

# Germany to pursue \$5.2-b submarine deal with India

Reuters

New Delhi/Berlin

Germany will pursue a \$5.2-billion deal with India to jointly build six conventional submarines in the country during Chancellor Olaf Scholz's February 25-26 visit, two Indian and two German sources said.

The naval project is the latest attempt by a Western military manufacturing power to wean New Delhi away from its dependence on Russia for military hardware.

India is desperate to replace its ageing submarine fleet, with 11 of its 16 conventional submarines more than two decades old, and as it seeks to counter China's growing presence in the Indian Ocean.

The Indian Navy also has two indigenous nuclear-powered submarines.

Prime Minister Narendra Modi's government wants India to manufacture more weapons at home in collaboration with foreign partners after decades of being one of the world's largest arms importers.

The submarine project, for which Germany's



German Chancellor  
Olaf Scholz

ThyssenKrupp Marine Systems (TKMS) is one of two international bidders, will be discussed between the two countries during Scholz's trip and Berlin would support the deal, one source said.

## **PARTNER WITH INDIAN CO**

Under the deal, a foreign submarine manufacturer will have to partner with an Indian company to build the submarines in India.

The foreign company will also need to transfer a niche technology for fuel-cell based Air Independent Propulsion (AIP), a clause that has been a sore point for most foreign firms.

France's Naval Group had pulled out of the project just ahead of Modi's visit to

Paris in May 2022, citing its inability to meet conditions listed by the Indian government in 2021.

Russia's Rosoboronexport and Spain's Navantia Group are also not in the fray anymore, said a source in India's defence ministry who did not want to be identified as they are not authorised to speak to the media.

That leaves German TKMS, which just signed a contract for jointly building six submarines with Norway, and Daewoo Shipbuilding and Marine Engineering of South Korea in contention.

The Indian foreign and defence ministries did not respond to requests for comment. The German government and TKMS declined to comment.

An Indian diplomatic source told Reuters that India has asked Germany for an assurance for joint manufacturing for the submarines, not just supply-side support.

Another official from the Indian foreign ministry said that "Scholz was determined to reinvigorate trade and defence ties with India".

54719 0415  
reuters.com