

# CONNECT

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What have been your impressions of India in these first few

## A Promising 2012 Gerdalies van Diggelen

*The world's economic situation spurs companies to globalize and expand, in search of new markets as well as cutting edge technology and innovations. Gerdalies van Diggelen, Executive Director, NFIA India speaks to Connect about how the Netherlands is well positioned to satisfy the ambitions of Indian companies in Europe and beyond.*



**What are the investment trends you expect to witness from India into the Netherlands in 2012? Will mergers & acquisitions (M&A) still be prominent?**

In 2012, I think M&A will continue to retain its importance on the investment landscape given the existing financial and economic situation in Europe. Many Indian companies are looking for acquisition opportunities in Europe at this time. They expect targets will be cheaper, they have money to invest and they are ambitious about international markets.

The other thing I expect that will grow in 2012 is the outsourcing trend. Once again in the current European business climate, the need for outsourcing will grow as companies seek the most economically efficient solutions and this is what Indian IT companies can offer them. I expect BPO and IT outsourcing companies will have a growing interest in starting initially a marketing and sales operation in Europe close to their customers and afterwards take the next step to invest in a larger operation. The Netherlands already has a host of Indian IT companies, the large brands as well as several medium-sized and smaller ones, so we are a logical choice.

**What are some of the other sectors, besides IT, that will have synergies with the Netherlands, going forward? What is the motivation for Indian companies to looking at Netherlands specifically as an investment destination?**

The Netherlands is most attractive to foreign investors as it is the gateway or entry point to the European market. Its excellent logistics connections within north-west Europe provides companies within a radius of 500km direct access to 170 million consumers, including prosperous areas like the Ruhr (Germany) and large cities like London, Paris and Brussels.

Moreover, compared to most other European countries, the Netherlands has a very favorable tax climate. We offer lower tax rates than our surrounding countries and have 'participation exemption' which means that no tax has to be paid in the Netherlands on dividends from qualifying subsidiaries in other countries and have many bilateral tax treaties with countries. These help companies optimize their tax structure. Finally, the Netherlands offers quite a unique arrangement in that companies can make advanced tax rulings with the Dutch tax authorities.

The fiscal instruments available to stimulate innovation are another attractive factor. These instruments stimulate investment into R&D, allow for lower wage taxes and most important of all, profit as the result of R&D-activities is taxed at a nominal rate of only 5%. This provision, called the innovation box is a unique offering of the Netherlands and attracts many innovative companies from across the world.

**While this appears to be a key strategy to attract investment in a global context, NFIA in India hasn't really pushed the innovation box? Are there plans to increase awareness of these provisions among Indian investors?**

We intend to include information about these fiscal facilities during general events. We will also reach out to specific sub-sectors in India who could be interested in the innovation box through events or bilateral meetings. For instance, if you look at incoming missions in the first quarter of 2012, there will be seminars on biotech or IT, where this would be one

of the talking points.

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**What is your evaluation about how Indian companies perceive the Netherlands as compared to other north western European nations or other competitors?**

In my estimation, the sectoral angle is very relevant in this case. For example, for Indian companies looking for logistics or warehousing support, the Netherlands will most likely already be on their 'radar screen' if they are doing business with Europe. Usually, in our experience, most companies would already be doing business with northwestern Europe and Netherlands, before they consider making 'greenfield' foreign investments.

In this context, it is important to note that although the Netherlands is a small country, it is the 16th largest economy in the world. The Dutch home market, therefore, is quite significant. Plus given the excellent logistics facilities for freight and human connectivity, the Netherlands is the gateway to the European market for goods as well as or for services delivered by Indian companies.

**months?**

It's overwhelming! I have been very impressed to see the changes that have taken place since I visited India privately twice in the mid '90s. So much has changed since then, especially all the new infrastructure that has been built.

It is also very impressive and stimulating to meet Indian business people inside hi-tech, modern offices. In these places I have the feeling that I could be anywhere in the western world. I also notice that there are many parallel worlds living together in India at the same time and this is fascinating to experience. Step out of a hi-tech office and you see autos and roadside foodstalls all around, quite a contrast!

Finally it is also remarkable to encounter so many well educated youngsters. I think that many changes are to be expected in the next 10-20 years for India when such a future-oriented population is going to be the next generation of the Indian workforce.

**How do you plan to reach out to Indian companies with relevant messages?**

We are participating in incoming missions from the Netherlands and meeting with Indian companies. For instance, the Mayor of Amsterdam and senior representatives from the Province of Utrecht will host several events and seminars in Mumbai, Pune and Bangalore in the last week of March 2012 and NFIA will be active in these. We also plan to organise smaller, more focused events. In many cases we approach companies on a bilateral basis directly, as investment is a sensitive process. Events are an appropriate forum to spread awareness about opportunities, but significant discussions can only happen in a one-to-one format.

**Please tell our readers in the simplest way what the NFIA can offer them.**

NFIA can offer Indian companies information about the investment climate in the Netherlands, introduce them to relevant government and private organisations in the Netherlands, organize customized fact finding trips for Indian companies seriously considering greenfield investments in the Netherlands and help companies to speed up the process of obtaining the necessary permits for Indian expat staff to start working in the Netherlands.

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