

# Motivation And Significance of Promoting FTA Between Vietnam and India

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## Abstract

*In the current landscape of global trade and economic integration, Free Trade Agreements (FTAs) have become key instruments for fostering growth, deepening market access, and enhancing strategic partnerships between nations. Vietnam and India, as two of the most dynamically developing economies in Asia, have both participated in the ASEAN - India Free Trade Agreement (AIFTA) since 2010. However, the practical utilization of AIFTA remains limited, and bilateral trade potential has yet to be fully realized. Given the evolving global value chains and increasing geopolitical uncertainties, a comprehensive bilateral FTA between Vietnam and India emerges as a strategically important initiative to diversify trade relations, strengthen resilience, and promote inclusive regional growth.*

*This research explores the motivations and long-term significance of promoting Vietnam - India FTA. It argues that beyond purely economic considerations - such as boosting exports, attracting investment, and optimizing comparative advantages - political and strategic factors also play a critical role. These include Vietnam's desire to reduce reliance on traditional partners and India's "Act East" policy aimed at strengthening engagement with Southeast Asia. The study also highlights structural complementarities between the two economies, especially in sectors like manufacturing, agriculture, information technology, and pharmaceuticals.*

*By evaluating trade performance, investment trends, the current limitations of AIFTA, and the barriers to deeper cooperation, this study identifies both the opportunities and challenges in negotiating and implementing a bilateral FTA. Policy recommendations focus on institutional reforms, stakeholder engagement, and the need for adaptive regulatory frameworks. Ultimately, the findings underscore that a Vietnam - India FTA would not only contribute to stronger bilateral ties but also enhance the countries' strategic roles in the Indo-Pacific regional order.*

**Keywords:** Free Trade Agreement (FTA), Vietnam - India FTA, Vietnam- Indiatrade

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## I. Introduction

In recent decades, the trend of globalization and international economic integration has strongly promoted the development of Free Trade Agreements (FTAs) worldwide, especially in the Asia Pacific region, which has increasingly contributed to global economic growth. The establishment and expansion of FTAs not only help countries reduce tariff barriers but also facilitate the flow of trade, investment, technology transfer, and multilateral economic cooperation. At the national level, especially for developing economies such as Vietnam and India, FTAs are viewed as strategic tools to expand export markets, enhance production capacity, and strengthen their position in the international arena.

Vietnam and India, two dynamically developing economies in Asia, are actively accelerating their integration into the global economy. Vietnam, with its "Doi Moi" policy and accession to the World Trade Organization (WTO) in 2007, has become an attractive destination for foreign investment and international trade. India, with its large population and stable GDP growth rate, is also asserting its role as a regional economic hub with its "Act East" policy aimed at strengthening economic relations with Southeast Asian countries, including Vietnam. However, although both countries have been parties to the ASEAN India Free Trade Area (AIFTA) since 2010, the degree to which they have utilized the preferential benefits under this agreement remains limited due to various reasons, such as institutional differences, technical regulations, and non-tariff barriers.

Promoting the conclusion of a bilateral FTA between Vietnam and India or upgrading cooperation frameworks under existing agreements is not only a political aspiration but also a practical necessity to enhance sustainable economic connectivity between the two countries. A bilateral FTA can help remove remaining trade

barriers and facilitate the flow of goods, services, capital, and skilled labor. Moreover, in the context of increasingly fragmented and complex global value chains, deepening cooperation will allow both Vietnam and India to leverage complementary advantages and effectively exploit sectors such as supporting industries, information technology, processed agriculture, and pharmaceuticals – all of which have great potential in bilateral trade relations.

The motivation for promoting an FTA between Vietnam and India is driven not only by purely economic factors but also by strategic and geopolitical considerations. Expanding trade and investment cooperation helps strengthen the role of both countries within the regional economic architecture while creating leverage to cope with common challenges, such as global supply chain instability, competition from other major economies, and rapid changes in the international political landscape. Given their strategic geographic locations and roles in the Indo Pacific region, the cooperation between Vietnam and India holds significant importance in building a stable, dynamic, and closely connected economic zone.

However, the process of promoting a bilateral FTA also faces several challenges. There is a certain disparity in the economic development and institutional frameworks of the two countries, which requires adjustments and compatibility regarding legal regulations, technical standards, and administrative procedures. Furthermore, the overlapping and complex nature of regional trade agreements, as well as competition from other markets, increase the pressure to build a substantive FTA that is feasible to implement and manage effectively. Therefore, in-depth research on the motivating factors and strategic significance of the FTA will provide a scientific basis for suitable policy decisions to maximize the benefits from the Vietnam India cooperation.

Based on these considerations, this research focuses on two main objectives: first, to clarify the economic, political, and strategic motivations driving Vietnam and India to enhance cooperation through an FTA; second, to analyze the practical and long-term significance of the FTA for bilateral and regional economic development. The study will evaluate the current status of trade and investment relations between the two countries, analyze the barriers and opportunities in utilizing the preferences under existing FTAs, and propose policy recommendations to promote the negotiation and effective implementation of a bilateral FTA.

The findings of this study will not only enrich the theoretical framework on bilateral trade cooperation in the context of regional integration but also provide practical implications for policymakers, businesses, and relevant stakeholders in building sustainable economic development strategies and strengthening international cooperation between Vietnam and India in the coming years.

## **II. Theoretical Framework**

### **2.1. Concept and Nature of Free Trade Agreements (FTAs)**

Free Trade Agreements (FTAs) are bilateral or multilateral trade agreements in which participating countries commit to reducing or eliminating trade barriers such as tariffs, quotas, and non-tariff measures to facilitate the exchange of goods and services. The essence of FTAs lies in creating an open trade area where businesses can access markets at lower costs, thereby enhancing production efficiency and international competitiveness. Compared to other forms of trade cooperation such as comprehensive free trade zones or customs unions, FTAs often feature flexible commitments and may include provisions on investment protection, intellectual property rights, and technical cooperation [11], [6].

The concept of FTAs has developed amid the globalization of the economy, as countries seek to deepen market integration to promote economic development [2]. According to international trade theory, FTAs help exploit comparative advantages, optimize resource allocation, and build more efficient regional value chains [3]. However, establishing and operating FTAs also pose challenges in harmonizing policies and regulations across countries and managing domestic socio-economic impacts [11].

### **2.2. Theories on Motivations Driving FTAs**

The motivations behind the establishment of FTAs arise from various economic and political theoretical foundations. From an economic perspective, classical and modern trade theories posit that FTAs eliminate trade barriers, facilitating the flow of goods and services, enhancing competition, and promoting technological innovation [22]. Participating countries benefit from market expansion, increased exports, and foreign direct investment attraction [24]. Particularly, global value chain theory emphasizes the role of FTAs in allocating and integrating production stages across countries to improve efficiency and value-added [3].

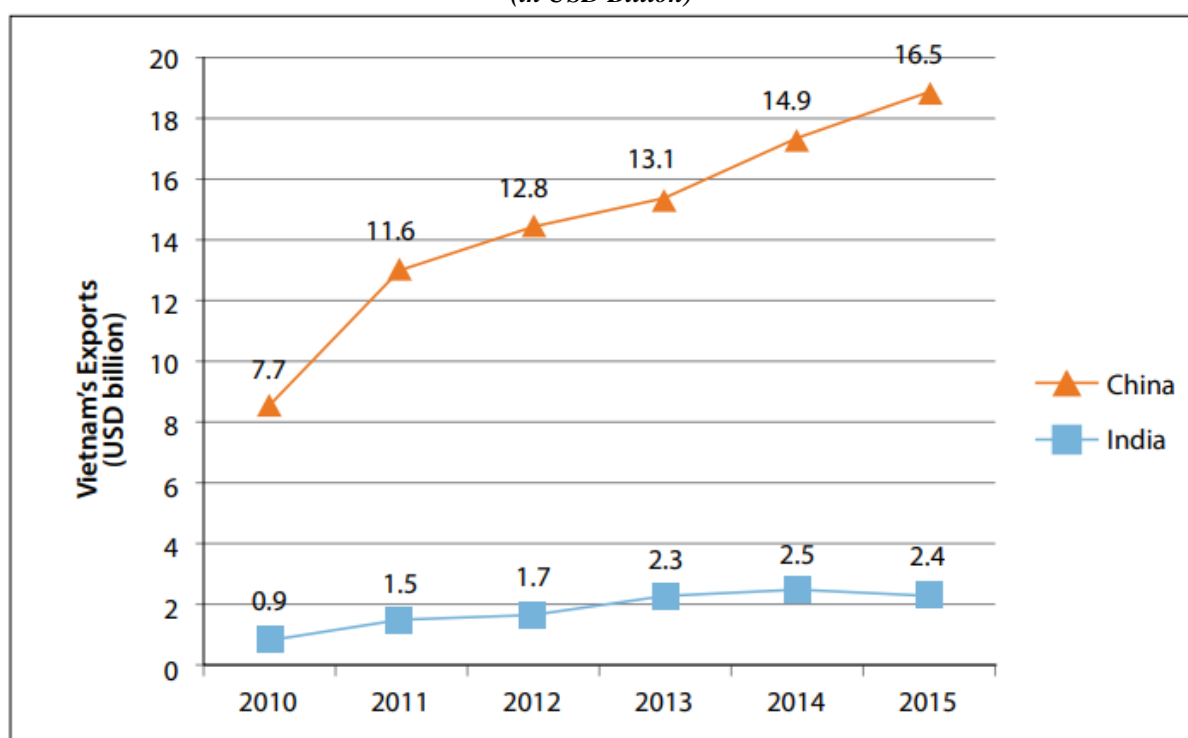
From a political standpoint, international relations theory highlights that FTAs are not only economic tools but also strategic instruments to consolidate diplomatic relations, build regional alliances, and strengthen national positions in the global arena [5], [7]. The negotiation and implementation of FTAs usually involve political commitments aimed at fostering trust and stability in long-term cooperation [19]. Especially in the context of strategic competition among major powers, FTAs can be part of balancing power and increasing regional influence [8].

### 2.3. The Role of FTAs in the Bilateral Economic Development of Vietnam and India

For Vietnam and India, FTAs play a crucial role in promoting bilateral economic cooperation and enhancing regional integration. Economically, FTAs allow both countries to leverage their comparative advantages such as abundant labor resources, large and diverse consumer markets, and key industrial sectors [9], [20]. Vietnam has strengths in industrial production, agriculture, and processed exports, while India boasts a large workforce, advanced information technology, and pharmaceutical sectors [23], [16]. Cooperation through FTAs helps expand export markets for core products and attract high-tech investment and capital from both sides [24], [15].

Strategically, the Vietnam - India FTA contributes to strengthening regional economic linkages and facilitates the formation of complementary regional supply chains [8], [12]. This not only enhances international competitiveness but also helps mitigate global economic fluctuations [26]. Moreover, FTAs establish a solid legal framework for multidimensional cooperation, including trade, investment, human resource development, and technology transfer, thereby supporting sustainable economic growth for both countries [18], [21].

**Figure 1: Comparison of Vietnam's Exports to China and India, 2010 - 2015**  
(in USD Billion)



(Source: World integrated Trade Solution)

The chart illustrates Vietnam's export volumes to China and India from 2010 to 2015, revealing a significant disparity between the two trading partners. Specifically, Vietnam's exports to China surged from USD 7.7 billion in 2010 to USD 16.5 billion in 2015, reflecting a consistent and robust growth trend. In contrast, exports to India increased modestly from USD 0.9 billion to USD 2.4 billion over the same period, with minor fluctuations and even a slight decline in 2015. This difference highlights the underutilized potential in Vietnam-India trade relations, despite both countries being fast-growing economies with strengthening political ties.

The considerable gap in export volumes underscores the urgent need to promote a more effective Free Trade Agreement (FTA) between Vietnam and India. While both countries are members of the ASEAN-India Free Trade Agreement (AIFTA), the effectiveness of this agreement in facilitating Vietnam's exports to the Indian market remains limited. Promoting a more comprehensive bilateral FTA would not only enable Vietnam to expand its export markets but also reduce its dependency on traditional partners like China. Furthermore, such an agreement would enhance the ability of Vietnamese small and medium-sized enterprises (SMEs) to access the Indian market, thereby increasing their competitiveness and integration into regional value chains.

Additionally, upgrading or restructuring the terms of the existing AIFTA is essential to adapt to the evolving global economic environment, particularly as both Vietnam and India pursue strategies to diversify trade and supply chains. Therefore, the chart not only reflects the current state of trade relations but also

reinforces the argument that advancing a more effective and inclusive FTA between Vietnam and India is a strategic imperative to unlock the full potential of cooperation between these two emerging Asian economies.

### III. Current Situation

#### 3.1. Overview of Vietnam - India Trade and Economic Relations

Vietnam and India have enjoyed a steadily growing economic partnership over the past two decades, particularly since the implementation of the ASEAN - India Free Trade Agreement (AIFTA) in 2010 [1], [23]. Bilateral trade has increased significantly, rising from approximately USD 2.7 billion in 2010 to over USD 15 billion in 2022, making India one of Vietnam's top ten trading partners [15], [9].

**Table 1: Vietnam - India Export and Import Turnover (2015 - 2024)**  
(Unit: million USD)

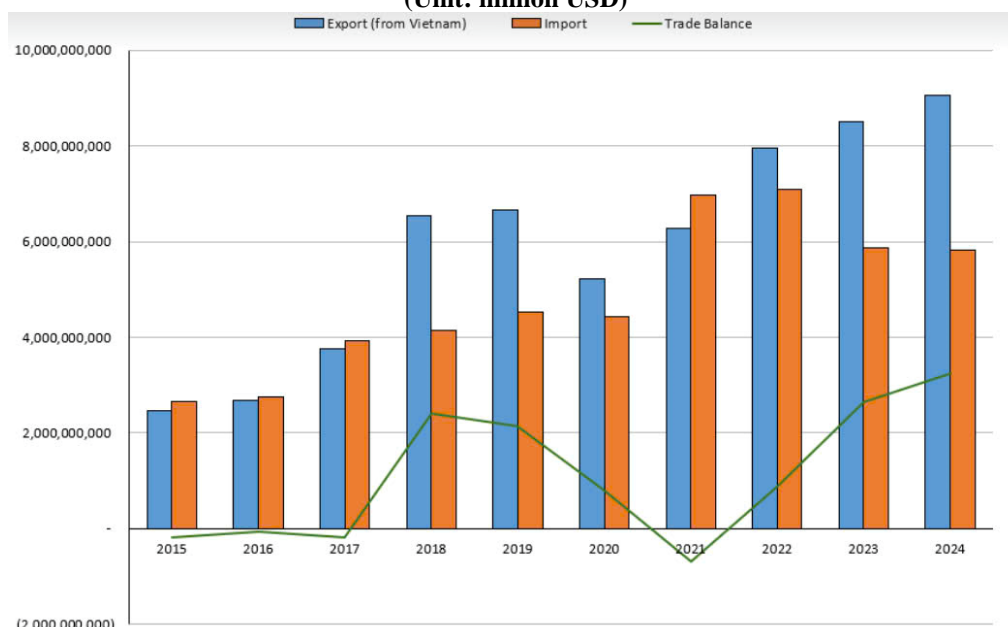
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Export (from Vietnam)	2.472,42	2.687,19	3.758,06	6.543,81	6.672,84	5.235,24	6.280,67	7.961,83	8.498,78	9.064,51
Import	2.656,39	2.745,53	3.940,02	4.147,02	4.528,22	4.435,53	6.963,73	7.086,77	5.864,66	5.829,89
Total trade	5.128,81	5.432,73	7.698,07	10.690,83	11.201,07	9.670,77	13.244,41	15.048,59	14.363,44	14.894,40
Trade Balance	(183,97)	(58,34)	(181,96)	2.396,80	2.144,62	799,72	(683,06)	875,06	2.634,12	3.234,61

(Source: Re-arrange from Statistics of Vietnam Customs Department)

Vietnam has primarily exported mobile phones, machinery, electrical equipment, and agricultural products to India, while importing pharmaceuticals, iron and steel, textiles, and petroleum products from India [9], [14]. In terms of investment, India has gradually increased its presence in Vietnam, especially in sectors such as information technology, renewable energy, and pharmaceuticals [24]. Vietnam, although not a major outward investor, has shown growing interest in Indian market through joint ventures and technology cooperation projects [19].

Additionally, the two countries have maintained strategic dialogues and signed multiple agreements under the Comprehensive Strategic Partnership framework (2016), which highlights economic cooperation as one of the pillars of bilateral relations [7], [16].

**Figure 2: Vietnam - India Export and Import Turnover (2015 - 2024)**  
(Unit: million USD)



(Source: Re-arrange from Statistics of Vietnam Customs Department)

The data table presents the import and export turnover between Vietnam and India during the period 2015 - 2024, including Vietnam's export value to India, import value from India, total bilateral trade, and the annual trade balance (in million USD). This data provides meaningful insights that directly support the rationale and significance of promoting a bilateral Free Trade Agreement (FTA) between the two countries.

Vietnam's exports to India experienced substantial growth over this period, rising from USD 2.47 billion in 2015 to USD 9.06 billion in 2024. This indicates a steady expansion of Vietnam's market share in India. Conversely, imports from India also increased but showed irregular growth, fluctuating between USD 2.6 billion and USD 7.0 billion, with signs of stagnation after 2022. The difference in growth rates between exports and imports led to a significant shift in the trade balance.

The trade balance has notably improved in Vietnam's favor. After a trade deficit during 2015, 2016, 2017, and again in 2021, Vietnam recorded consistent trade surpluses from 2018 onward, reaching a peak surplus of over USD 3.23 billion in 2024. This shift not only reflects improved export competitiveness of Vietnamese goods in the Indian market but also highlights the potential for expanding bilateral trade based on the economic complementarity between the two countries.

Total bilateral trade turnover nearly tripled, from USD 5.13 billion in 2015 to nearly USD 14.9 billion in 2024. While this growth is positive, the figure remains modest relative to the actual potential of two large and emerging markets with stable political relations and strategic positioning in the Indo-Pacific region.

These statistics affirm the practical basis and strong momentum for promoting a bilateral FTA between Vietnam and India. Currently, trade relations are primarily conducted under the ASEAN-India Free Trade Agreement (AIFTA), a multilateral framework with notable limitations in scope, market access, and enforcement efficiency. A bilateral FTA with more comprehensive, flexible, and mutually tailored commitments would help remove technical barriers, simplify trade procedures, and encourage businesses - particularly small and medium-sized enterprises (SMEs) - to take full advantage of cooperation opportunities.

In addition, a bilateral FTA would serve as a tool to promote mutual investment, strengthen supply chain linkages, and reinforce the strategic positioning of both countries in the regional trade network. This becomes even more meaningful in the context of global shocks such as pandemics, geopolitical tensions, and rising protectionism, which call for urgent efforts to diversify markets and restructure global value chains.

### **3.2. Evaluation of the Implementation of AIFTA and Related Frameworks**

The implementation of the ASEAN - India Free Trade Agreement (AIFTA), which Vietnam is part of as an ASEAN member, has laid an essential institutional foundation for promoting bilateral trade liberalization between Vietnam and India. AIFTA, effective for trade in goods since 2010 and extended to cover services and investment since 2015, includes comprehensive tariff reduction commitments across thousands of product lines [1], [22]. This framework has not only facilitated market access but also provided a strategic platform to foster deeper economic ties and regional integration between Southeast Asia and South Asia.

Despite these institutional developments, the actual utilization rate of AIFTA preferences by businesses in both countries remains relatively modest. Several factors contribute to this situation. Among them are the complexity of rules of origin that complicate compliance for exporters and importers, the limited awareness and technical capacity among small and medium-sized enterprises (SMEs), and persistent procedural difficulties related to customs clearance and certification processes [12], [9]. These barriers hinder the full realization of the FTA's potential and disproportionately affect businesses that lack the resources to navigate bureaucratic and legal hurdles.

More importantly, there remains a significant untapped trade potential between Vietnam and India. This gap is particularly evident in high-value and strategic sectors such as digital services, high-tech manufacturing, and agricultural technology - sectors that align with both countries' development priorities and offer considerable scope for complementary collaboration [3], [20]. Promoting FTA utilization in these areas is not only economically beneficial but also essential to enhancing the resilience and diversity of both economies in a rapidly evolving global trade landscape.

Empirical evidence, especially from gravity model-based analyses, confirms that Vietnam continues to under-trade with South Asian countries, including India, when compared to its potential based on factors like GDP size, distance, and trade costs [12]. This underperformance suggests that the presence of a legal framework alone is insufficient to stimulate trade flows unless accompanied by targeted measures to address structural and institutional bottlenecks. The modest level of trade relative to potential highlights the need for renewed policy attention and practical support mechanisms to encourage FTA usage and build stronger trade linkages.

In this context, promoting the full and effective implementation of the AIFTA - and potentially moving toward a more customized or upgraded bilateral FTA between Vietnam and India - carries significant strategic motivation. Strengthening FTA engagement would not only contribute to narrowing the trade gap but also align with broader national and regional goals, such as supply chain diversification, digital transformation, and sustainable development. Moreover, a more vibrant bilateral trade relationship would reinforce political and diplomatic ties, enhance connectivity, and support the two countries' aspirations for greater roles in regional and global economic governance.

Therefore, advancing the utilization and deepening the scope of the FTA between Vietnam and India is both a practical necessity and a strategic opportunity. It holds the promise of transforming existing trade



frameworks into dynamic engines of growth, innovation, and resilience in the face of shifting global economic dynamics.

### **3.3. *Obstacles and Limitations in the Vietnam - India Trade Partnership***

Several key obstacles continue to hinder the full realization of trade potential between Vietnam and India under the existing Free Trade Agreement (FTA) framework. These constraints are multifaceted, spanning from logistical shortcomings to deeper structural and institutional inefficiencies, all of which need to be addressed if the bilateral trade relationship is to be elevated in both scale and sophistication.

Logistical inefficiencies and the absence of direct, cost-effective shipping and transportation routes between the two countries significantly raise transaction costs. This is particularly problematic for time-sensitive and perishable goods such as fresh fruits, vegetables, seafood, and other agricultural exports where delays directly impact quality and competitiveness [9], [15]. The lack of maritime and air freight connectivity not only impedes physical trade flows but also signals a broader deficiency in trade facilitation infrastructure. Promoting bilateral FTA cooperation should therefore be accompanied by parallel investment in improving connectivity and logistics chains, possibly through coordinated efforts in regional infrastructure initiatives or public-private partnerships.

The existing trade structure between Vietnam and India remains relatively narrow, with much of the trade centered around low- to medium-value-added goods, including raw materials, textiles, and certain basic manufacturing products. High-value sectors such as information technology, electronics, renewable energy, and precision engineering have yet to be fully explored or integrated into bilateral trade [3], [20]. Moreover, value chain integration between the two economies remains limited, reflecting a missed opportunity in leveraging complementarities. Vietnam's strength in electronics assembly and India's capabilities in software, pharmaceuticals, and machinery, for example, are yet to be strategically connected. Strengthening the FTA could provide a pathway for enhanced industrial cooperation, joint ventures, and co-production models that better align with global value chain dynamics.

Institutional and regulatory barriers persist, and these significantly affect the private sector's ability to utilize FTA preferences effectively. Inconsistent enforcement of FTA provisions, coupled with opaque, often bureaucratic customs procedures, diminishes predictability and increases operational risks for businesses [11], [24]. Many small and medium-sized enterprises (SMEs) - which constitute a substantial share of the industrial base in both Vietnam and India - face considerable challenges in navigating the complex documentation and certification processes required to qualify for FTA benefits. Additionally, language barriers, legal unfamiliarity, and divergent technical standards (e.g., on product safety, quality control, labeling) act as non-tariff barriers that deter deeper market penetration [8]. Addressing these regulatory and informational asymmetries should be a priority area for cooperation, perhaps through targeted capacity-building programs, business support services, or digital FTA tools.

Broader geopolitical and global trade developments are increasingly shaping the Vietnam - India bilateral trade landscape. The rise of new-generation FTAs - such as the Regional Comprehensive Economic Partnership (RCEP), which includes both countries, and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), to which Vietnam belongs - has introduced new dynamics and potential trade diversion effects [26], [6]. While these agreements offer expanded market access, they also create competitive pressure for the Vietnam - India trade corridor, which risks being sidelined unless reinforced by focused bilateral initiatives. Moreover, regional power rivalries, shifting supply chains due to "China Plus One" strategies, and growing interest in Indo-Pacific cooperation all contribute to a changing context in which the bilateral FTA could serve as a strategic instrument to strengthen resilience and economic alignment.

In light of these challenges, the motivation to enhance the FTA between Vietnam and India becomes even more pressing. A stronger, more effectively implemented FTA can help overcome logistical bottlenecks, incentivize value chain integration, streamline regulations, and respond proactively to shifting global economic and geopolitical conditions. As such, promoting the Vietnam - India FTA is not only a matter of economic necessity but also a strategic imperative for long-term regional influence and mutual development.

## **IV. Discussion**

### **4.1. *Strategic and Economic Motivations for Promoting a Bilateral FTA between Vietnam and India***

In the context of shifting regional and global economic orders, the promotion of a bilateral Free Trade Agreement (FTA) between Vietnam and India is a strategic move aimed at diversifying economic partnerships, reducing dependency on traditional markets, and enhancing resilience against global shocks [4], [6], [19].

Strategically, the Vietnam - India relationship has been defined within the framework of a "Comprehensive Strategic Partnership" since 2016, highlighting economic cooperation as one of the core pillars alongside defense-security and people-to-people exchange [7], [16]. The establishment of a bilateral FTA would serve as a catalyst for translating political commitments into concrete economic outcomes.

Economically, the two countries exhibit clear complementarities. Vietnam has comparative advantages in manufacturing, high-tech agriculture, and consumer goods exports, while India is prominent in pharmaceuticals, information technology services, and renewable energy [9], [24]. A bilateral FTA could unlock these complementarities to foster deeper value chain integration at both regional and global levels.

Furthermore, internal motivations from the business sector, especially small and medium-sized enterprises (SMEs), also play a significant role. Greater market access, reduced tariff barriers, and enhanced connectivity to supply chains are tangible benefits that enterprises from both sides could derive from a bilateral FTA [12], [20].

#### **4.2. Potential Impacts of a Bilateral FTA on Vietnam**

For Vietnam, the conclusion of a bilateral FTA with India would bring about multiple positive effects in both the short and long term. In the short term, the agreement could boost two-way trade through tariff elimination, streamlined customs procedures, and improved market access [1], [14]. Vietnam's major export sectors such as electronics, textiles and garments, and processed agricultural goods would benefit from deeper penetration into India's large and growing consumer market.

In the long term, a bilateral FTA would consolidate Vietnam's position within the regional trade architecture, particularly as the country has already become an active participant in new-generation FTAs such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP) [26]. Active engagement in both bilateral and multilateral FTAs will enhance Vietnam's economic diplomacy credibility, thereby attracting more foreign direct investment, especially in high-tech industries, clean energy, and logistics [24].

Additionally, the FTA could function as a driver for domestic institutional reform, especially in improving the business environment, enhancing transparency in administrative procedures, and strengthening the implementation capacity of public institutions involved in FTA commitments [3], [11].

#### **4.3. Conditions and Policy Recommendations for Advancing Bilateral FTA Negotiations**

To proceed toward meaningful negotiations and conclusion of a bilateral FTA between Vietnam and India, several key conditions and factors should be considered:

*Firstly*, it is essential to conduct a comprehensive evaluation of the complementarities and competitive aspects of both countries' trade structures. This would help identify priority sectors for negotiation and avoid potential conflicts of interest, thereby increasing the feasibility of a successful agreement [22], [9]. Sectors such as pharmaceuticals, logistics services, processed agricultural products, and information technology may serve as potential starting points for consideration of the two countries.

*Secondly*, Vietnam needs to enhance institutional capacity in trade policy planning, negotiation, and implementation. This includes training trade specialists, reforming customs procedures, and upgrading the certificate of origin (C/O) issuance system [12], [24].

*Thirdly*, the active involvement of enterprises and industry associations in the negotiation process is crucial to ensure that the content of the agreement reflects actual market demands and the capacities of the private sector [9], [20]. Developing platforms to support SMEs in accessing FTA-related information, technical consultation, and market connectivity is a strategic necessity.

*Finally*, it is important to strengthen bilateral governmental coordination through strategic dialogue mechanisms, joint committees, and high-level forums to provide a solid political foundation for both negotiation and implementation of the FTA [7], [18].

### **V. Conclusion**

In the context of deepening globalization and the constantly evolving regional trade architecture, the promotion of a bilateral Free Trade Agreement (FTA) between Vietnam and India is not only of strategic significance but also an essential requirement to enhance the efficiency of bilateral economic cooperation, strengthen competitiveness, and foster sustainable development for both economies. Although both Vietnam and India are members of the ASEAN–India Free Trade Area (AIFTA) [1], the actual outcomes of this multilateral framework have fallen short of expectations, especially given the considerable untapped potential in trade and investment flows between the two countries [4], [9].

Developing an independent bilateral FTA between Vietnam and India could address the inherent limitations of AIFTA, particularly regarding the scope of commitments and depth of liberalization. Modern bilateral FTAs tend to be “deep and comprehensive” covering not only trade in goods but also investment, services, intellectual property rights, digital trade, and sustainable development [3], [6]. In the case of Vietnam and India, such an agreement would not only boost two-way trade but also serve as a mechanism to institutionalize the Comprehensive Strategic Partnership between the two countries, deepen supply chain integration, and reinforce regional economic integration.

Strategically, India has long considered Vietnam a key partner in its “Act East” policy, while Vietnam seeks to expand economic ties with South Asian partners to diversify markets and reduce vulnerabilities from external shocks [7], [16], [18]. Against the backdrop of increasing strategic competition in the Indo-Pacific, a bilateral FTA would serve not only as an economic instrument but also as a geopolitical signal contributing to the establishment of a rules-based, stable, and sustainable trade order in the region.

From an economic perspective, the trade structures of Vietnam and India are highly complementary, offering a favorable foundation for a mutually beneficial partnership. Vietnam possesses comparative advantages in consumer goods, agriculture, textiles, and electronics, while India is known for pharmaceuticals, information technology, and input materials [9], [23]. A bilateral FTA with deep tariff reductions and comprehensive commitments could stimulate business cooperation, encourage joint ventures in production, and boost export flows between the two markets. Moreover, eliminating non-tariff barriers, simplifying customs procedures, and improving rules of origin mechanisms would help reduce transaction costs and enhance supply chain efficiency [14], [22].

However, to effectively realize such an agreement, both parties must be thoroughly prepared in terms of institutional readiness, human resources, and negotiation capacity. Vietnam needs to continue improving and strengthening its legal framework related to international trade, improving the quality of trade negotiators, and establishing more inclusive mechanisms for enterprise consultation [3], [20]. Additionally, it is crucial to support small and medium-sized enterprises (SMEs) - which constitute the majority of businesses in both countries - by improving access to trade information, enhancing production capacity, and supporting compliance with technical standards so they can fully benefit from FTA commitments [12], [24].

Lessons from previous bilateral FTAs show that strong governmental coordination is critical for success. The establishment of a high-level joint committee for FTA negotiations and implementation between Vietnam and India, along with supporting monitoring, evaluation, and technical assistance mechanisms, will be necessary to ensure long-term feasibility and effectiveness. At the same time, the FTA should align with industrial development strategies, technological innovation policies, and digital integration plans to maximize the opportunities it creates [24], [26].

Moreover, the FTA should not be viewed solely as a trade instrument but also as a platform for broader cooperation in human resource development, technology transfer, infrastructure development, and economic security. The agreement could provide a foundation for expanding trilateral or multilateral cooperation initiatives, linking with regional platforms such as the Mekong - Ganga Cooperation (MGC), the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), and the Indo-Pacific Economic Framework (IPEF), thereby elevating both countries’ geoeconomic standing in the Indo-Pacific region [8], [19], [25].

In summary, promoting a bilateral FTA between Vietnam and India is a strategically sound and timely step amid growing regional and global uncertainty. To materialize this initiative, strong political commitment, domestic institutional reforms, active engagement of the business community, and a well-defined roadmap for cooperation are essential. If implemented effectively, the Vietnam - India bilateral FTA will not only bring tangible economic benefits to both sides but also contribute to shaping a more transparent, stable, and sustainable regional trade environment.

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