

# European Union



## The EU is India's Biggest Trade and Investment Partner

European Union Ambassador Tomasz Kozlowski on how the EU and India can work together to promote peace and stability, sustainable development, and closer understanding between people on both sides

### Ambassador, what is the essence of the Strategic Partnership between the EU and India?

India and the European Union have many core values in common: a belief in democracy and human rights; an inclusive approach to economic and social development; a common objective in promoting peace and stability in Asia; and a shared faith in the potential of education, skills, research and innovation to promote employment and the welfare of their peoples.

We share values and we share the same democratic principles. No more durable basis for friendship can be conceived. Our challenge is to transform these common values into a partnership that can promote a positive agenda for our world. The recent Summit in Brussels between EU and Indian leaders confirmed that we share this commitment.

### How can the EU and India work together to address global challenges?

The EU and India have common interests and concerns in many fields. We work closely together in the fight against piracy and the promotion of maritime security, an area in which the EU leads a major naval operation off the coast of Somalia for the protection of shipping and the safety of civilian crew.

Countering violence and terrorism is a major objective for both sides. Cooperation takes the form of information sharing and dia-

logue on ways to counter radicalisation as well as cooperation in the international arena and in the related area of cyber security.

We also have common interests in bringing stability to many parts of the world; let's take the example of Afghanistan. India and the EU are fully committed to supporting Afghanistan and we will host two major conferences this year, one in Brussels and one in Delhi, where fulfillment of this objective will form the main agenda.

Sustainability and climate change mitigation and adaptation are some of today's major global issues. At the recent EU India Summit, our leaders agreed to collaborate on identifying priorities and implementing the Sustainable Development agenda as well as the historic Climate Change accord reached in Paris last December.

### What is the future of their economic cooperation?

The EU is India's biggest trade and investment partner; what is more, the €100 billion of trade between the two sides is almost perfectly balanced. The FDI stock of European companies is significantly higher than that of any other partner. Around 6,000 EU companies manufacture in India, providing 1.2 million direct and 5 million indirect jobs.

But when compared to the EU's business ties with other emerging economies, there is enormous potential to take this €100 bn. trade to



Prime Minister Narendra Modi, EU Council President Donald Tusk and European Commission President Jean-Claude Juncker at the EU-India Summit

a much higher level. The investment climate is improving in India as a result of various initiatives and this will encourage European companies to invest in infrastructure sectors like power, telecom, roads, transport, construction, engineering, chemicals, etc. We believe that an even higher level of trade is possible.

The EU and India have been negotiating a Free Trade Agreement for a number of years; these are difficult and technical negotiations but we are very committed to concluding an agreement that will not only promote exports in both directions but give FDI a major fillip.

### What actions were agreed

### upon at the Summit for promoting economic cooperation?

The Indian government agreed to establish a mechanism to facilitate

EU investments in India. The EU is by far the biggest source of foreign investment in India and many European companies are deeply interested in India's investment



Ambassador Kozlowski addressing the EU-India Think Tank Conference in New Delhi

potential. European investment brings to India the latest in sustainable technologies, so that the benefits of industrialisation are not cancelled out by pollution of air, water and land resources.

The EU and India agreed at the recent Summit to work together through the water, clean energy and climate partnerships to share experiences and provide technical support and best practices for everything from renewable energy and energy efficiency to waste management, to the various components of smart cities.

In the EU as in India, degradation of rivers, environmental challenges, and air pollution do not stop at state borders. Correspondingly, there is no single-state solution to such big challenges. We both have to address these complex challenges through sound legislation, public-private cooperation, and the promotion of innovative and sustainable technologies. Sharing the experience of how we move towards becoming sustainable economies is at the core of the EU-India cooperation agreed upon at the recent summit.

The European Investment Bank, which has a portfolio of around €1 billion in India, has now agreed to loan €450 million to the Lucknow metro project; the bank already supports numerous other projects in India for the promotion of renewable energy and it will shortly open an office in New Delhi.

Digital India and the promotion of the Digital Single Market in the EU are top priorities for both sides. With the market potential of the EU and India, we have a big role to play together on the global stage on ICT standards, internet governance and a common approach to the future 5G communication networks. The EU and India already have strong cooperation in all these areas and at the recent summit our leaders agreed to deepen and strengthen the common efforts.

### How well do Europeans and Indians know each other?

People-to-people contacts are the bedrock of international understanding and partnerships in the long run. The EU has given Erasmus scholarships to over 4,000 Indian students for a master's degree in European universities, which are among the best in the world.

We are going to partner India in a major skills conference next year and we hope to see significant movement towards mutual recognition of educational qualifications.

Business, professional, and tourism flows are also important to ensure more direct contact between the two sides. A Common Agenda on Migration and Mobility was agreed upon at the recent Summit and this will facilitate the movement of our citizens—with visas for skilled workers in particular—as well as regulate irregular migration.

## Promoting EU-India Trade and Investment

WITH 1.25 billion people, India is the world's most populous democracy; and with an annual GDP growth rate in excess of 7.5% for over a decade, it is now one of the world's ten largest economies (as high as 4th by purchasing power parity). Unquestionably, this sizable and growing domestic market makes India one of the key trade and investment partners of the EU.

Two-way trade in goods between the EU and India reached €77.3 billion in 2015, that is €211 million per day. If we add services, total trade has exceeded €100 billion a year, or €275 million per day! The products traded between India and the EU range from textiles and engineering goods to transport equipment and gems and jewellery.

The EU also remains one of the largest investors in India, with close to 6,000 EU companies present in India providing direct employment to 1.2 million workers and indirect employment to 5 million. A number of EU companies are now household names in India, having done business here for several decades. The broad range of sectoral investments include automotive, financial services, infrastructure, logistics, chemicals, pharmaceuticals, health care, IT, food processing and petroleum and natural gas.

The proposed EU-India FTA (also known as the Broad-based Trade and Investment Agreement—BTIA), negotiations for which were launched in 2007, will further strengthen this important relationship as well as maximise business and economic opportunities. Studies confirm that both sides stand to gain significantly from this agreement. The more ambitious the commitments are, the larger will be the quantum of the gains accruing.

The 13th EU-India Summit held on 30th March, 2016, saw both the EU and India reiterating their commit-



Ambassador Manjeev Singh Puri of India & Vice President Jonathan Taylor of the European Investment Bank sign the Lucknow metro loan agreement

ment to deepen bilateral trade and investment relations and resolve trade irritants, including through negotiations on the BTIA. Both sides endorsed two key documents: a Joint Statement and the EU-India Agenda for Action 2020 as a common roadmap to strengthen the India-EU Strategic Partnership in the next five years. The summit roadmap laid particular attention to co-operation and exchanges on Intellectual Property (including geographical indications), public procurement, customs and competition, and pharmaceuticals, as well as traditional knowledge, genetic resources, and cultural expressions.

The EU also welcomed Indian Prime Minister Narendra Modi's flagship 'Make in India' initiative with both sides agreeing to strengthen exchanges and create favourable circumstances for investment, including public-private partnerships. India, on its part, has agreed to implement a mechanism to facilitate investments of EU businesses in India.

On the side-lines of the summit, the European Investment Bank (EIB) made a commitment to support long-term investment in infrastructure, crucial for sustainable social and economic devel-

opment of India. A loan agreement of €450 million for the construction of the first metro line in the city of Lucknow will add to the billion euro portfolio of EIB in India.

Brands like Airbus, Volkswagen, British Petroleum, Siemens, Unilever, Renault, Ericsson, Vodafone, Maersk, Ferrero, Piaggio, BMW, Philips and Solvay, among others, are household names in India; and they indicate the broad range of sectoral investments by the EU as well as the ever increasing significance of the EU-India relationship.

The EU's experience and knowledge across the spectrum of manufacturing and services means it has much to offer India in its developmental quest, from large scale infrastructure projects to world-class efficiency and customer care in services sectors that are crucial to modern-day economies, as well as across stages of the product life cycle, from cutting-edge research and development to regular business partnerships. The proposed EU-India trade pact definitely provides an important opportunity in terms of technology-sharing and know-how, for high-level synergies in sectors where EU companies are world leaders.

## India, EU to promote Sustainable Water Management, Clean Energy, and Smart Cities

DURING the recent India-EU Summit on March 30th, two Joint Declarations were adopted in the field of Environment, Energy and Climate Change: the India-EU Water Partnership (IEWP) and the Clean Energy and Climate Partnership.

A shared vision between India and the EU for a more sustainable management of water resources is the rationale for the water partnership. Its objective is to strengthen capabilities in the area of management of water resources at river basin level. As a priority, the Partnership will focus on assisting the Indian Government's Clean Ganga Initiative, by offering shared experiences from the EU's major rivers, such as the Danube, the Rhine and the Thames on legal aspects, governance, river basin management planning, management of water quantity by water accounting, water efficiency and water allocation measures. Business partnerships are one promising option for fostering technological development, research and innovation; and the Partnership intends to bring together all relevant actors, including state and national level Indian agencies as well as European Member States, businesses and other players. The EU-India Water Forum held a few months ago brought together a galaxy of experts from both sides and has thrown up exciting possibilities for collaboration in many of these fields.

### SUSTAINABLE DEVELOPMENT AND CIRCULAR ECONOMY

The EU and India also recognised the need to address further environmental challenges and work together towards sustainable development, including through a circular economy approach to resource efficiency and waste minimisation. An upcoming EU-funded Resource Efficiency Initiative project as well as the regular Environment Forums will be supporting the 'Clean India' flagship programme, and will be relevant for the implementation of the 2030 agenda for Sustainable Development and of the Addis Ababa Action Agenda. The EU and India agreed to start a dialogue on their full and swift implementation at national, regional and global levels, aimed at identifying common priorities and future collaboration in these areas.



Minister for Water Resources Prof. Sanwar Lal Jat and EU Director General for Environment Daniel Calleja

### CLEAN, AFFORDABLE, AND RELIABLE ENERGY FOR ALL

The importance of cooperation in the field of clean energy and climate change—the subject of a Joint Declaration at the Summit—cannot be overestimated. Welcoming the success of the Paris Agreement, both partners declared their intention to strengthen their energy cooperation in order to address the crucial challenge of implementing Intended Nationally Determined Contributions. Furthermore, a well-established policy dialogue in the field of clean energy will be further strengthened and a specific dialogue on climate action will be established with a view to achieving the common objectives. The promotion of technological solutions through business partnerships will also be pursued.

Energy and climate will have high priority for collaborative policy studies, joint research and project activities under the EU's Partnership Instrument project, 'Clean Energy Coop-



Flooding of Danube in Passau, Bavaria

eration between EU and India' (CECI). The Partnership will support business-to-business dialogues as well as provide analytical and empirical basis for the deployment of loans given by the European Investment Bank for clean energy and climate change related projects in India.

The EU has welcomed the initiative for an International Solar Alliance (ISA), launched in Paris on 30th November, 2015. Both parties have now agreed to explore ways to further the ISA's objectives.

### SUSTAINABLE CITIES

The EU-India Summit further agreed to formalise EU-India cooperation on urban development. Numerous preparatory activities have already taken place under the EU's World Cities programme involving Chandigarh, Mumbai and Pune with their partners Lazio, Copenhagen and Stuttgart in Europe, as well as within the EU-Mumbai Partnership. Experiences gained through these efforts will now be utilised to launch an urban development dialogue and organise an Urban Forum in cooperation with the EU's Committee of the Regions.

Specific cities in India will be supported by European cities in order to facilitate the implementation of the Smart Cities and AMRUT (Atal Mission for Rejuvenation and Urban Transformation) programmes of the Indian Government.





## Creating Synergies between Digital India and the Digital Single Market for Europe

At the recent EU-India Summit, leaders from both sides agreed to increase links and create synergies between the 'Digital India' initiative and the EU's 'Digital Single Market'. This will be done through enhanced cooperation on cyber security, ICT standardisation, Internet Governance, ICT research and innovation, innovative start-up companies, and business to business cooperation.

In particular, it was agreed to finalise during 2016 a Joint Declaration on the next generation of global communication networks (5G). The European and Indian standards development organisations in the field of telecommunications (ETSI and TSDSI) have already established close cooperation, and an EU funded project will continue supporting their cooperation on important future standards, for example in the field of Intelligent Transport Systems, 5G, future networks, and related security standards.

India and the EU can also work together on ICT research and innovation (for example, under the EU's Horizon 2020 programme, which is open to participation for Indian organisations and



individual researchers).

With Digital India and the EU's Digital Single Market strategy, both India and the EU have engaged in a process of putting in place the right policies to reap the benefits of digital economies. The Internet has become a key driver for economic development, and efficient management of core Internet resources is therefore critical to assure the sustainability of our digi-

tal economies. India and the EU can work together to improve the current Internet governance system by increasing its inclusiveness and giving a voice to all stakeholders, especially those from developing countries, and keeping the Internet open and innovative.

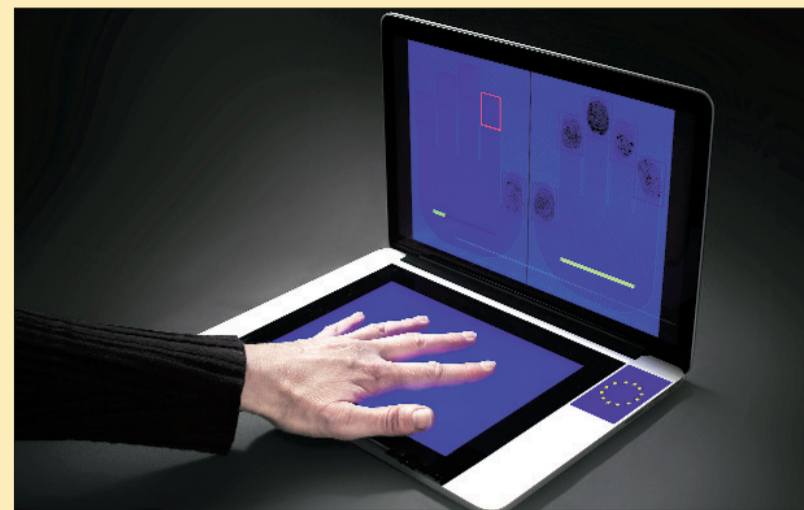
On the business side, major European ICT companies (e.g. telecom operators and network companies, as well as companies

focusing on software/cloud or electronics) manufacture in India, undertake research and development, and provide services for their global clients from India. They contribute to "Make in India" and have created more than 100,000 quality jobs. At the same time, Indian software and services companies consider Europe an important growth market. The Indian and European ICT business associations, NASSCOM and Digiteurope, cooperate through regular ICT Business Dialogues and will be meeting again in Brussels on June 13.

For innovative startup companies and their ecosystems, a new "Startup Europe India Network" brings together Indian and European startups, scaleups, investors, corporates and the enablers—innovation agencies, incubators, accelerators, and universities—in order to catalyse growth, investments, and strategic (talent and innovation) sourcing between the two digital markets.

EU investments can be further enhanced by providing a stable, predictable, and non-discriminatory business environment and by continuing to improve the ease of doing business.

## India and the EU adopt Joint Declaration on a Common Agenda on Migration and Mobility (Camm)



During the recent Summit, the leaders endorsed the establishment of a Common Agenda on Migration and Mobility (Camm) between the EU and India, reflecting the importance of India as a strategic partner for the EU in the field of migration and mobility.

Migration is, of course, not only a European but a major international challenge as well, and the EU seeks the engagement of international global actors like India on it. India is well aware of migration challenges through first-hand experience. There are, therefore, many shared interests, converging policy priorities and lessons we can learn from each other.

The mobility of third country nationals is equally important. In addition it applies to a wide range of people, e.g. short-term visitors, tourists, students, researchers, business people and visiting family members. It is thus a much broader concept than migration. Mobility is particularly important given

that in 2015, 710,000 Schengen visas (7th most in the world) were granted in India.

Camm, as a framework for cooperation, is only the start of a longer term process which will lead to deeper cooperation and solid mutual engagement on a global policy of migration and mobility.

Camm addresses four pillars in a balanced manner:

- better organised regular migration and the fostering of well-managed mobility;
- prevention of irregular migration and trafficking in human beings;
- maximising the development impact of migration and mobility;
- the promotion of international protection.

Bilateral dialogues on migration and mobility between the EU and third countries can take the form of Mobility Partnerships (MPs—reserved usually for the EU's neighbouring countries) or Camms. So far, the EU has signed seven MPs and only two other Camms, with Nigeria and Ethiopia.

## Education and Skills: promoting Development

The European Union has previously supported school education in India with grants of over €480 mn. Increasingly, higher education and skills have emerged as desiderata for the large numbers of young Indians seeking jobs and employers in need of skilled personnel. This area of cooperation was highlighted during the March 30th Summit between the EU and India with an agreement to boost existing cooperation and increase exchanges going both ways, so that more Indian students and teachers can study, research, and teach in Europe and vice versa. A major EU-India skills conference will take place next year, and one of its objectives will be to take forward the process of mutual recognition of diplomas and degrees, which is part of the so-called Bologna Process for 49 European and neighbouring countries.

On the Indian side, the Global Initiative of Academic Networks now makes it possible for more European teachers to come and teach in India. On the European side, this is made possible for master's level student exchanges by the European programmes



ERASMUS+, and for teaching and research by the 'Marie Skłodowska-Curie' and 'Jean Monnet' actions.

With over 4,000 Higher Education Institutions (one-fifth of the world's universities) Europe is renowned for the wide variety of high-standard education and research. Tuition fees and living costs are very reasonable in Europe and there are many scholarships on offer from universities, Member States and the EU. The pursuit of higher education is, of course, an investment for life—and

with its diverse and intriguing range of regions, cultures and languages, studying in Europe also provides a rare and wonderful opportunity for both professional and personal development. To make it easier for students, more than 12,500 undergraduate programmes are taught in English in all EU countries.

To publicise these opportunities, the EU is organising higher education fairs, where universities from all 28 countries can showcase their international programmes to Indian students.

The next fair will be organised on September 30th and October 1st at Pragati Maidan in New Delhi, together with a conference on the internationalisation of Higher Education. Virtual fairs will complete this picture in order to connect students from all over India to an even wider range of European higher education institutions. More information is available at <http://www.study-europe.net> where visitors can search for the universities that best suit their needs according to multiple criteria.

Building on the exchange programmes, there is also institutional cooperation and exchanges of best practices, capacity building, and the creation of networks in a wide array of issues related to higher education and skills.

We believe that cooperation in higher education will create skills that are invaluable for the growth of the Indian and European economies. It will also enhance citizens' involvement in the EU India Strategic Partnership, by building greater understanding between young Indians and Europeans, thereby strengthening ties.

## EU-India Science and Technology Cooperation Agreement Renewed

The European Union and India renewed their S&T Agreement on the margins of the EU-India Summit held in Brussels on March 30th. EU-India cooperation in research was initially framed by the 2001 EU-India Science & Technology Cooperation Agreement, renewed in 2007 and now renewed again (until 2020).

Joint research goes back to the 1980s when blue-sky projects on the frontiers of knowledge as well as development-oriented projects in areas like health and education began to receive funding from the EU. In the last 30 years, almost every major laboratory in India has participated in a project with the EU, from the fields of medicine, energy and agriculture to new materials, nanotechnology and joint investigations in particle physics.

India was a very successful participant in the 7th EU Framework Programme for Research and Technological Development (FP7: 2007-13): India ranked 4th in terms of EU's financial contribution to third countries' teams (€41.1 million), and 5th in terms of number of participations—about 200 Indian organisations participated in collaborative projects, and 1680 individual Indian researchers received a Marie Curie fellowship.

Today, both India and the EU face a number of similar "societal challenges" (such as water, health, energy and climate change) necessitating an enhancement of our cooperation, in order to jointly develop concrete solutions for our populations.

The EU is one of the leading regions of the world so far as R&I is concerned. While representing only 7% of the world's population, it is behind 24% of global research expenditure and accounts for 32% of high-impact publica-



Director General Robert-Jan Smits and Secretary, Science and Technology, Prof. Ashutosh Sharma

tions. The EU has managed to maintain its competitive knowledge position to a greater degree than the United States and Japan and is making progress towards its R&D intensity target of 3% by 2020.

Under the new "Horizon 2020" Framework Programme for Research &

Innovation 2014-20—the successor to FP7—participants from emerging countries, including India, are no longer eligible for automatic EU funding when participating in collaborative projects. However, the Indian Department of Biotechnology (DBT) has agreed to fund Indian participants in collaborative pro-

jects resulting from about 20 Horizon 2020 calls for proposals (subject to positive evaluation) in relevant fields like biotechnology and health.

EU grant funding is still available for Indian winners of European Research Council (ERC) grants or Marie Skłodowska-Curie fellowships (MSCA), both of which are components of Horizon 2020.

There are other platforms enabling joint India-EU collaborative research projects, such as the very successful Inno Indigo (a geographical ERA-net) and INFECT-ERA, a platform focusing on infectious diseases, in which DBT is participating. Calls for proposals specifically targeting India have been launched by the New Indigo Partnership Programme, and its successor Inno Indigo, multilaterally funded by several national funding agencies, both Indian (DST, DBT) and European. Recent calls in the fields of bio-economy and bio-based energy have been announced under this mechanism.

A successful example of recently concluded India-EU collaboration is the Optimash project focusing on "Optimising gasification of high-ash content coals for electricity generation", an FP7 project of high strategic importance in the "clean coal" area. EU support for the project resulted, for the first time, in the construction of a high-ash coal gasification pilot plant in India.

EU support services like Euraxess Links India provide assistance to individual researchers looking to pursue a research career in Europe. Abundant documentation on opportunities for EU-India R&I cooperation is also available on the website of the EU Delegation to India.

## EU and India join Hands against Terrorism and Radicalisation



Operation Atalanta: A Seahawk helicopter refuelling at sea

That counter-terrorism cooperation and radicalisation would figure prominently in the EU-India Summit in Brussels on March 30th, was an expected development. Both sides have paid a heavy price on account of terrorism and are increasingly worried about the phenomenon of radicalisation of young people. This menace has acquired particular significance in recent times given that the Summit took place just a week after Brussels suffered three suicide attacks (one very close to the EU institutions), which resulted in 32 deaths and left more than 300 injured. Sadly, Indians were also among those killed and injured. The fact that these attacks did not deter the Indian leadership from going ahead with the visit bears testimony to India's determination to stand united with the EU and the rest of the international community against this global menace.

The EU and India realised long ago that they make for natural partners in the fight against terrorism and radicalisation. Their shared values and principles such as democracy, pluralism, human rights and the rule of law unite them in the fight against terrorism and extremism, and their sponsors. This was reflected in the EU-India joint declaration on international terrorism, adopted in December 2010, as well as in the interactions of the two leaderships and the regular EU-India counter-terrorism dialogues held subsequently. The renewed joint declaration on the fight against terrorism, adopted at the recent Summit, is the latest demonstration of both sides' resolve to tackle these threats. The declaration manages, in only seven paragraphs, to highlight key issues that need to be addressed: it calls for action against all entities, including

states, which sponsor terrorists, stresses the need for action against ISIS, Lashkar-e-Taiba, Jaish-e-Mohammed and other terrorist organisations, and recognises the need for an early adoption of the Comprehensive Convention on International Terrorism. Furthermore, it focuses on the necessity to coordinate efforts to prevent violent extremism and tackle radicalisation, in particular through the internet. Significantly, it also reflects a shift of focus to violent extremism and radicalisation, which is indicative of developments of the last six years ("foreign fighters", ISIS, online radicalisation, etc.).

Emphasis is now expected to be laid on concrete measures to take this cooperation forward. EU and India will make co-ordinated efforts in multilateral fora, exchange useful information, share best practices, and foster cooperation to minimise the use of cyberspace by terrorist groups. Moreover, both sides have committed themselves to increasing co-operation to stem the flow of foreign terrorists and curb sources of terror financing and arms supply.

In the global effort to tackle terrorism and radicalisation, EU and India have acknowledged the importance of resolute action by taking a series of measures; however, they have also recognised that terrorism cannot be associated with any religion, nationality or ethnic group. In the long run, the most efficient way in which the EU and India can combat terrorism and extremism is by upholding and promoting core values such as tolerance, human rights, diversity, and plurality. It is imperative that the EU and India, as the biggest democracies in the world, lead united international efforts to combat these threats.

### Indian Winners of the Prestigious ERC Grants



Karthikeyan Bhargavan



Ramesh Pillai



Suman Lata



Vikram Panse