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Given the compulsions and preoccupations of the EU, it is in India's interest to work closely with a core group of countries within the EU to strengthen political and economic ties, says BHASKAR BALARISHNAN.



Needed, more such initiatives... The Minister of State for Labour and Employment, Mr Oscar Fernandes, with Mr Gilles de Robien, Representative of the French Minister for Labour and Ambassador for Social Cohesion, at a recent India-EU Seminar in New Delhi. — Kamal Narang

As the Prime Minister, Dr Manmohan Singh, proceeds for the ninth India-EU summit in Marseille on September 29, it is an opportune time to take stock of our relations with the EU and look at the future prospects.

The EU has been remarkably successful in bringing together a large part of Europe, covering 27 countries with 500 million inhabitants and a GDP of \$16.8 trillion, under a unique co-operative framework hammered out over 50 years. At the same time, India, with its 1.13-billion population and GDP of \$1.089 trillion, has evolved its own framework of a unique federal democratic system over 60 years.

In recent years, the EU has been facing a number of important challenges that could consume considerable effort and resources. The EU has been deeply preoccupied with the twin tasks of enlargement and deepening of the Union. The EU's most recent enlargement involved taking in new members, the latest being Romania and Bulgaria in 2007, with three more being admitted to the doorstep as official candidates for membership — Croatia, Turkey, Macedonia. In addition, several more have been given the status of potential candidates — Albania, Bosnia and Herzegovina, Montenegro, Serbia, and Kosovo.

Paradoxically, as the EU enlarges, it becomes more and more difficult to proceed with the deepening process, and decision-making by consensus no longer becomes practical. A clear sign of this are the various partial agreements that only some of the EU members participate in, such as the Euro zone and the Schengen treaty.

The infructuous EU draft Constitution and the new Lisbon Treaty attempt to rationalise the decision-making process. This includes the vexing question of representation in the European Commission by member-states, without having to expand the size of the body to an unwieldy extent. The present size of 27 members for the Commission and 785 members for the European Parliament seems already too large.

The enlargement of the EU has brought it to the threshold of Africa, to the South, Russia to the North, and West Asia, to the East. These are areas of instability and turmoil. Uncontrolled migration into the EU from these areas has become a big problem. The concerns of the EU states in the frontier areas are not often shared by the ones deeper within the EU or farther away.

India-EU summits

There have been eight India-EU annual summits since the first in 2000 in Lisbon. Indo-EU trade has grown impressively to €55 billion (goods) and €12 billion (services) in 2007, making the EU one of India's most important economic partners. Investment, however, has remained disappointingly low, at €3 billion in 2007. The relationship has matured into a strategic partnership, and a joint Action Plan has been drawn up. Both sides are negotiating a major free trade agreement. But on the whole, there is far greater potential in bilateral economic relations that could be realised in the future.

There is sometimes a tendency on the part of the EU to inject non-economic issues into the economic dialogue, which perhaps is driven by certain sections of the Brussels bureaucracy. At other times, this may be a reflection of concern over issues within India, such as the religious freedom issue on which the European Parliament explicitly expressed its concern in a text on the Indo-EU

summit, adopted on September 24. India on its side has concerns over xenophobia and discrimination meted out to Indian origin citizens of the EU. Several EU countries have been tardy in implementing by January 2006 the EC Directive 2003/109 of 2003 which requires member states to grant permanent residency to third country nationals who have resided legally in a EU country for over five years.

Another irritant is the lack of an appropriate visa regime for Indian professionals employed by Indian companies delivering technical and professional services to clients in the EU. Both sides need to deal with such issues in a mature fashion, through constructive dialogue without publicity.

Some critics feel that the India-EU summits have become “routinised”, showing very little tangible progress. The EU-India business summit also seems to have failed to mobilise participation from EU companies outside the host EU country, perhaps due to the lack of a strong EU-wide business association.

Joint mechanism

Both sides need to put in place a specific joint mechanism for implementing the decisions of the India-EU summits within an agreed time-frame. There is a clear disparity in the levels of engagement of various EU members with non-member countries such as India. For example, the UK has had the deepest level of engagement with India, with the other big players such as France, Germany and Italy catching up.

The other EU members have relatively lower levels of engagement with India. Therefore India-EU relations will be important for some of the EU members, while others will be content to assume a more passive role.

The increasing lethargy of the EU’s decision-making process as it expands and gets more muscle-bound has important implications. Progress on major new initiatives, internal to the EU as well as external, such as the India-EU free trade agreement, can get blocked by positions taken by a few small countries, which might be more concerned with protecting their narrow and short-term interests.

Most EU governments are overloaded with the growing complexities of an expanding and deepening EU, the numerous working groups and meetings in Brussels, the proliferation of complex EU directives and compliance processes. This puts a big strain on the smaller countries that have little capacity left to give enough attention to non-EU countries, except in crisis situations. At the same time public euro-scepticism is growing, and the Brussels-based EU bureaucracy is seen as remote and aloof from national problems.

Strengthening engagement with the smaller EU countries will, therefore, require India to take greater initiative, and this will necessitate greater investment in terms of diplomatic and political effort directed towards these countries.

Challenges ahead

The road ahead for Indo-EU relations will get increasingly demanding, given the increasing preoccupation of governments of many EU countries with internal EU affairs. Track II entities can play an important supportive role in widening our engagement in education, culture, science, health, and sports, to name a few areas.

The big four — Germany, France, the UK, and Italy — are clearly to form the core group, as they have the capacity to deal with the internal work-load posed by the EU and still have capacity to engage effectively with India. India-EU relations will be largely driven by this core group. India will also have to follow more closely the EU’s integration process, taking advantage of new opportunities afforded for co-operation and meeting new challenges. There should be more initiatives from the Indian side.

A strategic partnership requires strategic thinking and planning. Engagement with all the principal actors in the EU’s galaxy, such as the Commission, the pan-European political groupings, the European Parliament, will have to be maintained, in addition to widening and deepening our outreach in individual EU countries by all available means.

Despite these difficulties, the long-term prospects for growth in India-EU relations are good, given the many commonalities and shared values. While we wish the EU every success in its quest for an integrated Europe, we also wish that engagement with non-EU countries is not neglected.

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