

# India and the European Union. A precarious relationship

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**Abstract** The introduction of the “strategic partnership” between India and the EU in 2004 was an attempt to gradually deepen and institutionalize diplomatic relations and cooperation between the two entities within a number of areas such as multilateralism, security and human rights, enhancement of commercial and economic exchanges, sustainable development, climate change and poverty, and promotion of interactions at the civil society level. A joint action plan was later signed, but the relationship has not yet evolved into a strategic level between two equal partners. Seen from both sides, there are inadequacies and inconsistencies in the way the partnership is being conducted. There are serious complaints especially from India’s perspective about the dialogue itself and a lack of deep and serious commitment to move beyond the obvious and in some cases what is described a patronizing tone from EU delegations. This paper gives an overview of recent developments in the relationship with an emphasis on the period since the beginning of the European sovereign debt crisis and the simultaneous global shift away from geo-economics towards geo-politics. It utilizes a critical international political perspective which gives a coherent understanding of the interaction between what looks like a “normal” trade and investment relationship but what in reality appears as mercantilism mixed up with history, culture and politics. Adding to these difficulties are a number of domestic constraints which complicate the relationship.

## Introduction

The global economy has entered a precarious stage with a crisis starting in 2008 in the USA and a subsequent vacuum in the shifting world order challenging US hegemony and unilateral power. Indeed, it is a decisive moment for the global financial elites who sanction a technocratic and undemocratic way to overcome the sovereign debt crisis in

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Europe and the political elite in the West who seem to have a preference for a change of the clock back to old-style realist Cold War and mercantilist economics.

For the past 20 years, geo-economics has been in command with a liberal world order and to some degree a level playing field in terms of trade, investment and a global production system gradually displacing national production systems. Many scholars have noted that this has benefited emerging economies such as Brazil, China and India by the equal emphasis on global markets, competitiveness and the rolling back of the regulatory functions of the state. This may be changing at the moment where there are important signs showing a return to the hegemony of geo-politics becoming the main driver of international affairs as this is perceived to benefit the old economies of the USA and Europe. The present crisis in Europe must be understood in connection with the new wars in the Middle East, tensions in the South China Sea, the animosities between Japan and China and not least the new contradictions between Russia, the USA and the EU over Kremlin's annexation of Crimea, the war in Ukraine and Western sanctions against Russia. Seen in this perspective, geo-economics and geo-politics per se may best be described as geostrategic discourses which may co-exist at any given moment (Sparke 2007: 340; Chacko 2015: 329) rather than distinct periods.

Capitalism has been littered with financial crises, but the great recession in 2008 (Eichengren 2015a, b) erupted as a private sector induced crisis in the USA with abnormal bank lending and quickly escalated to an unprepared Europe by contagion, and government intervention was deemed necessary as the only way to save the markets. Seven years after the beginning of the crisis, there is still a political refusal to tax the rich and the financial sector and a continuing move towards fiscal restraint. Neo-liberal elites continue pushing for austerity policies and implicitly and explicitly demand a squeeze on government spending. After having bailed out the financial sector several times with public money, Europe turned towards the Asian economies and asked for financial aid. The international business media blatantly noted "who will save Europe this time?" (Canadian Business November 17, 2011).

India's promise to give \$10 billion to the IMF's European Rescue Fund came as a surprise to most observers. However, it was similar to several Asian and other economies including China, South Korea, Japan, Saudi Arabia and Brazil and also Russia who were prepared to allocate a total of \$75 billion because as former PM Manmohan Singh stressed, "As a responsible member of the international community it was our bounden duty also to make our contribution" (Times of India, 19 June 2012). This reactive response towards the American and EU's attempt to create a multilateral solution to Europe's financial woes illustrates how desperate the situation was. The stalemate of the credit crisis and what turned out to become a deep social crisis in Europe has not only continued in 2015 but also changed external perceptions in Delhi of "Europe from a zone of wealth and stability to a continent in crisis looking for handouts from abroad" (Muenchow-Pohl 2012: 9).

The world has been turned upside down and, almost two decades after the Asian financial crisis in 1997 with its humiliating consequences for the region, the dawn of a new world order and an end to Western dominance were emerging as seen from a number of catching-up economies such as China and India. The hope that these changes would lead to more diffusion of power and to more influence on global norm setting and rule-making has not yet materialized. This notwithstanding the crisis became the final signifier of the impression in Delhi that "Europe ranks at the bottom

of the list of partners in India's multipolar understanding of the geometry of world affairs" (Sachdewa 2008: 362).

The complex historical relations between member states of the EU and India especially the former colonial power Great Britain with its substantial Indian diaspora and a variety of links with the whole of South Asia would otherwise signify a good relationship between the two entities. It is also interesting that the European Commission always refers to India as one of the first countries to establish diplomatic relations with the EU in the 1960s although, historically speaking, there has been very lackluster relations between the two entities limited to the economic domain. It is in this context one has to understand the rise of India and the self-perceptions of the elite in Delhi of India's rightful re-emergence as a great power.

In recent years, India under the rule of the Congress party saw sluggish growth rates and high inflation (partly attributed to Europe's crisis) especially with food inflation in double digits, a political system which until recently appeared hit by paralysis and inability to increase its growth potential. This may have changed with the election victory in 2014 by the Bharatiya Janata Party (BJP) and Prime Minister Narendra Modi who promised a quick economic revival and who has stated his government's priority towards the East Asian counterparts Japan, South Korea and China.

The BJP's victory has reinforced the ongoing Delhi-based debate about India becoming the next superpower or great power by catching up with China and ultimately the USA. The debate in Delhi reflects a wish to regain the country's former status in the evolving structures of global governance (Muherjee and Malone 2011), but it also creates worries among realist hardliners that there is a lack of real "grand strategy" and power projections (O'Donnell and Pant 2015).

However, there are a number of important reasons why the wish for great power status may look problematic. These reasons are domestic-based (Khilnani et al. 2012), but also the growing ties to China and membership of the Brazil, Russia, India, China and South Africa (BRICS) association and Delhi's preoccupation with its immediate neighbourhood influence the wish for fast ascendancy in the world system.

In a country with almost 400 million people struggling to survive below the official poverty rate,<sup>1</sup> it is a question whether India should prioritize its excursion into the foreign sector or devote greater resources to solve its own development problems first. It is not only a political question but also a moral and ethical challenge.

Corruption among politicians and the elite is rampant and economic power has been used to abuse the "state's power of eminent domain, its control of infrastructure contracts and its monopoly of natural resources" which indicates that "India is too corrupt to become a superpower" (Guha, FT. 20 July 2011). A report from the Federation of Indian Chambers of Commerce and Industry (FICCI) and Ernst & Young showed that between October 2011 and September 2012, "corruption, including major scams (like the Commonwealth Games scandal) added up to a financial cost of Rs 36,400 crores (USD 5.92 billion). To put that in perspective, India's health care

<sup>1</sup> The poverty line is highly disputed in India and a politically sensitive question. According to the latest official estimates done by the Rangarajan committee submitted to the new BJP government in 2014, approximately 363 million people are living below the poverty level in India (Lamont FT, Sept. 2011; Times of India 7 July 2014).

budget for the year 2012–2013 was 24,890 crores (USD 4.05 billion) or 68 % of the amount lost to corruption” (Chatterjee 2014).

The scale and ubiquity of these problems are unprecedented. The corruption problem has to be seen in relation to neo-liberal reforms which are being accelerated under the current BJP government. Whether this will end politicians, the media and financial elites’ attempts to abuse public resources remains to be seen.

It is not only domestic problems like poverty and corruption that may impact India’s rise in the world system. The foreign policy establishment in Delhi is known for its preoccupation with China. The links between these two Asian re-emerging global economies is best described as one of global cooperation on transnational issues especially vis-à-vis the “West”, geostrategic rivalry at regional levels in the form of growing commercial competition and bilateral cooperation, growing trade and the unresolved border issues (Schmidt *forthcoming*). This relationship is characterized by a complicated political, cultural and historical asymmetry. China does not appear to feel threatened by India while the Indian political class seems to project a sense of insecurity in coming to grips with China’s rise in the world system (Bajaj 2011). Neither of the two emerging BRICS members has developed a real strategy towards the other. This state of affairs can be seen as “China is a more fraught subject in Indian national debates than India is for China” (Malone and Mukherjee 2010: 137).

It is somehow ironic that these two former inward-looking socialist and developmentalist states have some of the world’s highest levels of inequality, and future prospects of reconciling growth with equity make their global ascendancy fragile and filled with uncertainties. The rise of huge middle classes especially in China but also in India has not eradicated poverty since levels of inequality and uneven development have expanded with tremendous speed. It is indeed questionable whether these two Asian giants have the wish, capacity and democratic space to reconfigure the international order with their accumulating might (Jha 2010).

On the other hand, the growing trade links between the two countries may in a liberal perspective create “a Kantian peace” and reduce the chances of military conflict. As the leading BRICS country, China has become India’s biggest trading partner, and it appears that almost overnight the Chinese government and private sector have created a bulwark in the form of a pyramidal trade structure with growing trade links in Northeast, Southeast and Southwest Asia as a way to overcome the import squeeze, growing protectionism and emerging anti-China sentiment in Europe, and the USA. Whether this evolution will satisfy the political classes and strategic community in New Delhi is still an open question, but China bashing and the arms race will continue as long as there is lack of political will and lack of a pragmatic approach to diplomacy, to embrace and enhance civil society relations, real people-to-people connections, tourism and investment between China and India.

Having said this, contours of a less confrontational partnership between the two entities have been growing not only because of trade but also as an outcome of a more benevolent and reciprocal strategic view in India of China as an emerging global power. Congress- and BJP-led governments in Delhi have “prioritized” a functional and pragmatic partnership with Beijing including efforts to continue with confidence-building measures, military-to-military trust and bilateral defence interactions.

Both countries seem to acknowledge the need for a multipolar Asia, a major point they share with the BRICS and European Union but not the USA, and they show a

gradual interest in providing collective goods in the global arena and sharing responsibilities. The important mutual links between China and India do not by definition need to be based on a zero-sum game if the political elites show enough sophistication in their ascendancy in the world system.

The same might in theory be said about the EU-India relationship where the greatest impediment has to do with both India's and the EU's own domestic problems related to equity and political power dynamics and ability to create compromises among member states and across federal states and, not least, the lack of societal consensus. Adding to this, there are also problems with lack of "political will" (Muenchow-Pohl 2012b: 39) related to elite suspicion towards the former colonial powers in the EU and a renovated interest in the USA, China and India triangle (Schmidt 2014b) and priority towards the BRICS as a substitute of the EU (Schmidt 2015). In this context, the shifting geo-political and geo-economic global order is gradually replacing the traditional strategic triangle of Europe, the USA and China.

However, India's strive to become a great power would require a transformation of its polity towards a more monolithic and unitary type of state which is not existing at the moment, and it would also require promulgation of generic national power aspirations being restrained at the moment (Chacko 2015: 326).

These observations raise a number of questions which will be analyzed in a critical international political economy perspective (Schmidt 2014a, b, forthcoming, 2015).<sup>2</sup> What is the European Union's responses and aspirations towards India? Is there a tendency away from norm-based foreign policy towards an interest-driven realist foreign policy based on a coherent strategy and a wish of the European political class to establish a coherent strategic partnership with India? To be more specific, is it possible that the underperforming Delhi-Brussels relationship based on lack of trust can move away from its present state of affairs towards a more genuine and mutual collaboration based on shared interests?

The objective of this contribution is to give a critical reading of the current political and strategic ties between India and the EU. It shows that there are fundamental domestic problems preventing both sides from realizing intended foreign policy, security and global projections as well as obstructing the ability to enhance cooperation and strategic partnership based on mutual understanding and "comprehensive dialogue".

The "Introduction" outlined the background of the sovereign debt crisis in Europe and situated India's wish to reappear as a great power. This is followed by a section about initiatives to promote the geo-political and security partnership between India and the EU and a focus on why there is no real engagement taking place. The next part, the "The role of civil society and elite perceptions", touches on the blurring of foreign policy, civil society links and perceptions. The fourth part, the "FTA and the strategic partnership" section, gives an assessment of the strategic partnership and discusses whether a rising India needs a Europe in decline. And, finally, the "Concluding remarks" offers attempts to explain the

<sup>2</sup> For more on the theoretical framework about the interaction of geo-politics and geo-economics in a critical international political economy perspective, see Schmidt (2014a) and some similar empirical arguments and conclusions made in this paper but in a slightly different perspective focusing on the increasingly coherent and influential group of emerging economies consisting of Brazil, Russia, India, China and South Africa (BRICS) (Schmidt 2015).

recent shifts in interactions between India and the EU and how this impacts the intentions of the strategic partnership.

### India-EU geo-politics and security relations

The growing body of literature describing ties between India and the European Union (Wülbers 2011; Bava 2013; Jain 2014a; Sachdewa 2014) shows that there is no deepening of policy substance on issues related to diplomacy and security, only talk, process and deliberations (Jain 2014b: 20). There is no real strategic partnership<sup>3</sup> and no de facto reciprocity between the two entities. EU's and India's strategic relations reflect the lack of a real coherent strategy and may be partly explained by the limited capacity and power of domestic institutions on both sides and lack of deep engagement. The problems are exacerbated by competition and disunity between EU member states and unrealistic expectations towards India's potential contributions and a reality showing that there are few, and in most cases, no shared security concerns.

A major change in India's perception of EU's incoherent foreign policy came after the 9/11 attack and the US invasion of Iraq. The Common Foreign and Security Policy (CFSP) was shattered and in disarray since some EU member states supported the invasion while others rejected it and "The EU's external image was severely blunted and the internal incoherence further strengthened the external perception of the EU as a weak and disjointed actor" (Bava 2013: 212). This evolution is also explained by Muenchow-Pohl who notes, "India and the EU share common objectives, but these relate more to general principles for the global order than to details and deliverables. Geo-political distance and each side's preoccupation with its own neighborhood contribute to a lack of genuine shared interests—aside from the fight against terrorism and piracy". Bilateral ties between Delhi and Brussels have been characterized as "lethargic" and this has "weakened the strategic value of this under-delivering partnership. There has been a clear gap in perceptions and priorities with a large number of issues without much effort at deepening any policy substance" (Khandekar 2012: 1-2).

India's limited priority towards political, diplomatic and strategic ties with Europe left the lack of strategic reciprocity to concentrate on a trade deal and economic exchanges. The weak security dialogue may also be explained by the fact that the EU is not a rational actor but "a security community" and "though both India and Europe have shared values, they face different security contexts and do not have shared threats" (Jain 2005: 5). However, it is also important to note that Indian foreign policy projections hardly touch on Europe or the EU. These lacks of priorities are illuminated by the small staff allocated to India's embassy in Brussels.<sup>4</sup>

While the original template for a European security policy based on "effective multilateralism" or "rule-based global governance" may be a shared value between the two partners, the reality shows that fundamental disagreements persist regarding multilateral issues and differing views about security issues such as sovereignty,

<sup>3</sup> Theoretically speaking, the concept "strategic partnership" is not well defined in the academic literature. The concept denotes "noncommitment", "non-binding" and "ad hoc" instruments and may be seen as a "strategy of cooperating while competing" (Ness 2012 cf Jain 2014a: 5). The first strategic partnership between India and the EU was signed in 2004, and a joint action plan appeared in 2005 and was revised again in 2008.

<sup>4</sup> The author would like to thank one anonymous referee for clarifying these points.



humanitarian intervention but also trade/WTO, global labour issues, G20 and climate change. These disagreements are exacerbated by perceptions in India about the “colonial discourse” of EU negotiators and politicians when it comes to human rights and security and conflicts in South Asia. The view in Delhi is that Brussels is “lecturing” and utilizes a prescriptive approach and even worse tries to interfere in conflicts in Kashmir, Nepal and Sri Lanka. The EU’s policies and positions are seen as being based on double standards and patronizing, and this is undermining the EU’s self-image as an international norm creator (Bava 2013: 214-215). The EU is performing the art of “othering” so the counterpart is represented as “‘different’ and inferior, as an entity not yet able to achieve universal principles. As a result, it needs to show others how things are done” (Jain 2014b: 13).

In Bava’s words, “Europe as the ‘norm entrepreneur’ is a satiated power, whereas India is trying to become a norm setter, seeking to change the status quo in matters of global governance. The fact that the EU engage a rising Asia in different ways, underscores who shapes what aspect of global politics” (2008: 212-213; 2013: 215). It also raises the question why should India aspire to advocate democracy and human rights abroad when the EU is dealing with China as an equal partner.<sup>5</sup> The same applies to EU reluctance to condemn terrorist actions on the India-Pakistan border and even promote a pro-Pakistan foreign policy. India’s critique is also linked to the provision of Generalized System of Preferences or GSP preferences to Bangladesh and Pakistan to the detriment of Indian companies. In short, “there is a lack of political and economic attention from the EU toward India” (Wülbers 2011: 5) and a general view of demanding or even speaking with different tongues and acting one way in its own neighbourhood, the Middle East, and demanding the opposite in India’s neighbourhood.

These contradictions are even more blatant at the global governance level, where significant disagreements obstruct India’s and the BRICS’ association with EU and the USA. The conflicts and interventions in Libya, Iraq, Afghanistan and Syria all illustrate the strong adherence of the BRICS and India to the ideals of national sovereignty and non-interference. The same problems are linked to the concept of the right to protect (R2P) and other human rights issues, and this way, there are fundamentally different threat perceptions and also in dealing with the Iranian nuclear issue and the Arab Spring (Khandekar 2012: 4) and other conflicts as well. Indeed, the EU has been viewed by Delhi through the prism of NATO and is thus sometimes seen as interventionist. This has consequences for maritime cooperation in the Indian Ocean, implementation of R2P and, not least, India’s claim to obtain a permanent seat in the UN Security Council. The EU’s lack of internal consensus on the matter does not help, and the EU requesting more concrete commitment to multilateralism from India (Peral and Sakhujia, 2012: 10) illustrates a stalemate with no solution.

Formal and bilateral links based on the strategic partnership between Delhi and Brussels have in many years been seen as a “loveless arranged marriage” from India’s side where joint action plans appear to be a “laundry list” with “no deliverables”, “no

<sup>5</sup> The EU is increasingly relying financially and economically on China and has a declining leverage in international negotiations after the financial crisis (Zhimin 2013: 184-185). This illustrates a paradox since the EU relies on a soft power version of foreign policy, but a budget squeeze and the cutting down on ODA and other traditional soft power remedies reflect a declining influence in world affairs. These instruments were supposed to promote the diffusion of traditional EU values and norms.

goals” and “no timelines”. A long-term observer and scholar from India concludes that there is “no real progress” but “growing pessimism” when it comes to security (Jain 2012). The Commission in Brussels is best described by its moves to perform “supplemental diplomacy”, with bilateral cooperation between its larger member states and India continuing to dominate key aspects of collaboration and in this way adding, “to the thrust of the bilateral diplomacy of its member states. That all EU member states are neither in the Euro zone nor in the Schengen area illustrates the point” (Abhyankar 2009: 401). The undercutting of India-EU partnership is this way also the outcome of the strong bilateral relations between India and the UK, France and Germany which altogether “have led to a weak relationship with the EU as a whole” (Bava 2013: 215).

Nonetheless, increasing ties between non-state actors may challenge theoretical and academic assumptions and policymakers’ perceptions and implicitly lead to pressure for a more coherent and mutual relationship.

### **The role of civil society and elite perceptions**

Although financial capital exerts a determining influence on both domestic and foreign policy, neoliberal globalization, in itself, has also and presumably opened up power itself which has become more diffuse and diffracted through an increasingly complex, prismatic structure of socio-economic forces and levels of governance. The result is an increasing tendency of hollowing out of the state and in this case the European Union but also in India. This new situation gives space to a plethora of actors and institutions with the potential to influence the conduct of domestic policy and foreign policy as well. Transnational issues or non-traditional security threats including climate change, terrorism, cyberwarfare, pandemics, rush to secure energy and resource supplies open up the foreign policy field. Ideally speaking, it may involve a myriad of actors and influences from formal and informal organizations from transnational corporations to advocacy networks and think tanks or “epistemic communities” (networks of individuals and/or organizations based on authoritative claims to consensual knowledge).

This blurring of the levels of “sovereignty” sanctioned by socio-political forces and conflicts—internal and external to the state—concerns the classic problem in international political economy: “Who gets what, when, where, and how?” These changes are apparent in India and even more so in the EU where in some cases people-to-people advocacy and mobilization appear to be able to domestically influence foreign policy and try to impact the interregional India-EU exchanges. There is a whole variety of NGOs, civil society organizations, and trade union links and dialogues and collaborations across India and Europe which attempt to establish alternatives to official policies and suggest new policies and agendas. These activities do not only occur as a backdrop to official EU-India Summits or ASEM activities but are independent and may increasingly be seen as bilateral interregional lobbying and pressures on the conduct and problems in official bilateral ties.

Resistance against the Free Trade Agreement (FTA), discussed below, has come not only from INGOs such as Oxfam, Médecins Sans Frontières and Unitaid but also from a great number of popular mass-based movements and independent civil society based organizations like Asia Europe People’s Forum (AEPF) who challenge the neo-liberal trait of the FTA. These popular mobilizations attempting to resist and influence foreign



policy, diplomatic relations and the secret negotiations about the FTA illustrate the need to rethink and criticize the EU's de facto challenges with regard to the norm-based official rhetoric as hypocritical and filled with double standards. Resistance has also been fierce in India (Jain 2015: 190) from trade unions, farmers and civil society groups and from broad sectors of SMEs and other private businesses such as vendors and small traders who stand to lose from the conclusion of the trade agreement between India and the EU. The lack of transparency in the negotiations limits influence from civil society movements and consultation on both sides with the wider society. This is despite the huge impact on both economic and non-economic issues like the environment and social sector it may have if the FTA is concluded. It is only corporate lobbying groups in India and the EU who are close to the negotiations and who eventually may influence the final result (Wouters et al. 2015: 865).

It is also worth noting that there has been progress in strengthening people-to-people contacts through the EU's India window of the Erasmus Mundus scholarship program, scientific and technical cooperation, trade exchanges, two-way investment and EU assistance and support through partnerships with some Indian states and use of EU funds for supporting Indian government programs on health and education (Abhyankar 2009: 400). However, these activities are overshadowed by India's bilateral ties with Germany, Britain, Germany and France both through research, student exchanges and civil society relations.

These seemingly contradictory features are put in perspective by the fact that despite of the growth in civil society interaction and dialogue, there still is an important and deep information deficit on both sides "mostly because of mutual indifference and neglect" (Jain 2014a: 387). Elite perceptions and the image of the EU in India's media are fragmented and partial. It is not surprising that it is China and the USA, and not the EU, which are considered to be the most important international actors.

### **The FTA and the strategic partnership?**

India's economic relationship with the EU is also not free from problems although the EU is India's second biggest trading partner but rapidly declining vis-à-vis other trading partners. Despite that the intent of the proposed FTA<sup>6</sup> is to enhance trade, investment and create jobs, there are many serious structural problems with the implementation in the domestic context and it cannot in itself be seen as a building block in the ongoing so-called strategic partnership between Delhi and Brussels. Even if the FTA is viewed as a step forward in the partnership in the near future, the conclusion of an effective and comprehensive agreement cannot be made conditional on the successful negotiation and implementation of the FTA (Peral 2012: 9). One of the problems may be the link between the strategic partnership and the stalled negotiations of the FTA. As Wouters et al. (2015: 851) mention, it forces the EU to not only deliver results in trade but also simultaneously promote stability, democracy, human rights, the rule of law and good governance; cooperation on fighting poverty, inequality, social exclusion, sustainable development, environmental protection and climate change; and enhancing economic interaction and securing a strengthened international economic order. In addition, "Article 21 Treaty on European Union (TEU) obliges the EU to be guided by

<sup>6</sup> Called the BITA or Bilateral Investment and Trade Agreement.

democracy, the rule of law and human rights in conducting its external policies, including the common commercial policy, under which EU–India trade relations fall. The EU agenda thus consists of both negotiating an ambitious trade agreement while according sufficient significance to other objectives and values” (ibid).

The EU has strategic partnerships with China and six other partners including the USA, but with India, there are both a strategic partnership and a Joint Action plan. It seems that Washington has been more successful in its pursuit of a robust foreign diplomacy focused on security while the EU has made little attempt to address India’s new concerns in the changing international environment in contrast to the US which has attempted to take advantage of the opportunities presented by India’s changed relationship with the Soviet Union and its major successor state Russia (Allen 2013).<sup>7</sup>

Clearly, the EU perceives the strategic partnerships as promoting an EU-dominated image of multipolarity as an ideal pillar of the global governance system. Although, in principle, India may agree with this, it depends on how it is defined and the policy action that follows. This is illustrated by the remaining items omitted from the India-EU strategic partnerships (Abhyankar 2009: 401; Schmidt 2015):

1. Acknowledging India’s centrality and regional role in South Asia; it ignores India’s equally important relations with the Association of Southeast Asian Nations (ASEAN ) and North, West, Central and East Asia.
2. The area of defense/military cooperation does not find a mention even though India has the third largest active army in the world and the largest paramilitary force numbering one million. The acknowledgement of India as a non-NPT (Non-Proliferation Treaty) nuclear power and one of the largest importers of defence material would positively promote positive cooperation and exchanges in this sector.
3. Despite India’s strong interest in combating counter terrorism, cooperation in this sector has still to develop.
4. Mention of cooperation in non-proliferation given India’s impeccable record in this area would spur civil nuclear cooperation at EU level.

One explanation for these omissions is that foreign policy priorities in the EU never followed the template of neo-functionalism but were based rather on intergovernmentalist logic. EU’s foreign policy has returned to nationalist government priorities and does no longer take any precedence, not only because of the financial crisis in the Eurozone but also because of sharp divisions among member states over key issues such as Ukraine and subsequent sanctions towards Russia, support for Arab dictatorships before and after the Arab Spring, the divided stand on the Anglo-Saxon invasion of Iraq and, quite recently, the Security Council resolution on the establishment of a no-fly zone over Libya and over the conflict in Syria. A long-term analyst of European affairs notes that the perception of the EU by the BRICS, including India, has significantly changed. “Whereas vibrant Indian public opinion has always tended to be

<sup>7</sup> The American geo-politically motivated trade agreements to create the largest “free trade areas” in history first with NAFTA for North America, TPP for the Pacific, TTIP to the Atlantic and TISA, services covering some 50 states all over the world but excluding China may implicitly and explicitly impact the outcome of India-EU FTA negotiations and the “strategic partnership”.

more critical about the ability of an ageing Europe to retain a competitive edge vis-à-vis the emerging economies, and even more so about its willingness to set aside national special interests and member states prerogatives for a coherent EU foreign policy, similar sentiments were less openly voiced in China before the unfolding of the sovereign debt crisis” (Muenchow-Pohl 2012a). A typical description characterizing this image of the EU even before the onset of the crisis in Europe sees the EU as “a strange creature [that] defies easy and simple classification. It is unique, with attributes of a state but it is not a state [...] [it is] a multifaceted actor” (Bava 2005: 180).

The negative impact of the Eurozone crisis on China’s and India’s growth potential may result in a further reduction of EU’s importance in global affairs. This was highlighted by “the unsuccessful attempts to persuade Beijing to buy into the European Financial Stability Fund set up to bail out faltering Eurozone members” (Muenchow-Pohl 2012a). This was a decisive turning point between the EU, China and India. However, the picture is not complete without reference to the BRICS resistance against those EU member states who gave support to the US invasion in Iraq, the misuse of the UN mandate in Libya and, not least, the EU and US sanctions towards Russia over Crimea and the conflict in Ukraine.

Transatlantic relations are still important, but because of the inability and unwillingness of Brussels and the most important European member states to act or think strategically (vis-à-vis the outside world), the EU’s supposed insertion into the global governance structures has been fading. In fact, the EU may be seen to be in accelerating decline (Muenchow-Pohl 2012b: 4). With Obama’s foreign policy shift towards the Pacific, it seems that Europe is gradually being marginalized in world affairs (Schmidt 2014a). The world has changed, and this implies that the transatlantic partnership is becoming less important. According to Meunier, “The evolution of NATO is a case in point: nobody would invent it today if it did not already exist. It is not clear what purpose it fulfils, what security dilemma it responds to, or how it surpasses other, competing international security fora. Whereas the Americans pushed hard for EU and NATO expansion, a policy that ran through both Clinton’s and Bush’s presidencies, this now appears to have been taken off the table. Instead we now have the realist ‘reset’ with Russia” (Meunier 2010: 16 cf Ifantis and Ioannis 2012: 66) and probably a new attempt to incorporate India in containing Chinese expansion. The question is whether the new American strategy “Pivot to Asia” has any real substance. In fact, India is the only country mentioned by name as a vital partner, and this adds to the question of how it impacts the Sino-Indian relationship and also whether we are observing a real geo-political and geo-economic shift in gravity from the West to the East. This would imply a weakening of the European sphere of influence whether in the institutionalized form of the European Union or NATO as the prime Atlantic security organization (Schmidt 2014b).

There has been a lot of hype about the EU becoming a new superpower, but the reality is that although several initiatives have been taken to add a political and security dimension, it remains essentially an “economic giant but a military dwarf”. It is doubtful whether the EU will be able to develop “the capabilities” and “competences” “necessary to fully exert itself on most political and security matters” (Muenchow-Pohl 2012b: 1).

The EU is increasingly ignored by the USA, sidelined with regard to the situation in Ukraine, and divided by the attention of the BRICS. In this way, it may be argued that Brazil, Russia, India, China and South Africa’s only real concern about dealing with a united EU arises when their interests are directly affected by EU policies or when there

is a perceived opportunity to divide the European Union from the USA. This is illuminated in a paper published by EU external affairs journal where the author attempts to understand the EU's place in India's Foreign and Security Policy. He concluded that whilst India was seeking "a new pattern of strategic dialogues" (Novotny 2011:105), only the USA is regarded as a "central factor in India's foreign and security policy". The EU, unlike the USA, is not sharing common strategic interests with India either globally or, of greatest interest to Delhi, regionally in South Asia. However, this conclusion may appear premature as it excludes the increasing accommodation between India and China and also the growing importance of the BRICS (Schmidt 2015).

In a nutshell, the envisioned political co-operation between Delhi and Brussels still has not progressed very much beyond process and political dialogue, not exactly what EU had in mind when they talked about strategic partnership. The strategic partnership and the Joint Action plan emphasize cooperation on comprehensive security and defense but, so far, these issues have been omitted from the dialogue (Jain 2014a: 9).

Negotiations about the FTA have stalled in mid-2013, and the recent India-EU summit supposed to be held in April 2015 has been cancelled. This may lead to a deterioration of India-EU relations with dire consequences at all levels (O'Brien 24 March 2015) not only with regard to trade and investment or the strategic partnership but also more generally speaking a deterioration with diplomatic consequences. The EU is at the moment largely perceived as a political-economic grouping that has hardly any strategic vision and perspective with regards to the character and scope of its strategic partnership with India (Jain 2008), and the comprehensive dialogue is in fact "a paper tiger" (Wülbers 2011). What may seem obvious is that, seen from Delhi, the EU-India strategic partnership is overshadowed by the India-US-China strategic triangular relationships which tend to focus on economic, political and security issues of more immediate interest to India (Schmidt 2014b).

At the same time, it is important to understand the very low levels of convergence between the BRICS and the EU. There is an interesting parallel to the new PM Modi's emphasis on foreign policy as "geo-economics". It reflects the overall comparative advantage of the BRICS group as it relies on what Indian observers call "uber-pragmatism with business acumen" (Khandekar 2014: 2; Schmidt 2015) and is trying to take advantage of the relative liberal level playing field in global trade. Relations with the EU are in fact expected to deteriorate and get worse since Modi may "prefer to engage individual EU member states than the EU institutions" (ibid: 6 cf Schmidt 2015: 172).

### Concluding remarks

The Eurozone crisis has reduced the potential for a unified foreign policy and sharply added to the skeptical perception in Delhi of a Europe which does not present a united front towards India. The India-EU relationship has been determined by national interests in India and preferences of the EU member states which are reflected in the lack of trust and shared interests between the two partners.

This paper has given a number of reasons why the strategic partnership has not improved. Although the two entities share core values such as democracy, multiculturalism and a federal structure—albeit hybrid in the EU—these values have not been of great help when it comes to Realpolitics. Even the tone and language in negotiations are

heavily criticized and reflect historical animosities and the lack of shared interests and visions. The norms-based approach to foreign policy promoting democracy, human rights and institution building is based on ideals and what in a social constructivist sense may be termed the “official language”, but partly because of historical reasons, it is national interests of key member states in the EU like England, France, Italy and Germany that matter in Delhi and not Brussels’ idealistic promotion of sanguine values and it may be added pure mercantile interests. EU Council President Herman Van Rompuy summed up the task in hand for the EU, “Until now we had strategic partners. Now we also need a strategy” (Cf Muenchow-Pohl 2012b: 15), while India continues to presume it is not treated as an equal partner. However, this has not refrained India from signing three bilateral strategic partnerships with France, Germany and the UK.

The lack of a clear vision and definition of the strategic partnership from the EU’s side reflects a more general tendency since it remains at a “mainly rhetorical level” whether with the US, Canada, Japan, Brazil or India. The momentum behind deepening bilateral relations is confined to economic and trade matters while the political and security dimensions are lacking and this way, “the depth of the partnerships across different policy areas therefore seems directly proportional to the credibility, competences and resources of the Union as an international actor, which are uneven” (Grevi with Khandekar 2011: 7).

Besides the conflictual relationship with Pakistan and domestic conflicts, it is the strategic triangle between India, the USA and China which in the years ahead will play the most significant role in Delhi’s security strategy and foreign policy in general.

A successful FTA may enhance the possibilities of a closer strategic partnership in the future, but it would imply that member states in the EU should transmit foreign policy authority to Brussels or a delinking of the FTA from the strategic partnership. On the other hand, the lack of political will in Delhi and lack of a vibrant Indian diaspora in Europe, except in Great Britain, reflect entrenched interests and deep-rooted skepticism among key players who are involved in foreign policymaking. These considerations reflect the divergent geo-political and geo-economic interests and different regional ambitions and the present perception in Delhi of a Europe in decline, marred by fragmentation of power and divided sovereignty. In contrast, India seems to prefer the BRICS countries as this regional organization of re-emerging economies better serves India’s aim to promote a multipolar world order than what may be achieved by the relationship with the EU.

A commitment is needed from both sides to initiate formal and informal dialogues across cultures and a real commitment towards the goals that unify rather than focusing on the differences. As one scholar notes “Indian policy makers still need to discover the value of many dialogues and working groups initiated under the Joint Action Plan” (Sachdewa 2014: 430). Also, the EU needs to upgrade and invest much more energy and resources into the deepening of a committed and peaceful relationship with India.

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