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Canada missing Dutch investment opportunities

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THE HAGUE — "The Netherlands is the best kept secret in Canada," says Gerry de Klerk, president of Rampart Capital Corp., a Vancouver-based investment intermediary and banking broker.

"The Dutch are the fourth-largest investors in Canada," says the Dutch-born Canadian, "but they could be first or second if Canada's investment bankers would start treating them seriously, and with a little more respect."

De Klerk has a point, and he's trying in a small way to do something about it. Holland may be easy to miss on the map, but it's loaded with surplus investment capital.

The tiny country, with fewer than 15 million people, simply can't absorb all the savings it generates.

Not that it hasn't tried. Until recently, Dutch governments have competed to outdo each other in building Europe's richest social benefits structure — a costly monument it is trying gingerly to reduce.

Attractive ventures

If the centrist coalition government of Prime Minister Ruud Lubbers can pull off the social and economic restructuring, Holland will strengthen its position as a distribution gateway to Europe and revitalize its industrial base.

None of that, however, will stop the Dutch from investing money in attractive ventures abroad. This nation of traders has always had to look outward to survive. Before oil and gas gave it a resource cushion, Holland had little more than its brains and location to make its way.

Pound-for-pound, the country probably has more world-class multinational corporations than any other. Royal Dutch Shell, Philips, Unilever, Akzo and Heineken are among the familiar Dutch names that ply world markets.

There are also large family-owned multinationals. The Brenninkmeyer family, for example, has substantial investments in Canada and controls more than 650 retail stores.

Vancouver's de Klerk estimates that Dutch pension, investment and venture capital funds will generate as much as \$12 billion more this year than they can possibly invest at home.

De Klerk, who has been developing investment links between the two countries for eight years, specializes in matching Dutch capital with Canadian ventures.

He thinks Canadian banks, whose presence here is minimal, have missed the boat in tapping the investment pool. Most of effort is conducted out of London, supplemented by hurried trips to Holland, and that's not the way to win the hearts, minds and trust of Dutch investment managers.

Simon Huyzer, an Amsterdam partner in accounting firm Deloitte Haskins & Sells, has a special interest in Canadian investment. He says there's Dutch capital available "for any good, visible project," but Canadians must get to know Dutch decision makers personally.

"Then you must give us specific projects with everything needed to do our own risk analysis," Huyzer told The Post. "We don't need general information about Canada, and we don't need provinces competing with each other in front of us."

If Canadians hear too little about bilateral investment for the wrong reasons, they hear even less about Canada-Dutch foreign relations for the right reasons. Relations are smooth, and thus largely invisible.

Dutch interests

"I can't think of any point of contention between our two countries," said Foreign Affairs Minister Hans van den Broek in an interview.

Although part of the European Community and bound by its decisions when they happen to go against Canada, the Dutch are pushing within the EC for a lowering of European protectionism, particularly in the highly subsidized agricultural sector.

It squares nicely with Canadian policy, but the Dutch have their own interests in mind. Holland, the world's third-largest food exporter (after the U.S. and France), has one of the more efficient farm sectors in Europe. A more open European market will help Canada, but it will help Dutch exports first.

Everyone knows about Dutch cheese, but the real stars of the agricultural sector are the fresh vegetables, grown in high-tech greenhouses and served on European tables much of the year. Dutch bulbs and cut flowers, worth \$6 billion a year, account for about 60% of the world market.

That's not bad for a country with 130,000 farmers and only two million hectares of usable land, much of it reclaimed from the sea.

About a third of Canada's \$1-billion annual exports to Holland is re-exported to other European destinations, reinforcing Holland's claim as a gateway to the continent. Excluding re-exports, the bilateral trade is pretty well in balance.

Major Canadian exports include traditional mining, metal, forest and organic chemical products. There's also growing business in high-tech products, including office and computer equipment, aviation engines, flight simulators and scientific-industrial machinery.

In the coals-to-Newcastle category, Toronto's Upper Canada Brewing Co. now exports its specialty beer to the land of Heineken and Amstel.

The communications and computer business has lured a few Canadian companies to Holland for better access to both Dutch and other European markets. They include Northern Telecom, Mitel, Gandalf Technologies Inc., Geac Computers, Xios Systems, (formerly AES), and Cognos Ltd.



Holland's Queen Beatrix and her husband, Prince Claus, arrive in Ottawa on Monday to start a nine-day, nine-city visit. The tour marks a special bilateral relationship dating from World War II, when the Dutch royal family took refuge in Canada. The Canadian Army played a major role in liberating Holland.

Faster growth

The Dutch export cheese, paper, chemical, machinery, electrical products and flowers to Canada, plus a range of other goods in science, transportation and office equipment.

Changes in emphasis will be needed for faster trade growth. Greater use of the gateway principle, with each country using the other as the entrée to a larger regional market, is one prospective route.

Building a wider net of investment-technology-marketing joint ventures is another. Foreign Trade Minister Yvonne Van Rooy says a priority area is offshore technology, where links exist between Holland and Newfoundland.

Under a Canada-U.S. free-trade arrangement, Dutch companies located in Canada could make it their entry point to the North American market. Prime Minister Lubbers told The Post he hopes more of them do.

One firm all ready for freer trade is Den Oudsten B.V., Holland's biggest supplier of transit buses, which two years ago bought Winnipeg's troubled Flyer Industries from the Manitoba government.

Flyer had lost \$100 million when Den Oudsten took over. "We calculated that with our design and production know-how, and the North American market to sell into, we could reverse the losses," President Jan den Oudsten told The Post.

Renamed New Flyer Industries, it is producing 300 buses a year, working on nearly a year's backlog of orders and making money.

What Holland can sell to Canada is a strategic location, an elaborate transportation network and services to smoothe the way into the EC market of nearly 300 million people. In short, Holland offers a low-tension leap over linguistic, cultural and regulatory barriers.

One Canadian company, McCain Foods Ltd. of Florenceville, N.B., makes a case in point. McCain Foods Holland N.V. directs operations in Holland, Britain, France and Spain. Managing Director Paul Van der Wel says European business accounts for more than 25% of McCain's \$1.5-billion total annual sales.