

INDIA MEETS LUXEMBOURG

## Taking the first steps

*Par Brian Power, publié le 07.10.2009*



*Sudhir Kohli, president of IBCL (photo: Francesca Gilibert/archives paperJam)*

### **THE INDIAN BUSINESS CHAMBER OF LUXEMBOURG (IBCL) GOT UNDERWAY IN EARNEST WITH A SERIES OF EVENTS TO RAISE AWARENESS AND PROVIDE A CULTURAL EXCHANGE.**

Sudhir Kohli, president of IBCL, is adamant that the chamber will be truly bilateral, and the first business event of India Meets Luxembourg did not let him down. Entitled "Emerging Opportunities for India-Luxembourg Economic

Cooperation", and hosted by BGL BNP Paribas, the seminar featured representatives from the Indian Merchants Chamber, Mumbai, as well as the Luxembourg Chamber of Commerce, and minister Jeannot Krecké.

A notable point was the difference in confidence, or at least the methods in which confidence was shown. While Krecké and Jean-Claude Vesque, of the Chamber of Commerce, were guarded and cautious, Gul Kripalani, president of Indian Merchants Chamber, was optimistic and direct, soliciting for business and laying down a challenge to Luxembourgish businesses to invest in India, and Mumbai in particular.

As he pointed out, the two countries may ostensibly seem poles apart, but have common characteristics, not least their resilience in the face of the financial crisis. While Luxembourg, the "developed" nation barely registered in terms of economic growth, India, very much still "developing", is forecast to achieve GDP growth of 6.5%, according to Vesque.

What is clear is that India is ripe for investment, particularly in infrastructure, and this is where Luxembourg can come in. According to Kripalani, a Goldman Sachs survey shows that India will require a 1.7 trillion dollar investment in infrastructure over the coming decade. In terms of expertise, Luxembourg can play a part in this, and make India a far more significant trading partner than it currently is. As Krecké says, the benefits and opportunities are there: it is up to Luxembourgish companies to both see and take them.

### **Fiscal Advantages**

The second business event was a symposium on taxation, hosted by PricewaterhouseCoopers. The double tax avoidance treaty signed between India and Luxembourg is one reason why economic cooperation between the two countries can be enhanced.

By simplifying the taxation system, whereby taxes are paid just once, bilateral trade can be boosted, and potential and actual fiscal evasion avoided. The treaty itself has been a long time coming, the journey towards its eventual ratification beginning in 1992, and it will come into effect in Luxembourg on 1 January 2010, and in India as of 1 April of the same year.

The treaty applies to income and wealth tax in India, and corporation, capital and communal trade tax in Luxembourg, as well as income tax on individuals. While bilateral trade in goods is of approximately

40 million euros per year, and there are 149 Indian companies listed on the stock exchange in this country, figures for trade in services are unavailable, and there are no Indian banks with a presence in Luxembourg. The treaty will have a minimum validity of five years once it comes into force.