



India-EU strategic partnership: a new roadmap

Rajendra K. Jain¹ · Gulshan Sachdeva¹

Published online: 29 June 2019

© Springer-Verlag GmbH Germany, part of Springer Nature 2019

Abstract

This article examines the role of strategic partnerships in Indian foreign policy and the nature and perceptions of India and the European Union about the strategic partnership. It discusses how both sides look at global governance, normative divergence, and security cooperation. It assesses Prime Minister Narendra Modi's perceptions and engagement with Europe since coming to power in 2014. It analyses the economic dynamics of the partnership and assesses the reasons for the impasse in the conclusion of a Broad-based Investment and Trade Agreement. It discusses the salient features of EU's India Strategy (2018). In conclusion, the article argues that in a more volatile world, India is re-engaging Europe with greater vigour and that both sides seek to build and consolidate the strategic partnership on commonalities.

The term 'strategic partnership' entered the international relations lexicon in the late 1990s. It has been a major tool of post-Cold War international relations, which 'enhances or justifies a close relationship between two states that seek mutual gains' (Kay 2000, 15). Strategic partnerships have, in fact, become a key foreign policy instrument in a multipolar world and are increasingly perceived as both a process and a format in which to conduct foreign relations with major players. They signify a more intense engagement at higher levels than the normal intercourse between two entities. Each one has a specific character and is structured around a series of dialogues on areas of mutual interest and possibilities for fruitful engagement. They involve 'forging links between countries that are neither allies nor adversaries, but which share a range of both common and divergent interests' (Nadkarni 2011, 48–49). They comprise several common elements: (1) they are formalized in multiple written declarations, statements, agreements, and memoranda of understandings that outline clear policy objectives; (2) they create formal institutional links at various governmental and non-governmental levels, generating multiple interactive channels at the levels of Track

✉ Rajendra K. Jain
rkjain13@googlemail.com

Gulshan Sachdeva
gulshanjnu@gmail.com

¹ Jawaharlal Nehru University, New Delhi, India

I (official) and Track II (people-to-people) diplomacy; and (3) seek to establish a stronger economic relationship (Nadkarni 2011: 48–49).

This article examines the role of strategic partnerships in Indian foreign policy and how India and the European Union perceive their strategic partnership. It discusses how both sides look at global governance, normative divergence, and security cooperation. It goes on to discuss how Prime Minister Narendra Modi has sought to engage Brussels since coming to power in 2014. It goes on to examine the economic dynamics of the partnership and assesses economic ties under the Modi administration. It discusses the salient features of the recent India Strategy announced by the European Union on 20 November 2018. It makes a number of concluding observations about the 14-year-old India-EU strategic partnership endorsed at the fifth India-EU summit and prospects for the future (European Commission 2004).

Strategic partnerships in Indian foreign policy

The conclusion of strategic partnerships has been a key element of Indian foreign policy since the late 1990s. In two decades (1997–2017), New Delhi has concluded 31 strategic partnerships with various states as well as with the European Union and the Association of South East Asian Nations—six during Atal Behari Vajpayee (1998–2004); 15 during Manmohan Singh (2004–2014), and 9 so far during the tenure of Prime Minister Narendra Modi (between 2014 and 2017). Nearly half of them are with Asia.

New Delhi's strategic partnerships reflected deepening engagement as part of the Look East Policy towards East and Southeast Asia. They also sought to build better bilateral relations with geo-strategically significant countries in terms of their potent international role or those of bilateral importance, and major trading and investment partners, as well as access key sources of raw materials, especially oil and gas. Among all its strategic partnerships, the EU remains the only entity with which formal documents in the form of joint action plans have been drawn up.

India's strategic partnerships involve one or more of six key elements: formalization in written agreements or statements; the creation of formal links or mechanisms at either a government-to-government or a Track II level, involving think-tank professionals, academics, and business people; the institutionalisation of processes for regular summit meetings or leadership dialogues; the establishment of some form of military-to-military communication; the commitment to improve economic ties; and the initiation or augmentation of bilateral public or cultural diplomacy (Nadkarni 2011, 48–49).

There is no official definition or explanation of strategic partnerships or what obligations it entails in any Indian document. They are said to be 'merely declaratory' instruments of Indian foreign policy and 'politically convenient' in terms of engaging with countries with different political and economic profiles in order to 'underline its commitment to build a longer-term relationship... by deepening ties and promoting convergence in external policies on issues of mutual interest' (Sibal 2012). Strategic partnerships signal 'a new pragmatism' in Indian foreign policy and a strategy to 'co-manage' international economic and, to a lesser degree, security systems (Malone 2011, 166, 250). They represent an expansion of 'policy choices and developmental options' (India, Ministry of External Affairs 2006, ii). They help expand and strengthen India's

links with the international community and the world economy and confirm its status as a rising international power.

Strategic partnerships are consistent with two key concepts of post-Independence Indian foreign policy, viz. 'strategic autonomy' and 'multi-alignment'. The former is 'the ability of a state to take relatively independent decisions on matters of vital interest' (Saran 2017, 2). Since the mid-2000s, strategic partnerships were said to be one of the three integral elements of 'multi-alignment'; the other two being membership of regional organizations and other groupings as well as 'normative hedging', which sought to enhance India's economic development and national security, as well as to project influence and promote its values (Hall 2016, 11–12; Tharoor 2012, 426). The strategic partnerships give India 'actual or potential access to markets, finance, technology, arms, intelligence, and other commodities that it does not possess at present in the quantity and quality it would like' (Hall 2016, 12).

Perceptions of strategic partnerships

There is no clear-cut definition of a strategic partnership so far in any EU document. They are said to provide 'a useful instrument for pursuing European objectives and interests' (European Council 2010, 3), 'a balance of mutual advantages and commitments' (van Rompuy 2010). Trade is 'a cornerstone' of the strategic partnership (Ashton 2010). To that end, the EU must 'take concrete steps to secure ambitious free trade agreements, secure greater market access for European businesses and deepen regulatory cooperation with major trade partners' (European Council 2010, 3).

The motivations of the EU's strategic partnerships are said to include the need to address the emergence of new powers and an attempt to assert the growing importance of the EU over the national diplomacies of the member states (Renard and Biscop 2012, 196–197). The objectives of strategic partnerships include managing world multipolarity for the spread and promotion of international norms and multilateralism (Grevi and De Vasconcelos 2008), an attempt to strengthen its new image as a power adapting to multipolarity (Gratius 2011: 4), and adapting EU trade policy to the economic emergence of its partners.

The EU's strategic partnerships are not considered to be truly strategic because not every partner is equally strategic, the Union does not cooperate with its partners on most truly strategic issues, it has no structural or institutional impact on the relationship, and most partners do not regard the EU as a strategic partner at all, in many cases (Renard 2011, iv). This led Herman van Rompuy to acknowledge at the first-ever meeting of the Council (16 September 2010) to discuss strategic partnerships that 'new players do not always share our interests and worldviews'. He added: 'We have strategic partners, now we need a strategy' (European Council 2010, 2). The European Council agreed on the need for Europe 'to promote its interests and values more assertively and in a spirit of reciprocity and mutual benefit' (European Council 2010, 2).

The new EU Global Strategy (June 2016) tends to considerably de-emphasize the format and instrument of strategic partnerships. It mentions 'strategic partners' only twice: once in the context of working towards free trade agreements and in working on global governance issues (European External Action Service 2016, 43; Jain and Pandey

2019). This ‘effectively reduces the relationship with the BRICs to one dominated by the quest for global governance’ (Howorth 2016, 390).

There are, according to India, four key elements of the India-EU strategic partnership: (1) the primary objective is to increase trade and investment potential, to seek greater access for Indian products into the European market, and to contribute to Indian growth and development; (2) in an age of multi-alignment and simultaneous engagement of all major powers, it enhances strategic autonomy; (3) it is based on sovereign equality and on ‘comparative advantage and a mutuality of interests and benefits’ (India, Ministry of External Affairs 2004, 4, para 2); (4) it was not envisaged as ‘a partnership where one side is prescriptive or one side is intrusive and the other side is, in a sense, a passive partner’ (India, Ministry of External Affairs 2004, 6, para 7, emphasis added). However, several think tanks consider it a misnomer to regard the India-EU partnership as ‘strategic’ because of the lack of a security or defence dimension (Institute of Defence Studies and Analyses 2011; Foundation for National Security Policy 2011).

Global governance

Emerging powers like India argue that the structures of global governance must be more democratic, representative, and legitimate to reflect current geopolitical and economic realities. In recent years, while there has been a gradual, but limited, democratization of the global economic architecture, the political and security architecture remains virtually frozen in time. The EU has been unable to formulate a common position on the enlargement of the UN Security Council due to internal differences.

Emerging powers, according to former Foreign Secretary Shyam Saran, are ‘premature powers’ because they continue to classify themselves as developing countries owing to per capita income level and the continuing incidence of poverty and illiteracy. This leads to considerable ambivalence, since they need ‘to contribute to global public goods but they also feel entitled to non-reciprocal benefits from global regimes to help deal with their still considerable developmental challenges’ (Saran 2012: 8). While Europe does acknowledge the need to restructure international institutions and give more voice and seats to emerging powers, it perceives their role more in terms of co-opting them in a largely Western-dominated system, ensuring that they played by the rules already established by the dominant players. If the global economic architecture was undergoing change in response to the transformation of the global economy, the change was ‘still driven by the Western, industrialized economies with little by way of agenda setting by the emerging economies. The existing architecture was sought to be retained even while accommodating new players. More tenants occupied the building, but the landlord, who set the house rules, remained the same’ (Saran 2012: 25–26, emphasis added).

As an aspiring power, India has been more sympathetic to the American effort to ‘rework’ the rules of the global game (e.g. the Indo-US nuclear deal), whereas Europe is perceived as ‘a conservative force’ (Khilnani 2006: 490–491). Europe is clearly over-represented in various international institutions, including the International Monetary Fund, the World Bank, and the G-20 and is in no hurry to end its over-representation.

Europe has, in fact, become ‘a main obstacle’ to reform (Muenchow-Pohl 2012, 31). Whatever increase in representation of the emerging powers will take place in international institutions will usually be at the expense of the Europeans.

India’s objective is to enhance its influence and representation in the existing international institutional architecture. It does not seek ‘to destroy or even replace existing international governance institutions with alternative new institutions; it is merely knocking on the door to gain entry or have a bigger say or protect its interests’ (Singh et al. 2013: 9).

Normative divergence

There is a basic contestation between the European Union and most of its strategic partners about the content, value, and scope of norms, because developing countries have been marginalized both economically and politically by the West, which has dominated the process since the end of the Second World War. One objective of the EU’s strategic partnerships is to promote and extend social, economic, and ideological norms that have been successful in Europe at the global level as global public goods. The EU engages in the practice of ‘othering’ wherein it represents the other 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 (Diez 2005, 628–629). The EU’s unsuccessful attempt to impose a carbon tax on international airline flights was a reflection of its tendency to unilaterally impose its own standards on the rest of the world, what it fails to achieve either multilaterally or bilaterally.

In the post-Cold War era, India has emerged as a far more pragmatic power, more willing to serve its fundamental economic and trading interests and less engaged in sanctimonious moralizing. India deals with the EU in a strongly realist tradition and is acutely sensitive about sovereignty and internal autonomy and remains wary about humanitarian intervention and the circumstances in which force may be used. For the most part, India has been a norm-taker rather than a norm-setter. It has largely pursued a reactive and defensive stance rather than a proactive one towards norms in order to safeguard its national interests and maintain a peaceful external environment to ensure development and growth.

The Union’s strategic partners often criticize Brussels for its double standards. Indian stakeholders have wondered how the EU espousal of human rights and its promotion of democracy could be reconciled with the political expediency of hugging military rulers responsible for ousting democratically elected rulers. One of the great failings of the India-EU partnership has been the tendency of Europe to preach to India on matters like human rights which it considers quite competent to handle on its own (Tharoor 2012; Jain 2017).

Security cooperation

India and the European Union conduct five security-related dialogues: an annual security dialogue (since May 2006), counter-terrorism (between European External Action Service, Europol, Eurojust, and DG JUST and HOME, and the Ministry of

External Affairs, and specialized Indian agencies); counter-piracy, cyber-security and cyber crime, and non-proliferation and disarmament.

Since December 2011, a working relationship has been established between the EU naval operation, ATALANTA, deployed in the Gulf of Aden to combat Somalian piracy. On 4 October 2017, the Italian flagship and headquarters of the EU's Naval Force Operation Atalanta, *ITS Fasan*, conducted joint manoeuvres with the Indian Navy vessel *INS Trishul* off the coast of Somalia. This represents the first joint EU-India naval exercise and an important step forward in defence and military collaboration. The EU has also requested India to participate in the EU-coordinated naval escort missions for the UN World Food Programme in the Indian Ocean as they travel to African states with food aid, recognizing India's capacities and intentions of becoming a security provider in the Indian Ocean.

In an effort to move towards more practical and operational cooperation, India and the EU agreed in October 2017 to begin a working relationship between Europol with India's National Investigating Agency to tackle terrorism and track terror groups that might target either side. This seems to include officer exchanges (Benaglia 2017) and officer training programmes for capacity building of individuals on both sides working in the sphere of countering terrorism and violent extremism.

Another positive development is that India and the European Union have restarted discussions in October 2017 on a civil nuclear agreement was virtually mothballed after being signed in 2009. European Union experts from Brussels held discussions with officials from Department of Atomic Energy in Mumbai in October 2017. Unlike other agreements, the India-EU civilian nuclear agreement focusses on nuclear safety and 'non-power technologies' in the areas of water, healthcare and medicine, environment, etc. (Bagchi 2017).

There is now a new emphasis on counter-terrorism and counter-radicalization by both India and the European Union. After a long gap, the 2016 and 2017 statements on counter-terrorism (unlike those of 2001 and 2010) agreed to strengthen cooperation for 'decisive' action against globally proscribed terrorist individuals and groups. Both declarations specifically mentioned Hafiz Saeed, Mumbai attacks mastermind Zakiur Rehman Lakhvi, Dawood Ibrahim, Lashkar-e-Taiba, Jaish-e-Mohammed, Islamic State and their affiliates, which increases the pressure on Pakistan. Unlike its earlier reluctance to make any such specific references to specific individuals and groups, the EU has been willing to do so since it itself has been a victim of repeated terrorist attacks. However, the Union has refrained from mentioning 'cross-border terrorism' as is done by the United States, Spain, and Japan. But in an indirect reference to Pakistan, it did state that 'responsible states should take adequate measures to ensure that their territory is not used for terrorist activities'. The overall lack of progress in making much headway in the security dialogue apparently led both sides to merge the annual security dialogue with the Foreign Policy Consultations (held at Secretary-level since 2011) in 2016.

Modi and the European Union

The assumption of prime ministership by Narendra Modi in May 2014 with an absolute majority for the first time in three decades has brought about a significant perceptual

change about India internationally. From the European perspective, three elements are significant. Firstly, Modi's foreign policy is based on a clear recognition that the expansion of comprehensive national power will be considerably facilitated by close cooperation with the West. The European Union and its member states are increasingly perceived as indispensable partners for technology, finance, and best practices which can make a major contribution to flagship programmes (Make in India, Clean India, Digital India, Smart Cities, etc.) Secondly, the growing interest of the international community in India since Modi's election is largely because of expectations that the new government will overcome policy paralysis and steer the country towards accelerated reforms and greater economic growth. India is back on the radar since one of Modi's key priorities is to significantly boost foreign investment into industry, manufacturing, infrastructure, and urban development by creating an efficient bureaucracy and reducing red tape. Thirdly, the Modi government has displayed a new refreshing diplomatic culture of problem-solving and of approaching issues with a pragmatic and open mind.

In order to rejuvenate ties with the European Union, with which no summit had been held since 2012, Modi proposed to visit Brussels for a summit in 2015. However, a summit could not be held because of High Representative Frederica Mogherini's reluctance to confirm dates of the visit over the Italian marine issue.¹ After a gap of 4 years, the thirteenth India-EU summit was held in Brussels in 2016 which led to the adoption of the Agenda for Action 2020.

Greater convergence at the 14th summit (2017)

In October 2017, India and the EU for the first time in any joint statement so far described each other as 'natural partners' (European Commission 2017, para 2; Juncker 2017) in terms of shared values and belief. However, to a very large extent, both sides have been not so far been able to transform these shared values into shared interests and priorities in practical terms.

The joint statement of the fourteenth summit was more extensive (53 paragraphs instead of 41 at the 2016 summit), which showed similarity of views on a number of issues. Unlike the past when India and the Union had different views on important global issues, the two now took a similar stand on a 'rule-based international order' and converged on a host of issues like North Korea, Iran, and Myanmar.

India and the EU also reaffirmed their support to the Paris climate change treaty (para 37). They regarded the Iranian nuclear deal as a 'crucial contribution to the non-proliferation framework and international peace, stability, and security' (para 17). They stressed the responsibility of those who support the North Korean nuclear and missile programmes (para 18). The EU also recognised India's interest and role in Africa, expressed commitment to enhance consultation and cooperation, and welcomed India's participation as an observer at the next EU-African Union Summit.

¹ On 15 February 2012, two Italian marines were accused of killing two Indian fishermen at sea, approximately 20.5 nautical miles off Kerala in India's Exclusive Economic Zone. The Supreme Court directed the setting up of a special court in Delhi to try the case. The case is presently before the Hamburg-based International Tribunal on the Law of the Sea, which has constituted a five-member arbitral tribunal to pronounce a verdict.

India, the EU, and China

Europeans until recently did not seem to be overly concerned about the potential security implications of a rising and more assertive China, its military modernization and its rising defence expenditure. This is partly because Asian issues and nations are too distant to directly impinge on its own security, partly because the EU is not militarily present in East Asia, and unlike the United States, does not play the role of an external balancer in Asia. Moreover, while Europeans aspire to a multipolar world, they seemed to endorse Chinese views of a unipolar Asia. India, on the other hand, is keen that a strong EU plays a larger and more active role in Asia and works towards promoting a more equitable, stable balance of power in Asia.

At the October 2017 summit, India and the European Union had a common position on connectivity and China's 'One Belt and One Road'. Concerns about Chinese inroads into Central and Eastern Europe through the 16 + 1 framework and infrastructure investments have contributed to this. The joint statement stated that the connectivity issues must be based on 'universally recognised international norms, good governance, rule of law, openness, transparency, and equality and must follow principles of financial responsibility, accountable debt-financing practices, balanced ecological and environmental protection, preservation standards, and social sustainability' (European Commission 2017, para 22). Moreover, reflecting heightened concern over China's polices in the South China Sea, the joint statement indirectly underlined the 'importance of freedom of navigation, overflight and peaceful resolution of disputes, in accordance with the universally recognised principals of International Law, notably the United Nations Convention on the Laws of the Seas (UNCLOS) 1982' (European Commission 2017, para 12).

Economic dynamics

India's economic engagements with the outside world have undergone a serious transformation in the last 25 years. New Delhi's emergence as a significant international player is mainly due to changes in the global and Asian balance of power, as well as the intensification of global and regional economic integration. India itself is meanwhile making a successful transition from an inward-oriented economy to a more globally integrated economy. As a result, India has become one of the fastest growing economies of the world in the past two and a half decades. Apart from expansion, the Indian economy is also being diversified significantly. Traditionally, the economy was dependent on markets in Europe and the USA. In the last two decades, there has been a rapid integration of the Indian economy within Asia. These trends have implications for EU-India economic ties in the long run. Despite some serious challenges like global economic slowdown, energy security, poverty, infrastructure, regional disparities, and internal security, there are strong indications that rapid growth will continue. The main drivers of growth are going to be favourable demography, a relatively large middle class, a strong information technology sector, and infrastructure-focused investment. Although growth in the last 10–15 years has raised expectations, global circumstances are less favourable today.

The core of EU-India partnership is still economics. The EU is India's biggest trading partner with more than €100 billion trade in goods and services. The EU-India goods trade has grown many times from about €25 billion in 2000 to about €80 billion in recent years. Similarly, India's trade in services with the EU has grown from about €5 billion in 2000 to about €29 billion in 2016. Although in absolute terms India's goods trade with the EU has increased, there are some disturbing trends. In relative terms as a percentage of India's total exports and imports, it has declined consistently in the last two decades (see Sachdeva 2015).

The EU member states are also major investors in India. Similarly, Indian companies are making significant investments and acquisitions in the EU markets. Despite different figures, both Indian and European sources highlight importance of FDI from the EU to India. The government of India data reveals that between April 2000 and June 2017, about \$80 billion investment flows came from the EU. This was about 24% of total investment into India during this period. In fact, this was about four times of US investments and more than American, Japanese, Chinese, and Russian investments put together in India. During this period, the UK was the EU's top investor in India, followed by the Netherlands, Cyprus, Germany, and France (Ministry of Commerce and Industry 2017). By 2015, total EU FDI stock in India had reached about €52 billion. Similarly, Indian companies invested about €16 billion in the EU (Eurostat Database). According to a study by the Europe India Chamber of Commerce (EICC), European companies have invested more than €180 billion in India in the last ten years (Charlie 2014). Similarly, an earlier EICC study shows that Indian companies have invested more than €50 billion in Europe since 2003 (Charlie 2012). Out of this, €16 billion was invested on greenfield projects and the rest was spent on mergers and acquisitions. Looking at the technical and financial collaborations approved by Indian authorities, it appears that the EU is one of the major sources of technology transfer to India (for details, see Sachdeva 2012).

The Broad-Based Trade and Investment Agreement

As a result of strong economic ties, India and the EU started negotiations for a BTIA in 2007. The agenda of negotiations covered not just trade in goods and services but also investment, public procurement, intellectual property and geographical indicators, competition policy, etc. Therefore, both were aiming at not just a simple free trade agreement but a comprehensive pact. In the beginning, both sides were more ambitious. It is now being realized, however, that it was perhaps better to 'do the doable' first and go for a comprehensive agreement later.

Despite the environment being conducive to a trade deal, bureaucrats on both sides have been remarkably slow in negotiations: many deadlines have already been missed and more than a dozen rounds of negotiations have taken place alternatively in Brussels and Delhi. At the ninth summit in France in 2008, leaders agreed to conclude the agreement by 2009 and double their trade in 5 years. At the eleventh summit in Brussels, both sides fixed a mid-2011 deadline to conclude negotiations. After missing another deadline, the twelfth summit in Delhi in February 2012 reiterated that 'negotiations on an ambitious and balanced package are now close to completion' and both sides would 'monitor the progress of these negotiations for an early conclusion'.

According to the Asia Regional Integration Centre database of the Asian Development Bank, India was involved at different stages in at least 29 trade agreements by June 2018, 13 of which were already signed and negotiations are on-going for another 16 agreements (Asian Development Bank [n.d.](#)).

So far, most of India's engagements remain within Asia. In addition, one significant aspect of this phase of economic regionalism is India's increasing economic cooperation with Southeast Asia through regional, sub-regional, and bilateral engagements (eight initiatives). The context within which EU-India BTIA negotiations started in 2007 was, therefore, very favourable and after successfully implementing enlargement and single currency projects, the EU mood was one of confidence. Similarly, the Indian economy was growing very fast from 2007 to 2009 and policy makers were aggressively pursuing free trade agreements. However, since 2009, the political and economic climate in both the EU and India became unfavourable.

According to European Commission information about on-going FTA negotiations (updated October 2018), so far, 12 EU-India full rounds have taken place, the last in 2012. In addition, more targeted clusters, i.e. expert-level inter-sessional meetings, chief negotiator meetings, and meetings at a higher level, have discussed the matter. The on-going negotiations/discussions are focusing on market access for goods (to improve coverage of offers on both sides), services, government procurement, and sustainable development. It is reported that 'the negotiations were brought to a *de facto* standstill in the summer 2013 due to a mismatch of the level of ambitions. Following the 2017 EU-India Summit, EU and India had extensive exchanges to evaluate whether conditions were right to resume negotiations. Both sides are now in the process of assessing the outcomes of those talks' (European Commission [2018a](#)). In the last 2 years, chief negotiators from both sides have changed a few times.

FTA negotiations seem to be deadlocked because of the EU's concerns in certain areas, including high tariffs on cars and wines, insurance, banking, retail, legal services, geographical indication, and public procurement. On the other hand, India has concerns about services, in that according to reports, the EU demands civil society monitoring of FTAs which India is opposed to (Srivastava [2015](#)). India would like liberalization in terms of movement of professionals and market access for agricultural products, pharmaceuticals, and textiles. New Delhi would press for improved market access together with a liberal visa regime under the Mode 4 quota of services trade, which will allow Indian IT professionals to reside and work temporarily in the EU. It would also like broader sectoral definitions, longer stay durations, and flexibility of movement within EU markets under Mode 4. The EU has introduced a safeguard clause, which will take effect whenever a 20% sector limit is reached. Since the safeguards are sectoral, it may affect the IT sector where Indian companies hope to gain business.

There are some indications that India may take a 'flexible approach' on tariffs for wines and spirits and auto components in exchange for a 'data secure nation' status being provided to India by the EU. Since India is not considered data secure by the Union, it affects the operating costs and competitiveness of Indian IT companies looking for access to EU markets. On intellectual property rights, India will perhaps not go beyond WTO obligations, which caused some concern within the EU. This prompted support of Prime Minister Modi in breaking this deadlock. However, the Indian Ambassador to the EU has reported in the media that Modi had assured the European leadership that BTIA would not suffer through a lack of 'political will' in

India (Dasgupta 2015). The global economic slowdown as well as the crisis in the Euro area has already affected EU-India economic ties. The impact was still limited as Germany, the biggest economy in the EU and India's largest trade partner in Europe, was doing relatively well. However, Indian trade and investment with most member states have marginally declined/stagnated in the last few years.

Since negotiations have taken so long, many sectors in the industry have started lobbying. Already, the Federation of Indian Chambers of Commerce and Industry (FICCI) had expressed concerns that all items of export interest to India, like leather, textiles, and garments, may not get covered under the FTA being negotiated with the EU. It suggested expansion of scope of the pact to cover 95% of merchandise goods (Business Line 2008). The Communist Party of India (Marxist) asserted that unless details of the agreement are discussed by the Indian parliament, no commitments should be made. The Politburo of the party warns that 'such FTAs can turn out to be much more damaging for the livelihoods of our farmers, workers, and other sections of the working people than the WTO agreements' (Communist Party of India (Marxist) 2008). A campaign group led by trade unions and non-profit organizations had asked the government to halt the talks (Handique and Mishra 2009). There has been a serious campaign to argue that the proposed India-EU FTA will stop the flow of cheap drugs to the developing world (Boseley 2012). Similarly, the domestic industry lobby Society of Indian Automobile Manufacturers (SIAM) argues that the proposed deal will kill investments and technology inflow and jeopardize the targets set under the government's own Automotive Mission Plan (Doval 2012). Recently, SIAM has started asserting that EU-India trade deal is against the Modi government's Make in India initiative (Zee News 2015). Therefore some domestic opposition, the difficult global economic situation, and developments on other bilateral economic pacts, have already affected India-EU FTA negatively (for a summary of some major issues, see Singh and Priya 2014).

Some academic studies earlier looked at the implications of a possible EU-India trade and investment pact. A joint study by CUTS India and Sussex University asserts that instead of shallow integration (the removal of border barriers to trade, typically tariffs and quotas), it would be far more effective if the EU and India go for deeper integration (which involves policies and institutions that facilitate trade by reducing or eliminating regulatory and behind-the-border impediments to trade) (Gasoriek et al. 2007). The study also predicted that an EU-India FTA is likely to increase FDI flows from the EU by 27% and FDI stocks by 18%. Another report by Decreux and Mitaritonne argues that the impact of the pact will be positive for both the partners. However, in India's case, strong positive results will arise only in areas where there is a sufficient level of liberalization in services (Decreux and Mitaritonne 2007). Apart from academic studies, the Government of India has now provided some estimates of the potential benefits to particular sectors of the economy. It is estimated that by separately signing FTA with the EU and the UK, the apparels, leather goods, and footwear sectors will result in a benefit of \$3 billion extra exports. Similarly, about 150,000 new jobs will be created as a result of these two FTAs (Ministry of Commerce 2016: 26).

Economic ties under the Modi government

When Narendra Modi became Prime Minister of India in 2014, it was hoped that India-EU FTA negotiations could be restarted soon since he gave priority to foreign economic relations in his foreign policy. Despite high expectations, movement has been

limited. After realizing that the Europeans could contribute significantly to India's domestic economic agenda, Modi has made visits to Belgium, France, Germany, Ireland, Netherlands, Portugal, Spain, Sweden, Switzerland, and the UK. The Indo-French Rafale deal has deepened strategic engagement. At the thirteenth India-EU summit (2016), three separate joint declarations on counter-terrorism, urban partnership, and clean energy and environment were also released. The real disappointment in the 14th summit was again on trade and investment. There was hardly any movement on restarting negotiations on EU-India BITA. Prime Minister Narendra Modi did not even mention FTA in his statement (Modi 2017). After the summit, European Commission President Jean-Claude Juncker said that it is 'high time' for a FTA between India and the EU. However, he argued that 'once the circumstances are right—and only once the circumstances are right—we will resume' (Juncker 2017). These statements give the impression that even to restart negotiations, there was much hesitation from both the sides.

It was clear to all that even if negotiations begin, it was going to be a quick exercise. In the meanwhile, India has terminated Bilateral Investment Treaties (BITs) with large number of countries, including 22 EU nations (Peacock and Joseph 2017). In recent years, India faced many arbitration claims internationally under BITs and also lost a few due to 'excessive judicial delays' in India. To avoid this, the Indian government adopted a model BIT with more restrictive definitions in 2015. New Delhi hoped that all partners must sign new investment agreements based on the 2015 model. Although investments are part of the proposed FTA, this move has created further uncertainty for European investors till the time FTA is ready for implementation. The negotiations are also being affected by the final outcome of the EU-UK Brexit deal.

At the moment, the UK has ruled out possibility of any customs union or economic area with the EU. It means the UK at best is hopeful of a separate free trade deal with the EU. So now, it is going to be an India-EU trade deal minus Britain. As the UK is India's biggest export market within the EU, New Delhi and London have also indicated a fresh exercise for a separate India-UK FTA. In the present circumstances, even if negotiations are re-launched, it will take 2–3 years to settle negotiations at all levels.

EU's India strategy (2018): a new roadmap for the future

In November 2018, the European Commission unveiled a Joint Communication 'Elements for an EU Strategy on India' (European Commission 2018b) covering 'the next 10–15 years'. Issued after a gap of 14 years when a Communication on the India-EU Strategic Partnership was published, the new broad roadmap seeks to step up cooperation with India in a variety of sectors, including trade, investment, climate change defence, and security. It recognizes the growth in 'commonalities' in areas like climate change and sustainable development goals, which have grown since the launch of the strategic partnership in 2004. It proposes a number of actions to enhance a shared approach at the multilateral level and to foster India's sustainable modernization and clean energy transition.

The 2018 EU Strategy on India represents a significant change in the Union's perception of India in that it recognizes that a strong partnership with India is 'key

for a balanced EU policy towards Asia as a whole' (European Commission 2018b, 1). It recognizes that the EU has an interest in India playing a greater role in a multipolar world, which 'requires a multipolar Asia' (European Commission 2018b: 11)—something which the Union had been reluctant to concede earlier. It reiterates certain elements like establishing a regular ministerial high-level dialogue which figured in the 2004 Communication, but which India did not agree to it. It also contains a reference to enhancing 'effective multilateralism' which the EU Global Strategy (2016) itself made no mention whatsoever.

The most significant new initiatives from the EU side are evidently its efforts to enhance defence and security cooperation with India. It wants to engage New Delhi 'at a strategic level' with Indian Ministries and institutions. These include upgradation of the annual dialogue between the High Representative and the Foreign Minister to a regular Strategic Dialogue; establish regular bilateral and trilateral dialogues on/with Africa to discuss security, economic, and connectivity issues; develop military-to-military relations via personnel exchanges and training; and consider deploying a EU military advisor in the EU Delegation in Delhi. A major objective is to streamline the architecture of the India-EU strategic partnership on the basis of mutual interests and 'a flexible and result-oriented approach' (European Commission 2018b: 15). It concludes with an intention to update the 1994 EU-India Cooperation Agreement, which currently governs bilateral relations, by a broader Strategic Partnership Agreement 'to match the ambitions' set out in the 2018 Communication and 'to tackle the global challenges of today' (European Commission 2018b: 15).

Without underestimating potential for enhanced cooperation in the foreign policy and security issues, the basic competence of the European Union continues to be in trade, investment, and related matters. The EU seems to be unhappy with the pace of progress in the areas of trade and investment. Brexit has created further complications for India since it has to wait for the process to be completed. Although the Union has shown its commitment to concluding a comprehensive trade agreement in the 2018 India strategy, it wants a high level of investment protection. Brussels also seeks to include a chapter in the BTIA on social and environmental impacts. Despite several stock-taking rounds in recent years, there is no visible movement on bilateral FTA.

Welcoming the roadmap, the Ministry of External Affairs looked forward 'to engaging with the EU not only a robust bilateral agenda but also on regional and global issues of shared concern and for reforming the multilateral system and institutions to better reflect contemporary global realities' (Ministry of External Affairs 2018).

Conclusion

When India and the European Union established a strategic partnership in 2004, there were, according to a former Foreign Secretary, three elements which constituted 'the long-term strategic glue' binding the two together. Firstly, India looked upon a more integrated and united Europe as a relatively independent international actor in conformity with India's preference for 'a more multipolar global space for a bigger role befitting its emergence as a major power'. Secondly, India saw a close affinity with a multi-ethnic, multi-religious, multi-cultural, and multi-lingual plural democracy like the European Union. Thirdly, both sides felt a need to greatly enhance their strategic

engagement in order to ensure that the arc of instability spread across the eastern flank of Europe, and encompassing West Asia right up to Afghanistan and Pakistan on India's western flank, did not threaten their security and the well-being of their people (Saran 2016; Saran 2017: 52).

In recent years, this 'expansive vision' of the India-EU strategic partnership, had unravelled largely because of three developments. Firstly, Europe has become more inward-looking because of the succession of crises it confronted since the global financial and economic crisis. It had lost its coherence in projecting a European voice on major global and regional issues. Europe had reverted to narrow and increasingly nationalistic approaches. Secondly, the strategic partnership between two plural democracies had fallen off the radar because some European countries had sought to hitch their destiny to an emerging Chinese economic powerhouse, which could offer an exit from their economic and financial malaise. Brexit thus represents only another, though much more consequential, phase in 'the increasing marginalization of the EU in a shifting global terrain and a further step in its fragmentation, in evidence for the last decade or more' (Saran 2016).

The strategic partnership has led to the proliferation of consultation mechanisms—an (annual) summit, Foreign Minister and Foreign Secretary level dialogue, and nearly 30 sectoral dialogues to a senior-official level Joint Commission, to the Sub-Commission on Trade and Economic and Development Cooperation and to Joint Working Groups on a variety of technical issues. Many dialogues seem to have taken on an inherent institutional life of their own. Some new dialogue formats like the Asia Europe Meeting (ASEM) have emerged (see Jain 2013). The annual business summit held back-to-back with the political summit had been downgraded to a 'business roundtable' at the 2012 summit in Delhi, as it attracted fewer and fewer heavyweights. Some forums like the India-EU Roundtable (launched in 2001) have either not been renewed (after 2008) or not held for a number of years (e.g. the local human rights dialogue has not been held since 2013). New Delhi also did not agree to the Union's proposal to establish a high-level economic and trade dialogue to address contentious issues on both sides. New Delhi maintained the existing joint mechanisms such as three sub-commissions on trade, economic cooperation, and development cooperation as well as the macroeconomic dialogue at the Secretary level were capable of dealing with the bilateral issues (Malmstrom 2017).

The India-EU strategic partnership has enabled both sides to sensitize one another with each other's expectations and perspectives and fostered greater understanding of each other's perspectives towards bilateral, regional, and global issues. Over the years, the partnership has broadened to include politics, economics, climate change, energy, counter-terrorism, maritime security, science and technology, migration, civil society, culture, renewable energy, and urbanization. For Brussels, the goal is still to have a 'strong' strategic partnership, which means enhancing 'both our geo-strategic relations and economic cooperation' (Tusk 2017).

Like many of the EU's other strategic partners, India prefers to deal directly with Member States instead of the over-bureaucratized institutions of the EU. EU Member States too demonstrate a continued reluctance to act collectively and have a marked preference for individualism in dealing with strategic partners. On many key foreign policy issues like membership of the UN Security Council, membership of the Nuclear Suppliers Group, and joint military exercises, India has to go beyond Brussels and engage individual European capitals.

A strategic partnership is based on long-term engagement, which can facilitate more focused, structured sectoral dialogues, but they usually lead to bland statements characterized by a high degree of rhetorical convergence. India and the EU have many common interests, but transforming them into coordinated policies has been rather elusive. One should not, therefore, overrate the instrument of strategic partnerships because they were never meant to promise more than they could deliver.

Brussels and the member states complain that they encounter problems of capacity, and resources of India's Ministry of External Affairs cite the small size of its diplomatic service—similar to the island state of Singapore. The EU has also been unhappy that it still does not have direct access to the Foreign Secretary since he deals with key Member States like France, the UK, and Germany and not the EU. As a result, the EU Delegation deals with the Secretary (West) whose remit includes, among others, the rest of Europe, both East and West.

The core of partnership still remains economics. The EU is India's biggest trade and investment partner, and Europe has emerged as an important destination for cross-border investments and overseas acquisitions for Indian companies. As economic and development issues are becoming a priority within the Indian foreign policy, the EU could become a focus area of engagement. The EU member states can become significant partners and contributors to various national economic plans. Despite re-engagement on various issues, there is a limited movement on re-starting FTA negotiations. Due to forthcoming general elections in India in 2019 and the impending Brexit, the future of India-EU FTA seems somewhat uncertain at least for the next few years.

As the world enters a period of profound change and uncertainty—the erratic behaviour of the Trump Administration, the rise and growing assertiveness of China which seeks to fill the vacuum, Brexit, the danger to a rule-based world order—India is re-engaging Europe with greater vigour. However, despite a 14-year-old strategic partnership, both have still not been able to transform shared values into shared interests and shared priorities. The European Union's 2018 India Strategy seeks to build on greater commonalities to enhance and consolidate the India-EU strategic partnership in a more volatile world. The years ahead will demonstrate whether the requisite political will is forthcoming from both sides to actually implement many of the proposals of the ambitious new roadmap.

References

- Ashton C (2010) EU-India relations post-Lisbon: cooperation in a changing world, speech by EU high representative for foreign affairs and security policy at the India international Centre, New Delhi, 23 June
- Asian Development Bank (n.d.) Asia Regional Integration Center, 'Free Trade Agreements, India, at <https://aric.adb.org/fta-country>
- Bagchi I (2017) India, EU resume negotiation on civil nuclear agreement. The Times of India. <https://timesofindia.indiatimes.com/india/india-eu-resume-negotiation-on-civil-nuclear-agreement/articleshow/61134990.cms>. Accessed 19 October 2017
- Benaglia S (2017) EU-India summit: slow progress, except for security deal. EUObserver. <https://euobserver.com/opinion/139322>. Accessed 10 Oct 2017
- Boseley S (2012) "Does EU/India free trade agreement spell the end of cheap drugs for poor countries? The Guardian (UK), 10 February
- Business Line (2008) 'FTA with EU must cover 95 per cent goods for real benefit to India', *Business Line*, 26 September
- Charlie A (2012) Indian companies in the European Union. Europe India Chamber of Commerce, Brussels

- Charlie A (2014) European companies in India: reigniting economic growth. Europe India Chamber of Commerce, Brussels
- Communist Party of India (Marxist) (2008). Press statement by the politburo on the proposed India-EU free trade agreement, at: <http://cpim.org/statement/2008/09272008-india-eu%20fta.htm>
- Dasgupta KK (2015) 'EU pins hopes on Modi to boost ties with India, but obstacles remain,' Hindustan Times, 15 March 2015, at <http://www.hindustantimes.com/india-news/eu-leaders-pin-hopes-on-modi-for-bettering-ties/article1-1326443.aspx>
- Decreux Y, Mitoritonne C (2007) Economic impact of a potential free trade agreement between the European Union and India. CEPII-CERAM, Paris
- Diez T (2005) Constructing the self and changing others: reconsidering 'normative power Europe', in: Millennium – Journal of International Studies, 33(3), 613–636
- Doval P (2012) 'Auto industry against inclusion in India-European Union free trade agreement', *The Times of India*, 16 May
- European Commission (2004). An EU-India strategic partnership, Communication from the commission to the council, the European Parliament and the European economic and social committee, 16 June 2004 COM (2004) 430 final
- European Commission (2017). Joint statement 14th India-EU summit, New Delhi, 6 October. at http://europa.eu/rapid/press-release_STATEMENT-17-3743_en.htm. Accessed on 9 October 2017
- European Commission (2018a), 'Overview of FTA and other trade negotiations', updated October 2018, http://trade.ec.europa.eu/doclib/docs/2006/december/tradoc_118238.pdf
- European Commission (2018b) Joint communication: elements for an EU strategy on India, 20 November. https://eeas.europa.eu/delegations/india/54057/joint-communication-elements-eu-strategy-india_en
- European Council (2010). General Secretariat, Conclusions, 16 September, EUCO 21/10, CO EUR 16, CONCLU 3
- European External Action Service (2016), Shared vision, common action: a stronger Europe, a global strategy for the European Union's foreign and security policy, June 2016, at http://eeas.europa.eu/top_stories/pdf/eugs_review_web.pdf. Accessed 10 September 2016
- Foundation for National Security Policy (2011) India's strategic partners: a comparative assessment, November
- Gasorick M et al (2007) Qualitative analysis of a potential free trade agreement between the European Union and India, Sussex: centre for the Analysis of regional integration and Jaipur: CUTS international
- Gratius S (2011) The EU and the 'special ten': deepening or widening strategic partnerships? FRIDE Policy Brief, No. 76, June
- Grevi G, De Vasconcelos A (eds) (2008) Partnerships for effective multilateralism, EU relations with Brazil, China, India and Russia. Chaillot paper, vol 109. EU Institute for Security Studies, Paris
- Hall I (2016) 'Multialignment and Indian foreign policy under Narendra Modi. The Round Table, 105: 1–16
- Handique M, Mishra AR (2009) 'Amid protests, EU India talks begins today', live mint, available at: <http://www.livemint.com/2009/03/16222358/Amid-protests-EUIndia-trade.html>
- Howorth J (2016) EU global strategy in a changing world: Brussels' approach to the emerging powers. *Contemporary Secur Policy* 37:389–401
- India, Ministry of External Affairs (2004) Indian response to EU communication on a strategic partnership, August
- India, Ministry of External Affairs (2006) EU-India Joint Action Plan, Implementation Report, 13 October
- Institute of Defence Studies and Analyses (2011) Evaluating India's strategic partnerships using analytic hierarchy process, by S Azad and A Gupta, September
- Jain RK (2013) India and ASEM: the quest for membership. *India Q* 69:351–366
- Jain RK (2017) India, the European Union and human rights. *India Q* 73:1–19
- Jain RK, Pandey S (2019) The EU global strategy and EU-India relations: a perceptions study. In: Chaban N, Holland M (eds) *Shaping the EU global strategy: partners and perceptions*. Palgrave Macmillan, Cham, pp 101–126
- Juncker J-C (2017) Statement at the 14th India-EU summit, 6 October. https://ec.europa.eu/commission/news/president-juncker-eu-india-summit-2017-oct-06_en. Accessed 9 October 2017
- Kay S (2000) What is a strategic partnership? *Problems of Communism* 47(3):15–24
- Khilnani S (2006) India and the world, in: Manmohan Malhoutra (ed) *India: the next decade*. Academic Foundation, New Delhi
- Malmstrom C (2017) Reply of EU Trade Commissioner Malmstrom to a letter written by Eurochambres chief executive officer Arnaldo Abruzzini, cited in A R Mishra, India reluctant on EU bid for high-level dialogue on contentious issues. *Livemint*. <http://www.livemint.com/Politics/GJn2AGAFYZxb7IFmRQVpvK/India-cool-to-EU-bid-for-highlevel-dialogue-on-contentious.html>. Accessed 11 October 2017
- Malone DM (2011) *Does the elephant dance?* Contemporary Indian foreign policy. Oxford University Press, New Delhi
- Ministry of Commerce (2016) *Economic Survey 2016–17*. Government of India, New Delhi

- Ministry of Commerce and Industry (2017) FDI Factsheet, April to June 2017, Department of Industrial Policy & Promotion, Ministry of Commerce and Industry, Government of India. <http://dipp.nic.in/publications/fdi-statistics>
- Ministry of External Affairs (2018) India welcomes joint communication by the European Commission on India-EU partnership - "a Partnership for Sustainable Modernisation and Rules-based Global Order", 26 November 2018, at <http://www.mea.gov.in/press-releases.htm?dtl/30643/india-welcomes-joint-communication-by-the-european-commission-on-indiaeu-partnership-+-a-partnership-for-sustainable-modernisation-and-rulesbased-global-order> (accessed on 28 Nov 2018)
- Modi N (2017) English translation of Press Statement by Prime Minister during India-EU Summit, 6 October. http://www.mea.gov.in/Speeches-Statements.htm?dtl/29007/English_Translation_of_Press_Statement_by_Prime_Minister_during_IndiaEU_Summit_October_6_2017
- Muenchow-Pohl, B von (2012) India and Europe in a multipolar world, The Carnegie Papers, May
- Nadkarni V (2011) Strategic partnerships in Asia: balancing without alliance. Routledge, London
- Peacock N, Joseph N (2017) 'Mixed messages to investors as India quietly terminates bilateral investment treaties with 58 Countries,' 16 March, *Arbitration Notes*, 16 March 2017. <http://hsfnotes.com/arbitration/2017/03/16/mixed-messages-to-investors-as-india-quietly-terminates-bilateral-investment-treaties-with-58-countries/>
- Renard T (2011) The treachery of strategies: a call for true EU strategic partnerships. Egmont paper 45, April
- Renard T, Biscop S (2012) Conclusion: from global disorder to an effective multilateral order: an agenda for the EU. In: Renard T, Biscop S (eds) The European Union and emerging powers in the 21st century: how Europe can shape a new global order. Ashgate, Farnham, Surrey, pp 185–198
- Sachdeva G (2012) India-EU economic ties: strengthening the core of strategic partnership. In: Peral L, Sakhuja V (eds) The EU-India partnership: time to go strategic? EUISS, Paris
- Sachdeva G (2015) Evaluation of the EU-India strategic partnership and the potential for its revitalization. Foreign Affairs Committee, European Parliament, Brussels
- Saran S (2012) The evolving role of emerging economies in global governance – an Indian perspective, 7 June. At www.ris.org.in/images/RIS_images/pdf/EmergingEconomiesPaper_final.pdf
- Saran S (2016) India and the re-aligned movement. India Today, 30 June. <http://indiatoday.intoday.in/story/brexit-european-union-globalisation/1/704286.html>. Accessed 3 September 2017
- Saran S (2017) How India sees the world: Kautilya to the 21st century. Juggernaut, New Delhi
- Sibal K (2012) Strategic' relations suit India. Mail Online India, 25 December. <http://www.dailymail.co.uk/indiahome/indianews/article-2253135/Strategic-relations-suit-India.html>. Accessed 14 October 2016
- Singh K, Priya P (2014) "What's holding back the India-EU FTA? The Diplomat, 17 June. <http://thediplomat.com/2014/06/whats-holding-back-the-india-eu-fta/>
- Singh WP, Mehta PB, Jones B (2013) A hesitant rule shaper? In: Waheguru Pal Singh/Pratap Bhanu Mehta/ Bruce Jones (eds.) shaping the emerging world: India and the multilateral order. Brookings Institution, Washington, DC, pp 3–21
- Srivastava S (2015) 'European Union intensifying efforts for negotiations on India FTA', Financial Express, 9 March at <http://www.bilaterals.org/?european-union-intensifying>
- Tharoor S (2012) Pax Indica: India and the world of the 21st century. Penguin Books, New Delhi
- Tusk D (2017) Interview, in I Bagchi, 'Brexit made EU27 more determined that the Union is our common future ... will work with India as strategic partners'. Times of India, 6 October. <https://blogs.timesofindia.indiatimes.com/Globespotting/brexit-made-eu27-more-determined-that-the-union-is-our-common-future-will-work-with-india-as-strategic-partners/>. Accessed 10 October 2017
- van Rompuy H (2010) Remarks by President of the European Council at the press conference before the G8 meeting at Toronto, 24 June
- Zee News (2015) at http://zeenews.india.com/business/news/economy/auto-sector-inclusion-in-india-eu-fta-against-make-in-india_123338.html