



EU's Strategy on India: Time to Revitalise the Natural Partnership

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Abstract

The EU-India strategic partnership has for a long time focused largely on trade and cultural rather than political and strategic issues. However with the changing geopolitical scenario - an assertive China and uncertainty of US policy under the Trump administration - Europe and India have realised they have much to offer each other. To realise this objective, EU launched its Strategy on India in November 2018. The new document is expansive in its scope and lays out a road map for strengthening the EU-India strategic partnership. This paper aims to present an overview of India-EU relations, analyse this new strategy and highlight its key focus areas.

Introduction

The European Union launched its strategy on India in November 2018. This was its first strategy paper in fourteen years since the signing of the strategic partnership in 2004. The strategy provides a coherent platform for advancing key EU interests in India and more importantly, it gives a sneak peek into the way EU approaches India to maximize the opportunities in terms of trade and investment, military-to-military contacts, innovation, foreign policy etc. This paper aims to analyse EU's strategy on India, look at the key issues in the partnership and make an assessment of the relationship.

Overview of EU-India Relations

India was amongst the first countries to establish diplomatic relations with the European Economic Community in 1962. With the formal establishment of the EU in 1993, India signed a Cooperation Agreement in 1994 which opened the door for larger political interactions between the two. The EU-India Strategic Partnership was signed in 2004. At the 2005 Summit the EU-India

Joint Action Plan was adopted which defined common objectives and proposed a wide range of supporting activities in the areas of political, economic, and development cooperation. It was reviewed at the 2008 Summit which has since focused on promoting four priorities: peace and comprehensive security, sustainable development, research and technology, and people-to-people and cultural exchanges.

The EU is India's largest regional trading partner while India was the EU's 9th largest trading partner in 2016. India's bilateral trade with EU in 2017-18 stood at \$76.90 billion with India's exports valued at \$30.35 billion and India's imports from the EU at \$46.55 billion.¹ Over the period April 2000 to June 2017, FDI flows from EU countries totaled \$83.7 billion.² There are more than 6,000 EU companies currently present in India, providing direct and indirect employment to over 6 million people.³ To further enhance the trade relations, India-EU started negotiations on Bilateral Trade and Investment Agreement (BTIA) in 2007. Despite multiple rounds of negotiations, major disagreements remain over issues of market access in services, agriculture, automobile, IPR. EU's insistence on including HR provisions into the Free Trade Agreement has also hampered progress.

For almost a decade, the EU and India partnership has been slow-moving and fragmented. On the other hand, member states have adopted pragmatic and forward-looking engagement with India. The result of this has been a limited partnership which largely remained confined to economics and trade. Even as the EU emerged as India's largest trading partner and biggest foreign investor, the relationship remained devoid of any strategic content⁴.

EU's Strategy on India

After a promising start in the 2000s, the EU-India partnership lost much of its momentum focusing largely on trade and cultural issues instead of political and strategic concerns. Although, India's relations with European member states - like Germany, France, and U.K. - developed bilaterally, this did not help in expanding its strategic relations with the Union. On the other hand, Europe focused on China as its key partner and market in Asia. However, the global situation in the past few years have changed. With US President Donald Trump upending the liberal order, and the rise of an assertive China on the other hand - has led Brussels to realize that a substantive engagement with India is a natural corollary. Also, India's international reach and relevance is continuing to grow, making it imperative for EU to renew its focus on developing its economic, diplomatic and defence capabilities with India.

This new strategy aims to do that as it provides a blueprint for expanding the engagement between the two. The strategy recognises India as one of the largest economies with an annual growth rate of around 7% and on its way to reach the US\$ 7.8 trillion economy by 2030.⁵ The strategy also recognises India as an important player in the emerging complex geo-strategic space.

The strategy is divided into three sections⁶: the first is Prosperity through Sustainable Modernisation. In this section, the strategy recognises the EU as a natural partner in supporting India's aim to grow in a sustainable manner; access green technology and digital solutions; development of infrastructure; to achieve resource efficiency; implement regulatory models for

data protection; and harmonise international standards. EU-India cooperation will contribute to reducing resource pressure and pollution, greenhouse gas emissions and enhancing resilience to climate change. A strong modernisation partnership between the EU and India should also support the EU's own job creation, growth and investment objectives, and help promote sustainable connectivity for Europe and Asia, in line with the EU's connectivity strategy. The strategy also stresses on realising the untapped potential of trade and investment relations. The strategy paper states that India still has a "strong reliance on exports and inward investment, and reluctance to open up to imports". "The EU will continue to encourage India to open up its economy to strengthen its international competitiveness, benefit from a better integration into global value chains, and increase its share in global trade, to bring it more in line with its growing share of global GDP," it asserted. The on-going talks on a long-pending broad-based trade and investment agreement (BTIA) is also mentioned in the strategy paper, with the European Commission asserting that the final text should be "balanced, ambitious and mutually beneficial". In terms of investment in talent and innovation, the strategy calls for increase in outreach activities by the EU and its member states to attract more Indian participation in EU programmes through fairs, workshops, and seminars at state and city level. It also calls for more engagement in joint activities for cultural heritage preservation and promotion in both EU and India, to further promote tourism to the EU, and support youth-exchanges.

The second is security and stability through a rules based global order. In this the strategy emphasises on further development of regular dialogue and consultations with India ahead of important international meetings, "seeking to align the positions, notably at the United Nations, in the G20 and the WTO, as well as to jointly support international law and dispute settlement". The EU also appears keen to strengthen cooperation on foreign policy issues, especially in their shared spaces of Eurasia and the Indo-Pacific. "The EU and India have a common responsibility to ensure international peace and security of their extended neighbourhood which overlaps in Central Asia, the Middle East/West Asia, Africa and Indian Ocean. Their shared values and principles point at a general convergence of interests in these regions". The EU emphasises enhancing engagement with India "from a practical perspective, striving for joint assessments, analysis and action". However, the most important change is the emphasis that is placed on developing security and defence cooperation.

With the EU trying to build a credible military infrastructure, the strategy stressed the importance of developing "military-to-military relations with India, including between leaders of the Indian armed forces and the EU military structures, as well as joint exercises". It also proposed the deployment of an EU military advisor to New Delhi, with a reciprocal arrangement from India. It also stresses on several joint priorities like cyber security, maritime security, counter terrorism, non-proliferation and disarmament. Several proposed actions called for cooperation in third countries, especially in strengthening capacity of maritime nations in Indian Ocean and East Africa, peacekeeping training to African countries and crisis management during disasters.

The third is a more coordinated and streamlined approach towards India. It draws upon both the work of the EU institutions and member states to enhance the EU's ability to set top-level priorities and improve coordination, cohesiveness and effectiveness in promoting EU

interests in relation to India. It stresses in development of joint responses at EU and bilateral level to address India's expectations from the EU and to streamline the architecture of EU-India strategic partnership on the basis of mutual interests and a flexible, result-oriented approach.

Assessment

For India, dealing with European powers bilaterally was much easier than engaging with the EU as a collective unit. For the EU, China loomed large when it looked beyond Europe and the Atlantic. Due to the uncertainties generated by the rise of China, the assertion of Russia and potential retrenchment by the United States, the EU leadership have begun to take a renewed look at India. This new EU strategy notes India's growing economic weight, the impact of its policies on the global environment – physical and institutional – and its location in a complex geopolitical space⁷.

Through this strategy, the EU is now acknowledging its own interest in promoting India's advancement and treating India on an equal footing. "A strong modernization partnership between the EU and India should also support the EU's own job creation, growth and investment objectives, and help promote sustainable connectivity for Europe and Asia". This was also backed up by the Council of the European Union conclusions on the EU strategy on India where emphasis was laid on the role of defender of multilateralism that India and EU can play together. The conclusions stated that "The EU and India are strong defenders of multilateralism with the United Nations and the World Trade Organisation at its core...the EU will seek to coordinate positions with India to address common challenges and global issues, particularly at the UN, G20, WTO and other multilateral fora."⁸

Another important change is the acknowledgement that India has emerged as a new norm-setter. There is acceptance within EU regarding India's contribution in tackling global issues such as sustainable development, climate change, environment protection, ocean governance, humanitarian and disaster relief etc. The strategy as well as the conclusions adopted by the Council place emphasis on enhancing renewed partnership on this development cooperation which would facilitate the delivery of sustainable goals, including in third countries, and coordination in international fora. A major change in the EU's approach towards India is the support for increased cooperation on common security interests, such as counter-terrorism, radicalisation, cyber security, hybrid threats but more crucially and a deviation from the past, is military-to-military relations. Although it remains to be seen, how EU is going to approach this aspect, but it does points to the fact that there is a changing dynamics within the EU with respect to how it views India's military rise.

There is an increasing push in Brussels to emerge as a geopolitical actor and India is a natural partner in many respects. There is widespread disappointment with the trajectory of China's evolution and the Trump administration's disdain for its Western allies is highly disruptive.⁹ At the same time, India is also emerging as a credible player beyond South Asia and Indian Ocean, which has led EU to look beyond its own periphery. The EU has become part of the International Solar Alliance¹⁰ in December 2018, and has invited India to escort World Food

Programme vessels to transport food to Somalia'. The two have also been coordinating closely on regional issues. However, it is not enough to just reiterate that India and the EU are “natural partners”, the areas and the priorities highlighted in the strategy needs to be focused on. India needs resources and expertise from the EU for its various priority areas, such as cyber-security, urbanisation, environmental regeneration, and skill development. As the EU shifts its focus to India, this new strategy is unique as it is the first time the EU and its member states have developed a holistic, long-term strategic vision to redefine the partnership, and to revitalize it is the need of the hour.

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Disclaimer: The views expressed are that of the Researcher and not of the Council.*

Endnotes

¹ EU-India Trade, Department of Commerce, **Ministry of Commerce & Industry**, <http://commerce-app.gov.in/eidb/ergn.asp>, Accessed on 11 January 2019

² India-EU Bilateral Brief, Indian Embassy, Brussels, 17 March 2018, https://www.indianembassybrussels.gov.in/pdf/Revised_Brief_Unclassifiedmar19_2018.pdf, Accessed on 11 January 2019

³ *EU-India Fact Sheet*, EU Strategy on India, https://cdn2-eeas.fpfis.tech.ec.europa.eu/cdn/farfuture/bKxeumPzObF8OEde6SrD5qWyK09-suTMQp3ZZLfv93M/mtime:1542703624/sites/eeas/files/eu-india_factsheet_november_2018.pdf, Accessed on 13 January 2019

⁴ Harsh Pant, *Together in an uncertain world*, Commentaries, 1 December 2018, Observer Research Foundation, <https://www.orfonline.org/research/together-in-an-uncertain-world-45709/>, Accessed on 13 January 2019

⁵ *Elements for an EU strategy on India*, Joint Communication to the European Parliament and the Council, 20 November 2018, European Commission, Brussels

⁶ *Ibid.* p.2

⁷ *Ibid.* p.3

⁸ *Council Conclusions on the EU Strategy on India*, Adopted at the Council at its 3662nd Meeting, 10 December 2018, Council of the European Union, Brussels

⁹ Pant, n.4

¹⁰ Signature by the EU and the International Solar Alliance of a Joint Declaration for cooperation on solar energy, European Commission, 11 December 2018, https://ec.europa.eu/info/news/signature-eu-and-international-solar-alliance-joint-declaration-cooperation-solar-energy-2018-dec-11_en, Accessed on 14 January 2019

¹ The Indian Navy on 24-25 December 2018 performed the escort of vital humanitarian aid for the UN's World Food Programme, following an escort request by EU NAVFOR. The Indian warship Sunayna escorted a WFP dhow transporting 360 tons of food aid from Bossaaso to Berbera, in northern Somalia. (*Indian Warship Escorts World Food Programme Vessel*, 8 January 2019, European Union External Action, <https://eunavfor.eu/indian-warship-escorts-world-food-programme-vessel/>)