



India - Germany Relations

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1. Introduction

- Bilateral relations between Germany and India are based on a sound foundation of mutual respect, understanding and support. The cooperation between both countries covers a wide range of areas from political action and growing economic exchange to landmark cultural events. It is complementary as India and Germany both contribute their particular and unique strengths to this truly strategic partnership.
- The relationship, based on common values of democracy and rule of law has gained significantly in strength in the 1990s following India's economic liberalization and the end of cold War. The strategic partnership between India and Germany gained light with the signing of Germany and India cooperate closely on the issue of UNSC expansion within the framework of G-4.

2. Historical Background

- The history of Indo-German political relations goes back to the late nineteenth century, when the 'Imperial German Consulate' (Kaiserlich Deutsches Generalkonsulat) started operating from Calcutta (now Kolkata).
- As one of the first countries, **India diplomatically acknowledged and accepted the Federal Republic of Germany after the end of the Second World War in 1945**. The diplomatic recognition of Germany by the Indian government smoothened the way for a long lasting and continuous relationship for over 60 years up to the present day.
- Thus, in 1951, the Indian Union and Germany decided to establish economic relationships to gear up their partnership. With that in mind, the Indian Prime Minister Jawaharlal Nehru made his first visit to post-war Germany and its first Chancellor Konrad Adenauer (Christian Democratic Union – CDU) in the same year.
- Also, Germany established its Consulate General in Bombay (now Mumbai) in 1951, leading of the establishment of a full-fledged Embassy in New Delhi in 1952.

3. India Germany Strategic Relations

- Germany and India maintain a **strategic partnership**. Back in May **2000** both countries adopted the '**Agenda for the Indo-German Partnership in the 21st Century**'. This includes regular meetings of both Heads of Government as well as annual meetings of the Foreign Ministers, if possible. It also substantiated their mutual interest in the expansion of the economic and technological sector, as well as for Science and Culture.
- In addition to the adopted agenda, a "**Joint Statement**" was ratified in **2006**, underpinning the importance of the strategic bilateral relation and intensifying the relations between the two states.
- The **first Intergovernmental Consultations (IGC)** was held in New Delhi in May **2011**. The two countries discussed several **bilateral and global issues of interest** viz. Strategic Dialogue, Foreign Office Consultations, Joint Commission on Industrial and Economic Cooperation, Defence Committee Dialogue and Joint Working Group on Counter- Terrorism.
- **Four important MoUs in the field of vocational education and science & technology were signed**. Chancellor Merkel was awarded the **Jawaharlal Nehru Award for International Understanding** for the year 2009, during the visit.
- The **Second Round of Intergovernmental Consultations** took place in Berlin on 11th April, 2013 – **10 MoUs in the field of vocational education and training, railways, S&T and renewable energy were signed** on the sidelines of Second IGC. Besides China and Israel, India is one of the first countries outside the European Union, with whom Germany has established such a close partnership.

Importance of India-Germany relations : *India has large workforce waiting to be assimilated in labour market, but India lacks skilled manpower and opportunities after skilling, while Germany's population is ageing and it needs workforce to keep its economy going and also can provide skill training in India.*

With more than \$20 billion of bilateral trade and as the seventh-largest investor in India, Germany is keen on concluding the stalled India-EU FTA negotiations which India has been negotiating for long with EU.

Germany can be a valuable partner for: 'Make in India', railway modernisation, renewable energy, Clean Ganga and skill development.

Germany is one of the most productive collaborators in joint scientific projects for Indian researchers. IIT Madras was set up with German help. And most German universities provide free education even to foreigners.

Germany's engineering competencies and India's strengths in information technology create significant synergies for collaboration in innovation. Germany and India agreed to explore new collaboration under the 'Digital India' initiative. Both sides aim at building business collaborations through innovation in the area of Industry 4.0 and the 'Internet of Things'. Germany and India will strengthen their cooperation in facilitating research and commercialization of technologies in Indian heavy industries.

Germany can bring investment in smart cities and projects of high-speed trains and also be helpful due to its experience of Germany in the medium and small enterprises.

As strategic partners since 2000, both countries have worked closely in matters related to trade, investment, energy, development cooperation UNSC expansion etc.

4. German Economy

- Germany - **the fifth largest economy in the world in PPP terms** and Europe's largest - is a leading exporter of machinery, vehicles, chemicals, and household equipment and benefits from a highly skilled labor force
- German Economy contracted by 5.1% in 2009 but grew by 3.6% in 2010, and 3.1% in 2011. The recovery was attributable primarily to rebounding manufacturing orders and exports - increasingly outside the Euro Zone. The worsening euro-zone financial crisis and the financial burden it places on Germany as well as falling demand for German exports has made domestic demand a more significant driver of Germany's economic expansion.

4.1. Economic Relations

	2012	2013	2014	2015	(Jan-June)
Total Trade	17.37	16.10	15.96	8.82	
Indian Exports	6.99	6.91	7.03	3.91	
Indian Imports	10.38	9.19	8.92	4.91	
Balance of Trade	-3.39	-2.28	-1.89	-1.0	
Major Indian Exports to Germany	Textiles, Metal & Metal Products, Electro Technology, Leather & Leather Goods, Food & Beverages, Machinery, Pharmaceuticals, Auto Components, Chemicals, Gems & Jewellery and Rubber Products				
Major Indian Imports from Germany	Machinery, Electro Technology, Metal & Metal Products, Chemicals, Auto Components, Measurement & Control Equipment, Plastics, Medical Technology, Pharmaceuticals, Paper & Printing Materials				

(Source: Federal Statistical Office, Wiesbaden)

- Germany is India's most important trading partner within the European Union and the sixth most important trading partner in worldwide comparison. Since the beginning of the Indian reform policy in 1990, the bilateral trade volume has risen from 2.7 billion Euro to 16 billion Euro in 2014.
- **Germany is the 8th largest foreign direct investor in India since 2000.** German FDI in India during the period 1991-February 2015, was valued at US\$ 8.25 billion. German FDI in India in 2014 was to the tune of US\$ 1.15

billion. Indian investments in Germany have also shown a remarkable increase in the last few years and have invested over US \$ 6 billion in Germany, mainly through M&As.

- In the first 7 months of 2015, the bilateral trade volume compared to the previous year rose by 13%. German exports rose by 17.5%, while imports from India rose by 8.1%. The German trade surplus of around 1.9 billion Euro in 2014 is based on a high demand for German capital goods. These are machinery that amount to a third of German exports to India, as well as electronic technology, metal ware, chemicals, automobiles and automotive parts. Indian exports to Germany consist mainly of textiles, chemicals, electronic technology, metal ware, leather and foods.

5. Indian PM visit to Germany (April 2015)

- The two nations agreed to take proactive steps to advance collaboration in the areas of manufacturing, skill development, urban development, environment, railways(modernisation of railway infrastructure, high speed trains, etc.), cleaning of rivers, language and science & technology.
- **Manufacturing** : it was decided to utilise the momentum generated by India's participation in the Hannover Messe 2015 to foster stronger ties between business and industry on both sides in order to support India's Make in India initiative.
- Following the completion of the **Ganga Scoping Mission in October 2014** by Germany, both nations will develop cooperation on Ganga River rejuvenation strategies, capacity support for urban sanitation, setting up of standards, approaches to industrial pollution and innovative financial models. Both the sides also agreed upon the establishment of two working groups in areas of water and waste management.
- In the *field* of **Renewable Energy**, Germany agreed to support India's proposed objective of 175GW of renewable energy by 2022 through technical and financial support for developing comprehensive solar rooftop and green energy corridor projects in India.
- Besides, the two nations also agreed to strengthen their efforts towards carrying on negotiations for an ambitious EU-India Free Trade Agreement with a view to its early conclusion.

6. Third India Germany Inter-Governmental Consultations (IGC) in New Delhi (October 05, 2015)

Both the Indian PM and German Chancellor agreed to steer the Strategic Partnership between India and Germany into a new phase by building on their growing convergence on foreign and security issues and on the complementarities between the two economies.

Key Highlights-

- Both leaders underlined their **strong support to upholding the sovereign equality of all States as well as respect for their territorial integrity**. They reiterated their full support for ongoing efforts to find a **diplomatic solution to the conflict in eastern Ukraine**.
- Both sides underlined the importance of **freedom of navigation in international waters**, the right of passage and other maritime rights in accordance with accepted principles of international law, including the UN Convention on the Law of the Sea.
- India and Germany emphasized their commitment to the reconstruction of a **stable and peaceful Afghanistan**.
- India and Germany agreed to strengthen their **cooperation on migration issues**, bilaterally and internationally. Bearing in mind that Germany will be co-chairing the **Global Forum on Migration and Development (GFMD) in 2017/18**, they emphasized the role of international organizations and forums like the GFMD as facilitating actors in finding common answers to pressing migration issues.

- Germany and India welcome the **Joint Comprehensive Plan of Action reached by the E3/EU+3 and Iran on 14 July 2015 in Vienna, which marks an important step towards resolving the nuclear issue with Iran.**
- India and Germany stressed their full commitment to IAEA's Safeguards and Germany welcomed India's ratification of an Additional Protocol to its Safeguards Agreement. Both sides agreed to hold regular consultations on disarmament and non-proliferation.
- Both the countries welcomed the historic adoption of the **2030 Agenda for Sustainable Development and expressed their commitment to implementing the Sustainable Development Goals.** Both leaders expressed their full support to France for reaching an ambitious, comprehensive and equitable climate agreement at COP 21 in Paris later this year.
- Both sides took positive note of the resumption of negotiations for amending the existing **Double Taxation Avoidance Agreement** including the Article on Exchange of Information to enhance the elimination of double taxation and to foster financial transparency.
- Both welcomed the agreement on **teaching of the German language** as an additional foreign language in Kendriya Vidyalayas in conformity with the National Education Policy of India as well as the facilitation of teaching of modern Indian languages in German educational institutions.
- Both leaders underscored the intention to cooperate closely as regards the protection of cultural goods and the fight against illicit **trafficking in cultural property.** The Indian side expressed deep appreciation for the gesture of goodwill from the Federal Republic of Germany and the State of Baden-Wuerttemberg in making **possible the return of the statue of Durga-Mahishamardini to India.**

7. Indo-German Partnership on Climate Change

- The **Climate and Renewables Alliance** between India and Germany **intensify cooperation on climate and energy technology issues, including within the already existing Indo-German Energy Forum.**
- **Indo-German Climate and Renewable Alliance,** is a partnership to harness technology, innovation and finance in order to make affordable, clean and renewable energy accessible to all and foster climate change mitigation efforts.
- It includes- (1)Next generation **solar technology;** (2) **Renewable energy** storage; (3) Climate-friendly **space cooling technologies;** (4) Super-efficient **appliances and buildings;** (5) Zero emission **passenger and freight vehicles;** (6) Energy-efficient **rail and water infrastructure;** (7) **Off shore wind.**
- It welcomed India's aim to consistently increase efficiency gains in the use of electricity by 2030.
- Germany welcomes India's submission of its intended nationally determined contribution to the Paris Agreement.
- India appreciates Germany's ambitious mitigation efforts, including its goal to have at least 80% of electricity consumption from renewable sources by 2050 compared to 27% today.
- The implementation of the **Green Energy Corridors Partnership** with an overall German commitment of 1.15 billion euros in the last two years is also progressing well.
- Both countries welcomed the memorandum of understanding on an Indo-German Solar Energy Partnership based in concessional loans in the range of 1 billion euros over the next five years.

8. Permanent Seat in UNSC

- India and Germany seek a permanent seat with veto powers at the United Nations Security Council and have joined with Japan and Brazil to coordinate their efforts via the G4 collective.
- At the UN General Assembly summit in New York in September 2015, the P5 members of the UNSC dismissed any notion of dilution of their power at the UN's high-table and severely undermined efforts by G4 nations to gain access to the exclusive club.
- While India maintains that it will continue to demand a permanent seat within a reformed UNSC with powers identical to the P5 nations, it has signalled that strengthening of bilateral economic and political ties

with neighbouring countries is the immediate priority. Prevailing consensus within the United Nations that Europe is already over-represented within the UN Security Council, juxtaposed with long-established opposition from within Europe to the German candidature, constitute indomitable obstacles which confront Germany.

- A reality-check of geopolitical power of G4 nations at the 2015 UN General Assembly and Asian geopolitical compulsions have influenced India's choice to refocus on strategic bilateral engagements with France and UK who are UNSC P5 member States.
- German influence on the global stage is subject to accommodation by France and UK who are key global security actors.
- Restrictions imposed through the 1990 Treaty on the Final Settlement with Respect to Germany effectively subordinates Germany to the Four Powers (USA, UK, France and Russia).

9. Cultural Relations

- India and Germany have a long tradition of academic and cultural exchanges.
- German scholarly tradition has played a key role in introducing Indian art, culture, literature and philosophy to the wider world.
- India and Germany marked 60 years of establishment of diplomatic relations through 'Year of Germany in India' in 2011-12 and 'Days of India' in Germany in 2012-13.
- The Tagore Centre, set up by Indian Council for Cultural Relations (ICCR) in Berlin in 1994, regularly organizes programmes to showcase the Indian and diversity of its culture, through a broad spectrum of dance, music, literary events, films, talks, seminars and exhibition events.

10. Indian Diaspora

There are about 1,43,000 persons of Indian origin in Germany including Indian passport holders and Persons of Indian Origin. The Indian diaspora mainly comprises of technocrats, businessmen/traders and nurses. There are a number of Indian organizations and associations active on business/cultural front, cementing ties between India and Germany at the people-to-people level.

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