

Nepal-Germany Relations

Political Relations

Diplomatic relations between Federal Democratic Republic of Nepal and the Federal Republic of Germany were established on 4 April 1958. Since then relations between the two countries have been growing on the basis of friendship and mutual cooperation. The German Government has positively supported the ongoing peace process of Nepal including the formation of government following the historic elections of the Constituent Assembly in April 2008. Both countries celebrated the 50th anniversary of the establishment of formal diplomatic relations with various programmes in 2008.

The Government of Nepal has appointed Honorary Consuls General in Munich and Stuttgart cities and Honorary Consuls in Frankfurt am Main, Cologne and Hamburg cities.

Exchange of visits between two countries has taken place at different levels including highest levels. The visits have contributed to further strengthening close and cordial bilateral relations.

Visits from the Nepalese side

The most recent one is the visit of the then Prime Minister Hon'ble Mr. Pushpa Kamal Dahal 'Prachanda' and the then Minister for Foreign Affairs Hon'ble Mr. Upendra Yadav. The Prime Minister made a stopover in Frankfurt on 21 and 22 September 2008 on his way to attend the United Nations General Assembly in New York. During his sojourn, he addressed a conference of the Nepali Ambassadors and Head of Missions based in Europe and gave pertinent directives to them to promote a economic diplomacy through utilisation of external private investments in Nepal's mega projects, infrastructure schemes and hydro-electric project, and familiarise the host governments with the Government's objective of taking the peace process to its logical conclusion through institutionalisation of Federal Democratic Republic and drafting of a new Constitution. The Prime Minister also visited the Karl Max Museum in Trier on 21 September 2008.

Likewise, the then Minister for Foreign Affairs Hon'ble Mr. Upendra Yadav visited Germany from March 9 to 13, 2009 leading a delegation. During his visit, he made an inaugural address of the Nepal Presentation programme amid the gathering of German and Nepalese businessmen and industrialists on March 10, 2009, which was organised as a part of celebrations to mark the Golden Jubilee of the establishment of formal diplomatic relations between Nepal and Germany. The Foreign Minister also held bilateral meeting with German Acting Federal Foreign Minister, H. E. Mr. Guenter Gloser on March 11, 2009. During the bilateral meeting entire gamut of bilateral relations including regional and international issues were discussed. Foreign Minister Yadav also had a meeting with Vice-President of the German Lower House of Parliament (Bundestag) Dr. Wolfgang Thierse on March 13, 2009. During the stay in Berlin, he also visited the Konrad Adenauer Foundation and Friedrich Ebert Foundation and met their Chairman Prof. Dr. Bernhard Vogel, and Chairwoman Dr. Anke Fuchs respectively.

Visits from the German Side

- President Heinrich Luebke paid an official visit to Nepal in July 1967.
- Chancellor Helmut Kohl paid an official visit to Nepal in 1987
- President Prof. Dr. Roman Herzog paid a state visit to Nepal from 25 to 30 November 1996.

Besides these, there have been frequent visits of parliamentary delegations of the German Bundestag in the recent years.

German policy towards Nepal

Establishment of peace and stability, multi-party democracy, promotion of human rights, alleviation of poverty, and consolidation of good governance, and sound socio-economic structures are some of the major thrust areas of German policy towards Nepal.

Economic Cooperation

With the start of bilateral cooperation in 1961 in the form of technical assistance for the establishment of the Technical Training Institute at Thapathali, the present level of bilateral cooperation covers the core sectors of socio-economic development of Nepal with the volume of bilateral aid committed by Germany to Nepal totalling approximately Euro 800 million. There is a bilateral consultation mechanism between the Finance Ministry of Nepal and the Federal Ministry of Development Cooperation (BMZ) of Germany which is held normally every two years at the secretary level. The bilateral consultation meeting decides the areas of cooperation of the German Government to Nepal, which were held in Kathmandu in 2004, 2006 and on December 15-16, 2008.

Germany is one of the major donors for Nepal's development efforts. Germany is also a member of Nepal Development Forum. The German Development Bank (KfW) has taken a keen interest in Nepal's development. Besides, a number of German non-governmental organisations as well as institutions like German Technical Services (GTZ), German Academic Exchange Programme (DAAD) and German Volunteers Service (DED) are very active in promoting our socio-economic development. The German Government's present priority areas of development cooperation to Nepal as agreed between the two Governments are - renewable energy and energy efficiency, health and family planning, and promotion of local self-governance and civil society. Besides, ongoing peace process is another area of German assistance to Nepal.

Among the projects under the German cooperation, the Middle-Marsyangdi Hydro Electric Project is a major one. The project was funded by German Development Bank (KfW), Government of Nepal and Nepal Electricity Authority and has the installed capacity of 70 MW. The project has already been inaugurated by Rt. Hon'ble Prime Minister Pushpa Kamal Dahal 'Prachanda' on 14 December 2008. A high-level German delegation from the Federal Ministry of Development Cooperation (BMZ) was in Nepal to take part in the inauguration programme.

Bilateral Trade

Although Germany maintains the biggest export market for Nepali products, export of Nepalese products to Germany has been declining since 1999. Lately, the decline in the export of woollen carpets has been the main reason for decrease in overall export to Germany. Besides carpet, exports to Germany from Nepal include handicraft, silver jewellery, woollen and pashmina goods, Nepalese paper and paper products, tea, medicinal herbs and essential oils, readymade garments, spices, honey etc. Some joint venture companies have started export of micro-transformers and high-value garments and knitwear to the German market. Nepal imports mainly industrial raw materials, chemicals, machinery equipment and parts, electric and electronic goods, vehicles etc. from Germany. Following table shows the balance of trade situation of Nepal with Germany in recent years.

Year	(Value in '000 Nepalese Rupees)		
	Export	Import	Balance of Trade
2002/2003	3,555,327	2,278,356	1,276,971 (+ve)
2003/2004	3,567,036	1,977,896	1,589,140 (+ve)
2004/2005	3,121,753	1,570,917	1,550,836 (+ve)
2005/2006	2,843,770	2,761,788	81,982 (+ve)
2006/2007	2,573,710	2,432,693	141,017 (+ve)
2007/2008	2,332,051	3,430,346	1,098,294 (-ve)

Source: Trade and Export Promotion Centre

Tourist Arrival from Germany

Apart from trade, Germany is also important for the promotion of Nepal's tourism industry. The tourist inflow in Nepal by air from Germany in the years 2006, 2007 and 2008 were 12,098, 16,920 and 16,228 respectively. But in recent months, the German tourists visiting Nepal is increasing.

Joint Venture from Germany

German investments in Nepal are basically focused in the areas of hotel service, Ayurvedic and herbal medicines, solar energy, computer software development, tea farming and processing, and hydropower generation. As of mid April 2006, 19 joint ventures are operating, 2 joint ventures are under construction, 2 joint ventures are licensed, and 20 joint ventures are approved under the German investment in Nepal.

Nepalese Nationals in Germany

The official figure of the German Government shows that there are 2,552 Nepalese in Germany until December 2008. Among them, 1596 are males and 956 females. Besides, number of Nepali students coming to Germany is increasing in the recent years.

Miscellaneous

A cultural agreement was signed between Nepal and Germany in 1992 as a framework for implementing numerous projects largely aimed at preserving the cultural heritage of Nepal. A cooperation agreement between Deutsche Welle and Radio Nepal has been in effect since 1975. Nepal is also a priority country of the German Research Foundation (DFG). The German Academic Exchange Service (DAAD) grants regular scholarships to Nepal.

As of December 2009