SAXONY-ANHALT, GERMANY

ATTRACTING INDIAN FIRMS

Saxony-Anhalt in Germany is fast emerging as a hotspot for Indian companies which are looking at investing internationally to expand their horizon, writes Sanjeev Bhar

Germany is the flavour of the season. The champion of 2014 FIFA World Cup has emerged as a strong player in the global financial environment. According to reports, the country has been quite stable in its annual returns on investments since 2005. It is hovering between 5-6 per cent of its net international asset position. Need to say it makes a mark as an attractive destination for the Indians when they are looking to invest outside their shores. Saxony-Anhalt, which is a landlocked federal state of Germany surrounded by the federal states of Lower Saxony, Thuringia, Saxony and Thueringia, is definitely one of the frontrunners in establishing a strong relation with Indian business community. Dr Carlthans Uhle, Managing Director of IMG Investment and Marketing Corporation, the Economic Development Agency of the German Federal State of Saxony-Anhalt, says that the agency is extending every possible help for them to establish their ground in the region. Apart from industrial benefits, this place is known for its four UNESCO World Heritage sites in close proximity: the medieval town of Quedlinburg, the Luther memorials in Eisleben and Wittenberg, the Bauhaus, School of Design in Dessau, and the Garden Kingdom of Dessau-Wörlitz.

Globally attractive

Indian corporates/SMEs benefit by investing in Saxony-Anhalt, feels Dr Uhle. He says, “I am extremely positive about the growth of Indian companies. We started approaching international companies to invest in our region about 7-8 years ago. We see India will be the country which will grow consistently.” Saxony-Anhalt is placing its bet on India and thereby, approaching the companies to invest in the region. The leading markets in this region are chemicals and oil & bio-economics, mechanical engineering, energy/resource efficiency, food and agriculture, health and medicine, and mobility and logistics.

There is quite a history shared by Saxony-Anhalt and India and Germany. The most luring factors are the competitive production and real estate costs, high productivity, fast realization and approval times of investment projects as well as a highly skilled workforce.

Attracting Indian investors

Investors look for a stable market. Hence, Germany becomes a safe bet in the European Union. In terms of economics, pricing benefits, incentives, etc., this region is fast emerging as an investment proposition. “Novelis, a large aluminium company from India, has its presence here, turned profitable and now expanding its business. Further, Hindustan Glass and Millat Group have invested here and enlarging their scope. It may not be the most well-known region of Germany in India but it is just 150 km away from Berlin. So, if you calculate, it makes complete sense to invest here and many companies are doing so,” remarks Dr Uhle.

Other markets in the EU are promoting themselves aggressively. But Saxony-Anhalt is riding on its reliable, confidential and flexible support of the local companies provided by the IMG. For example it has attracted Novelis Inc., part of Mumbai-based Aditya Birla Group, which is a global leader in aluminium rolled products which operates in nine countries with a reported revenue of approximately $10 billion for its 2014 fiscal year. Michael H. Stecher, Plant Manager Nachterstedt, Managing Director Sheet Ingot GmbH, Novelis Europe informs, “We supply products to transportation, packaging, construction, industrial and consumer electronics markets throughout North America, Europe, Asia and South America. As part of the global Novelis organisation Novelis Europe is leader in aluminium rolling and recycling. The plant in Nachterstedt, Saxony-Anhalt is an essential facility in the global production network.” Similarly is the case of Hindustan National Glass & Industries Ltd. (HNG) which chose Saxony-Anhalt for opening its subsidiary. Wollfram Seidensticker, CEO of HNG Global GmbH in Gardelegen (Saxony-Anhalt) says, “The Plant in Germany was acquired from Insolvency Administrator against global bidding. It is a modern plant with state-of-the-art technology and happens to be in Saxony-Anhalt region.”

Germany has been a feeding market for Europe and performed better in economic terms. As far as Saxony-Anhalt is concerned, it is a good location too right in the middle of the European zone. With qualified workforce, a prime concern for any investors for operations, Indian firms prefer this region, aver Dr Uhle. So much so that Novelis Europe is currently commissioning its $250 million aluminium recycling and casting center here. “The new center will receive the support of the company’s drive to increase end-of-life recycling in Europe, where Novelis is already the leading recycler of aluminum beverage cans,” informs Stecher. Furthermore, Novelis recently announced the $80 million expansion plan for the construction of a new automotive sheet finishing line in Nachterstedt. “In the Saxony-Anhalt region, Nachterstedt is centrally located to receive scrap from throughout all of Continental Europe. Our access to the rail system also makes the logistics favourable for this site. It will also allow us to securely supply our European facilities including our joint venture in Neuss, Germany,” the remarks.

Inviting services

In India, IMG Investment and Marketing Corporation advises potential investor with their needs, and primarily help them in setting-up green-field projects or assist them in finding brownfield sites. “We interact with the companies to help them identify location, infrastructure. We try to identify their issues and help them with paper work, application for buildings, for incentives, educating people who come to work in Saxony-Anhalt and so on,” says Dr Uhle. In fact, Novelis is extremely pleased to see the city and community leaders supporting the expansion. “We appreciate the support of the regional Saxony-Anhalt authorities in getting to the point where we are today,” Stecher acknowledges. On the other hand, Seidensticker says that the business environment here is quite friendly and conducive. “Most of the technological innovations in Europe emanate in Germany and we are in touch with all the equipment suppliers for HNG’s requirements in India. The exchange of information and the transfer of technology are very good and helpful for our business and training our staff in India,” he adds.

Additionally, the maximum funding rates of EU structural funding depend on the size of the company. Based on that, this region had been receiving interest from various delegations in India. Saxony-Anhalt is at the top of the game by being able to attract attention of Indian business fraternity. After all, it is a win-win situation for all.

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