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COUNTRY DOSSIER

Germany

January 2023

Country Dossier – Germany

Germany is among India's largest trading partner in Europe with a bilateral trade of over USD 24.8 billion during 2021-22. Cumulatively, Germany has invested over USD 13.8 bn in India between 2000 and September 2022 and is the ninth largest investor in India. The key areas of investments have been transportation, electrical equipment, metallurgical industries, services sector (particularly insurance), chemicals, construction activity, trading and automobiles. Over 1,600 Indo-German collaborations and 600 joint ventures are represented in India. Many small and medium enterprises, which are the backbone of German industry are determined to make India their global hub for manufacturing and R&D. For Germany, India is today the key source of talent outside the European Union.

G2G initiatives

Germany has proposed to provide 1 billion euro (Rs 84.40 billion) to India for energy transition projects across the country under a bilateral partnership for green and sustainable development. The funding, including 10% grants and 90% in the form of lines of credit, will support India's efforts in the fields of renewable energy, sustainable urban development in smart cities and sustainable use of natural resources. The lines of credit will be provided by KfW Development Bank.

Minister of Economic and Climate Affairs Robert Habeck and his Indian counterpart R.K. Singh have signed an agreement on German-Indian hydrogen cooperation following multiple rounds of consultations.

This comes close on the heels of Germany committing USD 10.5 billion assistance to India to help achieve climate action targets set for 2030, which include sourcing 50 per cent energy requirement from renewables and installing 500 GW of non-fossil fuel electricity capacity.

German Chancellor Olaf Scholz is expected to undertake a high-profile visit to India in February 2023 and the proposed meeting would focus on expanding cooperation in trade, defence, clean energy and climate change.

Prime Minister Narendra Modi had met German Chancellor Olaf Scholz on the sidelines of the G-20 summit in Bali where they agreed to deepen trade and investment ties and further increase cooperation in the areas of defence and security, migration and mobility, and infrastructure.

India and Germany inked a mobility partnership pact that boosts travel for students, researchers, investors and businesses. Germany also agreed to fund renewable energy projects worth a billion Euros during the meeting between German counterpart Annalena Baerbock and India's foreign minister S Jaishankar.

Sectoral Synergies

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Green Energy

- State bank of India signed a 150 million euro (Rs 12.40 billion) loan agreement with the German development bank KfW for funding solar projects. The long-term loan under the Indo-German solar partnership is to facilitate new and upcoming capacities in the solar sector and further contribute to the country's goals announced during the COP26. This is the second loan from KFW to SBI as part of the solar partnership with India and another loan for the same amount has already been disbursed.
- TVS Motor Company, through its wholly-owned subsidiary i.e., TVS Motor (Singapore) has signed an agreement to acquire EV-related technology and assets in Germany. The acquisition will help strengthen TVS Motor Company's expansion in the electric two-wheeler market globally.
- Mercedes Benz will assemble its EVs in India, the company's first base to assemble its EVs outside Germany. The electric sedan EQS 580 will be assembled at the plant in Pune.

Manufacturing

- Siemens will manufacture 1,200 electric freight locomotives of 9,000 HP each for the Indian railways, according to the terms of a contract valued at Rs 260 billion. The company has also set up a factory in Aurangabad to manufacture railway passenger cars, the SF30 Combino Plus a,nd will deliver over 200 bogies towards an export order.
- The USD 1.35-billion Hansgrohe group, a German luxury home fittings maker, is targeting acquisitions in India as well as manufacturing some of its products in the country

Retail

- Reliance Retail Ventures Limited (RRVL) signed a definitive agreement to acquire 100 percent equity stake in Metro Cash and Carry India Pvt Ltd, which operates under the 'Metro India' brand, for a cash consideration of Rs 28.50 billion. The transaction is subject to certain regulatory and other customary closing conditions and is expected to complete by March 2023.

Tourism

- Germany plans to invest 500,000 euros in India to promote tourism as the global tourism industry is on recovery and hopes to gain on the back of improving travel sentiment from India. Germany accounted for 9% of European trips from Indians and 55% of Indian tourists visit Germany for leisure while 38% travel for business.

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