

Interview with Riette Blacquiere, Executive Officer, The American Chamber of Commerce in the Netherlands



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How do you operate in terms of the stakeholder management, with all of your associate members? Do you tend to operate from the committee perspective, or is there an annual gathering of all 850 members?

The committees are important to our community, but we also bring all our members together in different events, i.e. business dinners, seminars, lunch with keynote speakers. Once a year we have the annual meeting, and all our members are welcomed there. However, this is not like a shareholder meeting, but more like a friendly gathering.

From the cultural perspective, that underlines a lot of the important business relations between the Netherlands and the United States, there has been over \$250 billion of trade flows over the past ten years, and the Netherlands and the US are very active on both fronts in FDI. What would you say are the main cultural complementarities either in business or in the social realms that underpin such heavy business activity, and precipitates the business?

I think that the openness of the Dutch economy towards foreign influences plays an important role. We welcome different cultural influences, and of course the common bond with the United States. We have very similar way of doing business – it's very direct, straight to the point, and we both aim to get to the heart of the matter.

Our relation with the US is based on a long history. There is over 400 years of trade history and diplomatic relations going back to the birth of the USA, so it's not new. We've become to know each other in that respect as well.

Four hundred years of trade history, but the Chamber of Commerce only dates back to 1961. What was the initial injection point? What was the environment at that time that caused and called for the creation of American interest group here?

After WW2, a lot of reconstruction had to take place in the Netherlands. In the reconstruction phase every government is obviously giving the priority to its local businesses, local people, and local interest groups. Americans were certainly very important in the reconstruction support to the Netherlands. I believe the Netherlands received a relatively large amount of Marshall Plan funding following the war.

Countries within Western Europe imposed significant restrictions on capital movement – for instance repatriation of profits made in the country. That whole environment stimulated American companies at that time to cooperate, rather than have each fight for its own interests. We were better off working under a single umbrella to ensure that foreign investors wouldn't be discriminated against. Also working together for greater liberalization of capital flows was our priority.

And as sort of fast-forwarding to today chronologically, how have the American Chamber of Commerce, its activities, and the face of the organization evolved over time? What were the changing trends that AmCham had to adapt to?

Our advocacy issues are those that affect a broad spectrum of our membership. We don't lobby for a single company or a specific industry sector. If we thought that a general issue was at stake, meaning it might negatively affect the foreign investor in general, and the US investor in particular, we would raise our voice.

Although a Pharmaceutical Committee has organized itself on the platform of our network, we don't do any advocacy for single companies, or just for a small industry. That's our general principle.

Today there are a lot of changing things and general principles that affect business at large. The period of 2008-2009 was highlighted with the financial crisis, and 2010 so far is a recovery phase. It has failed to meet the expectations of new governments that have various business agendas. What are the main priorities and issues on the Chamber's plate today?

Definitely the corporate tax issues – because it's one of the most important assets for foreign business in the Netherlands. The Netherlands has a good tax climate for doing business. However, there is still some work to do when it comes to the openness to other cultures and people from abroad. That might undermine our position.

One of the issues we are going to address in our 2011 Investors' Agenda of Priority Points (our advocacy program directed to the Netherlands government) in some way or another will be related to the business opportunities – but also education, and the overall climate for innovation and R&D in the Netherlands.

In the international context a country is faced with the same kinds of challenges that large

corporations are faced with. They are (or should be) continually striving to reinvent themselves – to create the conditions necessary for business to prosper and where wealth can be created for the benefit of its own citizens and the country at large.

Also with whom you compete has changed drastically. Two hundred years ago one's competitor lived on the other side of town; a bit later he was located in an adjoining state or province. Today companies compete internationally – at the country-level, and even larger regions, like Western Europe, Southern Europe, Eastern Europe. The world has become a global village.

Tax issues, education, and an enhanced climate for R&D and innovation. Those are all broad issues for such a large member plate as AmCham. Do you find it difficult to create and sustain value among these broad interests and various industries?

Perceived added value sometimes is an issue, and it also depends on what is important to a member – the network or the advocacy.

For some companies, it's just the network that we offer, and so they are probably not that involved in the daily activities of AmCham. Smaller firms may not be much interested in all our advocacy activities. For the large corporations, like IBM and ExxonMobil, AmCham is a way to help structuring its business environment.

Different companies and various sectors have different perspectives. Some companies denote labour flexibility as their prime issue of concern because of their organizational form. For others that issue is not that important. When a firm is accepting long-term permanent contracts, it is because its industry is more adapted to that kind of organizational structure. But in general, for most of our members labour flexibility is an important issue.

And the same goes for taxation of course. It is not equally important to all foreign companies. We represent financial institutions; we represent petroleum and chemical institutions, but also food and beverage industries – it's very diverse. Some issues are more crucial to some industries than others. Environmental legislation has often zero direct consequences for service sectors, for example, but plays an important role in the chemicals industry.

New governments just came into office in both countries. What are the initial signals and signs that the AmCham is interpreting? Will there be a further injection of greater business incentives across the US and the Netherlands?

The volume of business and trade operations is very significant and visible today, so I cannot say that with a change in government structure on either side that things will slow down or speed up. It is like a super tanker that is on course – only dramatic circumstances will change its direction.

The government is there for a period of 4 years, which is a short-term time span. There is very little the government can do in four years in a democratic society that is really going to make a difference.

What do you think will be the new industries to take off in the coming years or over the next decade?

For the last six years the Netherlands has had a government sponsored innovation platform composed of political, business and academic leaders – an effort to stimulate innovation and focus R&D in certain promising areas, such as food and agriculture, financial services, modern technology, amongst others. The state and think tanks have selected five sectors where they would like to see better performance and give more support to.

If you look at economic history, governments have had a rather poor track record of selecting an industry sector and pushing it forward. Silicon Valley emerged out of itself – a happy circumstance of several necessary parameters being in the right place at the right time for innovation to happen. There was not any government involved at that time. And certainly here in Europe, and other countries like Canada, where governments have poured millions and millions into a certain sector, trying to save it or to create it. And it resulted in neither saving the suffering industry or creating a new one that was sustainable.

Be that as it may, in the Netherlands the government is trying to additionally stimulate a creative industry in the area of Amsterdam. But also the area of Brabant, which has also seen facilitation measures by the government, has largely been chosen by the industry itself. It's positioning within Europe, good distribution network, and high-tech connections are definitely an advantage for the companies in the region. This region is now blooming from the emerged high-tech companies and its large multinationals like Philips and ASML, but also from logistics and distribution related to the pharmaceutical industry. It happens in a kind of natural way, and it's expanding in that area to other sectors. And of course, local government is trying to stimulate, but it's the industry that drives it.

Industry is shifting to where the fast-growing economies are, and where the fast-rising industries are popping up. You were talking before about competition, and it's an interesting earlier comment you made about countries previously competing, and now economic centres overlapping in different countries and larger geographic regions. Is AmCham facing this sort of competition from maybe the Chinese-Dutch Chamber of Commerce or new business and new investments from other emerging areas, being it in Eastern Europe or East Asia?

We are not in really in competition. The markets are very different. US investment will flow to where the return on that investment is judged to be maximized over time. There is a lot of interest in the places like China, and there is investment going to China. But it pales, at this time, in comparison with the amount of US investment we have in – and is still going to – Western Europe. Chinese investment is obviously taking off, and there is a lot of interest in China to attract investors from foreign countries. And it will happen, since China is slowly establishing its rightful place in the international community after fifty years of isolation.

We are not really in a situation of competition with other chambers; we have previously worked together with the Japanese Chamber, Swedish Chamber, and the UK Chamber. We have similar interests for foreign investment here in the Netherlands. We together can create a stronger voice towards the Dutch government – that it creates the parameters necessary for business to thrive in, and we can achieve it more effectively together. We try doing that alone, but anyone who wants to join the bandwagon, is welcome to jump on it.

It's not really competition, but more collaborative participation from all parties.

More from the European perspective, we also have an American Chamber to the European Union – AmCham EU. They are the most effective lobby organization in Brussels for US companies. We work closely together with the AmCham EU. A lot of our members are involved in Brussels through their government affairs departments with AmCham EU. From the European perspective, AmCham EU is also voicing the interests for American business in the EU as a whole – a voice for all national AmChams from Albania and Belgium to Spain and the UK.

Just last month, there was a kick-off session to start shaping the strategic agenda that will be formed in the next year. Last year's strategic priority points were similar to what you've just mentioned – corporate taxes, labour flexibility, and R&D investments. If there'll be a prelude of what will come next year, would they be largely similar to last year, or how would they be different?

There will probably be a greater focus on education and employability as an avenue for labour flexibility. This is an attitude that is really widespread. If you ask most businessmen and business leaders: "What would you prefer, a reduction in corporate taxation or more investment in education and infrastructure?" Most probably, 80 per cent will say – More investment in education and infrastructure.

So, it's long-term sustainability over the short-term gain.

If we could shift a little to the pharmaceutical industry again, R&D and innovation are sexy terms that we come across a lot in the pharmaceutical industry. To what extent does pharmaceutical industry drive the voice in investment for R&D and innovation?

They don't drive it. They certainly have a push in it, but they don't drive it. It's on a marginal scale, I would say. The pharmaceutical industry is not more important than chemical industry or high-tech, for example. At least it's not the case from the broader perspective of the American Chamber. All industries are listened to – and based on that input we work on our priority points. So there is no drive from the pharmaceutical industry.

Another thing, of course, is that when people talk about R&D and innovation, many may immediately think of industries like the pharmaceutical industry. So there is a connection. And when you talk about innovation, education, and R&D, here the pharmaceutical industry is

interested to think, contribute, and give their opinions. This is simply because they need well educated and highly skilled people.

And this is the other way around for us: they are certainly not driving the discussion for us, but they are highly involved in the discussion, because they benefit from any good outcome.

What were the mood and the reaction within this community from last summer until today, given the closure of Organon's R&D?

Disappointment, but on the other hand, the company's activities had pretty much exhausted its potential in what it was going to achieve in its focus area of female fertility.

I think it was seen by most external observers as just a business decision. The new owners have maybe 10 or 15 research centres worldwide and they wanted to reduce that to 6 or 8. In the media the focus has been on that the Dutch government had not reacted in a timely manner, and they've been caught sleeping, and that the country's investment climate, and especially the climate for innovation, had decreased. I think the media played a kind of negative role in the beginning. But I think that people in the end understood that this is just a business decision. Yet, there are definitely lessons to be learned from this event with regards to positioning the Netherlands in a global perspective.

Considering that much innovation comes from small biotech companies, of which there is no shortage in the Netherlands, do you think that perhaps too much focus was on the gross number of jobs that will be lost, as opposed to the long-term benefit for the industry?

It's easy to translate the consequences of a closure to number of jobs lost. It's the immediate concern for a lot of people because it directly affects their own lives. When you want to influence the opinion of people, it's easy to go for the sensation and translate it into the loss of so many jobs. That's why I think that's the reason there was so much focus on losing the number of jobs. Initially people see 2,000 jobs lost, but then if you look five years down the road, all those 2,000 people will not be sitting at home watching TV. Many are very skilled people. Most of them are going to get jobs somewhere else. Some excellent staff may be offered jobs in one of the company's other research centres. Others may end up in a new research environment that is more dynamic and with more growth perspective for the longer term.

But for that kind of business decision, it's easier to make the communication simple. It's about telling people something and whether it's telling the right thing or not, we'll leave that to be decided. In the end, as was previously said; I don't think you will see 2,000 people sitting at home in 5 years. With the greying of the population and impending shortage of workforce that we are facing over the next 10 years, that definitely won't be the case.

People may need to move from one place to another, and that might be little bit more difficult in that area, because here people are really attached to their provinces. But this is a short-term issue.

There have been some recent changes, as we have been discussing, both in the government and the business environment. What would be the optimal business landscape and scenario to develop over the next 3 to 4 years to facilitate further trade investment in the US and the Netherlands?

That's a big question. Entrepreneurship is something that is important to an economy. The parameters necessary for entrepreneurs to prosper should be improved. People should also be encouraged to increase their own employability through education and skills honing. Employers must show a sense of responsibility and contribute to making their employees become more employable.

Mobility of people and their flexibility are really necessary to create a healthy economic environment for the Netherlands. And of course education; in some areas we need better education. Dropout rates have to be improved, but there also needs to be a better alignment between what the industry will need in 5-10 years and what we are now teaching our children. So, now when we are training and educating children for more administrative work, we may need more people in healthcare. We have to start working on that when they are 12-13 years old, and not when they have already become accountants, for instance, and see that there are no jobs available for them in that area. To sum up, we need a better alignment between the future needs and what we are educating right now.

How do you see investment environment in the Netherlands compared to the rest of the Europe? Why should the companies invest in the Netherlands and not just set up a shop in Germany or France, and just import or do sales here?

Well, that's how it should be within the EU in few years or maybe a little bit more. There are still barriers, mainly cultural and language barriers, but also historical, and cost & tax barriers. The vision of being a greater European Union and a single market are idealistic but we are certainly not yet there.

Certainly the pharmaceutical market is one that every country wants to hang on to. For consumer rights, patents, controls, etc., but also because the healthcare systems in different European countries are still very different; as is the relationship between the healthcare sector and pharmaceutical industry. The insurers in each country are more focused on reimbursing you based on the cost of the country they are in, rather than the actual cost for them.

It's interesting something you said about cultural and language barriers. I thought that Europe embraces all the different cultures.

Yes, it's obviously the goal. But certainly when you are dealing with languages you have to find a common denominator, and the common denominator is English. Despite as much as you love French, it is not French, and it's not German. It's English. And countries are realizing that. People

of my generation in France speak very poor English, but people of the younger generations speak English a lot better. It's not great yet, but its coming.

It's more easy to find a business partner if you have a common language. In the Netherlands right now there is a tendency to start a bilingual education for children as young as 6 years old. I am not sure that in Poland or another country it's the same way. You still have those different phases where countries are in, also economically. This also applies to different states within the United States. But there probably are more common denominators in that respect.

The Netherlands is known not only for its attractive tax climate and its openness, but especially for American companies it is important that we speak a good level of English. This way for the US companies it's easy to expand operations in Europe from the Netherlands.

Previously, for that reason, we had a lot of call centres in the Netherlands. Approximately ten years ago, many companies had call centres here and many young people moved over here. Since then English became an unofficial second language of the country.

On behalf of American Chamber of Commerce, we would like to ask you, what would be your final message to the international readers of Pharmaceutical Executive?

The Netherlands is a very small country; however it is very attractive for the business investor for many reasons. The country continues to be a great hub to access the rest of Europe. The conditions being created here are so that men and women are stimulated to find creative solutions to difficult problems – because they are being given the right circumstances to develop. And that's everything you need for entrepreneurial spirit. If a government can create the parameters necessary for people to think freely and really go for themselves, then they will be able to find the answers to all the problems facing society.

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