India–EU Climate Relations: Mapping Diplomatic Engagements

AXEL NORDENSTAM, Doctoral Student in International Relations, Stockholm University (SU) and Associate Fellow, Swedish Institute of International Affairs (UI).

Abstract

How does India collaborate with European partners on climate action? This policy brief examines the 2016 India–EU Clean Energy and Climate Partnership and various climate-related partnerships that New Delhi has entered with member states of the European Union (EU). Having established a set of partnerships with the European Commission, the European Investment Bank, and several EU member states, India has attempted to engage European partners comprehensively in recent years. Some, but not all, member states have decided to join India-led climate institutions, such as the International Solar Alliance. The brief argues that Indian diplomacy should evaluate the balance between engaging at the EU level and at the bilateral level with EU member states and reflect on the resources allocated to implement these partnerships. It concludes with offering a few options for India’s future climate diplomacy with Europe.

Recommended citation:

1. Introduction

As the third- and fourth-largest emitters of greenhouse gases, the European Union (EU) and India are increasingly seeking ways to scale up joint climate action amidst the global climate crisis. With a shared priority to lead global climate action, the green transitions the two actors are targeting have emerged as pivotal areas of cooperation. Although the leaders at the virtual 15th India–EU Summit in July 2020 committed to “prepare and implement a new work programme” under the India–EU Clean Energy and Climate Partnership (India & EU, 2020), India entered a green strategic partnership with Denmark just two months after the summit. In light of India co-chairing the International Solar Alliance (ISA) with France, co-leading the Leadership Group on Industry Transition (LeadIT) with Sweden, and discussing an upgrade of the 2016 India–EU Clean Energy and Climate Partnership, New Delhi’s decision to proceed with Denmark as a green strategic partner made sense to some extent. India had fresh institutional memory of building partnerships around climate action and identified an opportunity to engage the Nordic wind power leader through a novel format. At the same time, the decision was perplexing, since India has limited institutional capacity to implement its existing partnerships. However, the new Indo–Danish green strategic partnership did not stop New Delhi and Brussels from agreeing on a new work programme at the India–EU Leaders Meeting in 2021. Yet, these diplomatic developments raise a core question: How does India collaborate with European partners on climate action?

This policy brief depicts India’s diplomatic engagements with the EU-wide institutions and bilateral relationships with EU member states as a balancing act between the bilateral level and the EU level. India collaborates not only with member states but also directly with the European Commission and the European Investment Bank (EIB) on climate action. While India and the EU have historically been on separate sides in formal climate negotiations under the United Nations Convention Framework on Climate Change (UNFCCC), their bilateral relationship significantly addresses climate action. The different levels of engagement reflect a broader trend in India–EU relations, where Indians and Europeans have been cooperating at the bilateral and EU levels. Previous research underlines that India prefers the bilateral level, whereas small and medium-sized EU member states prefer the EU level (Aspengren, Lidén, & Nordenstam, 2021). However, with numerous new climate partnerships inked in recent years, it is time for India to take a step back and reassess their impact, evaluate the balance between engaging at the EU level and the bilateral level with EU member states, and reflect on the allocation of resources to implement these partnerships. First, this brief offers an overview of India’s climate-related engagements with the European Commission and other EU institutions. Second, the brief discusses India’s engagements with EU member states and maps EU member states’ involvement with India-led climate institutions. Finally, the brief proposes options for India’s future climate diplomacy with the EU.

2. India’s Engagement with EU Institutions

India and the European Economic Community entered diplomatic relations in the early 1960s, and both continents have undergone vibrant societal and political transformations. After more than a century under British rule, independent India emerged and sought to make its voice heard in world affairs. The Europeans, in turn, sought closer market and political integration to build conditions for peace between countries that had been at war earlier. At this time, neither environment, climate, nor energy were priority issues for the bilateral relationship. As the decades passed, however, climate-related issues became a diplomatic concern in light of climate change. Over time, the European Economic Community transformed into the European
Union. After two decades of being on separate sides of delicate climate negotiations under the UNFCCC, India and the EU agreed on bilateral initiatives and climate partnerships.

The first joint initiative India and the EU agreed upon was the India–EU Initiative on Clean Development and Climate Change in 2005. In the following years, a Joint Working Group was established on energy, clean energy, and climate change. Additionally, an Energy Panel emerged as an institutional dialogue platform for the partners. Simultaneously, India adopted a national action plan on climate change and national solar energy and energy efficiency missions. In 2012, the partners agreed on a joint declaration for enhanced cooperation on energy at the 12th India–EU Summit in New Delhi.

After a few years of a frosty India–EU relationship and scant climate cooperation, they entered into a Clean Energy and Climate Partnership at the 13th India–EU Summit in 2016. Agreed upon six months after the Paris Agreement at COP21, the partnership illustrated the constructiveness of finding new ways of realising concrete cooperation. Since 2016, the leaders have reiterated the importance of the partnership in joint statements at various India–EU summits. Even as the EU unilaterally adopted a Strategy on India in 2018, the Indian Ministry of External Affairs underlined the importance of cooperating on sustainable development while welcoming the strategy (MEA, 2018). Two years later, at the 15th India–EU Summit, India and the EU agreed on a Roadmap to 2025 with 20 paragraphs referring to either climate change, clean energy, or the environment (India & EU, 2020). Against this backdrop, it is not surprising that Indian and European officials convened a Climate Change Dialogue for the first time in 2021 and also added a working group dealing with clean and green technologies to their newly established Trade and Technology Council (TTC). Besides, the TTC also has a working group on resilient value chains (European Commission, 2023). However, it should be noted that the TTC working group on climate and green technologies does not replace the Energy Panel or the Climate Change Dialogue since different interlocutors are involved on the European side.¹

The climate partnership with European actors has resulted in concrete action across Indian states. According to the India–EU Clean Energy and Climate Partnership dashboard, the EU-wide partnership has implemented at least 82 projects across 26 states and union territories. For instance, through EU Solar Park projects, 16 states received technical assistance, including the Kurnool Solar Park in Andhra Pradesh, the Pavagada Solar Park in Karnataka, and the Bhadla Solar Park Phase II in Rajasthan.² However, since the dashboard has not been updated, it is not possible to get a comprehensive overview of India–European cooperation, and further research is required to estimate the economic value of these projects.

The European Investment Bank (EIB) has several projects that include financial support to Indian states and cities. Between its inception in 1959 and 2013, the EIB had allocated 700 million euros to projects in India. However, since 2014, it has substantially increased its funding to sectors and projects in India. For instance, the EIB invested EUR 3.9 billion in India between 2014 and 2023, of which EUR 3.5 billion was meant for the transport and energy sectors (European Investment Bank, n.d.). The transport projects support the construction of metro rail infrastructure in Agra (EUR 250 million), Bangalore (EUR 500 million), Bhopal (EUR 400 million), Kanpur (EUR 350 million), and Pune (EUR 500 million). An example of the support allocated to energy-sector projects includes funding allocated to two photovoltaic power plants in Tamil Nadu (EUR 47 million).

¹ Author’s interview with an EU official, European Commission, August 4, 2023.
² A complete list of the solar parks is available online at https://www.cecp-eu.in/resource-center/post/solar-parks-38/solar-parks/solar-parks.
It is noteworthy that the EIB is also planning to invest in the Indian green hydrogen market. In February 2023, the EIB joined the industry coalition, India Hydrogen Alliance, and announced the availability of EUR 1 billion for concrete projects on green hydrogen in India (Koundal, 2023).

Besides the EU-wide EIB, India has engaged with German and French developmental agencies for decades. For instance, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) has supported projects in India since the 1960s, and the Agence Francaise de Développement (AFD) began partnering with India in 2008. To provide an example of the range and depth of engagement, GIZ currently runs 81 projects in India at a value of EUR 436 million (GIZ, n.d.). Such support should be considered against the strong nexus of development and Indian climate policy, although some projects constitute development instead of climate cooperation.

2.1 Climate-Related Friction in the Trade Talks and the European Green Deal

In light of the economic angle of the partnership, it is unsurprising that climate-related issues feature in the current ongoing trade negotiations relating to a free trade agreement (FTA), an investment protection agreement, and a geographical indications agreement between India and the EU. The main reason for this is that the EU prioritises sustainability and environmental standards in its trade deals; in the past, sustainability and environmental standards have been challenging issues in the trade negotiations between India and the EU. A decade ago, stalled trade talks between the EU and India had a negative impact on bilateral climate cooperation (Torney, 2019). Given that sustainability and environmental issues have become quite pressing, finding compromises may be critical to reaching common ground before proceeding with the implementation phase of a trade deal. While there is immense untapped potential in the economic relationship between the EU and India, there is also an urgent need to sort out some of the misunderstandings (Observer Research Foundation & Jacques Delors Institute, 2023).

Friction has also appeared pertaining to the European Green Deal. India has expressed scepticism about the Carbon Border Adjustment Mechanism (CBAM), which imposes taxes on carbon-intensive goods, as Europe transforms into a climate-neutral green economy. Since the carbon intensity of Indian steel plants is higher than the global average, steel exported from India to Europe could be affected by CBAM (Law, 2023). In response to the opposition to CBAM, India endorsed the Brazil, Russia, India, China and South Africa (BRICS) statements expressing their “grave concern” in 2021. And in 2022, the CBAM was highlighted as “incompatible with multilateral rules under the World Trade Organization” (BRICS, 2022). In response to Indian opposition, EU Climate Commissioner Frans Timmermans claimed that CBAM would be WTO-compliant and clarified to the Indian press that “if CBAM has undesired results, then we can correct it” (Kumar, 2023).

At the same time, the European Green Deal offers a major market opportunity for Indian industry since the EU seeks to decrease its dependency on China (Oertel, Tollmann, & Tsang, 2020). In 2021, 89% of the EU’s solar panel imports and 64% of wind turbine imports originated from China (Eurostat, 2022). As the implementation of the European Green Deal continues, Europe will need solar panels and wind turbines originating from elsewhere to de-risk the EU–China relationship. India could become a major beneficiary, with Europe diversifying its solar panel imports. However, to what extent India’s opposition to CBAM affected European interest in purchasing Indian-made solar panels remains to be seen.

---

1 As of July 4, 2023.
2 For a history of the trade talks, see Köhler-Suzuki (2021).
Meanwhile, the preliminary design for the implementation of CBAM has triggered new proposals in the European policy debate. A proposal that India could potentially benefit from is a co-innovation fund for projects with priority partners based on incomes from CBAM and the EU Emissions Trading System (Engström, 2022). Since CBAM is expected to be fully operational by 2034, India and the EU still have time to discuss ways to address CBAM-related frictions.

3. India’s Engagements with EU Member States

India has entered into different kinds of partnerships with EU member states to foster cooperation. Interestingly, most of these partnerships were publicly announced in the presence of Prime Minister Modi at bilateral summits and, sometimes, during multilateral conferences. In short, India enters these climate partnerships on deliberately chosen occasions. As summits come with visibility and image-building opportunities for leaders, such temporal occurrences suggest that the prime minister has used these opportunities to underscore his reputation as a friend of the environment in his interactions with European leaders. Another reason could be that India and its partners see business opportunities in the green transition, which serve as a catalyst in fostering climate-related partnerships between them. While future research could examine how and why these partnerships came about, it is also likely that partners worry about the prospects of India becoming a new giant emitter such as China.

A few of the partnerships that India has chosen to formalise are quite attractive. For instance, the ISA that India co-chairs with France has evolved into a treaty-based institution after its inception in 2015. The Leadership Group on Industry Transition that India co-chairs with Sweden continuously attracts new members, including the United States in 2021 and Tata Steel in 2023. In September 2020, India entered into a Green Strategic Partnership with Denmark. A year later, India signed the Strategic Partnership on Water with the Netherlands. However, the list of climate-related partnerships that India has entered goes beyond these novel partnerships (see Table 1).

Besides climate-related partnerships, India has aimed to establish institutional frameworks by signing more than 30 Memorandum (s) of Understanding (MoUs) with 14 EU member states. Interestingly, every member state that currently has a climate-related partnership with India had, at some point, signed MoUs with India, indicating a gradual progression in the relationship—partnerships follow the MoUs. However, this progression could be construed as institutional upgrades, where investing in institutional capacity serves as a reminder of the importance of the relationships. Conversely, the partnerships could also be considered diplomatic expectation management, where institutional capacity is required to operationalise political instructions relating to the implementation of the already existing institutional frameworks.

In the past 15 years, the largest number of MoUs have been signed between India and Denmark. However, only three out of the six MoUs between Copenhagen and New Delhi were signed under the Modi government. In fact, with four different MoUs, it is France that has signed the most climate-related MoUs amongst EU member states during the Modi government. Furthermore, several Indian ministries have finalised MoUs with EU member states. These include the Ministry of New and Renewable Energy; the Ministry of Environment, Forests, and Climate Change; the Ministry of Rural Development; the Ministry of Jal Shakti; and the Ministry of Urban Development.

5 Author’s calculation based on online dashboard of the India-EU Clean Energy and Climate Partnership. It is very likely that there are many more MoUs signed between India and EU member states, but have not been showcased on the online dashboard. The list of MoUs discussed here should not be seen as exhaustive. For further details, see: https://cecpdashboard-eu.in/
### Table 1. India’s Bilateral Climate-related Partnerships with EU Member States and the European Commission

<table>
<thead>
<tr>
<th>Year</th>
<th>Countries</th>
<th>Partnership</th>
<th>Launch occasion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>India and Germany</td>
<td>Solar Energy Partnership</td>
<td>3rd Indo–German Government Consultations, New Delhi, in the presence of PM Modi and Chancellor Merkel</td>
</tr>
<tr>
<td>2015</td>
<td>India and France</td>
<td>International Solar Alliance</td>
<td>21st Session of the Conference of the Parties (COP21), Paris, in the presence of PM Modi and President Hollande</td>
</tr>
<tr>
<td>2016</td>
<td>India and the European Union</td>
<td>Clean Energy and Climate Partnership</td>
<td>13th India–EU Summit, Brussels, in the presence of PM Modi, European Council President Tusk, and European Commission President Juncker</td>
</tr>
<tr>
<td>2018</td>
<td>India and Sweden</td>
<td>Innovation Partnership for a Sustainable Planet</td>
<td>Visit of PM Modi to Sweden, Stockholm, in the presence of PM Modi and PM Löfven</td>
</tr>
<tr>
<td>2019</td>
<td>India and Sweden</td>
<td>Leadership Group on Industry Transition</td>
<td>UN Climate Action Summit, New York, in the presence of PM Modi</td>
</tr>
<tr>
<td>2020</td>
<td>India and Denmark</td>
<td>Green Strategic Partnership</td>
<td>India–Denmark Virtual Summit, in the presence of PM Modi and PM Frederiksen</td>
</tr>
<tr>
<td>2021</td>
<td>India and Netherlands</td>
<td>Strategic Partnership on Water</td>
<td>India–Netherlands Virtual Summit, in the presence of PM Modi and PM Rutte</td>
</tr>
<tr>
<td>2022</td>
<td>India and Sweden</td>
<td>Green Transition Partnership</td>
<td>India–Sweden Sustainability and Green Transition Day, Mumbai, in the virtual presence of Deputy Chief Minister Fadnavis and Swedish Minister Pourmokhtari</td>
</tr>
<tr>
<td>2022</td>
<td>India and Germany</td>
<td>Partnership for Green and Sustainable Development</td>
<td>6th Indo–German Government Consultations, Berlin, in the presence of PM Modi and Chancellor Scholz</td>
</tr>
<tr>
<td>2022</td>
<td>India and France</td>
<td>Indo-Pacific Parks Partnership</td>
<td>Ahead of India’s External Affairs Minister Jaishankar’s participation in the EU’s Indo-Pacific Ministerial Forum, Paris</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on official documents and press releases. Not exhaustive.

An overview of the various MoUs paints a mixed picture of India’s climate diplomacy with EU member states. The optimistic interpretation is that India has successfully engaged half of the EU member states with these MoUs. The pessimistic view is that the other half remains unengaged despite widespread Indian diplomatic presence across Europe. For instance, the Baltic states do not have any MoUs with India on climate-related issues despite seeking closer partnership with India. Yet another interpretation is that EU member states prefer concrete joint projects rather than MoUs. Another view is that some EU member states simply do not need new MoUs since their partnerships are...
already functioning. Before inviting more EU member states to sign new MoUs as part of its climate diplomacy, India could benefit from formulating a policy on how to boost its current climate diplomacy with EU member states further.

EU member states have already been coordinating among themselves in New Delhi regularly. For instance, most European embassies have diplomats assigned to the climate change and energy portfolio since it is a priority issue. Amongst them, a group of 10–15 EU member states meet 6–8 times a year for internal coordination on concrete topics related to climate, energy, and environment,6 convened by the EU Delegation in New Delhi. This is in stark contrast to the early 2010s, when the European diplomatic community in New Delhi lacked climate expertise (Torney, 2015).

In light of increasing European diplomatic capacity and coordination on climate change and energy in India, New Delhi should ask itself how well India is represented across Europe—in Brussels, small, medium-sized, and large capitals—to identify climate cooperation opportunities. To what extent does India's current diplomatic presence in Europe assist New Delhi in acting proactively on climate-related issues and opportunities?

3.1 EU Member States in Climate Institutions Co-led by India

Following new collaborative frameworks that have emerged in recent years, a few EU member states have decided to join climate institutions co-led by India. Besides the support offered by the European Commission and other EU institutions to the ISA and the Coalition for Disaster Resilient Infrastructure, some members have chosen to engage further. For instance, nine EU member states have joined the ISA that India and France co-launched in 2015. Further, eight EU member states have joined LeadIT, which India co-chairs with Sweden since 2019. About four EU member states have joined the Coalition for Disaster Resilient Infrastructure that India launched together with the UN and a group of countries, including Italy, in 2019. Germany and the Netherlands are members of all three climate institutions. While this does not look very encouraging given that the EU is comprised of 27 member states that could have joined, it must be acknowledged that not all EU member states have as ambitious climate agendas as Germany. This explains why Indian diplomacy has had a lukewarm reception in Europe. Further, some EU member states are more eager to participate in climate engagements than others. Therefore, it may not be realistic to expect every EU member state to support new climate institutions.

Figure 1 shows the EU member states who are part of the three climate institutions co-led by India, based on calculations by the author.

4. Possibilities for India’s Future Climate Diplomacy

India’s commitment to tackling climate change is evident through its comprehensive engagement with the EU on climate action, as highlighted in this policy brief. India’s diplomatic green partnerships with the EU are marked by a range of bilateral and EU-wide partnerships. As India collaborates with the European Commission, EU institutions, and many EU member states on climate-related issues, India has chosen to pursue climate partnerships both at the EU and bilateral levels. Despite occasionally being on opposite sides in the formal climate negotiations, India and the EU have found ways to collaborate on climate action. Locating their climate partnership within the framework of the India–EU strategic partnership instead of climate negotiations alone seems prudent.

---

6 Author’s interview with an EU official, July 3, 2023.
However, it is time India evaluated the impact and utility of these partnerships. Would New Delhi formulate a strategy or guidelines, as it did with its 2022 Arctic Policy? A few key questions India should consider while reviewing its partnerships and developing new pathways are as follows: How can the existing partnerships be leveraged to further engage with European actors across Europe? Does Indian diplomacy in Europe have the required resources to attract investments to India? How can New Delhi facilitate engagements between Indian states and European actors? What have been the opportunities and challenges in the implementation phase of projects linked to recent climate partnerships? These questions require analysis and reflection as India designs measures to cooperate with Europe on climate action.
On a more concrete level, India could consider the following options:

- In Europe, India could increase its outreach to European partners and invite more EU member states to join climate institutions co-led by India. India could proactively engage with European stakeholders, convincing them to opt for Indian goods and services, such as solar panels, which are needed for the implementation of the European Green Deal. At the same time, India could capacitate its understaffed embassies in EU member states and assign diplomats or climate envoys to Europe who work specifically on climate change and energy.

- New Delhi could encourage state governments to visit European capitals and engage with European counterparts. It should also encourage the private sector to explore ways of boosting Indian exports to the European market. Indian stakeholders interested in showcasing their products and services should be encouraged to do so at biennale large-scale exhibitions and meeting places along with European partners (Aspengren & Nordenstam, 2020). A major advantage of the biennale is that it would help clarify standards and procedures before Indian stakeholders attempt to export products to the European market that might not adhere to European regulations.

- At the next India–EU Summit, India should reiterate the importance of the India–EU Clean Energy and Climate Partnership. Instead of launching new partnerships, Indian and European leaders should encourage their bureaucracies to focus more on implementing existing partnerships. However, to use the EU-wide climate partnership to facilitate export to Europe, India will need to ensure that green products made in India—solar panels, green hydrogen, and green waste management—adhere to European standards. If not, India risks restricting the partnership for concrete projects in India and third countries while missing the opportunity to also treat it as an export-facilitating partnership.

- In the Trade and Technology Council (TTC), India could present forward-looking ideas in the working groups. For instance, in the working group on green technologies, India should push for the co-production of solar energy as a step towards ensuring that solar panels produced in India can be exported to the European market. In the working group on resilient supply chains, India should push for projects in its neighbourhood. Joint projects discussed in the TTC could potentially be funded through the EU Global Gateway project that will mobilise EUR 300 billion for infrastructure projects until 2027. Further, given that the TTC is separate from trade negotiations, it would be counterproductive to raise demanding negotiation issues in the TTC.
References


