



THE INDIA-US FORUM

6TH EDITION, 2023

Report 1

GEOPOLITICS | SECURITY | STRATEGY

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S. Jaishankar, *Minister of External Affairs, Government of India*

Introduction

The India-US Forum is a platform for Indian and American leaders to shape the future of India-US strategic partnership through dialogue and collaboration. It is annually convened by the Ananta Centre and Ministry of External Affairs, Government of India. The Forum is held under the Chatham House Rule and participation is by invitation only. The attendees are high level representatives from government, Congress/Parliament, industry, media, academia and think tanks. Over its 6 editions, the Forum has emerged as a coveted space to exchange ideas and set the bilateral agenda for cooperation.

The 6th edition, held on 13 and 14 January 2023 in New Delhi, was co-chaired by Vinay Mohan Kwatra, Foreign Secretary, Government of India, and Jamshyd Godrej, Chairman, Ananta Centre and Chairman, Godrej & Boyce Manufacturing Company Limited.

The discussions from this edition of the Forum are encapsulated in two reports. The first report is on geopolitics, strategy and security and the second is on economics, energy and technology.

Takeaways from Keynote Conversations

Momentum

To become geopolitically strategic, India-US relations have to become more strategic in economics and technology. India has been proactive in taking this relationship forward, resulting in a growing confidence in each other. The continuing implications of the pandemic on the global economy, the fundamental questions it raised about supply chains and reliance of the global economy on a single country are still in play.

Security

In the context of Ukraine, the Taiwan Strait, Pakistan, Afghanistan, and generally, India and the US have different histories, interests, and partners. India and the US need to look for convergence in areas where they are comfortable working with each other. For instance, India has been under a lot of direct pressure from China on the northern borders and the US has provided understanding and intelligence support in the face of this challenge.

India, US and China

- For a long time in India, there were suspicions about the West, generally, and the United States specifically which derived from the Pakistan issue. After 1971, there was almost a containment by US, China, Pakistan which compelled India to make the only strategic response it could at that time – go to the Soviet Union.
- It has taken the US years to wake up to the challenges coming out of China, because there were many years when China and US had use for each other.
- Despite India's border dispute with China and despite Chinese support for Pakistan, there was still a view in India that on some issues India and China had common interests – trade, climate change and to some degree even politics. Once China really took off around 2009 it stopped pretending that it had to make any significant

concessions to India or show consideration for their interests. This was an inflection point.

- Between 2000 to 2010, the Indian effort was to get out of the underperforming India-US relationship. The nuclear deal was a significant step forward, defence sales restrictions slowly got better but true momentum came in the last 7-8 years. India-US engagement is not just about removing bilateral obstacles, it is really about exploring if this relationship can become a force of stability and security in the larger region.
- China is the first global power to rise after the Soviet Union rose in 1945. For India, it is an uncomfortable feeling to be living next to a rising global power. When a global power rises and it doesn't give due consideration for your interests, you have to look at the rest of the world and forge different relationships to deal with the reality.
- In 2013, the Belt and Road Initiative (BRI) was announced and one of the corridors went through the Indian Territory of Pakistan occupied Kashmir. That was as strong a challenge as one could present to India.
- Presently, there are 100,000 Chinese troops sitting on the Indian border in violation of agreements and there has been bloodshed after 45 years.
- Global supply chains are no longer reflective of the political reality. The international community allowed China, over 40 years, to establish a grip on manufacturing. All countries today are tied to China economically but that doesn't mean that they get to leverage it.
- The Biden administration has been sensible in its approach to China. In areas where they should be firm, they have been so without being volatile. From an Asian perspective, people do not want to be alarmed. They expect a certain steadiness. Slowly, ASEAN and parts of East Asia have started to accept that American bottom-lines are different. They are accepting it because there is a certain steadiness with which that policy is being pursued. It is now finding its way into legislation, budgeting, and deployments. The reality of the American



Antony Blinken, *US Secretary of State*

approach to China, now, is different than what it was over the last 5–10 years and this transition has to be handled well by Asian countries.

Quad

- The understanding of what were the strategic concerns in the Indo Pacific changed profoundly over a decade, between 2007 and 2017, when the two attempts to build the Quad were made.
- In 2017, Quad started at the undersecretary level; in 2019, it rose to the Foreign Minister level; in 2021 it rose to the President/Prime Ministers level. In the Quad, officials of different levels meet regularly and toss around ideas. There is a high degree of flexibility. Like with 5G and Open Radio Access Network (ORAN) – the Japanese have done something, the US has done something, Indian companies are at work, Australian experience guided the telecom guidelines. It is a collaborative platform and when it is not actively collaborative, it is cooperative and supportive.
- Each country in the Quad has had to constantly nuance and modify their China policy. What works for one country may not necessarily work for the other three.
- Quad is not NATO. It is not a treaty or an alliance. It is for countries coming together with a degree of understanding and comfort – a cooperation. The idea is to keep finding issues on which the four countries have a common interest and the quad agenda is steadily growing as a result.

Russia and China

The idea that Russia would fall under the thumb of another country is inconceivable. After the revolution in China, the Chinese came under a lot of pressure because of the way Chiang Kai Shek went to Taiwan; their relationship with the US deteriorated. With their backs against the wall the Chinese turned to the Soviet Union for help. They signed the Sino-Soviet Treaty of 1950. China made some serious concessions to the Soviet Union. By 1958, the Chinese started walking back on many provisions of that treaty. Countries do things when they are under pressure but the moment the pressure relaxes, the actions evolve.

Digital Cooperation – Frontier of the Future

Reliable and resilient supply chains are required along with trust and transparency when it comes to the digital domain. In the telecom sector, India has been guided by the concept of a trusted provider. For data, India is looking for “trusted geographies” for cross-border flows. India is a recent mover in this domain, the US has all the advantages of big and early moves. The question becomes – how will India and the US harmonise the journey ahead?

Economic Cooperation

- In 2021, trade between the two countries topped USD 150 billion, making the United States India's largest trading partner but this is nowhere near true capacity. India is participating in three pillars of the new Indo-Pacific Economic Framework for Prosperity (IPEF), building more resilient supply chains, seizing the opportunities



L–R: **Ashwini Vaishnaw**, Minister of Railways, Communications and Electronics & Information Technology, Government of India; **Jamshyd N. Godrej**, Founding Trustee, Ananta Centre and Chairman & MD, Godrej & Boyce; Forum Co-chair; **Josh Foulger**, Managing Director, Bharat FIH Ltd; **Indrani Bagchi**, CEO, Ananta Centre; **Naushad Forbes**, Chairman, Ananta Aspen Centre; Co-Chairman, Forbes Marshall; and **Tarun Das**, Founding Trustee, Ananta Aspen Centre and Former Director General, Confederation of Indian Industry (CII)

inherent in the clean energy transition, and combating the corruption that undercuts a fairer economy. IPEF members represent 40% of global GDP. India and the US have agreed on a roadmap to help both economies grow faster and fairly so that the people can reach their full potential.

- About 20 years ago there was a High Technology Cooperation Group (HTCG). That was a period when export control restrictions on India were substantial. There is more space today for businesses to take forward technology collaboration. Companies are making choices which reflect the improved political comfort between India and the US.

A Warmer Indo-Pacific

Transformation and Rise of the Region

The growth in the region has expanded the scope of the term “major players” in the geopolitical architecture to include India, Japan, South Korea, Australia, New Zealand, ASEAN, the blocs of South Asian nations and Pacific nations.

China’s Outlook

There is evident consternation in Beijing about the growing strategic relevance of the Indo-Pacific. There is now an organised reaction to Chinese assertiveness which makes policymakers in Beijing uncomfortable. In very visible ways it is forcing them to moderate and modify the direction of their own policies. For the region, it’s going to mean more access, greater influence, and multiple options. The US will face a challenge in this region – instead of being treated like a superpower, they will now have to compete for the partnership of countries that feel like they have options.

Biden Administration’s National Security Strategy

- The Indo-Pacific focus in the strategy highlights their plans to strengthen their own role while reinforcing the region simultaneously. An essential feature of this approach is the acknowledgment that this cannot be accomplished alone. PRC coercion and aggression has grown acute in the Indo-Pacific, including in South Asia. From the economic coercion of Australia to the conflict along the Line of Actual Control with India to the growing pressure on Taiwan. The collective efforts

of like-minded countries in the Indo-Pacific over the next decade will therefore determine whether China succeeds in transforming the rules and norms that have benefited the Indo-Pacific region and the rest of the world. These countries seek a strong international system kept grounded in shared values and updated to meet 21st century challenges.

- Supporting India's rise and continued leadership in the Indian Ocean region and strengthening India's capacity to deter PRC aggression, both along the border and in the Indian Ocean is a pillar of their Indo-Pacific strategy. Strategic convergence between the US and India is driven by concerns about the PRC threat. It is also driven by the people-to-people relationships and ties, which accord both our countries access to unparalleled wealth of talent and innovation. To fully realise the potential, they need to increase military cooperation and interoperability and the US needs to support India's military modernisation.

Maritime Realities

PLA

- On an average the PLA Navy has been commissioning 12–15 platforms every year. It includes five to six frigates and destroyers that are Bluewater platforms which can be deployed globally. Today they have the largest Navy in the world numerically, the largest Coast Guard, the largest fishing militia, and the largest fishing fleet. They are a global maritime power. No other nation, in the last three decades, has invested so much capital in developing a Navy.
- There should be preparation for a period when there will be substantive, permanent Chinese naval deployments. The infrastructure developments over the last two decades display the same. They have developed facilities such as the overseas base in Djibouti to support their aircraft carrier.
- In order to maintain stability and security in the Indian Ocean, countries need to ramp up their individual capabilities, but more importantly they need to coordinate strongly. There has been a great demand for India to do joint patrols in the South China Sea. It is not likely to happen anytime soon as India has its own challenges with China.

India US Naval Cooperation

- The scope and scale of joint exercises has increased to include all the Quad members. The level of cooperation between the two navies has grown year-on-year and similar procedures facilitate this cooperation. They

have an agreement on white shipping which has been enhanced to further include intelligence sharing.

- There has been progress post signing of the Communications Compatibility and Security Agreement (COMCASA), however, they need to move faster. In 2017, when there was deployment of a PLA submarine in the northern part of the Indian Ocean region, intelligence was shared and India-US tracked it together. They now have common platforms in inventory as the Boeing helicopters are coming in. There is coordination and networking within these platforms.
- Actionable processes need to be put in place. They need to get in all the kits and black boxes on each other's platform so that when they meet at sea there is seamless networking and integrity.

BRI

In 2017, India was the one major power which did not turn up at the Belt and Road Forum. Almost every other country of consequence turned up there. India made its choice clear and other countries have started echoing it post Covid and post Chinese adventurism in many geographies.

Home-shoring and friend-shoring

- Two new domains have emerged – technology and the need to diversify supply chains out of China into geographies that can be trusted. This will entail a degree of home shoring and friend shoring. It does not mean there will be complete agreement and alignment.
- In coping with China's increasing assertiveness, it's important that smaller countries in the region are given a non-China option. Sometimes India and the US can do it together as a joint proposition, sometimes they can do it individually. It could be coastal surveillance radar, helping a country with safeguarding its exclusive economic zone, giving patrol boats which India has done for countries as far apart as Mozambique, the Maldives, Seychelles, Sri Lanka, and Myanmar. If India does not do this with Myanmar, some other country, potentially China, will do it.
- The fact that India has a line open with Myanmar can prove to be essential like in the case with Russia.
- Before 2021, the only neologism in the Indo-Pacific was Quad. Now there are the Indo-Pacific Economic Framework for Prosperity (IPEF), AUKUS, and the Blue Pacific Initiative. There is some overlap but all of these are different. Demonstrable success is still missing across all

of these mini-laterals. The US, as the anchor and incubator of these partnerships, has the greatest responsibility.

Technology cooperation

- The two critical areas in which India and the US have to work together are sharing of underwater technology and unmanned aerial, naval and surface platforms. Then they can work together to jointly support and develop maritime capability in the Indo-Pacific regions with like-minded countries.



Gina Raimondo, *US Secretary of Commerce*

- NSA Doval and NSA Sullivan co-hosted the US-India initiative on Critical and Emerging Technology (iCET) and gave momentum for collaboration on some big-ticket issues – space, cybersecurity, quantum, AI, 5G. Now, both countries need to figure out how to co-develop and co-produce in these spaces.

Economic partnership and stability

- Providing alternatives to avoid dependence on China in South Asia has been depicted in Sri Lanka and Bangladesh to some extent. In the case of Sri Lanka, both governments were on the same page and followed India's led to move Sri Lanka towards accepting IMF conditionalities. This opened the door for other potential investors to go in, curbing Chinese debt dependency.
- The economic conversation between the US and India needs to go beyond the trade and tariff basket. A broader economic partnership will take time to foster. It would include integration of supply chains and technology. There are unrealised opportunities in defence technology sharing and co-production will not only cater to India's needs but also to third countries.

Trade Policy

- If there is one issue which can imperil this strategic partnership, it is trade policy. The US is struggling to restore the Generalised System of Preferences (GSP) to India. If that does not happen, India and the US will be stuck on trade. The punitive customs duties or tariffs which were imposed during the Trump administration continue to this day. The Trade Policy Forum is meeting infrequently, they've decided they will meet again at the end of 2023 which points to the slow loading speed of the trade pillar.
- Trade liberalisation or trade expansion around preferences is out of step with the politics of the US and in the long term it will be out of step with the interests of India. These preferences have a corrosive effect, they work against the desire to achieve greater ambitions, because greater ambitions erode the structured benefits that come from preferences. Expansion of preferences should only take place as part of a comprehensive package of expanding trade in other ways. Negotiating trade with India is complicated because it is a country where many realities co-exist, poverty and wealth; business restrictions and economic growth. It will require creativity.
- In terms of Chinese economic diplomacy, South Asia is quite fraught because these are neighbours of India but the US and India have a huge scope for collaboration. For example, in the wake of Covid, India made a huge investment in Africa by functioning as their pharmacy. The US and India could collaborate in building capacity in Africa that benefits the US and India both strategically and economically, but also makes inroads into being a source of solutions, rather than being purely economically extractive.
- Unlike the US and Australia, US and Japan, or other NATO allies, India and the US are not allies. The challenge and scope for the US and India is to create institutions, structures and habits of cooperation.

Will the Future of South Asia be Different From its Past?

Shifting concerns in South Asia

- **The growth of India; The decline of Pakistan:** The US does not look at this region through the Afghan prism anymore, they now have a new Indo-Pacific perspective. Earlier Indian diplomacy was consumed by India's relationship with Pakistan but now, even though some issues are persistent, it is no longer central. Pakistan is no longer the second largest economy in the subcontinent,



Hardeep Singh Puri, Minister of Petroleum and Natural Gas & Housing and Urban Affairs, Government of India

Bangladesh is. The gap will continue to grow as Bangladesh has a high economic growth rate and a low birth growth rate, and the reverse is the case for Pakistan. The Indian economy is 10 times larger than that of Pakistan. India's relationship with the Gulf, East Asia, and Indo-Pacific have become more consequential geographies for India than inner Asia. Additionally, China's weight in the South Asian region has dramatically changed.

- **Climate Change Disasters and Risks:** Earlier, nuclear tests and the Kargil conflict made headlines. Twenty years ago the focus shifted to Afghanistan. Last year South Asian headlines in American and European newspapers were neither about the India-Pakistan relationship nor Afghanistan. They were about floods in Pakistan, heat waves across India, Pakistan, and Bangladesh and torrential rainfalls. Climate events affect millions of lives. The World Bank estimates that about 800 million people in South Asia could face sharply diminished living conditions as a direct result of climate change.
- **From the backwaters to the front lines:** In the Cold War, South Asia was in the backwaters. There was no direct confrontation. Today, with the US-China confrontation and the India-China confrontation, the subcontinent is at the front lines of a new strategic competition. Every point

in South Asia is going to be contested by the Chinese and Indians, and Americans at least on the maritime side.

From Democracy to Stable Dictatorships

While democracy may have been the buzzword of the last century, stable dictatorships were supported over unstable democracies in the South Asian region, including by the US. Financial assistance and weapons were provided. Extremism and radicalisation spread in these societies and terror born out of radicalisation has become the greatest challenge that the world is facing. Over the last few decades, 20-25 thousand people have been killed annually due to terrorism. Comfort in dealing with non-democratic forces and shadow governments has to be abandoned. The question to ponder for India and the US is – if they are really strategic partners, are they honest about their approach in the region? Is strengthening democratic forces in the region a common goal, does it serve both countries' immediate national interests?

Afghanistan

- **Food crisis:** The World Food Programme estimates that half of the population, nearly 20 million people, are food insecure and 4 million Afghan children are acutely



Jamshyd Godrej, *Founding Trustee, Ananta Centre & Chairman, Godrej and Boyce Manufacturing Co. Ltd*

malnourished. Prime Minister Mullah Huson famously said, “God will provide food for the people”. Not only are the Taliban not taking responsibility, but they are making it increasingly difficult for humanitarian aid agencies to provide assistance in an equitable and effective manner.

- **Deteriorating human rights situation:** Further restrictions on the rights of women and girls – the right to education, right to work, and freedom of movement.
- **Security:** The Taliban does not seem to be living up to their commitments of the Doha agreement of cracking down on and not providing safe havens to terrorist groups. The current Taliban system is not sustainable in the long run. The US should not do what they did in 1992 and walk away from the region all together. Some policy attention – not far too much, not far too little – should be maintained.

Pashtuns

- Pashtuns have not had justice in terms of narratives, it has been tilted towards terrorism. The tragedy is that those who will be killed are Pashtuns, those killing are Pashtuns. The Taliban are Pashtuns, the Tehrik-e-Taliban are Pashtuns, and six of the seven Mujahedeen parties were Pashtuns. Instability in this region will radiate into Central Asia and Pakistan in terms of refugees, drugs, and terrorism. Therefore, it is very important

to understand the Pashtuns and not paint them with just the brush of terrorism.

- The pertinent question remains – how will the Pashtuns be modernised and how can they be accommodated within the existing territorial state system?

Pashtun Tahafuz Movement

- Pakistan has blamed India for all the problems in Khyber Pakhtunkhwa and Balochistan, claiming that India had fourteen consulates in Afghanistan from where terrorism was being sponsored by the Research and Analysis Wing (R&AW).
- Given the regime change in Afghanistan, India had no consulates there for a year, during which time, people in Pakistan started asking questions – who is then behind the attacks in Khyber Pakhtunkhwa if not R&AW?
- The Pakistani establishment has used the area of Khyber Pakhtunkhwa, both sides of the Durand line, for their foreign policy and strategic objectives. This area will remain destabilised. The Pashtuns of Afghanistan are not against the Pashtuns of Khyber Pakhtunkhwa and Balochistan. It is a Pashtun vs. Punjabi dynamic. Pakistan is comfortable till the time attacks are limited to that region but they get alarmed when it crosses into Punjab or Sindh.

Concerns for Pakistan

- Like previous Afghan rulers, the Taliban has not recognised the Durand Line and they are unlikely to do so. Worse, they have removed the fence in some areas. They have turned the Durand Line issue as unresolved. Thus, the concern for Pakistan is that the Taliban has challenged the Durand Line, and hence their territorial integrity.
- The Tehrik-e-Taliban Pakistan is seeking a reversal of the merger of the former Federally Administered Tribal Areas (FATA) and the province of Khyber Pakhtunkhwa. Taken together, this Pashtun pincer from both sides of the Durand line could mainstream the idea of a larger Pashtun inhabited area that could grow into a separatist movement. Since its decades long policy regarding Afghanistan has failed and worse, there is a severe blowback, Pakistan is seeking a revised strategy. Such a strategy could encompass kinetic action against the Tehrik-e-Taliban Pakistan inside Afghanistan. By doing so Pakistan could very likely get sucked into a war of attrition, not just with the Taliban, but also with other ethnic groups in Afghanistan.

Current concern for Afghanistan

Two other interrelated issues need to be flagged. No country has recognised the Taliban and it is unlikely that the Taliban will get international recognition anytime soon. Second is the status and treatment of women.

Potential consequences of outsourcing the Afghanistan problem to Pakistan, again.

- Twice in the past, the US has abandoned Afghanistan and left it for Pakistan to deal with. It was Pakistan's two-faced approach over the last two decades that was responsible for the US not being able to meet its objectives in Afghanistan.
- Even though the US national security interests in Afghanistan are now restricted to transnational and regional terrorist activity emanating from the region, if outsourcing Afghanistan to Pakistan is on the table again, it could be a mistake.
- It will have all the same consequences like in the past – of funding Pakistan as they continue with their military mindset of crafting a dependent Afghanistan. Pakistan's national interest is not a strong and inclusive government in Kabul as a strong government will challenge the Durand Line. A weak government, however, would allow for ungoverned spaces for international and regional terror groups to incubate and multiply, threatening the entire region with terrorism, drugs, and refugees.

The road to stable Af-Pak relations

For the medium and long term, the road to stable Af-Pak relations would lie in a democratic and pluralistic Pakistan. Such a Pakistan could gradually change the prevalent security mindset of the Pakistani establishment and evolve beyond seeing Pakistan security purely in military terms. The security issues of the Af-Pak region are not going to go away in a hurry. These and other ideas in Afghanistan and Pakistan need to be discussed regularly between India and America at the Track 1 and 2 levels, to share assessments about the region before any investments are made.

India-Afghanistan relations

- Lashkar-e-Taiba, Jaish-e-Mohammed, and the likes of it used areas in Afghanistan for training. India is engaging with the Taliban because of these security concerns. Leaders of Taliban in Kabul, Doha, and Moscow have given assurances to India that they will not let these groups operate from Afghan soil. In fact, they asked India to give inputs for them to act upon if required.
- India is conscious about creating regional and international consensus and thus will not go beyond humanitarian assistance. There is no question of providing legitimacy and recognition.



Jennifer Granholm, *US Secretary of Energy*

Sri Lanka

The long history of corruption and economic mismanagement have led to Sri Lanka's economic crisis. It took a hit from Covid like most countries. Its tourism industry suffered because of the Russo-Ukraine conflict as Russia was the leading source of its tourists and Ukraine was at rank 5. Their future depends on two countries – China, it owns half of their bilateral external debt; and India, it too owns a lot of their debt. The US and India talk almost on a weekly basis about how they can work together to prevent China from leveraging concessions from Sri Lanka and help them restructure their debts.



L–R: **N. Chandrasekaran**, Chairman, Tata Group and **Ashley Tellis**, Tata Chair for Strategic Affairs and Senior Fellow, Carnegie Endowment for International Peace

Integration of South Asia

- Much of the intellectual analysis of regional integration focuses on the institutional mechanisms while the reality is that change will not come through the South Asian Association for Regional Cooperation (SAARC), it will come through India's unilateral policies. Cooperation through SAARC is not probable, not because of India's lack of enthusiasm but due to Pakistan's conditions for regional cooperation.
- Trans-regional mechanisms, like Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and the Indo-Pacific idea, are some of the other ways in which the region can be integrated.
- Pakistan has no interest in cooperating within the South Asian framework, their preference is China. One must live in hope that someday Pakistan will be open to cross-border trade instead of cross-border terror. In the Eastern subcontinent (Bangladesh and Nepal), there is hope of transcending the consequences of partition. India's trade with Nepal and Bangladesh has grown quite significantly. Till last year, India's trade with Bangladesh was more than their trade with Russia.

Chinese military bases in South Asia

The RAND Corporation came up with predicted locations for China's military bases around the world and in South

Asia. The India-US governments are taking steps to prevent these new bases from developing. The most important step towards this would be for India and the US to display their commitment as good partners to these countries.

Defending India: Co-development and Co-production

Capitalising on current alignment

- India and the US are extremely aligned right now, their shared vision for the Indo-Pacific is driven by a lot of convergence. Without a strong US-India defence partnership, a militarily capable US and a militarily capable India, there is no scope for maintaining a stable balance of power in the region. Increasingly, those capabilities have to be interoperable so they can respond to crises together.
- The US-India Initiative on Critical and Emerging Technologies (iCET) and other initiatives in the US Department of Defense (DoD) are a big focus of their bilateral conversations. India has one of the oldest, largest and most diversified defence industries in the world. US defence firms have been integrated into that defence ecosystem for decades.
- Today, there are US companies that have engineering

centres and manufacturing hubs in India which make aircraft fuselages, helicopter cabins, and tail assemblies among other things. There are even some US firms which are building Research and Development (R&D) centres harnessing India's talent.

- The US wants to focus on co-producing and developing technologies together with India to not only support India's defence modernisation goals but, more importantly, to make India an important export market in building the capabilities of other Indo-Pacific partners.

Space

- From the perspective of the US, opportunities lie in the space – where both countries see operationally relevant capabilities that are needed, where both countries face shared threats, where both countries' defence firms already have a strong record of collaboration, and where enhanced Indian industrial capacity is also going to help fill gaps elsewhere in the region.
- There are a handful of specific capability areas where this convergence of objectives is most clear – Intelligence, Surveillance, and Reconnaissance (ISR), air combat and support, undersea domain awareness, fire and mobility. Grounded in that, there have been consultations with partners in industry and throughout the DoD to identify projects of interest.
- In the near future, there will be conversations about this with India as well. Ways to cut down on a lot of bureaucratic red tape on both sides will have to be found, in order to navigate through structural tensions. The Foreign Military Sales (FMS) system of the US seems impenetrable and India makes policies which do not always neatly align. Linkages between the two countries' private sectors have to be drawn to better incorporate the incredible innovation that is taking place in their respective defence industrial bases. If proven successful, both militaries can maintain technological superiority and use cutting edge systems required for the threats they face.

Quality Competitive Manufacturing

- Industry participation and collaboration will be sustainable only if it is based on being part of a larger global supply chain which means the industry in India will need to be as competitive in terms of quality.
- Partnerships between the private sectors in India and the US are important. Most of the technology, if not all, is owned by the private sector in the US. Defence partnerships need time to mature to develop trust and so that

there is comfort in transferring the technology know-how, it also has to be mutually-beneficial.

- For manufacturing, innovation and technology development should be done in a manner that fulfils the needs of India as well as the needs of other partners globally. On the Indian side, collaboration between the private and public sector is crucial, it is not working as efficiently as it should. The ability within India, for not just developing technology but first to absorb technology and then to build upon it further, has come of age.
- When it comes to defence, the need to innovate to achieve objectives which are also “affordable” is crucial. Providing affordable access is an opportunity India is well positioned to tackle. There is a sense of frugality with which India goes about engineering and developing products. If joint manufacturing facilities are set up it would definitely cater to a global demand and not just an Indian demand. India is the sole supplier of many critical components for several partners, thereby catering to a fairly large global demand.

Chinese Threat in the Indian Ocean

The Chinese are clearly planning to project power into the Indian Ocean. China has power projection ambitions for six aircraft carriers by the end of the decade. If China decides to go over Taiwan, it is likely going to be more than about Taiwan. If the US is defeated, it is going to have immediate and direct ramifications for India. It is clear that Xi Jinping wants to have the ability to seize and occupy Taiwan. Capability is the father of potential intent. India and the US need to be prepared.

Russia Reliance

There is a sense that relying so much on the Russians is not a viable option going forward. It makes sense to diversify and the US should be positioned to support that. India's desire to be indigenised is understandable. But it is one thing to express an aspiration and another thing to meet it in a timely fashion especially when there are security threats in this decade.

Sustaining Platforms

The Light Combat Aircraft (LCA) is a great example of indigenising capabilities through partnerships. Had there been a 50% indigenous content requirement placed on the LCA, it wouldn't have moved forward. Ultimately, capabilities are being developed at the pace and cost that can be acquired in order to pace the threats. Sovereign capability to sustain platforms through partnerships is as important

as the acquisition. This is being learnt through both the supply chain disruptions with Covid and the Russia and Ukraine war tragedy unfolding.

Clarity and Guarantee

The government has to clearly communicate the kinds of capabilities required to their industry partners. The US and Indian industry partners have the relationships and all of the regulatory processes that they need to be able to work together. The procurement process has improved but it needs to improve more. There has to be better predictability, especially around the timeframes in which certain decisions are made. There also has to be a certain strategic direction that needs to be outlined and shared with industry so that one knows what kind of capabilities need to be built, going ahead into the future. The industry has to step forward to say they are willing to invest in devising products and solutions, provided two things – clarity of what is required and a sort of guarantee of buying it once it is developed.

Indian Ocean: Evolving Space of India-US Engagement

Beating the Maritime Multicentricity Challenge in the Indo-Pacific

- The ecosystem of challenges experienced by India and the US across the maritime stretch of the Indo-Pacific makes the Indian Ocean an opportune area of discovering and shaping new partnerships. Conceptually, one of the challenges in the Indo-Pacific is maritime multicentricity – within which the Indian Ocean is a key central focus.
- In the current context, India and the US should be wary of the common thread of challenges and stress points in the Indian Ocean region. In terms of elements of specific cooperation, it is important to talk about assessment exchanges at the macro level, but also cooperate closely at the micro level. There are some challenges in terms of the way the two countries' systems are structured:
 - ~ There are different US commands in the Indian Ocean including USCENTCOM (United States Central Command) and the USINDOPACOM (United States Indo-Pacific Command). It is important to concentrate these efforts in order so that the countries can carry out cooperation in a more meaningful way on the ground.
 - ~ Most countries in the Indian Ocean have a strong comfort of cooperation with India as evidenced by the HADR footprint and partnerships, like IORA

(Indian Ocean Rim Association) and IONS (Indian Ocean Naval Symposium), including defence partnerships by way of institutional engagements and equipment supply. Bilaterally, focus is required on maritime domain awareness.

- ~ Visibility of the region will increase with greater cooperation between India and the US – more engagements and information exchange. Sub-regional peculiarities can be addressed through stronger partnerships.
- ~ Frameworks on Indian Ocean engagements – the Quad's IPMDA (Indo-Pacific Maritime Domain Awareness) and India's SAGAR (Security and Growth for all in the Region) – reinforce each other's achievements of objectives.
- ~ The IPMDA focuses on white shipping and helps countries in the region in visualisation of maritime waters but the information flow is presently fractured. The comfort of cooperation of countries in the region shared with India has the potential to be a point of strength for both India and the US to share a common picture with them, mitigate challenges, and harness opportunities – given that two-thirds of container shipping and more than half of the global oil trade moves through this region.

Chinese presence in the Indian Ocean

- Chinese presence in the Indian Ocean represents many stress points, one of which is the predatory lending practices. Mostly, Chinese grants are not based on grants but on lines of credit. The only grant-based partnerships are to ingratiate the elites of the given country.
- Countries of the region recognise the problem that the template of Chinese economic cooperation presents to them, BRI (Border and Road Initiative) being an integral part of it. For political reasons, many countries may have consented to the ground projects but they approach it with caution.
- It is difficult to ascertain the significance of China's first Indian Ocean forum – whether it was an actual forum or a labelling forum. Pakistan's economic problems showcase the failure of China's economic engagement. China's expansion in Hambantota, Gwadar Port, and Djibouti are deep concerns which present strategic challenges for the interest of India and the US in the region.

Potential Partners

Australia for the southern Indian Ocean and France for the



L-R: **Vinay Kwatra**, Foreign Secretary, Government of India; Forum Co-Chair and **Indrani Bagchi**, CEO, Ananta Centre

eastern seaboard can be considered for further partnerships which will be crucial. Potentially, trilateral or quadrilateral groupings can be explored if required. Countries like Seychelles, Mauritius, Maldives, and Sri Lanka, which have been strong partners of India can also be important points of India-US engagement.

Disaster Relief

India has acted as the first responder extensively. India's response matrix during Covid stands unparalleled. In maritime disasters, apart from India's Humanitarian Assistance and Disaster Relief Defence Forces (HADR) footprint there have been many plurilateral organised HADR responses involving both India and the US among other countries.

Evolution in Engagement

- Frank conversations are taking place on subjects on which India – US bilateral conversations seemed impossible a few years ago. Technology based partnership, that interfaces with the regulatory regime where governments are strong enablers for the commercial sector to forge partnerships, have changed.
- Export control is no longer an overshadowing aspect.

Better understanding of shared challenges and better coordination is translated into convergence.

- India has taken a facilitative approach based on reconciliation without ignoring the larger framework of decolonisation on the Chagos islands issue.

Russia-Ukraine War

Three dimensions of Russia's Approach

- The first dimension – goal is the complete political, economic, and societal subjugation of Ukraine. The war goals will be adjusted according to the progress on the battlefields.
- The second dimension is related to Europe, namely that Russia launched a non-kinetic warfare against the European security order that has no longer been serving Russian interests within this framework. This indicates weaponisation of interdependencies. Europe was already facing an energy crisis ahead of the war, and the world was already in a food crisis ahead of the war. Since war is inflationary, these critical indicators have been skyrocketing. Europe faced a two-digit inflation.
- The third dimension is related to the bifurcation of the



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global system, specifically the systemic competition between the United States and China. Given the fact that Russia is no longer the systemic player that it was during the Cold War, President Putin has been trying to destroy the European security order to get back the pole position and become an indispensable wildcard in a new systemic conflict between two new rivals.

- Attempts are being made to leverage the Russia friendly European powers and achieve a position where neither the United States and China would want Russia to be in the rival bloc.

Three concrete miscalculations by Russia

- First – the European response. The Russia friendly Europeans weren't nearly as supportive as anticipated.
- Second – the capabilities of the Russian state and military to wage a full-scale war.
- Third – the ability of the Ukrainian forces to sustain a full-scale war and to fight back even with the prospect of winning.

Coherence from Europe on Sanctions

In the first invasion of Ukraine in 2014, Europe moved bilateral and multilateral formats and relations for sanctions against Russia but individual states still paid heed to their unique interdependencies with Russia. This time, a coherent approach came from both multilateral institutions and European powers in terms of sanctions towards partners of Russia – such as Belarus and Iran. Despite the differences in terms of political agendas these sanctions will continue. The idea behind this is triggering a tipping point for the Russian economy, while reducing all the sources for revenue for the war machinery and then increasing the supply of weapons systems to Ukraine. There is a possible scenario, with the interplay of factors, in which Ukraine could win this war.

The US in Ukraine War

- American military commitment to Ukraine is well known but there are some objective limits in terms of supplies of weapons and other material too.
- It is time to think about peace and how the future will look but neither side is ready to enter negotiations yet.
- American interests would not be helped by a breakup of the Russian Federation. Ideally, at the end of the war

there should be real peace with no sanctions, no frozen conflicts, whatever boundary is established between the states is recognised and legal. This would involve security guarantees for Ukraine.

- The geopolitical basis of accommodation between Russia and the US has become unhinged. Unfortunately, until it reaches a certain level of plateau, the use of force will be the medium in which this will be resolved.
- It is not the same as it was during the Cold War period. The US debt is USD 31 trillion. It does not have the policy grip, strategic mind space or the resources for dual containment. The US has to find a sustainable modus vivendi in Europe which finds some space for Russia so that the US can engage elsewhere in the world.

China Contingency

- The United States' responsibility in Taiwan is in the military, technology, and economic realms. China is developing the capability to do what Russia has done. When they attain the capability, they might exercise it.
- It is a project that the United States cannot be doing unilaterally. It has to be a collective effort by the powers not only in the Indo Pacific, but also other like-minded countries. It should be noted that in the Ukraine war, the US failed to deter Russia.
- The errors made in the lead up to the Ukraine war have to be analysed because the goal cannot be to win a war with China in the South China Sea or elsewhere. The goal is to not let the war with China occur.
- There may not be a strong European response and solidarity with the United States in the case of a military attack by China on Taiwan because Europe is the biggest trading partner of China. Europe does not want to get caught in this binary world between the US and China.
- Another challenge with respect to Europe will be to draw them into a conversation about a powerful collective response against Chinese aggression against India and other flashpoints in the region if there is a perception that India has not been fully on board with respect to how they deal with Ukraine.
- For countries of the Indo Pacific, it is more than just a regional crisis in a far off part of the world – it is a wakeup call and an opportunity. At the Shangri La conference, Prime Minister Kishida of Japan put the question bluntly – “Is Ukraine’s present going to be Asia’s future?” The answer to that depends on whether the Ukraine war

galvanises a new sense of political and military seriousness in this part of the world. There are signs that this is happening in certain parts.

- The idea of authoritarian great powers using military force to claim territory that they believe to be rightfully theirs no longer seems abstract. It has also put a spotlight on deficiencies that countries have been aware of but have not tackled with a sense of urgency that they are now beginning to see. It is imperative that the conversation with respect to China takes place – how countries in the Indo-Pacific and beyond would respond not only militarily but in the non-military sphere in the event that China were to engage in an act of aggression, not just with respect to Taiwan but also in the context of its relationship with India.

India-Russia Relationship

- The leadership contacts have continued – Prime Minister Modi met President Putin in Samarkand and both Foreign Ministers held visits. The bilateral trade has increased to almost USD 30 billion – a substantial part of it is increased energy exports to India but also fertilisers and coking coal. New routes such as the north-south corridor route and the Chennai-Vladivostok route are also being explored.
- The prolongation of war is making India uncomfortable. There was no major disruption but there was stress on the India-Russia defence relationship. Procurement wise, AK203 and S400 supply was delayed but continued, 1,135.6 Frigates continued to be produced.
- The way forward has to be seen in the context of the larger modernisation debate. It involves Russian legacy weapons, which is a misnomer because some of these weapons will be in use for decades to come – 1135.6 Frigates will be in service till 2070.
- The notion that somehow Russia would fade away from the Indian inventory system is not accurate. However, new challenges have been imposed and international relations will not emerge unscathed from the tremendous procurement challenge.
- Amongst the foreign vendors of Make In India, the Russians are well positioned. The US needs to find ways of working around Make In India. The American defence industry is an invaluable partner. But it is a mistake to Americanise the China threat. There are certain commonalities with the United States, but it is not completely uniform. The type of weapons that India would like to have in cooperation with the US against China is a matter

for deep discussion. The decision making on how to transition to lower levels of dependency on Russia should be left to India.

European perception of India's interests

- EU's energy dependence was taken as a given. Sanctions were put but it was about minimising the economic impact that would come through. India's recent energy trade with Russia was put in the spotlight. It showcased how national interests of a particular region acquired a greater legitimacy and moral standing as compared to what India did.
- The exposure to different geographies of conflict has perhaps brought about a little bit more European appreciation for what is the China challenge for India.

India-US Relationship

- The sign of a mature relationship is having multiple lines of efforts, whether it is political investment or strategic imperatives. If too much burden falls on "the next big thing" and it does not actualise then the relationship is considered to have failed in some ways.
- In an ideal world, Free Trade Agreements (FTA) would be great but the metric of the US-India relationship should not be an FTA.
- Strategic convergence in the Indo-Pacific can be considered "the next big thing". A concern is that dependence on just one pivot – China, if either side falls short on that then the relationship will be questioned.
- Recent convergences have given the US and India an incentive to manage the differences on Russia, that at another given point could have been a bigger problem.
- India is the only country standing up to China. The US is a global power. India is a growing regional power. India does not need a military alliance with the US because they will fight separately but India needs technology where both countries need to come together with maximum convergence.
- It is in the US national interest to encourage and facilitate Indian defence industrial indigenisation and to encourage Indian diversification, not just with the US companies but with US allies and partners – France, Israel, South Korea, Sweden etc.

G20 for Global Good

Fighting Protectionism

- G20 brings together the power of both developed and developing countries with a fairly good track record to act during moments of crisis. The world is facing multiple crises today – ranging from climate action to global debt. The growth of the world at a rapid pace will be difficult without globalisation. All these vast range of protectionist measures and geopolitical tensions need to give way to the greater good for the citizens
- The Inflation Reduction Act (IRA) is well intentioned but highly protectionist. It talks about a USD 3 subsidy on green hydrogen for green hydrogen produced in the US. It is different from the European Union policy, which says that it will provide subsidies for green hydrogen produced in any part of the world. Green hydrogen produced in the US today costs USD 7.5 per kilogramme, in India it costs USD 4.5 per kilogramme. Free trade truly demands support for production in a place which is able to produce the least cost. Green hydrogen is important to decarbonise the world and in order to do that, there is a need for decarbonising refineries and steel plants. For all of this to happen, there is a need for the world to scale up green hydrogen production to bring down the cost rapidly. This would mean that the US needs to modify the IRA for its trusted partners, particularly the Quad. It has brought every single green hydrogen project from Australia to Saudi Arabia to India, at a complete standstill. Instead of being progressive, it has been very retrograde in nature.

Decarbonised Growth

- India must become the first country in the world to industrialise without carbonising. There are young corporations that have done it and that is why India was able to achieve its Nationally Determined Targets (NDT) targets nine years ahead of schedule. But even if they are able to do 100% of the electricity renewable, electricity is only 20% of the energy being used – the balance 80% goes into refinery, fertiliser, steel, long distance transport, and other sectors is what needs to be decarbonised.
- India imports close to USD 180 billion worth of fossil fuel. The only way to replace it is to go for green hydrogen. India has the potential to be the largest producer, exporter and manufacturer of electrolyzers. The green hydrogen policy, which has just been announced by the government, will provide a huge impetus for green hydrogen. It is important to get the standardisation right and to push for multilateral financial institutions. To be able to do green hydrogen on that scale, hedging instruments are



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required as there is no low interest rates regime in India. Long term interest at low costs is needed.

Reforms in Multilateral Institutions

- The World Bank and IMF were all made for the post World War Two period – the post Bretton Woods period. They are not designed for today's climate crises. There is a need to redefine them – indirect funding financing, blended finance, first loss guarantees etc. That will provide a huge spur to a move towards new climate finance instruments which will facilitate green hydrogen use.
- The US Treasury Secretary has very strongly talked about and has been given as a mandate at the annual meeting of the World Bank. Economies can restructure themselves to be able to use the Multilateral Investment Guarantee Agency (MIGA) as an instrument to do greater credit enhancement by using the same funding and equity base to do indirect lending. It is not that funds are not available. There are USD 200 trillion worth of resources available with asset funds and private funds; they are just not able to flow in for climate financing. They want to go for climate financing, but they're not able to do that because an institution which can do credit enhancement and blended finance is not available. That is what should be the role of the World Bank.

Digital Architecture

- In the US, private entrepreneurship is based on the big tech model. India has a unique model of creating tracks on top of which the private sector is innovative. India does 11 times more payment than what USA and Europe do and it does 3.5 times more payments than what China does.
- India has created digital identities, India has created bank accounts which are linked to digital identity, India has created fast payments. Now, there are 4 billion people in the world who do not have a digital identity, 2 billion people who do not have a bank account, and 133 nations which do not have digital fast payments. India empowers the citizens with their own data, it has data empowerment and protection architecture which means that the person's data belongs to them.
- The Jan Dhan-Aadhaar-Mobile (JAM) trinity, CoWIN, government learning portals like Swayam and Diksha, and so on – all these unique digital goods India has created. All of these are open source, Open Application Programming Interfaces (API), and interoperable. These are low-cost models which empower citizens with their data. This is the way forward for the world.



L-R: **Paul Jones**, Vice President, International Government Relations, Raytheon; **Donald Lu**, US Assistant Secretary of State for South and Central Asian Affairs; and **Mukesh Aghi**, President, USISPF

Global Debt

- Global debt is going to be a major challenge because there are 75 countries, which are facing a global debt crisis. A lot of lending has taken place in recent times from China. China's lending has all been very opaque; China is very averse to discussions with the Paris Club so far. There cannot be a package for Sri Lanka, without the IMF, China, the Paris Club, and the private sector lending all put together.
- The IMF can structure a package for Sri Lanka but if its money is going into repaying China, it's not a doable package. Therefore, all four lenders need to discuss it, however, China is not agreeing to it. The only footnote which came out in the last leaders' communique was China's footnote against this debt. In the post Covid era, 200 million people have gone below the poverty line and 100 million people have lost their jobs in the global south.

Semiconductors

42% of the semiconductor chips are made in Taiwan. Should

a China-Taiwan crisis arise, there will be sanctions from all over. The automobile, defence, mobile, mobility industries, essentially the whole world will shut down. It will be in the best interest of the world if the global supply chains are more diversified, demonopolized. A lot of work has been done in the last few years to support American businesses in India in terms of bringing in Goods and Services Tax (which is entirely cashless and paperless), Insolvency and Bankruptcy Code, the Real Estate Regulation and Development Act, reducing the corporate tax and redefining the Micro Small and Medium Enterprises.



Taranjit Singh Sandhu, Ambassador of India to United States



L-R: **Ravi Aurora**, Senior Vice President, Global Public Policy & Indo-Pacific Policy Operations, Mastercard; **Joe Wang**, Senior Director, Foreign Policy, Special Competitive Studies Project; **Rajesh Pant**, National Cyber Security Coordinator, Prime Minister's Office, Government of India; **Husanjot Chahal**, Research Analyst, Georgetown University's Center for Security and Emerging Technology; **Anirudh Suri**, Founding Partner, India Internet Fund; and **Mukesh Aghi**, President, USISPF



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