

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

### INTRODUCTION & BRIEF ECONOMIC OVERVIEW

1. 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. The Executive Board of IMF Concluded Article IV Consultation with Germany on July 18, 2024 and stated that the German economy has begun to recover from the energy-price shock. Gradual economic recovery is expected to continue this year. With wage growth now exceeding inflation, private consumption is expected to drive recovery during 2024. High interest rates have boosted bank profitability, but part of this increase is likely temporary. High interest rates have exposed vulnerabilities in banks' financing of commercial real estate activity. Risks to growth are broadly balanced, with both positive and negative surprises to consumer and investor sentiment possible. Inflation is expected to slowly fall to around 2 percent as lower wholesale energy prices continue to pass through supply chains and to end-users. Fiscal policy is tight, putting the debt-to-gross domestic product ratio on a downward path, although public investment is also relatively low. In order to stabilize labor supply, the authorities should make it easier for women to work full time. This means expanding access to reliable child- and eldercare services and exploring ways to reduce the effective marginal tax rate on second earners in married couples.

A snapshot of Germany's selected economic indicators is as under

#### Germany: Selected Economic Indicators, 2023–25

		<i>Projections</i>	
	2023	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 USD)	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 four major import partners of Germany are China, Netherlands, United States and Poland. Major five exported goods of Germany are (i) Automobiles including gas turbine powered (ii) Other medicaments of mixed or unmixed products, (iii) Automobiles with reciprocating piston engine, (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;

4. Germany's total exports in 2020 were of the order of USD 1,385,852 million and it was USD 1,691,415 million in 2024. During the period from 2020 to 2024, the annual average compound rate of growth of exports was 5.11%.

5. Germany's total imports in 2020 were of the order of USD 1,173,167 million and which was USD 1,433,340 million in 2024. During the period from 2020 to 2024, the annual average compound rate of growth of Imports was 5.14%.

6. Germany runs an overall Balance of Trade surplus as observed from data 2020 to 2024 and it was quite significant to the tune of USD 258,075 million in 2024. During the period from 2020 to 2024, the annual average compound rate of growth of total volume of trade was 5.12%.

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

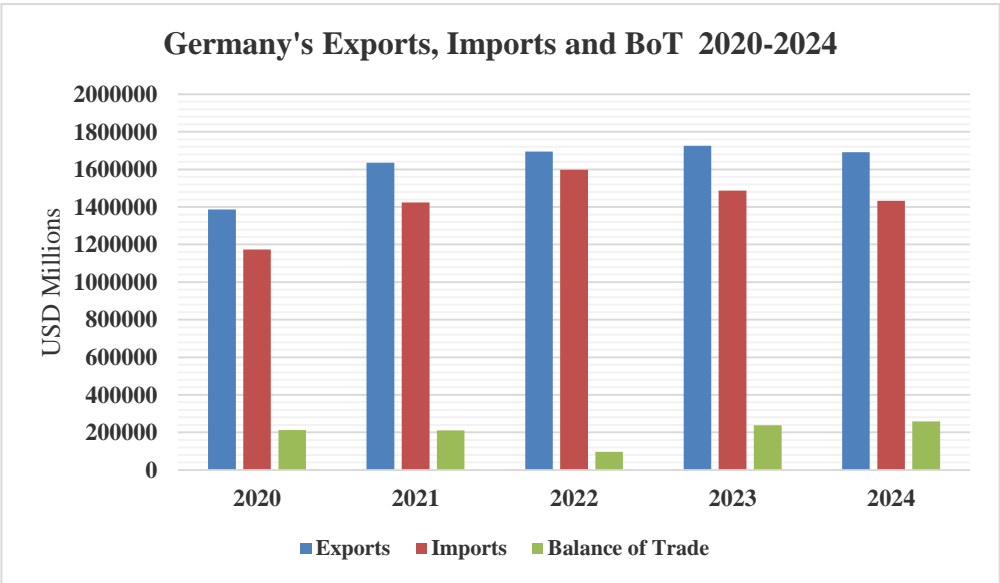
TABLE - 2

GERMANY'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE  
BETWEEN 2020 TO 2024

(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
2020	1385852		1173167		25,59,019		212685
2021	1635600	18.02	1424675	21.44	30,60,275	19.59	210925
2022	1695807	3.68	1598522	12.20	32,94,329	7.65	97285
2023	1725527	1.75	1486747	-6.99	32,12,274	-2.49	238780
2024	1691415	-1.98	1433340	-3.59	31,24,755	-2.72	258075
Annual Compound Growth Rate		5.11			5.14	5.12	

NOTE : Figures relate to calendar year (January to December)  
SOURCE : UN COMTRADE PUBLICATION

Figure – 1



## 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 2.41% of India's total export value in FY 2024-25. Germany was India's 9th largest export destination in FY 2024-25. In the same financial year imports from Germany was 2.63% of India's total import value. Germany was the 14th largest trading partner of India in FY 2024-25. Almost 2.17% of India's total international trade value between India and Germany was recorded in FY 2024-25 as per DGCIS database.

8. Indo-Germany total volume of bilateral trade in FY 2020-21 was of the order of USD 21,769.30 million. It increased to USD 29,392.13 million in FY 2024-25. The annual compound growth rate of volume of trade during the period from 2020-21 to 2024-25 was 7.79%.

9. It appears from the available figures that between 2020-21 and 2024-25, India had a deficit Balance of Trade with Germany. Exports from India to Germany increased steeply by 21.64% in FY 2021-22 immediately after the pandemic hit year. The annual average compound rate of growth of Exports was 6.71% during the period under review. On the other hand, imports from Germany to India increased by 15.89% in FY 2024-25 compared to FY 2023-24. During the period from 2020-21 to 2024-25, the annual average compound rate of growth of Imports was 8.43%.

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

**TABLE - 3**

#### INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. GERMANY

**FY 2020-2021 to 2024-2025**

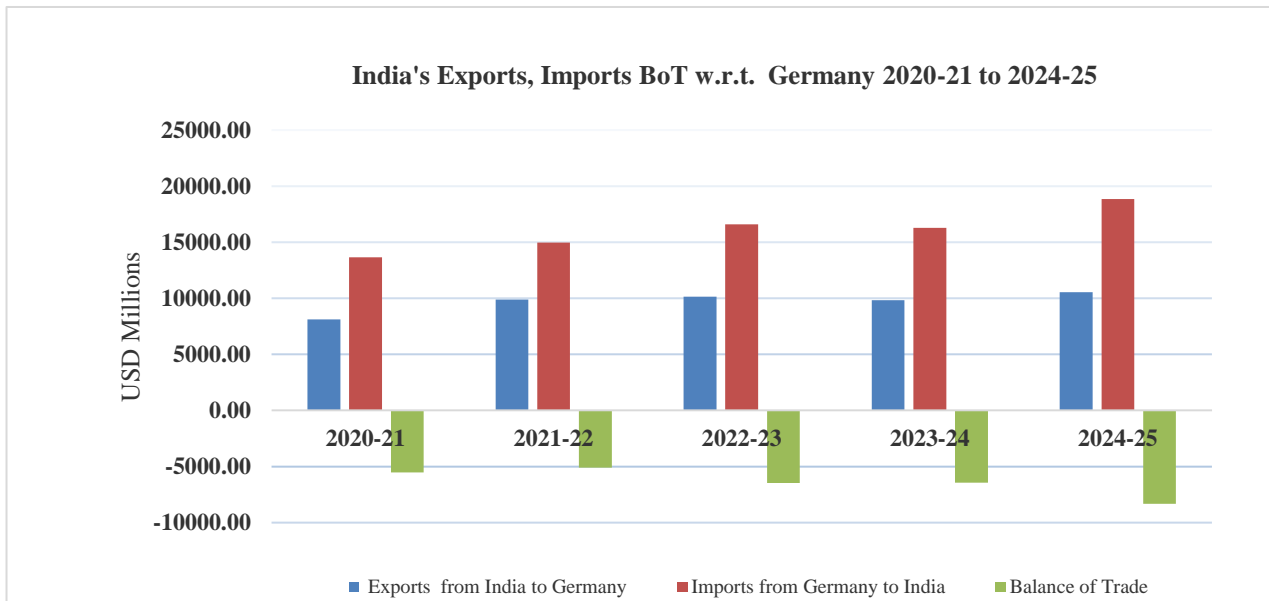
**(Value in USD Million)**

Year	Exports from India to Germany	Percentage Growth in Exports	Imports from Germany to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2020-21	8126.28		13643.02		21769.30		-5516.74
2021-22	9884.70	21.64	14968.10	9.71	24852.80	14.16	-5083.40
2022-23	10136.69	2.55	16601.53	10.91	26738.22	7.59	-6464.84
2023-24	9841.55	-2.91	16270.35	-1.99	26111.90	-2.34	-6428.80
2024-25	10536.17	7.06	18855.96	15.89	29392.13	12.56	-8319.79
<b>Annual Compound Growth Rate</b>		<b>6.71</b>		<b>8.43</b>		<b>7.79</b>	

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

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

**Figure- 2**



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

- a. Electric Machinery and Equipments, Telecom Instruments and Products of RMG Cotton Including Accessories are occupying the top three slots in India's exports to Germany in the year 2024-25. Electric Machinery and Equipments occupying highest share of 9.02% in total exports from India to Germany.
- b. Aircraft-Spacecraft and Parts, Indl. Machinery for Dairy Etc. and Medical and Scientific Instruments are the three major commodities in India's imports list from Germany in the year 2024-25, Aircraft, Spacecraft and Parts is occupying highest share of 15.83% in India's imports from Germany.

**TABLE -4**

**INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO GERMANY  
2020-2021 TO 2024-2025 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
<b>1</b>	<b>Electric Machinery and Equipments</b>	<b>634.03</b>	<b>663.06</b>	<b>717.30</b>	<b>737.00</b>	<b>950.51</b>	<b>4.58</b>	<b>8.18</b>	<b>2.75</b>	<b>28.97</b>
	Share in total export	7.65	8.16	7.26	7.27	9.02				
<b>2</b>	<b>Telecom Instruments</b>	<b>397.07</b>	<b>316.47</b>	<b>476.51</b>	<b>374.66</b>	<b>537.75</b>	<b>20.30</b>	<b>50.57</b>	<b>21.37</b>	<b>43.53</b>
	Share in total export	4.79	3.89	4.82	3.70	5.10				
<b>3</b>	<b>RMG Cotton Including Accessories</b>	<b>461.82</b>	<b>570.52</b>	<b>574.81</b>	<b>441.05</b>	<b>515.31</b>	<b>23.54</b>	<b>0.75</b>	<b>-</b>	<b>16.84</b>
	Share in total export	5.57	7.02	5.82	4.35	4.89				
<b>4</b>	<b>Products of Iron and Steel</b>	<b>316.78</b>	<b>458.72</b>	<b>471.32</b>	<b>445.14</b>	<b>466.62</b>	<b>44.81</b>	<b>2.75</b>	<b>-5.55</b>	<b>4.83</b>
	Share in total export	3.82	5.64	4.77	4.39	4.43				
<b>5</b>	<b>Auto Components/ Parts</b>	<b>277.67</b>	<b>356.80</b>	<b>358.34</b>	<b>420.71</b>	<b>439.59</b>	<b>28.50</b>	<b>0.43</b>	<b>17.41</b>	<b>4.49</b>
	Share in total export	3.35	4.39	3.63	4.15	4.17				
<b>6</b>	<b>Indl. Machinery For Dairy ETC.</b>	<b>274.72</b>	<b>417.61</b>	<b>476.09</b>	<b>531.02</b>	<b>413.99</b>	<b>52.01</b>	<b>14.00</b>	<b>11.54</b>	<b>-</b>
	Share in total export	3.31	5.14	4.82	5.24	3.93				
<b>7</b>	<b>Drugs Formulations Biologicals</b>	<b>306.41</b>	<b>287.36</b>	<b>271.75</b>	<b>321.13</b>	<b>365.73</b>	<b>-6.22</b>	<b>-5.43</b>	<b>18.17</b>	<b>13.89</b>
	Share in total export	3.70	3.54	2.75	3.17	3.47				
<b>8</b>	<b>Other Misc. Engineering Items</b>	<b>179.12</b>	<b>232.49</b>	<b>238.80</b>	<b>278.24</b>	<b>320.34</b>	<b>29.80</b>	<b>2.71</b>	<b>16.52</b>	<b>15.13</b>
	Share in total export	2.16	2.86	2.42	2.74	3.04				
<b>9</b>	<b>Residual Chemical and Allied Products</b>	<b>305.49</b>	<b>314.74</b>	<b>343.05</b>	<b>356.68</b>	<b>300.21</b>	<b>3.03</b>	<b>8.99</b>	<b>3.97</b>	<b>-</b>
	Share in total export	3.68	3.87	3.47	3.52	2.85				
<b>10</b>	<b>Footwear of Leather</b>	<b>205.41</b>	<b>218.51</b>	<b>238.45</b>	<b>218.38</b>	<b>229.16</b>	<b>6.38</b>	<b>9.13</b>	<b>-8.42</b>	<b>4.94</b>
	Share in total export	2.48	2.69	2.41	2.15	2.17				
	<b>Total exports to GERMANY</b>	<b>8126.28</b>	<b>9884.70</b>	<b>10136.69</b>	<b>9841.55</b>	<b>10536.17</b>	<b>-1.99</b>	<b>21.64</b>	<b>2.55</b>	<b>3.94</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			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
<b>1</b>	<b>Aircraft, Spacecraft and Parts</b>	<b>3588.27</b>	<b>1778.82</b>	<b>2403.13</b>	<b>1433.58</b>	<b>2984.63</b>	<b>-</b>	<b>35.10</b>	<b>-</b>	<b>108.19</b>
	Share in total import	26.30	11.88	14.48	8.81	15.83				
<b>2</b>	<b>Indl. Machinery For Dairy Etc.</b>	<b>1269.17</b>	<b>1884.15</b>	<b>1961.32</b>	<b>2109.64</b>	<b>336.07</b>	<b>48.46</b>	<b>4.10</b>	<b>7.56</b>	<b>-84.07</b>
	Share in total import	9.30	12.59	11.81	12.97	1.78				
<b>3</b>	<b>Medical and Scientific Instruments</b>	<b>571.87</b>	<b>765.70</b>	<b>871.57</b>	<b>1023.74</b>	<b>1078.12</b>	<b>33.89</b>	<b>13.83</b>	<b>17.46</b>	<b>5.31</b>
	Share in total import	4.19	5.12	5.25	6.29	5.72				
<b>4</b>	<b>Electric Machinery and Equipments</b>	<b>712.37</b>	<b>889.87</b>	<b>855.59</b>	<b>1043.92</b>	<b>1007.75</b>	<b>24.92</b>	<b>-3.85</b>	<b>22.01</b>	<b>-3.46</b>
	Share in total import	5.22	5.95	5.15	6.42	5.34				
<b>5</b>	<b>Auto Components/Parts</b>	<b>375.70</b>	<b>661.82</b>	<b>809.23</b>	<b>885.16</b>	<b>954.60</b>	<b>76.16</b>	<b>22.27</b>	<b>9.38</b>	<b>7.84</b>
	Share in total import	2.75	4.42	4.87	5.44	5.06				
<b>6</b>	<b>Electronic Instruments</b>	<b>533.84</b>	<b>676.37</b>	<b>763.98</b>	<b>916.30</b>	<b>883.15</b>	<b>26.70</b>	<b>12.95</b>	<b>19.94</b>	<b>-3.62</b>
	Share in total import	3.91	4.52	4.60	5.63	4.68				
<b>7</b>	<b>Electronic Components</b>	<b>462.48</b>	<b>552.84</b>	<b>687.78</b>	<b>816.54</b>	<b>715.63</b>	<b>19.54</b>	<b>24.41</b>	<b>18.72</b>	<b>-12.36</b>
	Share in total import	3.39	3.69	4.14	5.02	3.80				
<b>8</b>	<b>Other Misc. Engineering Items</b>	<b>346.44</b>	<b>442.26</b>	<b>622.51</b>	<b>681.52</b>	<b>686.66</b>	<b>27.66</b>	<b>40.76</b>	<b>9.48</b>	<b>0.75</b>
	Share in total import	2.54	2.95	3.75	4.19	3.64				
<b>9</b>	<b>Residual Chemicals and Allied Products</b>	<b>472.19</b>	<b>619.64</b>	<b>500.74</b>	<b>503.86</b>	<b>473.28</b>	<b>31.23</b>	<b>-</b>	<b>0.62</b>	<b>-6.07</b>
	Share in total import	3.46	4.14	3.02	3.10	2.51				
<b>10</b>	<b>Machine Tools</b>	<b>225.61</b>	<b>249.95</b>	<b>315.66</b>	<b>342.34</b>	<b>400.69</b>	<b>10.79</b>	<b>26.29</b>	<b>8.45</b>	<b>17.04</b>
	Share in total import	1.65	1.67	1.90	2.10	2.13				
	<b>Total import from GERMANY</b>	<b>13643.02</b>	<b>14968.10</b>	<b>16601.53</b>	<b>16270.35</b>	<b>18855.96</b>	<b>9.71</b>	<b>10.91</b>	<b>-1.99</b>	<b>15.89</b>

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

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

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