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The Europe-India Balance Sheet: Trade, Like-Mindedness and Strategic Interests

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Paris, December 7, 2021 - The increasingly warm relations between European countries and India are more and more driven by a common and essentially strategic imperative: countering China. While this development opens a new chapter in international relations, it remains largely undervalued.

This is why Institut Montaigne is publishing today a new policy paper *The Europe-India Balance Sheet: Trade, Like-Mindedness and Strategic Interests*, based on 25 interviews with public and private actors. In this publication, Dr. Christophe Jaffrelot, *Senior Fellow* at CERI-Sciences Po/CNRS, with Jasmine Zérinini, former diplomat and policy consultant, provide a sharp assessment of the Europe-India relationship.

Their conclusions are clear: the economic potential of this relationship remains unfulfilled - India only represents 2.5% of EU trade, trailing well behind China (16.1%) - and there are still major disagreements with the "world's largest democracy", particularly in terms of trade and investment and about the shortcomings of like-mindedness. But geopolitical issues increasingly stand out as a possible new driving force of the relationship.

"Will Beijing force Europe and India to choose their camp, contributing, along with AUKUS, to transform the Indo-Pacific into the new epicenter of a new kind of cold war? While Europe and India believe they must join forces, many bones of contention remain and that is why we suggest policy solutions which could serve as positive signals for further mutual trust." **Christophe Jaffrelot**, *Senior Fellow* at CERI-Sciences Po/CNRS and author of this policy paper.

Six recommendations to Brussels, New Delhi and EU Member States for a stronger and more sustainable Europe-India relationship

Recommendation n° 1: the EU should meet India's expectations regarding visas for professionals by opting for a policy of talent-driven migration. India, for its part, could defuse European apprehensions regarding its multifaceted forms of protectionism by revising tariffs on key commodities.

Recommendation n° 2: the EU and India could play a major role on the global digital scene if New Delhi passed a Personal Data Protection Bill similar to the European General Data Protection Regulation.

Recommendation n° 3: to reduce the communication gaps on political and societal values, people-to-people relations should be promoted with a priority placed on more intense student exchanges and cooperation between civil society organizations. NGOs with a presence in both Europe and India, such as Amnesty International, could be invited by the EU and the Indian governments to initiate a dialogue with other representatives of civil society in Europe and India. These interactions could be part of the EU-India Bilateral Human Rights Dialogue or could take place separately.

Recommendation n° 4: the common concern regarding climate change that Europe and India are articulating should find expression in joint efforts going beyond transfers of technology or financial aid: environmentalists of both sides could be invited to increase societies' awareness of challenges as well as solutions. Here again, civil society organizations have a role to play.

Recommendation n° 5: different forms of partnership need to be explored by the EU and India in order to neutralize rivalries and explore complementarities. While India may become a strategic partner of the EU to balance China, it may also help the EU to diversify its sourcing and contribute to alternative forms of diplomacy. For instance, in the pharmaceutical industry, not only could India and Europe cooperate to reduce their dependence on China in the supply chain, they should also emulate the Quad and introduce a similar division of labor where India would produce the vaccines European countries could distribute throughout the Global South.

Recommendation n° 6: if the EU is the best format to address supply chain issues, conduct trade negotiations and engage in vaccine diplomacy, European countries have their own space to cultivate deeper engagement with India in various formats. They may engage countries with which India cultivates good relations in its region like the other members of Quad and the UK, with which most of Europe has affinities. A "Quad+" format where EU countries would be represented could signal to India the convergence of some of its key partners.

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