

The EU and India: A Loveless Arranged Marriage

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>>> The EU-India Strategic Partnership has been slow-moving and fragmented. Much potential remains untapped. Similarities between the EU and India should make them natural partners. But the relationship remains too focused on set-piece summits rather than fostering dynamic everyday linkages. Even the annual EU-India summits have failed to push forward long pending issues like free trade, maritime cooperation or a nuclear agreement. A similar fate is predicted for various other important issues like a putative Europol Agreement and a memorandum of understanding on competition, science and technological issues. Collaboration on security and counter-terrorism remains negligible. The EU-India Strategic Partnership is one of the most static and disappointing of such accords. Well matched but with no spark of chemistry, the EU and India appear tied together in a loveless arranged marriage.

FAILURE TO PROGRESS

India was acknowledged as a strategic partner in 2004. But seven years on there is still no mutually agreed set of clear priorities. The EU-India relationship fails to acknowledge each partner's individual realities. The EU seems enamoured by the glitter of India's emerging power status. It no longer sees India as a poor developing country – even though it still contains more poor people than the whole of Africa. India cannot fathom the post-modern complexities of the EU in what New Delhi sees as a Westphalian world.

Understanding on both sides remains poor. India refused to negotiate an EU Partnership and Cooperation Agreement (PCA), rejecting clauses

HIGHLIGHTS

- The EU-India Strategic Partnership has failed to progress in any significant fashion
- The two partners have failed to agree on a narrowed down and manageable set of strategic priorities
- Better mutual understanding is required; both the EU and India need to adopt a new attitude if their natural potential for partnership is to be realised.

»»»»» covering human rights and non-proliferation as Western moral preaching. Pressure on the Commission from smaller EU member states like the Netherlands to persist with a human rights focus has deepened the stalemate. While India came across as a rather difficult partner, the EU displayed its customary incoherence, some member states more flexible than others on relaxing normative pre-conditions. Diplomatic coolness has also crept in. The December 2008 Council conclusions on the Mumbai terror attacks gave New Delhi the impression that the EU took Pakistan's side by increasing its aid to that country rather than sympathising with India's victims.

Trade remains the primary focus. The free trade agreement (FTA) is now vital before anything else for the survival of the relationship. Already in their fourteenth round since being launched in 2007, negotiations now seem likely to drag on into 2012. Mutual confidence is waning. The EU seeks a comprehensive agreement. India wants to sign, even if the accord is imperfect, with the aim of amending details as relations progress. Important impediments need to be solved. Politically, human rights, environmental and non-proliferation clauses form roadblocks. India still rejects any place for human rights and environmental issues in a trade deal, despite having endorsed conventions covering these issues at an international level. It admits to being unprepared to enforce international labour standards. Furthermore, consenting to EU intellectual property rights (IPR) requirements which affect the Indian drug industry would amount to political suicide for any Indian politician. Besides being deeply affected by HIV itself, India is also an exporter of cheap HIV drugs to third countries especially in Africa. India also opposes the dispute settlement mechanism clause under which private enterprises would be able to sue the state.

Agriculture remains a sensitive issue for India. Nearly 70 per cent of the Indian work force is still dependent in some form on the agricultural

sector, which is in dire need of techno-institutional reforms. Liberalisation would be damaging if it led to surges of EU goods coming into the country helped by the heavily subsidised Common Agricultural Policy. The FTA will not sweep away non-tariff measures like subsidies, standards and technical barriers to trade (TBTs) which must be addressed at the multilateral level. Conversely, new TBTs would be added for instance in the form of the stricter sanitary and phytosanitary standards pushed by the Union. Tariff cuts would be WTO-plus; this would entail an asymmetric tariff reduction that would be detrimental to millions of poor subsistence farmers in India. Lifting alcohol tariffs would be socially difficult in a conservative Indian society. India and the EU face further asymmetries in IP recognition systems. Other hurdles relate to public procurement and the free movement of people.

The FTA is much needed. While the EU is India's largest trading partner, India's share of EU trade is only 2.4 per cent: a staggering 11.5 per cent lower than China. European FDI flows to India are still low: €3bn in 2010 compared to the €4.9bn that went to China. The FTA would offer the EU tariff advantages over India's other existing FTAs with South Korea, Japan and ASEAN.

The proposed EU-India Maritime Agreement is also deadlocked. Bilateral maritime security cooperation is negligible and there is no working group on this issue. This is despite two thirds of India's oil and 90 percent of EU imports being transited by sea, and both being active in anti-piracy efforts in the Gulf of Aden.

Collaboration on security issues is still limited to a few rather un-operational meetings: a working group on terrorism, visits from the EU's Counter Terrorism Coordinator to India, and one security dialogue per year. The Europol-India Agreement is still in the pipeline after two years and would anyway not be very far-reaching; it would not grant India access to sensitive material. It also provides no evident added value to India's existing Interpol membership. For India, Europol is not the best

forum for information-sharing in the EU given member states' preference to share intelligence bilaterally.

Energy cooperation remains similarly limited. An EU-India Civil Nuclear Energy (Fission) Agreement has been under consideration for two years. Compare this stagnation with the US's signing of the historic Civil Nuclear Agreement with India, Canada's decision to start uranium sales to India and Russia's construction of 12 nuclear plants across India. President Sarkozy has been aiming to sell French nuclear reactors to New Delhi on a bilateral basis outside the terms of any common EU accord. On climate change, EU-India cooperation vaporised during the 2009 Copenhagen summit; this is a sphere

where the Strategic Partnership should clearly have kicked into action.

On multilateralism, EU-India interaction and coordination within UN bodies is not robust. India is present in 43 out of 64 UN peace-keeping operations, contributing 10 percent of total

troops. The EU currently covers 40 percent of the UN peacekeeping budget. This reflects the fact that the EU and India have the same vision of a stable, democratic world. But India still prefers to operate under the Non Aligned Movement umbrella, and increasingly along BRIC-IBSA lines in challenging elements of the western order. The EU as such still does not support India's demand for a permanent seat on the UNSC; confusingly, some member states such as the UK and France do support the claim. In contrast, President Obama's endorsement of an Indian permanent seat at the UNSC won him accolades during his visit to India.

WHY?

In sum, the EU-India strategic partnerships remains distant from what its name suggests and can at best qualify as a reluctant relationship. Why is this?

The EU-India relationship is institutionally cumbersome and fragmented. Technical issues do not seem to further the political process, as advocates of a functional approach would have hoped. Since the EU-India partnership is rather summit-based, the health of the partnership is measured by the number of deliverables each summit manages to register: an annual dowry to keep the marriage staggering along. The last summit registered only a general declaration on culture and terrorism. There are few day to day work processes.

The relationship is still focused mainly on trade and economic issues. The EU wants to strengthen the political dimension of the partnership to address common challenges such as Afghanistan, terrorism, climate change, the financial crisis and non-proliferation. But it is not clear whether the EU sees India as a regional leader, global actor or merely a trading partner. On the other side, the largely bureaucratic Indian administration does not currently see the EU as a credible political actor. Rather, India sees in the EU a partner only for sustainable agriculture, development, commerce and as a source of technology transfer.

The EU and India have not yet jointly agreed on a concrete list of mutually beneficially priorities for day to day cooperation. Such priorities are only inferred and have changed with each EU presidency – another Indian gripe. The Joint Action Plan signed during the 2006 Summit (and revised in 2008) as a roadmap for economic, political and development cooperation does list priorities. But the list is an exhaustive wish list with no link to implementation targets.

For Indian officials, the EU's deliverables do not match its rhetoric. India in fact sees the EU as



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»»»»» 'Europe' in a general and non-institutionalised sense, and constantly compares it to other major actors like the US, expecting it to accommodate India's requirements by creating new competences. India still prefers to focus on its bilateral relationships with key EU member states.

The EU delegation in India suffers from problems of understaffing and inadequate public diplomacy efforts. Political coverage of the EU in India remains negligible. Four years into her term, EU delegation head Daniele Smadja has yet to meet Congress president Sonia Gandhi. The strength of Indian participation in high level meetings tends to be considerably lower than on the EU side. While this may be interpreted as a lack of interest from India, the fact is that the Indian foreign affairs ministry also remains chronically understaffed. India places high emphasis on the level of political representation. Given the EU's highly complex political organisation, protocol problems are often experienced.

India's relations with the European Parliament (EP) remain poor. Multiple visits organised by the EP's India Delegation chief, MEP Graham Watson, are not reciprocated, and the absence of an EU friendship group within the Lok Sabha is noted. A push from inside the Lok Sabha could indeed give a major boost to EU-India relations. Sensitive parliamentary questions and the human rights focus further generate diplomatic tensions.

India's EU relations are also increasingly caught up in Indian domestic political debates. The Congress Party-led UPA Alliance is strongly focused on India's internal development. Prime-minister Singh is dedicated to maintaining two digit growth rates. To this end, the government sees key bilateral trade deals as motors of such growth. The BJP opposition has criticised the government for moving away from multilateral arrangements under the WTO rubric. It has called for an immediate halt to the EU free trade talks. At the same time, BJP president Nitin Gadkari has recently travelled to the UK to encourage British and European investments in BJP-governed states in the field of green technologies.

A final problem is that basic awareness amongst the Indian population of the EU remains shockingly low. The first and only real contact Indians have with the EU today is while applying for a Schengen visa. The focus of the Indian foreign affairs ministry remains largely restricted to India's immediate neighbourhood and key countries like the US. Despite being India's biggest trading partner the EU does not make its presence widely known. On the business front, major Indian enterprises like Tata, Birla or Reliance haven't yet realised the impact that lobbying Brussels could have on their business. They lack representation in the EU capital, one of the most lobby-intensive cities in the world.

WHAT A STRATEGIC PARTNERSHIP WOULD LOOK LIKE

The EU-India partnership does matter. It can become truly strategic with greater momentum. Although the EU and India share many common views, one hardly ever hears of the EU-India Strategic Partnership having made an impact on multilateral affairs. There is a real and urgent need for changing thought-processes on both sides if a truly profitable partnership is to be realised. Much depends on increasing mutual understanding.

The EU and India must jointly agree on a shorter list of mutually beneficial bilateral priorities. The EU's top priorities with India can be easily deduced: trade, security, energy and climate change, and multilateralism. But, is India on the same page? Given that nearly 40 per cent of India's 1.3 billion people still live below the poverty line, India still needs a partner in development as its top priority. India currently ranks 67 out of 84 on the Global Hunger Index. Only if each side takes into account the other's concerns can the Strategic Partnership deliver and move faster with a short, realistic priority list over, say, a three year period.

A mutually beneficial relationship is there for the taking. India seeks cooperation in agriculture and vocational training, where the EU has expertise.

A second green revolution in India will not only feed its own population, but also address global food shortages. Technology transfer to India will ultimately help the EU generate growth in indigenous green technologies. On security, India's biggest threat comes from Naxalism, far-left radical communists who identify with Maoist political ideology. This can mainly be addressed through a social welfare-development-security triangle where the EU can concretely contribute, more so than on the hard-security dimensions of counter-terrorism. Trade and the FTA are indeed a top priority but deadlock here is leading to lethargy in overall relations. Concessions made in the short term will pay off greatly later on.

EU-India cooperation on renewables must be enhanced rapidly. The Indian market in renewables provides limitless opportunities and can create much needed jobs in Europe. India must actively deepen its cooperation with the EU in the multilateral sphere, especially within the UN, through regular meetings and an effort to converge positions. India should also enhance concrete cooperation with the EU on South Asia's regional issues in which the EU is interested, has presence and can be a positive factor. For this, trust needs to be built up and the focus shifted from vacuous political sermons. India needs to realise the potential in furthering relations with an evolving EU. India still needs to see that the uniqueness of the EU lies in its construction of an identity apart from the colonial past of its member states.

On human rights, a modern democratic India must adopt a more constructive approach. To this extent, the EU-India Human Rights dialogue must not be seen as a West-East blame-game, but a productive discussion between two mature democracies. The FTA's human rights and sustainability clauses do not go beyond those international conventions which India has signed. Acknowledging these can only increase goodwill internationally. The EU's focus on human rights is nothing for India to be repelled by, but an avenue for improving its own international profile.

For all this, greater political will is crucial. Frequent high level bilateral visits are needed. The visibility in India of senior EU figures has been insufficient to establish familiarity. Catherine Ashton postponed her visit several times before finally making it to India only in June 2010. Indian leaders need to visit Brussels more often. Young leaders from India in particular can create synergies between a modern Europe and an emerging India. In this regard, summits must not be the sole focus. A day to day working relationship should instead be the priority. Businesses have a key role to play too. Major Indian firms should be the driving force behind EU-India relations. This would also enable the EU and India to bypass as well as address economic disparities and political deadlock. The partnership between these two major international powers must be properly strategic and also much more multi-faceted. To date it remains one of the world's most below-potential relations.

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