
India's Role in a Fragmenting World — Why It Matters for Iceland

We live in a world that feels unsettled. Supply chains are shifting. Energy security is under pressure. Technology itself has become geopolitical.

In this new landscape, one country has moved quietly — but decisively — to the center. That country is India.

My message today is simple: India is the world's *Balancing Power*. Big enough to matter. Neutral enough to work with everyone. Digital enough to scale fast.

And for Iceland, this is not a new story. Our two countries have enjoyed warm ties for decades. We established diplomatic relations in **1972**, and have cooperated in clean energy and fisheries since. At the United Nations Law of the Sea negotiations, India supported the principle of extended coastal fishing zones — a stance that resonated strongly with Iceland's effort to safeguard its fisheries. That foundation of trust is there. Today, the opportunity is to build much more together.”

“Let's start with the basics.

India is now the world's most populous country — more than 1.4 billion people. ... But what's even more striking is the age profile. The median age is about 28. A young nation in an aging world.

Every month, more than a million people enter India's workforce. That's an enormous challenge — and also a once-in-a-generation opportunity. If these young people are trained, connected, and productive, India becomes an engine of global growth for decades to come.

But demographics alone don't drive growth. India's story today rests on **four powerful economic drivers**.

First, domestic demand.

India is not just exporting to the world — it is consuming at home, at scale. Today, more than **500 million Indians are in the middle class**, and that number is projected to reach **800 million by 2030**. This is one of the largest middle-class expansions in history.

Rising incomes are driving spending on food, housing, education, healthcare, financial services, and travel. For example, India is already the **fourth-largest car market** in the world, and the **second-largest smartphone market**. Domestic aviation traffic is growing so quickly that India is set to become the **third-largest aviation market globally** by 2030.

Urbanization is another layer. Every year, **25 to 30 million Indians move into cities**. That is like adding a city the size of Australia's population every year. This drives demand for housing, metro systems, energy, and infrastructure.

And there's a generational dynamic: younger Indians are aspirational. They are digital-first consumers, skipping credit cards and moving straight to mobile payments, online shopping, and gig economy platforms.

So while many economies depend on exports to grow, India's engine is different. Its **domestic demand is deep, diverse, and resilient**. That means even in a turbulent global economy, India has an internal growth story that investors can count on.

Second, digital rails. India has built world-class digital public infrastructure. Payments, identity, and commerce run at population scale. That lowers costs, improves efficiency, and creates entirely new business models.

Third, manufacturing and supply chains. With companies looking beyond China, India is positioning itself as a production hub. Incentives in electronics, semiconductors, and renewables are attracting global capital.

Fourth, infrastructure investment. Roads, ports, airports, metros, power grids — India is in the middle of its largest infrastructure build-out since independence. This is not just catching up; it is laying the foundation for decades of productivity gains.

Put these together — **youth, demand, digital, manufacturing, and infrastructure** — and you see why India is the fastest-growing major economy.

Why does this matter for Iceland? Because we depend on global flows of trade, talent, and ideas. When the youngest large country is also scaling its economy on multiple fronts, that opens doors for Iceland — in tourism, in energy, in fisheries, and in technology partnerships.”

“What makes India stand out is its digital foundation.

Take UPI, the Unified Payments Interface. In August alone, Indians made more than **20 billion transactions**. ... Instant. Low-cost. Accessible to everyone — from a street vendor to a multinational.

And it's spreading. India has already linked its payment system to Singapore and the UAE. Tomorrow, it could be Europe.

For Iceland, this matters in two ways. First, tourism. Imagine Indian travelers in Reykjavík able to pay instantly with familiar systems. Friction falls, spend rises. Second, startups. India's digital model is open. Icelandic entrepreneurs can build on these rails — and scale to millions.”

“India is also emerging as a manufacturing hub.

As companies look beyond China, many are choosing India. Apple is making iPhones there. Tata is building a semiconductor factory. Billions are flowing into electronics, EVs, and renewable technologies.

For Iceland, the link is clear. We need secure supply chains. Whether it's renewable technology, EV batteries, or advanced equipment for fisheries — India can be a partner.

And the reverse is also true. Iceland's clean-energy expertise — especially in geothermal — is something India urgently needs. Combine Iceland's know-how with India's scale, and the impact can be global.”

“Geopolitics is also about security and energy.

India has kept energy costs in check while investing massively in solar, wind, and green hydrogen.

This is where Iceland fits in. We are pioneers in geothermal and clean energy solutions. India needs these technologies at scale. That is a natural partnership.

Now think about sea lanes. Iceland sits at the gateway to the Arctic. India is one of the few Asian countries with a formal Arctic focus. As the Arctic opens, shipping routes and energy flows will change.

Both India and Iceland share a stake in safe, open sea lanes. That is another alignment.”

“What truly sets India apart is its ability to balance.

It trades with the United States. It partners with Europe. It buys oil from Russia. It competes — and collaborates — with China.

In a fragmenting world, that balancing act is valuable.

For Iceland — small but globally connected — India is a partner that understands complexity. We don't need to choose sides. And neither does India. That makes cooperation easier, and safer.”

“So let me leave you with this thought.

The last century was about industrial powers. The early 2000s were about digital platforms. The next decades will be about *Balancing Powers* — nations that can engage across divides and still grow with confidence.

India is such a Balancing Power — powered by youth, rising demand, digital rails, manufacturing strength, and infrastructure growth.

For Iceland, this is not about discovering India for the first time. It is about deepening a trusted relationship — in clean energy, in technology, in trade, and in the Arctic. Our history shows cooperation works. The future shows cooperation will be essential.

If we play this right, India is not just a partner of the past. It is a partner for Iceland’s future global engagement.
