

Strengthening relations between Europe and India: Which partnership for the 21st Century?

On 13 February 2015 experts from Europe and India gathered to discuss the relationship between India and the European Union (EU) at a roundtable co-hosted by the LSE European Institute, the King's India Institute and the LSE India Observatory. Vandinika Shukla and Sonali Campion round up the day's discussions.

The conference opened with a warm welcome from head of the European Institute, Professor Maurice Fraser, who called for the assembled to cast a critical eye over the India-EU relationship, currently built mostly on trade, education exchanges and aid. He drew a picture of unfulfilled potential, deriving from mutual misunderstandings and competing priorities. Co-director of the Asia Research Centre, Dr Ruth Kattumuri also regretted that two equally diverse unions with interconnected histories had failed to build on shared interests more effectively.

Conference organiser Raphaëlle Khan (King's India Institute) stressed that the importance of India and the EU as two major players on the global scene but also indicated that their relative ignorance of each other called for further dialogue and analysis. In this perspective, the event aimed at contributing to a cross-continental conversation between experts from the academic and policy world. She concluded the welcome with the hope that it would begin a more sustained dialogue on India-EU relations.

Session 1: The peacock and the stars: general issues, mutual perceptions, worldviews and global evolutions

India and the EU both have long histories but are relatively new players on the international scene in their current forms. The panel chair Professor Anand Menon (King's College London) highlighted recurring problems experienced by both, such as EU inaction stemming from indecisive constituent nations, and the resistance of regional governments to central intervention in India. He also acknowledged that both are located in "problematic neighbourhoods" and could consequently be forgiven for prioritising regional relations.

Menon posed three questions to the panel:

1. What perceptions do India and the EU have of each other?
2. How has history influenced these perceptions?
3. What are the opportunities and challenges for improving relations?

Sir Michael Arthur (former High Commissioner in New Delhi), argued that the relationship has been going backwards, not forwards, in recent years. He pointed to the challenge of getting the EU to wake up to the possibilities of working more closely with India. He also suggested that India very much sees the world in terms of nation states and therefore struggles to recognise the EU as more than the sum of its parts. As a result, India has better relationships with individual member states, particularly the UK, Germany and France.

Ms Maria Castillo-Fernandez (**European External Action Service**) picked up on the issue of China, which tends to dominate discussions about Asia in Europe. The EU agenda in China is more substantive, and Castillo-Fernandez argued that this is incentivised by the sense that China wants to engage with the EU. India in contrast tends to give the impression that it is only interested in the EU on a purely commercial level. Even here the Free Trade Agreement (FTA) between the two entities remains stalled. She expressed hope that Prime Minister Modi's visit to Europe in April will encourage movement on this but unfortunately **Modi's visit to Brussels has since been cancelled.**



Session 1 panel

Ms Karine Lisbonne-De Vergeron (Global Policy Institute) added that India's scepticism towards the EU has been heightened by continuing problems in the Eurozone, which has undermined the perceptions of economic competitiveness at a time when India is growing more economically self-confident. She spoke of the two entities as having "diverging rather than converging interests" as India seeks to bolster its position in the region and develop its "special relationship" with the US, leaving no clear place for the EU in India's aspiration for growth. Having said this, Europe remains India's chief trading partner, accounting for 14% of trade. Lisbonne-De Vergeron also touched upon the stalled FTA, arguing that the impasse could be linked to India's own economic crisis in recent years, and the fact that this is seen as directly linked to FTAs signed with others.

Session 2: Partners in trade and development cooperation?

The value of trade between the EU and India is substantial, having grown by from €28.6 billion to €72 billion between 2003 and 2013. However, the FTA remains a sticking point. Session chair **Dr Eddie Gerba** (LSE) indicated FTA negotiations covered multiple areas, including access to markets, goods and services, procurement contracts, investment and issues of sustainable development. The most contentious points include the financial sector, intellectual property, the agricultural sector and tariff barriers e.g. on cars and alcohol.

Gerba kicked off the panel discussion by asking "Is the real goldmine of trade for the EU China or India?" **Dr Michael Gasiorek** (University of Sussex) argued that the EU should be prioritising China, partly because China is already a significant trading partner, but also because integration into Chinese value chains is likely to be useful in the future. **Hosuk Lee-Makiyama** (ECIPE) insisted that it should not have to be a question of one over the other. However, growth is an investment driver and China is therefore currently more appealing on this very basic level. **Dr Ramon Pacheco Pardo** (KCL) emphasised that while there is a great deal of political drive to develop relationship with China, this impetus has been lacking in relation to India resulting in failure to progress on the FTA.

To the question "would a solution on industry-specific deals help catalyse trade?" Lee-Makiyama suggested no, on the basis there are so many barriers in each industry, from pharmaceuticals to IT. He emphasised that out of all the G20 economies, India is the least integrated into the world economy. What is more, it does not behave as a single economy – there are different drivers for growth in different sectors, and huge regional variation. Gasiorek agreed cross-sector linkages make negotiations of FTA more complicated and argued India desperately needs reforms to make it more appealing to the EU. There was a general consensus among all panellists that excessive regulation and red tape continue to hinder the economic relationship.

Session 3: Security cooperation and strategic issues: which engagement? Which convergence?

Gideon Rachman (Financial Times) chaired the penultimate panel, which also featured **Hans Kundnani** (European Council on Foreign Relations), and Chris Sell (**UK Foreign and Commonwealth Office**). Rachman opened by contextualising the security discussion in the global context. There is sometimes an assumption that as a democracy, India will align with other democratic nations on decisions in multilateral contexts. However, India's resistance to climate change treaties and its neutral response to the Ukraine crisis point to a different story as India aims to promote a multi-polar world order – an aim that is better served by the BRICS countries than by the EU. The security discussion in relation to India is further complicated by the situation in Kashmir, and by the fact that India is now the world's largest arms market.

Kundnani picked up on the idea of India as a “swing state” on the global stage and further explored the role of values in the EU's (currently flimsy) “strategic partnership” with India, suggesting that the distinction between democracies and non-democracies is significant and therefore that the EU should prioritise India over Russia and China on the basis of political systems. He then asked what a more robust strategic partnership with India might look like, raising the question of the shifting security environment in Asia. For example, as China grows other Asian countries are stepping up security cooperation with each other and with external powers such as the US and even Britain and France. Kundnani argued that the debate within Europe about how it fits into the security picture is only just starting and there are already signs that the Germans are more reluctant to get involved than the British or French. This would suggest there is no EU vision of what the relationship with India should look like.

Sell offered an overview of ongoing security challenges facing India, as well as acknowledging the new threat from Islamic State. Terrorism is a persistent concern which, along with Kashmir, overshadows relations with Pakistan. There is also a fear of another Mumbai-style attack – is it a case of ‘when’ rather than ‘if’? How should the country react if it does happen? The removal of the US security umbrella in Afghanistan also concerns India. Afghanistan, in turn, has asked for military support, inviting India to play a greater role. The rise of China also creates security concerns, particularly as the two nations share the longest disputed border in the world.

The discussion that followed the panel presentations was wide ranging, touching upon incentives for the EU to prise India away from Russia, prospects for a joint project on Chinese containment and a coordinated response to militant Islam. However, throughout the panel there was a sense that given both the EU and India are themselves so uncertain about their stances on the various threats, there is unlikely to be decisive coordinated action in the immediate future.

Session 4: International Institutions and global governance

Chaired by **Dr Ruth Kattumuri** (LSE), this engaging session focused on the real and prospective divisions, similarities and opportunities of a shared vision between the EU and India in global governance.

Dr Ehtisham Ahmad (LSE) emphasised that actions of the World Bank and IMF are predominantly political, particularly at the cost of developing countries. What is worrisome then, according to Ahmad, is that colonial masters are still running these multilateral institutions in a post-colonial world. The creation of the BRIC bank was driven by a similar frustration felt by important developing countries. However, the BRIC bank did not take off as expected due to financial crisis and an unclear political consensus among the BRICs. We can expect to stumble upon from crisis to another as long as we are within the same global infrastructure.

Ms Nishana Jayawickrama (**Commonwealth Secretariat**) brought India's role in the Commonwealth to the discourse on paradigms in global governance. India has arguably not played up to its strengths and continues to present itself as a development partner. Nevertheless,

India's role is shifting over the years, from being a recipient of Commonwealth technical assistance to now offering expertise in key areas like conduct of elections.

Dr Benjamin Kienzle, (KCL) followed with an analysis of India-EU relations based on their respective foreign policies. The discourse on global governance must now focus on the lack of mutual interest in collaborating within multilateral institutions, instead of the different visions of what multilateralism is between EU and India. The two collaborate only if forced to act together. This is particularly evident in the nuclear field. The EU has turned into a fierce defender of existing Nuclear Non Proliferation regime, whereas India largely remained outside that regime. However, India has recently become more closely involved in the regime, especially through the bilateral agreement between USA and India, which has forced EU to engage with India. Yet, there remain questions that EU needs to answer, which can determine its interaction with other nations. How far should the EU use multilateralism to promote its interests?

Dr Gareth Price, (Chatham House) concluded the panel with optimism that there exists logic for EU and India to ally within multilaterals, or else global leadership will be dominated by China and the USA. This alliance can come from an exchange of their respective strengths. EU can help meet India's demand for soft power, technology, education and expertise on climate change.

Conclusion

There was a strong sense throughout the day that despite historic ties, democratic governance and shared security concerns both India and the EU are currently failing to prioritise each other. However, the roundtable offered a thorough and insightful introduction into the enormous potential of a stronger India-EU partnership and highlighted tangible areas where cooperation can be developed in both the short and longer term.

Note: This article gives the views of the author, and not the position of the India at LSE blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.

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