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Ten Policy Recommendations for the Strategic Partnership

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POLICY BRIEF

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INTRODUCTION

The 15th India-EU Summit's significance—for the bilateral Strategic Partnership and to New Delhi and Brussel's security and foreign policy agendas—has been widely recognised. Taking cognisance of these new dynamics, the *IPCS x HSS India-EU Series* was conceptualised to:

1. Study priorities enunciated in the *India-EU Strategic Partnership: A Roadmap to 2025* document
2. Distil diplomatic terminology and bilateral and global geopolitical realities for an assessment of what kind of cooperation is materially possible
3. Arrive at points of convergence for sector-specific policy recommendations that mirror Indian and EU priorities.

The project solicited institutional and subject-matter views on bilateral expectations, priorities for cooperation, areas of conceptual convergence and divergence, and opportunities and challenges for policy implementation. These interviews, listed in order of episodes, were held via the IPCS vodcast, *Parallax*:

- **Sandeep Chakravorty**, Joint Secretary, Europe West, Ministry of External Affairs (MEA), Government of India
- **H.E. Ugo Astuto**, Ambassador of the Delegation of the European Union to India and Bhutan
- **Trisha Ray**, Associate Fellow, Media and Technology Programme, Observer Research Foundation (ORF), India
- **Dr Louise van Schaik**, Unit Head, EU & Global Affairs, & Senior Fellow, Clingendael Institute, Netherlands
- **Dr Dinesh Dua**, Chairman, Pharmaceutical Export Promotion Council of India
- **H.E. Walter J Lindner**, Ambassador of Germany to India.

The Series is available to view here.

Its findings were supplemented by research on sectoral developments in health, environment and climate change, information and communication technology (ICT), and research and innovation —all areas identified in the Roadmap to 2025—the broader trajectory of the India-EU Strategic Partnership, and New Delhi and Brussels' individual and combined interests and capabilities.

The ten policy recommendations below are a result of this exercise. Explanations for each recommendation, organised by sector, follow in the next section.

SUMMARY

1. Develop an interim inspection framework between India's private pharmaceutical sector and EU regulatory authorities to streamline and boost New Delhi's pharma exports to the EU

2. Create city-to-city and industry-to-industry institutional mechanisms to establish European technical research and innovation centres in India

3. Raise public healthcare expenditure to 4 per cent of GDP to increase domestic capacity for per capita healthcare needs and outlay for pharma trade with the EU

4. Expand EU investments in Indian energy transition and clean energy projects through existing environment and climate change cooperation mechanisms

5. Institute a platform with regional stakeholders to jointly assess Indo-Pacific climate-security risks and exchange data

6. Consider the policy and political benefits of signing and ratifying the Budapest Convention on Cybercrime. This will additionally boost cybersecurity interoperability with the EU and its member states

7. Promote joint technical/scientific and industrial ventures between Indian and EU institutions through existing and new partnership instruments on 5G and AI

8. Jointly publish a set of principles governing the development and implementation of AI in concert with Global Partnership on Artificial Intelligence (GPAI) partners to set standards for international AI use

9. Develop Indian technical and industry capacity in collaboration with EU market players to create opportunities for the implementation of a standalone 5G model

10. Institute an India-EU Technical Dialogue for joint research and innovation on Small Modular Reactors (SMRs), under the 2020 India-Euratom agreement on research and development cooperation for the peaceful uses of nuclear energy.

TEN RECOMMENDATIONS FOR THE STRATEGIC PARTNERSHIP

HEALTH

Recommendation #1

Develop an interim inspection framework between India's private pharmaceutical sector and EU regulatory authorities to streamline and boost New Delhi's pharma exports to the EU.

Context: Long regulatory calendars (over three months per consignment) and frequent inspections hold up Indian pharma exports to the EU in transit, and awaiting approval. This causes Indian products to degrade, or worse, expire. More importantly, it reduces the ease of doing business for companies exporting to the EU, with longer hold-ups impeding critical Indian working capital.

How & Why: The India-EU joint working group on pharmaceuticals, biotechnology and medical devices can build a regulatory framework that reduces inspection timelines and gives weight to Indian Certificates of Analysis (COA). An inspection framework based on random sampling[1] will boost Indian pharma exports to the EU in the medium-to-long term. It can add necessary heft for pharma cooperation within a future India-EU free trade agreement; formally called the Bilateral Trade and Investment Agreement (BTIA).

[1] World Health Organisation (WHO). 2005. 'WHO guidelines for sampling of pharmaceutical products and related materials (No. 929)'. WHO. https://www.who.int/medicines/areas/quality_safety/quality_assurance/GuidelinesSamplingPharmProductsTRS929Annex4.pdf?ua=1

Recommendation #2

Create city-to-city and industry-to-industry institutional mechanisms to establish European technical research and innovation centres in India.

Context: Health is central to the sustainable urbanisation and modernisation agenda. Academic and technical exchanges are critical to fostering greater bilateral innovation in this domain. For this, Indian mechanisms that partner academia with industry need to be improved. Mutual capacity-building will allow the EU to access India's large talent and patient pool for initiatives such as clinical testing. It will also improve India's own domestic capacity and competitiveness in the healthcare sector.

How & Why: Mechanisms under the Partnership for Smart and Sustainable Urbanisation and International Urban Cooperation should directly and periodically bring relevant Indian and European public and private health sector organisations face-to-face to share knowledge and best practices. Industry-to-industry collaboration can be expanded through foreign investments and the establishment of joint manufacturing, innovation, research and development ventures in India and the EU. Accelerating bilateral technical exchanges through city-to-city and industry-to-industry mechanisms will improve domestic health sector competitiveness.

"There are three main issues—of intellectual property, evergreen patents and SPC protection—that need to be sorted out before we even think of a Free Trade Agreement."

Dr Dinesh Dua, Chairman, Pharmaceutical Export Promotion Council of India

Recommendation #3

Raise public healthcare expenditure to 4 per cent of GDP to increase domestic capacity for per capita healthcare needs and outlay for pharma trade with the EU.

Context: India's healthcare expenditure over the past two decades has averaged approximately 3.45 per cent of GDP.[2] However, a growing population and the potential for future epidemics[3] will require efficient and adaptive infrastructure, trained personnel, technical and industry expertise—or simply, greater financial capital. Increased spending on health will also organically increase the outlay for trade with the EU in hi-tech pharmaceutical segments in the health sector.

How & Why: Raising Indian healthcare expenditure is mutually beneficial to both parties. It adds capacity to India's domestic healthcare needs and increases discretionary power vis-à-vis international trade. It can also facilitate greater India-EU cooperation on infrastructure, pandemic preparedness, and knowledge-sharing. Increased healthcare expenditure can boost Indian spending on EU-manufactured pharmaceuticals and medical devices; positively impacting segments such as patented drugs, new molecules, and scientific equipment.

"The fact that the EU and India share the same democratic values and are both open societies bring them together to shape a vision for the future—A digital future that is human-centric, grounded in democratic values and fosters innovation."

H.E. Ugo Astuto, Ambassador of the EU to India

[2] World Health Organisation (WHO). 2014. 'Global Health Expenditure Database - India. W.H.O Global Health Expenditure Database'. WHO. https://apps.who.int/nha/database/country_profile/Index/en

[3] Frandsen, M. V. 2020. 'What have we learned about preparing for pandemics to come?'. World Economic Forum (WEF). 2 June. https://www.weforum.org/agenda/2020/06/pandemics-are-here-to-stay-heres-how-we-should-prepare-for-the-next-one/

ENVIRONMENT AND CLIMATE CHANGE

Recommendation #4

Expand EU investments in Indian energy transition and clean energy projects through existing environment and climate change cooperation mechanisms.

Context: India is reportedly on track to achieve its Intended Nationally Determined Contributions (INDCs) goals.[4] Efforts to successfully transition to renewables and clean energy now become top priority. The EU is one of India's largest investors, with considerable interest in the climate change and environment sector, making it a natural area for enhanced collaboration. India-EU cooperation on climate action lays emphasis on renewable energy,[5] which can be actualised through a greater number of joint energy projects.

How & Why: India and the EU can expand investment and R&D ventures in smart grids, electric vehicles (EV), solar/wind energy, sustainable biofuels, energy storage, etc, through existing mechanisms such as the India-EU agreement on scientific and technological cooperation, and those operationalised by HORIZON 2020 under the EU Green Deal.[6] Multilateral cooperation along with existing bilateral technology and financial transfers will help achieve shared climate goals, greater economies of scale, and develop India's energy transition mission and domestic renewable capacity.

[4] PTI. 2020. 'India to achieve target of reducing 35 pc emissions intensity before 2030: Javadekar'. The Economic Times. 26 November. https://economictimes.indiatimes.com/news/economy/policy/india-to-achieve-target-of-reducing-35-pc-emissions-intensity-before-2030-javadekar/articleshow/79430592.cms

[5] European Parliament. 2020. EU-India: Cooperation on Climate Briefing. European Parliament. November. https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/659348/EPRS_BRI(2020)659348_EN.pdf

[6] European Commission. 2020. 'Government of India to co-fund five Green Deal call topics'. European Commission. 25 September. https://ec.europa.eu/info/news/government-india-co-fund-five-green-deal-call-topics-2020-sep-25_en

Recommendation #5

Institute a platform with regional stakeholders to jointly assess Indo-Pacific climate-security risks and exchange data.

Context: The Indo-Pacific is a site of several trans-regional connectivity projects as well as heightened geopolitical contestation. It is also home to many of the world's most climate-affected countries, particularly in South and Southeast Asia.[7] As connectivity and contestation in the Indo-Pacific develop further, the inevitable negative environmental fallout must be incorporated into security and foreign policy assessments.

How & Why: India and the EU can integrate connectivity, development, and environment/climate-change mechanisms under existing partnerships, like the Coalition for Disaster Resilient Infrastructure (CDRI), to establish an Indo-Pacific Climate Centre. With relevant third parties, this mechanism could build integrated projects that assess and exchange climate-related geospatial information. Building regional technical and scientific capacity is key for the resilience and sustainability of connectivity projects. A multilateral Indo-Pacific climate assessment and monitoring centre is a proposed way forward.

"…over the last two years or so, the EU is also increasingly seeing China as a rival, and is concerned about China becoming too dominant in renewable energy technologies. Then, India becomes a much more interesting alternative.

Dr Louise van Schaik, Unit Head, EU & Global Affairs, & Senior Fellow, Clingendael Institute

[7] Eckstein, D., Künzel, V., Schäfer, L., & Winges, M. 2020. 'Global Climate Risk Index 2020'. Germanwatch e.V. December. https://reliefweb.int/sites/reliefweb.int/files/resources/20-2-01e%20Global%20Climate%20Risk%20Index%202020_10.pdf

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

Recommendation #6

Consider the policy and political benefits of signing and ratifying the Budapest Convention on Cybercrime. This will additionally boost cybersecurity interoperability with the EU and its member states.

Context: India has chosen not to sign or ratify the Budapest Convention, citing its absence during the drafting of the Convention, and issues with Article 32b (on trans-border access to data), as reasons for its non-membership.[8] Much of the ethos of the Convention, however, aligns with India's own 2008 Information Technology (IT) Act.[9] Further, the annual India-EU Cybersecurity Dialogue[10] has reiterated the need for greater cooperation and interoperability in cyber policy-making, threat mitigation, and internet governance.[11]

How & Why: Being party to the Budapest Convention will prevent India from bearing an opportunity cost, i.e. its ability to implement structural changes from within. It will also create opportunities for India and the EU to pursue joint cyber-terror and cyber-security mechanisms by twinning the Indian and European Computer Emergency Response Teams (CERT). Information exchange mechanisms that monitor trans-national and non-state threats, such as an India-EU Cyberwatch Centre, can also be developed. While India has voted in favour of the Russia-led UN resolution on cybercrime,[12] it can also participate in wider multilateral norm-making through the Convention, especially given shared cybersecurity interests vis-à-vis China and other threats. It can shape emendations or expansions to the current Convention framework (such as with Article 32b).

[8] Seger, A. 2016. 'India and the Budapest Convention: why not?' CyFy 2016. 28 September. https://rm.coe.int/16806a6698

[9] Ministry of Law, Justice and Company Affairs. 2008. 'The Information Technology Act (2008)'. Government of India. December. https://police.py.gov.in/Information%20Technology%20Act%202000%20-%202008%20(amendment).pdf

[10] Ministry of External Affairs. 2020. Sixth India-EU Cyber Dialogue [Press release]. Government of India. 17 December. https://mea.gov.in/press-releases.htm?dtl/33308/6th+indiaeu+cyber+dialogue

[11] Ministry of External Affairs. 2017. Fourth India-EU Cyber Dialogue [Press release]. Government of India. 30 August. https://mea.gov.in/press-releases.htm?dtl/28901/Fourth_IndiaEU_Cyber_Dialogue

[12] Mehrotra, K. 2019. 'On global cybercrime, India votes in favour of Russia-led resolution'. The Indian Express. 21 November. https://indianexpress.com/article/india/on-global-cybercrime-india-votes-in-favour-of-russia-led-resolution-6130980/

Recommendation #7

Promote joint technical/scientific and industrial ventures between Indian and EU institutions through existing and new partnership instruments on 5G and AI.

Context: There is a large technical gap between the EU and India in the technology sector. However, converging priorities exist. A shared interest in diversifying material suppliers,[13] building skilled and large labour pools, exchanging big data and market insights, and developing cutting-edge technologies necessitate bilateral institutional learning and domain knowledge creation.

How & Why: India-EU technology sector cooperation should be accelerated through theme-based mechanisms that connect Indian and EU industry and technical expertise. To actualise cooperation under the India-EU ICT-related Standardisation, Policy and Legislation project, and India-EU Science and Technology cooperation, joint India-EU ventures in 5G deployment, AI for governance, and ICT development can and should be immediately expanded and supported by investment programmes like HORIZON 2020.

"The EU framework is more individual-focused, whereas India's has a more government and community focus. And so, while on the surface, there is a shared value, the focus of that value is very different."

Trisha Ray, Associate Fellow, ORF

[13] Blenkinsop, P. 2020. 'EU launches investigation into Chinese optical fibre cable imports'. Reuters. 24 September. https://www.reuters.com/article/eu-china-digital-idUSKCN26F2AB

Recommendation #8

Jointly publish a set of principles governing the development and implementation of AI in concert with Global Partnership on Artificial Intelligence (GPAI) partners to set standards for international AI use.

Context: India and the EU share immense convergences in a values-based discourse: as 'open societies', democracies, and on multilateralism. Establishing a set of principles on the development, implementation, and use of AI is a natural extension of this discourse. Participation in the GPAI offers India and the EU a unique opportunity to take the lead in terms of norm/standards-setting and mutual capacity-building on AI.

How & Why: Via cues from the Organisation for Economic Cooperation and Development's (OECD) Recommendation on Artificial Intelligence,[14] India and the EU can, with other partners, develop and publish a set of principles for AI use. Derived from the values of "human-centric digitalisation" and sustainable modernisation emphasised by India and the EU, and complementing the "Solved in India"[15] and 'Make in Europe' models, such principles can set standards for international AI use. Established AI principles will provide impetus for greater normative and technical innovation, particularly in the governance, security, and commercial sectors.

"Without India one cannot solve any of these problems. India is a big power by its sheer size, and a big part of the solution."

H.E. Walter J Lindner, German Ambassador to India

[14] OECD. 2019. 'Recommendation of the Council on Artificial Intelligence'. OECD Legal Instruments. 22 May. https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0449

[15] Niti Aayog. 2018. 'National Strategy for Artificial Intelligence'. Government of India. July. https://niti.gov.in/writereaddata/files/document_publication/NationalStrategy-for-AI-Discussion-Paper.pdf

Recommendation #9

Develop Indian technical and industry capacity in collaboration with EU market players to create opportunities for the implementation of a standalone 5G model.

Context: 5G rollouts take place in two ways: standalone and non-standalone. The first entails the use of new, dedicated infrastructure for 5G use. The second allows 5G networks to coexist (or 'piggy-back') on existing 4G cores. India's growing mobile phone user-base has already caused the 4G network to run at full-capacity. This has choked 4G cores, resulting in low network fidelity.[16]

How & Why: To effectively use 5G and its auxiliary technologies, Indian and European market players should invest in developing the necessary technical and material capacities required to implement a standalone 5G model. Financial and technical gaps and roll-out delays caused by the pandemic have ensured that mutual 5G plans remain completely or partially non-standalone. Another concern is the unilateral dependence both parties face with regard to China. While the EU and China have signed a joint declaration on 5G cooperation, immediate interests and shared values necessitate a substantial upgrade to current India-EU 5G cooperation.

"The EU also sees the world as multipolar, just as India does…There is a lot of consonance and convergence in their views of the world."

Sandeep Chakravorty, Joint Secretary, Europe West, Ministry of External Affairs, India

[16] Bansal, S. 2020. 'Inside Reliance Jio's game plan for 5G'. Live Mint. 8 September. https://www.livemint.com/industry/telecom/inside-reliance-jio-s-game-plan-for-5g-11599489457041.html

RESEARCH AND INNOVATION

Recommendation #10

Institute an India-EU Technical Dialogue for joint research and innovation on Small Modular Reactors (SMRs), under the 2020 India-Euratom agreement on research and development cooperation for the peaceful uses of nuclear energy.

Context: SMR technology is currently at different stages of consideration for development and deployment across the world's nuclear power landscape. About 50 designs are reportedly in existence.[17] Global interest in this category of reactors is precipitated by the transformational potential of its modular design: better mobility; scalability; an array of uses; access to remote locations; nuclear safety, security, and non-proliferation risk mitigation; and a smaller environmental footprint.[18]

How & Why: The India-Euratom Agreement can facilitate the institutionalisation of a bilateral Technical Dialogue that assesses rapidly evolving global technological trends in the SMR domain and the potential involvement of private sector stakeholders in developing and deploying said technology. If feasible, industry stakeholders can also be special invitees to the Dialogue process. With large-scale global SMR deployment expected in about a decade[19], now is an opportune moment to synthesise transnational and cross-sectoral intellectual and technical know-how.

India's Department of Atomic Energy (DAE) reportedly has design teams working on SMR.[20] There is sizeable interest in harnessing this technology within Europe, with some countries having already signed MoUs with private sector entities.[21] The seven characteristics listed above

[17] IAEA. 'Small modular reactors'. https://www.iaea.org/topics/small-modular-reactors

[18] IAEA. 2020. 'Advances in Small Modular Reactor Technology Developments'. IAEA. September. https://aris.iaea.org/Publications/SMR_Book_2020.pdf; World Nuclear Association. 2021. 'Small Nuclear Power Reactors'. World Nuclear Association. February. https://www.world-nuclear.org/information-library/nuclear-fuel-cycle/nuclear-power-reactors/small-nuclear-power-reactors.aspx#:~:text=Small%20modular%20reactors%20(SMRs)%20are,production%20and%20short%20construction%20times; Department of Energy. 'Benefits of Small Modular Reactors (SMRs)'. US Government. https://www.energy.gov/ne/benefits-small-modular-reactors-smrs

[19] IANS. 2021. 'Small modular nuclear reactors are now beautiful for plant makers'. Economic Times. 25 February. https://energy.economictimes.indiatimes.com/news/power/small-modular-nuclear-reactors-are-now-beautiful-for-plant-makers/81209735

[20] Vyas, KN. 2019. 'DAE working on Small Modular Reactors: KN Vyas'. Nuclear Asia. 21 November. https://www.nuclearasia.com/news/dae-working-small-modular-reactors-kn-vyas/3307/

[21] Yeo, T. 2020. 'Europe's big plans for small modular reactors'. Energy Focus. 23 April. https://energyfocus.the-eic.com/nuclear/europe%E2%80%99s-big-plans-small-modular-reactors

respond specifically to the agenda items outlined for cooperation in the Roadmap to 2025 ('Security', 'Climate Change and Clean Energy', 'Research & Innovation') as well as policy priorities within New Delhi and Brussels.

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