

MAY 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 May 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, China has overtaken the US as India's largest trading partner during FY2023-24, reaching US\$118.4 billion.
- India and Iran recently signed a 10-year contract to operate and manage the latter's strategic Chabahar port, which would connect India to Central Asian nations, bypassing its neighbouring Pakistan.
- On the EMEA front, the UAE and India are in talks to develop and operate the India-Middle East-Europe Economic Corridor (IMEEC).
- The Russian-led Eurasian Economic Union (EEU) and India are set to discuss trade agreements to strengthen bilateral relations between India and the EEU member-states, namely Russia, Armenia, Belarus, Kazakhstan, and Kyrgyzstan.
- Additionally, Russia and India are set to establish visa-free tourism from June 2024, in a bid to strengthen their bilateral ties and promote tourism.
- The Serum Institute of India recently shipped its first batch of malaria vaccines to the Central African Republic, with other African nations expected to receive their batches of the vaccine in the coming weeks.
- In the Americas, Chile and India jointly agreed to combat transnational crimes, drug trafficking, and cybercrime, via a robust exchange of technology and knowledge between the two nations.
- Peru and India are set to host the 8th round of talks in July this year, discussing enhancing their trade relations by reducing tariffs, improving trade dispute systems, and eliminating trade barriers. This development is seen crucial for India to access Peru's lithium reserves.

## APAC (ASIA PACIFIC)

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### CHINA

China unseated the United States as India's biggest trading partner in fiscal year 2023-24, according to a report by the economic think tank, Global Trade Research Initiative (GTRI). The total trade between India and China reached US\$118.4 billion, while the bilateral trade with the US stood at US\$118.3 billion - marking a significant shift from the previous two years when the US held the top spot.

India's exports to China also witnessed an increase of 8.7% to US\$16.67 billion over the past fiscal year, with industries such as iron ore, cotton, fabrics, spices, and plastics contributing to the robust growth in exports.



### IRAN

In a move that further strengthens India's bilateral relations with Iran, India recently signed a 10-year contract to manage and operate Iran's Chabahar port. The port, with immense strategic significance, is projected to be pivotal for India's interlinkages, connecting it to Iran, Afghanistan, and other central Asian nations, while bypassing the neighbouring Pakistani ports of Karachi and Gwadar.

Amidst this deal, India faced backlash from its Western counterparts, with the US threatening sanctions on India for its contractual agreement with Iran.



### UNITED ARAB EMIRATES

India and the United Arab Emirates recently conducted the first-ever inter-ministerial delegation under the Intergovernmental Framework Agreement to discuss the coordination and operation of the India-Middle East-Europe Economic Corridor (IMEEC). The new trade route is anticipated to enhance business operations between the two nations, offering effective alternative routes to improve efficiency and reduce operational costs.

The latest development is evidence of the warming bilateral relations between India and the UAE over the recent years, with the two countries consistently collaborating on enhancing trade, investments, energy, defence, technology, and security cooperation. In that context, the UAE continues to be one the largest trading partners for the South Asian giant, with trade between the two touching US\$84.5 billion in FY2023.



### RUSSIA

In a bid to further solidify the bilateral relations, India and Russia are expected to begin consultations on visa-free tourism from June. With over 60,000 Indians visiting Moscow in 2023, alongside an uptick in Russian tourists visiting India – the two nations aim to ease travel for their citizens and further strengthen their longstanding ties.

Additionally, India aims to commence negotiation rounds with the Russian-led Eurasian Economic Union (EEU) – comprising Russia, Armenia, Belarus, Kazakhstan, and Kyrgyzstan – which is projected to massively strengthen the bilateral relations between the concerned nations. The conversations around the potential free trade agreement are expected to materialize post-Indian elections.



### **CENTRAL AFRICAN REPUBLIC**

The global vaccine leader, the Serum Institute of India recently shipped its first batch of malaria vaccines, named 'R21/Matrix-M' to the Central African Republic (CAR), alongside other African countries such as the Democratic Republic of Congo and South Sudan. The vaccines, developed in collaboration with the University of Oxford and Novavax, will be the second authorised vaccine for use in children in the region.

According to the World Health Organisation (WHO), the region contributed to 94% of malaria cases and 95% of the fatalities caused by malaria worldwide.

## THE AMERICAS

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### CHILE

India and Chile recently agreed to cooperate in combating cybercrime, drug trafficking, and international criminal activities, during a meeting between the Chilean Ambassador and India's Central Bureau of Investigation (CBI).

To materialise the coordinative measures, the two parties have agreed to enhance the effectiveness of law enforcement via technological and knowledge exchange, such as investigation techniques and digital forensics expertise.



### PERU

India and Peru are expected to host the 8th round of trade agreement talks in July 2024, which is anticipated to focus on reducing customs duties, eliminating trade barriers, and establishing a system for resolving trade disputes.

Securing this agreement is seen as critical for India to access Peru's abundant lithium reserves, a vital mineral for many industries.

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