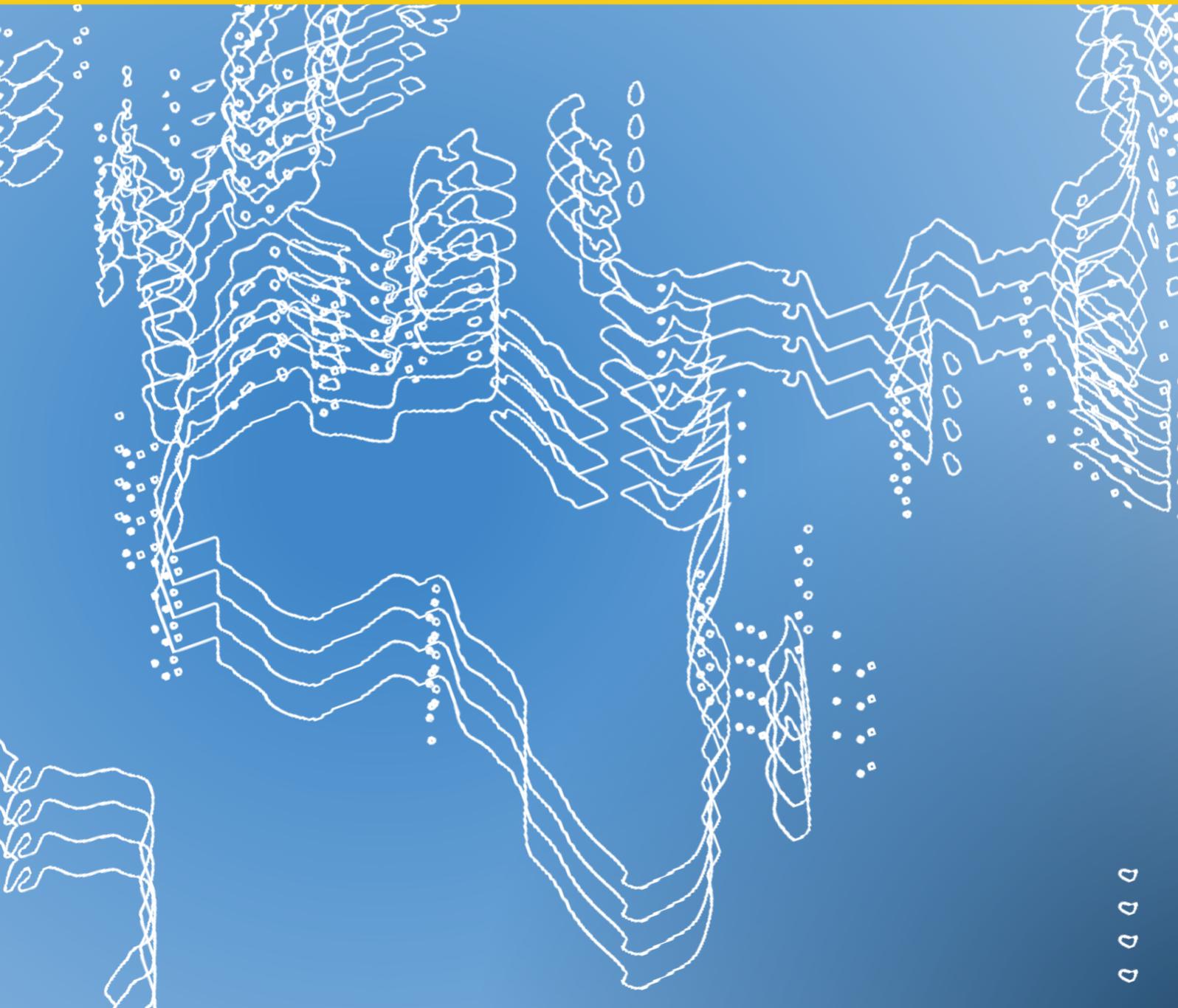




IPCS x HSS Explainer: The India–Germany Strategic Partnership

Siddharth Anil Nair ◊
Janhavi Pande ◊





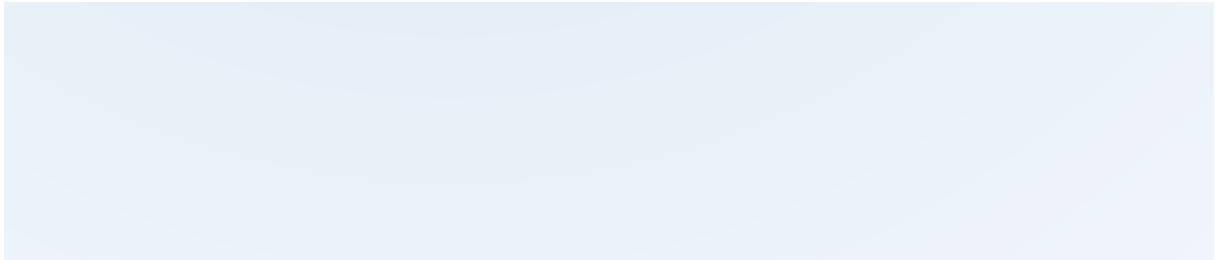
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Introduction

The 6th India-Germany Inter-Governmental Consultation (IGC) was held on 2 May 2022.¹ Indian Prime Minister Modi met with German Chancellor Scholz in Berlin, the first stop of the former's three-part Europe tour. This was their first interaction since the latter assumed office in December 2021. The 6th IGC's significance was widely recognised as significant by observers of Indian, German, and EU foreign policies.

The IGC was important given its circumstances: a global pandemic, food and energy insecurity, the retreat of democracy around the world, rising climate change threats, and territorial and economic tensions.

This project was conceptualised to:

1. Study the priorities enunciated in the 'Agenda for the Indo-German Partnership in the 21st Century'² (henceforth: the Agenda) and subsequent bilateral policy documents
2. Understand the inherent and emergent contours of the India-Germany strategic partnership in the current international context
3. Provide an overview of the partnership's interests, priorities, opportunities, and challenges.

¹ **Government of India.** May 2, 2022. Prime Minister Co-Chairs the Plenary session of the 6th India-Germany Inter-Governmental Consultations. *Ministry of External Affairs.* <https://mea.gov.in/press-releases.htm?dtl/35254/Prime+Minister+CoChairs+the+Plenary+session+of+the+6th+IndiaGermany+InterGovernmental+Consultations>.

² **Governments of India and Germany.** May 18, 2000. Agenda for the Indo-German Partnership in the 21st Century. *Federal Foreign Office.* <https://www.auswaertiges-amt.de/blob/206094/ca4241f2ad0ef0529d7407f394a4054c/000518-agendastrategischepartnerschaft-data.pdf>.



The project consists of a set of interviews and this Special Report. For the interviews, subject-matter views were solicited from:

- *Professor Ummu Salma Bava*, Centre for European Studies, Jawaharlal Nehru University (JNU), India
- *Dr Christian Wagner*, Senior Fellow, Stiftung Wissenschaft und Politik (SWP), Germany
- *Ambassador (Retd) Manjeev Singh Puri*, Distinguished Fellow, The Energy and Resources Institute (TERI), and former Indian Ambassador to the EU
- *Manisha Reuter*, Programme Coordinator, Asia Programme, European Council on Foreign Relations (ECFR), Germany.

The interviews were published as part of the IPCS vodcast, [Parallax](#).



Background

India and Germany have had a long-standing relationship of over 70 years. While the relationship remains anchored by the countries' shared perspectives and common values—like diversity, democracy, and development—it has evolved in response to the changes and challenges of the 21st century international environment.

The Indo-German strategic partnership first began to take shape in the early 2000s, when both sides agreed upon the 'Agenda for the Indo-German Partnership in the 21st Century'. In 2001, Chancellor Schroeder visited New Delhi—the first such visit in eight years. Both countries finally upscaled their partnership to the strategic level and initiated the bilateral IGCs that act as a focal point of the relationship.

While the IGCs renewed focus on India-Germany trade and economic cooperation, the bilateral dynamic had often struggled with its under-leveraged economic potential and nascent, if not absent, strategic cooperation. Indo-German foreign policy and security cooperation was limited by different national and international political commitments and calculations. Regardless, trade was the cornerstone of the partnership, and to that end, it has in fact improved.

The singular focus on economic cooperation began to change by the 2010s. In response to the changing international balance of power, and competitive, even contentious international environment, India and Germany worked to supplement the partnership with common thematic interests.³ This not only deepened the bilateral relationship, but also broadened its scope, making it more geopolitical and geostrategic. This was a significant change.

³ **Ministry of External Affairs, Government of India.** 1 November, 2019. List of MoUs/Agreements signed during the visit of Chancellor of Germany to India. https://www.mea.gov.in/bilateral-documents.htm?dtl/31989/List_of_MoUsAgreements_signed_during_the_visit_of_Chancellor_of_Germany_to_India_November_1_2019; **Ministry of External Affairs, Government of India.** 2 May, 2022. List of agreements signed on the occasion of the 6th India-Germany Inter-Governmental Consultations. https://www.mea.gov.in/bilateral-documents.htm?dtl/35253/List_of_agreements_signed_on_the_occasion_of_6th_IndiaGermany_InterGovernmental_Consultations



The India–Germany ‘themes-based’ partnership focuses on a range of developmental, financial, socio-cultural, scientific, and environmental issues. It offers greater cooperative flexibility across different and more geographies. At the international level, it means a bilateral emphasis on issues like climate change and United Nations Security Council (UNSC) reform.

India and China’s rise as powerful political and economic entities has also led to another transition: of looking east. The Indo-Pacific, in particular, with its collective economy, population, and resources, now informs prominent international discourse on security. New Delhi has been a major strategic actor in the region for over a decade. Berlin has now also adopted the concept; publishing a set of policy guidelines for the Indo-Pacific in 2020.⁴

The common prioritisation of the Indo-Pacific has added a new dimension to the bilateral relationship and to the concept itself. The development of trans-regional, themes-based networks will be supplemented by a greater inclusion of East Africa in the discourse.

New Delhi and Berlin are once again at a ‘*zeitenwende*’ (‘watershed moment’).⁵ Issues of territoriality and sovereignty have reached a crescendo in Europe with Russia’s invasion of Ukraine. Europe’s security architecture is being challenged and changed at a scale not seen since the end of World War 2.

The Russia-Ukraine war has also set off political, economic, energy, and food crises around the world, most prominently in Africa and South Asia. The war is also set to be a prolonged affair. The Indo-German partnership is finally entering an era in which New Delhi and Berlin will have to play a greater, more active role in their respective geographies and bilaterally and internationally. The evolution and

⁴ **Auswärtiges Amt, Government of Germany.** 1 September, 2020. “Germany – Europe – Asia: shaping the 21st century together”: The German Government adopts policy guidelines on the Indo-Pacific region. <https://www.auswaertiges-amt.de/en/aussenpolitik/regionaleschwerpunkte/asien/german-government-policy-guidelines-indo-pacific/2380510>

⁵ **Budenskanzler Amt.** 27 February, 2022. *Policy statement by the Federal Chancellor Scholz.* <https://www.bundestkanzler.de/bk-en/news/policy-statement-by-the-federal-chancellor-scholz-2008984>



history of the relationship, its growing common interests, and shared values provide the impetus to better navigate international tensions together.





Areas of Cooperation

This section provides an overview of the prioritised areas of cooperation within the India–Germany strategic partnership.

Climate change and environmental cooperation

Indo–German cooperation in the climate sector began in the 1980s. It was initially focused on environmental cooperation. Over the years it has become the most important theme within the strategic partnership given the rising threat of climate change. The Indo–German Cooperation on Sustainable Development and Climate Action is the primary policy vehicle for collaboration in this sector.⁶ It includes financial and technical exchanges in a range of clean, green, sustainable segments, like renewable energy transition,⁷ sustainable agriculture, infrastructure development, mobility, and the conservation of natural resources and biodiversity.⁸

Germany plays a vital role in India’s climate change plans, with Berlin providing substantial financial and even technological capital. Most recently, the government in Germany committed €10 billion towards green growth initiatives in India by 2030.⁹ Other key bilateral institutional arrangements include the Indo–German Energy Forum and the Indo–German Environment Forum. Another prominent and recent bilateral initiative is the 2022 India–Germany Green

⁶ Preus, Sabine, Banerjee, Diya and Bhatt, Somya. 2015. *Indo-German Cooperation on Climate Change*. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. Brochure. https://snrd-asia.org/download/climate_change_adaptation_in_rural_areas-india_cca-rai/Indo-German-Climate-Change-Brochure.pdf

⁷ Federal Ministry for Economic Cooperation and Development, Government of Germany; Ministry of New and Renewable Energy, Government of India. 5 October, 2015. Indo-German Development Cooperation regarding the Indo-German Solar Energy Partnership. <https://mea.gov.in/Portal/LegalTreatiesDoc/DE15B2148.pdf>

⁸ Ministry of Housing and Urban Affairs, Government of India; Federal Ministry for Economic Cooperation and Development, Government of Germany. 1 November, 2019. Joint declaration of intent on Indo-German Partnership for Green Urban Mobility. <https://mea.gov.in/Portal/LegalTreatiesDoc/DE19B3612.pdf>

⁹ Mishra, Asit Ranjan. 3 May, 2022. Germany commits 10 billion euros for green projects in India by 2030. *Business Standard*. https://www.business-standard.com/article/economy-policy/germany-commits-10-billion-euros-for-green-projects-in-india-by-2030-122050201117_1.html

Hydrogen Taskforce, which is significant in the context of the current global energy crisis.¹⁰

Urbanisation and development cooperation

Urbanisation and development is a historic focus in the India–Germany relationship that began in 1958. The sector is a top priority given New Delhi and Berlin’s common interest in economic modernisation. Bilateral cooperation in this area also plays a role in the emerging trilateral frameworks that both India and Germany are pursuing in Asia and Africa.

Cooperation in this sector has evolved to include aspects of environment and climate change such as sustainability, greening, mitigation, and adaptation. Initiatives in this sector are supported and carried out by the respective environment, energy, housing, and transportation ministries and financial institutions. They cover a large number of segments such as railways and roadways,¹¹ ports and shipping, digitalisation and information–communication technologies,¹² smart cities and sustainable housing,¹³ energy supply and grids, and technical and vocational training.¹⁴

Science and technology cooperation

Since the late 1990s, Indo–German cooperation in the science and technology (S&T) sector has grown considerably. The Indo–German Science and Technology

¹⁰ **Singh, R.K.** 2 May, 2022. India, Germany ink pact on green hydrogen during Modi’s Berlin visit. *Business Standard*. https://www.business-standard.com/article/economy-policy/india-germany-ink-pact-on-green-hydrogen-during-modi-s-berlin-visit-122050201143_1.html

¹¹ **Ministry of Railways, Government of India; Federal Ministry for Economic Affairs and Energy, Government of Germany.** 1 November, 2019. Regarding Cooperation on Strategic Projects. <https://mea.gov.in/Portal/LegalTreatiesDoc/DE19B3616.pdf>

¹² **Ministry of Electronics and Information Technology, Government of India; Federal Ministry for Economic Affairs and Energy, Government of Germany.** 30 May, 2017. On Cooperation in the Field of Digitalization- Empowerment and Economic Impact. <https://mea.gov.in/Portal/LegalTreatiesDoc/DE17B3054.pdf>

¹³ **Ministry of Housing and Urban Affairs, Government of India; Federal Ministry of the Interior, Building and Community, Government of Germany.** 1 November, 2019. Joint declaration of intent on cooperation within the International Smart Cities Network. <https://mea.gov.in/Portal/LegalTreatiesDoc/DE19B3614.pdf>

¹⁴ **Ministry of Heavy Industries and Public Sector Enterprises, Government of India; Federal Ministry of Education and Research, Government of Germany.** 30 May, 2017. Cooperation in the Field of Vocational Education and Skill Development for the Machine Tool Sector. <https://mea.gov.in/Portal/LegalTreatiesDoc/DE17B3142.pdf>

Centre (IGSTC), for instance, plays an important institutional role on economic modernisation and even climate change cooperation.¹⁵

Bilateral cooperation on S&T covers artificial intelligence,¹⁶ tooling, tolerance, standards in manufacturing, atomic and renewable energies, biotechnology,¹⁷ outer space,¹⁸ and higher education. It includes technology transfers, symposiums and seminars, scientific visits, joint research and publications, and other, more technical exchanges.¹⁹

Trade and investment cooperation

Today, India and Germany collectively make up about 8 per cent of the global economy.²⁰ Indo–German cooperation in trade and investment, while improved, still requires greater attention. For example, India contributes to less than 2 per cent of overall trade with the EU.²¹ German trade with China is eight to ten times higher in comparison.²²

¹⁵ **Ministry of Science and Technology, Government of India; Federal Ministry of Education and Research, Government of Germany.** 5 October, 2015. On the extension of the tenure of the Indo-German Science and Technology Centre (IGSTC). <https://mea.gov.in/Portal/LegalTreatiesDoc/DE15B2127.pdf>

¹⁶ **Ministry of Science and Technology; Government of India; Federal Ministry of Education and Research, Government of Germany.** 1 November, 2019. Joint Declaration of Intent for Joint Cooperation in Research and Development on Artificial Intelligence. <https://mea.gov.in/Portal/LegalTreatiesDoc/DE19B3615.pdf>

¹⁷ **Department of Biotechnology, Ministry of Science and Technology, Government of India; Deutsche Forschungsgemeinschaft E.V, Germany.** 20 September, 2018. Continuation of the Programme of Cooperation in the Field of Biotechnology. <https://mea.gov.in/Portal/LegalTreatiesDoc/DE18B3641.pdf>

¹⁸ **European Space Agency.** 30 July 2021. ESA and Indian space agency ISRO agree on future cooperation. https://www.esa.int/Enabling_Support/Operations/ESA_Ground_Stations/ESA_and_Indian_space_agency_ISRO_agree_on_future_cooperation

¹⁹ **Department of Science and Technology, Government of India; Wissenschaftsgemeinschaft Gottfried Wilhelm Leibniz.** 31 May, 2011. On organising the Indo-German Symposia on Frontiers of Science and Technology. <https://mea.gov.in/Portal/LegalTreatiesDoc/DE11B0015.pdf>

²⁰ **Desgardins, Jeff.** 10 September, 2019. These fifteen countries represent 75% of global gdp. *World Economic Forum*. Published in collaboration with Visual Capitalist. <https://www.weforum.org/agenda/2019/09/fifteen-countries-represent-three-quarters-total-gdp/>.

²¹ **European Parliament.** *The European Union and its trade partners.* Online Factsheets. <https://www.europarl.europa.eu/factsheets/en/sheet/160/the-european-union-and-its-trade-partners#:~:text=As%20regards%20trade%20in%20services, trading%20partners%2C%20substantially%20in%202020>.

²² **Observatory of Economic Complexity (OEC).** 2020. *Germany-India Trade Figures.* <https://oec.world/en/profile/bilateral-country/deu/partner/ind>; **Observatory of Economic Complexity (OEC).** 2020. *Germany-China Trade Figures.* <https://oec.world/en/profile/bilateral-country/deu/partner/chn>



While trade between the two countries has grown to cover machinery, textiles, chemicals, agricultural products, vehicles, pharmaceuticals, etc., the sector is hobbled by regulatory road-blocks such as labour standards, requirements for investment protection, geographical indications (GI), and human rights. The primary reason is the troubled negotiations over the India-EU Free Trade Agreement (FTA). After close to nine years of inaction, there is a growing push to see it realised by 2024.²³



²³ PTI. 9 June, 2022. India, France hope India-EU trade pact to conclude before 2024. *Business Standard*. https://www.business-standard.com/article/pti-stories/india-france-hope-india-eu-trade-pact-to-conclude-before-2024-122060801237_1.html

India, Germany, and the Indo–Pacific

The Indo–Pacific is essentially a geopolitical construct. Incidentally, it was coined by a German geopolitical thinker. Geopolitical thinking or more specifically, classical geopolitics, received widespread criticism in Europe after World War 2.²⁴ However, over the last decade, Germany has become less reluctant to engage with geopolitics in its foreign policy.²⁵

Germany’s interest in a more geopolitical foreign policy became clearer as a result of declining trans–Atlantic relations under US President Trump.²⁶ This interest matured through the COVID-19 pandemic, which brought the realisation of German and European dependency on China closer home. Europe also more publicly acknowledged the global scale of China’s coercive economic influence.²⁷ Beijing’s challenges to the international order—in the maritime domain, on human rights, intellectual property law, global health, territorial claims in Asia and the Pacific—became too difficult to ignore.

Today, Berlin classifies China as a “systemic rival”²⁸ and Europe sees India as a natural partner. The German Indo–Pacific Guidelines signal a formal return to geopolitical thinking to match the needs of a changed international environment. The Guidelines focus on strengthening Germany’s partnerships in ASEAN and East

²⁴ **Kuus, M.** 10 March, 2010. Critical Geopolitics. *Oxford Research Encyclopedias: International Studies*.

²⁵ **European Union External Action.** 24 March, 2022. Europe in the Interregnum: our geopolitical awakening after Ukraine. *European Union External Action*. https://www.eeas.europa.eu/eeas/europe-interregnum-our-geopolitical-awakening-after-ukraine_en

²⁶ **Franke, U.** (2018, February 15). Germany Charts its Place in the World, But Struggles to Adapt to Changing Realities. *War on the Rocks*. Retrieved August 19, 2022, from <https://warontherocks.com/2018/02/germany-charts-place-world-struggles-adapt-changing-realities/>

²⁷ **Goodman, M. P., & Reynolds, M.** 6 May, 2022. China's Economic Coercion: Lessons from Lithuania. *Center for Strategic and International Studies*. <https://www.csis.org/analysis/chinas-economic-coercion-lessons-lithuania>

²⁸ **Schult, C., & Traufetter, G.** (2022, February 4). Germany Rethinks Position on Beijing: Government in Berlin Classifies China as a “Systemic Rival”. *Spiegel*. <https://www.spiegel.de/international/world/germany-rethinks-position-on-beijing-government-in-berlin-classifies-china-as-a-systemic-rival-a-57cf368a-79e9-41f2-8121-73654f3c6c7c>

Asia, combating piracy in the region (through the EU Naval Force or NAVFOR), and tackling human-induced climate change.²⁹

The German military is also committing resources to the region. The deployment of the German frigate *Bayern* to the Indo-Pacific and its arrival in Mumbai were viewed as having the makings of a “German grand strategy for a post-liberal world order.”³⁰ Its port-call also came in the wake of other naval missions to the region from France, the Netherlands, and the UK.

Russia’s invasion of Ukraine, however, has cast some doubts on Germany’s ability to commit strategic resources to the Indo-Pacific. This concern also extends to Europe’s interests and capacities. Berlin is committing greater resources to military modernisation and increasing interoperability among EU armies to address the immediate threat on its frontiers.³¹ That being said, President of the European Commission, Ursula von der Leyen, recently clarified that the Indo-Pacific will be a priority for Germany and the EU at large.³²

This is reflected in the newly-elected German chancellor’s first head-of-state meetings with Asian counterparts—China was absent and India and Japan took centre stage.³³ Reciprocally, the Indian prime minister’s visit to two other European countries following the IGC highlights the significance India attaches to engaging Europe.³⁴ In August this year, Berlin sent 13 Eurofighter Typhoon fighter

²⁹ **Federal Foreign Office.** 13 September, 2021. One year of the German Government policy guidelines on the Indo-Pacific region: Taking stock. <https://www.auswaertiges-amt.de/en/aussenpolitik/regionaleschwerpunkte/asien/indo-pazifik-leitlinien-fortschritt/2481700>.

³⁰ **Ulatowski, R.** 7 March, 2022. Germany in the Indo-Pacific region: strengthening the liberal order and regional security. *International Affairs*, 98(2), 383-402. <https://academic.oup.com/ia/article/98/2/383/6526921>.

³¹ **AFP-JIJI, Staff Report.** 30 May, 2022. Germany agrees on \$107 billion fund to modernize military in face of Russia threat. *Japan Times*. <https://www.japantimes.co.jp/news/2022/05/30/world/germany-military-defense-spending-agreement/>

³² **von der Leyen, Ursula.** 25 April, 2022. President von der Leyen in India - Raisina Dialogue. *European Commission*. https://www.youtube.com/watch?v=fl_zUXhku4

³³ **Yamaguchi, Mari.** 29 April, 2022. In Japan, Scholz says Germany seeks closer ties with Indo-Pacific. *The Diplomat*. <https://thediplomat.com/2022/04/in-japan-scholz-says-germany-seeks-closer-ties-with-indo-pacific/>

³⁴ **Roy, Shubhajit.** 2 May, 2022. Explained: The significance of PM Narendra Modi’s Europe tour. *The Indian Express*. <https://indianexpress.com/article/explained/explained-the-significance-of-pm-modis-europe-tour-7896689/>



aircraft to Australia to participate in a 16-country exercise, with further deployments to Japan and South Korea. This has been widely seen as a response to growing tensions in the Taiwan Strait.³⁵

In some ways, the war in Ukraine clarifies the importance Germany places on the Indo-Pacific. Similarly, for India, greater German investment in the Indo-Pacific is only welcome as it will benefit the reordering of supply chains. Germany's presence in the Indo-Pacific will also generally enhance the ability of the region's emerging economies to address sustainable development with environment-friendly investments. Germany's experience with modern industrialisation and infrastructure is valuable for India. Concurrently, India's supply of skilled human capital and the growing size of its market should propel the two countries to expand cooperation across a range of issues.

There are also certain constraints on India–Germany engagement in the Indo-Pacific, especially the consequences of the war in Ukraine. Germany, in the near-term, will be more preoccupied with European security than any other theatre of geopolitical contestation.³⁶ It is also heavily invested in China, evidenced by the role played by former Chancellor Merkel in pushing the EU–China Investment Agreement through.³⁷ India, meanwhile, is preoccupied with an unstable regional environment, which includes economic and political instability in neighbouring countries like Sri Lanka and Pakistan³⁸ and border tensions with China.³⁹

³⁵ **Reuters.** 16 August, 2022. Germany fighter jets head to Australia in shift for Indo-Pacific. *Asia Nikkei*. <https://asia.nikkei.com/Politics/International-relations/Indo-Pacific/German-fighter-jets-head-to-Australia-in-shift-for-Indo-Pacific>

³⁶ **Marksteiner, A.** (2022). Explainer: The proposed hike in German military spending. *SIPRI*. <https://www.sipri.org/commentary/blog/2022/explainer-proposed-hike-german-military-spending>

³⁷ **European Commission.** EU and China reach agreement in principle on investment. December 30, 2020. https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2541

³⁸ **Perera, Ayeshea.** 20 May, 2022. Sri Lanka: Why is the country in an economic crisis?. *BBC News*. <https://www.bbc.com/news/world-61028138>; **PTI.** 27 May, 2022. Pakistan's economic condition continues to deteriorate due to 'deep debt'. *The Economic Times*. <https://economictimes.indiatimes.com/news/international/world-news/pakistans-economic-condition-continues-to-deteriorate-due-to-deep-debt/articleshow/91841819.cms>

³⁹ **Reuters.** 11 June, 2022. China becoming more 'coercive and aggressive', says US defence chief. *The Indian Express*. <https://indianexpress.com/article/world/china-taiwan-loyd-austin-7963819/>.



Ultimately, there are more reasons to cooperate than not. For one, both India and Germany are democracies and have an interest in promoting open, rules-based systems of global governance. They also see the Indo-Pacific as a geography of inclusion, and not to the exclusion of select resident powers.





Conclusion

India and Germany find themselves facing similar dilemmas. This presents both challenges and opportunities. In the immediate future, New Delhi and Berlin will be concerned with different geographies. With the war in Ukraine and the refugee influx from West Asia, Germany's primary geography will be Europe. The Indo-Pacific may consume little strategic bandwidth. On the other hand, India's challenges are in the Indo-Pacific, with China posing not just a direct threat to India's physical security but also through its expansion of spheres of influence.

While India-Germany strategic engagement will be subject to different pressures, not least of which are their immediate security concerns, the economic relationship will progress. For India, this will mean an improvement in the ease of doing business and a willingness to improve indicators that are sticking points in bilateral trade negotiations. Berlin will have to demonstrate greater understanding of New Delhi's domestic and international compulsions if it is to make an effective economic transition away from Beijing. Progress on the strategic front is possible, particularly if Germany eases its arms export policy in a way that helps India reduce its dependency on Russia.



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