



India should believe in the EU

Introduction:

➤ Given the current fragmented global order and Indian aspirations to be a global player, India needs to invest in increasing the number and quality of its bilateral and multilateral relationships.



➤ Partnership with the European Union (EU) is one such potential relation for India.

Indo – EU Common Vision:

The EU and India have much in common. The EU and India can support each other in these endeavours.

- **Economic:** Given the experience during the pandemic, both India and the EU are looking to **diversify their strategic value chains in the economic domain** and **reduce their economic dependency on a single nation like China.**
- **Global role:** Both aim to **enhance strategic autonomy and their global standing.**
- The EU has been reluctant to be seen siding with the U.S. and has taken independent differing views based on its mutual interest. India has historically argued for strategic autonomy.
- India is seen as a rising power while the EU has been a traditional powerhouse and intends to keep its influence in global affairs intact.
- **Commitment to Climate change:** India and the EU have shown immense commitment to address climate change.

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- On climate change, the EU is building on its ambitious target to render the continent **carbon-emission neutral by 2050**, through its new industrial strategy, the Green Deal.
- India has also set ambitious targets for itself towards mitigating climate change.
- Should both the EU and India succeed in transforming into carbon-neutral economies by 2050, the world will benefit from the investments.

Indo – EU Mutual benefits:

- **Economic:** Enhanced business cooperation between the two countries can help both the EU and India diversify their strategic value chains and reduce economic dependency on China.
- **India could attract EU investment** that might be moving out of China.
- A study from the European Parliament assesses the **potential impact of an EU-India trade agreement** at between €8 billion and €8.5 billion gains from increased trade for both sides, with a more significant increase of trade gains likely to flow to India.
- **Geostrategic:** In geopolitical terms, India finds itself facing increasingly restive, powerful rivals in its immediate neighbourhood. The EU- China relation is also under strain due to the recent developments. A partnership between India and the EU can act as a **pressure point on the Chinese**.
- **The Indo-Pacific region** is receiving increased attention from global powers including the EU. India exercises substantial geopolitical leverage in the Indo-Pacific region. Stronger cooperation between the like-minded democratic powers, India and the EU can support each other in balancing assertive competitors like China.
- **Global affairs:** The EU champions the rules-based international order, which is being increasingly challenged by the proliferation of exceptionalism. India holds similar views.
- The EU and India can join forces to **promote sustainable reform of multilateral institutions** like the World Trade Organization (WTO).
- A strong partnership would help both the EU and India become global decision-makers.



What are the challenges?

- Though the EU is India's biggest foreign investor, there is still room for improvement when compared to EU investments in China which, in the year 2018, amounted to €175.3 billion. The **lack of finalization of the FTA between India and the EU** is a concern.
- **The** EU is India's biggest foreign investor, with €67.7 billion worth of investments made in 2018 which is equal to 22% of total FDI inflows.

Way forward:

- There is a need to address the mutual trust deficit between India and the EU. The EU and India must take forward the negotiations on the proposed Free Trade Agreement (FTA).
- **Facilitating people's mobility and connectivity** could help improve mutual understanding and create opportunities for innovation and growth.
- The present circumstances provide an opportune time for India and the EU to build a **partnership that is both economic and strategic** and both parties should invest efforts at strengthening this relationship far beyond the economic dimension.