

“Orchids from Thailand and flowers from Brazil and Africa are flown into the Netherlands, auctioned there and then flown to other parts of the world.”



Netherlands an excellent bridgehead to conquer the European market. TCS was one of the first to realize this in the nineties, and they have their European headquarters in Amsterdam. In the past few years, we have seen not only the large ones but also smaller IT companies move into the Netherlands. Since its inception last year, the NFIA office has put a lot of effort in assisting the IT industry to establish its foothold in the Netherlands, because of its need to move very quickly and service clients in the neighboring countries as well.

We are also looking at other sectors. What you see at the moment is that much of international expansion of Indian companies is happening through inorganic growth, by acquiring interesting companies in Europe. In that respect, the Netherlands plays a role in which companies set up subsidiaries there to facilitate investing in other European countries, but also increasingly in the establishment of headquarters to operationally manage those interests in Europe from a neutral location. I hope many Indian companies, not just from the IT sector, will follow TCS' example in the near future. In that respect, one of the interesting movements last year was that of Suzlon, which set up its global management center in the Netherlands. A particularly interesting industry for us is the life sciences industry. I see a lot of movement and acquisitions there, especially among the pharmaceutical companies. In that respect, it is good to know that, besides an excellent location for headquarter function and distribution of products to other European destinations, the Netherlands is also one of the major centers of research excellence in pharmacology, bio- and nano-technology, and medical equipment. I would be very eager to promote cooperation in these areas, as I strongly believe that a combination of Indian entrepreneurship and Dutch research will enable us to jointly bring products to market, that will benefit all of mankind.

How does the tax system in the Netherlands favor businesses?

The Netherlands' tax system has always been geared towards facilitating cross-border investments and international activities of companies, and therefore is focused on avoiding double taxation. We have a very extensive network of double taxation avoidance treaties. We also have the concept of participation exemption. If you have been taxed already on the profit made in a subsidiary outside of the Netherlands, then we don't tax the dividends or interest paid to the mother company in the Netherlands. This helps reduce the cost of business. Besides, we have one of the lowest corporate tax rates in Europe, and a very business-oriented and approachable tax administration, which provides certainty in advance to potential investors.

How easy is it to start business in the Netherlands?

As I mentioned, the regulatory environment is very liberal. There is hardly any restriction. There is no sector of industry where foreign investments are not welcome. One of the roles of the NFIA office in India is to facilitate a company wanting to set up a branch or subsidiary in the Netherlands, to advise them, to help them speed up the process, to make them aware of what they need to do, what documents they need, and assist them in the process. We do this free of charge and in all confidentiality. If it's a branch, the procedure only takes a day. If it's a private limited company, then it takes a little bit longer, but, in general, you can be up and running within a few weeks.

Is it true that the labor laws in the Netherlands are very stringent?

There is a marked difference between the continent of Europe and, for instance, the US. In the US it is much easier to let go of employees. The European view puts much more emphasis on the employee as a stakeholder in the enterprise. The flexibility in the Netherlands' system is also there, but needs a little more consideration. Since laying off long-term employees is definitely more expensive, the way it is done in the Netherlands is that you have several

“For centuries the Netherlands has been a major trading and transport hub (both for incoming and outgoing traffic) in northwestern Europe.”

ways of employing people. There is a very large infrastructure of temporary employment agencies where you can hire temporary personnel, and also have the possibility of contracts with limited durations. Many companies find a mix between long-term employees and some other flexible employment schemes, which makes it easier to react to the ups and downs in the market. It takes a little more work than in the US, perhaps, but in principle, when the need arises, it is not that difficult to adapt to market circumstances.

How does the NFIA help Indian companies?

Our function here is to identify companies that are looking to set up operations in Europe. We try to help them get a picture of whether the Netherlands could be a good solution and how that could be done, so that they can make well-considered comparisons with the other options they may have in Europe. If they come to us saying that they may want to do something in the Netherlands, we gladly help. Our main function is to make sure that the options in the Netherlands are made clear and, once a company decides for the Netherlands, to assist them in setting things up all the way. We work closely with our regional partners in the Netherlands. Every major city and every province there has its own people who assist investors into their region, and, together with us, they provide the needed local support.

The Netherlands has a very well developed floriculture and agriculture sector. Do you see some action there from Indian entrepreneurs?

One of the smaller Indian companies we helped last year, JKT Enterprise, was in that sector. They are from Mumbai and are in the onions business, among other products. They originally had their office in the UK, but they moved it to the Netherlands because it made more sense to them. They now have their marketing and sales operation at The Hague and have outsourced their logistics for the European market to a Dutch logistics service provider.

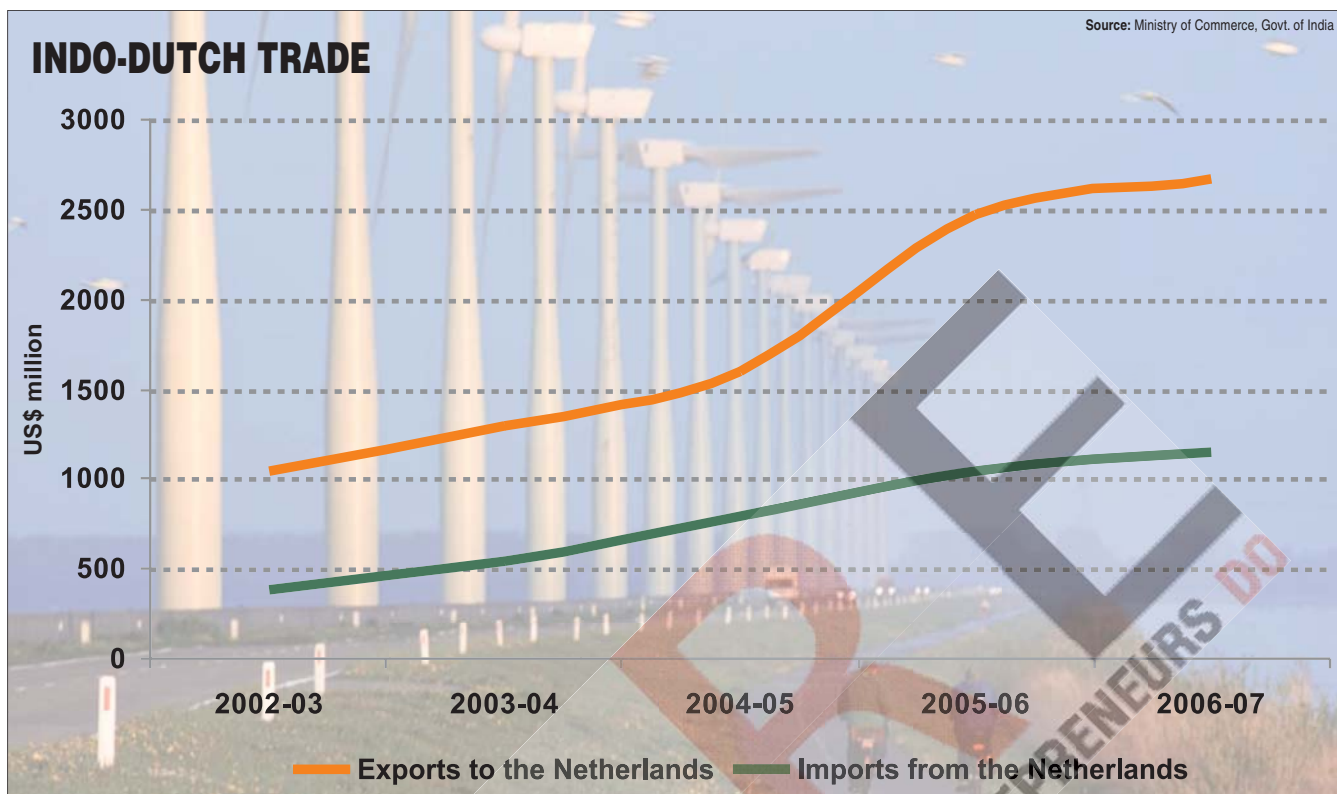
Floriculture in the Netherlands is very advanced. Not only for the tulips, for which the Netherlands is famous, but also for many other types of flowers. That tradition has also meant that we have become the most important transport and distribution hub for flowers from all over the world. We have a very efficient auctioning system. Even orchids from Thailand and flowers from Brazil and Africa are flown into the Netherlands, auctioned there and then flown to other parts of the world. I think that many Indian flower growers will also be able to take advantage of that.

Besides, I see a lot of scope for other agricultural and food products too. Together with the US and France, the Netherlands is one of the three largest global exporters of agricultural products and one of the world's leading R&D centers in seed improvement and food technology. There is a lot of scope for cooperation in these areas. Having lived in India for over a year now, I am impressed by the excellent taste of the fruits and vegetables and by the quality of some of the food products produced here. I should hope that the Netherlands can play a major role in the near future in bringing these products to European consumers.



We have the concept of participation exemption. If you have been taxed already on the profit made in a subsidiary outside of the Netherlands, then we don't tax the dividends or interest paid to the mother company in the Netherlands. This helps reduce the cost of business.

NFIA India: Website: www.nfia-india.com, e-mail: info@nfia-india.com



cross-border traffic in Europe,” says Robert V Schipper, Executive Director, Netherlands Foreign Investment Agency (NFIA). A division of the Dutch Ministry of Economic Affairs, the NFIA provides information and assistance

to companies keen on setting up, expanding or restructuring their pan-European operations in the Netherlands.

Some of the world’s most respected companies, such as Philips, Shell and Unilever, are based out of the Netherlands. “Dutch companies prefer doing business with Indian companies rather than with those from China,” says Sandra Oemrawsingh of S&S Consultants BV. S&S provides consultancy services to foreign companies wanting to set up shop in the Netherlands.

Opportunity Areas

Although there has been a lot of action with respect to Indian IT companies, both big and small, there is tremendous scope for those in other sectors to take advantage of the Netherlands’ favorable business environment. Schipper hopes that many Indian companies, not just from the IT sector, will follow TCS’ example in the near future. “A particularly interesting industry for us is the life sciences industry. I see a lot of movement and acquisitions there, especially among the pharmaceutical companies,” he says.

Some of the new areas of economic cooperation are biotechnology, ag-

riculture, floriculture, food processing, waste management, inland water transport and ship building. The Netherlands also has top-class research centers in biotechnology, nano-technology, pharmacology and medical equipment.

For those wanting to enter the small businesses sector in the Netherlands, Oemrawsingh has this to say. “You’ll see that the majority of those who come from India either enter the food and restaurant sector or the textile industry. This group helps to make up the country’s small and middle enterprises, and it just keeps growing,” she says.

Bilateral trade between India and the Netherlands touched \$3,824 million in 2006-07. The value of India’s exports to the Netherlands crossed \$2,668 million in 2006-07 while that of imports from the European nation stood at \$1,155 million. The main exports to the Netherlands include petroleum (crude and products), RMG cotton, electric goods and machinery items. The main imports from Netherlands are metaliferous ores, metal scraps, machinery except electric and electronic, organic chemicals, etc. **DARE**



“Dutch companies prefer doing business with Indian companies rather than with those from China.”

— SANDRA OEMRAW Singh
S&S CONSULTANTS BV