

Business Line

Let's mend fences with Denmark

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For too long has the Purulia arms drop incident been in the way.

India's relations with Denmark have been frozen since 2011 following the Danish High Court ruling against the extradition of Kim Davies in connection with the Purulia arms drop incident of 1995. In a rare display of anger, India froze senior official-level contacts with Denmark, and later tightened visa procedures for Danish tourists and businessmen. It is timely to reassess the situation and ask whether it meets our vital interests or not.

Recently, India got admitted as a permanent observer to the Arctic Council along with China, Italy, South Korea, Japan and Singapore. This will enable India to participate in developing the resources of the Arctic.

The decision required the consent of the 'Arctic eight' consisting of Canada, Denmark, Sweden, Iceland, Norway, Finland, Russia and the US. Denmark, which could very well have stalled India's application citing bilateral issues, did not do so.

Denmark has been a good cooperation partner for India in the EU. It has espoused a liberal trading system and is open to service trade liberalisation. Trade has gone up to \$1.2 billion in 2011 from \$500 million in 2003, with surplus in India's favour. Trade in services is also substantial, around \$1.5 billion in 2012. FDI of \$780 million came in 2011 from Denmark.

Danish connection

The list of Danish companies in India is quite long and impressive, covering sectors such as logistics, energy including renewables, and services. Some 7,000 Indians live in Denmark and the number is growing as Denmark has introduced an attractive Green Card system for skilled personnel to go and work there.

This should be of special interest to Indians. Some 35,000 tourists and 10,000 businessmen from Denmark visited India in 2011, but visa restrictions will definitely curb this traffic.

Denmark ranks as having the world's highest social mobility, a high level of income equality, and has one of the world's highest per capita incomes. For 2013, Denmark is listed 15th on the Human Development Index and 9th on the inequality-adjusted HDI.

Denmark ranks highly positive on the Corruption Perceptions Index and the Legatum Prosperity Index, and as a full democracy on the Democracy Index. It is frequently ranked as the happiest country in the world.

The Kim Davies affair

Denmark's nominal GDP was estimated to be \$333 billion, with a population of only 5.6 million, making it a highly prosperous country. It has the world's lowest level of income inequality, according to the World Bank Gini, and the world's highest minimum wage as per the IMF.

In the Kim Davies matter, the extradition request was turned down by the Danish court on the grounds that he could face mistreatment in Indian prisons.

Whether this argument was effectively fought by the Indian side in the court process is now a moot point. The Danish prosecutor which is independent of the government decided not to appeal to the Supreme Court, despite the request from the Indian Government.

In response, India decided to freeze official relations and, in effect, imposed a limited form of sanctions against the Danish government. The Latvian crew of the aircraft and Peter Bleach, a UK national, were released following the intervention of Russia and the UK.

Several questions arise. Were sanctions the only way to proceed or was there an effort to engage in a dialogue to resolve the issue? Did we resort to sanctions in the case of more serious actions by other governments such as Pakistan or China, for example?

Would any core vital interests have been jeopardised if Davies was not extradited? Would sanctions achieve the desired objective and what has it cost us in terms of missed opp

Were there any other solutions possible short of physically bringing them back? Besides this, there are many questions about the Purulia affair that have not been mentioned here. Some reports indicate that both sides have taken steps to give assurances that Davies would be treated well in detention and that India has also been willing to consider video conferencing arrangements for him.

India's response

Denmark has sent a delegation for talks on the issue and there are hopes that a solution could emerge.

What is indeed strange about this is that quite unusually for India, it has opened up possible negotiations to resolve the issue and imposed sanctions on the other side.

It is time to revisit this sterile policy and move forward to find a solution through diplomacy to resolve what is, after all, a relatively minor problem between two countries. There are many mutually beneficial avenues of cooperation that need to be developed. Within the EU we cannot afford to alienate countries like Denmark. *(The author is a former Ambassador and has specialised in India-EU relations.)*

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to, such as video conferencing? It is not clear how much support is given by our agencies that need not be the gap. India has been willing to consider video conferencing arrangements, which is not new anymore.

if a fresh request is made by India, it is not clear how much support is given by our agencies that need not be the gap.

It should be a challenge to Indian diplomacy to resolve what is, after all, a relatively minor problem between two countries. There are many mutually beneficial avenues of cooperation that need to be developed.

Within the EU we cannot afford to alienate countries like Denmark. *(The author is a former Ambassador and has specialised in India-EU relations.)*

[Danish companies](#), [Arctic eight](#)

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