



Indian Council of World Affairs
Sapru House, Barakhamba Road
New Delhi

Report

on

Fifth India-EU Forum

at

Sapru House, New Delhi
29-30 April 2014

The Indian Council of World Affairs (ICWA), New Delhi, in collaboration with the European Union Institute for Security Studies (EUISS), Paris, and Foundation for International Relations and Foreign Dialogue (FRIDE), Madrid, organized the Fifth India-EU Forum on 29-30 April 2014 at Sapru House, New Delhi. A joint initiative of the ICWA and the EUISS, the India-EU Forum is an integral element of track-II diplomacy between India and the EU. The Forum provides an appropriate academic platform to discuss global, regional and bilateral issues concerning India-EU relations. It involves academicians, civil societies and business groups from India and Europe. The Fifth Forum was attended by scholars, Indian and foreign diplomats, university professors, representatives from think tanks, scholars, media personalities and students. Thematically, the Fifth Forum comprised of five sessions.

Inaugural Session

Ambassador Rajiv K Bhatia, Director General, ICWA, in his welcome remarks, highlighted the important developments and achievements in the India-EU bilateral relationship in recent years, but the optimum potential of the partnership is yet to be realised. He said that the international scenario is in deep flux and bilaterally too the two sides are at an important juncture, as India is holding its general elections and the EU would hold parliamentary elections in a month's time that would play critical role in shaping the future foreign policy contours in New Delhi and Brussels. Highlighting the importance of collaboration in facing international challenges such as international terrorism, energy and cyber security, he said there is a shared desire between India and the EU to deepen the strategic partnership.

Dr. Antonio Missiroli, Director, EUISS, echoing similar views in his opening remarks, mentioned that both India and EU were preoccupied with their respective electoral processes. Elections to European Parliament would gauge popularity and acceptability of EU's concept among the Member-States, especially in light of the persistent financial crisis and recent political development in the region. The two sides are also busy with their neighbourhood; India is keeping a close watch on the presidential election and the possible impact of drawdown of international forces from Afghanistan. The EU, on the other hand, is engaged with the developments in its neighbourhood, particularly Ukraine and the Middle East.

Ms. Anne Marchal, First Counsellor & Head of Political Affairs Section, Delegation of the European Union to India made Special Remarks on behalf of Ambassador of Delegation of the European Union to India. She said that India and the EU are among the largest democracies and largest markets in terms of purchasing power parity, share many common values and it is time to launch a ‘new partnership agreement’, as the one EU has concluded with Canada. She also said that maritime security, science and technology, innovation, clean coal energy and renewable energy sources are areas where the EU can share its experiences with India.

Ambassador (Dr.) Jaimini Bhagwati, RBI Chair Professor at Indian Council for Research on International Economic Relations (ICRIER), New Delhi & Member Advisory Council IDFC, delivered the keynote address. Highlighting the progress the EU has made in different areas such as free movement of people and goods in the region which, he said, the present generation takes for granted, has led to greater economic well-being of the member countries. However, he underscored that the regional labour market is still not well integrated. He mentioned that the Eurozone is on track, and lauded the formation of the European Central Bank. On the issue of Ukraine and Crimea, Ambassador Bhagwati said that the EU had made a ‘serious miscalculation’ about the Russian response; he urged the EU to maintain its centrality on the issue of Ukraine and not allow the UK to ‘hijack the agenda’ to pursue a different Ukraine policy alongside the USA that is at variance with the EU policy. Ambassador Bhagwati called for integration of Russian economy with the world economy because a China-oriented Russian economy would not be in the interests of India, the EU and others.

On India-EU bilateral relationship, Ambassador Jaimini Bhagwati mentioned that the targets set were ‘too high’ and need to be toned down. However, he maintained that significant level of engagement had been achieved and the two sides can further explore areas of cooperation in education, skill-development, select areas of scientific research, etc. Ambassador Bhagwati was of the view that the political and strategic interests of India and the EU converge more than in other areas of engagement.

Session I: Emerging Political and Strategic Trends in India and European Union

In this session, European and Indian scholars presented their perspectives on emerging political and

strategic trends. The European presenters were of the view that one major development, after the end of the Cold War, was departure from the ‘totalitarian regime and consolidation of democracy.’ However, in the process of consolidation of democracy, some countries have also moved ‘backward’, such as Turkey, Hungary and Mali. They added that the West, including the EU, has tried to influence development processes in different countries. The EU has used tools such as development assistance and support for civil societies for strengthening democratic trends. However, they admitted that it has yielded ‘mixed results’.

As regards the EU’s foreign policy approach and responses to the emerging political and strategic trends, they argued that since the EU has 28 capitals, its foreign policy is quite diverse. Some of the EU members’ foreign policy is Euro-centric while other members, especially the old colonial powers, tended to think and act globally. The ‘global Europe’ thinks of Asia and India in economic terms. It tends to ignore politics and geo-strategy and focus on trade. EU member states tend to deal with China simply as an economic power. Citing the example of David Cameron’s recent visit to China, they said that the UK Prime Minister went to China with big business delegation but did not discuss political issues in his ‘desperate attempt’ to sign trade contracts. They were of the view that the UK, a permanent member of the UN Security Council, should have discussed Air Defence Identification Zone (ADIZ) and other security issues with China. They stated that one of the reasons that India and the EU have not had any kind of meaningful strategic dialogue because their perceptions of China is different. For India, “China is political first and economic thereafter.”

Professor Chintamani Mahapatra speaking in this session identified ‘mega-trends’ which had wider implications for the international community, including India and the EU. He noted that the relative decline of the US, the Eurozone crisis, China’s growing economic and geo-strategic influence, and emerging ‘cold-conflict’ between the US and China in Asia as well as regional Cold War in Europe between Russia and some of the European countries were the major mega-trends in the contemporary world politics. He identified common challenges that both India and the EU are facing and pointed out that while ‘EU is facing Russian challenge, India is confronting China challenge.’ China is a crucial economic partner for India and the EU. As regards Russia, it continues to be the main source of arms acquisition for India. India is concerned about China and

the EU is concerned about Russia. The next major challenge for both India and the EU is to manage the relations with the US. Trans-Atlantic ties were negatively impacted by the Snowden affair, Afghan exit plan and the US pressure on the EU to apply more sanctions on Russia. Hence, it was argued in this session that exchange of views would be useful to manage India-EU relations in spite of subtle differences of their respective interests.

During the Q&A, there were a number of queries about the inherent divisions in the EU vis-à-vis sanctions on Russia over the issue of Ukraine and why the EU has not been able to harmonise its response on various geo-political issues. Speakers of this session agreed that some of the EU members looked at their own interests and were not eager to impose economic sanctions on Russia. They looked at short term economic interests rather than ‘shared values’. As regards, the EU’s foreign policy responses about the developments taking place outside their immediate neighbourhood, they recalled the EU’s support in peace and conflict prevention in Sahel and Sub-Saharan region. They said that the EU also cooperates with the UN on conflict prevention; and argued that ‘preventive diplomacy’, ‘quiet diplomacy’, and low profile approaches are not necessarily bad tools.

Session II: India and EU Perspectives on South Asia

In this session, India and the EU’s engagement with South Asia was discussed. A comparison between South Asian Association for Regional Cooperation (SAARC) and the EU reflected that the SAARC has to make progress in many areas, as there was no common foreign policy, common parliament or congruity in SAARC like the EU. The EU intra-region trade is 70 per cent of the EU’s total trade whereas it is a meagre four per cent in SAARC’s regional trade. However, it was highlighted that South Asia has demographic advantage as compared to the EU where the population is ageing.

The Afghan elections dominated the deliberations during this session. It was observed that the outcome of the presidential election in Afghanistan would determine the nature of evolving security architecture in the region. The presidential election is important for India as well because its success or failure will have security and economic implications for the country. The speaker said that after the departure of foreign forces, funding would be a problem for the Afghan government,

which it can meet by encouraging private investments and developing the country as a trade corridor, which could generate revenues. If Afghanistan becomes stable, trade in the region would multiply many folds, and the proposed Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline would also get a boost, integrating Central Asia with South Asia.

On EU's engagement with Afghanistan, it was proposed that the EU could use the full range of its tools of soft power approach of dialogue and institutions building in Afghanistan. The election is entering into runoff where one has to be cautious as there will be two candidates and ethnic, religious or regional rivalries may surface affecting the fragile peace in the country. The EU has been supporting a number of projects in Afghanistan, including Central Asia Regional Economic Cooperation (CAREC) and the Central Asia-South Asia electricity transmission project (CASA-1000), and the focus has been on agriculture and rural development. It was suggested that India can be a stabilizing factor in Afghanistan as New Delhi was playing important role in the country's development.

India and EU's engagements in Myanmar were also discussed in the session. During the Q&A, it was noted that the Association of South East Asian Nations (ASEAN) approach towards Myanmar has been successful. Further Myanmar has undertaken political and economic reforms. The possibility of cooperative actions towards Myanmar by India and the EU was also explored in this session.

Session III: India and EU Perspectives on Contemporary Crises: Syria and Ukraine

In this session both Indian and European scholars shared their perceptions on Syrian and Ukrainian crises. Professor Zikrur Rahman argued that the crisis in Syria has various dimensions: economic, political and ethnic. He highlighted that the demand of political reform in Syria was 'very limited'; what drove many to the streets was economic frustration. Syria had witnessed a long spell of draught and it resulted in an economic crisis in the country. The Arab countries, including Saudi Arabia, had vested interests in Syria; they wanted to dethrone Assad regime, and opened their 'coffers for the rebels'. As regards the Indian response to the Syrian crisis, he stated that Syria is India's extended neighbour and any military intervention in Syria would have a destabilising effect. It would have a direct impact on India and its political and economic interests. Since India is a multi-ethnic society, it supports an inclusive solution to crisis in Syria.

European scholars highlighted that over the past three years, the EU's neighbourhood has been shaken by two major events; 'Arab Spring' and 'Russian sprint'. The European Council has defined developments in Ukraine as 'gravest threat to European Security since the Cold War'. Ukraine is much more important to Europe because of geographical proximity. They were of the view that Russia violated UN Charter against a sovereign state. It was highlighted that there are a number of public goods that need to be preserved, including energy security. Speakers of this session opined that EU and India are dependent on energy and energy security requires high degree of stability of functioning markets. They were of the view that the EU's response to the Syrian and Ukrainian crises suggests that EU has limited capacity for action. As regards Syrian crisis, they were of the view that President Assad should depart and his alternative should be searched. It was also noted that the rise of Jihadi groups is a challenge for France and the UK as foreign fighters are going to Syria, which is a potential threat to the Western countries.

During the Q&A, a number of questions regarding Western interventions in Iraq, Libya and Syria were posed to the European scholars. Speakers responded by arguing that Iraq war was a 'blunder' but to use that as an excuse to avoid intervention in the cases where it was needed, would be a case of abdication of responsibility. However, the Indian scholars were of the view that there is a perception in the Arab World that the West intervenes when it suits their interests.

Session IV: India, the EU and Evolving Dynamics in Asia Pacific

The speakers in this session discussed the emergence of economic and political centrality of Asia Pacific region. The rise of China, India and Southeast Asian economies, and the US re-engagement with Asia indicate the rising profile of the region. However, it is related to maritime boundary issues and territorial disputes that need to be addressed carefully. China's economic profile in the region has been increasing rapidly and there seems to be a paradox building up for the regional countries- a situation is emerging in the region where security is provided by the US but the economic integration with China seems to be more appealing for these countries. In recent years ASEAN's centrality has been under stress, and regional countries are increasingly exploring the possibility of trilateral mechanism. Achieving collective security in the region would be a challenge in the future.

It was observed that the EU needs to increase its engagement with the Asia Pacific countries, as Asia has been rising and has got huge demographic dividends. China and India are emerging as manufacturing hubs of the world. The economic process is underway to integrate regional countries and the EU needs greater engagement with ASEAN, which can be given a formal shape with an 'EU-ASEAN Cooperation Agreement' on the basis of the Brunei Plan of Action. Developing accessibility and connectivity in the region has been the 'core' of EU's relationship with the Southeast Asian countries. Other key areas of cooperation are measures against terrorism and piracy. As the EU has been an effective mediator, it can also play an important role in resolving the regional issues such as maritime disputes in the Asia-Pacific.

India and Southeast Asian countries have a long history of relationship and that the Look East Policy of India has been beneficial for the two sides in increasing trade and economic engagements. Institutions for India-EU engagements in Asia Pacific exist but there is a need for better coordination among the parties. The region is facing traditional and non-traditional security challenges and India-EU cooperation can assist the regional countries to have a shared response to the challenges.

Session V: A Decade-long India-EU Partnership: Where Do We Stand?

In this session, the Indian and EU participants assessed the progress and obstacles to India-EU strategic partnership. They were of the view that despite decade-long partnership both India and the EU have not been able to transform their 'shared values' into 'shared interests'. This is primarily because their priorities are different. Similarly, there is a disconnect in their world view and they have different geographical priorities. The EU has not been able to bring many deliverables for India.

As regards security issues, speakers opined that India and the EU do share some common perspectives on security issues, but in the European calculus there is not much concern about the potential security implications of a rising and assertive China. India is keen that the EU plays a larger and more visible role in Asia and works towards promoting equitable and stable balance of power. A 'comprehensive approach' can be adopted for greater India-EU engagement both at the conceptual as well as implementation levels for greater cooperation and coordination between security and development.

Trade has been the key driver for the strategic partnership. But the two sides have not been able to conclude a Bilateral Trade and Investment Agreement (BTIA) because of pressures from domestic constituencies. They, however, agreed that the FTA would set the parameters of economic cooperation. The relationship between India and the EU would be largely based on trade and commerce. The BTIA can prove to be a game-changer and set the parameters of relationship in the coming decades and contribute to building greater stakes and constituencies for a durable relationship.

The EU is involved in capacity building, public administration reforms and police reforms in African countries. These are the areas where India can also engage with the EU. Speakers offered some suggestions for both the EU and India to realise the goals of the strategic partnership and take it forward. Some of the suggestions were as follows:

- India should intensify consultations with the European Parliament given its importance in the EU's institutional architecture.
- The Indian Ministry of External Affairs should enhance its capacity for greater engagements and dialogues with the EU and its institutions.
- There is a need to widen the civil society dialogue between India and the EU, which till now has been mostly government-driven.
- There is need to develop robust framework of educational exchanges and elite interactions in order to better comprehend differences and work towards achieving common objectives. This will help in developing a better foundation for the India-EU partnership.
- As Indians have to revise their 'mental maps' of the European Union, the Europeans too should review their mindset about the growing profiles of the emerging powers, including India.
- The new European narrative needs to be more open, inclusive and accommodative.

Concluding Session

Dr. Antonio Missiroli, Director EUISS and head of the EU delegation said that the concept and contents of the term 'strategic partnership' need a revision in the changing international scenario. He also urged greater engagement among the countries in South Asia that can help bring stability in the region. He said that the 'new frontier' for the EU is likely to be sub-Saharan Africa, and urged

the possibility to explore India's participation to EU's programmes in North Africa. About the India-EU Forum, he said that it has been a 'very useful and lively one' and that other institutions might be involved to widen the scope of the Forum. He hoped that the Forum would continue in future and urged younger people to engage more in exchange of views.

Ambassador Rajiv K. Bhatia Director General, ICWA, in his concluding remarks, said that he was a 'believer' in the India-EU relationship. He stated that the Fifth Forum examined the question whether India needed Europe and whether Europe needed India. A sensible answer would be in the affirmative. Highlighting the significance of multi-polarity, he said both sides needed each other. However, he observed that the full potential of the relationship had not been secured and a lot needs to be done. It was not the responsibility of governments only to carry the relationship forward; civil society too needs to be involved more.

The Report is prepared by Dr. Athar Zafar, Dr. Shamshad Khan and Dr. Dinoj K Upadhyay.
