



India and the UK: Quest for a ‘Special Partnership’

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Persisting economic crisis in Europe has led European countries to look towards the fast growing economies of the world to promote jobs and growth by enhancing trade and investment. The UK is also facing the heat of economic meltdown, in this context, British Foreign Secretary William Hague stated categorically that the country’s diplomacy must play a key role in promoting jobs and growth in the economy. A recent forecast of the European economy reflects that prospects for economic recovery are not bright. Unemployment rate is at an all time high and high fiscal deficit has been continuing. Economic growth in the UK is expected to be around 0.6 per cent in 2013 due to ‘a weaker outlook for consumer spending, business investment and exports.’ The UK government attempts to boost trade and investment for economic recovery and enhancing employment opportunities. Thus, as one of the fastest growing economies of the world, India figures on high priority of British diplomacy. British Prime Minister David Cameron rightly urged enhancing trade ties with India during his three-day visit to New Delhi in February 2013. While visiting the headquarters of Hindustan Unilever in Mumbai on 18 February 2013, he noted that Britain and India would have a ‘special relationship’ in the future. He amply indicated that India-UK special relationship would primarily be based on the growing economic engagement, with special focus on harnessing India’s market and investment potential for his country.

Emerging dynamics of India-UK relations illustrate that trade and investment would shape the future course of bilateral relationship between New Delhi and London. Although trade between the two countries has been growing, i.e. merchandise trade accounted for US \$16.19 billion during 2011-12, which is around 29 per cent higher than 2010-11, both are exploring a wide of range of issues and areas to expand their cooperation in the future.

To attract more investment and students from India, the British Prime Minister visited India with the largest ever trade delegation and offered a friendly visa regime for Indian businessmen and also greater movement for Indian people, particularly Indian students. Today, the UK is the third largest investor in India and India is the fifth largest investor in the UK. London is the most attractive country in Europe for Indian Inc. British Prime Minister projected his country as a 'gateway of Europe' for Indian businessmen to expand their businesses in the UK and Europe. On the other hand, India's infrastructure development programmes provide business opportunities for UK industries. India's urban population is growing fast and its economy is targeting high growth, it needs to develop new infrastructure. India has allowed 100 per cent FDI in most infrastructure sectors. The UK has expressed interest in cooperating with India for the development of a new Bengaluru-Mumbai Industrial Corridor and other infrastructure projects. The energy sector is another area of business opportunity for the two countries. Both the countries can cooperate in the energy sector such as oil and gas, renewable energy, energy efficiency and low carbon technologies. It is pertinent to mention that British companies need appropriate business and technological innovations that should be compatible with Indian society. Civil nuclear energy and defence cooperation, which provide immense opportunities for investment and technology transfer, also figured prominently in the discussion.

Although economic ties are at the heart of India-UK partnership, establishment of a 'special relationship' between the two countries would depend on convergence and divergence of their broader national interests. India and the UK share a broad and multifaceted partnership in terms of trade and economics, traditional and non-traditional security, people-to-people contacts etc, there are a number of issues, i.e. terrorism, visa, corruption, reforming multilateral institutions, maintaining peace and security in unstable regions, transparency in business and defence deals etc where interests of the two countries diverge.

Both India and the UK would have a critical role to play in maintaining global peace and security. The current political and security situation in West Asia, Iran, Afghanistan and North Africa would warrant cooperation between New Delhi and London for their peaceful and political solution. Both countries should also try to develop synergies to work together for restoring peace in these countries. The UK's role would also be important for reforming global institutions and supporting India's candidature for its appropriate place in such bodies. Their convergence of interests is also important at multilateral forums such as WTO and climate change negotiations. As corrupt practices have surfaced in defence deals, both the countries should maintain high transparency and accountability in business and defence deals in the future.

At the policy level, India and the UK have agreed to work together to eradicate poverty and promote inclusive development. This commitment should be translated into practice, particularly in rural areas, which would help in shaping up positive people perception as well as creating conducive political and social condition for enhancing business ties. Although the UK has already decided to wind up its development assistance to India after 2015, considering the history of British rule as well as expanding business opportunities in India, particularly in rural India, the UK should work for promoting development in rural areas.

In an interconnected world, India and the UK's quest for a 'special relationship' will depend on political, strategic, social and economic interactions in the future. Apart from economic ties, political and security issues are equally important. Although trade and investment have attained primacy in current circumstances, India and the UK should have a comprehensive approach for their future partnership, which will be instrumental in shaping up a genuine 'special relationship'.

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