



Strengthening India-EU Partnership

*This editorial is based on “[In Trump’s world, India and Europe need each other](#)” which was published in *The Indian Express* on 26/02/2025.* The article highlights that the US’ shifting policies create uncertainty, making Europe a key strategic and economic partner for India.

For Prelims: [India-EU relations](#), [Foreign direct investment \(FDI\)](#), [Tariff Reductions](#), [Defense Technology](#), [Joint Military Exercises](#), [Indian Ocean sea](#), [India-EU Trade and Technology Council \(TTC\)](#), [Semiconductors](#), [Artificial Intelligence \(AI\)](#), [Clean Energy Technologies](#), [India-Middle East-Europe Economic Corridor \(IMEC\)](#), [multilateral institutions](#), [G20](#), [WTO](#), [UN Security Council](#), [EU’s Carbon Border Adjustment Mechanism \(CBAM\)](#), [sanitary & Phytosanitary \(Sps\) Measures](#), [BRICS+](#), [Intellectual Property Rights \(IPR\)](#).

For Mains: Significance of India-EU Relations in the Changing Global Order.

The **European Commission President’s recent visit to India**, accompanied by the entire College of Commissioners, highlights the growing importance of [India-EU relations](#). As the U.S. foreign policy shifts, with disruptions in **transatlantic alliances, trade policies, and security commitments**, both **India and Europe** recognize the need to strengthen their partnership. For India, **deepening trade, security, and technology** ties with the EU provides **economic stability, strategic diversification, and a geopolitical counterweight** to China and the U.S. This visit offers an opportunity to expand cooperation and overcome long-standing trade and investment hurdles.

What is the Significance of India-EU Relations?

- **Economic and Trade Relations:** The EU is among **India’s largest trading partners** (also, India is EU’s 9th largest trading partner), accounting for 12.2% of **India’s total trade** in 2023, surpassing both the **U.S. and China**.
 - Trade in goods between India and the EU grew by **90% in the last decade**, while **trade in services surged by 96% from 2020 to 2023**.
 - [Foreign direct investment \(FDI\)](#) from the EU is substantial, supporting India’s industrial growth, job creation, and technology transfer.
 - **Free Trade Agreement (FTA)** negotiations resumed in 2021 after a long deadlock, focusing on [tariff reductions](#), **investment protection**, and **regulatory alignment**.
 - The EU seeks greater market access in India, while India aims for fewer trade barriers to boost exports and investments.
- **Security and Defense Cooperation:** The EU is expanding maritime cooperation with India, deploying a **liaison officer** at the [Indian Navy’s Information Fusion Centre](#) in Gurugram.
 - Both sides are exploring greater [defense technology](#) collaboration, with discussions on [joint military exercises](#) and **counterterrorism strategies**.
 - The EU’s **Enhancing Security Cooperation in and with Asia (ESIWA)** initiative boosts

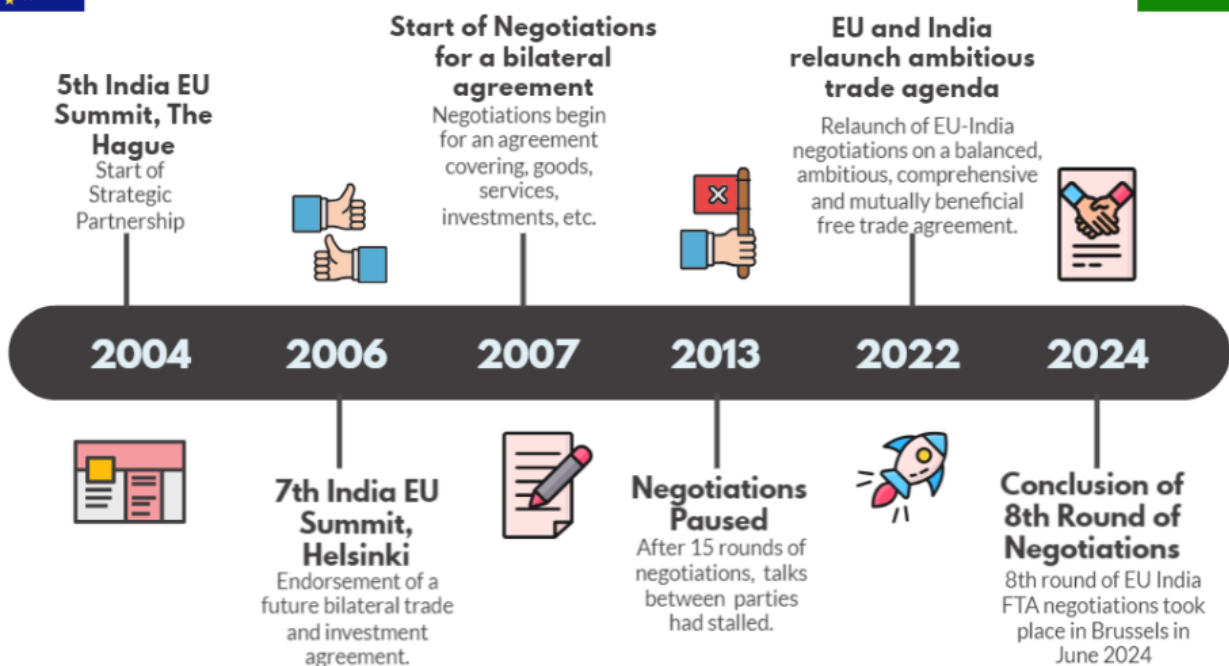
- security ties with Asia, including India, to safeguard key [Indian Ocean sea](#) lanes.
- Strengthening security ties in the [Indo-Pacific](#) aligns with India's interests in countering **China's expansionism** and enhances regional stability through European engagement.

- **Technology, Digital, and Infrastructure Cooperation:** The [India-EU Trade and Technology Council \(TTC\)](#) focuses on [semiconductors](#), [Artificial intelligence \(AI\)](#), and [clean energy technologies](#).
 - The [India-Middle East-Europe Economic Corridor \(IMEC\)](#) aims to enhance global trade routes and **energy security**.
 - **EU-India cooperation** in **digital payments** and [fintech](#) is expanding, with discussions on **cross-border digital transactions**.
 - Strengthening technology ties ensures India's leadership in innovation, promotes **digital transformation**, and reduces reliance on **China-led supply chains**.
- **Strategic Autonomy & Multi-Alignment:** US' potential deal-making with **Russia and China** could alter global alignments, making it imperative for India to broaden partnerships.
 - The EU is a **stable and predictable partner**, offering economic and technological collaboration without security dependencies.
 - The **EU's strategic autonomy** aims to reduce dependence on the US, aligning with India's **multi-alignment** by ensuring economic, technological, and strategic cooperation without security entanglements.
- **Global Governance & Geopolitical Realignments:** The EU is reducing economic reliance on China, aligning with India's strategy of **trade diversification**.
 - As transatlantic tensions rise, the EU seeks independent foreign policy engagements, **increasing India's diplomatic leverage**.
 - Both partners advocate for a **rules-based order** in [multilateral institutions](#), including the [G20](#), [WTO](#), and [UN Security Council](#).

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EU-India Trade Relationship Timeline



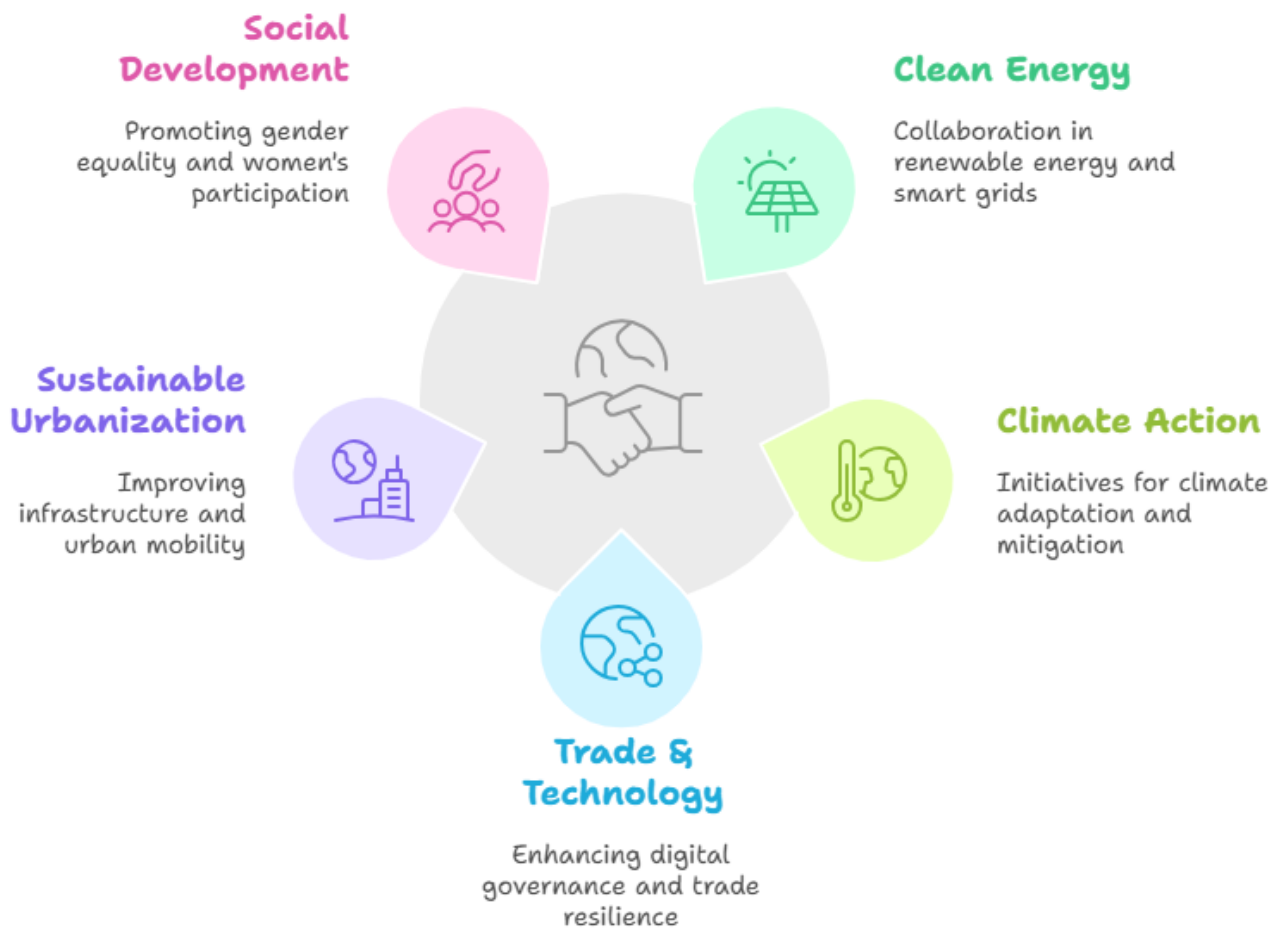
The various negotiating hurdles included: (i) the desire of India for better market access for services suppliers through Mode 4 liberalisation over market access for goods in trade negotiations; (ii) India's wish for the EU to cut tariff and subsidy support to its agricultural products for fear of EU exports displacing Indian agricultural products; (iii) the reluctance of the Indian government to negotiate government procurement issues; (iv) the desire of India to achieve 'data-secure' status for the country, to allow the flow of sensitive data, such as information about patents, under data protection laws in the EU.

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Key India-EU Initiatives

- **Strategic Cooperation & Global Governance:**
 - **EU-India Strategic Partnership: A Roadmap to 2025:** Strengthens **trade, investment, digitalization, climate change, security, global governance and climate resilience**, ensuring sustainable growth and technological advancement.
 - Focuses on **clean energy, connectivity, and security**, enhancing India-EU cooperation across key economic sectors.
- **Energy & Climate Action:**
 - **EU-India Clean Energy and Climate Partnership:** Expands **collaboration in renewable energy, smart grids, and clean technology financing** for sustainable energy.
 - Supports **climate adaptation and mitigation**, enhancing India's role in the global green transition.
 - **EU-India Green Hydrogen Partnership:** Develops **policy frameworks and pilot projects** to promote **green hydrogen and offshore wind energy**.
 - Supports **India's clean energy goals** with a **€1 billion European Investment Bank (EIB) fund**.
 - **Sustainable Consumption & Production (SWITCH-Asia Programme):** Encourages **eco-friendly manufacturing, waste management, and sustainable consumer practices**.
 - Reduces **environmental footprint**, advancing circular economy initiatives.
- **Trade & Economic Cooperation:**
 - **EU-India Trade and Technology Council (TTC):** Enhances **digital governance, trade resilience, and green technology partnerships** for future-ready economies.
 - Strengthens **supply chain diversification**, reducing economic dependence on **single-market sources**.
 - **Global Green Bonds Initiative:** Promotes **issuance of green bonds** to finance **sustainable infrastructure and climate projects**.
 - Enhances **climate finance frameworks**, attracting private investment in clean energy.
- **Sustainable Urbanization & Connectivity:**
 - **EU-India Connectivity Partnership:** Enhances **digital and physical infrastructure**, improving **supply chains and logistics**.
 - Strengthens **transport networks, urban mobility, and cross-regional economic integration**.
 - **India-EU Urban Forum:** It enables dialogue among officials, experts, and stakeholders to share best practices, policies, and innovative approaches for sustainable urban development.
- **Social Development & Gender Equality:**
 - **WeEmpower India Initiative:** Strengthens **gender equality and women's participation in clean energy and sustainable industries**.
 - Supports **female entrepreneurship and inclusive business models**, boosting economic diversity.

India-EU Strategic Partnership Initiatives



What Are the Challenges for India-EU Relations?

- **Stalled Free Trade Agreement (FTA) Negotiations:** EU demands lower tariffs on automobiles, spirits, and dairy, conflicting with **India's domestic trade policies**.
 - India seeks greater market access for **pharmaceuticals, IT services, and agricultural products**, facing strict EU regulations.
 - The **EU's Carbon Border Adjustment Mechanism (CBAM)** poses additional challenges for Indian exporters.
- **Investment Barriers & Regulatory Hurdles:** India's trade regulations remain restrictive, with **technical barriers to trade (TBT)** and **sanitary & phytosanitary (SPS) measures** affecting European businesses.
 - European investors seek a **more predictable policy** environment, particularly in investment protection agreements.
- **Data Privacy Regulations:** **EU's strict data laws** make digital exports from India costly and complex.
 - India lacks **EU data adequacy status**, restricting seamless data transfers, while small IT firms struggle with **high compliance costs, limiting competitiveness**.
 - Indian firms require expensive compliance mechanisms to access the EU market.
- **Foreign Policy Divergences:** The EU expects stronger Indian alignment on sanctions against

Russia, while India maintains a **neutral stance, prioritizing diplomacy**.

- **India's multi-alignment approach** with Russia, the U.S., and Europe leads to **occasional policy misalignments** with Brussels.
- **Limited Defense Cooperation:** India's **deep defense ties with Russia** and growing engagements with the U.S. leave little room for **European defense collaborations**.
 - The EU's fragmented **defense strategy** creates uncertainties in long-term security commitments.
- **Supply Chain Risks:** Despite India's efforts to diversify trade, China remains a major **economic player** for both India and the EU.
 - Building alternative supply chains requires **sustained investment and regulatory adjustments**.

What Should Be the Way Forward?

- **Fast-Track the FTA & Address Trade Barriers:** Prioritize resolving **tariff disputes**, particularly in **automotive, pharmaceuticals, and digital trade**.
 - Accelerating FTA talks will strengthen **supply chains, reduce trade barriers, and create alternative economic linkages**.
 - **Boosting high-tech exports** and facilitating greater **European investment** in India's manufacturing sector will drive economic growth.
- **Negotiating a Data-Sharing Framework:** India should negotiate an **EU-U.S.-style Privacy Shield** to enable smooth cross-border data flows.
 - A **mutual recognition framework** can reduce **compliance costs** for Indian firms, while domestic data compliance bodies will help them meet EU privacy norms efficiently.
 - Strengthening **cybersecurity laws** will enhance India's credibility in **global digital trade**.
- **Strengthen Defense & Security Ties:** Expand **joint naval exercises, cyber defense partnerships, and intelligence-sharing** mechanisms.
 - Align **India's Indo-Pacific strategy** with European defense priorities to counter China's regional assertiveness.
- **Develop Alternative Supply Chains:** Expand semiconductor and AI collaborations under the **India-EU Trade and Technology Council (TTC)**.
 - Strengthening the **IMEC** will create a new **trade and energy route** that bypasses China.
- **Enhance Digital & Green Technology Partnerships:** Increase cooperation in **renewable energy, fintech, and data privacy** regulations.
 - Expanding **cooperation in green hydrogen, electric vehicles, and carbon-neutral technologies** will benefit **both economies**.
 - Align **India's data protection** policies with the EU's standards to facilitate digital trade expansion.
- **Position India as a Global Diplomatic Balancer:** With the U.S.-Europe relations under strain, India can act as a **bridge between major powers**, fostering a balanced global order.
 - Engaging with the EU on multilateral platforms like the **G20, BRICS+, and UN Security Council reforms** will elevate India's global influence.
- **Reform Domestic Trade & Investment Policies:** India must simplify **regulatory frameworks, enhance infrastructure, and ensure policy stability** to attract European investments.
 - Strengthening **intellectual property rights (IPR)** protections and ensuring ease of doing business will encourage **European tech firms** to establish R&D hubs in India.

Conclusion

The **India-EU partnership** is at a critical juncture, with **economic, security, and technological collaborations** shaping their future engagement. Addressing **trade disputes, regulatory barriers, and geopolitical divergences** will be key to realizing the full potential of this partnership. A stronger **India-EU alliance** will enhance global stability, drive economic resilience, and reinforce India's role in the evolving global order.

Drishti Mains Question:

What are the key impediments in India-EU relations, and how can both sides overcome them to build a more resilient partnership?

UPSC Civil Services Examination Previous Year Questions (PYQs)

Prelims:

Q. The term 'Digital Single Market Strategy' seen in the news refers to (2017)

- (a) ASEAN
- (b) BRICS
- (c) EU
- (d) G20

Ans: (c)

Q. 'European Stability Mechanism', sometimes seen in the news is an (2016)

- (a) agency created by EU to deal with the impact of millions of refugees arriving from Middle East
- (b) agency of EU that provides financial assistance to eurozone countries
- (c) agency of EU to deal with all the bilateral and multilateral agreements on trade
- (d) agency of EU to deal with the conflicts arising among the member countries

Ans: (b)

PDF Reference URL: <https://www.drishtiias.com/printpdf/strengthening-india-eu-partnership>