Interview: Andy Hunder – President; Maxim Proskurov – Policy Officer, Healthcare Issues, American Chamber of Commerce, Ukraine

"To have a transparent system there are three 'P's we must follow: prevent, publicize, punish."

12.07.2017

Tags: Ukraine, AmCham, Healthcare, Investment, Chamber of Commerce, Association

Andy Hunder, president, and Maxim Proskurov, policy officer for healthcare issues, at the American Chamber of Commerce (AmCham Ukraine), provide insights into the Chamber's main actions and strategic priorities as well as an analysis of the ever-changing business ecosystem of Ukraine, more specifically healthcare, and the role of the AmCham Ukraine in stimulating investment opportunities.

AmCham Ukraine is the most active chamber in Ukraine with over 600 members. Could you provide us with an overview of the Chamber and how you interact with the business sector?

Andy Hunder (AH): The American Chamber of Commerce in Ukraine has been in Ukraine since 1992, 25 years, and is one of the 44 members of the AmChams in Europe, represented by every country across Europe. Ukraine this year was chosen to be on the executive committee and I was elected as the Treasurer, both very important steps in bringing Ukraine to the forefront for investment opportunities.

We are an American Chamber of Commerce in Ukraine, representing both American and international companies. For instance, American companies covering healthcare are Pfizer, AbbVie, Abbott, Baxter. The large international companies are GSK, Sandoz, TEVA and Takeda. We are the

platform that brings all companies together to give them a voice and allow them to interact in unison.

We do this in three ways, and the first approach relates to business to government interaction (B2G). We have over 600 members, 15 Committees and 16 Working Groups. We meet member companies on a regular basis and we put together policy papers. We are part of the National Reforms Council, the most influential consultative body in Ukraine, along with the President, Prime Minister, Speaker of the Parliament and all the Ministers, and myself as one of representing business. We see this as a platform where we have been able to incite change in the healthcare industry.

Secondly, business to business interaction (B2B), which allows our members to promote their products and themselves between each other. In essence, it is a networking platform where the CEOs or managers can interact, sharing experience and knowledge.

Lastly, Business to Ukraine (B2U). Many companies see that Ukraine is changing and they want to know why now is the best time to invest, and that is why we are here. We are designed to promote Ukraine as an attractive investment destination and companies come here, to the AmCham, to discuss the abundant opportunities available to them.

AmCham Ukraine is very active in the fight against corruption. What strategies are in place to continue this fight?

AH: To have a transparent system there are three ‘P’s we must follow: prevent, publicize, punish. ‘Prevent’ involves paying decent salaries and implementing electronic systems that can register information, including all payments. These two steps will ensure we cut out the middle man in the process, where bribes can be taken along the way.

‘Publicize’ entails free and independent media that can blame and shame the people who are leaving a trail of corruption at the expense of a functioning government and the Ukrainian people.

‘Punish’ is the area in which we lack most in Ukraine, and we must drastically improve. For too many years, high-level individuals have been corrupting the system, with no fear of reprisal. Now, we must punish them with authority, to set an example internationally that Ukraine is driving out the rot that has imbedded itself here for many years. Individuals, and companies, must be made accountable.

All in all, this is definitely a ‘new era’ in Ukraine, and healthcare is an area of clear importance for Ukraine to drastically improve. This used to be one of the most corrupt sectors in the land, with

many individuals fattening their pockets at the expense of the Ukrainian people's health, to the point the life expectancy is 10 years less than many European countries. The new Minister of Health is a champion of her craft and carries the expertise and knowledge to create positive change, a saving grace for the industry. The new procurement system has already begun with the help of foreign bodies, UNDP, UNICEF and Crown Agents, and this is a way of managing a transparent system for the moment.

Healthcare is an area that is a hot topic in Ukraine, and you have mentioned the reforms taking place. How do these changes affect the business ecosystem?

AH: A lot of reforms in healthcare have been spoken about recently, and only now are we seeing tangible evidence of their implementation. On June 2nd, the National Reforms Council, with myself, assessed the current system which could be a really big change due to the mechanism and money that is being allocated. Now the money being spent will follow the patients, not people's pockets, and we are enthusiastic that all the cards will stack in our favor in parliament rulings.

This is necessary from an AmCham member perspective because companies require a transparent tender for the procurement process, and we must all now be equally compliant and adhere to the European standards throughout the healthcare industry. This has drawn a lot of interest from larger companies like Acino, Pharmastart and Biopharma, that have now established themselves in Ukraine. Generics are slowly entering the market, with a real push in research and development (R&D) due to the influx of young ambitious professionals. Pharmaceutical investment is still at a very infant stage, though we can copy and paste from other thriving sectors.

[Featured_in]

For example, Ukraine has over 100,000 IT programmers designing high-tech mechanisms across Europe and the US, working for large international world-renowned companies like Mercedes and BMW, in these cases programing the in-car navigation systems. In banking, we have Ukrainian staff performing IT outsourcing, again from all over Europe. These are just some of the many success stories we can use to model and evolve processes in the pharmaceutical industry.

Nevertheless, Ukraine must first change its external image if we are to see real investment in healthcare. Over the last 25 years few international pharmaceutical manufacturers have dared to enter Ukraine as they fear the unknown, Ukraine is playing a little in the dark and has a distorted perception from the outside looking in. We must promote Ukraine in a natural manner, with substance, using the success of many of our 600 plus members as positive examples to attract new foreign investment from large multinationals. We will help any companies wishing to, as they

say, take the plunge, and the government is now getting on board, especially in healthcare with the current reforms being put in place.

Why did you take this job after your predecessor only lasted nine months?

AH: I have had a front row seat to Ukraine's change, working at GlaxoSmithKline at the end of the 90s. I remember how the Ministry of Health was then and is now, and how it has greatly evolved into the sector it is today, with a proactive approach that understands its past faults and now has an ambitious mentality to incite real change. This position, as President of AmCham Ukraine, was initially offered to me in 2014, when the ex-President was still in power. The position came up again in 2015, after my predecessor only lasted nine months, and I could not say no. Currently the AmCham Ukraine is on the right track to making a difference, even though there is a lot still to do, buoyed by our passion for business and Ukraine.

On the other hand, we must see a sharper rise in GDP as the current levels hover around 2.5 percent, and we need to see this at least be around nine percent. Ukraine a few years back hit rock bottom, with the economy dropping rapidly, now as a nation and business community we are scratching and climbing out of the abyss and the strategy we are employing is foreign direct investment (FDI), privatization and state-enterprise reforms. This will drive more money entering the system, GDP growth, taxes, stimulate jobs, all in all create real tangible benefits for Ukraine.

How has the deep and comprehensive free trade agreement (DCFTA) with the EU changed Ukrainian business?

AH: The signing of the DCFTA, which was provisionally agreed in January 2016 and is now moving forward, was one of the acts that triggered the Maidan Revolution and forever etched Ukraine's intentions to free itself of Russia's shackles and turn itself towards Europe. Ukraine made a clear choice in terms of values, human dignity and freedom of speech, and signaled to the people, and foreign investors, they were fighting corruption head on.

[related_story]

Some of the quotas of exports have already been filled quite quickly, for example in export of honey, but in pharmaceuticals it is a matter of understanding the full potential and taping into it, it is only the beginning and a lot more can be done. We need to show the world we are actioning the three 'P's, as mentioned before, especially punishing fraudulent and corrupt parties, only then can we feel the full extent of the business revolution taking place.

Is there bilateral movement of business between the international community and Ukraine?

AH: At the forefront of our business mind is the interaction of US companies into Ukraine, mainly focusing on R&D opportunities. We understand and can see that there are large domestic players, like Darnitsa, producing excellent generics, but our main focus at this moment is to give international companies a message about the great future potential Ukraine holds.

This portrayal of Ukraine is assisted by reforms, especially in healthcare, and AmCham Ukraine is forcefully driving systemic change. My colleagues across Europe are heavily focused on the interaction and networking between organizations, a level we can reach here. The first steps are sowing seeds of reform through, as mentioned before, systemic change, and then in the future businesses can bear the fruit, but patience is the key as evolution does not happen overnight. The objective is that not just large companies feel the positive difference, but equally the Ukrainian people on the street as their happiness is the heartbeat of the nation.

What areas have potential to grow in the Ukrainian healthcare industry?

Maxim Proskurov (MP): Clinical trials are an area of great opportunity, that can grow in a fantastic way. In Ukraine, we already have many medicinal products made by domestic companies, though their medicinal products have not been trialed under US and EU legislation. This gives international companies a big opportunity to enter the market with high quality innovative treatments that previously the Ukrainian people did not have, allowing us to treat patients in the most effective manner.

Secondly, the government has made strong decisions to take procurement out of their own hands, liberating the system of corruption and fraud. This, along with the new registration system, is attracting international business and local companies are now entering into chambers of commerce and associations as they see the market moving towards the EU. In summary, for the evolution of the market to occur we need favorable conditions, and the AmCham Ukraine is here to stimulate this process.

A final message for our readers?

AH: Ukraine has great potential and a future that we can mold positively. The population is well educated and willing to work hard to make things happen. 25 years ago, the IT sector was insignificant, and now as I mentioned earlier, it is booming and is a great example of a model the healthcare industry and many other sectors can copy.

Many people outside Ukraine looking in have a distorted perception of what it is like here. I would suggest for companies to come themselves and see the change, to talk to other companies and ask about the positive experiences they have had thus far. People will be surprised with what they see, and there are immense possibilities for companies to grow and take advantage of Ukraine, a hidden gem.

See more interviews