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Over the last decade, EU-India cooperation has grown significantly. The partnership has also evolved thanks to various new far-reaching initiatives. But despite much progress, the relationship in its current form appears to be fall short of the strategic partnership announced in 2004. At the bilateral level, cooperation needs to be deepened and enhanced. At the regional and multilateral levels, the EU and India appear to move along parallel tracks: both share similar visions of global outcomes and challenges. But despite shared values, beliefs and interests, there are discrepancies in their approaches to various key issues. Moreover, India and the EU are not exclusive strategic partners. Both participate in a number of bilateral and multilateral networks and have important 'significant others' with whom they share better working relations, at times notwithstanding divergent values and belief structures.

Since the announcement of the EU-India strategic partnership in 2004, major changes have taken place at the international level. A transition to a new, multipolar, pluralistic world order has begun to take effect and the geopolitical environment in which the EU and India operate today requires much closer coordination on strategic issues. Important changes at the global level now call for the consolidation of a truly strategic partnership.

The partnership needs to be both widened and deepened. It also needs the right momentum to achieve real-time success on joint ventures: negotiations on a far-reaching free trade agreement; cooperation on maritime security, cyber-security and counter-terrorism; an enhanced foreign policy dialogue; cooperation in the field of renewable energy; advanced research collaboration and exchanges; cooperation on nuclear energy and space research, etc.

Economic cooperation remains the heart of the relationship and the Free Trade Agreement (FTA) remains crucial. Recent trends indicate that India and the EU may sign a partial free trade agreement rather than a fully-fledged FTA. Efforts are needed to balance the partnership (especially in economic terms). It is time for the EU to stop seeing India as a developing country, and for both actors to move towards a partnership of equals. Reviewing the basic elements of the

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relationship would be wise – in particular, renewed development cooperation, with a focus on technology and skills transfer, including business-to-business relations, rather than aid; as well as greater cooperation in the field of agriculture. Six years after the adoption of the Joint Action Plan (JAP), even if the EU's financial and economic problems make it more difficult, it is perhaps time to revisit the JAP and set a new, more streamlined agenda for the partnership which defines timelines for various deliverables. Clarity on interests and the deliverability of each partner is essential. For India a permanent seat at the UNSC remains a paramount objective and New Delhi seeks EU support in its bid for this. On the other hand, regarding climate change, setting binding targets and ensuring international monitoring is a clear priority for the EU and in this context Brussels seeks closer alignment from India. India supports the transition to democracy brought about by the Arab Spring but questions the strategy of direct intervention in the region advocated by some EU member states. Both India and the EU have an interest in the peaceful transition of Afghanistan but do not see eye to eye on how to achieve greater cooperation in this area. Such differences in perceptions, mindsets, and worldviews require enhanced mutual understanding and more extensive dialogue. This could be achieved by involving a greater diversity of stakeholders: official channels as well as analysts, think tanks, civil society and politicians.

International strategic issues and bilateral security cooperation

The question of the Responsibility to Protect (**R2P**) still divides the EU and India. India does not disagree with the notion of R2P but rather with the *modus operandi* of its implementation, in particular the implication of regime change through external intervention. In India's view, the implementation of R2P by NATO in Libya is a case in point. The discussion about Libya has in turn precluded a clear response to the situation in Syria. Nevertheless, both India and the EU are agreed on not ruling out R2P altogether. The debate now, therefore, needs to be centred on finding mutually acceptable ways to implement the principle.

Both the EU and India believe that **the Arab Spring** will fundamentally transform the region. But while the transition to democracy has been desirable, it has resulted in a lot of bloodshed. The EU and India see the need to assist these countries on their path towards democratisation and in overcoming years of dictatorial rule. Given the complexity of the region, it would be important for the EU and India to keep the specific situation of each country in mind and not to generalise when looking towards cooperation with the Arab Spring countries. However, the Arab Spring phenomenon is still at an early stage and requires monitoring given that violence persists in some countries. Syria is a very special case and India remains unconvinced by the EU's insistence on the need for unilateral action even at the expense of international law.

The focus must be on helping these countries lay the foundations for democratic rule. India has extensive capabilities and experiences to share, perhaps in concert with the EU. For instance, India's election commission could play a role alongside EU observer missions, especially with the upcoming wave of elections in the Middle East region.

Iran remains an important issue but divergences remain on how to deal with the situation. Both India and the EU would like to see an Iran without nuclear weapons. Finding a mutually acceptable approach would still need more deliberation. The EU and India can work together to reduce tensions and promote peace in the region by engaging both Israel and Iran in addressing insecurities and encouraging confidence-building measures.

India's growing presence in and dependence on the **Gulf** region also demonstrates the need for closer EU-India cooperation in the region.

India's neighbourhood remains politically unstable, and the future of **Afghanistan** after the 2014 drawdown is uncertain. However, this heightens the case for cooperation between the two civilian actors (apart of course from the UN) on the ground: India and the EU. India shares the EU's vision of a stable, modern and democratic country, which could play a fundamental role in linking South Asia with Central Asia. The EU and India are major donors to reconstruction and development in Afghanistan. The EU mission in Afghanistan is a positive development in terms of time, scope and commitment. However, the next steps in EU-India cooperation in Afghanistan will involve finding ways in which they can actually change the situation on the ground together. Dialogue on better implementation of respective projects should be enhanced. The EU and India also need to focus on setting up joint projects in the country. India's position on Afghanistan will continue to be dictated by pragmatic considerations and concern to avoid a situation similar to Libya developing. Engaging other regional actors will be key; in particular, engaging Iran on the Afghanistan question could create space for better dialogue and understanding while shifting the focus from frictions on the nuclear issue.

As oceans and maritime territory gain prominence in international relations, the **Indian Ocean** and the Indo-Pacific region make yet another case for EU-India cooperation. The rise of China and India has led to a redefinition of geopolitical interests. The task of keeping Sea Lanes of Communication (SLOCs) open and conflict-free has become more urgent. These waterways affect both the EU and India directly as both parties have significant economic stakes in these waters. There are several other reasons to cooperate in these oceans: the threat of piracy and terrorism, maintaining the safety of SLOCs; ensuring peace given rising tensions among states which have conflicting territorial claims in various maritime areas; and the need to strengthen the capacity building of littoral states.

The US's strategic rebalancing towards the Indo-Pacific has important implications for both Europe and India. This has given rise to a debate in EU capitals and has led in some cases to member states increasing their own engagement and presence in the area, in particular France and the UK which have naval bases in the region. The EU is committed to exploring new opportunities to engage further in the region. In this regard, the EU could play a role in conflict mediation in East Asia notwithstanding other possibilities. US military strategy also entails investing in a long-term strategic partnership with India. For India this opens up opportunities for greater cooperation with the US, especially with regard to capacity building and the modernisation of its armed forces. However, some Indian analysts fear that deeper cooperation with the US could entail problems such as increasing tensions with China.

Nonetheless, the Indo Pacific offers new challenges which both India and the EU must deal with pragmatically, taking into account the strategic interests of not just China and the US but also Japan. Dialogue between the EU and India on the balance of power in the region can be effective in spawning bilateral and multilateral cooperative measures. Engaging South East Asian countries will be important in this regard. The EU and India share the joint ambition of ensuring peace in the region which is vital for economic prosperity and modernisation. The Indian Ocean Rim Association for Regional Cooperation (IOR-ARC), an international organisation which focuses on economic cooperation, could become a forum for discussion on strategic issues. In this regard, as suggested by some participants, the EU can seek to become a dialogue partner in the IOR-ARC. For the EU, any role in the Pacific must be embedded in a long-term strategy.

Existing cooperation on **antipiracy** efforts in the Gulf of Aden could also be enhanced. However, India has strong reservations about any joint on-land operation in Somalia or other East African countries, while the EU remains in favour of such interventions and has indeed initiated action in this vein. Closer cooperation on **counterterrorism and against cyber terrorism** has much potential following the joint declaration and the establishment of the working group.

Unconventional/new security and development issues

Cooperation on conventional notions of security can at times prove difficult given the intrinsic differences between India's approach and world views and those of the EU. Non-traditional security issues like climate security, resource security, or disaster prevention and risk reduction provide avenues for cooperation which are seen as less controversial by New Delhi and where the EU has real capabilities and clear competence.

While the EU has set itself high targets to tackle **climate change**, India has also taken several steps to address this issue. India is actively promoting its solar power industry and has the fourth largest wind-power capacity in the world and the highest growth rate in the sector, which was highlighted by EU policy-makers during the Forum as a field in which cooperation can indeed be enhanced. Cooperation in investment and technological transfer between the EU and India can play a crucial role in this regard. There is a need for more exchange of information and mutual discussion of approaches to climate change between the two parties. In this regard, India-EU can enhance cooperation in the broader framework of India's National Action Plan on Climate Change.

Attitudes in India have been shifting with greater awareness of both the immediate and indirect hazards of climate change. While India's long-standing position has been that the majority of funds for adaptation as well as emission reduction measures should come from developed countries, India's Planning Commission has recently made a strong push for the government to generate funds domestically and through the private financing route. It has also advocated opening the country to a cap-and-trade emissions system and accepting a global peaking level of emissions – something that has been strictly opposed by the country in its official international stance.

Energy supply is of special concern for Europe too and EU foreign policy is increasingly energy sensitive. The EU needs to make considerable efforts on enhancing policy coherence. In particular it needs to ensure a regular and secure supply of energy (sustainability), deepen energy partnerships (dialogues), diversify routes and services, and promote good governance in the energy sector.

But the partners need to tread carefully when it comes to climate change and energy security cooperation, especially since the EU and India have different backgrounds and exhibit vast differences in levels of development. Problems persist. From New Delhi's perspective, there are expectations that Europe will reduce its emissions as a prerequisite for enhanced cooperation. There is no existing flagship cooperation on climate change and cooperation at the multilateral level remains far too limited with important differences which were visible at the Rio and Copenhagen summits (especially concerning strict supranational measures). Furthermore the EU Commission stopped a major cooperation scheme between India and the EU on solar energy.

In this regard, dialogue on energy issues needs to be enhanced, especially in light of the Joint EU India Declaration on Energy. Europe-India cooperation on energy and renewables has vast potential especially if the scope of India's existing cooperation with EU member states which have

their own programmes is broadened. In general there is a dense network of cooperation at the bilateral level. Opportunities for European investment in India's renewable energy sector remain large. European technology could play an important role in India's development and move towards green energy. But it should be underlined that India and the EU need to develop synergies for transfer of technologies and to cope with climate change. Climate financing is another crucial issue that merits the attention of European policy-makers.

EU-India cooperation in the **education** sector has been a success story. India and the EU cooperate in providing vocational training to millions of illiterate workers. There are possible joint ventures to be explored by the EU and India in higher education. The EU and India must also undertake concrete efforts to enhance current levels of student and expert exchanges. Migration and **visa facilitation** in this sense is a critical element for India and could be addressed by the EU and its member states. **Tourism** links between the EU and India could also be boosted. But it is perhaps in the area of **business-to-business** relations that there is the greatest scope for improvement.

The new role of India as a donor country is an important development, even if the bulk of existing funds are devoted to countries in the region and mainly to Afghanistan. While EU-India development cooperation will end in 2013, there will still be other areas where the two partners can work together: a pilot project of €6.5 million could still address many problems related to jobs, education, and training. The future EU 'partnership instrument', although limited in terms of funding, could become an important platform for sharing best practices, technologies, organising joint conferences etc.

Global economic governance

Looking at the **G-20** process, the output is now much weaker than it was a few years ago. The agenda of the G-20 has evolved to address issues like sustainable development, climate change governance, etc. Important legal decisions have been reached at the G-20. In this context, India has been more successful than the EU in recent times. While Europe has to a great extent been hampered by the financial crisis, with the situation of Greece in particular dominating the agenda in Mexico, India has achieved good results on investments, supported the BRICS agenda, and been keen to provide advice to Europe on how to tackle the crisis, advocating for inflation instead of budget discipline, and pledging \$10 billion (€8 billion) to the IMF's European rescue effort. This is yet another signal of interdependence, since the impact of the global and in particular the European economic slowdown greatly worries India.

The G-20's clout in the arena of global economic governance remains under question – in contrast to a relatively successful period in 2008-10 – and creates space for the EU and India to work together for reform and change. Coordination meetings before G-20 meetings should be envisaged.

At the bilateral level, as a result of Europe's ongoing economic crisis, **India's exports to the EU** have experienced a downturn of 14 percent and India's imports from the EU have also fallen. Private investments in India have shrunk because of the crisis over the last three years. The crisis has also contributed to fuelling inflation in India and India has difficulty in competing with China, especially in transaction costs. These factors have had a significant impact on people working in affected and related sectors. There is both a need for Europe to resolve its financial crisis as a matter of urgency as well as a case for greater EU-India collaboration in trade and investment. Cooperation in agriculture can be improved as India seeks to initiate a second green revolution.

Financial and economic differences persist but it would be dangerous to further postpone the FTA. The conclusion of the FTA will have a strong influence on the fate of the strategic partnership. Concrete steps are needed to ensure that a speedy conclusion is reached. Both the EU and India should endorse a flexible approach which can address many of the EU's and India's financial woes.

Enhancing the India-EU strategic partnership

The strategic partnership has not yet delivered concrete results. The two levels of engagement, bilateral and multilateral, are not always well connected. While economics still remains the core of the relationship, there is also substantial scope for cooperation on security issues. Both the EU and India must go back to basics to assess where we are coming from and where we want to go. Both sides use the same words but with different meanings. Multilateralism, sovereignty and R2P are just a few examples.

To enhance the strategic partnership, the EU and India must start with a frank dialogue about the state and the mutual value of the partnership. This will not happen without commitment, since the emerging polycentric world will be a world of multiple options, and there are indeed a number of new trends, including increasing economic competition, and soft alliances, such as the BRICS, that might prove inimical to a deepened partnership between EU and India.

The EU and India must find synergies and create a unique platform with several stakeholders (politicians, think tanks, the media etc.), which can address problems and differences of views in the relationship. There is also a need to construct a new Joint Action Plan which can systematically review existing action as well as include new issues.

Consultations at major multilateral events could perhaps be advanced. More could be done to have a clearer understanding of each other's positions. The EU and India should go beyond the party-to-party dimension and become more a sort of a hub to enhance the multi-stakeholder quality of the partnerships and create platforms to discuss specific programmes and projects, thereby connecting them better to the policymaking process.

The EU and India must identify common interests. Both India and the EU are new emerging actors in several respects. There is a need for benchmarks to measure the success of the strategic partnership. The relationship needs new momentum with defined timelines for deliverables.

Recommendations

Political and strategic issues

- India and the EU should expand their cooperation in Afghanistan, Iran, the Asia Pacific and Horn of Africa.
- Both partners should work together in the areas of statebuilding and peacebuilding in unstable regions.
- India and the EU should work together to strengthen global governance, including reforming global institutions so that they are more democratic, effective and efficient.
- India and the EU should expand their cooperation in the Indian Ocean and maritime security, and increasingly share knowledge and information on terrorism, West Asia and Afghanistan.

- India and the EU should establish technical working groups in order to strengthen cooperation with regard to particular situations of common concern, e.g.. the Indian Ocean.
- Both partners should accordingly review the Joint Action Plans to include new issues and more concrete forms of identifying common challenges and implementing joint projects.

Unconventional/new security and development issues

- India and the EU should expand cooperation as regards unconventional or non-traditional security issues. These should be mainstreamed in the development agenda of India and the EU.
- Environment, energy, science & technology and research & development are areas of mutual interest for India and the EU, where enhanced cooperation should be pursued.
- European companies should invest in the clean energy sector and renewable energy in India.
- Sharing knowledge and information for climate change adaptation and mitigation is crucial for India and would be helpful in facilitating environmentally-friendly development at the grassroots level in the country.
- Technology transfer is another crucial aspect of climate change negotiation. Clean coal technology can effectively reduce emissions from power plants in India.
- India and EU should cooperate in research and development in the areas of environment and energy and develop research programme that can be interlinked with climate change.

Global economic governance

- The G-20 is an important platform for strengthening global economic governance and other economic and trade issues linking India and the EU. Both India and the EU should work to strengthen global economic governance and expand their partnership in the G-20.
- An India-EU FTA is crucial for enhancing trade and economic relations between both partners.
- Economic reforms and trade liberalisation are crucial in both regions for boosting trade and investment. But India and the EU should look beyond economic and trade relations and widen their ties in the other areas of mutual cooperation.
- India and the EU should cooperate in reforming the global institutions, e.g. the WTO, and develop more synergies.

Cultural and people-to-people contacts

- People- to- people contacts between the two regions should be further enhanced.
- The cultural agenda needs to be broadened and should include issues of mutual interest such as cross-cultural awareness, language and literature, etc.
- Academic exchanges should be promoted. The EU should try to attract more Indian students to European universities. Academic exchanges should be expanded for developing broad mutual understanding and trust between India and the EU.
- Increasing contacts among Indian and European citizens and academic exchanges would bridge the 'perception deficit' between India and the EU.