



Recalibrating India-EU Partnership

This editorial is based on “[EU’s new strategy document shows: New Delhi is a valued partner.](#)” which was published in The Indian Express on 19/09/2025. The article highlights the EU’s new strategy, recognising India as an indispensable partner in trade, technology, and security, while urging Delhi to balance ties with Brussels and Moscow in a multipolar world.

For Prelims: [India-EU relations](#), [India-EU Trade and Technology Council \(TTC\)](#), [Semiconductors](#), [India- European Free Trade Association \(EFTA\)](#), [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 Measures](#), [BRICS+](#), [Intellectual Property Rights \(IPR\)](#), “Choose Europe for Science” program

For Mains: Significance of India-EU Relations, Challenges in India-EU Relations, Focus Areas of EU-India Strategic Agenda

India-EU relations have entered a **new phase**, with **Brussels** unveiling a **strategy** that recognises **New Delhi** as a **key partner** in **trade, technology, and security**. While opportunities in a **Free Trade Agreement (FTA)** and **innovation partnerships** are promising, challenges such as differing positions on **Russia** and **structural trade imbalances** demand **careful recalibration** and a **forward-looking approach**.

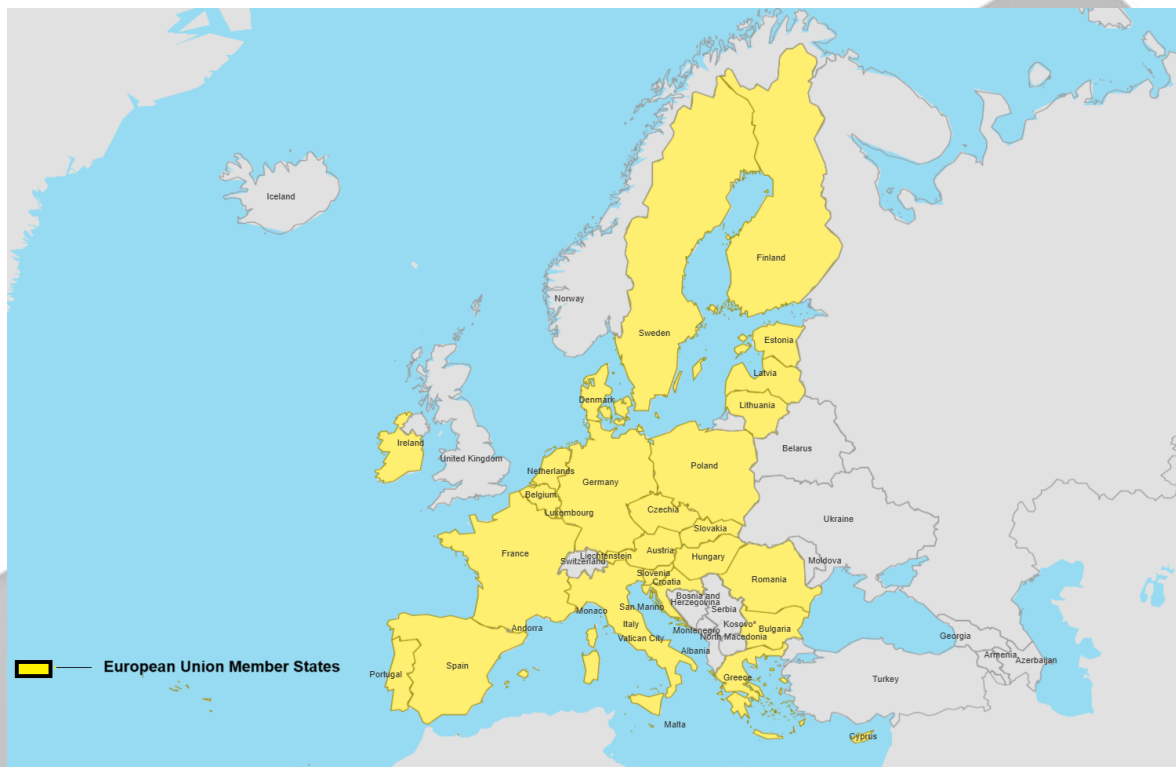
What is the European Union?

- **About:** The European Union (EU) is a **political and economic union of 27 European countries** that are bound together by shared institutions, laws, and policies.
- **Creation:** The **European Union (EU)** was created by the **Maastricht Treaty**, which entered into force on **November 1, 1993**.
 - The treaty was designed to enhance **European political and economic integration** by creating a **single currency (euro)**, a **unified foreign and security policy**, and **common citizenship rights**, while also advancing cooperation in **immigration, asylum, and judicial affairs**.
- **Origins:** In **1951**, leaders of six countries—**Belgium, France, Italy, Luxembourg, the Netherlands, and West Germany**—signed the **Treaty of Paris**, which came into effect in **1952**, establishing the **European Coal and Steel Community (ECSC)**.
 - Subsequent **international treaties** and **treaty revisions** based on this model eventually led to the creation of the **European Union (EU)**.
- **Current Member States:** 27 countries (Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia,

Spain and Sweden).

- The **United Kingdom** officially **exited the European Union** in **2020** through **Brexit**.

- **Main Institutions:** The five main institutions of the **European Union (EU)** are the **European Parliament**, the **European Council**, the **European Commission**, the **Court of Justice**, and the **Court of Auditors**.
- **Demography:** In EU, **Germany** has the largest population, France is the largest by area and Smallest Country is Malta.
- **Open Borders:** The [Schengen Area](#) allows free movement for most EU members, excluding Cyprus and Ireland.
 - Four non-EU countries (Iceland, Norway, Switzerland, and Liechtenstein) are also part of Schengen.
- **Single Market:** Goods, services, capital, and people circulate freely within the EU.
- **Awards:** The **EU** was awarded the **Nobel Prize for Peace (2012)** in recognition of its efforts to promote **peace** and **democracy** in Europe.
- **Climate Goals:** Aim to become **climate-neutral by 2050, reduce emissions by 55% by 2030**.



What are the Key Areas of Convergence of India and the European Union?

- **Economic and Trade Relations:** In 2023, India was the ninth largest trading partner for EU's exports of goods (1.89%) and also the ninth largest partner for EU's imports of goods (2.58%). India's percentage share in EU's global total bilateral trade (2.19%) stood at 2.19%.
 - **India-EU Bilateral Trade in Services** in 2022 stood at **€50.737bn** (comprising **Indian exports (€26.856bn)** and **imports (€23.882bn)**), registering the **highest ever trade in services** with an **increase of 23.7%** compared to bilateral trade of **€41.01bn** in 2021.
 - [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

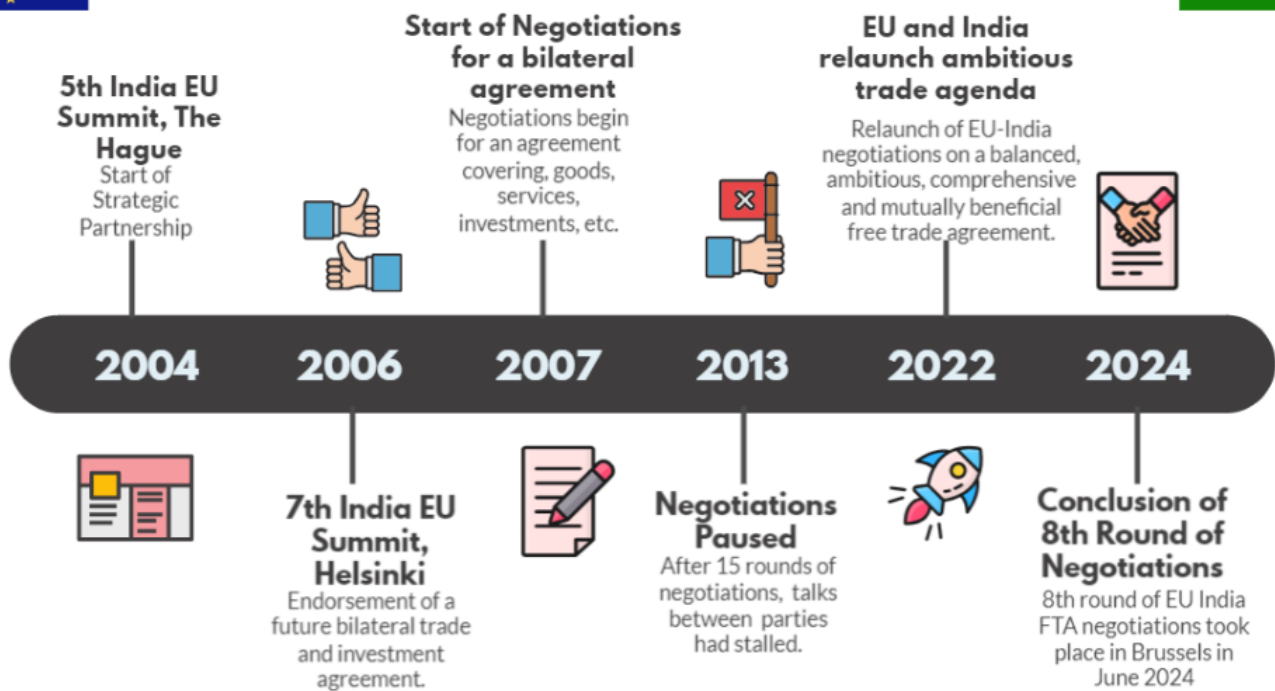
on [tariff reductions](#), investment protection, and regulatory alignment.

- 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**, along with its **50% tariff** on **55% of India's \$87 billion exports in 2025**, underscores the urgency for **India** to **diversify economic and strategic ties**, making the stable **EU partnership** vital for **strategic autonomy** and **multi-alignment**.
 - 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](#).



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.

Made with VISME

What Structural and Strategic Challenges Continue to Constrain India-EU Relations?

- **Geopolitical Differences:** The EU envisions a comprehensive partnership, including trade, security, and human rights cooperation, while India prioritizes strategic autonomy and avoids deep alliances.
 - India's neutral stance on [Russia's invasion of Ukraine](#) contrasts with the **European Union's approach**, which has imposed sanctions against Russia and faced difficult relations due to Russia's attacks on Ukraine and assaults on democracy.
 - This creates a trust deficit and complicates policy-level coordination between India and the EU.
 - **India views China as a strategic competitor due to border disputes and economic rivalry, while Europe continues to have significant trade with China despite concerns over its human rights and economic practices.**
 - This contrast hinders a unified approach on Indo-Pacific policies.
 - **India's multi-alignment approach** with Russia, the U.S., and Europe leads to **occasional policy misalignments**.
- **Economic and Trade Barriers:** FTA negotiations between India and the EU, initiated in 2007, have faced delays due to disagreements.
 - Stricter EU [intellectual property rights \(IPR\)](#) norms conflict with India's focus on affordable generic pharmaceuticals.
 - Additionally, the EU's insistence on stringent labor and environmental standards like [Carbon Border Adjustment Mechanism](#) poses challenges for India's domestic industries.
 - Although India's CBAM-exposed exports to the EU account for only 0.2% of its GDP, the **iron and steel sector constitutes 90% of these exports, exposing significant vulnerability**.
- **Defence and Strategic Divergences:** India's dependence on Russian defence systems

limits deeper collaboration with Europe on advanced military technology.

- Despite projects like Rafale jets and submarine collaborations with France [and C-295 Aircraft with Spain](#), EU-India defense ties lag behind those with the US or Russia.
- The lack of a dedicated strategic dialogue and the EU's restrictive approach to knowledge sharing further hinder cooperation, while Russia supports joint manufacturing with India.
- **Technology and Innovation Gaps:** India prioritizes **affordable technology**, while Europe focuses on **sustainability and advanced manufacturing**.
 - But **China leads in new areas like Artificial intelligence and Quantum computing Quantum Computing**, and without a **joint India-EU plan**, both sides struggle to keep up.
- **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**.
 - **The European Data Protection Supervisor (EDPS)** refused a request by the **European Investment Bank (EIB)** to transfer **personal data to India**, citing a lack of evidence that India offers a data protection level "**essentially equivalent**" to the **EU's GDPR**.
 - Also, Indian firms require expensive compliance mechanisms to access the EU market.

What are the Focus Areas of the EU-India Strategic Agenda for 2025-2029?

- **Trade and Investment:** Accelerated efforts to finalize the **Free Trade Agreement** by the **end of 2025**, with a strong focus on strengthening **supply chains** and promoting **critical emerging technologies** through the **India-EU Trade and Technology Council (TTC)**.
 - The strategy also pushes for **EU-India startup partnerships** and India's association with the **Horizon Europe research program**.
- **Clean Energy and Climate Cooperation:** Enhanced collaboration in **renewables, green hydrogen, offshore wind, solar power**, and expanded **green finance**.
 - This ties into ongoing projects like the **Facilitating Offshore Wind in India (FOWIND) initiative**, and **clean energy supply chain strengthening**.
- **Science and Technology Collaboration:** Joint funding mechanisms and enhanced **scientific exchange** in priority areas such as **clean energy, artificial intelligence, telecom, biotechnology, water and marine sciences, climate research, and vaccine development**.
 - The EU's **"Choose Europe for Science"** program is now open to **Indian researchers through 2027**.
- **Security and Defence:** The agenda proposes a major boost in **security cooperation**, including enhanced consultations on **crisis management, maritime security, cyber defense, counterterrorism, and defense industrial cooperation** focusing on **production capabilities and supply chain security**.
 - The EU plans to negotiate a **Security of Information Agreement** for classified information exchange. Key areas also include **Indo-Pacific cooperation, hybrid threats, space security**, and joint efforts concerning **Russia's war in Ukraine**.
- **Talent Mobility and Partnership:** The document highlights cooperation in **talent mobility** and calls for a **joint comprehensive strategic agenda** based on shared priorities with expected formalization in upcoming **EU Foreign Affairs Council meetings**.

How can India Further Strengthen and Deepen Its Relations with

the European Union?

- **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.
 - Beyond an FTA, India and the EU can explore joint ventures in sectors like **pharmaceuticals, technology, renewable energy, and critical raw materials**.
 - qAdditionally, similar to the [India- European Free Trade Association \(EFTA\) Trade and Economic Partnership Agreement \(TEPA\)](#), the EU could sign a similar agreement with India to promote free trade and economic integration.
- **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.
 - Expand **co-development of defense equipment with France**. Align [India's Indo-Pacific strategy](#) with European defense priorities to counter China's regional assertiveness.
 - India's defense partnerships with the US, Russia and [Quad membership](#) can be complemented by the **EU's investment in India's defense sector** and advanced technologies for regional security.
- **Develop Alternative Supply Chains:** Expand semiconductor and AI collaborations under the **India-EU Trade and Technology Council (TTC)**.
 - Strengthening the **IMEC and INSTC** 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.
 - The EU-India TTC presents an opportunity to align technology agendas, similar to the [US-India initiative on Critical and Emerging Technology](#), fostering high-level collaboration to drive innovation and advancements in key sectors.
 - 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.
- **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.
- **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 and UN Security Council reforms** will elevate India's global influence.
 - **Unity against** the rising authoritarianism as a threat to democracies can unite India, Europe, and the US.
 - This alignment can drive collaborative efforts to address global challenges across the Atlantic and Indo-Pacific through initiatives like the [Democracy Summits](#).

Conclusion

The **India-EU partnership** stands at a **transformative moment**, poised to significantly influence **global economic and strategic landscapes**. As **Shishir Priyadarshi, former WTO Director**, notes, "This **new strategic agenda** provides a powerful framework for two of the **world's largest democratic and economic blocs** to collaborate for **mutual prosperity and global stability**." Strengthening

this **alliance** will be crucial in enhancing **economic resilience, technological innovation, and security cooperation**, thereby reinforcing **India's influential role** in a **multipolar world**.

Drishti Mains Question:

The India-EU partnership is entering a pivotal phase with global economic and strategic significance. Examine the main objectives of the India-EU Strategic Agenda and its implications for India's position in a multipolar world.

UPSC Civil Services Examination Previous Year Questions (PYQs)

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.

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

