India-Luxembourg Relations

Overview of India-Luxembourg relations:

Political:

The diplomatic relations between India and Luxembourg were established in 1947. Since then, India-Luxembourg enjoy close, warm and friendly relations, rooted in shared commitment to democratic values, rule of law and commitment to development. The relations are characterized by a high degree of understanding and appreciation of each other's concerns and interests. Both have commonality of views on major bilateral and multilateral issues. India and Luxembourg enjoy excellent relations at multilateral levels and are committed to further deepening and widening the ties. In this regard Luxembourg opened its Embassy in Delhi in 2002.

Bilateral Visits in the past:

Visits from India to Luxembourg include the following:

2012: Mrs Preneet Kaur, Minister of State for External Affairs on 18 April, 2012;
Earlier: Smt. Meira Kumar, Hon'ble Speaker of Lok Sabha led a high level Parliamentary Delegation from June 10-13, 2010; Mr. Vayalar Ravi, Minister of Overseas Indian Affairs from 29-30 September 2009 during which an Agreement on Social Security was signed; and Mr. Ram Vilas Paswan, Minister of Steel, Chemicals and Fertilizers, in September 2006. Sh K R Narayanan, Hon'ble President of India visited Luxembourg in September 1998.

Visits from Luxembourg to India include the following:

2015: Foreign Minister Mr. Jean Asselborn official visit (New Delhi) on March 3.
2013: 11th ASEM Foreign Ministers' Meeting in New Delhi, Foreign Minister Mr Jean Asselborn along with Mr. Jean Olinger, Mr. Gabriel Baptista attended from Nov 11-12.
2012: Mr. Laurent Mosar, President of the Chamber of Deputies led a Parliamentary delegation to New Delhi from 28 February - 2 March 2012.

Earlier: Mr. Jeannot Krecke, Minister of Economy and Foreign Trade, visited India from 9-14 January 2010 leading an economic delegation. He, earlier in April 2007 also, had led an Economic Mission to India; Mr. Luc Frieden, Minister of Budget and Treasury had visited in January 2007, Mr. Jean Asselborn, Deputy Prime Minister and Foreign Minister, in February, 2007; In January 1999, Mr. Jean Claude Junker, the Luxembourg Prime Minister had visited India (only PM of Luxembourg to have visited India), Current Grand Duke Henri visited India when he was the Crown Prince in May 1995; Mr Georges Wohlfart, Secretary of State for Foreign Affairs and Foreign Trade visited India in October 1995, May 1996 and April 1997, Previous Grand Duke Jean (father of the current Grand Duke Henri) visited India in March 1983 along with Grand Duchess.

Cooperation at UN:
Luxembourg has been supporting India’s candidatures at the UN. During the visit of President K R Narayanan to Luxembourg in September 1998, Prime Minister Mr Jean Claude Junker had reiterated his support to India’s permanent membership in the UN Security Council. He had told the President that “India has to have a permanent place in Security Council”.

In 2005 it co-sponsored the G-4 Resolution. Luxembourg supported India’s candidature to UNSC for the period 2011-12. India had extended support to Luxembourg’s candidature for the successful bid to the non-permanent membership of the UNSC for the period 2013-14 on reciprocal basis to our candidature for UNSC non-permanent membership for the term 2021-22. Indian and Luxembourg also agreed for reciprocal support for UN Human Rights Council (UNHRC) seat. India was reelected for the UNHRC term 2015-17 with highest number of votes (162) in the Asia-Pacific region (Elections on 21 October 2014, New York). Luxembourg’s candidature is for 2022-24 (elections are to be held during the UNGA in October/November 2021).

FM, Jean Asselborn met with EAM in Delhi on March 2, 2015 and supported UNSC and the Indian candidature as UNSC member, **without Veto rights**. He announced Luxembourg’s support for India’s candidature in UNSC non-permanent membership for 2021-2022.

After the nuclear tests in 1998, Luxembourg had opposed proposals for an economic embargo against India.

**Economic relationship:**

The economic relationship between India and Luxembourg, particularly investment relationship, has grown in recent years. Luxembourg is the 16th most important investor in India (April 2000 to August 2014 with US$ 1090.85 million).

More than 170 Indian companies are listed on the Luxembourg stock exchange through Global Depository Receipts (GDRs) and Indian GDRs listed in Luxembourg reached a value of about Euro 13 billion in 2012 representing 27.5% of the overall value of all GDRs listed at the Luxembourg stock exchange.

Luxembourg is home to one of the largest investment fund industry in the world and Luxembourg based investment funds hold a substantial banking and asset management market share in portfolio investments in India.

There are about 150 foreign owned banks in Luxembourg, however, none from India. Luxembourg is keen on Indian banks opening branches in Luxembourg which could provide opportunities to tap on local expertise and gain from the proximity to the European Investment Bank, which is headquartered in Luxembourg.

India and Luxembourg have had a longstanding cooperation in the steel sector. Luxembourg Company Paul Wurth Company has been in India for the last two decades and playing an important role in upgrading the steel sector in India in collaboration with SAIL, TISCO, Jindal Steel, etc. Other
Luxembourg based companies such as ArcelorMittal, John Zink International Luxembourg are also present and playing an important role in India.

However, much of the potential remains untapped and still remains far below the potential that exists between our two countries especially in the engineering goods and manufacturing sector.

To identify the areas of mutual economic interest and bilateral trade promotion, India-BLEU (Belgo-Luxembourg Economic Union) Joint Commission Meeting (JCM) was set up in 1997. It is working as a biennial forum for exchange of views on various issues of economic cooperation and to identify the areas of mutual economic interest and bilateral trade promotion. The meetings are held on a regular basis and the last JCM was held in July 2013 in Brussels and the next is scheduled in June/July 2015 in New Delhi.

The bilateral trade during January-September 2014 recorded Euro 27.95 million through sustained efforts on both sides and focused dialogue to intensify economic cooperation. The forthcoming meeting of the Joint Commission will explore areas to enhance trade figures. Luxembourg companies particularly in sectors such as steel, automotive equipment and IT are exploring opportunities in India to diversify their markets; however, the investment figure has not seen much improvement. In January 2010, a high level business delegation led by Mr. Jeannot Krecke, Minister of Economy and Foreign Trade of Luxembourg visited India. Luxembourg also places special emphasis on cooperation in the automotive sector. With India fast developing its own auto-components sector, Luxembourg companies are looking for synergies in the sector.

Another area where cooperation has been growing is the civil aviation sector. Chennai is the Indian hub for Luxembourg’s all-cargo airline Cargolux. Many Indian freight forwarders work with Cargolux to route their European exports efficiently and rapidly (garments, shoes, machinery, original spare parts for European car makers, etc.). An aviation agreement was signed in 2004 to formalize this relationship.

The HRH Crown Prince Guillaume of Luxembourg was scheduled to lead a high level business delegation to visit India in November, 2013. However, the visit was postponed due to political crisis in Luxembourg which led to early elections in October, 2013. Fresh dates for the visit are now being worked out with the office of Vice-President of India.

**Bilateral Trade:** The bilateral trade between India and Luxembourg during January to December 2014 stood at € 39.2 million.

The major items of India’s exports to Luxembourg are textiles and garments, engineering products and chemicals. The major items of India’s imports from Luxembourg are engineering goods, base metals, optical photographic equipment and plastics and allied products. The breakup of the bilateral trade is as in the table below:

<table>
<thead>
<tr>
<th>India-Luxembourg</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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</table>

Value in million Euros

Page 3 of 5
<table>
<thead>
<tr>
<th></th>
<th>Jan-Dec</th>
<th>Jan-Dec</th>
<th>Jan-Dec</th>
<th>(Jan-Dec)</th>
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<tbody>
<tr>
<td><strong>Indian Exports to</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luxembourg</td>
<td>12.47</td>
<td>11.53</td>
<td>12.58</td>
<td>7.42</td>
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<tr>
<td><strong>Indian imports from</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luxembourg</td>
<td>53.59</td>
<td>51.89</td>
<td>39.51</td>
<td>31.75</td>
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<tr>
<td><strong>Total Bilateral Trade</strong></td>
<td>66.41</td>
<td>63.42</td>
<td>52.09</td>
<td>39.17</td>
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<td><strong>Growth %</strong></td>
<td>25.45%</td>
<td>- 4.50%</td>
<td>- 17.87%</td>
<td>- 24.82%</td>
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</tbody>
</table>

Source Eurostat

**Bilateral Investment:**

FDI flows from Luxembourg to India between April 2000 and March 2015 are about US$ 1,245.15 million, making it the 16th most important investor in India and among EU member states, it ranks 4th among the combined FDI and FII investors in India. The sectors that attracted maximum investments from Luxembourg include trading, computer software & hardware, services sector, agricultural machinery and chemicals.

To arrest the decreasing trend of bilateral trade, it is important to invite Luxembourg business community to take full advantage of development and economic policies of the new government, which shortly after taking office has taken several steps to encourage foreign investment in several areas, including manufacturing sector.

To promote Make in India programme, the Mission took part in B2B Trade Fair in the Greater Region, GR Business Days, organised during 17- 18 June 2015 at Lux Expo in Luxembourg-Kirchberg by Luxembourg Chambers of Commerce. The fair included exhibition stands, interactive conferences and round tables, thematic exhibitor workshops and showrooms. The event focused towards SMEs and innovative start-ups from around the Greater Region. The Mission made presentations on Make in India during the event.

**Indian community:**

The Indian Diaspora in Luxembourg numbers around 1000. There are nearly 500 Indian passport holders who work in Arcelor-Mittal, IT, banking and other service sectors. Indian students also have started coming to Luxembourg for research and post-doctoral studies. Indians living in Luxembourg have a good social profile and there has been no perceptible presence of illegal immigrants from India in Luxembourg.

There is one Indian Association which coordinates cultural and other activities of the Indian community in Luxembourg. In March 2009, an Indian Business Chamber of Luxembourg (IBCL) was constituted to promote commercial relations between India and Luxembourg. The Chamber facilitates business activities and assists Indian companies in the setting up of business ventures in Luxembourg.
Useful Resources:
Embassy of India to Belgium, Luxembourg and the EU website:
http://www.indembassy.be.
Embassy of India, Brussels facebook page:
https://www.facebook.com/IndEmbassyBrussels
Twitter Handle:
@IndEMbassyBru

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