

India and the European Union in the Period of Transformation of Global Order

Author

Pradeep Kumar

Vistula University

Ul. Stokłosy 3, 02-787 Warsaw, Poland (EU)
Phone: +48 22 45 72 395, Fax: +48 22 45 72 303
E-mail: p.kumar@vistula.edu.pl

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ABSTRACT

The on going euro crisis in the euro zone seems to be deeply effected and unsolved, despite of receiving unprecedented support from the European Union and IMF. The euro zone financial turbulence and the political crisis have revealed weaknesses in European integration and raised the question against euro as single currency and sovereignty of the national interest. The consequence of this has been widespread irritation between member states and never ending political and economic crisis. On going political dialogs between strong and weak economic player in side the European Union came over as a dominant player for the idea of European integration, which is noticed as one stronger step towards federal system of European Union, beyond the national interest.

At the same time, on going protest in India against corruption and corrupt politician's, bringing uncertainty of Indian economic growth and model of federalism. Indian federalism and governance is at a crossroad for 'idea of India', which has to be contested on the basis of good governance, transparency, legitimacy, accountability, and efficiency.

In fact, the recent crisis has tested India and the European Union to the most by examining their decision-making institutions and political will towards economic-Political integration process. By analyzing the period from 2008 to October 2012; the European Union has been identified as a political edifice that develops as crises occur, and explain the complexity of integration by specifying the indicators of good governance in a group of 27 countries that are only slowly developing a common European identity and raising question of continuation of European Union integration process. In other side India were able to maintain 65 years of Independence with unity in diversity and working for economic and political transformation.

In current scenario where, the challenges thrown up by market-based development in a globalizing environment, require the various governmental to act in a manner that provides cost-effective physical and social infrastructure, create the proper enabling environment for growth, and efficiently regulates the market where necessary. This is a challenge for any single government, and Central, state and even local governments in India as well as European Union must accomplish this with some degree of coordination. Interest of European Union towards India and Indian interest towards European Union must be defined and modify according to the time demand for the betterment of both the continents.

Keywords: India, European Union, Economy, Global, Partnership and cooperation

Introduction

The relations between India and the European Union are very significant in all its political, economic and social aspects. Many studies and investigations have been done with regard to India's international relations. However, these studies have not paid much attention to the relations between India and the European Union. Moreover, it is important to note that previously extensive studies have been done on India's international relations; however, very limited of such studies have deeply delved into what sustains or make the relations between India and the European Union to stay strong. In addition, the studies have not also investigated the challenges that might be affecting the relations between India and the European Union. In this regard, it was therefore crucial to conduct a systematic and methodical investigation to find out how the relations between India and the European Union can sustain as global player.

This research study was undertaken to investigate the relationship between India and the European Union and the implication to the global world, especially with regard to both Europe and the Asian continent. It looked into the events that led the two entities to cooperate with each other. The study identified some factors that could be contributing to the need for cooperation between India and the European Union. Besides, it also identified the factors that weakened the ties between the two entities.

Literature review

This paper provides in-depth discussions of the various studies that have already been done on the subject of the relationship between India and the European Union. Besides, it also presents various the arguments of various bodies of literature that have already been written on the subject of the relations between India and the European Union. In this case, the chapter also presents in-depth analyses of the previous studies, bodies of literature and then establishes the weaknesses and failures within them; in relation to this, the chapters provides the arguments posed by certain scholars and the counter-arguments provided by other scholars. The chapter concludes by providing the theoretical framework for the study.

The purpose of the study

The main purpose of the study was first to compare each entity separately, and establish the European Union and India's relations. The study also sought to find out the factors that contributed to sustenance of the relationship, and to determine the kind of obstacles both the European Union and India faced during the process of their relations and being recognized strong alliance in the global world.

Limitations of the study

The study was conducted qualitative and was done in the form of a case study. This implied that the findings of the study could not be blindly generalized to other countries that were also having some form of relationships with the European Union. Therefore, the study findings were meant to apply to the relations between India and the European Union only in the global scenario. Moreover, there was sampling techniques used while selecting the individuals who would participate in the study

process. This brought about the question of representativeness when it came to the population that was being studied that is India. The study also used documentaries to gather data; with this respect, it is important to point out that the weaknesses of using documentaries normally include challenges of irretrievability, biased selectivity and biases in terms of reporting. Interviews were also used during the study. In this case, it is also worth mentioning that this also limits the validity and reliability of the findings because poor questioning might lead to bias. Also, the reflexivity of the interviewee and responses biases might be experienced.

India and the European Union relations

The bilateral relations between the Republic of India and the European Union can be traced back to the period of 1960s when the Republic of India was among the first nations to create working relations with what is now known as the European Union. India and the European Union signed a bilateral agreement in the year 1973; this was the time when the United Kingdom also joined. According to available body of literature, the most recent cooperation pact was signed by both in 1994 and an action plan was drawn and finally signed in 2005. Besides, it is stated that by 2007 the two entities were pursuing a free trade area pact. Before delving into the relations between India and European Union, it is crucial to analyze both the entities separately, and look at the European Union as an international actor.

The European Union as an international actor

The European Union is viewed to have occupied an increasingly fundamental position in the modern discussions on issues regarding the world politics. For some scholars, it the union constitutes a model for, or a case of benchmark, the building of institutions linked to the process of regionalization and or globalization.¹ Other pundits have laid emphasis on European Union's internal dynamics and distinct features in comparison to other global and regional organizations.

The role of the European Union as a regional organization and influence in the world politics has attracted specific attention, while its economic weight and power of trade have been viewed to be largely recognized, the current debates and discussions are keenly examining its increasing military and political abilities in the process of formulation of common foreign, security and defense related policies.

The diagnostic focus on the European Union as an international actor has been broadly twofold, where in one hand, scholars have increasingly been interested in charting its development with this regard, largely concentrating on the internal dynamics of the integration of Europe and the European Union policy processes like the establishment of region-to-region relations and also strategic partnerships with both China and India. One other hand, the author argues that analysts have increasingly been occupied with evaluation of the approaches by which the European Union exercises power in the stage of world politics. In this perspective, scholars have also emphasized the European Union's international embeddedness in the world developments such as the rise of Asia. However, the author suggests that even though it crucial to comprehend the approaches in which the European Union produces

¹ Bart Gaen, Juha Jokela and Eija Linnell, *The Role of the European Union in Asia: China and India*

international actions, which have been the focus of most previous researchers, it is also important to analyze how the global dimension fits into the European Union policy making and other related processes.²

Just recently, The European Union won the **Nobel Peace Prize** on Friday (October 12, 2012) for promoting peace, democracy and human rights over six decades. The award served as a reminder that the EU had largely brought peace to a continent that tore itself apart in two world wars in which tens of millions died. According to Thorbjørn Jagland (Nobel Committee Chairman)- the EU has transformed most of Europe "from a continent of wars to a continent of peace".³ The given prize can be considered as a moral boost for the bloc as it struggles to resolve its economic crisis.

The very idea of the European Union's global activities slants towards the relationship between its internal and external foci. Therefore, in order to comprehend the role of the European Union in the whole world and its attempts to inform it through strategic actions, it is important to take into account the internal dynamics it, especially in the context of international development initiatives. Scholars have argued that in order to shed more light on the European Union's role as an international actor, it is worth making a distinction of the European Union as a model power and a super power. The ideas of the European Union as a super power not a new concept; it has become prominent as its influence in the world or global politics. Some policy makers have proposed that the European Union should be take up the role of a powerful nation-like actor role so as to balance other powers like the United States. This way, they argue, the European Union has security, political and economic interests to defend; therefore, it should utilize its influence and power appropriately. In this case, the European Union is viewed as a unitary actor that might easily be compared and contrasted with other major world powers in involved as major players in the global politics like the United States, Russia, India and China.

However, the idea of the European Union as a model power is conceivably more deeply ingrained among the policy makers of Europe. As the European Union has decided to seek a more prominent role in the global politics, policy makers have drawn on its internal achievements so as to legitimize stronger activism on the global level.⁴ The scholars have placed much emphasis on the achievements of the integration within Europe in establishing a system of governance based on the universal values of human rights, democracy, freedom and the rule of law which have been viewed by some social scientists to have ensured peace and prosperity to a region one damaged by wars among what are now known to be member states of the European Union. It is suggested that these developments have lessons that are crucial not only to the European nations, but also to the broader global community. The world should be encouraged by the experience of the Europe and the European Union itself should be proactive in enhancing its model.

² Jokela and Linnell, *The Role of the European Union in Asia: China and India As Strategic Partners*, 144.

³ Balazs Koranyi and Victoria Klesty, *European Union wins Nobel Peace Prize*, OSLO, Fri Oct 12, 2012 5:00pm EDT

⁴ Jokela and Linnell, *The Role of the European Union in Asia: China and India As Strategic Partners*, 146- 152.

Reviewed literatures show that the role-played by the European Union links to the level of strategic action in its external relations. It has been suggested that the European Union's action actually reflects a routine rather than strategic behavior. As a routine player, the European Union is said to act in a rather premeditated way reflecting its firm belief that the history of Europe a lesson to be learnt by every nation. It therefore follows that in an environment of uncertain and challenging or problematic international conditions, the European Union players do what they normally know best. Rather than what they would be most favorable for what might be intended outcomes.

In relation to European Union's increasing external actions, the kind of strategic action and its goals are relevant to the model power and super power feature. A question rises with respect to European Union's behavior for the short term and interests-based or whether or not it is an attempt to shape the short-term interests and systematic goals may be conflicting.

The European Union's first ever security strategy, referred to as the European Security Strategy, which was agreed on in the year 2003, is considered as the probable clearest indicator of what type of global actor the European Union is or otherwise actually intends to become; this also is said to include how it positions itself with respect to other actors in the world. Moreover, consulted literature indicates that this is the most comprehensive manifestation of its global security strategy. The European Security Strategy states that, because to its population and economic power, the European Union is inevitable a world political player and that Europe should be ready to share in the actual responsibility for world security and in establishing a better world.

Even though it is purported that the European Union is actively advancing its model across the world, the pragmatic policy making with Asia is broadly associated with the management of economic relations with the major nations, especially India and China, and to some extent Association of South East Asian Nations. In this case, some scholars argue that the European Union potentially mirrors routine behavior and insinuates that the European Union is acting as a passive model power. Other researchers further posit that issues related to China and India has been gradually debated in the context of the Common Foreign and Security Policy. According to available literature, political matters, like the human rights and the environment linked to investments, development and trade could show strategic thinking and increasing activism in the promotion of European Union model. However, recent world developments might make this type of activism challenging and divert the European Union's and its member countries' attention or focus to short term interests. Indeed, it is argued that the member countries tend to be specifically active advancing their interests and defending their distinctive lines in various configurations of the Council.

There are suggestions that the European Union's external relations are informed by the international development activities. One of the current themes broadly debated among various policy makers, scholars and authors is the faith of organization. The liberalization of the money markets and trade has provided a highlight of liberal ideas of total benefits and the common interests. However, the authors contend that the recent impediments in further liberalization process, especially in relation to trade,

have sent shockwaves through the world or global thinkers, policy makers and scholars. For a good number of pundits, relative achievements and national interests increasingly dominate the world or global agenda; and not least in the economic field. In the light of the global trends, the future development of the European Union as an international player or actor is highly topical.⁵

India and the geographical imperatives of South Asia

In the studies of international relations, the geographical aspect is broadly accepted as a supreme factor in the process of formulating foreign policies. India occupies a strategic geopolitical position within Asia on a subcontinent that juts towards south deep into the Indian Ocean.⁶ The region sits across major sea lines of communication that links the Persian Gulf with the Asian-Pacific hence providing a kind of link between the East and West.⁷ It is therefore obvious that India's distinct geographical position has substantially shaped the worldview and the strategic outlook of the Indian elites.⁸ There is an obvious notion among various scholars that due to its strategic geographical location within South Asia coupled with the sheer geographical size and huge population, India has become a geopolitically noteworthy actor that is entitled and hence should play a central role in the process of providing solutions to the global problems that face the entire world, especially the European Union.

It is also argued among various scholars that India's central dominance within South Asia and the entire Indian Ocean has, and will always be, increasingly impacted on the foreign, military and economic policies of the United States, the European Union and China among other major world powers and vice versa. Nonetheless, the Indian elites perceive the nation's geopolitical location as both a curse and a blessing, especially in terms of India's national security. From the time of independence, the external security situation has never been very encouraging in India as the nation has been faced with composite and multiple threats and problems to its security that are usually external and internal. India is perceived by various academics to be a hostage to its own geographic position, especially by facing some of the non-friendly neighbors, Pakistan and China on both borders.

The Indian economy and economic growth after independence

The economy and economic growth of India is examined right from the period following its independence in 1947. Economic researchers posit that, India had a completely established capitalist economy and it had some of the oldest capitalist institutions in the entire region of Asia like the Bombay Stock Exchange, which was founded in the year 1875.⁹ The growth of Indian economy took an upward trend after the initiation of various reforms in the country in 1991.¹⁰ The scope of economic reforms that has been undertaken in India has had a broad range; this is shown to have covered such aspects as international trade and commerce, industrial production,

⁵Jokela and Limnell, *The Role of the European Union in Asia: China and India As Strategic Partners*, 158.

⁶J. Bandyopadhyaya, *The Making of India's Foreign Policy* (New Delhi: Allied Publishers, 2003), 31.

⁷Bharat Verma, *Indian Defence Review: April - June 2007* (London: Lancer Publishers, 2008), 37.

⁸Verma, *Indian Defence Review: April - June 2007*, 36.

⁹Murali Patibandla, *Evolution Of Markets And Institutions: A Study Of An Emerging Economy* (London: Routledge, 2006), 52.

¹⁰Boyes, *Microeconomics*, 125.

foreign investments and the financial market. Research shows that the system of government control on every economic activity in India has progressively been done away with and subsequently replaced with a more market oriented economic system where the economic decisions of private sector respond to the signals of the market.

Economists who have studied the economic growth of India after attaining independence have argued that after the development planning process in India was initiated in 1951, the Indian economy recorded experienced growth at an average rate of approximately 3.5% for a period of about thirty years.¹¹ Other sources indicate that the expanded economy of India during the period of 1980s grew to an annual rate of approximately 5.5%. This implies that the economy of India grew at the rate of 5.5 per cent annually during the period of 1980s. Moreover, more statistics show that the economy further grew at the rate of 6.7 per cent during the period beginning from 1992 to 1993 and also during the period beginning from 1996 to 1997. Scholars attribute the growth rate to the far reaching reforms that were initiated in 1991 and also opening up of India's economy to more global or international competition.

However, other available records show that the growth rate took a declining trend; during the periods starting from 1992 to 1997, the growth rate declined to 5.5 per cent while it further declined to 4.4 per cent during the period beginning from 1997 to 2003. Unfortunately, the growth rate of India, once again, declined by one point to stand at 7.5 per cent. Following that latest period of economic decline, India experienced another increased growth rate of 9 per cent between the periods of 2005 and 2006 inclusive and further 9.4 per cent between 2006 and 2007 inclusive.¹²

Economists note that there was a significant decline again of India's growth rate due to the 2008 and 2009 global economic slow-down. Available literature indicates that the economic slowdown made the India's economy to be unable to achieve the 2007 estimated growth rate of 9 per cent, which was expected between 2006 and 2007 and again in 2011 and 2012.¹³ It is evident that the declining growth rate has significant impact on all the sectors of India's economy.

India's economic growth potential is a subject of debate among the international economic agencies. Despite of huge corruption allegations on policy maker's and politicians with many reforms and hike price rise, the Indian economy is currently perceived by economic analysts to be world's fastest growing economy, coming only after China. Considered in terms of Purchasing Power Parity, India is the third largest economy in the world; coming after the United States and China. This is according to 2007 global economic survey.¹⁴ During that year, India surprisingly beat Japan.¹⁵ According to the economic report produced by the International Monetary Fund, the share of India in the GDP of the world was approximated 6 per cent in the year 2005; this, according to the analysis of the world economic scholars, made about 10 per cent contribution the growth of global economy.¹⁶

According to Bell, India has a great potential to indicate the fastest economic growth in the next more than 30 and 50 years. Economic development of India can be

¹¹ Ombir, *Long Run Prospects for GDP Growth in India*, 125.

¹² Ombir, *Long Run Prospects for GDP Growth in India*, 131.

¹³ William, 456.

¹⁴ Shailendra Kadre, *Going Corporate: A Geek's Guide* (New York: Apress, 2011), 130.

¹⁵ Kadre, *Going Corporate: A Geek's Guide*, 130.

¹⁶ World Bank, *World Development Indicators* (New York: World Bank Publications, 2008), 3-18.

described as original. This can be attributed to the fact that Indian economy major relies on providing services, especially in the areas of information technology with the extension of call centers and firms providing consultation services in information technology. According to available statistics, India received about 40 per cent of the foreign direct investment that flowed to developing economies. The author also argues that economy is one of the areas of recently established cooperation agreement between India and the European Union since the year 2000.¹⁷

India's ambivalence towards the Europe

The perception and attitude toward Europe is said to generally have seemed to be dichotomous and seriously unsure. The perception and attitude have been shaped by what Verma characterized as the “repertoire of images” which both the Europe and India constructed for each other during the time they first got into contact with each other.¹⁸ According to an author, the images Europe and India held of each other tended to fluctuate or alternate so wildly from one extreme scenario of exaggerated admiration and praise to another extreme of disapproval and refutation. According the author, numerous Indian elites who obtained their education in the European academic institutions were bemused by and therefore questioned the apparently inherent contradiction between the literature that vividly highlighted the humanistic values of justice and freedom on one hand, and the cruelty, arrogance and oppressive rule of the European colonial or imperial powers exhibited in during the colonial India and other sections of Asia on the other hand.

According to the arguments of another researcher, presently, after the end of the two major world wars, and also having watched the realist concept at play in Europe, hard power approach to international or global politics during the period of the Cold War that result in the Western implication in various violent armed conflicts around the world. The author further argue that of more concern to India is the Europe's deliberate support for atrocious totalitarian regimes as well as perpetuating the perceived modern patterns of world economic exploitation; according to the author, further, the Indians have long ago rebutted any their romanticized image of Europe. The current perception of Indians of Europe still continues to be dichotomous and full of mixed feelings about the intentions of Europe, especially through the European Union. Some scholars have explained this scenario to be arising from the fact that the European Union is somehow challenging to comprehend.

Reports of analysis by researchers indicate reveal that India admitted that it held the European Union on high esteem as an economic “superpower” due to its technological competence and also the distinct success of its process of integration. However, the reports show that the policy makers of India pointed to the European Union's strategic and military powerlessness because of lack of its consistency and all encompassing relative turn down in its influence in the global affairs. It is argued that this is one of the significant reasons the European Union has not achieved the status of hegemony in the world and is not a counterweight to the United States. A series of in-depth interviews the policy makers of India, international relations researchers and diplomats was conducted in India, Singapore and Prague in the year of 2008. The

¹⁷ Clive Archer, *The European Union* (New York: Taylor & Francis, 2008), 105.

¹⁸ EU External Affairs Review, *Indian Ambivalence towards Europe* (Oxon: Routledge, 2011), 1-14.

interviews are reported to have shown the Indian elites at first, following the end of the Cold War, expected the 21st century international or global relations structure to be based on and formed round three major pillars: the United States, the European Union and the East Asia, especially with China.

Nonetheless, literature documentaries show that contrary to such expectations, the reality was that at the present period, the European Union could not be viewed or perceived as a significant player, a crucial perspective in the security of Asia. Based on the qualitative and quantitative analyses of the relevant systematic studies and all the interviews that were conducted by the researcher, certain priorities, as viewed by the by Indian elites, can be identified that alternately shape the dynamics of the modern security and foreign policy of India. According to the researcher, the priorities include the relations between India and the United States, India's relations with the East Asian powers such as Japan, ASEAN and China, the relations between India and Russia and the European Union and finally the relations between India with other nations and the regions.

Conclusion

India and the European Union is basically perceived as an emerging new player in the world politics and or global economy. The modern thoughts of the European elites are shaped by the continent's successful process of integration and the desire to aggressively enhance the European standards and values worldwide, the interstate relations within Asia and specifically in the South Asia are greatly impacted by the threat awareness, the mutual hostility and the historically shaped distrust among nations. In totality, the perception of the European elites emphasizing foreign policy tools of what has been referred to as soft power in order to defend national security is to a large extent inconsistent with the strategic perception of the Indian elites that puts a great value on the utility of real balancing of power, politics and military capability. This should be considered in light of the fact that the terms of relations between the European Union and India is continuously changing and hence may change in future. The study involved the relations between the European Union and India. This might not have provided specific details in the relations between India and the specific members of the European Union. Therefore, future studies should narrow the scope and focus of the research study to investigate the relations between India and specific members of the European Union. This is because the contemporary relations between India and the European Union have taken the approach of bilateral relations towards global scenario.

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