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at the

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Strengthening Dialogue in a Changing Geoeconomic Environment

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Good evening, everyone.

Thank you, Dr. Srinivas, for that generous introduction. Let me also thank the East Asian Institute and ICRIER for bringing us together and for the quality of the conversation I heard this afternoon on geoeconomics and business. It has been a good first few hours of frank exchange, and I hope this dinner adds a little more warmth to that frankness.

If there was one thread running through this afternoon's exchange, it is that none of us is navigating with a map anymore. We are all, to some extent, making the map as we go.

Before I turn to the subject Shekhar asked me to speak on, I want to pause for a moment. Today is the eleventh of September. Twenty-five years ago, on this date, the world watched an act of terror unfold in New York and Washington. Close to three thousand people from more than ninety countries died that morning. It is worth remembering, especially in this room, that the loss was not America's alone. It touched families across the world, including many in Asia.

A quarter of a century is long enough to ask a fair question. Have we made the world safer since that day? Safer physically, financially, economically, and in how we treat the planet we share?

On physical safety, the honest answer is mixed. Large-scale terrorism of the kind we saw that day has become rarer in many places, and that is a real achievement of intelligence work and cooperation among nations. But war has not gone away. Europe has a war on its soil again, the Persian Gulf saw fresh conflict only this year, and tension has grown in our own neighbourhood, the Indo-Pacific. The danger is not gone. It has relocated.

On financial safety, the picture is no more reassuring. Since 2008, we have lived through one financial crisis, a pandemic, and now more than a decade of rising public debt almost everywhere. Governments in the largest economies are finding it harder to borrow cheaply. Central banks are under pressure to keep interest rates low even when prices are still rising, because the alternative is a debt bill that few of them can afford. Economists have a term for this, financial repression, and whatever we call it, savers everywhere are being asked, quietly, to carry some of that burden. This is not a world that has become safer for anyone who saves for the future, and in time, that means every citizen.

On economic safety, trade and open markets have done something remarkable over these twenty-five years. They lifted hundreds of millions of people out of poverty in China, in India, and across Southeast Asia. But the pandemic showed us how fragile our supply chains had quietly become, and this year's Gulf conflict showed it again through energy. When the closing of one strait can affect the price of a cooking gas cylinder in an Indian kitchen, we know how tightly bound our economies have become, often without our quite meaning it.

On the planet, the last twenty-five years have brought more heat, more floods, more unpredictable monsoons, and more promises than delivery. We often speak of a green transition, yet emissions have kept rising through most of this period. The scorecard is disappointing, largely by design: too much climate policy still treats growth and lower emissions as enemies. The costs fell on industry and households, yet emissions did not fall so much as move, as production shifted elsewhere and the carbon travelled with it. A policy that raises the cost of daily life without lowering emissions globally has failed twice over. The lesson, for countries still lifting their people out of poverty, is clear: a transition worth the name makes clean energy cheaper and more reliable, not ordinary energy dearer. Punishing growth is neither sound economics nor, in the end, sound ecology.

There is a fifth test worth naming, even though it barely existed twenty-five years ago. Artificial intelligence is now moving faster than our understanding of what it will do to work, to markets, and to safety itself. The opportunity is real; the danger gets far less attention, and matters more. The people building these systems are now saying it themselves. Only last week, a leading laboratory released a model it rated, for the first time, at the top of its own danger scale, because it can find weaknesses in well-defended computer networks and break into them on its own. In Indian epics, only the Almighty was seen as having the power to decide if ends justified the means. But now AI models are the new gods in this respect.

It is not the only lab to cross that line this year, and other systems have slipped past the limits set for them. Earlier this week, OpenAI's own chief scientist admitted that as AI continued to surpass humans on more and more axes, it was becoming increasingly difficult to understand exactly how capable it was. Consequently, he said that the idea of racing forward at all costs seems absurd once one internalised the seriousness of the stakes. Worse, a great deal of the world's capital, much of it borrowed, is now riding on this one technology. Borrowing by a handful of firms to build AI now approaches two-thirds of what the United States government raises in a year. It is not hard to fathom the huge systemic and cascading instability that both these developments presage.

You might expect a danger of this size to pull the world together. It has not. The two countries furthest ahead do not trust each other, and neither will slow down, each fearing to hand the other an advantage. One economist, himself an AI enthusiast, recently reached for a darker parallel. Pizarro's few hundred Spaniards did not defeat the Inca empire by numbers; they

won because the empire was at war with itself, each faction treating the strangers as a sideshow until it was too late. A civilisation can fail to meet a real threat, not because the threat is unbeatable, but because it will not stop quarrelling long enough to face it together. If full cooperation among the great powers is too much to hope for, a smaller step remains: when one of these systems fails or behaves in ways its makers never intended, the world should at least be told, honestly and in full. That is a small act of accommodation that may one day prove a large one.

So the answer to my own question is this. The world has not become safer. It has become more integrated, and that makes the indifference to risks irreversibly dangerous. When shocks travel faster and further than before, and they now do, it becomes harder for any one country, however large, to protect itself by itself. That, I think, is the real lesson of this anniversary, and it is the reason a dialogue like this one matters.

It is not an easy time to argue for cooperation among nations. International relations are strained in ways none of us fully control. But the very difficulty of cooperation is the strongest argument for attempting it. Our problems, whether they concern climate, finance, technology, or supply chains, no longer respect borders. No country can solve them alone. What is needed is a plain spirit of accommodation.

Let me make the turn now, from the world to my own corner of it, and speak about India, the country I know best. Just last week, on the second of September, the Japan Credit Rating Agency raised India's sovereign rating to A-minus, the first time in more than three decades that India has held an A-category rating. What gives the timing its meaning is that it came in the middle of exactly the turbulence I have been describing: a year of conflict in the Gulf, higher energy prices, and jittery capital markets. A quiet vote of confidence, earned in a hard year, counts for more than one earned in an easier year.

Earlier this year, when the Strait of Hormuz closed, the textbook prediction for India was grim. We depend on the Gulf for nine-tenths of our crude oil and more than half our cooking gas. The expectation was fuel queues, empty cylinders, and pressure on the rupee. None of that happened. Not one outlet ran dry. Every family that needed a cylinder got one. We managed it the way we had managed the pandemic: step by step, protecting households first, absorbing some of the shock on the government's balance sheet, and quickly widening our sources of supply. Within months, oil prices eased, our exports kept growing, and our current account deficit stayed remarkably small. We were not merely lucky, though luck helped. We had built some resilience in advance, and it earned its keep when we needed it. Gross Foreign Direct Investment in India crossed 95 billion dollars last year, and independent forecasters have been raising their growth estimates for us this year rather than lowering them. Real growth in the first quarter of the fiscal year was 7.8% (y/y). I mention these figures not to boast, but

only to underscore that steady economic performance is itself a form of stability, and it is the kind of stability this region can build more of, together.

That resilience came partly from trade agreements we had already signed. Our free trade agreements with key partners gave our exporters a foundation to stand on, even while energy markets were in turmoil. This is the direction we intend to keep moving in. We have concluded an agreement with the United Kingdom, and we are working through others, and we expect these to particularly help our labour-intensive sectors, textiles, leather, footwear, and similar industries that create large numbers of jobs. India still runs a sizeable trade deficit once oil and gold are stripped out, and closing that gap by producing more, exporting more, and training our people for the work that trade creates is the honest way forward. Agreements on paper only turn into jobs on the ground if three other things follow. Investors need certainty about taxes and contracts. They need logistics and approvals that are timely and enduring. Our young people need the skills that these new industries require. We are pushing hard on all three, because a trade agreement without them will remain unfulfilled potential.

Which brings me to the deeper question this dialogue was designed to ask. What could greater trade, investment, and people-to-people ties between India, China, and Southeast Asia actually look like?

I think the complementarities are larger than we usually admit, and larger than the current mood in the world allows us to say out loud. China has scale and manufacturing depth built patiently over decades, and a lead in several of the technologies that will shape the next one. India has a large and fast-growing consumer market, a young workforce at a time when much of the world is ageing, and real and growing strength in services and in digital platforms that reach hundreds of millions of ordinary people. Southeast Asia sits at the crossroads of both, connected by geography and by history, and already threaded through by the supply chains that run across all three of us. Put plainly, what one of us lacks, another often has. That is the textbook definition of a reason to trade.

None of this is new. Long before any of our modern borders existed, traders and travellers moved goods, faiths, and ideas between India, China, and Southeast Asia, by sea and by land, for the better part of two thousand years. The temples, the languages, the food, and the shared stories across this region are the residue of that long traffic. We are not inventing a relationship this evening. We are trying to remember and rebuild one that has a very long memory behind it, and that predates by many centuries the frictions that trouble us now.

More two-way investment, more students studying at each other's universities, more tourism, and simpler travel for those who do business would do more to build trust between our societies than any number of official statements or joint communiqués. Trust that grows at the level of people, between a student and her hosts, between a firm and its partners,

tends to survive the ups and downs of relations between governments. That patient, ground-level trust, to my mind, is the real prize on offer in a gathering like this one.

Now, let me come to the part of my brief that is genuinely difficult, and I will try to be honest about it. Every country, including mine, is rethinking the balance between comparative advantage and national security. For decades, the working assumption was simple. If a country could buy something more cheaply abroad, it should, and sell abroad whatever it makes best. That logic built much of this region's prosperity and lifted hundreds of millions of people, as I mentioned earlier. It is being questioned everywhere now because recent events have shown that depending on a single source for something you truly cannot do without can be a genuine vulnerability, not merely an inefficiency worth tolerating for a lower price. A pandemic stopped the flow of medical supplies. Conflicts closed shipping lanes. Export controls appeared overnight, sometimes with no warning at all. No responsible government can ignore those lessons.

The difficulty is that "security" is an elastic term. Almost anything can be described as security-relevant if one is determined to do so. India's answer to this tension has been to try to draw the line narrowly rather than broadly. If each country in this region defines its security expansively and draws its own list broadly and in private, the lists will multiply, one nation's protected sector will become another nation's closed market, and we will find ourselves in a slow spiral. The region, taken as a whole, will become more fragile rather than less, because the trade that has kept it broadly at peace for two generations will have been quietly hollowed out in the very name of protecting it.

So, the task before us is not to choose, once and for all, between comparative advantage and security. Both are real, and pretending either away helps no one. The task is to be precise and narrow about where security genuinely requires us to make something ourselves or to spread our sources more widely, and to be honest, that almost everywhere else, openness still serves us better than self-sufficiency. Being open with one another about where we each draw that line, rather than letting the other side discover it after the fact, is itself a form of cooperation, and a good place for a dialogue like this one to do some useful work.

Let me add a thought from finance that tomorrow's sessions will take up. Governments across the developed world carry more debt than they can manage, at rates many can't comfortably afford. Over the past eighteen months, sovereign borrowing costs have risen across the board in G7 countries. Now, they compete for the world's savings as much as developing countries do. As they do so, capital will grow scarcer and more fickle for everyone else. For countries like India, foreign capital will not always be cheap, patient, or easy to find when we need it.

That argues for doing things together rather than individually. We can build our own buffers against sudden shifts in distant markets, deepen our own markets so that Asian savings fund

Asian investment without the long round trip through the West, and settle more of our trade in our own currencies where it makes commercial sense. None of this is to challenge the global financial system; it is only prudent insurance, and this region has generally been good at prudence.

Let me close where I began. Twenty-five years after that terrible morning in September, we still do not have a safer world in the ways that matter most, whether that safety is physical, financial, economic, or ecological. What we do have, if we choose to use it, is a clearer understanding of how connected our fates already are. India, China, and Southeast Asia, between them, are home to nearly half of humanity. If we can find, even in small steps, the spirit of accommodation this evening has been built around, we will have done something that matters well beyond this room. That, I think, is the best way I know to honour what this date asks us to remember.