

India European Union Relations in Changing World

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Abstract: The world is undergoing dramatic transformations. The old liberal world order which ensured peace and economic growth is gradually fading away. The transatlantic alliance which had provided strength to Europe is falling apart under Trump Presidency. India is emerging as significant power as world's fourth largest economy. Both India and EU need new partners and alliances to face the changing dynamics of the world. This paper examines the changing nature of world politics and identifies areas of common ground as well as those where India and EU can cooperate, and finally evaluates the future of this alliance in light of the dynamic global scene.

Keywords: India, European Union, World Order.

Introduction - International relations are undergoing dramatic shifts in contemporary times. World economy is changing, geopolitical power structures are moving, and Multilateralism is increasingly gaining prominence. Under these circumstances, the relationship between the EU and India has acquired new strategic significance. India and the European Union, being two of the most powerful democracies in the world, have a common dedication to human rights, sustainable development, and a rules-based international order. Both India and European Union have common ground on many fronts, and their alliance is developing to reflect that. These include climate change, global governance, security cooperation, trade and technology, and more. Both parties are beginning to see the other as critical to constructing a more stable international system in the face of new threats like China's ascent, the crisis between Russia and Ukraine, and the shifting dynamics of global supply networks. To comprehend the true dynamics of India-European Union ties, it is essential to grasp the polycrisis currently affecting the world.

Changing world Order: The liberal world order was formed following the Second World War. The period was characterised by the formation of robust trans-Atlantic connections, leading to a rules-based international system, wherein institutions such as the United Nations, World Bank, International Monetary Fund, and GATT embodied the concept of promoting mutual interests among nations. During this period, Europe established the institution known as the European Economic Community (EEC). Subsequently, following the conclusion of the Cold War, neoliberal ideology was advanced under U.S. hegemony, resulting in an age characterised by globalisation, free trade,

and open markets. During this period, the EEC evolved into the European Union. Asian nations such as China and India have benefited from the rule-based neoliberal order. They liberalised their economies and rapidly became as significant global economic actors.

The neoliberal world order is now gradually declining. The neo-liberal international order, which has prevailed in global politics and economy since the conclusion of the Cold War, is experiencing considerable transformation. This order was based on the basic principles of free markets, open commerce, limited government involvement, and globalisation. The United States of America has acted as the guarantor of this order. In recent years, it has showing signs of strain from both internal inconsistencies and external forces. The 2008 global financial crisis revealed the vulnerabilities of deregulated financial markets, resulting in enhanced distrust towards the self-rectifying nature of markets and the minimal role of the state. Subsequently, there has been a growing call for more robust regulatory mechanisms and greater state involvement in economic and social affairs. Furthermore, the limitations of market-driven solutions have been underscored by global challenges such as technological disruption, pandemics, and climate change, which have underscored the necessity of coordinated, collective action. These concerns necessitate long-term planning, multilateral cooperation, and robust state intervention. In addition to this in many places of the world, democratic rule is being taken away and authoritarianism and national egoism are coming back. This makes it hard for rules-based international politics and the basic ideas of multilateralism¹ to work.

Challenges for Europe: The evolving dynamics of the

world have impacted Europe. It is encountering issues that were inconceivable a few years ago. The eighty years of peace and stability in Europe are on the brink of disintegration. The Russian takeover of Crimea in 2014 and subsequent aggression towards Ukraine have demonstrated that territorial boundaries can be altered. The Russia-Ukraine conflict indicates that borders and relationships are in flux. The EU has never functioned as a military organisation. These security risks provide a significant issue, as Europe relied on the United States as a reliable friend to address its security requirements. Trump has adopted a transactional approach towards EU and the transatlantic partnership is falling apart.

The Trump administration is thought to have aggressively aligned itself with far-right groups and players within the European Union, particularly those sceptical or outright opposed to European integration. Some speculated that Trump's aim was to dismantle the European Union and reconstruct it according to his vision². The United States harbours colonial ambitions in Europe, including the acquisition of Greenland. The existing security paradigm of the transatlantic alliance, in which post-war Europe had flourished, was no longer assured. Besides the Trump administration has initiated a tariff conflict, indicating that the principle of free movement of goods, capital, and services is being effectively repudiated by the very entity that once guaranteed this system.

The European Union is presently confronting a challenge from China. The trade between the EU and China is significantly imbalanced. The European Union experiences a trade deficit of over 400 billion euros with China, primarily attributed to imports of solar cells, electronics, machinery, and electric vehicles³. The increasing reliance on China is a source of apprehension and discussion in Europe. The EU aims to mitigate risks associated with China and is seeking new partnerships.

In a recent interview French President Emanuel Macron said that the worst thing for Europeans would be to think that they must be followers and adapt ourselves to the American rhythm and a Chinese overreaction⁴. This clearly indicates that Europe is changing its foreign policy. It needs new meaningful alliances and India can be a good option.

India-EU partnership: The India-EU relations go back to the time when the process of European integration had just begun. Over the years the European union and India have developed a close relationship that cover key areas such as political relations, trade and investment, economic and development cooperation as well as cultural exchanges. In the year 1994 India – EU cooperation Agreement was signed in both the countries agreed to cooperate with each other in areas of trade and commerce. Further both agreed to institutionalise their relations by holding regular summits. Later in the year 2004 India EU elevated their relationship to strategic level where both the entities agree to elevate bilateral relationship to strategic partnership. Over two

decades after signing the India-EU Strategic Partnership in 2004, the EU launched its India Strategy in 2018. Nonetheless, immense scope remains to enhance strategic influence and maximize synergies between the two actors in several sectors⁵. A number of bilateral cooperation agreements have been signed in several areas like civil aviation, Energy and climate partnership and Science and technology. However, India EU relations have been underperforming⁶ and has often been described as lackluster.

India and the EU have been facing challenges from the changing dynamics of current world order. Both India and the European Union are placed at different stages of development and possess differing worldviews. However, there is deep rooted desire in both the entities to strengthen their partnership. This desire was amplified in the visit of the European Union College of Commissioners, led by Ursula von der Leyen, to India. It was not only the first visit by the new Commission outside the EU, but also the first such visit in the history of India-EU bilateral relations. This visit marked a significant response to the changing world order. Her visit has opened a new chapter in India-EU relations. She highlighted that India- EU relations are not just about values but also about shared interest and that interest includes several areas like climate change, Human Rights and Free trade

India -EU partnership has been very slow. Both India and EU started the talks on Free Trade Agreement (FTA) in 2008 it was stopped in the year 2013. Europe maintained an advantageous commerce relationship with the United States during the post-Cold War period as a result it did not prioritise its relations with India. Nevertheless, under the leadership of President Donald Trump, the United States is striving to alter this, contending that it is detrimental to the country's economic interests. Trump has implemented reciprocal tariffs on European nations as part of his "Make America Great Again" campaign in order to counteract their advantageous trade balance with the United States. Trump's approach has acted as catalyst to boost India-EU FTA. These talks have resumed again with the visit of Ursula von der Leyen with her cabinet with the target of completion by the end of this year. FTA would be advantageous for both the entities as India is the fourth biggest economy and EU is the single biggest market. Therefore, the trade partnership between the two is natural.

The rise of China as a formidable global force poses a challenge to both Europe and India. The Belt and Road Initiative (BRI) created by China is an ambitious infrastructure endeavour spanning multiple continents. It will enhance its commerce. India and the EU have been exploring alternatives to fight the Belt and Road Initiative (BRI) initiative. India and the EU have jointly agreed to initiate the India-Middle East-Europe Corridor Project (IMEC). The proposed IMEC will comprise railway, ship-to-rail networks, and road transport links spanning two

corridors: the eastern corridor linking India to the Gulf, and the northern corridor connecting the Gulf to Europe. His initiative aims to establish a dependable and economical cross-border ship-to-rail transit network to enhance current maritime and road transport lines⁷. According to Ms. von der Leyen, President of the European Commission, the corridor is "something more than a railway or cable; it is a digital and green bridge that spans continents and civilisations." She referred to it as the "most direct connection" between India, the Gulf, and Europe, as it would facilitate commerce between the two continents at a 40% faster pace⁸.

Both of them have different approach towards Russia. Russian attack on Ukraine has posed serious threat to the very idea of European integration. EU has imposed sanctions over Russia. Whereas, India has close partnership with Russia. EU has serious objection of a vibrant democracy like India doing business with Russia. This is one area where both the entities need more understanding.

Conclusion: The is changing at fast pace. The old liberal order which provided stability is now fading away. The rise of China as a major economy with imperialistic ambitions is posing a threat to the world. Under these circumstances both India and European Union appear to be natural partners. Both are vibrant democracies with multicultural

societies. They both have faith in rule-based world order. India is the fourth largest economy and European Union is the biggest single market. Cooperation between the two will be beneficial for both. Both India and EU face common challenge in US and China. It is a good opportunity for both of them to work together. The initiatives such as FTA and IMEC will help them to present an alternative to the world. The EU needs to show more enthusiasm towards India to make the relationship more meaningful.

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