



Enhancing EU–India Connectivity: Towards New Spice Routes

Patryk Kugiel

The approaches of the EU and India to the connectivity between Asia and Europe largely converge. Both the Union and the country emphasize the importance of maintaining the highest international standards in infrastructure projects, share similar concerns regarding China's Belt and Road Initiative (BRI), and implement their own ambitious transregional transport projects in their respective neighbourhood. Comprehensive cooperation on connectivity may become a key element of their strategic partnership, help promote regulatory standards, and boost economic cooperation. Better connectivity between Europe and India is also in Poland's interest.

Connectivity has emerged as a crucial dimension and hot topic of international relations in recent years, especially in the relations between European and Asian partners. The discussions have been dominated so far, however, by the Chinese BRI. Other Asian states, including Japan, South Korea, and India, are also very active in this field. One attractive, though underestimated, partner for the EU is India, a country connected to Europe since ancient times by the Spice Routes.

India's Importance. Although India has not joined the BRI, for several years it has been actively expanding infrastructure connections in Asia in four dimensions. Domestically, it invests in its neglected transport network (e.g., the Quadrilateral Economic Corridor connecting the largest cities in four parts of India), which is an important element of trans-Asian routes. As part of India's "Act East" policy, it is developing links with its eastern neighbours, ASEAN countries, and members of the Bay of Bengal organisation (BIMSTEC). It is building, among others, the 1,420 km-long Trilateral Highway to Thailand and the Kaladan Multi-Modal Transit Transport Project in Myanmar. Plans also include new regional roads with Nepal and Bhutan, as well as rail and energy connections with Bangladesh.

In the west, one of India's other strategic projects is one proposed as far back as the 1990s—the International North-South Transport Corridor (INSTC)—an intermodal route from Mumbai through the Persian Gulf and Iran to St. Petersburg in Russia and farther to other places in Europe. The inauguration in December 2017 of the first phase, the redevelopment of the Iranian port in Chabahar, expanded with India's support, proved the project is progressing. The port will be connected with Afghanistan and Central Asia, giving the countries of that region better access to the sea while also being the start of the route to Europe. Another area of activity is the Indian Ocean, through which about 95% of India's foreign trade passes. To better exploit its geographical location, India is modernising its own ports and promoting the SAGAR initiative in cooperation with the countries of the Indian Ocean basin.

The realisation of India's plans would allow better connections between Europe and Asia, not only by the new land route but also by sea. However, the main barrier to the plans' implementation is, in contrast to China or Japan, a shortage of its own capital and technology. The gap just to meet the needs for the domestic infrastructure investments is estimated at nearly \$500 billion by 2040. India finances its initiatives abroad by

giving small grants and loans, but mainly relies on funds from international development banks. It also counts on cooperation with developed countries. An example is the multibillion-dollar Japanese investments in infrastructure in India and the Japanese-Indian Asia-Africa Growth Initiative, which was launched in 2017, to develop sea routes in the Indian Ocean.

EU Perspective. The strengthening of transport, energy, digital, and people-to-people networks is a key dimension of EU policy towards Asia. It is also the main topic of discussions within the Asia–Europe Meeting (ASEM), a forum linking 53 countries and organisations from Europe and Asia. At the ASEM summit in Brussels on 18-19 October, the EU will present its first strategy on connecting Europe and Asia. The European Commission project was unveiled on 19 September and seeks, among other things, better integration of the Trans-European Transport Networks (TEN-T) with Asian corridors. Most of the emphasis is being put on the need for quality in connectivity initiatives, which should be “sustainable, comprehensive and rules-based”.

Although EU officials say the strategy is not in response to the Chinese BRI, it is certainly associated with concerns about China’s proposals. Specifically, there are fears that the Chinese projects could lead to a “debt trap” for countries where the projects are implemented, could harm the environment, and do not offer fair and transparent tenders. In a strategic sense, BRI is seen as a tool for increasing Chinese influence. The EU perspective of BRI coincides significantly with India’s, as seen in the joint statement after the EU-India summit in 2017. It emphasized, among others, that infrastructure initiatives “must be based on universally recognised international norms, good governance, rule of law, openness, transparency and equality”.

Potential for Cooperation. There is broad scope for cooperation in the unstable regions between the EU and India where the interests of both coincide. The Union has been providing technical and financial assistance for regional cooperation with South Asian countries for years. It recognizes that better integration of countries such as Afghanistan into regional networks will provide them with new revenues and support stabilisation efforts. The EU, like India, wants to reintegrate Iran with the world economy, and both are critical of the U.S. withdrawal from the nuclear agreement. The EU also supports the building of infrastructure in India itself. For example, the European Investment Bank opened a regional office in New Delhi in 2016 and has already granted two loans worth €950 million for the construction of the metro in Bangalore and Lucknow.

The expansion of connections to India will be especially beneficial for the countries of Central Europe. Poland, in its March 2018 contribution to the EU strategy on connectivity, supported the development of the EU-Asia transport networks, stressing the need for investment in the Eastern Partnership countries and pointing to the synergy of EU plans with the Chinese BRI. Poland also suggested setting cooperation frameworks with other partners, including India (in the context of the corridors to the EU via Iran). Cooperation with India may also be valuable for the 12 members of the Three Seas Initiative (TSI), whose priority is the expansion of networks in Central Europe on the North-South axis. The extension of these corridors to the south or a connection with the Indian INSTC by Eastern Partnership countries would be a pro-growth factor for the entire region. The main risk to these plans is the uncertainty of cooperation with Iran in the face of reintroduced U.S. sanctions and the instability in eastern Ukraine with the Russian intervention there.

Conclusions and Recommendations. The convergence of European and Indian perspectives on the development of connections with Asia shows that cooperation in this area can become a key area of their strategic partnership. The forthcoming EU strategy towards India is likely to emphasize the need to step up cooperation, not only in the area of land transport infrastructure but also routes in the Indian Ocean and the development of digital networks and people-to-people contacts. However, if the EU and India want to play a greater role in Asia, they may consider preparing a joint investment plan for transnational infrastructure projects (New Spice Route) connecting Europe with India, and farther, with Southeast Asia.

Such an offer, financed from EU funds, development banks and the private sector, would help fill gaps in the transport network in Eurasia and create new business opportunities for European and Indian companies. In the political dimension, it would contribute to the stabilisation and development of regions located between the EU and India. Responding to the huge investment needs of Asian countries, it would be an additional offer alongside BRI. At the regulatory level, EU-India cooperation would help spread high standards and principles for infrastructure projects, raising the quality of investments in Asia.

It is in Poland’s interest to extend European transport routes towards Asia, not only to China but also to India. It would bring both economic benefits (e.g., revenues from transport and transit, trade development) and strategic ones (e.g., stabilisation of the Eastern Partnership countries). That is why for Poland it is worth actively promoting connectivity cooperation with India at the EU forum, in the Visegrad Group, and in bilateral relations as well (e.g., direct flights).