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► **To cite this version:**

Christophe Jaffrelot. India and the European Union: the Charade of a Strategic Partnership. 2006.  
hal-01065630

**HAL Id: hal-01065630**

**<https://hal-sciencespo.archives-ouvertes.fr/hal-01065630>**

Submitted on 18 Sep 2014

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## **INDIA AND THE EUROPEAN UNION: *THE CHARADE OF A STRATEGIC PARTNERSHIP***

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Each day that passes sees confirmation of India's increasingly important position on the international scene. India's rising economic might is unquestionable including, and above all, in the area of high technology. As for her military power, this now includes unashamed expertise in strategic weaponry from nuclear to ballistic missiles and a sizeable task force in the Indian Ocean.

This giant of tomorrow, and not the day after tomorrow to labour a point, as far as its external relations are concerned, is looking in two directions, directions which as recently as fifteen years ago were largely neglected: East Asia and the United States. The "look east" policy initiated by Narasimha Rao in the 1990s, when Manmohan Singh – today's PM - was Finance Minister, has borne fruit: in 2005 East Asia overtook the European Union as India's first trading partner largely due to burgeoning Sino-Indian trade. While the "look east" policy may have had essentially economic objectives, it has also resulted in India's entry into the only functioning regional security arrangement in East Asia, the ASEAN Regional Forum. As for the United States, as the recent visit of President George W. Bush demonstrated, relations have hit new highs in both the political and economic areas. The United States is now India's largest single national trading partner and the biggest source of FDI mainly as a result of the massive arrival of US high tech multinationals to set up production and research facilities on Indian soil. In the political arena, the two countries signed an Agreement in 2004, the Next Step Towards a Strategic Partnership, a military agreement in June 2005 and significant steps forward have been made in the realm of civil nuclear energy during the visit of Bush in February 2006: every year something more happens!



Within this global context it is disappointing to find that the European Union hardly figures on the Indian “radar screen”, despite tangible efforts to relaunch cooperation between the two political entities. If remediable action is not undertaken quickly, Europe may well find itself completely sidelined by this new first order Asian – and indeed international – actor.

### **Which Strategic Partnership?**

In the early part of this decade considerable efforts were made to kick-start cooperation between India and the European Union. The first EU-India Summit held in Lisbon in June 2000 heralded a new political willingness to foster closer bilateral relations in all areas. Since 2000 regular annual summits have been held, accompanied by the setting up of joint working groups and a plethora of joint initiatives, such as the Joint Initiative on the Enhancement of Investment and Trade, which dates from 2001. The culmination of these rapprochement initiatives was the signing, in June 2004, of a New Strategic Partnership Agreement, which defined five priority areas of cooperation:

- a. Multilateral cooperation in the international sphere with an emphasis on conflict prevention, anti-terrorism, non-proliferation, the promotion of democracy and the *defence* of human rights.
- b. Strengthened economic cooperation involving sectorial dialogues et jointly drafted regulatory policies.
- c. Cooperation in development so as to enable India to achieve the Millennium Goals as framed by the United Nations.
- d. Intensifying intellectual and cultural exchange.
- e. Improving the institutional framework of Indo-European relations.

While there have been some tangible results of these efforts in improving cooperation, the overall balance sheet is mixed. Some concrete achievements deserve mentioning. For example India has become a participant in the ITER and GALILEO programmes, thus significantly improving the potential for much enhanced cooperation between the European Space Agency and its highly innovative Indian counterpart, the Indian Space Agency. Furthermore a 33 million euro scholarship scheme, within the Erasmus Mundus framework, has been established in order to encourage student exchange between India and the European Union. The creation of a Jean Monnet Chair in European Studies at the University of Delhi in 2002 should also contribute to achieving these objectives. Nevertheless, these specific achievements do not, in themselves, remove the overall sense of unease engendered by an examination of Indo-European relations in all areas. While it would be misguided to underestimate the importance of student exchange and the

recruitment of Indian students in European universities, the dozen of thousands Indian students in Europe pale in comparison compared to the 80,000 studying in the United States (India having overtaken China as the largest source of overseas students there). Not only are those students (and their graduated predecessors) a vital element in strengthening US-Indian relations, they are also a precious source of qualified manpower for the US economy, particularly given the noteworthy excellence of Indian students in basic and applied scientific research.

In the area of economic relations the tendency is equally worrying. As mentioned previously, East Asia (i.e. ASEAN plus China, Japan and South Korea) became the first trading partner of India in 2004, accounting for 20% of overall trade, eclipsing the European Union which previously held that position but had fallen back to 19% of overall trade. More alarming are the shares of total international trade and investment: in 2004 India accounted for a mere 1.7% of imports and exports with the European Union, ranking it as only twelfth largest trading partner. As far as investment is concerned, India received a derisory 0.3% of the EU's total FDI in 2004. France, for example, with its 2.63% of total FDI in India was behind South Korea and just before Singapore. India is still a victim of a European obsession with China, which is translated in the fact that for every euro invested by the EU in India, some twenty euros are invested in China!

It is, however, on the political level - involving both diplomatic and strategic objectives - that EU-Indian relations appear the most bogged down. As in the economic field European diplomacy is inordinately focused on the Middle Kingdom. Chris Patten, the former Commissioner for External Relations, was probably the only European Commissioner in recent years to have taken India seriously. Responsibility for deteriorating EU-India relations should, nevertheless, be entirely laid at the door of the Europeans. Some responsibility for this parlous state of affairs can be found in India itself. While some elements of the Indian media may express concern over Indian indifference towards the EU, in other quarters there is not merely indifference, but downright hostility. This is partly explainable by a series of disagreements over, for example the International Criminal Court or the Ottawa Convention against anti-personnel mines, two matters on which the Indians are very reticent. There is also a perception of what is categorized as European interference in Indian domestic affairs, for example over human rights issues, the Kashmir conflict or child labour. Nevertheless these generally short-lived differences are merely symptoms of a greater malaise.

A significant section of the Indian elite, that of the nouveaux riches, seemingly drunk with a sense of newly acquired power, does not bother to hide its disdain for a Europe seen as mired in its economic stagnation and content with the bourgeois comfort of elderly retirees. For this part of the elite, Europe is a "has-been", morally and intellectually

exhausted, its Welfare State untenable and doomed to decline. The Indian press took, for example, great delight in exposing the suburban violence in France in autumn 2005, depicted as yet another symptom of the crises in European society. Explaining this in terms of the haughtiness of the new winners does not go far enough. India is seeking its revenge on its colonial past. Indians still carry the burden of victimhood, even if their Prime Minister in a visit to Britain last summer acknowledged that the main democratic institutions in India were created during the colonial period. This being said, an increasingly nationalist India, an India rushing towards the future, has no time to recognize its debts to the past. The European Union can easily be seen as a target of this anti-colonial rhetoric precisely because in some of its paternalistic behaviour it demonstrates an enduring colonial mentality. The Mittal Affair provides a perfect example of this attitude. Although the CEO of Mittal Steel, Lakshmi Mittal, is Indian – and vaunted as a national hero – his company is not. Despite that fact, the way the OPA bid was handled by political actors in Europe and by the representatives of Arcelor compounded a sense of racial discrimination. The Indian media had a field day in vilifying the double standards of the EU, ever ready to play the capitalist game when it suits them, but refusing to play it when it does not. After all India saw no objections in allowing Lafarge to become a giant of the Indian cement industry. Why should this not be possible with the reverse scenario in the steel industry? Because “Arcelor makes perfume while Mittal Steel makes eau de cologne”, to use the impetuous phrase of one of Arcelor’s directors? Such impetuous declarations were easily labelled as racist by the Indian press. The Indian Minister for Commerce and Industry, Kamal Nath, warned the EU Commission that opposition to the bid violates norms of the WTO and nobody in Europe paid attention to Mittal’s argument that his firm and Arcelor were European companies which should better join hands to resist China’s ambitions.

At the same time France was accused of treating India as a giant garbage bin by carelessly sending the aircraft carrier *Clemenceau*, laden with undisclosed but significant amounts of asbestos, to be broken up in the scrap metal yards of Gujarat.

This being said, the assertive post-colonial nationalism of a rapidly modernising India, one directed at decadent Europeans with seemingly no sense of fair play, does not in itself, explain the widening gulf between the EU and India. Underlying the chronic nature of present EU-India misunderstanding is the fact that new forms of Indian nationalism are calling into questions India’s commitment to the rules of multilateralism.

## **The Myth of Indian Multilateralism**

Unfortunately Europeans have the illusion that India and the European Union share a vision of the world founded on multilateralism. This is not the case. Indian discourse on multilateralism and the need for a multipolar world is, at least to some extent, a smoke screen, designed in particular for European consumption. It should be noted that the legacy of India's commitment to the Third World within the Non-Aligned Movement is one tinged with a kind of anti-imperialist rhetoric directed, above all, at US hegemony. Apparently this would seem to have affinities with France's desire to develop Europe as one of the poles of power in a multipolar world and to the European project of promoting a system of international norms.

In practice, however, successive Indian governments are basically pragmatic and, in point of fact, since the 1990s have shown in their behaviour a more neo-realist or *realpolitik* view of international relations. In the minds of Indian leaders the United States offers leadership that can not be easily dismissed, while Europe seems still to be looking for an international role, and is not a major international actor due to its own internal divisions and the lack of any credible way of projecting its power. This perception of an effete Europe cuts across the Indian political spectrum: while the nationalists of the BJP were the first to propagate such a view in the 1990s, the Congress Party has taken on board the same view. Evidence for the salience of this view can be found in the explanations proffered by Manmohan Singh to his Communist allies, the only political group to have shown any misgivings over closer US-Indian relations. Moreover, in both the very warm congratulations offered to President Bush after his re-election and in the absence of high-ranking Indian dignitaries at the funeral of the Palestinian leader Yasser Arafat, can be discerned a realist concern for India to align itself with the only world superpower.

The overwhelming importance attributed in India to hard power largely explains the disdain in India for the European Union. Europeans see themselves as heralds of a form of world governance based on norms and embedded in international law and in multilateral institutions. The United States, on the other hand, is not averse to justifying the use of force in international relations. While Nehru, like Gandhi before him, may have believed in the importance of values (or norms as we might say today), the India of today is fascinated by hard power. Strategic specialists in many Indian think tanks feel that making India the "world's largest democracy" will bring far fewer benefits to India than did the nuclear tests of 1998. In other words "hard power" wins over "soft power" and Mars over Venus, to borrow Paul Kagan's hackneyed expression. There is a total coherence in the new Indian approach: after all, did the West bother to listen when India defended certain values or leaders such as the Dalai Lama? Moreover, India's willingness to flex its muscles on the international stage is

being encouraged by concomitant initiatives of other large and middle-level powers to encourage India to be not only a regional centre of power, but also a major international actor. The 1998 nuclear tests were the first tangible signs of an emancipated and powerful India. Today the search for a permanent seat on the UN Security Council and the leadership role taken in the WTO attest to the same objectives.

In the long term, the Indian approach should weaken the US-India partnership. However, in the short term, this partnership will be strengthened to the detriment of the EU-India cooperation, for India is not yet strong enough to be able to go alone but can prepare itself behind the umbrella of US protection. For the US, “playing the India card” to use a widely-heard cliché in Washington, in making India the United States’ best ally in Asia, is seen as an effective way of counter-balancing China. In this light, the June 2005 strategic and military agreement between the US and India - by dint of which the two countries have agreed to cooperate together in overseas peace-keeping operations - is highly significant. This agreement will probably dampen the interest of India for similar types of cooperative activity with Europe, even though this was precisely one of the objectives of the Strategic Partnership Agreement signed a full year earlier between India and the European Union!

### **What is to be done?**

In this unfavourable climate in EU-India relations urgent action is required if a further deterioration is not to become irreversible. Four types of action are at the EU’s disposal, even if there are elements in the present situation beyond its control. The first of these is to strengthen a sense of European unity and to fight against the overriding trend of each Member State to go it alone in its relations with India. This occurs even in areas where common European policies have been agreed. One not insignificant example concerns research activities: while the EU may have initiated a joint agenda, in practice most efforts in the area of joint research activities are negotiated and run on a bilateral basis. While Europe remains incapable of unifying its own strengths, not only will it deprive itself of its major advantages, it will compromise any chance of being perceived, and respected, as a single entity. In India the “every member state for itself” approach is not merely unworkable, it is counterproductive. Given India’s size, its burgeoning economy and its increasing political and military power, the only possible European partner for India is the European Union as a whole. The sooner this reality is accepted the better for all of Europe.

Secondly European diplomacy in relation to India vis-à-vis China needs to be rebalanced. In India, the pro-Chinese bias of the European Union is ill received. For Indians the Sino-centrism of Europeans is paradoxical, given Europeans’ purported concern with

promoting democracy and the Rule of Law, two areas in which China's record leaves a great deal to be desired. Why should such a country be favoured over India? In such a context, the US seems far less hypocritical, for in American discourse, including amongst the Neoconservatives, denouncing Chinese authoritarianism and promoting democracy go hand in hand. A more balanced European policy would be well received in India if it also involved actively supporting India's campaign for a permanent seat on the UN Security Council, an objective opposed by China and one on which the US is very reticent. Supporting India's permanent membership on the UN Security Council would have the added advantage of bringing India back to the multilateralist fold. Nothing would be lost in this attempt. When given the opportunity, India has shown it can act responsibly in a multilateral context as the 2005 campaign of the G4 demonstrated and India's votes at the IAEA have also shown.

Thirdly, Europe needs to play on its industrial strengths to relaunch its cooperation with India. Two areas here are of primary importance, namely infrastructure and environmental protection because they are both areas of vital necessity for India. Problems arising from pollution and the shortage of drinkable water will soon compromise India's economic growth. Given longstanding European sensitivity to environmental questions, as well as its technological capacities, this is clearly a field in which Europe can offer solutions to India's problems. As far as infrastructure is concerned the priority area is that of energy, for India is experiencing serious shortages, and is over-dependent on petrol and coal, two expensive and polluting fossil fuels. India's efforts to secure gas supplies and develop nuclear energy are two tangible results of this situation. The European Union and particularly France's lead in the latter area of technology is recognized by the Indian authorities, and this is undoubtedly one of the main reasons why the Indian government still maintains a residual interest in Europe.

Finally, to turn to initiatives that would help revive EU-Indian cooperation in areas that are both symbolic and substantive, those of higher education and work experience. By being far more flexible in providing visas to Indian students and professionals, considerable progress could be made in removing one of the continual thorns in the side of EU-Indian relations. By taking into account the concerns of Indian students who wish to study in France, for example, then both parties would benefit. Today Indian students who study in most European countries, including France, have to return immediately once they have finished their studies. Changing labour and immigration laws so as to allow a graduate to find a job in Europe would have three distinct advantages. First of all, it would send a clear and positive political message to Delhi on a sensitive subject, and furthermore it would allow European companies to hire well-qualified Indians who would then be able to work later in their Indian subsidiaries. Above all, by introducing greater flexibility over visas, one of the factors that



today limits the ability of Europe (and particularly France) to attract the best Indian minds would be removed. Indian students feel it is useful to begin their careers in the place of their higher education, not only for the professional experience this brings, but also to enable them to repay their debts.