

OVERVIEW OF DUTCH MULTINATIONAL INVESTMENTS IN NIGERIA

BY

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INTRODUCTION

Dutch companies are operating in different aspects of the Nigerian economy for over 100 years:

- ◉ Food, beverages and general consumables.
- ◉ Oil and gas, both upstream and down stream sectors
- ◉ Agriculture
- ◉ Engineering and technical services.
- ◉ Shipping, shipping logistics and fishing.
- ◉ Dredging and general marine engineering.

INTRODUCTION

- ◉ Academics
- ◉ Air transport.
- ◉ Housing
- ◉ Pharmaceuticals
- ◉ Information technology.

DUTCH COMPANIES

- ◉ There are currently about thirty three Dutch companies operating in Nigeria. They engage an estimate of over 1,300,000 Nigerians directly and indirectly.
- ◉ Their cooperate social responsibilities (CSR) have contributed to natural civilization and development of many communities in different aspects of lives.
- ◉ They have made a quantifiable contribution to the GDP of the country, since they are part of the major players in oil and gas, food, beverage manufacturing and shipping logistics which are key to the economic growth of Nigeria.

FOOD BEVERAGES AND GENERAL CONSUMABLES

- ◉ UNILEVER NIGERIA PLC:

Started operation in 1923.

Currently employing about 1207 Nigerians directly and over 400,000 indirectly.

Key distributors about 95 across Nigeria.

Cooperate Social Responsibility (CSR): Health, education, sports, children welfare, portable water and sanitation. Over 25m Nigerians reached through CSR.

Turnover 2012 about \$325m

FOOD BEVERAGES AND GENERAL CONSUMABLES:

- ◉ Nigerian Breweries Plc:

Started operation in Nigeria in 1946

Heineken N.V currently has an equity share of 54.09%

CSR: Established N100m Education Trust Fund, foremost supporter of different sports activities in Nigeria, built secondary schools for communities. Beneficiaries from CSR over 40m. Employing about 20,000 Nigerians.

Turnover 2013 is \$1.6b

FOOD BEVERAGES AND GENERAL CONSUMABLES:

Friesland Campina (WAMCO):

They are involved in the manufacture of dairy products. Peak milk, one of their products, still stands as the market leader for many years in this sector.

Tulip Cocoa: Established 2006 is an affiliate of Theobroma B.V which has engaged in cocoa processing in Netherlands since 1922. Tulip Cocoa manufactures and exports cocoa liquor, butter and cakes from Nigeria.

Started production in July 2008 with an installed capacity of 15,000mt of grind.

CSR: Established scholarship schemes at secondary school level in Ogun State, south west Nigeria.

OIL AND GAS

Shell came into Nigeria in 1937.

First to discover and drill oil in Nigeria at Oloibiri in Bayelsa State, south south, Nigeria in 1956.

Currently has over 6000 direct employees.

CSR is the highest in the country: Established first privately subscribed Health Insurance Scheme in the Niger Delta in 2010.

Established the Global Memorandum of Understanding (GMoU) with the communities.

OIL AND GAS

Shell established Micro Credit Finance for business development within the communities.

Built schools and established scholarship at different levels.

Established different level of health centers.

Sports development e.g. NNPC Shell Cup and general youth development.

Shell makes a notable contribution to the economy of the country through tax payment.

OIL AND GAS

Vitol (Hyson Nigeria):

This is a joint venture between NNPC and Vitol SA.

They are involved in the marketing of 'excess' Nigerian crude and some refined petroleum products within West and Central Africa.

There operations in the country is yet to impact the expected benefit to the people in terms of employment and CSR.

OIL AND GAS

FIRST EPDC:

Established in 2010.

Exploration and petroleum development company.

Their level of employment to Nigerians and the CSR is yet to be determined.

AGRICULTURE

Dutch Agricultural Development Company
Nigeria Ltd:

95% owned by DADTCOL Netherlands.

It is an entrepreneurship company with a social vision.

The MISSION is to “initiate a cassava revolution across Africa”. This mission touches the Poverty alleviation project of most African countries including Nigeria.

The company is creating massive indirect employment within Nigeria.

AGRICULTURE

Afri-Agri Products limited:

This is a Dutch owned company established in Nigeria in 1998.

Into farming, agricultural services and agricultural supplies, basically exportation of agricultural products.

The CSR and the level of employment to Nigerians is not made public.

ENGINEERING AND TECHNICAL SERVICES.

Teco Group:

The company is an extension of Eaton Electric's B.V (Holec), The Netherlands.

Incorporated in March 1980.

The services involve oil and gas, food processing systems, industrial development, equipment supply and support services.

The staff is 99% Nigerians, made up of trained experts in different aspects of engineering.

SHIPPING, SHIPPING LOGISTICS AND FISHING

African Port Services:

Established 1999 by Arie te Veen.

Basically involved in shipping agency services in all Nigerian ports.

Employs about 50 Nigerians.

The company has no specific CSR.

SHIPPING, SHIPPING LOGISTICS AND FISHING.

Atlantic Shrimpers:

This is one of the biggest shipping companies in Nigeria. The number of employment to Nigerians is not known and there is no information on any CSR.

Damen Shipyards:

The company owns and supply different types of ships, dredgers, workboats.

They are also involved in ship and boat construction.

The company operates in about 35 countries including Nigeria.

SHIPPING, SHIPPING LOGISTICS AND FISHING.

Red Transport Logistics:

The company established in Portharcourt Nigeria in 2005.

The global sales and administrative centre is the Red Transport and Logistics B.V in Rotterdam, The Netherlands.

In Nigeria, the company currently employs about 60 Nigerians and is basically involved in project logistics and vessel agency focusing on the oil and gas and mining industries. No information on CSR.

SHIPPING, SHIPPING LOGISTICS AND FISHING

Supermaritime:

Founded in Nigeria in 1987 and is one of the leading vessel agency and logistics company in Nigeria.

Employs over 120 Nigerians. The company is managed by Mr Rene van Loenen a Dutch national.

There is no information on the CSR.

DREDGING AND GENERAL MARINE ENGINEERING

Van Oord:

Dredging, Marine engineering, and offshore energy projects.

Established in mid 19th century in Rotterdam, The Netherlands.

Most of the CSR activities are concentrated in the Netherlands.

DREDGING AND GENERAL MARINE ENGINEERING

Boskalis Westminster:

Dredging, marine infrastructure and general marine services.

Present in 65 countries across the globe, employing about 14,000 people across the globe.

Received a total of 90m euro contract in Nigeria in 2011 to dredge Onne Port in Rivers State south south Nigeria.

CSR and employing level in Nigeria not known.

DREDGING AND GENERAL MARINE ENGINEERING

Royal HaskoningDHV Nigeria:

An international dredging, engineering and project management consultants.

Present in about 35 countries, with over 7000 employees.

Currently involved in the construction of Eko Atlantic City in Lagos, south west, Nigeria.

ACADEMICS

Business School Netherlands (BSN):

Established in Nigeria in 2003.

Located in Ikeja Lagos, south west Nigeria.

BSN Nigeria is the second largest in the world,
currently has about 400 MBA students.

Teaching strategy is by Action Learning.

AIR TRANSPORT

Air France KLM:

This is a Franco Dutch holding company with its headquarters in Paris Charles de Gaulle Airport.

Currently operates in Nigeria under this company.

HOUSING

Tempo Housing Nigeria limited:

This is an international housing construction company based in Netherlands.

Nigerian office is at Lekki, Lagos, Nigeria.

Constructed a prefabricated 168 hotel rooms in Yenagoa, Bayelsa State.

Construct high technology prefabricated structures e.g. student hostels, hotels etc.

PHARMACEUTICALS

Chi Group:

Chi Pharmaceuticals is a member of the Cormart Group of companies that established in Nigeria in 1981.

This section of the company is of interest to Nigerians because it is one of the four pharmaceutical companies that recently scaled through the World Health Organization (WHO) GMP certification.

INFORMATION TECHNOLOGY

Venema Advies:

An international IT company managing IT solutions and service provider offering mission-critical cloud services, manage application services and enterprise solutions.

The work force is made up of 67% Nigerians and 33% foreign.

FACTORS MILITATING AGAINST INVESTMENT IN NIGERIA AND PROBABLE SOLUTIONS (FACTORS).

The following issues adversely affect investments in Nigeria, however, successive governments have been presenting gradual solutions to some in an effort to encourage foreign investors:

ESSENTIAL INFRASTRUCTURES - Electricity, roads, transportation etc.

INSECURITY

HIGH COST OF FUNDS

COMMUNITY INTERFERENCE

INCONSISTENT GOVERNMENT POLICIES

MULTIPLE TAXATION AND LEVIES

FACTORS

Electricity:

This is an endemic problem in Nigeria and has affected most businesses, however, the current government has initiated the privatization of most of the electricity sectors. The process is expected to improve both generation and distribution. Some of the newly created private electricity distribution companies are already making a difference.

FACTORS

Roads:

The bad road network existing in most part of the country is affecting movement of man and materials. This factor is also discouraging the spread of businesses, since they are forced to concentrate within the accessible areas.

In recent times, there has been an aggressive road construction and repair activities. This will boost investments if it is continued.

FACTORS

Transportation:

Lack of efficient transport system e.g. rail transport has discouraged investors.

Movement of goods are limited to road transportation which is highly inadequate.

The current government has shown interest in building new rail lines and reactivating the existing ones e.g. rail transport between Lagos and Kano was recently restored.

FACTORS

Insecurity:

Insecurity scares away most investors, especially foreigners. The situation where most entrepreneurs will have to provide security for their businesses at extra cost, is not acceptable.

FACTORS

High Cost of Funds:

In Nigeria today, most financial institutions give out funds at between 18% to 22% interest rate.

This has affected the existence and survival of most businesses and has discouraged investments.

FACTORS

Community Interference:

Most communities in developing countries including Nigeria, expect too much from investors within their area.

Although amicable settlement could help, most times this could affect the existence and survival of the business.

Most of the oil and gas companies in Nigeria e.g. Shell have not been having it easy and some had to close businesses due to this factor.

FACTORS

Inconsistent Government Policies:

Some economic policies taken or changed by the government could affect some established business plans e.g. import duty rates, import prohibitions, etc.

This usually scare investors and has brought down most investments.

FACTORS

Multiple Taxation and Levies:

This could be from the Federal Government,
the States or the Local Governments.

It is a very discouraging factor for an investor.

CONCLUSION

Nigeria remains an investor's target being one of the fastest growing economies in the world and largest economy in Africa.

The recent relationship between Netherlands African Business Council (NABC) and the Nigerian Netherlands Economic Summit (NNES) is very encouraging.

Nigeria should be the key beneficiary of the Dutch Goods Growth Fund (DGGF) which is about 750m euros.

With a population of over 150m, investment in Nigeria assures high labour affordability and market availability.

RECOMMENDATIONS

- 1, Dutch multinational companies in Nigeria should ensure that they participate in the activities of the Organized Private Sector e.g. The Nigerian Association of Chambers of Commerce Industry Mines and Agriculture and the Manufacturers Association of Nigeria. This will get them indirectly involved in making contributions to certain government policies.
- 2, Initiate move on CSR to communities where the investment is located, instead of waiting till demand come from them.

RECOMMENDATIONS

- 3, Ensure prompt payment of acceptable tax and levies.
- 4, Trust Nigerians and give them the opportunities to serve the company.

TO YOU.

**THANK YOU VERY
MUCH!**