

## MULTILATERAL RELATION OF INDIA AND EUROPEAN UNION IN WORLD AFFAIRS: AN EVOLUTION AND CHALLENGES

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### ABSTRACT

*The European Union is group of 27 countries that operate economic and political block. India and the European Union have completed 50 years of their alliance. Initially, the base of relationship between both was economic. Presently India has a multi-dimensional relationship with European Union, which is its largest trading partner, biggest source of foreign direct investment (FDI), major contributor of developmental aid, an important source of technology. Both, the countries of European Union and India believe in democracy and agree on the establishment of multi-polar world. India-EU cooperation is supportive in north south dialogue and it will help in bridging the north south gap. Cooperation of both is requiring solving the problems growing at global level such as: Gender inequality, human rights abuses, sustainable development, terrorism, nuclear war threat etc. A summit is organized between India and EU for last several years, in which all issues are widely discussed. Currently, The EU has significant participation in India's development programmes. The purpose of present study is to shed light on the multi-dimensional relationship of India and European Union. It also discusses the problems and prospects of India and European relations. Secondary data has been used for the present study.*

**KEYWORDS:** Counter-Productive, Substantial, Brexit, Maastrich Treaty, Amsterdam Treaty, Treaty of Nice, Lisbon Treaty.

European Union is a geo-political entity that covers a large portion of the European continent. It is somewhere in between a confederation and federation. It is neither an international organization of independent nation state like the United Nations, nor like the United States Of America a federal state. EU is a supranational organization and association of independent states of European continent. After the 2<sup>nd</sup> world war European states realize that conflict among them may be counter-productive. If they want to do outright progress in every field, the European states unity is inevitable. Post Second World War there was alternatives available before the European states "United or Perish". They chose the first "Unity". The result of it was a series of treaties and association, which finally culminate into the EU in 1993.

### EVOLUTION AND ORIGIN OF THE EUROPEAN UNION

Victor Hugo was the first European thinker, who dreamt of one Europe. Apart from it Winston Churchill advocated in his speech (delivered on 19 September, 1946 at the University of Zurich, Switzerland) the emergence of a united states of Europe. However, the credit for integration of Europe goes to French foreign minister Robert Schuman (1950), who proposed a community to integrate the Coal and Steel industries of Europe. On the basis of Schuman proposal, in 1952, European Coal and Steel Community (ECSC) were founded under Treaty of Paris (1951) by 06 countries (Belgium, France, Germany, Italy, Luxembourg, and Netherlands). The ECSC was

successful endeavor. It led them to extend their economic cooperation in other fields.

The next step in the evolution of EU was the formation of two more organization, under the Treaty of Rome in 1957. They were- (1) The European Economic Community (EEC) and, (2) The European Atomic Energy Community (EURATOM). The aim was to remove the trade and tariff barriers among the member states and facilitating the free movement of goods, services, capital and people within the community's region. EURATOM/EAEC's original purpose was creating a specialist market for nuclear power in Europe, by developing nuclear energy and distributing it to its member state while selling the surplus to non-member states.

In July 1967, all these three institutions (ECSE, EAEC & EEC) were merged (under merger Treaty 1965, at Brussels) under a single set of new organization named-European communities (ECs). The ECs initially expanded in 1973, when Denmark, Ireland and the United Kingdom joined it. Greece joined it in 1981, Portugal and Spain joined in 1986. In 1985, the Schengen Agreement paved the way for the creation of open borders without control between member states and some non member states.

In February 1986, the single European act was signed by 12 members of ECs, they decided a time table for their economic merger and establishment of single European currency and common foreign and domestic policies by 1993. Thereafter the progress was rapid. On 07 February, 1992,

the members of the ECs in Maastrich (Netherlands) signed a treaty, which is called Maastrich Treaty. It incorporated EC as EU. The treaty introduced many things as- A common foreign and security policy was established. European citizenship was created, citizens were allowed to reside and move freely between member states. Closer cooperation between police and the Judiciary in criminal matters was agreed. It paved the way for creation of single European Currency (The Euro). It established the European central bank. It enables people for European parliament elections in the EU country they lived in.

On 02 October, 1997 Amsterdam Treaty was signed and it entered into force on 01 May, 1999. It made substantial change to the treaty of Maastrich. Under this treaty member states agreed to transfer certain powers from national governments to the European parliament across diverse areas, including legislation on immigration, adopting civil and criminal laws and enacting foreign and security policy.

To implementation of single monetary policy a European central bank as established on 01 June 1998. On dated 01 January, 1999 Euro, as a new single currency of EU was adopted and European central bank (ECB) took over responsibility for its implementation. Presently 19 countries out of 27 has been adopted Euro as a common currency.

In February 2001, Treaty of Nice was signed by European leaders and it came into force on 01 February, 2003. The Treaty reformed the institutional structure of the EU and also creates a framework for the expansion of the EU. In 2007, Bulgaria and Romania joined EU membership. On 01 December 2009, the Lisbon Treaty entered into force and removed many aspects of EU. It changed the legal structure of EU.

The EU and European central bank have struggled with high sovereign debt and collapsing growth in Portugal, Greece and Spain since the global financial market collapse of 2008. Greece and Ireland received financial bailouts from the community in 2009. Portugal followed in 2011; along with a second great bailout. Multiple rounds of interest rate cuts and economic stimulus failed to resolve problems. In 2012, the EU received the Nobel Peace Prize for having contributed to the advancement of peace and reconciliation democracy and human rights in Europe.

In 2013, Croatia became the 28<sup>th</sup> EU member. In 2016, a referendum (called Brexit) was held by United Kingdom government and nation voted to leave the EU. On dated 31 January, 2020 UK left the EU, though EU law will continue to apply to UK for a transition period to the end of 2020 at the earliest.

## RELATION BETWEEN INDIA AND EUROPEAN UNION

India has a multi-dimensional relationship with the EU. EU is the largest commercial partner, biggest source of

FDI, an prominent source of technology, major contributor of social and development aid and home of large and influential Indian diaspora. India is one of the first developing country and first Asian nation, which establish diplomatic relation with the EU.

➤ **Commercial Cooperation:** With the EU, India's commercial and economic relations are very close. Business cooperation and development assistance are two main elements between the relationship of EU and India. In 1973, India and EEC signed a "Commerce Cooperation Agreement". The aim of 1973 agreement was the "Development and Diversification" of imports of each other. The 1973 agreement was enriched and expanded both in its contents and scope by the conclusion of a new economic and commercial cooperation agreement on 23 June 1981. Under the agreement, India and EEC agreed to grant each other Most Favoured Nation (MFN) treatment as laid down in the GATT. The agreement also contained provisions on trade and economic cooperation as well as for scientific, financial and development cooperation.

A wide-ranging "third generation" agreement on partnership and development was signed between India and the EU on 20 December, 1993. The agreement facilitated high level political dialogue with the "Troika". The agreement included cooperation –trade, technical, economic, cultural and communication.

For India, the EU is an extremely important trade partner as it is the largest economic bloc in term of population, purchasing power and international trade. Trade in goods between EU and India increased by 72% in the last decade. Trade in service between the EU and India increased from € 23 billion (2010) to € 37 billion (2017). EU foreign direct investment (FDI) stocks in India amounted to € 76.7 billion in 2017, which is significant. Some, 6000 EU companies are present in India, providing directly 1.7 million jobs in a broad range of sectors. The EU is India's largest trading partner with 12.9% of India's total trade. India and EU have been working on broad Based Trade and Investment Agreement (BTIA) since 2007.

➤ **Political Relation:** In 1963, India established diplomatic relation with EEC (European Economic Community). Since 1983, meetings between the Indian foreign minister and EEC president have been held. The joint statement on political dialogue expressed (issue along with the 1994 "third generation agreement" on partnership and development) the resolved of India and the European Union to reinforce and intensify their mutual relation on political, economic, technological and cultural fields. In 1997, it was decided to enlarge further political dialogue by introduction of five new mechanisms, viz. (1) senior official meeting; (2) meeting between commission and Indian planners; (3) bilateral meetings in margins of multilateral fora; (4) working groups of specialists on subjects like export controls, terrorism experts, and consular

affairs; and (5) launch of Think-Tank network. Subsequently, the first EU-India Summit (Lisbon, 2000) decided to have annual ministerial, senior officials meeting twice a year and summits on “a regular basis”. 14<sup>th</sup> summit was held on 06 October, 2017 in New Delhi. In this summit main provisions were discussed- on trade and economic, corporation as well as IT and Telecommunication, Pharmaceuticals, Biotechnology, Food Processing, Textile and Clothing, and Energy, Engineering and Manufacturing and Financial Services etc. EU and India decided to build a new strategic partnership in the twenty-first century, founded on shared values and aspirations and characterized by enhanced and multi- faceted cooperation.

➤ **Development Cooperation:** The EU has been engaged in development cooperation with India since 1970s. Development Cooperation starts with India’s Operation Flood, the project ran from 1970 to 1996. For exchange of teacher from management school, EURO-Cooperation programme was started in 1989. To support DPEP (District Primary Education Programme) EU provide 747 Crore as assistance in 1993 to India. Currently, EU cooperation with India involves an expenditure of over Euro 100 million per year. EU assistance is currently focused on the areas of environment, public health and education. In 1994 “A Partnership and Development Agreement” came in to force between both. In 1996, EU provided 996 Crore for health and family welfare programme.

In the sphere of economic and cultural cooperation, major projects include:- The EU-India Civil Aviation Project, The EU-India Maritime Transport Project, The Trade and Investment Programme, The Economic Cross Cultural Programme, A Small Projects Facility Programme.

➤ **Nuclear Cooperation:** Since 2005, India signed a Nuclear Agreement with US, the country has made nuclear cooperation with other countries. At present India have civil nuclear agreements with 14 countries. The EU and India agree on 29 September, 2008 at EU summit in Marseille (France), to expand their co-operation in the field of nuclear energy and environmental protection. India is not the member of NSG, but has made civil nuclear agreements with its member. India and France (30 September, 2008) and India and Britain (13 November 2015) signed civil nuclear agreement.

➤ **Combating Terrorism Cooperation:** The EU disliked for Pakistani trespassing in Kargil (1999), But they did not condemn it openly. After the tragic incidents of 11 September, 2001 EU itself accepted that terrorism had to be henceforth among the topics of discussion. Since 2001, in each summit terrorism is continuing discussed. Besides it, a joint working group on terrorism has been meeting since 2001. In 11<sup>th</sup> Indian- European Union Counter Terrorism Dialogue at Brussels (Belgium) on 12 November 2018, both condemned terrorism in all its form and manifestations and emphasized the need for strengthening international cooperation to combat terrorism in comprehensive and sustained manner.

## PROBLEMS AND PROSPECTS OF INDIA AND EU RELATION

Although EU working closely with India to promote peace create jobs, boost economic growth and enhance development across the country. Despite of it there are a number of problems in India-EU relations.

- There are basic differences in both perception and interests between India and EU in many fields, including trade, development and globalization.
- EU wants India to liberalize accountancy and legal services. India denies on the ground of already shortage of jobs.
- Much time spent in decision making in EU because it is compulsion to work by committees and consensus.
- EU blames many times India for child labour and on this basis EU bar many Indian products from entering its markets.
- They both have differed opinion on NPT, Human Rights and Environmental Issues.
- BITA was initiated in 2007, even after a decade of negotiations; India and EU have failed to resolve certain issues which have led to deadlock.
- EU says to India for rapid economic reforms, but India criticises EU for non tariff barriers in trade.

In spite of these, in recent years EU’s awareness is increasing steadily in India. There are bright prospects for greater scientific and technological cooperation, which has begun with the EU as a collectivity with the signing of a science and technology cooperation agreement in 2001. There is considerable potential for India and Europe to move increasingly towards partnership in cutting-edge technologies. Energy is another area of considerable potential between India and EU. India and the EU are at the beginning of a process of building a strategic partnership, which will develop incrementally. Cooperation in political issues there are limited prospects. EU-India relations have been and will continue to be driven by trade and commerce. The India-EU relationship is not based on any specific short term or immediate exigency, but on long-term interests in which both sides seeks to widen and deepen mutual cooperation on abroad range of issues. The prospects and potential of India-EU relations are indeed considerable.

Conclusively, The European Union is group of 27 countries that operate economic and political block. At present EU is single largest market in the world, largest than the US or China. It has more than half a billion prosperous consumers, whose purchasing power is highest in the world. India and the European Union have completed 50 years of their alliance. India-EU relations and cooperation will be continued to increase and extend in various area, because India realize the

growing political importance and foreign policy profile of EU in world politics and economy.

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