



## NETHERLANDS AS A GLOBAL FINANCE CENTRE

**F**EW jurisdictions can boast a foreign direct investment record like the Netherlands. As the world's seventh largest inward receiver of investments, housing approximately 9000 foreign-owned companies, the country's dynamic business environment provides an invaluable insight into macro investment trends.

Amsterdam-headquartered AKD has a strong record in business law, fielding a team of 70 corporate lawyers and civil-law notaries that act for the full spectrum of private companies, multinationals and government entities. Among the firm's recent experience, it advised on the Dutch aspects of Exide Technologies' private placement of \$675 in senior secured notes, due 2018. Other notable clients include Benson Elliot Capital Management, Deutsche Bank and Dong Energy.

Vincent Bettonville is a banking and finance partner at AKD and is perfectly placed to provide commentary on current market conditions. His prime areas of focus are banking and securities law, including structured finance and syndicated lending, and the international element of his practice benefits from over a decade spent at the New York office of another premier Dutch firm.

### WHAT IMPACT DID THE GLOBAL CREDIT CRISIS HAVE ON THE NETHERLANDS CORPORATE FINANCE MARKET?

Initially, the impact of the crisis on the financing markets was severe. Regular bank financing deals almost came to a full stop, with the notable exception of the restructuring of existing credit lines and/or refinancing transactions. Securitizations and private equity activity also ceased, although there were some distressed debt and restructuring markets transactions around.

### HOW DID THE GOVERNMENT RESPOND TO MAINTAIN INVESTOR CONFIDENCE?

The Dutch government was quick to intervene to stabilise the Dutch financial sector, which is significantly the seventh largest financial centre in the world. Among a number of measures taken, the state stepped in to save some of the country's major banks and financing houses. In the case of ABN AMRO, for example, it

acquired the entire share capital but it also extended lifelines to ING, Fortis Nederland and AEGON.

Furthermore, the exposure of borrowers to Dutch banks is limited by the Dutch Deposit Guarantee Scheme. This scheme guarantees savings and deposits up to EUR 100,000 and helped the general public to maintain confidence and trust in the Dutch financial sector.

Importantly, the government has also maintained a

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high level of spending on large infrastructure projects involving private companies to bolster the economy. Our government and business practice group has had the privilege to assist on quite a number of these projects. Meanwhile, the government has refrained from large stimulus packages which would have run up the national debt.

### IS DEBT RESTRUCTURING STILL DRIVING THE MARKET OR HAS M&A RETURNED TO PRIME POSITION?

We are still working on a number of debt restructurings, but since the end of last year we have become increasingly involved in acquisition financing and



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our excellent international connections, my team and I have acquired some specific knowledge in this area which we have been able to put to use for our US clients.

AKD is also reaping the benefits of some anti-cyclical investments made last year. The firm engaged some very bright and talented M&A partners when the going was still tough, which has put us in a strong position going forward.

### WHAT ARE THE SIGNS THAT PRIVATE EQUITY WORK IS COMING BACK ON STEAM?

Many of our longstanding private equity clients that have laid low for the past two years are now very active again, while a substantial amount of new private equity clients have requested AKD's assistance on intended acquisitions. We first saw the revival of the Dutch private equity houses, but now the international private equity scene is back on track and is showing a healthy level of activity again. A large number of private equity funds are about to exit and therefore need to make new investments. In particular, private equity activity relating to the acquisition of family-owned larger and midsize companies is high. Another sign of improvement is that we are busy setting up new investment vehicles for private equity houses in order to attract new investors.

### HOLLAND RECORDED A 2.4% RISE IN GDP IN THE FINAL QUARTER OF 2010, IS IT FAIR TO SUGGEST RECOVERY?

Yes. The Dutch economy has quickly resurged. It is largely dependent on export to Germany, where the economy is going at full throttle, and to the United States, where the economy seems to have rounded a corner, as well as being increasingly dependent on trade with Asia. These trade relations are growing enormously.

Also, the measures by the Dutch government to make the labor market and the corporate and legal infrastructure even more flexible appear to be going down well with investors.

Perhaps most conducive to the country's rapid recovery is the continuing development of a global network of beneficial tax treaties will that

project financing transactions. There is no doubt that we have seen a surge in our M&A practice in recent months, and our M&A teams are again operating at full capacity. I and my team have also been heavily involved in a number of transactions for US-based global entities wishing to restructure their non-US holdings, for tax reasons or for operational reasons. Due to my twenty years of experience of the US markets, and

ensure the Netherlands remain the jurisdiction of choice for global players to center their international operations.

### HOW HAS THE FDI PICTURE CHANGED SINCE THE DOWNTURN?

In 2010, the Netherlands recorded comparable foreign direct investment (FDI) results to the previous year's activity, despite a slow-paced worldwide economic recovery. Last year, the Netherlands Foreign Investment Agency (NFIA) supported the attraction of 155 foreign investment projects (the same as in 2009), which represented approximately 3,800 jobs and a planned investment of \$1.33 billion. While more than half of these projects originated in Asia, North America recorded 32 percent of the total. In fact, the United States still ranked as the leading single-country investor overall with 42 projects, of which 22 were initial establishments of companies in the Netherlands. FDI originating in North America brought in approximately 1,700 jobs and a planned investment of nearly \$670 million. The Netherlands is currently home to 1750 North American companies.

The greatest percentage (nearly 40%) of direct investments originating in the US was related to marketing and sales activities. One notable trend was that the share of international headquarters projects alone almost doubled to 17%: A total of 11 international headquarters projects, and 15 European distribution centers originated by US investors were confirmed. On a worldwide basis, the ICT sector provided the highest number of projects and the highest investment value, whereas the chemical sector provided the most jobs.

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