

Improving the economic game

Businesses can help meet the objectives of the Quad

CHANDRAJIT BANERJEE

The Quad (Australia, Japan, India and the U.S.) meets in a landmark physical summit this week. The agenda for the Quad has widened – till now, it was largely focused on strengthening strategic and defence pillars. This should now bring industry into the dialogue process to advance the desired outcomes.

The four nations are vibrant democracies and open economies. Three are developed countries and one is an emerging market. The Quad leaders met formally but virtually for the first time in March this year, and the joint statement captured the “spirit of the Quad”, stressing democratic values, while pledging to strengthen cooperation on the “defining challenges” of the times.

On the economic side, challenges were identified as the economic and health impacts of COVID-19, cyberspace, critical technologies, and quality infrastructure investment. Working groups were set up on vaccines, critical and emerging technologies, and climate action.

For India, each of the other three countries is a strategic partner, and bilateral and multilateral initiatives have been taken across multiple areas in different fora with each. The Quad syncs with India's other regional programmes such as the Indo-Pacific Oceans' Initiative and the Supply Chain Resilience Initiative.

India's total trade with the three Quad partners was over \$108 billion in 2020-21, accounting for almost 16% of its total merchandise exports and imports. On the investment side, the U.S. is India's second largest source of foreign direct investments, while Japan has a notable footprint in India's major infrastructure projects. Inflows from Australia amount to less than a billion dollars, but the country has outlined a long-term strategy for economic engagement with India.

Business partnerships

To advance their goals for a free, open and inclusive Indo-Pacific, the four participants of Quad must activate business partnerships meaningfully with definitive measures to align economic and strategic objectives.

The first piece of the economic pillar is trade and investment. Joint ef-

orts by all Quad countries can help to establish alternative manufacturing hubs and make regional supply chains more diversified. The SCRI with India, Australia and Japan aims to address vulnerabilities in existing supply chains that were exposed during the COVID-19 pandemic.

Similarly, the Quad could consider adding a trade ministers' interaction to its agenda which may engage in lowering trade barriers and boosting trade linkages among the partner countries as well as in the Indo-Pacific region. With India as a natural option for a China-Plus strategy, domestic policies to promote manufacturing and ease of doing business would help in the long-term success of trade cooperation.

Quality infrastructure investment is another challenge highlighted in the statement. Innovative financing and public-private partnership models can enlarge the space for private industry and support public funds in the endeavour. Green infrastructure creation must be built into the template. A working group on this area could look into specific projects for the region that would best feed into trade objectives. As in the vaccine cooperation proposal, different partner countries could focus on various aspects of construction, drawing on their respective strengths.

The third priority area for the Quad is climate change for which a working group has been set up. Cooperation on multiple dimensions of the climate challenge is proposed, including finance, emissions reduction, technology and capacity-building. With mitigation and adaptation as key aims, the involvement of industry to support governmental efforts would be critical.

As a grouping of like-minded nations working on shared objectives in the Indo-Pacific region, the Quad is a formidable economic force that can deliver many gains on the identified pillars for the participating nations as well as the region. By adding businesses into its strategy mix, its initiatives would be further fortified and expanded. We hope that the governments would consider a forum for such private sector engagement.