

'Important that we conclude bilateral investment treaty'

India and European Free Trade Association (EFTA) nations had on Monday launched a 'dedicated desk' to provide support to businesses looking to invest, expand, or establish operations in India. This could catalyse \$100 billion FDI commitment under the trade deal. Swiss State Secretary for Economic Affairs HELENE BUDLIGER ARTIEDA told Shreya Nandi in an interview in New Delhi that she hopes the India-Switzerland investment treaty negotiations speed up. Edited excerpts:

What have been companies' experiences in India so far? What are the challenges?

Dealing with a large country like India can be overpowering. In Switzerland, small and medium enterprises (SMEs) are the backbone of our economy. For us, it's not a good enough deal if only the big Swiss firms make it in India. We really guide the SMEs into this market and that must be a daunting exercise. We were very pleased to see easing of restrictions on ownership in the insurance sector. In the defence sector, the level-playing field will never be the same for foreign investors and that's normal. It would be important that we can again



HELENE BUDLIGER ARTIEDA

Swiss State Secretary for Economic Affairs

conclude a modern bilateral investment treaty (BIT) that has not been extended, not only with Switzerland but with others as well. We're in negotiations, we hope to speed up. Given that we have pledged together with our EFTA members the \$100 billion, it's really important and now we have this investment pact.

Investors across various countries have expressed their concerns over the dispute resolution clause. Is that also the same concern for Switzerland?

Not so much. We've had cases where companies have gone through the Indian legal system and that takes some time, but that takes some time

in Switzerland. We have to be fair when we assess the business environment.

Are we looking at a timeline for the conclusion of a BIT?

It's a high priority for us, but I'm not alone at the negotiations table. The finance ministry might have a lot of requests from many countries. But in the end, the Swiss investor will be the ultimate judge. The investor will have, of course, lots of other opportunities that people pitch to him or her. That's why having really good solid framework conditions, which include the BIT, are absolutely the key.

In December, Switzerland suspended unilateral application of the most-favoured nation (MFN)



clause with India under the Double Tax Avoidance Agreement (DTAA). Is there an estimate of the financial impact on companies?

The decision to suspend this MFN clause has no impact on the validity of the double avoidance taxation agreement, and not even on the Trade and Economic Partnership Agreement (TEPA). Aligning with the Indian interpretation, after the Supreme Court

ruling, companies from both sides will now be taxed at 10 per cent on dividends from January 1, 2025. As of now, there's no estimate of the financial impact on companies.

India-EFTA trade agreement was signed in March 2024 and the deal is yet to kick in. Can you explain the procedure of implementation and why there's a delay?

Once a government signs a deal with another government, in democracies, such as India and EFTA countries, you have to go through ratification in Parliament and or sometimes the Cabinet. In our case, it's the Parliament and that takes a bit of time. First, the government has to prepare the message to Parliament, and then we have a two-chamber system in Switzerland — it has already passed the upper chamber. In two weeks, it will be scheduled in the lower chamber. Switzerland is a direct democracy, which means any deal of importance like this one, there is a referendum running... It's just a regular procedure.

