



India Germany Relations

For Prelims: India Germany Relations, Oil Price Cap, G7, European Union

For Mains: India-Germany Relations, Scopes of Cooperation between India and Germany

Why in News?

Recently, the **External Affairs Minister of India** met with the **Foreign Minister of Germany** in New Delhi.

- Germany's minister's visit coincided with the launch of an **"oil price cap"** plan by the **G7** and **European Union** countries to withdraw shipping and insurance services to countries that buy Russian oil above the price of USD 60 a barrel.



What are the Key Highlights of the Meeting?

- India and Germany signed a **Comprehensive Partnership on Migration and Mobility** meant to **ease travel for research, study and work** for people in both countries.
 - It would be the **“basis for a more contemporary partnership”** to relations.
- The two sides **held talks on bilateral issues**, including Germany’s assistance to India on **renewable energy** and energy transitions, as well as international issues such as their IndoPacific strategy, and spoke about China, Afghanistan and Pakistan.

What is the Oil Price Cap by the G7?

▪ About:

- It is a plan by the **G7 with the European Union and Australia to impose the price cap on Russian crude oil** shipments, pegged at **USD 60 to a barrel for now**.
- The price cap is essentially **aimed at preventing firms in signatory nations from extending shipping, insurance, brokering and other services to Russian crude oil shipments** that are sold at any value above the designated per-barrel price i.e., USD 60 per barrel.
 - Since it came into effect on 5th December 2022, the cap will only apply to shipments that are “loaded” onto vessels after the date and not apply to shipments in transit.

▪ India’s Stand:

- Despite the **United States-led sanctions on Russia** post its **invasion of Ukraine**, India has decided to not just continue with, but also **double its trade with Moscow in the “near foreseeable future”**.
 - India’s consumption of Russian oil was just one-sixth of European consumption and should not be compared unfavourably, defending the government’s decision to increase its intake of Russian oil since the war in Ukraine.

How has the India Germany Relations been?

▪ India-German Ties:

- The bilateral relations between India and Germany are founded on **common democratic principles**. India was amongst the **first countries to establish diplomatic ties with the Federal Republic of Germany** after the **Second World War**.
- Germany cooperates with India to the tune of **1.3 billion Euros a year in development projects**, 90% of which serves the purpose of fighting **climate change**, saving natural resources as well as **promoting clean and green energy**.
 - Germany has also been supporting the construction of **a huge solar plant in Maharashtra** with a capacity of 125 Megawatt which generates annual CO₂ savings of 155,000 tons.
- After the appointment of new Chancellor of Germany in December 2021, India and Germany agreed that as major democracies and strategic partners, they will **step up their cooperation to tackle common challenges**, with climate change on top of the agenda.

▪ Economic Cooperation - A Challenge:

- There is a problem of the **lack of a separate bilateral investment treaty** between the two countries. Germany has a **Bilateral Trade and Investment Agreement (BTIA)** with India via EU, it does not have the competence to negotiate it separately.
- Also, Germany is particularly sceptical about India’s trade liberalization measures, it bats for more liberal labour regulations.

▪ Indo-Pacific Region - Significance:

- **The Indo-Pacific**, with India as its centrepiece, looms large in **Germany’s and the European Union’s foreign policy**.
- The Indo-Pacific region is **home to around 65% of the global population and 20 of the world’s 33 megacities**.
- The region accounts for 62% of global **Gross Domestic Product (GDP)** and 46% of the world’s merchandise trade.
- It is also the source of more than **half of all global carbon emissions** which makes the region’s countries key partners in tackling global challenges such as climate change and sustainable energy production and consumption.

▪ **Germany and Indo-Pacific:**

- Germany is determined to contribute to **buttressing the rules-based international order**.
- Within the **German Indo-Pacific guidelines**, India is mentioned for the enhancement of engagement and fulfilment of objectives. India should now be an important node while discussing issues relating to international security.
- India is a maritime powerhouse and a strong advocate for free and inclusive trade — and, therefore, a primary partner for Germany (eventually the EU) on this mission.

What should be the Approach Moving Forward?

▪ **Strengthening Indo-German Relations:**

- Germany views India as an **important partner for resolving global issues, including climate change, food security, energy and international peace and security**.
- Also, the new coalition government formed in Germany offers an opportunity for India to strengthen the strategic partnership between the two.
- Germany is keen to **implement connectivity projects**, through the European Union, **to counter China**. The coalition sees the conclusion of an **India-EU BTIA** as an important aspect that will help develop relations.

▪ **Scope of Economic Cooperation:**

- India and Germany must realise the cooperative goals of the **Intellectual Property** guidelines and must involve businesses.
- German companies must be encouraged to use the **liberalised Performance Linked Incentive scheme to establish manufacturing hubs in India**.
- Germany has committed 250 million euro in loans to Africa for a vaccine production facility, if implemented with India such a facility can be established in the underserved East African region.

▪ **Sharing Responsibilities in the Indo-Pacific Region:**

- As much as India, Germany is a trading nation. More than **20% of German trade is conducted in the Indo-Pacific neighbourhood**.
 - This is why Germany and India share a responsibility to maintain and support stability, prosperity and freedom in this part of the world. Both India and Europe's key interests are at stake when championing a free and open Indo-Pacific.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Q. 'Broad-based Trade and Investment Agreement (BTIA)' is sometimes seen in the news in the context of negotiations held between India and (2017)

- (a) European Union
- (b) Gulf Cooperation Council
- (c) Organization for Economic Cooperation and Development
- (d) Shanghai Cooperation Organization

Ans: (a)

Source: TH