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Roberto Benetello, CEO of the EU-Malaysia Chamber of Commerce and Industry (EUMCCI), discusses the chamber's function in Malaysia, the current business environment of the country, and the upcoming changes that will be faced by both local and foreign healthcare industry players.

What is the role of the EUMCCI?

The chamber is a business facilitation platform that assists companies belonging to the European Union explore and participate in the business environment of Malaysia and ASEAN. We also aim to support European companies already operating within the market by creating a more collaborative business atmosphere. The EUMCCI has been in Malaysia for over 25 years and it is a chamber of chambers. Our board of directors is composed of 12 directors, ten of whom are also board members of other European national chambers. Nine of the 11 European Union bilateral chambers localized in Malaysia are represented on our board. Being a chamber of chambers, we represent approximately 1,800 EU associated companies in Malaysia.

The main function of the EUMCCI is to act on behalf of its members as an advocacy platform. We collect the issues and needs of all our direct members and bilateral members which we use to

approach government officials, policymakers, and other important stakeholders with unified recommendations. Our goal is to establish cooperative connections and engage in dialogue with all Malaysian stakeholders.

What are the key industry sectors which make up the EUMCCI?

The chamber consists of twelve committees: Aerospace, Business Integrity, Green Building, Healthcare, Human Resources, Logistics, Wine & Spirits, Intellectual Property Rights (IPR), Automotive, Internet of Things, Research and Innovation, and EU-Malaysia Trade Facilitation. It is likely that Malaysia will enter into a new round of negotiations regarding a free trade agreement with the EU. The EU-Malaysia Trade Facilitation committee gathers relevant feedback on the free trade negotiations and delivers it to both sides. Looking at the European companies that invest in Malaysia, a large number view Malaysia as a hub from which they can expand into Asia. Malaysia has other trade deals with neighboring countries in the region and China as well. Having this trade agreement would not only benefit the flow of goods and services between the EU and Malaysia but also establish Malaysia as a facilitated gateway into the rest of Asia.

What is the current condition of the business environment for foreign companies in Malaysia?

In terms of both trade and investment, the EU has a large business presence here. Europe is the second biggest trading partner of Malaysia and the business sentiment is quite positive. As the EUMCCI, we are part of the EU-ASEAN Business Council which is headquartered in Singapore. Together with the cooperation of European Chambers of Commerce throughout the ASEAN member states, we run a yearly *EU-ASEAN Business Sentiment Survey*. Based on this year's survey, almost all businesses involved in the survey (99% of the respondents) said that they are looking to either expand or maintain current levels of trade and investment in ASEAN in the next five years. 72% of the respondents expect an increase in ASEAN profits in 2018 while 51% see ASEAN as the region with the best economic opportunity.

There is an overall consensus that the businesses in this region of the world believe the EU should accelerate negotiations on FTAs with the ASEAN region. This consensus derives from 87% of the respondents who believe that a region-to-region FTA between the EU and ASEAN would deliver more advantages to their businesses than a series of bilateral FTAs.

What is the EUMCCI's take on how the new government will affect the Malaysian business environment?

This is a massive historical change that must first be understood and acknowledged. This being said, there are two considerations to be taken when analyzing the government situation. The first consideration is that the new government has a sensible plan for reform. We have studied in detail the Pakatan Harapan manifesto, which if realized, will be of great benefit to the country. It addresses issues ranging from transparency and public procurement to healthcare spending and green energy adoption.

However, it must also be acknowledged that the governing party now was the opposition for many years, never having been exposed to running a country. Here in Malaysia, the previous party had

been in power for 60 years. What we are seeing is that it is taking time for the new government to get established, which is understandable. Malaysia's governance is established by plethora of ministries, agencies and government-linked corporations that engage in not just policy making but funding and implementation. These multiple stakeholders have their own set of policy instruments and framework which may lead to fragmentation of resources, overlapping competencies and redundancies. Also, ministries and agencies were given the freedom to set their own priorities and tend to perform in silos. Therefore, the current challenge is transitioning into such an intricate system. We just hope that the transition time will not take too long. The new government has an invested interest in domestic's reforms, without which a positive economic growth won't be achievable. Hence EUMCCI is here to continue our support by facilitating trade and investment between EU and Malaysia.

What competitive advantage does Malaysia have to offer foreign businesses in comparison to other countries in Southeast Asia?

At this point in time, Malaysia offers in my opinion the best value for money among its neighbors to an investor looking to enter the region. Considering several factors, Malaysia ranks highly in the ease of doing business. It is quite quick and easy to set up a limited liability company in Malaysia - Sendirian Berhad (Sdn. Bhd). The skilled talent pool, political stability, modern infrastructure, and good availability of reasonably priced real estate make Malaysia very competitive. The country has good roads and ports, English is widely spoken, and the government has committed to investing in education and R&D related capital investment.

The EUMCCI has carried out in-depth analyses on various non-tariff measures and the sectors affected by them. Malaysia is a country that imposes several non-tariff measures on its neighboring countries. It must be taken into account that the region is very heterogeneous where the differences in wealth vary dramatically. Many of the measures are in place to avoid inequalities between these countries. For example, there are countries in Asia like Cambodia that has a GDP per capita of USD 1,500. Whereas on the other side of the spectrum Singapore has a per capita GDP of USD 54,000. Malaysia is somewhere in the middle with a GDP per capita of almost 10,000 USD which is at the threshold that makes Malaysia a developed country. These measures are regulatory frameworks which must be respected. However, these regulations can slow the process of Asian integration into the world economy. The trade barrier issue is not just endemic to Malaysia as according to the 2018 *EU-ASEAN Business Sentiment Survey*, the businesses in ASEAN are very concern over the slow pace of economic integration in the region due to the lack of movement in simplifying Customs procedures and removing Non-Tariff Barriers within ASEAN. Hence to facilitate the formation of the ASEAN Economic Community (AEC), EUMCCI is are hoping to ease this integration through the free trade discussions between Malaysia and the EU.

What healthcare issues are of most concern to the industry members of the EUMCCI?

In the EUMCCI position paper, we drafted several recommendations for Malaysia stakeholders after looking at the most important topics being discussed by the healthcare industry in the country. Some of which are the aging population, medical tourism, health care spending, medical devices, and healthcare services. The aging population and providing care to the elderly is one area we are taking a special interest in. This is a new challenge that Malaysia has not faced before. Traditionally, elders were taken care of by family members, but since there has been an increased movement of the population into urban areas, more seniors are left without caretakers. Additionally, the incidence of

diabetes, high blood pressure, and cardiovascular illnesses are rapidly rising in Malaysia. Therefore, the increase of treatments, such as dialysis, has made home care an important topic as well.

Another trend we address in our position paper is the changes in the healthcare system and the emerging prevalence of the private sector. One of the key success factors in improving the Malaysians' health status is the coexistence of a strong private healthcare system to relieve pressure on the public system and to cater to rising demand. More private healthcare institutions are being opened in the country alongside the development of insurance schemes. A large majority of the population does not have private health insurance and still relies on the public system for health care. Due to the rising costs of health care, the Malaysian government is moving away from expensive brand drugs and encouraging the use of generics.

These are just a few of the major changes being faced by our Healthcare committee members. Of course, there are micro trends affecting the industry as well. For example, IP protection, Halal standards for medical devices and broadening knowledge and skill sets of the healthcare personnel are also widely discussed topics among healthcare stakeholders.

What are your personal expectations for Malaysia in the future and how will the EUMCCI help achieve this?

There is a very positive outlook for the future of Malaysia. The government change has been very momentous, and they deserve the benefit of the doubt. The Pakatan Harapan is inspired by healthy values and principles and I believe they will significantly impact the country. One of the problems Malaysia has faced is business integrity and transparency. I am hopeful for the improvement of the business environment and processes like public procurement. This will translate to better prospects for foreign direct investments, and looking ahead, a strong movement towards ASEAN integration. My goal is for the EUMCCI to help facilitate the free trade discussion and aid in reaching an agreement which will create further collaboration possibilities between Europe and Malaysia. This is a challenging period, but Malaysia has the potential to play a very important role within the region.

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