

## COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S INDIA-GERMANY BILATERAL TRADE RELATIONS

### INTRODUCTION & BRIEF ECONOMIC OVERVIEW

The Federal Republic of Germany, which was formally established in October 1990 upon the unification of the Federal Republic of Germany (FRG, West Germany) and the German Democratic Republic (GDR, East Germany), lies in the heart of Europe. Their neighbours to the west are The Netherlands, Belgium, Luxembourg and France, to the east Czech Republic and Poland, to the north Denmark and to south and south east Switzerland and Austria. . Germany is a member of the UN, EU, WEU, NATO the Council of Europe and OECD (The Organization for Economic Cooperation and Development).

2. Germany has a social market economy with a highly skilled labour force, a low level of corruption and a high level of innovation. It is the largest economic power in Europe and the third largest economy in the world. As per available report of IMF Executive Board Concludes 2024 Article IV Consultation with Germany July 18, 2024, “The German economy has begun to recover from the energy-price shock. High energy prices arising from the shut-off of Russian gas contributed to surging inflation during 2022–23, which in turn weighed on economic activity. The impact of this shock was, however, greatly mitigated by a strong policy response, including the provision of income support while preserving incentives to conserve energy. Conservation efforts, together with steps to secure new energy supplies, have helped return wholesale gas prices to more normal levels. Lower energy prices have in turn, together with monetary tightening, spurred rapid disinflation. Real wages are now growing, and the economy expanded in the first quarter of 2024. Gradual economic recovery is expected to continue this year. With wage growth now exceeding inflation, private consumption is expected to drive recovery during 2024. A return to growth is, in turn, expected to reinforce confidence, which, alongside a gradual easing of monetary policy, should further bolster consumption and investment next year. Inflation is expected to slowly ease further as lower energy prices continue to pass through to retail prices, with core inflation remaining somewhat above headline inflation due to robust wage growth. Over the medium term, however, rapid population aging is expected to slow GDP growth to below 1 percent, absent significant increases in productivity or much higher-than-expected immigration. Rapid population aging is also expected to significantly increase pension and healthcare costs”.

**A snapshot of Germany’s select economic indicators is as under Table-1**

**Germany: Selected Economic Indicators, 2023–25 <sup>1</sup>**

	2023	<i>Projections</i>	
		2024	2025
<b>Output</b>			
Real GDP growth (%)	-0.2	0.2	1.3
Total domestic demand growth (%)	-1.1	0.2	1.2
Output gap (% of potential GDP)	-0.3	-1.0	-0.7
<b>Employment</b>			
Unemployment rate (% , ILO)	3.0	3.3	3.1
Employment growth (%)	1.1	0.0	0.2
<b>Prices</b>			
Inflation (% , headline, period avg.)	6.0	2.5	2.2
Inflation (% , core, period avg.)	6.3	3.0	2.3
<b>General Government Finances</b>			
Fiscal balance (% of GDP)	-2.4	-1.7	-1.3
Revenue (% of GDP)	46.2	46.3	46.8
Expenditure (% of GDP)	48.6	48.0	48.1

Cyclically adjusted balance (% of GDP)	-2.3	-1.2	-0.9
Public debt (% of GDP)	63.6	63.8	62.4
<b>Money and Credit</b>			
Broad money (M3) (end of year, % change) <sup>2</sup>	0.4	...	...
Credit to private sector (% change)	1.1	...	...
10-year government bond yield (%)	2.6	...	...
<b>Balance of Payments</b>			
Current account balance (% of GDP)	6.3	6.3	6.3
Trade balance (% of GDP)	4.3	4.4	4.2
Exports of goods (% of GDP)	38.0	36.9	36.3
Volume (% change)	-1.1	2.4	3.2
Imports of goods (% of GDP)	32.1	31.0	30.8
Volume (% change)	-5.0	1.2	3.1
Service trade balance (% of GDP)	-1.5	-1.5	-1.3
FDI balance (% of GDP)	1.4	2.2	2.2
Reserves minus gold (billions of US\$)	100.4	...	...
External Debt (% of GDP)	148.1	...	...
<b>Exchange Rate</b>			
REER (% change)	3.3	...	...
NEER (% change)	3.4	...	...
Real effective rate (2010=100) <sup>3</sup>	96.7	...	...
Nominal effective rate (2010=100) <sup>4</sup>	105.9	...	...
Sources: Deutsche Bundesbank, Eurostat, Federal Statistical Office, Haver Analytics, and IMF staff calculations.			
1/ GDP and its components are unadjusted for working days.			
2/ Reflects Germany's contribution to M3 of the euro area.			
3/ Real effective exchange rate, CPI based, all countries.			
4/ Nominal effective exchange rate, all countries.			

## FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the five major merchandise export partners of Germany are United States, France, Netherlands, China and Poland. On the other hand five major import partners of Germany are China, Netherlands, United States, Poland and Unspecified. Major five exported goods are (i) Automobiles nes including gas turbine powered (ii) Other medicaments of mixed or unmixed products, (iii) Automobiles with reciprocating piston engine di (iv) Human and animal blood; microbial culture, and (v) Petroleum oils, etc, (excl. crude); preparation. On the other hand major five imported goods are (i) Natural gas in gaseous state (ii) Petroleum oils and oils obtained from bituminous (iii) Petroleum oils, etc, (excl. crude); preparation (iv) Other medicaments of mixed or unmixed products, and (v) Human and animal blood; microbial cultures; tox.

4. Germany's total exports in 2019 were of the order of US\$ 1,493,267 million. It has scaled up to US\$ 1,697,350 million in 2023 with 7.19% downfall recorded for the year in 2020 and positive trend recorded from 18.02% in 2021 onwards. During the period from 2019 to 2023, the annual average compound rate of growth of exports was 3.25%.

5. Germany's total imports in 2019 were of the order of US\$ 1,239,897 million and which has touched US\$ 1,469,329 million mark in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of Imports was 4.34%.

6. Germany runs an overall Balance of Trade surplus as is observed from data 2019 to 2023 and it was quite significant to the tune of USD 228,021 million in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of total volume of trade was 3.75%.

**A snapshot of Germany's overall Trade Statistics is presented in Table 2 and Figure 1.**

**A snapshot of India's merchandise trade statistics w.r.t. Germany is presented in Table 3 Figure 2.**

## **BILATERAL TRADE WITH INDIA**

### **Merchandise Trade**

7. Germany is India's largest trading partner in Europe. It has consistently been among India's top ten global partners. India's export to Germany was 2.25% of India's total export value in FY2023-24. Germany was the India's 9th largest export destination in FY 2023-24. In the same financial year imports from Germany was 2.41% of India's total import value. Germany was the 12th largest trading partner of India in FY 2022-23. Almost 2.35% of India's total international trade value between India and Germany has been recorded in FY 2023-24 as per DGCI&S data base.

8. Indo-Germany total volume of bilateral trade in FY 2019-20 was of the order of US\$ 21,982.41 million. It has increased to US\$ 26,111.90 million in FY 2023-24. The annual compound growth rate of volume of trade during the period from 2019-20 to 2023-24 has been of the order of 4.40%.

9. It appears from the available figures that between 2019-20 and 2023-24, India has had a deficit Balance of Trade with Germany. Exports from India to Germany increased steeply by 21.64% in FY2021-22 immediately after the pandemic hit year. The annual average compound rate of growth of Exports was 4.38% during the period under review. On the other hand, imports from Germany to India increased by 10.91% in FY 2022-23. During the period from 2019-20 to 2023-24, the annual average compound rate of growth of Imports was 4.41%.

**10. Additionally, from Tables 4 & 5 presented below the following are stated:**

a. Electric Machinery And Equipments, Indl. Machinery For Dairy ETC. and Products Of Iron And Steel are occupying the top three slots in India's exports to Germany in the year 2023-24. Electric Machinery And Equipments occupying highest share of 7.49% in total exports from India to Germany.

b. Indl. Machinery For Dairy Etc., Aircraft-Spacecraft And Parts and Medical And Scientific Instruments are the three major commodities in India's imports list from Germany in the year 2023-24, Indl. Machinery For Dairy Etc. is occupying bulk share of 12.97% in India's imports from Germany.

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**TABLE - 2**  
**GERMANY'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE**  
**BETWEEN 2019 - 2023**

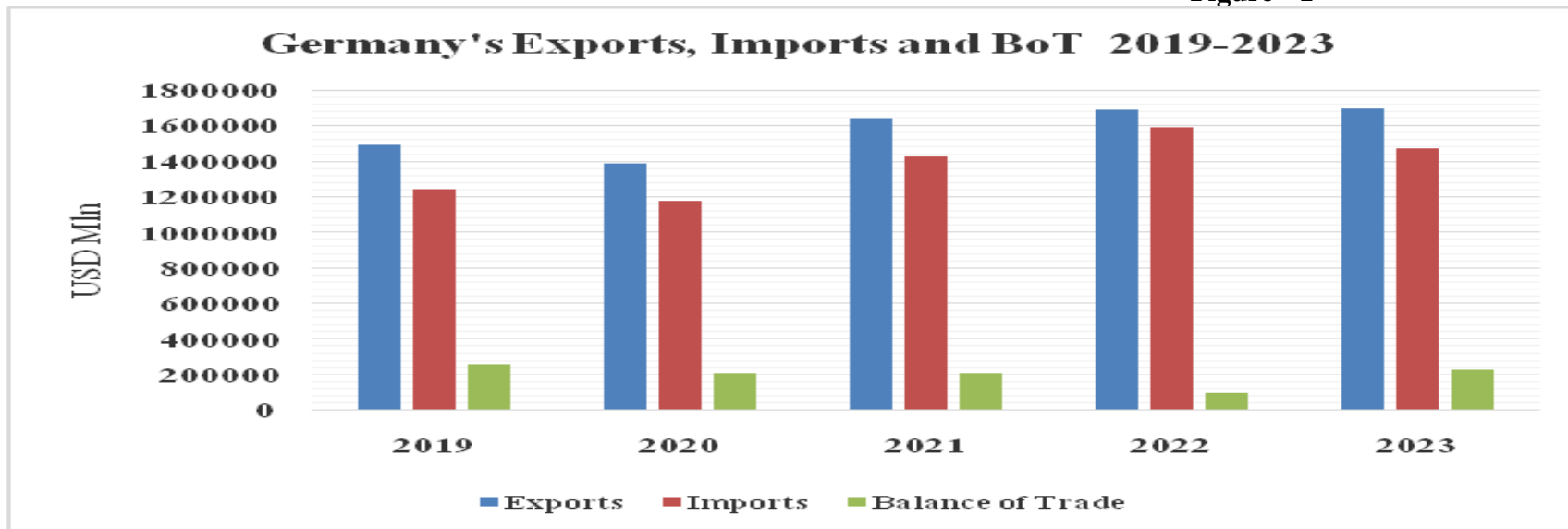
(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019	1493267		1239897		27,33,164		253370
2020	1385852	-7.19	1173167	-5.38	25,59,019	-6.37	212685
2021	1635600	18.02	1424675	21.44	30,60,275	19.59	210925
2022	1686142	3.09	1588853	11.52	32,74,995	7.02	97289
2023	1697350	0.66	1469329	-7.52	31,66,679	-3.31	228021
<b>Annual Growth Rate</b>	<b>Compound</b>	<b>3.25</b>	<b>4.34</b>	<b>3.75</b>			

NOTE: Figures relate to calendar year (January to December)

SOURCE : UN COMTRADE PUBLICATION

Figure - 1





**TABLE -4**  
**INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO GERMANY**  
**2019-2020 TO 2023-2024 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
<b>1</b>	<b>Electric Machinery And Equipments</b>	<b>881.27</b>	<b>634.03</b>	<b>663.06</b>	<b>717.30</b>	<b>737.00</b>	<b>-28.05</b>	<b>4.58</b>	<b>8.18</b>	<b>2.75</b>
	Share in total export	10.63	7.80	6.71	7.08	7.49				
<b>2</b>	<b>Indl. Machinery For Dairy ETC.</b>	<b>233.05</b>	<b>274.72</b>	<b>417.61</b>	<b>476.09</b>	<b>531.02</b>	<b>17.88</b>	<b>52.01</b>	<b>14.00</b>	<b>11.54</b>
	Share in total export	2.81	3.38	4.22	4.70	5.40				
<b>3</b>	<b>Products Of Iron And Steel</b>	<b>376.08</b>	<b>316.78</b>	<b>458.72</b>	<b>471.32</b>	<b>445.14</b>	<b>-15.77</b>	<b>44.81</b>	<b>2.75</b>	<b>-5.55</b>
	Share in total export	4.54	3.90	4.64	4.65	4.52				
<b>4</b>	<b>RMG Cotton Including Accessories</b>	<b>544.58</b>	<b>461.82</b>	<b>570.52</b>	<b>574.81</b>	<b>441.05</b>	<b>-15.20</b>	<b>23.54</b>	<b>0.75</b>	<b>-23.27</b>
	Share in total export	6.57	5.68	5.77	5.67	4.48				
<b>5</b>	<b>Auto Comoponents/ Parts</b>	<b>258.15</b>	<b>277.67</b>	<b>356.80</b>	<b>358.34</b>	<b>420.71</b>	<b>7.56</b>	<b>28.50</b>	<b>0.43</b>	<b>17.41</b>
	Share in total export	3.11	3.42	3.61	3.54	4.27				
<b>6</b>	<b>Telecom Instruments</b>	<b>106.75</b>	<b>397.07</b>	<b>316.47</b>	<b>476.51</b>	<b>374.66</b>	<b>271.96</b>	<b>-20.30</b>	<b>50.57</b>	<b>-21.37</b>
	Share in total export	1.29	4.89	3.20	4.70	3.81				
<b>7</b>	<b>Residual Chemical And Allied Products</b>	<b>264.34</b>	<b>305.49</b>	<b>314.74</b>	<b>343.05</b>	<b>356.68</b>	<b>15.57</b>	<b>3.03</b>	<b>8.99</b>	<b>3.97</b>
	Share in total export	3.19	3.76	3.18	3.38	3.62				
<b>8</b>	<b>Drugs Formulations Biologicals</b>	<b>272.46</b>	<b>306.41</b>	<b>287.36</b>	<b>271.75</b>	<b>321.13</b>	<b>12.46</b>	<b>-6.22</b>	<b>-5.43</b>	<b>18.17</b>
	Share in total export	3.29	3.77	2.91	2.68	3.26				
<b>9</b>	<b>Other Misc. Engineering Items</b>	<b>199.83</b>	<b>179.12</b>	<b>232.49</b>	<b>238.80</b>	<b>278.24</b>	<b>-10.36</b>	<b>29.80</b>	<b>2.71</b>	<b>16.52</b>
	Share in total export	2.41	2.20	2.35	2.36	2.83				
<b>10</b>	<b>Organic Chemicals</b>	<b>243.06</b>	<b>261.28</b>	<b>360.64</b>	<b>336.90</b>	<b>253.10</b>	<b>7.50</b>	<b>38.03</b>	<b>-6.58</b>	<b>-24.87</b>
	Share in total export	2.93	3.22	3.65	3.32	2.57				
	<b>Total exports to GERMANY</b>	<b>8291.30</b>	<b>8126.28</b>	<b>9884.70</b>	<b>10136.69</b>	<b>9841.55</b>	<b>-1.99</b>	<b>21.64</b>	<b>2.55</b>	<b>-2.91</b>

**NOTE : Figures relate to each Financial Year (April to March)**

**SOURCE : DGCI&S, M/o C&I**

**TABLE -5**  
**INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM GERMANY**  
**2019-2020 TO 2023-2024 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Import					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	23-24 over 2022-23
<b>1</b>	<b>Indl. Machinery For Dairy Etc.</b>	<b>1570.00</b>	<b>1269.17</b>	<b>1884.15</b>	<b>1961.32</b>	<b>2109.64</b>	<b>-19.16</b>	<b>48.46</b>	<b>4.10</b>	<b>7.56</b>
	Share in total import	11.47	9.30	12.59	11.81	12.97				
<b>2</b>	<b>Aircraft, Spacecraft And Parts</b>	<b>2065.28</b>	<b>3588.27</b>	<b>1778.82</b>	<b>2403.13</b>	<b>1433.58</b>	<b>73.74</b>	<b>-50.43</b>	<b>35.10</b>	<b>-40.35</b>
	Share in total import	15.08	26.30	11.88	14.48	8.81				
<b>3</b>	<b>Electric Machinery and Equipments</b>	<b>1167.88</b>	<b>712.37</b>	<b>889.87</b>	<b>855.59</b>	<b>1043.92</b>	<b>-39.00</b>	<b>24.92</b>	<b>-3.85</b>	<b>22.01</b>
	Share in total import	8.53	5.22	5.95	5.15	6.42				
<b>4</b>	<b>Medical And Scientific Instruments</b>	<b>679.89</b>	<b>571.87</b>	<b>765.70</b>	<b>871.57</b>	<b>1023.74</b>	<b>-15.89</b>	<b>33.89</b>	<b>13.83</b>	<b>17.46</b>
	Share in total import	4.97	4.19	5.12	5.25	6.29				
<b>5</b>	<b>Electronic Instruments</b>	<b>693.21</b>	<b>533.84</b>	<b>676.37</b>	<b>763.98</b>	<b>916.30</b>	<b>-22.99</b>	<b>26.70</b>	<b>12.95</b>	<b>19.94</b>
	Share in total import	5.06	3.91	4.52	4.60	5.63				
<b>6</b>	<b>Auto Components/Parts</b>	<b>564.56</b>	<b>375.70</b>	<b>661.82</b>	<b>809.23</b>	<b>885.16</b>	<b>-33.45</b>	<b>76.16</b>	<b>22.27</b>	<b>9.38</b>
	Share in total import	4.12	2.75	4.42	4.87	5.44				
<b>7</b>	<b>Electronic Components</b>	<b>506.63</b>	<b>462.48</b>	<b>552.84</b>	<b>687.78</b>	<b>816.54</b>	<b>-8.71</b>	<b>19.54</b>	<b>24.41</b>	<b>18.72</b>
	Share in total import	3.70	3.39	3.69	4.14	5.02				
<b>8</b>	<b>Other Misc. Engineering Items</b>	<b>395.19</b>	<b>346.44</b>	<b>442.26</b>	<b>622.51</b>	<b>681.52</b>	<b>-12.34</b>	<b>27.66</b>	<b>40.76</b>	<b>9.48</b>
	Share in total import	2.89	2.54	2.95	3.75	4.19				
<b>9</b>	<b>Residual Chemicals And Allied Products</b>	<b>406.75</b>	<b>472.19</b>	<b>619.64</b>	<b>500.74</b>	<b>503.86</b>	<b>16.09</b>	<b>31.23</b>	<b>-19.19</b>	<b>0.62</b>
	Share in total import	2.97	3.46	4.14	3.02	3.10				
<b>10</b>	<b>Iron And Steel</b>	<b>252.73</b>	<b>212.31</b>	<b>311.80</b>	<b>376.20</b>	<b>378.10</b>	<b>-15.99</b>	<b>46.86</b>	<b>20.65</b>	<b>0.51</b>
	Share in total import	1.85	1.56	2.08	2.27	2.32				
	<b>Total import from GERMANY</b>	<b>13691.11</b>	<b>13643.02</b>	<b>14968.10</b>	<b>16601.53</b>	<b>16270.35</b>	<b>-0.35</b>	<b>9.71</b>	<b>10.91</b>	<b>-1.99</b>

**NOTE : Figures relate to each Financial Year (April to March)**

**SOURCE : DGCIS&S, M/o C&I**