

Navigating a changing world



The 14th annual Summit between India and the European Union (EU) was held in New Delhi on 6th October 2017. The Republic of India was represented by Prime Minister. The EU was represented by President of the European Council, and President of the European Commission.

The India-European Union trade pact, the Broad-based Trade and Investment Agreement (BTIA), have not progressed during the 14th India-EU Summit is a sign that both sides continue to recalibrate their bargaining power and understanding of their relative positions on the international stage.

Nevertheless, there are some important positive outcomes of these interactions, which go beyond just trade. The very fact that the two sides are talking and working together in several areas is significant.

Introduction:

India and the EU have been strategic partners since 2004. The 14th annual Summit between India and the European Union (EU) was held in New Delhi. The two sides reviewed a full spectrum of their ties at the 14th summit with a focus on ramping up two-way trade and investment.

The leaders reviewed the wide-ranging cooperation under the India-EU Strategic Partnership. Recognising that India and the EU are natural partners, the leaders reaffirmed their commitment to further deepen and strengthen the India-EU Strategic Partnership based on shared principles and values of democracy, freedom, rule of law and respect for human rights and territorial integrity of States.

Changing environment in EU since Brexit

Much has changed for the EU since the last summit held in Brussels in 2016: Brexit; several key elections, including in France and Germany; and visible rifts between eastern and western European countries on what core EU values are and should be. The inauguration of new presidency in U.S. and consequent retreat of America from its leadership role in the West has provided a significant external stimulus to the EU's identity shift.

Outcomes of 14th annual Summit between India and the European Union

EU leadership referred to India and the EU as being the “world's largest democracies”. This projection as one of the world's largest democracies, which happened at the end of last year's summit as well, is more notable this time in light of the U.S.'s uncertain position on the international stage and the fact that pro-EU

leaders such as French President have been pushing for a stronger union in Europe as Britain leaves the EU.

- India and the EU reaffirmed their commitment to a “rules-based” international order and a “multipolar” world. This is significant in the context of the U.S. moving towards back out on several international deals. For instance, decertifying the nuclear deal with Iran- a deal that the EU is keen to uphold and US intent of withdrawing from the Paris accord.
- The reference to multipolarity is recognition that there is more than just one chair at the top table, not just with the U.S.’s shifting position but also due to Russia and China’s ascent.
- EU and India welcomed the growing convergence on contemporary global issues and agreed to enhance India-EU cooperation in all multilateral fora.
- The leaders confirmed their commitment towards conflict prevention and sustaining peace as fundamental aspects of promoting security and prosperity.
- The India-EU joint statement on terrorism this year called for “decisive and concerted actions” against Hafiz Saeed, Dawood Ibrahim, Lashkar-e-Taiba and other sources of terror. This will further bolster India’s efforts to call out Pakistan on the issue of sponsoring terror and the EU itself has been no stranger to terrorism these last few years.
- The two sides expressed support to the Government and the people of Afghanistan in their efforts to achieve an Afghan-led and Afghan-owned national peace and reconciliation.
- They welcomed the India-EU Dialogue on Counter-Terrorism. They also emphasised the need to deepen cooperation within the UN and the Financial Action Task Force (FATF).
- The leaders reaffirmed their commitment to an open, free, secure, stable, peaceful and accessible cyberspace, enabling economic growth and innovation.
- India and the EU reaffirmed their commitment to enhance maritime security cooperation in the Indian Ocean and beyond. Both sides noted the recent joint manoeuvres (PASSEX) between the EU Naval Force and the Indian Navy off the coast of Somalia, as a successful example of naval cooperation.
- The EU looks forward to India’s possible participation in escorting World Food Program vessels in the near future.
- Both leaders attached importance to the security, stability, connectivity and sustainable development of Oceans and Seas in the context of developing the “blue economy”.
- India and the EU reiterated the importance they attach to human rights cooperation, including on gender equality and women empowerment in all spheres of life.

- India and the EU agreed to strengthen cooperation in skills development and agreed to find complementarities and synergies between India's Skill India initiative and the EU's New Skills Agenda for Europe.

Talking of trade

The centrepiece of the recent summits, the BTIA (India-European Union trade pact) has not progressed during the 14th India-EU Summit.

- Among the reported causes for the failed talks is a disagreement on whether the protection of foreign investments will be part of the BTIA or dealt with in a stand-alone treaty.
- Other important points in the negotiations have been India wanting a greater ease of movement of temporary skilled workers to provide services in the EU and the EU wanting greater market access for its automobiles and its wines and spirits.

The EU and other developed countries have been historically reluctant about moving forward on this and the issue has become more challenging with the rise of populism and protectionism in Europe.

- The movement of skilled workers from India to developed countries is made difficult with barriers to overcome in terms of salary thresholds, recognition of qualifications, visa fees, social security and so forth.

Another issue holding up the trade talks has been the EU not granting "data secure" certification to India — a condition that facilitates the cross-border transfer of personal data, key to a number of companies' services, especially in the IT industry.

- India does not have a stand-alone data privacy law. On the other hand, the EU is, commendably, at the forefront of protecting citizens' rights as regards what happens to their data online.
- It will be no easy task for the government to align its laws to a standard required by the EU to get the appropriate certification.
- It would certainly affect consumer rights and privacy standards in the digital age if India were to adopt and implement strict standards for handling data, an outcome desirable in itself.

Why is it significant for India to maintain strong relationship with EU?

India and the EU should continue to welcome each other's leadership roles in the world, primarily because of commonly shared values. The fact that the EU is India's largest trade partner and it is also, like India, wary of China's political and economic dominance. The summit declaration makes a reference to freedom of navigation principles.

The EU is concerned about China flooding global markets with inexpensive steel and its response to China's Belt and Road Initiative has been half-hearted. But the strength of China's relationship with EU member states themselves is heterogeneous, with China trying to make inroads into Eastern and Central Europe through infrastructure investments.

This makes it vital for India to cement its bonds with the EU further.

Way forward

Launched in June 2007, the negotiations for the proposed EU-India Broad-based Trade and Investment Agreement (BTIA) have witnessed many hurdles with both sides having major differences on crucial issues such as intellectual property rights and duty cut in automobile and spirits.

With around €100 billion in bilateral goods and services trade last year, India and the EU have a lot to gain from a trade deal. But the sands are shifting; both in Europe and the world, and spaces and opportunities for leadership and partnership are opening up. It will certainly pay for both India and the EU to keep each other close as they feel their way around the emerging international order.

Conclusion

India and the EU should continue to welcome each other's leadership roles in the world, primarily because of commonly shared value.

With the liberal global order under attack by alt-right politics and divisive forces, India and the EU can blend their strengths to champion a new narrative for open societies and inclusive globalisation. In a world where division is increasing, India and the EU need to focus on what we have in common. Both India and EU stand for freedom, democracy and a credible rules-based global order. Both should hope to build a strong strategic partnership on this good foundation.