

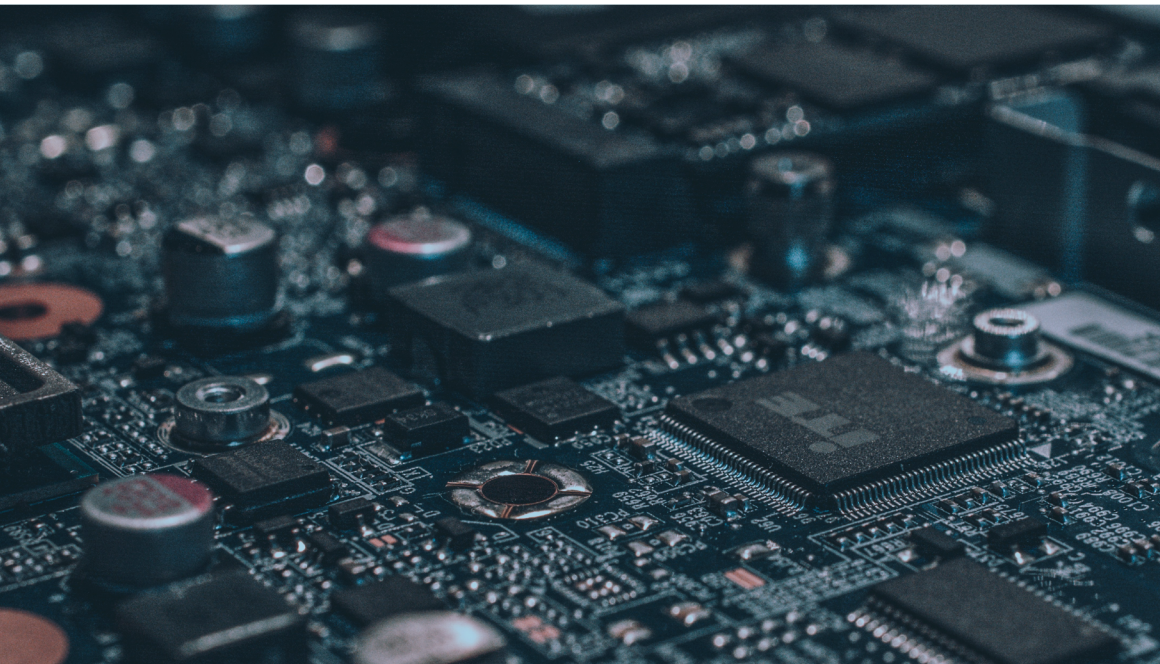
Policy Brief

From Strategy to Implementation Building an EU–India AI Partnership

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The EU needs new partners to advance its AI industrial policy agenda and decrease its structural dependence on US and Chinese technology. India with its expanding AI start-up ecosystem, large pool of technical talent, and access to diverse, large-scale datasets could be such a partner. To date, however, cooperation remains largely at the level of strategic intent. To implement an EU-India AI partnership, this policy brief proposes recommendations across four pillars: AI compute infrastructure, data, language technologies, and the innovation ecosystem. Such cooperation can strengthen AI capabilities, support inclusive digital growth, and enhance competitiveness for both partners.

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Introduction

Europe's **structural dependence on foreign technology** has emerged as a **strategic vulnerability**, incompatible with ambitions for technological sovereignty and strategic autonomy. The European Union (EU) relies on third countries for over [80%](#) of its digital products, infrastructure and intellectual property. Most foundational models – general-purpose models on which many downstream AI systems are built – are developed outside the Continent, while American firms dominate vital European technology markets. Internally, the EU faces a set of structural challenges that reflect its weak position in the global AI landscape compared to the United States and China: low levels of [technology-driven productivity growth](#); weak [private investment](#) in digital technologies; slow [AI adoption](#) across firms; the struggle of innovative companies to [scale](#); and persistent shortages in [digital skills](#).

In response, the Commission has put forward a comprehensive **industrial strategy for AI**. The 2025 [AI Continental Action Plan](#) provides the overarching framework for strengthening Europe's AI ecosystem across five pillars: large-scale investments in AI infrastructure; improving access to high-quality datasets; facilitating AI adoption in strategic sectors such as manufacturing, health-care or agriculture; supporting the development of AI skills; and regulatory simplification. Subsequent [initiatives](#) have begun to operationalize the plan by attempting to build an interoperable ecosystem of compute, data, and AI capabilities in line with the vision for a European [tech stack](#). This includes the deployment of 19 [AI Factories](#) to serve startups, industry, and research to develop generative AI models, as well as up to five AI Gigafactories designed to train large-scale and general-purpose models. To successfully implement its new industrial agenda, the EU needs to engage external partners to overcome its structural challenges and complement domestic capacity-building.

India as a strategic partner for Europe's industrial ambitions

Projected to become the world's third-largest economy by 2030, India offers a set of **complimentary strengths**. These include a **vibrant AI start-up ecosystem**, a vast pool of technical talent, and access to diverse, large-scale **datasets**. In 2024, the [India AI Mission](#) was launched to strengthen domestic AI infrastructure and capabilities, with priorities broadly aligned with the EU's AI Continental Action Plan. However, limited funding and continued reliance on US technology firms risk reinforcing external dependencies without meeting India's growing demand for compute, sovereign foundation models, and India-specific datasets. A **comprehensive EU-India AI partnership** could reinforce both partners' AI industrial strategies. From a European perspective, the selective integration of Indian technology firms into the European tech stack would strengthen the business case for investments in AI infrastructure and enhance innovation through closer collaboration in data, skills, and research. At the same time, cooperation would help India address bottlenecks in data governance, high-end compute, and financing while advancing its AI for All vision to deliver digital public services to all of its citizens. Both partners could accelerate the development of multilingual language technologies by addressing the shared challenges of linguistic diversity and uneven data availability.

In a global order increasingly shaped by great-power rivalry, India has been formally recognized as a "[natural strategic partner](#)" that shares Europe's [commitment](#) towards human-centric, trustworthy and ethical AI. Since 2023, the India-EU Trade and Technology Council (TTC) has provided a platform for aligning regulatory and ethical frameworks, coordinating work on AI risk management and standards, and promoting the use of AI for public good. Under the 2026 [EU-India Comprehensive Strategic Agenda](#), both sides have committed to deepen AI cooperation through joint model development, shared Innovation Hubs, and an EU-India Startup Partnership. To date, however, much of this cooperation remains articulated at the level of strategic intent rather than operational practice. Building on [momentum](#) from members state agreements with India follo-

wing the February 2026 AI Impact Summit in New Delhi and the conclusion of both the EU-India trade agreement and the new Comprehensive Strategic Agenda, this policy brief outlines a **practical framework for operationalising an EU-India AI partnership**.

EU and India as AI tech stack partners

Under its new industrial policy agenda, the EU is establishing a pan-European network of [AI Factories](#) (with remote “AI Factory Antennas”) and transforming European Digital Innovation Hubs into dedicated AI Experience Centres that support testing, deployment, and governance assistance for SMEs. AI Factories aim to provide start-ups and industry with high-performance computing resources, while Experience Centres facilitate real-world experimentation and adoption. As the EU seeks to mobilise up to [€200 billion](#) in public and private capital for AI, **strengthening the commercial case for European AI infrastructure** is critical. Compute infrastructure is characterised by high [fixed costs](#) and strong economies of scale, making [utilisation rates](#) a key determinant of economic viability.

Integrating Indian AI start-ups and SMEs into the European tech stack could significantly expand the demand for European compute infrastructure. With around [67%](#) of AI start-ups operating in the application layer, India is the world’s second-largest generative AI start-up hub. However, limited access to affordable compute, data, and cloud services remains key [bottlenecks](#) to the scaling up of domestic AI solutions. Enabling Indian innovators to develop, test, and validate AI models and downstream applications on European infrastructure would provide a credible alternative to US-centric technology ecosystems. At the same time, deploying AI systems in line with EU technical and regulatory standards would enhance model scalability and robustness, while strengthening the EU’s regulatory power in shaping AI globally.

An **EU-India AI Stack Partnership** could be operationalised by adapting the EU’s forthcoming [Charter of Access](#) for industrial users of research and technology infrastructures. Indian AI start-ups and SMEs could obtain remote access to EU AI-optimised computing resources via AI Factory Antennas, complemented by testing, deployment, and governance support from AI Experience Centres. These centres could function as privileged access points to European AI infrastructure, offering compute vouchers, testing facilities, and regulatory sandbox environments to participating Indian firms. In return, the India AI Mission could contribute public and social sector datasets for model training, while eligible Indian firms could pay for access at competitive prices. High-potential firms should receive the option to acquire access via equity co-investment schemes involving European venture investors, such as the European Innovation Council Fund or InvestEU-supported funds.

Connecting European capital to India’s rapidly expanding AI ecosystem should be embedded in the **EU-India Startup Partnership** proposed under the EU-India Comprehensive Strategic Agenda. This could include allowing India to participate in Europe’s new [Lab-to-Unicorn](#) initiative, which aims to turn research into scalable companies through coordinated funding, industry partnerships, and growth-stage support.

Linking India and EU Data Strategies

The forthcoming [European Data Union Strategy](#) aims to expand access to high-quality datasets for AI development, simplify fragmented data-sharing rules, and strengthen the EU’s position in international data flows. In this context, the Commission envisages Data Labs within AI Factories to develop large-scale multilingual and multimodal datasets for generative AI. India is pursuing a parallel approach through initiatives such as [AIKosh](#), an open data platform designed to curate large, country-specific datasets for training large language models and other generative AI

systems. **Linking India to the European Data Union** strategy could combine Europe's data governance and infrastructure with India's scale and diversity of data, creating a shared basis for interoperable and trustworthy data flows across both ecosystems.

For the EU, such cooperation could reinforce its role in shaping global data governance standards while expanding the data base available to firms and researchers; for India, it could strengthen the foundations of its digital public infrastructure, help overcome persistent data-quality and standardisation challenges, and support the development of a more robust generative AI ecosystem. For both sides, access to larger and more diverse datasets could accelerate the development of high-quality AI models, turning data collaboration into a shared competitive asset.

In practical terms, this could involve extending access to Common European Data Spaces and selected Data Labs in AI factories to Indian public-interest and SME consortia. The [Data Governance Act](#) provides a governance framework for trusted data exchange by requiring regulated intermediaries to act as neutral brokers between data holders and users to facilitate secure data sharing and reuse. Reciprocal arrangements could provide EU firms with access to curated datasets developed within India's AI Centres of Excellence. As an initial step, the EU and India could **pilot cross-border data trusts** in strategic sectors such as health, manufacturing, and agriculture. Such initiatives should be governed by EU-grade safeguards and ethical standards, including clear provisions on risk management, auditability, and purpose limitation. To support scale and interoperability, a **joint framework on data standards and quality** could align sector-specific schemas, metadata, and interoperability profiles, while providing SMEs with templates for trusted data sharing.

Flagship Partnership in Language Technologies

Language data forms the foundation for the development of large language models (LLMs) and other language-based AI technologies. To operate effectively across diverse linguistic contexts, these models require extensive, high-quality multilingual datasets. Both the EU and India are home to a multitude of official and regional languages with uneven data availability and quality.

Within the European Single Market alone, reducing linguistic barriers through AI-enabled translation and language technologies could enable more SMEs to participate in cross-border markets, potentially increasing intra-EU trade by up to [€360 billion](#). Building a **robust multilingual language data infrastructure** is also crucial for India to enhance access to its digital public goods. Fostering digital inclusion among linguistically diverse and marginalised populations represents a core objective of India's [National Strategy for Artificial Intelligence](#) that designates **AI for All** as its guiding principle. Accordingly, both the EU and India have embarked on major initiatives to build multilingual data infrastructures, which could benefit from strategic alignment.

Cooperation in **language technologies** should become a **flagship initiative** of the EU–India AI partnership. By linking Europe's Alliance for Language Technologies ([ALT-EDIC](#)) with India's key AI programs BHASHINI, BharatGen and AI4Bharat, cooperation could focus on three areas: (i) co-funding curated EU–Indic language technology benchmarks; (ii) aligning data-quality, metadata, and licensing standards for cross-use; and (iii) developing open-source, context-sensitive, fine-tuned multilingual generative models. The EU's Data Governance Act again provides a framework for data sharing through regulated data intermediaries. This would ensure that joint initiatives adhere to high standards of data quality, interoperability, and privacy-preserving access. By pooling resources, Europe and India could lower the costs of developing high-quality language technologies and accelerate the deployment of both traditional and generative AI systems.

Innovation Ecosystem

With the EU projected to miss its [Digital Decade](#) target of 20 million ICT specialists, **access to India's talent base** has become a strategic priority. [India](#) is home to over 600,000 AI professionals around 16% of the global AI workforce — yet advanced AI research capacity remains highly concentrated in a small number of elite institutions. Leading innovation hubs maintain strong partnerships with U.S. technology firms, which often provide access to advanced AI computing infrastructure and research collaborations. Conversely, Tier-2 and Tier-3 institutions are largely disconnected from frontier AI research and development due to [structural constraints](#), including limited compute access, weaker research capacity, and the absence of high-quality training programmes. Rather than attempting to match the level of U.S. hyperscaler investments in India's Tier-1 hubs, this creates an opportunity for a **complementary EU-India innovation strategy** focused on strengthening India's Tier-2 and Tier-3 institutions.

Targeted capacity-building, joint certification programmes, and AI training curricula aligned with EU standards could expand research and skills development beyond established hubs. This would not only broaden access to AI education and research within India, but also help **build a larger, more diverse, and better-trained pool of AI professionals** supporting Europe's own talent needs. The EU's forthcoming initiative to strengthen workforce mobility and skills recognition, the [Union of Skills](#), would present an opportunity to promote skills portability through mutual recognition of micro-credentials and work-based learning. Indian AI researchers could also benefit from expanded access to MSCA "Choose Europe" [fellowships](#), while highly skilled professionals and founders could access Europe's innovation ecosystem through instruments such as the EU Blue Card and the Blue Carpet initiative. Ultimately, **research cooperation** should be anchored within a broader framework of standards alignment and coordinated innovation funding via an association of India with Horizon Europe.

Conclusion

Faced with a new geopolitical reality shaped by great power rivalry, the EU needs to reconcile a pragmatic approach to power, interests and strategic dependencies with its democratic values. As recently emphasised by Mark Carney at the World Economic Forum in [Davos](#), strategic partnerships can offer a pathway to diversify risks without resorting to protectionism or zero-sum competition. This policy brief illustrates that the EU-India AI partnership is an opportunity to achieve exactly that. Across the domains of AI infrastructure, data, language technologies, and innovation ecosystems, closer cooperation can advance European ambitions for technological sovereignty and strategic autonomy while promoting a shared vision of open and democratic AI governance.

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