



EUROPE INDIA CHAMBER OF COMMERCE

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Brussels, 11 October 2024

Ms. Ursula von der Leyen
President
European Commission
1049 Brussels

Dear Commission President Ms von der Leyen,

Re: **EU-India relations and strategic challenges**

On behalf of Europe India Chamber of Commerce, I am writing you to extend our heartfelt congratulations on your re-election as President of the European Commission. You have an asset that no other President of the Commission has ever had, being the first female President of the European Commission and getting re-elected to lead the Commission. This underlines the key role you have played in guiding the EU and the Commission forward during your first term, which saw the world go through one of its most tumultuous perhaps in the last many decades. The global health pandemic crisis tested your leadership from many different angles and nuances, but you ensured that the EU ship pulled through.

And as you enter the second term, it appears that you have in front of you five more challenging years ahead that hold considerable promise and historic opportunities, this extraordinary privilege allows you to adopt a transformative policy which will keep EU a powerful player in the global affairs. It is in this context that I am bringing for your attention new perspectives on EU-India relations and why it needs a strategic reset.

Europe India Chamber of Commerce (EICC) is in the Transparency Register of the European Union.

Strategic Partnership

The signing of the Strategic Partnership Agreement in the year 2004 marked the beginning of a new phase of sustained consolidation of relations between European Union and India. Alongside the growing convergence of interests, each successive Commission President and Indian Prime Minister has brought their own vision and imprint to bear on the evolution of the India-EU relationship. The dynamics of this partnership was meant to complement their desire to emerge as major global power more so when it institutionalised a systematic and realistic approach to share global responsibility with more concrete deliverables on broader spectrum of issues which are acquiring political and strategic dimensions of the 21st century. However, two decades on, we are of the view that this partnership has under-performed and both EU and India need to go back to the drawing board and adjust their strategic outreach.

While India and the EU enjoy very healthy and wholesome relationships covering practically all the aspects of a multi-faceted relationship between two countries – political, business, strategic, commercial, cultural, scientific, academic and sports, besides robust people to people contact. Yet, when one goes into the detail, and especially when examined from the potential that this relationship holds, one can safely say it has under-performed.

For EU and India, a closer alignment of interests and a wider usage of the tools of diplomacy and foreign policy will help in bolstering this relationship, especially at a time when the international system is undergoing rapid changes. Together, they can create a dynamic future for their 1.9 billion people as they have tools and mechanism available to construct a relationship which will develop and progress over the next decades.

Furthermore, while both India and the EU agree on the essential need for global cooperation and solidarity, ties between Brussels and New Delhi have long struggled to reach their full potential. For the partnership to really deepen, there are important steps both sides must take, and we believe successful conclusion of the ongoing Broad-based Bilateral Trade and Investment Agreement (BTIA) would go a long way to shape these relations. There is therefore need for a new thinking in Brussels and in New Delhi to address the challenge of strategic priorities.

Free Trade Negotiations

The economic and social challenges India and EU face today are daunting, and this moment should be recognised as an opportunity to take hard political decisions and difficult compromises. It is important for them to proactively step up their efforts to rejig their trade relations by overhauling their FTA negotiating strategies. An FTA will create new dynamics in the world of trade and business in the two continents. It will transform the state of relations, and the optics of this agreement will be huge for the global economy.

We believe strongly in the wisdom of the strategic investment both EU and India have made in each other's shared future since their strategic partnership, and for India and the EU to maximise the return, both must take a long-term view, keeping in mind the challenges of emerging broader geo-political and economic world order. Both EU and India have reached a crucial point where old paradigms of negotiating practices should be replaced by new ideas. Additionally, we are of the view that India and EU should also approach free trade negotiation from a geo-strategic perspective and economic benefits. The future holds lot of promises for European Union and India relations, and they must not look back at the lost decades, but what together they can achieve in pursuit for a common future.

Indo-Pacific region

The world of 2024 has been vastly different from that of 2019, when you took office as the President of the Commission. Global economic trajectory has undergone a phenomenal change. Strategic dynamics in the Indo-Pacific region too have witnessed significant change. Given the unpredictable and fast changing global order, the coming years appear to be far more challenging. The rules-based international order to which both EU and India believe is in danger of falling apart, and in this season of change, unexpected change is occurring.

For the past few years China has been seeking to reshape the international order with aggressively touting the superiority of its political and economic model and using “sharp power” to influence and manipulate the environment in the Indo-Pacific undermining confidence in democratic institutions. In India’s quest for peace and stability in the Indo-Pacific region, EU has strategic interests, and it cannot afford to avoid it. The robustness of the EU-India strategic partnership and its success will depend primarily on how EU perceives, adopts, and responds to the vision of a free and open Indo-Pacific.

Keeping in view the strategic challenges EU will face in the coming decades, we call upon you to craft an effective and credible China policy which should include foreign and security policies with realistic and dispassionate assessment of how the Chinese interests interact in some member states of the Union. Brussels cannot afford to shrink from the responsibility of deploying hard power because a shrinking domestic vision cannot sustain EU’s global strategic vision.

The European Union faces critical strategic choices and a closer alignment with India represents EU's best chance to counter China challenge. If China was key to the EU from 1990-2020, it is now India, for the next few decades, if not more. What is more, the EU China policy suffered from a blind spot early on and which has meant that this relationship could never really be a long term. This is because the EU-China relations were driven by business interests first and foremost, casting aside other, equally important, if not more important issues of political and social alignment, democracy and human rights etc.

In this context, India-EU ties have right from the beginning been laid on a solid foundation of social, cultural, political, strategic and people-to-people connections before business even emerged as sector on the scene. It is time for both India and the EU to reflect on this fundamental difference and the foundational strength of the bilateral ties and then develop a strategy to harness this for long-term relationship which benefits not just India and the EU, but the entire world.

India-Middle East-Europe Economic Corridor

One such initiative where the strength of EU-India ties can help other nations is the India-Middle East-Europe Economic Corridor. During the G20 Summit in New Delhi last year, the India-Middle East-Europe Economic Corridor (IMEC) was unveiled. The IMEC is a marriage between geo-politics and geo-economics and can be a game changer given the fact that trade is fragmenting along ideology, ecology, finance, and politics. It can consolidate the divided world trade in a multilateral and truly democratic fashion, while also challenging the Chinese BRI behemoth, which is unilateral and increasingly a bane for those part of it.

Unfortunately, more than a year has gone by since it was announced amidst high expectations, yet very little or no progress has been made on the issue so far. We hope when the situation improves, EU will take it seriously. Certainly, the ongoing turmoil in the Middle East present challenges to the IMEC. But it also offers a plethora of potential economic benefits both regionally and internationally, however, to achieve such goals, potential political challenges will have to be addressed.


The proposed economic corridor can help Europe restore its historic connection with India and integrate with the wider world at a time when they must look beyond their fossil fuel driven economic strength. In this respect, EU's Global Gateway and IMEC can become complimentary and supplementary to each other's objectives. And we hope that as soon as the conflict subsides in the Middle East, both EU and India would be prepared with detailed action plan which would see the roll-out of IMEC in a way that would help rebuild the Middle East, not just from the point of view of infrastructures and buildings, but also of societies and human activities and through these rebuild trust in the region.

Lastly, as EU grapples with the herculean task of 'de-risking' and 'de-coupling' from China's overwhelming dominance in Europe's certain strategic sectors, with India shaping the global manufacturing order across various sectors particularly manufacturing and services, New Delhi is in a prime position to help EU in its mission. At the heart of EU-India strategic partnership, we believe, it is not trade and investment, and also not the access to their markets but about promoting universal values of peace, democracy and human rights, and countering the common challenge called China.

As you prepare to see the Cabinet of Commissioners take office in the coming weeks, we hope the issues we have raised above will receive the attention of respective Commissioners in the Commission. We also trust and expect that the strategic challenges in the EU-India partnership mentioned above will be an important part of your foreign policy agenda.

With kind regards,

Yours sincerely,



Secretary General