficient data has limited the ability to leverage these opportunities. No system has been put in place in either country to systemically obtain and make public commodity-wise specific data-records between Indian and Vietnamese ports — which might be scattered with the customs authorities stationed at the various ports of both

countries. The data on how the cargo moves from source to destination is also more difficult to obtain. It is recognised that a big quantity of transhipment occurring at the shipping hubs of Singapore and Port Klang add another layer of difficulty to accurately assess, analyse, and recommend new, direct trade routes. In this regard, a system needs to be put in place to collect relevant data for mapping the pathway goods being moved between Vietnam and India, and beyond for more informed policy-making decisions.

To leverage all strategic and geo-economic favours, India and Vietnam ought to consider negotiating a comprehensive economic cooperation agreement (CEPA), which would clear all hurdles for greater trade and investment. A CEPA would give a broader space for the two countries to negotiate important issues such as trade in goods, trade in services, technical barriers to trade, investment, payment, relevant skill development schemes, logistics and connectivity issues. After all, the connectivity between the two broad economies is important factor which will create greater maritime connectedness.

Conclusion

All in all, despite much hope and talks, connectivity remains a weak spot in Indo-Vietnam maritime cooperation. Though connectivity has a long history dating back to the ancient dynasties and the two countries have been blessed with favourable geographic conditions for seaward expansion, there was little interest in both New Delhi and Hanoi to develop dyadic maritime transport linkages before 2013. The rise of China and increased geopolitical rivalry kindled some attention to the east-west corridors, both land and sea, between India and Southeast Asia. However, merely the convergence of geopolitical interests was not sufficient for any real push. Only once supply chain disruptions and restructurings occurred and intensified under the Covid-19 pandemic, did real interest in strengthening maritime connectivity between India and Vietnam take shape. The swift growth of trade between the two countries and the need to strengthen their supply chain resilience also added to the shift. Yet, given its strategic importance and risky nature, maritime connectivity requires the governments' supporting policies to fully materialise. It is recommended that Vietnam and India continue their port-led development by putting greater emphasis on modernising port facilities and shipping industries while at the same time enhancing soft links through simplified procedures, digital documentation, cabotage facilitation, systemized data collection and analysis, and a comprehensive trade agreement.

Notes

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