As the world’s largest and most populous continent, Asia is of great geostrategic importance to the EU, which is forging closer ties with countries in South Asia as a strong economic player and a major development and aid donor. The EU is working to foster institution-building, democracy, good governance and human rights, while it also has security concerns in the region, notably the Kashmir conflict and Afghanistan. The European Parliament is monitoring the situation in South Asia and has supported the EU’s assistance for addressing the COVID-19 crisis and its impact in the region, with targeted support for the most vulnerable population groups.

This Fact Sheet describes the South Asia region. See also the Fact Sheets on East Asia (5.6.8) and Southeast Asia (5.6.9).

**LEGAL BASIS**

— Title V (EU external action) of the Treaty on European Union;
— Articles 206-207 (trade) and 216-219 (international agreements) of the Treaty on the Functioning of the European Union;
— Partnership and Cooperation Agreements (bilateral relations).

**SOUTH ASIAN ASSOCIATION FOR REGIONAL COOPERATION (SAARC)**

The EU encourages regional integration and supports the South Asian Association for Regional Cooperation (SAARC). The member countries of the SAARC are Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka. The EU, China, Iran, Japan, South Korea, Mauritius, Myanmar and the US have observer status with the SAARC.

Development cooperation between the EU and the countries of South Asia covers financial and technical aid as well as economic cooperation. Priorities include regional stability, poverty alleviation, human rights, sustainable development, good governance and labour rights. EU-SAARC cooperation seeks to promote the harmonisation of standards and the facilitation of trade, and to raise awareness of the benefits of regional cooperation.
INDIA

The EU-India strategic partnership promotes trade and economic cooperation. Each partner has regions that differ vastly in terms of economic strength, language and culture, a very large market, and a geostrategic position that poses security policy concerns. The Council of the EU adopted conclusions on 10 December 2018 seeking a deeper and broader engagement with India through the promotion of peace and security over the coming years.

The EU is India’s third-largest trading partner, accounting for EUR 62.8 billion worth of trade in goods in 2020 (11.1% of total Indian trade), with a trade balance of around EUR 0.9 billion in India’s favour. The EU is the biggest foreign investor in India, with foreign investment flows into the country rising from 8% to 18% over the past decade. EU foreign direct investment stocks in India amounted to EUR 75.8 billion in 2019. India currently benefits from unilateral preferential tariffs under the EU Generalised Scheme of Preferences (GSP), which links unilateral trade preferences to respect for human and labour rights.

The 16th EU-India Summit was held on 8 May 2021. The key outcome was the commitment to resuming talks on the stalled free trade agreement and launching negotiations on an investment protection agreement and an agreement on geographical indications. The EU-India Connectivity Partnership was also launched on 8 May 2021 with a view to supporting resilient and sustainable connectivity both in India and in third countries. These steps are significant against the backdrop of tensions with China. India is also in the process of overhauling its data protection legislation after a Supreme Court ruling, and developments are being closely followed by the EU to bring it closer to EU regulation. The EU and India published their Indo-Pacific Strategy days ahead of the summit, emphasising a multilateral rules-based international order in the region, notably as a show of strength to China. India has committed to ensuring a safe cyberspace and enhancing maritime security to protect vital sea lanes.

As part of efforts to align on strategic aspects, on 4 May 2021 the EU and India released a joint statement reaffirming their joint commitments on areas of mutual interest on Afghanistan, and calling for an Afghan-led and Afghan-owned peace process.

The EU has expressed solidarity with India’s COVID-19 health crisis and has disbursed EUR 100 billion, together with essential drugs and medical equipment under its civil protection mechanism.

Over 900 million people were eligible to vote in India’s seven-phase general election held between 11 April and 19 May 2019. Narendra Modi’s Hindu nationalist Bharatiya Janata Party (BJP) won 303 of the 545 seats in the Lok Sabha with the best result in its history, defeating Rahul Gandhi’s Indian National Congress Party (INC) and its allies.

India is carrying out political and economic reforms focused on modernising the administration, good governance, fighting corruption with demonetisation and transparency programmes, tackling social problems, developing the economy with the ‘Make in India’ and ‘Invest India’ initiatives, and imposing a nationwide goods and services tax.
India is a nuclear power, like its neighbours Pakistan and China, and is faced with security problems, terrorism and armed border clashes, particularly with Pakistan in the autonomous state of Jammu and Kashmir and, to a lesser extent, with China. In August 2019, the Indian Government revoked the special status of Jammu and Kashmir. This decision resulted in violent protests and jeopardised political stability in the region. India’s caste system is one of the world’s oldest forms of social class organisation, which raises concerns about continued discrimination on grounds of caste. The country is also an ethnic and linguistic mosaic, with tensions in a number of states and reports of human rights abuses and violations of women’s and children’s rights.

Human rights issues in India remain a matter of concern. On 29 April 2021, the European Parliament adopted a recommendation on EU-India relations which referred to the right to freedom of assembly in the light of vehement protests by farmers that have been ongoing since late 2020. The protests concern three reform laws that farmers say will hurt them and benefit huge corporations instead. The Modi government has offered assurances that the laws will benefit farmers, but has refused to repeal them.

In 2020, the northern Indian province of Uttar Pradesh adopted an anti-conversion law against forced and fraudulent religious conversions, carrying prison sentences. Critics have denounced it as Islamophobic and a conspiracy by hard-line Hindu groups to clamp down on minorities. There have already been arrests made under the law.

PAKISTAN

EU-Pakistan relations date back to 1962 and are currently based on the 2004 Cooperation Agreement. The EU, as a major development and aid donor, supports the promotion of democracy and institution-building in Pakistan.

Pakistan is a major beneficiary of the EU’s unilateral trade preferences under the GSP + scheme, reinstated in 2014. As part of the process, Parliament’s Committee on International Trade monitors compliance with the GSP+ requirements. Pakistan’s GSP + status could be reviewed as it comes with obligations such as guaranteeing human rights and religious freedom.

The EU is Pakistan’s second most important trading partner, accounting for 14.3% of Pakistan’s total trade in 2020 and raking in 28% of Pakistan’s total exports. In 2020, Pakistan was the EU’s 42nd-largest trading partner in goods, accounting for 0.3% of EU trade. In 2020, two-way trade in goods between the partners amounted to EUR 9.3 billion. Pakistan enjoyed a EUR 1.7 billion trade surplus with the EU. The EU is a significant donor of development assistance and humanitarian aid to Pakistan. Funding under the Development Cooperation Instrument (DCI) for 2014-2020 amounted to EUR 653 million.

Following the conclusion of the Five-Year Strategic Plan in 2017, the EU-Pakistan Strategic Engagement Plan (SEP) was signed in June 2019 to strengthen cooperation in peace and security, democracy, the rule of law, human rights, migration, mobility, trade and investment, as well as sustainable development, among other areas of activity.
The fifth round of the **EU-Pakistan Strategic Dialogue** was held on 3 November 2020. Both parties discussed efforts to increase cooperation based on the SEP, agreeing on working towards a dialogue on mobility and migration. On 6 October 2020, the sixth round of the EU-Pakistan Political Dialogue was held, with the parties underscoring the need to counter terrorism and take decisive action against money laundering and terrorist financing.

The EU has serious concerns about the human rights situation, the blasphemy law and the special military courts in Pakistan. On 29 April 2021, Parliament passed a **resolution** on the country’s blasphemy laws, which carry harsh sentences including the death penalty.

Pakistani politics are in constant turmoil. The army is still involved in internal and foreign politics, with a broad mandate for security and counter-terrorism issues. The Pakistan Tehreek-e-Insaf (PTI) prevailed in the July 2018 elections to the National Assembly and provincial assemblies. Nawaz Sharif contested the elections, alleging manipulation and vote buying in favour of the current PM Imran Khan. Nawaz Sharif addressed the first public rally of the Pakistan Democratic Movement (PDM), a newly formed opposition alliance, by video link from London on 17 October 2020. He accused General Bajwa of rigging elections, ousting his government, stifling the media, pressurising the judiciary and victimising opposition politicians.

Pakistan’s role in the Afghan peace process was critical in helping to secure the February 2020 US-Taliban deal, which saw Washington agree to recall all US and NATO troops from Afghanistan.

**AFGHANISTAN**

The EU-Afghanistan Cooperation Agreement on Partnership and Development was signed on 18 February 2017 and approved by the European Parliament on 13 March 2019. Relations with the EU are adapted to the war and post-war situation. Thanks to substantial input from the European Parliament, Afghanistan is now partially and gradually being involved in the EU Strategy for Central Asia.

Afghanistan is the largest recipient of EU development funding in Asia. The EU allocated EUR 1.4 billion to Afghanistan for the 2014-2020 period. On 29 May 2020, the Council adopted conclusions reaffirming the EU’s political commitment to supporting the people of Afghanistan on their path towards peace, stability, democracy, prosperity and self-reliance. At the Afghanistan Conference on Peace, Prosperity and Self-Reliance held in Geneva in November 2020, the EU pledged EUR 1.2 billion in long-term and emergency assistance for 2021-2025.

Afghanistan benefits from the EU’s most favourable trading regime, the Everything But Arms (EBA) scheme. The EU-funded Border Management in Northern Afghanistan project was completed on 7 September 2019. The EU has already contributed to the development of seven border crossing points in the country.

The last presidential elections took place on 28 September 2019. The Independent Election Commission (IEC) announced that the incumbent Ashraf Ghani had secured the most votes (50.64%), beating Abdullah Abdullah (39.52%). After the elections,
the process to form a government was marred by a months-long electoral dispute between Ghani and Abdullah. Following international pressure, both sides formed an inclusive government in May 2020, agreeing on a power-sharing arrangement for the appointment of ministers and regional governors.

Afghanistan is in danger of becoming a failed state and the Taliban poses serious security challenges. Greater regional cooperation would be an important driver of national and regional stability. The EU, with strong support from the European Parliament, seeks an Afghan-led, Afghan-owned and Afghan-controlled peace process.

After more than 18 years of conflict, in Doha on 29 February 2020 the US and the Taliban signed the Afghanistan-US Joint Statement for Peace, which called for direct talks between the Taliban, the Afghan Government and other groups. The US and NATO have committed to a phased withdrawal of their troops and to the release of prisoners.

Peace negotiations between the Afghan Government and the Taliban aimed at establishing the conditions for a comprehensive ceasefire and political settlement began in Doha in September 2020. The talks have reached a stalemate, however, and conflicts between the Afghan security forces and insurgents have been on the rise in 2021. On 8 May 2021, the Sayed al-Shuhada girls’ school in Kabul was bombed, leaving 85 dead and 147 wounded. This was followed by further terrorist attacks in in May 2021. Two female judges of the Afghan Supreme Court were also killed in January 2021. The Taliban launched major offensives in Helmand Province in May 2021, with Afghan security forces deployed to counter the insurgents. The situation is exacerbated by internal divisions within the government, the social and economic impact of the COVID-19 pandemic and a deteriorating humanitarian situation, all of which have the potential to reverse development and peace efforts.

Afghanistan’s security concerns have been heightened with the withdrawal of US and NATO troops. The US has begun pulling out troops, a process expected to be completed by 11 September 2021. NATO members are following this decision under the principle of ‘in together, out together’. There are fears that the US-NATO withdrawal could encourage Islamist militants to try to sweep to power once again, undoing the major progress made towards women’s rights in the country in the past two decades. This new situation raises serious questions about the EU’s future engagement with Afghanistan. One of the EU’s main concerns is how the achievements of the last 20 years can be preserved. At any rate, on 6 May 2021, NATO Secretary-General Jens Stoltenberg stated that the end of the NATO mission does signify an end to all ties with Afghanistan. The alliance has been looking into ways to provide training and financial support to the Afghan forces.

Several peace conferences took place in Doha, Moscow and Istanbul in 2021, but with no positive outcomes. The Taliban’s links with Al-Qaeda and Daesh are ambiguous and the country is extremely divided between urban and rural communities. Afghanistan’s young urban population would prefer to continue to live in the relatively open society with which they are familiar. The ethnic minority Tajiks, Uzbeks and Hazaras do not wish to be governed by the Taliban.
The European Parliament supports inclusive intra-Afghan negotiations as a precondition for an end to four decades of death and destruction, and insists on involving all political factions and civil society. Following the killings of three female media workers in Jalalabad on 5 April 2021, Parliament’s Delegation to Afghanistan strongly condemned the targeted killings of journalists, civil society representatives and human rights activists. In a statement released on 12 May 2021, the delegation underlined the EU’s continuous commitment to democracy, the rule of law and human rights, including the rights of children, women and minorities, as well as the right of girls and young women to education. Parliament stands ready to facilitate and support the peace process in order to safeguard democracy, human rights and the rule of law.

BANGLADESH

EU-Bangladesh relations date back to 1973. The 2001 Cooperation Agreement covers trade, economic development, human rights, good governance and the environment. As a Least Developed Country (LDC), Bangladesh benefits from the EU’s EBA scheme, the most favourable trading regime available under the EU’s GSP. Bangladesh is expected to graduate from LDC status by 2026 and would, after a transitional period, cease to have access to the EBA.

The EU has committed up to EUR 690 million under the 2014-2020 Multiannual Indicative Programme. It has stressed Bangladesh’s need for policy reforms in order to improve its business environment and attract more trade and investment. In July 2019, the EU launched two programmes in Bangladesh targeting public financial management and national social security reforms. As part of the Team Europe response to COVID-19, the EU allocated EUR 113 million to protect the livelihoods of workers in the garment and leather export-oriented industries in Bangladesh.

Bangladesh is a parliamentary democracy in which power alternates between two parties, the Awami League (AL) and the Bangladesh Nationalist Party (BNP). The AL prevailed in the elections in December 2018. Bangladesh is among the few countries to have achieved the Millennium Development Goals. However, labour rights and working conditions continue to be a serious issue, especially in industrial garment factory areas around Dhaka. The COVID-19 outbreak is having a considerable impact on economic and political stability.

Since August 2017, over 800,000 Rohingya refugees have fled from persecution in Myanmar to Bangladesh. The EU has been closely monitoring the Rohingya refugee crisis, disbursing more than half of the EUR 280 million raised after the UN Pledging Conference in October 2017. The EU initially allocated over EUR 150 million in humanitarian aid, followed by EUR 41 million in 2018, EUR 35 million in 2019 and EUR 31 million in 2020, mainly to support Rohingya refugees in Cox’s Bazar. The EU announced a further allocation of EUR 39 million in humanitarian aid to Bangladesh and Myanmar on 23 February 2021. The funds are aimed at addressing the needs of conflict-affected and displaced communities, especially the Rohingya, whose situation has worsened during the COVID-19 pandemic. In view of developments in Myanmar, it looks unlikely that Rohingya refugees will be willing to return of their own accord.
SRI LANKA

EU-Sri Lanka relations date back to the 1975 Cooperation Agreement, upgraded in 1995 by a third-generation Cooperation Agreement on Partnership and Development. Sri Lanka was granted access to the EU for its exports under GSP+ in May 2017 as an incentive for political reforms and compliance with international conventions on human rights, labour rights, environmental protection and good governance. The European Parliament is closely monitoring Sri Lanka’s progress in complying effectively with the GSP+ criteria as regards national reconciliation, good governance, accountability and human rights, including minority rights.

The EU has provided Sri Lanka with EUR 760 million in development assistance over the past decade. The EU is Sri Lanka’s second-largest trading partner after China and its second main export destination, with two-way trade in goods worth EUR 3 billion in 2020 and a EUR 1.2 billion trade balance in favour of Sri Lanka.

The EU and Sri Lanka held their 23rd meeting of the Joint Commission on 25 January 2021. The EU expressed disappointment at Sri Lanka’s withdrawal from its co-sponsorship of UN Human Rights Council resolution 30/1 and other resolutions. The EU stresses the importance of reconciliation, justice, accountability and peaceful coexistence among the country’s diverse communities. Sri Lanka has committed to relaunching the Commission of Inquiry to investigate alleged human rights violations. The EU has stressed the need to amend the Prevention of Terrorism Act to bring it into line with international standards.

The EU has noted the negative impact on European businesses of the import restrictions imposed by Sri Lanka in April 2020. Both parties have also discussed possible collaboration on climate change and the implementation of the Paris Climate Agreement. The EU welcomed Sri Lanka’s pledge to implement the environmental and climate change conventions.

Sri Lanka suffered a civil war from 1983 to 2009 between the Sinhalese-dominated government and the Liberation Tigers of Tamil Eelam (LTTE). Gotabaya Rajapaksa won the presidential elections in November 2019 and appointed his brother, the former President Mahinda Rajapaksa, as the new prime minister. The president’s party alliance, the Sri Lanka People’s Freedom Alliance, won a landslide victory at the parliamentary elections held in August 2020. In September 2020, the controversial 20th amendment bill was introduced, bolstering the executive powers of the president and weakening the roles of the prime minister and the parliament.

On Easter Sunday, 21 April 2019, over 250 people were killed in nine bomb attacks that targeted three Catholic churches and hotels in Sri Lanka. Daesh claimed responsibility, but the Sri Lankan Government also accused members of the National Thowheed Jamath (NTJ), a splinter group from the Sri Lanka Thowheed Jamath (SLTJ). In August 2019, as part of its Instrument contributing to Stability and Peace (IcSP), the Commission allocated EUR 8.5 million to Sri Lanka to combat violent extremism, build community resilience and promote peace and tolerance. Divided by ethnic and religious tensions, Sri Lanka has a long way to go to meet international standards on issues
such as the death penalty, torture, transitional justice, freedom of expression, religious extremism and gender equality.

**NEPAL**

EU-Nepal relations date back to 1973 and are based on the 1996 Cooperation Agreement. With nearly a quarter of the population living on less than two USD a day, Nepal depends on external aid for 25% of its budget. The EU is one of Nepal’s biggest development aid donors and tripled its development assistance to EUR 360 million for 2014-2020. The EU has also reiterated the importance of Nepal taking greater advantage of the trade preferences it is accorded under the EBA scheme.

The 12th EU-Nepal Joint Commission meeting on 2 October 2020 focused on the COVID-19 pandemic and its social and economic impacts. Both the EU and Nepal underlined the importance of global and regional issues around climate change, human rights, multilateralism and connectivity. Leaders reiterated their commitment to supporting effective multilateralism and working together at the UN, World Trade Organization and other international forums, in addition to striving towards landmark global objectives such as the Sustainable Development Goals and the Paris Agreement.

The COVID-19 pandemic is shaking the country’s economy and undermining the government’s economic growth rate goal of 9.6% every year over the next five years. In April 2020, the EU prepared a EUR 75 million support package for Nepal designed to mitigate the impact of COVID-19 and stimulate the Nepalese economy and labour demand, thereby supporting individual income in a country characterised by substantial inequality between the upper and lower castes, as well as marginalised communities such as the Madhesi.

On 23 January 2020 Nepal held elections to the National Assembly. The ruling Nepal Communist Party (NCP) secured 16 seats and the Rastriya Janata Party (RJP-N) won two. Nepal has been beset by political volatility since December 2020, when the president, following a recommendation from the prime minister, dissolved parliament to call early elections. The Supreme Court reinstated parliament in February 2021, but the government lost a motion of no-confidence in May. The political turmoil continues.

China and India are competing for influence in the country. The main challenges are achieving a peaceful solution to the political deadlock via reform of the constitution, which needs to be amended to accommodate the interests of Dalits and ethnic minorities, notably the Madhesi in Terai, and guaranteeing the rights of migrant Nepali citizens abroad.

The government failed to deliver transitional justice for the victims of human rights abuses during the civil war. In April 2020, the Supreme Court recommended that the mandate of the Nepalese Truth and Reconciliation Commission should be amended in order to prevent impunity.
BHUTAN

Isolated from the outside world for centuries, Bhutan is adapting to globalisation and strengthening its economy, while at the same time preserving its ancient traditions. It made a peaceful transition to parliamentary democracy under the constitution adopted in 2008, guaranteeing the separation of powers under a constitutional monarchy. The EU supports Bhutan’s full autonomy from its powerful neighbours – India and China – and retains the conviction that the country should be able to formulate its own security and foreign policy, recognising ongoing concerns over loss of sovereignty on account of Bhutan’s geographical location.

The EU Multiannual Indicative Programme 2014-2020 allocates EUR 49.3 million in assistance for Bhutan. The EU has had a strong presence in Bhutan since 1982, working to reduce poverty, promote democratisation and good governance and support sustainable agriculture and renewable natural resources. A new EU-Bhutan Trade Support Project was launched on 24 May 2018 with the aim of improving value addition, market linkages and the trade and investment regulatory framework.

Parliament has repeatedly acknowledged Bhutan’s unique development philosophy, initiated when it opened up to globalisation. It is based on the concept of gross national happiness (GNH), which statistically measures people’s quality of life and balances spiritual and material advancement. Furthermore, Parliament supports Bhutan’s environment policy, which seeks to preserve the country’s biodiversity – highly vulnerable to climate change – and prevent all forms of ecological degradation in line with the concept of GNH.

Between 2017 and 2022, approximately EUR 21.5 million has been set aside to support sustainable agriculture, forestry and climate change. Moreover, in response to the needs that arose during the COVID-19 pandemic, the EU allocated an additional EUR 4.5 million in 2020. The EU and Bhutan held their ninth formal annual consultations at a video conference on 15 December 2020. The EU praised the Himalayan country for its actions towards ensuring sustainable, low-carbon and climate-resilient development. The EU also noted that Bhutan has taken significant steps to protect the rights of children and women and foster gender equality. Most notably, the Bhutanese Parliament decriminalised homosexuality in December 2020.

As Bhutan is likely to graduate from the status of an LDC in the near future, new cooperation tools will need to be identified, such as granting low-cost loans from the European Investment Bank (EIB) to support investments in Bhutan beyond the current multiannual financial framework.

THE MALDIVES

Although there is still no formal cooperation agreement with the Maldives, the EU provides cooperation support for rural communities, tourism and climate change mitigation. In July 2018, the EU Foreign Affairs Council adopted a framework for targeted restrictive measures against persons and entities responsible for undermining
the rule of law or obstructing an inclusive political solution in the Maldives, as well as for those responsible for serious human rights violations.

The Maldives is vulnerable to climate change and is exposed to rising sea levels and coastal erosion, which pose a serious threat to the viability of the country. The Maldives’ Parliament is planning to establish its first ever Climate Act, which will set limits on pollution, and to adopt measures to protect and help regenerate the environment. Records from the past 20 years have shown an increase in sea levels of nearly four millimetres per year in the capital Malé and a projected increase of some 40-50 centimetres by 2100. This means beach erosion, flooding, increased groundwater salination and unpredictable weather, which is already causing flooding and droughts. Given that 80% of Maldivians live within 100 metres of the sea, the physical impact of these changes represents an existential threat.

The country also suffers from high youth unemployment, gang violence and drug addiction. There has been increasing political and social unrest since opposition leader Mohamed Solih defeated former President Abdulla Yameen Abdul Gayoom in September 2018. Parliamentary elections were held in the Maldives on 6 April 2019. The result was a landslide victory for Mohamed Solih’s Maldivian Democratic Party, which won 65 of the 87 seats in the People’s Majlis. In May 2021, the former President Mohammed Nasheed, a close friend of President Solih and speaker of parliament, was severely wounded in a bomb attack.

The Maldives graduated from the LDC category in 2011 and attained upper-middle income status in 2013. The economy is based mainly on tourism and fisheries. The EU is the Maldives’ fourth largest trading partner, accounting for around 10% of total trade in goods in 2019.

With tourism comprising 70% of GDP, the Maldives’ economy has been severely affected by the COVID-19 pandemic. A first Senior Officials Meeting between the EU and the Maldives was held in February 2020. The EU made EUR 3 million available in April 2020 to support measures to mitigate against the severe impact of COVID-19 on the tourism sector. The EIB announced a EUR 20 million loan to support recovery measures.

Jorge Soutullo / Walter Masur
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