

Speaking Note for USSC Roundtable

I. India's domestic and international outlook post- election

- The unexpected outcome of India's election has reasserted the unpredictable nature of its politics and the strength and resilience of its democracy.
- While the BJP government had tried to leverage India's rising global status and its Hindu nationalist credentials during the election campaign, local livelihood issues ultimately proved decisive for voters.
- The results are humbling which might lead the party to recalibrate their politics.
- India's Economic Growth Outlook: India is forecasted to show strong economic growth, with GDP growth projected at 6.5% for FY 2024-25, potentially rising to 7% by 2026 positioning India as an attractive destination for foreign investments, which is expected to outpace China's growth forecast of less than 5 % in 2024.
- This growth is underpinned by a large, young population and robust domestic demand, positioning India as an attractive destination for foreign investment and a key player in global economics.
- With BJP's third consecutive win, there is likely to be continuity in policies, which might bring stability to governance and potentially more streamlined implementation of on going projects.
- The government may continue to focus on economic reforms and infrastructure development, aiming to achieve higher growth rates and improve the investment climate.
- We will see a shift in the new government's policies as the BJP showcased a pro-growth investment-focused Manifesto during the election campaign but alone the party doesn't have the majority as it is dependent on its allies, hence the policies will be a mixed bag.
- Prime Minister Narendra Modi says the focus is on development but it's likely that welfare schemes too will get a boost that will reflect in the new budget.
- Chances are that it will be a populist budget with focus on welfare schemes even direct social schemes to address voter concerns, it's likely to focus on rural distress and on household savings of the middle class which brings us to policies and reform.
- In terms of Geopolitics Modi's third term should focus on, the East especially the indo-pacific region as it will become the nerve center of the world - it houses 64% of the world population; 62% of the global GDP and 50% of global trade. The Indo Pacific has been crowded by a number of multilateral blocks so the quad must retain its relevance.

- Conservative estimates from the IMF suggest that India is on course to become the world's third-largest economy by 2027, surpassing Japan and Germany, boasting a GDP exceeding US\$5 trillion. The foundation of India's robust economic trajectory lies in resilient growth and favourable demographics.
- As the world's most populous country with a median age of 28.2 years, India is poised for recovery in domestic demand, especially in private consumption and household spending, post the prolonged pandemic. This sets the stage for business expansion plans, fuelled by India's substantial consumer base, rising urban incomes, and the ambitions of the largest young population globally.
- Micro, small, or medium enterprises (MSMEs) will remain pivotal in fostering jobs, income, capabilities, and ecosystems for sustained growth in consumption, manufacturing, and infrastructure investments.
- Post-election, the policy environment is expected to encourage more private investments and promote India as a prime destination for foreign investors. Key initiatives like the Production Linked Incentive Schemes are aimed at boosting manufacturing and positioning India strongly in global supply chains. The government's strategy appears to be geared towards creating a more self-reliant economy, which could see an increase in domestic capabilities across strategic sectors
- Overall, India's post-election outlook is marked by an anticipation of economic resilience and reform-driven growth, aiming to leverage its demographic and strategic advantages on both domestic and international fronts.

II. **Australia-India defence and maritime security cooperation**

- **Strategic Imperative:** Australia and India have increasingly prioritised their bilateral defence and maritime security cooperation as a critical element in ensuring stability and security in the Indo-Pacific. This partnership is built on shared interests in promoting a free, open, and inclusive region, robust economic ties, and a commitment to democratic values.
- **Enhanced Maritime Security:** The partnership enhances maritime domain awareness and security in the Indo-Pacific, a region crucial for global trade and economic stability. Joint exercises and information sharing increase their capabilities to monitor and respond to maritime threats.
- **Technological and Industrial Benefits:** The collaboration extends into defence technology and production, offering economic benefits while also enhancing the military capabilities of both nations. This cooperation is pivotal in developing indigenous defence technologies and reducing reliance on external major powers.

Challenges and Opportunities:

- **Technological Collaboration:** With advancements in defence technology, both nations are poised to leverage their respective strengths in technology for mutual benefits, including in areas like cyber security, space, and unmanned systems.
- **Regular High-Level Engagement:** Although there have been high-level exchanges, more consistent and regular strategic dialogues are needed to keep pace with the rapidly changing geopolitical landscape in the Indo-Pacific.
- **Depth of Operational Cooperation:** While joint exercises are frequent, the depth of operational cooperation, especially in real-time strategic operations and intelligence sharing, could be enhanced.

III. Quad cooperation on critical and emerging technologies including 6G tech

- **6G and Telecommunications:** The Quad is actively working on developing secure, open, and transparent 5G networks and beyond, including 6G. Efforts include promoting trustworthy vendors and fostering innovation through the use of Open-RAN (Open Radio Access Networks), which aims to diversify the telecommunications ecosystem and reduce dependency on single vendors, primarily as a counter to China's Huawei.
- **Artificial Intelligence and Cyber security:** There is a strong emphasis on the responsible development of AI, with Quad countries sharing expertise and collaborating on AI standards. The Quad aims to build resilient and secure digital infrastructure, promoting shared cyber standards, secure software development, and workforce development in cyber security.
- By 2030, the world will enter the 6G era, characterised by intelligent autonomy, sensory integration, and extensive networking, impacting personal, geostrategic, and economic domains. Defence planners must consider these effects alongside traditional military power.
- The Quad partnership (Australia, India, Japan, and the US) aims to support this technological evolution, ensuring a free and open Indo-Pacific through coordinated efforts among governments, industry, private capital, and civil society. Achieving these goals requires strengthened people-to-people connections, trusted professional networks, policy adjustments, and enhanced information sharing.
- Critical and emerging technology is becoming a primary pillar of strategic collaboration within the Quadrilateral Security Dialogue (or Quad). Technology is essential for the national interest of each Quad state.

- Policymakers are confronted with similar challenges in each country, such as the fact that private technology companies are outpacing the traditional acquisition and adoption mechanisms of state bureaucracies.
- There is increased political will amongst each Quad state to better harness connectivity between private and public actors, or what we could call public-private partnerships. There is equal energy amongst the Quad states to normalise technology connectivity, cooperation, and even joint effort.

India's role:

India's target is to expand its economy to USD 7 trillion by 2030, necessitating a strategic emphasis on smart and advanced technology.

- In the interim budget 2024-2025 the government has announced a 1 lakh crore for long-term funding of R&D including deep defence technology.
- The government has laid out a plan to boost R&D in emerging and critical technologies like Quantum Technologies, Artificial intelligence (AI), Semiconductors, Clean Energy, Green Hydrogen and Bio economy.

Quad countries should:

- Discuss ways to mitigate the negative collateral consequences of measures such as sanctions and tougher export controls imposed by the US and its partners, as well as by China.
- Strategic communications from the Quad member states must become more consistent and more adequately speak to Indo-Pacific regional concerns. Much about the Quad is released through joint statements after senior leader meetings, but how specific Quad elements are thriving, struggling, or evolving need to be part of regional conversations. A case in point is the organisational status of the Quad Investors Network.
- Focus on building skills, within the Quad and like-minded partners, in areas such as semiconductors. Move aggressively towards standard-setting in telecom networks to ensure openness, diversity and security.

Supply Chain resilience

- There are also concerns about critical materials used in various manufacturing processes. Production of many of these critical materials, especially rare earth elements, are now largely centred in China, which has demonstrated a willingness to

leverage its control over rare earths for political purposes, such as by banning exports to Japan.

- Ensuring the security of supply chains has become a growing concern due to two related developments. The first is centralisation of manufacturing and assembly of consumer products in China, creating a natural dependence on China as the centre of global manufacturing. The second is the increasingly tense geopolitical circumstances, which has led to China weaponising its central role in the global economy.
- Though there have been plenty of discussions within the Quad about the need for a common approach to the security of critical technology supply chains, most action has been undertaken unilaterally, or by a couple of countries.
- Stronger technological cooperation between Quad countries will not pan out organically, so politically-conscious decisions are necessary – especially from India due to its history and structural factors

IV. India's interest in the Pacific

Geopolitical Interests

- **Peace and security in the Indian Ocean:** Nearly 50% of India's trade is centered in the Indo-Pacific Region and the Indian Ocean carries 90% of India's trade and its energy sources. India wants to assure freedom of navigation, secure choke points, resolve conflicts peacefully and address non-traditional security threats in the Indian Ocean Region (IOR).
- **Geo-political aspirations:** To expand its own presence in the region, especially in Africa, the Middle East and Southeast Asia and maintain its role as a net security provider.
- **Countering China:** Ensuring that China does not gain a significant strategic foothold in the region
- **Enhancing Trade and Investment Cooperation:** by encouraging greater flow of goods, services, investment and technology between India and other countries in the region.
- **Promoting sustainable development:** In the coming times, climate change is set to adversely affect India. Thus, India favours sustainable development of the region through development of blue economy.

Strategic Interests

1. **Security and Maritime Norms**
- Emphasis on maintaining maritime norms to secure economic interests.

- Focus on combating illegal fishing and enhancing maritime safety in collaboration with Pacific Island nations.
- India has been the primary security provider and strategic partner to most of its smaller neighbors like Maldives, Mauritius, Seychelles, and Sri Lanka.

2. **Economic Cooperation**

- Investments in healthcare infrastructure, IT and cybersecurity training hubs, and renewable energy projects.
- Partnerships aimed at improving regional healthcare and enhancing technological capabilities.

3. **Environmental Sustainability**

- Active participation in climate change mitigation efforts.
- Cooperation with Pacific Island countries on solar and desalination projects to address water security.

Challenges

- **Promoting the Indo-Pacific as a single strategic entity**, emphasising both the Indian and Pacific Oceans.
- **Enhancing India's role in multilateral institutions** to assert its leadership and commitment to regional stability.
- **Extending the Act East policy to include the Pacific**, showcasing India's intent to be a balancing actor and a significant regional power.
- **Tariff and non-tariff measures (NTMs)** act as a major impediment to trade in this region and impede regional cooperation. Further, poor infrastructure connectivity also multiplies the problem for India.
- **Barriers to fruitful partnerships in the region**: This includes lack of definitional consensus and differences in priorities with each nation having different political appetite and available resources for the Indian and Pacific Oceans (for example within the Indo-Pacific, Australia's and Japan's priorities lie in the Pacific, while France is focused primarily on the western Indian Ocean).

Key Initiatives

- **Healthcare**: New regional hospital in Fiji, dialysis units, and sea ambulances.
- **Cyber security**: IT and cyber security training hub in Papua New Guinea.
- **Renewable Energy**: Solar projects and desalination units for energy and water security.

India's expanded role in the Pacific demonstrates its strategic intent to be a balancing force, contributing to regional stability and addressing global challenges like climate change and maritime security.