

12th India-EU Summit: An Appraisal of India-EU Relations

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The essay reports on the developments in EU-India relations as emerging from the 12th EU-India Annual Summit. This is attempted through situating it within the historical relationship between India and the EU especially since the end of the Cold War and the beginning of the annual India-EU summits.

India-EU relations date back to the early 1960s when India became one of the first countries to establish relations with the EU predecessor the European Economic Community (EEC). The India-EU political dialogues may have started as way back as 1983 (Yoo & Venkatchalam, 2005). Trade and commerce were the bedrock of India-EU relations up to the fall of the Soviet Union as can be ascertained by the first Agreement between India and the European Community signed in 1973 which went on to be developed as the Agreement for Commercial and Economic Cooperation signed in 1981¹. Post signing of the Maastricht Treaty EU entered into a broader political dialogue with India, the legal basis of which are formed by the 1993 Joint Political Statement and the 1994 Co-operation Agreement. The 1994 Co-operation agreement formed the groundwork for deepening India-EU relations as the basis for expanding ties from previously covered areas of economic co-operation, trade to broader areas of political dialogue in areas of industry and services, the private sector, energy, communication technologies, standards, intellectual property, agriculture and fisheries, tourism, science and technology, information and culture, developmental cooperation, environment, human resource development, drug abuse control and south-south and regional cooperation². Institutionally the Co-

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1 Cooperation Agreement between the European Community and the Republic of India on partnership and development - Declaration of the Community concerning tariff adjustments - Declarations of the Community and India, 1994

2 Ibid

operation agreement retained the Joint Commission that would meet every year, as set up in the 1981 agreement for carrying forward the relations in the framework of the 1994 agreement.

India and the EU began with their annual summits beginning in 2000 when the Indian Prime Minister Atal Bihari Vajpayee flew to Lisbon in June, becoming the first Indian PM to visit Portugal that at the time was holding the EU presidency. The summit was meant to give a political colour to the rapidly expanding economic ties between India and the EU. EU at the time already had a mechanism of regular summit level meetings with China and Japan. The EU having been India's largest trading partner at that time as well, there was definitely a need to have a political engagement with the supranational European body despite the fact that India at the time enjoyed good ties bilaterally with most of the major EU members. The summit could have been seen as a one-off event but was decided to be incorporated as a regular feature and mechanism of India-EU relations. It may also have been construed as a sign of India emerging as a regionally and globally relevant power. Since then there have been eleven such annual summits. The watershed moment in post 2000 EU-India relations came at the 5th annual India-EU summit in November 2004 at The Hague when they decided to upgrade the relationship to a 'strategic partnership'. It was purportedly the EU's proposal to take the relationship a notch up to a 'strategic relationship'. A Joint Action Plan was developed in 2005, having been revised in 2008, through which India and the EU are strengthening and deepening association and cooperation in a wide spectrum of themes. Significantly it was in 2007 at the 7th India-EU summit at Helsinki that the recommendations of the High Level Trade Group to work on a broad-based Bilateral Trade and Investment Agreement was accepted by the two sides.

The 12th India-EU summit was held in New Delhi on 10th February 2012, in which the EU was represented by the European Council president Herman Van Rompuy and European Commission President José Manuel Durão Barroso, and India by Prime Minister Dr. Manmohan Singh. Other executives and high officials present in the summit were EU Trade Commissioner Karel de Gucht, Indian Foreign Minister S. M. Krishna, Indian Trade Minister Anand Sharma and the Indian National Security Adviser Shiv Shankar Menon. Foreign Minister S. M. Krishna and EU High Representative Catherine Ashton laid out the immediate groundwork

for the one-day summit in New Delhi in Bangalore on 16th January at the 22nd India-EU ministerial meeting. The India-EU Joint Commission was held on 6th January in New Delhi. A meeting at the level of the Foreign Secretaries of the two sides on 15 November 2011 preceded this, the first ever held since institutionalisation of Foreign Policy Consultation mechanism.

EU High Representative of the Union for Foreign Affairs and Security Policy Catherine Ashton's remarks after the 22nd India-EU ministerial meeting in Bangalore on 6th January, 2012 clearly indicated that her talks with Foreign Minister S. M. Krishna centred on the Free Trade Agreement and energy cooperation but also suggested that more work was needed to be done on making it acceptable to both sides. She was straightforward in admitting that the FTA could be useful in devising strategies to pull out the Eurozone out of its economic crisis. It was also suggested that the agreement might lead to higher growth rates for India. On the security front, cyber security and piracy off the Somalia coast was discussed, where they reviewed the joint efforts of the Indian Navy and the EU Naval Task Force around the horn of Africa. In particular, there was deliberation on policies that may affect change in Somalia, coordination and cooperation on negotiations with pirate hijackers as well as broader consultations on dealing multilaterally with the piracy issue. The EU Emissions Trading System was also touched upon wherein the EU side suggested that Indian airlines with its modern fleet could well accommodate the demands of the system and emphasised that the Indian side could also reciprocally adopt the regime themselves. On the international front climate change, global economic outlook were discussed in general and the Iran issue in specific. High Representative Ashton briefed on the deliberations within EU on a slew on new economic sanctions on Iran and its approach two-pronged approach towards Iran whereby they are continually pressuring Iran to come to the negotiating table as well as have kept the doors open for them to come out in the open with acceptance of the proposals which were put on the table in the January 2011 Istanbul Conference. Both India and the EU agreed on greater support in multilateral organisations.³

The summit agenda on the bilateral front focussed on negotiations on the Free Trade agreement but talks also centred on energy cooperation

3 Remarks by High Representative/Vice-President Catherine Ashton following the EU-India Ministerial Meeting, Bangalore, India; MEMO/12/13, Brussels, 16 January 2012 (www.europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/13&type=HTML)

wherein a Joint Declaration for Enhanced Cooperation in Energy was adopted. This declaration would lead to strengthening of cooperation in the field of renewable energy, clean coal technologies, energy efficiency and smart electricity grids. The declaration also delved into sustainable promotion of energy efficiency, security and safety. The FTA was anyhow not expected to be finalised in this summit. A joint declaration on Research and Innovation Cooperation, as well as a MoU on Statistical Cooperation were also issued. The former of the two would expand the scope of the present strategic cooperation in water, bio-resources to ICT, health and energy. It is pertinent to mention here that India happens to be EU's fourth biggest partner under its 7th Framework Programme for Science and Technological Development for 2007-13. A security agenda for the current year was finalised wherein continuing cooperation in the field of cyber-security, counter-terrorism and counter-piracy was decided to be strengthened. The EU tried convincing India for a bilateral investment in the European Financial Stability Fund but the Indian side suggested remedies through multilateral economic institutional reform route. On the regional front, the leaders of the two sides discussed developments in Afghanistan Pakistan, West Asia and North Africa. Global economic governance, health of respective domestic economies and the G20 multilateral grouping were other issues taken up at the summit, along with upcoming international conferences on sustainable development, biodiversity and nuclear disarmament.

The spotlight of the 12th India-EU summit was focussed on negotiations on the broad-based Bilateral Trade and Investment Agreement (BTIA) popularly called the Free Trade Agreement (FTA). The agreement when finalised and brought into force has the potential to significantly spur trade in goods and services between the two entities who are already big trading partners. The EU has been the biggest foreign investor in India with cumulative investments of up to €20 billion since 2000. It is also India's largest trading partner accounting for about €86 billion in goods & services⁴. It figures for 19% and 14% respectively of India's total exports and imports; the same figures for EU being accounted by India being 2.6% and 2.2% respectively.⁵

4 For 2010

5 Ibid.

The BTIA has been comprehensively negotiated since 2007 with 14 rounds of official negotiations. The BTIA is to cover foreign investment, competition policy and government procurement other than trade in goods & services. The expectation is that by negotiating a FTA conforming to WTO rules barriers to trade would open up creating expanded markets for goods & services leading to increased business opportunities. The finalisation of an agreement has been hampered due to contentious differences between the two sides. India has been pursuing relaxation of immigration norms for the ease of movement of its temporary term service sector professionals within the EU. The EU wants a heavy reduction of tariffs especially on dairy products, wines and spirits and automobiles as well as higher market access to the service sectors of banking, retail, telecom, legal services and accounting services. For a more comprehensive coverage of the India-EU on going negotiations over the FTA one may refer to Kavaljit Singh's essay on the same (Singh, 2012).

The critique of India-EU relations focus on the inadequacy of the 'strategic partnership' despite a whole range of shared values. Gauri Khandekar of FRIDE has named the relationship as "a loveless arranged marriage". According to her the relationship remains mired in summit diplomacy rather than ideally running on a continuing engagement mode. The list of mutually agreed to issues for cooperation is too exhaustive and needs to be narrowed down to. The other factors she attributes to for the shortfall in the relationship the view of the Indian bureaucracy of EU as a non-credible political actor, understaffing of both the Indian foreign policy establishment as well as the EU delegation in India (Khandekar, 2011).

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