

# The discrete networks of Rio Praaning

## Where business world and world diplomacy merge

**Meet Rio Praaning, one of the most discrete lobby figures from the Belgian and international business world. He assisted InBev with international takeovers, supported the Port of Antwerp, lifted Russian nuclear submarines off the seabed, refines European legislation and convinces former UN Secretary General Kofi Annan to establish a new business school together with Vlerick.**

In the offices of PA Europe in Brussels, at a stone's throw from the European institutions, Nelly, from an impoverished region in South West-Java, got the opportunity to do a two-month internship. Asri, a girl who lost everything after the 2004 tsunami and who had to stay in a reception camp, was appointed by Rio Praaning secretary of a foundation for the reconstruction of Aceh. Now she is assistant-professor in English at Banda Aceh University. This experience inspired Praaning, a Dutch Indonesian, to establish the Kofi Annan Business School, a common initiative of his PA International Foundation in The Hague, Vlerick Leuven Gent Management School and Hogeschool Utrecht. "Many youngsters from poor families in the emerging countries do not have the means to develop their talents. The new business school will assist them across that barrier", says Praaning. Praaning's

PA companies – PA Europe in Brussels, PA Russia in Moscow, PA Middle East in Muscat (Oman) and PA Asia in Beijing – are anything but development organizations though; they are a very distinct business.

PA stands for *Public Advice* and has some eighty staff members in three departments: the four commercial PA companies, the not-for-profit PA International Foundation, and a new division that will become operational in April: PA CSR (Corporate Social Responsibility) which will be led by Gambian national Lamin Sise. This diplomat used to be, until recently, UN Secretary General Kofi Annan's right hand.

"We are not consultants but political advisors fairly highly involved in the execution of dossiers", Praaning explains. "We do more than delivering reports; we guide our clients until the finish." Clients are governments and authorities, companies and industrial associations or non governmental organizations. Former EU Commissioner Etienne Davignon, who will be Honorary Patron of the Kofi Annan Business School, explains: "They get things done, politically and societal, thanks to their contacts." And those are mostly former diplomats, former Ministers or policymakers and people who used to have top functions in international enterprises. Ernst van der Beugel, once

involved in the distribution of the American Marshall aid, introduced Rio Praaning to the select company of the Bilderberg conferences.

Baron Paul De Keersmaecker, former Minister and State Secretary of Agriculture and European Affairs and Honorary Chairman of beer group InBev and KBC, chairs the Board of PA International. "Our Board Members, managers and staff know what makes the world turn, they are people with whom or for whom I worked in the past decades and they are, so to speak, available on call", says Praaning. He lives in Bercuit, the exclusive compound in Grez-Doiceau in Walloon Brabant. He rarely speaks to the press.

Most PA administrators are influential personalities, including former EU Commissioner Frits Bolkestein, former Dutch Prime Minister Dries van Agt, former Secretary General of the Western European Union Wim van Eekelen, Alexander Bessmertnykh, who was Minister of Foreign Affairs under Gorbachev, and Cao Baijun, the current President of the China Economic Cooperation Center, part of the International Department of the Central Committee of the Chinese Communist Party.

**From Scheldt deepening to the Kursk** PA covers a range of activities for which the advisory company has in-house

expertise or expertise it can call on through its regional networks. PA (or its predecessor, since in 2004 Praaning Meines was renamed Public Advice) can be credited with some distinctive but discretely managed realizations. It assisted with almost all "intricate" takeovers and mergers of Interbrew (now InBev). "The most difficult was Bass in England", says De Keersmaecker. "This became a court case and involved political interference up to the levels of the British and Belgian Prime Ministers." PA advised the Port of Antwerp and the Flemish Government on the negotiations with The Netherlands regarding the deepening of the river Scheldt. "In the dossier of the deepening of the Scheldt but particularly also of the Iron Rhine Rio Praaning helped us through gathering background information on what played in The Netherlands", confirms Eddy Bruyninckx, Delegated Administrator of the Port of Antwerp.

Praaning also turned up when two Russian nuclear submarines that had stranded on the seabed, the Kursk and the Komsomolets, had to be salvaged. Alexander Bessmertnykh, Partner in PA Russia: "The Kursk was an extremely sensitive matter because it was one of the largest nuclear submarines with missiles on board. PA successfully brought together three different players – governments, experts and specialized companies. That's precisely PA's expertise. On the compass of my

experience and network a strategy and the operational work are generated from Brussels. That is how the insights, wishes and capabilities of both the Russian and the western side were turned into a perfect match.”

Director Hans van Rooij of Smit Salvage looks back positive at his experiences with PA Russia for the salvaging of the two nuclear submarines. “An industrial company such as ours is not acquainted with this whole spectrum of political players. PA helps to point out to the authorities which are the advantages of our intervention and fills the political and regulating gaps between the Russian and western team members, including the legal complexity regarding insurance questions and environmental problems.”

Smit Salvage plans to recover the remains of submarines, reactors and containers with nuclear material from the Arctic Sea. Together with IBRAE, the institute that has been monitoring all Russian nuclear reactors since the Chernobyl disaster, PA Russia is currently focusing on cleaning up tons of nuclear waste in the Arctic Sea and will be organizing, with the involvement of CNN, an international conference in Moscow on this issue.

PA also has strategic partners in Asia, such as former Minister Bessmertnykh. In China PA Board Member Cao Baijun virtually co-steers the economic course of the Communist Party. “In countries such as Russia and China we operate completely different than most

consultants”, says Paul De Keersmaecker. PA Asia’s agenda generally mentions the same assignments as PA Russia’s: market introduction of foreign companies (this includes Belgian companies, but De Keersmaecker does not give any names), organizing technical cooperation, managing approval procedures for biotech and food products, and assisting with major takeovers and mergers.

#### **“No lobbying, but political advice”**

Patrice Thys of Asia Euro and delegate of the Port of Antwerp in Asia used to be Head Asia of InBev until the end of 2005. As such he was involved with takeovers in China: “PA is not present at the side of its clients at the negotiating table. For example for InBev they handled the preparatory work on the Chinese side: PA understood what InBev wanted and ensured that the Chinese negotiators understood also. PA knew where the bottlenecks were and how to solve those. This is often more an issue between the Chinese people responsible and their procedures rather than between Chinese and western negotiators.”

Rio Praaning points out that western companies during a company screening usually hope to uncover everything in order to avoid any negative surprises afterwards. “Such thorough due diligence is not always that easy to perform in China because not everybody appreciates this amount of transparency. Such a matter can therefore not be solved by taking a firm stance and

placing demands. On the contrary, one needs to be very careful and have the right insights: know what and when you can discuss such obstacles and with whom. What was not possible yesterday, might be so tomorrow.” Paul De Keersmaecker adds: “What’s even more important: with whom do you discuss it *first*. If the sequence isn’t right, then things will really go bad – we don’t realize that, but our Chinese partners do.”

Western companies with plans in Russia, Asia, the Middle East or in the new Member States of the European Union are therefore sometimes advised not to take a certain action and to let the issue rest for a while. Marcel Daniëls, at that time Director External Affairs of the Canadian aluminum group Alcan, provides an example of how PA Middle East, active in all Gulf States, unblocked an investment dossier in Oman: “The negotiations between the Americans and Canadians of Alcan and the Omanis had reached a deadlock. Praaning introduced new players, such as Sayyed Badr Al Bu Said, a top diplomat and Member of the Omani Royal Family.”

This is how PA tries to restore the mutual confidence. “Usually we ourselves, carrying a message, try to find a new way in, a configuration that allows the client to navigate around bottlenecks.” Praaning does not call this lobbying but political advice: “Together with our people in the region we try to understand how an organization – that is not your own – functions, what

motivates it and at what point in time you had best approach them and with which message.”

Proof that the PA concept also works for multinationals was delivered by PA Asia Jakarta during the recent negotiations with the Indonesian government about a new nickel mine in Sulawesi, according to Mike Jolley, President Director of the stock exchange listed British-American mining group Rio Tinto: “PA International, in consultation with the local authorities and population, also launched social and economic programs that complement our industrial project.” Rio Tinto’s nickel mine is the most important investment in Indonesia since the 1998 financial crisis.

Patrice Thys emphasizes the discrete character of such demarches: “Praaning cannot tell the whole world about his interventions and let’s be honest, his clients prefer not to admit they had problems somewhere that somebody else solved for them.”

#### **Biotechnology**

PA Europe is constantly feeling the European Commission’s pulse and is involved in the liberalization of telecommunications, assisting mainly the new Member States. It also focuses on refining regulations for the European pharmaceutical industry and biotechnology. In the early nineties PA Europe introduced genetic recombinant *chymosin* in England, a yeast cell to coagulate cheese with genetic information from a calf’s stomach, so

that it was no longer necessary to kill young calves. “We were able to do this without emotions running high and without anti-reactions in the public opinion, through close consultation with the Vegetarian Society”, says Praaning. Next followed the approval to breed the first genetically modified bull in The Netherlands. According to Praaning companies sometimes reinforce the commotion about genetically modified food when they abuse it for competition reasons or when they just did not operate the right way. “Transparency and close consultation with patient and consumer organizations and with regulating authorities are absolutely required.”

PA Europe gathered several companies within the FPA to promote the interests of all large fermentation producers. Praaning was among the initiators of Epossi, the European platform for patients, researchers and industries. Currently, PA Europe is mainly involved in the development of ‘White biotech’ in Europe. White Biotech – contrary to Green Biotech that is released in nature or Red Biotech in the production phase of medicines – involves genetic modification within the safe walls of a laboratory and the end product does not contain any genetically modified organisms.

The Japanese-French biotech company Ajinomoto, concerned about the quality of European legislation on industrial biotechnology, requested PA Europe’s assistance: “For the food industry it is of

the utmost importance that the legislation is sound and clear, which is not always the case if it has been developed without involving the industry”, says Philippe Guion, Head Judicial Affairs at Ajinomoto. “PA and the Fermentation Products Alliance help us to refine the European legislation.”

White Biotech is the most recent form of high biotechnology in which Europe is globally still in the lead. “It would be disastrous if the European Commission, through ‘failing legislation’, listed all biotech in one single category. Then we would relinquish all control permanently to the US and China”, claims Praaning.

<b>The Board: Bolkestein and co</b>	
Besides personalities such as Frits Bolkestein, Alexander Bessmertnykh and Cao Baijun the Board of the PA International Foundation includes:	
<ul style="list-style-type: none"> <li>▪ David Webber from the UK, former Director General of Globe (an organization of Parliamentarians responsible for the environment, established by Al Gore)</li> <li>▪ Brazilian André de Barros Teixeira, Honorary Chairman of Coca-Cola Russia and former Vice Chairman of Global Innovation and Development at Interbrew</li> <li>▪ Hans Nijhoff, currently Director of PA International Foundation and former economic advisor for various governments, ranging from Azerbaijan, the Gulf States, Egypt and Kenya to Vietnam and Indonesia</li> <li>▪ Rob Meines, former foreign affairs and diplomatic editor of NRC Handelsblad</li> <li>▪ Sabam Siagian, former Indonesian Ambassador and former editor-in-chief of the quality newspaper The Jakarta Post</li> <li>▪ Younis Al Balushi, Chairman of the Standing Economic Committee of the Majlis A’Shura in Oman</li> <li>▪ Willy Wiguna, former Director General of PBEC, the Pacific Basin top industry organization.</li> </ul>	

<b>PA Europe NV</b>			
<b>Euro</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Gross margin	254,06	294,57	681,70
Net result	2	9	1
Cash flow	42,359	-63,023	209,36
Private equity	68,398	-33,577	261,92
Liquidity ratio (1)	602,14	559,78	622,80
Solvency ratio (%) (2)	5	6	9
Staff	6.34	3.96	3.29
	0.08	-0.03	0.22
	4.70	5	5

Consolidated figures are not available, neither of PA Asia, PA Russia and PA Middle East. Public Advice works on a project basis and claims not to charge per man hour. Profits of the four commercial PA companies flow to PA International Foundation for the co-financing of projects.

(1) Liquidity ratio = current assets/short-term liabilities  
 (2) Solvency ratio = private equity/balance sheet total

Source: Graydon

## Rio Praaning – from hinge to door

Rio Praaning Prawira Adiningrat – that is his full name, after his ancestors in Tasikmalaya in South West-Java – is the son of the first Indonesian and at the same time last Resident of Batavia (under Dutch regime Jakarta was called Batavia). He was born in The Netherlands after the Indonesian independence. It was only in 1990 when he first visited Indonesia and established PA Asia Jakarta. Ever since he walks in and out of the offices of Indonesian top Ministers and Vice President Jusuf Kalla.

Merging diplomacy and the business world really started off for Praaning in the early nineties when Ben Bot – at that time Secretary General of the Dutch Ministry of Foreign Affairs – hires him to promote the establishment of the headquarters of the UN Organization for the Prohibition of Chemical Weapons (OPCW) in The Hague. Praaning was already involved in politics and diplomacy during his law studies in Leiden: “Not as a door but as a hinge,” he laughs, “a very useful function.”

He also served as a hinge as Director of the Atlantic Commission, part of the civil branch of the NATO alliance, in 1978. During the Cold War still he established contacts with Russian top politicians such as Alexander Bessmertnykh and Jan Truszczyński in Central Europe who was very recently appointed in a top position at the Enlargement Directorate of the European Commission. After the implosion of the Soviet Union Praaning became advisor to liberal politician Frits Bolkestein, party leader of the VVD. Next he became Director of the British consultancy office Dewe Rogerson in Brussels and in 1993 he established the consultancy bureau Praaning Meines together with Rob Meines, former foreign affairs and diplomacy editor of NRC Handelsblad.

Besides the day-to-day activities for Public Advice, the many travels between Moscow, Beijing, Hong Kong and other locations where PA is active, Praaning and his Asian department focus special attention on his region of origin: Tasikmalaya, an underdeveloped area with 2.5 million inhabitants. Praaning’s ‘Tasik Development Company’, with the support of the Asian Development Bank and the Indonesian planning Ministry Bappenas, is planning a new fishery and commercial harbour that could develop into a container harbour – following the model of the deep sea port of Sohar that PA Middle East helped develop in Oman. In two years time Sohar Port attracted 12 billion dollar in investment.

Rio Praaning sees Tasikmalaya, with a *short sea shipping system* of modest but efficient ports along the south coast of Java, develop into a crossroads of international trade flows between China, Indonesia and Australia.

Original article by Erik Bruyland  
“Waar zakenwereld en  
werelddiplomatie samenvloeien”  
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