



QUAD Leaders Tokyo Summit 2022

ASSOCHAM Global Engagement Update

The QUAD owes its origins to the group of nations which had come together on an informal basis in the wake of the 2004 Tsunami in the Indian Ocean. This was eventually formalised in 2007 as the Quadrilateral Security Dialogue or the Quadrilateral Initiative. The leaders of the QUAD Nations – the United States, Japan, Australia and India – met on May 24, 2022, in Tokyo, Japan to renew their steadfast commitment to a free and open Indo-Pacific that is inclusive and resilient.

Earlier, on May 23, these nations along with 9 others launched the Indo-Pacific Economic Framework for Prosperity (IPEF). The participating countries in the IPEF include Australia, Brunei, India, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, the United States and Vietnam. Together, these nations represent 40% of world GDP.

The IPEF seeks to strengthen economic partnership amongst participating countries with the objective of enhancing resilience, sustainability, inclusiveness, economic growth, fairness, and competitiveness in the Indo-Pacific region.

ASSOCHAM seeks to keep its members updated on the key outcomes of the meeting. While it is early days, the decisions of the QUAD meeting coupled with the launch of the IPEF augur well for the economies of the Indo-Pacific. The cornerstone of both initiatives is to promote greater regional cooperation and economic engagement. The members of both initiatives need to work closely together to ensure their success to ensure the overall prosperity and growth of the Indo-Pacific.

Key Outcomes of the QUAD Meeting

- Strengthening the global health architecture and pandemic prevention, preparedness and response (PPR) to build better health security
- Launch of the QUAD Climate Change Adaptation and Mitigation Package (Q-CHAMP) that will focus on green shipping and ports; clean energy cooperation; clean energy supply chains
- Coordinate capacity building programs in the Indo-Pacific region under the QUAD Cybersecurity Partnership and initiate the first-ever QUAD Cybersecurity Day to help individual internet users
- Enhancing the capacity to improve early detection and monitor new and emerging pathogens with pandemic potential, and work to increase resilience to epidemics and pandemics
- Deepen collaboration in areas such as regional and digital connectivity, clean energy, and climate resilience to contribute to sustainable and inclusive growth in the region
- Promote cooperation in areas such as biotechnology and quantum technologies. Convene a business and investment forum for networking and expanding capital for technologies

Key Features of the Indo-Pacific Economic Framework for Prosperity (IPEF)

- Development of high-standard rules of the road in the digital economy, including standards on cross-border data flows and data localization
- Ensure supply chain commitments that better anticipate and prevent disruptions in supply chains to create a more resilient economy and guard against price spikes
- Promote strong labour and environment standards and corporate accountability provisions that promote a race to the top for workers through trade
- Seek commitments on clean energy, decarbonization, and infrastructure. Pursue concrete, high-ambition targets that will accelerate efforts to tackle the climate crisis

India's Economic Interest in the QUAD and the IPEF

The QUAD has come up with a wide array of sectors where the member countries can work together. Cutting-edge technology, pharmaceuticals (including Covid vaccine manufacture), infrastructure, climate change initiatives, cooperation in cyber-security, and satellites for information sharing were all listed. An ambitious initiative involves critical technologies, with a working group focusing on technical standards, 5G diversification and deployment, and resilient technology supply chains.

India has a lot to offer in several of these areas. It enjoys an important position in the global pharmaceuticals sector and supplies over 50% of global demand for various vaccines. Globally, the country ranks 3rd in terms of pharmaceutical production by volume, and the domestic pharmaceutical industry includes a network of more than 3,000 drug companies and more than 10,500 manufacturing units.

The Indian electronics manufacturing industry is projected to reach a market size of US\$ 520 billion by 2025. It is expected that the demand for electronic products will rise to US\$ 400 billion by 2025. About 80% of the Production-Linked Incentive scheme (PLI) to encourage manufacturing in the country is mainly focused on three major sectors: electronics, automobiles, and solar panel production.

Seeing the demand for this sector, the PLI scheme for large scale electronics manufacturing launched by the Ministry of Electronics and Information Technology (MeitY) in April 2020 has been extended from the existing five-year band (FY21-FY25) to six-year (FY21-FY26). It can act as a base for leading electronics manufacturers worldwide. India's IT prowess is well known globally, and Indian companies have invested in all four QUAD countries. These companies possess the know-how to collaborate on equal footing with companies from the QUAD countries in the areas outlined above.

The IPEF is expected to help with some of the objectives outlined in the QUAD meeting, including helping create a more resilient supply chain and its focus on clean energy, decarbonization, and infrastructure – all of which are close to India's heart. The country is committed to a free, open, and inclusive Indo-Pacific region and is keen to collaborate with partner countries under the IPEF. This would help advance regional economic connectivity, integration and boosting trade and investment within the region.