

India and the European Union: Old Economic Agenda and the New Global Context

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Summary

The visit by the European Union's (EU) President Ursula von der Leyen to India at the end of February 2025 saw the two sides unveil a sweeping agenda for bilateral cooperation in the areas of trade, security, connectivity and technology. The past inability to translate aspirations into actions may not necessarily be a guide to the future of India-EU relations, as New Delhi and Brussels are under intense pressure to cope with a changing global order.

In terms of both nature and timing, the visit of the European Union's (EU) President Ursula von der Leyen to India in the last week of February 2025 was a pivotal moment for bilateral relations as well as the larger dynamic among the world's major powers. Well before the disruption of the global order was begun by the re-election of Donald Trump as the United States' (US) president, von der Leyen had decided to put India at the top of destinations outside Europe in her own second term that began last summer.

Having decided to give relations with New Delhi a high priority, von der Leyen arrived in India with 22 of her 27 cabinet colleagues (or the College of Commissioners) for an intense and broad-based round of consultations between the two governments at the highest level. The return of Trump to the White House and the crisis in trans-Atlantic relations marked by the US' outreach to Russia at the expense of Ukraine and Europe provided an [unprecedented geopolitical context](#) for the rebooting of ties between India and the EU. Stronger bilateral ties are no longer a welcome gain but an urgent imperative for both India and the EU.

India was among the first countries to establish diplomatic ties with the Brussels-headquartered European Economic Community (EEC) [the EU's predecessor] back in 1963. However, the relationship between the two states never took off. As India drifted closer to the Soviet Union in the Cold War and turned inwards economically, there was little room for productive engagement between New Delhi and Brussels. The early 1990s which saw the collapse of the Soviet Union and India's own economic reforms offered a more hopeful setting for the partnership between India and the more ambitious EU that replaced the EEC. New Delhi and Brussels unveiled a strategic partnership in 2004 and launched free trade talks in 2007. Although trade and economic cooperation expanded, a free trade treaty remained elusive and the talks were broken off by the EU in 2013, and the [strategic partnership](#) remained only in name. The National Democratic Alliance government sought to revive political and economic partnership with the EU and renewed trade talks in 2022.

If the pressures on the global economic order and the renewed great power conflict put a new premium on India's EU partnership over the last few years, the Trump disruption in the historic US ties to Europe in the last few weeks had added a new dimension of urgency. In

her address to the strategic community in New Delhi, von der Leyen highlighted the current [“inflection point”](#) in global history and the recognition of the need for Europe and India to come together to deal with the geopolitical headwinds confronting them. She argued that the EU and India “stand to gain from a world of cooperation and working together. Because we can offer each other distinctive alternatives and tools to make ourselves stronger, more secure and more sovereign in today's world. The kind of offer that cannot really be replicated by others.”

India, which emphasises the importance of promoting a multipolar world and strategic autonomy, has had every reason to welcome the new European approach. The convergence of their interests was fully evident in the [joint statement](#) issued by Prime Minister Narendra Modi and von der Leyen, “As the two largest democracies and open market economies with diverse pluralistic societies, India and [the] EU underscored their commitment and shared interest in shaping a resilient multipolar global order that underpins peace and stability, economic growth and sustainable development.”

The focus of Modi and von der Leyen was on deepening trade ties, expanding security cooperation, intensifying technological collaboration, reinforcing mutual efforts for green transition and promoting connectivity between India. The two leaders also agreed to “promote legal, safe and orderly migration in areas of skilled workforce and professionals in view of India’s growing human capital and taking into account [the] EU member states’ demographic profile and labour market needs.”

The highest priority, unsurprisingly, was given to trade. The joint statement of the two leaders mandates “their respective negotiating teams to pursue negotiations for a balanced, ambitious, and mutually beneficial free trade agreement [FTA] with the aim of concluding them within the course of the year, recognizing the centrality and importance of growing India-EU trade and economic relations. The leaders asked the officials to work as trusted partners to enhance market access and remove trade barriers.”

The past record of negotiations on free trade does not lend much optimism to the declared attempt to negotiate an agreement before the end of 2025. What has changed though is the larger international context in which the Indian and European economies operate. Given the challenges of mounting trade deficits with China and the unpredictability of Trump’s economic policies, India and Europe no longer have the luxury of neglecting their trade ties.

Yet, there is no denying that the trade bureaucracies of the two sides have a reputation for being difficult interlocutors. Success in concluding an India-EU FTA in 2025 will depend on the willingness of Modi and von der Leyen to sustain pressure on their respective bureaucracies to bring the negotiations to an early conclusion. What is at stake is not merely the bilateral trade relationship but the geopolitical standing of India and Europe in the rapidly changing structure of great power relations between the US, Russia and China.

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