



## PM Modi's Visit: India-Spain Forging Closer Ties

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Prime Minister Narendra Modi paid a visit to Spain on 30-31 May 2017. He held discussions with King of Spain Felipe VI and President of the Government of Spain Mariano Rajoy on bilateral, regional and international issues of mutual concern. Though there have been multiple high-level visits from both sides and President of India Pratibha Patil went to Spain in April 2009, which was reciprocated by the visit of Spain's then King Juan Carlos I in October 2012, the current visit by Indian Prime Minister to Spain was undertaken after about 30 years, following the then Prime Minister Rajiv Gandhi's visit to that country in 1988. India and Spain established diplomatic relations in 1956 and they enjoy cordial political, economic and security engagements. In 2016, the two countries commemorated the 60th anniversary of establishment of diplomatic relations. The 2017 visit by Prime Minister Modi has reinforced economic, security and cultural relations between the two countries.

The focus of the visit was on increasing economic engagement, energy cooperation and enhancing security interactions between the two countries and several documents were signed in this context: MOU on cooperation in civil aviation; MOU on cooperation in renewable energy; MOU on cooperation in cyber security; MOU on cooperation in organ transplantation; Agreement for transfer of sentenced persons; MOU between Foreign Service Institute and Diplomatic Academy of Spain, and Agreement on visa waiver for holders of diplomatic passports.

### **Economic Engagement**

During the visit of Prime Minister Modi to Spain, the inaugural meeting of the India-Spain CEO Forum was held in Madrid on 31 May 2017. In the meeting with the visiting Prime Minister, the CEOs of Spanish industrial and business organizations, who wanted to invest and expand their economic engagement with India, showed strong support for the economic reforms in India and expressed their keen desire to participate in various programmes that have been launched recently. Spain has made significant advancement in the fields of renewable energy, high speed rail, air space management and waste water management. Indian economy needs the expertise in

these areas for achieving a sustainable development. Prime Minister Modi and President Rajoy welcomed further collaboration in these areas.

President Rajoy congratulated Prime Minister Modi on India's fast economic growth and the measures undertaken by India to improve 'Ease of Doing Business' and to boost manufacturing growth.<sup>1</sup> He also urged Spanish companies to participate actively in various economic initiatives launched in India, including Make in India, Digital India, Clean India, Start-Up India, Smart City etc. Echoing similar views, Prime Minister Modi also called for active participation of Spanish companies in India's Smart City projects.<sup>2</sup> The Prime Minister said that the "vision of 'New India' will be enhanced through the 'New Momentum' in relations between India and Spain."<sup>3</sup> The two countries have planned to hold an India-Spain Business Summit in India in 2017 with the objective of increasing bilateral trade and investment cooperation.

India and Spain have formed the Joint Economic Commission (JEC) to increase their economic engagement. Bilateral economic partnership is considered an 'important pillar' in the India-Spain relationship.<sup>4</sup> About 200 Spanish companies are currently operating in India. Bilateral trade between the two countries in 2016 was more than US \$ 5 billion and Spain is India's 7th largest trading partner in the EU.<sup>5</sup> Indian exports to Spain include organic chemicals, textiles and garments, iron and steel products, automotive components, marine products and leather items. Indian imports consist largely of machines and mechanical appliances, vehicles and automobiles, plastic items, electrical appliances, rubber products and olive oil.

### India-Spain bilateral trade

(Values in US \$ Millions)

Sl. N.	Year	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
1.	<b>Export</b>	2,865.75	2,884.41	3,148.12	3,237.11	3,439.03
2.	<b>Import</b>	1,815.66	1,843.42	2,005.20	1,646.02	1,968.77
3.	<b>Total trade</b>	4,681.40	4,727.83	5,153.32	4,883.13	5,407.80
4.	<b>Growth percent</b>		0.99	9	-5.24	10.74
5.	<b>Trade balance</b>	1,050.09	1,040.99	1,142.92	1,591.09	1,470.26

Source: Department of Commerce, Government of India<sup>6</sup>

Apart from growing trade, India and Spain have been making investments in each other's economies. Spain has made substantial investments in India and it is the 12th largest investor in the country with a total investment of about US\$ 2 billion, including in infrastructure, energy, high speed railway communication, and auto sectors. Indian investments in Spain have been in ICT, energy and auto sectors totalling about US\$ 900 million.<sup>7</sup>

India and Spain are increasing engagement in the transport sector. In July 2016, Spanish rail company Talgo made a technological demonstration in India. It set a new train speed record of 180 km per hour on a section between the Delhi-Mumbai rail line and demonstrated that Talgo coaches can reduce travel time between the two cities by 25 per cent.<sup>8</sup> India is trying to improve

its transport infrastructure and the government wants to increase average speed of express trains in the country from the existing 65 km per hour to 100 km per hour.<sup>9</sup> Cooperation with Talgo can be useful in this regard as it requires no 'costly investments to renew the infrastructure.'<sup>10</sup>

### **Renewable energy**

Another area of greater cooperation is renewable energy. India is a large energy consuming country. The country's energy requirements are mainly met through the hydrocarbon sources, which are imported in large quantity. For faster economic growth and sustainable development, the country needs feasible and environment friendly sources of energy and the Government of India has given impetus to develop and use renewable energy sources, including solar and wind energy.

Spain has made significant development in the field of renewable energy. The share of renewable energy in Spain's power generation mix is nearly 50 per cent.<sup>11</sup> In Spain, wind energy powers about 29 million homes every day.<sup>12</sup> Prime Minister Modi underlined the reputation of Spanish renewable energy producers. He urged greater participation of Spanish renewable energy companies in India to support India's ambitious renewable energy programme to achieve 175 GW of renewable power by 2022.<sup>13</sup> To increase the engagement, the countries have also signed an MOU on cooperation in renewable energy during the visit.

### **Security cooperation**

India and Spain have been victims of terrorism. President Rajoy and Prime Minister Modi recognized terrorism posed the 'gravest threat' to international peace and stability and expressed a strong commitment to combat terrorism in all its forms and manifestations.<sup>14</sup> The two leaders held that there should be 'zero tolerance' to terrorism and that there can be no justification whatsoever for any terror act. They also expressed their strong commitment to reinforce their cooperation in the fight against terrorism through regular bilateral consultations and cooperation and in the international organizations.

Security of cyber space has been emerging as a challenge for governments as well as international business houses. India and Spain discussed the challenges present in cyberspace and declared the intent to enhance their cooperation in this field by signing an MOU on cyber security during the Prime Minister's visit.

India and Spain hold a Security Policy Dialogue, which is conducted by the Ministry of External Affairs of India and Spain's Ministry of Foreign Affairs and Cooperation. The Dialogue assesses the common strategic security challenges and two rounds of the Dialogue have been held so far.

Prime Minister Modi and President Rajoy welcomed the efforts to increase cooperation between the defence industries, including co-development and co-production agreements and technological cooperation. Spain is planning to participate in the advanced aerospace sector through the Make in India programme for the Indian defence market and for third country exports.

To bring security and stability in Afghanistan, Prime Minister Modi and President Rajoy expressed support for 'peace, stability, prosperity, security and integrity of Afghanistan.' The two

leaders called for early peace and reconciliation in Afghanistan through an 'Afghan-owned and Afghan-led' process in line with internationally accepted red-lines.

### **People to people contact**

During his visit to Spain, Prime Minister Modi announced the opening of an Indian Consulate in Barcelona to facilitate greater people to people engagement and to reflect the growth in India-Spain relations. President Rajoy welcomed the move stating that it would help in further deepening bilateral economic, cultural and people to people ties. Air India, India's national carrier, has started a new direct flight between Delhi and Madrid from December 2016. President Rajoy and Prime Minister Modi expressed the hope that the direct flights between the two capitals will help intensify the people-to-people exchanges, especially in the tourism and business sectors.<sup>15</sup>

People to people contacts between India and Spain have a long history. The first Indian immigrants to Spain were people from the Sindh region of the Indian subcontinent, who went from the subcontinent at the end of the 19th century and found their home in the Canary Islands of Spain. Many persons of Indian origin travelled to Spain from Africa in 1950s and 1960s and many others went directly from India. There are more than 500 Indian students studying in various educational institutions in the country.<sup>16</sup>

In the academic field, the Alliance of 4 Universities (A-4U), which is a group of four leading Spanish public universities that aims to promote its international profile, has been active in the field of education cooperation. The alliance has signed framework agreements with some Indian educational institutions to establish exchange programmes.

Indian culture has been gaining popularity in Spain and Europe. The first International Day of Yoga on 21 June 2015 was celebrated with enthusiasm by Spaniards. Indian films and food are popular among the people in the country. Shooting of Indian films in Spain have promoted tourism as the visit of Indian tourists to Spain doubled in a year after the release of *Zindagi Na Milegi Dobara* in 2011.<sup>17</sup>

India finds a suitable partner in Spain for its fast, sustained and sustainable economic growth. Trade and economic relations between the two countries have been growing steadily and there is substantial business opportunity to expand bilaterally and to cater to the bigger regional markets as India can be a gateway to South Asia for Spain while Spain is an EU member and it also has close cultural, linguistic and economic links with Latin American countries. India is increasing its presence in Latin America and engagement and cooperation with Spain in this regard can have positive effect.

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

## Endnotes

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