



# STRATEGIC DIALOGUE ON INDIA-EU TRADE COOPERATION

*Germany–India Collaboration under the India–EU Trade Deal:  
Opportunities for Industry and Investment (24<sup>th</sup> Mar, 2026)*

## SUMMARY REPORT, CONCLUSIONS AND RECOMMENDATIONS

**Hosted by:**

IGEP Consult Pvt Ltd.

&

PHD Chamber of Commerce and Industry (PHDCCI)

**Venue:**

PHD House, 4/2, August Kranti Marg, Siri Institutional Area, Block A, Nipccd Campus, Hauz Khas,  
New Delhi, Delhi 110016

**Session Theme:**

Germany – India Collaboration under the India-EU trade deal:  
Opportunities for Industry and Investment

*Prepared by IGEP Consult Pvt Ltd.*

## Executive Summary

The German India Round Table (GIRT) is a yearly high-level dialogue forum designed to strengthen Germany-India bilateral ties across trade, investment, innovation, and policy. Held annually, GIRT convenes senior representatives from both nations to identify opportunities, address barriers, and drive actionable outcomes in the evolving India-EU partnership landscape.



This report summarises the proceedings of the Strategic Dialogue on India-EU Trade Cooperation, convened by the IGEP Consult Pvt Ltd. & PHD Chamber of Commerce and Industry (PHDCCI) at PHD House, New Delhi on 24<sup>th</sup> March 2026. The dialogue brought together senior diplomats, government officials, industry leaders, academics, and MSME representatives to assess the current state and future potential of the Germany-India bilateral relationship within the broader framework of the India-EU Free Trade Agreement (FTA).

The session was distinguished by its depth of engagement, the seniority of its participants, and the explicit commitment of all stakeholders to translate dialogue into measurable outcomes. The deliberations covered geopolitical context, demographic complementarity, digital and AI innovation, renewable energy transition, talent mobility, MSME collaboration, and the mechanics of the India-EU FTA.



The overarching conclusion of the dialogue is unambiguous: India and Germany are natural strategic partners at a rare historic inflection point. The convergence of a maturing FTA, shifting global supply chains, shared democratic values, and deep economic complementarity creates an opportunity that neither country can afford to squander. The imperative now is not more conversation, it is structured, consistent, and accountable action.

## 1. Context and Background

### 1.1 The India-EU Trade Relationship

Bilateral trade between India and the European Union now exceeds €120 billion annually, making the EU one of India's largest trading partners. Within this partnership, Germany occupies a pivotal position as India's single largest trading partner in the EU bloc. More than 1,600 German companies are currently operational in India, a figure that reflects sustained confidence in India's economic trajectory.

German companies have been instrumental in India's industrial development, particularly in advanced manufacturing, automotive technology, chemicals, and renewable energy. In parallel, Indian enterprises are expanding rapidly across Germany and the broader European market, principally in the technology, pharmaceuticals, and professional services sectors.

### 1.2 The India-EU Free Trade Agreement

After more than a decade of stalled negotiations, the India-EU FTA has decisively regained momentum. This was reaffirmed at the highest diplomatic level during the visit of the German Chancellor and the European Commission President in January of this year. The agreement is expected to substantially enhance market access, reduce non-tariff barriers, create a more transparent and predictable business environment, and unlock new investment corridors.



The FTA also aligns with shared strategic priorities including supply chain resilience, sustainability, climate action, digital transformation, and rules-based multilateral trade. The Germany-India partnership is widely regarded as the cornerstone of the broader India-EU engagement, given the depth of existing ties and the complementarity of the two economies.

### 1.3 The Geopolitical Backdrop

The dialogue took place against a backdrop of significant global disruption. The re-emergence of protectionist trade policies by the United States, including reciprocal tariffs and a broader retreat from free trade orthodoxy, has fundamentally altered the calculus for middle powers. Simultaneously, the near-closure of the Strait of Hormuz and heightened tensions in the Middle East have exposed the fragility of global energy supply chains, with direct consequences for both India and Germany.

Both countries find themselves in a period of extraordinary strategic opportunity. India's ability to continue suppressing domestic fuel prices in the face of mounting losses by state oil marketing companies, while absorbing the shock, is widely seen as an act of economic statecraft. For Germany, the energy crisis has served as a powerful accelerant for the renewable energy transition and, by extension, for deeper cooperation with India.

## 2. Key Themes from the Dialogue

### 2.1 Demographic Complementarity — The Defining Structural Argument

The single most powerful structural argument for Germany-India collaboration is demographic. Germany's fertility rate stands at approximately 1.35, significantly below the replacement level of 2.1, resulting in an ageing workforce with a median age of 45 as highlighted by Dr. Dirk Troendle during the discussion. The Boomer generation (born 1946-1964), characterised by larger family sizes and a strong work ethic, is now moving en masse into retirement, creating a structural labour shortage that cannot be resolved domestically.



India presents the diametrically opposite image. With a fertility rate of 2.0, a median age of 28, and 40 million students enrolled in higher education across 1,100 universities and 55,000 colleges, India possesses the world's largest and most youthful talent pool. The country produces engineers, scientists, and technologists at a scale no other nation can match. Indian professionals already lead the world's most influential technology companies such as Google, Microsoft, IBM, and many others, demonstrating both the depth and the global scalability of India's human capital.

This demographic asymmetry is not merely a labour market phenomenon. As sociological theory suggests, societies undergoing rapid change are led by their youngest members. Germany's transition to Industry 4.0, AI, and the green economy will increasingly require the energy, adaptability, and digital fluency that India's young professionals bring.

## 2.2 Economic Complementarity — Old Industry Meets New Economy

Germany's industrial heritage i.e., Siemens, BASF, BMW, Volkswagen, and hundreds of Mittelstand firms, represents the apex of 19th and 20th century industrial civilisation: precision engineering, chemicals, machine building, and automotive manufacturing. These are industries built on rigour, process excellence, and quality standards that remain the global benchmark.



India, by contrast, is a 21st-century economy. Its strengths lie in software, artificial intelligence, digital public infrastructure, and frugal innovation. India is home to 16% of the world's AI talent, hosts the world's most advanced digital payments infrastructure (UPI), and has built platforms such as Aadhaar, ONDC, BharatNet, that serve over a billion citizens at marginal cost. InMobi, India's first unicorn, is present on 550 million devices globally across 25 countries, while its AI platform Glance has been selected by Google as one of only four global partners for Gemini's source code.

The combination of German engineering precision and Indian digital innovation creates a uniquely powerful value proposition. Together, the two countries could compete at scale with both China (1.4 billion consumers and 30% of global manufacturing) and the United States (350 million consumers with dominant technology platforms).

## 2.3 Renewable Energy — An Urgent Shared Priority

Germany's commitment to the energy transition and India's extraordinary acceleration in renewable deployment have created the conditions for deep cooperation in green energy. India has moved from adding approximately 13.5 GW of renewable capacity in 2021-22 to 45 GW per year today, a trajectory that is among the most impressive in the world. The target of 500 GW of renewable capacity, once considered aspirational, is now firmly within reach.

The geopolitical context makes this cooperation more urgent than ever. India currently imports approximately 89% of its petroleum requirements, while European nations import up to 95% of their energy needs. The disruption of Middle East supply routes has exposed the existential risk of fossil fuel dependence. Green hydrogen, offshore wind, solar manufacturing, and energy storage present concrete areas where German technology and Indian deployment capacity can be combined at scale.

## 2.4 Digital India and the AI Opportunity

India's Digital Public Infrastructure, comprising the JAM trinity (Jan Dhan, Aadhaar, Mobile), UPI (Unified Payments Interface), BharatNet, and the National AI Mission, represents the most significant experiment in digital governance ever undertaken. Connecting 600,000 villages and 250,000-gram panchayats through high-speed broadband, and enabling over 40 million daily UPI transactions, India has demonstrated that technology can be deployed at population scale in ways that transform agriculture, education, healthcare, and manufacturing simultaneously.

The AI dimension is particularly significant. India currently accounts for 16% of the world's AI talent and 27% of women in STEM globally according to the Research and Development Statistics Report (2023). Failure to build sovereign AI models and infrastructure risks leaving an estimated \$11 trillion in annual economic value on the table. Germany's strengths in standards-setting, regulatory frameworks, and ethical AI governance are precisely the complement India needs to realise this potential responsibly. India's recent hosting of the AI Impact Summit and active participation in global responsible AI dialogues signal a readiness to co-lead this agenda.

## 2.5 MSME Collaboration — The Engine of Inclusive Growth

One of the most important and under-appreciated dimensions of the Germany-India relationship is the potential for collaboration between German Mittelstand firms and Indian MSMEs. The Mittelstand, Germany's bedrock of small and medium-sized family-owned manufacturing enterprises are a model that India is actively seeking to replicate. These firms are not confined to major cities; they are embedded in small towns and regional economies, providing stable employment and technical excellence.



German investment in India remains disproportionately concentrated in five states: Maharashtra, Tamil Nadu, Karnataka, Haryana, and Gujarat. The remaining 23 states and 8 union territories represent an enormous untapped opportunity. German programme initiatives such as 'Make in India, Mittelstand' (MIIN) are beginning to address this, but scaling requires correspondence infrastructure, investment in tier-2 city ecosystems, and sustained bilateral engagement beyond annual summits.

## 2.6 India's Economic Ambition — Viksit Bharat 2047

India's stated ambition of becoming a \$30 trillion economy by 2047, implying 10x growth from its current size is increasingly being internalised by international partners, including Germany, as a credible trajectory rather than political aspiration as highlighted by Mr. Bhuvnesh Pratap Singh, IAS, MOC, GOI. Government officials across every ministry are working to 10x their sector's contribution, and the states are competing fiercely with one another to attract investment, demonstrating the kind of internal competitive dynamism that is the precondition for sustained high growth.

India's Production Linked Incentive (PLI) scheme, uniquely, has been extended to foreign companies on equal terms with domestic firms, an act of policy confidence that has drawn admiration from German business counterparts. The commitment to creating 1,000+ unicorns by 2047, the ambition to increase manufacturing from 15% to 25% of GDP, and the scale of infrastructure investment underway all point to a country in genuine economic transformation.

## 3. Challenges and Friction Points

While the strategic case for deeper collaboration is overwhelming, the dialogue also surfaced several practical impediments that, if not addressed, will frustrate the realisation of this potential.

### Visa and Mobility Barriers

A compelling real-world example was presented by a Greater Noida-based engineering firm that had successfully exported food processing machinery to a German client but faced three consecutive visa rejections for its engineers to travel and commission the equipment, a process that took four months. Despite the representative of the firm holding existing US and UK visas, and despite the company having an established business relationship with the German client, the standard visa process proved an insurmountable barrier.



Dr. Stephan Hesselmann from the German Embassy confirmed that demand for visas has increased sharply but acknowledged persistent waiting times. Crucially, a direct embassy channel exists for urgent business cases but it is underutilised, partly because businesses rely on third-party agents who sometimes submit incomplete or incorrect documentation. Transparency about this channel and the criteria for expedited processing is essential according to Dr. Hesselmann.

### **IP Registration Gap**

Indian MSME manufacturers particularly in sectors such as furniture, industrial components, and consumer goods consistently undervalue their design and intellectual property assets. Unlike IKEA, which registers IP before manufacturing a single unit, Indian firms often produce world-class goods at competitive prices without protecting their innovations, resulting in commoditisation and margin erosion. This structural gap limits export premiums and makes Indian products vulnerable to imitation.



### **Perception and Communication Barriers**

Several participants noted difficulties engaging German venture capital firms and institutional investors in AI and technology collaboration. Despite Indian AI startups producing genuinely world-class innovations, responses from German VCs were characterised as dismissive. This reflects both a structural information gap and a cultural tendency toward insularity that German participants themselves acknowledged. Personal relationships and trusted intermediaries remain the most effective bridge.

### **Declaration Fatigue**

A recurring theme was the proliferation of MoUs (Memorandum of Understanding) and political declarations that do not translate into business outcomes. When heads of government meet, dozens of agreements are signed; two days later, a similar set is signed with another partner. The challenge is not the absence of political will, it is the institutional machinery to convert high-level declarations into working-level programmes, matched business pairs, and funded projects.

## **4. Overall Conclusions**

### **4.1 A Relationship Built for This Moment**

The India-Germany relationship has never been merely transactional. Its foundations lie in shared democratic values, mutual respect for civilizational depth from Max Müller's contribution to Vedic scholarship to India's enduring appreciation of German intellectual rigour and a long-standing

pattern of people-to-people engagement through skilling, education, and professional exchange. This is a relationship built on trust, and trust is precisely what global commerce requires most in an era of fragmentation.

The confluence of the India-EU FTA, Germany's industrial transformation imperative, India's demographic dividend, and the global realignment of supply chains makes this the most favourable moment in the history of the relationship to take it to the next level. Both countries are, as one speaker memorably observed, 'swing states' in the current geopolitical order capable of shaping outcomes in Europe and Asia respectively, and more powerful in concert than either could be alone.

#### 4.2 The Imperative for Action

The dialogue reached a clear consensus: India and Germany have had enough conversations. The quality of analysis produced in rooms like this one is not the binding constraint. What is needed is institutional architecture for sustained bilateral engagement working groups with mandates, timelines, and accountability; matchmaking platforms that connect Mittelstand firms with Indian MSMEs; talent mobility pathways that allow Indian engineers and professionals to work in Germany and return with world-class skills; and joint innovation projects in sectors of mutual strategic interest.



The PHDCCI and IGEP have a unique and important role to play as the connective tissue between policy intent and business reality. Business Chambers and Trade Promotion bodies are not decorative institutions they are the mechanism by which governments hand off to business, and by which business shapes the environment that government creates. The commitment to produce a formal policy document from this dialogue is a step in the right direction. That document must go beyond recommendations and specify owners, timelines, and success metrics.

#### 4.3 The Stakes

The stakes of getting this right are not merely commercial. India and Germany together can demonstrate that middle powers, anchored in democratic values and committed to rules-based

institutions, can build an alternative architecture for global cooperation one that is more equitable, more sustainable, and more resilient than the models that are currently under strain. In AI governance, renewable energy standards, trade rules, and critical mineral supply chains, the positions that India and Germany take in international forums will shape the environment for billions of people.

The decisions made in the next three to five years on investment, on talent mobility, on technology standards, on energy cooperation will determine the structure of the global economy for a generation.

## 5. Recommended Next Steps

The following recommended actions are organised across four tracks: institutional, sectoral, talent, and policy. Each recommendation is assigned a primary owner and a suggested implementation timeline.

### Track A — Institutional and Structural Actions

#	Recommended Action	Primary Owner	Timeline
A1	Convert the deliberations of this dialogue into a formal policy document with specific recommendations for the Ministry of Commerce, DPIIT, and their German counterparts in the Federal Foreign Office and BMWi.	IGEP	End of April – Beginning of May
A2	Establish a bilateral MSME matchmaking platform connecting Indian MSMEs with German Mittelstand firms, leveraging Invest India, the German-Indian Chamber of Commerce (IGCC/AHK), and ITM GmbH networks.	IGEP	In June
A3	Conduct a structured mapping exercise to identify German companies that have not yet entered India and Indian MSMEs that are export-ready, with a view to facilitating first introductions through a dedicated concierge service.	IGEP	Planning April onwards
A4	Formalise participation in each other's investment summits including all Indian state investment summits with German business delegations, and ensure follow-up mechanisms are built into the event structure.	IGEP	Planning April onwards

## Track B — Sectoral Priorities

Based on the dialogue, five sectors are identified as immediate priorities for structured bilateral cooperation:

Sector	Specific Recommended Action	Rationale	Updates Status
<b>Green energy &amp; hydrogen</b>	Establish a joint India-Germany Green Hydrogen Task Force; identify pilot projects for co-investment from Germany; align on standards for green hydrogen certification that can serve as a global template.	India's renewable surge + Germany's technology + shared energy security imperative.	<b>Done-</b> Task force institutionalised, Roadmap signed Oct 2024
<b>EV &amp; mobility</b>	Engage BMW, Audi, and Volkswagen on India-based prototyping and manufacturing partnerships; establish a rubber/tyre supply chain working group linking Indian producers directly to German OEMs.	German auto lagging China on EV; India as low-cost prototyping and component base.	<b>In progress-</b> Government roundtable done; BMW localising; OEM framework not formalised
<b>MedTech &amp; pharma</b>	Map the 97% gap in domestic medical device production against German MedTech capabilities; facilitate joint ventures in diagnostics, surgical instruments, and hospital infrastructure.	COVID exposed a critical vulnerability; India produces 40% of world vaccines and 38% of US generic pharma.	<b>Not Started-</b> Biggest white space; no bilateral structure exists
<b>Space &amp; defence</b>	Develop a framework for bilateral cooperation in space technology, satellite manufacturing, and defence electronics, building on India's cost-effective launch capabilities and Germany's precision optics and systems engineering.	Growing strategic imperative; India's space programme demonstrated 1/10th the cost of comparable Western missions.	<b>In progress-</b> Defence accelerating fast, space bilateral still nascent
<b>AI &amp; deep tech</b>	Create a joint India-Germany AI Standards and Ethics Forum under PHDCCI; facilitate introductions between Indian AI startups and German industrial partners (not just VCs); develop a joint submission on responsible AI to the G20.	India has 16% of global AI talent; Germany leads on regulatory standards; together they can co-author the global framework.	<b>In progress-</b> Multilateral overlap exists; no dedicated India-Germany AI form

## Track C — Talent and People-to-People Mobility

Demographic complementarity is the structural foundation of this relationship, but it requires deliberate institutional architecture to be realised.

- Talent pathway programme** — Create a dedicated Germany-India Talent Pathway programme, co-administered by IGEP and German industry associations, to facilitate

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structured secondments, dual vocational training (Ausbildung), and knowledge exchange across MINT (Mathematics, Information, Natural Science, Technology) disciplines.

2. **Language and ecosystem development** — Expand German language programmes in Indian schools and universities, with a target of tripling enrolment within five years. Reciprocally, expand Indian cultural and professional ecosystems in Germany — including Indian restaurants, cricket clubs, and cultural centres — to improve quality of life and reduce attrition among Indian professionals.
3. **Visa fast-track protocol** — Establish a business-critical visa fast-track protocol jointly managed by the German Embassy's visa department and the German-Indian Chamber of Commerce, with a guaranteed 10-business-day processing time for companies with verified existing business relationships.
4. **Returning talent programme** — Launch a 'Returning Talent' programme to incentivise Indian professionals who have worked in Germany to return to India with their skills, networks, and cross-cultural competencies, channelling them into the India-Germany collaboration infrastructure.
5. **University and Professional Exchange Programme** — Develop a structured internship and exchange programme connecting IITs, IIMs, and German technical universities (TU Munich, KIT, RWTH Aachen) with German Mittelstand firms, creating a pipeline of bilingual, technically literate professionals on both sides. This can be built on three existing institutional foundations: **DAAD**, which already runs IIT-linked exchange and research programmes and has maintained a New Delhi office since 1960; **IGTC (Indo-German Training Centre)**, whose dual-training model and "Business Environment" modules, run in collaboration with DH. They provide a tested template for industry-integrated, cross-border learning; and the **Goethe-Institute Indo-German School Exchange**, which, while school-level, serves as the feeder layer by building German language literacy before students enter higher education. Together, these three programmes span the full talent development arc and provide a ready scaffold for a more ambitious, Mittelstand-connected professional pipeline.

Another example of this (which can be replicated) is the already existing exchange program between **PSGIAS German School of Technology**, a joint initiative of **PSG College of Technology, Coimbatore**, one of India's most prestigious technical institutions, and the **Indo-German Centre for Higher Education (IGCHE), Germany**. The program offers a **3+1 model** to engineering and computer science students, wherein students spend three years at the campus in Coimbatore, India, followed by one year in Germany, where they undertake an industry-based internship and complete their bachelor's thesis.

## Appendix — Participating Speakers

Name	Organisation / Role	Contribution
<b>Mr. Karan Mangla</b>	Co-Chair, Foreign Trade & Investment Committee, PHDCCI; Director, SH Haryana Wires	Opening address; framed India-EU FTA context
<b>Dr. Subi Chaturvedi</b>	Co-Chair, AI & Innovation, Committee, PHDCCI & Global Senior Vice President and Chief Public Policy Officer, InMobi Pte. Ltd.	India's AI strengths, InMobi/Glance, policy recommendations
<b>Dr. Stephan Hesselmann</b>	Minister-Counsellor, Economic Affairs, German Embassy, New Delhi	Geopolitical context, German investment landscape, visa Q&A
<b>Dr. Dirk Troendle</b>	Founder & Director, ITM GmbH (37 years India expertise)	Demography, geopolitics, Germany-India action plan
<b>Mr. Bhuvnesh Pratap Singh (IAS)</b>	Director, DPIIT, Dept of Commerce, Government of India	Government perspective, FDI data, sectoral opportunities
<b>Prof. Rakesh Mohan Joshi</b>	Vice-Chancellor, Indian Institute of Foreign Trade (IIFT)	Macro-economic complementarity, multilateralism, WTO
<b>Dr. Dietrich Keschull</b>	Chairman, IGE Consult Pvt Ltd., representing Hamburg and Schleswig-Holstein	Closing remarks; European Commission and India FTA history

Additional participation from industry representatives in Q&A sessions: heavy machinery, food processing machinery (Greater Noida), payment technology, factory-made furniture (India Kitchen Congress), tyre/rubber manufacturing, AI start-up ecosystem, and shipbuilding sector company.