



INDIA-SWEDEN STRATEGIC COMPASS

A BI-MONTHLY NEWSLETTER BY ISDP'S STOCKHOLM
CENTER FOR SOUTH ASIAN AND INDO-PACIFIC AFFAIRS

May-June 2023 • Vol.2 • No.3

SPECIAL FEATURE

Boosting India's Engagement with the West

PM Modi as Guest of Honor on Bastille Day Heralds New Era of Indo-French Strategic Ties

On July 13, days after his landmark U.S. visit, Indian Prime Minister Modi landed in Paris for a two-day visit to France. French President Emmanuel Macron invited PM Modi, who was received by the French PM Élisabeth Borne, as the Guest of Honor at the Bastille Day Parade—the celebrations mark the start of the French Revolution on July 14, 1789, and highlight the ideals of liberty, equality, and fraternity. The visit also celebrates the 25th anniversary of the India-France strategic partnership. An Indian tri-force contingent marched down the Champs-Élysées, with French-made Indian warplanes joining the aerial display. PM Modi was also conferred with France's highest civilian and military honor, the Grand Cross of the Legion of

Honor, by President Macron. Ahead of the visit, the Indian government approved the procurement of 26 Rafale-M fighter jets worth around €5.5 billion from France for the Indian Navy.

India and France have strengthened their ties and are looking to build new initiatives in several sectors including defense, space, maritime security, resilient supply chains, renewable energy, green hydrogen, artificial intelligence, semiconductors, cybersecurity, and digital technology. One of the highlights is an agreement between NPCI International Payments Limited (NIPL) and France's Lyra Collect to implement Unified Payment Interface (UPI) in France and Europe. The payment mechanism is expected to be launched by September 2023 with the iconic Eiffel Tower as the first merchant in France to accept the UPI.

India and France have also jointly committed to eliminate single-use plastic pollution. Both leaders adopted the "Horizon 2047 Roadmap on the 25th Anniversary of the Indo-French Strategic Partnership: towards a century of French-Indian relations." Moreover, India and France as resident Indo-Pacific powers have also initiated the development of a constructive Indo-Pacific cooperation roadmap, an extension of the "Joint Strategic Vision of India-France Cooperation in the Indian Ocean Region" signed in 2018.

Source: @MEAIndia; Euronews & AP, July 14, 2023; @PMOIndia, July 14, 2023; Indian MEA, July 14, 2023.

PM Modi's Landmark State Visit to the US

In late June (20-23), PM Narendra Modi arrived in the United States for his four-day official state visit. Importantly, this is only the third such invitation during U.S. President Joe Biden's term; the others include French President Emmanuel Macron and South Korean President Yoon Suk-yeol. The visit covered both soft and hard diplomacy areas including trans-cultural events like the International Yoga





Day, creating a Guinness World Record for participation of people of most nationalities; meetings with business, tech, and thought leaders such as Apple CEO Tim Cook, Microsoft CEO Satya Nadella, Tesla CEO Elon Musk, Nobel Prize winner Paul Romer, and astrophysicist Neil deGrasse Tyson; address to the U.S. Congress (the first Indian PM to receive this honor twice); full ceremonial honor at the White House; and a consolidation of expanding defense, economic, and technological ties.

The MSP includes the European Commission, France, and Germany, among others, which should facilitate better cooperation between India and the EU and its members not only in reducing overdependence on China and Russia and building resilient supply chains, but also via newer initiatives in critical and emerging technologies and renewable energy.

Sources: @narendramodi, June 24, 2023; Indian Express, June 27, 2023; Print, July 1, 2023; SpaceNews, June 23, 2023.

The visit is set to define India’s new burgeoning partnership with the West. At the heart of this new tilt to the U.S. is the momentum toward deepening “no bounds” economic, technological, and defense engagement. While countering Chinese aggression in the Indo-Pacific is the fundamental concern and impetus, the recent bonhomie reflects growing bipartisan support in both India and the U.S. for the partnership between two important global powers.

INDIA-SWEDEN

India Calling @Almedalen

Late June (June 27-July 1) was also the beginning of the Almedalen Week, held in in Visby, Gotland. The highlight for India was the annual seminar series called “Engaging India @Almedalen” centered around global concerns such as climate action, sustainable development, and collaborative innovation. India’s Ambassador to Sweden

One of the most important aspects has been the highly sensitive defense technology-sharing deal, which the U.S. is extremely cautious about earmarking for even its treaty allies. It includes the unprecedented transfer of GE F414 jet engine technology and co-production in India, as well as agreements, investments, and collaborations in semiconductors (testing and assembly plants), engineering, defense start-ups, spaceflight, purchase of armed drones, and training of workforce.



During this visit, India also joined the U.S.-led covered critical minerals initiative, the Mineral Security Partnership (MSP)—the only developing country in the exclusive club.

Tanmaya Lal joined leaders in industry, academia, and government to engender meaningful collaborative actions between India and Sweden via thoughtful discussions. The theme of the event this year was “Samband for the Planet,” focusing on the need to find cooperative approaches for building a more sustainable future.

Key excerpts from the event:

Mr. Mayank Singhal, Vice Chairman and Managing Director of PI Industries in his keynote address emphasized on the commitment to a fair and just transition to a climate-positive economy. He talked about Connections, Collaboration, Cooperation, and Conversations as core pillars for a symbiotic *sambandh* (literally, relationship) with the world at large. Mr. Pramod Varma, Chief Architect of the Aadhaar and IndiaStack, conducted a special session on India’s digital transformation, and the role of the markets, start-ups, and innovation for a robust development of digital India. Professor Emeritus Owe Ronström used the analogy of *The Lord of the Rings* to illustrate the primary challenge of this century, namely the transition to sustainability. Dr. Swaminathan Ramanathan talked about technology and thought architecture as possible solutions to challenges on the route to sustainability.

Case study presentations highlighted how digital solutions can empower farmers, how new green technologies can be used to increase crop yields, and how Digital Public Infrastructure (DPI) can be used across sectors to revitalize economies by catalyzing development.

Source: Engaging India, June 2023.

India’s Outreach in the Swedish North

Indian Ambassador to Sweden Tanmaya Lal visited the city of Luleå in northern Sweden (150 km from the Arctic Circle) in late May for an event on building digital links and emerging sustainable technology between India and Sweden. This includes developments in mining and steel industries and producing alternative forms of energy production, notably green hydrogen. The collaborative event also involved the Sweden-India Business Council (SIBC), Luleå Tekniska Universitet, Business Sweden, Sweden’s Office of Science & Innovation in New Delhi, and the Swedish Embassy in India. Innovation, sustainable manufacturing, and skill development are the mainstay of strong India-Sweden economic, technological, and



research & development partnership. The new focus is on jointly propelling sustainable green and inclusive growth centering on innovation. The event will build on the momentum in bilateral ties in 2023, which marks not only marks 75 years of India-Sweden diplomatic relations but also their parallel presidencies of the Group of Twenty (G20) and the EU (Sweden’s term ended in June).

Sources: @Tanmaya_Lal, May 25, 2023; Embassy of India in Sweden & Latvia; SIBC

Business Sweden on Rising India’s Green Makeover

On May 8, Business Sweden conducted a panel discussion with Sweden’s Trade and Invest Commissioner to India Cecilia Oskarsson and Swedish and multinational business leaders and experts such as Mr. Rikard Kanmert, Absortech; Mr. Harmeet Bawa, Hitachi Energy; and Mr. Henrik Chetan Aspengren, Swedish Institute of International Affairs. The discussion explored questions about whether India could become the next green





superpower and how Sweden could help facilitate India's green transition and push sustainable development to greater heights. Additionally, the EU-India free trade agreement (FTA) was discussed, particularly the optimism about the prospects of reaching such an agreement. The discussion highlighted that Swedish businesses have great opportunities to work in India in the life sciences, infrastructure (especially aviation), and green transition sectors. Importantly, the two sides would mutually benefit from Sweden's huge strides in green hydrogen technology and the expanding Indian demand for renewables, as well as India's burgeoning young and skilled workforce amid India's strides toward becoming the third largest economy by 2027, ahead of Japan and Germany.

Source: *Business Sweden*, May 8, 2023

Time for "an India Strategy": Swedish Firm Elekta Looks to Expand to India

The Stockholm-based multinational company Elekta is considering expanding its business and manufacturing in India. The company, which specializes in precision



radiation therapy solutions, has production facilities in Sweden, the UK, the Netherlands, China, and the U.S. Mr. Manikandan Bala, who is Senior Vice President of Elekta for the TIMEA (Turkey, India, Middle East & Africa) and Asia-Pacific, and managing director of its Indian operations, spoke to *The Hindu* about the prospects of Elekta's expansion to India for manufacturing. The Indian government's targeted focus on creating a viable manufacturing ecosystem, including addressing the chip manufacturing concerns, via initiatives such as "Make in India" has energized Elekta's plans. In a latest development, Elekta has partnered with GE HealthCare to allow greater access to precision radiation therapy solutions in India.

The opportunities of collaborating with the rapidly emerging Indian market, thanks to its rapidly growing middle class, are too valuable to miss for businesses. In this regard, a study by the *Harvard Business Review (HBR)* in June has also highlighted the need for multinationals to have an India strategy. It highlights that the Indian subsidiaries have better growth prospects and profitability.

Sources: *The Hindu*, June 19, 2023; *HBR*, June 27, 2023; *TechObserver*, July 6, 2023.

INDIA-NORDIC

India-Finland Trade is Flourishing

The Federation of India Export Organisations (FIEO) has reported a substantial jump in bilateral trade between India and Finland this year. Indian exports have now reached a total value of USD 532.50 million, an increase of 54.64 percent for the 2022-2023 financial year. Indian exports range from pharmaceuticals to digital services. Moreover, Finland is committed to supporting India's rapidly growing economy, particularly the transition to greener forms of energy production. Beside trade, India and Finland are accelerating cooperation initiatives in the fields of vocational training, cyber security, space, science and technology, innovation, climate action, tourism and digitalization. Finland's Minister of Economic Affairs Mika Lintilä in April already highlighted the need for exploring tie-ups with India in quantum computing, 5G technology, connectivity, renewable energy, and low emission mobility.

Sources: @FieoHq, June 7, 2023; *Finland in India*, June 2023; *Mint*, April 2023.

World Environment Day Events in Scandinavia and India

On June 5, celebrations and projects were held in both India and the Nordic countries. The Norwegian Embassy in India celebrated by calling attention to the single use ban on plastics. India had banned low utility but ubiquitous single-use plastic items, such as plastic straws and cups from July 2022. The Danish Deputy Chief of Mission in India, Martin Strandgaard, took the opportunity to highlight the historic “Green Strategic Partnership” that Denmark and India signed in 2020 as a model agreement to enhance climate action globally. An example of such an action is the Lifestyle for Environment (LiFE) Initiative, launched by PM Modi in 2021, which Sweden and Iceland also support. The LiFE Initiative is part of India’s wider goal of reaching 50 percent energy from renewables and to reduce the intensity of GDP emissions by 45 percent by 2030. In Iceland, Indian Ambassador to Iceland B. Shyam set out the LiFE mission pledge, during an official presentation in the Icelandic capital, showing the Nordic-wide commitment to this initiative during their World Environment Day event.

Sources: ANI, June 6, 2023; @BotthheimM, June 5, 2023; @IndiainSweden, June 5, 2023; @IndiainIceland, June 5, 2023

India-Finland Start-up Connect

The Embassy of India in Helsinki, Startup India, and Business Finland teamed up in May to host the “India-Finland Start-up Connect” event in May. The aim was to encourage collaborations and technology-sharing among start-ups to enable a green transition in trade. During the event, the Indian Ambassador to Finland Raveesh Kumar highlighted potential opportunities for improving Nordic-Indian collaboration on green transitioning.

Source: @IndEmbFinEst, May 26, 2023.

India-Iceland Renewable Energy Strides

On June 7, 2023, Icelandic Geosurvey (ÍSOR) signed a Memorandum of Understanding (MoU) with Oil & Natural Gas Corporation Ltd (ONGC) in New Delhi to expand cooperation in exploration and development of geothermal energy in India. Ambassador of Iceland to India Gudni Bragason was present during the signing of the MoU. This is an important development in creating renewable energy in India through collaboration with Nordic countries.

The new MoU will take forward the energy security measures started last year with the formation of the Joint Task Force on Geothermal Energy Cooperation initiated by the Prime Ministers of Iceland and India during the India-Nordic Summit held in May 2022 in Copenhagen. Soon after the ONGC Energy Centre and ÍSOR signed a joined agreement to construct India’s first geothermal plant in the Puga Valley in Ladakh. Besides geothermal energy, both countries are now looking to further economic cooperation across sectors such as blue economy, Arctic, renewable energy, fisheries, food processing, education including digital universities, and culture.

Sources: @ONGC, June 7, 2023; Think GeoEnergy, August 8, 2022; Indian Press Information Bureau, May 4, 2022

INDIA-EU

Synergizing EU’s Global Gateway Strategy with India’s Development Initiatives

The EU’s ambitious plans to reshape global infrastructure development via its a €300 billion project called the Global Gateway and India’s goals to reconfigure national and regional integration through enhanced connectivity received a boost in June 2023. The India-EU Global Gateway Conference, held in Shillong, Meghalaya, India from June 1-2, was a big step toward achieving this vision. The purpose of the conference was to discuss potential areas for encouraging sustainable, smart, and green connectivity investments between the EU, India’s eastern and north-eastern States (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura,



and Sikkim), and India's immediate neighbors (namely, Bangladesh, Bhutan, and Nepal). For this purpose, the initiative brought together public and private stakeholders to boost connectivity investments in digital, energy, transport, health, and education sectors.

At the conference, the Chief Minister of Meghalaya Mr. Conrad Kongkal Sangma and Dr. Rajkumar Ranjan Singh, Minister of State, Ministry of External Affairs highlighted the vast opportunities that can be capitalized through the EU-India partnership and the importance of connectivity in promoting trade and investment, generating business opportunities, and upskilling local talent.

Ambassador of the EU to India and Bhutan Ugo Astuto, who attended the conference spoke at length about the benefits of the EU-India collaboration on infrastructure, noting that they would be felt across the whole of India, not exclusively in the Northeastern region.

The EU's Global Gateway initiative, which was unveiled in 2021 and aims to rival the Chinese Belt and Road Initiative (BRI), has been picking up momentum with several projects in the Indo-Pacific region, Africa, Latin America, and the Caribbean, among others. India's extensive participation with the EU will certainly help in meeting the needs and concerns of the Global South countries. The Global Gateway projects in and around India will contribute towards improving the speed of the green energy transition, an important goal for India. They will also help the EU in solidifying its presence in the Indo-Pacific, particularly in the Indian Ocean region, where India enjoys traditional dominance, as well as help foster democratic connections.

Sources: Financial Express, May 31, 2023; European Commission, May 2023; @EU_in_India, June 1, 2023; Delegation of the EU to India and Bhutan, June 2, 2023

Indian-German Companies Sign MoU for Submarine Deal

Thyssenkrupp Marine Systems (TKMS), a German defense and engineering company, and India's Mazagon Dock Shipbuilders signed an MoU on June 7 with the aim of jointly constructing conventional, air-independent-propulsion submarines in India. The final contract is expected to be worth about ₹42,000 crore (nearly US\$5.2

billion). Mazagon would be responsible for constructing and delivering the respective submarines, which would include significant local content in line with the "Make in India" initiative. The ceremony was held in Mumbai, India, in the presence of the German Defense Minister Boris Pistorius, who was in India to review and enhance the ongoing bilateral defense cooperation, particularly the defense industrial partnership. The MoU comes at a time when the EU and its member states are looking to expand defense-related collaboration with India, and India is seeking to reduce its dependency on Russia for military equipment.

Sources: Thyssenkrupp, June 7, 2023; Indian Ministry of Defense, June 6, 2023.

Europe Central to India's Aviation Growth


In a record-setting, landmark deal, India's IndiGo airline placed an order of 500 passenger jets (the A320 aircraft) from European planemaker Airbus at the Paris Air show—the world's largest event dedicated to aviation and space industry—in June. It was the biggest single purchase agreement in the history of commercial aviation, highlighting the rising demand for air travel in India amid an expanding economic growth story. This new order demonstrates not only that the Indian aviation market is shaping up to become one of the most ambitious and competitive in the world, but also strengthens the new chapter of economic and strategic ties between India and Europe. This deal aligns with PM Modi's mission to develop India as an aviation leader by 2030 by building cutting-edge infrastructure and developing India as a global aviation hub. Predictions are now being made for India to overtake China and take center stage as the leading market for aviation growth.

Sources: BBC, June 19, 2023; Airbus, June 19, 2023; IndiGo, June 19, 2023.

INDIA-GLOBAL

India-US Strategic Trade Dialogue

On June 6, the first India-US Strategic Trade Dialogue (IUSSTD) was held in Washington DC for prioritizing increased cooperation on trade between the two countries. Against the backdrop of unprecedented bonhomie between India and the United States, the U.S. Under Secretary



of State Victoria Nuland and the US Under Secretary of Commerce Alan Estevez hosted an Indian delegation led by Foreign Secretary Vinay Mohan Kwatra to explore more approaches for collaborations in technology, green energy transitioning, and post-COVID resolution of global debt issues.

The IUSSTD is a key platform under the India-US initiative on Critical and Emerging Technologies (iCET) for enabling strategic technology and trade collaborations in critical areas such as semiconductors, space, telecom, quantum, AI, defense, and biotechnology. Building and diversifying resilient supply chains for high-tech trade was a key agenda. This event was an important precursor to PM Modi's successful visit to America in late June.

Sources: The Hindu, June 7, 2023; Embassy of India

Engaging India for AI Advances: A Make-or-Break Strategy for Global Economies?

India's growth is encouraging the world's major powers to not just cooperate with the former in developmental initiatives or for trade but also in future technologies such as artificial intelligence (AI). The recent leaps in AI development foreshadows its prominence in all facets of policymaking in the near future. Moreover, India's economic rise, its status as the world's most populous country, and a young tech-skilled workforce guarantees its role in shaping and regulating the new technologies.

Manuel Muñiz and Samir Saran in their article in the *Project Syndicate*, titled "AI, Democracy, and the Global Order," highlight the urgency for a "more holistic and global approach to tech governance," as well as India's central importance in creating information technology and the digital economy architecture: "... India could make or break the success of such diplomacy. ... More to the point, India's views on emerging technologies matter immensely. How it regulates and supports advances in AI will determine how billions of people use it."

Source: Project Syndicate, May 23, 2023

Consolidating UK-India Defense Endeavors

The British and Indian armies held the seventh edition of the joint military exercise "Ajeya Warrior" for two weeks at Salisbury Plains, UK, from April 27 to May 11, 2023. The exercise is a biennial training event, which is conducted

alternatively in the UK and India; the last edition was held at Chaubatia, Uttarakhand in October 2021. It aims to increase interoperability between the armies in an effort to promote stability and security in the Indo-Pacific. It is a significant milestone that showcases continually developing defense cooperation between the two sides.

Sources: @ANI, May 11, 2023; Indian Ministry of Defense, April 27, 2023.

New Report Underscores India's Transformation in the Last Decade

In a new report released in May, "How India Has Transformed in Less than a Decade," the global investment firm Morgan Stanley highlighted India's stride in the global order by listing ten big changes, a result of India's policy choices, and their implications for India's economic growth: 1) supply side policy reforms; 2) formalization of the economy; 3) Real Estate Act; 4) direct to beneficiary social transfers; 5) Insolvency and bankruptcy code; 6) flexible inflation targeting; 7) foreign direct investment (FDI) focus; 8) India's 401(K) moment; 9) government support for corporate profits; and 10) MNC sentiment at multi-year high. A particular area of change the report highlights is its digital economic growth. For example, Indian digital transactions have steadily grown and 2023 levels make up 76.1 percent of its gross domestic product (GDP), which is over 17 times its 2016 levels, which stood at only 4.4 percent. Moreover, India has experienced a surge in offshoring interest, with its service export market shares rising dramatically, particularly since the COVID-19 outbreak.

The report concludes that India's economy will follow a similar trend to China during its period of huge nominal GDP growth from 2007-2011 and that India will actually overtake Chinese levels in terms of GDP and productivity growth. Indian growth in the last ten years has shaped a pathway toward an optimistic future.

Source: Morgan Stanley Research, May 29, 2023



EDITOR'S NOTE

2023 is proving to be a momentous year for India-West relations. PM Modi's high-profile visits to the U.S. in June and France in July have indeed started a new chapter in India's strategic partnership with both Europe and the U.S. These visits will be a turning point for the EU and its member-states' strengthening of ties with India in fields ranging from new and critical technologies to renewable energy in these challenging times exacerbated by authoritarian states exploiting ideological, geographical, and cultural divisions. Nonetheless, India seems focused on leveraging the momentum of its ongoing economic, diplomatic, and digital growth, leading to a constructive engagement with Europe and beyond.

In line with this cooperative approach, India-Sweden ties have maintained the trajectory set by EAM Jaishankar's visit in May. India and the Nordic countries, too, are seeing a surge in economic and energy security ties, with renewable energy projects taking a lead. Similarly, India and the EU

are capitalizing on their connectivity agreements for a broad outreach in the Indo-Pacific. India's "Make in India" and "Digital India" initiatives are encouraging co-production in defense and technology sectors and a restructuring and diversification of supply chains.

Importantly, the developed world, including the U.S. and the EU, will need to continue to integrate India into democratic institutions that shape global boundaries and rules on future technology, as well as prioritize work on technological initiatives such as US-India iCET and EU-India Trade and Technology Council (TTC). Japan's invitation to India to attend the latest G7 summit in Hiroshima is a step in the right direction. A united approach between India and democratic partners in the U.S. and Europe is an essential part of protecting society from the risk of new technologies like AI and for creating a human-centric digital transformation whilst still being able to tap into its enormous benefits.

CONTACT DETAILS:

For inquiries about the newsletter or ISDP's Stockholm Center for South Asian and Indo-Pacific Affairs (SCSA-IPA) activities, please contact Dr Jagannath Panda at: jpanda@isdpeu

Disclaimer: The views expressed here are as published in the original sources and not of the ISDP or the SCSA-IPA.

CONTRIBUTORS: This newsletter was prepared by SCSA-IPA.

ABOUT ISDP

The Institute for Security and Development Policy is a Stockholm-based independent and non-profit research and policy institute. The Institute is dedicated to expanding understanding of international affairs, particularly the interrelationship between the issue areas of conflict, security and development. The Institute's primary areas of geographic focus are Asia and Europe's neighborhood.

www.isdp.eu