



## “How India can Master Geopolitical Challenges and Forge Stronger Global Trade Ties”

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### Expert's Eye-view into Unlocking a Better Economic Future Amid Rising Challenges for India

**Intro:** This time on **Socio-economic Voices** we have **Vikas Kohli**, Former Senior Policy Advisor at the Embassy of the Kingdom of the Netherlands in New Delhi. Speaking to senior journalist **Mahima Sharma**, he discusses how India can address rising geopolitical tensions and sustain better trade relationships with the US and EU. For this he highlights the need for policy advocacy in strengthening international partnerships, leveraging the digital economy, and capitalizing on shifts in global trade dynamics. What are the deeper aspects of the same and more? Let's read the exclusive at **Indiastat** on what he has to say towards India's growing role in shaping future global economic opportunities.

**MS:** Amid the rising geo-political tensions, how should policy advocacy address the measures to be taken to sustain the upward trend and boost cross-border trade with key partners like the US and EU?

**VK:** As we navigate the mid-21st century, global economic ties are evolving at an unprecedented pace. Just as we began to see signs of recovery from the COVID-19 pandemic, the world was struck by Russia's invasion of Ukraine, followed by the Israel-Palestine conflict. Turning our attention to Asia, the region is becoming a focal point in global and regional power struggles, where political dominance, military strength, and economic influence are likely to be fiercely contested. The future global order will be significantly shaped by developments in the Asia-Pacific region.

Amid these geopolitical tensions, countries are re-evaluating their trading partners, weighing economic and national security concerns more heavily. Foreign direct investment flows are also being redirected along geopolitical lines. In Asia, India and China are the two major powers competing with each other. India, in particular, has strengthened its policy advocacy, especially in its relations with the EU and the US. Initiatives like "Make in India" and Atmanirbhar Bharat are drawing more foreign companies to invest in India.

Over the past decade, from 2014 to 2024, India has solidified its position as one of the top five global economies, on track to soon rank third behind only the US and China. As per the International Monetary Fund, India is now the world's fifth-largest economy, driven by transformational business reforms, technological innovation, and entrepreneurship.

**So in my opinion, I am sharing a few key Policy Advocacy Initiatives that are already helping India:**

- India has been strengthening its trade partnerships with major European countries and the US.
- India is actively participating in regional trade agreements like the South Asian Free Trade Area (SAFTA) and is exploring new ones, such as the Indo-Pacific Economic Framework (IPEF), to boost trade with neighboring countries and key allies in the Asia-Pacific.

- India remains engaged in mini-lateral arrangements and multilateral organisations like the QUAD (the Quadrilateral Security Dialogue between Australia, India, Japan, and the US) to diversify responsibilities and diffuse power, helping maintain global security and uphold international norms.
- India continues to play a significant role in multilateral trade forums such as the World Trade Organisation (WTO), advocating for fair trade practices and addressing issues related to non-tariff barriers, intellectual property rights, and trade facilitation.
- India is carefully managing its strategic partnerships with the US and the EU by aligning its trade policies with broader geopolitical considerations, including supply chain resilience, technology transfers, and defense cooperation, while addressing trade disputes through diplomatic channels.

**Let me now share some key steps ahead that can be taken to strengthen the above steps:**

- Emphasising regulatory alignment, digital trade frameworks, and green technologies can enhance competitiveness.
- Proactive participation in global trade discussions, especially on supply chain resilience and security, will be essential to mitigate geopolitical risks.
- Strengthening bilateral agreements, leveraging platforms like G20, and encouraging sector-specific collaborations in critical industries such as semiconductors and renewable energy will further enhance cross-border trade.
- Strategic diplomacy to balance emerging economic alliances and geopolitical tensions can sustain India's upward trade trajectory.

**MS: With the digital economy expected to contribute over \$1 trillion to India's GDP by 2025, what role should policy advocacy play in crafting cross-border digital trade policies that protect Indian interests while expanding global market access? Any role in your future vision that AI can play, under stringent laws? If yes how?**

**VK:** India ranks 5th in the world in GDP as of 2024, with a diverse and rapidly growing economy driven by sectors like information technology, services, agriculture, and manufacturing. The country leverages its vast domestic market, a young, tech-savvy workforce, and an expanding middle class. A key driver of this growth is the digital economy, which the Indian government aims to grow to 20% of the overall economy by the time India reaches its \$5 trillion GDP target.

Over the past decade, India has undergone a significant digital transformation, placing the digital revolution at the core of its economic progress. The country is transitioning from an offline, informal, low-productivity economy to an integrated, online, formal, high-productivity powerhouse. This shift has been made possible through the Digital Public Infrastructure (DPIs), also known as the India Stack.

**The India Stack consists of three main pillars: digital identification, payments, and data management.** India's digitalisation strategy has had a profound impact on people's lives, offering biometric identification to those previously unidentifiable, banking access to the unbanked, and giving individuals control and privacy over their data.

Notably, the India Stack—particularly Aadhaar and UPI—has revolutionised India's financial system and is now poised to influence the global economy. **As the global financial landscape shifts with technological advancements, India has used its digital infrastructure to leapfrog over the legacy financial systems of developed nations.** The Ministry of Electronics & Information Technology and the Ministry of External Affairs are in active discussions with countries like Singapore, UAE, Bhutan, Sri Lanka, and France, which are interested in adopting UPI technology.

To further promote its digital economy, the Indian government has been focusing on policy advocacy and the strategic development of cross-border digital trade policies. These efforts aim to protect Indian interests while also

expanding access to global markets. **Key priorities include establishing a robust regulatory framework to foster digital innovation and ensuring the continued growth of the digital economy.**

Answering the second part of the question, **policy advocacy should prioritise cross-border digital trade policies that safeguard India's data sovereignty, promote local innovation, and align with global standards.** By fostering partnerships that address data localisation, cybersecurity, and digital infrastructure, India can expand global market access while protecting its digital assets. Advocacy efforts should aim to secure fair terms in trade agreements, ensuring Indian companies can compete globally without compromising national interests.

AI will play a key role in India's digital future under strict regulations. By leveraging AI in areas like digital trade compliance, cybersecurity, and trade facilitation, India can enhance efficiency and competitiveness. Robust AI laws can ensure ethical usage, transparency, and accountability, thus protecting against misuse while promoting innovation.

**MS: In the context of the ongoing US-China trade tensions, which have opened up \$40 billion worth of new trade opportunities, how should India's policy advocacy be directed to capitalise on this shift and position India as a preferred trade partner, not just with the US but other nations as well?**

**VK:** During the pandemic, China began facing an unprecedented global backlash that shook its position as the world's preferred manufacturing hub. The growing mistrust between China and other nations disrupted global coordination and led to significant economic instability. As major economies recovered from the pandemic, there was a sharp rise in demand.

However, China's strict zero-Covid policy resulted in industrial lockdowns, causing supply chain disruptions and container shortages. This prompted many companies to realise the risks of relying too heavily on China for manufacturing, leading to the emergence of the "China + 1" strategy. This approach involves companies diversifying their manufacturing and supply chains by expanding operations to other countries, reducing their dependence on China.

The "China + 1" strategy aims to mitigate risks related to geopolitical tensions and supply chain vulnerabilities. Many companies are exploring alternative manufacturing hubs in developing Asian countries like India, Vietnam, Thailand, Bangladesh, and Malaysia. Recently, the political unrest in Bangladesh has further highlighted opportunities for India as companies seek to diversify their operations.

India has a significant opportunity to capitalise on the ongoing US-China trade tensions, which have opened up \$40 billion in potential new trade opportunities. To position itself as a preferred trade partner, India's policy advocacy should focus on several key strategies.

**First, India should work to strengthen bilateral ties with the US by aligning with their supply chain diversification efforts. This can be done by promoting "China-plus-one" strategies where US companies look for alternatives to China,** particularly in sectors like electronics, pharmaceuticals, and textiles. India's "Make in India" initiative should be reinforced with policy measures that encourage investment in manufacturing, innovation, and sustainability.

**Secondly, India must actively seek trade agreements with other key markets like the European Union (EU) and ASEAN nations, leveraging its large market and cost advantages.** Fast-tracking the ongoing trade negotiations with the EU could ensure that India fills the void created by China's diminishing role in Western supply chains.

Thirdly, we need to strengthen our National Logistic Policy - India has realised that it needs a national logistics policy because its logistics expenses are higher than those of other developed nations. Nowadays, logistics expenses make up 14–18% of GDP, which is substantially more than the 8% overall worldwide. Due to this, Indian products are less

competitive in the global market. NLP seeks to simplify logistics industry regulations on a broad scale. For delivery service providers, it will reduce the number of paperwork steps and start a single-window approval process for all logistical factors. It is expected that these modifications will expedite and appeal to doing business in India on a national and international level.

**Finally, India should position itself as a hub for value-added services, especially in sectors like IT and digital trade, where it has strong capabilities.** By advocating for a liberalised global digital trade framework, India can attract investments and trade partnerships in tech-driven sectors, further strengthening its global standing.

**MS: How can India effectively address the multifaceted threats posed by cyber warfare, especially when such attacks are used to bolster traditional warfare?**

**VK:** In my experience and studies, India's policy to address cyber warfare threats, especially when used to augment traditional warfare, should focus on multi-layered strategies that involve both defensive and offensive cyber capabilities. As modern conflicts increasingly include cyberattacks on critical infrastructure, such as power grids, transport systems, and military communication networks, **India needs to enhance its cyber resilience by securing Operational Technology (OT) and Industrial Control Systems (ICS), which are particularly vulnerable.**

India's policy advocacy should push for increased international cooperation on cybersecurity. **By participating in global forums and intelligence-sharing networks, India can enhance its ability to predict, prevent, and respond to cyberattacks. Aligning with countries that share similar threats, such as the U.S. and EU nations, India can promote cybersecurity norms and frameworks to counter state-sponsored cyber operations and protect its national interests.**

**Lastly, the private sector's role in securing cyberspace is crucial.** Many cyberattacks are facilitated by private actors or hacker groups that act in alignment with geopolitical agendas. To mitigate this, public-private partnerships should be fostered to ensure comprehensive cyber defenses across all sectors.

Strategic investment in cybersecurity, combined with global alliances and proactive regulatory measures, will be key to India countering the multifaceted threats posed by cyber warfare in the coming years.

**MS: Taking the question further, to safeguard its critical infrastructure, which all nations must India collaborate with and why, to strengthen its Cyber Security?**

**VK:** As a digital powerhouse with over 936 million internet subscribers, India must implement a comprehensive cyber resilience plan to protect national security, public safety, and sensitive citizen data. The key steps have to be:

- A. **Strengthening Domestic Cyber Infrastructure** by investing in state-of-the-art cybersecurity technologies, including AI-powered threat detection systems, blockchain for data integrity, and quantum encryption to protect sensitive data. Additionally, the establishment of a National Cyber Security Strategy that emphasises proactive measures, capacity building, and real-time intelligence sharing will be crucial. Regular audits of critical infrastructure like financial institutions, energy grids, and transportation systems should also be prioritised.
- B. **Promoting Public-Private Partnerships:** India should foster collaboration between government agencies and the private sector to share expertise and intelligence. Engaging tech companies like Google, Microsoft, and Indian startups can help fortify national cybersecurity infrastructure through innovation.
- C. **The Indian government should extensive collaborate & take learnings from some of the best cyber resilient countries like –**
  1. **Finland** that has a cyber resilience index of 93.94 and a final overall cyber safety score of 92.81, Finland came in as the number one country best protected against cybersecurity attacks. MixMode attributes the country's

high score to its "robust cybersecurity infrastructure" and its propensity to take "proactive measures" to boost cyber resilience.

2. **Norway** ranked second lowest at risk with a cyber resilience index of 94.39 and a final cyber safety score of 92.63. According to MixMode, Norway "exemplifies effective cybersecurity preparedness."
3. **Denmark, which** MixMode says has "a strong commitment to cybersecurity," ranked third with a reliance index score of 96.44 and a safety score of 92.45.
4. **The United States** with its advancements in cybersecurity technologies and expertise, a partnership with the US would provide access to cutting-edge innovations, training, and shared intelligence. The US and India already cooperate on cyber issues through bilateral dialogues such as the US-India Cyber Dialogue.
5. **European Union:** The EU's stringent General Data Protection Regulation (GDPR) provides a model for protecting critical data, and India could benefit from collaboration on regulatory frameworks and best practices in data security.
6. **Japan and Australia** who are key members of the Quad alliance and have shared interests in securing the Indo-Pacific region from cyber threats. Coordinated efforts can strengthen India's cyber defenses while ensuring secure trade in the region.

**Additional, policy advocacy initiatives that could be helpful in my opinion are:**

- Extensive CERT to CERT collaborations
- Appointment of Chief Technical Officer in each state
- Awareness campaigns for public regarding Phishing & UPI frauds
- Separate cybercrime team than the police
- Extensive collaboration under Interpol

**MS: India is slowly strengthening on sector like Semiconductors or Emerging Tech, how can India step up the game to reach the ambitious \$1 trillion economy by 2025**

**VK:** India is making significant strides in sectors like semiconductors and emerging technologies, which are key to achieving the ambitious \$1 trillion digital economy target by 2025. The Indian government is actively supporting semiconductor manufacturing through initiatives like the \$10 billion incentive package under the Production-Linked Incentive (PLI) scheme. Major global companies such as Micron and AMD have committed billions of dollars to set up chip manufacturing and design facilities in Gujarat and Bengaluru, respectively. Micron alone is investing \$825 million in its semiconductor plant, with the Indian government providing substantial subsidies.

To further step up its game:

**India must strengthen partnerships with countries like Japan and the U.S.,** as exemplified by the Japan-India Semiconductor Supply Chain Partnership. Moreover, expanding research and development (R&D) in AI, 5G, and advanced manufacturing technologies will allow India to leapfrog in high-tech sectors.

The AI industry is also set to benefit from the government's proposed GPU clusters, supporting domestic startups focused on chip design. **In this ecosystem, stringent IP protection laws and enhanced cross-border collaborations will be crucial to position India as a global leader in semiconductors and emerging technologies.**

**Strategically, India should also focus on skilling its workforce** to meet the expected demand for over 1.2 million jobs in the semiconductor industry, including roles in engineering, testing, and operations. India accounts for 20% of the world's semiconductor design workforce, supported by a rapidly advancing technology landscape and a robust domestic market. These factors are key in building a self-reliant semiconductor ecosystem.

**Additionally, the 2024 budget introduced key measures, including increased funding for the semiconductor ecosystem and the creation of a \$12 billion innovation fund to encourage research and development.** With

sustained investments, government support, and a focus on innovation, India is well-positioned to capitalise on emerging tech and strengthen its digital economy

**MS: Given the recent volatility in global energy markets, how should India's policy advocacy be directed to secure long-term energy trade agreements, particularly with resource-rich nations in the Middle East and Central Asia?**

**VK:** As these regions face reduced oil production and geopolitical risks, India should negotiate stable supply chains while exploring diversified energy sources like natural gas and renewables.

In 2024, Central Asian economies, despite conflicts and economic challenges, still present opportunities for India to reduce energy dependency on unstable markets. India must leverage its geopolitical positioning and infrastructure development under initiatives like the International North-South Transport Corridor (INSTC) to deepen energy ties. Furthermore, the volatility in the global oil markets due to supply constraints offers India a chance to secure more favorable terms with key suppliers like Saudi Arabia, Iran, and Kazakhstan.

India should also advocate for policies that ensure energy diversification, including tapping into renewable energy potential within these regions to mitigate future price shocks. As Central Asian economies continue to grow, India can position itself as a preferred partner through joint ventures, technology sharing, and infrastructure investment, ensuring a long-term energy security plan.

The growing economic cooperation between India and these regions, supported by India's active engagement in regional forums like the Shanghai Cooperation Organisation (SCO), is critical for energy diplomacy, given the volatile global energy landscape in 2024.

**MS: With the EU's CBAM set to impact exports from carbon-intensive industries, how should India's policy advocacy address these challenges while promoting greener cross-border trade practices?**

**VK:** See, we all know that India faces substantial challenges in maintaining its export competitiveness, especially for industries like steel, cement, and chemicals. India's policy advocacy needs to focus on three critical areas:

- A. **Negotiating with the EU** for exemptions or reduced tariffs by highlighting the efforts it has already undertaken towards decarbonisation. The Indian government has already initiated dialogues, emphasising the potential breach of World Trade Organisation (WTO) rules and requesting recognition of India's upcoming carbon market.
- B. **The second had to be towards Adopting Green Manufacturing** by prioritising investment in low-carbon technologies and renewable energy. By promoting renewable energy sources such as solar and wind power, Indian manufacturers can reduce their carbon emissions and thus the CBAM charges, ensuring that they remain competitive in the EU market.
- C. **Thirdly, Implementing Carbon Pricing** by developing a domestic carbon pricing mechanism is crucial for aligning India's policies with international carbon reduction standards. The Indian government is currently drafting a Carbon Credits Trading Scheme (CCTS) to promote this transition. Such mechanisms will help industries lower their emissions and mitigate the impact of CBAM, allowing Indian products to maintain access to the EU market.

If we take this proactive approach, I believe it will not only address the challenges of CBAM but also promote greener trade practices, **supporting India's goal of achieving net-zero emissions by 2070** while maintaining its global competitiveness

**About Vikas Kohli**

Vikas Kohli brings over a decade of distinguished service as a Senior Policy Advisor at the Embassy of the Kingdom of the Netherlands in New Delhi. In this capacity, he has been instrumental in enhancing bilateral cooperation between India and the Netherlands, focusing on key areas such as innovation, cybersecurity, emerging technologies, and semiconductors. Vikas is renowned for his adeptness in networking and connecting top global talent and has a keen interest in geopolitics, maintaining a vigilant eye on major global developments. Before his role at the embassy, Vikas accumulated a wealth of experience across various sectors, including startups, corporates, media houses, and industry associations. His broad expertise encompasses international collaborations, policy advocacy, public policy, government relations, and business development.

### About the Interviewer

Mahima Sharma is an Independent Journalist based in Delhi NCR. She has been in the field of TV, Print & Online Journalism since 2005 and previously an additional three years in allied media. In her span of work she has been associated with CNN-News18, ANI - Asian News International (A collaboration with Reuters), Voice of India, Hindustan Times and various other top media brands of their times. In recent times, she has diversified her work as a Digital Media Marketing Consultant & Content Strategist as well. Starting March 2021, she is also a pan-India Entrepreneurship Education Mentor at Women Will - An Entrepreneurship Program by Google in Collaboration with SHEROES. Mahima can be reached at [media@indiastat.com](mailto:media@indiastat.com)

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