

JUNE 2024 ISSUE

THE INDIAN
GEOPOLITICAL
OUTLOOK

ARDENT CO.

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Why This Tracker Matters

Over the recent decades, India has extensively worked towards leaving an impression on the global stage. Through immense socio-economic growth over the recent years – with the country's GDP reaching a staggering 9.1% growth during FY2021-22 (despite a global economic slowdown due to the ongoing COVID-19 pandemic), the revolutionary consumer boom (piquing global financial/investment interest in the world's largest democracy), and its exponential growth as one of the fastest growing economies – have all contributed massively in projecting India as a leading power in the new world order. Today, India stands proudly as a socio-political partner globally, with the US emerging as India's biggest trading partner in FY2022-23 (bilateral trade amounting to US\$128.55 billion), followed by other global powers such as China and the UAE.

India has been consistently focusing on asserting soft power tactics via robust foreign relations strategies (we are one of the fastest-growing diplomatic nations with 194 diplomatic posts as of 2024) and resuming diplomatic relations with countries like Greece and Egypt – which had remained rather dormant for the past few decades.

Our extensive participation on the global front through collaborative initiatives such as the Quadrilateral Security Dialogue (QUAD), witnessing greater involvement at global organizations through the Association of Southeast Asian Nations (ASEAN), and our involvement as a non-permanent member state at the United Nations has further strengthened our stance as a global leader. India's prodigious leadership in the G20 delegation, the establishment of the Raisina Dialogue (the country's flagship conference on economics and geopolitics), and substantial preferential market access and economic cooperation through several free trade agreements (FTA) and preferential trade arrangements (PTA) with over 50 countries has significantly bolstered India's position at the global stage to unprecedented levels.

Despite India's rather neutral stance in the world order – as is evident in the Russia-Ukraine and Israel-Palestine conflicts, India's "Look East" and "Neighbourhood First" policies continue to shine through in fostering robust international relations with its immediate neighbouring countries and Southeast Asia (particularly in the post-Cold War era), demonstrating India's increasing role as the voice of the Global South. Additionally, with the growing concerns amidst the increasing US-China geopolitical qualms and the increasing adoption of the "China+1" policy, India has emerged as a popular "third party" choice for the respondents (behind the European Union and Japan), as per the most recent survey conducted by ISEAS-Yusof Ishak Institute.

Considering India's increasing significance across various socio-economic and political domains, Ardent Co. presents the June edition of the Indian Geopolitical Outlook, emphasizing the key events observed across six continents over the past month that have impacted India's stature in the global order.

Key Highlights

- In the APAC region, Bangladesh and India have signed a series of MoUs to bolster their ties in the maritime and blue economy domains.
- China has formally requested India to resume direct passenger flights between the two nations, after a 4-year hiatus.
- South Korea and India are in talks to upgrade their existing CEPA, with several Indian ministries contributing to the suggestions.
- On the EMEA front, India and Oman are anticipated to sign an FTA within 100 days of PM Modi's third term.
- The UK and India are projected to resolve their outstanding issues with regard to the upcoming FTA following the general elections in the UK.
- In the Americas, India is exploring lithium blocks in Argentina, alongside the US under the Minerals Security Partnership (MSP).
- The US and India have decided to resolve six ongoing disputes (such as retaliatory tariffs) at the World Trade Organisation (WTO) to improve bilateral relations and enhance economic ties.

APAC (ASIA PACIFIC)

BANGLADESH

Marking Bangladesh's significant presence in India, Bangladeshi Prime Minister Sheikh Hasina and her Indian counterpart, PM Narendra Modi signed a series of agreements to solidify cooperation between the two nations. These agreements centre on strengthening ties in the maritime and blue economy sectors, establishing strong partnerships in the digital domain, and fostering a collaborative effort on environmental issues through a "green partnership."

Additionally, an agreement to enhance railway connectivity was signed to further strengthen transportation links between India and Bangladesh. This series of agreements signifies a significant step forward in the relationship between the two South Asian countries.

CHINA

Following a four-year suspension, China has formally requested the resumption of direct passenger flights between China and India. However, India has expressed reservations due to unresolved tensions along their shared border. This diplomatic tension originates from a deadly military clash in June 2020, which resulted in casualties for both sides. Since then, a significant military presence has been maintained by both nations along the disputed border. In response to the clash, India implemented restrictions on Chinese investment, banned several popular Chinese applications, and suspended passenger flights, while cargo flights remain operational.

SOUTH KOREA

India and South Korea are in talks to upgrade their existing Comprehensive Economic Partnership Agreement (CEPA). In preparation for these talks, the Indian Department of Commerce is consulting with various ministries, including steel, heavy industries, and chemicals, to develop a list of concessions India is willing to offer. The list is anticipated to play a key role in the ongoing trade negotiations.

EMEA (EUROPE, THE MIDDLE EAST & AFRICA)



India and Oman are anticipated to sign a Free Trade Agreement within 100 days of the third term of the Indian Prime Minister Narendra Modi, as suggested by reports.

The FTA discussions gained a significant boost following a meeting between the Indian Prime Minister Narendra Modi and Sultan Haitham bin Tariq Al Said of Oman in New Delhi in December 2023, with the proposed Comprehensive Economic Partnership Agreement (CEPA) taking centre stage during the discussion. The proposed CEPA, marking the first significant bilateral agreement under Modi's third term will play a crucial role in strengthening bilateral trade and investment.



With the highly anticipated UK general elections around the corner, the UK and India are expected to resolve their outstanding issues regarding the proposed free trade agreement after the elections. The round of talks for an FTA were commenced in January 2022 to bolster economic ties between the two nations, with 26 chapters primarily focusing on goods, services, investments, and intellectual property rights.

Issues pertaining to duties in sectors such as electric vehicles, alcoholic beverages, and services are expected to be resolved upon the resumption of conversations after the UK elections.

THE AMERICAS



ARGENTINA

India's state-run organization, Coal India Ltd is exploring lithium blocks in Argentina alongside the US, under the US-led Minerals Security Partnership (MSP) to enhance the nation's efforts towards achieving its zero-carbon goals. New Delhi and its Western counterpart are co-investing in several critical mineral projects as the world braces towards adopting a clean energy-driven approach.

Additionally, further discussions are also underway between the US and India for a bilateral Critical Minerals Memorandum of Understanding (MoU).



THE US

The United States and India have reached an agreement to resolve six ongoing disputes at the World Trade Organization (WTO). As part of the agreement, India will eliminate retaliatory tariffs that were imposed on specific US agricultural products in response to the US national security measures on steel and aluminium. These products include chickpeas, lentils, almonds, walnuts, apples, boric acid, and diagnostic reagents.

The agreement is expected to benefit both nations: while the US agricultural sector will see restored and expanded market opportunities in India due to the elimination of tariffs, India is projected to gain access to certain steel and aluminium products from the US under the terms of Section 232.

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