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The View from the Other Side of the Pond The Belgian-American Chamber of Commerce

Author: Nick Klenske



To provide our readers with the whole picture, we couldn't simply talk about US-Belgian relations from our view here on the Continent. No, relations are a two-way street and to get both sides of the story, AmCham Connect Editor Nick Klenske sits down with Olivier Smekens, President of the Belgian-American Chamber of Commerce and Vice-President of KBC Bank New York.

Can you give us a little background on the history of the Belgian-American Chamber of Commerce?

The Belgian-American Chamber of Commerce (BACC) is one of the oldest (1918) European business clubs in the US.

Since official/governmental trade and investment promotion was regionalized, the BACC transformed itself to a government-independent association for entrepreneurs. Over the last two years, through a new strategy focusing on small and midcaps, the BACC became the ambassador for Belgian-inbound entrepreneurship, writing Belgian-American corporate success stories and building powerful entrepreneurs.

In the midst of the recession, the BACC has re-invented itself as an organization for do-ers.

What is the mission of your organization?

Our mantra is making Belgian-American ventures successful. That's our job, that's our mission and reason for being. Making ventures successful is largely dependent on your network and not on the product you provide or the price you ask for it. Success, definitely in the US, is often defined by connection and access to the right people at the right time. That's what we do: connect

Specifically, we bring the larger Belgian-American business community together, network and connect in order to make them talk and create better businesses. No more, no less. The BACC in some way tried to do this in NY over the past 20 years, with limited success. We now do it all over the US with a fresh, entrepreneurial and positive story, which clearly works much better as evidenced by our explosive growth.

The BACC in the US adds value to the entrepreneur and businesses. We always work complementary with the Regional Trade Organizations' activities and services, always with a win-win view in mind. But there is a major difference: We aim to make the entrepreneur successful and not the trade or investment flow between the US and Belgium.

What kind of companies do you represent?

The full spectrum. We represent a strong mix of Belgian large corporations with major assets or activities in the US. Our focus, however, goes to the small and mid-sized Belgian ventures that enter the US market. Furthermore, we also support and assist local Belgian-American entrepreneurs, be it start-ups or 3rd generation Belgian-American stories.

Can you comment on the current state of the US economy?

Keep in mind that the US economy is down, but certainly not out. There are positive signs, yes, and many economists produce bullish reports. But economists are terrible at forecasting. Job-recovery remains very slow. The housing market has not shown a sustainable upward trend.

There is more optimism here in the US and the malls are filled with window-shoppers, but optimism does not boost the company's top line. Jobs and income do. Every positive sign in the US has been merely the result of aggressive government moves and stimulus plans. That is worrying.

I am a banker by profession, and obviously look at things from a credit perspective as well. I am very worried about the expected overcapitalization of many banks, and consequently the strong restrictions to pump in the right dollars in the economy. Everyone now wants a piece of the banks: executives (bonuses), personnel (job security), shareholders (dividends), regulators (high capital levels), tax authorities, and last but not least...companies (more lending).

I cannot say that I am very excited about a short term positive turnaround, even though I don't think we'll go through a double dip scenario. But one thing is sure, the US will get out strong, and probably sooner than the Western-European economies.

What do Belgian companies have to offer the US, and what does the US have to offer Belgian companies?

I do not believe that any American consumer is waiting for a particular Belgian company. Every American consumer is waiting for a company that makes a difference, rights what is wrong, adds value and steps away from mediocrity. If Belgian business plans can surpass these hurdles, you have a pretty good chance of making it. And the size or sector of the company is irrelevant.

The number of inbound US investments are without a doubt on the rise. Many projects have been identified before the financial crisis and were since put on hold. Most projects are currently being taken out of the freezer. Belgian businesses were a major investor in the US, with over \$7.2bln in 2009. New foreign direct investment in the US fell dramatically from \$320bln to \$152bln in 2009. If all these figures are right, this means Belgium takes about 5%, which is a lot. Figures talk. And I believe there are plenty of good reasons: cheap real estate, a weak currency, top undervalued personnel, strong stimulus programs...

What are some of the main challenges for a Belgian company operating in the US?

This is the US, and by no means comparable with Belgium, Flanders or Wallonia. Business culture, geographical size, distribution infrastructure, funding platform... many elements, often overlooked at the business plan development stage, could be fatal. But these are the surmountable hurdles. Much more important is to have access to the right counterparties, and make a real difference.

If you cannot make a difference, right what is wrong, add value and step away from mediocrity, you'll commit corporate suicide. In the US, even much stronger than in Europe, you have to walk your talk, and finally deliver. We have to admit, Belgians are not always the best in that.

The fear of growth is another important element. Belgians often lament about the fact that few local companies manage to become truly global players. Instead, the owners sell their stake and companies become part of some international group. I know that there are exceptions, but even in those cases a certain fear and nostalgia creeps up.

Being a large country, how do you work with companies operating across the US?

It is indeed a giant country, Texas already being larger than Germany. Belgium would be one of the smallest states in the US, think about that. The Belgian-American Chamber, with headquarters in New York, has set up local chapters in the key hubs of Belgian-American corporate activity (Silicon Valley, Atlanta, Chicago, Detroit, Houston and Boston). In addition to this, the BACC regularly organizes local events in cooperation with local Chambers of Commerce, focusing on Belgian entrepreneurship in the US.

How would you describe the current state of US/Belgian relations, from a business stand point?

Bilateral business relationships are pretty good, with economic diplomacy righteously at the heart of our bilateral relations. Our economies have developed into a flourishing, integrated partnership. Belgium has become a key hub for some of the most important American bellwether groups, such as Caterpillar, 3M and GE.

By promoting true Belgian Entrepreneurship in the US, the Belgian-American Chamber as well strongly strengthens the ties we have. It is a team effort and a team success, together with our Embassy, our local honorary consuls and consul-generals and the regional trade offices. I keep on fighting for true entrepreneurship at heart, making a difference. That is the only way forward for both the US, and especially for Belgium. This will require unseen political courage by strong political leaders who walk their talk on the beat of the drum of the Belgian entrepreneur.