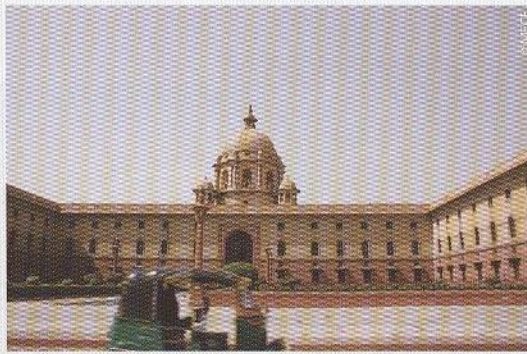


LUXEMBOURG FIRMS UP ITS RELATIONSHIP WITH INDIA



An economic promotion trip to India was organised between 23-27 April by the Chamber of Commerce in cooperation with the Ministry of Economy and Foreign Trade. The Luxembourgish delegation was led by Minister Jeannot Krecké and consisted of around 15 companies who visited New Dehli, Bangalore and Pune in turn. The Director General of the Chamber Pierre Gramagna addressed a seminar on the Luxembourg economy and Mr Krecké underlined the good political relations between the world's largest democracy and Luxembourg. In particular he spoke of Mittal Steel's successful tender offer for Arcelor which has enabled Luxembourg to become the headquarters of the world's largest steel company.

With its 1.1 billion population growing by 17 million per year, India represents a hugely promising market, particularly in the areas of infrastructure and IT services. The economy grew by 9.2% in 2006 and many analysts see

India as the "second China" with it becoming the world's third largest economy by 2050. By this time, the country will have the world's largest middle-class.

Minister Krecké and the Indian Minister of Finance approved the agreement on a double tax treaty, the end of 15 years of work by the two countries' tax administrations. The next step is for the formal signature of the double-tax convention which will allow Luxembourg firms with activities in India to no longer suffer from a competitive disadvantage of being taxed twice and will make the Grand Duchy more attractive for Indian businesses looking to invest in Europe.

For the second stage of this mission, the delegation visited Bangalore where an economic seminar was organised jointly by the CII (Confederation of Indian Industry) and the Luxembourg Chamber of Commerce. This seminar allowed around 100 Indian business

managers to hear the advantages of investing in Luxembourg. This event was combined with a networking session between representatives of Luxembourg businesses and Indian business people. On top of this, as Bangalore is known as the "Indian Silicon Valley" the delegation visited several companies from the local IT sector which has grown considerably in recent years, with turnover and workforce up ten-fold. Bangalore and the state of Karnataka account for a third of all Indian exports and information and communication technology services. The final stage of the mission was tailored specifically to the interests of Luxembourg's car component firms with a visit to Pune which is at the centre of the country's automobile, engineering, electronics, pharmaceutical and food industries.

The participants are confident that the visit has created a multitude of useful contacts which will be followed-up in future missions.