



## Issues of Cooperation in India-Nordic Relations

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### **Abstract:**

*India's engagement with Nordic countries reflects the evolving Indian foreign policy and the role these countries can play in it. With India emerging as an economic powerhouse with strong democratic credentials, a strong partnership with India is seen by Nordic countries as not only desirable but also essential. These countries are pioneers in innovation, clean energy, green technologies - areas that India is looking to expand its own expertise in. For the Nordic countries, India represents a fast growing economy with vast untapped market. The first India-Nordic Summit of 2018 provided a perfect platform to these countries to come together and realise the full potential of the partnership. The paper explores the issues of cooperation identified in the joint statement released after the Summit and the collaboration between India and Nordic countries on these issues.*

### **Introduction**

Nordic countries – Sweden, Finland, Denmark, Norway and Iceland – represent the most advanced economies of Europe. India's bilateral ties with these countries is not new, they were established soon after the independence. Though geographically distant, India and the Nordic countries have found a fresh impetus to strengthen these linkages by exploring what each has to offer the other. This paper explores the first India-Nordic Summit of April 2018 to identify the issues of cooperation. The paper also looks at how India and Nordic countries are collaborating over these issues.

### **India-Nordic Relations**

In India, bilateral ties with the Nordics have often been in news for the wrong reasons. For example, Swedish business became associated with Bofors in 1989; a citizen of Denmark was

involved in an arms drop in West Bengal in 1995 and became the subject of an extradition dispute between India and Denmark. More recently, India and Norway expressed differences over a child welfare spat involving an Indian couple.<sup>1</sup> However, the perception about these countries has been changing. The Nordic countries are considered attractive on many counts – technological expertise, economic development, good governance, established social welfare structure, the quality of their democracy - and they are among the least corrupt countries by established global standards.

In a push to expand the scope of the relations, India-Nordic Summit was held in April 2018. This summit is significant because it was the second of its kind. Nordic countries as a collective entity have held this level of summit with the United States only. Also, the summit came at an opportune time as the Indian government has been following a robust foreign policy to enhance its presence in Europe. These countries are pioneers in innovation and technological developments, precisely the areas India is looking to enhance its expertise in. The Nordic states, though small, are among the wealthiest in the world, exercise considerable influence at the international level, and form the most integrated region.<sup>2</sup>

### **Areas of Cooperation**

The joint statement of the first India-Nordic Summit in April 2018 identified four areas of cooperation between India and Nordic countries in its joint statement– Economic Growth, Innovation, Climate Change and Global Security.

### **Economic Growth**

The Prime Ministers in the joint statement noted that the unique strengths of India and the Nordic countries offer immense opportunities for trade and investment diversification, and mutually beneficial collaboration. During the talks, the importance of the rules-based multilateral trading system as well as open and inclusive international trade for prosperity and growth was underlined. The Ease of Doing Business practices were emphasised as a priority for both the Nordic countries and India. Mutual economic interests have been the primary driver of the relations between India and Nordic countries. Of the five Nordic countries, four ranks in top 20 trading partners of India in Europe – Sweden at 9<sup>th</sup>, Finland 10<sup>th</sup>, Denmark 12<sup>th</sup> and Norway at 14<sup>th</sup>. As shown in the following table, the cumulative trade between India and Nordic countries is almost \$6 billion.

S.No.		2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
<b>Sweden</b>						
1.	Export	733.45	740.47	683.64	708.93	771.50
2.	Import	1,679.42	1,748.40	1,484.85	1,161.12	1,464.47
3.	Total Trade	2,412.86	2,488.87	2,168.49	1,870.05	2,235.97

<b>Finland</b>						
1.	Export	415.42	330.18	248.48	269.74	282.55
2.	Import	1,054.09	917.48	1,002.37	1,011.67	1,401.33
3.	Total Trade	1,469.51	1,247.66	1,250.85	1,281.42	1,683.87
<b>Denmark</b>						
1.	Export	761.79	724.24	688.79	692.94	784.10
2.	Import	445.10	457.95	428.54	481.55	564.55
3.	Total Trade	1,206.89	1,182.20	1,117.33	1,174.50	1,348.66
<b>Norway</b>						
1.	Export	229.08	263.41	541.63	244.89	359.98
2.	Import	745.14	1,001.11	585.37	566.79	842.08
3.	Total Trade	974.22	1,264.52	1,127.00	811.68	1,202.06
<b>Iceland</b>						
1.	Export	19.89	19.93	18.55	16.72	5.90
2.	Import	6.63	4.69	4.25	4.68	7.40
3.	Total Trade	26.51	24.62	22.79	21.40	13.30

Source: Department of Commerce, India. Figures are in million US dollars

Also, many of Nordic companies have invested in India in various sectors. Sweden has a long history of investments in India. As per data, there are over 170 Swedish joint ventures and wholly owned subsidiaries in India that have invested \$1.4 billion since 2000<sup>3</sup>. Finnish companies have also invested US\$ 419 million from April 2000 to July 2017. Approximately 100 Finnish companies have operations in India. Large manufacturers like Nokia, Kone, Wartsila, UPM, Fortum, Metso, Huhtamaki, Salcomp, Ahlstrom, etc. have set-up their manufacturing facilities in different parts of India.<sup>4</sup> According to the Statistics Denmark, the Danish FDI in India was \$906 Million in 2016.<sup>5</sup> Major investing companies from Denmark include the Danish Shipping giant, the AP Moller-Maersk Group which has made significant investments in the port infrastructure in India, Cheminova Agro, F.L. Smidth & Co., Danfoss, LM Glasfiber, Lundbeck, Egmont International Holding, Novozymes, Novo Nordisk, Carlsberg, Ramboll, ISS and others.<sup>6</sup> The current growth in Indo-Norwegian eco-commercial ties is furthered by complementarities of interests, in sectors such as deep off-shore projects, shipping, hydro-electricity, information technology, bio-technology and light consumer goods. FDI inflows from Norway from April 2000 to May 2015 amounted to \$180 million. Around 100 Norwegian companies are engaged in India either through joint ventures or through wholly owned subsidiaries. A major Norwegian investor in India is SN Power which invested about \$270 million in 2 hydroelectric power projects in Himachal Pradesh.<sup>7</sup>

Over the last few decades, Indian investment in Nordic countries has also increased. There are over 70 Indian companies including IT companies currently present in Sweden. According to estimates the cumulative Indian investment in Sweden is currently in the range of US\$ 700-800 million.<sup>8</sup> India's investments in Finland have crossed US\$900 million which includes some acquisitions. In March 2017, India's largest auto component company MOTHERSON SUMI SYSTEMS (MSSL) acquired 93.75% stake in Finland-based PKC Group for \$620 million. This is the largest Indian investment and acquisition in Finland.<sup>9</sup> The Indian investment in Denmark was \$59 million in 2016. Although, the presence of Indian companies in Denmark is rather small, IT companies like TCS and L&T Infotech have their offices in Denmark since 1990 and 2000 respectively. In the last few years, other Indian IT majors, Infosys Technologies (invested in Aarhus based start-up UNSILO), ITC Infotech, Tech Mahindra, HCL and Wipro have also started their operations in Denmark. Dr. Reddy's Laboratories Ltd. (DRL) has entered into a co-development and commercialization agreement with Denmark-based firm Rheoscience A/S for joint development of balaglitazone for treatment of Type-2 Diabetes. Novozymes and Praj Industries have entered into an agreement whereby Novozymes would provide enzymes that will enable the Indian company to refine the process of making bio-ethanol – an organic and carbon-free alternative to petrol.<sup>10</sup>

### ***Innovation***

The Indian Government commitment to innovation and digital initiatives - as a key to prosperity and sustainable development - is very much visible through its national flagship programmes like Make in India, Startup India, Digital India and Clean India. On the other hand, Nordic countries are leaders in clean technologies, maritime solutions, port modernisation, food processing, health, life-sciences and agriculture. One major area of collaboration between the two is the Nordic Sustainable Cities project which supports the Indian Smart Cities Mission. Nordic Sustainable Cities is one of the flagship projects under the Nordic Prime Ministers' initiative, *Nordic Solutions to Global Challenges*. In early 2018, this initiative funded an India Urban Lab in Panaji, Goa, which is part of the Smart Cities Mission program in India. The four-day workshop lab saw Indian and Nordic experts joining forces to find sustainable solutions to Goa's urban challenges.<sup>11</sup>

India and Nordic countries also share robust innovation cooperation. For example, India is one of the centres which host one of the five global centres of innovation run by Finland known as FinNode. The main focus areas of FinNode India are clean tech, education and learning, health care and wellbeing, and innovations to base-of-the-pyramid markets. In 2017, Karnataka Department of Information Technology and Biotechnology entered into an MoU with the Embassy of Finland to create Karnataka-Finland Innovation Corridor. This offers a virtual platform facilitating the exchange of information and expertise in the fields of science, research, innovation and skill development.<sup>12</sup> With Sweden, India-Sweden Innovations' Accelerator Programme aims to facilitate transfer of innovative clean technologies and solutions from Sweden to India and provide a bridge for commercial Swedish-Indian innovation cooperation. Through this initiative, 30 projects have been implemented in different companies in India.<sup>13</sup> Also, during

Prime Minister Modi's visit to Sweden in April 2018, both countries agreed on Joint Innovation Partnership pact for a Sustainable Future, in which Sweden would provide up to 50 million Swedish Kronor (over \$59 million)<sup>14</sup> for innovation cooperation with India.<sup>15</sup>

India-Norway innovation and research cooperation is guided by the Norwegian Programme for Research Cooperation with India (INDNOR), which was established to promote collaboration on research and research funding between India and Norway. India and Norway, in March 2018, agreed on funding of new Information and Communication Technology projects, whose focus is on key-enabling technology to give a cross-sectoral approach. The projects relate to "Cyber-physical security in energy infrastructure of smart cities", "Mathematic aspects of information transmissions", and "Resilient and optimal micro-energy-grids".<sup>16</sup> Also in June 2018, four joint research projects on Agriculture and land based food; Biotech; Aquaculture; and Bioenergy/Biofuel were finalized under the Agreement of Cooperation in Science & Technology, which was signed in 2006, between Department of Science and Technology (DST) of the Government of India and the Research Council of Norway.<sup>17</sup>

The bilateral cooperation between Denmark and India focuses on research collaboration in bio-technology and innovation. An MoU was signed on technical cooperation in the field of Sustainable and Smart Urban Development in April, 2018.<sup>18</sup> This was followed by a key governmental agreement between India and Denmark to increase cooperation within research, technology and innovation which was signed in May 2018. This agreement is designed as a three-year action plan, and includes an initiative where Innovation Fund Denmark would provide 15 million Danish Krone to bilateral research and innovation projects on energy and water.<sup>19</sup> The formal collaboration between Icelandic and Indian ministries, governmental institutes and other public institutes in the fields of joint research, science and innovation projects/programmes is scarce. In January 2018, Iceland and India enhanced their cooperation on geothermal development in India with an MoU between Iceland GeoSurvey (ÍSOR) and Centre of Excellence for Geothermal Energy (CEGE), in Ahmadabad. Geothermal energy, mostly low and medium-temperature, is detected in around 300 locations in India. The most promising areas are considered to be in the Himalayas, where ÍSOR has previously worked on a small developmental project funded by a Norwegian organization.<sup>20</sup>

### ***Climate Change***

Nordic nations have been at the forefront of implementing aggressive policies to address climate change and energy preservation. These nations source 63% of their electricity requirements from renewable energy sources. Under the Europe 2020 Policy, these states have targets of limiting greenhouse gas emissions by 20% and increasing their energy efficiency by 20%, as compared to the 1990 levels. India, the world's third-largest emitter of greenhouse gases, has committed to increase its clean energy share up to 40% by 2022. During the India-Nordic Summit, the Prime Ministers reaffirmed their full commitment to implementing the Agenda 2030 for sustainable development as well as the ambitious implementation of the Paris Agreement. In a massive push to reduce dependency on fossil fuels and focus on renewable energy, a target of 175 GW by 2022

(Solar -100 GW, Wind – 60 GW, Bioenergy – 10GW and small hydro – 5GW) was announced by the Modi government in 2015. This would align with the Sustainable Development Goals (SDG) Goal 7: Affordable and Clean Energy; Goal 8: Decent Work and Economic Growth; Goal 9: Industry, Innovation and Infrastructure; Goal 13: Climate Change and; Goal 17: Partnerships for the Goals. This is where Nordic countries can help India to advance its goals in energy preservation.

For example, to find solutions to the climate-related challenges, the ClimaAdapt project was initiated in the three Indian provinces of Andhra Pradesh, Telangana and Tamil Nadu in 2012. The integrated project, which is a collaborative effort between Norwegian Institute of Bioeconomy Research (NIBIO) and Indian research institutes, aims to develop climate-smart agriculture technologies in India, to improve the adaptive capacity of local farmers.<sup>21</sup> Since 2009, Sweden and India have an MoU concerning environment. Under the MoU, future collaboration in the areas of pulp and paper industry, waste policy, e-waste policy, bio-medical waste management and waste to energy, climate and air quality control, air and water quality monitoring, etc are discussed. Climate change and promoting secure, affordable and sustainable supplies of energy are shared strategic priorities for India and Sweden. The active ongoing collaboration on energy is under an MoU on Sweden-India Renewable Energy Cooperation, signed in 2010. Fresh impetus for enhancing cooperation was provided during the visit of Prime Minister Stefan Löfven to India in 2016, when the Swedish Energy Agency announced that it would contribute US\$5 million towards funding of research and pilot projects in India from 2016-2018.

Another dimension of this policy is India's concerns over the Arctic. As climate change melts the Arctic ice caps, the region is gaining global importance because of its natural resources and the opening up of new shipping routes between the Pacific and Atlantic Oceans. India's interest in the region is because of the adverse impact of climate change on ice covers and glaciers in both the Arctic and Himalayas. India has been actively involved with Norway and Iceland bilaterally for scientific cooperation on Arctic issues.<sup>1</sup> The Nordic states have also recognised India's increasing involvement in Arctic affairs and have supported its candidature as permanent observers in the Arctic Council in 2013.<sup>22</sup> There is substantial scope for India's initiatives to engage with all the Nordic countries to increase its influence in the region given its scientific and geopolitical interests.

### ***Global Security***

In the joint statement of the first India-Nordic Summit, terrorism and violent extremism were acknowledged as the major challenges for the international community. The Prime Ministers also discussed other aspects of global security, including cyber security, based on their shared values of human rights, democracy and the rule of law, and their commitment to uphold the rules-based international system. They also discussed export control and non-proliferation of weapons of mass destruction. The Nordic countries welcomed India's application for membership of the

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<sup>1</sup> India had launched its first Arctic scientific expedition in 2007 and established research base called Himadri at International Arctic Research base in Svalbard.

Nuclear Suppliers' Group and reaffirmed their commitment to work constructively within the Group to fulfill the "aim of reaching a positive outcome at the earliest opportunity". The support is significant because these states have been highly critical of India's nuclear programme. However, now there is recognition of India's credentials as a responsible nuclear actor, despite not being a formal member of the Nuclear Non-Proliferation Treaty (NPT).

Nordic countries and India reaffirmed the need for reforms of the UN Security Council, including its expansion in both permanent and non-permanent seats to make it more representative, accountable, effective and responsive to the realities of the 21st century. Nordic countries agreed that India is a strong candidate for a permanent seat in a reformed Security Council, expanded with both permanent and non-permanent members.

### **Conclusion**

The issues identified in the first India-Nordic Summit have put the spotlight on the immense untapped potential that exists to upgrade relations between India and Nordic countries. India's cooperation with the Nordic states carries tremendous scope for expanding their economic ties and helping India in innovation and sustainable development. Both sides are also brought together by their shared democratic values and support for the multilateral rules-based order. Nordic countries are pioneers in innovation, clean energy, green technologies, education, health-care, human rights, rule of law - this presents enormous opportunities for India to expand its own strengths by collaborating with these countries for mutual benefit and advantage.

For Nordic countries, it makes sense to step-up their engagement, as India today represents a fast growing economy with annual GDP growth of 7-7.5% over the last few years. India presents an ideal opportunity to these countries because of its large market. Many new flagship schemes have been launched by India - like Make in India, Smart Cities Mission, Start-up India, Clean Ganga etc - in which Nordic countries can take active part and provide their expertise. Undertaking balanced harvesting of mineral resources, increasing energy cooperation and promoting sustainable economic development of the Arctic Region are other areas which offer rich opportunities for enhancing collaboration. These can be used as a platform to strengthen bilateral partnerships, and can further boost trade and investment from both sides signalling the growing importance of these countries.

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

### **Endnotes**

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