

NETHERLANDS INDIA BUSINESS MEET 2010
AMSTERDAM, 16TH SEPTEMBER 2010.

Keynote Statement by Ambassador Mukherjee on :

Critical Factors for Success in Indo-Dutch Business Relations

1. It is a privilege and pleasure to be a keynote speaker at this important business event so soon after the presentation of my credentials to Her Majesty the Queen of Netherlands. The Netherlands India Business Meet 2010, which is now in its third year has acquired a form and substance of its own, which makes it an important event in the economic calendar of India-Netherlands events. Your active participation and support to the event is a testimony to the rising profile of NIBM. I have carefully reflected on what are the critical factors for success in Indo-Dutch business relations. There are no easy answers since India and the Netherlands have both similar and contrasting models of development. This is normal considering the very different history and geography of the two countries. Yet, both share a dynamism, a vigour and entrepreneurial skills which makes this relationship mutually beneficial.

2. Continuous interaction between the Indian and Dutch business communities is a crucial and critical factor in this exercise. May I pay tribute to the efforts of my dear friend the Dutch Ambassador to India H.E. Mr. Bob Hiensch who is here with us, who had personally stewarded this engagement during his over two years in India. I would do the same here in Netherlands. In fact, the changing role of Ambassadors from political diplomacy to being the CEO's of trade and business is an issue which was debated at an important seminar organized by the Confederation of Indian Industry (CII) at the recent conference of Ambassadors in Delhi. The Dutch ambassador and myself therefore are in fact crucial factors for success in this venture.

3. Similarly, the heads of business & industry from both countries who have organised this event need to be felicitated and in particular Mr. Ram Lakhina, Chairman NICCT, Mr. Gopal Ramanathan, Chairman, KPMG High Growth Markets Practice, and Mr. Peter Staal, Head of Banking Asia, America & UK, ING Bank and Executive Vice President, NICCT.

4. Let me address the factors which should make India such an attractive investment destination for Netherlands. India which is on a

growth path of 9.5 % over the next 10 years is the second fastest developing economy globally after China and is expected, according to Western business forecasts, to be one of the five major economies in the next 10 years. Its membership in the G-20 & its aspiration to Permanent Membership of the Security Council are testimony to its growing economic & political strength.

5. I referred to the common spirit of entrepreneurship between our two countries. This has been a part of the Indian psyche since time immemorial. The history of the Spice Route and the legendary shipping routes between Europe and India known as the Old Merchantile System are too well documented to be reiterated here. The Silk Route which stretched from Patliputra (now Patna) in eastern part of India all the way to its furthest most western destination to Italy and beyond exemplified the spirit of adventure and entrepreneurship common to Europe and India. It is often forgotten that India had to miss out on the Industrial Revolution because of colonisation. India had to leapfrog the great divide and burdened with its post-colonial legacy of low education, unemployment and a large population struggled in the early years of our Independence to reassert its legendary business energy and zeal. At that time, the fathers of Indian business and industry served as an inspiring model for later generations of Indian business.

6. Let me share the example of TATA group, which is as well known in the Netherlands as in India. The saga of the Tata Group started when its founder, Mr. Jamsetji Nusserwanji Tata, started a small private trading firm in 1868. He was a visionary and wanted to raise India to the level of the most advanced nations of the world. He concentrated his energies in giving India a research university (now the prestigious Indian Institute of Science), an iron and steel industry and a hydro-electric project. It is widely known that he decided to build the Taj Mahal Hotel in Mumbai after he was refused entry to one of the city's main hotels of the time, Watson's Hotel, as it was restricted to 'Whites only'. This hotel, built many years before even the Gateway of India was built in Mumbai offered the first view of India to ships sailing into the harbour. Later, Ratan Tata gave a gift of Rs.25,000/- to Mahatma Gandhi to take care of the families of jailed freedom fighters. The interlinkage of India's business and industry in our Freedom Struggle, demonstrates that, like in the Netherlands, there can be no strong nation or democracy, without support of its trade and industry.

7. Turning to the bilateral trade, it is a matter of mutual satisfaction that Dutch companies had been interacting with India for a long period of time, for over 100 years. This relationship, was not with an India that offers cheap labour but with an India that is an equal innovation partner. At present there are about 115 Dutch companies that have a presence in India and the number is growing. There are a large number of Dutch majors - Philips, Royal Dutch/Shell, Unilever, the big three of Dutch banking - ABN AMRO, ING, and Rabobank - KLM, Akzo Nobel, IHC Holland, SHV, DSM, Stork and DHV, who have established a firm foothold in India and have been growing ever since. The Dutch small and medium enterprise sector is also seriously looking at India.

8. An important trend seen in recent years is the advent of Indian firms in the Netherlands which is increasingly emerging as a prime destination for outbound investments from India. Nearly all top IT companies from India - HCL, TCS, Wipro, Infosys and Mahindra Satyam - are present in the Netherlands and have impressive business portfolios. While the IT companies were the first, the profile of Indian businesses in this country is getting progressively diversified and covers areas like pharmaceuticals, renewable energy, oil & gas and optical media.

9. There have also been some major merger and acquisition activities like the historic investment in steel giant Corus by Tatas, Apollo Tyres' acquisition of a majority stake in Vredestein. Cash rich Indian companies are replicating these types of M&A activities in practically many parts of the world. I would have an opportunity of visiting the Tata Corus Mill next week.

10. Let me underline how much India benefits from its partnership with Netherlands & how much potential there is for the future. Its world class expertise especially in the fields of water management; logistics including ports and highways; inland water transportation; environmental engineering; life sciences; bio-medicine; agriculture, agro-processing and floriculture offer giant opportunities for the future. On its side, India offers to the Netherlands extensive opportunities for trade and investments, particularly in the priority sectors identified by the Government of India like agriculture, infrastructure and logistics; port development; water management, automotives; biotechnology; food processing and pharmaceuticals.

11. Let me take this opportunity to invite the Dutch entrepreneurs to take advantage of the opportunities that lie for them in India. India's economic growth favours Dutch businesses, particularly as they are most active in the country's services sector which is the largest and most rapidly expanding part of the Indian economy. Unlike in many emerging countries, the contribution to GDP from our services sector is nearly 55 percent - a level normally found in developed countries.

12. Ultimately, the most critical factor for success is empowerment and confidence in one's destiny that needs no reiteration. On the 150th Anniversary of India's first Nobel Laureate, the great Poet and Thinker who also admired the Netherlands Rabindranath Tagore, let me quote from his last written message after his 80th birthday celebrations in Shanti Niketan in May 1941. It was a disturbing time for both Europe and India and Tagore wrote: "I had at one time believed that the springs of civilisation could issue out of the heart of Europe but today I look around and see the crumbling ruins of a proud civilisation strewn like a vast heap of futility. And yet, I shall not commit the previous sin of losing faith in Man. I shall await for the day when the Holocaust will end and the air will be rendered clean with the spirit of service and sacrifice. Perhaps that dawn will come from this horizon, from the East where the sun rises. On that day, will unvanquished man retrench his path of conquest, surmounting all barriers, to win back his lost human heritage."

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