UK—INDIA

STRATEGIC PARTNERSHIP: TIES THAT BIND

Interactions Between The UK And The Indian Subcontinent Can Be Traced Back To 1611 When The British East India Company (EIC) Established A Factory In Masulipatnam (Machilipatnam), On The Eastern Coast Of The Subcontinent.

This eventually led to the UK colonizing India for some two hundred years until 1947, when the latter finally achieved independence. As such, India’s ties with the UK are not only deeply rooted in history but complex too, with its legacy often playing a significant role in these relations. History aside, relations in the 1950s and at least till the early 1990s saw a decline due to a number of factors. For India, it was due to its stand on decolonization at the United Nations (UN), its non-alignment policy, and close relations with the Soviet Union, to name a few.

For the UK, on the other hand, greater emphasis on relations with Western Europe and the United States (U.S.) were amongst the factors that resulted in the decline. However, the end of the Cold War and the rise of India marked the beginning of a dramatic shift in relations between both countries and attempts have been made since to further revitalize and consolidate their centuries-old relationship. At the highest political level, relations between both have been cordial enough that three Indian presidents have made state visits to the UK thus far, including President Sarvepalli
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Radhakrishnan in June 1963, President Ramaswamy Venkataraman in October 1990, and President Pratibha Patil in 2009. Similarly, Queen Elizabeth II too has made three state visits to India namely in November 1963, April 1990 and October 1997.

The rise of India in the ‘90s saw greater efforts by both countries to enhance their relationship, largely driven by a sense of economic pragmatism. This was evident in the 1997 official visit by the British PM John Major, which to some extent, signified the UK’s recognition of India as a great regional power in Asia and its growing ‘economic authority’. The visit came on the eve of India’s 50th anniversary of achieving independence, when it was witnessing impressive economic growth.

Further initiatives were also undertaken during the premiership of Tony Blair (1997–2007), Gordon Brown (2007–2010) and David Cameron (2010–2016). Blair visited India in January 2002 and it was during this official visit that the relationship between the countries was reaffirmed through the New Delhi Declaration. Further, in September 2004, during the official visit of the then–Indian PM Manmohan Singh to the UK, relations between countries were elevated to the level of a ‘strategic partnership’. During the tenure of Brown as British PM, further efforts were made to create a ‘special relationship’ and enhance trade.

To further deepen and expand economic and trade ties between both countries, in 2005, the Joint Economic and Trade Committee (JETCO) was inaugurated in New Delhi. As a result, trade between both has been steadily growing although there is definitely room for further expansion, with a free trade agreement currently in the pipeline. Even before becoming prime minister, Cameron had been an ardent advocate of bolstering further ties with India. On a visit to India in 2006, he was quoted as saying that, “I attached the highest priority to Britain’s relations with India.” During his premiership, Cameron officially visited the country thrice, namely in July 2010, February 2013 and November 2013. It was during his first visit in 2010 that relations between both countries were advanced to an ‘enhanced partnership’ and were described by Cameron as a “new special relationship”.

In return, Indian PM Narendra Modi visited the UK in November 2015. It was during this official visit that Cameron was quoted as saying that the visit marked “a new chapter” in the relations between both countries whom he perceived to be “natural partners”. All the same, Cameron was also quoted as stating that, “I do not believe that we’re realizing the true potential of this relationship” and thus, called on both parties to work harder to realize it. It is noteworthy to mention that during his visit to the UK, Modi was granted the opportunity to address the British Parliament, making him the first Indian PM to have done so. In succession to this, in November 2016, the UK’s new PM Theresa May, paid an official visit to India. This was, in fact, her first bilateral visit to a non-European country after taking office.

The visit was largely aimed at further boosting economic ties between the two countries. It is not an overstatement to assert that all these exchanges between the political
figures are indeed a testimony of the importance of relations between India and the UK.

While relations have existed since 1947, it was only in 1995 that both sides made serious attempts at enhancing cooperation in the area of security and defense.

At the moment, dialogue between both countries is not only institutionalized through the annual Defence Consultative Group Meeting between their Secretaries of Defense but also within the Defence and International Security Partnership (DISP) framework initiated in 2015 during Modi’s visit to the UK. Under the DISP initiative, both countries have been closely cooperating on a number of issues including counter-terrorism, cyber security, organized crime as well as maritime security amongst others. Further, in April 2017, the UK’s Secretary of State for Defence, Sir Michael Fallon, visited India to hold talks for closer defense and security engagement between both countries under the DISP framework. These included cooperation in the defense industry and wider military-to-military engagement. In fact, in a joint statement, it was highlighted that “the renewed engagement will place capability and technology development at its core and seek to harness the complementary strengths of both nations in defense manufacturing”. In addition, the armed forces of both countries also frequently undertake joint exercises either in India or the UK. For example, in May 2017, the Indian Navy participated in joint naval exercises in Plymouth, while in December 2017 both the armies undertook joint military exercises in Bikaner. As far as trade is concerned, while both India and the UK have been important partners for centuries, in modern times, trade between them has seen a different kind of trend. While the trade balance had favored the UK from 1947 until at least the late 1990s, since 2004-05, it has been favoring India, which has been recording a surplus trade balance with the UK. From a level of USD $4.1 million in 1996-97, total trade between both had grown to USD $14 billion by 2015-16. Currently, the UK is India’s 16th largest trading partner with bilateral trade between both valued at USD $12.21 billion in 2016-17.

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While in the past, India used to rely on foreign direct investments (FDI) from the UK, in recent times, there has been a reversal, with Indian companies increasingly investing in the latter. Currently, India is the UK’s third largest foreign investor and second largest international job creator. There are currently around 800 Indian companies operating in the UK, with a revenue of £47.5 billion; they have created over 110,000 jobs. The two largest employers, Tata Motors and Tata Steel alone employ some 38,000 and 30,000 workers respectively in the UK.

The top three sectors where Indian companies are heavily investing are technology and telecommunications, pharmaceuticals and chemicals, and business services.

All in all, since the year 2000, Indian companies have invested some USD $23 billion in the UK. Ease of doing business and a low corporate tax were amongst the top reasons cited by Indian companies for investing in the country. It was mainly the significant increase in India’s investments that prompted UK’s foreign secretary Boris Johnson, to remark in 2017 that the country was, in fact, the beneficiary of ‘reverse colonialism’. While UK’s foreign investments in India stood at £1.7 billion in 2004 by 2008 they were at £3.5 billion and in 2011 at the level of £13.6 billion. In fact, from 2000 till 2016, the UK invested some USD $24.07 billion in India, creating around 317,000 jobs. The UK is currently India’s fourth largest foreign investor after Mauritius, Singapore, and Japan and the single largest investor from the G20 countries. To further encourage companies from the UK to invest in India, in September 2017, the High Commission of India in London launched the Access to India Program (AIP). AIP is aimed at assisting particularly small and medium enterprises (SMEs), to export and manufacture in India under the ‘Make in India’ initiative. In the area of education, since 1947, the UK has been a major hub for students from India pursuing tertiary education. Today it stands as a preferred choice for many Indian students seeking education abroad. While there were some 11,119 students from India studying in the UK’s institutions of higher learning in 2016, by 2017, it had increased to 14,081 students, thus marking a 27% increase. Some of the bilateral initiatives that have been introduced to facilitate the growing number of Indian students include the India-UK Forum, UK-India Education and Research Initiative (UKIERI), a Joint Working Group on Education as well as a number of scholarships. To further boost this relationship, 2016 was even...
declared as the 'UK-India Year of Education, Research, and Innovation'. In addition to these, there is also a close collaboration taking place between both countries in the area of science and technology with initiatives such as UK-India Clean Energy R&D Centre and Joint Strategic Group on Anti-Microbial Resistance (AMR).

Culturally, both countries share a relationship that is not only deep but extremely extensive as well. In 2017, PM Modi described it as a “living bridge.” In a move to enhance cultural exchanges and understanding between both countries, in 1992, the Indian High Commission in London established a cultural wing known as the Nehru Center.

Further, in 2017, the 70th anniversary of relations between both countries was also celebrated with much pomp and show. In fact, the hallmark of these celebrations was the launch of 'India-UK Year of Culture' in February 2017 that was initiated with a grand ceremony followed by a royal reception at Buckingham Palace hosted by Queen Elizabeth II.

According to a 2015 British Council report titled *India and the UK: A 2050 Vision*, “profound ties of culture, history and language already give the UK a potentially strong foundation upon which to further deepen its relationship with India”. While it also noted that the legacy of the colonial era is rather complex, nonetheless, “the priorities, sympathies, and values of the two nations today are increasingly aligned”. It was also in 2015, that a statue of Mahatma Gandhi was placed in London’s Parliament Square, in recognition of his contributions, which also signified the ‘special relationship’ that has existed between the UK, as the world’s oldest democracy and India, as the world’s largest democracy. While much of the relationship today is shaped by a sense of economic pragmatism from both sides, the underlying basis of this centuries-old interaction is still deeply rooted in history and cultural ties such that both are often referred to as ‘natural partners’. While at some point in time relations between both were negatively impacted by a troubled past, the drive to deepen the association in recent years has to some extent, moved it to greater heights. This is a clear testimony that both countries do not want to be imprisoned by their past.

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