

JULY 2024 ISSUE

THE INDIAN  
**GEOPOLITICAL**  
OUTLOOK

ARDENT CO.

JULY 2024 ISSUE

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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 July 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

- The UN-led conference on Afghanistan was recently held in Doha, which saw participation from 25 countries including India. The conference was particularly significant due to the Taliban's attendance for the first time.
- BRO and other agencies have begun ICBR Phase III in eastern Ladakh, as India continues to enhance its border road infrastructure and strengthen its connectivity along the Chinese border.
- India has rejected the EU's proposal for higher carbon taxes on industries. The CBAM plan, targeting high-carbon imports, faces opposition from India, which views it as unfair and potentially harmful to domestic markets.
- During recent discussions in New Delhi, India and Germany expressed mutual interests of enhance cooperation in technology, energy, and global projects before biennial talks.
- Indian oil majors are negotiating long-term crude supply contracts with Brazil's Petrobras as India aims to diversify energy sources amid global tensions and supply uncertainties.
- The US and India recently signed a Cultural Property Agreement to combat illegal antiquities trade and facilitate repatriation. This bilateral pact, joining 29 others, reflects both nations' commitment to preserving cultural heritage.



### AFGHANISTAN

The third UN-led conference on Afghanistan was held in Doha in July, with India among 25 participating countries, as the meeting marked the first time with the Taliban in attendance. The conference aimed at exploring avenues to improve the lives of Afghan people under Taliban rule, though the UN has clarified that it is not intended to lead to international recognition of the Taliban. The event has faced criticism from rights groups for not including Afghan women and civil society members. India's participation reflects its cautious approach towards the Taliban, balancing humanitarian assistance and security concerns while avoiding actions that could be interpreted as official recognition of the Taliban regime in Kabul.



### CHINA

The Border Roads Organisation (BRO), along with the Central Public Works Department (CPWD) and the National Projects Construction Corporation, has begun the third phase of the India-China Border Roads (ICBR) project to enhance road infrastructure in eastern Ladakh.

This follows the near-completion of Phase II, which has improved all-weather connectivity for security forces along the Line of Actual Control. The government has accelerated road construction since the 2020 Galwan standoff, with formation-cutting rates more than doubling since 2017. Under ICBR phases I and II, 73 strategic roads were identified, with 61 assigned to BRO.

The third phase includes five new roads in eastern Ladakh, demonstrating India's continued focus on border infrastructure development along its 3,488 km border with China across multiple states.



### EUROPEAN UNION

India has rejected a proposal from the European Union to impose higher taxes on its carbon-intensive industries, despite the EU's offer to offset these taxes when the affected products enter EU markets. The proposal, part of the EU's Carbon Border Adjustment Mechanism (CBAM), was presented by a delegation led by Gerassimos Thomas, the European Commission's director general for taxation and customs union.

India has expressed its opposition to the CBAM, describing it as unfair and potentially harmful to domestic market costs. The EU's plan, approved last year, aims to impose tariffs on imports of high-carbon goods like steel, aluminum, and cement, as part of its strategy to achieve net-zero greenhouse emissions by 2050. This disagreement highlights the ongoing challenges in aligning global climate policies and economic interests.



### GERMANY

India and Germany plan to strengthen and expand their partnership in several important areas before their upcoming biennial inter-governmental consultations. These include cutting-edge technologies, digital platforms, renewable energy, and collaborative development projects in other countries. To prepare for these consultations, the two nations recently held foreign office discussions in New Delhi, to review the full spectrum of their bilateral relationship, covering topics such as trade, investment, scientific and technological cooperation, defence, development partnerships, and exchanges in academia and between their citizens.

## THE AMERICAS

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### BRAZIL

India's three major oil companies - Indian Oil Corporation Ltd, Hindustan Petroleum Corporation Ltd, and Bharat Petroleum Corporation Ltd - are in talks with Brazil's Petrobras to secure long-term crude oil supply contracts. This move comes as India continues to diversify its energy sources amid global geopolitical tensions and supply uncertainties. The Indian companies visited Brazil in April to begin negotiations, with BPCL already testing Brazilian crude in its refineries. This move follows previous agreements between Indian companies and Petrobras, including a supply contract with Indian Oil and an MoU with BPCL. India's efforts to diversify its oil imports come in response to rising crude prices, geopolitical tensions in West Asia and Ukraine and supply uncertainties in the Strait of Hormuz, as well as recent output cuts by the OPEC+ group.



### THE US

The United States and India recently signed a Cultural Property Agreement, culminating nearly two years of expert collaboration. This agreement, signed by U.S. Ambassador Eric Garcetti and Indian Culture Secretary Govind Mohan, aims to prevent the illegal trade of cultural property and simplify the process of returning looted antiquities to their country of origin.

It was negotiated under U.S. law implementing the 1970 UNESCO Convention on Cultural Property Protection. With this, India joins the existing 29 countries to have such a bilateral agreement with the United States, demonstrating both nations' commitment to preserving cultural heritage and combating trafficking in cultural artefacts.

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