

Interview: Judy Benn - Executive Director, Amcham

Thailand



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The American Chamber of Commerce's executive director in Thailand explains the chamber's role in facilitating mutually beneficial relations between American businesses and Thailand, the challenges and opportunities that exist for foreign investment and the code of ethics the US seeks to promote within the local Thai economy.

Where does the American Chamber of Commerce stand today and what are its greatest challenges and opportunities?

Our chamber is over 60 years old and has over 650 member companies that are based here in Thailand. We also oversee and facilitate business processes for 100 businesses in Myanmar and 20 in Laos because there are no legal entities at those chambers yet. We boast approximately 850 companies, which are all part of our greater Thailand membership. Regional growth has been continuous especially with the opening up of Myanmar and the chamber views this as an opportunity to grow in the region.

Ford, General Motors, Procter & Gamble and Colgate all have manufacturing plants in Thailand, and our members view the Kingdom of Thailand as a regional leader with economic potential. As its neighboring countries start to open up their doors to economic investment it will help our members running their businesses from Bangkok with investment opportunities. From a management stand point; the largest constraint to doing business in Thailand and the surrounding regions is a limited

educated and skilled labor force. A skilled labor force is vital to growth and we have shared our concerns with the Thai government regarding improving the education system and providing vocational skills training.

What is the overall feel of Thailand's economic and political stability?

Over the last 14 years Thailand has had a great deal of highs and lows, with regards to economic growth. One of the biggest obstacles in Thailand is trying to promote stability and create confidence building to attract and maintain investment in Thailand for our members. This is especially pertinent for multinational companies who come to Thailand and invest large amounts of money and view the political instability as unsettling. At the American Chamber of Commerce (Amcham) we assure our members that although there is political instability at times, Thailand always manages to maintain an economically safe environment for international companies to do business in. Companies that have continuously done business here and dealt with the political instability continue to reinvest because they are very optimistic about the future and view Thailand as more of an opportunity than an obstacle. On the other hand, new businesses looking to Thailand are sometimes put off by the amount of instability.

What can account for the chamber's success despite the current challenges?

The Amcham places a large focus on promoting US values from a business perspective. Thai citizens know the value in working for and doing business with American companies. US companies doing business in Thailand are not focused on having the cheapest products and labor, but promoting an environment, which is mutually beneficial for all parties. Many US companies in Thailand are focused on fostering growth in the local economy and creating a stable work environment by giving back to the community and implementing corporate social responsibility (CSR) programs, as well as complying with laws and regulations. It is my belief that US companies set a high precedence for all companies to follow by following a gold standard of business in which employees are proud the company they work for. Amcham promotes values by setting a code of ethics that our members follow. For example, we promote business values by complying with local laws and regulations and aim to protect intellectual property rights. American companies with a presence in Thailand try to be good corporate citizens by providing training and education for employees. Good employers go above and beyond outside the work place and the Amcham facilitates the process.

What does the organization do to promote awareness and a feeling of overall stability?

The Amcham reaches out quite a bit to companies doing business here by working alongside other international entities, including the US Embassy Thailand's Commercial and Economic sections and other foreign Chambers. For example, the US Embassy in Thailand has never closed its doors or sent Americans home due to political upheaval. The embassy portrays a positive image and maintains an overall relaxed business climate. Amcham transmits that information to our members by assuring them that it is still business as usual.

What attracts foreign businesses from choosing to operate and do business in Thailand versus other regional nations?

Traditionally, the growing economy and political stability was attractive for international businesses. Although the economic growth of the country has slowed down, the nation remains an attractive place to do business. American car companies have invested billions of dollars in building plants here and want to see the region economically thrive. It is true that despite all the good that happens in Thailand there are still some obstacles to overcome, such as the processes for organizations to set up shop. Sometimes these processes are long and arduous and the chamber facilitates this by promoting an environment for companies to succeed. Moreover, companies invest in Thailand because it has a diligent workforce that is open to learning. Many of the goods produced here by companies, such as Western Digital and Seagate, which have around 20-25 thousand employees working for them are exported abroad. Companies view Thailand as being more advantageous to their overall portfolio by providing diversification in Asia. . Furthermore, many of our members, especially those involved in technology and car manufacturing, base their revenue on exports and not the local economy. For example, Chevron, the largest foreign direct investor in Thailand, views Thailand's petrochemical industry as thriving in both the offshore and refining sectors.

What issues need to be addressed in order to push Thailand to the next level of excellence?

Thailand has an abundance of positive aspects that attract a diverse group of businesses, but in order to continue economically rising it must address two issues: education and improve its level of English. Approximately 50 percent of Thais do not have an education beyond sixth grade. I believe this is a handicap that hinders the potential of the nation and consequently it ranks lower for investment when compared to other countries in the Association of Southeast Asian Nations (Asean). Moreover, the nation's low English level, compared to Malaysia and Singapore, prohibits it from participating in the larger global community.

In order to ensure that American companies participate in the growth of Thailand, the chamber helps facilitate the process for international companies to enter the local market, but in order to do this the Thai people need to modernize their approach to attract businesses and provide forms and websites in English to help advance the nation. For example, international banks need to have things in English in order to foster a global mindset, but I believe we are slowly starting to see Thailand change for the better, although it will take some time.

What is the Amcham doing to promote research and development (R&D)?

Most of our member pharmaceutical companies are involved in sales and marketing, although we have had some members involved in clinical research, but there are no manufacturing sites for US companies at present. Moreover, intellectual property rights issues make it difficult to promote a healthy and safe environment to do business in, which has led to some companies opening up shop in Singapore instead of Thailand. Many of the processes are not clear and the turnaround time to have patents approved is long and tedious. American companies entering the local market want assurance that coming to Thailand will equate to success, but the policies in place do not foster growth.

What percentage of American companies in Thailand contributes to the healthcare and life science sectors (HCLS) and what is the Amcham doing to ensure growth of business investment in Thailand?

American companies involvement in the HCLS segment has been fairly stable over the years, but regulatory issues, such as cost controls make it difficult to encourage companies to invest in the HCLS sector. For example, private hospitals are now capping prices in which companies can charge for their products, which stunt the growth in the local healthcare and life sciences sector.

Companies question whether they should invest in a nation that limits the amount of money they can make. Companies want to ensure predictability and certainty in order to ensure their investment is successful, but regulations make companies wary of the success they can secure in the Thai market.

Amcham wants to see Thailand become a place of great economic success by continuing a dialogue with local stakeholders, such as the Thai government and the Thai Board of Investment. By promoting foreign investment the nation will move beyond remaining a manufacturing center and become a place where added value products are produced. Fixing these issues is not an easy task, but helping promote positive change will ensure the success of local industry players, as well as foreign investors.

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