

India and the EU's Digital Indo-Pacific Strategy

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Summary

India's approach toward digitalisation and technology governance appears incongruent with the digital aspects of the European Union's Indo-Pacific strategy.

As the European Union (EU) embarks on its own [distinctive strategic outlook to the Indo-Pacific](#) region, it aims to contribute to an open, safe and inclusive digital connectivity and engage with the region's thriving digital economies. While the Indo-Pacific countries have called for greater maritime presence by the European countries in their increasingly contested waters, European actors may have more to offer in the high-technology and digital domains. Recognising the opportunities and disruptions that accompany the digital transition and green transformation globally, the EU and its member states are committed to increasing their engagement with the governments, commercial and civil-society stakeholders and networks in the Indo-Pacific on a broad array of digitalisation issues.

The EU's digital agenda and approach in the Indo-Pacific hinges on [promoting an open, transparent and inclusive digital domain](#), with a focus on promoting users and user rights, especially on issues like data privacy, free flow of cross border data transfers and cybersecurity. The hope is to develop strategic digital connectivity partnerships with key Asian partners that ostensibly share similar goals. Yet, this prospect cannot be taken for granted or accepted, given the diversity of digital governance agendas that suffuse the Indo-Pacific that veer from the EU's open and human-centred digital agenda. India's digital and technology governance agenda and approach, in particular, stand in contrast to the EU which could complicate their efforts to create a mutually beneficial digital partnership.

India has been at the forefront of a trend that amounts to techno-nationalism or digital sovereignty. And this approach manifests through resisting regional free trade agreements (FTAs) that liberalise data flows but signing bilateral FTAs where one can protect one's digital economy with provisions that exempt certain forms of data sharing. It can also develop laws and frameworks like [India's Personal Data Protection Bill](#) that can leverage data for domestic economic benefit and compel big technology firms and foreign technology investors to share data which is collected to support one's domestic ecosystem that is being revamped to support one's economic and security interests; opening one's technology and telecommunication ecosystems, [especially 5G, to like-minded trusted partners and countries](#) that share values so that common interests are protected. Broadly, India has been reticent regarding endorsing regional agreements and mechanisms that seek to promote digital integration. Instead, India appears keen to engage in digital matters bilaterally, not regionally or multilaterally, given their own interests in developing and transforming their digital economy.

Why has India been hesitant to negotiate digital issues in multilateral agreements like the Regional Comprehensive Economic Partnership (RCEP), Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and now the Indo Pacific Economic Framework (IPEF)? The fundamental reason is that India has a thriving digital economy and for almost every digital indicator – internet access, mobile access, data use and consumption, start-ups being created, unicorns and trade-in services – India appears to be a digital heavyweight and power. Being a digital power, it's not ostensibly in India's interest to sign regional trade agreements that force Indian officials to concede some of that power or bind themselves to multilateral rules that do not reflect their interests. Indian officials believe that what was actually proposed through these trade agreements would have been harmful to India's digital trajectory that's unimpeachably on the rise.

The CPTPP's digital trade provisions were originally crafted largely by the United States (US) and partly inspired by the [US-Korea FTA](#), and the provisions are mirrored in the [US-Mexico-Canada Agreement](#), which includes even more robust rules on the governance of data transfer as well as internet intermediary liability protections. The [RCEP](#) – signed in November 2020 between seven CPTPP signatories (Australia, Brunei, Japan, Malaysia, New Zealand, Singapore and Vietnam) and Cambodia, China, Indonesia, Laos, Myanmar, the Philippines, South Korea and Thailand – has a similar digital trade chapter as that of the CPTPP. However, the e-commerce chapter, including major commitments such as free cross-border data flows and the ban on server localisation, allows non-compliance, given national interests. Both the CPTPP and the RCEP would have enabled data sharing and flows between economies and open India's data to other countries – more than what India would have been willing to accept and the IPEF negotiations appear to move along those lines as well.

India has opted to desist from discussing issues like data flows and transfers multilaterally, especially through agreements that include external partners like the US, Japan and the EU. Thus far, the focus in Delhi has been to finalise comprehensive regulatory frameworks around the digital economy, social media and cybersecurity and use that baseline and standard to formalise digital relations and agreements with other countries while simultaneously inviting them to become active stakeholders in India's digital ecosystem that include public digital infrastructures like the India Stack. India's fear, which is shared by other Indo-Pacific countries, is to openly engage without laws that allow for the continuation of domestic public data to be used and expropriated by big technology companies for their economic gain, at the expense of countries like where the data was generated and could be leveraged. This government-led and supported digital agenda could potentially clash with that of other powers like the EU which also seek to export their distinct version of technology governance and regulation. It could make it difficult for the EU and India to coordinate digital strategies as they strive to make the Indo-Pacific open, transparent and secure.

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