

European issues  
n°616  
14<sup>th</sup> December 2021

# Europe-India: new strategic challenges

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The most recent India-EU summits, held on [15 July 2020](#) and [8 May 2021](#), significantly enhanced the strategic dimension of the bilateral relationship. India was one of the first countries to establish diplomatic relations with the European Union when representatives of the then EEC met with several Indian diplomats based in Europe in 1961. But it was not until much later that the first high-level summit between India and the EU took place in Lisbon in June 2000, marking the real beginning of meaningful bilateral relations. It was followed in 2005 by the launch of a “[strategic partnership](#)” between the two parties.

The push to deepen bilateral cooperation in recent years is all the more important and necessary given that economic and political relations between Europe and India have long been better defined with individual Member States, rather than with the European Union as a whole. This has been reinforced by a certain inertia in the intensity of the bilateral link over the years, as EU-India bilateral summits, although annual in principle, were blocked between 2012 and 2016 and the negotiations launched in 2007 for a Free Trade Agreement are still ongoing. The strategic strengthening of Indo-EU dialogue over the past three years therefore marks an important turning point and underlines a clear commitment to move forward on major issues of common interest to move beyond piecemeal politics and give the bilateral relationship a more strategic, long-term focus.

## THE IMPACT OF BREXIT ON THE EUROPE-INDIA RELATIONSHIP

How can the impact of Brexit on the Indo-EU relationship be described, given that the UK had a special relationship with India because of their shared history? On a bilateral level, the UK was not

only seen by Indians as a first gateway into the EU and its markets, but also as a base for any lobbyist from New Delhi within the Union<sup>[1]</sup>. The UK was thus traditionally India's main European partner for historical and socio-economic reasons. The country was the largest recipient of Indian student exchanges in the EU, accounting for around 40% of the EU's total (45,000 Indian students) in 2015-2016, although the trend has gradually shifted to the continent: Germany hosted over 14,000 students in 2016 (a 15% increase per year) before Brexit and France also grew at a significant rate, with 4,500 students in the same year.

Brexit has essentially changed the situation because India was keen, fairly quickly after the British referendum in June 2016, to strengthen its strategic ties with Berlin and Paris, its two new key partners in Europe. Germany is indeed India's largest economic partner in the European Union. While Germany's economy remains the largest one in Europe, Indian foreign policy analysts frequently continue to anticipate that the bilateral economic relationship could be stronger, especially when compared to Germany's trade flows with China. This is especially true when considering India's future infrastructure requirements, particularly in the renewable energy sector. Overall, Indo-German relations have enabled significant research initiatives in recent years, such as the establishment of the joint Indo-German Max Planck Centre for Computational Sciences in New Delhi or the establishment of a high-level discussion group on new technologies.

During President Emmanuel Macron's visit to India in March 2018, France further emphasised that it wanted to become India's primary strategic partner in Europe. For some experts, with Brexit and the weakening of Angela Merkel's leadership due to her

<sup>[1]</sup> Pramit Pal Chaudhuri, “Of expats and corporates: Why India wants Britain to remain in Europe”, 2016.

retirement, the French President has thus positioned himself as the most credible interlocutor in Europe[2]. Amongst the Union's Member States, France remains the European country considered by Indian defence experts as the most natural partner in the military and security[3] field, if only via the sale of Rafale fighter jets in 2016, the sale of the Scorpene submarines in 2005 or the Franco-Indian cooperation in Mirage fighter jets and their upgrading. In addition, Franco-Indian cooperation has been strengthened through the International Solar Alliance and energy issues related to climate change, which remain a major challenge for India's future development.

In political and geostrategic terms, the impact of Brexit on the EU-India relationship has therefore been very limited. On the contrary, Indo-European relations have intensified over the last five years. The summit of 6 October 2017 already confirmed their readiness to adopt a declaration on cooperation in the fight against terrorism with a view to deepening their strategic relationship. Europe and India resolved to intensify their cooperation through regular bilateral consultations, the possibility of sharing information and engaging in capacity-building activities, such as training. The importance of regular high-level contacts to enhance mutual understanding was also reiterated. In this context, the joint manoeuvres between European and Indian naval forces off the coast of Somalia were considered a successful example of cooperation. This dynamic was reinforced in November 2018 by a [Joint Communication](#) putting forward new ideas for an EU strategy towards India with a view to incorporating a ten-to-fifteen-year perspective on cooperation. In particular the joint EU-India proposal to join forces to consolidate the international order based on the principle of multilateralism with the UN and WTO was a central element. The strategy also sought to develop a shared approach to global challenges, as well as responses to security threats and regional issues. The [roadmap to 2025](#), agreed at the 15th India-EU Summit in 2020, further confirmed the commitment to strengthen cooperation in many sectors, including security, with the establishment of regular consultations between the two parties, an exchange on respective strategic priorities for crisis

management and peacekeeping, as well as the overall strengthening of military relations.

An [India-EU High Level Dialogue](#) was also launched in February 2021 to provide more comprehensive political direction to the bilateral economic dialogue on trade and investment. And it is precisely on the economic front that the impact of Brexit has been the most visible. In 2020, post-Brexit EU became India's third largest trading partner, accounting for 11.2% of India's trade, trailing behind China (12.1%) and the United States (11.8%), whereas the EU had for many years been the largest. The inevitable consequence of Brexit is that India's relative share of European trade also slightly declined. The country is the EU's tenth largest trading partner, accounting for 1.8% of European trade, compared with 2.3% in 2019. The UK alone accounted for 1.9% of India's global trade in the period April 2017 to April 2018, after Germany (2.9%) and just ahead of France (1.5%). That said, and as opposed to what might have been expected, further analysis has shown that the UK has failed to capture much of the bilateral increase in India-EU trade over time. EU-India trade more than tripled between 2000 and 2016, with EU exports rising from €9.8 billion in 2000 to €33.8 billion at the time of the Brexit vote, and imports from €10.1 billion to €32 billion. But the value of UK exports and imports over the same period has been comparatively stagnant[4].

#### AN INCREASINGLY STRATEGIC PARTNERSHIP

As India becomes increasingly active on the international stage, its interest in the European Union is growing with the willingness to forge a better relationship. The negotiations for a bilateral India-EU free trade agreement, suspended since 2013, were formally relaunched in May 2021 to strengthen cooperation. Indo-EU trade had indeed increased by more than 70% between 2009 and 2019 and India is an interesting alternative for the diversification of European supply chains. The issue of exports and investment will also be central to India's post-pandemic economic recovery. These negotiations could be further widened by a complementary bilateral investment treaty and/or a geographical indications agreement to further boost

[2] Kanwal Sibal, "Why French President Macron's visit to India is important", 2018

[3] Karine Lisbonne de Vergeron, "India and the EU: What opportunities for defence cooperation?", 2015

[4] Demertzis Maria and Alexander Roth, "India's trade ties with the UK and the EU", 2017.

economic exchanges. However, it may take a few more months or even years before the parties can find solid common ground. Many Indian experts believe that India will first seek to conclude its ongoing free trade agreement with the UK before focusing on its negotiations with the EU.

At the same time, India has consolidated its position as a regional power. It became a member of the UN Human Rights Council from 2019-2021, a member of the UN Security Council in 2021-2022 and is expected to take over the G20 presidency in 2023. Its foreign minister, Subrahmanyam Jaishankar, more Europhile than some of his predecessors and personally interested in Central Europe, seems to be playing a significant role in developing a new, more positive approach to Europe. Indeed, the European Union had long been seen as a very minor player in India's rise to prosperity and power, despite its links with the UK[5]. Most Indian strategists had been sceptical about Europe's medium-term prospects, not least because they were more optimistic about the United States following the US recognition of India's nuclear power status as a result of the 2006 Indo-US 'Strategic Agreement'. It is worth noting, for example, that after his election in 2014, Indian Prime Minister Narendra Modi's first visit to Europe (to France and Germany in April 2015 and to the UK in November 2015) came only after his international trips to Brazil, Japan, the US, Australia and even Fiji. The Indian Ministry of External Affairs' report on the government's foreign policy entitled "[Breakthrough Diplomacy : New Vision, New Vigour](#)" in 2015 devoted only two pages to Europe, out of some 120 in total, compared to more than 14 pages for Africa. This was partly due to the lack of resources in the ministry, whose capacity has been increased in recent years and is expected to grow significantly further. Its department covering Central Europe with some twenty-one countries across a geographical spread from Turkey to Finland, however, still has only five specialists.

As a result of its geopolitical development, India increasingly perceives Europe as an important interlocutor in a number of key areas. Climate is, in this sense, a very promising area for deepening

bilateral ties. Many Indian experts agree that many European programmes and initiatives in the field of energy transition and climate change responses are tailored to their country's needs and converge with Indian development objectives; for example, in the areas of clean technologies or European support for India's solar park programme.

The country plans to increase its share of clean energy to 50% by 2030 and aim for carbon neutrality by 2070. These projects are often carried out at local level, in close cooperation with government agencies, particularly in the field of environmental sanitation. In addition, further reflection on the possible consequences of climate change on population migration and long-term security could help to better address the challenges that arise over time[6]. India is indeed particularly vulnerable to climate change and the 2018 IPCC report estimated that a single 0.5° Celsius temperature increase would reduce India's rice crop per hectare by more than a sixth. This is compounded by a significant risk of water scarcity by 2030 in the country and in South-East Asia more generally, making the risk of population migration a significant long-term issue[7].

The Covid-19 pandemic seems to have strengthened European interest in India in the field of health, pharmaceutical cooperation and medical research, while the country faces the need to modernise and improve its health infrastructure, an area in which the EU's competence and standards are widely recognised by Indian experts. New initiatives will be needed to deepen exchanges and in particular strengthen cooperation between universities, research laboratories and pharmaceutical companies. Finally, the beneficial effects of European initiatives in the field of public diplomacy and people-to-people exchanges should be intensified.

The public diplomacy programmes developed since 2015 by the EU Delegation in India to improve mutual understanding, advance bilateral relations and deepen cooperation in all areas of common interest have enabled the implementation of targeted cooperation activities. Numerous initiatives such as the organisation of European Days in Indian universities, the European Virtual Fair for Higher Education or a study tour of young Indian diplomats in the European

[5] Karine Lisbonne de Vergeron, « [Chinese and Indian views of Europe since the crisis: New perspectives from the emerging Asian giants](#) », 2011

[6] Gulshan Sachdeva and Karine Lisbonne de Vergeron, "[Improving EU-India understanding on Russia](#)" 2019.

[7] Anatol Lieven, [Climate Change and the Nation State](#), [The Realist Case](#), 2021.

institutions have helped to increase the visibility of the European Union among Indian students, researchers and government officials. However, there is still a lack of understanding on a more regional level and a need to ensure that part of the EU's public diplomacy takes on board India's more local dimension, both through the media and through increased contacts with local political elites and the general public so as to enhance Europe's strategic visibility in the longer term.

#### A NEW ORDER IN THE INDO-PACIFIC

While the Indo-Pacific is increasingly turning into the 21st century's new geostrategic centre of gravity, in a context of intensified Sino-American competition, the European Union adopted on 16 September its [first European strategy for the region](#). This new strategy has been supported by the appointment of a new EU Special Envoy for the Indo-Pacific since 1 September 2021 with the intention of working around a few key priorities: sustainable and inclusive prosperity, governance and digital partnerships, security and defence (maritime security and cybercrime). On the whole, this new European commitment in the Indo-Pacific has been perceived very positively by New Delhi, as the Indian Ocean is at the heart of India's core economic and political interests.

Amongst the EU Member States, France is by far India's most important partner in the region. More than 90% of France's exclusive economic zone is also located in the two oceans, while this area is expected to contribute nearly 60% of global GDP by 2030 and around 30% of trade to the European Union passes through the region. The Indo-Pacific region is the focus of many issues, including hydrocarbon trade and submarine cable routes, and is therefore of crucial strategic importance to the EU and India. Thus, Indo-European interests converge so that the region remains a free, open and inclusive space as well as a zone of fair competition.

In this context, the announcement, without prior consultation with France, of the AUKUS partnership between the United States, Australia and the United Kingdom on 15 September, the day before the launch of the new European strategy for the Indo-Pacific, came as a shock for France and for Europe. This agreement meant not only the loss of the existing contract between

Paris and Canberra for the order of twelve conventional submarines and its replacement by the sale of US-technology nuclear submarines, but also that an ally and a friend had not been informed, even if only a few hours before the official announcement. The surprise was made all the greater by the fact that the French contract would have provided Australia with additional defence capabilities by 2030 compared to the current alliance's planned phasing to 2040. Specifically, AUKUS seems to signal a return to the Anglosphere where the UK would like to play a pivotal role, albeit a very minor one as all technologies are US-based. This new alliance does not, however, alter the ambitions of the European cooperation strategy in the region, which in fact appears even more relevant

India's position on this issue has officially been one of no stated views. Several Indian experts and strategists have nevertheless stressed the potential complementarity of the AUKUS partnership with the [QUAD](#), The Quadrilateral Security Dialogue between the United States, India, Japan and Australia, which was initially formalised in 2007 and which main purpose today is to focus on cooperation in technology sharing and value chains between its member countries. The Quad provides working groups in a number of sectors, including semiconductors and 5G, as well as the exchange of high-level students in cutting-edge fields<sup>[8]</sup>. In addition, the United States seems to be interested in strengthening bilateral cooperation with India in artificial intelligence and quantum computing. The research links are already significant since the country hosts nearly 75% of Indian researchers abroad in these two research fields.

At the same time, India wanted to reiterate its support for France's role in the Indo-Pacific and its primary interest in continuing to work with France, particularly in the area of defence and security. A first trilateral dialogue meeting between France, India and Australia took place in September 2020 with the goal of strengthening cooperation in the Indo-Pacific region. France and India have also strengthened their cooperation in the Indian Ocean in recent years, notably with the launch of joint patrols from the Reunion Island in March 2020. The two countries have also been exchanging information on the maritime situation in the Indian Ocean since

[8] Pramit Pal Chaudhuri, "Quad, the emergence of a genuine counterweight to China", 2021

2017 under the bilateral agreement on the exchange of information on civilian vessels. Since the reciprocal military cooperation agreement of March 2018, French and Indian naval vessels further enjoy reciprocal access to Indian ports and French military bases for refuelling. While France remains India's largest defence partner in the European Union and defence exchanges have intensified in recent years - and could continue to increase given India's future complementary needs in terms of maritime and fifth generation aircraft - several Indian analysts stress the importance of a new window of opportunity for India to increase its cooperation with France and, by extension, with Europe in the region.

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Whilst the India-EU bilateral relationship has not yet reached its full potential, the rise in political momentum in recent months confirms the strategic importance of strengthening bilateral economic and geopolitical ties

in the context of the growing importance of the Indo-Pacific region. The European Union's responses and its new strategy for the region will be essential to avoid the risk of the "peripheralization" of Europe in the long term, as major new economic, connectivity, research and development issues are concentrated in this area. This dynamic, recently reinforced by the AUKUS alliance, underlines the urgent need for the European Union to finally acquire greater strategic autonomy and greater unity in terms of defence and security so that it can continue to carry weight in world affairs over time and assert its interests and values.

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