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*Siobhan Das, executive director of the American Malaysian Chamber of Commerce, discusses the close business ties between the two countries and the future opportunities that exist for further investment growth in Malaysia.*

## What are the main activities of the American Malaysian Chamber of Commerce (AMCHAM)?

We're proud to say that all of our members, from a range of different sectors, share one thing in common—they count on us to be their voice and champion in Malaysia. AMCHAM is an independent and non-profit membership organization, and membership organizations are most effective when their members are actively engaged. We, therefore, encourage and empower our members to drive the Chamber's programs based on the business matters of greatest importance to them. There is a balance between advocacy and experience sharing. On the advocacy side, we focus on industry issues or cross-sectoral policies rather than company-specific requests, helping to propose constructive solutions for the consideration of Malaysia's government. Outside of advocacy, we provide a forum through which members can share knowledge and best practices so that we can help each other to improve how we manage our day-to-day operations.

As the ‘Voice of U.S. Business’, AMCHAM provides a platform for our members to address issues that impact ease of business in the country. The Chamber spans a cross-section of sectors the largest being the E&E (Electrical & Electronic) sector which also includes medical devices. Oil & Gas, Financial Services and Healthcare are also significant sectors in the membership. While AMCHAM celebrates our 40th anniversary this year, many of our members have long and deep ties to the country, some going back over 100 years. We have about 270-member companies in the membership, most are American but also others with strong links with the American business community. AMCHAM also seeks to promote American corporate culture and the values closely associated with some of the world’s leading companies, such as integrity, transparency and commitment to the wider community.

We work constantly to build on the already-strong ties between the two countries, to promote bilateral trade, and to support new investments and reinvestments made by American companies. To achieve this, we work towards creating a stable, predictable, and pro-business operating environment. This means partnering with various ministries and their agencies and, because Malaysia also plays in the global supply chain, we also take an active interest in the impact of bilateral and multilateral trade issues. We engage across all levels of government from minister level down to working-level officials tasked with the practical implementation of very specific issues. We roll up our sleeves and try to provide support to decision makers at these lower levels during the early stages of a drafting process, helping them to understand the possible business impact or opportunities within the scope of the plans and ideas that they are formulating. It’s this on-the-ground active engagement and partnership through which AMCHAM can really add value to our members and to the government alike.

**How has bilateral trade and investment evolved between the two countries over the years?**

Trade between the two countries has grown from strength to strength. Currently, the U.S. is Malaysia’s third largest trading partner, and Malaysia ranks in the top 20 of the US’s trading partners. Many U.S. manufacturing companies are here to export and service both the Asian or Rest of the World markets and have found that this is an excellent place to base themselves over the 60 years of formal commercial ties. In 2017 alone, Malaysia’s trade with the USA expanded by 16.3 percent to RM 158 billion (approx. USD 38.25bn), including a 10 percent increase in Malaysia’s exports of manufactured goods to the USA driven predominantly by the E&E industry. Malaysian-made products have a reputation for good quality and are well received in the U.S. market.

In terms of investment, U.S. companies rank second in terms of implemented FDI projects into Malaysia. In the manufacturing space alone, American companies have invested more than USD 22 billion over more than 800 projects, creating more than 200,000 jobs. We are still seeing an increase in investments by U.S. companies and there are ongoing talks to upgrade the current TIFA (Trade and Investment Agreement).

By welcoming U.S. investments into the country, Malaysia has benefitted from the Build Equip and Train (BET) ethos many American companies use as they develop their businesses overseas. This means a high degree of localization and therefore a growth in skilled labour and higher incomes.

The current global trade environment creates challenges for all countries but if, as we anticipate, both governments continue to support and respect a commitment to open and fair trade, the relationship will remain one of growth and resilience. The new government in Malaysia understand that this is an important relationship. The businesses community like predictability and are encouraged by the new government's commitment to transparency and the rule of law.

**What has made Malaysia a historically attractive trade and investment partner for the United States?**

Malaysia has and has had a stable business environment for a number of decades. Its institutions are well-established and have proven to be adequately resilient. Historically, business and the government have enjoyed a very open, friendly and collaborative relationship. Malaysia has also worked to ensure it has talented people to support their economy. After Independence, education was a priority, and Malaysia was able to effectively develop a robust educated middle class to support a young country. This early commitment has proven to be a key competitive advantage within the region, and this focus on education must be maintained if we are to meet the challenges of the 21$^{st}$ century. American companies have always appreciated the high levels of English among the Malaysian workforce, and today are attracted by a strong and reliable ecosystem of local SMEs that can be integrated into their supply chain strategy.

Increasingly, American companies are seeing Malaysia as a good place to place their regional hubs including for non-manufacturing activity e.g. R&D centers, regional Business Processing Operations (BPO) centers. Malaysia's sturdy relationship with its neighbours within ASEAN is another strong selling point.

**How has the relationship of Malaysian business collaboration with the US evolved over time?**

Once an American company decides to direct an investment into Malaysia we, at the Chamber, witness the positive contributions that these companies make the wider economy. Large investments rely upon an eco-system of local goods and services providers to meet their business needs. Contributing to the development of this ecosystem has become a hallmark of the type of symbiotic relationship American companies have with their host countries. This win-win feature is a vital part of the relationship and is core to our Chamber's message that American investment brings shared prosperity.

In a recent survey we conducted of our E&E members, we found that on average each member company that responded works with around 190 local vendors and suppliers, counting only annual contracts worth at least RM 100,000. Each of these suppliers must meet the global standards set by the MNC and are often supported through vendor development programs to enhance their productivity and ensure that they are compliant with international standards. This collaboration is built on mutual trust and mutual benefit, with US companies investing in the people we hire or partner with and developing them to work as part of the global supply chain and become future leaders.

**What has been the main assistance AMCHAM has brought to healthcare companies in the market?**

We work closely with our member companies in this sector to understand what is impacting their operations and growth. We also build strong ties with the relevant government departments and supporting agencies to understand how the needs of the Malaysian market can be well served by the industry. The government and the private sector have a shared goal in ensuring that all Malaysians can have access to latest medical innovations and treatments, and it is a case of building a regulatory environment that is conducive to innovation and an open and free market for access.

Improving our communication channels will allow for better understanding between the government and the private sector in terms of challenges and opportunities of this growing sector. We have been encouraging greater consultation to ensure a smoother operating environment and well-informed policy-making in this very complex sector. We try to offer a platform to have meaningful conversations at the early stages of policy formulation so that the country and business

imperatives can be better aligned.

**What have been the main requests of AMCHAM members to stimulate the healthcare sector and build their presence in the market?**

The three top areas for the healthcare sector are market access, innovation support, and Intellectual Property Rights (IPR). On the market access front, some concerns have been raised about the lack of a level playing field for healthcare providers for government contracts. The new government does appear to recognize this as a trade obstacle and has commissioned a cross-sectoral review into public procurement practices.

Malaysia has the capacity to be innovative in many different areas. Part of the role that AMCHAM can play is to support the innovation environment in Malaysia. We encourage the government to ensure their own research talent are developed and facilities are adequately funded so that together member companies, local SMEs and local healthcare institutions can collaborate to develop homegrown solutions to many of the country’s health challenges. The American presence supports many initiatives through investment, experience sharing, and access to cutting-edge technology. Malaysia has talented people and has excellent potential to become a centre of excellence for health and life sciences if the right supporting policies are put in place to attract value-added investments.

In supporting innovation, we also strive to create a positive culture of intellectual property rights. Investment in R&D for a new healthcare product can cost billions of dollars, and global companies can only bring new life-saving and life-enhancing innovations to markets in which they feel secure that their IP will be respected and protected by the authorities. Historically, Malaysia has done well in this area but there is room for improvement and we encourage the government to maintain and improve a strong IPR framework in healthcare and other priority sectors. We are looking to stimulate dialogue with the Ministry of Health to discuss better protection of IP.

**What are the immediate objectives for the American Malaysian Chamber of Commerce?**

The Chamber prioritizes its role as a platform for its members. With the new government in place, our key focus is to better understand the direction in which they would like to take the country as they start to deliver on their ambitious manifesto. We are encouraged by their openness to engage with industry and look forward to seeing the fundamentals like greater transparency and respect

for rule of law come into fruition. Businesses, as you know, work best within a stable environment, and with predictability and trust comes greater and longer-term investments. We, therefore, look forward to working together towards mutually beneficial goals where members can continue to grow their Malaysia base, deploy higher levels of technology, and help the country meet its goals as a trading nation as well as its objectives in the healthcare sphere.

It is therefore incumbent upon us to drive engagement and share the knowledge of international business practices so that Malaysia can continue to participate and compete globally.

American companies not only invest in capital projects or train their workforce and instil a high level of integrity in their supply chain, they also always give back to the community. A big push for AMCHAM in the coming year is to not only showcase the excellent initiatives undertaken by our members in community outreach and responsible business practices but also to share best practices. We hope to help staff, companies, and even suppliers to align their CSR (corporate and social responsibility) objectives so that they can effectively contribute to corporate, local, national and international goals alike. Every small effort can make an important impact.

Malaysia’s business environment has been very robust over the decades but with other economies rising and technological progress reducing barriers to entry, Malaysia needs to remain vigilant and competitive. This means engaging with the private sector to understand what will help them to encourage HQ to make new investments in Malaysia. Clarity, transparency and predictability in the regulatory and policymaking environment are of utmost importance to a business environment, particularly when it comes to attracting foreign investment. AmCham aims to be a partner in the growth of Malaysia in the global economy.

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