

Report to SASNET on

EU-India: Deepening the Strategic Partnership ENCARI Round Table and EU Think Tank Dialogue

The European Commission in Brussels, November 13 and 14, 2007

Report by:

- Dr. **Sidsel Hansson**, Centre for East and South-East Asian Studies, Lund University. <http://www.sasnet.lu.se/ancelund.html>
- Dr **Per Hilding**, Dept. of Economic History, Stockholm University. <http://www.sasnet.lu.se/ekhiststhlm.html>
- PhD Candidate **Ferdinando Sardella**, Dept. of Religious Studies, Göteborg University. <http://www.sasnet.lu.se/rehistgbg.html>

The organizer of the meetings was the [European Network for Contemporary Academic Research on India](#) (ENCARI), in collaboration with the EU Commission. ENCARI was established in 2006 with the aim of promoting contacts between European researchers and think tanks working on India, and assisting the EU Commission with policy formulations. The ENCARI Round Table meeting was held on November 13, followed by the EU Think Tank Dialogue on November 14. Present were nearly 100 academicians from Europe, the US, and Asia, as well as EU delegates and officials. SASNET was represented by Per Hilding (Stockholm University), Ferdinando Sardella (Göteborg University), and Sidsel Hansson (Lund University).

In his opening speech Mr. **Karel Kovanda**, Deputy Director General of External Relations at the European Commission, talked about the current key priorities in the EU- India collaboration, and especially the upcoming negotiations for a trade and investment agreement. An EU-India energy panel had been set up in 2005, and in the EU-India summit 2007 energy and climate change were highly prioritized issues. Also, science and technology are key issues, and Mr. Kovanda pointed out that for the EU India is not simply a source for low cost production, but a centre for innovation, business and research.

The first panel dealt with India's growth and economic development. When did growth acceleration start and what caused it? According to Professor **Kunal Sen** from Manchester University it actually predates the structural adjustment reforms of 1991 and can be traced back to 1978-79. Its cause was increase in public investment and machinery. Contrary

to popular belief the initial surge was classically state driven rather than depending on reforms and changed attitudes. Only during the 1980's and 90's did trade reforms become crucial to India's growth. During the last ten years growth has averaged 6-7% per year. Trade is still however a relatively small part of the economy and growth has been typically domestically driven.

Looking at the composition of the economy the trends are clear. There is contraction in agriculture, which now accounts for less than 30% of the GDP, but still provides employment for about 60% of the population. Growth in manufacturing has been slow as has manufacturing export. The real boom is in the service sector, which has grown remarkably, although one might wonder if this growth is sustainable without a corresponding growth in manufacturing. Even though India's service export has increased remarkably it was pointed out by one expert that it is still less than Hong-Kong's.

Questions were now raised from the floor regarding the impact of growth on poverty. Can trade contribute to decreasing poverty? The answer was that there is no correlation between trade reforms and the rate of poverty decline. Growth itself is not the answer to poverty reduction. The fastest growing sector: information and communications technology is typically skill intensive and cannot be the way out as employment provider.

To improve the situation of the poor investment in primary education must increase. Better schools and more schools must be set up in rural areas. The poor quality of public schools was stressed, but also that the NGO sector and the private sector are now increasingly filling the gap. One may doubt, however, that privatization will actually improve the situation of the poorest.

Professor **Dietmar Rothermund**, former Director of the South Asia Institute, University of Heidelberg, chaired the second panel on business cooperation. Key speakers were Ms. **Minya Chatterji** from CERI, Paris and Dr. **Willem van der Geest**, Asia Institute Europe and coordinator of ENCARI. Ms Chatterji started by emphasizing the transition now taking place in both EU and India to a knowledge and service society. While EU is India's largest trading partner India is EU's 12th. Indian companies are now moving out, as is happening in the ICT-sector, since they cannot find the right competence domestically. This is happening in spite of the fact that India is now experiencing not a brain drain, but actually a brain gain.

Then she pointed out that there are important complementarities between EU and India that could form the basis for closer co-operation. The demographic trends, for instance, are moving in opposite directions in the two regions. While half of India's population are still below 25 years old Europe's population are ageing. In the context migration will increase, but there are many divergent views on this in EU.

Dr. van der Geest mentioned two specific opportunities for EU-India business cooperation: Public-Private Partnership (PPP), and the possible establishment of a European Business and Technology Centre in India. He suggested that private companies, including those from Europe, could assist the Indian government in large infrastructural projects. It was pointed out from the floor though that a large proportion of PPP's had been failures and that corruption was endemic. The Centre, in turn, could support cooperation between EU and India in areas of strategic importance, such as trade, energy and environment, according to van der Geest.

Dr. **Waheguru Pal Sidhu**, Director of the Geneva Centre for Security Policy, chaired the first panel of the second day, focusing on strategic cooperation. Key speakers were Dr. **Lawrence Saez**, SOAS, University of London, Prof. **Jean-Luc Racine**, Ecole des Hautes Etudes en Sciences Sociales, Paris and Dr. **Marie Lall**, Chatham House, London. The first issue to be discussed was the scope for a possible EU-India cooperation in the field of nuclear energy, then diplomacy between EU and India was discussed, and finally India's foreign policy and energy security.

Considering India's rapidly rising energy consumption and the fact that coal still provides 68% of that, new sources of energy have to be developed. The panel pointed out that European expertise could assist in developing cleaner and renewable sources of energy. There was a lot of discussion on the possibility and the implications of extending nuclear energy, but a EU-India nuclear deal was dismissed as unrealistic even though India is now negotiating such a deal with Russia. Nuclear energy would anyway be of marginal importance to the Indian economy. It is unlikely to surpass 6 % of energy consumption. Natural gas was seen as a more promising field, but has serious implications for security, since pipelines may have to pass the borders of either Pakistan or Burma.

On the second day, Prof. **Vijay S. Pandey** from the Institute for Tropical Medicine in Antwerp gave the key presentation in the Second Panel of the day, "EU-India Science and Technology Cooperation" followed by a

scheduled comment from Mr **Upton Van der Vliet** of DG Research at the European Commission.

Prof. Pandey assessed EU-India Scientific and Technological cooperation. He pointed out that education, research and development, and innovation were closely linked. In India, education supplies 2.5 million Indian graduates a year (350,000 in engineering, 650,000 post graduates, 6000 PhDs), but only 25% are competent enough in terms of international standards. Despite the economic boom, education in India has remained poor and it is projected that there will be a shortage of skilled workers in the upcoming years.

EU-India cooperation is broad but still limited compared to EU-China relations. There are a total of 80 EU-India projects at the moment versus 198 EU-China joint research ventures. Despite available resources, there is a need to increase awareness in India about the possibilities offered. There are, however, problems to overcome in terms of heavy bureaucracy and few possibilities for post-project development. Prof. Pandey suggested that the way forward in Science and Technology cooperation is to communicate and create greater awareness of EU-India links through for example web journals and workshops. Another suggestion involved the appointment of specific points of interface and contact between European and Indian Science/Technology institutions for diffusion of communication and information.

Mr van der Vliet of DG Research commented that the potential for EU-India cooperation in Science and Technology is growing, also due to India's commitment to increasing its R&D investment from 1% to 2 % of its GDP. One example of growing convergence is the increased attention paid by both sides to research into environment issues related to for example the melting of the Himalayan glaciers. There was also an improvement in Indian participation at the seventh Framework Programme as well. Member States of the Union and India are also intensifying contacts and cooperation on a one to one basis besides the operations run through the EU platforms.

The plenary discussion touched on the problem of getting Indian students to continental Europe, instead of to more popular targets like the UK and US. In the US, education and migration policies are coordinated, but not in Europe. Delegates suggested that problems with language, visa, and lack of coordination make studies in continental Europe too difficult. Cultural differences and integration problems are also often ignored. However, restrictions are similarly posed to

Europeans doing research in India. All in all, it was projected that by the end of this century much of the global R&D in the field of Science/Technology may gradually be located in India and China, thus there is a need for Europe to develop closer ties with India for bilateral long-term development. It was suggested that the Council of Europe's European Science Foundation was a good platform for the EU to launch a closer scientific cooperation and it could be developed further.

The dialogue then continued in three working group sessions: "Trade and Business Cooperation", "Strategic Issues" and "Science and Technology" to come up with concrete proposals and recommendations. We each joined one of them. Here are our reports from the discussions:

Working group 1: Trade and Business Cooperation

1. European businessmen should align themselves more closely with the Indian Diaspora resident in Europe that command vast resources and expertise. Also the conditions for Indian businessmen on temporary visit to Europe should be improved. There is a need for a common immigration policy concerning integration issues, visas etc, not only for businessmen, but also for film-makers, actors and others.
2. A common blueprint for the different national chambers of commerce now active in India should be worked out.
3. Considering India's heavy reliance of coal, research on gasification of coal should be intensified in order to save CO₂ in both transport and burning.
4. India has a potential to become a major exporter of agricultural produce. For that happening investment in processing, packing and marketing will be needed.
5. Crop insurance should be extended. Only 4 % of Indian peasants have ever insured their crops. In that way cultivation of inferior soils could be prevented.

This session gathered only 9 participants including the speakers and the chairman from the panel of the previous day. If the approach during the panel had been rather economic and a bit technocratic the discussion was now much broadened and social and cultural

aspects of business cooperation brought to the fore. Poverty alleviation, a theme that was only cursory dealt with during the panel, was now further discussed and a few tangible suggestions put forward in that area.

Working Group 2: Strategic Issues

1. The pros and cons of acting from Brussels or as individual EU member states was discussed, and the final recommendation was to work towards harmonizing the various initiatives in order to enable Brussels to speak with one voice in its relationship with India.
2. In order to deepen the EU-India relationship and develop a better mutual understanding India should be consulted more often. This should include taking in Indian perspectives on sensitive issues, and particularly, tensions in and around South Asia. Further, EU observers should be sent to Indian institutions and organizations in order to get in touch with Indian ground realities.
3. The ways in which EU could act as a model for India was discussed, especially EU as a role model for regional integration. It was suggested that EU should use these lessons to be learnt as a “selling point” in its interactions with India. Others pointed out that EU's regional integration hardly was transferable because of the numerous sites of political tensions across South Asia.

This session gathered 15 participants, and the discussion started out by highlighting lessons to be learnt from EU. It was seen as a problem that India's attention is turned more towards the US, in spite of Europe being a more important trade partner for India. The ways in which Europe speak with multiple voices was identified as one problem. Other participants were more concerned with the lack of a thorough understanding of India, including India's positions on international and Asian affairs. A possible inventory of best practices was discussed, and France was highlighted as an example of how it is possible to establish successful trade and research relationships with India, with an emphasis on joint research projects. As the discussion unfolded the EU-India relation as a two way learning process came more to the foreground. In this regard it was pointed out that EU has begun facilitating India centres in Europe and Europe centres in India, and also, strongly encourages increased contacts, networking and joint innovation and research projects.

Working Group 3: Science and Technology

1. The Member States should come together and find a way to coordinate their respective bilateral agreements in S&T with the Commission's programmes in India. That would help to create a unified platform of interaction for India-EU cooperation, since the situation now is a bit confusing. The creation of a specific New Delhi office by the EU was suggested.
2. Unnecessary bureaucracy should be reduced for Indian students coming to Europe, and issues of cultural difference and integration should be addressed.
3. Social Sciences and Humanities should receive more attention within the Framework Programme in order to facilitate understanding of cultural differences, and the respective history, languages, religion and society. That could help generating a spirit of partnership and facilitate social and cultural competence on both sides.
4. The Marie Curie and Erasmus Mundus programmes were viewed as quite successful in achieving interaction and collaboration, and more attention should be paid to follow-up programs.
5. The group suggested the need for a specific focus on thematic issues in the Commission's Science and Technology upcoming agreement with New Delhi.
6. The Commission should ensure that fundings and access to projects should be made easily accessible to the general public. The example of SASNET in Sweden was presented as a good prototype for wide access to information to students and researchers from India through the web, a cost effective way to disseminate information through a unified platform.

This session was represented by 15 delegates, many of whom coming from Humanities and Social Sciences. The discussion brought to the surface the need of including to a larger degree these areas of research in the overall EU-India Science and Technology cooperation frame. The overall impression was that the group and the plenary sessions paid less attention to environment issues, which despite of their sensitive political nature, offer vast opportunities for long term creative research cooperation for generating economically viable bilateral solutions.

11 December 2007

Sidsel Hansson, Per Hilding and Ferdinando Sardella

See also: http://www.encari.eu/nov_07_proceeds_summery.htm
ENCARI's official web page including the programme and the complete
Round Table and Think Tank Dialogue proceeds,
with audio clips, and video and powerpoint presentations

