

## Charting EU-India Cooperation on Connectivity

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While initially a response to the massive infrastructure deficit in Asia, today the term ‘connectivity’ is laden with strategic and political implications. This is largely a result of China’s Belt and Road Initiative (BRI) and its very visible political, financial, and environmental impact across Europe and Asia.<sup>1</sup>

With its new Communication on Euro-Asian Connectivity, the EU aims to position itself as a global player in connectivity, looking to increase its engagement in Europe and Asia through building networks and new partnerships. It aims to re-shape the narrative around connectivity by focusing on sustainability, transparency, international standards, and building partnerships.

India too is similarly realising the importance of connectivity, as a way to implement long delayed regional integration. Focusing towards its East, India believes that connectivity must be based on ‘universally recognized international norms, good governance, rule of law, openness, transparency and equality, and must be pursued in a manner that respects sovereignty and territorial integrity’.

This paper examines the normative convergence between the EU and India’s approach to connectivity and explores what this means for their cooperation on the ground. It argues that connectivity is a new avenue for strengthening the EU-India political partnership. While neither India nor the EU can match the funds brought to the table by China’s BRI, by partnering together they can provide alternatives to smaller countries in Asia. As both focus on soft connectivity – in terms of standard setting, capacity building and technical assistance – they would fill an important gap in the connectivity needs in Asia.

The paper finds that as India continues to shape its connectivity strategy, it is placing significant importance on the role of partnerships. Delhi sees value in collaborating with like-minded countries in maintaining a rules-based order while addressing an inherent gap in infrastructure requirements in the Indo-Pacific. While Japan has emerged as a key partner in India’s connectivity approach, the

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<sup>1</sup> The paper was finalised before the publication of the document by the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy, *EU-China – A Strategic Outlook* (JOIN/2019/5), 12 March 2019.

convergence in New Delhi and Brussels' approach to infrastructure development creates a greater scope for collaboration between the two.

There is tremendous potential to work together on connectivity projects in South Asia, where India, in partnership with neighbouring countries, can profit tremendously from EU's experiences of implementing projects in its own neighbourhood. The EU could pool financial resources with that of its Member States and with multilateral organisations like the Asian Development Bank (ADB) to present alternative financing options. These partnerships could strengthen a rules-based multilateral approach to connectivity that benefits all.

We argue that both EU and India have a clear normative convergence on what connectivity projects should look like. They should be transparent, sustainable, with a level playing field and following international rules and norms. Like the EU, India could consider developing its own strategy on connectivity which will make it easier for third partners to explore this normative convergence further in practice.

### **Policy recommendations**

Both EU, its Member States and India should consider joint projects and partnerships in third countries as a testing ground for cooperation. A few promising areas include:

Countries and regions where both India and Europe are active – particularly Southeast Asia and within the ASEAN framework, and Indian Ocean island countries. BIMSTEC member states – a group of countries dependent on the Bay of Bengal including Bangladesh, India, Myanmar, Sri Lanka, Thailand, Nepal and Bhutan - could be another promising venue, the EU is already working on improving liquefied natural gas (LNG) connectivity within BIMSTEC countries. The Indian Ocean Region and Africa could be other potential areas where EU and India could find converging interests and opportunities to support ongoing projects. Blue Economy, digital connectivity and capacity building are key areas where India and EU could explore joint projects in the above-mentioned regions;

Sectors where both are active – both EU and India focus on soft infrastructure projects including standard setting, capacity building and trainings for building local capacity. While this is different from the hard infrastructure focus of China's BRI projects, it does fill a critical gap in infrastructure needs in Asia. Streamlining customs procedures, digitalization of networks for example would lead to huge improvements in connecting South Asia.



*This paper was written in the framework of the EU-India Think Tanks Twinning Initiative 2018 – a public diplomacy project aimed at connecting research institutions in Europe and India funded by the EU. Its contents are the sole responsibility of the writers and do not necessarily reflect the views of the European Union.*