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Edited by
Tomasz Stępniewski

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Tomasz Stępniewski

Lublin 2024

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Executive summary

India and Central Europe: circling the runway

- Indian foreign policy towards the EU had focused on its traditional partners such as France, Germany, and the United Kingdom. However, in the past few years, there has been a concerted effort by the Indian Foreign policy establishment to engage beyond traditional partners in the EU. Within this scenario, Central European countries emerge as priority partners.
- There is a general lack of knowledge regarding this region as well the opportunities it can present. In India, there is limited knowledge regarding Central Europe. Similarly, Central Europe also has a history of viewing Asia as synonymous with China.
- India, with its growing capabilities, needs to proactively cooperate with these nations and showcase the story of “New India”. This should include detailed analyses of modern India and the evolution of the Indian knowledge system – to examine its technological advancements and its growth trajectory.

- During the Cold War, relations between India and Central European countries reflected the importance that these countries attached to each other. However, in the 1990s, these relations became more a matter of routine. While there has been some course correction since 2010, these relations have yet to reach anywhere near their full potential.

India's security outlook in a multipolar world

- India is using the tensions between the US and China to strengthen its position.
- India's security strategy is steeped in a historical approach, which includes its stance towards China and its tradition of non-alignment.
- India faces the twin challenge of dealing with two kinds of asymmetries – one with its materially weaker neighbours, and another one with China.
- The international and regional security environment is prone to changes, and India's nuclear doctrine will need to be periodically revisited for the sake of India's national security.

India and Central Europe – political relations

- The brief aims to analyse India's relations with Central Europe. Several factors have an impact on the dynamics of these relations: (1) India's rise in the global arena, (2) India-EU relations, (3) China's influence in Europe, (4) the Russian invasion on Ukraine.
- Central Europe has much to offer India, especially in terms of cooperation in the transfer of technology, i.e. building smart cities, developing green technology,

etc. In January 2024, the Czech Republic signed a strategic partnership on innovation with India as the first country from Central Europe.

- Despite numerous visits of politicians from Central Europe to India, Prime Minister Narendra Modi has not paid a visit to the region in the 2020s. The reality is that India is waiting to be approached. Due to this, taking a proactive approach towards India will be beneficial for Central European countries.

India and Central Europe – economic relations with special consideration for Poland

- India's economic relations with Central Europe have been on the rise for over a decade with the exception of the period of economic slowdown during the COVID-19 pandemic.
- Central Europe is not India's priority when it comes to developing economic partnerships in the European Union, but the cooperation is stable.
- The biggest obstacles to greater cooperation are the lack of a free trade agreement and the difficulty of entering the Indian market.
- India's market remains very protectionist and the current government is determined to protect domestic producers even at the expense of increased international trade.



Tomasz Stępniewski

India and Central Europe: Geopolitics, Security, and Economy – introduction

India's relationship with Central European countries has deep historical roots, dating back to India's pre-independence era. Central Europe, though geographically distant, was not unfamiliar with India, as the region has a rich tradition of studying Indian culture, languages, and the country's anti-colonial struggle. Prominent Indian leaders like Mahatma Gandhi, Rabindranath Tagore, and Jawaharlal Nehru were well-connected with the intellectual circles of countries like Poland, Hungary, and the former Czechoslovakia. During the Cold War, this relationship was further strengthened as Central European nations, especially Soviet satellite states, played a key role in India's industrial development through the construction of factories and collaboration on major infrastructure projects. However, in the post-Cold War period, these connections diminished, becoming more routine and lacking the vibrancy of earlier decades.

The paper titled *India and Central Europe: circling the runway*, by Bhaswati Sarkar and Ankita Dutta examines the evolving dynamics between India and Central European countries, which have gained renewed importance in recent years. Historically, India's foreign policy towards Europe was primarily centred around traditional partners like France, Germany, and the United Kingdom. However, there has been a notable shift in India's diplomatic engagements, reflecting a desire to diversify and deepen relations with Central European nations. This shift is occurring within a broader context where Central European countries are emerging as priority partners for India, presenting opportunities for political, economic, and technological collaboration.

One of the challenges highlighted in the paper is the general lack of knowledge about Central Europe in India and vice versa. Central Europe, with its historical view of Asia often limited to China, has not fully explored its relations with India. Similarly, India's engagement with Central Europe remains underdeveloped despite a long-standing cultural and historical connection. The paper underscores the need for India to proactively showcase its growing capabilities and modern identity, leveraging its technological advancements, economic growth, and evolving geopolitical role to foster stronger ties with Central Europe.

The authors also discuss the historical relationship between India and Central European countries during the Cold War, where both regions shared robust political and economic ties. However, this relationship lost momentum in the post-Cold War period, turning more into routine diplomatic interactions. The paper argues that since 2010, there has been some course correction, but the potential of these

relations remains largely untapped. Both regions have much to gain from each other, but a concerted effort is needed to realise this untapped potential.

In light of geopolitical shifts, the paper explores how India's rise as an economic and political power offers Central European countries an alternative partner in Asia, especially as they reassess their relations with China. India's engagement with the Indo-Pacific and its focus on multilateral cooperation further provide a strategic rationale for deeper collaboration. Ultimately, the authors argue that while there have been promising steps, both India and Central Europe must take proactive measures to elevate their relationship beyond its current nascent stage and tap into the full potential of their partnership.

In the evolving landscape of global geopolitics, India's security outlook is undergoing significant transformation as it adapts to the dynamics of a multipolar world. As India continues to enhance its economic power and military capabilities, its regional and global aspirations expand accordingly. Monish Tourangbam, in his paper titled *India's security outlook in a multipolar world*, explores how India's perception of threats and its security priorities are shaped by its historical experiences, geographic realities, and the changing international environment. Unlike many Western nations that base their foreign policies on clear-cut alliances, India's approach is more nuanced, drawing on a complex web of partnerships and relationships. This introductory analysis explores how India navigates opportunities and risks in the Indo-Pacific region and beyond, as it seeks to protect its national interests while engaging with major global players such as the United States, China, Russia, and Europe.

India's emergence as a global power has significantly influenced its political and economic relations with Central Europe, a region that holds strategic importance for New Delhi. In her paper, *India and Central Europe – political relations*, Aleksandra Jaskólska examines the evolving dynamics between India and Central European countries, highlighting key factors shaping this relationship. India's rise in the global arena, its strategic partnership with the European Union, China's increasing influence in Europe, and the Russian invasion of Ukraine are central to understanding the contours of this interaction. Despite India's growing global stature, Prime Minister Narendra Modi has yet to visit Central Europe, underscoring the need for the region to adopt a more proactive approach in engaging with India. With its rapidly expanding economy and advancements in technology and innovation, India presents numerous opportunities for collaboration, particularly in areas like smart cities and green technologies, as evidenced by the strategic innovation partnership signed between India and the Czech Republic in 2024.

India's global significance is further emphasised by its demographic and economic growth. As the world's most populous country and the fifth-largest economy, India is poised to become the third largest by 2028, behind only the United States and China. Its G20 presidency in 2023 demonstrated its diplomatic prowess, as it successfully mediated a common declaration among member nations. Furthermore, India's advancements in space exploration, including the successful Chandrayaan-3 lunar mission and the Aditya-L1 solar mission, highlight its technological capabilities. However, India still faces challenges such as economic

inequality, inadequate infrastructure, and social tensions. In this context, Central Europe has much to offer India, particularly in terms of technology transfer and economic cooperation. Jaskólska's paper seeks to analyse the opportunities and challenges in India-Central Europe relations, providing a timely exploration of a partnership that holds the potential to reshape both regions' strategic interests.

India's economic relations with Central Europe have been steadily growing over the past decade, driven by mutual interests and the potential for increased collaboration. In her paper, *India and Central Europe – economic relations with special consideration for Poland*, Barbara Kratiuk highlights the significant strides made in this partnership, despite some challenges. Although Central Europe is not India's primary focus within the European Union, trade relations are stable, and there are promising opportunities for expansion. One of the key obstacles to further deepening this cooperation is the lack of a free trade agreement (FTA) between the EU and India, coupled with India's protectionist policies, which make it difficult for foreign companies to penetrate the Indian market. India's government, prioritising domestic industries, has implemented policies that favour local producers, limiting international trade growth. However, with India's rapidly expanding middle class and growing demand for technology and innovation, Central Europe could play an important role in India's future economic strategy.

Poland, as India's largest trading partner in Central Europe, exemplifies both the opportunities and challenges in this relationship. Despite the growing trade volume, Poland ranks 44th among India's trading partners, and the trade imbalance remains a significant issue, with Indian exports

to Poland outpacing Polish exports to India. Indian investments in Central Europe, particularly in Hungary, Poland, and the Czech Republic, have been rising, especially in sectors like IT, pharmaceuticals, and automotive components. On the other hand, Polish investments in India, though increasing, remain modest. The potential for economic cooperation is evident, particularly in the fast-growing service sector, which has expanded significantly since 2000. With the right policies and the possible introduction of an EU-India FTA, trade relations between India and Central Europe could follow a similar trajectory as those with South Korea, where the removal of trade barriers led to a sharp increase in economic cooperation.

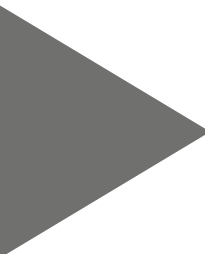
This IES Policy Paper is the latest addition to a series focusing on Asia-Central Europe relations. In 2022, we published two Policy Papers: *China towards Eastern Europe: Between Plague and War*, edited by Michał Słowikowski and Tomasz Stępniewski (IES Policy Papers, no. 5, Lublin 2022), and *The Many Faces of Chinese Engagement in Serbia*, by Bartosz Kowalski et al. (IES Policy Papers, no. 6, Lublin 2022). In 2023, we also published *Japan and Central Europe: Geopolitics, Security, and Economy*, edited by Tomasz Stępniewski and Adrianna Śniadowska (IES Policy Papers, no. 8, Lublin 2023), and *South Korea and Central Europe: Geopolitics, Security, and Economy*, edited by Tomasz Stępniewski (IES Policy Papers, no. 7, Lublin 2023).

We would like to express our sincere gratitude to the authors for their invaluable contributions, which provide deep analysis and insights into the dynamics of the India-Central Europe relationship amid the Russia-Ukraine conflict. These contributions present significant recommendations and

findings, offering crucial insight for policymakers, academics, and stakeholders seeking to understand and enhance this important relationship within the broader context of the current global landscape.

Finally, I would like to express my sincere gratitude to the Embassy of Poland in New Delhi, India for inviting me to participate in a study visit from 16 to 18 May 2023. During this visit, I had the opportunity to engage in discussions with prominent think tanks in New Delhi, including the Institute for Defence Studies and Analyses (IDSA), the Vivekananda International Foundation, and the Indian Council of World Affairs (ICWA). I also met with scholars from the School of International Studies at Jawaharlal Nehru University. Our discussions with members of the Indian academic community centred around the current international landscape, with a particular focus on the conflict in Ukraine and its broader implications for global affairs.

Tomasz Stepniewski
Lublin, September 2024



Bhaswati Sarkar and Ankita Dutta

India and Central Europe: circling the runway

Executive summary:

- Indian foreign policy towards the EU had focused on its traditional partners such as France, Germany and the United Kingdom. However, in the past few years, there has been a concerted effort by the Indian Foreign policy establishment to engage beyond traditional partners in the EU. Within this scenario, Central European countries emerge as priority partners.
- There is a general lack of knowledge regarding this region as well the opportunities it can present. In India, there is limited knowledge regarding Central Europe. Similarly, Central Europe also has a history of viewing Asia as synonymous with China.
- India, with its growing capabilities, needs to proactively cooperate with these nations and showcase the story of “New India”. This should include detailed analyses of modern India and the evolution of the

Indian knowledge system – to examine its technological advancements and its growth trajectory.

- During the Cold War, relations between India and Central European countries reflected the importance that these countries attached to each other. However, in the 1990s, these relations became more a matter of routine. While there has been some course correction since 2010, these relations have yet to reach anywhere near their full potential.

Introduction

India's relations with Central European countries have a long history dating back to India's pre-independence days. For Central Europe, India is neither unknown nor unfamiliar. India's culture, languages, and anti-colonial struggle were well known across the region, with many dedicated scholars engaged in studying and publishing on India. Prominent Indian personalities of the time, such as Mahatma Gandhi, Tagore, Nehru, Sarvapalli Radhakrishnan, and Subhash Chandra Bose were actively connected to Central European countries. Poland, Hungary, Czech Republic and Slovakia (former Czechoslovakia) have a rich tradition of Indology. The help that Maharaja of Jamnagar extended to fleeing Polish women and children during World War II or the support provided by the Indian state under the leadership of Prime Minister Nehru to leading Hungarian figures like Arpad Goncz during the Hungarian revolution of 1956 are officially acknowledged by both Poland and Hungary.

During the Cold War, India developed robust relations with the Soviet Union and the Soviet satellite countries of Central Europe. The Soviet Union, along with Poland,

Hungary and Czechoslovakia, played an important role in independent India's development and five-year plans. Along with the Soviet Union, Czechoslovakia, for instance, set up a complex of heavy engineering plants in the Ranchi-Durgapur area, and regular weekly air service between Prague and Bombay was inaugurated in August 1959. Today, as India has emerged as the fifth largest economy and is eager and confident to play a larger role in world politics, Central European countries have at best received fleeting attention. India's perception and interest in this region have not moved much beyond routine contacts. India and Central European countries are yet to utilise the legacy of their robust relations and positive perceptions to create a qualitatively different relationship.

Changing the contours of Indian foreign policy vis-à-vis Central Europe

In his book *The India Way*¹, Indian Foreign Minister Dr. S. Jaishankar defined the Indian foreign policy outlook as follows: "This is a time for us to engage America, manage China, *cultivate Europe*, reassure Russia, bring Japan into play, draw neighbours in, extend the neighbourhood and expand traditional constituencies of support" (emphasis added), highlighting that "...comfort with Europe has grown, but needs more insights into its increasingly intricate politics"². This was symbolic of the profound changes in how India hopes to expand its presence on the European continent. For a long time, Indian foreign policy towards the EU had focused on

¹ S. Jaishankar, *The India Way – Strategies for an Uncertain World*, Harper Collins, 2020.

² Ibid.

its traditional partners such as France, Germany, and the United Kingdom, which resulted in limited attention to other advanced European countries with which New Delhi shared economic and political complementarities.

However, in the past few years, there has been a concerted effort by the Indian Foreign policy establishment to engage beyond traditional partners in the EU. Through active diplomatic interactions, increasing trade and investments, as well exploration of new sectors of cooperation, India and the EU member states are rediscovering each other's capabilities and capacities. This is also driven by the fact that India's rise, both economically and politically, has not gone unnoticed in the region; therefore, expanding the scope of relations with India is not only seen as important but also imperative as these countries attempt to manage their relations with China. For India, this also presents an opportunity to expand its foothold in the region. Dr. Jaishankar's statement at the Bled Strategic Forum of 2021 that "Delhi is... focused on developing a strong partnership with Brussels and engage with all its 27 members – big and small – individually"³, is reflective of India's renewed focus on European countries.

Within this scenario, India has taken an interest in expanding its relations with Central European countries. These countries have also expressed their interest in strengthening ties with New Delhi – this interest is not only driven by the size of the Indian market but also a recognition of India's geopolitical standing and need to cooperate with India on

³ *EAM at Bled Strategic Forum panel – Partnership for a Rules Based Order in the Indo-Pacific*, https://www.youtube.com/watch?v=efM2_W1hq-c.

issues related to economic growth, climate change, reforms of multilateral institutions, and technology and innovation.

Tracing India-Central Europe relations

Three distinct phases of development of relations can be traced for India and Central Europe – first, is the Cold War period. India and Central European countries shared close economic and political ties during the Soviet era. This was the period during which cooperation between these countries took place in a range of various fields, such as defence, heavy industry, nuclear technology, and the economy. Additionally, these countries, as part of the USSR, extended their critical strategic and political support to India at various international forums. The constant exchange of high-level visits during this period helped strengthen their relations.

The second phase can be termed as the lost decade, between 1990 and 2010. This was a period of profound changes for both India and Central Europe. During this period, India underwent economic liberalisation and re-oriented its foreign policy outlook towards its immediate and extended neighbourhood under the “Look East Policy”. Similarly, Central European countries were undergoing changes of their own as they sought to “return to Europe” after the disintegration of the USSR. Their focus during this phase was on rebuilding their economic structures and starting the process towards accession to both the EU and NATO. As the world changed from bipolar to unipolar, it had a tremendous impact on the foreign policy outlook of both India and Central European countries. While they maintained political and economic ties, their relations lost the dynamism of the Cold War period. This was primarily

driven by the fact that both partners focused on internal changes and were both in the process of recalibrating their foreign policy orientations – within which they were not each other’s priorities.

From 2010 onwards, these relations entered the third phase. With relative economic integration and stabilisation that Central European countries achieved through their accession to the EU and NATO, they began to look beyond their region to expand their respective bilateral relations. This was also precipitated by the 2008 economic crisis, after which these countries started to explore new markets and bilateral partnerships. As their relations with India were “cordial” and problem-free, New Delhi emerged as a preferred partner with whom the relations and capabilities needed to be enhanced. Moreover, as India also diversified its relations in Europe, these countries emerged as partners of choice. Notable visits, including Vice President Hamid Ansari’s trip to Hungary in 2016, External Affairs Minister Jaishankar’s visits to Poland and Hungary in 2019, and President Kovind’s visit to Czech Republic in 2018, points towards the desire to build cooperation with these countries.

While India has traditionally viewed this region through the lens of its past relations with the Soviet Union, this perception appears to have shifted in the last decade. These high-level visits prove that India’s outlook in Europe has changed, moving past its preoccupation with the big three to revive bilateral ties with the Central European region in the geostrategic sense. Moreover, the joint statement issued after Dr. Jaishankar’s visit to Poland highlighted that the Foreign Minister had “conveyed India’s readiness to engage more actively in the region of Central Europe, which should

have a positive impact on the overall EU-India cooperation”⁴. This was significant as it was the first time that the entire region was mentioned. This also marked the first attempt by the Indian government to conceive a larger partnership with the region within Indian foreign policy rather than viewing them through the limited lens of India’s relations with the EU. It signified India’s own shift from non-alignment of the Cold War to multi-alignment of the 21st century, as it seeks to develop relationships with like-minded actors on issues related to innovation, economy, climate change etc.

India’s growing recognition of the importance of this region is complemented by the increasing interest of these countries in the opportunities that India offers. This is visible in the various foreign policy documents released by these countries – where a clear trajectory of their reorientation towards Asia, and India in particular, emerges. For example, in 2011, Hungary reformulated its foreign policy with a clear thrust to the east. Hungary’s “global opening” reflected a desire to move beyond the confines of its nearby traditional partners and to connect with the rapidly developing areas of the world economy. China, Russia, India, Japan, South Korea, Vietnam, Kazakhstan, Georgia, the Gulf States, and Turkey were the countries in focus. In Hungary, from the summer of 2012, and more significantly from the fall of 2014, the global opening policy has basically meant

⁴ *Joint Statement of the Ministers of Foreign Affairs of India and Poland*, Ministry of External Affairs, Government of India, 29 August 2019, <https://www.mea.gov.in/bilateral-documents.htm?dtl/31777/joint+statement+of+the+ministers+of+foreign+affairs+of+india+and+poland>.

an eastern opening⁵. That same year, Slovakia also adopted a new strategy of foreign affairs with a clear focus on “global” opening towards China, India, South Korea, Japan, Indonesia, Mexico, Brazil, and Argentina⁶.

Similarly, the Czech Republic’s 2011 concept of foreign policy identified the need for export diversification to reduce excessive dependence on EU markets, which was resulting in a limited influx of foreign direct investment. Promoting exports to non-EU countries was prioritised, and India, along with a host of other countries, was emphasised for attention⁷. For Poland, when it looked beyond Europe, it initially focused on China. However, in subsequent policy documents (2017–2021), India also became significant. The Polish Foreign Policy Strategy 2017–2021 acknowledged that the focus of the global economy has shifted to Asia and the Pacific region. It recognised that “the locus of the global economy is shifting towards Asia and the Pacific... Asia will increasingly serve as an engine for global growth” and called for making use of political support, trade and service promotion, to reach out to new markets. India was recognised as one of the countries in the region where Warsaw should explore enhanced cooperation across various sectors. In short, Poland, while maintaining its European presence, recognised the need to strengthen economic ties with

⁵ *Hungary’s Foreign Policy after the Hungarian Presidency of the Council of the European Union*, Ministry of Foreign Affairs of Hungary, 2011, pp. 42–43, https://brexit.kormany.hu/admin/download/f/1b/30000/foreign_policy_20111219.pdf.

⁶ A.Z. Farkas, N. Pap, P. Reményi, *Hungary’s place on Eurasian rail/land bridges and the eastern opening*, “Hungarian Geographical Bulletin” 2016, vol. 65, no. 1, pp. 3–14.

⁷ *Conceptual Basis of the Foreign Policy of the Czech Republic*, Ministry of Foreign Affairs of Czech Republic, 2011, http://www.mzv.cz/file/681350/koncepcie_zahranicni_politiky_2011_en.pdf.

Asia-Pacific countries⁸. In other words, cultivating relations with Asia in general, and with India in particular, has gradually gained traction in all four countries.

Bilateral convergence – from attention to action?

In the past decade, Indian foreign policy has reorientated to advance its relations with countries that share complementarities and values. It has prioritised economic growth and development, for which, it seeks partners for investment, technology, and markets. From an economic standpoint, India would do well to cultivate relations with Central European states, which are among the fast-growing economies in the European Union. Taken together, these four countries would be the “fifth largest economy in Europe and the 12th largest in the world”⁹.

Among the four countries in the region other than Slovakia, India’s economic cooperation with Poland, the Czech Republic and Hungary have increased in recent years. Trade and investment figures indicate greater engagement and presence. A number of Indian companies are a source of investment and employment, and businesses from Central European countries are present in India. These countries have shown keen interest to participate in India’s flagship programmes such as Make in India and Atmanirbhar Bharat.

⁸ *Polish Foreign Policy Strategy 2017–2021*, Ministry of Foreign Affairs, Poland, p. 18, <https://www.gov.pl/attachment/869184c0-bd6f-4a20-b8af-a5c8190350a1>.

⁹ *India explores partnership with Visegrad Group in Central Europe with Jaishankar visit*, The Economic Times, 27 August 2019, <https://economictimes.indiatimes.com/news/politics-and-nation/india-explores-partnership-with-visegrad-group-in-central-europe-with-jaishankar-visit/articleshow/70862243.cms>.

India's bilateral trade with Poland, the largest country in the Central European region, has grown manifold and is now just under 4 billion USD a year¹⁰. Indian investments in Poland are valued at over 3 billion USD in various sectors, such as advanced production technologies, IT, and R&D. Meanwhile, total Polish investment in India is estimated at 672 million USD. Indian companies like Ranbaxy (pharmaceuticals), Tata Consultancy Services (TCS), and Videocon (electronics) have made wide scale investments in Poland. Poland's Solaris (green transport), BBT (defence), Ekolog (green technology), CANPACK (beverage cans), and Billenium (IT) among others, are operating in India.

Some of the steps taken by both countries to energise their relations appear to be bearing fruit; however, they also show the targets yet to be fulfilled. For instance, bilateral relations were strengthened under the Joint Commission on Economic Cooperation, which held meetings in 2011, 2013, and 2015. Joint Working Groups on Coal, IT and Food Processing were created, indicating the areas identified for focused attention by both parties. The Polish side expressed interest in exporting the latest food processing machinery and technology to India. In the IT and ICT sector, cooperation was discussed in areas like entrepreneurship development and support, R&D and innovation in cloud computing, big data analysis, cyber-security, data protection, smart cities projects, and mutual accreditation

¹⁰ *Cooperation In Cybersecurity, Trade: Top Poland Minister's Pitch to India*, NDTV, 21 February 2024, <https://www.ndtv.com/india-news/polands-secretary-of-state-affirms-commitment-to-stronger-ties-with-india-in-exclusive-interview-5100575>.

of courses¹¹. In 2015, Poland indicated its interest participate in the “Make in India” mission, which focuses on expanding manufacturing. The former Ambassador of Poland in India, Tomasz Lukaszuk, said that the aim was to increase the trade volume between the two countries to match that of China, from 2 billion USD to 20 billion USD¹². The current figures have improved from the last decade, but they are still nowhere near the target. The commencement of Polish Airlines LOT’s direct flight from Warsaw to Delhi in September 2019 has eased connectivity and will benefit both tourism and business.

India–Czech bilateral trade has increased from 878 million USD in 2020–2021 to 1.9 billion USD in 2022–2023. The two countries share strong ties in the defence sector. The bilateral Defence Cooperation gained momentum with the signing of MoU on Bilateral Defence Cooperation in October 2003. Accordingly, the Joint Defence Committee has been set up. So far, six such meetings of JDC have taken place, with the last meeting held in New Delhi on 3 February 2020. Czech defence companies have been regularly supplying military equipment to Indian armed forces. Indian companies like Infosys, Ashok Leyland, Tata Tea, Alok Industries, Spentex Industries, Motherson Sumi Systems Limited, Glenmark Pharmaceuticals, Lloyd Group, Lloyd Electric and Engineering Ltd., and PMP Components Ltd.

¹¹ *India, Poland set trade target of 5 billion USD by 2018*, The Economic Times, 16 June 2015, <https://economictimes.indiatimes.com/news/economy/foreign-trade/india-poland-set-trade-target-of-5-billion-by-2018/articleshow/47693075.cms>.

¹² *Poland keen to deepen economic ties with India*, The Economic Times, 9 February 2019, <https://economictimes.indiatimes.com/news/economy/foreign-trade/poland-keen-to-deepen-economic-ties-with-india/articleshow/46178154.cms>.

have made investments in the Czech Republic. Skoda Auto, Skoda Power, and Tatra were the Czech companies originally investing in India; now, there are a number of new and prospective Czech investment projects in sectors such as machinery, transportation, power and automotive¹³.

In 2013, the Czech minister for trade and industry, Martin Kuba, during his visit to India with a delegation of 80 companies, ranked India among the 12 priority countries for the promotion of mutual commercial, investment, and other economic activities that Czechia had identified. India, he said, had expressed interest in collaborating in the area of heavy manufacturing with the Czech Republic¹⁴. In 2019, the Czech Republic President Andrej Babis, during his state visit to India, participated in the Vibrant Gujarat Global summit and expressed desire to ink Strategic Partnership with India (Czech Prime Minister Andrej Babis in India, January 2019). In January 2024, a Joint Statement for the Czechia-India Strategic Partnership on Innovation was adopted during Czech PM Petr Fiala's visit on the side-lines of the Vibrant Gujarat Global Summit¹⁵. The Partnership identified innovative projects and partnerships in trade, defence industrial cooperation, cyber security, environmental technology, energy, and healthcare as focus areas of future cooperation.

¹³ *Bilateral Brief, India-Czech Republic Bilateral Relations*, Ministry of External Affairs. Government of India, p. 3, http://www.mea.gov.in/Portal/ForeignRelation/India-Czech_Republic_Relations.pdf.

¹⁴ A. Sen, A. Phadnis, *Czech Republic sees business in India's heavy manufacturing sector*, The Hindu Business Line, 19 March 2013, <https://www.thehindubusinessline.com/economy/czech-republic-sees-business-in-indias-heavy-manufacturing-sector/article20592110.ece>.

¹⁵ *Czechia and India adopt Strategic Partnership on Innovation*, Embassy of Czech Republic to India, 16 January 2024, https://mzv.gov.cz/newdelhi/en/bilateral_relations/india/czechia_and_india_adopt_strategic.html.

India's relations with Hungary are also growing. The official website of India states, "Indian investments in Hungary are witnessing an upswing in recent years. Investment flows are spread over several sectors such as IT, pharmaceuticals, power equipment, auto-components and food processing"¹⁶. Trade between India and Hungary has also increased from 714 million USD in 2020–2021 to 844.53 million USD in 2021–2022. Indian investments have grown significantly in recent years. In 2013, Prime Minister Viktor Orban's visit to India added fresh momentum to these relations, with 66 Hungarian firms forming part of the prime minister's entourage. During this visit, several bilateral cooperation agreements in R&D, medicine, culture, sports, and aviation were signed.

New avenues of cooperation are opening up. A consulate in Mumbai was opened and during Prime Minister Orban's visit, he emphasised how Hungary provides numerous opportunities in the field of IT, biotechnology, automobiles, construction, energy, water and waste management. In 2016, Peter Szijjarto, Minister of Foreign Affairs and Trade of Hungary, sought to attract Indian companies looking for alternative venues post-Brexit, stating, "we are willing to offer any kind of incentives, assistance or subsidies in case any Indian companies take sovereign decision to leave the U.K. and come to invest in Hungary"¹⁷. An event promoting the States of India – their economic, culinary and tourism potential – was organised on 12 May 2018. The States of Andhra Pradesh,

¹⁶ *Bilateral Briefs, India-Hungary Relations*, Ministry of External Affairs. Government of India, 2013.

¹⁷ K. Bhattacharjee, *Hungary welcomes Brexit-hit Indian firms*, The Hindu, 6 July 2016, <https://www.thehindu.com/news/national/Hungary-welcomes-Brexit-hit-Indian-firms/article14472850.ece>.

Assam, Delhi, Gujarat, Haryana, Hyderabad, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, and West-Bengal showcased their “Make in India” potential.

India’s relation with Slovakia, the smallest country in the region, is slowly evolving. Total trade between India and Slovakia was 191 million USD in 2020–2021 and 272.9 million USD in 2021–2022. The Joint Economic Committee (JEC) mechanism to boost commercial engagement between the two countries has been in place since May 1995. In the 11th session held in Slovakia on 15 June 2023, wide-ranging discussions on potential areas of collaboration, such as trade & investment, Science & Technology, Defence, Agriculture & Irrigation, Automotive and Engineering Industry, were held and a goal to achieve a trade volume of up to 1 billion EUR in the next 3 years was set. There is huge potential for defence cooperation between the two countries, as Slovak defence companies have capabilities comparable to those of Czech defence companies. The possibilities of cooperation between the Slovak and Indian space industries have also been explored since 2021.

Science and technology collaboration

Collaboration in Science and Technology has been a particular focus in India-Czech and India-Hungary ties. India and the Czech Republic are working in niche technologies, given the Czech Republic’s strength as the incubator of technologies in strategic sectors such as defence, nuclear energy, cyber security, AI, Big Data, nanotechnology, laser, etc. In 2019, under the joint collaboration in Science and Technology, 20 high-ranking projects were selected out of 187 joint proposals. Cooperation in S&T is also a focus area

Table 1. India-Central Europe Trade Figures, 2018–2023

	2018–2019	2019–2020	2020–2021	2021–2022	2022–2023
Poland					
1 Exports	1,572.80	1,548.11	1,652.67	2,723.94	2,323.11
2 Imports	793.39	849.58	706.35	1,124.79	1,366.40
3 Total Trade	2,366.19	2,397.68	2,359.03	3,848.72	3,689.50
Czech Republic					
1 Exports	429.13	496.35	485.48	628.23	1,169.32
2 Imports	258.84	299.42	393.12	592.10	778.09
3 Total Trade	687.97	795.77	878.59	1,220.33	1,947.41
Hungary					
1 Exports	458.08	423.94	495.26	550.85	575.44
2 Imports	241.15	187.68	218.92	293.67	307.19
3 Total Trade	699.23	611.62	714.18	844.53	882.63
Slovakia					
1 Exports	145.96	138.42	155.97	171.13	190.22
2 Imports	57.42	54.84	35.58	101.86	70.92
3 Total Trade	203.38	193.25	191.55	272.99	261.14

Figures expressed in millions USD

Source: Collated from trade figures, Ministry of Commerce and Industry, Government of India, <https://trade.stat.commerce.gov.in/eidb/default.asp>.

in India-Hungary relations. Both countries recognise each other's well-developed R&D and "knowledge" infrastructure. During Prime Minister Orban's visit in 2013, a Letter of Intent to enhance contribution of 2 million EUR each to the Indo-Hungarian Strategic Research Fund, along with a MoU on Cooperation in the Field of Traditional Systems of Medicine were signed.

Cultural connections

Long-term relations cannot be sustained in an economic bubble; they need to be complemented by people-to-people connections and an awareness of each other's culture. There is a long tradition of Indology in the region, and practices such as Yoga and Ayurveda are becoming popular. For example, Poland has a strong tradition of Indology with Polish scholars translating Sanskrit into Polish in the 19th century. In 1860–1861, Sanskrit was being studied at the 600-year-old Jagiellonian University in Krakow. In 1893, a Chair of Sanskrit was established. University of Warsaw's Indology Department of the Oriental Institute is the largest centre for Indian studies in Central Europe. The University of Warsaw also has a Hindi Chair. Indian languages, literature, culture and Indology are also studied at the Adam Mickiewicz University in Poznan and the Wroclaw University¹⁸. Fast forward to 1980s communist Poland when Walesa's trade union movement *Solidarity* rocked Poland's communist system and ultimately contributed to its end. Walesa believed in the Gandhian doctrine of non-violence and acknowledged

¹⁸ *Bilateral Brief, India-Poland Relations*, Ministry of External Affairs. Government of India, 2016, pp. 4–5, http://mea.gov.in/Portal/ForeignRelation/Poland_Jan_2016_english.pdf.

how “we took up Mahatma Gandhi’s tactics and strategy, we emerged winners!”¹⁹.

Likewise, in Czechoslovakia, with the support of its first president Tomasz Masaryk, the Oriental Institute in Prague was established and soon Prague became one of the most important centres in Europe engaged in Indian studies and relations with India²⁰. In 1934, when India was still under British colonial rule, the Indian Association was established to promote cooperation with India. Today, the Czech Republic is renewing its connection to India. In October 2018, the Czech Government launched a special project called “Special Procedures for Highly Qualified Employees”, where applications for employment permits from highly skilled workers from India will be accepted preferentially with an annual quota of 500 such applications to begin with. The Czech Republic is also a popular destination for Indian tourists. Before the Covid pandemic, an estimated 50,000 Indian tourists visited the Czech Republic annually.

The Hungarian Information and Cultural Centre set up in Delhi in 1978 is the oldest in Asia. It has been working for years to familiarise the Indian public with Hungarian culture by organising various cultural fests, church organ concerts, performances, and recitals. Likewise, the Indian Cultural Centre in Budapest, since its inception in November 2010, been regularly organising cultural activities, screening

¹⁹ R. Torcato, *Encounter with a Polish Gandhian*, *The Hindu*, 11 March 2007, <https://www.thehindu.com/todays-paper/tp-features/tp-sundaymagazine/encounter-with-a-polish-gandhian/article2275025.ece>.

²⁰ S. Vavroušková, *Ways to understand India: The Czech experience*, *Acta Orientalia Vilnensia* 2008, vol. 9, no. 2, pp. 125–132, <https://www.journals.vu.lt/acta-orientalia-vilnensia/article/view/3705/5175>.

Indian films, and conducting yoga, dance, music and Hindi classes. There are over 200 yoga centres and about eight schools of Indian dances and music in Hungary. Moreover, under the Education Exchange Programme (EEP) signed in November 2014, Hungary provides 200 scholarships for Indian students and research fellows to study natural and life sciences, information technology, economics, business, and management. In 2019, during Foreign Minister Jaishankar's visit, a Cultural Exchange Programme between India and Hungary for the period 2019–2022 was signed.

While the sustained economic performance of Central European countries and their foreign policy reorientations do make a case for greater attention from New Delhi, it is also the positions that these countries have taken on many issues of critical importance for India that make them dependable partners in world forums. All four countries strongly and unequivocally support India's UN Security Council membership bid and have also voted for India's NSG membership. Poland was one of the sponsors of UNSC Resolution 1267, which was to impose sanctions and restrictions on Jaish-e-Muhammad (and its leaders Masood Azhar), the Pakistani organisation responsible for the terrorist attack in Pulwama, Kashmir in February 2019²¹. In August 2019, when the Indian government abrogated Article 370 of the Constitution, which accorded special status to Kashmir, it was Poland, then holding the presidency of the United Nations Security Council, that blocked Pakistan and China's bid

²¹ K. Iwanek, *Revising Warsaw-New Delhi Ties After Indian the Foreign Minister's Visit to Poland*, *The Diplomat*, 3 September 2019, <https://thediplomat.com/2019/09/revising-warsaw-new-delhi-ties-after-indian-the-foreign-ministers-visit-to-poland>.

to internationalise the issue by unambiguously accepting India's position that Kashmir was a matter to be resolved bilaterally between India and Pakistan²².

In January 2020, during a plenary session in Brussels, the European Parliament debated a joint motion, combining five different resolutions tabled by Members of the European Parliament against India's Citizenship Amendment Act. The resolutions were also critical of the implementation of the National Register of Citizens (NRC) in Assam and the security lockdown and detentions in Jammu and Kashmir. Only one resolution by the European Conservatives and Reformists (ECR) Group, which is the centre-right political group, showed some support for the government's actions²³. In the debate that ensued, countering accusations from a Pakistani-origin MEP that the Parliament had succumbed to India's pressure, ECR's Polish MEP Ryszard Czarnecki said, "the only lobby that has won today is that of common sense and respect"²⁴.

Similarly, the Hungarian Foreign Minister Péter Szijjártó, during his visit to India in January 2020, made it clear that Hungary stands firmly with India regarding the recent decisions made by Prime Minister Modi's administration. In fact, he went so far as to say that the international community

²² Sh. Roy, *Pakistan goes to UNSC, its chief Poland puts it bluntly: Find bilateral solution to J-K*, The Indian Express, 13 August 2019, <https://indianexpress.com/article/india/india-pakistan-kashmir-unscc-poland-article-370-5899903>.

²³ *May create largest statelessness crisis, says draft resolution on CAA in EU*, Hindustan Times, 1 September 2020, <https://www.hindustantimes.com/india-news/may-create-largest-statelessness-crisis-says-draft-resolution-on-caa-in-eu/story-xSKOBKrOepNltpZtAWy-w5H.html>.

²⁴ *European Parliament debates anti-CAA motion, vote delayed till March*, Press Trust of India, 30 January 2020, India Today, <https://www.indiatoday.in/india/story/european-parliament-debates-anti-cao-motion-vote-delayed-till-march-1641429-2020-01-29>.

should stop “preaching” to India on the issues of Kashmir, the Citizenship (Amendment) Act (CAA), or the National Register of Citizens (NRC). Hungary called the decisions “internal” to India²⁵.

In the midst of intense international scrutiny, such unequivocal support is a great relief for the Indian government. Some recognition of such favourable posturing can be seen during Foreign Minister Jaishankar’s visit to Warsaw and Budapest on 28–29 August 2019. The visit, which was the first-ever trip of an Indian Foreign Minister to Poland in 32 years and to Hungary in 9 years, illustrates the place of these states among India’s priorities over the years. However, this approach appeared ready for change when the Minister conveyed India’s readiness to engage more actively in the region and desire to engage with Poland within the Visegrad framework²⁶. With Poland and the Czech Republic already being China’s strategic partners, it is time for India to strengthen its connection with these states for economic, political, and strategic benefits²⁷.

As India is an aspirational power with global objectives, it will need like-minded and reliable partners in its quest for global recognition. Within this scenario, the countries of CEE are perfect partners as they can help New Delhi promote

²⁵ G. Mohan, *We back India on CAA, NRC and Kashmir: Hungarian foreign minister*, India Today, 17 January 2020, <https://www.indiatoday.in/mail-today/story/we-back-india-on-cao-nrc-and-kashmir-hungarian-foreign-minister-1637601-2020-01-17>.

²⁶ *Poland-India Bilateral Relations. Dossier 2019*, Centre for International Relations, p. 16, <https://think-tank.pl/wp-content/uploads/2019/09/DOSSIER-Poland-India-Bilateral-Relations-2019.pdf>.

²⁷ L.C.H. Alvin, *Central And Eastern Europe And China’s “Belt And Road”: Xi Jinping’s 2016 State Visits To Czech Republic, Serbia And Poland – Analysis*, Eurasia Review, 22 June 2016, <https://www.eurasiareview.com/22062016-central-and-eastern-europe-and-chinas-belt-and-road-xi-jinpings-2016-state-visits-to-czech-republic-serbia-and-poland-analysis/>.

its interests both within the EU as well as at global forums. Within the EU, these countries collectively send a total of 196 members to the European Parliament (Poland – 53, Hungary – 21, Czechia – 21, Romania – 33, Bulgaria – 17, Latvia – 9, Lithuania – 11, Slovenia – 9, Slovakia – 15, Estonia – 7)²⁸ – giving the region a stronger voice on critical issues. They are also advocates for increased EU-India cooperation, as they not only share historically friendlier relations with India but also have several similarities in their world views, such as a commitment to sovereignty, national interest, and multilateralism.

Therefore, both economically as well as strategically, these countries are important for India as it charts its way to become a 5 trillion USD economy by 2030 and a geopolitical power. Therefore, it is pertinent that India engages with these countries in a concerted manner by deepening its economic ties, as well as promoting cooperation in science and technology, research, tourism, and fostering people to people contacts.

Geopolitical conundrum

As highlighted in the previous section, there is immense potential within the relations between India and Central European countries, as both sides are looking towards each other to enhance their political and economic relations. While this holds true and their relations remain “cordial and friendly”, there are still critical issues that need to be addressed in the partnership.

²⁸ *Distribution of seats in the European Parliament*, https://www.europarl.europa.eu/infographic/meps-seats/index_en.html.

The first issue concerns the general lack of knowledge regarding this region and the opportunities it can present. In India, there is limited knowledge regarding Central Europe in terms of its politics, economic structures, business models, education systems, tourism prospects, etc. This has resulted in the region often being overlooked by Indian businesses or students. Moreover, this lack of knowledge is also reflected in the fact that Central Europe rarely receives coverage in the news media and developments in the region are hardly analysed within strategic circles. This is also reflected in the lack of high-level visits to the region. While there have been multiple high-level visits from Central Europe to India, reciprocal visits from New Delhi are missing.

India, with its growing capabilities needs to proactively cooperate with these nations and showcase the story of “New India”. This is pertinent not only in the cultural sector – where there is a need to take a leap from the study of Indology to include detailed analyses of modern India and the evolution of the Indian knowledge system – but also in examining its technological advancements. The development of India Stack (Digital Public Infrastructure) highlights the narrowing of the digital divide across India. Various countries have taken interest in the DPI and are in the process of negotiating agreements of extending these services. Some of the examples where India has successfully signed and implemented these agreements include France, Singapore, and the UAE, among others. In addition, advancements in Start-Up culture and Artificial Intelligence have also captured the attention of the world. India boasts a robust start-up culture with 67 unicorns emerging in 2023. India also leads in negotiations and discussions on setting global standards

for AI. Another key technological achievement is its space programme, with the successful landing of Chandrayaan marking a major milestone in its space aspirations. These developments highlight the strengths that India brings to the table. Central European countries can take advantage of their cordial and problem-free relations with India to be part of this developmental trajectory.

It was not just India that had an information deficit regarding the other region within this partnership. Central Europe also has a history of viewing Asia as synonymous with China. Beijing's growing footsteps in the region through the 16+1 forum led these countries to view China as the preferred partner in the region. However, in the past few years, perceptions of China have changed, along with a notable shift in these countries' outlook towards India. This is also visible in the fact that in 2018, the EU launched its India Strategy, which provided a blueprint for enhancing engagement with New Delhi. The strategy was the recognition of a rising India – not only as one of the largest economies with an annual growth of 7%, but also as an important player in the geopolitical space. Within this scenario, engaging with India offers these countries a viable alternative if they want to boost their economies and expand their cooperation with other Asian countries as a way of diversifying away from reliance on China. Moreover, with growing pressures on EU member states to restrict Chinese investments, India can emerge as a more reliable economic partner. As recent political moves by the Czech Republic and Lithuania on Taiwan suggest, there is a subtle shift in the region to direct their attentions to other Asian partners. Therefore, India's huge market and its emerging stature have captured

the attention of European countries in general, and Central Europe in particular, with whom they can explore new avenues of cooperation. At the end of the day, however, these relations still remain at a nascent stage.

Additionally, Central European countries need to reorient their relations with India in the broader context of the Indo-Pacific. The Indo-Pacific is of political, economic and strategic importance to India. The region constitutes New Delhi's immediate and extended neighbourhood, which has the potential to impact its security environment. This also includes regions such as the Pacific Island nations and Latin America – areas of growing interest for India. Shri Rajnath Singh, Indian Defence Minister, has emphasised that the Indo-Pacific is no more a maritime construct, but a full-fledged geo-strategic construct, and the region is facing a complex web of security challenges, including boundary disputes and piracy. A secure and stable Indo-Pacific region with the Indian Ocean at its centre, is key to New Delhi's security environment and regional stability. India's great strategic location in the Indian Ocean position it as a key regional and security player.

Therefore, New Delhi's position in the region provides a significant entry point for states with a keen interest in the region. Moreover, given the shifting power-balance from the Atlantic to the Indo-Pacific, the EU and several of its member states have also expressed their global ambitions to become actors in the region through the release of their respective Indo-Pacific policies, as well as their increasing presence in the area. This aligns with Indian interests of working with like-minded partners to tackle common challenges and promote a free and fair Indo-Pacific. India, therefore, wishes to

expand its bilateral relations with Central European states in order to strengthen the India-EU strategic partnership. As this region represents India's multi-aligned vision for the 21st century, it opens new avenues for New Delhi to explore novel areas of cooperation and seek greater strategic engagement with Central and Eastern Europe.

As India and Central Europe redefine their relations, India's position on the Ukraine crisis has emerged as a point of divergence. The crisis provoked strident reaction from Poland and the Czech Republic, with muted reactions from Hungary and Slovakia. India adopted a studied public neutrality towards Russia and has refused to openly label Russia as the instigator of the crisis. It not only abstained from successive votes in the UN Security Council, General Assembly, and Human Rights Council condemning Russian aggression in Ukraine, but has also emerged as the second-largest buyer of Russian oil. Though the West was unhappy with India's position, it has come around to accept it, as have the Central Europe countries. The crisis has resulted in bringing a sharper focus on Central European countries as they are the front-line states bearing the brunt of the conflict, dealing with a massive influx of Ukrainians, seeking to diversify energy resources, or reinforcing and integrating their own security structures. For its part, India has, time and again, called for an immediate cessation of hostilities and emphasised that dialogue is the only way to settle the dispute. Despite taking differing stands during the conflict, their cooperation was again at the forefront during Operation Ganga, when Poland, Hungary, Slovakia, and Romania opened their borders for Indian citizens to cross-over into their territories. There is also now a tacit understanding between India and

the countries of the region as they navigate these complex geopolitical churning. This was underscored in the statement in February 2024 by Poland's Secretary of State Bartoszewski, in which he praised India's evolution into a global superpower, highlighting the country's impressive economic progress.

While relations between India and Central Europe during the Cold War reflected the importance that these countries attached to each other, during the 1990s, they turned more into a matter of routine. Although there has been some course correction since 2010, the relations have yet to reach anywhere near their full potential. However, in light of changing global geopolitics, both India and Central Europe are now looking for avenues to recalibrate and expand their partnership for mutual benefit.



Monish Tourangbam

India's security outlook in a multipolar world

Executive summary:

- India is using tensions between the US and China to strengthen its position.
- India's security strategy is steeped in a historical approach, which includes its stance towards China and its tradition of non-alignment.
- India faces the twin challenge of dealing with two kinds of asymmetries – one with its materially weaker neighbours, and another one with China.
- The international and regional security environment is prone to changes, and India's nuclear doctrine will need to be periodically revisited for the sake of India's national security.

Introduction

A country's security outlook evolves and adapts to dynamic geopolitics, both closer to and farther from home. As India's

material capabilities grow through its economic prowess and military modernisations, so do its regional and global aspirations. India's threat perceptions and security outlook reflect a widening geospatial space in which its national interest needs to be protected and promoted. It may yet lack the wherewithal to decisively shape the contours of international affairs and set the agenda as great powers do, but the trajectory of India's military rise and economic growth is indeed consequential for its region and beyond. The rhetoric and reality of India's security outlook is grounded in its own geography and history. New Delhi's foreign policy or security choices, unlike many countries in the West, are not based on a clear categorisation of friends and enemies. India's colonial past, the Cold War period, its newfound centrality in global affairs, and its experience of dealing with powers both near and far provide a unique sense of choices and partnerships. As India's Foreign Minister S. Jaishankar contended in his book *The India Way: Strategies for an Uncertain World*, "this is a time for us to engage America, manage China, cultivate Europe, reassure Russia, bring Japan into play, draw neighbours in, extend the neighbourhood, and expand traditional constituencies of support"¹. In this context, the paper attempts to contextualise India's evolving security outlook amidst the growing uncertainty of global geopolitics. The paper attempts to assess the risks and opportunities for India in the Indo-Pacific region's landscape

¹ S. Jaishankar, *The India Way: Strategies for an Uncertain World*, Noida 2020, p. 10. Also see: A.J. Tellis, *Non-Allied Forever: India's Grand Strategy According to Subrahmanyam Jaishankar*, Carnegie Endowment for International Peace, 3 March 2021, <https://carnegieendowment.org/posts/2021/03/non-allied-forever-indias-grand-strategy-according-to-subrahmanyam-jaishankar?lang=en>.

and analyse how India views the developments in the global security environment.

A turbulent world and India's security outlook

The international system is encountering an uncertain balance of power, with the United States no longer exhibiting the kind of overwhelming influence it used to, and China's rise across the military and economic dimensions creating regional and global disruptions. While the global power configuration is certainly not a bipolar one, the growing US-China great power rivalry is threatening the prospect of a multipolar order and lending to a crisis in multilateralism. The ways in which the pandemic affected the international system was something hitherto unseen and unexpected, and the crises raging on through the Russia-Ukraine war, as well as the inferno ravaging through West Asia with the Israel-Hamas War have acutely impacted the global security environment and the responses of major stakeholders. The growing strategic rivalry between the US and China is unfolding amidst a new low in India-China relations, alongside an increasing strategic relationship between China and Russia, questions about the future of the India-Russia strategic relationship, and India's closeness with the United States and its allies. The competing visions of a new world order, and what a rules-based international system entails, is something the United States and China are propagating in their own respective ways. If the US calls out China's actions as threatening to a rules-based order, Beijing berates US intentions and actions as hegemonic, perceiving them as the main cause of instability. Such inter-state power dynamics, conflicts, as well as challenges posed by transnational issues

have aggravated both the East-West and the North-South schisms. At the same time, India projects itself as a power that is rapidly strengthening its ability to secure its territorial integrity, protect the lives of its citizens, and safeguard its interests, while simultaneously reiterating an abhorrence of war as the solution to problems of the 21st century.

India's approach to international relations and to the global security environment is not oblivious to the high and unstable tensions between the US and China, where the rulebooks of great power relations have not been written comprehensively. As the Cold War experience showed, great power relationships are as much about communicating the terms of engagement as they are about the hardcore projection of comprehensive power and military deterrence. At the height of Cold War tensions, the United States and the Soviet Union negotiated to curb the arms race and keep military developments from spiralling out of control through agreements such as the Strategic Arms Limitation Talks (SALT). In May 2024, after his inauguration as the President of Russia for a fifth term, Vladimir Putin made his first foreign trip to China, and along with his Chinese counterpart, President Xi Jinping, released a joint statement, aimed towards the United States. They declared "their opposition to the creation of closed associations and bloc structures in the Asia-Pacific region, in particular, military alliances and coalitions directed against any third party". "The parties note the negative impact on regional peace and stability of the US "Indo-Pacific strategy, synchronised with NATO's destructive line in the Asia-Pacific region", the statement said. On the other hand, the Quadrilateral Security Dialogue (Quad), comprising the United States, India, Japan and Australia, in their Leaders'

Joint Statement of 2023, reaffirmed their “steadfast commitment to a free and open Indo-Pacific that is inclusive and resilient”. “We seek a region where no country dominates and no country is dominated – one where all countries are free from coercion, and can exercise their agency to determine their futures. Our four countries are united by this shared vision”, the statement emphasised. Rewind to 1972, the same US and China, in the wake of the Sino-Soviet rift, signed the Shanghai Communique, contending that, “...neither should seek hegemony in the Asia-Pacific region and each is opposed to efforts by any other country or group of countries to establish such hegemony”².

Fast forward to 2024, a new comprehensive great power rivalry has emerged between the US and China, and the manifestation of a new strategic orientations is apparent among the major stakeholders of the Indo-Pacific region, including India. China currently poses the primary long-term challenge to the United States as the US National Security Strategy categorically states, “Russia and the PRC pose different challenges. Russia poses an immediate threat to the free and open international system, recklessly flouting the basic laws of the international order today, as its brutal war of aggression against Ukraine has shown. The PRC, by contrast, is the only competitor with both the intent to reshape the international order and, increasingly, the economic, diplomatic, military, and technological power to advance that objective”³.

² *Joint Statement Following Discussions with Leaders of the People's Republic of China*, Office of the Historian, <https://history.state.gov/historicaldocuments/frus1969-76v17/d203>.

³ *National Security Strategy*, The White House, 22 October 2022, p. 8, <https://www.whitehouse.gov/wp-content/uploads/2022/10/Biden-Harris-Administrations-National-Security-Strategy-10.2022.pdf>.

The post-World War II security order that the US spearheaded is weakening, but the architecture of the new order is not yet crystallised. Washington is still the pre-eminent power in the world in terms of material capabilities, but its ability to affect global and regional outcomes faces challenges from rising powers, both adversarial as well partners, that desire to reshape the global security order for a multipolar world. Moreover, unlike the older Cold War, the world not only has multiple powers with stakes in shaping the Indo-Pacific security architecture and the broader global security framework. The technological landscape is also vastly different. The rise of new technologies, with multiple uses, is dramatically affecting the politics, security, and economics of the international system, and it is in this moment of uncertain transition, that India has to navigate its security outlook in both the regional and global contexts.

The geopolitics of India's security challenges and responses

The *Joint Doctrine of the Indian Armed Forces* points out India's national security objectives, among others, as maintaining "a credible deterrent capability", ensuring the "defence of national territory, air space, maritime zones", including "trade routes and cyberspace"; and expanding and strengthening "constructive engagement" with other nations to promote regional, global peace and international stability. India has always exuded a peculiar blend of civilizational and modern day state characteristics. While the former puts India at an incomparable position of normative influence predicated on the view of an inclusive world, the latter presents India's path of hard-nosed realism in the choppy waters of geopolitics.

In 2018, speaking at the Shangri La Dialogue, Prime Minister Narendra Modi said, “India does not see the Indo-Pacific Region as a strategy or as a club of limited members. Nor as a grouping that seeks to dominate. And by no means do we consider it as directed against any country”. On the other hand, Beijing aims to reorganise the international system in its own image and makes no bones about its aggressive push to build a unipolar Asia. China’s territorial transgression at the India-China Line of Actual Control (LAC) and its unabashed military power projection across the Indo-Pacific region is seen as the primary threat to the quest for a “free, open, inclusive and rules based order”.

India’s security outlook is grounded in its own distinct sense of geography and history, even as it stays away from clearly pronouncing friends and enemies in the international system. However, its defence preparedness and security framework does point to the reality of being surrounded by two adversarial nuclear powers, China and Pakistan. Moreover, India’s national security priorities also reflect the clear and present dangers posed by terrorism in its neighbourhood. The sort of violent attacks that India faced and countered including the ones, among many others, on the Indian Parliament and the financial centre of Mumbai, show the seriousness of this security threat for India. Therefore, developing counter-terrorism capabilities on its own, and in cooperation with like-minded countries, is a vital component of India’s security outlook. With unstable hotspots on India’s eastern and western frontiers, the fallout of the Afghanistan-Pakistan region, and the protracted conflict in Myanmar, which has had severe implications for civil unrest in India’s northeastern region, India has always had

its hands full when it comes to securing its homeland and its people. India's security partnerships for countering terrorism emanating from its immediate neighbourhood are both bilateral and multilateral. Reviewing "emerging threats and tactics in terrorism, including the use of the internet and new and emerging technologies for terrorist purposes, international movement of terrorists, terrorist recruitment, the financing of terrorist activities, and radicalization to violence and violent extremism" remain core areas of focus in the India-US Counterterrorism Working Group. Moreover, India and the US also aim to augment "information sharing, capacity building and continued bilateral and multilateral efforts to address these threats". They also partner through other multilateral partnerships such as the Quad Counterterrorism Working Group, the Global Counterterrorism Forum (GCTF), and the Financial Action Task Force (FATF).

India's security engagement, at present, is focused more on maximising gains from partnerships with like-minded countries and minimising risks from adversarial countries in its region, from the subcontinent to its extended neighbourhood and the larger Indo-Pacific. There is a more confident stride in how New Delhi engages with the world, particularly evident in how it approaches the US and its European partners. Solutions to problems of India's national security are not to be resolved by maintaining distance, but by engaging from a position of strength. This strength will come from a sober assessment of India's capabilities as well as limitations, which, in turn, comes from leveraging its geographic advantages and addressing the disadvantages on its own and through both bilateral and multilateral means. From the maritime domain of the Indian Ocean to

the continental expanse extending into Southeast Asia, Central Asia, and West Asia, India's geography lends it both opportunities of trans-regional connectivity and security risks, from both state and non-state actors. In his book *Why Bharat Matters*, S. Jaishankar writes, "How well India leverages its geography is a considerable part of its relevance to the world. To the extent that it is able to influence the Indian Ocean and participate in the Indo-Pacific, its global stock will rise commensurately. And if its prosperity and progress serve as a lifting tide for the larger subcontinent, then this would be even more consequential"⁴. India's concept of its extended neighbourhood into the east, west, north, and south in both maritime and continental domains, has become an inevitable component of how New Delhi intends to secure its interests in South Asia and beyond. In his book *The Revenge of Geography*, Robert Kaplan writes, "India is a regional power to the degree that it is entrapped by this geography; it is a potential great power to the degree that it can move beyond it"⁵.

At the heart of India's dilemma in its immediate neighbourhood lies the challenge of twin asymmetry. India faces two kinds of asymmetries – one with its materially weaker neighbours and another with China, which has more capital to invest in India's neighbourhood. While India's smaller neighbours encounter an asymmetry vis-à-vis India's geographical size and its political, cultural, and economic influence, New Delhi also faces the challenge of contending

⁴ S. Jaishankar, *Why Bharat Matters...*, p. 207.

⁵ R. Kaplan, *The Revenge of Geography: What the Map Tells US About Coming Conflicts and the Battle against Fate*, New York 2013, p. 254.

China's ability to provide material benefits to South Asian countries that desire both developmental aid and security assistance. New Delhi faces a conundrum of trying to affect favourable outcomes while underplaying its image of a "big brother" in its neighbourhood. In South Asia, China's ability to create incentives to depend on Beijing's economic capabilities not only eats into India's strategic space but also creates additional roadblocks to effective multilateralism in the region. Therefore, shaping and reshaping relationships with its immediate neighbours, ranging from outright hostility to complex balancing, will be a significant test of India's diplomacy. India has to navigate not only intra-subcontinental dynamics but also the involvement of extra-regional players that are either adversarial or friendly. The strategic footprints of China in South Asia, through enhanced security ties as well as ambiguous strategic projects like the Belt and Road Initiative (BRI), have created more complex security challenges for India in its vicinity. While the case of the China-Pakistan alliance is starkly anti-India in its origin and evolution, other neighbours have displayed complex balancing behaviours⁶. While a broader element of structural continuity may persist, changes in political leadership and shifting geopolitical currents may lead to either "India First" or "India Out" campaigns among India's immediate neighbours. Moreover, the Indian Ocean Region (IOR) has become a major maritime theatre of strategic competition in the Indo-Pacific. This requires India to enhance its Maritime Domain Awareness (MDA) and anti-submarine warfare

⁶ T.V. Paul, *When balance of power meets globalization: China, India and the small states of South Asia*, "Politics" 2019, vol. 39, no. 1, pp. 50–63.

(ASW) capabilities, which in turn calls for closer partnerships with its Quad partners and other like-minded Indian Ocean powers such as France.

Richard Tibbels, the EU's special envoy for the Indo-Pacific region, stated, "As the world is facing major geopolitical inflection points, we see India as a key partner in implementing EU's Strategy for the Indo-Pacific. This is reflected also in the 2022 EU's Strategic Compass, where India is specifically mentioned". Tibbels added, "We have already stepped up our security cooperation in recent years with a first joint naval exercise in the Gulf of Guinea and India has also participated in an exercise with EU Operation Atalanta in the North-West Indian Ocean"⁷. The European Union and India also have regular consultations on security and defence, and the focus of discussions includes deepening engagement on "cyber, maritime security and crisis management, including by making full use of the possibilities offered by the EU project Enhancing Cooperation in and with Asia (ESIWA)". New areas of cooperation under exploration also include space security.

Emerging technologies will shape the day-to-day lives of people across the world and are already affecting power distribution and diffusion while altering the way wars are fought on and off the battlefields. Debates on the probabilities of new nuclear weapon powers, dangers of nuclear flashpoints in new conflict areas like Ukraine, and disruptive

⁷ Sh. Mattoo, *EU, India to ramp up defence and security cooperation: EU special envoy*, Mint, 17 April 2024, <https://www.livemint.com/news/india/eu-india-to-ramp-up-defence-and-security-cooperation-eu-special-envoy-11713354188561.html>; *EU-India Strategic Partnership: A Roadmap to 2025*, <https://www.consilium.europa.eu/media/45026/eu-india-roadmap-2025.pdf>.

technologies are taking a profound turn. As Chinese aggression trends upward and the credibility of America's role as a security guarantor in the Indo-Pacific comes under critical scrutiny, the existing nuclear order will undergo further questioning. Recently, the Federation of American Scientists' Nuclear Information Project, a component of the Federation's Global Risk program, in its latest assessment, *China's Growing Nuclear Arsenal: the 2024 Nuclear Notebook on Chinese Nuclear Forces*, pointed out that "China's nuclear expansion is among the largest and most rapid modernization campaigns of the nine nuclear-armed states"⁸. A cursory examination of current geopolitics reflects the reality that major powers will continue to rely on nuclear weapons to protect their homelands and reassure allies as part of extended deterrence. Technological advances leading to new developments across the board – including in ballistic missiles, cruise missiles, multiple independent re-entry vehicles (MIRV), hypersonic vehicles and missile defence systems – are changing the way major powers perceive threats and develop counter measures. The regional security environment, which forced India to respond by developing its own nuclear arsenal, still exists. In fact, the technological advances taking place as part of the growing US-China great power competition have implications for India's deterrent capability against China. Moreover, the Sino-Pakistan alliance creates many challenges for India's national security. The international and regional security environment is prone

⁸ H. Kristensen et al., *Chinese Nuclear Forces, 2024: A "Significant Expansion"*, Federation of American Scientists, 16 January 2024, <https://fas.org/publication/chinese-nuclear-forces-2024-a-significant-expansion/>.

to change, and India's nuclear doctrine will need revisiting periodically for the sake of India's national security. While remaining committed to all sincere attempts towards a nuclear free world, India should be mindful of the geopolitical reality and adapt its nuclear doctrine accordingly to navigate the evolving international and regional security landscape.

Conclusions

The world stands at the cusp of a geopolitical, geo-economic, and technological shift that compels countries, both big and small, to reorient their strategies to deal with new opportunities and risks. If the webs of interdependence among countries are inevitable, so are the emerging lines of division. Current geopolitics is caught between a world order that is neither bipolar nor unipolar, but rather one that aspires to be multipolar without fully having crystallised into one. India's military and economic capabilities are substantial and undoubtedly position it as one of the most powerful poles of the emerging multipolar order. However, the promotion and protection of its national interests makes it imperative to strike multiple partnerships with a number of countries. In this pursuit, India will have to engage the United States and other like-minded partners in Asia and Europe, while simultaneously managing its defence partnership with Russia and navigating a rather adversarial relationship with a proximate power like China. The new geopolitics is a strategic flux, which requires a level of diplomatic dexterity from New Delhi, unlike anything seen before. India needs to find a synergy in its strategies for the immediate and extended neighbourhood, the Indo-Pacific, and the larger global arena. How India maximises its gains and minimises

its losses while playing at multiple fronts – bilaterally and multilaterally – will be the ultimate test for India's foreign policy and national security officials.



Aleksandra Jaskólska

India and Central Europe – political relations

Executive summary:

- The brief aims to analyse India's relations with Central Europe. Several factors have an impact on the dynamics of these relations: (1) India's rise in the global arena, (2) India-EU relations, (3) China's influence in Europe, (4) the Russian invasion on Ukraine.
- Central Europe has much to offer India, especially in terms of cooperation in the transfer of technology, i.e. building smart cities, developing green technology, etc. In January 2024, the Czech Republic signed a strategic partnership on innovation with India as the first country from Central Europe.
- Despite numerous visits of politicians from Central Europe to India, Prime Minister Narendra Modi has not paid a visit to the region in the 2020s. The reality is that India is waiting to be approached. Due to this,

taking a proactive approach towards India will be beneficial for Central European countries.

Introduction

In 2023, India became the most populous country in the world, with more than 1.4 billion citizens. India also has the biggest working-age population globally. In 2024, India became the 5th biggest economy according to the size of its nominal GDP. However, its GDP per capita is only 2,730 USD, which is the lowest among the 10 biggest world economies. The second lowest belongs to Brazil, which is 11,350 USD. Despite this, it is predicted that the GDP of India will be the third biggest by 2028, just after the US and China. India manifested its political importance during its G20 presidency in 2023, when it managed to convince all members to sign a common declaration. Many did not believe that this would happen. India is also successfully developing its space sector, evidenced by the successful landing of Chandrayan-3 on the moon's south pole and the launch of the Aditya-L1 solar mission in 2023. By 2040, India is planning to send a mission to the moon, carrying its first astronauts.

Despite these successes, India still faces numerous challenges due to economic inequalities among its citizens, a lack of competitiveness in some sectors of its economy (i.e. agriculture), low-quality infrastructure, and communal violence. Nonetheless, since the 2010s, India can be defined as a rising power. The purpose of the brief is to analyse India's relations with Central Europe. Several factors have an impact on the dynamics of these relations: (1) India's rise in the global arena, (2) India-EU relations, (3) China's influence in Europe, and the (4) Russian invasion on Ukraine.

India's rise in the global arena

India's foreign policy is driven by the concept of strategic autonomy, which has been in place since its independence. Following the 2019 elections to the lower house of the Indian parliament (Lok Sabha), Indian Minister of External Affairs Subrahmanyam Jaishankar said that India needs to pursue a multi-partner approach in order to ensure a multipolar Asia and a multipolar world⁹. According to S. Jaishankar, India's foreign policy should be *more vigorous, and more participatory compared to the earlier posture of abstention or non-engagement*¹⁰. Due to economic development, India's political influence in global politics increased, attracting increasing interest from both state and non-state actors, eager to pursue closer cooperation with the country. European countries are among these, along with the US, Japan, South Korea, and Australia. India is also interested in closer cooperation with as many states and non-state actors as possible, especially during the second term of the Bharatiya Janata Party (2019–2024)¹¹.

There are several reasons for this. First of all, the rise of China and its growing influence in South Asia as well as the India-China unresolved border conflict, which entered

⁹ A. Jaskólska, *Transactionalism in India's foreign policy, case study: India-European Union relations*, "Azja Pacyfik Społeczeństwo Polityka Gospodarka" 2023, vol. 27.

¹⁰ S. Jaishankar, *External Affairs Minister's Speech at the 4th Ramnath Goenka Lecture*, Ministry of External Affairs of India, 2019, <https://mea.gov.in/Speeches-Statements.htm?dtl/32038/External+Affairs+Ministers+speech+at+the+4th+Ramnath+Goenka+Lecture+2019>.

¹¹ In 2014, the BJP won 282 out of 543 seats in the Lok Sabha, marking the first time since 1984 that a single party won enough seats to govern alone. Narendra Modi became the Prime Minister of India. In the 2019 Lok Sabha elections, the BJP once again claimed victory, winning 303 seats, the best result in the party's history. Narendra Modi continues to serve as the Prime Minister of India.

the next phase after the 2020–2021 Galwan crisis. Second, India wants to be seen as a leader of the Global South, and regional and global connections are necessary to achieve this goal. Third, having more allies will allow India to develop closer cooperation in the security and defence sector. Last but not least, cultivating these relationships will have a positive impact on India's economic growth, as the government is interested in signing agreements that will facilitate the transfer of technology.

Central Europe is not capable of playing an important role in mediating the unresolved border conflict between India and China. However, some countries in Central Europe share similar approaches to India regarding the issue of climate change, commitment to the United Nations' Sustainable Development Goals, or the need for reforms in global economic institutions to make them more representative. Central Europe has much to offer to India, especially in terms of cooperation in the field of transfer of technology. There are also countries in Central Europe, such as Poland, which have historically engaged in close cooperation with India in the security and defence sector, and whose partnerships can potentially be restored.

India and the European Union

There are a few important developments in India-EU relations that have influenced India-Central Europe relations: (1) the EU enlargement in 2004, (2) the beginning of negotiations on the Free Trade Agreement (FTA) in 2007, (3) the EU's strategy towards the Indo-Pacific 2021, (4) and the India-Leader's Meeting in 2021.

The EU enlargement in May 2004 was a milestone for many Central European countries. That same year, in November, India and the EU signed a strategic partnership. During the India-EU Summit in 2007, it was announced that both parties would start negotiations on an FTA. As new members of the EU, Central European countries were noticed by Indian policy makers. However, political cooperation in the 2000s was limited due to a lack of knowledge and common interests, as both parties had different priorities.

In April 2021, the EU's *Strategy for Cooperation in the Indo-Pacific*¹² was adopted. In September 2021, a *Joint Communication on the Indo-Pacific from the European Commission and the Council: The EU strategy for cooperation in the Indo-Pacific*¹³ was presented by the High Representative of the Union for Foreign Affairs and Security Policy, Josep Borrell. India is mentioned 18 times in the strategy and also described as one of core Indo-Pacific partners for the EU. Few EU member countries published their own strategies toward the Indo-Pacific¹⁴. Lithuania is the only country from Central Europe with its own Indo-Pacific Strategy. There is a discussion among policy makers and scholars in Poland and the Czech Republic about the possibility of announcing their own strategy toward the Indo-Pacific. These kinds of efforts

¹² *Council Conclusions on an EU Strategy for cooperation in the Indo-Pacific*, Council of the European Union, 16 April 2021, <https://data.consilium.europa.eu/doc/document/ST-7914-2021-INIT/en/pdf>.

¹³ *Joint Communication to the European Parliament and the Council, European Commission*, 16 September 2021, https://eeas.europa.eu/sites/default/files/jointcommunication_2021_24_1_en.pdf.

¹⁴ A. Carteny, E. Tosti Di Stefano, *The EU and the Indo-Pacific: The Path Towards a Comprehensive Strategy*, [in:] B. Kratiuk et al. (eds.), *Handbook of Indo-Pacific Studies*, Routledge, 2023.

are noticed by India and have a positive impact on closer political cooperation.

In May 2021, India's Prime Minister, Narendra Modi, and the heads of state of all 27 EU member countries, as well as the President of the European Council and the European Commission, held a summit in a hybrid format. This is the first time that the EU hosted a meeting with India in the EU+27 format. The key thematic areas included advancing the implementation of the actions set out in the India-EU Roadmap 2025, which was proposed during the 2020 India-EU summit. This included building global health (after COVID-19 and beyond), environment protection, fostering inclusive growth and technology transfer, and, last but not least, striving for a safer, prosperous, and more democratic world. The leaders also welcomed the decision to resume negotiations for balanced and comprehensive free trade and investment agreements, and both parties declared a desire to sign an agreement in the next few years.

Central Europe should use the opportunities presented during the 2021 summit and boost political cooperation with India. Both parties outlined their priorities in foreign policy, economic development, and the nature of the international regime. As mentioned before, India, despite being the fifth biggest economy, still requires transfer. The Indian government has a clear vision for India. *Viksit Bharat* (Developed India) is a program announced by prime minister Narendra Modi in 2024. Its vision is to make India a developed nation by 2047, the 100th anniversary of independence. It encompasses various aspects of development, including economic growth, social progress, environmental sustainability, and good governance. This is again a chance for Central

European leaders to take action, i.e. in building smart cities, developing green technology, etc. In January 2024, the Czech Republic signed a strategic partnership on innovation with India, as the first country from Central Europe. It is a good strategy to be followed by others.

China's presence in Central Europe

China took a proactive approach towards Central Europe when it announced, in 2012, the initiative for cooperation to promote business and investment relations between China and 16 countries of Central and Eastern Europe, known as the so-called 16+1. After a few years, due to some lack of common interest, the format changed to the 14+1 Initiative. In 2013, Xi Jinping announced his flag connectivity program, the “Belt and Road Initiative”. The initiative has been positively received by countries from Central Europe.

India did not develop similar strategies towards Central Europe. India's policy towards the region can be described as reactive. On the other hand, due to this approach, Central European countries will not feel disappointed by India's unmet promises, as they have with China. Both the 17/16/14+1 Initiative and the BRI had mixed effects on China's relations with Central Europe. Especially among EU member countries from the region, there was a strong disappointment towards China for not delivering investment promises. China's policy towards Russia following the Russian invasion of Ukraine, along with its stance on Taiwan, also had an impact on the perception of China among Central European countries. A good example would be Lithuanian and Czech activism regarding Taiwan in the face of Chinese pressure.

The relations between Central European countries and the US are also important in this puzzle. The US's progressively closer strategic partnership with India is noticed by Central European leaders. There is also a question of NATO's role in the Indo-Pacific and the potential of including India as a Global Partner in NATO.

Due to all this, India is seen by most Central European countries as a political and economic partner that is not burdened by negative perceptions; or, at least it was before the Russian invasion of Ukraine.

Russian invasion on Ukraine

Strategic autonomy has enabled India to navigate the rise of China, closer Sino-Russian ties, and its overlapping strategic interests with the U.S., particularly in the Indo-Pacific, all the while continuing to purchase oil from Iran. When Russia invaded Ukraine in 2022, India refrained from outright condemnation of Russian actions. When the UN General Assembly voted to condemn Russia's invasion in March and October 2022, India remained neutral. The reactions of Central European countries to India's policy towards Russia were diverse, varying from strong criticism in the case of Poland to a neutral or even supportive stand from Hungary.

S. Jaishankar conducted the first-ever visit by an Indian Minister of External Affairs to Slovakia in 2022. His trip was a reciprocal effort following Operation Ganga, during which more than 40,000 students were evacuated from Ukraine, mostly to Poland, Romania, Hungary, and Slovakia. Bratislava helped to evacuate Indian nationals from Ukraine at the beginning of the war. S. Jaishankar conducted talks focused on strengthening economic, political, and military

cooperation¹⁵. He also attended the GLOBSEC 22 Bratislava Forum 2022, during which he said, “Europe has to grow out of the mindset that Europe’s problems are the world’s problems”¹⁶. It was a clear sign that India is not willing to follow the strategy of the West. India has reached a position on the international arena allowing it to pursue its own foreign policy. This depends on each individual country whether want to cooperate with India or not based on its decision. This statement was received differently among Central European countries. Some of them, like Poland, felt annoyed and disappointed with India. This was one of the reasons why the celebration of 70 years of diplomatic relations between India and Poland was marked moderately in 2024 in Poland.

On the other hand, the Russian invasion of Ukraine placed countries from Central Europe in the spotlight in Indian media. Operation Ganga was top news for a few weeks. Formal and non-formal channels of communication among diplomats, politicians, and journalists from India and Central Europe were more active than ever. Indian journalists were coming to Poland and then to Ukraine to report to India. The definite deficit of knowledge about Central Europe has been reduced and interest in the region increased.

Conclusions

The Czech Republic, Hungary, Poland, and Slovakia established the Visegrad Group (V4) in 1991. They had a common goal to join NATO and the European Union, which eventually

¹⁵ S. Sharma, *India External Affairs Minister ends Central Europe visit*, Foreign Brief, June 2022, <http://www.foreignbrief.com/india-external-affairs-minister-ends-central-europe-visit/>.

¹⁶ <https://www.thehindu.com/news/national/jaishankars-europe-remark-echoes-in-german-chancellors-statement-in-munich/article66531087.ece>.

happened in the late 1990s and early 2000s. The V4 countries have already experienced strategic cooperation with South Korea and Japan.

Despite numerous visits of politicians from the V4 to India, Prime Minister Narendra Modi has not paid a visit to the region. The V4 could initiate to organise an India-Central European Summit, as was done in the case of the India-Nordic Summit in 2018 and 2022. During the summit, PM Narendra Modi met with the leaders of Denmark, Iceland, Norway, Sweden and Finland. Such a summit could not only boost political relations between India and Central Europe but also positively affect India and EU relations¹⁷. Hungary will take over the presidency of the Council of Europe in July–December 2024, to be followed by Poland in January–June 2025. Combined efforts could bring back the much-awaited synergy of interests and goals of India and the V4. Closer India-EU relations will have a positive impact on India-Central Europe relations.

While analysing the role of the V4 in India-Central Europe relations, the Chinese and Russian factors need to be taken into account. Due to the differing strategies of V4 countries towards China and Russia, the forum has recently lost its importance. Member countries are not able to find common ground and to act as a united bloc, like in case of the countries that organised the Nordic Summit. Until this changes, the V4's role in regional or global politics will remain limited.

¹⁷ T. Łukaszuk, *India and Central Europe could be poised to rediscover their old business partnership*, India Global Business, November 2020, <https://www.indiaglobalbusiness.com/geopolitics/europe/india-and-central-europe-could-be-poised-to-rediscover-their-old-business-partnership>.

It is important to add that due to the rise of India, New Delhi is more interested in cooperation with countries that show some interest in India. The reality of the 2020s is that India, in many cases, is waiting to be approached, rather than actively seeking partners as it did after the end of the Cold War. Taking a proactive approach will definitely be beneficial for Central European countries.



Barbara Kratiuk

India and Central Europe – economic relations with special consideration for Poland

Executive summary:

- India's economic relations with Central Europe have been on the rise for over a decade with the exception of the period of economic slowdown during the COVID-19 pandemic.
- Central Europe is not India's priority when it comes to developing economic partnerships in the European Union, but the cooperation is stable.
- The biggest obstacles to greater cooperation are the lack of a free trade agreement and the difficulty of entering the Indian market.
- India's market remains very protectionist and the current government is determined to protect domestic producers even at the expense of increased international trade.

Introduction

India is currently the most important trading partner for Poland in all of South Asia. However, for India, Central Europe in general remains an underrated region, and one that India is not particularly interested in. The trade between Central Europe and Poland with India has a very long-standing tradition and history; however, it has never been very intensive¹.

Recent estimates show that India is one of the fastest growing economies among the G20 countries. It has had an average GDP growth of 7% per year, and will most likely be one of the three biggest economies in the world by 2030. Furthermore, India will soon be the biggest market in the world with over 800 million inhabitants under 35 years old. The Indian middle class is growing exponentially and is expected to reach 550 million people by 2030. This is especially important as it is the middle and upper classes that will be buying products from Central Europe.

It is quite surprising that, despite India being one of the biggest economies in the world, Polish interest in it has never been properly reflected. India ranks 44th among Poland's trading partners. The economic potential for greater trade cooperation is there, as the economies of Central Europe and India are compatible in many areas.

Polish exports to India fluctuate around 700 million USD, while input from India is around 2 billion USD, which shows that Poland has a huge trading deficit with this country – one that is difficult to overcome and balance out. One of the problems here is that entry into the Indian market is very

¹ A. Wrobel, K. Jedrzejowska, *Polish Investment in South Asia*, [in:] R.K. Jain, *Poland and South Asia*, Springer, 2024.

difficult for any kind of industry. A big roadblock in increasing trade cooperation with India remains the protectionist policies mentioned before. In the World Bank ranking regarding the ease of doing business, India is in 77th place. India maintains a very strong preference for local producers and even has a list of products that can only be bought from small local industry. Additionally, the state controls agricultural and pharmaceutical products, as well as petrol.

Characteristics of trade between Central Europe and India

Trade between Central European states, including Poland, and India has been growing steadily over the last 20 years. This is a result of both economic growth and development in Central and Eastern Europe, as well as increasing openness of India's economy. The accession of Poland and other central European states to the EU was particularly important, as it highlighted the growing role of the region for both the European and global economy.

As of 2004, there has been a steady rise in both trade and investment between Poland, Central Europe, and India in sharp contrast to the weak economic ties of the 1990s. There was a lot of testing the waters with small, but steady increases in the flow of trade and investment ever since. A slowdown of exchange was only noted in 2020 and 2021 due to the overall state of the global economy as a result of the COVID-19 pandemic. Another important issue that influences trade between these states is the lack of any free trade agreement or bilateral investment agreement between the EU or EU member States and India. Since Prime Minister Modi started his "Make in India" program, India has also

increased its preferences for domestically produced items and joint venture firms. To protect the domestic market and production, Mr. Modi also maintained, and in some cases even increased, tariffs on imported products, particularly in agriculture. Another important program initiated by Mr. Modi is “Self-reliant India”, which aims to make India a global manufacturing hub by 2030. This, of course, means that India will continue its protectionist and mercantilistic policies to protect its industry and production.

Despite these roadblocks, India remains a very attractive trading partner due to the sheer size of its internal market. Its vast market means that many products are likely to quickly sell out and could be produced locally, yielding significant profit. Still, it should be noted that many procedures related to entering and maintaining presence in this market are very troublesome and long for foreign entities.

Consequently, while there is a notable rise in both investment and trade between Central European states and India, it could also be argued that there is a sense of neglect on both sides, as they do not see each other as important or key partners. This is in contrast to how China has tried to treat Central and Eastern Europe within the belt and road initiative.

Ways to increase cooperation

To increase both interest in India and trade relations, governments in different Central European states, including Poland, have come up with small initiatives aimed at enhancing economic cooperation. This included business forums as well as various government initiatives aimed to raise awareness of the opportunities in India. Poland even has

an agreement with the Indian government to support and protect each other's direct investment. This is more important because India accounts for only 0.2% of Polish exports.

Recent studies conducted independently by Deloitte and Prince Waterhouse Cooper indicate that both India and Central Europe would benefit from focusing more on bilateral trade and investment. The studies identified agriculture, tourism and the defence sectors as the most promising sectors. Poland is already an important player in food products in India as well as a supplier of heavy machinery and mineral products.

In the last 10 years, Indian exports to Central European states increased by around 30% on average, and that is despite the COVID-19 pandemic and the resulting economic slowdown. Among the Central European states, Poland remains its most important trading partner, and has ranked in 43rd place among India's export markets. However, Poland is not significant when it comes to imports, as it is only in 57th place. Overall, India maintains a positive trade balance with Central European states, as has been illustrated with the Polish example. Major Indian exports include textiles, footwear, garments, pharmaceuticals, chemicals, automobile parts, machinery, iron, and steel. India mostly imports machines, mechanical and electronic devices, power-generating equipment, machine vehicles and their parts, mineral oils and products related to their distillation, chemicals, plastic, rubber, mineral fuels, glass, and glassware from Central Europe.

The important component of economic relations between India and Central Europe remains foreign direct investment. The stable economic growth in Central Europe

has created a very good environment for foreign investors. This stability, coupled with human capital and the relatively low cost of highly skilled labour makes Central Europe a very attractive location for investors from Asian markets, including from India.

Investments

Central Europe became especially attractive to India and other Asian investors after the financial crisis of 2008, which had a relatively small impact on Central European economies, with Poland even noting economic growth at that time.

India has been approaching each Central European country separately without considering them as a block. This is actually a smart approach as each country has a completely different set of needs and characteristics that should be considered.

At the time of writing, Indian foreign direct investment in Central Europe is worth more than 3 billion USD. It has grown over the period of 15 years, eight times over. The most attractive for Indian investments are Hungary, Poland, and the Czech Republic. Hungary has decidedly been the largest recipient of Indian investment, with over 2.5 billion USD. Poland has received much less with the FDI amounting to around 300 million USD. Indian companies mostly invest in IT, pharmaceuticals, textiles, auto components, food, and packaging production.

The launch of the “Make in India” program in 2014 by Prime Minister Modi has created a more favourable environment for foreign investment in India. The value of direct investment (DI) from Central Europe to India is around

500 million USD, which is significantly lower than Indian investment in Central Europe. Poland has been the leader when it comes to investment in India, with over 250 million USD per year invested in 2017 and 2018.

Polish companies mostly invest in the processing industry, and consider India, along with China and Singapore, to be one of the most important markets for Polish direct investment in the region.

A growing component of economic cooperation between India and Central Europe is the trade in services, valued at around 300 million USD, with approximately half of this trade recorded in relation to Poland, followed by the Czech Republic, Hungary, and Slovakia. At the same time, Indian imports of services amounted to almost 500 million USD, with Hungary as the biggest partner, followed by Poland. This sector is growing the fastest when it comes to the relations between India and Central Europe, as it has grown over 70 times since the year 2000.

Conclusions

While the economic relations and trade volume and value between Central Europe and India might appear modest, it should be noted that this is one of the fastest growing economic relations for both regions². There are numerous areas where improvements can be made, be it through the finalisation of an FTA with the European Union or another type of agreement between the EU and India. It is possible that the economic cooperation in Central Europe will follow

² K. Jedrzejowska, A. Wróbel, *Indian Foreign Direct Investment in Central Europe*, [in:] R.K. Jain, *India and Central Europe*, Springer, 2020.

the model of cooperation between Central Europe and Korea, where a free trade agreement and the removal of trade barriers led to a large increase in trade in a very short time.



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India's relationship with Central European countries has deep historical roots, dating back to India's pre-independence era. Central Europe, though geographically distant, was not unfamiliar with India, as the region has a rich tradition of studying Indian culture, languages, and the country's anti-colonial struggle. Prominent Indian leaders like Mahatma Gandhi, Rabindranath Tagore, and Jawaharlal Nehru were well-connected with the intellectual circles of countries like Poland, Hungary, and the former Czechoslovakia. During the Cold War, this relationship was further strengthened as Central European nations, especially Soviet satellite states, played a key role in India's industrial development through the construction of factories and collaboration on major infrastructure projects. However, in the post-Cold War period, these connections diminished, becoming more routine and lacking the vibrancy of earlier decades.

Tomasz Stępniewski

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