



## Strengthening Bonds in India Germany Partnership

This editorial is based on “[Delhi-Berlin partnership has kept pace with India’s rise](#)” which was published in Hindustan Times on 02/10/2024. The article highlights that India and Germany enjoy a robust partnership characterized by strong collaboration in security, sustainable development, and economic growth, with bilateral trade at USD 33 billion. The expanding Indian diaspora in Germany further enriches cultural ties and strengthens professional networks, fostering mutual understanding.

**For Prelims:** [India and Germany](#), [Digital Technology](#), [Skill Development](#), [Green and Sustainable Development Partnership](#), [Energy Transition](#), [Renewable Energy](#), [Biodiversity](#), [Tarang Shakti](#), [Bilateral Trade and Investment Agreement \(BTIA\)](#), [Green Hydrogen](#), [Artificial Intelligence](#), [Smart Cities](#), [Industry 4.0](#), [Startups](#).

**For Mains:** Significance of Indian Foreign Policy in Securing its National Interests.

The relationship between [India and Germany](#) has evolved into a robust and dynamic partnership, characterized by mutual respect, shared values, and a commitment to addressing global challenges. Since the establishment of diplomatic ties in 1951 and the formalization of a '**Strategic Partnership**' in 2000, both nations have witnessed significant growth in collaboration across various sectors, including **trade, technology, defense, and sustainable development**. With bilateral trade reaching approximately **USD 33 billion** and a thriving presence of around 2,200 German companies in India, the economic potential is immense.

The upcoming **7<sup>th</sup> Inter-Governmental Consultations** in India will be a pivotal moment to set strategic directions amidst shifting global dynamics. Furthermore, the **18<sup>th</sup> Asia-Pacific Conference of German Business** in New Delhi later this year highlights the increasing importance of innovation, particularly in areas like [digital technology](#) and green solutions. As both countries strive to deepen their engagement, enhancing educational exchanges and talent mobility will be crucial. The foundation laid by past collaborations paves the way for a future that is not only **economically beneficial** but also rich in **cultural and technological** exchanges, positioning India and Germany as vital partners on the global stage.

### What are Major Areas of Cooperation Between India and Germany?

- **Historical Context:** India and Germany have a rich history of political and economic ties dating back to the late 19<sup>th</sup> century, with a formalized **strategic partnership** established through various agreements since 2000.
- **Economic and Trade Relations:**
  - **Growing Trade Volume:** Bilateral trade between India and Germany has surged, reaching approximately USD 33 billion annually. Also, investments from Germany are about USD 25 million.

- This increasing trade volume underscores the significance of the economic partnership, with Germany ranking among India's key trading partners.
  - **Significant Investment Presence:** Germany's investment in India is substantial, with around 2,200 German companies operating in various sectors.
    - This investment not only contributes to job creation but also facilitates technological advancements, reinforcing economic ties.
  - **Market Entry Support:** The "**Make in India Mittelstand**" (MIIM) program supports German SMEs and family businesses, helping 152 companies invest nearly **1.46 billion Euros** in India, including over 30 leaders in niche technologies.
  - **Emerging Opportunities:** The upcoming **Asia-Pacific Conference of German Business** in October 2024, hosted in New Delhi, presents a crucial platform for enhancing collaboration between **Indian and German** businesses, fostering new investments and joint ventures.
- **Science and Technology Collaboration:**
    - **Long-standing Partnership:** The **Indo-German Science and Technology Center** has played a vital role in supporting industrial research for over 50 years.
      - This partnership is pivotal for innovation and technological exchange.
    - **Academic Exchanges:** With more than **500 partnerships** between **Indian and German universities**, the two nations promote knowledge transfer and [skill development](#), paving the way for collaborative research and innovation.
    - **Future Roadmap:** Plans for a new **science and technology roadmap** aim to deepen cooperation in key scientific areas, potentially leading to groundbreaking advancements in fields such as artificial intelligence and biotechnology.
  - **Green and Sustainable Development Partnership:**
    - **Commitment to Climate Action:** The [Green and Sustainable Development Partnership](#) (launched in 2022) highlights both nations' dedication to addressing climate change.
      - This partnership focuses on [energy transition](#) and environmental preservation.
    - **Financial Commitments:** India and Germany signed 38 agreements worth **3.22 billion Euros**. This highlights the potential for collaboration, especially in [green hydrogen and green ammonia](#).
    - **Focus on Renewable Energy:** Both countries are actively collaborating on renewable energy, highlighted by the recent launch of the **India-Germany Platform for Investments in Renewable Energies Worldwide**, which aims to develop sustainable solutions and support India's renewable energy goals.
    - **Innovative Projects:** Collaborative initiatives, such as **solar energy projects** in Maharashtra, exemplify the practical outcomes of this partnership, showcasing the potential for innovation in sustainable development.
  - **Defense and Security Cooperation:**
    - **Military Cooperation:** The **17<sup>th</sup> edition of the India-Germany Military Cooperation Sub Group (MCSG)** meeting was held in October 2024, in Berlin, Germany, focusing on **enhancing bilateral military cooperation** and strengthening defense engagements.
      - The MCSG serves as a forum to boost defense ties through strategic and operational discussions between the **Integrated Defence Staff of India and the German Armed Forces**.
    - **Increasing Military Collaboration:** Joint military exercises, such as "[Tarang Shakti](#)," indicate a growing commitment to defense cooperation.
    - **Maritime Cooperation:** The Indian Navy frigate [INS Tabar's](#) visit to Hamburg reinforced maritime cooperation and cultural exchange between the two nations.
    - **Expanding Defense Trade:** The defense trade volume has seen a remarkable increase, with a sevenfold rise from 2021 to 2023 (from 34 million Euros to 2,136 million Euros).
      - This growth reflects an enhanced focus on **strategic military collaboration**.
  - **Strategic Importance of the Indo-Pacific:**
    - Both nations acknowledge the need for security cooperation in the [Indo-Pacific region](#), aligning their strategies to address common challenges and enhance regional stability.
  - **Education & People-to-People:**
    - **Growing Student Presence:** Approximately **50,000 Indian students** currently study in Germany, highlighting the significance of educational ties between the two countries.
    - **Facilitating Talent Mobility:** The **Mobility and Migration Agreement** signed in 2022 aims to streamline pathways for skilled professionals, fostering workforce collaboration and

enhancing economic interactions.

- **Cultural Exchange Initiatives:** Increased scholarships and internship opportunities will further strengthen the **people-to-people connection, promoting mutual understanding and cooperation.**

- **Areas of Cooperation:**

- Identified during the **5<sup>th</sup> Intergovernmental Conference (IGC)**, focus areas for cooperation include [Artificial Intelligence](#), **digitalization**, **clean energy**, **e-mobility**, [smart cities](#), **railways**, [Industry 4.0](#), [startups](#), **skill development**, and [waste management](#).

## What are Challenges faced by India-Germany Relations?

- **Trade and Investment Barriers:**

- **Absence of a Bilateral Investment Treaty (BIT):** The lack of a BIT presents a significant obstacle to deeper economic engagement.
  - Germany has a [Bilateral Trade and Investment Agreement \(BTIA\)](#) with India via EU, it does not have the competence to negotiate it separately.
  - It limits investor confidence and protections, which are crucial for fostering a stable investment environment.
- **Concerns Over Trade Liberalization:** Germany's skepticism regarding India's **trade liberalization measures and labor regulations** can complicate negotiations, potentially stifling growth in economic relations.
- **Need for Regulatory Alignment:** Addressing **regulatory discrepancies** and streamlining trade processes are essential to facilitate smoother economic interactions, promoting mutual benefits.

- **Divergent Perspectives on Geopolitical Issues:**

- **Occasional Disagreements:** While **India and Germany** align on many global issues, occasional differences in perspectives can complicate diplomatic efforts.
  - Such divergences necessitate careful navigation to maintain a constructive dialogue.
- **Balancing National Interests:** India's pragmatic approach to foreign policy may clash with Germany's emphasis on a rules-based international order.
  - Continuous dialogue is essential to mitigate misunderstandings and strengthen collaboration.
- **Importance of Strategic Dialogue:** Regular consultations on geopolitical matters can build trust and confidence, ensuring alignment on shared interests.

- **Visa and Mobility Concerns:**

- **Visa Process Challenges:** Delays and complexities in the visa issuance process can hinder talent mobility, affecting the flow of skilled professionals and limiting educational exchanges.
  - Simplifying the visa process is crucial for fostering greater people-to-people connections, enabling knowledge exchange and enhancing bilateral ties.
- **Focus on Mutual Recognition of Qualifications:** Collaborating on mutual recognition of educational qualifications can enhance mobility and facilitate smoother integration for Indian professionals in Germany.

## What Should be the Way Forward?

- **Enhancing Trade and Investment:**

- With current trade at USD 33 billion, there is significant room for growth in mutual investments.
- India's evolving business climate should act as a catalyst for **deeper economic ties.**
- Negotiating a bilateral investment treaty by establishing a comprehensive BIT would enhance investor confidence and facilitate easier business operations, thereby driving economic growth.

- **Focus on Innovation and Technology:**

- Greater emphasis should be placed on innovation, particularly in **digital technologies, artificial intelligence, fintech, and clean/green technologies** to drive future growth.

- **Strengthening Defense Cooperation:**

- Increased attention to defense collaboration is crucial, especially with the expansion of the Indian private sector in this area.
- Updating export controls will be necessary to facilitate this cooperation.
- Recent air exercises and upcoming naval visits to Goa should be leveraged to enhance military ties.
- **Progress in Green and Sustainable Development:**
  - The **Green and Sustainable Development Partnership** is making steady strides, with 38 agreements amounting to **Euro 3.22 billion**.
  - There is significant potential in sectors like **green hydrogen and green ammonia**, which should be explored further.
- **Enhancing Educational and Talent Mobility:**
  - The number of Indian students in Germany has doubled to 43,000 over the past five years, but the **flow of talent** can increase significantly.
  - Establishing frameworks for skills mobility will help strengthen this connection, akin to the living bridge with the US.
- **Continuous Consultation on Global Issues:**
  - Ongoing dialogue on global matters is vital for building trust and confidence in the partnership.
  - This will be a key focus in discussions between Indian and German foreign ministers to enhance collaboration on international issues.

## Conclusion

The **7<sup>th</sup> Intergovernmental Consultations** in India will be pivotal, providing strategic directions on key issues during a crucial time for both nations. Both nations are committed to **sustainable development, innovation, and collaborative efforts to address global challenges**. The **18<sup>th</sup> Asia-Pacific Conference of German Business (APK 2024)** in New Delhi this October is essential for fostering business collaboration and engagement between Indian and German firms.

### **Drishti Mains Question**

Q. Analyze the significance of bilateral trade between India and Germany in changing geopolitics.

## UPSC Civil Services Examination Previous Year Question (PYQ)

### **Mains:**

Q. Indian diaspora has a decisive role to play in the politics and economy of America and European Countries'. Comment with examples. **(2020)**