Amcham Korea – Amy Jackson, President

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The American Chamber of Commerce in Korea (Amcham

Korea) was established in 1953 and has a long history in developing bilateral economic and trade relations between the US and Korea. Amy Jackson, president of the Chamber, discusses the implementation and effects of the Korea-US Free Trade Agreement (FTA) and the contributions of healthcare companies to Korea's economy.

What have been the major accomplishments of the organization over the last five years?

One of the key achievements has been the completion and implementation of the US – Korea FTA. Prior to my start, Amcham Korea had been one of the business associations pushing for this FTA before the government had even considered the possibility of its negotiation. Amcham Korea worked very closely with its members and stakeholders here as well as in Washington to get it done, and we are seeing significant benefits to both countries from this agreement.

What are some examples of those benefits?

There have been tariff reductions on both sides of the Pacific; thus we are seeing an increase in US goods that were subject to tariff reduction under the FTA exported to Korea. Reciprocally, a greater number of Korean goods are being sold in the US. The Korean trade statistics have actually been

better than ours, but there are still overall gains on both sides for items with tariff reductions.

Korea has also implemented a number of similar FTAs with other regions. Does the US offer any competitive advantages?

In fact, most policymakers in the US say that the Korea-US FTA is a gold standard agreement; it is far more ambitious than any other bilateral FTA the US has ever signed. It has greater commitments on both sides, both in the tariff and non-tariff realm. This gives the US and its companies a competitive advantage related to other FTAs.

What are some of the biggest priorities on your agenda today?

President Park has put forward some very ambitious agendas to help maintain Korea's strength and to keep the economy growing. One of the priorities in this regard is related to Korea's creative economy; in other words, making Korea more innovative. Amcham Korea provides its input and ideas to make Korea more innovative. President Park has also announced a deregulation initiative, and in many ways we think it could be linked to the creative economy.

In terms of that innovation, the "Partners for Future" foundation has raised over USD 13 million to help people with vocational training and university students for scholarships. How much of this is allocated towards science and technology?

Some Amcham Korea member companies support specific scholarships. For example, there is a Pfizer sponsorship for Korean students to go to medical school. This allows our members to feel that they give back to the community in areas where they have unique expertise, and many do that through our foundation. But many of our companies in all sectors engage in larger CSR activities, such as helping entrepreneurs and startup companies. As an example, Google is launching Google Campus here, which will assist with training and infrastructure.

How important are the pharmaceutical and medical technology companies to your membership?

Amcham Korea has about 900 member companies, most of which are US-based. We also have Korean companies that do business in the US as our members. There is no one biggest sector in our membership because the Korean economy is so large, and the amount of trade between the two countries is enormous. That being said, healthcare is certainly one of the biggest sector for members of US companies here. Financial services and aerospace and defense are also important. But many pharmaceuticals, medical devices and biotechnology companies have an active presence here.

How much do these businesses commit to research and innovation?

Seoul has become one of the largest clinical trial centers in the world. We talk to Korean policymakers who ask us to help encourage manufacturers to come to Korea. Our response is that the Korean economy has grown so much more beyond simply manufacturing that there are so many other kinds of investments that can provide Korea the infrastructure it needs to develop. In the area of healthcare, having Seoul as a clinical trial center is giving domestic companies tremendous infrastructure, particularly those that are just beginning to innovate. Multinational companies have made solid efforts to set this infrastructure up, and now there are hospitals across the country with excellent training and staff. Up and coming Korean companies can use that infrastructure, and this is truly invaluable. Several multinationals are also partnering with Korean companies to help them market in Asia. Sometimes they are co-marketing drugs that would be prescribed in tandem. Many such partnerships exist.

Does Amcham help the biotech sector here in terms of international investment?

The chamber helps to some extent. Some of our member companies engage in outreach and funding for startup companies; some are very active while others are involved occasionally.

You recently mentioned how multinationals in Korea were sometimes subject to more scrutiny than local companies. How can this stigma be improved?

Korea’s pricing system is an important priority. The country certainly has big challenges for its ageing population. While there is a great national healthcare system in place here, payment for that has to come from somewhere. With older citizens to care for and less people paying for that care, some Korean policymakers will point to the fact that the pharmaceutical share of the overall budget has gone up dramatically and this is of great concern to them. But in reality the prices here tend to be the lowest within the OECD. The average price for new pharmaceuticals is about 50 percent of the OECD average. Some companies are noting that they get the lowest prices in the world for some of their innovative drugs here. Korea’s economy is too sophisticated and wealthy for that to be sustainable. However, Korean companies are starting to innovate and bring their innovative products to market. These companies do not want to launch here because the price is too low. It is really hurting the development of the domestic industry and Korea’s future economic growth.

What are your ambitions for the next five years in terms of future cooperation and development between the US and Korea?

For the last five years, Amcham has hosted a “Healthcare Innovation Seminar.” We use this as a platform to bring all stakeholders together. We have Korean and American government, Korean and American industries, academics and national assembly members attend, and every year we have grown this event. We really try to look at what are Korea’s goals in this sector, what is hampering Korea from achieving those goals, what are Korea’s strengths that it should build on, and what can multinationals do to partner with Korea to help it achieve its goals. This year we had 290 people attend from a wide spectrum of policymakers and industries. We also flew in speakers from other jurisdictions to share their experiences of what their countries have done to address some of these challenges. We are very proud of this seminar, which is very focused on partnerships and common goals. The chamber can provide unique expertise from the multinational perspective by providing this dialogue in terms of managing a healthcare system with an ageing population. We try to remind policymakers that sometimes they look at industry as an adversary, particularly multinational companies, when in fact they have wide range of experience in jurisdictions everywhere in the world. They have seen different governments tackle these thorny issues. They can share those perspectives here. Amcham continues to encourage a deeper dialogue between domestic/foreign industry and government.

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