

// Gateway open to more trade with India

Only about 40 million euros of trade currently passes between India and Luxembourg. All parties at a recent business seminar organised by the Indian Business Chamber of Luxembourg (IBCL) agreed this figure could quickly be increased. To that end, Luxembourg is taking steps to promote trade and investment: missions to promote Luxembourg companies in India and bilateral agreements including a double tax agreement and another recently on social security. The event attracted a crowd of about 100 to a conference at the offices of BGL BNP Paribas on the Kirchberg.



Economy minister Jeannot Krecké speaks at India-Luxembourg event.

Sudhir Kumar Kohli, president of the IBCL (which was founded this year) described his organisation as a 'bilateral chamber,' "promoting economic and business ties between India and Luxembourg in both directions," he said. Kohli pointed to the rapid growth of India's economy. During the economic crisis, India was still growing at 6% and investing massively in infrastructure, energy and security projects.

Gul Kriplani, president of the Indian Merchants Chamber in Mumbai said Mumbai is a business centre which stands to undergo more dramatic growth than did Shanghai. He told the gathering that India has an open market economy which encourages international companies to come and bid on contracts for energy, logistics and infrastructure projects.

// Seeking niche opportunities

Jean-Claude Vesque, head of international trade-international department at the Luxembourg Chamber of Commerce, pointed out that Luxembourg was limited in its ability to take on large infrastructure projects. "We have only 20 companies which have more than 1,000 employees," said Vesque. Smaller businesses, he added, "are not the companies that can go in for large infrastructure projects."

Vesque said Luxembourg is better served seeking niche opportunities, like upgrading India's airports - opportunities for SES, Eurocomposites and CTI. Vesque said that Indian companies operating in Luxembourg are largely in the IT sector, with pharmaceuticals being another "promising" growth area, taking advantage of Luxembourg's logistics hub.

// Fostering economic links

Luxembourg established a Trade & Investment Office in New Delhi in the 1990s, and a full embassy in the same city in 2002. Jeannot Krecké, Luxembourg's minister of the economy and foreign trade, said this provided a "permanent 'ear on the ground and a voice that is heard'." The Luxembourg Chamber of Commerce is organising a trade mission to India in January 2010, in conjunction with Krecké's ministry. Vesque of the Chamber said this "will cater especially for the automotive sector," in order to explore possibilities for Luxembourg's auto parts sector to diversify their markets. There is also a plan to have a Luxembourg delegation at the Auto Expo 2010 in Delhi. Kriplani invited Krecké to make a stop in Mumbai to meet the various companies that are interested in working with Luxembourg companies.

// Two new bilateral agreements

Krecké noted it took 15 years to reach a double taxation deal, but he expressed hope that both sides will be flexible in taking measures that promote trade relations. As for the agreement on social security, Krecké said that this would simplify the process regarding pension benefits for employees from either country posted to the other. Luxembourg has also recently eased its entry requirements for non-EU specialised workers.

Kohli recommended that Kriplani, president of the Indian Merchants Chamber, promote Luxembourg as logistics hub and a base for e-commerce in the EU. Kohli said his own company used Luxembourg's logistics hub even when he wasn't selling into Luxembourg, but simply trans-shipping imported goods to other European and North American countries. He also suggested to Krecké that the "Luxembourg government . . . consider giving further tax incentives like similar zones in Asia." He suggested tax exemptions over a certain period which would be treated under EU law as regional aid. The business seminar was part of a series called "India meets Luxembourg" featuring cultural, business and political events from Sept. 24 to Oct. 3.