

Issue

Brief

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Renewing the EU-India Strategic Compact: Doing Better, Doing More, and Key How Not To's

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The strategic compact between India and the European Union (EU) is coming up for renewal in 2025. While the *Roadmap to 2025*, launched in 2020, was an important step in the relationship, the strategic partnership remains largely underwhelming. The unfulfilled potential becomes a matter of even more urgent concern today, amidst the geopolitical turbulence and geoeconomic challenges confronting the world. As negotiators from both India and the EU come together to update the partnership, this brief makes the case for an ambitious new agenda. It identifies six key areas where the EU and India urgently need to join forces; doing so will not only be of advantage to the signatories but will also have global consequences. To overcome some of the past (and future) difficulties in negotiations, the brief offers some important how-not-to's for the EU.

Judge the EU-India Partnership on its own terms in recent years, and all involved—on both sides—deserve to pat themselves on the back. The *Roadmap to 2025*, launched in July 2020 at the 15th India-EU Summit,¹ covered a wide range of issues and was shrewd in its framing:

“In a complex international environment, the Republic of India and the European Union, both “unions of diversity”, sharing values of democracy, rule of law and human rights, are equally convinced of the necessity to preserve the rules-based international order and effective multilateralism. India and the EU have a common interest in each other’s security, prosperity and sustainable development. They can contribute jointly to a safer, cleaner and more stable world. They therefore endeavour to develop further their Strategic Partnership, based on this Roadmap.”

With the roadmap coming up for renewal in 2025, it is evident that this relationship matters more than ever for the two powers themselves, and also for global politics. Most of the problems which the *Roadmap to 2025* had sought to address remain unresolved. And if the agenda agreed to in 2020 were not enough of a tall order in itself, the world now finds itself confronted with an even more difficult context: the ongoing Russian invasion of Ukraine, increased turmoil in the Middle East, the threats posed by authoritarian China, and the re-election of Donald J. Trump to the US Presidency.

One may debate the global implications of the US election at length; one thing is certain, however: under Trump, the US is going to be adopting a more transactional approach to international relations, giving short shrift to values.² If the EU is serious about its (frequently) professed commitment to values, this is an especially important moment for it to deepen its cooperation with like-minded partners. A need of the hour is thus the EU-India partnership, and it needs to do not only what the *Roadmap to 2025* had envisioned—but to do even more.

A New EU-India Strategic Compact: Doing Better, Doing More^a

Some of the 118 paragraphs of the *Roadmap to 2025* covered new and important ground in the bilateral relationship. Besides the more obvious topics expected of a programme involving the EU to contain (such as trade, human rights, sustainability, and multilateralism), the document also included strategically vital topics, such as security cooperation, the Indo-Pacific, and connectivity. The *Roadmap* has also served as a useful instrument towards building a narrative that recognises the geostrategic value of this relationship on different fronts, including the urgency of “de-risking the relationship with China” as acknowledged (even)^b by the European Parliament earlier this year.³ That said, the same document also admitted that “the partnership has not yet reached its full potential.” The failure of the two to negotiate a trade deal is but one example of the limitations of this partnership thus far; this failure becomes more glaring, when one takes into account the goeconomic threats facing trade multilateralism today. A new EU-India strategic compact will need to address these fundamental shortcomings head on, and tackle new problems as well.

Six areas where the two partners can and should join forces, despite the challenges involved, are outlined in the following paragraphs.

First, while the *Roadmap to 2025* was right to identify foreign policy and security cooperation on the top of its priority list, its language was either in the realm of disarmament, non-proliferation, and counter-terrorism or involving a variety of further exchanges. These are important issues, but now the cooperation needs to embrace the necessity of full-scale military cooperation between the two, and take steps to enable this (including sales, technology transfer, and co-production). This type of cooperation will be valuable to the EU if it hopes to speed up reducing India’s military dependence on Russia; it will also be appreciated by India, given its own tough, immediate neighbourhood as well as in terms of re-establishing the balance of power in the Indo-Pacific and beyond. Given the EU’s structure and associated constraints, this may not be easy.

The EU, however, has already set a precedent via its expanded defence cooperation with Japan on this front, besides the commitment that some member states (most recently, Germany)⁴ have already shown towards India.

a Amrita Narlikar presented some of these ideas at a conference organised by the Council for Strategic and Defence Research and Konrad Adenauer Stiftung on 29 November 2024. She is thankful to the organisers and participants for the lively engagement and feedback.

b This is an interesting narrational change, in contrast to the historic hedging by the EU on China, including its cautious exemplary fence-sitting language of describing China as a “partner, competitor and rival” that was echoed across different member-states.

A New EU-India Strategic Compact: Doing Better, Doing More

The EU will be served to use geopolitical necessities to fast-track this crucial aspect of the partnership, drawing on lessons especially from the Indo-French cooperation. Establishing a strong defence relationship with India is not a matter of strategic altruism; it is a sensible step for the EU to undertake to boost its own standing in the coming multipolar era. There is also a strong commercial opportunity of over US\$100 billion of future military sales available from filling the gap of reduced Indian arms purchases from Russia (down from 76 percent in 2009-13 to just 36 percent in the last five years).⁵

Second, while the EU frequently speaks of the urgency of addressing climate change, some of its measures (most recently the Carbon Border Adjustment Mechanism, CBAM) have not only attracted the ire of India, but also raised concerns about their implications for developing countries at large.⁶ Trying to force India's hand on this—a country committed to addressing climate change in its own right—will not help the bilateral relationship. India's finance minister Nirmala Sitharaman has termed the EU's planned carbon tax on imports as an arbitrary “trade barrier”, “unilateral”, “not helpful” and most crucially, “not going to facilitate the green transition” globally.⁷ Instead, climate finance will be key to win over support from India, as well as public-private partnerships that are both profitable and sustainable to facilitate the Green Transition. Finding common ground with a large and developing economy like India in this area could be the first of many partnerships the EU can have with developing countries across the globe to ensure the success of its advocacy. Finding the right balance between pragmatism and idealism will be key.

Third, the need for an FTA is now more urgent than ever, given the threats that the World Trade Organization (WTO) faces as well as the inward turn that many countries (including the United States) are resorting to in order to secure global supply chains. This deal has proven difficult for the EU and India for a variety of reasons, even on the “conventional” areas of agriculture and manufacturing; despite the renewal of negotiations in 2022 after a near-decade-long hiatus, the two sides have little to show for the talks thus far.⁸ Besides having to address these issues (and associated differences on social and environmental standards), the two partners will be well-served to factor in critical technology and related standards (e.g. on data protection and privacy), if they are to successfully diversify away from China. Such an FTA that is ambitious and meaningful will only be achieved if both parties recognise its importance as not a trade deal alone. While trade was seldom “just trade” for the EU (recall, for instance, the EU's position on the “trade and...” agenda, and its push for labour and environmental standards even in the early years of the

A New EU-India Strategic Compact: Doing Better, Doing More

WTO), the ability of some states to weaponise interdependence has taken trade unprecedentedly into the issue of national security.⁹

This dangerous linkage provides an urgent, geoeconomic context for the FTA, which both European and Indian negotiators can wisely use to make concessions to reach a deal (which they might not have done in “normal” times). EU-India trade has begun to reach a reasonable scale—at €124 billion in goods trade in 2023, the EU is India’s largest trading partner. The EU’s foreign investment stock has risen to €108.3 billion as of 2022. And yet, despite the professed enthusiasm for the country by the EU, India still remains only its ninth largest trading partner. Even the increased investment is a fraction of the EU’s investment in Brazil (€293.4 billion) and China (€247.5 billion), highlighting the distance to go.¹⁰

Fourth, migration has historically been an important issue in the relationship, and one that is usually addressed (at best) in terms of the emigration of Indian students and workers. The political turmoil in Europe (including in two major member states, France and Germany) will not make this conversation easier. Additionally, assuming that both the EU and India now see each other as equals and as key powers, the negotiation and narrative both need to move away from being framed in terms of India as being a one-way supplier of qualified migrants. As India’s power rises, it is becoming an increasingly attractive destination for European citizens to work and settle in, as well as reunite with global families. Introducing a sense of reciprocity into the bargain may be a useful factor to potentially help swing immigration-sceptic European electorates in favour of a deal.

Fifth, less obviously strategic, but just as important and challenging, is the opportunity for the next EU-India compact to go beyond biodiversity and sustainability as per the *Roadmap to 2025*, and include the issue of animal welfare and animal rights. For instance, when building connectivity projects and corridors, both the EU and India will be well-served to lead together via bans on live exports of animals. This issue is not just a “soft” issue; rather, it is existential to the diverse species that are being decimated, and individual more-than-human beings that suffer extreme cruelties in the name of development, trade, and indeed culture. Ethical connectivity will be life-saving for the animals directly affected, and could also be equally vital for the human race in terms of reducing the occurrence of pandemics through zoonotic jumping. The EU, despite its practices of factory-farming, has a vibrant and growing constituency

A New EU-India Strategic Compact: Doing Better, Doing More

supporting animal rights. And India—a country whose traditional thought teaches that “human rights are not human only” and which has advanced the notion of LiFE (lifestyle for the environment)—is an ideal partner for the EU to reshape global narratives and perspectives on the rights of the planet and its more-than-humans inhabitants.¹¹

Sixth, the *Roadmap to 2025* echoed many other statements by both the EU and India in their support for multilateralism. Perhaps the time has come to now reduce the platitudes and banalities, and instead find ways to reboot existing multilateral institutions or create new, more effective ones. On the one hand, this requires drastically improving the inclusiveness of existing institutions (such as the P-5 of the UN Security Council); on the other hand, it also requires a willingness to engage on a minilateral basis (and potentially reconsider trade fundamentals, such as Most Favoured Nation status in the WTO, to allow for deeper integration among like-minded partners). It is well and good for the EU to have strong partnerships with other developed economies like the United States and Japan; however, successful multilateralism requires looking beyond the interests of just the West and its allies. A far larger world exists outside of these countries—an EU that calls for greater multilateralism must remain ever willing to forge new partnerships (especially with like-minded democracies like India where there are already important overlaps of both interests and values).

To Realise an Ambitious Agenda, Some How Not To's for the EU

The EU offers several unfortunate examples of how-not-to's when dealing with developing countries. The former High Representative, Josep Borrell, epitomised this in October 2022 when he was quoted to have said, “The rest of the world is a jungle, and the jungle could invade the garden.”¹² Such framing is inopportune (if not borderline racist—provoking a Twitter storm) in the eyes of the many countries that are proud to belong to the Global South, and of which India is a long-standing and committed part. Moreover, the poor rhetoric was likely not just a slip-up on the part of Europe's senior-most diplomat. Rather, it reflects a strategic blindness on the part of Europe—in turn a result of relative comfort of geography and a US security blanket (both facilitating factors now considerably undermined by the war on Europe's borders and the refusal of the US to continue as the world's policeman)—and a mercantilist approach, which favours the short-term. The mix of strategic blindness and short-termism have led to some serious shortcomings in the EU's foreign policy,^c including a tendency to undervalue its non-Western partners. To avoid a repetition of previous mistakes and make the most of its partnership with India, this brief offers three important how-not-to's in the following paragraphs.

First, it has become fashionable in foreign policy circles in Europe (and the US) to reject the term, ‘Global South’. As one of the present authors has argued elsewhere, this high-handed approach is problematic for intellectual, logical, political, and ethical reasons.¹³ Suffice it to note here that even as policymakers and think-tankers in Europe are rejecting the term, countries from the Global South are reclaiming it, as witnessed in the India-led Voice of the Global South. Were Europe to understand the link between India and the Global South, it would have a far better understanding of its partner's vision of global order.

Second, besides India's Global South identity, just as important are its unique characteristics. Thus, for instance, Europe needs to go beyond the assumed dichotomy between Asian values and Western values. Certain traditions in India emphasise individual rights and inclusiveness in a distinctly un-Asian way, and are more liberal than most variants of Western liberalism.¹⁴ As such, India is an exceptional ally for parts of the West. The EU would do well to recognise this


c The EU has, for example, lurched from not having a Russia strategy to becoming very hawkish on Russia overnight (and further demanding that the rest of the world follow suit, and then waking up to the ineffectiveness of such pressures, especially when exercised on powers like India). It is still not clear what its Russia strategy will be even in the near future, or indeed if it plans to handle China in a similar manner.

To Realise an Ambitious Agenda, Some How Not To's for the EU

and work with these fundamental affinities. Incidents such as the European Parliament passing a resolution in July 2023 on the ethnic clashes in the state of Manipur in India are unhelpful and are often devoid of the appropriate context.¹⁵

Third, the EU must be willing to recognise its own hypocrisy and be more understanding towards the developing world where countries face challenges for which they are often not responsible. Sometimes, they are cleaning up the very mess that was created by European colonisers in the first place. A more empathetic EU, which focuses more on partnering rather than preaching (sometimes to countries that fully share the same aspirations as a modern-day EU, e.g. on countering climate change, but lack the resources to take the necessary action), will also be more effective in its dealings with India.

The EU-India relationship has been able to gather reasonable momentum of its own, but it remains clear to most observers, inside governments and outside, that there is considerable room for improvement. The second von der Leyen Commission should ensure that the EU's relationship with India not remain one that perpetually underwhelms. As India continues with its march towards becoming the world's third largest economy by nominal Gross Domestic Product (GDP) in the coming years, the EU will be seeing a lot more of India at the global high table. Brussels will be far more effective in pushing its own agenda if it maximises its geopolitical, geoeconomic, military, and normative convergences with New Delhi and subsequently offers workable alternatives that are also genuinely distinctive from what will be emanating from Washington and Beijing.

Avoiding the above how-not-to's and embracing the how-to's will allow the two partners to make more of their unexploited synergies, and enable them to creatively explore new ground for deeper cooperation. This will work to their advantage and their peoples, but it may go further than that: working together, India and the EU may be able to push for a more inclusive, more secure, and kinder globalisation in the future. 

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