



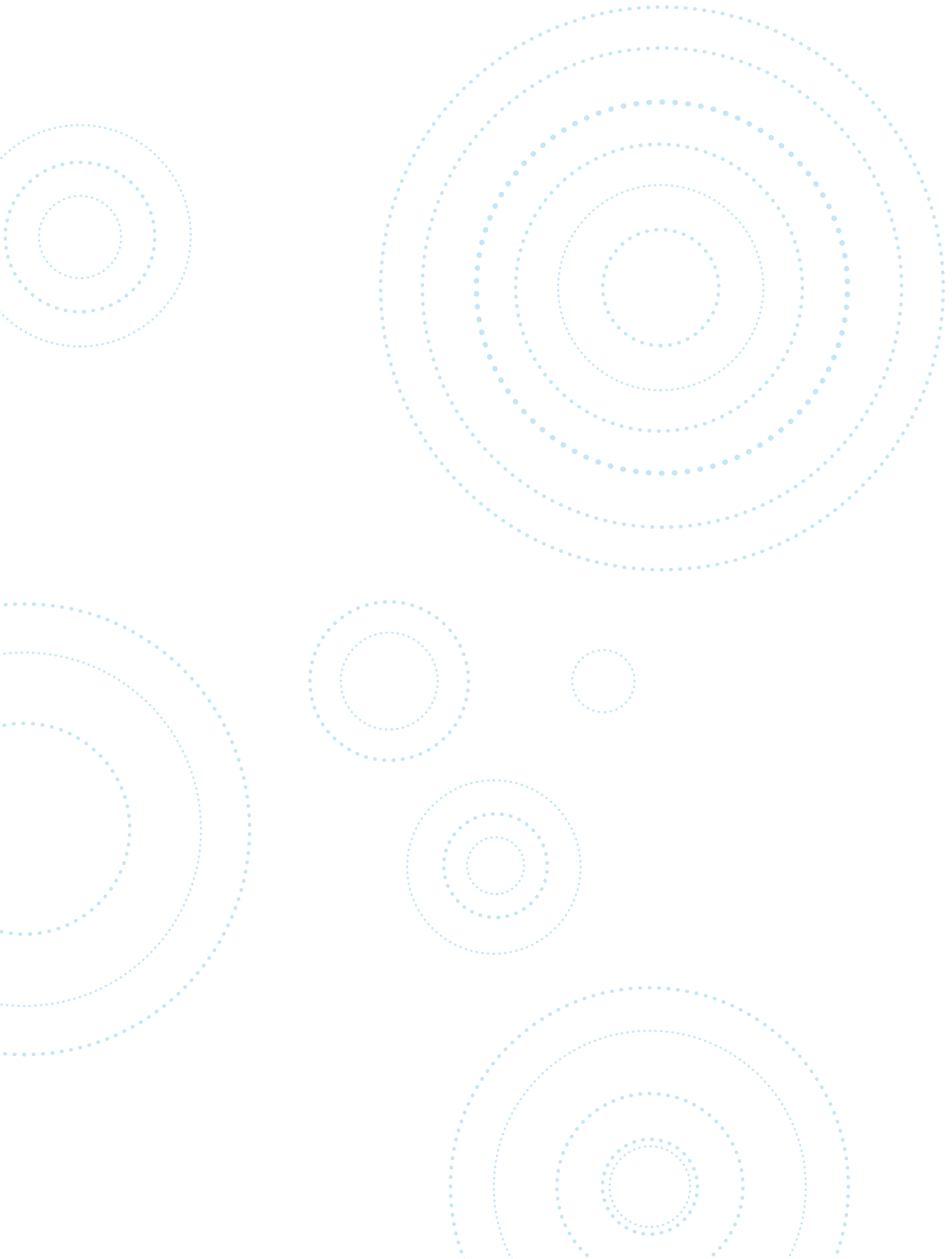
# **A partnership for a changing world: reflections on the future of Sweden-India relations**



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# Introduction: a partnership for a changing world

HENRIK CHETAN ASPENGREN

Several indicators point to the coming decades constituting “India’s moment”. Domestic economic and demographic factors, as well as international trends towards industrial diversification and an orientation towards trust-based political partnerships all point in India’s direction.

An eastward power shift is under way, through which the Indo-Pacific region is becoming increasingly central. The countries of the transatlantic region will probably not be as dominant in the institutional and normative architecture that sets the preconditions for international cooperation and competition as they were in the past. Already three of the five largest economies are in Asia. Rising powers and emerging economies seek a redistribution of power in the international system and are calling for reform of multilateral cooperation.

India is actively navigating this ongoing reformulation of global economics and politics, moving from a more peripheral position to a more central one while at the same time developing the capabilities to carry out its role. New Delhi has set an ambitious target for India to become a developed nation by 2047. There is nothing inevitable in a process of such magnitude and the international environment in which India’s emergence is taking place presents many challenges. The era of almost unfettered economic globalisation, which enabled China’s rise from the late 1990s, has given way to strategic autonomy and industrial policy influenced by the quest for economic security. In a similar vein, geopolitics and increased great power rivalry impact international competition and cooperation.

While thorny economic and political international circumstances have set the tone for rising powers historically, climate change and the almost incomprehensible speed of technological innovation bring new features to India’s emergence. India will be the first power in history whose rise will be closely connected to green and digital transitions.

While the economic and security integration of the transatlantic world helped Europe and the United States to retain great power status in the past, New Delhi is looking beyond “the West” and sees its future economic growth and influence as linked to the emerging “rest” of Africa, the Indo-Pacific, Central Asia and Latin America.

When thinking about what lays ahead for Sweden-India relations, these material and ideational trends that move just below the surface of current international affairs must all be factored in. When identifying these trends, it helps to look to the past to establish what is changing.

Clearly, India was in a very different place when Sweden and India established diplomatic relations in 1948. The country was struggling with massive development challenges. Life expectancy in India was under 40 years and the level of poverty





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around 70%. For decades, India's economic woes and post-colonial ideological inhibitions led the country's leadership to look inwards.

Hence, while Sweden established cooperation with a newly independent state struggling with the legacy of a colonial economy and underdeveloped institutions, Stockholm must now attune its proposition to the ears of a country aspiring to become a leading power in a multipolar world.

Is Stockholm's approach up to date? Official cooperation between Sweden and India is currently mainly guided by a Joint Action Plan signed in 2018. The Joint Action Plan sets out eight broad areas of cooperation. Progress within these areas have up till now been varied, and there are calls in this anthology for it to be revised to bring more focus to cooperation. High-level political attention to the partnership is vital for its longevity and vibrancy and visits and dialogues have increased since 2014. There are regular visits on cabinet minister level, and there is since 2018 an established summit format between the five Nordic countries and India. Regular high-level exchange is also carried out through joint commissions and committees, for example, on economic and innovation cooperation. A format for Foreign Office Consultations between the two countries exists, and Sweden and India co-chair the initiative LeadIT, where countries and corporations work for accelerating the green transition in industry.

The prospect of increased economic cooperation has been a driving force in the development of Sweden-India relations for more than a decade. India's market potential, and Sweden's high-end

research and innovation system, contributes to heightened interest. Industry-connected initiatives for expanding contacts and commercially focused conversations beyond government-to-government engagements have been on the increase over the last decade. Over 250 Swedish companies are present in India, and a growing number of Indian firms are present in Sweden, at the time of writing. The IT-sector has a leading position in the economic relationship, and trade between Sweden and India is dominated by the service sector. Swedish imports of services from India reached over 22 billion SEK in 2022, and Swedish export of services to India amounted to more than 8 billion.<sup>1</sup> The strong performance of the IT-sector is also reflected in the migration pattern of Indians to Sweden. Indians have constituted the largest immigrant group to Sweden since 2019, and most migrants from India are connected to the IT-sector or to the wider research and innovation system. Migration statistics indicate that Indians tend to leave Sweden when their work permit, or study visas, expire.<sup>2</sup>

Clearly, cooperation with India will provide plenty of commercial opportunities for Sweden and the rest of the European Union (EU). But there are also the wider questions to be considered regarding how to form a political partnership that can achieve foreign policy goals, safeguard mutual interests and defend norms in a world where rules, standards and the agreed principles governing international behaviour and cooperation are being actively challenged.

This collection of essays looks at the possible

<sup>1</sup> Statistics Sweden. "Trade in services. Exports and imports by country. Year 2004 – 2022", [https://www.statistikdatabasen.scb.se/pxweb/en/ssd/START\\_HA\\_HA0202/HA0202TjLandAr/](https://www.statistikdatabasen.scb.se/pxweb/en/ssd/START_HA_HA0202/HA0202TjLandAr/)

<sup>2</sup> Statistics Sweden, "Indier största gruppen utrikes födda invandrare", 2 September, 2021, <https://www.scb.se/hitta-statistik/redaktionellt/indier-storsta-gruppen-utrikes-fodda-invandrare/>



shape of Sweden-India relations as India continues to rise. Five foreign policy observers or practitioners discuss the possible evolution of the Sweden-India partnership through the lens of their specific areas of experience or expertise. The aim of the anthology is not to present a detailed road map for the partnership, but to provide food for thought for future discussions.

Setting the scene is C Raja Mohan. Mohan discusses India's evolving role in global affairs and places the long arc of Sweden-India ties from 1947 onwards in relation to these changes. Mohan connects a historical periodisation of the relationship with the predominant ideas that structure it. He moves the reader from Gunnar Myrdal's pessimism about India, through Alva Myrdal's idealism, before discussing the possibilities for a more equal partnership that is cognisant of New Delhi's realist approach and growing confidence in pursuing its interests and acting on its preferences.

Such an attuned approach to cooperation with India is currently practiced by the US. The US-India partnership has undergone tremendous change since the early 2000s. As Tanvi Madan writes in her essay, growing convergence is the result of a deepened understanding on both sides of the "growing utility of the other for its own strategic objectives". While US policymakers identify India as central to US strategic aims in the Indo-Pacific and beyond, New Delhi now sees the US as a vital partner in the economic and technological transformations it aims to accelerate at home. The US and India have found ways to move the partnership from a place of mistrust to one of dynamism, and both sides are open to anchoring this partnership in areas of mutual benefit and designing appropriate formats for dialogue that will carry it forward. Madan reminds us that there are lessons for others to learn from the US-India partnership.

Naturally, for Sweden just as for the US, there are complicating factors to bear in mind when thinking through the future of the partnership with India. Sweden, fellow EU member states and Nordic partners have in the past expressed concerns about developments in India that have a tendency to rupture India's social fabric, especially when these ruptures are connected to human or religious rights. India's view that domestic political

challenges are strictly internal affairs has not always been shared by Western partners. Dialogue on such matters is important not only as a matter of principle, but also because deepened cooperation between the EU and India in areas of, for example, emerging technologies and digital governance is based on trust, and fellow democracies are more likely to share fundamental views. New Delhi is open to dialogue on, for example, human rights, but prefers such conversations to be held in private.

There are other delicate issues that need careful consideration. For example, as Jagannath Panda discusses in his essay, India's historically close partnership with Russia is a matter of apprehension in European strategic communities. However, India is actively diversifying away from Russia in defence industry sectors. Panda notes that increased dialogue, transparency and a focus on "shared goals" and "strategic pragmatism" could eventually build trust and reduce tensions surrounding India's cooperation with Russia.

From New Delhi's perspective, the EU and its individual member states could be much clearer about how they view their relationships with China – India's main strategic challenge – will develop in the near future. The way in which parts of Europe have contributed to supply chain concentration in China does not sit well with New Delhi as it deals with Beijing regarding an ongoing border dispute and growing competition in the Indo-Pacific. Panda notes, however, that there is only a small risk that New Delhi will view Sweden's China-policy as having a real impact on the Sweden-India partnership.

The need to think creatively about the partnership as the world order changes, and to work out ways to keep the attention of the highest political levels high on both sides is also discussed by Constantino Xavier and Klas Molin, in their respective chapters. Xavier notes that India is stepping up its development cooperation programmes in Africa and the Indo-Pacific as part of its evolving toolbox for engagement abroad. These programmes are often based in and tested through India's experiences of its own development trajectory and tailored to the sensitivities and needs of partner countries. Xavier suggests, however, that exploring



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Swedish-Indian cooperation on development in third countries in the Indo-Pacific is not an exercise in altruism but makes good geopolitical sense for Sweden. Joint Swedish-Indian development cooperation in third countries would help keep the focus on the consequential Indo-Pacific region while also helping to bridge North-South divides.

Klas Molin in his essay also highlights the need to partly rethink how Sweden approaches India, given India's transforming international posture. As a former Swedish ambassador to India, Molin has had hands-on experience of what it takes for a smaller EU member state to gain traction in the eyes of an emerging power with many suitors. Molin underlines the importance of a further focus on the partnership and playing to the strengths of both parties, as well as structuring it in ways that guarantee sustained political attention in Sweden as well as India. Molin suggests that this continuous attention is partly dependent on success in anchoring the partnership among “custodians” in Sweden as well as India.

It is not only audiences in India that must be engaged. The steady growth in India's capabilities and its increasing influence in world affairs has gone remarkably unnoticed by the Swedish public and its political representatives. Although Swedes tend to think of India as becoming more influen-

tial in world affairs, opinion polls reveal a self-professed gap in knowledge about India's domestic transformation and international positioning.<sup>3</sup>

All the contributors to this anthology acknowledge that cooperation and competition in international politics are changing. The rise of China and India, and perhaps others in the decades to come, affects the current world order and calls into question the international institutional architecture that underpins it. All the authors reflect in different ways, depending on their vantage point and areas of expertise, on how the Sweden-India partnership can be adjusted in the face of these changes. Clearly, the partnership has much going for it. Nonetheless, there is scope to rethink its goals, priorities and implementation, and to learn from partners as well as the past, while keeping a steady focus on the mutual benefits the partnership offers to both parties in a changing and more fractured world. ■

<sup>3</sup> H.C. Aspengren, “The Swedish Public's Views of India”: An Ambivalent Picture. *UI Brief*, no. 11, 2022 <https://www.ui.se/globalassets/ui.se-eng/publications/ui-publications/2022/ui-brief-no.-11.pdf>



# Emerging India and Sweden in a changing world

C. RAJA MOHAN



# Emerging India and Sweden in a changing world

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## Introduction

India has set itself the ambitious goal of becoming a developed country by 2047 – on the centenary of its independence. Regardless of whether it achieves this status in a technical sense (the level of its per capita income), India's orientation, both domestic and external, is bound to alter and provide a very different context for India's relations with Sweden. India is well on its way to moving past Germany and Japan to become the third-largest economy before the end of the 2020s. Although it will remain a distant third to the US and China, the gap is expected to narrow slowly by the middle of the 21st century. This essay explores three broad dimensions of that change: from pessimism to optimism about India's future; the transition from idealism to realism; and the prospects for India-Sweden international cooperation.

## Beyond Gunnar Myrdal's pessimism

Deep pessimism reigned – both external and internal – regarding India's prospects for much of the second half of the 20th century. British Prime Minister Winston Churchill had famously called India merely a geographic term that was “no more a united nation than the equator”. Churchill's hostility to India and its independence from the British Empire is well known but he was not alone in his scepticism about its future. In fact, pessimism about India's survival after its bloody partition, massive population growth and food shortages were widespread and real. Some of this pessimism about the structural inability of India, and Asia more broadly, to progress as an economy and society were articulated in 1967 by the Swedish economist, Gunnar Myrdal.<sup>1</sup> It did not take long for Myrdal's pessimism on Asia's

prospects to be proved wrong. Some parts of Asia made rapid economic progress in the 1970s even as their populations grew. Nonetheless, India was among the late reformers and pessimism about it endured. Gowher Rizvi, a South Asian studies scholar, wrote about the discouragement of optimism about India's prospects in US academia well into the 1980s.

Graduate students doing research on India in the 1980s would be told by their professors that if they wanted to be right about India, it was safer to be pessimistic. Not surprisingly, a deep pessimism had permeated the study of India, and scholars and analysts (when not preoccupied with the exotic maharajahs, the snake charmers, or the Indian rope trick) viewed to write about the disintegration of India, the collapse of Indian democracy, and India's inability to break out of the so-called “Hindu rate of growth”....Bashing India passed for academic objectivity; any hint of optimism was dismissed as the apologia of an emotionally charged nationalist.<sup>2</sup>

This international pessimism was matched with equal intensity at home. The ideologues and economists who dominated New Delhi's policy discourse in the post-independence era argued that the structural barriers – feudalism at home and advanced capitalism abroad – were too formidable for India to advance and prosper.

This mutually reinforcing pessimism began to dissipate only in the 1990s, when India embarked on significant reform. Within a decade, talk of a rising India began to gain traction. The first to see the possibilities of India as a developed country was the country's former president, A. P. J. Abdul

<sup>1</sup> G. Myrdal, *Asian Drama: An Inquiry into the Poverty of Nations*, 1967.

<sup>2</sup> G. Rizvi, “Emergent India: Globalization, Democracy and Social Justice”, *International Journal*, vol. 62, no. 4, 2007; G. Rizvi, “Emergent India: Globalization, Democracy and Social Justice”, *International Journal*, vol. 62, no. 4, 2007, p. 753.





Kalam.<sup>3</sup> Since then the optimism about India's rise has been infectious. As noted above, there is a widespread consensus that India will become the third-largest economy before the end of the 2020s, just behind the US and China. India is then expected to close the gap with the US and China by the third quarter of the century and could pip the United States to become the second-largest economy by 2075.<sup>4</sup> Pessimism about India in the 20th century has turned into expansive optimism in the 2020s.

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Nonetheless, India's low gross domestic product (GDP) per capita, at about \$2400 in 2022, underlines the fact that it remains a developing country with all the challenges of increasing the living standards of its people that this entails. Many see Prime Minister Narendra Modi's talk about India becoming a developed country by 2047 – the centenary of independence – as setting an aspirational agenda for India rather than a realistic target. However, some recent international projections on India's future economic growth predict that India could achieve a per capita GDP of around \$15,000 in nominal terms by 2047, which would put it among the ranks of the developed economies using current thresholds.<sup>5</sup>

India's transition to a developed nation would result in multiple transitions – social, economic, technological, political and strategic. It must now also occur amid the now perceptible dangers of cli-

mate change and its unpredictable consequences for India and the world. The accelerated growth of the 21st century has inevitably triggered the rise of new elites and sharpened tensions across multiple divides in the country: religion, caste, ethnicity and region. These tensions are putting considerable pressure on India's democratic and pluralistic polity. On the economic front, reform challenges have not disappeared with current high rates of growth. The imperatives of equity and social welfare generate new pressures on economic growth. Rapid economic growth and urbanisation are producing massive environmental challenges from air pollution to waste management, as well as India's democratic backsliding and the abuse of state power. Many see these forces as undermining India's rise or holding it back.

To return to Gunnar Myrdal, the challenges confronting India in the early 1960s with a GDP per capita of less than \$100 were equally daunting. India overcame those structural challenges thanks to its widely underestimated strengths – the inherent resilience of its polity and its systemic capacity to navigate complex social and economic challenges. It has always been easy to be pessimistic about India's prospects; that tendency has not disappeared. This has neither tempered the new international optimism about India's prospects nor dampened the growing domestic self-confidence of its elites.

### Transcending Alva Myrdal's idealism

If Gunnar Myrdal captured the pessimism about India and Asia in the 1960s, another distinguished Swede – his wife, Alva Myrdal – highlighted the opportunities for collaboration with India on global issues. In retrospect, Stockholm and Delhi were unlikely partners in championing disarmament and arms control in the 1960s. Once India and Sweden joined the Ten Nation Disarmament Committee in Geneva in 1962, however, they turned an essentially East-West arms control debate into one where the neutral and non-aligned nations sought an active voice. Alva Myrdal, who served for ten years as

3 APJ Abdul Kalam and Y.S. Rajan, *India 2020: A Vision for India in the 21st Century*, 1998.

4 "How India could rise to the world's second biggest economy", *Goldman Sachs*, 2023, <https://www.goldmansachs.com/intelligence/pages/how-india-could-rise-to-the-worlds-second-biggest-economy.html>

5 "EY projects India to become a US \$26 trillion economy by 2047 with a sixfold increase in per capita income to US\$15,000", *EY India*, 2023, [https://www.ey.com/en\\_in/news/2023/01/ey-projects-india-to-become-a-us-dollar-26-trillion-economy-by-2047-with-a-six-fold-increase-in-per-capita-income-to-us-dollar-15000](https://www.ey.com/en_in/news/2023/01/ey-projects-india-to-become-a-us-dollar-26-trillion-economy-by-2047-with-a-six-fold-increase-in-per-capita-income-to-us-dollar-15000)



the Swedish delegate to the UN in Geneva, had a powerful influence on Delhi's thinking on global security issues. Together, Stockholm and Delhi challenged the claims of the dominant security discourse on nuclear weapons.<sup>6</sup> Nehru's idealism in addressing the challenges of the nuclear age found a European partner unwilling to buy into the Western verities of the Cold War. This common intervention on global security issues continued right up until the final decade of the Cold War, when Olof Palme and Indira Gandhi initiated a major global campaign for a nuclear test ban and the prevention of an arms race in outer space at the height of a renewed confrontation between the West and the Soviet Union.<sup>7</sup>

“ Sustained high growth provided the basis for reorienting India's role in the world”

The compulsions of its regional challenges eventually persuaded India to break away from its disarmament idealism and declare itself a nuclear weapon power in 1998. That nuclear discontinuity also set the stage for a new phase in India's engagement with the world. Greater pragmatism, less ideology and more commerce drove an expansive new era that saw New Delhi reverse its relative economic and strategic decline on the global stage. Sustained high growth provided the basis for reorienting India's role in the world. Four broad features can be identified in India's unfolding international trajectory in the next quarter of a century. First, in the immediate neighbourhood, India is finally overcoming many of the bitter legacies of partition that hobbled its relations with Bangladesh and Pakistan. If the political partition was imposed on India, New Delhi's statist and inward orientation after independence led to an economic partition of the subcontinent. Together, these produced persistent conflict and limited regional eco-

nom ic integration. India's growing economic heft, its improved ties with Bangladesh and the smaller neighbours, and the continuing relative decline of Pakistan are facilitating the restoration of the natural economic geography of the subcontinent. Long derided as the “least integrated region”, post-partition South Asia is finally reconnecting with itself. A rising India is well placed to lift all economic boats in the subcontinent and reshape its connections with the world.

Second, India's illusions about building an exclusive Asia in opposition to the West are yielding place to a more expansive conceptualisation. If the exclusivist notions of Asia defined by an India-China partnership animated Jawaharlal Nehru, Delhi is looking to a broader Asia in which Europe and the United States will help stabilise the region, prevent the emergence of a dominant power and contribute to deterrence against unilateralism and expansionism. Stung by Chinese assertiveness, New Delhi is unwilling to buy into Xi Jinping's notion of “Asia for Asians” – a slogan that once had a powerful appeal for the post-colonial Indian elite. Like Sweden, which chose to stay neutral in relation to Europe's great power rivalries, India too thought that it could opt out of those contestations and emphasise its non-alignment. Much in the manner that Stockholm has abandoned its neutrality and turned to NATO following the Russian aggression against Ukraine, New Delhi too has modified its non-alignment to draw closer than ever before to the US and Europe in order to cope more effectively with Chinese revisionism in Asia.

Third, India's deep ties with Russia have long been a paradox that Europe and the US have struggled to understand. India's turn to Moscow was not only about the logic of the regional balance of power during the Cold War. Deeper roots lie in the expansive empathy within the Indian national movement for a Soviet Union that supported the liberation of Asia and Africa from European imperialism. The revolutionary ideology of the Soviet Union also inspired many progressive forces in India and elsewhere in the developing world. Russia then emerged as a major supplier of arms to India when Western nations were unwilling to do

<sup>6</sup> See Alva Myrdal, *The Game of Disarmament: How the United States and Russia Run the Arms Race*, 1976.

<sup>7</sup> O. Grimson and N. Dunlop, “Indira Gandhi and Five Continent Peace Initiative”, *Bulletin of the Atomic Scientists*, Vol. 41, 1985, p. 46; see also W. Stockton, “6 Nations Urge Halt in Nuclear Testing”, *New York Times*, 8 August, 1986.



“ Finally, India’s growing troubles with China and reduced reliance on Russia end a prolonged phase in which New Delhi saw Beijing and Moscow as partners in its 20th-century worldview, which was framed by the North-South and East-West axes. In the new era, India is drawing closer to the maritime democracies of the West and their allies.”

so India during the Cold War. However, as India rises, the strategic salience of Russia has begun to diminish in the Indian foreign policy calculus. In 2022, India’s GDP was nearly twice that of Russia and the gap between them will widen steadily in favour of New Delhi. There will be fewer reasons for India’s strategic deference to Moscow in the manner that persisted in the early decades of independence. India has long viewed Russia as a balancing force against China but Moscow’s turn to Beijing and Russia’s relative decline in relation to China and India have begun to reduce Russia’s role as a continental balancer. The Russian war against Ukraine has also accelerated Delhi’s efforts to diversify its dependence on Russian weapon supplies; and Western countries, especially the US and France, have been eager to support it. Washington and Paris are offering not only to sell advanced weapons to India, but also to undertake their joint production in the country.

Finally, India’s growing troubles with China and reduced reliance on Russia end a prolonged phase in which New Delhi saw Beijing and Moscow as partners in its 20th-century worldview, which was framed by the North-South and East-West axes. In the new era, India is drawing closer to the maritime democracies of the West and their allies. India’s economic choices, security imperatives and post-colonial ideologies put India at odds with the West in the second half of the twentieth century. An India that is trying to build modern capitalism finds greater convergences with the economies of the West. Since it opened up its economy in the early 1990s, the US, Europe and the English-speaking world have emerged as the

most valued trading partners in terms of volume and commercial complementarity. India has an important economic relationship with China. Since 2019, however, New Delhi has sought to de-risk its relations with Beijing amid mounting trade deficits and security challenges. India’s students, diaspora and tourists increasingly flock to the West. Its advanced technology sectors are increasingly joined at the hip with the United States and India’s engineering and technological talent is highly sought after in the West.

### **Reconnecting to the Norden**

A rising India has also been a pragmatic and self-confident India. If non-aligned India’s idealism brought interesting convergences with the “neutral” and “good” state, Sweden, in the second half of the 20th century, the new geopolitical orientation of New Delhi and Stockholm opens the door for an expansive engagement between India, on the one hand, and Sweden, the Nordic states and Europe, on the other. The binding force of realpolitik has seen New Delhi and Stockholm develop similar ideas in the past on disarmament and arms control, international peacekeeping and the responsibility of richer states to provide greater development assistance. In the second quarter of the 21st century, India and Sweden will have expanded opportunities to work together in three broad domains: the economy, security and international cooperation.

First, as India builds a modern economy by focusing on rapid economic growth, the deepening inequality at home and the massive needs of its huge population at the bottom of the social pyra-



“ Today, amid the dangers of a fragmented world, India and Sweden must explore more pragmatic internationalist solutions to the world's problems.”

mid remain enormous challenges. Unsurprisingly, “welfarism” or “freebies” have become integral to political contestation in Indian democracy. In finding a balance between growth and distribution, the Swedish and Nordic experience will be of great value to India. Equally important will be India-Sweden cooperation on mitigating climate change and promoting sustainable development. Sweden hosted the first international conference on the human environment in Stockholm in 1972 and the Nordic states have led the debate on the challenges of sustainable development.<sup>8</sup> India has been wary of these debates and their implications for late economic developers in the international system. Since the 2010s, India has sought to actively invest in restructuring its energy production at home and take the lead in global debates on climate. Green growth has emerged at the top of the agenda in the engagement between India and the Nordic states in recent years and promises to be highly consequential.<sup>9</sup>

Second, having abandoned their neutralist impulses amid the pressures from revisionist powers in their neighbourhood, India and Sweden could begin to explore an ambitious framework for strategic cooperation. Unlike their high-minded detachment from great power rivalries of the past, New Delhi and Stockholm have urgent national security imperatives to address, and this opens up new possibilities for bilateral and regional engagement. India is seeking to modernise its defence industrial base and produce more weapons at home, in collaboration with Western nations, and Sweden has a major opportunity to contribute to this transformation. Endowed with significant de-

fence industrial capabilities, Stockholm must look beyond the old formula of selling specific weapon systems in winner-takes-all battles with other arms suppliers and focus on long-term cooperation on research, design and the production of weapon systems. Sweden could also consider producing weapons in India for global export and integrating Indian entities into its defence supply chains.<sup>10</sup> Sweden has begun to pay more attention to the Indo-Pacific and India is waking up to the deep interconnections between the European, Arctic and Asian security theatres.

Finally, as the post-Cold War world of multilateralism comes under great stress in the economic and security domains, India and Sweden must renew their collaboration in the international arena. In the early decades after the Second World War, New Delhi and Stockholm developed a reputation for “moralpolitik”. Today, amid the dangers of a fragmented world, India and Sweden must explore more pragmatic internationalist solutions to the world's problems. New Delhi and Stockholm need to rebuild their cooperation on arms control and the regulation of new technologies, such as AI, that promise to transform the nature of political organisations at home and pose new threats to the survival of humanity. India and the Nordic states have long sought to prevent the emergence of a North-South divide and have a role to play in bridging these two worlds. ■

<sup>8</sup> See World Commission on Environment and Development, *Our Common Future*, 1987.

<sup>9</sup> J. C. Vestre and V. Skinnari, “A Nordic-India Connect to power green transition”, *The Hindu*, 9 February, 2023.

<sup>10</sup> See, Indian defence minister R. Singh's address to the Swedish defence industry, “AatmaNirbhar Bharat” focuses on manufacturing cost-effective quality products for India and the world, *Press Information Bureau*, 8 June 2021, <https://pib.gov.in/PressReleasePage.aspx?PRID=1725332>



# India's evolving relationship with the US: drivers, outcomes, and lessons

TANVI MADAN





# India's evolving relationship with the US: drivers, outcomes, and lessons

TANVI MADAN

India's Prime Minister, Narendra Modi, has hailed the United States as an "indispensable" partner in recent years,<sup>1</sup> while US President Joe Biden has rolled out the red carpet for him, calling the India-US partnership "among the most consequential in the world".<sup>2</sup> Today, such pronouncements seem routine, reflecting what has been called a "natural" partnership between the two countries. This, however, obscures how recent this strategic partnership is, given that there were US sanctions on India only 25 years ago,<sup>3</sup> and how much nurturing it has required.

It took a reset in 1999–2000, based on a growing strategic convergence between the two democracies, and the efforts of multiple governments on both sides for India-US ties to reach the point where they are, to quote President Biden, "stronger, closer, and more dynamic than [at] any time in history".<sup>4</sup> There has been a sense in each country of the growing utility of the other for its own strategic objectives. It is this that has driven the governments' efforts, which have also been bolstered by the broad and deep nature of a relationship that spans multiple domains. The evolution of this partnership is in some ways unique, but it offers lessons and has implications for other aspiring or existing partners of India, such as Sweden.

## Theories of the case

There have been multiple drivers of the India-US relationship but, overall, it has progressed because the countries' theories of the case for investing in

the partnership have broadly been in sync. Indian policymakers see the US as crucial to achieving their key security, economic, and technology objectives, and their goal of India taking its rightful place on the world stage. Growing strategic convergence on the Indo-Pacific has bolstered this broader view.<sup>5</sup> The countries have a shared, albeit not identical, vision of the region and a shared sense of the critical challenge to their goals: a rising China's uncertain intentions and increasingly assertive behaviour.

New Delhi also sees the US as useful in addressing the more parochial aspects of its China challenge. Its rivalry with China is long-standing but a number of military stand-offs in recent years – particularly one in 2020 that involved a fatal clash – have made the problem more acute. India's concerns also transcend the boundary dispute. Among its other apprehensions are: (a) an asymmetric economic relationship that potentially leaves India vulnerable; (b) questions about the fair sharing of the waters of the river Brahmaputra; (c) differences over Tibet; (d) the China-Pakistan relationship; (e) Beijing's growing presence and influence in South Asia and the Indian Ocean region; (f) a sense that China is seeking a unipolar Asia rather than a multipolar region; and (g) a belief that Beijing has been hindering India's interests on the global stage and its rise more broadly. Moreover, India must grapple with all this while its capabilities gap with China has grown considerably. Three decades ago, the two countries had

1 N. Modi, "Prime Minister's remarks at the U.S. Congress," Washington, DC, June 8, 2016,

<https://mea.gov.in/outgoing-visit-detail.htm?26886/Prime+Ministers+remarks+at+the+US+Congress>

2 The White House, "Remarks by President Biden and Prime Minister Modi of the Republic of India in Joint Press Conference," Washington, DC, June 22, 2023, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/06/22/remarks-by-president-biden-and-prime-minister-modi-of-the-republic-of-india-in-joint-press-conference/>

3 U.S. Department of State, "Fact Sheet: India and Pakistan Sanctions," June 18, 1998, [https://1997-2001.state.gov/regions/sa/fs\\_980618\\_india\\_pak.html](https://1997-2001.state.gov/regions/sa/fs_980618_india_pak.html)

4 The White House, "Remarks by President Biden and Prime Minister Modi of the Republic of India in Joint Press Conference."

5 A. Tarapore, "America's Best Bet in the Indo-Pacific," *Foreign Affairs*, May 29, 2023, <https://www.foreignaffairs.com/united-states/americas-best-bet-indo-pacific>





economies about the same size; today, China's is over five times larger.<sup>6</sup>

Consequently, India has looked to partners such as the United States that are "like-minded" on China. For Indian policymakers, the US has been useful to India's China strategy in several ways: supporting India's internal balancing by helping to enhance Indian capabilities, serving as an external balancer by contributing to a favourable balance of power and influence in the region, and extending assistance during crises.

However, India-US ties have only progressed because the US theory of the case for investing in the partnership has broadly been in sync with India's. Successive administrations have seen India as a key emerging power that offers opportunities for various US stakeholders, and as a country whose choices can affect US interests.<sup>7</sup> To different degrees and at different times, they have also seen India as a geopolitical counterbalance, economic alternative and democratic contrast to China. The desire for India to play this role has only increased as Sino-US tensions have intensified and Washington has looked for partners to contribute to deterrence in the region.<sup>8</sup>

### Strategic convergence leading to deeper cooperation

Seeing each other as useful for key national priorities, both sides have sought to deepen ties over the past two and a half decades – across a range of domains and across party lines. The multidimensional nature of and cross-party support for the relationship has also made it more sustainable, providing ballast when differences or divergences have arisen in one domain or on one issue, or when there has been a political transition in either country.

### The diplomatic domain

Today, there is regular high-level engagement on the diplomatic front. Between 1947 and 1999, only three US presidents visited India: Eisenhower in 1959, Nixon in 1969 and Carter in 1978. Since 2000, every US president has travelled there at least once. (Obama visited twice and Biden might return to India in 2024.<sup>9</sup>) Moreover, Indian premiers and US presidents regularly meet on the sidelines of summits and now at an annual Quad summit as well, while cabinet officials regularly interact, virtually or through visits. The broader relationship has benefited from – and even required – interest and championing by these principals.

Growing institutionalisation has helped as well. More frequent engagement between working-level officials has been a significant recent development, while structured dialogues have facilitated cabinet and working-level interactions. These have evolved over time. For instance, the Strategic and Commercial Dialogue of the Obama years gave way to a 2+2 diplomatic and defence ministerial dialogue, as well as separate commercial, economic and financial, and trade dialogues. There are also dialogues in the energy and health domains.<sup>10</sup> Below the ministerial level, there are mechanisms such as foreign office consultations and an East Asia dialogue.<sup>11</sup> More recently, for the first time the two capitals initiated a mechanism – the Initiative on Critical and Emerging Technology (iCET) – led by the US and Indian national security advisers, recognising the interagency nature of the issues involved.<sup>12</sup>

In a departure from past practice, the two countries are also participating in interest-based coalitions or groupings. Perhaps the most prominent of these is the Quad, which also involves Australia and Japan, and works on several of its own ini-

6 For more detail, see T. Madan, "China has Lost India," *Foreign Affairs*, October 4, 2022, <https://www.foreignaffairs.com/china/china-has-lost-india>

7 See P. Jha, "NSA Jake Sullivan interview: 'Sky's the limit in India-US relations,'" *Hindustan Times*, June 20, 2023, <https://www.hindustantimes.com/india-news/sullivan-interview-sky-s-the-limit-in-india-us-relations-impact-to-be-felt-globally-101687202062936.html>

8 See US National Security Council Coordinator for the Indo-Pacific's remarks in "The Biden Administration's Indo-Pacific Strategy with Kurt Campbell," Center for a New American Security, March 30, 2023, <https://www.cnas.org/events/virtual-fireside-kurt-campbell>;

9 S. Sirohi, "How Modi and Biden can walk the talk before poll time," *Economic Times*, July 23, 2023, <https://economictimes.indiatimes.com/opinion/et-commentary/how-modi-and-biden-take-india-us-relations-to-the-next-level-before-they-both-go-into-full-election-mode/articleshow/102060872.cms>

10 The range of dialogues is reflected in The White House, "Joint Statement from the United States and India," June 22, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/06/22/joint-statement-from-the-united-states-and-india/>

11 Tweet by US Department of State Bureau of East Asia and Pacific Affairs, January 13, 2023, <https://twitter.com/USAsiaPacific/status/1614004725791485953?s=20>

12 The White House, "United States and India Elevate Strategic Partnership with the initiative on Critical and Emerging Technology (iCET)," January 31, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/01/31/fact-sheet-united-states-and-india-elevate-strategic-partnership-with-the-initiative-on-critical-and-emerging-technology-icet/>



tiatives and dialogues, including one on maritime security.<sup>13</sup> There have also been others, such as I2U2 with Israel and the UAE and an NSA-level discussion with Saudi Arabia and UAE.<sup>14</sup> Both of the latter involve a region that had not previously featured much on the India-US agenda, but where there are now some converging interests. New Delhi and Washington are also joining each other's initiatives, such as the US in the International Solar Alliance and the Coalition for Disaster Resilient Architecture, and India in the Indo-Pacific Economic Framework and the Mineral Security Partnership.

“ All this diplomatic engagement has required each side to step outside of its comfort zone to some extent”

The two countries are also consulting and coordinating on building capacity and resilience in third countries. For instance, the US Development Finance Corporation is financing an Indian health-care provider's efforts in Nigeria.<sup>15</sup> Strikingly, this area of collaboration now includes India's immediate neighbourhood, where India had previously been reluctant to see increased activities by external powers. As China's influence in the region has increased, however, New Delhi has become more interested in the maintenance of US power and its presence in the Indian Ocean region. Even though Indian policymakers are still not entirely comfortable with the US approach in South Asia, the countries are consulting more on this sub-region.

The US and India are also cooperating on the global stage, where previously their interactions were characterised more by clashes than collaboration. US efforts to facilitate Indian membership of various institutions or participation in certain

forums have contributed to this change, as have converging concerns about China's inroads and influence.<sup>16</sup>

All this diplomatic engagement has required each side to step outside of its comfort zone to some extent. The US is more used to dealing with allies, while India has avoided alliances. The two sides have therefore needed to figure out the terms of this particular partnership – one that is neither an alliance nor a run-of-the-mill partnership.

### Defence and security ties

The strategic convergence that has incentivised this diplomatic collaboration has led to – and indeed resulted from – greater cooperation on an issue area where there had previously been reluctance: defence and security ties. The two countries have a much more institutionalised relationship in this arena, through not only the 2+2 and iCET mechanisms, but also a homeland security dialogue, an executive steering group, an advanced defence domains dialogue, a maritime security dialogue and a strategic trade dialogue, alongside staff talks among the respective military services. Cooperation has also been facilitated by a range of foundational or enabling agreements, many of which were only signed fairly recently after years of negotiations: General Security of Military Information Agreement (2002), Logistics Exchange Memorandum of Agreement (2016), Communications, Compatibility and Security Agreement (2018), an Industrial Security Agreement (2019), Basic Exchange and Cooperation Agreement (2020) and Space Situational Awareness arrangement (2022).

Habits of cooperation have also been built through a number of defence exercises that have grown in number, frequency and sophistication. Officials often repeat that India exercises more with the US than any other country. There have been several bilateral exercises, as well as a tri-services exercise, an annual maritime exercise

13 "Quad Leaders' Joint Statement," May 20, 2023, <https://www.pm.gov.au/media/quad-leaders-joint-statement>

14 D. Markey and H. Youssef, "What You Need to Know About the I2U2," US Institute of Peace, July 28, 2022 <https://www.usip.org/publications/2022/07/what-you-need-know-about-i2u2>; Suhasini Haidar, "In new 'Quad' meet with U.S, Saudi and UAE, Doval discusses infrastructure initiatives in Gulf," *The Hindu*, May 8, 2023, <https://www.thehindu.com/news/national/in-new-quad-meet-with-us-saudi-and-uae-doval-discusses-infrastructure-initiatives-in-gulf/article66827438.ece>

15 S. Nathan, CEO Of US International Development Finance Corporation on Strengthening India-USA Ties, *CNBC-TV18*, June 17, 2023 <https://www.youtube.com/watch?v=sbdHpSSc06U>

16 For instance, "US supports India's membership to Missile Technology Control Regime, *Press Trust of India*, July 12, 2018, <https://economictimes.indiatimes.com/news/defence/us-supports-indias-membership-to-missile-technology-control-regime/articleshow/49070440.cms>





with Australia and Japan and participation in each other's mini-lateral and multilateral exercises (e.g., SEA DRAGON, MILAN, RIMPAC).<sup>17</sup>

While these institutions, agreements and activities have facilitated interoperability and information sharing, they have also enabled progress in the defence trade and technology domains. In just 12 years, India went from zero to over \$20 billion worth of defence acquisitions from the US, including P-8I maritime reconnaissance aircraft, C-17 and C-130J transport aircraft Chinook, Apache and MH-60Rs helicopters, M777 howitzers and Sig Sauer rifles. The US has also leased MQ-9B drones to India and India is expected to acquire its armed version in the near future. India's indigenous Tejas light combat aircraft is powered by General Electric F-404 engines. A co-production and technology transfer proposal for the F-414 engines for India's next generation light combat aircraft is also moving ahead.<sup>18</sup>

This latter aspect reflects US recognition of the Indian government's desire to build the country's defence industrial base. In recent years, US companies have been cooperating with their Indian counterparts, helping to make them part of their global supply chains. This has helped India increase its defence exports, which is another government goal. Between 2017 and 2022, 35% of India's defence exports went to the US. Maintenance, repair and overhaul is also an area of bilateral focus. Following recent agreements, some non-commissioned US Navy ships have already used Indian facilities.<sup>19</sup>

In addition, US support to India during crises

has facilitated defence and security ties, as well as the partnership more broadly. In a 2019 crisis with Pakistan sparked by a terrorist attack, Washington largely backed India's stance.<sup>20</sup> This reflects broader counterterrorism cooperation between the two countries, which includes law enforcement cooperation and working together to have certain individuals or entities designated as terrorists at the United Nations.<sup>21</sup> More significantly, the US offered India assistance during its 2020 crisis with China, with diplomatic support, leasing or fast tracking the supply of military equipment, and intelligence sharing.<sup>22</sup>

### **Economic, talent, and technology domains**

Economically, the relationship has grown across multiple sectors and become more of a two-way street than in the past. The inflection point in this domain can be traced back to India's economic liberalisation in the 1990s.

Today, the US is India's largest trading partner. (India ranks ninth for the US.) Trade grew ten-fold between 2000 and 2022. India enjoys a surplus with the US, in contrast to the massive deficit with its second largest trading partner (China).<sup>23</sup> The investment relationship has improved too. One set of estimates calculates US Foreign Direct Investment (FDI) in India at \$54 billion and Indian FDI in the US at \$40 billion.<sup>24</sup> Leaders from both countries regularly highlight the job-creating nature of these investments.

Energy ties are a particularly new area of cooperation. The US today is India's fourth largest source of coal imports (a two-fold increase since

17 S. P. Lalwani and V. J. Singh, "A Big Step Forward in U.S.-India Defense Ties," *Hindustan Times*, June 6, 2023, <https://www.usip.org/publications/2023/06/big-step-forward-us-india-defense-ties>; David Vergun, "U.S., India Rapidly Expand Their Military Cooperation," *DOD News*, June 20, 2023, <https://www.defense.gov/News/News-Stories/Article/Article/3433245/us-india-rapidly-expand-their-military-cooperation/>

18 P. Jha and R. Singh, "US Congress clears landmark India-US fighter engine deal," *Hindustan Times*, August 31, 2023, <https://www.hindustantimes.com/india-news/us-congress-clears-landmark-india-us-fighter-engine-deal-101693418713191.html>; A. Nayak Dutta, "India finalising Letter of Request for acquisition of 31 MQ-9B drones," *Indian Express*, September 7, 2023, <https://indianexpress.com/article/india/india-finalising-letter-of-request-for-acquisition-of-31-mq-9b-drones-8926376/>

19 D. Peri, "As US looks to make India hub for ship repairs, India eyes major opportunity," *The Hindu*, July 12, 2023, <https://www.thehindu.com/news/national/as-us-looks-to-make-india-hub-for-ship-repairs-india-eyes-major-opportunity/article67067541.ece>

20 S. Sibal, "US National Security Adviser Bolton asks Pakistan to take steps against JeM," *WION*, March 12, 2019, <https://www.wionews.com/south-asia/us-nsa-bolton-asks-pakistan-to-take-steps-against-jem-202755>

21 "China once again blocks India-US move at UN to blacklist Pakistan-based LeT's Shahid Mahmood," *Firstpost*, October 19, 2022, <https://www.firstpost.com/india/china-once-again-blocks-indias-move-at-un-to-blacklist-pakistan-based-let-terrorist-shahid-mahmood-11475251.html>

22 H. Pamuk, Jonathan Landay, "Pompeo Says China Took 'Incredibly Aggressive Action' in Recent Clash with India," *Reuters*, July 8, 2020, <https://reut.rs/3nJikQn>; "Manu Pubby, India Acquires 11,000 Extreme Cold Gear Sets from US Army," *Economic Times*, October 29, 2020, <https://economictimes.indiatimes.com/news/defence/india-acquires-11000-extreme-cold-gear-sets-from-us-army/articleshow/78922920.cms>; "Indian Navy Inducts Two American Predator Drones On Lease, Can Be Deployed On China Border," *ANI*, November 25, 2020, <http://timesofindia.indiatimes.com/articleshow/79409200.cms>; See comments from General K. S. Wilsbach, Commander, U.S. Pacific Air Force in Conversation with the Defense Writers Group, November 18, 2020, <https://cpb-us-e1.wpmucdn.com/blogs.gwu.edu/dist/2/672/files/2020/11/DWVG-Gen.Wilsbach.pdf>

23 Indian Department of Commerce, "Export Import Data Bank," <https://commerce-app.gov.in/eidb/default.asp>

24 US Department of State, "Secretary Antony J. Blinken at the U.S.-India Business Council's India Ideas Summit," Washington, DC, June 12, 2023, <https://www.state.gov/secretary-antony-j-blinken-at-the-u-s-india-business-councils-india-ideas-summit/>



2017–18), its fifth largest source of oil imports (a 17-fold increase) and third largest source of liquefied natural gas (a 12-fold increase).<sup>25</sup> Beyond hydrocarbons, it is the clean energy partnership that has enjoyed considerable focus in recent years. The US, for instance, is providing \$500 million of financing for a solar panel manufacturing facility in India.<sup>26</sup>

For India, along with capital and resources, the US has also been a source of technology, talent development, jobs, remittances and tourism. This is reflected in the emphasis on the innovation agenda across various domains, which in turn has been facilitated by the increasing number of Indian students in the US. Indian students now constitute 21% of all foreign students (up from 10% in 2000), and 76% of them are studying STEM fields.<sup>27</sup> It is also evident in the travel statistics between the two countries. Between 2000 and 2019, the annual number of travellers from India to the US increased from 274,000 to 1.5 million; and between 2001 and 2019, the annual number of travellers from the US to India increased from 329,000 to 1.5 million.<sup>28</sup> The countries' economic and social connections have also benefited from – and created demand for – increased connectivity between India and the US, and have been facilitated by the growing Indian diaspora.<sup>29</sup>

In recent years, the two countries' approaches to economic security have also offered opportunities for partnership, although they have come with certain challenges as well. COVID-19, the Russia-Ukraine war and growing tensions with China have raised questions about dependencies and supply chain security. Both New Delhi and Washington have de-risking strategies, which mix reshoring (indigenisation) and “friend-shoring” (diversification). The US and Indian governments and companies broadly see the other as fitting within

the “friend” category, and this – particularly in critical and emerging technologies – has led them to see collaboration with each other as part of the solution. This has also led to a shift in the relationship more broadly – from technology previously being more of a challenge (because of export controls) to it becoming an area of cooperation.

India is seeking to benefit from the US de-risking approach, and that of the West more broadly. For one, US companies looking to diversify (often through China+1 approaches), especially at scale, have been exploring – or have already increased – investment in India.<sup>30</sup> New Delhi has also found more willingness in the US as India too searches for external “trusted partners” to help develop its advance technology ecosystem in telecommunications and semiconductors, and in space.<sup>31</sup>

### Not without differences

While convergences have driven cooperation, the India-US relationship does not lack divergences, risks and constraints. There are some differences on China, for instance, such as on prioritisation. The continental challenge looms larger for India than it does for the US. At the same time, New Delhi does not emphasise the ideological dimension of the challenge as much. In terms of contingencies, a crisis in the Taiwan Strait or the East or South China sea is of more significant concern to the US, while for India the Sino-Indian border will always be the most critical. There are also some differences in approach. For instance, while the US and India share concerns about Beijing's expanding footprint in South Asia, some elements of their policies diverge. Globally, India's desire to serve as a voice of the Global South – in part to avoid leaving a vacuum for China to fill – sometimes creates friction between New Delhi and Washington.<sup>32</sup> They sometimes also have different

25 Indian Department of Commerce, “Export Import Data Bank,” <https://commerce-app.gov.in/eidb/default.asp>

26 US International Development Finance Corporation, “DFC Announces Approval to Provide up to \$500 Million of Debt Financing for First Solar's Vertically-Integrated Thin Film Solar Manufacturing Facility in India,” December 7, 2021, <https://www.dfc.gov/media/press-releases/dfc-announces-approval-provide-500-million-debt-financing-first-solars>

27 Institute of International Education, *Open Doors*, <https://opendoorsdata.org/>

28 Ministry of Tourism, India, “Market Research and Statistics,” <https://tourism.gov.in/market-research-and-statistics>

29 S. Chakravorty, D. Kapur and N. Singh, *The Other One Percent: Indians in America*. 2017.

30 V. Salama, “U.S. Pursues India as a Supply-Chain Alternative to China,” *Wall Street Journal*, January 31, 2023, <https://www.wsj.com/articles/u-s-pursues-india-as-a-supply-chain-alternative-to-china-11675201893>; Yang Jie and Rajesh Roy, “Apple CEO Tim Cook Meets Prime Minister Modi, as Tech Giant Looks to Expand in India,” *Wall Street Journal*, April 19, 2023, <https://www.wsj.com/articles/apple-ceo-tim-cook-meets-india-prime-minister-modi-in-move-to-diversify-supply-chain-76fefe6d>

31 Indian External Affairs Minister Dr. S. Jaishankar at Carnegie India's Global Technology Summit, New Delhi, November 29, 2022, <https://www.youtube.com/watch?v=MR-ebRUHMCU>

32 C. R. Mohan, “India's Return to the Global South,” *ISAS Briefs*, January 16, 2023, <https://www.isas.nus.edu.sg/papers/indias-return-to-the-global-south/>



partners in mind – the US, for now, sees Russia as part of its China problem; India had hoped Russia would be part of the solution.

New Delhi's partnership with Moscow has indeed been a broader friction point, which became even more evident following the Russian invasion of Ukraine. India, in turn, has problems with the US relationship with Pakistan. Even though US-Pakistan cooperation has been limited in recent years, Indian observers watch these bilateral dynamics warily.

There are also persistent differences on economic issues, involving the trade, investment and digital economy domains. People-to-people ties have sometimes been constrained by immigration policies. The values pillar in the relationship between these two democracies has come under strain, with US officials and observers expressing concern about the state of Indian democracy and liberalism, and Indian officials demanding non-interference in its internal affairs.<sup>33</sup> This range of differences also plays out within and across the governments, creating or reinforcing scepticism about the other that persists despite the significant progress made in the relationship.

In addition, a set of questions around openness – strategic, economic and political – could shape the extent of future cooperation. How will India reconcile its desire for autonomy with its need for alignment? Relatedly, how far and how fast will it be willing to deepen its partnership with the US, or work with it in a neighbourhood it sees as its

own? Similarly, how far is the US willing to go for a country that is not only not a formal ally, but is also seeking to become an independent pole in a multipolar world – sometimes by highlighting its differences with the West? In the economic and technology domains, where both sides land on the reshoring/friend-shoring spectrum will shape the extent to which they cooperate. On the political front, how inclusive these two diverse countries will be is an important factor that could affect their effectiveness at home and abroad.

There are also persistent uncertainties about the reliability of the other and questions about the other country's willingness and ability to play the role envisaged. Doubts in India range from the possibility of a G2 (a US-China accommodation or deal) to questions about the US commitment to the Indo-Pacific and changes that a new administration might bring.<sup>34</sup> Questions in the US revolve around India's capabilities, its domestic politics and its non-aligned legacy, which might place limits on ties or lead it to strike a deal with China (an A2, if you will).<sup>35</sup>

For now, however, convergences outweigh divergences – and provide New Delhi and Washington with incentives to manage or downplay their differences.

### **Lessons and implications for other indian partners**

In some ways, India's relationship with the US is

“ Globally, India's desire to serve as a voice of the Global South – in part to avoid leaving a vacuum for China to fill – sometimes creates friction between New Delhi and Washington”.

33 G. Mohan, "Govt rejects US religious freedom report that criticised India for 'attacks' on minorities," *India Today*, May 17, 2023, <https://www.indiatoday.in/world/story/india-us-religious-freedom-report-flawed-motivated-bjp-28-times-minority-communities-2380179-2023-05-17>

34 S. Talukdar, "Can India really trust America to stay the course on China?," *Firstpost*, August 9, 2023, <https://www.firstpost.com/opinion/can-india-really-trust-america-to-stay-the-course-on-china-12974842.html>

35 A. J. Tellis, "America's Bad Bet on India," *Foreign Affairs*, May 1, 2023, <https://www.foreignaffairs.com/india/americas-bad-bet-india-modi>



*sui generis*. Few other countries can offer India the breadth and scale of ties or the global and regional presence that make the US particularly useful for New Delhi. This level of US utility for India means that it garners the highest level political attention and considerable devotion of bureaucratic bandwidth in New Delhi.

India's US relationship nonetheless has implications for its other Western partners, such as Sweden. For one, India's partnership with the US not only reflects, but also facilitates its growing comfort with the West more broadly. On the flip side, New Delhi's desire not to be over-dependent on the US opens the door for other western partners, as India seeks to hedge against that over-reliance through diversification. Other partners might also avoid the scepticism that the US faces in some quarters in India either due to historical baggage or its global power, partnerships and policies.

As a country seeking a multipolar world, India also wants to work with other major and middle powers, and wants to see a robust European pole. Thus, New Delhi has been increasing its engagement with European partners and Europe as a collective because they offer India diplomatic, economic and technological opportunities – sometimes in conjunction with the US, sometimes in competition. This instinct was also bolstered by Indian uncertainty during the Trump administration about the US role in the world. Consequently, New Delhi also deepened engagement with European sub-regions, such as through the India-Nordic Summit, which was first held in Sweden in 2018.<sup>36</sup>

The development of India-US ties also offers lessons for other partners. New Delhi assesses countries in large part according to their power and utility. In terms of the former, for smaller countries, being part of a larger collective, such as the Nordic Summit or the European Union, helps. India also looks at how responsive partners are to its traditional and non-traditional security concerns, and how useful they might be in achieving India's economic, technology- and autonomy-related objectives. In the case of Sweden, New Delhi is likely to find Stockholm more like-minded on China than it would some other European countries. It would

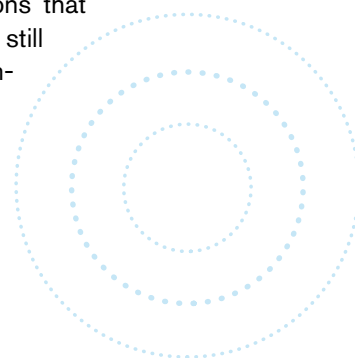
also see Sweden as a potential source of capital, technology (across several domains, including clean energy), knowhow and jobs.

Another lesson is that Indians take the measure of partners through their stances when the chips are down – who is supportive when the country is facing a crisis.

At the same time, a partnership with India is only sustainable if a country finds, in turn, that India is a good fit with its priorities and principles.

Progress requires not just some degree of convergence, but high-level, regular and consistent engagement. It also benefits from breadth, which creates multiple and diverse constituencies for closer ties in both India and the partner state – not just across sectors but also beyond the lifetime of one government. Getting varied stakeholders involved and invested in the relationship is also crucial. There is a limit to how much governments alone – and the executive branch at that – can deepen a partnership with India. The lesson for countries like Sweden is to enable and encourage the relationship to develop beyond the governments, including through business ties, educational links, tourism and enhanced physical connectivity with India.

Finally, there are lessons that India and the US are still learning, such as the importance of addressing knowledge gaps about the other in their government, private sector and civil society. ■



<sup>36</sup> Ministry of External Affairs, India, "2nd India-Nordic Summit," Copenhagen, May 4, 2022, [https://www.mea.gov.in/press-releases.htm?dtl/35277/2nd\\_IndiaNordic\\_Summit](https://www.mea.gov.in/press-releases.htm?dtl/35277/2nd_IndiaNordic_Summit)



# **Abandoning neutrality, absorbing multipolarity: India and Sweden by 2047**

JAGANNATH PANDA





# Abandoning neutrality, absorbing multipolarity: India and Sweden by 2047

JAGANNATH PANDA

## Introduction

Pragmatism and polarised positioning have become the new normal in foreign policy decision making – and Sweden and India are no exception. Sweden moved away from and perhaps permanently abandoned its neutrality discourse in foreign policy by joining the European Union (EU) in 1995, more recently by applying for North Atlantic Treaty Organisation (NATO) membership and, importantly, by demonstrating a positive attitude towards the Indo-Pacific. As a rising power, India has been engaging for some time in a national interest-oriented multi-aligned strategy, moving away from its original non-aligned discourse, particularly in order to balance an expansionist China. The move away from neutrality and towards multipolarity is thus a common thread in both Indian and Swedish foreign policies, but what might their future relationship entail?

Since diplomatic ties were established in 1948, India and Sweden have enjoyed positive relations built on shared values of democracy, pluralism, and respect for human rights and a rules-based international order. In 2023, as India and Sweden marked 75 years of diplomatic relations, both countries had several reasons to celebrate, from the highs of bilateral trade to increased leader-level interactions.<sup>1</sup>

Obviously, Sweden's growing interest in India is neither an isolated, nor an abrupt phenomenon. Emerging global challenges – especially amid the fragmentation caused by the COVID-19 pandemic, the still-intensifying US–China great power competition and the ongoing Ukraine war – have

brought greater geopolitical strife and pushed “like-minded” countries to enhance cooperation and collaboration in the hope of expanding their geo-economic and security interests.

In particular, Russia's pariah status among the Western powers, making it a permanent adversary, has irretrievably changed the liberal order. Sweden's and Finland's decisions to join NATO soon after the February 2022 invasion of Ukraine concretised this turn in the European security architecture.<sup>2</sup> Finland is already a member and Sweden's membership is likely to be ratified soon by both Hungary and Turkey, unless President Recep Tayyip Erdogan reneges on his “conditional support”.<sup>3</sup> Sweden's intention to allow NATO troops on its soil even before joining increases NATO's deterrence options against Russia.<sup>4</sup>

Moreover, China's continuing downward trajectory – in terms of both European perceptions of China as a corrosive influence on the rules-based world order and doubts about its potential as a responsible major power – has been hardening Sweden's outlook on China for some time. At the same time, India's historical ties and continuing trade with Russia have not prevented the former from pursuing focused and expanded ties with the West. In fact, Russia's loss of power has compelled India's full-throttle diversification in both the energy sector and the arms trade.

India's foreign policy has become more assertive with regard to China, with a greater focus on not allowing China to push forward with its anti-West agenda. This is especially true in the non-Western world, where China's influence is

<sup>1</sup> Embassy of India Stockholm, “India Sweden Bilateral Relations”, <https://www.indembassysweden.gov.in/page/india-sweden-relations/>

<sup>2</sup> P. Chatterjee, “How Sweden and Finland went from neutral to NATO”, *BBC*, 11 July 2023, <https://www.bbc.com/news/world-europe-61397478>

<sup>3</sup> B. Hubbard, et al., “Turkey Agrees to Support Sweden's NATO Bid, Clearing Main Obstacle”, *New York Times*, 10 June, 2023, <https://www.nytimes.com/2023/07/10/world/europe/erdogan-turkey-sweden-nato.html>

<sup>4</sup> S. Erlanger, “Sweden says it will allow NATO troops on its soil even before joining the alliance”, *New York Times*, 9 June, 2022, <https://www.nytimes.com/2023/06/09/world/europe/nato-sweden.html>; J. Masters, “How NATO Will Change if Finland and Sweden Become Members”, *Council on Foreign Relations*, 29 June, 2022, <https://www.cfr.org/in-brief/how-nato-will-change-if-finland-and-sweden-become-members>





increasing through China-dominated forums such as the Shanghai Cooperation Organisation (SCO) and the BRICS, both of which are experiencing a new wave of expansion. India has positioned itself as the leader of the Global South during its pivotal year as G20 president as part of this agenda.

Such concerns have injected a more regional and trans-global dimension into the interactions between India and Sweden, and brought about a transformation in bilateral relations. Can India emerge as an alternative pole to China in the Swedish or broader European lens? How can India and Sweden mitigate the strategic gap in global concerns, not least their disparate stances on the Ukraine war? How does the future look for India's ties with Sweden as a gateway for India-Nordic/India-EU ties in coming years or decades?

### **India-Sweden: an upward “innovative” trajectory?**

As a proactive stakeholder in a free, open and inclusive Indo-Pacific, India is increasingly enhancing its engagement with like-minded partners in both the region and the West. The EU and its member states are critical partners in this endeavour. In this context, the India-Sweden partnership is no longer limited to the bilateral, but evolving into an important axis for India-Nordic strategic engagement, and India-EU relations more broadly.

During Prime Minister Narendra Modi's 2018 visit to Sweden, the two countries signed a Joint Innovation Partnership, under which they have held regular high-level dialogues on multiple issues from sustainable development to innovation, polar research and space. Moreover, Modi's time in office has shifted the gears not only of India-Sweden bilateral relations, but also of India-Nordic interactions.

The first India-Nordic summit was co-organised by India and Sweden in 2018;<sup>5</sup> the second took

“ The EU and its member states are critical partners in this endeavour. In this context, the India-Sweden partnership is no longer limited to the bilateral, but evolving into an important axis for India-Nordic strategic engagement, and India-EU relations more broadly.”

place four years later<sup>6</sup> – ironically, shortly after Russia's invasion of Ukraine when India was being criticised for its “neutrality”. Themes ranged from post-pandemic economic recovery to digitalisation. The joint affirmation of free trade as a “driver” of inclusive, sustainable growth was clearly a highlight, as protectionism and recession have negatively affected the global economy.<sup>7</sup>

At a time when high inflation is drastically impacting the Swedish economy,<sup>8</sup> and the economy entered recession in 2023, the effects could be mitigated by a strong India-Sweden trade relationship. India and Sweden already have a number of Memorandums of Understanding in areas from healthcare to energy and space.<sup>9</sup> Among these, the Memorandum between the Society of Indian Defence Manufacturers (SIDM) and the Swedish Security and Defence Industry (SOFF) has been significant in promoting bilateral defence industry relations.

The time is now ripe to extend this cooperation as Sweden looks to rebuild its image as a strategic power and move away from being identified only as a “humanitarian superpower”.<sup>10</sup> Sweden is seeking to build international ties centred on high technology, trade and collaborations on the green transition, as the country shifts to the right with a

5 PTI, “Narendra Modi arrives in Sweden for India-Nordic summit, marks first bilateral visit by Indian PM to nation in 30 years”, *First Post*, 17 April, 2018, <https://www.firstpost.com/india/narendra-modi-arrives-in-sweden-for-india-nordic-summit-marks-first-bilateral-visit-by-indian-pm-to-nation-in-30-years-4434521.html>

6 PIB, “2nd India-Nordic Summit”, 4 May, 2022, <https://pib.gov.in/PressReleasePage.aspx?PRID=1822725>

7 Ministry of External Affairs, “Joint Statement: 2nd India-Nordic Summit”, *Government of India*, 4 May, 2022, <https://mea.gov.in/bilateral-documents.htm?dtl/35276>

8 Ministry of Finance, “High inflation continues to impact Swedish economy”, *Government Offices of Sweden*, 24 August, 2023, <https://www.government.se/press-releases/2023/08/high-inflation-continues-to-impact-swedish-economy/>

9 Ministry of External Affairs, “India-Sweden: Enduring Partnership”, *Government of India*, 3 November, 2017, <https://indbiz.gov.in/india-sweden-enduring-partnership/>

10 C. Duxbury, “Sweden's incoming prime minister shifts right”, *Politico*, 14 October, 2022, <https://www.politico.eu/article/sweden-incoming-prime-minister-shift-right/>



focus on security and reducing development aid.<sup>11</sup> At the same time, Sweden's current government has highlighted its intention to solidify the Nordic-Baltic connection, especially within the EU, to enhance its strategic influence globally. India will be a focus, which could work out well for India under Modi, who is looking to expand ties.

The recent meetings between External Affairs Minister S. Jaishankar and Sweden's Foreign Minister Tobias Billström have further boosted India's efforts in Swedish, Nordic, and EU affairs.<sup>12</sup> The visit by Swedish Foreign Trade Minister Johan Forssell – accompanied by a delegation that included the heads of SAAB – has also provided a boost to Swedish industry in India.<sup>13</sup>

Positive views on growth were confirmed by a recent survey: about 67 per cent of Swedish respondents had positive views on the business climate in India and about 60 per cent of Swedish companies were planning to increase their investment in India.<sup>14</sup> Moreover, high-level ministerial meets have highlighted the need to strengthen supply chains. The joint launch of the Leadership Group on Industry Transition (LeadIT) and Sweden's membership of the Indo-French-led International Solar Alliance (ISA) are important multilateral initiatives that address global challenges in the post-pandemic landscape.

In addition, India's vast talent pool, market potential and growing digital ecosystem complement Sweden's technological prowess and emphasis on sustainable practices. Together, they can foster an "innovation-driven partnership" that contributes to bilateral and global progress in the coming decades that encapsulates a proactive approach, collaborative efforts, shared values and mutual benefits, and propels them into a dynamic and forward-looking relationship. However, India and Sweden must look to elevate their ties to a "strategic partnership" that

takes global security and the increasing trend towards multipolarity into account.

As part of its multipolar vision, India has developed strategic partnerships with more than 30 countries. This has helped it to push its autonomy profile and raise its stature as a valuable and reliable partner in the region. In 2023, the most recent Pew Research Center survey found that India receives a "generally positive" outlook across 23 countries. In Sweden, 46 per cent of respondents held a favourable view of India – a healthy outlook for a country rightly criticised in liberal democracies for its majoritarian turn.<sup>15</sup>

At the same time, India will need to improve its bureaucratic delays in licencing, permits and approvals, as well as its physical infrastructure (e.g., the quality of roads), not to mention clamping down on the heightened trend for ethnic or communal flare-ups, evident for many past decades. Otherwise, the great strides taken on India's economic and political profile would have been for nothing.

### **The russian complication is not insurmountable**

India's long-standing strategic relationship with Russia, which dates back to the Cold War-era, has led to wide-ranging defence and security cooperation. These close ties – along with India's "neutrality" over the Ukraine war and its continued purchase of Russian oil – have raised concerns for several European states, including Sweden.

In the long term, India's defence relations with Russia, if they remain unchecked, would pose a serious problem for India-Sweden security cooperation, especially on sensitive technologies, including dual-use technologies. If India's military ties with Russia were to involve entities under sanctions or facing export restrictions, for example, EU regulations might prevent Sweden from, or en-

11 L. Toremek, "How will Sweden's right turn affect its foreign policy priorities?" [Interview with Anna Wieslander, Director, Northern Europe, Atlantic Council], *Chatham House*, 11 November, 2022, <https://www.chathamhouse.org/2022/11/how-will-swedens-right-turn-affect-its-foreign-policy-priorities>

12 All India Radio, 'EAM S Jaishankar holds bilateral meetings with Foreign Ministers of different countries on the sidelines of Raisina Dialogue', 3 March, 2022, <https://newsonair.gov.in/News?title=EAM-S-Jaishankar-holds-bilateral-meetings-with-Foreign-Ministers-of-different-countries-on-the-sidelines-of-Raisina-DIALOGUE&id=456768>

13 R.H. Laskar, "Will be honest broker": Sweden pledges hard push to EU-India free trade pact', *Hindustan Times*, 9 December, 2022, <https://www.hindustantimes.com/india-news/will-be-honest-broker-sweden-pledges-hard-push-to-eu-india-free-trade-pact-101670596241900.html>

14 Team Sweden in India, 'Business Climate Survey for Swedish Companies in India 2022', *Business Sweden and Swedish Chamber of Commerce India*, [https://www.business-sweden.com/globalassets/insights/reports/trade/business-climate-surveys/business-climate-survey\\_india\\_2022.pdf](https://www.business-sweden.com/globalassets/insights/reports/trade/business-climate-surveys/business-climate-survey_india_2022.pdf)

15 C. Huang, M. Fagan, and S. Gubbala, 'Views of India Lean Positive Across 23 Countries', *Pew Research Center*, 29 August, 2023, <https://www.pewresearch.org/global/2023/08/29/views-of-india-lean-positive-across-23-countries/>





“ Such concessions notwithstanding, India for its part began a gradual strategic detachment or withdrawal process from Russia following Russia's annexation of Crimea and is hedging its bets with the West, for example through enhanced defence collaborations with the US and France”

courage it to reconsider, engaging in technology transfer or defence cooperation with India.

At the same time, Sweden has categorically rejected any intention to interfere in India's “domestic” energy policy so far as trade with Russia is concerned.<sup>16</sup> Sweden in a way supports Modi's “not the era for war” sentiment and has shown sympathy for India's national interest-oriented foreign and trade policies.

Such concessions notwithstanding, India for its part began a gradual strategic detachment or withdrawal process from Russia following Russia's annexation of Crimea and is hedging its bets with the West, for example through enhanced defence collaborations with the US and France. As a result, there is greater awareness and interest in Europe and the US of India's subsequent steps to deftly navigate the tricky situation while not isolating Russia.<sup>17</sup> This is particularly important to avoid cornering Russia, which is in danger of becoming a junior partner of China because of its growing economic and political dependence on China.

### The China Question: trade vs geopolitics

Sweden's deteriorating ties with China since 2015

presage a tense future relationship.<sup>18</sup> Russia's invasion of Ukraine and China's subsequent no-holds-barred convergence with Russia and efforts to create an anti-West coalition have created the perfect storm, even as Sweden seems to lack a China strategy at present.<sup>19</sup>

Concurrently, in recent years, India's “abnormal” border situation – primarily due to the 2017 Doklam standoff and 2020 Galwan skirmish with China – has gone beyond previous engagement-competition dynamics, traversing the “pragmatism and power parity”.<sup>20</sup> Nonetheless, at the same time, China continues to be one of India's largest trading partners.<sup>21</sup>

In the post-Galwan era, however, India is aggressively pursuing its multi-pointed alignment diplomacy, particularly with the West. This ties in well with Europe's economic interests in the global “nerve centre” of the Indo-Pacific, but without depending heavily on China which has been left reeling from the backlash that started even before the COVID-19 pandemic, due to concerns about unfair trading practices and disillusionment with China's investment promises.<sup>22</sup>

So even though Sweden's economic relations

16 K. Bhattacharjee, “Buying Russian oil is domestic policy of India: Swedish Foreign Trade Minister”, *The Hindu*, 10 December, 2022, <https://www.thehindu.com/news/national/buying-russian-oil-is-domestic-policy-of-india-swedish-foreign-trade-minister/article66245061.ece>

17 J. Orr, “India to treat Russian invasion carefully at G20 summit”, *Chatham House*, 28 July, 2023, <https://www.chathamhouse.org/publications/the-world-today/2023-08/india-treat-russian-invasion-carefully-g20-summit>

18 C. Duxbury, S. Lau, and L. Cerulus, “The EU's front line with China: Stockholm”, *Politico*, 10 February, 2021, <https://www.politico.eu/article/eu-front-line-china-stockholm/>

19 F. Lindberg, “From a China strategy to no strategy at all: Exploring the diversity of European approaches”, *Swedish National China Centre*, 27 July, 2023, <https://kinacentrum.se/en/publications/from-a-china-strategy-to-no-strategy-at-all-exploring-the-diversity-of-european-approaches/>

20 R.H. Laskar, “Can't have normal ties if border situation abnormal: India to China”, *Hindustan Times*, 5 May, 2023, <https://www.hindustantimes.com/india-news/india-asserts-abnormal-border-situation-with-china-at-sco-meet-in-benaulim-go-bilateral-ties-cannot-be-normalised-101683311137538.html>; J. Wuthnow, S. Limaye, and N. Samaranayake, “Doklam, One Year Later: China's Long Game in the Himalayas”, *War on the Rocks*, 7 June, 2018, <https://warontherocks.com/2018/06/doklam-one-year-later-chinas-long-game-in-the-himalayas/>; J. Gettleman, et al., “Worst Clash in Decades on Disputed India-China Border Kills 20 Indian Troops”, *New York Times*, 8 September, 2020, <https://www.nytimes.com/2020/06/16/world/asia/indian-china-border-clash.html>; J. P. Panda, “Narendra Modi's China policy: between pragmatism and power parity”, *Journal of Asian Public Policy*, 9/2 (2016), 185–197, <https://doi.org/10.1080/17516234.2016.1165334>

21 *Outlook*, “China Remains Top Trade Partner of India, Not US”, *Outlook*, 31 May, 2022, <https://www.outlookindia.com/international/-china-remains-top-trade-partner-of-india-not-us--news-199543>

22 T. Wright, “Europe changes its mind on China”, *Brookings*, July, 2020, [https://www.brookings.edu/wp-content/uploads/2020/07/FP\\_20200708\\_china\\_europe\\_wright\\_v2.pdf](https://www.brookings.edu/wp-content/uploads/2020/07/FP_20200708_china_europe_wright_v2.pdf)



“ So even though Sweden's economic relations with China are thriving – China is Sweden's largest trading partner in Asia – and prospects “broad”, its approach to India will hardly be negatively impacted. There is only an outside chance that India might perceive Sweden's Asia policy as prioritising China or interpret it as a lack of commitment or trustworthiness.”

with China are thriving – China is Sweden's largest trading partner in Asia<sup>23</sup> – and prospects “broad”,<sup>24</sup> its approach to India will hardly be negatively impacted. There is only an outside chance that India might perceive Sweden's Asia policy as prioritising China or interpret it as a lack of commitment or trustworthiness. France's bonhomie with China, for example, has not impacted its security-oriented relations with India.

Moreover, Sweden's export-oriented policy,<sup>25</sup> which heavily promotes free trade and the strengthening of the European single market by enhancing the EU's standing as a trading bloc, will only favour the currently economically resilient India.<sup>26</sup> In this context, the swift conclusion of an India-EU free trade agreement (FTA) would be significant for Sweden's business interests.

It is also significant that Sweden has been assertive about its China stance and plans to consolidate EU consensus in line with the EU's Indo-Pacific Strategy.<sup>27</sup> The Swedish government has categorically stated that Sweden's ties with China must be derived from a common European strategy that takes account of the US approach to that country. Transatlantic coordination is a key

tenet.<sup>28</sup> In addition, China's new aggression towards Taiwan has also coloured the negative view.

Moreover, Stockholm's rocky “wolf warrior” diplomatic encounters have restrained Sweden's “competitive partner” perception of China.<sup>29</sup> In other words, their recent history indicates that the rival-partner balance in Swedish-Chinese relations will swing more in favour of the rival aspect in the near (and perhaps long-term) future.

Overall, current trends lean towards India – exemplified by Modi's back-to-back strategic visits to the US and France, and Jaishankar's targeted outreach to Sweden and the EU. Coupled with industry giants like Apple accelerating the moving away of manufacturing from China and into India, these are indicative of which way the wind is blowing.<sup>30</sup>

### Countdown to 2047: what does the future hold?

Diplomacy and effective communication will be crucial for navigating the persistent challenges. Both India and Sweden must work to build a clear understanding of each other's strategic interests and sensitivities. While India's ties to Russia might pose some problems, this need not be an insur-

23 Sweden Abroad, “Trade Sweden – China”, <https://www.swedenabroad.se/en/about-sweden-non-swedish-citizens/china/business-and-trade-with-sweden/trade-between-sweden-and-china/#>

24 F. Feifei, “Broad scope for Sino-Swedish biz ties”, *China Daily*, 26 May, 2023, <https://www.chinadaily.com.cn/a/202305/26/WS64700879a310b6054fad52f8.html>

25 S. A. Aarup, “Liberal Sweden put to the test as transatlantic trade war looms”, *Politico*, 7 December, 2022, <https://www.politico.eu/article/liberal-sweden-test-transatlantic-trade-war/>

26 *World Bank*, “Indian Economy Continues to Show Resilience Amid Global Uncertainties”, *World Bank*, 4 April, 2023, <https://www.worldbank.org/en/news/press-release/2023/04/04/indian-economy-continues-to-show-resilience-amid-global-uncertainties>

27 F. Ghirelli, and G. Stec, “EU-China relations under Swedish presidency + China's new EU ambassador”, *Merics*, 27 January, 2023, <https://merics.org/en/merics-briefs/eu-china-relations-under-swedish-presidency-chinas-new-eu-ambassador>

28 U. Kristersson, “Statement of Government Policy”, *Government Offices of Sweden*, 18 October, 2022, <https://www.government.se/speeches/2022/10/statement-of-government-policy/>; T. Billström, “Statement of Foreign Policy 2023”, *Government Offices of Sweden*, 15 February 2023, <https://www.government.se/speeches/2023/02/statement-of-foreign-policy-2023/>

29 A. Börjesson, “Sweden and China: Once Bitten, Twice Shy”, *Institute for Security and Development Policy*, 13 April, 2023, <https://isdsp.eu/sweden-and-china-once-bitten-twice-shy/>

30 L. Li, C. Ting-Fang, and S. Chakraborty, “Inside Apple's India dream”, *Nikkei Asia*, 2 August, 2023, <https://asia.nikkei.com/Spotlight/The-Big-Story/Inside-Apple-s-India-dream>



“Diplomacy and effective communication will be crucial for navigating the persistent challenges. Both India and Sweden must work to build a clear understanding of each other’s strategic interests and sensitivities.”

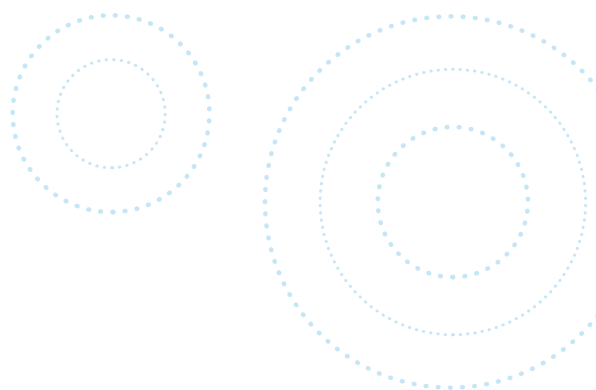
mountable barrier. Open dialogue, transparency and a focus on shared goals, along with strategic pragmatism will help both nations explore ways to foster a meaningful and balanced partnership that benefits both sides. At the same time, concerns and fears over China’s aggressive and inward tilt on regional economic and security affairs will act as a glue. However, ties certainly extend beyond common concerns about China.

The heightened trajectory of their bilateral relationship could be profoundly impactful at the regional and global levels by helping to expand the India-EU relationship. This was evident during Sweden’s EU Presidency (the six-month term that ended in June 2023), which focused on engendering long-term competitiveness in the EU.<sup>31</sup> As a part of coalescing with “like-minded” countries to achieve this agenda, it supported the FTA talks with India as an “honest broker”.<sup>32</sup>

However, the Swedish agenda made no mention of goals reflecting efforts to strengthen the functioning of the India-EU Technology and Trade Council (TTC) or to consolidate the Indo-Pacific digital partnership,<sup>33</sup> although a “mandate to open negotiations on digital trade rules agreements” with Singapore and South Korea was part of the achievements list.<sup>34</sup> As such, Sweden’s approach to the Indo-Pacific seems rudimentary in many respects.

Nonetheless, burgeoning India-Sweden ties

can be used to further Sweden’s interests in the Indo-Pacific and India’s in Europe. Importantly, given their improving chemistry as responsible partners in a world geared to strengthened multipolarity, India and Sweden must work to: strengthen development cooperation in the Global South, especially on mitigating the impact of climate change; coalesce international cooperation on the recovery and reconstruction of Ukraine, which will require huge financial and logistical support; and identify ways to reform the struggling multilateral system of global governance. ■



31 Swedish Presidency of the Council of the European Union, ‘Priorities’, 2023, <https://swedish-presidency.consilium.europa.eu/en/programme/priorities/>  
32 R.H. Laskar, “Will be honest broker’: Sweden pledges hard push to EU-India free trade pact”, *Hindustan Times*, 9 December 2022, <https://www.hindustantimes.com/india-news/will-be-honest-broker-sweden-pledges-hard-push-to-eu-india-free-trade-pact-101670596241900.html>  
33 A. Nordenstam, “Sweden’s EU Presidency and the Indo-Pacific: A Letter from Stockholm,” *9Dashline* 6 February, 2023, <https://www.9dashline.com/article/swedens-eu-presidency-and-the-indo-pacific-a-letter-from-stockholm>  
34 Swedish Presidency of the Council of the European Union, “Greener, safer and freer”, 2023, <https://swedish-presidency.consilium.europa.eu/media/qkaj20qd/results.pdf>



# **Bridging the north and south: towards Sweden-India development cooperation partnerships**

CONSTANTINO XAVIER



# Bridging the north and south: towards Sweden-India development cooperation partnerships

CONSTANTINO XAVIER

## Introduction

This essay offers a policy roadmap to enable Sweden and India to implement joint development cooperation initiatives in third countries in the Indian Ocean region and East Africa. It argues that Sweden and India share complementary, mutually reinforcing interests and values in supporting the Global South's developing economies to achieve sustainable growth, address climate change and build inclusive institutions. This potential partnership would be congruent with the changing future development cooperation and geo-economic trajectories of both countries over the next decade. Sweden's attention may currently be focused on the Russia-Ukraine war, but it is certain to intensify its engagements beyond Europe, including in Africa and the Indo-Pacific, where development cooperation is increasingly shaped by a more crowded and competitive geopolitical context. India is now an emerging donor that is expanding its development cooperation in line with its growing economic and security interests beyond South Asia. The Indian government is also increasingly

willing to partner with other actors in the form of triangular development partnerships to expand its limited institutional capacity and geographic reach. This context offers an opportunity for Sweden and India to explore triangular partnerships that provide development solutions that are adapted, affordable, democratic and sustainable for the Global South.

## The need for a more resilient Global South through South-North partnerships

Much of the developing world is suffering from the enormous impact of the COVID-19 pandemic, whether through an economic slowdown or increasing inequality and socio-political instability. In democratic countries in the Global South, this has affected the resilience and legitimacy of key governance and representative institutions, increasing the risk of unsustainable debt and systemic collapse, as demonstrated by the financial defaults of Zambia (2020) and Sri Lanka (2022).

The Russia-Ukraine war has added further stress by increasing the price of food and fuel, reducing tourism revenues and making access to international capital markets more difficult. The International Monetary Fund (IMF) has acknowledged that this complicates the task of Global South policymakers: "to strike the delicate balance between containing inflation and supporting the economic recovery from the pandemic".<sup>1</sup>

This is a particularly serious challenge for the 46 Least Developed Countries (LDCs), a large number of which are concentrated in the Indian Ocean region, in East Africa (including Ethiopia

“ India is now an emerging donor that is expanding its development cooperation in line with its growing economic and security interests beyond South Asia”

<sup>1</sup> A. Kammer et al., "How War in Ukraine is Reverberating Across World's Regions", *IMF Blog*, 15 March, 2022, <https://www.imf.org/en/Blogs/Articles/2022/03/15/blog-how-war-in-ukraine-is-reverberating-across-worlds-regions-031522>.



and Mozambique), and five of which are located in India's immediate neighbourhood (Afghanistan, Bangladesh, Bhutan, Myanmar and Nepal). A recent United Nations Conference on Trade and Development (UNCTAD) report cautions that the "present situation is therefore exceptional and requires decisive action by both the international community and LDCs themselves to counter the risks of hysteresis and a lost decade".<sup>2</sup> More than just financial support – and beyond just the LDCs, as witnessed in the case of Sri Lanka – developing countries require technical assistance and expert training to build state capacity and pursue development strategies that are accountable, inclusive and sustainable.

Sweden and India can use their respective comparative advantage and experience in development cooperation to help to equip these countries with such policymaking and decision-making frameworks. By engaging in triangular partnerships, the Swedish and Indian governments would not just be demonstrating symbolic solidarity and altruism or meeting domestic political expectations. Geopolitical and economic interests also drive Sweden's and India's development cooperation programmes in an increasingly competitive Indo-Pacific geography.

Following events in Sri Lanka, a series of financial defaults in other countries would risk undermining global financial stability, further delay economic recovery and deprive emerging economies of much-needed finance for climate action. It would also complicate the ambitious climate transition targets of Europe (for 2050) and India (for 2070). Both Sweden and India need to rethink and reorient their traditional development assistance mechanisms towards an increased emphasis on trade, development finance, climate change and inclusive governance.

Facilitating the climate and energy transition in developing economies is likely to be the most important challenge for any development cooperation initiative focused on the Global South. A

recent study notes that: "Sweden/EU engagement with Africa on the green transition agenda needs to be better linked with the immediate concerns of many African governments and citizens, such as employment, industrialisation, energy access and the productivity and climate resilience of the agriculture sector".<sup>3</sup> These are concerns that India not only shares, but also seeks to address in its own developmental engagement with Africa. It recognises what the same study identifies as the need for "appropriate diplomacy" that fuels the paradigmatic shift required in development cooperation: the move away from a North-South policy framework and towards a South-North paradigm where the least developed and middle-income countries of the Global South are not merely consulted and supported, but enabled to initiate and drive partnerships. Sweden and India are well placed to achieve this through triangular partnerships in the Indo-Pacific and East Africa.

### **Sweden's future beyond Europe: Indo-Pacific opportunities**

The Russia-Ukraine war has forced Sweden to reorient its focus to Europe and its Eastern periphery. In his 2023 annual statement, Swedish Minister for Foreign Affairs Tobias Billström emphasised the "clear focus on Sweden's neighbourhood in light of the new security environment" and that "with a war in Europe, our neighbourhood is inevitably our top foreign policy priority".<sup>4</sup> This marks a "new course" in Sweden's foreign, security and defence policy, including its accession to the North Atlantic Treaty Organisation (NATO) transatlantic security alliance.

However, it is unlikely that this NATO and Euro-centric focus will survive the evolving geostrategic balance that is playing out in the Indo-Pacific and the Global South. In the longer term, Stockholm will have to recover its strategic focus on the Indo-Pacific, where it has an important role to play in partnership with India and other powers seeking to shape an open, inclusive and democratic order.

2 United Nations Conference on Trade and Development, *UNCTAD Work in Building Resilience in Least Developed Countries: From Inequality and Vulnerability to Prosperity for All*, 2023, p. 10, [https://unctad.org/system/files/official-document/tcmisc2023d1\\_en.pdf](https://unctad.org/system/files/official-document/tcmisc2023d1_en.pdf).

3 N. Ashraf and J.V. Seters, "Green Transition in Africa: Implications for Sweden and the EU" [Discussion Paper No. 320], *European Centre for Development Policy Management*, May, 2022, p. 15, <https://ecdpm.org/application/files/8816/5780/0235/Green-Transition-Africa-Implications-Sweden-EU-ECDPM-Discussion-Paper-320-2022.pdf>.

4 T. Billström, "Statement of Government Policy in the Parliamentary Debate on Foreign Affairs", *Government of Sweden*, 15 February, 2023, p. 4, <https://www.government.se/contentassets/bab11be9e9b149079808ecfa5651ddd2/statement-of-foreign-policy-2023/>.





“ Sweden will therefore eventually have to refocus its attention to the East, where the future terms of the global economic and security order are taking shape, as well as to the South, especially Africa.”

The future of Europe – and Sweden’s economic and security interests – may well be at stake in Ukraine, but the Ukraine conflict is also a theatre of the larger systemic transition in Asia. This is marked by a growing Russia-China axis, difficult relations between the United States and China, and the rise of India and Japan as great powers seeking to preserve a balanced, decentralised and open security architecture in the Indo-Pacific.

Sweden will therefore eventually have to refocus its attention to the East, where the future terms of the global economic and security order are taking shape, as well as to the South, especially Africa. This will have to be pursued through the traditional and mutually complementary bilateral and EU tracks, but also through a growing focus on new multilateral, mini-lateral and trilateral tracks – be they the European Investment Bank, the African Development Bank or the International Solar Alliance (ISA) and Coalition for Disaster Resilient Infrastructure (CDRI).

This means that Sweden will have to devote more resources to an Indo-Pacific region where it has important and growing stakes. There are encouraging signs that, despite the understandable preoccupation with Ukraine, Sweden remains engaged politically with the Indo-Pacific. Stockholm hosted the second EU Indo-Pacific Ministerial Forum in May 2023, and appointed a special envoy for the Indo-Pacific during its EU presidency. In 2023, it also formalised its intention to join the Treaty of Amity and Cooperation (TAC), which was welcomed by Indonesia and other

Association of Southeast Asian Nations (ASEAN) member states, which are keen to see more of Europe in Southeast Asia in order to diversify partnerships and opportunities beyond the United States and China.<sup>5</sup>

Besides Japan and Southeast Asia, Sweden’s future Indo-Pacific engagements are bound to deepen primarily with India. Whether it is investment opportunities, the climate transition or the future of democratic governance, this is where Swedish interests will find the greatest scope for global partnerships in the Indo-Pacific, especially in the Indian Ocean region and in East Africa. The challenge will be to move beyond the bilateral dimension in order to lend the partnership a regional and global dimension. There are numerous areas in Africa and Asia where Stockholm and New Delhi could consult, coordinate and join forces to support sustainable, green and democratic development.

This is in line with the “recalibration” of Sweden’s aid policy towards more strategic targets focused on trade, climate and democracy.<sup>6</sup> Sweden’s development cooperation programmes, anchored in the Swedish International Development Cooperation Agency (Sida), remain among the largest and most effective in the OECD Development Assistance Committee (DAC). However, compared to its expansive cooperation efforts in Africa, Sida has a relatively less significant presence in Asia and the Indo-Pacific. In 2022, Sida’s development cooperation in Africa stood at \$88.22 million versus \$35.35 million in Asia.<sup>7</sup> Therefore, given that its developmental focus has been largely on

5 K. Isnomo, “Why Sweden’s Ascension to the ASEAN TAC Matters”, *The Jakarta Post*, 19 May, 2023, <https://www.thejakartapost.com/opinion/2023/05/19/why-swedens-accession-to-the-asean-tac-matters.html>.

6 T. Billström, “Statement of Government Policy”, *Government of Sweden*, p. 8, 15 February, 2023, <https://www.government.se/contentassets/bab11be9e9b149079808ecfa5651ddd2/statement-of-foreign-policy-2023/>.

7 <https://openaid.se/en/activities?filterA=%5B2022,298,,,,false,all%5D&filterB=%5B2022,798,,,,false,all%5D&filterC=%5B%5D&filterD=%5B%5D>



sub-Saharan Africa, Sweden will have to find ways to deploy aid more strategically in Asia, where several significant LDCs struggle to navigate multiple demographic, economic and climate transitions.

### **India's Indo-Pacific extroversion and interest in development partnerships**

In 2003, India began to alter its role from being a recipient to a donor by refusing to accept any tied aid from countries other than the US, UK, Russia, Germany, and Japan only through non-governmental organisations. India is now an emerging donor expanding its development cooperation in line with its growing economic and security interests beyond South Asia. New Delhi is also increasingly willing to partner with other actors in the form of triangular development partnerships to expand its limited institutional capacity and geographic reach.<sup>8</sup>

India is emerging as a notable developmental partner for countries in the Global South, concentrated in the Indo-Pacific. While India's financial might is far less than China's, it has found a comparative advantage in sharing solutions that are affordable, scalable and tailored to the cultural and economic contexts of developing countries in Asia and Africa. This includes digital payment systems, technology platforms for health and education, and small-scale, community-driven solutions in the energy and climate adaptation realms.<sup>9</sup>

Thus, when India embraces the concept of a free and open Indo-Pacific, which is also promoted by Japan, Australia, the United States and some ASEAN member states, it does not restrict its definition to the geostrategic logic of balance of power. There are also economic and political dimensions. On the one hand, India is striving to shape an economic order that is decentralised, flexible and inclusive of other extra-regional powers, such as the European Union, France and Germany as well as smaller states like Sweden. This explains India's concerns about – and eventual rejection of – the China-centric nature of the Regional Comprehensive Economic Partnership (RCEP). On the other

hand, underpinning all these initiatives is the Indian political principle of open and inclusive governance systems based on India's experience with a diverse, federal democracy. This is one among many principles guiding India's South-South principles of development cooperation.<sup>10</sup>

India is looking for security, economic, political and developmental partnerships that enhance its reach and influence beyond its immediate South Asian periphery. Gone are the days when India was isolated, refusing to partner with any state aligned with either the US or the Soviet Union. For this reason, India has been deepening its bilateral partnership with Sweden in a succession of bilateral visits and through the institution of a Nordic summit, and India is keen to see Sweden play a more important role in the Indo-Pacific.

One concrete way to deepen Sweden-India engagement would be through development cooperation. India has already partnered with other countries to establish triangular development partnerships focused on Asia, Africa and the Indian Ocean Island states. These North-India-South development partnerships deploy northern financial and technical capacity to engineer and adapt inclusive development solutions from India to third countries in the Global South. India has done this with the United States, France, Germany and Japan, and is seeking new partnerships for such cooperation.

### **Steps towards Sweden-India triangular development partnerships**

Sweden is currently in a lull when it comes to the development agenda with India, having terminated its bilateral ties as a donor country. Until the mid-1990s, India was among the top three recipients of Swedish ODA, along with Mozambique and Tanzania, receiving around 4.5% of SIDA's aid budget.<sup>11</sup> As India graduated to become a middle-income economy, it decided to no longer accept official bilateral aid and SIDA withdrew from the country. Unlike other Global North countries, how-

8 M. Chakrabarty and S. Prabhu, "Triangular Development Partnerships are the Need of the Hour", *Observer Research Foundation*, 4 November, 2022, <https://www.orfonline.org/expert-speak/triangular-development-partnerships-are-the-need-of-the-hour/>.

9 M. Chakrabarty, "Development Cooperation Towards the SDGs: The India Model" [Occasional Paper No. 369], *Observer Research Foundation*, 30 September, 2022, <https://www.orfonline.org/research/development-cooperation-towards-the-sdgs/>.

10 S. Chaturvedi and S. Mendiratta, "Principles of South-South Cooperation and Emerging Evidence from Indian Engagements", *World Scientific Reference on Asia and the World Economy*, pp. 109-133, [https://doi.org/10.1142/9789814578622\\_0005](https://doi.org/10.1142/9789814578622_0005).

11 A. Danielson and L. Worasinchai, "Swedish Development Cooperation in Perspective", in O. Stokke and P. Hoebink, ed., *Perspectives on European Development Cooperation*, 2005, p. 25. <https://citeseerx.ist.psu.edu/document?repid=rep1&type=pdf&doi=a77de32a3c24c1e2137a74d4d9a37934aec5134d>.





“ The Swedish Ministry for Foreign Affairs and India's MEA should institute an annual Track 1.5 policy involving SIDA and India's Development Partnership Administration and Exim Bank officials to exchange information on best practices, opportunities and challenges.”

ever, Sweden has not yet reimagined its development cooperation relations with an India that is now an emerging donor in third countries.

India has been expanding its development cooperation programme since the 2000s. It participated in the Busan conference on aid effectiveness in 2011 but remains outside the DAC system. Its development cooperation programme comprises a new organisation in the Ministry of External Affairs (MEA), a Development Partnership Administration set up in 2012 and a growing budget for grants, loans and lines of credit, mostly concentrated in South Asia. India's economic assistance rejects the “donor” and “aid” nomenclature and is anchored in evolving principles of South-South cooperation. In contrast to Sweden, however, India's development cooperation lacks strong institutions, and has only limited technocratic expertise and minimal private sector participation.

Given the growing demand for democratic development partnerships in the Global South, Sweden and India are well positioned to explore opportunities for trilateral cooperation. Both Stockholm and New Delhi would benefit from adopting and implementing a 2030 joint action plan anchored in three steps: (a) understanding and learning from each other's development cooperation principles, systems, values and priorities; (b) identifying their respective areas of geographic strength and complementarity; and (c) the selection of priority sectors that maximise their respective comparative advantage and ensure greatest developmental impact.

These three steps would ensure that Sweden and India established partnerships for democratic development cooperation that offered distinctive

comparative advantage to the Global South subset in the Indo-Pacific.

#### **How to catalyse triangular partnerships: exchange experience and engage with the global south**

- *Begin regular political and diplomatic consultations on the Indo-Pacific and Global South:* Sweden and India will have to go beyond the bilateral dimension in their partnerships and exchange more frequent assessments of political, economic and geostrategic developments in East Africa and the Indian Ocean region. This will help coordinate efforts and identify potential areas for development cooperation. Such consultations should be instituted at the summit or ministerial level and then take place regularly at the level of Foreign Office and Joint Commission consultations. These could also be institutionalised at the mission level in third countries, for example at the ambassadorial level and possibly also in conjunction with missions from other Nordic countries.
- *Create expert policy dialogues and research programmes to exchange development cooperation experience:* the Swedish and Indian models of development cooperation are different but not contradictory. The Swedish Ministry for Foreign Affairs and India's MEA should institute an annual Track 1.5 policy involving SIDA and India's Development Partnership Administration and Exim Bank officials to exchange information on best practices, opportunities and challenges. This exchange should also include private sector representatives and representatives from the Global South, as well as university research pro-



“Representatives from Sweden and India should also consult more frequently with each other in various international frameworks and development finance institutions”.

grammes and expert exchange tracks for scholars to study each other's models and identify possible synergies for partnerships. For this to be a truly South-North partnership, it will be critical for Sweden and India to engage with countries in the Global South to assess their requirements and preferences.

- *Coordinate through multilateral frameworks:* Representatives from Sweden and India should also consult more frequently with each other in various international frameworks and development finance institutions. The EU is a significant development player and is deepening its India partnerships with an increasing trilateral dimension. The India-UN Development Partnership Fund (2017) has a focus on South-South cooperation and could offer opportunities for Sweden to engage. Sweden and India could also align their development priorities through more frequent interactions in multilateral development banks, such as at the World Bank, the Asian Development Bank, the Asian Infrastructure Investment Bank and the African Development Bank.

#### **Where to explore triangular partnerships: Indian Ocean and East Africa**

Apart from a few countries, such as Afghanistan and Bangladesh, Asia has never been a top priority for Sweden's development cooperation. The

2022–26 strategy for regional development cooperation with Asia and the Pacific has a limited scope and budget.<sup>12</sup> Two of SIDA's programmes, in Afghanistan and Myanmar, are suspended following political changes and conflict. Much of Sweden's effort and experience are focused on Central and East Africa, where it has a good track record of projects.<sup>13</sup>

For India, the trend is inverse: more than half of India's budgetary effort in terms of grants and loans goes to South Asia and the Indian Ocean region Island States. Africa is also an important area for development cooperation, but mostly in terms of lines of credit, technical assistance and training. Compared to major Global North donors, as well as China's aid effort, India's development cooperation footprint remains very limited in Central and East Africa.

Based on these respective strengths and relative weaknesses, there may be opportunities for Sweden-India triangular development partnerships in East Africa (Ethiopia, Uganda, Kenya, Tanzania, Mozambique), the Indian Ocean Island states (Madagascar, Mauritius, Seychelles, Sri Lanka, Maldives) and South Asia (Bangladesh, Nepal, Bhutan).

#### **Which sectors for triangular partnerships: inclusive, affordable and sustainable solutions**

- *Digital public infrastructure and technology:* India has developed one of the world's most advanced and inclusive digital public infrastructures, including payment and data interfaces that have had tremendous developmental impact. The application of new technologies to the health and education sectors has also empowered many millions of Indians. Countries from the Global South are keen to adapt these affordable models. Sweden and India could partner to further develop and finance these digital and technological platforms to be deployed in Africa and Asia's LDCs. This could build on India's success

<sup>12</sup> Government Offices of Sweden, *Strategy for Sweden's Regional Development Cooperation with Asia and the Pacific Region in 2022-2026*, Ministry for Foreign Affairs, 2022 <https://www.government.se/contentassets/be4452ea86fc4b6c98bdbce3701c2474/strategy-for-swedens-regional-development-cooperation-with-asia-and-the-pacific-region-in-20222026.pdf>.

<sup>13</sup> T. Brolin, *Ownership or Donorship?* 2017, [https://gupea.ub.gu.se/bitstream/handle/2077/52511/gupea\\_2077\\_52511\\_1.pdf?sequence=1&isAllowed=y](https://gupea.ub.gu.se/bitstream/handle/2077/52511/gupea_2077_52511_1.pdf?sequence=1&isAllowed=y).



“ Human rights and democratic norms have played a central role in Sweden’s development cooperation projects. While less well known, India has a long history of democracy assistance, including by training thousands of parliamentary and electoral officials from the Global South.”

with the Pan-African e-Network Project developed in the 2000s.

- *Climate and energy transition:* India and Sweden have co-founded the Leadership for Industry Transition (LeadIT), which brings together around 40 countries and companies involved in hard to abate sectors for global climate action. They should consider including a track focused on developing countries.<sup>14</sup> There are also opportunities for collaboration through SIDA’s recent programme to support five Asia-Pacific countries to overcome the impacts of climate change, two of which (Nepal, Bangladesh) are neighbours and top recipients of Indian economic assistance.<sup>15</sup> Sweden could also use its membership of the India-hosted International Solar Alliance to develop triangular renewable energy partnerships. To support Indian Ocean and East African island and littoral states disproportionately affected by climate disasters, Sweden should also consider joining the CDRI.
- *Small-scale, partner-driven cooperation:* Least developed countries are often unable to absorb large grants and even loans, leading to severe indebtedness. China’s growing footprint, and consequent development competition with geo-strategic objectives, has further stressed such countries and increased state fragility, leading in some cases to financial default and socio-political instability. Rather than replicating these

large, often financially and institutionally unsustainable “win-win” models, Sweden and India should instead focus their triangular efforts on small scale, community-driven development projects in the health, energy and education sectors. Both countries have significant knowledge in these areas. Sweden has had positive experiences with the Partner Driven Cooperation (PDC) model since 2007.<sup>16</sup> Since the late 2000s, India has been developing development cooperation based on similar models in South Asia and the Indian Ocean regions through its High Impact Community Development Projects (HICDPs)

- *Democratic governance and inclusive governance:* Human rights and democratic norms have played a central role in Sweden’s development cooperation projects. While less well known, India has a long history of democracy assistance, including by training thousands of parliamentary and electoral officials from the Global South. Rather than focusing on democratic criteria as a conditionality, Sweden and India could build on their respective strengths and experience in supporting democratic governance and inclusive institutions. India’s National Centre for Good Governance, the India International Institute of Democracy and Election Management, and the Parliamentary Research and Training Institute for Democracies (PRIDE) have a long track record in

<sup>14</sup> A. Maltais and D. Duma, “Navigating Business and Financial Challenges for Industry Transition in the Global South”, *Leadership Group for Industry Transition*, 12 June, 2023, <https://www.industrytransition.org/insights/navigating-business-and-financial-challenges-for-industry-transition-in-the-global-south/>.

<sup>15</sup> *United Nations Development Program for Asia and the Pacific*, “Sweden announces USD\$3.65 million climate finance support to five Asia-Pacific countries in partnership with UNDP, UNCDF”, *United Nations Development Program for Asia and the Pacific*, 17 July, 2023, <https://www.undp.org/asia-pacific/press-releases/sweden-announces-usd365-million-climate-finance-support-five-asia-pacific-countries-partnership-undp-uncdf>.

<sup>16</sup> K. Markensten and J. Lindström, “Experiences and Lessons Learned from Partner Driven Cooperation in the Seven Selective Cooperation Countries: Final Report”, *SIDA Decentralised Evaluation 2013:49*, December, 2013, <https://cdn.sida.se/publications/files/sida61678en-experiences-and-lessons-learned-from-partner-driven-cooperation-in-the-seven-selective-cooperation-countries---final-report.pdf>.



training officials from fellow democratic countries and Sweden could become a knowledge and financing partner. For example, the Swedish International Centre for Local Democracy (ICLD) could engage with these institutions to provide training to third country representatives at India's panchayat institutions. There is also scope for a Sweden-India dialogue on peace, security and development, including through the Folke Bernadotte Academy which has experience in Afghanistan and Myanmar. India is also a founding member of International Institute for Democracy and Electoral Assistance (International IDEA), based in Stockholm, which could, for example, serve as a platform for Sweden and India to host a consultative meeting on democratic development cooperation instruments with a regional focus on East Africa.


- *Regional institutions and multilateralism:* Sweden is one of the largest and most active donors to regional organisations in Africa, including the African Union, the East African Community, the Intergovernmental Authority on Development (IGAD) and the Southern African Development Community (SADC). Sweden has also supported the Nairobi Convention on the sustainable management and use of the marine and coastal environment in the Western Indian Ocean, an area of particular interest for India's growing maritime ambitions. Given its limited bilateral reach in Africa, India has traditionally also been more comfortable engaging with the continent through the African Union, which it partnered with for the first at the India-Africa summit in 2011. The same holds true for the Indian Ocean region, including the Indian Ocean Commission (both India and the EU are observers), the Indian Ocean Rim Association (IORA), of which India is a member and Sweden could become a dialogue partner, and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), of which India is a founding member and which is institutionalizing and intensifying its engagements with extra-regional partners.

- Defence technology cooperation for island and littoral states: Sweden has one of the world's most technologically advanced defence export industries, with significant experience in naval and radar assets that are in high demand by Indian Ocean region island and littoral states. India is also keen to not only increase the indigenous component of its military equipment, but also assume a more prominent role as a defence supplier. In 2017, India announced its first line of credit for defence supplies to Bangladesh and it is increasingly reaching out to Indian Ocean states to support their coastguards. This could allow Sweden and India to develop synergies to cooperate on and possibly co-manufacture a variety of offshore and coastal patrol vessels, as well as radar systems that are critical for Indian Ocean region states to enhance maritime domain awareness in their exclusive economic zones, reduce Illegal, Unreported and Unregulated (IUU) fishing, support the development of blue economy exploration and increase disaster prevention and mitigation.

### **Time for Stockholm and New Delhi to think triangular**

Sweden has one of the Global North's most advanced and effective development cooperation programmes, led by SIDA and traditionally focused on Africa and bilateral or multilateral initiatives. India, on the other hand, remains outside the DAC system and follows South-South principles of development partnership largely concentrated on South Asia.

By joining forces in triangular development partnerships, Sweden and India could play an important role in enabling LDCs in the Global South to access inclusive, affordable and sustainable development solutions. By focusing on the Indo-Pacific's regional subset of the Indian Ocean and East Africa, these Sweden-India development cooperation partnerships would also play an important role in ensuring a more open and balanced economic and security order. ■



# **Sweden and India in the next quarter century: thoughts on Sweden's way forward**

KLAS MOLIN



# Sweden and India in the next quarter century: thoughts on Sweden's way forward

KLAS MOLIN

## Introduction

Sweden and India have historically been excellent partners. Today they are well positioned to take their relationship to a higher level. Given all the necessary established channels and business links, as well as growing people-to-people relationships, it is only a question of focus and determination before we do. As a former Ambassador to India, and putting any other desires and inclinations aside, I humbly offer a few suggestions for what I see as a natural future direction for Sweden. These developments will not happen by themselves, however, and we will need a few good custodians on both sides to guide and lead the process.

Much has happened in recent decades to transform the bilateral relationship. There are a good number of mechanisms, groups and forums in which to carry momentum forward on the governmental side. Business and people-to-people links are also growing organically, including in new and exciting areas. What I believe is needed most at this point is for a few good men and women to come forward and lead the way. We need vision – and we need targeted and sustained action.

## The background

In spite – or perhaps partly because – of the vast differences in size, history and development, Sweden and India have been relatively strong political partners with few hiccups since India's independence. A fledgling political kinship eventually led to industrial manufacturing investment growing hand-in-hand with development cooperation on infrastructure, education and health. A strong affinity between the Congress Party and the Social Democratic Party during the formation and early decades of the Non-aligned Movement (NAM) fostered similar strategic outlooks. It also facilita-

ted broad cooperation agreements, reciprocal visits and opportunities for exchange in education and training, primarily on science and technology and engineering. The partnership grew steadily in importance in the 1950s, 1960s and 1970s, culminating – and almost breaking – with the Bofors issue in the mid- to late 1980s.

Despite the strong partnership, which included joint initiatives on disarmament, differences concerning India's nuclear arms programme initially proved difficult to bridge. After clearly voicing its principled stance, Sweden eventually chose to adopt a more pragmatic policy of working with India – as a de facto non-proliferator – to obtain membership of the Nuclear Suppliers Group (NSG) following the US-India Nuclear Deal.

This shift eventually opened the door for a plethora of opportunities, once again beginning with trade and investments. As India's economy has gradually opened up, these opportunities have continued to grow.

## New Realities, new opportunities

Today, the opportunities are plain to see – along with the challenges. Geostrategic shifts, the less desirable dependencies emanating from China's rise and war in Europe continue to make India an even more necessary and desirable, if at times difficult, partner. India's concurrent rise, its own agenda and the growing opportunities to choose between a multitude of partners add to the challenges and prompt choices of our own.

Sweden and India both stand to gain from a deep and sustained bilateral partnership but it is unrealistic to expect it to be as broad as we would perhaps like – or even as broad as it once was. There are simply too many competitors and options out there. Therefore, we need both a more focused approach on the *where* and a highly fo-





cused approach on the *how*; but we should start with the *who*. The key to developing and executing a concrete and truly constructive partnership rests with its patrons. It is essential to have buy-in from the top and from key political partners over time. We should begin by revitalising the contacts in our Prime Ministers' Offices.

In both Sweden and India, it has become more acceptable of late to speak of the national interest and to be unapologetic about core issues and principles, as well as national security. A more focused partnership should therefore take its starting point here, with a more realistic view. This should not deter us from making joint appeals, or taking initiatives on global issues of common interest, such as on climate change or environmental issues. However, such initiatives should be the result of a communality of thought and interest rather than a painfully negotiated least common denominator text for the sake of simply having a text.

It is true that we share a long tradition of multilateral cooperation and supporting common causes. Nonetheless, the day when Sweden and India could comfortably walk hand in hand on disarmament or will pronounce common targets on climate change seem both long gone and far off at the moment.

Let us instead engage on issues that count and engage consistently and purposefully at the very top. Our political relationship needs and deserves this kind of injection. It could also use some weather proofing initiatives, such as creating a foundation that reassures us that the relationship between old partners can easily withstand differences of opinion and various domestic pressures that occur from time to time. With this in mind, we should focus on the concrete areas most important to us and with the greatest potential for fruition.

Let us also not forget the Nordic dimension. India increasingly sees the world through the prism of regional engagement, benefiting from its own

sheer size. The India-Nordic Summit was an Indian brainchild, and Stockholm was chosen as its first venue. Sweden, as the largest and most central Nordic country, should help carry the tradition forward. We should bring together the other Nordic countries in a meaningful and reasonably equitable and coherent platform, which would considerably facilitate India's interest in and engagement with our region. Perhaps also regular Indo-Nordic summits could be given much more operational heft, assigning financial and manpower resources to the collaboration and clearly stated goals for the stakeholders to achieve.

### **A more focused approach**

As the junior partner, and if Sweden truly wishes to be a significant partner of India, it will also have to ensure high-level and sustained personal engagement by senior Swedish officials and politicians.

The *who*. To pursue the long-term national interest will also require a longer-term view of the means. We should worry less about the small hiccups that inevitably occur, often driven by media sensationalism, and from time to time also by ill-intentioned individuals or groups. A solid and broad partnership based on strong personal relationships at senior levels will provide a secure foundation. Only when we are able consistently to look at the long term, important national interest will we be

able to withstand other temporary challenges and – I am convinced – do so with increased confidence.

What should be the aim, the *where*? For our part, we need to focus on areas where we have a comparative advantage and where there is obvious Indian interest. The 2018 Joint Action Plan (JAP) between our governments sets out eight broad priority areas. Five years on, only a handful of those have seen tangible progress. The most easily workable areas have been innovation and health, with sustainability as a key characteristic. In fact, tackling climate change and engaging on

“ Sweden and India both stand to gain from a deep and sustained bilateral partnership but it is unrealistic to expect it to be as broad as we would perhaps like – or even as broad as it once was. There are simply too many competitors and options out there.”



“ If the Swedish Government and industry made substantial, visible and consequential investments in India through this type of a Sweden-India Environment and Climate Technology Centre, with researchers and business consultants from both sides and with incubators with start-ups from both countries, as well as access to seed capital and credit guarantees, Sweden would be seen in India as the leader of the green transition.”

green transition technologies, especially within manufacturing, heavy industry, transport, and energy, is likely to be one of the most promising niches that Sweden could occupy in the Indian market.

Naturally, it could be argued that all the areas in the JAP are important and need to be promoted, but to achieve real results I believe we need to focus harder, and we need to do everything we can to ensure long-term commitments to mutually agreed areas and programmes. This will be easier with a narrower focus that has clear priorities.

Where do our true strengths lie and how do we add value? The environment and climate, health and life sciences, and new technologies such as AI are likely only to increase in importance. Here we have the expertise, the technology and the interest and buy-in from the private sector. I think it is fair to say that we already also have India's attention. We want to keep it.

Why not establish a Swedish research or technology institute in India? It could be an affiliate of the Stockholm Environment Institute (SEI) or SIWI, in collaboration with the CSE, CEEW, TERI or another Indian institution, and focus on environmental and climate technology. Similarly, healthcare and medical technologies might draw interest for example from KI and AIMS. These institutes could focus on strategic sectors such as new materials research, battery technologies, electrification and renewable energy, as well as applications of AI. These could be co-financed and co-staffed by both our countries, allowing for both public and private sector participation and investments.

If the Swedish Government and industry made substantial, visible and consequential investments in India through this type of a Sweden-India Environment and Climate Technology Centre, with researchers and business consultants from both sides and with incubators with start-ups from both

countries, as well as access to seed capital and credit guarantees, Sweden would be seen in India as the leader of the green transition. The win-win of such a venture cannot be overstated and would serve to place Sweden firmly in the minds of a progressive and entrepreneurial India. It would also generate business, innovation, intellectual property rights, technology transfers, joint product development, jobs – and good will.

As stated above, both countries have become less timid about expressing the national interest. There are also some important areas of cooperation that are underdeveloped but have great potential. Cybersecurity, maritime and space-based security, intelligence and counterterrorism are some examples where cooperation could yield obvious benefits for both sides. While many of these areas are best conducted on the broader India-EU scale, Sweden can help further these agendas.

While doing so, we should not shy away from constructively engaging with India on issues on which there are differences of opinion and perspective. From experience, such engagement yields better results when carried out in private. The relationship fares much better in an atmosphere where we can raise sensitive issues deliberately and constructively rather than in public or in parliament, not to mention as part of public demonstrations of burning scriptures considered holy by large parts of the diaspora. This is naturally true not only of India, but this is in a way a new and fledgling phase of our relationship. We need to continue to secure its foundations.

Such engagement will also have to be accompanied by adequate resources from Swedish ministries and government agencies, as well as leading research institutes, universities and think tanks. Why not create a research development fund with contributions from the private sector? There are al-





ready several worthy initiatives and working groups in various congregations. One need only to look at the Joint Commission, the India Sweden Business Leaders' Roundtable (ISBLRT) or the High-Level Dialogue on Innovation. Along the way, we should increase scholarship programmes for students in both directions. Incentivising many more Swedish students to go to India is no less important.

The CEO Forum format has been extremely useful, often taking place alongside our senior echelon of government officials. It might be time to take a fresh look at it today to see how to provide it with an infusion of energy, towards securing generational change. How can we interest the right Indian champions and how do we cultivate them? I believe we need to identify and motivate a small but influential group of Next Generation Indian industrial and political leaders. Can we create a new Tällberg or Engelsberg Forum, meeting annually in Sweden or in another Nordic country in an exclusive retreat setting, focused on the above priorities of the environment, climate change, health and the life sciences, as well as broader innovation and technology issues? Connecting up-and-coming Indian leaders to their Nordic peers would be key.

Creating a few highly dynamic taskforces with mandates that correspond to the eight areas of our Joint Action Plan would at the same time provide fresh impetus to our political partnership. Appointing a few well-known people from both sides to lead these would ensure delivery. These taskforces should contain a mix of creative government and private sector representatives chosen for their proven contributions, energy and stake in a growing Swedish Indian relationship.

### **Benefits beyond the bilateral**

With the rise of China and mounting tensions along the Sino-India border, India has also seen it as in its interest to develop and expand its partner-

ships in the security realm. While fear of its old all-weather friend, Russia, becoming more dependent on China is still very much present, India needs to continue to widen its circle – particularly after events in Ukraine. The growth and degree of QUAD cooperation compared to only a few years ago is staggering. Current global security realities being what they are, I think we need to be more attentive and more nimble when looking at India's situation.

As we take note of this, we also need to help realise – and help to secure – the potential that India's outreach to the West brings. The way to do this is to reassure, not to give reason for doubt concerning our commitment to India. India should

“ We need India solidly ensconced in the camp that seeks a rules-based world order, respects the rule of law and has independent and transparent judicial systems. That membership carries responsibilities but we should demonstrate more clearly that it also comes with privileges.”

be invited to take an active and regular part in our discussions on the Indo-Pacific and on Arctic issues – reassuring, and perhaps at times also reminding, India that it is a natural partner that belongs firmly in the family of democracies. We are already looking to India to secure our supply chains and to reduce our dependency on China. Perhaps it is time for commensurate political reassurance? We need to engage on the issues that are key to India's

national security, not only those that might be in our own short-term interest. Let us once and for all understand that we can and should focus on the Indo-Pacific as a priority also because it is important for India. The EU should be India's partner here, just as the QUAD is, as our visions and priorities are very similar. Given India's stature, there is also much scope for increased cooperation on other regional issues. Defence production and collaboration are already happening but there is still much potential to be realised.

We need India solidly ensconced in the camp that seeks a rules-based world order, respects the rule of law and has independent and transparent judicial systems. That membership carries responsibilities but we should demonstrate more clearly that it also comes with privileges.

While India is vying for more of our attention in



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trade and investment, we should use that interest to try to secure a levelling of the fields on which we increasingly want to play. How can we help to mould the ease of doing business scorecard, or the production linked incentives (PLIs), so that our companies truly feel they are getting a fair deal? A Free Trade Agreement with an investment protection provision and an opportunity for the new European Chamber of Commerce to speak for European business collectively would go a long way. These are not unjust demands and they are usually met over time as economies mature.

Sweden’s own situation has also changed as a result of the war in Ukraine. NATO membership will inevitably lead Sweden even closer to the US and by extension to its Indo-Pacific partners, including India. Our partnership with India only stands to gain from this.

Underpinning all our efforts should be a long-term commitment to a partnership that has already lasted 75 years. We need and want this partnership. India is the world’s largest democracy and the fastest growing large economy. It is a democracy occasionally debated in India and in Sweden for its perceived shortcomings, an economy with a huge domestic market and manufacturing and service potential many times its size, albeit still with teething troubles. It represents tremendous opportunities and some challenges, but we must engage.

#### **Grounding: the human dimension**

The partnership is increasingly underwritten by solid people-to-people relations. The size of the Indian community in Sweden has tripled over the past 15 years to well over 50 000 people. It has

been, and continues to be, the fastest growing community migrating to Sweden, with their work permits secured, bringing valuable intellectual capital to Swedish companies, research institutes and universities. In parallel, it is also bringing sizeable and much appreciated investments.

The recently arisen issue of Quran burnings – and the desecration of other religious scriptures – raises the need for a broader and more profound dialogue with the Indian diaspora in Sweden too. Such a dialogue could go a long way towards fostering greater understanding and diverting elements in this group from potential pressures of one kind or another. Rather, a strong and well-informed Indian diaspora in Sweden could well become a first line of defence against deliberate or accidental disinformation.

It is therefore not only incumbent on us, but also in our own interests to engage with India in a broad-based discussion based in our values and focused on our national interests. Increased exchanges in the arts and the performing arts, as well as other cultural exchanges would undoubtedly help pave the way. We should also review our presence on the ground; how we are represented and where. Can we really afford to continue to have Bangalore and southern India as so much of a blind spot? Are we strong enough in Mumbai, in Kolkata and the north-east?

If Sweden wishes to be more than a relatively unknown, commercially solid but politically relative lightweight player in India, it must make a long-term commitment at the highest level, paired with strategic vision, a focused approach and commensurate resources. This commitment must not be derailed by the great power politics, frictions and dynamics that India is inevitably and inexorably becoming part of.

We should all be the custodians of this new relationship. Grounded at the grassroots and NGO levels, facilitated at the working levels of government, academia and the private sector, and led from the top by visionary leaders of government and business engaged in furthering the future common good, there is really no limit to how far we can reach. ■

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