



INSTITUTE FOR STRATEGIC AND INTERNATIONAL STUDIES

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# **Dialogues for Sustainable Development India and the European Union**

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## **Synthesis**

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## CONTENTS

Participants	3
1. The Project and the purpose of the workshop	4
2. The EU-India strategic partnership	5
3. Common challenges and national development strategies	10
4. Improving bilateral relations	18
5. Implications for international relations and the strategic partnership	20
6. Main conclusions	22

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## **1. The Project and the purpose of the workshop**

### **João Caraça**

*Dialogues for Sustainable Development* is a Project focused on the long term that aims to exchange views with EU strategic partners in order to cope with the world's global challenges. The world changes not accordingly to the rules, but as a result of the unexpected and the uncertain. That is why is so important to establish these kind of dialogues, where a group of European experts get together with other outstanding experts from different parts of the world in order to learn from one another and better understand the present situation as well as be prepared for the future.

### **Mario Telò**

With a very broad mandate to support science, education and arts, the Calouste Gulbenkian Foundation was able to put together several European Institutions to launch this initiative and we are here as its scientific sponsors.

Our working group result from a long term cooperation that started 10 years ago around the Lisbon Strategy, which is a long term and comprehensive modernisation agenda that includes three development dimensions: economic competitiveness, social cohesion and the protection of the environment aside to climate change.

In the EU understanding, combining these three dimensions in a virtuous circle is possible by developing the knowledge triangle, which refers to the interaction between research, education and innovation, key drivers of a knowledge-based society.

This Strategy was launched in 2000 and is being implemented in Europe. However there are several implementation obstacles, mainly related to the multilevel EU governance (national and European).

In the second half of the decade, we realised that the Lisbon Strategy was too much inward-looking and oriented to its internal framework. It was necessary to enhance the external dimension of the Lisbon Agenda and exchange learning development experiences with other parts of the world. That is why this Project is fostering the international dialogue and it is so important to discuss about the Lisbon Agenda with the EU strategic partners.

Despite the differences, we understand that in a globalised context there are certainly similarities and common challenges between the EU and India. There is also a need for mutual information about the ongoing internal development strategies and for an alternative understanding of external relations besides the diplomatic approach.

The purpose of the workshop is to identify common challenges and discuss what our national agendas are doing to cope with these challenges and what we can do together in order to achieve greater convergence and sustainable development.

By deepening this multidisciplinary dialogue we would like to provide inputs to improve bilateral and multilateral cooperation between the EU and India, but without hiding controversial issues, obstacles and failures.

This method of bringing together outstanding experts and policy makers from both sides to establish non diplomatic discussions has been successful as it allows combining the analytical dimension with the policy recommendation element.

This workshop also aims at providing relevant inputs for the next EU-India Summit, which will be held in Marseille on 29 September under the French EU Presidency.

Our long term purpose is to create a community of policy makers and outstanding scholars from both sides, working together in order to foster academic networks and improve political dialogue.

## **2. The EU-India strategic partnership**

### **R.K. Jain**

The term *strategic partnership*, which is used rather loosely nowadays, has entered the lexicon of international relations only within the last decade. It is essentially a very illusive and elastic concept. In my opinion, for the EU, it's basically a political declaration that consumes scarce political energy and time. Brussels is always too busy in engaging key international players to deal with the challenges of the 21<sup>st</sup> century. To India it consists of a series of strategic dialogues where one can discuss just about anything: bilateral, regional, global. But *dialogue* does not necessarily imply that India is willing to join any and every initiative or proposal that Brussels may make. It also means that India does not basically share the EU agenda. The EU is very found of cloning models and processes, being the strategic partnership a kind of a common template to be replicated in various parts of the world.

The drive force of the EU-India partnership is and will continue to be for the foreseeable future, trade and commerce. Progress and enhanced cooperation in political issues and in the security area has been and will continue to be rather slow.

India's elite perceptions about the EU, related to culture, politics or society, are essentially conditioned by the Anglo-Saxon media. This precludes a more clear understanding of the processes and dynamics of Europe's integration as well as the roles and intricacies of the EU institutions. What Jacques Delors called the "unidentified political object" is something that Indians really have a tough job trying to understand.

Another India's perception concerning the EU is that Europeans in general, including the Think Tanks Community, continue to be obsessed by China. Some even feel a degree of political discrimination on how Europe treats a democratic India in favour of a "one party" China even though India doesn't have any of the difficult issues that generally crop up in the relations with China like human rights, intellectual property rights (IPR), market economy, arms embargo and so on.

We find that the EU is increasingly being challenged by the new and rising powers, which are testing its ability both in terms of agenda setting and rule making. As an emergent power, India argues that structures of the global governance must be made more democratic, representative, inclusive and legitimate by increasing the participation of developing countries in decision making bodies of multilateral institutions.

Even though India's engagement with multilateral institutions has grown phenomenally since the 1990s, India is not very keen to join EU institutions or clubs for minimal gain or misplaced prestige, which requires sharing additional responsibilities without any perceptual or tangible gains. It's always a question of trying to strike a balance between "how much gain for the pain" and "how much pain for the gain".

There is a common and growing confidence in a multipolar world, a new rule-based order that we essentially believe in. India has no difficulties about rules but it wants a new set of rules which reflects today's reality and not the one after the II World War.

As regards to political dynamics, despite shared values, both India and the EU have their own geographical and political priorities that will not change considerably in the near future. There are basic differences in the perceptions and interests between India and the EU in many fields including trade, development, climate change, globalisation, humanitarian interventions, the International Court of Justice, etc. In most issues which matter to India, like the enlargement of the UN Security Council, the EU either has no common policy or is unable to have one. Most feel that apart from trade, where there is a clear transference of competences to the EU institutions, most of the deliverables, being it military, defence or political, lie centrally in bilateral relations.

This doesn't mean that India should not engage more deeply the EU institutions, which until now is largely confined to the European Commission. As indicative of its intention to engage more meaningfully the EU, the Government is presently considering a proposal to have a lobbying group in Brussels. However, my understanding is that in the short term, this lobbying group will focus essentially on economic issues rather than political ones.

One noticeable change we find in recent years is that India and the EU have collaborated to a limited degree in finding solutions to cope with the South Asia difficulties. But overall, India is rather less optimistic than the EU in finding collective security and regional solutions to conflicts in our difficult neighbourhood.

There is a security dialogue that started in 2006 addressing global and regional issues, but meaningful security cooperation tends to be largely depletory, mainly because presently, the EU competences in these issues are rather limited. Although one may be enthusiastic about its police and peace keeping operations, when it comes to hard power, the EU lacks substantial capabilities.

The EU started to understand India's own priorities and why it will not take on the EU agenda. India's establishment doesn't share the EU efforts to have a Partnership and Cooperation Agreement (PCA) because presently it has no incremental advantage and it lacks appropriate instruments to become operational.

Both sides recognise that the Joint Action Plan (JAP), under its second review, covers too many issues. The feedback we get from the EU's engagement with China is that there is a mushrooming of sector dialogues, but the question is how productive they are. I think the second review of the JAP will be more sober by trying to limit the areas in which we should focus further.

## **Andrew Sors**

The EU-India strategic partnership was launched as such at the 5<sup>th</sup> Annual Summit in 2004 and it is basically implemented through the JAP, which does indeed contain a large number of chapters covering a wide range of specific activities. Much of the attention has been looking at the micro dimension and it has been difficult to come back to the overall view.

Within the various chapters there is a political dialogue and cooperation bringing together people and cultures and it is mainly related to parliamentary exchanges, civil society and education.

The largest chapter is the economic policy dialogues and cooperation, including industrial policy, science and technology, finance, energy, environment, clean development and climate change, information and communication technologies, etc. Then there are the important aspects of trade and investment cooperation.

Basically, the EU-India strategic partnership is lead through annual summits alternatively held in India and Europe<sup>1</sup>. In my opinion, the key issues for the next EU-India summit will be energy and climate change.

The simplest way to measure science and technology (S&T) cooperation between the EU and India<sup>2</sup> is looking at India's participation in the European Research Framework Programmes (FP), which has been growing consistently over the last 4 years. This shows the growing awareness and interest of the Indian research community in cooperating with the EU.

There is also the EU-India growing cooperation in multilateral scientific initiatives like the ITER (International Thermonuclear Experimental Reactor), where the EU played a central role by ensuring India's participation in this Project. India has also been extremely interested in the development of the European research infrastructures programmes.

The S&T cooperation was given a strong political impetus with the EU-India Ministerial Science Conference held in New Delhi last year, which was attended by representatives from the EU Member States. It was the first time ever that Member States and the Commission met in science ministerial (or designate) level outside of the EU. At the Conference, the Indian Minister for Science and Technology made a commitment to allocate 5 million euros per year to undertake EU-India coordinated projects in areas of common interest, such as renewable energies, climate change, food and nutrition, information and communication technologies, etc. These projects, or coordinated calls for research proposals are based on symmetry, reciprocity, mutual interest, co-management and co-investment of resources. This approach, which is backed up by strategic EU-India workshops where the programmes are jointly defined, is developing quite fast and rather well.

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<sup>1</sup> See in annex the current architecture of the EU-India political dialogue.

<sup>2</sup> The EU-India S&T cooperation is complemented with the existing bilateral cooperation agreements between India and several EU Member States which are quite significant.

Overall, one can say that S&T cooperation between the EU and India led by the Steering Committee on Science and Technology is developing steady and consistently. So we have the means and the mechanisms for sound cooperation both for bottom up and top down approaches but of course it requires a constant stimulation and political will from both sides.

### **Balveer Arora**

I propose to highlight a few areas, from a national governance point of view, that might be relevant for mutual learning and whether it will be possible to find a strategy to evolve reciprocal knowledge between the EU and India.

India is a federal democracy and there are some features that can be linked to the EU governance problems and political processes. India's democracy has been described by many analysts as being the largest in the world, mature, robust and vibrant. Clearly, India has many imperfections in its democratic functioning, mainly in the area of social justice, which is placed in our Constitution preamble before liberty, equality and fraternity.

An imperfect and federal democracy devises a certain number of mechanisms to solve its many problems and contradictions. Some of the problems India faces arise from its enormous linguistic and cultural diversity. This forced India to reorganise itself and build a huge political flexibility to cope with the challenge of diversity. From a mutual learning perspective, this is an experience we may profitably share with the EU.

Another element that I would like to flag in our dialogue is the extensive use of asymmetry in federal arrangements. Asymmetric federalism, which in the Indian context means the constitutional recognition of inequalities within society, is largely used by our policy makers in order to solve regional disparities and redistribution problems.

### **Mario Telò**

One of the main topics of our workshop is the link between the external and bilateral relations between the EU and India with their internal policies, particularly regarding governance and institutional factors. India's federal structure has no correspondence to the EU, which is not a federal state, although it is ruled by a multilevel governance system.

The EU and India face similar challenges regarding increasing diversity at cultural, linguistic and religious levels. The Lisbon Strategy is a typical case of managing national diversities towards growing convergence.

I believe we have room for making progress in our strategic partnership in different policy fields, namely in the S&T area. I also would like to stress some existing joint academic networks like Transcultura and NESCA, which experience can be rather improved.

The Country Strategy Paper mentions two main approaches regarding the EU-India cooperation:

- Assist India in meeting the Millennium Development Goals by providing budget support to the social sector (health/education) in order to address poverty and institutional reforms;
- Implement the EU-India Partnership through the JAP with a view to promote dialogue in areas of mutual interest and enhance economic cooperation.

Regarding the EU's notion of *strategic partnership* as being a "common template replicated everywhere", I would like to stress that in this transition to a new multipolar and heterogeneous international order, multiple strategic relations with emergent powers is important and necessary. The EU, more than a regional settlement, is an international organisation which is growing as a political actor. As such the EU cannot cooperate only with regional entities like SAARC and MERCOSUR. It does need comprehensive, political and unavoidable relations with new powers such as the BRIC countries.

However, due to internal limits and complex reasons, the EU cannot become a hegemonic military superpower. Even with the new institutional setting established in the Lisbon Treaty, it's not possible to achieve within the coming years a single EU foreign policy. A second reason is that the EU has no money to invest on nuclear and military power unless it cuts expenses with its welfare systems. As such the strategic partnerships with the EU are mainly based on soft power.

#### **Jos Berghman**

The issue of welfare and social security systems is basically an internal question but from a European point of view, it is because of diversity and the need for internal cohesion that it's crucial to find other global players that share the same values in this respect. The EU alone cannot decide about what the global setting will do in the future in order to protect those European cohesion necessities and sustain its welfare systems.

#### **Andrew Sors**

I would like to stress again the issue of bilateral relations with India at national level (Member States) and at the EU level. Presently there is a competition between the EU and its Member States (MS). I think it's a major challenge, not only for the EU, but also for India to translate this competition into a virtuous coherence. In many fields, it makes sense to develop open methods of coordination between some MS in their relations with India or between some MS and the EU in relation to India in order to maximise the benefits from this competition versus cooperation reality.

#### **K.J. Joseph**

The EU is actually changing into a political entity and India should be able to devise new strategies and programmes in tune with this new reality. We are shifting from bilateral to multilateral partnership with the EU. Despite differences and problems, India needs to be prepared to act in this new international setting in which the EU plays an increasing role as a political actor.

#### **Mario Telò**

I would like to emphasise that the cooperation between the EU and India is always multilateral because it brings together 27 MS. Taking the example of research, only 10% of the funds is provided by the EU budget (the FP) and 90% comes from national budgets. That is why it's so important to take into account our strategic partners' view in the coordination of our national research budgets. We have already a successful

experience with China regarding the ERA<sup>3</sup> network coordinated by Amsterdam. By using this instrument, the EU may provide additional funding to some MS research programmes in order to support international cooperation with other countries, namely with India.

### **3. Common challenges and national development strategies**

#### **Luc Soete**

The European economic integration was built with a very strong focus on Eurocentric national policies which brought a lot of cocooning effects that led not only to trade creation but also to trade divergence. The trade flows amongst the EU have intensified at the cost of some existing trade flows at global level. One can say that the European integration process contributed not only to enhance the EU's identity and competitiveness, but also to increase divergence in terms of trade, foreign direct investment and knowledge flows.

The Lisbon Strategy is the ultimate expression of this strengthened European cocooning. This development strategy establishes the EU's political desire to become the most knowledge intensive economy in the world by strengthening its internal policies in order to achieve structural change and economic growth. In the recent years, it became clear that this European domestic approach to development is no longer sustainable. There is now a big awareness in the EU regarding the importance of the external relationships and on how we can reinterpret the Lisbon Agenda within the globalisation context.

#### **Deepak Nayyar**

I would like to make a distinction between common challenges that have a national dimension but are situated largely in the international context and challenges that are essentially national but have some international spill-overs.

#### **Common challenges in the international context**

**Climate change:** The EU has a level of energy consumption or emissions per capita amongst the highest in the world and it is increasing slowly. On the other end of the spectrum, India has one of the lowest levels of energy consumption or emissions per capita in the world but it is rising rapidly.

**Demographic change:** The EU has an aging industrialised society and will have more and more consumers and fewer and fewer producers. India has a proportion of young people that is higher than anywhere in the world but in order to capture this "unutilisable" demographic dividend we need to create capabilities in our people. Thus, there will be a labour scarcity in Europe and labour abundance in India and this predicts a strong need for cross boarder movements of people.

**Global change:** This manifests more obviously in the changing balances of power, both economical and political. In this sense, the process of declining in Europe will happen in relative terms and India is becoming a rising power. It will be a challenge both to India

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<sup>3</sup> European Research Area.

and to the EU in dealing with the implications and consequences of this enormous change.

### **National challenges with international dimension**

**Agriculture:** Once again we are at the end points of the spectrum. The EU runs a common agriculture policy to protect around 2% of its workforce. India, which is increasingly being drawn by the WTO into trade liberalisation, runs an agriculture that provides livelihoods for about  $\frac{2}{3}$  of our people although it contributes with less than  $\frac{1}{5}$  to our national income. In our case, the prices of food determine the wellbeing of at least 300 million people that live below the poverty line.

**Diversity/Inequality:** Both the EU and India face a tremendous increase in political and cultural diversity as well as a remarkable intensification of economic and social inequalities across space and in between people. The rapid economic growth in India has intensified these inequalities.

**Knowledge<sup>4</sup>:** In the past, the drivers for economic growth and social development were natural resources, population growth, capital accumulation and technical progress. In the 21<sup>st</sup> century, it is knowledge that is going to be the source of economic growth. Europe is a post industrialised civilization trying to increase competitiveness through a knowledge-based society. In India the rudimentary education system has critical implications in our society where the proportion of those illiterate in rural areas and among women is about half of the total population. I think the EU and India may address the question on how we can build a knowledge-based and more inclusive society together.

### **Dyvia Datt**

I want to add energy security as a common challenge between the EU and India in the international context but not only from a climate change perspective. In India the supply and availability of affordable and reliable energy is very critical both to the economy and to individuals, particularly for the really poor.

### **João Caração**

I would like to propose an exercise: getting out of the present and see the world some hundred years from now. Our production and consumption patterns will change dramatically and perhaps around 90% of the world population will be employed by the service sector. In my understanding, this is what really defeats the knowledge economy. To produce and consume in this reality depends largely on the knowledge we have about the other economic fields and on huge levels of productivity and mechanisation in agriculture and industry. I believe this development model is a common challenge between the EU and India for the future.

### **K.J. Joseph**

In the Indian context, economic and development policy making went through significant changes. In the colonial and post colonial period, economic policy making was Eurocentric and influenced by the European development models. After the 1980s

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<sup>4</sup> Knowledge here is a differentiated good and includes three dimensions which are expansion, excellence and inclusion.

and the boom of globalisation, I have serious doubts if Europe was able to influence the policy making in India.

India has now an increasing services oriented economy, but has a much less productive agriculture as in the last 50 years its contribution to our GDP has been declining while the population in agriculture remained more or less the same. Additionally the industry sector is not actually taking off. My argue is that it will be quite difficult to foster innovation in this kind of scenario and this will be a major challenge to India's national development policies.

Another important challenge to India regards to its educational and training systems where there is coexistence of a growing rate of students achieving high level education with around 300 million illiterate people. How can we capture and use talent or knowledge workers to make the productive economy sectors more vibrant and competitive. I think there is an enormous scope for collective action between the EU and India in this field.

### **Suma Athreye**

I think knowledge is not only a challenge to tackle essentially at national level. On of the major issues regarding knowledge-based economies is that it isn't just a question of creating knowledge but basically attracting knowledge. In my opinion this is a problem that has to be dealt at international level.

### **Deepak Nayyar**

The EU is a political project in the guise of economic policy and an important part of this project is the catch up with the USA. This catch up process also applies to India. In fact, a comparative analysis regarding knowledge society indicators shows that the gap between the USA in one hand and the EU and India on the other hand is widening. In my opinion this is a challenge that we have to address jointly. For example, India has democratised too much its higher education systems by sacrificing excellence. An important lesson from the USA, both to India and the EU, is the recognition of the principle of differentiation in education, where it's possible to have research universities at the top and community colleges at the bottom. By allowing different institutions, means and people within the educational system, it is possible to reach inclusion and expansion without sacrificing excellence.

### **Development issues within the Indian context**

India does not have a political agenda defining a long term development strategy and its internal policies are not designed for the long term, either it refers to education, energy, gender, land issues, etc. The Knowledge Commission is exhausted attempting to persuade the Government that if you want to transform India into a knowledge society which is inclusive in 2025, there are some things that you have to do now. What we do have now in our political system is the worse form of short term dimension.

There is a strong need for a long term strategy in India, particularly to address national's main challenges which are infrastructure, agriculture and education. I think there are a lot of issues to be addressed in political change and institutional reform in India. In addition, at this moment, internal development policies focus only on the economic growth and do not comprise the social and environmental dimensions.

India's approach to globalisation is pluralist as there are several opinions, depending on who you are, what you do and where you live. My own sense is that overall we have a partial approach to globalisation as we tend to mitigate the threats and highlight the opportunities. However there isn't an articulated political dialogue in India concerning globalisation although we do have a view on what we can do to maximise the benefits and minimise the costs, on how to capture the opportunities and avoid the risks.

### **Balveer Arora**

The perspective from the political side is that in the foreseeable future, India is going to be confronted with a multiparty system, both at federal and state level, and short arising governments as the result of the enormous fragmentation of our society. This means that India will need to devise strategies to carry forward its national objectives and aspirations within the framework of coalition government arrangements.

I believe India can learn from the European experience on how to hold growth trajectories even in situations of greater political instability and on how to combine long term development strategies with short term political arises.

### **Andrew Sors**

Within the Indian context I wonder what kind of development models, in a very broad sense, do you see as more suitable to India when compared with some of the European development models.

### **Suma Athreya**

From the discussions so far one can distinguish a large spectrum of opinions regarding India's international situation:

- There might be paradigmatic lessons we can learn from Europe;
- Our development problems must be addressed more from an inward looking approach by pushing internal policies and politics;
- The USA is going to be a much more important partner than the EU.

If we take globalisation as a broader phenomenon, meaning more than just trade and investment, what could be its role in addressing the development problems?

### **Deepak Nayyar**

Politics is characterised by short term arises everywhere as it's within the nature of political electoral cycles but a fragment political system doesn't always have an adverse impact on economic performance. I agree that India has much to learn from Europe about the nature of coalition politics. The distinctive element here is that in Europe by large, the political parties represent stable constituencies whereas in India we have very unstable political constituencies and ideology is no longer a point of reference.

Regarding development models I do not have a straightforward opinion. The reconciliation between market economies with political democracy is critical and social democracy in Europe was an attempt to tackle this issue. However, even in Sweden social democracy is moving much more to the right. To India, I would say that there isn't a unique model. Both markets and globalisation represent opportunities that you can exploit or that you can neglect. But it's important to recognise that they also carry threats and risks to a large proportion of our population. Rethinking development

strategies in India or elsewhere is important and I think that for any part of the world, the external elements may be at most a relevant complement but never a substitute for domestic development efforts.

I have always thought about knowledge as a public good in the sense that the more I share with my students, doesn't mean the less I have. Sharing knowledge extends frontiers and creates more knowledge and that it's why I'm opposed to the IPR solution particularly within public institutions.

### **Suma Athreye**

There are three main areas where it might be interesting to share common experiences:

#### **Knowledge intensive growth**

The Lisbon Agenda states very specifically that the EU wants to become the most knowledge intensive economy in the world. In India, although there isn't a long term development plan, in practice the growth of the software outsourcing sector has propelled a sort of strategy based on human capital or knowledge intensive growth.

This knowledge intensive strategies met with different constrains both in Europe and India. In Europe there has been a rise in wages driven by the scarcity of technical talent which is caused by the present demographic trends and also because the desire of young people to engage science and technology studies, particularly engineering, has been declining over the years. From the Indian perspective, the problem is not the scarce of people but the cost of education and the investment in education. I think that there is room for shared policy and cooperation between the EU and India to address these problems.

#### **Regional diversity of policies**

India's constitution has a federal structure which recognises the independence and the autonomy of the states as well as the asymmetry between them. And although there is no constitution in the EU, there is enough regional policy experimentation in both sides where there might be some lessons to learn.

In the Indian case, one major area of regional policy experimentation was the privatisation of the tertiary education<sup>5</sup> which was quite successful in the south states and might be one of the causes behind the take off of the software industry in those regions.

Given the fact that knowledge intensive growth strategies may polarise the income distribution, the EU has a quite elaborated system based on the transference of funds and regional investments, the so called regional policy for cohesion, which might be a template that could be useful for the Indian context.

#### **The use of markets as solutions**

India has been more willing to try market mediated solutions for several problems, essentially to address supply constrains like investment in education, infrastructure, insurance, etc.

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<sup>5</sup> Colleges, universities, institutes of technology and polytechnics are the main institutions that provide tertiary education.

Europe tends to use much more often the state, in particular the welfare state solutions in order to address these problems. I believe that more research could be done jointly to appraise the efficiency of each policy instrument for the provision of health and education services, insurance schemes, etc. For example, there is a debate in India about crop insurance solutions to cope with the price destabilisation in agriculture.

### **Andy Hall**

As a researcher in agriculture, more specifically in technical cooperation, I focus on how agriculture in developing countries may help the rest of the world's agriculture.

### **Agriculture and development models**

I think this massive movement of people we saw in Europe and in the USA from agriculture to manufacture and finally to services is very unlikely to happen in South Asia because knowledge, as the main driver for productivity and growth, may be applied to agriculture as to any other sector. I believe we will have quite different development models in South Asia, where agriculture and related issues will continue to play a very important role regarding livelihood options.

### **Convergence vs. divergence in agriculture**

In the post war period, the agriculture agendas in Europe and India were relatively similar and increasing food productivity was a major policy imperative. Science, technology and investment in infrastructure were designed to address the challenge of productivity. The divergence process started to take place when Europe became food self-sufficient and this has happened fairly later in India. In the last 10 years we have been seeing a reconvergence trend as we are all part of the global food system. However, Europeans are focusing on food safety and health concerns while India is more concerned about food supply adequacy. I believe that in Europe the big issue for the rural sector is the efficient use of what was previously agricultural land and in India the big issue is social inclusion. The point is that agricultural research and innovation in both sides have to cope with a wider spectrum of non traditional issues far beyond mere productivity and this is equally important to the EU and India.

### **Ambiguity in research collaboration for development assistance and for win-win situations**

Technical and development assistance for agriculture has its roots in the post colonial period where European expertise was used to help recently independent countries increasing agricultural productivity. Over time, this technical assistance has changed and there is now a tendency to supporting national research programmes within the developing countries rather than research partnerships. In my opinion this undermines some opportunities for international collaboration. The question is how to reconcile the ambiguity of supporting technical assistance in the traditional an altruistic way with the growing importance of supporting research for win-win situations, in which the outcomes are equally important to developed and developing countries.

### **Jos Berghman**

The welfare state is a competence that lies in the Member States. The EU traditional initiatives regarding social protection are made basically through structural funds in order to enhance social cohesion and decrease regional inequalities. The social protection policy is essentially an internal system to cope with social risks like unemployment, illness, invalidity, etc.

Social risks are culturally determined and some countries give more weight to some risks than others, but in the EU, there is a more or less similar definition for social risks.

Some economists with a more macro view argue that the welfare national systems also cope with external shocks and this is particularly important within the globalisation context which confronts European social security systems with efficiency problems, labour costs and international competition.

Additionally, most of the European welfare systems are facing serious imbalances due to demographic change and also to family instability and job mobility. Europe needs to rethink and modernise its social protection systems in tune with the new reality.

The EU's structural funds had reinforced these national welfare systems by reallocating funds to some particular regions or categories aiming at fighting poverty and social exclusion. This focus has evolved to labour market exclusion and finally towards what it has been foreseen in the Lisbon Agenda.

The Lisbon Agenda approach to social protection focus mainly on two aspects:

- Changing from a more curative/benefit to a more preventive/active approach;
- Combining flexibility in the labour markets with security (flexicurity model).

Since the 1980s social protection in European is also becoming a mix of public/private system, particularly in the fields of pensions and wealth because the public sector was not able maintain previous standards this new economic and social environment.

#### **Four points for discussion:**

- To what extent is the European experience on welfare systems relevant to India?
- Does India need internal mechanisms to cope with external shocks and cohesion systems to decrease inequalities?
- How does work governance in India, both at federal and state level, to address these issues?
- Can the EU hold a social protection system in a more global setting and engage partners who also want to combine productivity with solidarity?

#### **Deepak Nayyar**

We have contemplated very much on what India can learn from Europe regarding:

- The economic dimension: regional imbalances, market-based solutions, research collaboration, science and technology;
- The social dimension: conceptual design of the welfare state, the notions of social cohesion, social inclusion and solidarity;
- The political dimension: representation and coalition governments

I think that we should pay a little more attention on what the EU can learn from India and on what we can learn from each other.

#### **Andy Hall**

I would say that the emphasis should be more on which institutional mechanisms we can put into place so this joint learning exercise can actually happen and on how can we structure a process to get this learning into action.

**Andrew Sors**

The EU has much to learn from India, culturally and socially, particularly from its huge soft power. I think that the EU wants in fact to learn from other countries in several areas and that it's why these strategic partnerships with other global players are so important. There has been a shift from a Eurocentric approach to a more open one. The 7<sup>th</sup> FP is a good example for research collaboration as it is the more open, inclusive and target instrument to undertake cooperation in the world based on reciprocity, mutual interest and ownership.

**R.K. Jain**

I have the sense that the Indian foreign policy desk understands better the EU than the opposite. The EU experts and officials in foreign policy transmit wide internal divisions, an immature knowledge about the EU itself and about India's complexities. If Europe is willing to learn from other global players, then how do you change the mind of the EU foreign policy officials? I think that there are only a European minority that has the courage and perseverance to understanding India's complexities and push forward cooperation relations beyond the bilateral dimension.

**Deepak Nayyar**

The EU and India have a considerable demand to learn one from another in the wider international context. The current global institutional setting was largely built by the USA and in this process Europe and India were mainly spectators. For the future multipolar world, we could play a strategic role in reforming the international intuitional architecture (the UN, WTO, Breton Woods, etc.) or creating a new one. In this respect, I think we have an enormous potential to catalysing change.

**Suma Athreye**

Leaving aside the political consequences of IPR issues for the partnership between the EU and India, and focusing on IPR as an instrument by which we can transfer and spread knowledge, I think what we have to object against is not the "strong IPR regime" but the lack of licensing. In specific science areas, like green technologies to fight global warming and medical technologies, the developed world should make it available to the developing countries at a fraction of the price.

**Sadhana Relia**

I believe there are some specific areas like agriculture, health, energy, transport, municipal waste recycling, sustainable habitat and others, where European technologies could be shared with India using for example the downskilling approach. We have the example of vaccines, where technology provided the possibility of make it available to a large part of our population at a very low cost.

**R.K. Jain**

Can we really have sustainable development without transference of technologies? The climate change now is the new EU's mission but how is it possible to engage strategic partners in this concern without taking into account its development stages and specific needs. For India, economic and development growth is a survival issue while for the EU it is a life style issue. In this context, how realistic a sustainable development dialogue can take place?

#### **4. Improving bilateral relations**

##### **Andrew Sors**

The aim of the strategic partnership with India is to upgrade this relation from a strictly commercial nature to a more political and comprehensive one. This long stand strategic cooperation is based on shared values and common interests and is connected to the Joint Action Plan which is under its second review.

Institutionally the EU relation with India is based in some instruments like the annual Summit, the Joint Commission, the Round Tables and some steering committees and working groups on science and technology, trade, agriculture, civil society, etc.

There is an active S&T Cooperation Agreement between the two sides. This has helped raising mutual awareness and understanding, for example, through a number of EU-India Workshops in themes of common interest.

Personally, I find really important to highlight the strategic dialogue with India, because both geographical spaces have so much to offer to each in a broader sense. In the present situation, with so many issues in the agenda, it's very easy to lose sight and I believe that more workshops like this done in a long term and sustainable way can help a lot.

##### **Sadhana Relia**

Partnerships may happen formally or informally across the world, as long as there is a will and engagement. India is not looking at Europe as a source for grants or sector development. We have reached a point where the traditional cooperation domains like agriculture, natural resources and health have to be combined with cooperation in other domains such as high-tech and S&T. This cooperation must be based in a balanced way by using the principles of symmetry, reciprocity, mutual interest and shared responsibility and ownership.

Sustainable development has different meanings and to India it is mainly about meeting critical needs in our society like employment, availability of water and energy, food security, etc. Without investing in human capital and livelihood options we cannot have sustainable development. In these sense, strategic cooperation should address these issues, where creating and spreading knowledge brings about social and economic wellbeing.

##### **R.K. Jain**

What is the value addition which S&T cooperation with the EU brings over and above S&T cooperation with the Member States?

##### **Andrew Sors**

From a financial perspective, there are projects at EU level that you cannot fund at national level, particularly for the small countries which have modest funds available for research. From an excellence and research efficiency perspective, the EU brings larger possibilities to finding the best researchers, the best practices and benchmarking solutions than one single country partner.

**Mario Telò**

I think India might be interested in a stronger EU, not only because of the budget but because stronger institutions allow to create an enhanced framework for circulating ideas, knowledge and best practices. On the other hand, stronger EU institutions will bring more coordination and efficiency to the national policies, which will remain relevant for the future. The EU convergence should not be regarded as a centralisation process where the national policies will have less importance. We will continue to have a two level polity system, but with the help of EU guidelines, we hope to have a more coordinated and coherent one. Furthermore, the European Parliament and parliamentary exchanges with third partners, which allows the involvement of several stakeholders and civil society, may provide important inputs to enhance the strategic partnership. In my opinion, this is not only important to the EU but also to our partners because a stronger EU makes the partnership stronger as well.

**R.K. Jain**

India is at a stage where it wants to leave the old minds set behind and we want to adapt and adopt best practices very quickly. During the last few years, this desire has been increasingly growing. So I believe that India is willing to learn and the EU might be a “guru” for a number of issues.

**Luis Peral**

India cannot avoid the EU, even when it deals only with one Member State because in some cases, like trade for example, the EU law imposes itself over national laws. You cannot deal with one Member State without dealing with the EU at the same time. So, this two level polity come together and are unavoidable.

**Kiran Datar**

Within the higher education scenario, one major issue is access and according to the statistical analysis, we need to go far faster. Presently we have 7% to 9% of people studying at universities and we need at least to reach the figure of 20% by 2015. We also have a much divided high education system that might have served the purpose for 60 years ago, but it no longer meets needs.

The question now, is not only about access and creating more universities<sup>6</sup>, but also restructuring the entire high education systems to actually meet the needs of development. We are also aware that we have a large young population that can provide in many areas the workforce to meet both national and international needs. To achieve this, we have to address in a coordinated way the issues of access, excellence and expansion and make an enormous structural change in the entire educational system.

Education in India is both a central and state subject. We have a high education system composed by central universities funded directly by the Government and a very large number of state universities that depend on the states' budget. General policies of regulation are done by the University Council Commission which handles with legislation from the central and state levels and this has created many blockages.

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<sup>6</sup> India has presently around 350 universities.

In a bilateral cooperation perspective, India is not much aware about what is happening in the EU regarding education and I believe that this could be an important area for joint collaboration in issues like research, mobility, excellence, networking, etc.

### **Luc Soete**

Regarding the higher education situation in the EU, we are being confronted with contraction issues, as the young population is declining in all 27 Member States. The European universities, which are around 3.000 to 4.000, will need to look for students and talent coming from the South because we will have a severe contraction in the student population.

### **Mario Telò**

I would like to propose the open method of coordination in order to improve the governance of the strategic partnership. The open method of coordination rests on soft law mechanisms such as guidelines and indicators, benchmarking and sharing of best practices. Through this method, we could agree a certain number of common policy goals and common guidelines that could be then monitored in a regular basis, both at the EU and MS levels.

## **5. Implications for international relations and the strategic partnership**

### **Mario Telò**

It was already emphasised how much important is to stepping from cooperation to strategic partnership, which means a more balanced and less asymmetrical relation and going beyond the classic Eurocentric development policy approach. This is a big challenge to the EU because this regional institution is becoming a growing political actor within the global context in many areas, including security issues. To India it also means to go beyond its traditional links with European countries individually.

It's worth to stress again that the EU is not becoming a superpower because it has neither the means nor the institutional setting, particularly in what regards to military and nuclear power. However, this unprecedented soft power is not unfit to meet the main global challenges, the so called Millennium Development Goals, which have a totally different nature from the ones posed by the cold war period.

In this context, a new idea of international relations is emerging in the EU which is to include the external implications of the modernisation agenda (The Lisbon Agenda) within the foreign policy. This idea was clearly emphasised during the Portuguese EU Presidency in the second half of 2007 and I draw attention for the EU declaration on globalisation in December 2007. This is a new and ongoing process which the EU would like to share with other international players.

It is a fact that the USA's dominance in the world is declining and that we are shifting into a multipolar international context where new types of powers are emerging. This multipolarism means essentially that the regional dimension, values and legitimacy matter much more than before and the concept of shared sovereignty is more binding than before.

**Balveer Arora**

India's relation with Europe is rather old but what is new is the way Europe perceives India. A stronger EU-India strategic partnership is certainly a desirable objective. The extent it can be accomplished depends on a large number of factors, not all in absolute control of both parts. In my opinion, the present global governance architecture needs to be redesigned in its political, economic, financial and security dimensions. The EU and India might need enhanced cooperation to building this restructuring process and coping with its implications.

**Luis Peral**

I would like to recall that the establishment of strategic partnerships was identified as a EU objective towards effective multilateralism in the European security agenda in 2003. It was clear from the very beginning that these partnerships should go beyond traditional diplomatic relations and tackle major global issues.

I would like to make a concrete suggestion for future collaboration. Norway is becoming a kind of associated state which contributes in the state/peace building EU missions in a regular basis. Why not a similar special relation with India? Thinking with a geographical focus, why not working together in the peace building operations in Afghanistan?

**R.K. Jain**

I would like to add some points to discussion:

- The EU-India strategic partnership needs a more focused approach. Engaging too many issues is neither desirable nor efficient.
- India relation with the EU trio institutions has been uneven. So far it has been mainly limited to the Commission and we need to go much ahead with the Parliament and the Council, especially if the new Lisbon Treaty comes into force.
- India's interest and expertise in peace keeping missions is growing but there is not very much will to join post conflict interventions particularly in our difficult environment. There are clear political reservations on this.
- India is willing to learn from EU experiences regarding regional development, but we have to keep in mind our different perceptions and specific needs.
- Indians in general don't understand the EU very well although there has been an incremental change over the last years. In this field a lot remains to be done and it's necessary to widen and deepen the civil society linkages between the EU and India.
- What is the utility and ultimate goal of effective multilateralism? Is it associated with global governance? What's its connection with norm building and what is the trade off of norm building for universal good and national interest? As far as the EU is concerned, the multilateralism model has not been very effective, because when it comes to interest it leaves it to the MS level.

**Luc Soete**

The duality and inconsistency within the EU and Member States must be addressed because it limits the political dialogue with strategic partners. Strategic relations cannot be based only in soft power and ignore the implications they bring on hard power. Another central priority to the EU is related its representation in international organisations. Europe cannot go on to be over represented in the multilateral institutions

and transmit dual perceptions even in situations where in principal the EU should be the leading force like in the WTO.

## **6. Main conclusions**

Regarding the strategic partnership, we have been focusing too much in the details of the micro picture. We need to have a more focused approach on the long term issues. Sustainable development, climate change and energy security were identified as the main agenda priorities for a long time to come.

There is now a more realistic down to earth understanding on what we can do jointly. The more focused and structured is the approach, given a medium term timeframe, the more we can achieve together. There is already the example of S&T cooperation, perceived as a great success story. In this case, India has been able to leverage both the Member State partners with the value addition that the EU can provide. A main point is that the strategic partnership requires constant stimulation and political will.

### **Common challenges and possibilities for enhanced cooperation:**

- Climate change and energy security: from the perspective of the EU, the main concerns are affordable and clean energy, carbon emissions, global commons and equity of generations. The India approach is broader as it also includes waste recycling and management, water purification and coping with natural disasters.
- Demographic trends and migration issues: there might be a sort of long term complementarity in migration movements as Europe will face labour scarcity while India will have to deal with labour abundance. These migration movements should address not only knowledge workers but also other workers, irrespective of their qualifications<sup>7</sup>. This goes against the current EU selective immigration policy which is under consideration but perhaps we must address this in a broader sense.
- Global change: India and the EU need to engage more intensively on how we can deal with the changing balances of power and the emergence of a multipolar and balanced world. India and the EU need to address jointly the demand for reforming the international institutional setting and democratise global governance.
- Agriculture and its role on employment and subsistence. In Europe, the common agriculture policy is changing from a subsidy approach to a job creation and rural development perspective. In India there is also a multi-functionality approach to agriculture, which is more than just producing food but also a way of finding diversified livelihood options for a large number of people.

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<sup>7</sup> There is an agreement between Belgium and India where the principal of free movement of workers regardless qualifications is applied to the social security system. This agreement facilitates the migration of Indian workers to Belgium and gives them similar levels of social protection.

- Diversity/Inequalities: Both the EU and India have wide experience in dealing with diversity issues at cultural, linguistic and religious level. It might be extremely relevant to engaging a multicultural and inter-religious dialogue. Another important subject is to enhancing the civil society dialogue and people to people exchange, ranging from parliamentary exchanges to academic networks. Regarding inequalities and social exclusion India might learn more from the EU experience about its structural funds policy to cope with the regional development disparities.
- Knowledge: it is consensual that knowledge will be the main driver for economic development and both the EU and India want to build a knowledge-based society and engage knowledge-intensive growth. Knowledge was perceived as a public good, linked to innovation, research, education and inclusion, but its capitalist mode of acquisition makes it more difficult to share and spread. Further debate on IPR issues between the EU and India is necessary to address this question. Another important area for collaboration is in the higher education field, where India might have lessons to learn from Europe regarding internationalisation and mobility. There is also a potential dialogue to attract Indian students to European universities.

The EU looks very fragmented and ambiguous from the Indian perspective and needs to address in a more coherent and consistent way its policy making process, both between the Commission and the Council and between the EU and Member States. In this sense it is very important to strengthen the EU coordination side.

We are at a level where there is strong realisation that India and the EU have to cooperate more and there is will from both sides to learn from each other. The main question is how to find the appropriate mechanisms and change the bureaucratic minds set in order to operationalise more effectively the strategic dialogue between the EU and India.