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Portugal-India Relations within the Context of the Indo-Pacific Geoeconomics

Relações Portugal-Índia no contexto da Geoeconomia do Indo-Pacífico

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RESUMO
Este artigo analisa as relações entre Portugal e a Índia numa perspetiva geoeconómica, no contexto da presidência portuguesa da União Europeia. Argumentamos que essas relações podem evoluir para uma situação *win-win*, para ambos os países, dentro das principais redes de globalização (económica, financeira, comercial ou tecnológica). Concluímos que Portugal tem uma oportunidade de ouro para criar espaços geoeconómicos vitais no século XXI, nomeadamente na região do Indo-Pacífico, e reduzir a sua dependência dos mercados e fluxos financeiros europeus.
Palavras-chave: Portugal; Índia; Geoeconomia; Indo-Pacífico

ABSTRACT
This paper analyzes the relations between Portugal and India from a geoeconomic perspective, in the context of the Portuguese presidency of the European Union. We argue that these relations can evolve into a win-win situation, for both countries, within the leading networks of globalization (economic, financial, commercial, or technological). We conclude that Portugal has a golden opportunity to create vital geoeconomic spaces in the XXI century, namely in the Indo-Pacific region, and reduce its dependence on European markets and financial flows.
Keywords: Portugal; India; Geoeconomics; Indo-Pacific

1. Introductory Remarks

Portuguese Prime Minister, Antonio Costa, declared, at the eve of assuming the rotative Presidency of the European Union, last May, that, in what concerned foreign policy matters, the jewel in the crown of that Presidency would be the holding of the summit of European leaders with the prime minister of India (Econews, 2020). Moreover, the latest European Union – India summit, in May 2021, had an outstanding feature: for the first time, there were present the 27 European heads of state, along with the European Commission and Council's Presidents. As Malhotra (2021)states, this signals the importance that the European Union attaches to the partnership.

Accordingly, in this paper, we develop a geoeconomic analysis of what concerns the relations between Portugal and India. We believe that a geoeconomic analysis of the global economy and the relations between two countries with a long-shared history can shed some light on future trends and policies.

We would start by making some previous remarks on why we consider the geoeconomic perspective a powerful tool in understanding the current global economy. The merging of geopolitical and economic goals is becoming more and more frequently an essential factor of state policies (the so-called economic statecraft) (Baldwyn, 2020) in the context of globalization or, in more recent times, slowbalisation (Hu & Spence, 2017), which the current pandemic crisis has, undoubtedly, came to aggravate.

2. Geoeconomics as an analytical framework

In our days, the centrality of the economic dimensions can be asserted in multiple ways: warfare is taking the place of military strikes, the trade wars are replacing military alliances, the ability to access or block others to access to strategic commodities (oil, being the most paradigmatic case, and more recently, minerals and rare earth) and predatory economic practices (the beggar thy neighbor policies) work as substitutes for territorial conquests (Blackwill & Harris, 2016).

In this context, geoeconomics has arguably become an increasingly important aspect of contemporary international relations, and geoeconomic priorities have become dominant in the economic statecraft of several countries. The economic statecraft has been playing an essential part in the domestic and global economy, as governments, in all types of socio-economic organizations, can change the result by helping national firms to gain competitive advantage in world markets and being resilient enough in order to resist the unlevel playing field created by state-owned enterprises and the investment spree led by sovereign wealth funds (Baldwyn, 2020).

The geoeconomic perspective is not, however, a recent one. In the 1990's Edward Luttwak, in a seminal essay, argued that the emergence of geoeconomics could translate as a mixture of the logic of conflict with the methods of commerce. He later argued that a geoeconomics approach would mean that '*Instead of measuring progress by how far the fighting front has advanced on the map, it is worldwide market shares for the targeted products that are the goal* (Luttwak, 1993, p. 34). Moreover, a few years later, he said that More recently, according to Blackwill and Harris (2016), geoeconomics can, thus, be considered "*The use of economic instruments to promote and defend national interests, and to produce beneficial geopolitical results; and the effects of other nations' economic actions on a country's geopolitical goals.*" (Blackwill & Harris, 2016, p. 20).

In this geoeconomics and geopolitical context, Portugal and India are, from our point of view, two countries that have benefited from the process of globalization, although in different degrees and different historical epochs. Moreover, the importance of the Indo-Pacific region in this realm is unsurmountable. As the Indian Ministry of Foreign Affairs stated in a speech last December, denying the Indo-Pacific is tantamount to refuting globalization due to the economic and geopolitical leverage that the region entails to global economy and security.

Furthermore, it is quite easy to witness the importance that leading players (regional and global) assess to the economic and geopolitical features of the Indo Pacific region, namely China, Japan, Australia, the ASEAN (Association of Southeast Asia Nations) countries, the USA, the European Union and, naturally, India. The Government has been developing a series of initiatives within its geoeconomic and geopolitical strategy to retain influence in the region, such as the *Act East Policy* and the *Indo Pacific Ocean Initiative* launch.

We believe there are several areas where Portugal and India's geoeconomic endeavors and strategies could articulate within the Indo-Pacific region. Moreover, in that way, to contribute to expanding economic, trade, technological, financial cooperation by matching the correspondent skills of the two countries. As the Portuguese prime minister, António Costa, reaffirmed: "*The two countries want to explore new areas of cooperation in technology, startups, defense, shipping, and culture. At the political and economic level, we want to be India's gateway to Europe*." (Bagchi, 2019)

3. Portugal in the world economy

We will start by focusing on Portuguese geoeconomic and geopolitical strategies. As far as the global context is concerned, Portugal's position is, indeed, a modest one. It holds a minor share in the international economy and trade

(Portuguese GDP and Exports represented in 2019, respectively, 0,28% and 0,35% of world totals) (Pordata, 2021). Also, Portugal faced some severe constraints in the last decades since it was plagued by unsustainable financial imbalances and deteriorating competitiveness, which forced the country to submit to a harsh austerity program for three years, between 2011 and 2014 [Costa, Portuguese Economy: How (Not) to Get Away with Financial Crisis and Economic Adjustment Programmes, 2018]. Amid the controversy and the drastic consequences on the social fabric, Portugal has come out as a reference for success in the international *fora*. Ever since Portugal has been struggling to improve its integration in global value chains, higher technological content activities promote the formation of human capital and growing value-added.

Portugal's economic and political history highlights the difficulties felt to comply with that desideratum, both from a historical and current perspective. Since the 17th century, attempts to develop the industrial sector by the 3rd Earl of Ericeira have been frustrated by the difficulties caused by English, Dutch, and French competition. Portuguese economic history has highlighted the difficulties in managing the constraints of the dynamics of international economic relations, as well as the inability to resist the most damaging aspects of the alliances concluded with the (rival) partners (Macedo, 1963) (Fischer, 1971). These difficulties and potentialities took on greater importance in the second half of the 20th century. There were several movements to promote the internationalization of the Portuguese economy, anchoring in the European area, and culminating in the participation in the complex process of monetary integration that resulted in the creation of the euro, a shared currency with eighteen more countries, with high socio-economic disparities between them (Costa, 2004).

The available statistics suggest that the internationalization of the Portuguese economy has always worked as an alternative (or, in the best-case scenario, complementarity) to the small size of the domestic market, which made it virtually impossible to take advantage of economies of scale. Although it is now considered an economy belonging to the most developed group globally, Portugal has not been able to sustainably reduce the dependence of economic activity on its foreign economic relations, however asymmetric as they may be.

In what concerns its internationalization process, and after having been concentrated in colonial markets for trade and investment, Portugal joined the European Free Trade Association in 1960 and the General Agreement on Tariffs and Trade in 1962. In 1986, it entered the European Economic Community. Today, it has full participation in the Internal Market and, since 1999 (as a founding member), is part of the Economic and Monetary Union, sharing a currency (the euro) with 18 other states. All the issues previously mentioned mean that a country with 10 million inhabitants, but a truly global history, is a member of the biggest trade bloc in the world (around circa 38% of global world trade), the first source and host for foreign investment, a significant European technological hub, an internal market of 450 million people and a share of 18% of global Gross Domestic Product. Economic integration has ever more crucial geopolitical leverage since it goes far beyond trade rules to incorporate domains such as foreign investment, intellectual property, or procurement regulations, among others.

Furthermore, Portugal is one of the most integrated countries in the regional bloc. In 2019, over 70% of Portuguese exports and imports relied on European Union countries, especially Spain. That over-reliance was to be expected, given the sophistication of the integration process. However, it also represents a vulnerability because it makes the evolution of Portuguese economic performance conditioned mainly on the performance of European partners. Given the anemia of economic growth in all 27 Member States, this sheds some uncertainty on the future, calling for a greater variety of trade and financial partners.

From Portugal's point of view, India is the main driving force of the South Asian region, a buoyant demographic powerhouse, and a very young English-speaking population. It has been the fastest-growing large economy globally (except for 2020, on account of the Covid pandemics), offering a set of opportunities and some risks. In recent years, India has made a strategic commitment to structural reforms and strengthening macroeconomic stability to attract foreign investment (The Hindu, 2016) (Rossow, 2021). There are substantial improvements in indicators relating to innovation capacity, significant performance in entrepreneurship, and a sustained path towards digitalization.

However, it is a fact that the current economic relations between Portugal and India are feeble. In 2019, India ranked in the 16th position among Portugal's suppliers and the 44th client (GEE , 2021). Portuguese imports did not reach 1 million dollars (1% of total imports), and exports were circa 141 thousand dollars (0,2% of total), using the current exchange rate. Regarding foreign direct investments, the amounts are also modest since India ranks 50th as a destination for Portuguese investment abroad (a little over 100 million dollars). If we look from India's perspective, the same conclusion applies. Nevertheless, the advantage of starting from the modesty of current economic relations is that there is a vast potential for growth and a significant geopolitical impact for both countries.

4. India's Geoeconomic Strategy: Some Reflexions

Since 1947, the date of independence, India's foreign policy has focused on shaping the regional and global environment to leverage economic development, political stability, and the ability to avoid external relations that place it in a position of subservience (Chacko, 2015). Over the past two decades, the privileged means of achieving these objectives have focused on the geoeconomic dimension. In this context, geoeconomic strategies have included: strategic partnerships, notably with China, the USA, or Iran; a trade-based and resource-based approach with African countries; emphasis on maritime safety; support and participation in initiatives related to regional cooperation and economic integration, with emphasis on participation in *the Regional Comprehensive Economic Partnership* (RCEP) and the challenges of implementing the Chinese Belt and Road *Initiative*. It is also worth noting the growing involvement with the Indian diaspora and the projection of soft power. In addition, various foreign direct investment (FDI) attraction programs have been implemented, with emphasis *on Make in India*, launched in 2014, which aims to strengthen the private sector and transform the country into a manufacturing center through foreign investment. At the same time, there is a strong focus on modernizing and improving the efficiency of public enterprises, enhancing energy security and maritime trade routes, and developing *smart cities*. In the context of the RCEP, although having refused to participate in the final agreement, India had been focusing on the mobility of its most skilled workers and defending the interests of its agriculture sector, textile, and pharmaceutical industry.

India has also undertaken initiatives to strengthen partnerships with neighboring countries in the Asia-Pacific region. These initiatives, the *Act East Policy* (former *Look East Policy*), being the most significant, aimed at countries such as the ASEAN group (that represents 10% of India's bilateral trade), Japan, Australia, or Singapore, with a clear target of counterbalancing China's influence in the region. The Indian Government has been developing ways to improve connectivity, building roads and railways, and enhancing regional trade. We believe the *Act East Policy* is closely intertwined with another vital pillar of India's geoeconomics strategy, the importance of India's maritime role, especially in the Indo Pacific Region. Economically speaking, the global significance of the Indian Ocean is paramount since it works as a hub for economic growth in the surrounding region (Kaplan, 2009). It connects strategic trade routes, it is well gifted in natural resources, and it hosts 40% of offshore oil extraction along its coastline and 15% of the world's fishing activity (Albert, 2021). The resources of the Indian Ocean and its navigability safety are of particular importance to India, given its dependency on energy imports, which makes India's economy more exposed to risks of supply disruptions, geopolitical uncertainties, and the volatility of oil prices. To improve oil security, the Government has prioritized reducing oil imports, increasing domestic upstream activities, diversifying its sources of supply, and increasing Indian investments in overseas oil fields in the Middle East and Africa.

India has also adopted a geoeconomic approach towards the Indian Ocean by developing two important projects: the Sagar Mala project (developing a logistics system for Indian ports and the coastal region (12 ports and six mega ports), based on the fact that 95% of India's trade travels by sea, and the Mausam Project, a cultural and economic project aimed at rebuilding maritime and economic connections with the 39 countries bordering the Indian Ocean, that reflects India's endeavor to play a unique role in the security of the region, as well as in trade (Costa, Forthcoming).

Despite current difficulties, we believe India is the main driving force of the South Asian region. Prime Minister Modi's speeches, emphasizing the fact that India was, until recently, is the fastest growing large economy in the global context, often refer to the opportunities, and risks, of technology, plans to combat inequalities in income distribution, efforts to reduce bureaucracy, and attract investment and participate in international trade. Indeed, international stakeholders recognize that India has made a strategic commitment in recent years to structural reforms and strengthening macroeconomic stability to improve the investment climate. However, there have been substantial improvements in indicators relating to innovation capacity, a significant performance in entrepreneurship, and a sustained path towards digitalization. According to international think tanks, the pace of policy reform, initiated in early 1990, has been languid. The main obstacles reside in bureaucracy, trade and agricultural reforms, education, healthcare, insufficient social services, pollution, rural poverty, disease control, or trade amid the devastating Covid-19 pandemics (Irwin, 2021). Despite its revealed potential, India faces some significant challenges, not least the current political and social instability. Among the most disturbing are the ones related to the farmer's situation, who hold a significant influence as a voting bloc, and form a wide part of Narendra Modi's electoral base. In September 2020, the government had approved a set of laws that aimed at modernizing India's agricultural sector, by boosting production trough private investment, ending guaranteed pricing and force farmers to sell their crops to large corporation at lower prices. In November 2021, and ahead of crucial elections, in states like Uttar Pradesh or the Punjab, the government decided to withdraw those agricultural laws.

Nevertheless, opposition and discontent remain, as farmers demand the reintroduction of guaranteed prices for all crops.

Another controversial issue was India's decision not to join RCEP, the Regional Comprehensive Economic Partnership, an ASEAN and China's initiative to create the biggest free trade area in the world, with 15 countries that represent 30% of world GDP and population. The domestic opposition to some clauses of the agreement, related to trade in goods and agricultural products, and fears that it could endanger the *Make in India* program for developing Indian manufacturing, led Prime Minister Modi to retreat from the negotiations. Besides the economic consequences, India's withdrawal might also carry geopolitical effects, in entrenching protectionism and leaving US allies, such as Japan, in a diminished position within RCEP in facing China's prominence and interests.

In synthesis, India is experiencing some significant ordeal that has caused India to miss meaningful opportunities to improve economic performance. In short, and despite the constraints that still impose on the country's competitive capacity, India has a set of advantages that can leverage prolonged and sustainable economic growth. By 2020, it had the youngest population globally, and by 2030, it should host about 30% of the world's workforce and the largest middle class, which reinforces the chances of a significant increase in consumption and investment. At the same time, it is the fourth largest headquarters for technology startups globally, presenting a solid institutional framework supported by an independent central bank and regulatory bodies.

5. Perspectives of Portugal-India cooperation

As Iwanek argues (2021), India's relations with Europe tend to focus on the Old Continent's western side (United Kingdom, France, Germany), and there is room to grow the relations with less powerful European states, such as Portugal. They can have the opportunities they have to enhance relations with India through less strategic strategies. A recent report by the Swedish Institute of International Affairs (Aspengren, Liden, & Nordenstam, 2021) shows that the so-called *second circle states* (including Portugal and Greece, Netherlands, Spain, or Sweden) need to emphasize bilateral ties with India. These could cover areas such as 5G, cybersecurity, artificial intelligence, trade (including the Free Trade Area negotiations with India) or attracting Indian companies that are planning to leave London due to Brexit.

In this context, we have identified the business areas we believe to hold the most significant growth potential for India – Portugal relations, and where

Portuguese companies, autonomously or integrated into international networks, can have a more substantial competitive advantage.

The main realm is innovation. India is among the countries at the forefront of pro-technology policy development, demonstrating innovative ways to embrace the power of technology. To this end, the *Center for the 4th Industrial Revolution India* was developed in partnership with the Government. It should serve as a space for the Government, leading companies, academia, civil society, international organizations to design, test, and scale political frameworks, industrial standards, standards to frame the technologies of the 4th Industrial Revolution.

Recently, the Indian government has displayed one of its most significant projects in terms of industrial and technological development, expanding capabilities in the semiconductor industries, as a means of increasing resilience and helping other countries to diversify global value chains. Despite having a modest presence in the semiconductor field, the Indian government has proclaimed its ambitions in developing 5G technology, artificial intelligence, internet of things or robotics. Aiming to position India as a global hub for electronics manufacturing, in December 2021, the government launched several programs for the Development of Semiconductors and Display Manufacturing Ecosystem in India (Rajagopalan, 2022).

Another area where technology could have a very significant impact is agriculture. India's economy is heavily dependent on the agricultural economy, with more than 60% of the population directly or indirectly associated with the sector. This sector thus plays a vital role in promoting economic growth and promoting food security (alleviating poverty and increasing farmers' incomes). Among the technological applications envisaged, we highlight the use of drones, which should map all agricultural land in the districts (Government of Maharashtra) to assess the health of crops, recommendations for fertilizers, an inspection of irrigation, and other infrastructure, data collection. One of the most significant projects for the Government of India is the *Smart Cities Mission,* whose objective is to promote cities that provide critical infrastructure *(hard and soft) of* quality, high levels of quality of life, a clean and sustainable environment, and the application of so-called *smart solutions,* with local development projects and high technological content. The *Mission* intends to develop a complete urban ecosystem, supported by four pillars (infrastructures) of integrated development: institutional, physical, social, and economical. The central elements include water and electricity supply under sustainable conditions; sanitation; urban mobility and public transport; housing (including social); information and digitization; good governance (*e-gover-*

nance and citizen participation); citizen safety, especially women, children, and the elderly; education and health.

Portuguese companies could also display some advantage in the *Make in India* arena. This program is India's most prominent national government program designed to facilitate investment, encourage innovation, skills development, protect intellectual property and build infrastructure for highly sophisticated and efficient manufacturing. The main objective of this program is to attract foreign investment and strengthen the manufacturing sector. It is a crucial program for the country's economic growth, as it aims to use the country's existing talents, creating additional employment opportunities, and empowering the secondary and tertiary sectors. All these measures aim to improve India's position in the *Ease of Doing Business* ranking by eliminating laws and regulations, making bureaucratic processes easier, Government more transparent, responsive, and accountable.

India has also launched another ambitious initiative, *Invest India,* a kind of one-stop shop to help to eliminate several bureaucratic formalities, an initiative replicated by several countries in the region. The program relies on 25 sectors of activity: automotive; aviation, chemistry; information technologies; business processing management; pharmaceuticals; construction; defense industry; electrical machinery; food processing; textiles and clothing; ports; leather; media and entertainment; well-being; mining; tourism and hospitality; railways; automotive components; renewable energy; biotechnology; space; thermal energy; roads and motorways; electronic systems. Despite the initiatives already taken, much remains to be done India continues to occupy a very unfavorable position in the World Bank's *Ease of Doing Business Index* ranking, 100 out of 190 countries, although it has risen 30 places in the last two years. Large foreign companies such as Amazon or Walmart *are* investing in India, taking advantage of the more open regulation of the service sector vis-a-vis the manufacturing sector. Over the past four years, Modi's Government has substantially reduced economic activity regulations while investing heavily in transport infrastructure, especially on roads. Another important program is the *Digital India Initiative*. One of the main government initiatives focuses on three key components: the creation of digital infrastructure, digital service delivery, and increased digital literacy, especially for the most disadvantaged populations, in rural and urban areas. This Initiative is being implemented by the Indian Government as a whole, under the general coordination of the Department of Electronics and Information Technologies (DeitY), but has extensive participation of all civil society, namely industry.

This Initiative focuses on nine distinct pillars, set out below, which may constitute business opportunities for Portuguese companies:

Environment – Sanitary Infrastructure

India is the country with the most significant number of people without access to sanitary infrastructure, risking compliance with the 6th Sustainable Millennium Goal (SDG) if this situation is maintained. India is also the sixth most vulnerable country in the world for extreme weather events, according to the *Global Climate Risk Index 2018,* so it urgently needs to build resilience in its sanitary infrastructure. Programs such as *the Clean India Mission (Swachh Bharat Mission)* are being developed, comprising a set of programs related to the construction of sanitary facilities in villages that have focused flooded by floods, the lack of infrastructure resilient to climate change, and there are identical problems in areas with scarcity of water resources. The focus on the circular economy in this area is thus one of the main drivers of Indian social policies, emphasizing this case on water-free systems.

Durable consumer goods

This is a high growth sector due to increased disposable income, easy access to credit, and an ongoing electrification process. Air conditioners, washing machines, and refrigerators stand out; legislation favors The GoI, allowing a percentage of up to 100%. On the other hand, the increase in the population's purchasing power should prove a strong dynamo of demand for current consumer goods. We would highlight the cosmetics and wellness industry, non-alcoholic *delicatessen* (segments of Indian society), perfumes, and body care.

E-commerce

E-commerce has been one of the most dynamic areas of growth in India, driven mainly by the penetration of the internet and smartphones. This industry has particularly benefited micro, small and medium-sized enterprises, with the corresponding cascading effect on other companies. The country's ongoing digital transformation (see *Digital India Initiative)* is expected to increase the country's internet base from 446 million people in2017 to 829 million in 2021, making e-commerce grow at an impressive 51% annual rate and is expected to become the second-largest e-commerce market in the world, after the US in 2034. Since 2014, the Government of India has been announcing several initiatives in this field, emphasizing *the Digital India Initiative, Make in India,* Start-*up* India, Skill *India,* and the *Innovation Fund,* which also aim to support the growth of e-commerce.

Education and training

India must continue to invest in human capital. As the *Global Competitiveness Report* indicators show, India's human capital formation still shows a very modest performance in this field, making even more pressing the need to leverage human capital development. Half of the 1.3 billion that make up the Indian population is under 25, 25% are under 14. Although being a valuable asset, it can become a significant burden if these young people are not provided with health and training conditions. According to a study recently developed *by the World Economic Forum* and the Observer *Research Foundation, Young Indians* are interested in obtaining higher education and associated skills and seek in the private sector to address public inadequacies. India holds one of the most critical places in the global education industry. It has one of the largest networks of higher education institutions globally, but it cannot meet the growing demand. In the 2017-2018 academic year, there were almost 37 million students enrolled in higher education institutions, moving the sector more than US$90 billion in the same period. In addition, the Government's objective is to increase the enrollment ratio to 30% by 2020. There are numerous investment projects in the education sector, as India intends to assert itself by 2030 as the largest provider of talent globally, with 1 in 4 each licensed in the world a product of the Indian higher education system and having more than 20 universities in the ranking of the top 200 in the world. To this end, several government initiatives have been adopted, emphasizing the ambitious *Skill India,* launched in 2015, focusing on new educational techniques, such as *E-learning and M-learning,* a robust legal framework for the protection of property rights, and a vast scholarship program. These Initiatives are based on a framework of international partnerships, emphasizing the participation of English and American universities and companies.

Health Care Provision

The provision of health care has become one of the largest sectors in Indian society, with the construction and activity of hospitals, medical equipment, clinical trials, outsourcing, telemedicine, medical tourism, health insurance, among others, which have been benefiting from the expanded coverage of health care and increased public spending and private investors. The sector is composed of two major actors: the public actor, the Government, which develops the public health system, with secondary and tertiary care institutions in major cities and primary care centers in rural areas; the private sector, providing care up to the fourth level, but only in cities. India has a pool of highly skilled professionals, benefiting from significant cost advantages over its more direct competitors;

the sector has very high growth potential, is a very diverse sector, and is full of opportunities in the various segments. Another attraction is the high success that Indian companies have in obtaining authorization for clinical trials and new medicines, the Abbreviated New Drug Application (ANDA).

Infrastructure

It is one of the *main drivers of* the Indian economy and with a crucial role in the development process, including electricity grids, renewable energy, bridges, dams, roads and motorways, railways, ports, urban infrastructure, including transport. Road infrastructure is expected to receive particular attention, as the national motorway network is expected to cover 50,000 km by 2019 and 200,000 km by 2022, with the growth rate in the construction of these infrastructures exceeding 20% in 2017 compared to the previous year. Over the next five years, starting in 2018, 107 billion dollars will be invested in constructing new roads and motorways. Road transport is particularly significant for the country's economy, as it transports about 65% of all goods and 90% of passenger traffic is done by road, particularly on commuting trips, but with excellent growth potential outside cities. In the field of infrastructure, special attention should be paid to ports, one of India's economic growth drivers, as, according to official sources, about 95% of India's international trade by volume and 70% in value carries out by the sea. India has 12 large gates and 20 intermediate and smaller ports, and six mega ports are in the process of developing under the *Sagarmala* project (port collar), involving an investment of 22 billion dollars by 2035 to finance almost 200 port modernization projects. The port and shipping industry plays a vital role in the growth of the Indian economy, with India being the country with the sixth line of coast in the world, about 7,517 km. The Indian Government has been substantively supporting the sector's development, encouraging foreign investment up to 100%, and a set of tax incentives. These projects rely on an integrated logic of converting coastal areas into manufacturing hubs (Special Economic Zones), supported by the modernization of adjacent ports while encouraging the transport of goods inland in place of road and rail transport.

Pharmaceutical industry

India is the largest supplier of generic drugs globally, and the sector's importance has been evident during the pandemic crisis. Indian pharmaceutical companies provide more than 80% of retroviral used to fight AIDS), meeting more than 50% of global demand for various vaccines, 40% of generic demand in the United States, and 25% of all healthcare in the United Kingdom. That preeminence makes India one of the leading players globally and has a vast scholarship of scientists and engineers. The Government has implemented several initiatives to develop the sector, highlighting the *National Health Protection Scheme,* the world's most extensive health spending funding program, which is expected to benefit 100 million low-income families. The Drug Controller General of India (DGCI) was announced in March 2018 to facilitate the conclusion *of* contracts and expedite the approval of medical research, articulated with the Make in India initiative. Finally, *Pharma Vision 2020* was announced to turn India into a global leader in end-to-end drug production.

Renewable Energy

India's renewable energy sector ranks fourth *in the ranking* of countries with the most attractive renewable energy markets in the world, occupying the same place concerning installed wind energy capacity, which has been growing sustainably over the years, growing by almost 10% in mid-2018 compared to the same period a year earlier. The Government has been stepping up its focus on renewable energy after the ratification of the Paris Treaty, making the sector very attractive to foreign investors. The conclusions of the COP26, in Glasgow, in November 2021, also reinforced the need to develop alternatives to fossil fuels, although India managed to introduce some flexibility in the final Agenda. Notwithstanding the Indian government is abiding by the global commitment. Among the most emblematic measures, the following stand out: the definition of a new water-energy policy for the period 2018-2028; an investment of 240 million dollars for the development of ultra-critical technologies for the use of cleaner coal; tax incentives for the solar energy industry; construction of 5 million micro biogas plants by 2017; increased energy efficiency in rail transport and limits on coal use and cut in emissions by 33% by 2030. The Ministry of New and Renewable Energy has set an ambitious target of achieving 175 Gigawatts of energy capacity by 2022, of which 110 gigawatts are expected to be supplied by solar power, 60 by wind power, among other sources. However, in June 2018, following the Paris Agreement, the target was reset to 225 gigawatts of renewable energy capacity by 2022, so by 2040, almost 50% of the total electricity generated should come from renewable sources.

In the following up of the COP26, Mr. Modi announced that India would reach the target of Net-Zero Emission by 2070, and a 500 gigawatts of installed electricity generation capacity based on non-fossil sources by 2050, as well as the reduction of emissions and carbon intensity of the all economy by less than 45% until 2030 (Srivastava, 2021).

Furthermore, Portugal could be an energy interface to several countries, with its main port, port of Sines port and involving industrial complex, for its assets is a central node in the world network for exports of American shale gas and tight oil, but also a recipient of LNG exports from the Atlantic South and the Indian Ocean. The reinforcement of Portugal and India relations in this domain could also function as a way of counterbalancing China's influence, since Portugal is a member of the *Belt and Road Initiative* (BRI), and China has already significant investment in the Port of Sines.

Portugal could also emerge as a service provider to India in areas related to oil prospection and extraction, transportation, naval repairing, and shipping to several countries within the Lusophone area, including new mineral resources supply sources (Brazil, Angola, Mozambique, East Timor, Guinea Bissau). Portugal is supporting India's association with the CPLP as an associate observer. Moreover, the country could also reinforce its position as an industrial and logistic interface through port modernization and logistics. Furthermore, this means playing a more critical role in some of India's main programs, such as the Sagar Mala project. It is inspired by India's historical role as a focal point in the Indian Ocean, as Portugal continues to be inspired by the navigation enterprises of the XV and XVI centuries. The *Mausam Project* aims to enable India to re-establish ties with its former trading partners and restore the world of the Indian Ocean along its coastline. Portugal could function as a connecting bridge, profiting from its relations with the Lusophone African States and Brazil (and the connection to South America).

India could benefit from the fact that, from a geoeconomic and geopolitical perspective, Portugal could be the Center of an Atlantic triangular strategy (Europe, America, Africa), with an essential role in other emergent players' strategies, such as India.

India could also benefit from Portugal's potential for taking advantage of the Blue Economy due to Portugal's geostrategic position, its coastal extension, the dimension of its Economic Exclusive Zone (EEZ), research and development skills, maritime tradition, and accumulated know-how. The extension of the Portuguese Continental Shelf could lead to the enlargement of the Economic Exclusive Zone, placing under national circumscription an area of over 4 million square kilometers (Europe's most extensive Economic Exclusive Zone and one of the world's widest), allowing for the extraction of the seabed and deep seabed resources. The Portuguese EEZ has been reported to host mineral resources with significant economic potential in its deep offshore, such as iron, cobalt, or rare earth elements (essential for consumer electronics and high precision industries). In this context, Portugal and India could engage in some joint initiatives to underpin strategic mineral industries and the circular economy with solid technological content. Portugal's skills can play an essential role in the modernization of India's economy through innovation and technological assets. This cooperation is quite essential since technological development is a game-changer in winning the geopolitical race. Several countries are putting together important programs of technological development that witness the importance that all countries are giving to innovation and technological development to overcome rivals, like *Made in China 2025* or *China Standards 2035*, *Digital India*, or *Industry 4.0* (in Portugal).

Portuguese companies are already investing in India in areas that could be paramount to future geoeconomics and geopolitical advantages, such as facial recognition biometric systems (the case of *Vision Box*), industrial machinery and equipment (*Efacec*), telecommunications and construction (*Visabeira*), metals (*Martifer*) or energy (*Petrotec Group*), just to name a few. It is noticeable that several highly skilled, technologically advanced Portuguese companies chose the Indian market as one of the main destinies of internationalization. Furthermore, the same goes for Indian companies investing in Portugal in chemicals and pharmaceuticals (*Generis*) , information technology (*HCL* and *Wipro*), hotels (*MGM Group*), real estate (*Sugee Group*) or food delivery (*Zomato*). There have been several official initiatives to enhance economic and business relations between Portugal and India. One of the most relevant was the establishment of the *India-Portugal Startup Hub*, as part of a Memory of Understanding between *Startup Portugal* and *Invest in India* programs, in February 2020. This hub is a one-stop platform to bring Portuguese and Indian startup ecosystems closer and to facilitate joint innovation and supporting business initiatives, in areas of great potential, such as infrastructure and construction, renewable energy, electronics and information technology, defense, aerospace or food processing.

Portugal and India could also profit from joint development of the *Blue Economy* opportunities, that could help to reinforce value-added in the coastal regions: leisure trips and activities, renewable energy, food, and cosmetic industries, health science, cruise tourism, sailing, naval repairing, wind energy, aquaculture, sustainable fishing, microalgae production, and others. According to the OECD, in 2030, the primary ocean-based industries should include marine aquaculture, offshore wind, fish processing, shipbuilding, and repair, representing over 3 trillion dollars of global value added (OECD, 2016).

6. Final Remarks

We believe Portugal has a golden opportunity to create vital geoeconomic spaces in the XXI century, holding a central location within the leading networks of globalization (economic, financial, commercial, technological). Moreover, it needs to do so because it cannot stand, from our point of view, such a heavy dependence on European markets and financial flows. Naturally, a geoeconomics and geopolitical strategy cannot ignore the importance of the Indo-Pacific region. As Mr. Ashok Malik stated, in Lisbon Talks, last November, Portuguese traders invented the Indo Pacific. As (Chakrabarty & Suri, 2021, p. 8) state, "the *old ways of interacting with the world are unlikely to work in the post-pandemic world, and India must rethink its economic diplomacy program for the next decade*."

In the *2030 Vision for India's Economic Diplomacy*, the authors argue that India's future economic diplomacy will have to be located in a new geopolitical dimension that will permit India to design new strategies for engagement in the global economy and forge new alliances that go beyond the traditional neighborhood. Moreover, the last summit between India and the European Union has helped, from our point of view, to consolidate the aforementioned vision. Focusing on the *4 C's* (Covid, Commerce, Connectivity, Climate), the summit worked as leverage to resolve issues ranging from the relief of the pandemic devastation to the resumption of talks on the Free Trade Agreement, the urge to strengthen the resilience of global supply chains in critical sectors. Moreover, aiming to reinforce the role of a more geopolitical and geoeconomic European Union, there was awareness of India's role in balancing China's influence in the region and expanding the European Union partnerships in Asia beyond China. Strengthening ties with India (and Australia, Japan, and other countries in the area) would help the European Union pursue strategic sovereignty in the Indo-Pacific region. As Varma argues (2021), although being deemed a systemic rival to the European Union, in 2019, China remains a major trade partner. In this context, as mentioned before, India's withdrawal from RCEP could also undermine some of the European Union's endeavors for the region.

Being a member of the European Union and the Economic and Monetary Union, Portugal could play an essential role in this enterprise. Portugal and India share historical and cultural links going back to the XVI century. Moreover, many of those links are being reinforced by the Portuguese Government (the current Prime Minister is of Indian origin), which has already made India the crown jewel of the Portuguese Presidency, holding the 1st EU-India summit in May.

We also believe that bilateral relations (which India has also privileged) between both countries could also benefit from some specific factors: Brexit itself could be of particular importance. Portugal could profit from the historical relations between India and the United Kingdom, now in a post EU membership stage. Boris Johnson recent policy of a 'tilt to Asia' aims at reinforcing British presence in the Asia-Pacific region, as the gravity axis of world economy shifts increasingly to Asia, forming some sort of *Quad Plus* arrangement. As Crabtree puts it ((2021), post-Brexit Britain wants to forge closer ties with traditional partners such as Japan and Australia, as well as develop new partnerships, such as Indonesia or India, in particular.

In this context, Portugal could bridge the relation between India and the United Kingdom and become its gateway into the European market. As the Portuguese Prime-Minister, Antonio Costa, said, in 2018, Indian companies in the United Kingdom (India is the third investor in the British territory) could invest in Portugal as a base in the EU (the so-called *two-in-one* solution). Additionally, India becoming an Associate Observer in the Community of Portuguese Speaking Countries (where it already held a strong relation with Brazil, reinforcing the BRICS influence), CPLP, in July 2021, also strengthens relations with all the Lusophone area, a market of over 200 million consumers, with growing geopolitical relevance, namely by disputing China's advance in African countries. In this realm, maritime security, namely in the Indian Ocean, including Mozambique's surroundings, could also be an area of interest. India has just appointed its first national maritime coordinator, which translate into reinforcing the importance of the sea and the security of critical international sea lanes of communication and ensuring that its maritime interests and regional prominence is not compromised. According to Singh (2022), India has taken a holistic and comprehensive leadership role in the shaping of regional maritime contours, with the SAGAR (Security and Growth for All), the Indo-Pacific Ocean Initiative and, naturally, the Quad arrangements, where Japan has tried to deepen its cooperation (in the economic and security arenas) with India to contain China's influence in the region (Krzysztof, 2021).

Finally, there is another area where bilateral relations could flourish, the Indian Diaspora in Portugal. Currently, this diaspora counts circa 25000 Indian nationals and 9500 holders of *Person of Indian Origin* (PIO) or *Overseas Citizen of India* (OCI), according to the Indian embassy in Lisbon, spread over the country, but mainly concentrated in metropolitan areas of major cities (Indian Embassy, 2022). In September 2021, Portugal and India signed an agreement on recruiting Indian citizens for working in Portugal, with a labor contract dutifully recognized by Portuguese authorities. This could be an important step in enhancing economic relations and helping to ease the pression in Portuguese labor market, in fields such as agricultural activities or services (construction, infrastructures, commerce or tourism).

However, we must naturally be aware that, no matter how strong historical and cultural links may be, they will not by themselves sustain a fruitful relation if the economic potential of the relationship is not explored. Nevertheless, it is also true that the cultural and historical links can powerfully boost economic relations and play a decisive role in an integrated geoeconomic and geopolitical strategy.

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