Interview: Ebb Hinchliffe – Executive Director, The American Chamber of Commerce of the Philippines



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15.12.2016

Tags: Philippines, The American Chamber of Commerce of the Philippines, Pharma, Pharmaceuticals

Ebb Hinchliffe, Executive Director of the American Chamber of Commerce of the Philippines, discusses the Chamber's current advocacy efforts in the country and their strategic objectives moving forward in terms of increasing the already strong business ties between the United States and the Philippines. He also discusses the potential for areas outside of metro Manila to be drivers of economic growth in the future, and the Chamber's efforts to help make this a reality.

To begin, could you please provide an overview of the chamber's recent activities in the Philippines?

This chamber, founded in 1902, is the oldest United States Chamber of Commerce outside of the country. As a former colony of the United States, we have long had a strong relationship with the Philippine government, spanning over 114 years. This is made clear by that fact that there are not many new companies entering the market of the Philippines, most already have established operations here. Looking more broadly at the country, we have seen great growth in the Philippines GDP, and this growth we believe will continue in the future. For example, there is a very strong business process outsourcing (BPO) industry here, with 1.25 million employees in the sector, and it is increasing every day

AmCham is active in many different areas, and we are very successful in advocacy. We have lawyers that sit both in the Senate and the House and advise the chamber on any bills that effect our members. Additionally, we have a project named the Arangkada Philippines Project, which in the local language means “to accelerate”. We chose seven sectors to specifically focus on; telecommunications, agriculture, power, infrastructure, mining, tourism and manufacturing. We went directly into these industries to see what could be done to help facilitate growth and strived to help companies create jobs as well as to increase foreign direct investment. We ended up receiving 471 recommendations, largely from the infrastructure and telecommunication industries, and every year we follow up with government and industry to see what progress has been made. We also host an event where we recognize the progress we have made, with hundreds of top business and government officials in attendance. Under the previous administration we saw great success in advancing our advocacy efforts, and if the current administration continues to work to improve the lives of Filipinos, we believe they are headed in the right direction. One of the reasons that AmCham has been so successful is that we have had the opportunity to work with very pro-business administrations.

President Duterte has stated that he wants to increase the foreign direct investment (FDI), as well as lift the restrictive laws on FDI. What potential effects do you see these efforts having on the Philippines?

Certain sectors are affected by these restrictive laws, specifically utilities and telecommunication. We do not have very efficient internet or telephone systems, and that again is because there is not much competition between the two main companies, Global and Smart. One thing that also needs to be addressed that is not currently is the issue of land ownership by foreigners. This will be interesting, as the Philippines would like to enter into the Trans-Pacific Partnership (TPP). However, one of the requirements of this agreement is that foreigners are allowed to own land in your country.

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The biggest concern, most likely, for the pharmaceutical industry is the high demand for cheap access to drugs and medical care. The industry will need to work to furnish this desire in an inexpensive way. We have the Department of Health (DOH), which has high levels of funding. They have the money to keep prices down, and I am hoping this is how they utilize these funds. Their priority should be to the highest quality options for the population, not simply the cheapest.

How important of a role does collaboration between pharmaceutical companies, both local and MNCs, play in working to take advantage of opportunities in the market?

There are several very good local companies here in the pharmaceutical industry. From an AmCham standpoint, we have a pharmaceutical committee, and our second largest committee within the organization is our healthcare committee, which has nearly 80 people in it. Our pharmaceutical committee, which has been chaired by Pfizer and GSK, meets on a regular basis, meetings where these two competitors share best practices with each other. Of course every company wants their market share to increase, but that does not mean that there is not cooperation. The biggest potential issues facing the pharmaceutical industry is the rising level of generics as well as smuggling and counterfeit drugs. We need more judges to deal with the latter issue. Lastly, there are many regulations regarding the dispensing of pharmaceuticals that could be streamlined and improved.

The Philippines has great demographics, the ages of 18-40 represents nearly 60 percent of the population. These people are not going to be taking aging drugs, it is a youthful market. If I were in the pharmaceutical this is something that I would pay attention to. The industry needs to cater to the young people. Also, there needs to be a focus on tropical diseases. One of the saddest things you will see in the Philippines is the agricultural industry. 30 percent of the people in this country are involved in the, of whom 30 percent are impoverished. These are the people that cannot afford healthcare, and have the lowest life cycle. So we need to work to find the right medicine, at the right price, to help these people. This is something the government is working towards.

What are a few pieces of advice that would you give to someone considering entering the Filipino market business market in terms of challenges and opportunities?

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utilized in the BPO industry, helping their human resources departments. However, the head of this company was too impatient. He invested to enter into the market, and then left after less than a year because he was not able to sustain the business. What companies need to do is invest and grow over time, and not expect a quick payday.

Looking forward, what are your strategic objectives in the coming 3-5 years?

Our strategy is to spread AmCham to a bigger audience within the country, something we are working to do with our new offices recently opened in Clark, and to continue to meet the needs of our members. We are spreading throughout the country, rotating through the various offices to help spread AmCham and our services to everyone looking to do business with the United States. We see many opportunities throughout the country to do this, for example, Iloilo, which is a booming city in the south of the country. As an organization, we would to expand from Manila and increase focus of the other major areas throughout the country, this is where we see the greatest opportunities for growth. There is an organization here, the National Competitive Council (NCC), that benchmarks against other countries within the The Association of Southeast Asian Nations (ASEAN) on various factors, for example the amount of time required to procure a business license, broadband access, corruption and various other things. Every year, they rank these countries, including municipality-specific rankings. Obviously, among these rankings the Philippines is consistently ranked highly, including obviously Makati, Iloilo and other municipalities. While the convenience of Manila, in terms of travel and logistics, means that the city will always be the main hub, strategically, areas outside of metro Manila are much cheaper in terms of cost of labor, rent and many other factors. My advice to people is to look for places outside of Manila, which is something that you see many of the BPOs doing now. On a personal closing note, I was so excited when I was chosen to be the Executive Director 3 years ago, how much luckier could I be? I really do feel like this is the greatest job that I have ever had. These are exciting times in the Philippines, and the best are still to come.

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