

Event Report

**The European Union and India:
Rhetoric or Meaningful Partnership?**

EIAS Book Talk

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It is widely argued nowadays that the EU-India strategic partnership has lost momentum in the last decade. Bilateral ties are not receiving sufficient priority from both sides. Trade negotiations are deadlocked, despite the EU being India's biggest trading partner. India has yet to discover the relevance of EU-India relations within evolving Asian security and economic architecture. However, there is significant untapped potential: Collaboration in research and innovation has expanded significantly and dialogues on global governance, energy, counter-terrorism, migration and mobility as well as human rights all show great potential. New dialogues could be initiated on Afghanistan, maritime security, development cooperation and the Middle-East.

The multi-disciplinary book **The European Union and India: rhetorical or meaningful partnership?** provides a comprehensive analysis of the EU-India relationship from 1950 to the present day, as a way of assessing whether a meaningful and sustainable relationship is emerging and whether it will play a role in the future of international diplomacy and business. The question comes at a time of significant changes in the re-configuration of global power. Using both historical insights and contemporary policy analysis, the authors investigate whether the social, economic and political interests of the EU and India are genuinely compatible. Leaders in both regions have been promoting the relationship for many decades, but the authors scrutinise their words to discover whether they are merely rhetorical gestures or reflect genuine complementarities. They also investigate the motivation behind the relationship, and provide an in-depth analysis of the areas of mutual interest and conflict. The book examines these issues in the context of the history of the EU-India relationship, alongside contemporary policy concerns.

To discuss this recent publication, EIAS welcomed the three authors of the book, Dr Pascaline Winand, Professor and Director of Studies, College of Europe, Dr Marika Vicziany Professor Emerita and Director, National Centre for South Asian Studies, Faculty of Arts, Monash University and Ms Poonam Datar from Monash University, with the chairmanship and introductory remarks of Professor Olivier Arifon. Senior Associate of EIAS.

Introduction

In his introductory remarks, Prof. Olivier Arifon highlighted that this book talk took place right in the actuality with the first visit of Prime Minister Modi on the March 30 to Brussels for the 13th EU-India Summit.

Started in 2007, negotiations for a Free Trade Agreement between the EU and India were at a standstill since the last India-EU Summit, held on February 2012. The issues raised during this 13th summit dealt with trade disagreements which still slow down negotiations between both sides: India asked for a reduction of tariff barriers in the sector of services and for a simplification of visa systems, giving more liberty to Indian workers to circulate between the EU Member States. From the European side, Brussels asked for a reduction of tariff barriers in the automobile sector. Moreover, the EU is still reluctant to reach an agreement with New Delhi over data security status, necessary for the Indian IT sector.

Thus, this book talk was an opportunity to remind relations between the EU and India over the years and to analyse the progress on the trade and development cooperation between both regions, set against the background of broader economic and political trends.

Historical analysis

Many studies claim that India's interest over the European communities was relatively late and only began with its first clear dialogue with the European continent in the 1990's. Dr Pascaline Winand, co-author of the book, focused her speech on the relation between the EU and India through an historical analysis. She highlights that despite the perceived ideas, India's concerns for Europe started very early as it saw Europe both as an example and a threat.

The initial interests of India on the European continent started in the 1940's. At that time, Indian elites' interests were focused on the creation of intra-Asian cooperation. In this post-colonial period, the establishment of a constructive dialogue between Asian countries could lead to the installation of a powerful Asian Union, which appeared at that time as an alternative to a devastated Europe.

While the creation of the first European community, the ECSC in 1951, did not stimulate interest amongst Indian elites, the establishment of the European Economic Community in 1957 brought many concerns and fears to India. The question over the creation of such an integrated economic entity was motivated by the threat engendered by this new European cooperation over India's own trade relations with European countries. This fear to see its economic relations slowdown in Europe led India to contest the EEC at the General Agreement on Tariffs and Trade (GATT) round, arguing that the EEC was not compatible with GATT rules. In addition, India started to strongly criticized the British project of European Free Trade Association. When the UK started to negotiate its entry in the EEC after the failure of its own economic project, the threat was even more important to India, considering the UK was her largest market in Europe. As a result of this, India reacted fast and created a mission to the EEC to protect her interests.

An agreement was finally reached in 1974 after 10 years of negotiations between the EEC and India, one year after the UK membership within the EEC. The Commission

worked with the UK and India to defend India's economic interests. Dr Winand highlighted the spillover effect after the first trade cooperation agreement on April 1 1974 which progressively shaped to something beyond a commercial agreement.

With years, European interests shifted from Africa to Asia. Nowadays, India looks at the EU as a very important partner of developing countries and as a pioneer in the field of innovation. While the question of human rights has obstructed the conduct of negotiations for years, both regions are increasingly interested to shape a real framework for a sustainable and long-term cooperation. Nevertheless, EU member states' self-interests over their own trade relations with India and the complex architecture of the *bureaucratie* of both regions make interactions complicated and dialogues are often realised only through think tanks and media. Solutions still need to be found to simplify the number of intermediaries and to revive the momentum between the two major powers.

EU-India development cooperation

Ms Poonam Datar focused her speech on the cooperation and the development between the European continent and India. The EU is India's largest aid donor and had greatly participated to the resurgence of its economic growth. Cooperation between the EEC and India really took off with the membership of the UK in the 1970's and the installation of the project Operation Flood. At that time, India's economic growth was relatively low and the country faced many sanitary problems due to its high poverty levels. Launched in 1970, Operation Flood aimed to help India to cover her milk shortfall with aid delivery of dairy products. Thus, the EEC funds assisted the National Dairy Development Board to create the National Milk Grid. Operation Flood supported milk producers for an effective development in the rural area and increased milk production by reducing price variations. The project was divided in different phases, the first phase from 1970 to 1980 and a second phase from 1980 to 1985. The operation was a big success for it helped to reduce food deficit and boosted the dairy production and consumption in the country to eventually make India the world's largest milk producer by 1998.

While the country is still facing its own poverty and inequality challenges, India plays an important role as an aid donor at the same time. Its major aid programme is the Indian Technical and Economic Cooperation Programme (ITEC) launched in 1964 and provides bilateral assistance in terms of training and resources. The programme was first focused on 12 countries in 1964 and nowadays, ITEC supports 161 countries around the world. The 100-beds hospital in Kabul and its staff training is one of its various contribution to these countries. The Export-Import Bank (EXIM) is another illustration of India's aid programmes and proposes credits to diverse countries to offer them the possibility to import goods and services from India. This system of loans working on reciprocal benefits differs from European solid help focused on donation.

The EU's interest for Asia started with the establishment of the Maastricht treaty in 1993. At this moment, the EU began to increase its cooperation with developing countries following certain principles such as human rights or the promotion of democracy. The following year the EU India Cooperation Agreement on Partnership and Development was established, emphasising education and health. The programme is still ongoing today while the country is improving its human rights and environmental responsibilities. Recently India started to change the perception of herself. Thanks to its economic growth

since the 1990's, its nuclear ambitious and its promising industrial market, the country established itself as one of the next major power together with China and Brazil, reducing its need of external help and at the same time increasing its international development and assistance to many countries. Today a FTA with the EU seems to appear as the logical next step.

The agriculture question in India: « European cows are the envy of poor Indian farmers »

Dr Marika Vicziany, asked about the relation between the EU and India over the agricultural sector and the possibility of a Free Trade Agreement, explained that a FTA between both sides might threaten the daily life of millions peasants in India and will not create a framework of a level playing field for trade relations. In fact, it is difficult to think of a FTA in terms of a convergence of interests in the agricultural sector of both regions: The EU's and India's agricultural systems are deeply contrasting and the Indian structure is fundamentally incompatible with what the EU needs and seeks to achieve with its FTA. In this way, Dr Marika Vicziany argued that "European cows are the envy of poor Indian farmers", another way to say that the daily life of Indian small producers is much worse than the daily life of a European cow.

Indian agriculture is supremely challenging for the EU. One, because of the growth of the middle class and the growth of millionaires. Most of Indians are peasants and 65 to 75 per cent of them live in villages. The majority of Indians farmers are small farmers (95 per cent) and are highly productive. However, they only control 40 per cent of India's land while they produce most of the food productions: cereals, vegetables, fruits and many other products.

Nevertheless, while India is a large producer of food resources, the country has to tackle a situation of overproduction, which is not the result of growing prosperity but highlights terrible pressures on Indian peasants trying desperately by producing food and other commodities to make ends meet. Overproduction is caused by duress reasons: economic globalisation in India has not touched the agriculture economy and there is hardly economic reform in this sector. In this sense, the situation strongly contrasts with China. Indeed, Chinese modernisation began with its agriculture sector.

Instead of that, mass poverty in India is prevalent with about 200 million people suffering from insufficient access to food or lack of variety. Thus, many Europeans as Sieta Van Keimpema, Vice president of the European Milk Board, recommend India not to sign a FTA with the EU. The reason for that is the Indian dairy industry has been fantastically successful since Operation Flood in the 1970's and greatly depends on small producers. A free trade agreement between the EU and India will be dreadful for Indian milk producers if the EU start to export dairy products to India. For these reasons, the future of FTA and investments between the EU and India in the area of agriculture face very grim prospects.

Finally, one of the most pessimistic aspect about the discussion on FTA is the lack of transparency: no public debate was organised in India about a possible FTA. Internal arguments between governments of the EU and India have never been made accessible to farmers who are represented by small and medium peasant lobbies, while rich farmers lobby, a small majority who represents 60 per cent of the lands, has probably access to

these debates. The exclusion of the grand majority of small farmers appears as a non-compliant principle to proceed with a FTA.

Discussion

A member of the audience questioned on India's place within the international community. The country has been approaching a new role of as a great power, while maintaining a split personality. On the one hand India realised the importance of its size and focused on its economic growth but on the other hand, India emphasis on its status as a developing country and seems not to have graduated from the syndrome of being an aid receiver. As an indication, Ms Poonam Datar reminded the audience that in 2012, the UNDP ranked India 74th out of 109 developing countries in terms of poverty which remains a strong obstacle for India's ambitions. India, which still needs to speed its own development and to solve malnutrition, is at the same time an important donor country in Africa.

According to Dr Marika Vicziany, the question of security illustrates the vision of India over international relations: it is not driven or pursued by any moral arguments but is clearly driven by realpolitik and has brought India to being part of a new American alliance system. When India recognised the difficulties of following EU and US-led sanctions on Iran, it nevertheless tried to please the US with some gestures suggesting Iran was compliant with the sanctions regime when in fact it was not.

Regarding questions about the FTA, a member of the audience emphasised on the heterogeneity of the country which has to be taken in account for trade negotiations: India is a federation of 29 states but in substance, it is so diverse that it makes Europe look homogeneous compared to India today. There are much fewer differences in Europe between Northern and Southern Europe or Eastern and Western Europe than between the North of India and the South. By considering that India is not as homogenous as it is projected in the global diplomatic scene, it is difficult to reconcile the national policies of India with the policies of a state level and therefore to create solid basis for a FTA with the EU.

Dr Marika Vicziany added that questions about the heterogeneity of India are true but as an agrarian country, these disparities have to be stressed on differences between rich farmers who benefit from state subsidies and poor farmers who tend to engage with radical Maoists. The past 10 years, a tendency has appeared among small farmers in India to be attracted to Maoist and Marxist doctrines. That phenomenon has increased because of the recurrent loss of lands to corporations. Thus, it is useful to think about the Indian economy as a division between a rich middle class, very rich farmers and extremely poor, disadvantages and desperate peasants.

The discussion followed with questions about the role of the European Commission over the difficulties to reach an agreement with India because of the EU's obsession for the Chinese market. Dr Pascaline Winand recognized her own frustration to see the EU more focused on China than India. It is therefore surprising when it is taken in account that India is a democracy while China is not, which runs counter to the EU's principles. In addition, today India is growing faster than China; hence, the EU should pay more attention to this country.

Finally, the role of parliamentary cooperation and diplomatic delegations was questioned on its role on FTA negotiations. Dr Pascaline Winand and Ms Poonam Datar explained that the Indian delegation is really active within the European Parliament but such an equivalent doesn't exist on the Indian side, which would be relevant. However, the relations between the European Parliament and the Indian delegations seem to be less strong than with the other countries from South and Southeast Asia. For Dr Marika Vicziany, India should not waste more money in a better representation with the EU. In fact, India is already doing very well in Europe thanks to the competitiveness of Indian companies. Indian companies are investing in Germany and other parts of Europe, and are cooperating with EU members to produce green technologies. By collaborating with Europeans, the Indian private sector is promoting Indian interests on the European continent, in this way the country does not really need a greater representation at a diplomatic level.