

German-Indian intergovernmental consultations

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On 11 April in Berlin the second German-Indian intergovernmental consultations were held. The talks between Chancellor Angela Merkel and Prime Minister Manmohan Singh were dominated by economic issues. Germany and India want to accelerate talks on the establishment of a free trade zone between India and the EU. During the talks Chancellor Angela Merkel assessed that it "seems possible to achieve" the conclusion of a free trade agreement. She did, however, make the reservation that not all contentious issues had yet been settled. The negotiations have been underway for five years. Among the barriers to finalising the negotiations, Merkel pointed to the high Indian import tariffs on European cars and restrictions regarding EU banks and insurance companies which want to operate on the Indian market. Singh pledged to liberalise these areas. The protection of intellectual property and agriculture remain in dispute. Talks between the EU and India about the establishment of a free trade zone have been underway since 2007. Germany is the EU's largest trading partner for India. The volume of trade last year reached 17.4 billion euros and was 5% lower than in 2011. The Indian-German intergovernmental consultations were being held for the second time with the first consultations being held in Delhi two years ago.

Commentary

- The second consultations between Germany and India indicate that Berlin is firmly pursuing its strategy to strengthen co-operation with selected emerging economies and that India (alongside China) will be one of the most important recipients of these actions. Before the launch of the consultations, many experts expressed criticism that Germany was focusing too much on co-operation with China and was ignoring relations with India.
- Better bilateral relations between Germany and India may accelerate work on the free trade agreement between India and the EU. Germany, being aware of poor outlook for growth in Europe in the coming years, is committed to promoting a liberalisation of trade with the EU's most important partners, such as the US, Japan and India, as it sees here a chance for a more rapid growth in exports for Germany. German companies have encountered problems in India in previous years; for example, the Indian courts revoked Bayer's and Enercon's patents, which brought about significant losses for these companies.

- Energy and the development of renewable sources of energy are an attractive area for Germany in its co-operation with India since a large part of Indian households is not connected to the electricity grid. Berlin wants to offer German solutions to India regarding renewable sources of energy. To this end a letter of intent has been signed which offers India 1 billion euros in loans and expertise in this area.