

More than just the economy: Scholz visits India

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The main purpose of Chancellor Olaf Scholz's visit to India from 24 to 26 October was the seventh German-Indian intergovernmental consultations, held under the motto "Growing Together with Innovation, Mobility, and Sustainability". Scholz was accompanied by Vice Chancellor and Minister for Economic Affairs and Climate Action, Robert Habeck, the Minister of Foreign Affairs, Annalena Baerbock, and other officials. Other participants in the trip included representatives from German companies in the energy, chemical, and armaments sectors. The visit was organised to mark the 25th anniversary of the strategic partnership between India and Germany.

During their meetings, the politicians initiated the Indo-German Green Hydrogen Roadmap and signed joint statements to enhance cooperation in the fields of migration and mobility. The Chancellor and Prime Minister Narendra Modi attended the 18th Asia-Pacific Conference of German Business. At the Mormugao Port in Goa, Scholz also visited the German frigate 'Baden-Württemberg' and the replenishment ship 'Frankfurt am Main', which were participating in exercises with the Indian navy.

Chancellor Scholz's third visit to India underscores Germany's interest in expanding its strategic partnership with this country beyond economic cooperation, to include security policy and the defence industry (see *"A key state": India is gaining significance as a political and economic partner for Germany*). However, the implementation of this plan will largely depend on whether the SPD-Greens-FDP coalition continues this course following the Bundestag election in 2025.

Commentary

- **Germany has been making consistent efforts to become India's most important EU partner.** To this end, it holds regular high-level political meetings and has developed a dedicated strategy entitled 'Focus on India', outlining goals and methods to enhance Germany's strategic partnership with India, which began in May 2000. The Scholz cabinet has refrained from raising issues that could impede this process. A similar approach is also evident in its relations with other states in the Global South. Consequently, Germany has refrained from commenting on certain democratic shortcomings in India, such as instances of the Indian government's restrictions on freedom of speech. Moreover, the Chancellor has accepted India's neutral stance on the conflict in Ukraine and is relying on New Delhi's involvement in efforts to achieve a peaceful resolution.
- **The economy remains the priority in relations between Berlin and New Delhi.** India plays a key role in Germany's efforts to diversify its trade and investment relations in Asia,

which still predominantly focus on China. Germany is India's second largest trade partner in the EU, after the Netherlands. In 2023, trade between India and Germany reached a total value of €30.8 bn. Accordingly, the Scholz government supports the plan to conclude the ongoing EU-India free trade negotiations, which were resumed in 2022, as soon as possible. One solution proposed by the German Ministry for Economic Affairs involves foregoing a comprehensive agreement in favour of a specific industry-focused agreement. In the long-term, Germany is also interested in purchasing green hydrogen from India, as government estimates suggest that Germany will need to import more than half of the hydrogen required to meet its domestic demand (see '[Germany: green light for the hydrogen network](#)'). India, in turn, aims to become a hydrogen exporter, with plans to produce 5 million tonnes annually by 2030. Berlin also plans to continue attracting skilled workers from India, particularly in sectors such as IT, renewable energy, and medicine. A dedicated strategy towards India, published in October, is expected to facilitate this process.

- **Cooperation to uphold stability, freedom of navigation, and respect for international law in the Indo-Pacific represents a new sphere of German-Indian relations.** Germany has thus demonstrated its military presence in the region for several years, with German naval warships stationed there on a rotational basis since 2021. Berlin has started to view New Delhi as a strategic partner in this domain. Five German Eurofighter jets and a A400M transport aircraft participated in the Tarang Shakti air combat exercise organised by India in August 2024. To enhance its engagement, Germany also plans to sign an agreement with India on logistical cooperation between their air forces, aimed at facilitating the future deployment of Bundeswehr forces in the region. Berlin is also prepared to strengthen cooperation in the defence industry, hoping that the gradual erosion of the New Delhi-Moscow partnership (see '[The twilight of the Russian-Indian strategic partnership](#)') will create opportunities for new contracts. In the first three quarters of 2024, Germany authorised weapons exports to India worth €212 mn (by comparison, weapons sales to Singapore totalled €1.2 bn). Modernisation of the Indian navy is of particular interest: in June 2023, Germany's TKMS and India's Mazagon Dock Shipbuilders signed an agreement on potential collaboration in this area, including the construction of up to six submarines.