

# MP-IDSA

## *Issue Brief*

# Prime Minister Modi's Europe Visit: An Analysis

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## **S***ummary*

Prime Minister Narendra Modi's visit to Germany, Denmark and France from 2–4 May 2022, is significant. At a time when Europe is embroiled in turmoil, the visit focused on strengthening cooperation with India's European counterparts for mutual peace and prosperity. Several agreements regarding sustainable growth, green energy, migration and mobility and blue economy were signed. While the Russia–Ukraine crisis has given India the impetus to engage more proactively with European states, the need is to maintain and build on the momentum, in the pursuit of mutual benefit and prosperity.

Prime Minister Narendra Modi visited Germany, Denmark and France from 2–4 May 2022. There have been a series of high-profile visits from Europe to India in the recent past. Ursula von der Leyen, President of the European Commission, Boris Johnson, Prime Minister of the United Kingdom, Eamon Gilmore, EU's Special Representative for Human Rights, and Ministers of Foreign Affairs from Lithuania, Slovenia, Norway, Portugal and Hungary, amongst dignitaries from other states, visited India for the Raisina Dialogue, held from 25–27 April 2022.

Prime Minister Modi's visit comes at a time when European nations are taking special interest in the Indo-Pacific region. Seventy per cent of Europe's trade passes through the Indo-Pacific. These countries are, therefore, staunch supporters of a free, open, inclusive and rules-based Indo-Pacific region.<sup>1</sup> Owing to its strategic location in the Indo-Pacific, India is a natural ally for the Europeans. This provides avenues for cooperation between the two powers, as well as help contain Chinese efforts to dominate the region, which it has been doing while flouting international norms.

The prime minister's visit comes in the backdrop of Russia's ongoing special military operation in Ukraine. Europe has supported Ukraine by supplying weapons. India, on the other hand, has not openly condemned Russia's actions even as it has called for an immediate cessation of violence. India favours diplomacy and dialogue as the way forward to establish peace in the region. Given close ties between India and Russia, Danish Prime Minister Mette Frederiksen expressed "hope that India will influence Russia" to put an end to the violence in Ukraine.<sup>2</sup>

## Visit to Germany

Prime Minister's visit to Germany came at a critical juncture as India and Germany marked 70 years of diplomatic relations in 2021. This industrial hub of Europe is also India's largest trading partner within Europe and amongst the top 10 trading partners in the world. Bilateral trade between the two nations in 2021–22 was US\$ 24.84 billion. More than 1,700 German companies are based in India, providing four lakh direct and indirect jobs.<sup>3</sup> Long-standing commercial ties between India and Germany are a pillar of strength in their strategic partnership.

PM Modi and Chancellor Olaf Scholz jointly addressed the Business Round Table, where they interacted with top Chief Executive Officers (CEOs) from both countries. Modi highlighted the broad-based reforms carried out by the government, highlighted the increasing number of start-ups and unicorns and invited German businesspersons to invest in India. Government officials and CEOs discussed a wide

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<sup>1</sup> **"Questions and Answer: EU Strategy for Cooperation in the Indo-Pacific"**, *European Commission*, 16 September 2021.

<sup>2</sup> **"In Denmark, PM Modi Calls for Immediate Ceasefire in Ukraine"**, *The Week*, 3 May 2022.

<sup>3</sup> **"Economy and Business"**, German Missions in India.

array of issues ranging from climate cooperation and research and development to resilient supply chains. Such events are expected to further enhance industry-to-industry cooperation and help the two economies in their post-pandemic recovery.

This was PM Modi's first meeting with the new German Chancellor, Scholz. When Modi visited Germany four times to meet the then Chancellor Angela Merkel, Scholz was the Finance Minister. Reserving the first overseas visit this year to meet the German Chancellor reflects the importance that India attaches to its ties with Germany. The two leaders held bilateral talks in a one-on-one format and discussed strategic, regional and global developments.

The two leaders co-chaired the Sixth India–Germany Inter-Governmental Consultations (IGC), which was attended by important ministers and officials from both the sides. This biennial ministerial forum provides high-level coordination and political direction to the partnership. Major themes discussed at the IGC were green and sustainable future, growth and resilience, economy and trade and an open and peaceful Indo-Pacific region.

Nine agreements were signed, of which the Joint Declaration of Intent on 'Green and Sustainable Partnership' is the most significant.<sup>4</sup> Chancellor Scholz agreed to make an advance commitment of 10 billion Euros to fund India's green initiatives under private, public and Public–Private Partnership (PPP) models until 2030.<sup>5</sup> This will further strengthen India's journey to go green and meet its commitments made at Glasgow in 2021. The two nations also signed agreements regarding establishment of green hydrogen task force and cooperation on renewable energy partnership.

Germany is the biggest European power dependant on Russia for its energy needs. Owing to the sanctions on Russia and its decision to ban gas exports to Poland and Bulgaria, Germany sees the need to diversify its supply chains. There can be no better time for it to pace up its green efforts, not only within Europe but even outside it. The green and sustainable partnership is an initiation in the same direction.

Another agreement was the establishment of a direct encrypted connection between Ministry of External Affairs (MEA) and the German Foreign Office, which will help steer the Indo-German diplomatic relations and cooperation over matters of global concern. The two countries also agreed to the implementation of 'Triangular Development Cooperation Projects in third countries', in Africa and Latin America.<sup>6</sup> This gives an opportunity to the two nations to expand their outreach to resource-rich continents.

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<sup>4</sup> **"List of Agreements Signed on the Occasion of 6th India-Germany Inter-Governmental Consultations"**, Ministry of External Affairs, Government of India, 2 May 2022.

<sup>5</sup> **"Prime Minister Co-Chairs the Plenary Session of the 6th India-Germany Inter-Governmental Consultations"**, Press Information Bureau, Prime Minister's Office, Government of India, 2 May 2022.

<sup>6</sup> **"Transcript of Special Briefing by Foreign Secretary on Prime Minister's Visit to Germany (May 02, 2022)"**, Ministry of External Affairs, Government of India, 3 May 2022.

India and Germany also expect to cooperate in the field of defence technology. Germany has enhanced its defence budget to 100 billion Euros. India is looking to diversify its defence trade and manufacturing to enhance self-reliance. Cooperative efforts combining the prowess of German industrial sector and the sheer scale of Indian market can prove to be a tactful combination.

Before departing from Germany, Chancellor Scholz invited PM Modi to attend the G7 summit scheduled later in June 2022. Prior to the visit, there was speculation whether India would be invited for the summit, owing to its response to the Russia–Ukraine crisis. The West now seems to understand India's stand in the Ukraine crisis and the rationale behind it. Rather than pressurising India to condemn Russia, they are instead adopting India's stand of pressing for dialogue and diplomacy. As for the G7 summit, any grouping or organisation cannot successfully discuss equitable world or green and sustainable growth without incorporating the world's largest democracy.

## Visit to Denmark

The successful visit to Germany set the right tone for Modi's next steps. He was personally received by Danish PM, Mette Frederiksen at the airport. The two leaders engaged in bilateral discussions, focusing on cooperation on renewable energy, ports, shipping and water management.

PM Modi's visit to Denmark focused on three Ts: Trade, Technology and Talent.<sup>7</sup> India and Danish bilateral trade in goods and services has improved by 78 per cent from US\$ 2.8 billion in 2016 to US\$ 5 billion in 2021 in products and services, but there is still a lot more untapped potential. Around 200 Danish firms have investments in India in shipping, renewable energy, agriculture and smart urban development.<sup>8</sup> Danish firms like LM Wind Power, Grundfos, Danfoss and Haldrup Topsoe have set up new manufacturing facilities under 'Make in India'. These firms specialise in production of carbon emission technologies, on shore and off-shore wind farm technologies, provide water solutions and engineering specialisation, thereby giving a boost to Government of India initiatives to achieve green and sustainable growth.<sup>9</sup>

Nordic countries are pioneers in green technology, the second 'T'. India and Denmark started the 'Green Strategic Partnership' in September 2020, focusing on green transition, energy research, bio-resources, amongst others. Prime Minister Frederiksen's visit to India last year, translated the partnership into a results-oriented five-year action plan.<sup>9</sup> Modi and Frederiksen reviewed the progress of this

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<sup>7</sup> **"Trade, Technology & Talent: Key Focus Areas of PM Modi's Denmark Visit"**, *News On Air*, 3 May 2022.

<sup>8</sup> **"India-Denmark Relations"**, Ministry of External Affairs, Government of India, April 2022.

<sup>9</sup> The five-year action plan entailed ways to augment green and low carbon growth and focused on key areas like resource efficiency and circular economy, environment, water,

special partnership in their bilateral discussions. With reference to green energy, there was a virtual meeting of the Joint Science and Technology Committee in January 2022. Under this, an agreement was reached between Indian and Danish counterparts to conduct joint research on green fuels, especially green hydrogen.

The third 'T', 'Talent' refers to the expertise of 16,500 Indian diaspora in Denmark and the contribution of around 25 Indian companies, mainly in the IT and engineering sectors, which have been cementing business-to-business ties with the Danish business community.<sup>10</sup> PM Modi assured India's support for Denmark's bid to the non-permanent seat at the United Nations Security Council (UNSC) for 2025–26. In return, PM Frederiksen also assured Denmark's support for India's bid for a permanent seat at the UNSC. A total of nine agreements were signed between the two nations pertaining to energy, water, green shipping and technical education, amongst others. The two most important ones are the launch of Energy Policy Dialogue at the ministerial level and the Letter of Intent on Centre of Excellence in Green Shipping. This emphasises the importance that India attaches to boosting its maritime capabilities and a sustainable growth.

## India-Nordic Summit

On 3 May, PM Modi attended the 2<sup>nd</sup> Nordic Summit in Copenhagen, with the first being held in 2018 in Sweden. Such a format is of special significance as the five Nordic states follow this kind of format only with the US, apart from India. Discussions were held on multilateral cooperation in the Arctic on Polar Research, climate change, post-pandemic recovery, innovation, digitalisation and green growth. PM Modi invited the Nordic states to especially invest in blue economy and digitalisation in India.

On the side-lines of this summit, PM Modi held bilateral discussions with each of the five leaders of Nordic states. His discussions with the Norwegian leader, Jonas Gahr Store revolved around blue economy, water management, fisheries and green energy. Water management was taken up, especially given Norway's expertise in this arena. Talks with the Swedish Prime Minister Magdalena Andersson and Finnish leader Sanna Marin focused on IT, quantum computing, Artificial Intelligence (AI) and innovation. Bilateral discussions with the Icelandic leader, Katrin Jakobsdottir involved issues like Arctic, geothermal energy and food processing, with special emphasis on geothermal energy owing to Iceland's expertise in this area.<sup>11</sup>

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business, trade and investments, renewable energy and its integration into the grid; climate action, maritime cooperation, technology and innovation and cooperation in multilateral organisations, amongst others.

<sup>10</sup> Ibid.

<sup>11</sup> **"PM Modi Holds Bilateral Meetings with Nordic Leaders"**, *The Hindu*, 4 May 2022.

India's involvement with the Nordic countries has a special significance. These countries are the first to face consequences of melting ice around the Polar regions. They are technologically very advanced and ahead in their green game, compared to other European counterparts. Partnerships with these countries in blue economy, green technology and sustainable growth can provide ample opportunities to India in terms of job creation and green growth.

Nordic states are wary of China's growing presence in the Arctic region as well as the Arctic Council. India has recently announced its Arctic Policy, which bodes well with the ambitions of Nordic states in this region. They see India's involvement in the Arctic as a way to balance China. This aids India's ambitions of being involved in a region which is strategically very important and holds vast unexplored resources in terms of mineral resources. India being invited by the Nordic States to play a role in the Arctic reflects the importance that these states attach to India as a global player.

**Table 1: India's Total Bilateral Trade in Goods with Countries PM Modi Visited during 2017-2021 (Value in US\$ Millions)**

Category	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Germany</b>	21,983.51	24,063.51	21,982.00	21,767.95	24,846.48
<b>France</b>	11,424.43	11,898.24	11,266.63	9,125.40	12,422.97
<b>Norway</b>	1,202.06	679.53	1,052.40	996.14	2,472.08
<b>Sweden</b>	2,235.97	2,119.08	1,862.90	1,768.60	2,486.11
<b>Finland</b>	1,683.87	1,380.20	894.28	997.56	1,220.63
<b>Denmark</b>	1,348.66	1,283.89	1,366.36	1,344.38	1,832.88
<b>Iceland</b>	13.30	39.46	20.46	17.13	17.48

Source: "Export Import Data Bank", Department of Commerce, Ministry of Commerce and Industry, Government of India.

## Visit to France

The last leg of PM Modi's visit was to France, one of India's most important strategic partners since 1998. France is the only European residential power in the Indo-Pacific region, which makes it a heavyweight in steering European Union's Indo-Pacific policy. India conducts regular defence exercises like Varuna, Garuda, Shakti and Desert Knight with France, reflecting the deep defence ties between the two countries. It is a very important defence ally, aiding defence diversification, given that India relies heavily on Russian defence technology and equipment.

The return of Emmanuel Macron as the French President not only signifies continuity in India– France bilateral ties but also a continuity in European Council's policy towards India, which is currently presided over by France. Modi and Macron bilateral talks focused on the Indo-Pacific, Russia–Ukraine crisis, strategic cooperation, climate, clean energy and sustainable development. Both nations reiterated their commitment to a free, open and rules-based Indo-Pacific region.

Similar to Germany's Triangular Cooperation, France has also been keen to work with India in third countries, especially in the western Indian Ocean Region (IOR) (where it has island territories). It has also been encouraging other European naval powers for a coordinated maritime presence in the region. This provides India with a splendid opportunity to collaborate with its European partners in the maritime domain and secure its presence at the two important choke points in western IOR— Bab-el-Mandeb and the Straits of Hormuz.

To address the ongoing food crisis, India and France have agreed to cooperate under 'Food and Agriculture Resilience Mission' (FARM). It is a coordinated multilateral response announced by President Macron in response to the food crisis, resulting from Russia's military operation in Ukraine. This initiative will address the food security concerns in most vulnerable nations, emanating from lack of exports from Russia and Ukraine. It lays special emphasis on wheat exports and will ensure well-functioning markets, solidarity and long-term resilience in the food supply chains.

The leaders also agreed to set up a bilateral strategic dialogue on space issues and cooperate on cyber security, nuclear issue, counter-terrorism and digital technology. The Jaitapur EPR Project is one such example of cooperation. The French company EDF has been negotiating with National Power Corporation of India Limited (NPCIL) to build six nuclear reactors at Jaitapur, Maharashtra. Once this deal is sealed, it would provide India with an additional capacity of 9.6 GW.<sup>12</sup>

President Macron agreed for a deeper French involvement in 'Atmanirbhar Bharat' in sectors like defence and technology, manufacturing and industry-to-industry

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<sup>12</sup> **"What are State-of-the-art EPR Nuclear Reactors that India Intends to Equip itself from France?"**, *Times Now News*, 6 May 2022.

partnerships. This has great potential to help India diversify its defence technology and give impetus to local production, thereby cutting the production costs and creating jobs within India.

## Conclusion

India has always viewed Europe from the prism of post-colonialism. But in the past decade, it has come to realise that cooperation with Europe not only suits its interests in the Indo-Pacific, but also opens an array of opportunities in other domains. Green and sustainable growth is one of the pioneer issues on which India and Europe can cooperate. Blue economy, maritime trade and Arctic are some of the shared interests which feature high on the priority list of both EU and India. Both these regions contribute a huge chunk to the global trade but as European Commission President Ursula von der Leyen pointed out, they hardly share decent figures in their bilateral trade.

India and the EU set up 'The Trade and Technology Council' in April 2022, to resolve challenges in trade, technology and security.<sup>13</sup> This is expected to facilitate negotiations for a Free Trade Agreement with the EU. The key focus areas include cooperation on 5G, artificial intelligence, as well as trade and security. PM Modi's visit to all these countries involved shared concerns like green growth, Indo-Pacific, Russia-Ukraine crisis and initiating comprehensive migration and mobility partnerships. Development initiatives in third countries can further help India rally its outreach in those states and build on the bilateral relations with partner states. While the Russia-Ukraine crisis has given India the impetus to engage more proactively with European states, the need is to maintain and build on the momentum, in the pursuit of mutual benefit and prosperity.

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<sup>13</sup> Pia Krishnankutty, "What is India-EU Trade and Technology Council, and How It Will Help Ongoing FTA Negotiations", *The Print*, 10 May 2022.

## About the Author



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