

5. India-EU Trade Relations – Economy

India and Germany recently committed to doubling trade and expediting efforts to complete the India-European Union Free Trade Agreement (FTA) under negotiation.

German Foreign Minister's Visit to India

The German Foreign Minister recently undertook an official State visit to India, signifying the importance both countries attach to strengthening their strategic, economic, and cultural engagement. During this visit, the two Foreign Ministers discussed a wide range of cooperation areas including advanced technology (especially semiconductors), defence trade, mobility of students, and the progress of the India-EU Free Trade Agreement (FTA). Both sides stressed the urgency of concluding negotiations on the India-EU FTA by the end of the year, recognizing it as a milestone for deepening economic ties and balancing global trade dynamics.

India's Two Levels of Engagement with Europe

Engagement with the EU as a bloc – India maintains regular high-level summits and strategic dialogues with the EU in areas such as trade, technology, security, and foreign policy, reflecting comprehensive institutional engagement.

Bilateral engagement with major EU members – India also pursues parallel strong bilateral relations with key European countries such as Germany, France, and members of the Nordic and Eastern European regions, ensuring a multi-dimensional outreach.

India-EU Free Trade Agreement (FTA)

Resumption of Talks – Negotiations, which had been suspended in 2013 due to differences over market access, were revived in 2022 in light of changing global trade circumstances and mutual strategic needs.

Objective – The aim is to finalize a wide-ranging trade agreement covering goods, services, investments, and geographical indications to create a more predictable and investor-friendly environment.

Negotiation Structure – Talks are being conducted in a phased manner, similar to India's approach in earlier FTAs (e.g., with Australia), partly due to uncertainties in global trade such as U.S. tariff actions and protectionist trends.

Deadline Commitment – Prime Minister Narendra Modi and the European Commission President have committed to sealing the agreement by the end of the year, underlining the political will on both sides.

Key Focus Areas

Market Access – EU demands lower tariffs in sectors like automobiles, medical devices, wines, spirits, meat, and poultry.

Services and Investments – India seeks greater market access for services, while also negotiating robust frameworks for foreign investment.

Regulatory Frameworks – Stronger Intellectual Property Rights (IPR) protections are a key EU demand, alongside agreements on sanitary and phytosanitary measures, technical barriers to trade, customs procedures, government procurement, and sustainability standards.

India-Germany Bilateral Ties

Diplomatic Foundations – India was among the earliest countries to establish diplomatic ties with post-War Germany in 1951. The year 2021 marked the 70th anniversary of these relations.

Strategic Partnership – Since 2000, India and Germany have enjoyed a 'Strategic Partnership.' In 2025, the partnership will complete 25 years, providing an opportunity to renew commitments and deepen cooperation.

Intergovernmental Consultations (IGC) – Initiated in 2011, this framework allows Cabinet-level leaders from both countries to conduct a comprehensive review of cooperation and identify new avenues for collaboration. India is among a select few countries with which Germany maintains such a mechanism.

Defence Cooperation

Defence Framework – A Bilateral Defence Cooperation Agreement signed in 2006 continues to provide the institutional framework for military cooperation between the two nations.

Joint Exercises – Germany has actively participated in multilateral naval and military exercises hosted by India, including MILAN, PASSEX, and EX TARANG SHAKTI-1, enhancing interoperability and maritime security cooperation.

Trade and Economic Cooperation

Trade Volume – Indo-German bilateral trade reached a historic high of US\$ 33.40 billion in 2024.

Exports and Imports – Indian exports to Germany stood at US\$ 15.09 billion, while imports from Germany were valued at US\$ 18.31 billion, indicating robust two-way flows.

Trade Ranking – India ranked as Germany's 23rd largest trading partner, while Germany was India's 8th largest global trading partner and the largest within the EU.

Development Partnership

Development Cooperation Scale – Germany is one of India's most significant development partners, having committed approximately €24 billion across various projects.

Green and Sustainable Development Partnership (2022) – Germany pledged €10 billion by 2030 to support India's climate transition goals.

Areas of Collaboration – These include renewable energy generation, metro and transport projects, green power corridors, and smart city initiatives, directly supporting India's climate action strategies and its Sustainable Development Goal (SDG) commitments.

Multilateral and Global Cooperation

UNSC Reform – Germany strongly supports India's bid for a permanent seat in the United Nations Security Council (UNSC).

Global Platforms – The two countries cooperate closely in multilateral forums such as the G20, WTO, UN bodies, and climate negotiations under the COP framework.

Rules-Based Order – Both nations emphasize the importance of maintaining a rules-based international order and ensuring security and stability in the Indo-Pacific region.

Indian Diaspora in Germany

Population Size – Around 2.46 lakh Indian passport holders and persons of Indian origin were living in Germany as of 2023.

Composition – The diaspora largely consists of highly skilled professionals, researchers, scientists, entrepreneurs, nurses, and a significant student community.

Contribution – This diaspora acts as a bridge for cultural, educational, and economic exchanges between India and Germany.

Conclusion

Germany is a vital partner for India, serving as a gateway to Europe, a leader in advanced technology, and a major development collaborator. The bilateral relationship complements India's national priorities such as economic modernization, green energy transition, skill development, student mobility, and strategic security. Together, India and Germany are shaping a multipolar, sustainable, and cooperative world order, rooted in shared democratic values and global responsibilities.

Source – <https://www.thehindu.com/news/national/hope-eu-india-fta-will-be-concluded-soon-jaishankar-after-meeting-german-counterpart/article70007725.ece>