



TITLE:

EU-India Digital Connectivity: State of Play and Ways Onward

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Part 1: State of Play (max 25 points)

Identification of the problem and relevance to the EU-India strategic partnership (400 - 450 words)

As a starting point, and in acknowledgment, there is a stark dichotomy between the EU and India in technological prowess and digitalization. The EU is a high technology power and, overall, has a very advanced level of digitalization of industry and society. However, it is a limited digital power in the global software realm—clearly outcompeted by the US tech giants and China increasingly. Exemplary of this is that US tech giants' combined market capitalization now exceeds that of all companies listed in Europe.ⁱ India, in turn, is an aspiring digital power with the largest upcoming digital economy, a solid IT-service base, and, on paper, tremendous prospective to become a global technological power.

EU-India cooperation on digital connectivity, with a combined market of around two billion citizens, is, thus, supplementary and promising. Cooperation on digital connectivity can become a pillar of the *EU-India Strategic Partnership: A Roadmap to 2025* and ensuing agreements. Most of the 118 points in the Partnership have a digital element or can be more efficiently realized through better digital connectivity. Indeed, digital connectivity runs through the Partnership like a red thread.

For both the EU and India, digital connectivity is of great significance for domestic development and geopolitical and geoeconomic objectives. The lines between the three realms have become more porous. For (socio-)economic, security, and military motives, the EU *needs to preserve and extend* its advantages in high technology. For those very same reasons, India *needs to develop* advantages. The EU and India seem to be in a digital emergency in the unfolding Fourth Industrial Revolution and their relative positions in the global digital order vis-à-vis the US and China.ⁱⁱ A critical component in the strategic competition between the US and China is technology. Both actors have competitive advantages that India and the EU may not garner individually but, over time, may collectively.

The stakes are high. As the tools of influence and control shift from the physical to the digital realm, technology, at the heart of which lies digital connectivity, will progressively affect economic, societal, and even political outcomes in the global market.ⁱⁱⁱ Moreover, paradoxically, South Asia is digitally integrating more with China than with India, and Chinese consumer technology goods have come to dominate the Indian market.^{iv} Hence, at its core, the challenge is not only about India-EU digital connectivity but about the global digital order.

There has been ample talk in the Indian and EU policy community on digital cooperation since around 2015. Nonetheless, thus far, cooperation has been timid. Therefore, next, the bottlenecks to the opportunities for cooperation are reviewed.

Part 2: Obstacles to the Opportunities (max 35 points)

Critical analysis of the issue (500-550 words)

At this backdrop of the big picture, there are three major obstacles to EU-India digital cooperation opportunities that merit elaboration. These are:

- I. Inadequate understanding of each other's broader strategic context and prioritization on and beyond digital connectivity;
- II. Expectation management regarding cooperation on digital connectivity and residuary skepticism regarding each other's intentions and capabilities; and
- III. An absence of consensus on definitional aspects of digital and cyber values.

First, India finds itself in a completely different geopolitical and developmental context than the EU. As a result, security interests differ distinctly. India is a composite of ethnic, linguistic, religious, and cultural diversity. The same applies to the EU, of course, but the difference is that India is still at a very early stage on the socio-economic development trajectory. This stage is perilous and socio-political cohesion and inclusive growth are perennial and tenacious trials for the Indian authorities.

Moreover, India has a tense relationship with two nuclear-armed neighbors, Pakistan and China, and sits at the heart of a disconnected and relatively impoverished region. China is moving forward fast in Asia, including South Asia, with its ambitious Digital Silk Road through digital infrastructure and services projects. These security and regional connectivity challenges are more pressing and demanding to India than the opportunities that digital connectivity with the EU carries. Therefore, Delhi's focus, including on digital development, is often on the domestic security level rather than the EU's global outlook.^v

Second, as a post-colonial nation, India has a certain degree of qualm in alignment and deep-level cooperation with European partners: so-called 'double standards' are a point of contention.^{vi} A prime example is the close EU economic relationship with China, arguably the world's most significant proponent of strict, or authoritarian, cyber and digital governance values. In turn, temporary local shutdowns of the internet during violent demonstrations in India have raised eyebrows in the EU and pose questions about the direction in which digital rights in India are going.^{vii} Tied to this skepticism on intentions is doubt regarding each other's capabilities: can India indeed become a technological power in the medium term? Will companies from the EU invest amply in and share technologies with India?

Third, and critically, India and the EU's take on cyber governance and values on digital connectivity only partially overlap. While a 'human-centric digitalization to develop inclusive economies and societies' is the main concept behind the joint digital transformation of both the EU and India, the elements of a human-centric cyber approach are not similar in their respective conceptualizations. The EU strictly adheres to a human-centric approach, yet India tends to set human-centrism and a multi-stakeholder cyber realm at the interface with development and national security.^{viii} Still, India's cyber values align more closely with the EU—upholding an open, free, and secure digital space—than those of the US and China. While a complete consensus on values between India and the EU is unlikely, efforts to agree on definitions and acknowledge different interpretations of values early on will lay a more robust and transparent foundation on which cooperation on digital connectivity can proceed.

With the global digital order, the opportunities, and the obstacles to these in mind, how should the EU and India proceed?

The Way Onward (max 35 points)

Minimum three policy recommendations to the EU and/or Indian Government/both parties to address the issue (600 – 650 words). Recommendations must be clear and concrete, indicating gaps and actions that the two parties should focus on to boost their relationship, and suggest the next steps to be undertaken, indicating whether your recommendation is addressed to the EU, to India, or both.

In the author's view, the EU and India must work and flesh out a comprehensive strategy that keeps its eye on the global digital order. In other words, *it is recommended to take a step back first and then move forward again*. Without a focus on the big picture, there is the risk that too many resources will be allocated to—comparatively—small cooperation projects while the relative positions of India and the EU in the global digital order weaken vis-à-vis the US and China. Indian and EU authorities should also seek mutual transparency and consensus on cyber values from the get-go. The risk of shelving these now may result in unsolicited disclosures down the road. Therefore, this paper recommends to *both the EU and Indian authorities* to:

I. Conduct *thorough analyses on the unfolding global digital order*: a). what determines the order, b). what direction is it taking, c). what are and where lie the primary opportunities and challenges individually for India and the EU and collectively, d). how can India and the EU best deal with these opportunities and challenges, and e). how can the EU and India best secure leading positions in this order? Without such analyses, other endeavors will have an ad hoc and rudderless nature. The US-China tech competition is a powerful driver and shaper of the digital order and, therefore, cannot be neglected in the EU-India cooperation framework. India and the EU must also assess where the strengths and weaknesses of the US and China lie in technology and digital connectivity and use these to their advantage. Think tanks, academia, and the private sectors in India and the EU can jointly conduct the analyses, after which Indian and EU authorities should get together and determine ways onward;

II. Come to a *closer consensus on what 'human-centric digitalization'* is—the term still leaves too much space for interpretation. There is the risk of further fracturing the global digital space into different normative camps and slips towards more sovereign and authoritarian norms. Without a consensus, subsequent efforts and projects may turn wishy-washy and not effectively contribute to a truly human-centered approach to the digital space. Therefore, it is pivotal that the EU and India, a combined force of roughly 25 percent of humanity, remain on the same page and identify common ground and purpose. A consensus on this issue also requires a thorough understanding and acknowledgment of each other's geographic, developmental, geopolitical, and security contexts; and

III. *Look beyond the EU and India*. The global digital order and the normative battle is not only set within the EU and India. About half of the world's population is in the early stages of digitalization. This half's direction in their digitalization of industry and society is an important determinant: will they side with the EU and India in outsourcing, cooperation, and norms, with the US, China, or choose alternative paths? The EU and India should assess their individual and collective competitive strengths regarding the capacity to assist third countries in digitalization. This should be followed by a postulated path forward that clearly and systematically targets third markets. Cooperation in third markets has been discussed by the EU and India and is part of the agreement, but the pace needs to quicken. To 'glue' efforts and projects, a vision and a narrative are helpful. In that regard China's Belt and Road Initiative, admittedly a mixed bag of success, is

exemplary. The role of the private sector in these digitalization efforts will be key. Without thinking and acting beyond the domestic markets both the EU and India will fall behind further on China and the US. They will risk becoming spectators instead of shapers of the digitalization of the world.

References

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ⁱⁱ Ghiasy, R., and Krishnamurthy. R. “Acting on China’s Digital Silk Road: Prospects for EU-India Cooperation,” Leiden Asia Centre, February 2021. Available on: <https://leidenasiacentre.nl/en/acting-on-chinas-silk-road-prospects-for-eu-india-cooperation/>

ⁱⁱⁱ Okano-Heijmans, M., and Dekker, B. “Let’s Go Digital: EU-India Cooperation in the Digital Age.” *Clingendael*, 9 Nov. 2020, www.clingendael.org/sites/default/files/2020-11/Lets-go-Digital_November_2020.pdf. Accessed 30 Aug. 2021.

^{iv} Ghiasy, R., and Krishnamurthy. R. “China’s Digital Silk Road – Strategic Implications for the EU and India”, Leiden Asia Centre, August 2020, Available on <https://leidenasiacentre.nl/en/chinas-digital-silk-road-strategic-implications-for-the-eu-and-india/>

^v See endnote II.

^{vi} Narlikar, A, and Saran, S. “The European Union, CAI, and the Abyss.” Observer Research Foundation, 2 Jan. 2021, www.orfonline.org/expert-speak/the-european-union-cai-and-abyss/. Accessed 7 Aug. 2021.

^{vii} Webinars for a project on China’s Digital Silk Road hosted by LAC and Delhi’s IPCS with government, academic and think tank experts from India and the EU, held on 10 Dec. 2020 via Zoom.

^{viii} Parallax | E8 | IPCS X HSS India- EU Series | the View from New Delhi | Sandeep Chakravorty.” Institute of Peace and Conflict Studies, 2020, www.youtube.com/watch?v=32HkfwKsHxc. Accessed 6 Aug. 2021.