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India- Europe Relations: Vision and Challenges

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Abstract:-

Prime Minister Modi began his Europe visit by meeting German Chancellor Olaf Scholz. Following this, he visited Denmark. Where he met with other heads of state of Nordic countries. The India-Nordic summit provided an opportunity to address key issues such as post-pandemic economic recovery, climate change, and sustainable development. His meeting with the French President, Emmanuel Macron, who has just been elected for a second term, ended positively with both sides displaying optimism about the future of the relationship between the two countries.

Both Germany and France are states which lead the European Union. India's relationship with the European Union (EU) is an extremely important one for both entities. Both India and the EU, as a consequence of their position and influence on the world stage, are important allies and partners for each other in the resolution of global issues and objectives. Many such issues in the modern world call upon states to increase cooperation for the fulfillment of global responsibilities.

Key Words:-

European Union, Bilateral trade, Strategic partnership, Sustainable Development, Ukraine crisis, Nordic countries

Introduction:-

Prime Minister Narendra Modi and French President Emmanuel Macron held extensive discussions on a range of bilateral and pressing global issues. In the past, India and the EU have displayed a strong cooperation-based relationship, with the 1994 bilateral agreement outlining this relationship between the two. India was one of the first countries to establish diplomatic relations with the European Economic Community, the predecessor institution which was formally succeeded by the EU. In the 21st century, the two entities established a 'strategic partnership'. This extended the scope of the previously established relationship to include aspects such as political and cultural cooperation. The EU recognizes the significance of the relationship, treating India as an important partner which shares respect for human rights, democracy, freedom, and multilateralism in global relations.

The Meeting:-

Mr. Modi arrived France on the final leg of his three-nation European tour and held one-on-one and delegation-level talks with Mr. Macron.

Bilateral trade- India and France enjoy a robust economic partnership with a bilateral trade of \$7.86 billion (2020-21) and cumulative Foreign Direct Investment of \$9.83 billion since April 2000.

Strategic partnership- The two leaders discussed ways to work together in making the India-France Strategic Partnership.

Food security-They also talked about food security issues and the FARM initiative, in which India will play a key role.

People- people linkages- India and France are fully committed to pursuing the implementation of the Partnership Agreement on Migration and Mobility to increase the mobility of students, graduates, professionals and skilled workers.

Sustainable Development- India and France expressed satisfaction at the adoption of the bilateral roadmap on Blue Economy and Ocean Governance and committed to accelerating its implementation. Both sides are eager to foster cooperation on decarbonized hydrogen in order to build robust industrial partnerships and agreed to finalize a roadmap to take forward this cooperation. India-France Joint exercises include Shakti, Varuna, Pegase, Desert Knight and Garuda.

The position of the two countries regarding the global issues:-

Both the leaders discussed regional and global issues including developments in Europe and in the Indo-Pacific.

Ukraine crisis- The two leaders also expressed serious concern at the ongoing conflict in Ukraine and called for an immediate cessation of hostilities to find an immediate end to the suffering of the people. They underlined the need to respect the UN Charter, international law and the sovereignty and territorial integrity of states. The two leaders spoke exchanged views on the cascading effect of the Ukraine crisis, in terms of shortages of food and commodities and how the two countries can partner together to address these challenges.

Taliban issue- On Afghanistan, India and France expressed serious concern on the humanitarian situation and violation of human rights. They called for an inclusive and representative government, and respect for the rights of women, children and minorities. They also reaffirmed the UNSC Resolution 2593 (2021) and emphasized on zero tolerance for the use of Afghan territory for spreading terrorism in other parts of the world.

The future:-

The current global geopolitical challenges has made the two nations to prepare for the future together by further deepening their cooperation and expanding it in new domains. India and France will continue to develop new partnerships in various formats with like-minded countries in the region and within regional organizations. The two countries share a vision of a free, open and rules-based Indo-Pacific region, based on commitment to international law, respect for sovereignty and territorial integrity, freedom of navigation and a region free from coercion, tensions and conflicts. The first Indo-Pacific Ministerial Forum was held in Paris in 2022 during the French presidency of the Council of the EU.

India's Ties with Europe without upsetting Russia

Prime Minister Narendra Modi's visit to Europe comes at a time when the continent is facing its biggest security crisis since the end of the Cold War.

Germany- Mr. Modi and Chancellor Olaf Scholz reiterated the partnership between the two countries. Berlin has also announced 10 billion Euros for bilateral cooperation.

Denmark- In Copenhagen, Mr. Modi attended the Second India-Nordic summit with leaders of Denmark, Norway, Sweden, Finland, and Iceland. The PM held productive talks with Danish Prime Minister Mette Frederiksen during which the two leaders reviewed the progress in India's unique 'Green Strategic Partnership' with Denmark. He also participated in the India-Denmark Business Roundtable.

France- The Prime Minister held talks in Paris with French President Emmanuel Macron, who was re-elected recently. He discussed the issues of bilateral and mutual interests as well as regional and global developments, amid Russia's aggression against Ukraine. In 2020, India and Denmark elevated their relations to a Green Strategic Partnership to advance political cooperation, expand economic relations and green growth, create jobs and strengthen cooperation on addressing global challenges and opportunities with focus on an ambitious implementation of the Paris Agreement and the UN SDGs.

The position of EU nations over Russia- Ukraine:-

Germany's position- Germany, like India, has deep economic ties with Russia as it depends on Russia for almost 40% of its gas import requirements. While the Russian aggression has prompted Germany to raise its defense spending and join the western sanctions regime, it has been reluctant in sending weapons to Kyiv. Mr. Scholz urged Russian President Vladimir Putin to stop this senseless murder and withdraw the troops and that dialogue was the only way out.

Nordic countries- Among the Nordic five, Sweden and Finland are now considering dropping their decades-long neutrality and seeking NATO membership.

India's position- New Delhi maintained a neutral position on the war which has triggered both criticism and engagement from the West. India has abstained on a US-sponsored UN Security Council resolution that deplors Russia's aggression against Ukraine, saying that dialogue is the only answer to settling disputes. India has seen several high-profile visits from the West, with some top officials pressing New Delhi to cut back on trade with Russia.

What lies ahead for India:-

In the post-Cold War world when Europe witnessed relative stability, India is managing to build strong ties with both the West and Russia. Now, the West is seeking to weaken Russia and Moscow is warning of a new world war. The challenge before New Delhi is to build a stronger strategic future with Europe without immediately disrupting its complex but vital partnership with Russia.

India's relationship with the EU:-

The bilateral relationship between India and the EU dates back to the early 1960s, with India being one of the first countries to establish diplomatic relations with the European Economic Community. A cooperation agreement signed in 1994 took the India-EU relations beyond trade and economic cooperation. At the 5th India-EU Summit in 2004, the relationship was upgraded to a 'Strategic Partnership'. The EU is India's largest trading partner, while India is the EU's 9th largest trading partner. The EU is the second-largest destination for Indian exports after the United States. The 27-nation EU, as a whole, was India's largest trading partner in 2018. The bilateral trade in 2018-19 stood at \$115.6 billion – exports were valued at \$57.17 billion and imports at \$58.42 billion. The EU's share in foreign investment inflows to India has more than doubled from 8% to 18% in the last decade. This makes the EU an important foreign investor in India. The EU's FDI stocks in India are significant. Around 6,000 European companies are present, providing directly 1.7 million jobs and indirectly 5 million jobs in India. Indian companies invested over €50 billion in Europe since the year 2000. India is benefiting from the unilateral preferential tariffs under the EU Generalized Scheme of Preferences (GSP), which links unilateral trade preferences with respect for human and labour rights.

Nuclear pact signed by India and the EU:-

Ahead of the 15th India-EU Summit, both sides have finalized civil nuclear cooperation agreement after 13 years of negotiations. The agreement is between the European Atomic Energy Community (EURATOM) and Indian authorities. It focuses on cooperation between the EU's research programmes on new ways of using nuclear energy and similar activities on the Indian side. It would involve collaboration in the civil nuclear energy sector, including research and development aimed at the peaceful use of nuclear energy. The Euratom-India agreement was signed by both sides' leaders during the 15th India-EU Summit.

Highlights of the 15th India-EU summit:-

The 15th India-EU Summit was held virtually, with India being represented by Prime Minister Modi and the EU by Mr. Charles Michel, President of the European Council and Ms. Ursula von der Leyen, President of the European Commission. The leaders agreed to strengthen the EU-India Strategic Partnership based on shared principles and democratic values. They reiterated their support for multilateralism and a rules-based multilateral order with the UN and WTO at its core. They also decided to bolster cooperation at multilateral forums to reinforce international security and other aspects. Both sides will also enhance their partnership in support of sustainable modernization by boosting cooperation to support the clean energy transition, resource efficiency and circular economy. The two sides agreed to explore concrete initiatives, including possible future comprehensive connectivity partnership between the EU and India and to seek synergies with third countries, including those in the Indo-Pacific region. As for addressing the coronavirus crisis, leaders agreed to further develop their trade and investment relations to make use of the opportunities during the crisis. They agreed to set up a regular High-Level Dialogue to enhance conditions of traders and investors. With regards to climate change, both sides welcomed the efforts under the Climate Energy and Climate Partnership and agreed to cooperate on its implementation. They agreed to launch a dialogue to reinforce maritime security, especially in the Indian Ocean, where 40% of the bilateral trade passes. Both sides agreed to enhance convergence between their regulatory frameworks to ensure high-level protection of personal data and privacy. They will upgrade their dialogue and cooperation on technology and engage in promoting global standards, safe and ethical deployment of 5G and artificial intelligence. India and EU launched negotiations on the working arrangement between Europol (law enforcement agency of the EU) and the CBI. The 'EU-India Strategic Partnership: A Roadmap to 2025' was adopted during the summit. This will guide the bilateral relations over the next 5 years. The leaders adopted a Joint Declaration on Resource Efficiency and Circular Economy and welcomed the upcoming renewal of the EU-India Science and Technology Agreement for another five years. The 16th India-EU Summit will be reconvened in 2021.

The challenges faced by India-EU relations:-

Political:

The abrogation of article 370 and 35A and the passing of Citizenship Amendment Act (CAA), 2019 received considerable attention from the EU, with a large number of Members of European Parliament speaking out on possible human rights. The formalized and concerted nature of the EU MEPs' response reveals the high degree of focus the European Parliamentarians have rendered to these decisions. The issue of CAA was once again raised during the 15th India-EU Summit. This deviates from the previous policy of non-interference in matters that are declared to be internal affairs. At the same time, the EU has remained silent when it comes to China's blatant human rights violations in Xinjiang and Tibet. It did not even question the draconian National Security law in Hong Kong. Just recently, Germany has removed the flag of Taiwan from its official website, replacing it with a white triangle and stripping the democratic Republic of China of its identity in response to PRC's objections. It is evident from the aforementioned issues that the EU is tilting support towards an opaque and totalitarian regime while opposing the transparent and democratic functioning according to rules-based global order.

Economic:

India and EU launched negotiations on Broad-based Trade and Investment agreement in 2007. However, these negotiations were stalled in 2013. It remained elusive at the 15th India-EU summit, with India just stating that there is no deadline for the free trade agreement, which is officially called the Bilateral Trade and Investment Agreement (BTIA). Though the bilateral trade has grown, it remains well below potential. Unlike with some other partners, India and the EU enjoy a balanced trade relationship with bilateral trade. Yet, over the years, new trade and investment issues have been added. The need for investment protection has been illustrated by the devastating impact of the COVID-19 on European countries and its subsequent disruption of supply chains and manufacturing, which potentially endangers Indian investments in Europe and vice versa. The lockdown consequences like the decline in production and exports and temporary suspension of projects have a direct impact on several partnerships.

China's influence:

European Union's close ties with China are because of its high dependence on the Chinese market. Between 1995 and 2012, Germany, the EU's economic powerhouse, enhanced its trade value by 37%, the largest portion of which came from supply chains in China. The EU Chamber of Commerce in China recently released its Business Confidence Survey 2020. The survey stated that most European businesses are chiefly "in China, for China". These companies are hoping for Xi to make fundamental changes by utilizing the coronavirus-crisis.

Technological cooperation:-

Reducing dependence on Chinese technology is necessary for both sides as it is making them highly vulnerable to Chinese aggression. In this context, India and the EU can build strong domestic technological bases via talent exchanges, providing work permits for students and professionals, reciprocal market access for business, joint initiatives for research and innovation. The EU can make use of India's ICT and manufacturing potential to enhance capacities for sourcing components and supporting technological development. Digital trade can be facilitated by adjusting the existing bilateral trade policy.

This is especially vital now amid the on-going strategic technological competition between the US and China, which makes depending on global digital supply chain challenging. Both sides can look for ways to provide for technological safety protocols and privacy provisions for improved cyber security. They can jointly promote democratic principles through institutions like the Global Partnership on Artificial Intelligence and D-10 (G7 plus Australia, South Korea and India). Both sides can collaborate to develop common ethics and a set of principles that should fortify technological development and deployment.

Supply Chain:

Europe should take cognizance of its supply chain's vulnerability, the risk posed by overdependence on China, and the need to strengthen the global community of democracies. The EU needs to increase its power to attract Indian talent, which is mostly heading towards the UK. The UK is the biggest recipient of the Indian diaspora among the EU member states, hosting 65%, followed by Netherlands (8%) and Italy and Germany (both around 6%). Both sides can work on a mutually beneficial supply chain mechanism as it would create new synergies in terms of business and connectivity between India and the EU.

Climate Change:

Multilateral cooperation is vital to address the issues of climate change. The Paris Agreement and EU-India Clean Energy and Climate Partnership would provide a foundation to further improve the bilateral ties. The partnership should include promotion and removal of risks of investments in renewable energy and green technology. The post-COVID-19 stimulus should focus on green infrastructure, joint research and development and business cooperation to ensure the green transition. Both sides can facilitate the creation of institutions that attract financing to sustainable growth, similar to the Green Growth Equity Fund by India and the UK. Long-

term strategies must be developed to ensure emission reduction, adoption and building resilience. Industrial participation can be increased as, though India is a global leader in renewables, it still needs to decarbonize heavy industry and heavy-duty transport, where Europe has the experience and innovative technology.

Health:

The on-going pandemic has shown the need for cooperation in global health. India and the EU have called for a reform of the World Health Organization. This can be taken as a mutual interest in the global arena. Both sides must further discuss vaccine issues and future pharmaceutical production opportunities. Amid this pandemic, Europe's high dependency on Asian countries for critical health goods was revealed. India too found its health sector's limitations during this crisis. In this context, India can have improved access to European healthcare technologies and the EU countries can leverage the potential of India's pharmaceutical sector. Therapeutics, disease management and preventive technologies can also be some of the areas of cooperation.

Economic relations:

European countries have a general interest in remaining open for trade, as closing down economies due to fear of uncertainties does not bode well for economic growth. India is already a major partner for Europe in supplying medicine and research. The current trends predict that the Indian economy would be equal to the EU and the second largest in the world after China. Common interests in economic aspects can pave the way for more improved diplomatic relationship.

Free Trade Agreement:

The stagnated FTA negotiations need to be addressed as soon as possible. A study from the European Parliament assessed that the potential impact of the EU-India trade agreement would provide between €8 billion and €8.5 billion because of increased trade from both sides. It noted that more significant gains are likely to flow to India. The study also refers to additional potential gains from enhanced coordination on the provision of global public goods like environmental standards. Taking this into consideration, both sides need to display political leadership to further negotiate trade aspects of the relationship. If the Bilateral Trade and Investment Agreement is not considered possible, then this infructuous exercise should be permanently suspended and more modest agreements should be salvaged in the areas of mutual interests.

Other than trade:

The Broad-based Trade and Investment Agreement and the 30 other bilateral instruments of engagement have only resulted in an underperformed partnership. The partnership is held captive by the diminishing promise of a free trade agreement, with negotiations not succeeding in achieving unrealistic aspirations. The India-EU relationship should not be centred around the FTA, but more on whether India and EU countries can become part of "trusted" global supply chain networks.

New geostrategic outlook:

There are about 6,000 EU companies investing in India. However, this is only half of that in China, whose economy is currently suffering because of the fall in demand and increased production. The EU should deal with India with new geopolitical interest. It can do more with connectivity agenda and provide support to infrastructure via low-cost financing. India, for its part, can provide incentives to attract more investments from European countries, especially in vital sectors like healthcare.

Strategic autonomy:

Both sides are facing issues related to US-China trade war and uncertainty of the US' policies. India and the European Union have a common interest in avoiding a bipolarized world and developing a rules-based order. India and the EU can make a difference in international politics by standing up to these issues through strong political alliance.

Multilateralism:

Both sides can make use of existing multilateral forums like the UN and G20 to promote rules-based order that ensures inclusive growth. They can develop joint initiatives to reform the WHO and the WTO.

Strategic foresight:

India and the EU can take efforts to improve their capacity to anticipate risks, crisis, challenges and opportunities that arise from global developments. For this purpose, they can set up a joint mechanism for common strategic foresight. Strategic foresight would also include sharing and assessment of potentially sensitive data. This necessitates the need for mutual trust.

Conclusion:

A close bilateral relation between India and the EU has far-reaching economic, political and strategic implications on the crisis-driven international order. Both sides should realize this potential and must further the growth of the bilateral ties with a strong political will.

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