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Aaryan Khanna

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Abstract

This paper explores the dynamics of defence relations between India and Vietnam and areas of improvement in both countries' defence production capabilities. The research highlights the foundational bilateral ties established since 1950 and how these have evolved into a robust defence partnership that stretches on till today. It expands on the significance of the 2016 comprehensive strategic partnership, driven by shared concerns over regional security, particularly in the South China Sea. The paper analyzes the development of indigenous arms industries in both countries, emphasizing the shift from dependency on imports to indigenous production of arms. It also highlights the potential for joint research and development initiatives, which will enhance bilateral relations and strengthen each country's defence capabilities. The analysis emphasizes the need for deeper defence cooperation at a time of international instability, particularly in the context of rising geopolitical tensions in Asia.

Keywords: Defence cooperation, Arms industry, Indigenous growth, Modernisation, Technology Transfer, Self Reliance

Introduction

India and Vietnam have maintained close bilateral relations since 1950, stemming from their histories of colonialism, foreign policies of non-alignment, and rapid economic growth. Since the beginning of each country's post-independence era, Indian Prime Minister Jawaharlal Nehru and Vietnamese leader Ho Chi Minh's friendship and following of socialist principles paved the way for mutual development. Despite the initial partition, internal conflicts, political instability, and foreign intervention in Vietnam, both sides have been able to maintain relatively stable and close relations. Establishing formal diplomatic ties in 1972 has led to immense growth in bilateral trade, defence cooperation, and technological development that continues to foster further bilateral growth.

Additionally, India's signing of a comprehensive strategic partnership with Vietnam in 2016 (Vietnamese Ministry of Defence, 2016) further strengthened ties between both sides as growing competition for influence in the South China Sea combined with an aggressive adversarial foreign policy that utilises a variety of intimidation and control tactics has triggered a growing need for new and advanced weaponry to deter foreign military interventions in South Asia, especially for Vietnam. This country shares a maritime and land border with its regional adversary and is

constantly threatened by intrusion and invasion (Council on Foreign Relations, 2024). In particular, India and Vietnam's joint concerns regarding their respective military infrastructure have seen a shared need for indigenously produced weapons. Specifically, both countries' shift from a historic reliance on imports and licensed domestic manufacturing of foreign weapons to the development of locally made weapons symbolises a growing urgency for developing each country's indigenous arms industry.

However, a shift between the years 2000 to 2022 in the recent international arms race has been so focused on producing large and expensive weaponry, such as long-range missiles, that it has led to a decreased interest in the research and development of close combat weapons, one of the most critical components of any modern military. States have revived and bolstered their long-range ballistic missile programs to deter adversarial neighbours or foreign actors from invading, pouring billions annually into research and development initiatives for long durations. Countries pouring vast quantities of resources into highly advanced weaponry such as missiles and aircraft aim to develop militaries that can engage in short-duration conflicts, and strike their opponents hard enough in a short time to deter them from further action. A significant allocation of resources to such programs has led to the dwindling mass production of close combat weapons, with close combat weapons such as small arms and artillery facing reduced production, given their dwindling usage. Additionally, reduced troop numbers and increased maintenance costs have reduced deployment of such military assets throughout different regions.

This trend continued until Russia invaded Ukraine in February of 2022, highlighting the need for more modernised and mass-deployed close-combat weapons and significantly more efficient and formidable quality military equipment. With the most recent deployment and usage of current-generation military equipment, countries worldwide are scrambling to rejuvenate the production of more conventional arms that can be deployed in close combat situations. Weapons such as small arms (assault rifles, pistols, sniper rifles), artillery guns, and kamikaze drones (single-use drones equipped with explosives that explode upon the impact of a target) are now seeing a massive increase in demand by military forces around the world. Countries are now beginning to realise the importance of retaining large quantities of weaponry to raise troop levels sufficient to defend homelands and ample mass procurement capabilities to supply military forces with abundant supplies in the event of a prolonged conflict.

India: A Growing Power

In India, a somewhat recent industrial boom in the domestic arms industry has been triggered by new government initiatives promoting self-reliance and independence from imports (Make In India's Department of Defence Production), a 511% increase in military expenditure over the past 20 years (SIPRI, 2024), and large-scale government partnerships with the private industry. The Indian Armed Forces have seen the development of various weaponry for different uses, including

the Ugram assault rifle (Kulkarni, 2024), the towed artillery system OFB Dhanush, and the suicide drone system Nagastra-1 (ANI, 2024). These weapons, conceptualised, manufactured, and assembled in India, highlight the growing shift from a historic reliance on imported weapons.

For decades, the country remained heavily reliant on imports from European companies such as Browning (Belgian pistols and light machine guns), Kalashnikov (Russian/Soviet assault rifles), and Bofors (Swedish artillery guns), stemming from alleged historic institutional corruption (WION, 2021) that saw the siphoning of government funds to "Middlemen" both inside and outside India. In 1958, the Indian government established the Defence Research and Development Organization (DRDO), tasked with instituting new research and development (R&D) for the Indian Armed Forces. After its establishment, the DRDO undertook a wide range of initiatives to help jumpstart the Indian arms industry, focusing on developing indigenous weapons through the design and deployment of locally produced weapons such as INSAS assault rifles and machine guns, the Pinaka multi-rocket launcher system, and the DRDO Rustom surveillance Unmanned Aerial Vehicle (UAV). Under the current central government, the Ministry of Defence has ramped up capital expenditure for the maintenance, purchase, and development of military assets employed by the Indian Armed Forces, with an allocation of over $20 billion for the 2024-2025 fiscal year (PIB, 2024). Additionally, deregulation within the arms industry through increasing foreign direct investment limits and streamlining approvals for arms research and development have allowed the Indian arms industry to decrease production costs and modernise the arsenal of the Indian Armed Forces. Furthermore, the inclusion and collaboration with private sector companies such as Kalyani Strategic Systems, Larsen and Toubro (ships and submarines), and Tata Group (missile launch platform) alongside the development of new defence public sector undertakings (state-owned companies that develop goods and services primarily for the government) have revolutionised the development of new indigenous arms by sparking a new push for innovation and domestic competition, opening the floodgates for companies to develop efficient and modernised weaponry while maintaining the government's "Make in India" initiative.

These factors have allowed India to churn out large quantities of weapons that are ready to deploy and be exported around the world, with India exporting more than $2 billion worth of military goods between the 2023-2024 fiscal year (PIB, 2024) to countries such as Italy, Sri Lanka, the UAE, Israel, and the Philippines. Despite this, India maintains its position as an arms importer, importing more than $2.85 billion in foreign military goods from various sources (SIPRI, 2024). Russia, the most significant arms partner of India, has maintained close political and economic ties dating back to the Soviet-era leadership (Jaffrelot & Sud, 2022). Historical alignment and closeness established and maintained pipelines for large-scale arms sales and development that last today, with the Indian Armed Forces utilising and maintaining Russian/Soviet equipment in almost every division. Despite this, Russia's invasion of Ukraine has led to concerns regarding the country's ability to deliver new arms, given the excess demand for military goods by the Russian military.

Vietnam: An Influential Player

In Vietnam, a historical dependence on Soviet-era equipment dating back to the 1950s and a growing need for newly developed indigenous weapons has prompted the development of a new shift towards domestic development and procurement of arms. Over the last five years, Vietnam has imported weapons from Russia worth over $300 million (SIPRI, 2024), with imports declining over time. While relying heavily on imports, Vietnam has historically procured weapons domestically under licenses from foreign companies such as IWI (Azulai, 2012) , Kalashnikov, and Norinco (a Chinese state-owned arms company). In a recent movement towards advancing its military capabilities, the Vietnamese government has focused on modernisation efforts through deals with strategic partners such as India and Israel to maintain Soviet-era equipment, including Kilo-class submarines, overhauling the production of licensed small arms (such as the IWI Galatz sniper rifle, the KSVK anti-material rifle, and the DLN7 machine gun), and significantly increasing its defence budget (GlobalData, 2022).

Furthermore, Vietnam has laid the foundations for an indigenous arms industry, with equipment such as the STV assault rifle family developed and procured for the Vietnamese military. This has allowed the military to build and utilise weaponry suitable for battle conditions that they may face, reducing technical difficulties in the field and providing troops with weapons ideal for their environment. Historically, arms supplied to the Vietnam People's Army (VPA) during the Vietnam War between 1955-1976 predominantly flowed from the Soviet and Chinese militaries as it combatted the Republic of Vietnam (South Vietnam) and American troops aiding the South. For decades, the VPA was supplied with arms such as several variants of the Kalashnikov rifle, the Dragunov SVD sniper rifle, the B-10 anti-tank recoilless rifles, and the T54 tank, as part of deep military ties that lasted throughout the reign of the Soviet Union. Despite the collapse of the Soviet regime in 1991, the Vietnamese government continued to maintain close military ties with the country, with the Vietnamese Ministry of Defence (MoD) purchasing more advanced weaponry, such as surface-to-air missiles and multi-role aircraft. While the government continued to import next-generation military assets, Vietnam also continued to develop its arms industry piece by piece, manufacturing licensed small arms and light weapons designed by Soviet/Russian companies. By 1996, Vietnam began procuring light armoured vehicles and essential munitions for its military (Guarascio & Vu, 2022). Throughout the late 90s to 2010, the Vietnamese government utilised a mixture of agreements and arms purchases with friendly countries such as Israel (Ningthoujam, 2024) to manufacture foreign high-end weapons domestically while slowly advancing its production capabilities.

After 2010, Vietnam boosted its indigenous development and production of small arms through state-owned defence companies and factories such as the Z111 factory, focusing on manufacturing both Indigenous and licensed foreign weapons. Indigenous weapons like the STV-380 assault rifle, the TUL-1 light machine gun, and the STA-50 Mortar are now in use throughout the Vietnamese

military, with more technologically advanced military assets such as UAVs (Vittel's VUA-SC-3G reconnaissance drone) in development (Hiếu, 2022). However, Vietnam continues to rely on imported weapons. Given its extensive dependence on external weapon pipelines, it maintains decades-old military assets, leading to internal concerns regarding its military capabilities and ability to withstand a long war.

Despite this immense growth, the Vietnamese arms industry sees a tight grip on research, development, and investment, with investment and involvement limited to only state-owned, domestic companies connected to the military (International Trade Administration, 2024). This restriction on any involvement of private companies in the domestic arms industry since the country's founding in the 1950s has stemmed from a need to maintain strict control over the flow of arms in and out of the country under national security pretences, a perspective that sees an intertwining of the military and defence industry with the government as the most efficient, and a lack of significant technological expertise and experience with development and manufacturing.

Joint Research and Development

With both countries aspiring to expand their respective arms industries, India and Vietnam have the unique opportunity to establish a joint arms development and procurement program. A program that would see both countries engaging in joint R&D would allow Vietnam to receive new production capabilities through a transfer of technology, while providing India with the opportunity to foster even closer ties with one of its regional partners and allow India to attain new training and procurement techniques that it can implement. Such a program would allow India and Vietnam to jointly research and develop advanced weaponry for mass deployment and export.

In Vietnam, a shift towards a balance between multinational private companies and state-owned companies can allow for more efficient manufacturing to cut costs, increased funding for R&D programs through various entities, and improved quality of military goods. Although concerns about institutionalised corruption, bribery, and foreign influence have hampered the idea of significant privatisation throughout the Vietnamese arms industry, a balance between strong security and anti-graft regulations alongside moderated privatisation and bolstering of the indigenous arms industry is necessary further to stimulate the development of the Vietnamese arms industry.

One way they can utilise assistance from the private sector without providing it with too much power and influence, would be to outsource specific components of specific weaponry. For example, Vietnam can outsource smaller parts of an artillery gun, such as the trunnions and firing platform, to private companies while manufacturing the essential components, such as the barrel or jacket, through state-owned defence companies. This allows the government to ensure it is not entirely dependent on private companies to manufacture essential weapons. It utilises such companies to mass produce and maintain other components and weapons at cheaper and more

efficient rates. In addition, Vietnam can utilise technology transfers with India to further stimulate domestic R&D for technologically advanced weaponry such as missiles and tanks. India's guided missile development and procurement expertise through its Integrated Guided Missile Development Program provides Vietnam with a technologically advanced ally.

In India, a joint R&D agreement can allow PSUs and private defence companies to develop new mass production techniques inspired by the Vietnamese. Vietnam is one of the largest manufacturing hubs (in terms of output) for textiles and technology. However, India can utilise and replicate specific manufacturing techniques and tools that Vietnam utilises throughout the Indian arms industry, especially in the mass production of low-tech weaponry. Such methods allow the Indian Armed Forces to maintain and upgrade critical equipment for deployment and holding in reserves, mainly when India aims to expand its military capabilities through new modernisation and reforms. Additionally, India can outsource weapon component manufacturing to specific factories in Vietnam that specialise in military goods for weapons development and export to various countries already purchasing arms from India.

The economic benefits for both countries would be immense. India could increase employment and economic output throughout the country by further strengthening research, development, and manufacturing of new indigenous weaponry by creating new initiatives and factories. At the same time, Vietnam would see a dramatic increase in foreign direct investment being channelled into the country (providing the country with more funds for R&D to develop more advanced weaponry and new initiatives for localised industrial production of military goods and services). Additionally, the mass production of new Indigenous weapons at more efficient rates and lower costs provides the opportunity for both India and Vietnam to overhaul their international defence exports, with both possessing geopolitically strategic locations that allow them convenient access to a variety of customers, including Saudi Arabia, Egypt, Laos, and the Philippines. Politically, both countries can further enhance diplomatic ties through initiatives focusing on technology transfers and increased bilateral cooperation on facilitating defence and other treaties as part of the Joint Vision for Peace, Prosperity, and People announced by both countries' Prime Ministers in 2020.

Conclusion

In conclusion, India and Vietnam have the unique opportunity to jointly develop closer defence ties through advancing new research, development, and procurement programs for each country's indigenous arms industry to decrease both countries' reliance on imports and further stimulate self-reliance initiatives in both countries, from the Make in India initiative to the Make in Vietnam initiative. With both sides' historical closeness stemming from a shared perspective on non-alignment on the world stage, India and Vietnam have, and will continue to find a variety of methods to further strengthen bilateral cooperation, especially at a time when both countries face

aggressive foreign powers on their borders attempting to utilise coercion and military threats to dominate the international system.

Although both countries face national security concerns and implications, foreign interference and sabotage, and budgetary issues, the potential for immense growth for both countries' armed forces an essential aspect of bilateral relations between India and Vietnam. Although there already are several programs, such as the $100 million line of credit (PIB, 2022) from India to Vietnam for the procurement of defence goods, a significant initiative needs to be taken by both countries further to stimulate massive growth in each Indigenous arms industry.

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About the Author

Aaryan Khanna is a research intern at India Foundation, specialising in foreign policy and pursuing a bachelor's degree in International Affairs and International Business at George Washington University, Washington DC, USA.