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Issue Brief

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Modi's Europe Yatra

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Indian Prime Minister Modi embarked on six-day tour of Europe from May 29-June 3, 2017, to four nations - Germany, France, Spain and Russia. The tour was aimed at advancing India's foreign policy priorities including the issue of terrorism, and climate change. However, most important of all, it was to increase trade and investment ties with key European countries that topped Modi's agenda.

Starting on May 29, Modi's first destination was Germany. The visit took place at a time when US, under its new President Donald Trump has refused to re-commit to the 2015 Paris climate deal at the G-7 summit. This US decision has been a major disappointment for the world, particularly Germany. At the same time, a number of analysts in India have been urging that this is the time India should take a lead role in this regard. The visit was also important as Germany is India's largest trading partner in Europe. Bilateral trade between the two countries was valued at € 17.42 billion in 2016. Germany is also the 7th largest foreign direct investor in India since January 2000. German FDI in India in 2016 was valued at \$ 1.1 billion. Germany's total FDI in India from April 2000 until March 2017 amounted to US\$ 9.69 billion.¹ During the recent visit, the two countries have signed 12 MoUs in the fields of cyber policy, development initiatives, railway security and promoting vocational training. A joint statement was issued following the fourth India-Germany Intergovernmental Consultations in which the issue of terrorism found a special focus. Both the countries expressed their resolve to take "strong measures" against those who encourage, support and finance terrorism.² Other important issues that were discussed between the two leaders during their informal talks included Brexit, China's one belt one road initiative, terrorism, the situation in Afghanistan, smart cities, skill development and clean energy.

Modi's second destination was Spain. Mr. Modi is the first Indian Prime Minister to visit Spain in thirty years. The last Indian Prime Minister to visit that country was Rajiv Gandhi back in 1988.³ After holding wide ranging talks, both countries signed seven agreements in the fields of organ transplantation, renewable energy, cyber security and civil aviation. Modi encouraged Spanish investors to bring more investments in India. Spain is the 12th largest investor in India. More than 200 Spanish companies are involved in India in projects like road construction, railways and wind power.⁴ Also, Spain is India's seventh largest trading partner with bilateral trade valued at \$ 5.27 billion in 2016.⁵ Again, the issue of terrorism was discussed at length as Modi insisted on strengthening cooperation on combatting terror.⁶

On the third leg of his yatra, Modi landed in Moscow, Russia where, besides reaffirming India-Russia "Special and Privileged Strategic Partnership", he also signed five pacts. The most important agreement

that was signed during this visit was on setting up two nuclear power plants at Kudankulam in Tamil Nadu with the help of Russia. On the issue of terrorism, even before landing in Moscow, Modi, in an article that was published in Russian newspaper *Rossiyskaya Gazetta* called both India and Russia as natural partners in fight against terrorism. Modi's visit also came at a time when there is a growing concern in New Delhi about Russia's increasing ties and tilt towards China, as well as Pakistan. Lately, Russia's support for the Afghan Taliban and CPEC has also been a source of concern for India. Putin tried to assuage some of these concerns, and while supporting India on the issue of terrorism said that no matter where the threat comes from, it is unacceptable and Russia will always support India in its fight against terror.⁷ A document titled "*A Vision for 21st Century*"⁸ was also released which discussed the issue of terrorism at length and called upon all the countries to make sincere efforts to disrupt the terror networks. Both the countries also agreed to increase their bilateral trade volume from \$7.7 billion to \$30 billion by 2025.⁹

Modi's last stop was Paris where Modi assured the newly elected French President Emmanuel Macron of Indian commitment of going "above and beyond" the 2015 Paris accord on combating climate change.¹⁰ This commitment came in the face of the decision by US President to withdraw from the Paris Accord on climate change. Both the countries also expressed their resolve to fight terrorism. France is India's 9th largest investment partner. The total trade in goods between France and India in 2016 was worth € 8.58 billion, registering an increase of 0.49% from 2015.¹¹

Even though Modi's European yatra sought to vilify Pakistan, the latter has traditionally enjoyed good and cordial relations with EU. These relations were given a new impetus when in 2004 Pakistan and EU signed a 'Cooperation Agreement on Partnership and Development'. Three meetings of EU-Pakistan Strategic Dialogue have also been held, with the last one taking place in October 2016 where the two sides welcomed the continued strengthening of relationship and agreed to work on replacing the Five-Year Engagement Plan adopted in 2012, with an EU-Pakistan Strategic Engagement Plan.¹² Prior to the third round of strategic dialogue, EU had also granted Generalised System of Preferences (GSP) Plus status to Pakistan.¹³ The GSP status allows almost 20% of Pakistani exports to enter the EU market at zero tariff and 70% at preferential rates.

Recently, the EU has also expressed its intention of entering into a five-year strategic partnership with Pakistan since the relationship between two sides has "matured".¹⁴ Hence, Pakistan's relations with the EU are on a strong footing. Additionally, projects like CPEC has further increased Pakistan's importance for the European countries who are now taking a keen interest in joining the project.

Modi's onslaught against Pakistan is unlikely to have any negative impact on the latter's relations with EU. Nevertheless, on its part, Pakistan must take steps to further strengthen its engagement with European countries both at the political and economic level so that Pakistan's narrative and sacrifices in its war against terrorism is better understood in European capitals.

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