



## 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 5<sup>th</sup> 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 CO<sub>2</sub> 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**