



European Commission

The European Union and India:

a strategic partnership
for the 21st century





We welcome you to our websites

**European Commission's unit for relations with India
(Directorate-General for External Relations) website**

http://ec.europa.eu/comm/external_relations/india/intro/index.htm

European Commission Delegation to India website

<http://www.delind.cec.eu.int>

**Europe Direct is a service to help you find
answers to your questions about the European Union**

Freephone number: 00 800 6 7 8 9 10 11

**For weekly news by e-mail from the Directorate-General
for External Relations, please visit this site:**

http://ec.europa.eu/comm/external_relations/feedback/weekly.htm

Cover photos

© European Commission, © Laurence Argimon-Pistre, © J. F. Merladet



The EU-India joint action plan summarised

At their sixth summit on 7 September 2005 in New Delhi, the EU and India adopted an ambitious and wide-ranging 'joint action plan' which sets the course for the future EU-India strategic partnership. The action plan covers a wide range of issues grouped under five main chapters:

1. *Strengthening dialogue and consultation mechanisms*
2. *Political dialogue and cooperation*
3. *Bringing people and cultures together*
4. *Economic policy dialogue and cooperation*
5. *Developing trade and investment*

1. Strengthening dialogue and consultation mechanisms

In this chapter, the EU and India emphasise the need to further intensify and widen the existing dialogue. There is provision that under the existing architecture, the progress on the implementation of the action plan will be reviewed at each annual summit.



© European Commission

2. Political dialogue and cooperation

This chapter mainly covers the subjects for which a political dialogue and political cooperation would be initiated or pursued, such as the following.

- **Pluralism and diversity:** a dialogue will be specifically initiated in this area and ongoing exchanges will be pursued.
- **Regional cooperation in the EU and in SAARC:** regular exchanges of views are foreseen.
- **Democracy and human rights:** dialogue will be continued both in multilateral and bilateral contexts; opportunities for cooperation in relevant forums will be explored, as well as synergies and initiatives to promote human rights and democracy, all in a spirit of equality and mutual respect.
- **Effective multilateralism:** regular consultations and exchanges of views will take place, in recognition of the importance of the multilateral approach and the central role played by the UN.
- **Peacekeeping, peace-building and post-conflict resolution:** the EU and India will work together based on a common interest in peacekeeping and in post-conflict political and economic rehabilitation and reconstruction.

The EU-India joint action plan summarised

- **Disarmament and non-proliferation of WMD and security dialogue:** the EU and India, aiming to enhance possible collective action, will establish a security dialogue on global and regional security issues, disarmament and non-proliferation.
- **Fight against terrorism and organised crime:** joint efforts will be pursued; contacts between Indian and EU counter-terrorism coordinators will be established.



© European Commission

3. Bringing together people and cultures

This chapter covers areas and activities that could enhance contacts between people of the two partners, for better mutual understanding, as well as for the role of civil society.

- **Migration and consular issues:** dialogues will be held in the context of opportunities and challenges flowing from the large-scale movement of people.
- **Parliamentary exchanges:** greater and regular interactions are foreseen in order to improve understanding of each other's democracy systems and areas of responsibility.
- **Education and academic exchanges:** educational cooperation will be increased through the facilitation of academic exchanges, such as the Erasmus Mundus programme, and the development of EU studies in India and Indian studies in Europe.
- **Civil society exchanges:** exchanges will be promoted and encouraged.
- **Cultural cooperation:** the elements of the cultural declaration adopted during the fifth summit will be pursued and other areas of cooperation will be considered and exploited to make use of culture's role as an important instrument to foster closer cooperation.
- **Increasing mutual visibility:** conscious efforts will be made on both sides to inform each other about their respective visibility and trends in public opinion.

4. Economic policy dialogue and cooperation

This chapter covers a full range of sectors of economic cooperation and policy dialogue, including the establishment of discussion platforms, several new working groups and their interlinkages and integration in the existing architecture of the EU-India relationship. The areas concerned are the following.

The EU-India joint action plan summarised

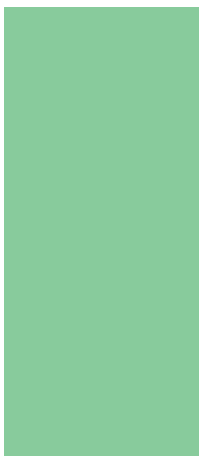
- **Industrial policy:** bilateral dialogue will be further enhanced through relevant platforms for exchange of information in areas such as competition policy and best practices on corporate governance; a new working group on food processing will be created and a new initiative on enhancing trade and investment will also be set up.
- **Science and technology:** collaboration will be strengthened, especially in areas such as genomics, nanotechnology and high-energy physics.
- **Finance and monetary affairs:** regular dialogue at senior level on matters of common interest will be enhanced and there will be regular macroeconomic dialogue and exchanges on relevant regulatory policies. Increased cooperation between academic institutions and the involvement of the European Investment Bank in India will also be encouraged.
- **Environment:** apart from the organisation of an India-EU Environment Forum, dialogues and meetings of working groups and experts will be the basis for EU and India commitments to creating the conditions necessary for sustainable development, exchange of experiences and mutually beneficial cooperation.
- **Clean development and climate change:** the EU and India will launch an initiative on clean development and climate change, with the aim of promoting cleaner technologies and their uses; they will also look at ways to disseminate technologies and promote research to address the issue of climate change.
- **Energy:** the EU and India will build on their cooperation in the energy sector to develop more efficient, cleaner and alternative energy chains. The Energy Panel will be the main body for cooperation and three working groups have been established to discuss: (a) energy efficiency and renewable energies; (b) coal and clean coal conversion technologies; (c) fusion energy, including India's membership in ITER (international thermonuclear experimental reactor).
- **Information and communication technologies:** the EU and India will continue the already extensive information society dialogue, through exchange of best practices and views, workshops and seminars.
- **Transport:** having important mutual interests in this sector, the EU and India will work in particular towards an agreement on maritime transport and launch a comprehensive dialogue on civil aviation.
- **Space technology:** further dialogue between institutions on both sides will be supported, new areas of cooperation should be identified and a framework agreement on India's participation in the Galileo satellite navigation system will be concluded (already initialled during the summit).
- **Pharmaceuticals and biotechnologies:** exchanges of information and working group discussions will be held and a working group on pharmaceuticals and biotech will be set up. Global challenges posed by HIV/AIDS, tuberculosis and malaria will also be addressed.
- **Customs:** the EU-India agreement on customs matters, which aims to facilitate trade and improve supply-chain security, will be fully exploited through the development of a specific programme; the dialogue on customs issues and relevant cooperation will be strengthened.



© European Commission

The EU-India joint action plan summarised

- **Employment and social policy:** a policy dialogue will be developed, with periodic exchanges of views on labour and employment issues, human resource management and social security.
- **Business cooperation:** a regular business round table will be held together with business summits; both should be further continued at the initiative of the relevant industry associations.
- **Development cooperation:** the EU and India will aim to enhance EU-India development cooperation in social sectors, especially education and health.

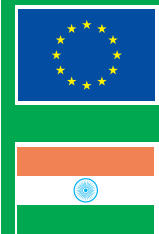


© European Commission

5. Developing trade and investment

Under this chapter are grouped the actions leading to further increased bilateral trade and economic cooperation and those designed to tackle barriers to trade and investments.

- **High-level trade group:** a high-level trade group will be established and will report to the next summit. It will explore ways of increasing bilateral trade and investment flows, including discussions on the possible launch of bilateral negotiations on a broad-based trade and investment agreement.
- **WTO/Doha Development Agenda:** the EU and India cooperated to achieve a successful Hong Kong Ministerial Conference and will continue to work closely together to secure a successful conclusion to the Doha Development Agenda (DDA).
- **Public-private partnership:** a discussion on PPP will be initiated and an expert group will be set up.
- **Intellectual property rights:** cooperation on geographical indications will be strengthened and will include exchanges of information on respective regimes and experts' meetings.
- **Technical barriers to trade and sanitary and phytosanitary issues:** to help facilitate bilateral trade flows, a new working group will be established to look into these areas.
- **Trade defence instruments:** experts' meetings will be activated.
- **Services:** priority areas for exchange of information and a dialogue on regulatory policy will be identified.
- **Public procurement:** exchange of information has been agreed.



EU-India: strategic partners in the 'global village'

We live in a 'global village', in which the threats and opportunities that confront one region or nation have an impact on all others. Global leaders such as the EU and India must therefore work together to defuse the dangers of modern life and optimise the possibilities it offers. EU-India global cooperation, based on shared values and philosophies, works well. It is helping to counter terrorism, transnational crime and drugs, protect the environment, democracy and fundamental rights and ensure that globalisation's benefits are evenly distributed.

In the rapidly evolving international order of new groupings and challenges, India and the European Union (EU) ⁽¹⁾ are both world leaders, and so called to play major roles within their respective regions and beyond. The EU and India are the world's two largest democracies; the EU is the world's biggest economy; India is the second most populous nation and the fourth biggest economy in purchasing power parity terms.

In the rapidly evolving international order of new groupings and challenges, India and the EU must both play a major role, both within their respective regions and beyond



© European Commission

(1) The European Union is a family of democratic European countries, committed to working together for peace and prosperity. It is not a State intended to replace existing States, nor is it just an organisation for international cooperation. The EU is, in fact, unique. Its Member States have set up common institutions to which they delegate some of their sovereignty so that decisions on specific matters of joint interest can be made democratically at European level. As such, increasingly it serves as a model for integration between countries in other regions of the world.

EU-India: strategic partners in the 'global village'

We share many common values and beliefs, such as commitment to democracy, pluralism, human rights, the rule of law, and independence of judiciaries and the media. This makes us natural partners as well as important factors for stability in the modern world order. The European Union is also India's top partner in terms of trade and investment inflows and is in the front rank of its partners in the fields of economic and development cooperation.

India and the EU play similar roles. Regionally, the European Union is working to ensure a stable and peaceful Europe with a voice that is heard in the world. Globally, the EU is a key cooperation partner for all regions of the world and the world's biggest trading partner; it is also particularly active in promoting the human aspects of international relations, such as social solidarity, human rights and democracy. India, the largest power in South Asia, fulfils a similar role regionally and is also increasingly a global leader in world trade and international cooperation.

Cooperation between these two global partners, based on an equal and dynamic dialogue, is therefore vital

Cooperation between two such important global partners is therefore vital and India and the European Union are committed to an equal and dynamic dialogue on all subjects of mutual interest and concern, both as major entities in our own regions and as actors on the world stage. Given these synergies and complementarity, there have been major developments in the relationship over time — particularly in recent years. In a communication entitled 'A secure Europe in a better world' presented to the European Council in June 2003, EU High Representative for Common Foreign and Security Policy Javier Solana identified India as one of the countries with which the EU should establish 'strategic partnerships' (the others being Russia, Japan, China and Canada) in addition to the United States.



EU-India: strategic partners in the 'global village'



© J. F. Merliadet

In 2004, the European Commission released a communication on a strategic partnership between the EU and India, which set out the framework for an intensification and upgrading of EU-India relations. This was given shape by the fifth EU-India summit in 2004, which formally agreed the establishment of an EU-India strategic partnership, and then made concrete by the sixth summit in Delhi in September 2005, which adopted a joint action plan that translates this into operational initiatives.

Where specific issues are concerned, an important current challenge on the international agenda is the fight against terrorism. The EU and India cooperate closely and effectively in this area at a number of levels. There is a joint EU-India working group on counter-terrorism and the issue is on the agenda at senior officials', ministerial and summit meetings. The EU has imposed a ban on terrorist organisations on its territory — which includes organisations of concern to India — and has also given strong support to Indian initiatives such as the draft Comprehensive Convention on Terrorism at the UN.

The EU and India cooperate closely and effectively to counter terrorism

Democratic societies that share the aim of promoting democratic principles

Underlying the shared need to counter the threat of terrorism is the central importance to both partners of protecting and promoting democracy and fundamental rights and freedoms. The EU is built on solidly democratic foundations, as is India — famously the world's biggest democracy. Sustaining democracy and promoting the principles of fundamental rights throughout the world are therefore priority objectives for both India and the EU.

EU-India: strategic partners in the 'global village'

As events in recent years have demonstrated all too clearly, natural disasters, like man-made threats, now increasingly have global impact as well. The task of preserving our planet from global environmental threats confronts the EU and India equally. Widespread, destructive flooding and disastrous droughts regularly affect India and Europe, providing a real case for united effort in the fight against global warming. The terrible tsunami of 26 December 2004, hurricanes in the Caribbean and southern USA and the devastating earthquake in South Asia in 2005 only serve to underline the need for coordinated efforts in this field.

Threats to the environment: a common challenge requiring a united effort

United efforts in the WTO to ensure access to medicine for developing countries and to prevent a 'digital divide'

Both partners are also determined to ensure that the benefits of globalisation are available to all, so we share a commitment to make a success of the World Trade Organisation (WTO) Doha Development Agenda (DDA). This means reducing the gap between the world's richest and poorest and improving their access to markets and the benefits of modern technology.

The EU is also active in combating a new threat to the world's poorest — the so-called 'digital divide', the potential widening of the gap between rich and poor, educated and illiterate that could follow as a result of the ICT revolution. World-leader India has a particularly important role to play in this field.

As the concept of the 'global village' becomes ever more real, so the EU and India — and the world as a whole — has ever-greater need of close cooperation between such important strategic partners.



© J. F. Merfadet



Chronology of EU-India relations

Relations between India and the countries of the European Union stretch back through the ages. The relationship between the Republic of India and the EU, as such, really began in 1962, when India was one of the first countries to establish diplomatic relations with the then six-nation European Economic Community (now known, since 1993, as the European Union). Over that period, India and the EU have developed an ever-closer relationship that covers all areas of mutual interest, including political relations, trade and investment, economic and development cooperation, civil society and cultural exchanges. Since the fifth EU-India summit in The Hague in November 2004, the relationship has been designated a 'strategic partnership'.

Milestones in the EU-India relationship

- 1957** Signature of the Treaty of Rome establishing the European Economic Community (EEC)
- 1962** India establishes diplomatic relations with the European Economic Community (EEC)
- 1970** Launching of Operation Flood cooperation programme
- 1971** EEC introduces general tariff preferences for India (and 90 other countries), under the generalised system of preferences (GSP)



- 1973** India and the EEC sign commercial cooperation agreement
- 1976** EEC contributes EUR 6 million for drought-prone areas in Uttar Pradesh and Gujarat, beginning a programme of regular development cooperation with India
- 1981** India and the EEC sign a five-year commercial and economic cooperation agreement (16 November)
- 1983** European Commission sets up a delegation in India in New Delhi
- 1985** EEC and India sign a commercial and economic cooperation agreement
- 1988** EEC and India hold first Joint Commission meeting
- 1989** Euro-India cooperation and exchange programme (EICEP) for exchange of faculty staff from management schools is launched
- 1991** European Community Investment Partners (ECIP) scheme is launched in India to provide financing facility to promote EU-India joint ventures among small and medium-sized enterprises (SMEs) (November)
- 1992** Indian and European businessmen launch a joint initiative, the Joint Business Forum
- 1993** European Union (EU) supports major sectoral programme in education (district primary education programme, DPEP) with EUR 150 million funding
EU and India sign joint political statement and the cooperation agreement on partnership and development, on 20 December
- 1994** EC-India cooperation agreement on partnership and development comes into force (1 August)

Chronology of EU–India relations

- 1996** European Commission adopts communication on EU–India enhanced partnership on 26 June and Council approves it on 6 December
- EU and India launch economic cross-cultural programme on 26 November
- EU supports another major sectoral programme, in the health and family welfare sector, with a grant of EUR 200 million (reinforced in 2001 with a further EUR 40 million)
- 1999** Proposal to launch an EU–India round table is formally adopted at EU–India ministerial meeting held in Helsinki. From early 2001 on, meetings are held twice annually, venues alternating between India and the EU
- 2000** First-ever EU–India summit is held in Lisbon, 28 June 2000. India’s Prime Minister and high-powered team meet an EU team led by President of the European Council, Commission President and High Representative for Common Foreign and Security Policy. Summit issues a joint declaration undertaking to cooperate, along with an agenda for action. The EU–India civil aviation cooperation agreement is signed
- EUR 200 million EC support to Indian elementary education programme
- 2001** Second EU–India summit held in New Delhi on 23 November. Summit agrees a joint communiqué, an agenda for action, a declaration against terrorism, the EU–India vision statement on information technology, and the EU–India agreement on science and technology
- 2002** Third EU–India summit held in Copenhagen, Denmark on 10 October. Summit endorses a new five-year cooperation strategy and agrees an agenda for action
- European Commission presents country strategy paper 2002–06 for India, charting the course for development and economic cooperation for that period
- 2003** Fourth EU–India summit takes place in New Delhi, 29 November. Summit agrees an agenda for action, the launch of a EUR 14.1 million trade and investment development programme, and to negotiate a bilateral maritime shipping agreement
- 2004** European Commission presents its communication regarding an ‘EU–India strategic partnership’, in June; India delivers its response paper in August
- Fifth EU–India summit takes place in The Hague, the Netherlands, on 8 November. The ‘strategic partnership’ is officially launched. The joint communiqué welcomes the evolution of the relationship and announces that the partners will jointly elaborate a comprehensive EU–India action plan to implement the strategic partnership and a political declaration. The summit also agrees an EU–India joint declaration on cultural relations
- 2005** The sixth EU–India summit, held in New Delhi on 7 September, agrees the joint action plan for the strategic partnership, with a view to strengthening dialogue and consultation mechanisms, deepening political dialogue and cooperation, bringing together people and cultures, enhancing economic policy dialogue and cooperation, and developing trade and investment. An agreement on cooperation in the space programme Galileo is also initialled at the summit
- Launch of EUR 160 million ‘state partnership’ programme with Rajasthan and Chhattisgarh, focusing on education and health
- 2006** Adoption of EU country strategy paper 2007–13 on cooperation with India. Formal agreement on India’s participation in the Galileo programme

**EU-India political cooperation:
a constructive, open
and equal dialogue
based on common
values**

EU-India political cooperation: a constructive, open and equal dialogue based on common values

At the beginning of the 21st century the world faces complex international issues, such as the need to strengthen the international legal order, countering terrorism, resolving regional and international conflicts and cooperating in the face of natural disasters. Close political cooperation between global leaders is required to tackle these tough questions. The dialogue between the EU and India has therefore been elevated to that of a 'strategic partnership', with regular meetings at the highest political level, a supporting framework for dialogue and joint action at ministerial and official levels.

India and the EU enjoy an amicable, open and equal dialogue across the board

The extensive dialogues between India and the European Union on political affairs, trade, development, cultural relations, economic cooperation and other matters are underpinned by a host of shared values and philosophies. Our shared commitment to democracy provides a solid basis for wider cooperation. The enlargement of the EU in 2004, when 10 new Member States joined, has attracted increased interest about the EU in India.

As a result, India and the EU are engaged in an open dialogue about long-term trends and developments in international affairs, as well as with regard to crucial current issues and regional questions. Both partners are committed to this dynamic dialogue on all subjects of interest and concern to us, both as major players in our own regions and as global actors on the world stage.

A dialogue on all subjects of interest and concern

The main thrust of the political dialogue between India and the EU is to define and achieve common objectives, for instance by exchanging views and experience on questions such as regional integration and stabilisation, both in Europe and South Asia, and the need to counter international terrorism, of which both the EU Member States and India have been recent targets, wherever it occurs in the world.

In this context, both partners share an understanding of the need to strengthen the international legal order and of the primacy of the United Nations' role in this process. India and the EU have very similar views on the centrality of the UN role on the international stage and both make a major commitment to the peacekeeping task.

EU supports all efforts to resolve Kashmir

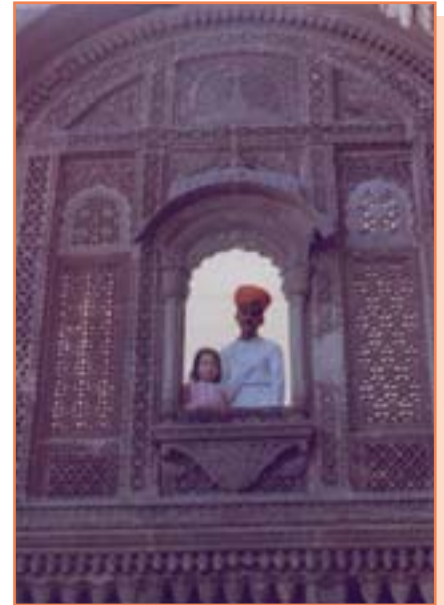
The EU and India share a common desire for peace in South Asia. The EU supports all efforts to find a peaceful resolution of the Kashmir issue and has welcomed the significant progress made towards peace and stability in this area in recent years.

In 2005, the EU and India agreed in their joint action plan to start a regular security dialogue on global and regional security issues.

India and the EU are also committed to the reconstruction process as part of the global strategy to establish peace and stability in troubled regions. Both partners supported the Transitional Authority in Afghanistan — politically and with concrete assistance — and continue to support the reconstruction and stabilisation process following presidential and parliamentary elections there.

Shared views on regional questions

Where South Asian regional conflict resolution is concerned, the EU and India are both committed to supporting the peace process in Sri Lanka. They share a common analysis of the situation in Nepal and both support a negotiated settlement of the crisis there, based on multiparty democracy.



© J. F. Meriadet

Both are committed to the role of the UN and to peacekeeping

India and EU have made important contributions to reconstruction in Afghanistan

**EU-India political cooperation:
a constructive, open
and equal dialogue
based on common
values**

EU-India political cooperation: a constructive, open and equal dialogue based on common values

... embedded in a strong institutional architecture

The deepening of the EU-India political partnership is embedded in a strong institutional architecture, which has been continuously strengthened and enhanced as the relationship has evolved. The most significant single quantum leap in this process was the establishment of top-level EU-India summits. Since the first such gathering in Lisbon, in 2000, the Prime Minister of India and his ministerial team have had regular substantive exchanges of views with their EU counterparts. These meetings have delivered notable outcomes, inter alia important decisions on trade and investment, civil aviation, maritime shipping, cooperation in science and technology and cooperation on the space programme Galileo, and they provide the platform for

Multilevel dialogues about multi-polar issues

top-level discussion of the full range of pressing contemporary regional and global geopolitical issues.

Given the growing importance of the relationship, in November 2004 the fifth EU-India summit formally agreed to establish an EU-India strategic partnership (see the fact-sheet *EU-India: strategic partners in the 'global village'*). The sixth summit in Delhi, in September 2005, put flesh on the bones of this agreement by adopting a joint action plan to implement and develop the new relationship, by, in particular:

- strengthening dialogue and consultation mechanisms;
- deepening political dialogue and cooperation;
- bringing together people and cultures;
- enhancing economic policy dialogue and cooperation;
- developing trade and investment.

This top-level dialogue is also echoed in a number of other forums, such as the regular meetings between Indian ministers and their EU counterparts and senior officials' meetings. To complement these exchanges, from 2001 onwards, regular meetings of the EU-India round table have brought together representatives from both civil societies to exchange views and support and reinforce the dialogue at political and official levels. The joint action plan also created a new forum, the high-level trade group, which will look for means of enhancing bilateral trade and investment.

Political relations are also strengthened by regular exchanges of visits between EU and Indian parliamentarians and by European Commissioners' and Indian counterparts' visits to India and the EU, respectively.

India and the EU take every opportunity to exchange views in the margins of the numerous meetings in international forums, such as the UN.

In the world as it is at the beginning of the 21st century, the value of political cooperation between India and the EU cannot be overstated. In essence:

- so many of today's threats and opportunities are common to both partners;
- common EU and Indian values and policies mean that they share opinions and approaches to many matters of current and perennial interest and concern.

Their strategic partnership is therefore a logical evolution of the EU-India relationship and a necessary response to the challenges they both face, today and tomorrow.



© European Commission

**An ever-evolving Union:
as the EU grows
and adapts it offers
advantages to India
and is a force
for stability in the world**

An ever-evolving Union: as the EU grows and adapts it offers advantages to India and is a force for stability in the world

The EU never stands still. On 1 May 2004, 10 new Member States joined the Union — the fifth and biggest such ‘enlargement’ in its 50-year history. Bulgaria and Romania are scheduled to join in 2007, the EU opened membership negotiations with Croatia and Turkey in 2005 and a further four south-east European countries are potential candidates to join. Meanwhile, the EU continues to adapt internally to meet both the demands of an enlarged Union and to consolidate the progress already achieved. The EU’s own currency, the euro, launched on 1 January 2002, is now the world’s second currency, and the EU is giving deep consideration to its future relations with neighbouring countries and the world at large. All this offers opportunities and advantages to India and is a stabilising element in a turbulent world.

The EU’s biggest enlargement ever took place on 1 May 2004

The European Union is continually changing; it never stands still. On 1 May 2004, it welcomed in 10 new Member States from central Europe, the Baltic and the Mediterranean — the most recent enlargement in a long history of successful EU expansion. Nineteen countries have now joined the Union, in five enlargements, since the original six established the European Economic Community (EEC) with the Treaty of Rome in 1957:

- 1957** Treaty of Rome: Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands establish the EEC ⁽¹⁾
- 1973** Denmark, Ireland and the United Kingdom become members of the EEC
- 1981** Greece joins the EEC
- 1986** Portugal and Spain join
- 1993** Entry into force of the Maastricht Treaty: the EEC becomes the European Union (EU)
- 1995** Austria, Finland and Sweden join the EU
- 2003** Nice Treaty, reforming EU institutions for greater efficiency, enters into force
- 2004** Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia all join the EU



© J. F. Meriadet

The 2004 enlargement was an historic occasion and opportunity. It was the EU’s biggest and most ambitious ever in terms of scope and diversity and has made the EU an even more significant player on the world stage. Already the world’s biggest economic bloc, with a population of 376 million and a GDP of nearly EUR 8.8 trillion in 2001 ⁽²⁾, following the 2004 enlargement the EU has grown to over

450 million, with a GDP of over EUR 9.25 trillion. Geographically, it now stretches from the Atlantic to the Russian and Ukrainian borders, and from the Arctic to the east Mediterranean.

Besides the 10 new members that joined in 2004, the EU continues to negotiate membership terms with Bulgaria and Romania (scheduled to join in 2007, all being well) and opened negotiations in 2005 with Turkey and Croatia. Further downstream, Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia and Montenegro have also applied for EU membership.

A number of other countries are in the queue to join

⁽¹⁾ The first step in this process was in fact the 1951 Treaty of Paris agreed between these original six Member States, which established the European Coal and Steel Community.

⁽²⁾ Source: Eurostat.

**An ever-evolving Union:
as the EU grows
and adapts it offers
advantages to India
and is a force
for stability in the world**

An ever-evolving Union: as the EU grows and adapts it offers advantages to India and is a force for stability in the world

Enlargement demands effort and investment Encouraging peace, stability and democracy across Europe through further integration is the EU's *raison d'être*, so enlargement remains one of its most important opportunities — and responsibilities. The 2004 enlargement was without precedent in terms of scope and diversity, taking into consideration the number of candidates, geographical area (up 21.6 %), population (up 20 %) and the differences in history and culture. It also brings new challenges: the EU's average GDP fell significantly when the new members joined and enlargement has clear and significant financial consequences for the EU in terms of funding for reconstruction and cohesion to help new Member States integrate fully into the Union.

However, the benefits and opportunities of enlargement far outweigh the costs and risks. The expansion of the EU market will, in due course, create greater prosperity across the board and, as noted, the EU now has even greater weight in international affairs. But the principal benefit of the 2004 enlargement is that it brought the artificial post-Second World War division of Europe to a peaceful conclusion and extended the zone of peace and prosperity that the EU has established over the past 50 years. This will help to reinforce political stability, prosperity, democracy, respect for human rights and the rule of law across the European continent as a whole — to the advantage of the world as a whole.

But the benefits of extending the EU zone of peace, stability and prosperity far outweigh the costs



© European Commission

Enlargement also brings benefits to third countries

Enlargement also creates fresh market opportunities for Indian business Third countries, including India, also benefit significantly from an enlarged Union. A single set of trade rules, a single tariff, and a single set of administrative procedures now apply throughout the single market of the enlarged Union of 25 countries, instead of just the previous EU of 15 Member States. This simplifies dealings for third-country operators within Europe and improves conditions for investment and trade. The anticipated eventual economic growth and development in the new Member States — and across the enlarged EU as a whole — will also create fresh market opportunities for Indian commerce and investors. Indian business has already taken full advantage of this potential.

An ever-evolving Union: as the EU grows and adapts it offers advantages to India and is a force for stability in the world

Doing business in Europe is easier with the euro ...

A feature of the financial landscape since 1 January 1999, the euro (€) became a physical reality across Europe on 1 January 2002, when the new banknotes and coins were introduced as legal tender in 12 Member States (the exceptions being Denmark, Sweden and the UK). This was the largest monetary changeover the world has ever seen. Successful development of the euro is central to the realisation of a Europe in which people, services, capital and goods can move freely — to the benefit of Europeans and those who travel in Europe or do business there. Over the past few years the euro has firmly established itself as the second international reserve currency.

The euro (€) is central to a Europe where people, services, capital and goods move freely



Schengen facilitates travel and trade across Europe ...

Schengen enables travel to a number of countries with only minimal bureaucracy

The Schengen system, which governs short-stay visas and procedures at external borders and airports, facilitates travel and business in Europe because one visa allows access to all Schengen countries. This enables businessmen — indeed all travellers — to visit a number of countries with only minimal bureaucracy. Thirteen of the 25 EU Member States have signed up to the Schengen Agreement, together with Norway, Iceland and Switzerland. For more information about the Schengen Agreement, the rules and how to get visas, please see: www.eurovisa.info.



**An ever-evolving Union:
as the EU grows
and adapts it offers
advantages to India
and is a force
for stability in the world**

An ever-evolving Union: as the EU grows and adapts it offers advantages to India and is a force for stability in the world

... and the EU is gearing up for the future

Meanwhile, thinking and reflection continues regarding the future shape and structure of the European Union and its place in the world. The EU Constitution, which is designed to simplify the EU's working base and to make its decision-making system more transparent, remains on the table. However, following 'no' votes in referendums about ratifying the constitution in France and the Netherlands in 2005, the EU has embarked on a period of reflection and discussion on this question. Nevertheless, internal reorganisation and restructuring, to ensure that the EU can meet both the challenges brought by enlargement and those of living in the 21st century, remain high on the EU's action agenda.

Restructuring the EU and redefining its place in the world are top priorities



© J. F. Merfadet

Defining the nature and scope of the enlarged EU's relations with others is also a top priority. An important instance of this is the EU's 'neighbourhood policy', which is designed to enable neighbouring countries to share in the EU's peace, stability and prosperity (see: http://ec.europa.eu/comm/world/enp/index_en.htm). Looking further afield, the EU's main geopolitical lines of vision for the beginning of the 21st century are set out in the security strategy paper 'A secure Europe in a better world', which was agreed by the European Council on 12 December 2003 (<http://ue.eu.int/uedocs/cmsUpload/78367.pdf>). Part of this process is identification of and cooperation with important 'strategic partners' — other leading players and allies on the world stage: the EU and India formally agreed to establish a strategic partnership at the fifth summit in 2004.

For further information about EU enlargement, please see:
http://ec.europa.eu/comm/enlargement/index_en.html

India: prospects and potential for further growth

Since 1991, when India instituted a set of structural adjustment reforms, the economy has blossomed. There remains real potential for further expansion. Several sectors of the Indian economy are particularly vibrant and, with the right domestic conditions, have good prospects of growth. How to capitalise on this potential will be the main theme of the ongoing business dialogue between the EU and India at all levels, particularly the important and productive EU-India business summits, which will especially benefit from fresh inputs from a CEO round table and from the establishment of a 'high-level trade group' under the 2005 joint action plan.



© Indian Space Research Organisation (ISRO)

With more than a decade of focused structural reforms behind it, India's economy can be counted a real success story. Through a process of gradual trade liberalisation, in the 1990s India transformed its economic approach from import substitution to greater export orientation, thereby increasing its share of world trade from 0.5 % in 1992 to 1.26 % in 2004 ⁽¹⁾. The Indian economy grew by an average 6 % per annum from 1992 to 2002 ⁽²⁾. A notable socioeconomic factor reflecting this economic strength has been substantial growth in India's middle-income population.

After a decade of growth, India moves into the third generation of reforms with increasingly bright economic prospects

The Indian government's medium-term export strategy (MTES) for 2002-07, reflected that: 'During the last 10 years there has been a significant shift in the composition of the export basket. The share of manufactured goods in India's total exports has increased from 76 % in 1991-92 to 83 % in 2000-01'. The MTES puts strong emphasis on trade expansion between India and important trading partners.

India is an ICT world leader: software is projected to be the largest economic sector by 2020

This process continues. A third generation of reforms is now under way, but the focus remains on the crucial second generation, which covers areas such as privatisation and reforms of the public sector, labour law reform and taxation ⁽³⁾. Important work remains to be done in these areas to ensure that India's full potential is unleashed, but already it is universally acknowledged as one of the world's most exciting, dynamic economies.

⁽¹⁾ Source: IMF, Trade Statistics Department.

⁽²⁾ Source: Eurostat.

⁽³⁾ The first generation of structural adjustment reforms included tariff reductions, opening up to foreign direct investment (FDI), deregulation in a number of sectors, and liberalisation of capital market regulations.

India: prospects and potential for further growth

Other sectors also hold major potential

A major factor in this new dynamism is Indian industrial eminence in a number of key sectors, many of them high tech. India is a world leader in information and communications technology (ICT), in particular in the field of outsourcing. A competitive resource base, efficient market linkages and a well-timed development in respect of global market trends have contributed to India's impressive strides in ICT. Software is projected to become India's largest industrial sector, contributing 28 % of GDP by 2020; by 2008, the sector is expected to grow to USD 80 billion. This is one area that offers considerable opportunities for EU-India business partnerships.

There is enormous potential for growth in a number of other fields, such as:

- financial services, especially banking and insurance;
- power and energy supply, where economic and population growth create growth in demand;
- telecommunications, both fixed and cellular lines and Internet usage;
- mechanical engineering, where there is significant expansion and improvement of the infrastructure base and major projects in the pipeline;
- biotechnology, India being the world's largest market for vaccines of all types;
- textiles and clothing, a traditional staple industry that, so long as certain conditions are met (such as modernisation, improved competitiveness and deregulation), should benefit significantly from the end of textile quotas.



© European Commission

Because the EU is India's main trading partner, Indian economic growth is inevitably reflected in growth in trade with the EU. This is particularly evident because the EU is the most open market in the world and so the most accessible to Indian products. (See also the factsheet on EU-India trade relations.)

The EU is the world's most open market for India

India service exports to the EU were EUR 2.5 billion in 2001: the EU exported EUR 2.4 billion in return

A good example of this trend is trade in services between India and the EU, which has increased significantly in recent years — in both directions. This is an economic area with rich potential for growth and, in particular, for future EU-India bilateral business, which would create tremendous prospects in terms of trade, job creation and economic progress.

India: prospects and potential for further growth

The EU is also India's main foreign investment destination

Similarly, the EU is both the leading foreign investor in India and also a major destination for Indian investors (*). About 40 % of Indian overseas investment flows into Europe, compared to 20 % to the United States. Indian firms now operating in the EU include India's IT giants — Infosys, Tata Consultancy Services, HCL Technologies, Wipro and Birla Soft — but also a range of firms from various sectors, like Bharat Forge, Thermax, Tata Tetley, Compact Disk India Ltd, Mastek and Bank of India.

As India's leading trade and investment partner, the EU therefore shares the view that India's reform process is working well and should continue — for instance through a move to rebalance taxation away from import tariffs — and that, as a result, India has great potential for economic growth in the years ahead. The EU is committed to supporting this trend. This will require support for trade and economic development, partnership to supply the needs of India's growing market — on which further economic development will depend — and inward investment.

From the EU perspective, India's prospects are bright



© J. F. Merladet

With this in mind, the EU and India are working together to enhance the trading environment in general, to improve trade in specific products and reduce the various market irritants that inhibit trade flows between the two regions — for instance by improving industrial infrastructure and clarifying policy signals with regard to foreign investment in India. This is reflected both in the range of commercial initiatives between the two partners, such as the 2000 'joint initiative to enhance trade and investment' and in economic cooperation ventures and other initiatives such as the EU-India trade and investment development programme (TIDP).

So the two partners are cooperating to optimise this potential

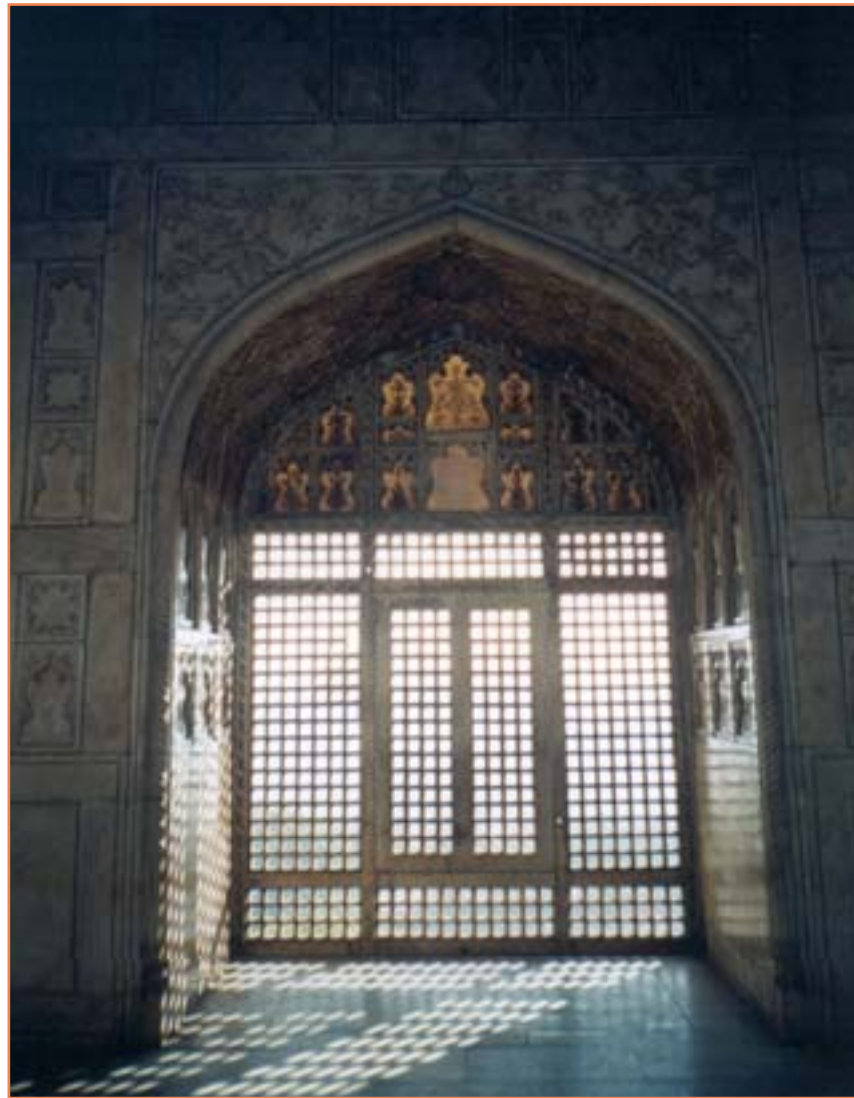
(*) A 2002 Asia Invest survey found that most EU investors in India considered their experience to be 'a success'.

India: prospects and potential for further growth

A new high-level trade group will explore ways to improve the bilateral business relationship

Trade and economic issues are discussed at summit meetings, between Indian ministers and their EU counterparts and in the regular meetings of the Joint Commission. Crucially, they are also discussed in dedicated forums by those most directly involved in creating economic growth — the business partners in India and the EU. Regular business summits and a CEO round table provide a platform to exchange views on ways to foster two-way trade and investment (see the accompanying fact-sheets on economic cooperation and on trade relations).

So, if the good news is that India's prospects look bright, it is even better news that there are continuing efforts from all sides — government authorities and business, in the EU and India alike — to maximise this potential.



© Sonia Collaco



Economic cooperation between two global giants: a relationship that gives both economies a strategic edge

The European Union is the world's biggest economic bloc and India the world's second most populous nation. The EU is India's top foreign investor and biggest trading partner. The two share many economic philosophies and objectives. Forging an economic alliance is therefore vital to both: the relationship strengthens the economies and enhances the positions of both sides on the world stage. The EU–India action plan recognises this important facet of their relationship and, to that end, India and the EU are successfully pursuing joint initiatives to promote cooperation in a number of important areas such as:

- *environment and climate change;*
- *energy;*
- *customs cooperation;*
- *civil aviation;*
- *maritime transport;*
- *science and technology;*
- *the space industry;*
- *information technology and telecommunications (ITC).*

The EU–India summits, the first of which was held in Lisbon in June 2000, strengthen this process; each summit builds on the successes of preceding meetings.

EU–India economic relations are vital to both partners

With a population of 461 million, since the 10 new Member States joined on 1 May 2004 ⁽¹⁾, and a GDP of EUR 9.25 trillion, the European Union is now the world's biggest economic bloc. India is the world's second most populous nation, has a dynamic economy that has experienced robust growth in recent years and is emerging as a world leader in key economic sectors such as ICT. Trade and economic relations between the two are therefore of paramount importance to both sides. In 2003, actual EU foreign direct investment (FDI) in India amounted to EUR 535 million, as compared to EUR 337 million for the USA and EUR 76.5 million for Japan. The EU is also India's biggest trading partner, sourcing 16.7 % of India's imports and taking 23.7 % of exports in 2004 ⁽²⁾.



© European Commission

They have many shared values and challenges

India and the EU face many common challenges and have shared economic philosophies and mutual interests. These factors have underpinned the relationship for 40 years and were formalised in a series of bilateral cooperation agreements, in 1973 and 1981. In 1994, the EU–India cooperation agreement on partnership and development established a formal structure, with a 'Joint Commission' (a joint monitoring body) meeting regularly to scope out areas for cooperative action. The Joint Commission's work has inspired a series of joint initiatives and bilateral economic and trade cooperation projects. The economic cooperation chapter of the joint action plan that was adopted at the sixth EU–India summit in New Delhi, in September 2005, covers a broad range of areas where the EU and India have strong mutual interests in promoting closer collaboration.

⁽¹⁾ See the accompanying factsheet 4 'An ever-evolving Union'.

⁽²⁾ Source: Eurostat. Period quoted was January–October 2004.

Economic cooperation between two global giants: a relationship that gives both economies a strategic edge

This is reflected in discussions at regular top-level EU-India summits

The importance of this common approach has become even more evident in the age of globalisation. This has been reflected in the discussions at the highest level between India and the EU since regular summit meetings were instituted in 2000 and in the initiatives and actions that have resulted.

Bilateral programmes that bring benefits to both partners

Throughout their relationship, and particularly since their first summit meeting, in 2000, India and the EU have been committed to joint efforts to tap the full potential of their economic relations. The main thrust of this work has been through a series of bilateral programmes, which expand progressively into promising domains of mutual interest as they develop in importance.

The EU-India civil aviation project was formally launched in February 2001 and was extended to run until the end of 2006, with a total investment of EUR 32 million contributed by the EU, the government of India and the European aerospace industry. This project has provided short- and long-term training and knowledge transfer, at the same time building awareness of European safety methods. This has helped to strengthen civil air safety and stimulate cooperation between the EU and Indian civil aviation authorities and aerospace industries.

Making Indian maritime transport more efficient for both Indian and EU interests

The EU-India maritime transport project improved the efficiency of major Indian ports and helped the government of India to introduce electronic data interchange (EDI) in Indian ports, for the benefit of India and the EU alike. It was a model and catalyst for increased efficiency and productivity in the Indian port sector, contributed towards improved trade and investment prospects for both Indian and EU interests, supported the development of cohesive 'port communities' and provided for training of key personnel from ports and customs, both 'on the job' and through work/study tours in Europe.

Looking ahead but building on the success of past cooperation, the EU and India are currently considering future agreements in the fields of maritime transport and civil aviation to facilitate trade and provide a further boost to cooperation in the transport sector.



The landmark agreement on science and technology cooperation signed between India and the EU in November 2001 allows Indian scientists to participate in EU research activities and gives European scientists access to similar programmes in India. India is a genuine world centre of excellence in a range of high-tech and scientific fields and there is enormous potential for EU-India collaboration in very high-tech areas such as information technology, biotechnology, nanotechnology and new materials.

Working together in the fields of science and technology, where India is a genuine world centre in a range of fields

Most joint EU-India research to date has taken place under the EU's research cooperation framework programmes. The latest, the sixth (see www.cordis.lu/fp6), offers particular opportunities to Indian scientists. (For a detailed list of such projects involving Indian partners or India, please search: <http://cordis.europa.eu/>). The EU anticipates that cooperation with India will be expanded under the future seventh framework programme.

tunities to Indian scientists. (For a detailed list of such projects involving Indian partners or India, please search: <http://cordis.europa.eu/>). The EU anticipates that cooperation with India will be expanded under the future seventh framework programme.

Economic cooperation between two global giants: a relationship that gives both economies a strategic edge

Building on this success, the EU proposes to expand cooperation to other research fields at the cutting edge of high technology, as well as to global issues (poverty eradication, food security and safety, biodiversity conservation, climate changes, security of human health, the role of science in society, knowledge and digital divides, etc.), reflecting the very nature of the strategic partnership between India and the EU. The joint action plan seeks to expand the territory for cooperation to key research areas such as nanotechnology, genomics, biotechnology, road transport research, and high energy physics.

The first EU–India summit highlighted the need for a joint effort to promote trade and investment flows between the EU and India. One such initiative, the EU–India trade and investment development programme (TIDP) was launched in December 2005. A EUR 13 million technical assistance programme, it is the outcome of close collaborative efforts involving both European and Indian business communities, the Indian Ministry of Commerce and Industry and the European Commission.

Enhancing trade and investment potential for both partners

The main objective of the programme is to make a real difference to the day-to-day working practice of those involved in commerce and investment on both sides. TIDP will tackle impediments to smooth the path of trade and investment through cooperation in such fields as sanitary and phytosanitary standards, intellectual property rights, investment facilitation and customs.

ICT: mutual interest in a hi-tech area where India is strong

The ultra-dynamic Indian information technology and telecommunications (ICT) industries have experienced phenomenal growth in recent years, attracting substantial EU investment in the process. There is still scope for further development and mutual gain. India and the EU signed an IT vision statement at the Delhi summit in November 2001 and cooperation continues to grow. 'EuroIndia-2004', a 'Cooperation forum on the information society', brought EU and Indian delegates together in New Delhi, in March 2004, to exchange information, showcase innovative technologies and applications and discuss IT issues. The joint action plan foresees an enhanced dialogue in a number of areas including e-commerce, Internet governance and universal service. It also outlines the scope for increased joint research in a number of fields of mutual interest such as e-education and e-health.

The EU and Indian space industries have already collaborated in a number of areas and maintained close contact for some time. There is great potential for fruitful engagement for both sides in this sector, mainly through collaboration under the EU's Galileo programme. Galileo is Europe's initiative for a global navigation satellite system (GNSS) providing a highly accurate, guaranteed global positioning service under civilian control^(*). Cooperation between India and the EU in the space sector took a major step forward at the sixth EU–India summit in Delhi, in September 2005, when the two partners initialled an agreement on India's participation in Galileo. There is an untapped potential for future closer collaboration between Europe and India in this field. The joint action plan spells out some possible areas of cooperation: earth observation and remote sensing for monitoring of natural resources and environment, space exploration, meteorology and navigation.

Cooperating towards 'the final frontier'

The past couple of years have also seen closer cooperation on environmental issues, notably through the establishment of a joint working group. Both the EU and India recognise the major environmental challenges facing the world and the need to tackle them on a global basis, and both are committed to achieving sustainable

^(*) In order to complete the development phase (2002–05) a single management structure was established, the Galileo joint undertaking, to bring together public and private funding for the deployment and operational phases. The founding members of the JU are the European Union and the ESA (European Space Agency). The European Investment Bank and private companies can join. India and other third countries can participate.

Economic cooperation between two global giants: a relationship that gives both economies a strategic edge



© European Commission

economic development. Since both are signatories to several key multilateral instruments, including the Kyoto Protocol, and the UN Convention on Biodiversity, the scope for closer collaboration has a strong basis. The establishment of the Environment Forum provides an active forum in which EU and Indian policy-makers, business and civil society can exchange experiences and ideas. Tackling climate change is another key global challenge and, in order to initiate an active dialogue, the 2005 joint action plan launched an EU–India initiative on clean development and climate change, focusing on voluntary practical measures. This includes such essential elements as promoting clean technologies including in the context of the clean development mechanism.

Energy issues are central to both Europe and India, as global energy consumption is expanding fast, and energy resources are becoming scarce. Therefore both sides have a common interest in achieving secure, affordable and sustainable energy supplies. An EU–India energy panel consisting of high-level officials has therefore been established in order to coordinate efforts and discuss matters of mutual interest, such as energy efficiency and renewables, coal and clean coal conversion technologies, and fusion energy issues — including India's membership in ITER, the high-tech civilian thermonuclear project, to be located in France. The EU has provided strong support for India's bid to join ITER ^(*).

Providing an excellent climate for cooperation

This combination of dedicated bilateral arrangements and initiatives and regional/international opportunities creates an excellent climate for cooperation between the EU and India at many levels. It has already delivered very positive results and many more will follow.

^(*) ITER is an international project involving The People's Republic of China, the European Union and Switzerland (represented by Euratom), Japan, the Republic of Korea, the Russian Federation, and the United States of America, under the auspices of the IAEA. The aim is to use plasma physics to develop tomorrow's electricity-producing fusion power plants. ITER is to be constructed in Europe, at Cadarache, near Aix-en-Provence, France. The first plasma operation is expected in 2016.

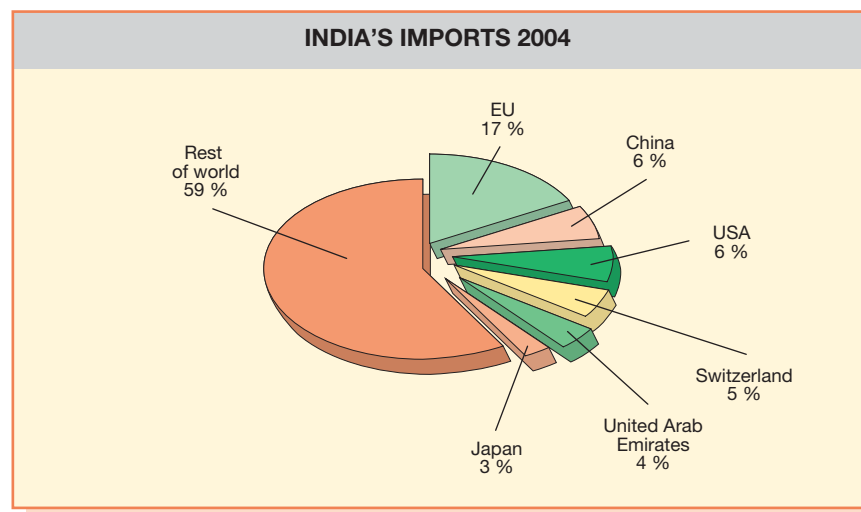
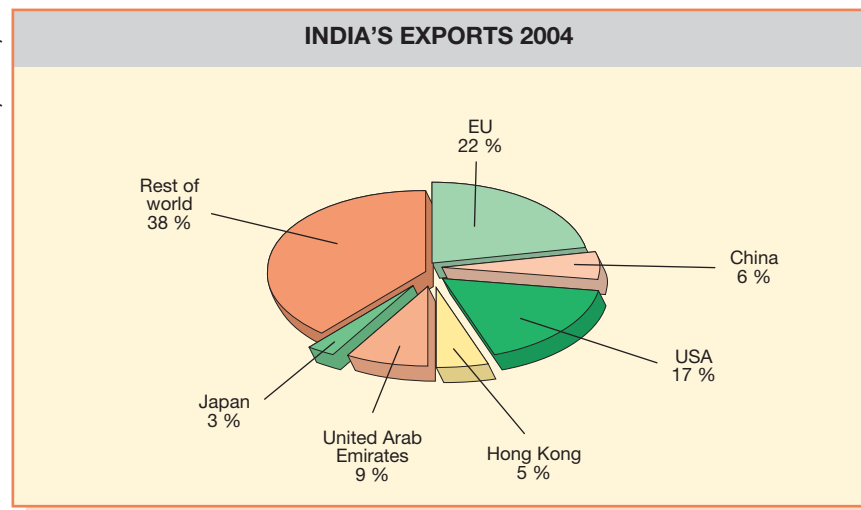
**EU-India trade relations:
mutually important
business partners
and allies
on the world stage**

EU-India trade relations: mutually important business partners and allies on the world stage

The EU is India's main business partner and the top source of foreign investment. The figures below speak for themselves. This mutually important bilateral relationship also makes India and the EU close allies in multilateral trade forums. The establishment of a high-level trade group and EU-India CEO round table should provide an added impetus to further enhance trade and investment — the potential for expansion is considerable.

Trade between Europe and India goes back a long way. In the modern era, post-independence, the Indian economy naturally had strong interlinkages with Europe. As the economy has progressed, India's trade has diversified into other regions of the world, but nevertheless the EU continues to be India's foremost trading partner and biggest foreign inward investor. Trade with the EU accounted for 22 % of India's exports and sourced 17.3 % of total Indian imports in 2004-05.

*The EU accounted
for 22 % of
India's exports
and 17.3 % of
total imports
in 2004-05*

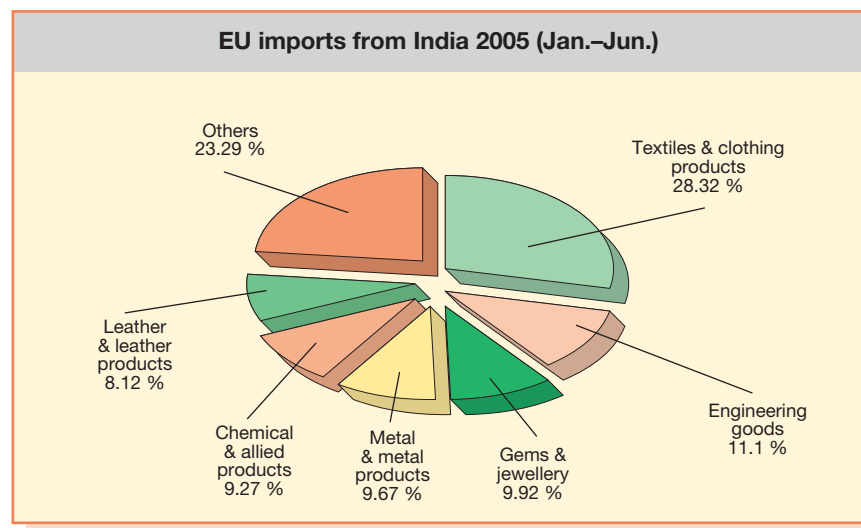
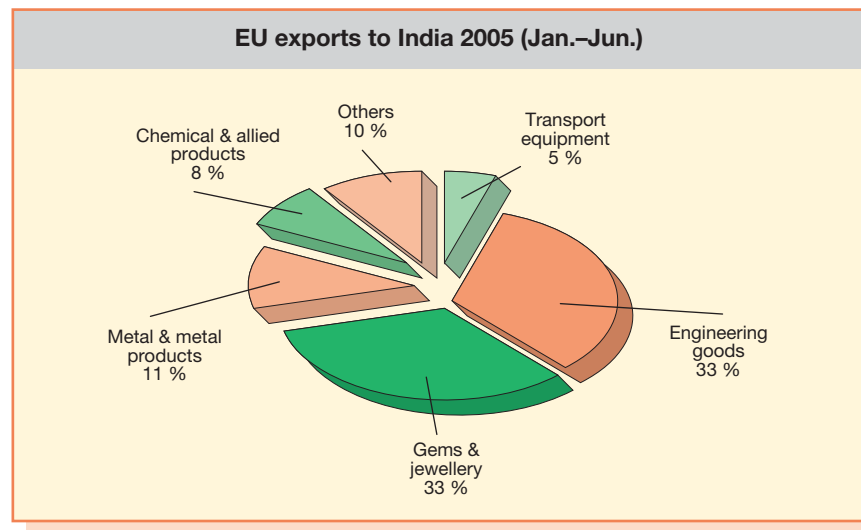


Source: IMF 2004.

EU-India trade relations: mutually important business partners and allies on the world stage

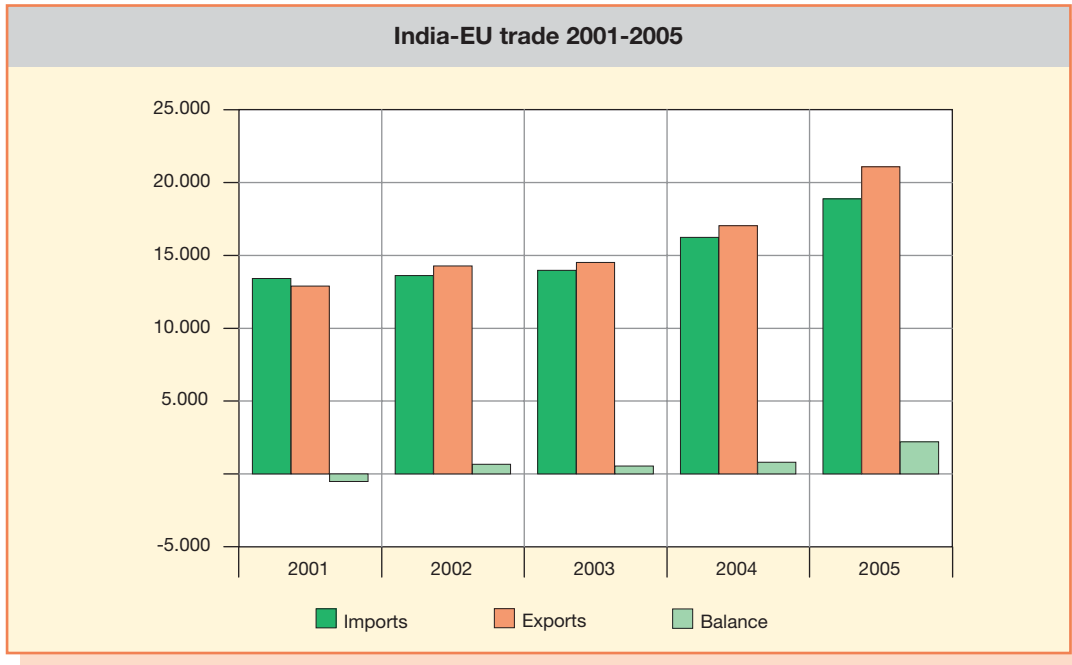
EU-India trade has trebled since 1991 EU-India trade has grown constantly since 1991 (when India first put in place structural adjustment reforms). Over that period, total trade has more than trebled, from EUR 9.9 billion (INR 493 billion) to EUR 33.2 billion (INR 1 653 billion) in 2004. India's exports to the EU stood at EUR 16.2 billion in 2004, up from EUR 14 billion in 2003, an increase of 16 %. India's imports from the EU showed a similar sharp rise to stand at EUR 17 billion, as against 14.5 billion in 2003, an increase of 17 %.

Top items of trade between India and the EU



**EU-India trade relations:
mutually important
business partners
and allies
on the world stage**

EU-India trade relations: mutually important business partners and allies on the world stage



Source: Eurostat.

Trade in services between India and the EU, in particular, has increased phenomenally. In 2003, India exported EUR 2.8 billion worth of services to the EU, whilst EU service exports to India amounted to EUR 2.6 billion. EU investment in India also increased 3000 % from 1991–2001, from EUR 72 million (INR 358 crore) to over EUR 2 billion (INR 9 964 crore). FDI inflows from the EU into India increased from USD 27 million in 1991 to USD 529 million in 2001 (EUR 820 million in 2003).

In 2003, actual EU FDI amounted to USD 658 million, as compared to USD 414 million for the USA, and USD 94 million for Japan. Over the period 1991–99, the EU was by far the largest actual FDI source, with some USD 2.8 billion, compared to USD 1.7 billion for the United States. However, India still ranks only 18th of EU FDI destinations — receiving only 0.3 % of the EU's FDI outflows, pointing to the untapped potential for further EU investment into one of the world's fastest growing emerging markets. This would be the case especially in such sectors as infrastructure, services, the retail industry and IT.

A 2002 survey conducted by Asia Invest found that a large majority of EU investors in India considered their experience to be 'a success'. India, thanks to the emergence of a number of multinational players at the global level, is now also emerging as a major investor itself, especially in areas where it has a core advantage such as IT and biotechnology. According to recent reports, India has emerged as the second largest investor in the City of London. Internationally renowned companies such as Infosys and Tata Consultancy Services have established a strategic presence in Europe.

EU-India trade relations: mutually important business partners and allies on the world stage

Extensive and open bilateral dialogue ...

The partners maintain an exhaustive dialogue to promote even greater flows

Given the importance to both of India-EU trade and investment, the partners maintain an exhaustive dialogue to encourage and promote even greater flows. Early initiatives include the 1992 'Joint Business Forum'. The first EU-India summit in June 2000 highlighted the need for a joint effort to enhance trade and investment between India and the EU. In February 2001, the 11th EU-India Joint Commission encouraged industry to launch the 'Joint initiative to enhance trade and investment'. The initiative has already proved a success, helping to build confidence in India's economy in the wake of the Asian crisis, promoting India as an investment destination within the EU and helping to ensure that the political leaders on both sides can hear the voices of Indian and EU business.

The sixth EU-India summit in Delhi, in September 2005, took another important step in this direction when it decided to establish the high-level trade group, under the joint action plan. This group will look for means of enhancing bilateral trade and investment — in both directions — including the possible launch of bilateral negotiations on a broad-based trade and investment agreement.

In addition, in order to stimulate EU-India business-to-business dialogue, the action plan envisages the launch of an EU-India CEO round table, bringing together top industrialists from both sides to exchange views and provide policy recommendations to respective governments.



© European Commission

... forges a mutually advantageous alliance in multilateral forums

The EU and India, both global players in world trade, cooperate closely in multilateral discussions and have historically played a crucial role in creating new international structures, including the World Trade Organisation (WTO). They have also shared objectives in the WTO Doha Round, which both wish to see succeed. The integration of developing countries in the world trade system, further multilateral trade rule making, market opening and the improvement of the functioning of the WTO remain the primary EU trade policy objectives. Where the first of these is concerned, the EU market is more open to developing countries than any other developed market. The EU provides tariff and quota-free access to all products from least-developed countries and imports more agricultural produce from them than the United States, Canada, Japan and Australia combined. The EU's average applied import tariff from all destinations is only 4.1 %.

A dialogue between two old yet modern, dynamic cultures

The relationship between India and Europe pre-dates history. Most of Europe owes its linguistic heritage to India — and much of its cultural base. Nor is this now just a historical irrelevance: in July 1987 Forbes Magazine published the results of scientific research, which concluded that: ‘Sanskrit is the mother of all the European languages [and] the most suitable language for computer software’.

This symbolises the relationship between India and the EU, at one and the same time very old, yet dynamic and entirely modern. Besides the political, economic and trade dialogues which tend to dominate the vision of EU–India cooperation, there is a strong supporting cultural and social interrelationship encompassing many sectors and levels of both societies.

Europe and India have a relationship that stretches back thousands of years, but in their present forms both are children of the same generation. India famously achieved freedom ‘at the stroke of the midnight hour’ on 15 August 1947. The European Union began its own ‘tryst with destiny’ four years later, with the 1951 Treaty of Paris that founded the European Coal and Steel Community, which was then strengthened by the 1957 Treaty of Rome and successive treaties.



© J. F. Merlalet

Two societies based on democratic principles

Both the EU and India are founded on stable democratic institutions and rule of law

Given their long shared history, it is not surprising that India and the EU have so much in common today. European and Indian societies are founded on democratic values that are firmly anchored in their respective constitutional frameworks. In both India and the EU, the people unequivocally put their faith in the democratic process, which they see as the guarantor of independence, freedom and prosperity. The main pillars of both societies are stable democratic institutions and the rule of law.

In both the EU and India, freedom of the press and respect for human rights are enshrined in the tenets of society. The independence, dynamism and variety of the

Indian media have been part and parcel of the nation’s evolution since August 1947. Media plurality continues to blossom: Indians have access to some 60 plus satellite TV channels, 40 000 newspapers and periodicals, including 4 500 dailies, in as many as 100 languages and dialects. The greatest advocate for this freedom is the Indian press itself, which is robust and uncompromising in its pursuit of truth.

Freedom of the press and respect for human rights are enshrined in the tenets of both societies

Both partners are signatories of the UN Declaration on Universal Human Rights, a fact which is reflected in the cooperation agreement between the EU and India signed on 20 December 1993, which stipulates that ‘respect for human rights is the basis for cooperation’.



© European Commission

A dialogue between two old yet modern, dynamic cultures

Diversity: All of this is set against a backdrop of enormous cultural diversity, in both partners. *1 nation, 1 billion inhabitants, meets 25 Member States, 450 million inhabitants and 20 languages* With over 1 billion inhabitants, India is one of the most ethnically and linguistically diverse nations in the world. The EU, meanwhile, consists of 25 Member States, with a population of 450 million and 20 official languages (not counting many unofficial languages). Both partners share the same commitment to the promotion of cultural diversity and have encouraged the signing and ratification of the Unesco Convention on the Protection and Promotion of the Diversity of Cultural Expressions.

In these circumstances, there is a clear need to reinforce and promote ongoing and up-to-date discussions at as many levels of society as possible. This has been the focus of much thought and reflection over recent years, with the result that there are now a number of forums and initiatives that bring Indian and EU citizens together.



© Sonia Collaco

Besides the many meetings at political and official (and business) levels, the EU and India together have set up a series of forums where Indian and European representatives can meet and discuss matters of mutual interest and concern.

- The EU-India Civil Society Round Table brings together leading members of Indian and EU civil societies on a regular basis (see factsheet 'Building bridges').
- Indian and European scientists cooperate on joint research projects, under the EU's research framework programmes and now also under the 2001 EU-India science and technology agreement.
- Civil society is encouraged to cooperate and exchange views, i.e. through the economic cross-cultural programme, and think-tank networking.

Underlying all this activity, there is also a constant flow of cultural exchanges:

- European Union cultural weeks organised by the EC delegation and Member States' embassies in New Delhi;
- film festivals;
- seminars and informative visits for Indian journalists to the EU;
- academic programmes, such as the Erasmus Mundus scholarship programme, which enables Indian scholars to study in EU universities and centres of excellence: 133 Indian students received funding under this programme in 2005 — by far the largest number of any non-European country. For 2006, as many as 400 scholarships have been made available.

Through these means and many others the dialogue between India and the EU, so old in many respects, is kept alive and vigorous today, providing testimony to the everlasting and evolving cultural relationship between the two partners.

Numerous initiatives are under way to promote modern dialogue between two old friends and allies



Building bridges between different communities: cooperation with civil society

India and the EU are the world's two biggest democracies. Civil society is at the very heart of the democratic process, therefore central to the EU-India partnership. Non-governmental players are essential partners in the cooperation process and crucial to achieving the shared aim of greater awareness and mutual understanding about EU-India relations. India and the EU have therefore launched a series of innovative and exciting initiatives to promote these important objectives. These include:

- *a cross-cultural programme for funding media, entrepreneurial and academic projects;*
- *a round table of leading personalities to discuss concerns and priorities;*
- *a European studies programme at Jawaharlal Nehru University;*
- *a liaison network for EU and Indian think tanks to be launched.*

The European Commission works closely with Indian civil society both on a consultation basis and for the operational implementation of its projects. Civil society is also a major contributor to raising awareness about the EU-India relationship. All EU-India summits have underlined the importance of enhancing contact between civil societies as a means of fostering greater mutual understanding.

Increasing awareness of EU-India links and mutual understanding

India and the EU are committed to raising public awareness about the bonds between them and to increasing greater mutual understanding. Mobilising civil society channels is crucial to achieving this aim. The **economic cross-cultural programme (ECCP)**, under which projects are co-financed following calls for proposals, is an important tool in this process.

Raising awareness and mutual understanding by sponsoring media, entrepreneurial and academic projects

First launched in 1997, the key objective of the ECCP is to promote and support links and joint ventures between EU and Indian civil society organisations, with the aim of strengthening and enhancing civil society links and cross-cultural cooperation through increased dialogue, information exchange and networking. This process helps to raise awareness of India in the European Union and of the EU in India. A great number of grant projects have been funded following calls for proposals, including networking projects, joint productions and studies, training activities and workshops, information exchange, research collaborations and organisation of cultural events. Following the success of the ECCP, the joint action plan agreed at the sixth EU-India summit in September 2005 provides for an additional phase.



Building bridges between different communities: cooperation with civil society

*Dialogue between
leading
personalities from
both sides creates
better under-
standing of
concerns and
priorities*

The **EU–India Civil Society Round Table** is a significant achievement of the first EU–India summit in Lisbon, in June 2000.

The round table enables leading representatives of European Union and Indian civil societies to ‘meet regularly and share perceptions on global issues of mutual interest as well as discuss ways and means for increasing and diversifying mutually beneficial exchange’.

Since the first meeting of the round table in New Delhi in January 2001, the round table has met on a regular basis (nine times between 2001 and 2005). The conclusions of these consultations provide opinion and information for subsequent discussions at EU–India summit meetings. At the first meeting, there was a broad discussion on social and economic aspects of globalisation, foreign direct investment (FDI), science and research, development models and the Indian IT sector. Topics discussed at subsequent round table meetings include:

- trade, investment and intellectual property;
- the role of the media in promoting and strengthening civil society;
- human capital and the migration of skilled workers;
- India–EU cooperation in the field of food and agribusiness;
- investment promotion in the context of the WTO trade negotiations;
- sustainable development;
- human rights in the workplace;
- barriers to trade and investment flows between India and the EU;
- India–EU cooperation for enlarging tourism;
- labour relations in India and the EU;
- EU–India cooperation on education and training.

*Round table
discussions inform
EU–India
summits*



© J. F. Merladet

*Strengthening
understanding
through academic
studies*

The **Jawaharlal Nehru University — European Studies Programme (JNU-EUSP)**, which was launched in March 2002 with EU support of EUR 590 000, demonstrates the commitment of the European Commission to promoting European studies in India. The programme is run by the West European Studies Division of the School of International Studies at Jawaharlal Nehru University, in cooperation with a consortium of European universities and research institutes specialising in European Union studies. The JNU-EUSP programme:

- helps to strengthen the mutual economic and cultural presence of India in the EU and of the EU in India;
- promotes in India a better understanding of the EU, its institutions, objectives, policies, achievements, and its external economic and political relations.

Building bridges between different communities: cooperation with civil society

India and the EU in their joint action plan have agreed to promote the creation of **EU studies centres in India** and of **India studies centres in the EU**. This should contribute to a better understanding of contemporary India in Europe and of EU integration challenges in India.

A future **EU-India think-tank programme** is also expected to promote greater contacts and cooperation between Indian and European think tanks. It should help participating think tanks to conceptualise, elaborate and organise joint projects, meetings, seminars and exchanges with a view to increasing the understanding of strategic issues of mutual concern.

A strong partnership: EU-India and civil society

In addition to cooperating with India in these projects to improve dialogue and understanding between partners, the EU also depends heavily on Indian civil society for implementation of development projects. India is the largest recipient of the Commission's NGO cooperation funds in Asia, with projects in many fields. The current portfolio of EU-India cooperation projects involving NGOs consists of more than 150 projects worth more than EUR 125 million.

*NGOs are
essential partners
in the cooperation
process*

Building bridges between different communities: cooperation with civil society

An area of cooperation that merits further exploration

*EU and India
have agreed to
continue building
bridges through
civil society*

Given the significance of civil society to the democratic process — which is the cornerstone of the EU–India relationship — and the success of cooperation in this field, the partners have agreed to expand and explore this area of cooperation further. This commitment is set out in the joint action plan for the strategic partnership, agreed at the sixth summit in September 2005, which identifies the following areas as priorities:

- promoting cooperation between political parties, trade unions, business associations, universities and civil society (including think tanks and NGOs);
- developing the India–EU Civil Society Internet Forum to enable enhanced exchange of ideas between civil society actors;
- continuing to support the work of the India–EU Civil Society Round Table, and its integration into the institutional architecture of the India–EU relationship;
- launching a second phase of the economic cross-cultural programme (ECCP);
- promoting the interconnection of EU research centres in India and of research centres on India in the EU.

These measures will enhance the already close and fruitful cooperation between India and the EU in an area at the very heart of the democratic process.



© J. F. Merladet



EU-India development cooperation: working together to improve life for the poorest and most disadvantaged

The EU and its Member States collectively make the biggest bilateral contribution to India's development programmes. In the 1990s, EU cooperation strategy focused on supporting the Indian authorities' own work in identified priority sectors such as primary education and healthcare, with strong emphasis on helping the poorest and most disadvantaged in society.

But India is changing fast and our cooperation must change with it. In the period 2007-13, the EU will adopt a two-pronged approach to cooperation with India: on the one hand, to help India achieve its millennium development goals by continuation of support in those key social sectors (health/education) and, on the other, to implement the EU-India partnership through an ambitious action plan which will support India's sector reform policies in favour of the poorest, promote dialogue in areas of mutual interest and enhance economic cooperation, all of which will help to generate wealth and employment in India.

The whole is supplemented by humanitarian assistance from the EU's Humanitarian Aid Office (ECHO) in the event of natural or man-made disasters. ECHO responded swiftly and efficiently to the terrible tsunami of December 2004 and earthquake of October 2005.



EU-India development cooperation: working together to improve life for the poorest and most disadvantaged

Operation Flood helped India become the world's leading milk producer For over 30 years, European Union support for India's development programmes has been a central pillar of the EU-India relationship. A good example of this cooperation is Operation Flood, which helped India to become the world's leading milk producer. An early flagship cooperation project running from 1970 to 1996 and involving the Indian government, the European Commission and the World Bank, Operation Flood was the world's largest food and development programme — and hugely successful.

Turning to the wider picture, since 1976 the European Commission has committed EUR 2 billion to India in development assistance. Nearly EUR 600 million of this is channelled to large bilateral programmes in health and education, but the EU also supports many projects undertaken by NGOs: India is the leading recipient of EU support for projects implemented by NGOs in Asia.

The EU and its Member States are collectively the biggest bilateral donor to India's development programmes. They contribute nearly as much as the USA and Japan together.

Cooperation in the 1990s: key sectors and focused projects

Traditionally the EU has supported India's own efforts to improve quality of life for the poorest and most disadvantaged members of society. Since the mid-1990s, EU-India cooperation has been based on identified priority sectors for action: primary education and primary healthcare. This sectoral approach has been complemented by support for focused projects in fields such as rural development, irrigation, forestry, environmental rehabilitation and integrated watershed management.

EU-India cooperation also supports new initiatives such as HIV/AIDS awareness and prevention, drug abuse, strengthening human rights and democracy. The experience gained from these programmes and projects feeds back into policy decision-making, so providing models for larger-scale interventions by the government of India.

Education: the foundation of the future

India's greatest assets are her human resources, so helping to develop them is a top priority for EU-India cooperation. The main thrust of the EU's approach is to support the government's own programmes, in particular those that reduce disparities between genders, groups and regions and favour the poorest and most disadvantaged. The EU also supports education projects implemented by NGOs.

Improving primary education and reducing disparities between gender, social groups and regions In 1994, the European Commission supported the Indian government's **district primary education programme (DPEP)** with a grant of EUR 150 million for the period up to the end of 2002. The DPEP focused on the poorest and most deprived children and put emphasis on education for girls. Under the DPEP:

- new primary schools, alternative schools and classrooms were constructed;
- new teachers (including para-teachers) were appointed and others retrained;
- enrolments increased by 2 million during 1995–2000 in eight states;
- the percentage of children attending primary schools — in particular girls — rose significantly.

Building on the success of the DPEP, EU-India collaboration on education has continued with EU support for the Indian government's **Sarva Shiksha Abhiyan (SSA) programme**, which is the new national initiative for universalisation of elementary education. In an agreement with the government signed in November 2001, the European Commission made EUR 200 million available to the SSA over seven years. Key SSA objectives are to ensure that:

Building on success to make universal elementary education a fundamental right.

EU-India development cooperation: working together to improve life for the poorest and most disadvantaged

- by 2003, all children were enrolled in a school of one kind or another;
- by 2007, all children complete five years of primary schooling;
- by 2010, all children complete eight years of elementary schooling;
- the gaps between schooling for girls and boys and between all social groups are bridged by 2007 at the primary level and by 2010 at the elementary level;
- education is of a satisfactory standard, with emphasis on education for life.

Facilitating access by taking the schools to the pupils

The **education guarantee scheme** (EGS), a flexible alternative to formal schooling that particularly benefits disadvantaged groups, enabled Madhya Pradesh State to make access to primary schooling universal in less than two years. This meant providing schooling facilities for more than 30 000 homes in a state where 30 % of children aged 6–11 were out of school. Through cooperation between government authorities and local communities and village *panchayat*, over 26 000 schools, involving 1.2 million children and 28 000 trained teachers, have been established across the state. Almost 50 % of the EGS schools are in tribal areas.



© J. F. Merladet

Health and family welfare

The EU has injected EUR 240 million into India's **health and family welfare sector investment programme** (SIP) over the period 1998–2004. An integral part of the government's national family welfare programme, the SIP aims to reform the Indian healthcare system by focusing on primary healthcare services and, in particular, to enhance the quality of healthcare services for disadvantaged groups, including tribals. The programme was initially established in 24 states and several urban centres; this was subsequently reduced to 13 states in order to prioritise support and maximise results. Important features of SIP include:

- a decentralised management structure that involves local communities;
- large-scale training for health workers and rural people;
- refurbishment of over 30 first-referral hospitals to provide regular services;
- support at national and state levels for government policies and procedures to improve delivery of quality healthcare in the rural and semi-urban areas;
- cooperation with over 40 NGOs and institutions and Panchayati Raj institutions;
- EUR 40 million for post-earthquake redevelopment of healthcare facilities in Gujarat;
- nationally important interventions such as: improving logistics and distribution of drugs; family planning; and strengthening of financial and accounting services.

Improving primary health care – in particular for the disadvantaged

For more information on EU support to the health and family welfare sector, please visit: <http://www.echfwp.com>

EU-India development cooperation: working together to improve life for the poorest and most disadvantaged

Working together to fight HIV/AIDS and the problems of drug abuse

The EU supports the **fight against the spread of HIV/AIDS** in developing countries through a programme started in 1987. In India, the EU fund projects on prevention, care and support, research on cost-effective prevention strategies, training programmes for medical professionals, and advocacy and legal support to people living with HIV/AIDS in their defence against discrimination.

The EU also supports work on the **prevention and reduction of drug abuse** and initiatives to evaluate the drug problem, prevent and combat drug abuse, provide training and help rehabilitation of addicted people. The strategy focuses both on awareness-raising to prevent drug abuse and on detoxification, rehabilitation and social reintegration of former drug addicts.

Rural and natural resources and the environment

EU-India cooperation on rural development and natural resources management projects has made a visible impact over the past 10 years. During that period the EU has funded 12 projects, with a global value of EUR 240 million, including land reclamation, community forestry actions, irrigation and integrated watershed projects, agricultural production and marketing, and horticulture development. Poverty alleviation has been the central objective of all the projects.

Besides the direct impact on livelihoods and food security and the marked improvement of environmental conditions — an important contributory factor to people's welfare, particularly in rural areas — the 12 EU projects have helped develop infrastructure and create vital extension and marketing linkages. This has allowed communities as a whole to play a greater role in shaping their own development.

Rajasthani women kept the Thar desert at bay: an EU-India cooperation 'success story'

One dramatic illustration of the success of EU-India cooperation projects is the restoration of the green cover of India's oldest mountain range, the Aravalli Hills, which act as a natural barrier between the Thar desert and the fertile plains of eastern Rajasthan. In the space of nine years — winning two environmental reforestation awards en route — 38 050 hectares of common land were re-planted with trees, grass and vegetables, primarily by local women. The project has prevented further desertification of the Aravalli Hills, improved the living conditions of 825 000 people and, in the process, improved the social status of local women.

Rehabilitation

The EU also funded a comprehensive package of interventions, totalling about EUR 15 million, for the reconstruction and rehabilitation of areas in Gujarat affected by the January 2001 earthquake. The interventions, led by NGOs, focused on re-launching the economy, rehabilitating water supply, and education infrastructure.

Human rights

The EU has cooperated with NGOs in India to promote human rights' initiatives aimed at fighting torture and impunity, and combating racism and xenophobia, as well as discriminating against minorities and indigenous peoples, preventing human trafficking, fighting child labour, promoting the rights of disabled persons and promoting the abolition of the death penalty.

Poverty alleviation by developing rural/natural resources and environment

EU-India development cooperation: working together to improve life for the poorest and most disadvantaged

Cooperation up to 2006: partnerships with go-ahead states

Cooperation with civil society will continue

The European Commission's country strategy paper for 2002-06, which was agreed by the Indian government on 1 May 2002, devoted some EUR 225 million to development and economic cooperation. This does not include the continuing support for the raft of projects by non-governmental players and the private sector (the current portfolio consists of more than 150 projects in several fields, worth more than EUR 125 million).

However, the country strategy paper also put a new emphasis on support for strategic anti-poverty partnerships with reform-minded states, on the basis of good governance. In the first instance, the European Commission and the government of India selected two particularly go-ahead states, Chhattisgarh and Rajasthan, and entered into a special partnership programme to help them to improve elementary education and basic healthcare, along with environmental initiatives. The EU has made a total of EUR 160 million available for these partnerships.

Partnership with reform-minded states is a new strategic emphasis.

Looking ahead: the period 2007-13

The EU will continue to support India's healthcare and education sectors and will also promote key dialogues

The European Commission is currently drafting its new country strategy paper (CSP) for India, covering the period 2007-13. It is expected that this new CSP will give a substantial thrust to help India meet the millennium development goals by allocating some 60-70 % of the resources to the healthcare and education sectors. The proven approach of 'centrally sponsored schemes' in these crucial sectors will be the main vehicles for deployment of these funds, in cooperation with the government of India.

The remaining funds will be used for the implementation of the EU-India action plan, agreed at the sixth EU-India summit on 7 September 2005 in New Delhi. This will include work in support of India's pro-poor sector reform policies and promotion of EU-India dialogue in economic, civil society and cultural and academic areas of mutual interest, with governance playing a cross-cutting role in the action plan. This new approach reflects the fact that India is changing and its needs are changing with it. These measures will support India's continuing economic generation as it moves into a new development phase.

EU-India development cooperation: working together to improve life for the poorest and most disadvantaged

At the same time, India is itself becoming an increasingly active player in an evolving development policy: it is, uniquely, both recipient and donor, a user of developmental innovations and an exporter of concepts. India's position as an emerging bilateral donor under the 'Indian development economic assistance scheme' (IDEAS) could pave the way for a fruitful EU-India dialogue on optimal implementation of development cooperation in third countries.

Humanitarian assistance in times of need

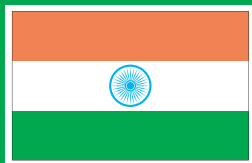
EU humanitarian assistance is channelled through the European Commission's Humanitarian Aid Office (ECHO). A leading humanitarian donor worldwide, ECHO delivered in excess of EUR 620 million in 2005 alone in the wake of natural disasters and man-made crises.

EU humanitarian relief following natural disasters helps millions

Where India is concerned, in recent years ECHO has focused on humanitarian assistance following the Gujarat earthquake (see above), recurrent floods, droughts and man-made crises, but also disaster preparedness programmes. Between 2000 and 2005, ECHO made a number of emergency interventions across India to assist victims of floods and drought, to a total value of EUR 39 million. On 26 December 2004 and 8 October 2005, two cruel new disasters hit India and many of its neighbours. ECHO was a leading donor and one of the first to respond to both the tsunami and earthquake. In 2005 alone, ECHO gave over EUR 10 million for tsunami relief in India, which helped over 130 000 beneficiaries directly, and more indirectly. Following the October 2005 earthquake, ECHO allocated EUR 1.18 million of emergency assistance to help victims in India.

For further information about ECHO, please see:
http://ec.europa.eu/comm/echo/index_en.htm





Contact points for further information

Should you require any further information on EU–India relations, please contact:

European Commission's Unit for relations with India

External Relations DG H/3

Rue de la Loi 200

B-1049 Brussels

Tel. (32-2) 29-90971

Fax (32-2) 29-91063

E-mail: relex-list-h3@ec.europa.eu

Delegation of the European Commission in India

65 Golf Links, New Delhi, 110 003, India

Tel. (91-11) 24 62 92 37, 24 62 92 38

Fax (91-11) 24 62 92 06

E-mail: Delegation-India@ec.europa.eu



EUROPEAN COMMISSION
External Relations



ISBN 92-79-00840-4



9 789279 008405