

Interview: Weston Stacey - Executive Director, AmCham Czech Republic



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The executive director of the American Chamber of Commerce in the Czech Republic discusses measuring the impact that healthcare policy changes have on the healthy life years of Czechs. Furthermore, he identifies the Czech people as a most important asset which sets the nation apart from its neighbors.

The AmCham Czech Republic recently issued a statement on the national strategy of Health 2020, generally approving of it as step in the right direction but criticizing that a measurement of value is missing. What would this measurement look like?

It was not so much criticism as it was feedback. The issue with the healthcare system has always been that there are two groups of opinion; those who argue that the system works and is simply in need of more finances and those who advocate that the system doesn't work and is headed for a crisis if not fundamentally reformed. Depending on who is ruling in government, one side is stronger than the other. Traditionally, the left-wing advocates that the healthcare system is fine and the right-wing predicts a healthcare crisis.

What we liked about the national strategy of Health 2020 is that it sets Europe-wide standards of healthy life years. This goal of enhancing healthy life years, noble as it is, is difficult to achieve if not broken down into its components, which is essentially the entire lifespan, minus time of illness,

minus time of disability. Our suggestion is that policy makers and the healthcare system focus on exactly that—healthy life years of the Czech people— rather than quarrelling about spending. All policy changes should aim at improving the performance of the healthcare system; measured and valued by how it reduces the occurrence of illness in the population. By applying this measurement, policy makers would have a clear idea of the performance of their decisions!

Besides the lack of measurement, what do you identify as the most significant challenge in the healthcare system?

The most significant challenge I identify is a challenge affecting the whole of Europe: its aging population which will significantly strain European healthcare capacities! Europe faces the challenges of significantly rising costs, whilst having little leeway of raising taxes without accepting a tremendously negative economic impact. The different European healthcare systems have to be modified to keep them affordable, while being able to serve the increasing demand; nobody has the right answer on how to modify them—yet.

In the past, you have made numerous recommendations on policy changes to the Czech government, of which some made it into solid legislation. What current challenges of your members are you working on to resolve?

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The Czech Republic has been extremely successful in the past, where the major economic activities were based on a two dimensional strategy. One part was investment incentives for the manufacturing industry, which then led to shared service centres. Overall this created a lot of procurement from small and mid-sized Czech suppliers. The second part was the privatization of banks, which brought a stronger and more sophisticated fiscal background to the sector overall, thus supporting the growth of Czech companies.

As well as these policies might have worked, they have reached the borders of their existence and we need something new if the country is to develop further. We have proposed applying a strategy that includes stepping up in the value chain from manufacturing to research and development. To achieve this, a package of policies surrounding the topics of education, research and training need to be changed! Furthermore, the development of Brno and Prague needs to be better coordinated by the government. As of now, both cities are managed on a regional level and are competing with each other rather than utilizing their synergy potential.

Additionally, the aforementioned European challenge in healthcare has to be addressed appropriately and the government needs to stop viewing it as a black hole of spending. And lastly, good governance has to be further emphasized. The Czech Republic is depended on public procurement as 18 percent of its GDP is used in this area; this figure becomes drastic when in European comparison, where the average is at 14 percent. Currently, public procurement in the Czech Republic is process driven rather than outcome driven and thus is not necessarily very effective.

You are often quoted in publications speaking of the value of truth and transparency in society. Is this where it connects?

Yes. I witness a division between state and population in a lot of the former countries of the Warsaw Pact. The state doesn't feel it needs to explain its decision to the public and this resembles a deficiency of democracy which hasn't been completely overcome. A lot of what we're communicating to the state apparatus is that it's not their money which they are spending— it's the taxpayers' money and as a state there has to be a sense of accountability! The first step has to be explaining your decision and the second is to show its outcome. As AmCham Czech Republic, we are pushing very hard on the basics of accountability of the state, as we're confident that this will significantly improve the competitiveness of the country.

Is corruption a problem in the Czech Republic?

Corruption is a problem everywhere in the world; here it is additionally a problem of perception. The general public is at large convinced that almost every government transaction is corrupt—and the politicians feed this perception! Politicians here accuse each other's parties of corruption and have created an environment of scandal, in which Czech politics take place. We need to eliminate the perception of the public that everything done in government is corrupted, as this is simply not true; simultaneously the existing corruption, as great or little as it may be, needs to be eradicated.

What does the Czech Republic offer to businesses that sets it apart from neighbouring countries such as Hungary, Poland and Romania?

The people; unfortunately there are only ten million of them! The level of education, especially technical education, alongside the language skills paired with the exceptionally high work ethic is a combination which exceeds the human resource capabilities in any neighbouring country. On top of that is the strategic geographic location at the centre of the most prosperous region of Europe. What's more, the infrastructure—including energy and ICT infrastructure—is developed to a level analogous to Western Europe! This framework is allowing the shift from a 'big-business based

economy' to an 'entrepreneurial-based economy'; we are witnessing its beginning as we speak.

Considering your members from the pharmaceutical industry, could you give us an example of some significant investments that developed the overall healthcare outcomes in the Czech Republic?

Significant investments of the pharmaceutical industry into the Czech Republic are just about to come. Most of the major pharmaceutical MNCs have had agents and licensed distributors active in the Czech market for a long time and thus significantly improved the live of Czech patients in the past. I can see that they have brought in professionalism, technology and sophisticated products that have and are transforming the system. This transformation process will take longer than people have thought, but eventually we will witness the benefits for patients and economy brought by the pharmaceutical industry.

How can AmCham Czech Republic help businesses from the US, especially from the pharmaceutical industry, to set up operations here?

Frankly speaking, it is easy to set up a business in the Czech Republic. Of course you will need approval of your medicine and to navigate through the regulatory affairs, but typically this is done before investing in the country. The days where the Czech Republic was part of 'the wild east' are over! It is part of the European Union and business is just as easy as it is in Germany, Spain or the Netherlands; in some cases even less difficult. The government has cut a significant amount of bureaucracy and has set good incentives to increase investment. Of course we help when asked; however, we are not frequented for this kind of help as often anymore. What we do to really help companies to come into the country is to push the idea of an outcome-based healthcare system. This will enhance the appreciation of the companies that can offer innovative treatments thus providing more value for money and improve the life of Czech patients significantly.

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That is our overall target, and broken down into day to day practice it means that we would like to see an e-health system implemented which monitors effectiveness of policy changes, encourage hospitals to experiment with treatments in order to find out what has the best efficacy, followed by publishing its results and that incentives are set for hospitals to perform better! In a nutshell: we are helping pharmaceutical businesses by creating a framework—or environment—that is beneficial for the industry, economy, and patients alike!

How likely is it that this framework will be implemented in the next five years?

That has a lot to do with the type of leadership in both the public and private sectors. There are an increasing number of people at the non-managerial level that are frustrated with the system because it doesn't allow them to make the necessary improvements they have within reach. It's about whether these people can connect and unify to one voice calling for sustainable changes. The Czech society is a society which actively protests, however only for specific single purposes rather than for long-term changes. However, I am confident that we will see a new generation of managers that are eager to bring accountability to the state and the pressure on the government will grow, thus bringing positive change in the future.

**You have been executive director of the AmCham Czech Republic for over twenty years!
What's your most significant achievement in your time here?**

The accomplishment I am particularly proud of is more of a general one. We created a prime example of the role a business community, such as us, should play for the benefit of all stakeholders in the country. An active voice which is unified and directed at the policy makers ensuring an active role in economic policy debates. For instance, we were the ones suggesting the recently implemented investing incentives, we redrafted the bankruptcy act just in time for the financial crisis in 2008, thus saving numerous businesses and more recently we have been involved in the public procurement act! Overall, over the years as executive director of the AmCham Czech Republic, I can proudly say that the AmCham and I did our part in developing this nation to what it is today.

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