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The Eu and India: Common Interests, Divergent
Policies

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Abstract

2013 marks 50 years of India-EU relations. Most of this period witnessed cordial but largely unsubstantial relations. It was only a decade ago that relations took a leap forward, when the EU and India launched a Strategic Partnership. The Partnership promised a radical shift in relations that could have impacted the geopolitics of South and West Asia, but failed to take off as conceived. While India and the EU have created a web of engagement, especially in development, science and technology, cooperation on multilateral issues has been limited; moreover, their partnership has suffered a number of setbacks.

Today the partnership stands at a crossroad. It can either chug along its path of growth in bilateral relations, or it can work for greater policy convergence on critical multilateral, regional and international issues. This paper examines the prospects for the latter.

Keywords

India, EU, Partnership

Introduction

2013 marks 50 years of India-EU relations. However, most of this period witnessed what were cordial but largely unsubstantial relations. It was only a decade or so ago that relations took a leap forward, when the EU and India launched a Strategic Partnership. The Partnership promised a radical shift in relations that could have impacted the geopolitics of South and West Asia (as the Middle East is officially called in India), but a mid-term review showed that the strategic elements of the Partnership had failed to take off as conceived. While India and the EU have created an enormous web of engagement, especially in development, science and technology, their cooperation on multilateral issues has been limited; moreover, their partnership has suffered a number of case by case setbacks, for example on Climate Change.

Today the partnership stands at a crossroad. It can either chug along its newly trodden path of growth in bilateral relations, or it can make a determined effort to take the next step of working for greater policy convergence on critical multilateral, regional and international issues. This paper examines the prospects for the latter.

The India-EU Strategic Partnership

The EU and India established diplomatic relations in 1963, but these relations grew qualitatively and quantitatively only in the 1990s. The change began with India's liberalization policies of the 1990s, which accelerated EU-India trade; the EC and India issued a joint diplomatic statement in 1993 and signed their first cooperation agreement in 1994. Trade between them has grown steadily since then. In 2002, India was the EU's 15th largest trading partner; today it is the 8th. If trade between India and all EU member-states is totaled, the EU is India's largest trading partner.

The relationship was elevated to a Strategic Partnership in 2004, "based on shared values and mutual respect":

"A new strategy should be guided by the following objectives: to promote peace, stability, democracy, human rights, the rule of law and good governance, *inter alia* by fighting terrorism and illicit trafficking; to co-operate on fighting poverty, inequality and social exclusion, and on sustainable development, environment protection, and climate change; and to enhance economic interaction and secure a strengthened international economic order."¹

According to the then Foreign Secretary of India, Shyam Saran, the early 2000s were a time of great expectations for EU-India relations.² Between the 2000 Lisbon Summit at which the EU and India declared their interest in a strategic partnership, and the announcement of the Partnership in 2004, there were annual summits with a number of working groups being set up, including the EU-India Round Table and a slew of visits between EU and Indian officials. The process was not smooth: the second summit, in November 2001, was close on the heels of 9/11 and was low level;³ the third, in October 2002, under the Danish Presidency, was marred by the Danish desire to discuss Jammu and Kashmir at a time when India's relations with Pakistan were still tense following the terrorist attack on

¹ COMMISSION OF THE EUROPEAN COMMUNITIES, Brussels, 16.6.2004 COM (2004) 430 final, COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE EUROPEAN PARLIAMENT AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, An EU-India Strategic Partnership, {SEC (2004) 768}

² Comments made at the Delhi Policy Group-EU Delegation to India conference on *Global Trends and Global Governance: Can the EU and India Cooperate?*, January 14, 2013, New Delhi (India International Centre)

³ It was seen in India as "downgrading" the relationship, because three of the top EU functionaries were missing, Rajendra K. Jain, "India, the European Union and Asian Regionalism", Paper presented at the EUSA-AP conference on "Multilateralism and Regionalism in Europe and Asia-Pacific," Tokyo, 8-10 December 2005. http://www.eusa-japan.org/download/eusa_ap/paper_RajendraJain.pdf, p.3

India's Parliament; it was only at the fourth summit, in November 2003, that the partnership was set to take off. While much of the credit for the rescue goes to EU Commissioners Chris Patten and Javier Solana, it was the institutionalized discussions between the working groups that fed into the Strategic Partnership document, with the EU identifying a vast range of issues for dialogue and eventual cooperation, divided into four broad heads:

I. Improving International Cooperation, which would include promoting multilateralism at the UN, conflict prevention and post-conflict reconstruction, non-proliferation of weapons of mass destruction, the fight against terrorism and organized crime, migration, democracy and human rights, and peace, prosperity and stability in South Asia.

II. Strengthening the Economic Partnership, which would include strategic policy dialogues on, for example, regulatory and industrial policy and the environment, strategic sectoral dialogues on information society, transport, energy, biotechnology and space, efforts to boost trade and investment, business-to-business cooperation, synergies in science and technology, finance and monetary affairs.

III. Development Cooperation, which would include working with Indian states on health, education, gender and infrastructure, and EU-India joint projects in post-conflict countries, especially in Africa, as well as cooperation on achieving the MDGs in India and abroad.

IV. Increasing Mutual Understanding, through Parliamentary exchanges, academic contacts and cultural exchanges.

India responded to the EU Commission's Communication with a Strategy Paper proposing a relationship that would be "immune from the vicissitudes of either side's relationship with a third party". The Strategy paper amplified the Communication's proposals for cooperation on multilateralism, and proposed that the India-EU Joint Working Group on Anti-Terrorism be upgraded to a Joint Working Group on Security Cooperation with five sub-groups on narco-terrorism, money laundering, document security, cyber terrorism, and institutionalized cooperation through Europol. Significantly, India's Strategy Paper also suggested regular exchange of information and views on developments in South Asia, the Middle East, Afghanistan and Iraq, which could lead to mutually complementary if not joint policy formulation.⁴

In effect, the Strategic Partnership laid out three strands for EU-India joint action:

- **Peace and Security**, which ranged from multilateral capacity-building through institutional development of the UN, to counter terrorism, piracy and cyber security, to regional concerns in South and West Asia or the Middle East;
- **Global Governance**, which ranged from reform of the UN and international financial institutions to support for emerging democracies and achieving the Millennium Development Goals; and
- **World Economy**, which included measures to stimulate growth, inclusive development and climate change negotiations.

Achievements and Gaps

How did the Partnership work? At the Sixth EU-India Summit (September 7, 2005), a roadmap in the form of a detailed Joint Action Plan was agreed, alongside a commitment to review its implementation annually. In the following year, India and the EU set up a Security Dialogue, a Dialogue on Migration and Visa Policy, sectoral Working Groups on Pharmaceuticals and Biotechnology, Agriculture and Marine Products, Food Processing, Technical Barriers to Trade and Sanitary and Phytosanitary Issues, and a High Level Trade Group, all of which held meetings in 2006. The EU applied for and gained

⁴ <http://meainida.nic.in/onmouse/EU-Indian.pdf>

observer status in the South Asian Association for Regional Cooperation (SAARC) with India's support. India became a participant in the International Thermonuclear Experimental Reactor (ITER) project on fusion energy with the backing of the EU. The two supported establishment of the United Nations Human Rights Council and the United Nations Peace-Building Commission. The number of EU scholarships more than doubled, and the EC supported establishment of an Academic Network of European Research related to India (ANERI). There were a series of meetings on energy and clean development mechanisms, including an EU-India Energy Business Conference. The EU-India Energy Panel also agreed to launch a set of studies on energy. An EU-India CEO Round Table was set up, led by the Confederation of European Business (CEB/UNICE) and Confederation of Indian Industry (CII)/Federation of Indian Chambers of Commerce and Industry (FICCI).⁵

A mid-term review conducted by the EU in 2007-2008 showed further progress in bilateral cooperation, noting that trade had more than doubled, and to some extent ties in multilateral forums had expanded. The EU and India began to cooperate in the Asia-Europe Meeting process (ASEM), added a dialogue on macroeconomic policy and began negotiations for a bilateral trade and investment agreement in 2007. Science and technology exchanges were elevated to ministerial level, and the European high speed research network GEANT 2 was connected with its Indian counterpart ERNET, allowing European and Indian researchers to develop joint projects. In pharmaceuticals and biotechnology the EU and India started working on validating Ayurveda products as para-medicines or food supplements. An EU blue card was approved in Brussels, which would solve some of the migration problems discussed between India and the EU. And the European and Indian Parliaments formed special delegations for promoting bilateral parliamentary relations.⁶

Similarly, the two committed to cooperation in the International Partnership for Energy Efficiency Cooperation (IPEEC) that was launched in May 2009 at the G8+5 Energy Ministerial Meeting in Rome and the International Renewable Energy Agency (IRENA), while the EU and its member-states extended full support to India's bid for membership of the Financial Action Task Force (FATF), to combat terrorist financing and money laundering.⁷ India gained membership and the EU and India are now cooperating in the Task Force.

Some progress was also made on anti-piracy issues. In 2011 Indian and EU experts agreed in principle to cooperate in the escorting of World Food Program shipments, enhance the regulation of privately contracted armed security guards under the International Maritime Organization, and share piracy related information with the aim of improving the situation of hostages and tackling the illegal financial flows linked to piracy off the coast of Somalia.

However, the cooperation between Europol and the CBI that was included in the Joint Action Plan did not materialize (by contrast, the US FBI and CBI shared more intelligence), the bilateral Broad-based Trade and Investment⁸ and maritime agreements remain under discussion, and the EU-India agreement on Galileo has not been finalized. It was not until 2010 that the EU and India concretized their discussion on counter-terrorism cooperation, issuing a Joint Declaration that they would encourage all countries to deny safe haven to terrorists and dismantle terror infrastructure on the territories under their control, improve sharing of strategic information, explore the possibility of an EU-India Mutual Legal Assistance Agreement and an EU-India Agreement on Extradition, work on

⁵ EU-India Joint Action Plan: Implementation Report, Helsinki, October 13, 2006, <http://www.mea.gov.in/bilateral-documents.htm?dtl/6347/EUIndia+Joint+Action+Plan+Implementation+Report>

⁶ EU-INDIA SUMMIT Marseille, 29 September 2008, Global partners for global challenges: The EU-India Joint Action Plan (JAP)

⁷ India-EU Joint Statement November 2009

⁸ It is hoped that it will finalized before the February 2013 Brussels summit

cyber security and coordinate efforts against terrorists and terrorist groups to deny them safe haven and freedom of travel.⁹

Similarly, the two have more disagreements than agreement on climate change negotiations. India was among the countries that negotiated the Copenhagen Accord of December 2009, committing to take appropriate national steps to mitigate climate change effects actions and set up monitoring and verification mechanisms, following which the Indian government established a National Council on Climate Change, reporting directly to the Prime Minister, and adopted a National Action Plan. However, EU-India negotiations on a civil aviation agreement are held up by the EU's adoption of airline carbon credits, which India argues is discriminatory, and the current emission cuts being discussed internationally are not proportionate to each country's scale of emissions.

Assessing the Difference

By 2012 the following trends could be discerned in EU-India relations:

- The **areas of progress** included trade, science and technology, especially space and biotechnology, some areas of security (counter-terrorism, cyber crime, piracy), energy, development, and some aspects of multilateral institution building, such as creation of and participation in new multilateral forums.
- The **areas of no progress, even regress** include some which are predictable – for example, both climate change and reform of the Bretton Woods institutions have a direct impact on national interests and negotiations can be expected to be hotly contested – and some which are surprising and revealing. Arguably the most surprising failure is on current affairs. The EU and India have discussed Afghanistan, the Arab spring and winter, Myanmar, Nepal, Israel-Palestine and Iraq, but these discussions do not appear to have resulted in any policy decisions let alone joint actions. Indeed neither appears to have influenced the other's policy decisions on South or West Asia.

Clearly the two are concerned about this vacuum. In January 2012 the India-EU Ministerial Meeting decided to hold annual foreign policy consultations to strengthen political dialogue. But in this case, while a structure remains helpful it may not solve the problem. Overall, the India-EU partnership has yielded a large number of small, if significant, steps that will strengthen a bilateral partnership in the long run and help in developing workable international treaties and/or institutions. But the incremental process of small steps is ineffective when it comes to dealing with crises that demand immediate policy responses, such as in Syria.

Though there have been moments when Indian, EU and international concerns have converged, for example on safe delivery of humanitarian aid, India has by and large been cautious on policy towards Syria while EU member-states have sought pro-action in varying degrees. Overall, India along with the international community supported the Annan Plan and now supports Mr. Brahimi's mission. But India did not follow up its brief foray into peacemaking along with Brazil and South Africa in 2011 (when India was in the UNSC chair),¹⁰ and does not seem likely to repeat it soon.

While India and the EU might not succeed in influencing each other on Syria policy, their failure to work together on international policy and commitments towards Afghanistan is more surprising. Here was an obvious area to cooperate on the "new strategy" described in the EU Communication of 2004 to "promote peace, stability, democracy, human rights, the rule of law and good governance, *inter alia* by fighting terrorism and illicit trafficking; to co-operate on fighting poverty, inequality and social

⁹ EU-India Joint Declaration on International Terrorism, Brussels, 10 December 2010

¹⁰ For a brief description of the initiative see Radha Kumar, "Peace and Security: The Responsibility to Protect", in Alvaro Vasconcelas (ed), *The Challenges of Inclusive Multilateralism*, The 2012 Global Governance Report.

exclusion.”¹¹ But the EU appeared content to let the US determine policy; perhaps a new space for cooperation will open in the Decade of Transformation (2015-24).

Similarly, India and the EU have made only slow progress on the reform of international financial institutions, though the economic crises of the past decade gave long overdue momentum to the push for reforms. Partly at G-20 initiative, in December 2010 it was decided to reform the IMF by shifting 6% of the vote share to countries like China, Russia, Brazil and India, but this still leaves the US and EU member-states with a 54% majority. Advocates for further reforms additionally suggest that the G-20 be formalized as an institution, and the IMF undertake internal governance reforms to accommodate participation by developing and emerging economies in IMF decision-making.¹²

Conclusions

What does all this suggest for EU foreign policy towards India? First of all, the EU and the EC are doing some things right. The science and technology collaborations are growing rapidly and aiding bilateral development and if the trade and investment agreement is signed it should provide a further boost. Moreover, the wide web of relationships provides a cushion for growth in some areas even when others suffer.

However, the political side of the relationship remains a cause of concern. In the mid-2000s the EU and India tried remedial action by upgrading engagements at the Ministerial level but first the EU economic crises and then the Indian slowdown have turned both inwards. As a result the relationship lapsed into bureaucracy.

What are prospects for the two to bring dynamism back into the Partnership? On the pessimistic side, both are yet to emerge from their economic crises. As far as South Asia is concerned, the EU has more or less withdrawn, though the formal end of mission Afghanistan is 2014. In West Asia/Middle East, however, both have to deal with rapidly changing situations. As Indian analysts point out, the US’ shale energy revolution means less dependence and probably less presence in West Asia, with China most likely stepping in. While India is likely to be more energy dependent on West Asia, Europe too will continue to have energy stakes there. For both, therefore, it is important to contribute towards stability in the region. Here is an area for political discussion and policy influence between the two.

¹¹ COMMISSION OF THE EUROPEAN COMMUNITIES, Brussels, 16.6.2004 COM (2004) 430 final, op cit.

¹² Renu Kohli, Lead Economist, DEA-ICRIER G20 Research Programme, “Reforming International Financial Institutions: Need for Global Cooperation”, presentation at the Delhi Policy Group-EU Delegation to India conference on *Global Trends and Global Governance: Can the EU and India Cooperate?*, January 14, 2013, New Delhi (India International Centre).

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