

# REPOSITIONING INDIA-EU RELATIONS: UNRAVELLING INDIA'S FOREIGN POLICY PRIORITIES IN A CHANGING EUROPE

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## ABSTRACT

*This study examines the shifting dynamics of India-European Union (EU) relations through the lens of New Delhi's recent reordering of its foreign policy goals. The changing global geopolitical environment has prompted India and the European Union to reevaluate their strategic alliance and readjust their shared priorities. This article examines the background of India-EU ties in-depth, focusing on significant turning points, areas of cooperation and obstacles encountered. It delves into the partnership's established and developing facets including climate change, technology, regional connectivity and the more familiar trade and economic cooperation, security, and development aid. The report highlights India's growing importance internationally and analyses the variables shaping India's foreign policy goals and their impact on the EU's shifting aspirations. It looks at how the Act East Policy of India and the Global Strategy of the European Union have affected their bilateral involvement and their views on multilateral institutions and global governance. The article also looks at how the shifting geopolitical environment in Europe affects India's strategic calculations. This article analyses the impact that Brexit, the rise of nationalism, migration and security concerns have had on India's diplomatic outreach and engagement with individual European states and the EU. This review study helps us better grasp the repositioning of India-EU relations in the twenty-first century by deciphering the intricate interaction between India's foreign policy ambitions and Europe's shifting terrain. This shows how crucial it is for India and the European Union to collaborate strategically as they face new global challenges and take advantage of new possibilities.*

**Keywords:** India-EU relations, Repositioning, Foreign policy priorities, Changing Europe

## I. INTRODUCTION

To mark and celebrate the 75th anniversary of India's independence, the Government of India (GOI) launched "Azadi ka Amritsav" in the year 2022. Diplomacy is integral to India's strategy that symbolizing its socio-cultural, political, and economic character. India and the European Economic Community (later the European Union) have been close friends for 60 years. India was a forerunner among Asian countries in establishing diplomatic ties with the European Economic Community. India and the European Union (EU) have developed into a modern-day strategic partnership. The two countries have formed strategic cooperation for many reasons, not only political but also historical. India's concept of Vasudhaiva Kutumbakam evolved via a series of historical alliances. Over a thousand Polish children from forced labor camps run by the Red Army in the Soviet Union were rescued because of the bravery of Maharaja Jam Saheb Digvijaysinhji Ranjitsinhji. The severe winters in Siberia drove thousands of Poles to seek refuge in the milder nations of Central and South Asia. The tale of Little Poland in India begins with the Maharaja's acceptance of Polish children to Jamnagar where great care was taken to preserve Polish customs and culture. After globe War II, Polish refugees were deported all over the globe. However, the Polish community still feels indebted to Maharaja Jam Saheb and in 2016 on the 50th anniversary of his death, they bestowed him with Poland's highest decoration. Maharaja's help exemplifies how India's foreign policy reflects the country's ideals and principles.

Growing commerce between India and the European Union (EU) started in the 1990s when India liberalized its economy with the help of the International Monetary Fund (IMF). This process included many changes including opening India's financial markets.

The EEC supported a lot of developmental schemes in India and its industrialization. India and EU have worked closely together on development cooperation since 1962. The European Economic Community's (EEC) began Operation Flood on 13<sup>th</sup> January 1970 which had a major impact on India's "White Revolution" dairy infrastructure. The European Economic Community (EEC) via the World Food Programme (WFP) gave skimmed milk powder and butter oil to India. India's trade with United Kingdom and West Germany climbed steadily from US\$ 1.638 billion in the 1960s and to US\$ 5.701 billion in 1970-1980. The value of bilateral commerce between India and the EU is projected to reach €65.30 billion by 2021 due to increasing collaboration in markets. Trade between India and the European Union (EU) expanded in the 1990s when India liberalized its economy with the help of the International Monetary Fund (IMF). As a part of this, India's financial markets were liberalized. "The signing of the Maastricht Treaty in 1992 also signified the transformation of the European Economic Community into the current European Union." Shared European citizenship, a common currency, and the creation of a Common Foreign and Security Policy (CFSP). All cornerstones of the European Union that were founded by this treaty. There has been a tremendous rise in economic and political links between India and the European Union since 1990s when thousands of Indian students chose to study in Europe.

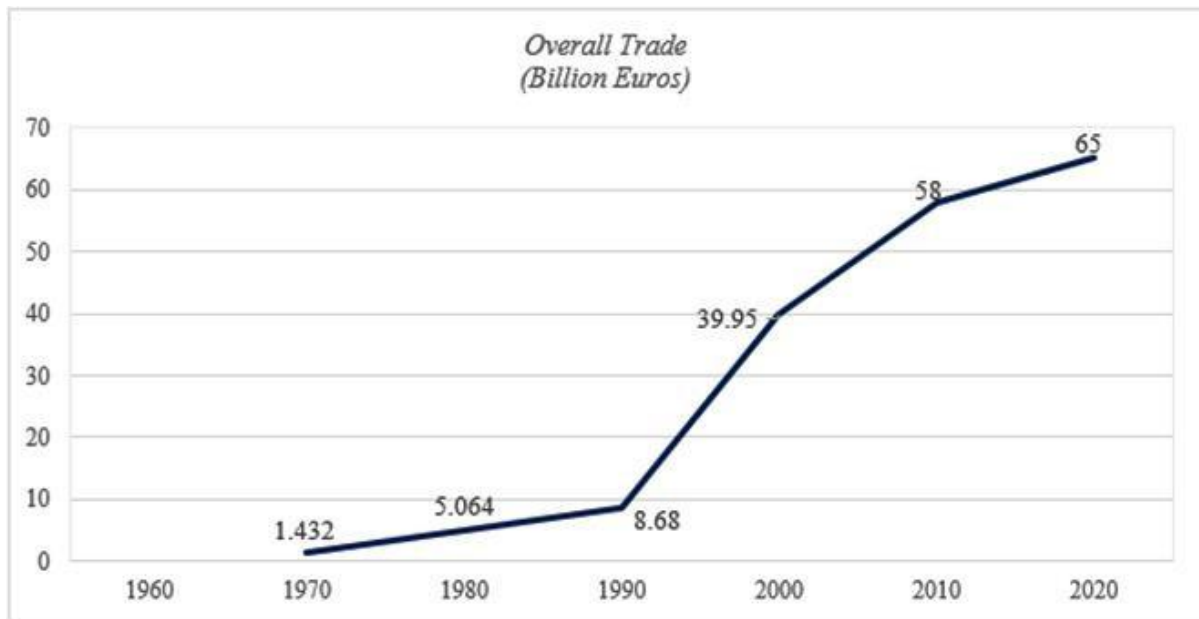


Figure 1: History of Trade Between India and the European Union from the 1960s through the 2020s

Source: Data obtained from Eurostat Comtext – Stastical Regime 4; Graph is author's description.

The "India-EU Partnership: A Roadmap to 2025" was approved during the 15th EU-India Summit in 2020 to solidify the India-EU Strategic Partnership further. Foreign policy, security cooperation, trade and economy, sustainable modernization partnership, global governance and people-to-people ties are the five key areas highlighted in the blueprint. The European Union (EU) also announced its Indo-Pacific Strategy in the 16th India-EU Summit 2021, emphasizing the region's significance and outlining European ambitions to confront India's structural opponent. The European Union (EU) has a centred strategy on India and the Indo-Pacific region. This strategy known as "Indo-Pacific Strategy". It's aim to unite nations to set up a rule based regional security architecture in the area. The region has new geopolitical centre since it is home to more than 60% of the world's population and 2/3 of worldwide economic output. India and the EU have emphasized the need to adhere to UNCLOS and support international law on the high seas. Hence maritime cooperation between the two has become an essential area of collaboration.

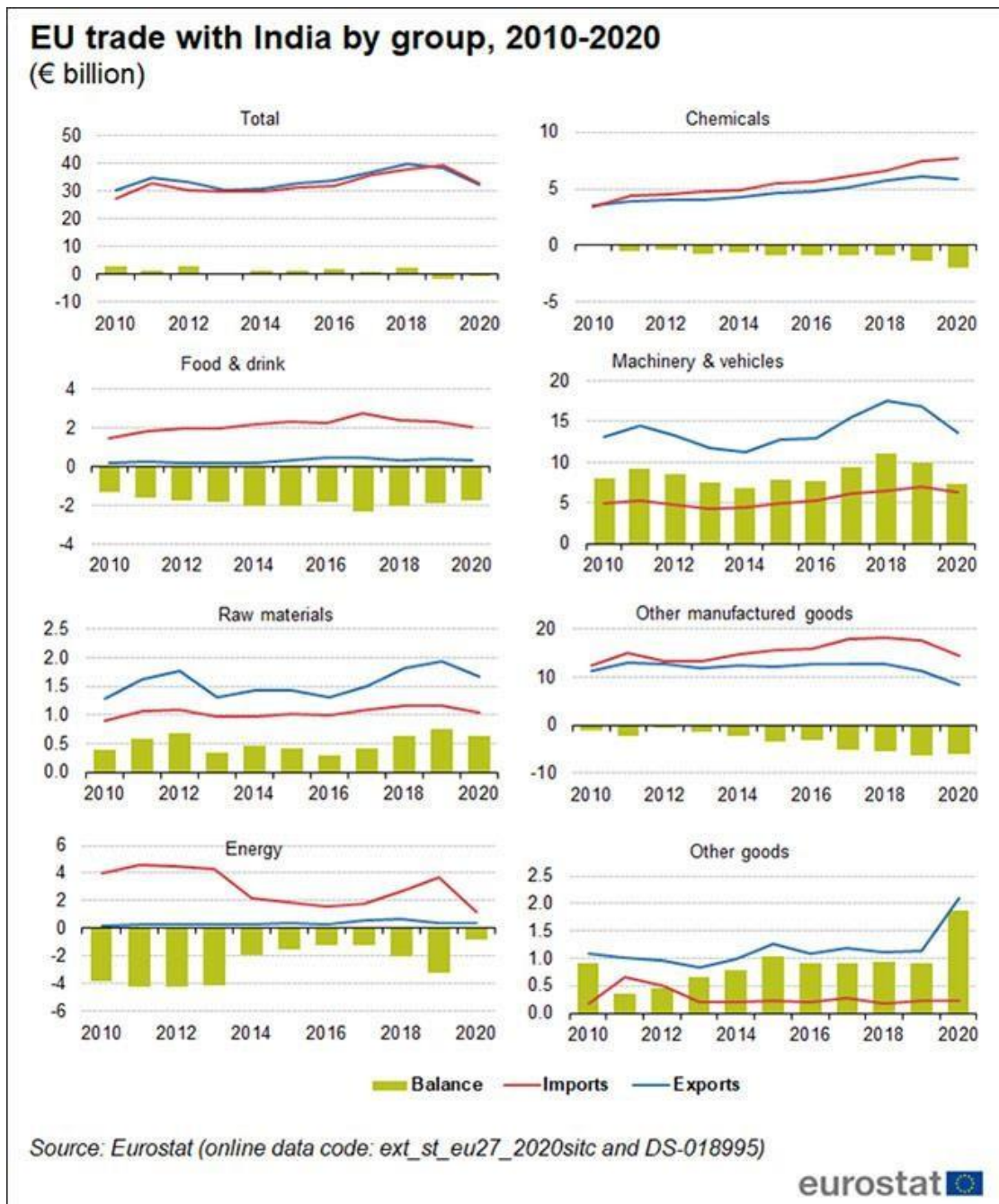


Figure 2: EU-India Trade Volumes by Product Category, 2010-2020

Cooperation in maritime domain awareness, capacity-building and combined naval actions were all considered during the inaugural Maritime security dialogue, sponsored by India and the EU in January 2021. European economies may benefit from trade and investment ties with regional giants like India and ASEAN if relations between Europe and the Indo-Pacific region deepen. As an added note, regional cooperation should strengthen ties rather than lure countries further into debt and economic dependence. With an allocated €300 billion for connectivity projects between 2021 and 2027, the EU's Global Gateway program allows Brussels to stimulate infrastructure development worldwide by creating ties rather than debt traps. Europe hopes to strengthen its relationships with the rest of the globe via its Gateway program.



## II. LITERATURE REVIEW AND STUDIES

The Honourable Dr. Anil Roy Dube, India's rapid economic growth has propelled it to the ranks of the world's top economies. It has increased in exports and industrial activity as well as a large influx of FDI to supplement domestic investment. They are likely responsible for the current period of economic growth. There has been a significant improvement in macroeconomic stability because economic reforms adopted in the 1990s in the context of globalization. The recovery of the Indian economy from the crisis and the challenges because of liberalized economy and globalization. India could keep its foreign trade and balance of payments under control after changes to the external sector in the 1990s. On the other side, investing is anticipated to be the growth driver shortly. The dramatic shift in India's foreign trade after implementing reforms in this area indicates the far-reaching impact of these changes. This article examines India's foreign trade's evolving patterns and trends considering the recent trade liberalization.

According to Devika Sharma and coworkers, India's positions in energy and climate security, climate change, economic engagements, food security are country's present foreign policy drivers. Before getting into these modern elements that impact India's foreign policy, the article gives a quick overview of India's international relations. It also suggests how the tensions in India's foreign policy might be better understood considering India's pursuit of its interests in these global problems.

To quote Shivshankar Menon and coworkers, The world in which India now finds itself is becoming more dangerous and less economically dynamic. Through a time of upheaval, this globe favours India's adversaries, whether they are nations, foreigners, or both (as is the case with Pakistan). The external environment is becoming more chaotic and uncertain but internal politics and security in most global powers are also becoming more insecure. These challenges cannot be solved using the tried-and-true methods of conventional institutions or the tried-and-true architecture of states. In a world where everything constantly changes, what are some primary and long-term drivers of India's foreign policy that govern the ultimate goal? When looking forward, how does India intend to achieve these goals? What should India be doing instead?

Thanks to Takenori Horimoto and coworkers, the rapid development of China and the relatively waning importance of the United States are tipping the balance of power in Asia. India has been trying to figure out how to adapt to this new reality. India's rise to international prominence started in the 1990s and has continued especially when the country began testing nuclear weapons in 1998. India has been predicted to try to replace China as the world's second most powerful country since the turn of the 21st century. India has a history of keeping its aspirations for great power status under wraps but in 2015 the government made clear that it was committed to achieving this status. This article provides insight into this shift by focusing on India's crucial relationships with Russia and Japan and its local, regional, and global policy direction. "The growth of India will have profound repercussions on the distribution of power in Asia."

To Amit Ranjan, India's foreign policy has evolved in a way comparable to that of every other major nation since its independence in 1947. Non-alignment and Panchsheel's underlying principles have been revised and the country's national interest as the current government perceives has replaced them as the primary focus. South Block's fundamental decision-making process used to be primarily dictated and controlled by steadfast politicians but since the 1990s, extensive professional knowledge in the sector has become crucial. Due to these innovations, we now face new challenges and possibilities to further our national interests and development goals. New opportunities lie within the

context of such challenges, but we must be flexible, adaptable, and grounded in reality to use them. India's GDP has increased by an annualized rate of 7% in recent years and the nation has a very active market and strong domestic demand which coincides with expanding consumer spending is largely responsible for India's economic growth during the last several years. Surprisingly, India's top trade partner in 2019 was the European Union. Total bilateral commerce was worth EUR 100 billion. There were still 92 billion euros worth of it in 2018. In terms of India's total commercial activity this equated to an increase of 12.9%. Bilateral commerce between India and China was down 10.9% compared to the previous year. Comparatively weaker than EU-India trade was India's commerce with the United States, which total 10.1% in the same period. Nearly one-fifth of all Indian exports went to the European Union EU. However, from the European Union's vantage point things seem quite different as India ranked just tenth among the EU's trade partners in 2019. The European Union's (EU) merchandise trade with India in 2019 amounted to only 1.9% of the EU's overall merchandise trade with a 15.2% share. The United States is far away from India's largest trading partner. There was a 13.8 percent increase in commerce with China. Trade between the European Union and India has increased by 72% in the previous decade although India still has a very limited impact on EU trade. To strengthen bilateral trade and expand economic cooperation a treaty for implementing FTA was prepared between 2007 and 2013. However, the talks were so contentious that they were suspended in 2013. The EC and India wanted to keep talking.

### III. INDIA-EU RELATIONS

There is a need of more enthusiasm for India towards the EU in its early years of independence. "The Treaty of Rome in 1957 established the European Economic Community (EEC), the forerunner of today's European Union" before the United Kingdom declared its intention to pursue membership in the Common Market in 1961, the Indian government made no public announcements or brought up the Common Market in legislative deliberations. A new feeling of urgency was brought to the discussion of India's connections with the EEC by the worsening of India's balance of payments at that time. Jawaharlal Nehru was concerned that the European Economic Community (EEC) would worsen international tensions during the Cold War, widen income gaps and weaken the Commonwealth of Nations.

However, India saw the importance of the EEC early and India was one of the first developing country to establish diplomatic connections with it. Political links were created between India and the EEC in 1963. The existing bilateral relations between India and the various member nations of the European Economic Community (EEC), mainly those in Western Europe. India was also an early participant in this new group representing an effort at regional integration. Trade and business were main focuses of India and the EEC since beginning of their relationship. In addition, India got the most development funding from the European Community (EC) of any Asian or Latin American country.

India's ties to the EC have evolved gradually from a focus on commerce and trade to one that includes political collaboration. The Generalised System of Preferences (GSP) was established by the European Economic Community (EEC) in 1971 to provide 91 developing nations with preferential tariff protection. EEC and India established a formal trading relationship in 1973. India and the European Economic Community inked a five-year Commercial and Economic Cooperation Agreement in 1981. Opening the EC Delegation in New Delhi in 1983 helped raise the EEC's visibility.

### A. *India-EU relations in the post-cold War period*

The EEC (which became the EU in 1993) no longer had to see India through the prism of Cold War dynamics after the cessation of hostilities. In addition, India was becoming more intriguing as time went on. The European Union now recognizes India as a potential global actor because of its liberalization and economic reforms which began implementing in 1991. High economic growth rates have been sustained, nuclear weapons were acquired in 1998 and ties with the United States have been continuously strengthened due to these measures. In the wake of the Cold War's conclusion, India adopted a more pragmatic foreign policy, shed most of its ideological baggage and refocused its attention on the West as a driver of economic expansion, technical innovation and foreign direct investment (FDI).

Trade and investment relationship with EU increased in the post-cold war era without a question. The Cooperation Agreement on Partnership and Development from 1994 reaffirmed this trend of commercial partnerships. The preamble states that the primary objective is "...to enhance commercial and economic contacts between India and the EU [by] creating favourable conditions for a substantial development and diversification of trade and industry within the framework of a more dynamic relationship which will further their development needs, investment flows, commercial and economic cooperation."

Article 4 of the Copenhagen Agreement outlines the three main areas of EU-India interaction: (i) improving the economic environment in India by facilitating access to Community know-how and technology (ii) facilitating contracts between economic operators and other measures designed to promote commercial exchanges and investments (iii) reinforcing mutual understanding of their respective economy. The 1994 Cooperation Agreement lays goals to be achieved within these three categories. Specifically, The EU and India settled on accomplishing these goals including exchange of information and ideas, provision of technical assistance and training programs and establishment of links between research and training centres, specialized agencies and business organizations.

## IV. THE NEW GEOMETRY OF INDIA'S FOREIGN POLICY

The options and allies available to India's foreign policy are now being tested on the global stage. This tension between autonomy and inclusion is not new to India's diplomatic history. However, the present crisis in Ukraine has generated a considerable chasm in the international community, raising further questions about India's foreign policy. "Is India's present multi-alignment just a repetition of its non-alignment during the Cold War? What role does India's Quadrilateral Security Dialogue (Quad) partnership with the United States, Japan, and Australia play in India's strategic thinking about the Indo-Pacific region? In view of the current changes to the European security order caused by Russia's invasion of Ukraine and India's abstention at the United Nations, are there new grounds for a larger triangle of Russia, India, and China?"

### A. *The Multipolar Dilemma*

Recently, Indian Foreign Minister S. Jaishanker argued at the Institut Français Des Relations Internationales (IFRI) in Paris that the world is experiencing "profound geopolitical, geo-economic, and technological changes." While most people agree that the world is no longer bipolar or unipolar, they are less sure about how the new multipolar order will look. The Indian government claims to

think a multipolar international order is better for India, but that does not mean it would automatically benefit.

India's diplomatic balancing act becomes increasingly precarious as Russian ties with the West, particularly the United States reach an all-time low. Delhi's first concern in the event of a war over which it has no control is the safe evacuation of its inhabitants. As a result of the war in Ukraine, the Indian government has prioritized the safe return of Indian students. However, a more nuanced geopolitical explanation exists for India's abstention at the United Nations. In recent years, the difficulty of containing a more aggressive China has contributed to the growth and consolidation of India's strategic partnership with the United States and other U.S. allies in the Indo-Pacific. Even though Delhi and Washington do not have a unanimous threat assessment of Russia, India's defence collaboration with Russia remains an essential aspect of India's military preparedness. Despite investments in the Quad by India's foreign policy elite, sophisticated interoperability exercises by the Indian military and basic agreements with the United States, India continues to rely largely on defence procurement and co-production with Moscow. The emerging strategic partnership between China and Russia to hold the West in check at a time of precarious international stability adds additional complexity to the already complex geometry of India's foreign policy. Developments in India-Chinese Security.

## V. CONCLUSION

There have been persistent times of imagination, creativity and joint efforts in Indian foreign policy. Numerous treaties and MOUs with other nations and international bodies formalize the "India First" philosophy central to Indian foreign policy. The significant increase in India's foreign currency reserves was a critical factor in the country's ascension to superpower status. As a result, India has always followed a policy that puts a premium on becoming a leader in global discussions and a guiding force in addressing global concerns. Foreign policy management is similarly strategic and multifaceted in international relations. Many of the concepts introduced in PODSCORB might be used here as well. Planning, efficient organization and making the most of available resources while maintaining within the given budget are of the utmost importance for the effective execution of a nation's diplomatic prowess and international image.

In the same way that a government's ability to achieve its diplomatic goals, protect and advance its national interests and maximize its human resources depends on its ability to put the right people in the right positions also government needs to maximize its human resources. Managing domestic problems such as the fallout from the repeal of Article 370 and nationwide protests against the CAA and attracting international attention has undoubtedly impacted the country's global perception. More importantly managing public opinion is crucial in this era of information warfare.

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