



EU Proposed 'New Strategic EU-India Agenda'

For Prelims: [European Union](#), [Free Trade Agreement](#), [Horizon Europe](#), [India-Middle East-Europe Economic Corridor \(IMEC\)](#), [Global Gateway](#), [G20](#), [WTO](#), [UN Security Council](#), [Carbon Border Adjustment Mechanism](#), [MFN clause](#), [DTAA](#).

For Mains: New EU-India Strategic Agenda: Strengthening Bilateral Relations and Their Mutual Significance.

[Source: IE](#)

Why in News?

The [European Union](#) has unveiled a **New Strategic EU-India Agenda** aimed at elevating **bilateral relations with India**, focusing on **five strategic pillars** of shared interests and complementary strengths.

- The **EU** has committed to finalizing a **Free Trade Agreement (FTA)** with **India** by the end of **2025**, which will be the **largest deal of its kind** anywhere in the world.

What are the Five Pillars of the 'New Strategic Agenda' Between India & the EU?

- **Prosperity, Sustainability, Technology & Innovation:** The agenda highlights untapped potential in **trade and investment**, with priority on finalizing the [Free Trade Agreement \(FTA\)](#) and strengthening supply chains through the [Trade and Technology Council \(TTC\)](#).
 - It advances **tech cooperation** through the **EU-India Startup Partnership** and [Horizon Europe](#), while supporting the **green transition** and collaboration on **food security**, **health**, **climate resilience**, and **disaster management**.
- **Security & Defence:** It focuses on **maritime security**, [cyber defence](#), **counterterrorism**, **crisis management**, and **defence industrial cooperation** to boost production, technology, and innovation.
- **Connectivity & Global Issues:** It supports the [India-Middle East-Europe Economic Corridor \(IMEC\)](#) and [Global Gateway](#), promoting **trilateral cooperation** with third countries.
 - It also emphasizes active engagement in **multilateral forums** to strengthen **international law**, **multilateral values**, and **global governance**.
- **People-to-People Cooperation:** It promotes **skills mobility** through the **European Legal Gateway Office** and a framework for **study, work, and research**.
 - It also encourages deeper engagement with **civil society**, **youth**, **think tanks**, and **businesses**, including a proposal for an **EU-India Business Forum**.
- **Enablers across pillars:** It aims to enhance EU-India coordination at all levels, build a comprehensive strategic plan based on shared priorities, and align with EU Member States via the Foreign Affairs Council.

5 Pillars of New Strategic EU-India Agenda



Prosperity & Innovation

Focuses on economic growth and technological advancement.



Security & Defence

Enhances cooperation in security and defence sectors.



Connectivity & Global Issues

Promotes global connectivity and multilateral engagement.



People-to-People

Facilitates cultural exchange and mobility between people.



Enablers

Supports coordination and strategic planning for effective implementation.

Made with Napkin

What is the Significance of India-EU Relations?

Mutual Significance

- **Diplomatic Relations:** India established ties with the **European Economic Community** in 1962; elevated to a **Strategic Partnership** at the **5th India-EU Summit (2004, Hague)**.
- **Trade Partnership:** The **EU** is India's **second-largest trading partner** (€120 billion, 11.5% of trade).
- **Strategic Alignment:** India and the EU share interests in **security, renewable energy, climate action, and multilateralism**, through **bilateral dialogues** on **counter-terrorism, cyber security, migration, maritime security, human rights, non-proliferation, and disarmament**.
- **Infrastructure Cooperation:** The **India-EU TTC** fosters **semiconductors, AI, clean energy, and digital finance cooperation**, with the EU supporting economic and technological ties aligned to India's multi-alignment without security dependencies.
- **Global Governance:** The **EU** is reducing **economic reliance on China**, supporting India's **trade diversification**, with both advocating a **rules-based order** in multilateral forums like the **G20, WTO, and UN Security Council**.

Significance For India

- **Economic Relations:** India is the **EU's ninth-largest partner** (2.4% of EU trade, 2024). **FDI inflows** from the EU to India valued at **USD 107.27 Billion** (Apr 2000-December 2023), drives **industrial growth, job creation, and technology transfer** in India.
 - The EU offers opportunities for IT, pharmaceuticals, textiles, and agriculture exports;

bilateral services trade rose 48% (2019-2022).

- **Security & Defence:** European defence companies support India's defence modernization under **Make in India**, e.g., manufacturing **Airbus C-295 aircraft** locally.
- **Technology & Innovation:** The **India-EU TTC** focuses on **semiconductors, AI, and clean energy**, while **digital payments and fintech cooperation** expands via **cross-border transactions**.

Significance For EU

- **Market Access:** India offers the EU access to a **large, growing market**, exemplified by the **2024 Trade and Economic Partnership Agreement (TEPA)** with the **European Free Trade Association (EFTA) countries** (Iceland, Liechtenstein, Norway, Switzerland).
- **Cultural & Educational Ties:** India's **young, skilled workforce** strengthens **Europe's talent pool** and **academic collaborations**.
- **Geopolitical Cooperation:** India's **strategic Indo-Pacific position** and growth enhance the EU's **influence in the Global South**.
- **Security & Stability:** India ensures **Indian Ocean security**, safeguarding over **35% of Europe-Asia trade**.



What are the Key Barriers to India-EU Relations?

- **Stalled FTA Negotiations:** FTA talks are delayed because the **EU** wants **lower**

tariffs on automobiles, spirits, and dairy, while India seeks market access for pharmaceuticals and IT services;

- The EU's [Carbon Border Adjustment Mechanism \(CBAM\)](#) adds extra challenges for Indian exporters.

- **Investment & Regulatory Barriers:** The EU's restrictive trade regulations, including **technical barriers to trade (TBT)** and **sanitary & phytosanitary (SPS)** measures, affect Indian businesses.
 - While European investors seek a **predictable policy environment** and stronger **investment protection**, highlighted by Switzerland suspending the [Most favoured nation \(MFN\) clause](#) in its [Double Taxation Avoidance Agreement \(DTAA\)](#) with India.
- **Data Privacy Challenges:** Strict EU data laws make **digital exports** costly. India's lack of EU data adequacy status forces small IT firms to incur high **compliance costs**, limiting **competitiveness**.
- **Foreign Policy Divergences:** India's involvement in Russian military exercises and purchase of Russian oil hinder closer EU ties, as the EU expects stronger alignment on Russia sanctions, while India continues its neutral diplomacy.
- **Supply Chain Risks:** Despite efforts to diversify trade, China continues to be a major partner for both India and the EU, posing significant risks to supply chains.
 - This dependency exposes both regions to geopolitical tensions and disruptions, underlining the need for more resilient and diversified trade routes.

What Strategies Can be Adopted to Strengthen India-EU Relations?

- **Accelerate FTA and Trade Facilitation:** Resolve **tariff disputes** and fast-track FTA negotiations to strengthen **supply chains** and reduce trade barriers.
 - Promote **high-tech exports** and attract **European investment** in India's **manufacturing sector** to drive growth.
- **Establish a Data-Sharing Framework:** Negotiate an **EU-US style Privacy Shield** for seamless **cross-border data flows** and implement **mutual recognition frameworks** to lower compliance costs for Indian firms.
- **Green Technology Partnerships:** Enhance cooperation in **renewable energy, fintech, and data privacy**, while collaborating on **green hydrogen, electric vehicles, and carbon-neutral technologies**.
- **Reform Investment Policies:** India needs to strengthen **intellectual property rights (IPR) protections** and **ease of doing business** to encourage **European tech firms** to set up R&D hubs.
- **Enhance Security Cooperation:** Expand joint naval exercises, cyber defense partnerships, and intelligence sharing, while aligning India's [Indo-Pacific strategy](#) with European defense priorities to counter China's regional assertiveness.

Conclusion

The **New Strategic EU-India Agenda** underscores the growing significance of **India-EU ties** in **trade, technology, security, and global governance**. Strengthening cooperation through **FTA, green technology, digital frameworks, and defence partnerships** can enhance **economic growth, strategic autonomy, and multilateral influence**, while addressing challenges like **regulatory barriers, data laws, and geopolitical divergences**.

Drishti Mains Question:

Q. Discuss the significance of the New Strategic EU-India Agenda for India's economic and strategic interests.

Prelims

Q. Consider the following statements: (2023)

1. The 'Stability and Growth Pact' of the European Union is a treaty that
2. limits the levels of the budgetary deficit of the countries of the European Union
3. makes the countries of the European Union to share their infrastructure facilities
4. 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

Ans: (a)

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)

Mains

Q. 'The expansion and strengthening of NATO and a stronger US-Europe strategic partnership works well for India.' What is your opinion about this statement? Give reasons and examples to support your answer. (2021)

