

Investing in the United States: What Has Taken You So Long

May 24, 2012

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Select USA Promotional Seminar
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Good morning. It is a pleasure to be here and to meet you all. I often say that there are only two types of people in Belgium: those who are already dear friends and those who will be dear friends soon.

I was asked to speak today about the U.S. Economic Outlook and I will shortly give some thoughts so focused. But let me note that even the question is out of date. The question assumes that there is an "us and them" mentality. That there is a U.S. outlook that is separate from a European outlook and from a world outlook. But that is far too simple a view of the world and one that is being left in the past daily.

I could say that the U.S. has generally been doing well, while times have been tougher in Europe. But such a distinction is somewhat moot. At a fundamental level, our fortunes remain interconnected. Although trends may vary, we both hold our breath today to see what will happen in the Eurozone; what will happen in Greece; will there be any effect on Spain or Italy. Because, as we all know, each such question affects what happens in Belgium. But although maybe not quite so quickly and not so deeply, the same questions affect as well the economic outlook in America. A great boost for the U.S. economic outlook would be a brighter European outlook. A robust Europe that overcomes the challenges of today will be one of the most important ingredients in a continuing robust U.S. economy. And what happens in Iran, Israel, the Straits of Hormuz and gas prices also affects us – in Europe and America.

Indeed, even the form of analysis of looking separately at one country versus another is growing obsolete. Even the question of whether a Belgian company should do business with and/or invest in the U.S. is a question that is quickly growing out of date.

You see, there really are no more strictly Belgian companies, and no more strictly American companies. There are instead simply companies, with the world as their home, with the world as their market, as their source of capital, as their source of employees and advisors and board members.

The world indeed got smaller and as my neighbor Tom Friedman has said, it got flatter and that changes how we think about and how we speak about the business world.

Take Delhaize Of course, we know that it started in Belgium. To every Belgian citizen and every Belgian banker, Delhaize is a Belgian company. But Delhaize is the long owner and daily operator of Food Lions in the U.S. and certain other chains. And today, 70 percent of Delhaize's revenues and profits come from the American operations and only 30 percent come from Belgium and the rest of the world.

Which leads to those questions that cannot be answered. Is Delhaize a Belgian company that has

spread to the U.S. or is it U.S. company with Belgian roots? Not only is the answer difficult, the truth is that the question itself no longer makes sense and can't be answered. Is Delhaize's economic outlook an American or Belgian outlook?

Take InBev. Yes, we know that the Spoelbach and Meevius families and Belgian bankers have made a lot of money on beer. We know Belgians think that Stella is a Belgian beer. And Americans think Budweiser is an American beer. There can be nothing more local than beer – the brewery in town—right? Wrong?

The truth is that regardless what Belgians and Americans think about Stella and Bud, the CEO of InBev is from Latin America and grew up making a beer none of us in Europe or the U.S. ever heard of. He lives in Connecticut and takes the train into Manhattan every day. The truth is that while Belgians know Stella is a good regular beer, Americans know equally assuredly that Stella is a premium beer, that they see commercials for it all the time in the movie theaters, and I suspect if they were asked they would say that it is an Italian beer. I don't know even know what an Italian beer is, but I suspect that is what Americans would say. And although Americans would fight you to the death over how American Budweiser is, the truth today is that more Budweiser is sold in China than in the U.S.

Is Nick Saverys, Exmar, an Antwerp businessman or part of the liquified natural gas world of Houston? When 1 in 12 people in Belgium work for U.S. employers, are they Belgian or U.S. businessmen and women? It is not simply that the answers are hard; it is that the questions no longer make any sense. And all of that is for the good – very good. It is good for the world and for diplomacy. Commerce and business are real ambassadors that bring the world closer and promote cross-border familiarity and understanding.

So the outlook for the American economic outlook is to a large extent connected with and interchangeable with the Belgian outlook.

With that background, let's take a look at the U.S. economy. And I have a secret. The truth is that, as the U.S. Ambassador, even if I didn't think it was an amazing time to do business with the U.S. and to invest in the U.S., it would be my obligation to come here and make the best case for it. I would be honest, but I would do my best to pitch transatlantic trade.

But indeed, now, even if I were not the U.S. Ambassador, but simply a Belgian businessman or banker, I would be standing on the highest rooftop screaming to turn your focus to doing business with and investing in the U.S. Indeed, it is no longer that exceptional companies do business in the U.S., or with the U.S., or invest in the U.S. It is the case today that unless you are doing business with the U.S., or with the U.S., or investing in the U.S., a Belgian company is falling behind – it is walking backwards while it thinks it is just walking in place.

Let's look a bit more concretely with an example. You are a Belgian. You make a cookie that is purely Belgian – it is modest, it is somewhat subtle, not too flashy, but it goes well with coffee. It sort of hits the spot. You have called it "speculoos," which is even a Belgian sounding name. Of course, you first make it locally in ovens right here. And of course, it is first sold to your friends in Gent, and at the coast, and in Limburgh. And it spreads to the Grand Place and Avenue Louise throughout

Brussels and to Namur and Dinant and Liège and to the Ardennes.

Of course, you truck some to Lille and to the cafes in Maastricht and Amsterdam. And then to Dusseldorf and Cologne.

But at some point, you have reached the 11 million Belgians. And their neighbors.

How can you resist the 310 million like minded coffee drinkers in the States? How can you afford not to go there, make cookies there, and sell there?

And when would be a good time to start? Is the economic outlook really bright enough for the answer to be yesterday is best, today is ok, but don't delay till tomorrow?

Opportunities have never been greater and values have never been more opportune than right now for trade with and investment in the U.S.

While everyone talks about growth in a period of stagnation or recession. growth in the U.S. has been hovering near 3% growth. Truth be told, the U.S. had one year of economic crisis and two years of robust recovery. But the two years of robust recovery has been hidden somewhat by two years not of economic crisis, but of economic recovery hidden by political crisis. So we have had problems passing budgets and increasing debt limits. That has hurt our stock market and limited the strength of the dollar. But our growth has been real.

And while unemployment has increased in Europe for 10 straight months, U.S. unemployment has dropped basically for 26 straight months. From a high of 10.1% as a result of the crisis, unemployment has now fallen to 8.1 percent. Since the beginning of 2012, the U.S. economy has been adding an average of 200,000 jobs a month. As President Obama, said "There are still far too many Americans who need a job" and indeed we need to do more and we continue to do more, but in his words "the economy is growing stronger..."

The growth has been in both services and manufacturing. Employment in the services sector is now at its highest in six years. In manufacturing, at the start of the crisis, our auto industry was given its last rites. We planned the funeral. But today, Detroit is experiencing record profits.

Today, the U.S. economy is producing more goods and services than it did when the recession officially began in December 2007, but with about five million fewer workers. This has a bad and a good side. It means that we still need to create many more jobs in order to continue to reduce our unemployment rate, but it also means that the labor efficiency of U.S. workers is one of the highest in the world.

And exports have played a large role in the U.S. recovery and continue to grow today. US exports have grown by over 29% since the US economy pulled out of recession in July 2009. In fact half of total growth in the US economy in that period has been due to export growth.

These economic gains over the past year have been made in spite of higher oil prices, disruptions due to the earthquake in Japan, and economic crisis in Europe, not to mention self-inflicted political problems stemming from a stand-off between President Obama and the opposition in Congress last August that almost forced the government to stop paying some of its bills and prompted the first-ever

downgrade of the nation's credit rating by one rating agency.

And the U.S. economic recovery has many indicators pointing to a sustained recovery. Housing starts, for example, are way up as there is a backlog of demand for goods such as housing, due to the small number of housing units built over the past six years since the real estate bubble popped. In several real estate markets in the U.S. house prices are now rising. Housing starts in January and again in April hit three year highs.

There is no doubt that we have more work ahead of us to completely move beyond the economic crisis, and again there are always other external shocks that could have a negative impact, but it is important to know we are moving decisively in the right direction.

As well, there has rarely if ever been a better time to invest in America. To Belgians, America is on sale. Given the crisis, prices tumbled. The recovery is well underway, but the prices are still low. Nearly the whole country is on sale. In any aspect in life. In that next cookie factory that needs to open. The next beer plant or wire for fencing. In that next home. So sell your home in Courcheval and buy in Vail or Aspen or Maine. Or Florida. Indeed, when wealthy Belgians ask me what they should buy in the U.S., I tell them to buy everything: businesses, homes – they are on sale and a huge bargain. A growing population, a talented workforce, and real estate prices that are in some cases one-half of what they were and will someday in the not too distant future likely be double again.

The Ease of U.S. Trade and Investment

There are of course other great potential markets and you should always consider such other exciting sounding markets such as China, India, Brazil, Korea and more. But after the allure and the stories of pots of gold, you will find that there is nowhere else where doing business and investing is simpler and more seamless for Belgians.

Obviously language is seamless.

And more ethics and business practices are seamless between the United States and Belgium. The only thing that will determine the success of your product is quality -- speculoos sells or not based on the quality as a cookie. Pure and simple. There are no outside improper influences to deal with.

And most importantly, and here is a little known secret, Belgians and Americans think alike. We are excited by the future of biotech; we realize that the company that solves the race for the electric car dominates the auto industry for generations and saves the planet all at once; that industry of yesterday can be done in a way that meets tomorrow and that tomorrow's industries were not even known yesterday.

Like doing business in the E.U., there are rules, and there can be perceived headaches for a business. But the truth is that they are fairly routine. You will need to develop a simple handful of relationships -- a small business lawyer, an accountant, and perhaps one or two others. You can start the process right here with Select USA or participants here. Or you can call friends or take a couple of days of vacation in the U.S. and meet them.

Depending on the nature of your business, it may make sense to have a relationship with a Washington firm or firms that handle regulatory and administrative work. How does Speculoos get approved by the FDA? What liquor laws does Westvleteren beer need to follow for the Trappist monks to hit Broadway? Can we take money from 30 local investors? The answers are clear and the same for everyone – but you will need someone on the ground to provide them.

For years, there has been a stream of Belgians, mainly from West Flanders, headed to Georgia. Some Belgian bankers know Georgia. Georgia is a wonderful state. But there are 49 others as well, and you should meet and get to know some contacts in a few.

I would also suggest that you take some time to work on understanding America. It is sort of like a museum – much to see and an education at every turn, even if it is not quite what you are used to. Because there are many Americas. Each section, each area represents differences in approach and personality. There is cultural diversity that is a huge strength, but needs to be understood. You can make money and do well in NY City or in Oklahoma, but they are not the same and you can't operate the same way.

Unlike most countries in the world, the United States has not had a federal government level investment promotion agency until very recently. In June 2011, Select USA was created by the President to support private-sector job creation, and enhance economic growth by encouraging and supporting business investment in the United States.

And our Embassy remains ever present to assist in fostering trade with and investment in the U.S. We have a terrific Commercial Section. And one day, I will be back home – and I hope to be eating speculoos cookies.

Thanks so much and all the best.