



## Future of India-EU Strategic Engagement

*This editorial is based on “[The rearming of Europe: India must tap opportunities for exports and joint research](#)” which was published in The Indian Express on 16/06/2025. The article brings into picture the evolving India-EU strategic partnership, where Europe’s defense push post-Ukraine aligns with India’s growing defense exports, creating new avenues for cooperation.*

**For Prelims:** [India and the European Union](#), [Non-Aligned Movement](#), [India-EU Strategic Partnership](#), [G20](#), [UN](#), [World Trade Organization](#), [India-EU Clean Energy and Climate Partnership](#), [Trade and Economic Partnership Agreement](#), [United Nations Security Council](#).

**For Mains:** Key Forces Propelling the India-EU Strategic Partnership, Key Areas of Friction Between India and the European Union.

[India and the European Union](#) are witnessing a transformative phase in their strategic partnership, driven by high-level diplomatic exchanges and **Europe's urgent defense readiness goals following the Ukraine conflict**. The EU's ambitious Joint White Paper on European Defence targeting €800 billion in defense investment by 2030 presents unprecedented opportunities for India's surging defense exports, which recently reached a record \$2.76 billion. This convergence of **India's growing defense prowess and Europe's strategic autonomy** aspirations positions both sides to reshape global cooperation dynamics.

### How India-European Union Relations Evolved Over Time?

- **Early Diplomatic Engagement (1947-1990s):** India’s relationship with European Economic Community (EEC) and the EU began with formal diplomatic recognition after India’s independence in 1947.
  - During the Cold War era, **India’s foreign policy was largely aligned with the [Non-Aligned Movement \(NAM\)](#)**, and its relations with the CEE countries were primarily driven by shared interests in **sovereignty, decolonization, and global peace**.
  - India maintained balanced ties with both the Western bloc and the socialist states in Eastern Europe.
- **Post-Cold War Transition (1990s-2000s):** The end of the Cold War and the dissolution of the Soviet Union in the early 1990s marked a shift in global geopolitics, and **India began reorienting its foreign policy towards greater economic liberalization** and integration into the global economy.
  - In the 1990s, India began focusing more on economic diplomacy with CEE countries.
  - The shift was prompted by **India’s efforts to diversify its trade and investment ties beyond traditional partners like the Soviet Union**.

- While there was an interest in establishing economic partnerships, political relations remained secondary, as **India focused on its "Look East" policy and South-South cooperation.**
- **India-EU Strategic Partnership (2000s-Present):** The 2000s witnessed a significant transformation in India's engagement with the EU, especially following the establishment of the **India-EU Strategic Partnership in 2004.**
  - During this period, India's relationship with CEE countries became more regionally focused, with significant engagement in **areas like defense, energy, and education.**
    - Countries like **Poland, Hungary, and the Czech Republic** began to emerge as important trade and investment partners for India, particularly in manufacturing, technology, and energy.
- **Post-2010s: Strengthening Ties and Diversification:** In the 2010s, India's foreign policy shifted towards **greater diversification and multilateralism**, and its relationship with CEE countries and the EU became more integrated into a broader global strategy.
  - With the EU emerging as one of India's largest trading partners, India began to leverage its ties with individual CEE states to increase its economic footprint in Europe.
  - India increasingly engaged with the EU on pressing global issues such as **climate change, cyber security, counterterrorism, and sustainable development.** For example, **India and the EU launched a Clean Energy and Climate Partnership in 2016**, focusing on clean energy technologies, renewable energy investments, and climate adaptation measures.
- **Recent Developments and Future Prospects:** In recent years, the relationship between India and the EU has evolved into a **more strategic and multi-dimensional partnership.**
  - India's growing role in global governance, **particularly in multilateral forums such as the G20, the UN, and the World Trade Organization (WTO)**, has further cemented the EU's interest in collaborating with India.
  - India's defense and security cooperation with CEE countries has also grown, particularly as India diversifies its defense suppliers away from Russia.
    - The **EU's focus on a "geopolitical" strategy**, along with its interest in countering China's growing influence, has prompted India to strengthen its role as a partner in the EU's Indo-Pacific strategy.

## What are the Key Forces Propelling the India-EU Strategic Partnership?

- **Geopolitical Shifts and Shared Strategic Interests:** The changing global order, marked by an **assertive China and an unpredictable US administration**, has motivated India and the EU to deepen their strategic partnership.
  - Both share concerns about the **geopolitical impact of China's rise and Russia's actions (though perceived differently).**
  - The **EU views China as a systemic rival**, and India, with its growing role in the Indo-Pacific, offers a **reliable partner to counterbalance China's influence.**
  - For instance, in 2023, **India joined the EU Indo-Pacific Oceans Initiative (IPOI) and the EU's Maritime Security Strategy**, further highlighting the shared strategic priorities.
    - This partnership underscores the growing importance of joint security frameworks between the two.
- **Digital Transition and Technological Cooperation:** India's rapid digital transformation has become a major catalyst for its relationship with the EU, as both seek to bolster technological sovereignty while promoting digital inclusion.
  - **The EU, with its emphasis on data protection and regulatory frameworks**, and **India, with its vast digital infrastructure like the India Stack**, find significant common ground in enhancing digital governance.
  - The **India-EU Trade and Technology Council (TTC) launched in 2022** is an example of a joint effort in managing the challenges of digital governance, AI, and cybersecurity.
    - With **50% of global digital transactions taking place through India's UPI system**, the EU sees India as a leader in fintech.
- **Climate Change and Green Transition Collaboration:** Both India and the EU are committed to

fighting climate change, with a focus on **achieving net-zero emissions and supporting sustainable energy solutions.**

- The **EU's ambitious Green Deal aligns well with India's objectives for sustainable development**, offering a platform for collaboration on clean energy, green technologies, and climate financing.
- In 2021, the **India-EU Clean Energy and Climate Partnership** was strengthened with an emphasis on green hydrogen and energy-efficient solutions.
  - The **EU's commitment to helping India decarbonize its steel sector, through joint R&D**, exemplifies the shared focus on reducing emissions.
- **Security and Defence Cooperation:** The security landscape in the Indo-Pacific has become increasingly critical, with both India and the EU prioritizing maritime security and counterterrorism.
  - As global security dynamics shift, India has diversified its defence partnerships, with the EU playing a key role in providing advanced technology and military cooperation.
    - A notable development in 2023 was the **joint naval exercise in the Gulf of Guinea, following similar operations in the Gulf of Aden.**
  - With **India's defence exports rising to approximately USD 2.76 billion in FY 2024-25**, the EU is increasingly seen as a critical partner in defense technology and equipment co-production.
- **Growing Trade and Investment:** India and the European Union are both looking to bolster their economic ties.
  - The **EU is one of India's largest trading partners**, while India is an increasingly important market for European goods and services.
  - Trade agreements, **such as the proposed India-EU Free Trade Agreement (FTA)**, are a focal point for enhancing these relations.
    - **India-European Free Trade Association** signed a **Trade and Economic Partnership Agreement (TEPA)** in March 2024, which signals significant progress.

## What are the Key Areas of Friction Between India and the European Union?

- **Trade Barriers and Slow Progress on FTA:** The **Free Trade Agreement (FTA) negotiations between India and the EU have been stymied** by several trade barriers.
  - India faces non-tariff barriers (NTBs) imposed by the EU, particularly concerning **labor and environmental standards.**
  - Trade in goods between the EU and India has surged by almost 90% over the past decade, **India is still only the EU's ninth-largest trading partner, accounting for just 2.2% of the EU's total trade**, signaling an imbalance in trade flows that needs to be addressed through the FTA.
- **Environmental Standards vs Economic Growth:** EU's stringent environmental policies, such as the **Carbon Border Adjustment Mechanism (CBAM)**, have the potential to hinder India's industrial growth.
  - India's steel sector faces a major challenge with EU-imposed carbon tariffs.
  - In 2023, the **EU's introduction of the Deforestation-Free Products Regulation** could impact an **estimated \$1.3 billion worth of Indian exports, including items like palm oil and cocoa.**
- **Differing Approaches to the Global Conflict:** India's neutral stance on the **Russia-Ukraine conflict** has been a significant source of friction with the EU.
  - While the **EU supports Ukraine's sovereignty**, India emphasizes diplomacy, refraining from sanctions against Russia.
  - The Indian Foreign Minister's statement, **"Somewhere Europe has to grow out of the mindset that Europe's problems are the world's problems, but the world's problems are not Europe's problems,"** reflects India's perspective on the need for a broader, more inclusive approach to global issues.
- **Intellectual Property and Data Governance Tensions:** India's digital sector faces considerable challenges due to the **EU's stringent intellectual property (IP) laws and data privacy regulations**, particularly the **General Data Protection Regulation.**

- The EU's regulatory barriers have slowed Indian tech firms' entry into European markets.
- Also, its **IP rules also affect Indian pharmaceutical exports**, especially in generic medicines, which make up a significant portion of India's pharmaceutical trade.
- **Diverging Global Governance Priorities:** India has been a strong advocate for the reform of global institutions such as the [United Nations Security Council \(UNSC\)](#), seeking a permanent seat for itself, while the EU, though supportive of some reforms, has not always aligned with India's specific reform agenda.
  - **India's growing global influence contrasts with the EU's position**, sometimes leading to differing visions for global governance.

## What Measures Can India Adopt to Strengthen Ties with Europe?

- **Accelerate FTA Negotiations with Flexibility on Regulatory Standards:** India should push for a balanced and pragmatic Free Trade Agreement (FTA) with the EU by focusing on **flexibility in regulatory standards, particularly around non-tariff barriers, agriculture, and services**.
  - India must propose phased implementation of sustainability and labor-related norms, ensuring **gradual alignment with EU standards while maintaining its competitive edge**.
  - This will also help foster smoother market access for Indian products and services in the EU, contributing to long-term economic resilience and enhanced bilateral ties.
- **Focus on Technology Partnerships and Innovation Ecosystem:** India should accelerate collaboration with the EU in critical and emerging technologies, such as **artificial intelligence (AI), quantum computing, and cybersecurity**.
  - By building **a robust innovation ecosystem with the EU**, India can leverage its growing tech sector, strengthening digital infrastructure while contributing to global tech governance.
  - Establishing **joint research centers and innovation hubs in key areas will not only foster economic growth but also enhance India's technological sovereignty** and bolster EU-India strategic partnerships.
- **Promote Green Transition and Joint Climate Action Initiatives:** To strengthen ties, India should lead joint climate action with the EU by deepening cooperation in clean energy technologies, renewable energy investments, and climate resilience projects.
  - By aligning with **the EU's Green Deal**, India can access cutting-edge green technology and funding mechanisms, **such as the Green Climate Fund, to advance its climate goals**.
  - This collaboration **would also contribute to the EU's efforts in achieving net-zero emissions** while enabling India to address its own developmental and sustainability priorities.
- **Develop a Comprehensive Migration and Mobility Framework:** India should negotiate a forward-looking migration and mobility agreement with the EU **that balances labor market needs with India's demographic strengths**.
  - By securing agreements for skilled Indian workers, professionals, and students, India can alleviate Europe's skill shortages while **enhancing its own remittance sources**.
  - A **structured framework for mutual recognition of qualifications**, ease of visa issuance, and enhanced mobility for temporary workers would strengthen economic cooperation and foster closer socio-cultural ties.
- **Consolidate Energy and Connectivity Initiatives with the EU:** India should deepen collaboration with the EU on energy infrastructure, particularly in renewable energy, smart grids, and **fast tracking regional connectivity projects like the [India-Middle East-Europe Economic Corridor \(IMEC\)](#)**.
  - By working with the EU on energy security, including the **development of cross-border energy infrastructure and the promotion of green hydrogen**, India can address its energy needs while contributing to Europe's energy transition.
  - These efforts will also expand India's connectivity with Europe and reinforce its role as a strategic partner in energy security.
- **Foster Joint Defense Industrial Cooperation:** India should push for stronger defense industrial cooperation with the EU, focusing on co-production and technology transfers in critical sectors like aerospace, defense electronics, and cyber capabilities.

- By creating a platform for defense R&D collaborations and streamlining joint defense procurement processes, India can ensure that its defense industry gains access to advanced technologies, **while also contributing to the EU's defense initiatives.**
- This approach would **solidify India's role as a partner in the EU's defense strategy**, especially in the Indo-Pacific.
- **Deeper Collaboration on Security Frameworks:** India should **deepen its strategic autonomy by aligning more closely with the EU on defense and security** matters while safeguarding its independent foreign policy.
  - Strengthening **defense cooperation through joint military exercises, maritime security initiatives, and sharing intelligence** on common security threats would foster trust and deepen collaboration.
  - By establishing a **comprehensive security pact**, India could enhance its role as a **key partner in the EU's Indo-Pacific strategy**, balancing both geopolitical interests and a rules-based order.

## Conclusion:

The **India-EU strategic partnership** is entering a pivotal phase, **driven by shared geopolitical interests, economic collaboration, and technological innovation.** As both sides navigate complex global challenges, their evolving cooperation holds the potential to reshape regional and global dynamics. By fostering deeper ties across **defense, trade, and climate action**, India and the EU are poised to craft a future of mutual prosperity and security.

### **Drishti Mains Question:**

Examine the key drivers and areas of friction in India-EU relations. How can India strengthen its partnership with the European Union in the current global context?

## UPSC Civil Services Examination Previous Year's Question (PYQs)

### **Prelims:**

#### **Q. Consider the following statements: (2023)**

The 'Stability and Growth Pact' of the European Union is a treaty that

1. limits the levels of the budgetary deficit of the countries of the European Union
2. makes the countries of the European Union to share their infrastructure facilities
3. enables the countries of the European Union to share their technologies

#### **How many of the above statements are correct**

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

**Exp: (a)**

