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EU-India Relations | Bilateral Dynamics in an Evolving Global Order

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Introduction

Today, both the European Union (EU) and India face an international environment characterized by growing volatility and intensifying geopolitical and geoeconomic competition. The EU is faced with essential questions concerning the nature and future of the Union in the face of Russia's war against Ukraine, which has reinforced the pressure for the EU to emerge as a coherent foreign policy actor on major security developments (Läidi, 2023). The need for greater European security cooperation is also emphasized by the United States, which remains the largest provider of financial and military aid to Ukraine but aims to focus on Asia and the intensifying competition with China. As part of the broader tensions between Beijing and Washington, European public and private actors are further increasingly caught in the crosshairs of American and Chinese industrial policies (Feás, 2023). India, in turn, faces intensifying tensions with China along the Himalayan borders and in the Indian Ocean and has pursued increasingly close ties with the United States (Grossman, 2023). Although an alliance with the US is unlikely to be struck (Schuman, 2023), this signals a tacit rearticulation of the non-alignment that has long characterized Indian foreign policy dogma (Tharoor, 2023). For both Brussels and New Delhi, the strategic realities of the 21st century have motivated uncomfortable changes in the respective geopolitical outlooks.

What role, if any, do the EU and India play in the foreign policy strategy of the other side? The EU-India relationship has witnessed a growing dynamism over the past three decades, especially due to growing trade connectivity. As part of this, India has emerged as a focal point for the EU's Horizon Europe framework, which seeks to boost the EU's research and innovation cooperation with external partners (European Commission, 2022). The significant evolution of the bilateral relationship has come to reflect the shifting global landscape and the mutual recognition of shared interests and priorities. Yet, closer bilateral ties will be crucial to improve as both the EU and India seek to find and cement their place in an increasingly multipolar global order (Benaglia, 2019).

This paper provides an overview of the contemporary trends and developments in EU-India relations, focusing on recent advancements and remaining challenges that have shaped the bilateral partnership. The paper initially traces the historical backdrop of EU-India ties before zeroing in on two components of the relationship: (1) the trade and investment connectivity and (2) EU-India security cooperation on counterterrorism and humanitarian assistance and disaster relief (HADR). Analyzing the progress made so far as well as the factors constraining closer cooperation, the paper then develops a series of policy recommendations for European and Indian policymakers before concluding.

History of EU-India ties

Formal relations between the EU and India were established in January 1962, when India began engaging with the EU's precursor organization, the European Economic Community (EEC), which had been formally established in 1957 as successor to the European Coal and Steel Community (ECSC). In 1973, the EEC officially recognized India as a developing country within its Generalized System of Preferences (GSP) scheme, which aimed to provide preferential access to the EEC market for products from countries that the GSP categorized as

developing economies. The inclusion of India in the GSP scheme allowed Indian products to enter the EEC at reduced tariffs, allowing for a gradual expansion of bilateral trade between India and the EEC. Bilateral trade volumes grew from US\$ 1.638 billion in the 1960s and 1970s to US\$ 5.701 billion in 1980, with West Germany and the UK (which joined the EEC in 1973) being India's largest trading partners within the EEC (Kamath, 2022). In 1981, EEC and Indian representatives signed the Cooperation Agreement, which provided a formal framework for bilateral engagement and established a structured mechanism for dialogue, cooperation, and collaboration across various sectors, including trade, technology transfer, economic development, and cultural exchange. The agreement's provisions pertaining to trade facilitation, for instance, aimed to create an enabling environment for the exchange of goods and services and included efforts to streamline customs procedures, reduce bureaucratic hurdles, and enhance transparency in trade-related matters. Trade consequently remained a key focal point of the bilateral relationship.

In 1993, the Treaty on European Union, also known as the Maastricht Treaty, came into effect, officially establishing the EU as the successor of the EEC and creating a new framework for the EU's external relations. The first annual EU-India summit was held in Lisbon in 2000. During the fifth summit in The Hague in 2004, the bilateral relationship was upgraded to a strategic partnership. In the context of The Hague summit, the EU and India announced the signing of the Joint Action Plan (JAP), which included several key components:

- **Political Dialogue and Cooperation:** The JAP emphasized the importance of regular political dialogue and consultations at various levels. Both sides committed to enhancing their political engagement through high-level meetings and consultations on global issues of mutual concern.
- **Economic Cooperation:** On trade, the JAP formulated the ambition to enhance bilateral economic cooperation by promoting trade, investment, and economic integration. Further, it emphasized the importance of addressing trade barriers, improving market access, and encouraging business-to-business interactions. This also included provisions on cooperation in areas such as health, education, and social welfare.
- **Research and Technology Cooperation:** The plan recognized the significance of research, innovation, and technology cooperation for mutual benefit and aimed to facilitate the exchange of research and technology information, as well as collaboration in research and development projects.
- **Energy and environment:** The JAP identified bilateral cooperation on energy security and sustainable development as key policy priorities and both sides committed to promoting energy efficiency, renewable energy sources, and environmentally friendly technologies.
- **Security Cooperation:** In the wider context of the fight against Islamist terrorism, the JAP underscored the importance of cooperating on counterterrorism and security issues. It aimed to create frameworks for the sharing of information, expertise, and best practices in countering terrorism and preventing radicalization.
- **Cultural and Academic Exchanges:** The plan additionally emphasized the significance of cultural and academic exchanges to foster mutual understanding and people-to-people contact. As part of this, the JAP created a framework to facilitate the development of educational and cultural initiatives to promote closer ties between the EU and India.

- **Regional and Global Issues:** The JAP committed both parties to consult and cooperate on regional and global issues, including those related to peace, security, and stability, and formulated the ambition to coordinate efforts in multilateral forums and address global challenges collectively (Council of the European Union, 2005).

As part of the JAP, these policy objectives were to be pursued in the context of an established institutional set-up that emphasized regular high-level meetings, including annual summits, and the establishment of joint working groups to focus on specific areas of cooperation, such as trade and investment, energy, counterterrorism, and the environment. On the back of the JAP, formal negotiations for the EU-India Broad-based Trade and Investment Agreement (BTIA) commenced in 2007. This Free Trade Agreement (FTA) would aim to enhance trade and investment relations between the two parties by reducing tariff and non-tariff trade barriers and promoting further cooperation and coordination on trade and investment. The strategic partnership inked in 2004 was discussed and strengthened further in subsequent EU-India summits that increasingly came to focus on shared and emerging challenges, most notably climate change and terrorism.

Although the bilateral relationship has evolved significantly since the creation of the EEC and the transition to the EU, and is reflected in broadened cooperation in a variety of fields, cooperation has frequently remained limited. Negotiations surrounding the BTIA, for instances, have faced hurdles due to issues related to reciprocal market access, tariff reductions, and differing regulatory standards that have hindered progress toward a more comprehensive economic partnership. In this context, divergent regulatory standards in areas such as intellectual property rights (IPR), data protection, and product safety, can complicate efforts to establish uniform frameworks. Aligning these regulations requires time and negotiation. Trade imbalances between the EU and India, along with differing levels of economic-industrial development, have led to concerns about fair competition and the impact on domestic industries, especially in India. These concerns necessarily influence negotiations on trade and economic agreements. More generally, there is the overarching complexity of multilateral negotiations: more comprehensive agreements with India need to be supported by all EU member States. If approval is not given, this blocks any potential agreement. Given the divergence in interests within the EU, this is a broader structural challenge impeding the EU's ability to deliver on stated objectives.

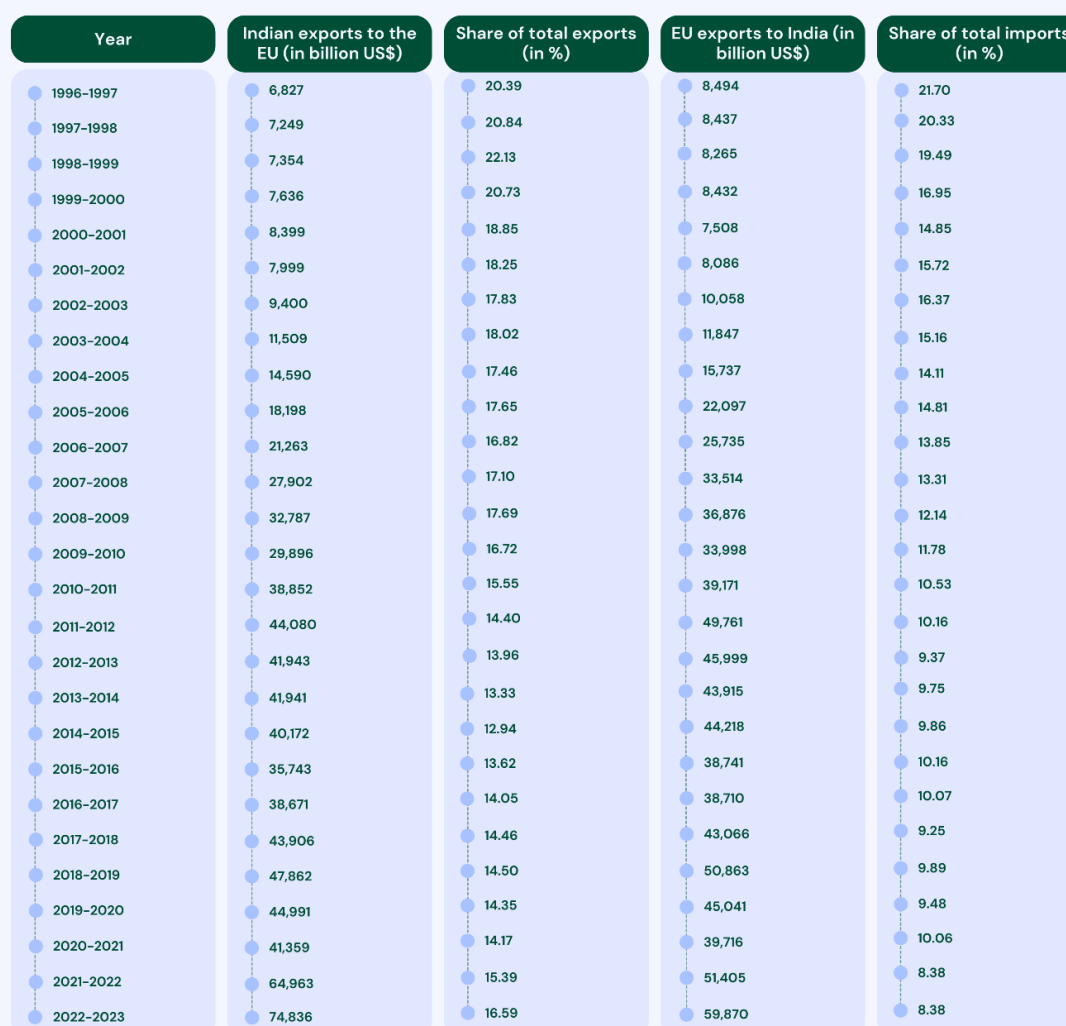
EU-India trade and economic relations

As also reflected in the JAP, expanding trade and economic ties have been a key policy objective of the bilateral relationship since formal ties were formalized in 1962. Negotiations on the BTIA, however, have largely stalled, with negotiations recently being relaunched in early 2022 (Hilpert et al., 2023). Despite the lack of an FTA, the EU has emerged as an increasingly crucial partner for India in terms of trade, technology transfers, and investments (Khorana, 2020). This section will discuss some of the components of this relationship, including trade volumes, investment stock, technology transfers, and remaining challenges.

The potential expansion in EU-India bilateral trade from the 1990s onwards was crucially enabled by a series of domestic reform agendas that were implemented in India from 1991 onward. These reforms were introduced against the backdrop of an economic situation in India characterized by a severe balance of payments crisis, high inflation, stagnant growth, and dwindling foreign exchange reserves (Cerra & Saxena, 2000). Prior to the 1990s, the Indian economy was based on a Nehruvian model of State-led economic

planning, import substitution, and heavy industrialization that had been initiated after India's independence in 1947. While this approach protected the domestic economy against international competition, it also compounded general inefficiencies, bureaucratic protraction, corruption, and a lack of competitiveness in the global market. The reforms launched in 1991 aimed to liberalize the Indian economy, attract foreign investment, enhance export competitiveness, and promote domestic industries. The key reform agenda components included (1) liberalization through reduced industrial licensing requirements that had previously limited the entry of private players into various sectors, (2) deregulation of sectors to reduce government control and dismantling of the 'License Raj', which had imposed complex bureaucratic procedures on businesses, (3) trade liberalization through the lowering of tariffs and easing of import restrictions, (4) revamping of FDI policies to attract foreign capital and technology in sectors such as telecommunications and information technology, (5) devaluation of the Indian Rupee to improve export competitiveness and reduce trade deficits, (6) financial sector reforms (including the introduction of new financial instruments, liberalization of interest rates, and measures to strengthen the banking system), and (7) growing privatization of and disinvestment from State-owned enterprises (SOEs) to improve their efficiency and reduce the burden on public finances (Panagariya, 2004; Aiyar, 2016). Although India had already traded globally under the structures of the License Raj, the 1991 reforms marked a structural break in how India engaged with international trade and the global economy, opening up the country for a more pronounced foreign economic presence.

These reforms have allowed for a significant expansion of EU-India trade, with the EU emerging as one of India's largest trading partners. Today, India's largest trade partners within the EU are Germany, France, Belgium, Italy, and the Netherlands, which collectively account for a significant portion of the EU-India trade (Hilpert et al., 2023). India has also maintained strong economic linkages with the UK following Brexit and currently remains in negotiations with London over an FTA that British and Indian representatives seek to conclude by late 2023 (Cyrill, 2023). Despite the historical ties with the UK, including diaspora links that propel the economic relationship, India-UK trade has remained largely static over the 21st century whereas EU-India trade has tripled over the same time period (Demertzis & Roth, 2017). As a result, the UK's exit from the EU has had some negative but ultimately limited effects on the broader trade trajectory of the trade relationship between the EU and India. Figure 1 traces the growing importance of the EU as an import and export market for the Indian economy.

Figure 1: EU-India bilateral trade, 1996-2023

Source: Import and export statistics as provided by the Indian Ministry of Commerce and Industry.

The trade data reflects the growing economic connectivity between the EU and India since the 1990s, with bilateral trade expanding as India's role and integration in the global economy has grown. The contemporary relationship is built on more liberalized investment regimes, India's diversification of export products (further discussed below), its growing centrality in the IT ecosystem, generally more integrated supply chains, the expansion of knowledge-based industries in India, and general Indian improvements in logistics and transportation infrastructure that have improved its export capabilities. Trade connectivity is thus boosted by the efficient movement of goods, reduced costs and increased competitiveness, and the growing compliance with international quality standards by Indian exporters. Ultimately, the comparatively low production cost of consumer goods in India maintains a mostly competitive price for these products, making their pricing accessible for European consumers.

The constitution of India's export basket reflects the growing diversification of the Indian economy. India's exports to the EU encompass a wide range of products, including

textiles, machinery, chemicals, pharmaceuticals, automotive components, electronics, and agricultural products. The concentration of Indian exports in particular niche markets reflects the comparative advantages of the Indian economy in specific sectors: the country's well-established pharmaceutical manufacturing capabilities, skilled workforce, and adherence to international quality standards, for instance, have enabled it to carve out a competitive niche in the global pharmaceutical supply chain (Gupta, 2022). Similarly, the textile and apparel sector remains a prominent part of India's exports basket to the EU. The country's rich tradition in textiles, along with its large pool of labor, has allowed India to maintain a competitive edge in producing a wide range of textile and apparel products (Hundekari et al., 2022). IT and software services have become a significant export category to the EU, reflecting India's increasingly skilled workforce, proficiency in English, and technological expertise. Lastly, the export of agricultural and food products to the EU demonstrates India's capacity to cater to international food markets. By maintaining a fairly diversified export portfolio, India is well-positioned to navigate economic uncertainties and capitalize on emerging opportunities in the global marketplace.

The EU's exports to India, in contrast, reflect its advanced manufacturing capabilities, technological innovation, and diverse economic sectors. Machinery and equipment, including industrial machinery, electronics, and mechanical appliances, are among the top exports from the EU to India. India has also emerged as a major market for EU aircraft and spacecraft exports alongside the supply of optical apparatuses, plastics, organic chemicals, iron and steel, and pharmaceutical products (Trading Economics, 2022).

Importantly, the EU has become one of the key sources of technology transfers to India. In 2022, the two partners announced the establishment of the Trade and Technology Council (TTC), which aims to further boost the growing trade in digital goods and services and seeks to enhance collaboration in critical technologies, including AI, semiconductors, and digital public infrastructure (European Commission, 2023). The TTC is subdivided into three working groups on digital governance, green technologies, and resilient value chains. The digital governance group is focused on advancing the shared development of quantum and high-performance computing, cooperation on the development of regulatory frameworks for AI, and policy coordination on semiconductors, for which both parties aim to sign a Memorandum of Understanding by September 2023 (Cogo Morales, 2023). For green technologies, the working group aims to promote sustainable practices through renewable and low-carbon hydrogen sources, batteries for electric vehicles, and the development of shared regulatory standards for green tech more generally. Lastly, the group on trade has a series of objectives that include the creation of shared principles for cooperation on resilient value chains, resolving extant trade barriers, enhancing transparency on the respective FDI screening mechanisms, and resolving international trade connectivity issues at the World Trade Organisation (WTO). The TTC is placed alongside other tech-related agreements the Modi administration has signed in recent years, including the Initiative for Critical and Emerging Technology (ICET) with the US, that seek to promote technology cooperation as part of a wider effort to boost India's manufacturing capabilities (Chaudhuri et al., 2023). These agreements signify the growing importance of questions of technological development and cooperation between India and its partners.

Alongside expanding trade, India has also emerged as a growing destination for EU stock investment. According to the European Commission (n.d.), the EU's share in foreign investment stock in India reached €87.3 billion in 2020, an increase from €63.7 billion in 2017 and a dramatic increase from only €1.1 billion in 2004 (Srichandan, 2021). For EU investors, the Indian market presents a range of attractive opportunities due to its vast and growing consumer market, chiefly consistent growth rates, and a large pool of skilled and

educated professionals, particularly in sectors like information technology, engineering, pharmaceuticals, and research and development. Further, the expertise of Indian firms in information technology and software services is appealing to EU companies seeking technology partners or service providers. India also features prominently in the EU's 'Global Gateway' initiative, which seeks to position the EU as a major source of infrastructure investment in developing economies (European External Action Service, 2022). On the back of more liberalized investment regimes and growing European private sector investment in India, India has thus emerged as an increasingly important bilateral partner for the EU.

However, economic ties are also marred by a series of structural challenges that prevent the EU and India from capitalizing on their shared economic potential. EU FDI stock in India (€87.3 billion in 2020), for instance, is significantly outperformed by EU FDI in China (€201.2 billion) and Brazil (€263.4 billion) (European Commission, n.d.). India's regulatory environment has been known to be complex and subject to changes, leading to uncertainty for foreign investors that has been aggravated by India's unilateral termination of bilateral investment treaties with individual countries (Köhler-Suzuki & Sharma, 2023). Additionally, India has maintained restrictions on FDI in certain sectors such as retail, banking, insurance, and aviation, while norms surrounding Indian ownership and control can impact the level of equity foreign investors can hold in certain sectors. India continues to struggle with infrastructure challenges, including on transportation, logistics, and energy supply (Dangra, 2016). Although the ease of doing business has improved in recent years, structural limitations therefore remain, partially due to complex and inflexible labor regulations, lacking investment incentives, and issues with the efficiency of the Indian administrative system. While India's relevance to European markets has grown, its full potential has not yet been capitalized on.

The effects of these issues are observable in the protracted negotiations on the BTIA, initially launched in 2007. One major reason for BTIA negotiations being so protracted is the issue of market access and tariff reduction. India has been reluctant to open its markets to certain EU goods, such as automobiles, citing concerns about the impact on its domestic industries (Business Standard, 2019). Similarly, the EU has sought greater access to the Indian market for its industrial and agricultural products, but the Modi government has continued a largely protectionist agricultural policy (Anklesaria, 2018). The EU has pushed for stronger IPR protection in India, a concern that has also been raised in US bilateral negotiations with India, while rejecting Indian demands over reducing compliance costs for Indian firms operating in the EU due to concerns over regulatory norms and data protection standards (The Economist Intelligence Unit, 2019). India, in turn, has expressed concerns about the potential influx of foreign investments and its impact on domestic industries and employment. Further, divergent regulatory frameworks in areas such as food safety, environment, and technical standards have led to difficulties in aligning the interests of both parties. Lastly, public and private stakeholder concerns have also influenced the negotiations. Civil society groups, industry associations, and labor unions in both the EU and India have expressed concerns about the potential impact of the BTIA on various sectors of their economies, with some studies also questioning the supposed positive impact of a bilateral FTA (Khorana, 2020). Protracted negotiations are thus the result of multiple processes that reduce the buy-in from political and economic stakeholders on both sides of the negotiating table.

Despite the progress made, the economic ties between the EU and India have thus far failed to leverage their potential. Bilateral trade has expanded significantly without the BTIA, yet the negotiations surrounding the BTIA clearly demonstrate how overarching market concerns on both sides have prevented the pursuit of closer economic connectivity. This

ultimately also reflects the diverging orientation of the EU's and India's foreign economic policy-making process. India's market reforms have been consequential but remain mostly incomplete and fail to effectively capitalize on India's economic potential. Under Modi, India has also reemployed a more mercantilist market vision that has embraced more nationalist and protectionist economic ideas whereas the EU has shifted its focus toward a more "normative" approach focused on sustainability (Hilpert et al., 2023). This creates an underlying disconnect in the approach that BTIA negotiations will have to find a way of resolving.

EU-India security cooperation

In 2004, the JAP identified security cooperation and coordination on a range of regional and global issues as key policy priorities for the bilateral relationship between India and the EU. While multiple EU member States, most notably France, have developed extensive military-to-military ties with India over the past years following a series of arms transfers, EU-India security cooperation is more focused on addressing non-traditional security challenges (NTSCs). This section discusses EU-India cooperation on counterterrorism and humanitarian assistance and disaster relief (HADR).

EU-India cooperation on counterterrorism emerged in response to and evolved as a result of changes in the global security landscape, most notably the advent of Islamist terrorism. Both the EU and India have been the targets of a number of high-scale terrorist attacks over the course of the 21st century. In the EU, these were mostly linked to Al-Qaeda and the emergence of the Islamic State in Iraq and Syria (ISIS). The roots of attacks in India, in contrast, are linked to Pakistan-sponsored outfits and the broader strategic rivalry between India and Pakistan in South Asia. The seeds of counterterrorism cooperation between the EU and India were initially planted during the 1990s and early 2000s, including in response to the 9/11 attacks. As a result of the attacks, bilateral discussions began engaging in dialogues and discussions on terrorism. The first political dialogue on counterterrorism was held in 2004 and marked the beginning of a more structured engagement on counterterrorism issues. The JAP adopted, following the summit in The Hague also included a joint plan on terrorism, with identified areas of enhanced collaboration including intelligence-sharing mechanisms cooperation on the prosecution of terrorist financing mechanisms, such as drug trafficking and money laundering schemes (Council of the European Union, 2005). The first joint working group meeting on counterterrorism was held in 2006 and bilateral dialogues expanded following the 2008 Mumbai attacks and the growing number of attacks perpetrated in Europe by ISIS throughout the first half of the 2010s. Multilaterally, the EU and India have collaborated in the Global Counterterrorism Forum (GCTF), a multilateral platform that brings together governments, international organizations, and civil society actors to address counterterrorism challenges and policies (European External Action Service, 2017). Both parties have also supported the United Nations' Global Counter-Terrorism Strategy and have engaged in various UN-linked forums regarding the emerging nature and policy challenges posed by violent extremism and terrorism.

Following the conclusion of the 15th EU-India summit in 2020, the EU and India announced the 'Roadmap to 2025' document, which rearticulated the ambitions for security collaboration. Key focal areas included (1) the continuation and enhancement of cooperation on non-proliferation and disarmament, maritime security, counterterrorism, and cyber security, (2) the maintenance of regular security dialogues on shared strategic priorities, security issues, crisis management and peacekeeping, (3) the strengthening of military-to-military relations and exchanges, (4) the boosting of mutual understanding

through seminars, visits and defense training courses, (5) the creation of a maritime security dialogue that would replace the existing counter-piracy dialogue, (6) the deepening of cooperation between the European Union Naval Force (EUNAVFOR) ATALANTA and the Indian Navy, (7) the conclusion and implementation of a working arrangement between Europol and the Indian Central Bureau of Investigation (CBI), and (8) enhanced consultations on UN peacekeeping, including the agenda on Women, Peace and Security (European External Action Service, 2020). The 2025 roadmap document thus communicated the ambition to deepen and broaden the wider security cooperation, building on the emerging security cooperation framework developed as part of the JAP.

While EU-India security cooperation on counterterrorism has seen some progress, the degree of collaboration has faced various limitations. Bureaucratic processes, institutional structures, and differing legal frameworks can pose challenges to smooth cooperation. This is particularly relevant in India, where changes in the national security bureaucracy over the past two decades have increasingly restricted the ability of the Indian security bureaucracy to develop and implement coherent policy (Madan, 2015). Aligning procedures and mechanisms for information sharing, joint operations, and capacity-building present a highly complex task. The difficulty of this undertaking is further exacerbated by the very nature of the EU, with key security frameworks requiring buy-in and formal approval from all member States. Further, national laws and regulations related to data privacy, intelligence sharing, and law enforcement operations can complicate the development and implementation of EU-wide regulatory standards, further undermining the EU's ability to strike strategic links with non-European countries. As part of this, the sensitivity of counterterrorism information and the classification of certain intelligence can limit the extent to which information can be shared between the EU and India. Lastly, resource limitations, both financial and human, can impact the capacity of both the EU and India to engage in extensive security cooperation.

A second major pillar of EU-India security cooperation is the focus on HADR, which was launched in the 1990s via mostly informal engagements and interactions on disaster management and relief efforts. The Indian Ocean tsunami of 2004, which enhanced India's HADR security cooperation with Australia, Japan, and the US in the context of the Quadrilateral Security Dialogue (Quad) (Chen, 2022), highlighted the need for stronger collaboration in disaster response. Since 2010, EU-India dialogues on HADR operations have increasingly started centering on sharing experiences and best practices (European Commission, 2017). Notably, HADR operations constitute a non-traditional and mostly non-contentious security area in which security cooperation can be expanded without questioning broader alignment choices and preferences of either side.

Today, EU-India HADR cooperation plays out in a variety of ways. The EU and India have cooperated on disaster relief efforts that involve the deployment of rescue teams, sharing of best practices, and testing interoperability in disaster response (European Commission, 2017). Further, the exchange of expertise has included sharing knowledge on emergency medical services, search and rescue techniques, and logistics coordination. Jointly developed programs also aim to enhance skills and capabilities of disaster management agencies, first responders, and relevant stakeholders and cover areas such as disaster risk reduction and medical assistance. India has deployed its expertise and resources, including search and rescue teams, medical teams, and relief supplies to non-EU European countries, most recently to Ukraine (Bhaumik, 2022). The EU and India have also enhanced information sharing and coordination mechanisms to ensure a synchronized response to disaster situations, for instance by sharing early warning information, disaster assessments, and coordinating on relief efforts (Relief Web, 2021). Both entities also actively participate in international initiatives and organizations related to disaster relief, such as the United Nations

Office for the Coordination of Humanitarian Affairs (OCHA) and the International Search and Rescue Advisory Group (INSARAG). On top of this, India has expanded its HADR interoperability with individual EU member States, most notably France (Brewster, 2023).

One broader strategic challenge limiting the scope of security cooperation is differences in threat perceptions and subsequent gaps in how immediate certain threats are understood to be. Both the EU and India have interests, priorities, and strategic concerns that frequently diverge. For India, China's growing strategic presence in South Asia remains the key national security concern (Kugelman, 2023). The EU, in contrast, remains preoccupied on how to deal with the war in Ukraine, Russia's future security role in a post-war Europe, and the strategic ramifications of a potential decline in US security guarantees (Fix & Mankoff, 2022; Simón, 2023). For the EU, the strategic dependence on deterrence via the United States has maintained and heightened fears of abandonment (Haine, 2015), with abandonment concerns now being aggravated by the US' "China first" approach, which prioritizes competition with China and aims to enhance the burden-sharing of European partners (Simón et al., 2021; The White House, 2022). It is notable that Democrats and Republicans in Washington share this broader assessment but somewhat diverge on whether China needs to be prioritized immediately and exclusively (Boot, 2023). Toward China, the scope for EU-India cooperation also remains somewhat limited. Not only is there only a limited convergence in threat perception between the EU and India towards China, there is also no linear agreement within the EU on if China constitutes a threat and what kind of threat China constitutes (Anderlini, 2023). India, in turn, continues to depend on Russian arms supplies and has engaged in balanced signaling behavior following Moscow's invasion of Ukraine, refusing to condemn it outright and sharply diverging from the EU's focus on supporting Kiev (Tellis, 2022). Tied to the respective positions on China and Russia are a variety of diverging industrial, economic, and security priorities that cannot be easily bridged and practically limit the degree to which the EU and India can collaborate on their respective key security interests. Collaboration on traditional security challenges consequently remains limited by the underlying divergence in threat perceptions, reinforcing a focus on non-traditional security challenges.

Ultimately, EU-India security cooperation has been mainly concentrated in fields that are unlikely to upset other major players. This produces net benefits but highlights the historical and contemporary limitations of the bilateral relationship: there is little strategic convergence on the big strategic questions of the contemporary international order. What is Russia's role to be? How can States engage with a rising China and what risks, both strategic and economic, does China pose? How do third parties and countries such as the EU and India position themselves in the face of the growing geo-economic and geopolitical competition between China and the US? Ultimately, the EU and India arrive at different conclusions on these key strategic considerations. Indeed, EU member States themselves frequently diverge in their respective perspectives on these key matters, limiting the EU's ability to develop and implement a coherent and collective shared foreign policy (Dempsey, 2021). This, in turn, often leads to external partners preferring to deal with individual EU countries rather than the EU as a whole.

Progress, limitations, and policy recommendations

EU-India cooperation on trade and security has made significant progress over the past two decades, building on India's changing and growing significance in the global economy. In terms of trade, expanding bilateral trade, surging EU FDI in India, and the collaboration on a series of highly relevant emerging technologies all manifest promising signs and reflect the

prospects of the bilateral relationship. Although the BTIA has not yet been passed (and is unlikely to be passed soon due to the general complexity of the negotiations and the sensitive nature of some of the issues to be discussed), some progress has been made in areas such as investment, services, and regulatory cooperation. This provides a framework for future negotiations whilst boosting greater economic connectivity in the present. Despite the protracted negotiations, both sides have also signaled a readiness to continue talks (Sengupta, 2023), highlighting the shared ambitions vis-à-vis the BTIA and providing a solid bedrock for future negotiations. On the security front, EU-India collaboration has evolved through dialogue mechanisms, information sharing, and joint initiatives. Counterterrorism cooperation, cybersecurity, maritime security, and peacekeeping operations are some areas of mutual interest. While economic cooperation is significantly more advanced than security cooperation, this is to be expected in the context of an institutional setting in the EU that has only recently begun focusing more explicitly on various security issues (Youngs, 2022). While there is space for further growth, the progress made so far should be recognized and built upon.

However, several limitations persist. In trade, the negotiations for the BTIA have faced challenges related to market access, IPR, agricultural subsidies, and regulatory differences. These issues reflect the complexity of aligning two large and diverse economies with varying priorities. More bilateral progress has been made in the negotiation of bilateral FTAs between individual EU member States and India, reflecting the extent to which the institutional complexity of the EU can undermine the finalization of policy outcomes. When it comes to security cooperation, generally underdeveloped mechanisms for security cooperation within the EU, varying regulatory standards, and differing threat perceptions between India and the EU have hindered deeper engagement. The lack of a dedicated framework for consistent security dialogue can also impede effective collaboration. This highlights key areas that should be addressed by policymakers on both sides going forward.

European policymakers should focus on a series of policy matters in future negotiations with Indian representatives. Perhaps most crucially, the EU must focus on reinvigorating efforts to conclude the BTIA. The non-conclusion of talks has been a sore point for both sides and is particularly relevant given that enhanced security cooperation is likely to be limited going forward. For the EU, a pragmatic and phased approach could help address sensitive issues incrementally while focusing on areas of mutual interest like services and investment. Flexibility in negotiations can further pave the way for a more balanced agreement and give more heft to the notion of multipolarity advanced by both the EU and India (Martill & ten Brinke, 2020, Panda, 2023). For European firms, India can be a key investment destination as they seek to de-risk their operations from China (Jash, 2023). The EU can additionally capitalize on its influence as a global soft power to promote shared values and norms in trade. Emphasizing sustainability, labor standards, and environmental considerations can foster common ground in negotiations and contribute to inclusive and sustainable growth in India. The EU should further expand the topics discussed during the regular security dialogues to foster mutual understanding and promote joint initiatives that may pave the way for more encompassing security cooperation in the future. The TCC should be used to expand the promotion of joint research and innovation projects related to security, for instance by including cybersecurity technology development, information sharing platforms, and joint training exercises. Such initiatives can enhance interoperability and mutual capacity-building. Lastly, the EU must undertake greater efforts to establish itself as more of a priority destination for Indian students. This form of educational and cultural diplomacy can positively impact both trade and security cooperation in the long run.

There is also a range of policy options available to Indian policymakers. As is the case with the EU, BTIA negotiations require a degree of flexibility in addressing issues such as market access, tariff reduction, and non-tariff barriers. Regular consultations and engagement can help bridge differences and find mutually acceptable solutions. Both in combination with and separate from BTIA negotiations, India can also identify specific sectors with strong growth potential and align them with the EU's priorities. This could include technology services, renewable energy, pharmaceuticals, and agriculture. Reform agendas could also focus on investment promotion, for instance via ensuring transparent and stable investment regulations, protecting IPR, and offering incentives for technology transfer and research collaboration, especially in renewable technologies. As part of this, work towards regulatory convergence and standards harmonization in sectors like pharmaceuticals, automotive, and information technology can reduce trade barriers and promote connectivity. Further, India can streamline trade procedures, reduce bureaucratic hurdles, and enhance customs procedures to reduce transaction costs, enhance predictability, and improve the overall ease of doing business for EU companies in India. This will also pave the way for progress on the BTIA. On security, India could enhance intelligence-sharing mechanisms and establish protocols for timely and effective information exchange to prevent cyber threats and attacks and safeguard critical infrastructure. One way of doing this could be via the expansion of bilateral research projects, workshops, and information-sharing platforms on cyber threats.

Ultimately, promoting EU-India trade and security cooperation requires a comprehensive approach that addresses the interests and concerns of both parties. By revitalizing trade negotiations, enhancing security dialogues, streamlining trade procedures, and fostering people-to-people engagement, both parties can create a conducive environment for deeper collaboration. Enabling this necessarily requires a greater degree of flexibility from both sides. Moreover, focusing on sustainability and climate cooperation can further align India's priorities with those of the EU. These policy measures have the potential to strengthen the EU-India relationship, contributing to greater economic growth, regional stability, and coordination in international forums.

Conclusion

In conclusion, the contemporary state of EU-India relations is marked by significant developments and challenges across various sectors, including trade, investment, and security cooperation. The growing economic connectivity between the EU and India is evident in the expanding trade relationship, driven by a combination of factors such as economic reforms, India's diversification of export markets, its central role in the IT ecosystem, its increasingly integrated role in global supply chains, and improving compliance with international quality standards. The EU and India have capitalized on the market complementarity of the two economies, making bilateral trade the main driving force of the bilateral relationship despite the BTIA not being signed. The establishment of the TTC in 2022 also signifies the growing importance of technology cooperation between the EU and India. The TTC's focus on digital governance, green technologies, and resilient value chains demonstrates a commitment to fostering innovation and sustainability. India's emergence as an attractive destination for EU stock investment further underlines the deepening economic ties between the two partners and will be particularly crucial as European companies seek to de-risk their operations from China.

However, several limitations and challenges persist. India's regulatory environment, bureaucratic complexities, and sector-specific restrictions can hinder foreign investment and economic cooperation. Infrastructure challenges, such as transportation and logistics, require

attention to enhance the ease of doing business in India. The protracted negotiations surrounding the BTIA highlight the need for both sides to develop and implement pragmatic and phased approaches to address sensitive issues.

Security cooperation between the EU and India, particularly in counterterrorism and HADR, has evolved over time. Counterterrorism collaboration has faced practical and strategic challenges, including differing threat perceptions and bureaucratic hurdles. The focus on relatively low-cost forms of security cooperation in areas such as counterterrorism and HADR highlights the broader strategic divergence in relation to threat perceptions and strategic priorities.

In summary, the contemporary EU-India relationship exhibits significant promise but also faces notable challenges. Addressing these challenges while capitalizing on the opportunities presented by economic integration and deepening cooperation will be crucial for realizing the full potential of this vital partnership in the evolving global landscape.

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