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The Quad and the Private Sector

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The Quad continues to expand and accelerate its activities, punctuated by the first in-person Quad leaders' summit in Washington, D.C., this September. The Quad has created a range of working groups to drive action in targeted areas with direct overlap with private sector interests. The Quad must create platforms to collaborate with the private sector to balance competition and ensure collective public policy targets do not become orphaned after launch. This link is too important to be left to chance.

The Quad has matured quickly in recent years. While careful to avoid workstreams with direct military cooperation, Quad nations have found a wide range of other strategically important initiatives ripe for cooperation. These include Covid-19, climate, and strategic technology working groups announced in March and newer workstreams related to regional infrastructure and space cooperation announced during the September summit in Washington, D.C.

Each of these workstreams will have important impacts on the private sectors of all four nations. Presumably, the intent of these specific workstreams is not to develop shared regulatory approaches to governing such firms because of perceived abuse. Instead, Quad cooperation is meant to ensure our respective private firms can compete effectively against the Chinese economic juggernaut that seeks to further dominate the global supply of critical minerals, strategic technologies, strategic infrastructure projects, and more.

In order to help the private sector thrive in these strategic sectors, the Quad nations need to be thoughtful in how they engage the business community. The work is too important to risk time and effort being spent to create shared policy ideas that will ultimately not be embraced by the private sector.

The following are some examples of potential gaps between government intentions and private sector interests that will require attention:

- **Sourcing Active Pharmaceutical Ingredients:** All member nations of the Quad have large pharmaceutical sectors. China has managed to dominate the production of key active pharmaceutical ingredients (APIs). China's use of economic sanctions against other nations has forced other nations with large pharmaceutical markets to look at other sources for APIs. If the governments intend to explore new markets to supply APIs, they will need to coordinate well with the private sector. Governments will also need to think about methods to sort out any competitive issues that may arise between Quad nations' private pharmaceutical firms.

KEY DATA

+34.1%

U.S.-INDIA GOODS TRADE, 12-MONTH
COMPARISON, PER U.S. CENSUS BUREAU

+13.9%

FOREIGN DIRECT INVESTMENT, 12-MONTH
COMPARISON, PER RBI

\$29.5 bn

FII ASSETS NET FLOWS, LAST 12 MONTHS,
PER NSDL

- **Sourcing Critical Minerals:** In addition to APIs, China is a major global supplier of minerals that play a critical role in producing technology products. And like the pharmaceutical case, governments will need to have a thoughtful process for signaling new opportunities to the nations’ respective private sectors.
- **Regional Infrastructure Cooperation:** To varying degrees, the private sector of each Quad nation is expected to contribute to regional infrastructure development. But spotting new commercial opportunities can present challenges, as individual firms from Quad nations will want to secure the most lucrative and secure deals.

Forms of Cooperation

The Quad nations should look at a formal channel for engaging the private sector on the growing set of workstreams. Having senior officials deliver keynote addresses at events is no substitute for platforms that facilitate real feedback and co-generation of ideas. Private sector engagement should not, of course, allow the private sector a veto over new initiatives, per se. Instead, it should ensure that our diplomats and private sector leaders find shared pathways to prosperity. Some potential options include:

- **CEO Forum-Style Leadership Council:** A group of CEOs representing major Quad sector workstreams can review and comment on specific proposals for cooperation.
- **Corporate Technical Advisory Group:** Important firms from Quad nations operating in sectors covered by Quad workstreams can be a regular sounding board for government officials.
- **Formal Channels for Joint Outreach:** The governments can jointly commission surveys and studies, gauging private sector interest in specific areas of potential collaboration among Quad nations.
- **Private Sector Advisory Council:** Quad nations can avoid choosing specific companies and instead build an advisory body comprised of key leaders from major trade associations of each nation.

The governments can also consider blending multiple options from above, such as creating a CEO-level steering committee while utilizing a technical advisory group for more rapid and detailed responses to specific lines of cooperation.

As workstreams grow, the importance of developing a communications and governance structure for private sector outreach will commensurately increase. The private sector has a critical stake in these workstreams. Businesses compete against each other and are unused to seeing government actively pursue new markets on their behalf. Coordination, trust, and smart processes for connecting with the private sector will be crucial in ensuring the promise of these workstreams can be fulfilled.

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