

Merz visits India: a signal to Beijing

Lidia Gibadło

On 12–13 January, Chancellor Friedrich Merz paid a visit to India – his first trip to the Indo-Pacific as head of the German government. A celebratory reception hosted by Prime Minister Narendra Modi in his home state of Gujarat formed a central element of the visit. In a press statement, Merz emphasised his intention to deepen the strategic partnership with New Delhi in three areas: the protection of shared values and security; the economy and trade; and education, including the recruitment of skilled workers from India. The signing of eight joint declarations and 19 letters of intent was intended to operationalise this cooperation, covering, among other areas, defence-industrial collaboration, cooperation on critical raw materials, and the recruitment of specialists for Germany's healthcare sector. It was also announced that the next bilateral intergovernmental consultations would take place in Berlin at the end of this year.

Merz was accompanied by a delegation of more than twenty company representatives, including representatives from Siemens, DHL, and Airbus. The heads of government took part in the inaugural India–Germany CEOs Forum. Agreements were concluded between Uniper and AM Green on the purchase of 500,000 tonnes of ammonia annually, and between Infineon Technologies AG and India's National Institute of Electronics and Information Technology on developing capabilities through joint training programmes, including in the assembly and testing of semiconductors. In Bengaluru, the Chancellor also met representatives of German business operating in India.

In view of the threat posed by China to Germany's internal and economic security, Beijing's aggressive policy in the Indo-Pacific, and uncertainty surrounding US policy, Berlin is seeking to strengthen relations with countries beyond Europe, presenting itself as an alternative for states looking for a stable partner that respects international law. Germany is also exploring ways to diversify its exports and reduce its trade dependencies on the United States and China.

Commentary

- **The visit to India sends a signal from Merz's government to Beijing: for the first time since 1990, India was the destination of a German chancellor's inaugural trip to the Indo-Pacific.** Berlin regards New Delhi as a key regional partner for which China's policies – much as for Germany – represent an increasingly serious economic and systemic threat. Germany and India are also linked by uncertainty over the direction of US policy. For India, one source of concern is Washington's tendency to treat China as the most significant actor in the region and the principal party in discussions about its future.

In 2025, the United States imposed 50% tariffs on India for continuing to import Russian oil (approximately 38% of its crude imports in 2024), the revenues from which the Kremlin uses to finance its war in Ukraine. In this context, Merz avoided directly criticising New Delhi's cooperation with Moscow and its declared neutrality towards the conflict: he expressed understanding of the difficulties involved in reducing energy dependence on Russia, underscored the aggressive nature of the invasion of Ukraine, and highlighted Germany's and India's shared interest in ending the war as soon as possible.

- **Unlike his predecessor** (see '[More than just the economy: Scholz visits India](#)'), **the Chancellor regards security as the primary area for cooperation with New Delhi**. First, Berlin seeks to increase its share in India's arms imports. In 2024, India ranked sixth among recipients of German armaments and military equipment, with deliveries totalling €224 million. This objective is to be supported by the development of a bilateral Defence Industrial Cooperation Plan. Germany is also hoping that an agreement will be signed this year between the German company TKMS and India's defence procurement agency for the delivery of six U-214-class submarines worth approximately US\$8 billion, which would represent the largest order in the history of India's defence industry. Second, Germany intends to deepen military cooperation with New Delhi: this year, the Bundeswehr is set to participate in the Indian-organised naval exercise MILAN and, once again, in the Tarang Shakti air force exercise.
- **India may become one of the countries that can partially offset Germany's declining exports to China and the United States** (see '[Europe compensates for losses in German exports](#)'). In 2024, India ranked only 22nd among destinations for German goods and services (€16.9 billion); however, Germany expects this volume to increase in light of Washington's protectionist policies, as New Delhi will increasingly reorient its trade towards Europe. For this reason, Berlin supports the swift conclusion of a free trade agreement between the EU and India, which may be finalised towards the end of January. Investment restrictions on China introduced by New Delhi, combined with the low number of cars per 1,000 inhabitants (34.3), suggest that the German automotive industry could be among the principal beneficiaries of such an agreement. Germany also intends to continue recruiting skilled workers from India. According to research by the German Economic Institute in Cologne (IW Köln), between 2012 and 2024 the number of Indian citizens employed in Germany in academic occupations in natural sciences, technology, engineering, and mathematics increased from 3,700 to 32,800.