Interview: Jaime Malet, President of AmCham Spain



14.05.2014

Tags: Internationalization,investment

The history of AmCham Spain dates back to 1917 and has a critical part of developing bilateral relations between Spain and the United States. The company's president, Jaime Malet, discusses AmCham Spain's ongoing efforts to attract investment by American companies in Spain today.

What are AmCham's greatest challenges today?

The most important challenge for AmCham Spain is to push for a more competitive, productive and internationalized economy in Spain. The American Chamber of Commerce is a business entity that protects and supports foreign investment in all countries. In Spain, we support American businesses investing here and we also push for Spanish investment in the US. We gain support from government administration, unions and business groups to take action in structural changes for the Spanish economy.

Spain has one of the highest unemployment rates in Europe. How has AmCham helped to combat this issue?

We have a committee of 30 labor business leaders from American and Spanish multinationals who have suggested a number of different measures of ideas to the government on a regular basis for a systematic change that would allow for a larger framework. AmCham focuses on ensuring that everyone understands that the most important challenge for Spain is to put people back to work on a large scale. This requires a complete change in legal framework. This is starting to change, but there is still a lot of work to be done. There needs to be a stronger push by all stakeholders

involved to create jobs, even if they are temporary or part-time. The current rate of 27 percent unemployment cannot continue.

In terms of attracting investment, what strengths does Spain have to offer?

The most important aspect of Spain is its market. We are in a medium-sized market of 47 million people that is part of the European Union, the largest market in the world. Spain also has excellent access to the Latin and Mediterranean markets. Thus, our most important message to investors is that Spain has a very attractive market. Spain's GDP is the same as Mexico's, slightly smaller than Brazil's but larger than Russia's and is almost the same as India's. Therefore the Spanish market opens up many opportunities. Secondly, Spain has an incredible infrastructure that makes us one of the most important logistic platforms in the world. This is also very important for companies producing here. Thirdly, Spanish people have incredible managerial skills, which are very useful for the growth of small, medium and large companies, both local and international. This is why there are so many American companies that have established operations in Spain.

Can Spain leverage on its manufacturing capacity of high quality and low costs to attract more business?

If you had asked me this question eight years ago, I would have said no. But now we have incredibly improved our competitiveness in manufacturing. In fact, Spain is now one of the most competitive countries in Europe for high quality and low cost in production.

The aggregate turnover of AmCham Spain's members represents 24 percent of GDP in Spain, employing 1 million directly and indirectly. How is the pharma sector represented in the AmCham network?

Almost every American pharmaceutical company operates in Spain, and all of them are very strong. They represent almost 50 percent of the entire pharmaceutical sector in the country. American companies represent the largest foreign direct investment in the sector by far, and this investment is almost equal to that of Spanish companies like Almirall or Esteve. There are of course companies from other countries like France, Germany and Switzerland that also play a major role, but American companies dominate the sector by far.

The name of the game for pharma companies these days is R&D and innovation, and Spain is slightly below the European average for investment in this area. Can the pharma industry have a real influence on Spain's capacity to innovate in the future?

The pharmaceutical industry is the largest investor in Spain. This investment is not only made by Spanish companies but by American companies as well, and many of them have important centers for research and development here. Consequently, it is absolutely the pharmaceutical industry's responsibility to play a major role in creating those investments that Spain needs in order to be at the forefront of innovation.

Spain has the sixth largest volume of biotech companies worldwide. Can AmCham help create the link between local biotech startups and American pharma companies who may be looking to outsource R&D work?

One of our basic focuses for the next three years will be small and medium sized companies in sectors of fast growth capacity. Among them, biotechnology is at the top. Spain therefore has a real capacity to develop this sector. There is an excellence among many Spanish biotech companies that are comparable to similar companies being developed in Boston or Silicon Valley, and we do not see many places in Europe with such incredible development. AmCham will help as much as possible in this regard.

Private investment from venture capital groups for example is very important for these companies to develop properly. What is Spain's capacity to attract international investors for this development?

I think that technology sectors in Spain have traditionally been underdeveloped. There are many reasons for this, one being the lack of capital development investment or capital risk. This is something that must be changed. We believe that many initiatives hold potential, but the legal framework needs to be more attractive to help investors find these technology-based companies and assist with their scientific development. Many things are going to change in Spain very soon, and this will be one of them. We want the government to invest less in infrastructure (there is already incredible infrastructure in this country) and more in PPPs with investment funds so companies with technology or scientific applications can grow faster.

Considering AmCham's goal of achieving a level of meritocracy at the public research level, how is this possible when so many talented people are leaving Spain?

I do not think that it will be easy to attract talent with so many companies in crisis. It is paramount for the government to win this battle of attracting talent. Part of this will require a change in incentives for university professors and public researchers through the rewarding of individuals who truly make a difference and deserve to be in their respective positions. Spain also has the advantage of offering a great quality of life.

One AmCham's proposals includes boosting innovation, stronger IP protection, and the liberalization of labor markets. Where does AmCham stand today in achieving these goals?

As with many other things, this is an ongoing process. In general, if you take what the country has done in the last three years, Spain has covered a great deal of ground. But from our point of view, we are in the right direction but have only achieved 20 to 30 percent of the goals that have been set. We therefore still have 70 to 80 percent of structural reforms to be made. From the perspective of IP, I would say the same. Some important steps have been taken, but still we have a lot of fine tuning to do in the future.

What are your ambitions for Spain's positioning in the world, and as a good place for investment by 2020?

From my outlook, Spain should be a registered platform to export businesses and services all over the world. This needs to be the way this country thinks. Spain can be a place that helps companies of all sorts to expand in areas of influence, perhaps more so than any other European country.

While I think it is important to be realistic in general for Europe and that many things must change, I am not pessimistic either. I believe that we are much better than we were two years ago, and that Spain will find itself back on the path in just a few short years. I am also quite happy about the Transatlantic Trade and Investment Partnership, which I believe is going to be very good for Europe in general and Spain in particular. This is especially true for SMEs, for which we have a lot of market to explore and to sell products and services. I am not extremely optimistic, but I am less pessimistic than I was two years ago. There are still many things that must be done if we want Spain to be in a better position in the following years.

To read more articles and interviews on Spain, and to download the latest free report on the country, click here.

See more interviews