AmCham China Flash Survey: What are your expectations for the March 1 negotiation deadline?  
February 22, 2019

Top level information

Online survey disseminated (in English and Chinese) to 3,456 AmCham China companies and individuals. The survey was open from February 19-February 21

The survey received 171 responses from 150 unique member companies and individuals

Survey Results

Q1: Which issues and concerns should most importantly be addressed in the current US-China trade negotiations? Please rank in order from highest priority (1) to lowest priority (6).

1) Elimination of measures and practices that give Chinese-owned suppliers of goods and services advantages over foreign-owned suppliers of goods and services in the China market
2) Elimination of investment restrictions (sectors, equity limitations, etc.) on foreign investors in China
3) Elimination of measures and practices that pressure US companies to transfer technology to their joint ventures or other entities in China or that otherwise jeopardize the security of their IP
4) Improved enforcement mechanism(s) to ensure that commitments made during the negotiations are kept
5) Elimination of state-led intervention in the economy intended to foster Chinese global leadership in specific industries and the creation of national champions
6) Chinese commitments to increase purchases of US products

First choice | Second | Third | Fourth | Fifth | Last choice
---|---|---|---|---|---
1 | | | | | 2
2 | | | | | 3
3 | | | | | 4
4 | | | | | 5
5 | | | | | 6
Question 2: What specific outcomes would be most helpful for your company? Please indicate all that apply.

- Greater market access for my industry (e.g., in obtained business and product licenses) - 114 responses
- Guarantees that antitrust, environmental protection, product safety, etc will be enforced equally against Chinese and foreign enterprises and individuals - 90 responses
- Improvements in intellectual property protection and elimination of pressure to transfer technology - 88 responses
- Participation by foreign companies in standard setting - 88 responses
- Reduction of Chinese tariffs on US products - 78 responses
- Elimination of joint venture requirements - 67 responses
- Reduction of negative list for foreign investment in China - 65 responses
- Reduction of US tariffs on Chinese products - 58 responses
- Greater purchases of American goods - 35 responses
- Capping of industrial and agricultural subsidies and full disclosure of those subsidies to the WTO - 23 responses
- Resolution of the trade imbalance - 13 responses
- A return to the status quo - 4 responses
- Other - 6 responses
Q3: What are your top concerns if no agreement to resolve the trade frictions is reached by March 1 or shortly thereafter? Please indicate all that apply.

- Deterioration of bilateral relationship: 119 responses
- Increase in operating costs: 79 responses
- Will force us to relocate some China operations: 56 responses
- Will force us to find alternative sources for items currently produced in the US: 35 responses
- Will force us to find alternative sources for items currently produced in China: 29 responses
- Unclear: 23 responses
- Other: 15 responses
- Will force us to relocate some US operations: 9 responses
- No impact: 6 responses

Q4: If on March 1 a comprehensive solution has not been agreed to by the two sides, which of the following do you favor?

- As previously stated by USG, raising US tariffs on Chinese products from 10% to 25% while also continuing negotiations: 4.2% of responses
- Keeping the 10% tariffs in place and continuing the negotiations with a revised 60-day extension before the higher tariffs kick in: 9.6% of responses
- Removal of the tariffs for a 60-day period while negotiations continue: 43.1% of responses
- Other: 43.1% of responses
Q5: Which of the following categories best describes your main line of business in China?

<table>
<thead>
<tr>
<th>Category</th>
<th># of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceuticals</td>
<td>12</td>
</tr>
<tr>
<td>Consumer Products</td>
<td>11</td>
</tr>
<tr>
<td>Oil and Gas/Energy Services</td>
<td>9</td>
</tr>
<tr>
<td>Technology/Telecommunications</td>
<td>9</td>
</tr>
<tr>
<td>Education</td>
<td>7</td>
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<tr>
<td>Media and Entertainment</td>
<td>7</td>
</tr>
<tr>
<td>Retail and Distribution</td>
<td>7</td>
</tr>
<tr>
<td>Real Estate and Development</td>
<td>6</td>
</tr>
<tr>
<td>Aerospace</td>
<td>5</td>
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<tr>
<td>Financial Services</td>
<td>4</td>
</tr>
<tr>
<td>Social and public service/Non-profit</td>
<td>3</td>
</tr>
<tr>
<td>Aerospace</td>
<td>3</td>
</tr>
<tr>
<td>Hospitality and travel &amp; leisure</td>
<td>2</td>
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<tr>
<td>Transportation and logistics</td>
<td>2</td>
</tr>
<tr>
<td>Healthcare Services</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
</tr>
<tr>
<td>Machinery, equipment, systems and controls</td>
<td>15</td>
</tr>
<tr>
<td>Automotive and Transportation</td>
<td>12</td>
</tr>
<tr>
<td>Technology/Telecommunications</td>
<td>11</td>
</tr>
<tr>
<td>Healthcare Products</td>
<td>11</td>
</tr>
<tr>
<td>Other services (e.g. accounting, law)</td>
<td>27</td>
</tr>
</tbody>
</table>

Q6: As the survey respondent, please tell us about your position in the company

- Senior-level country manager (CEO, VP, GM, Managing Director, Chief Representative) - 50.9%
- Director of government relations or public relations department - 15.8%
- Director/functional leader of other department (e.g. HR director, finance director, sales director, COO) - 26.9%
- Other - 6.4%
“Other” Write in Responses to Q2, Q3, Q4

Q2

“China is the world's 2nd largest economy and as a matter of fair trade and reciprocity it should open its markets to the US and remove all market entry prohibition/restrictions per its commitments under the WTO. China should also remove all its implicit trade barriers such as internet censorship which blocks foreign investment in the relevant industries.”

“Restrictions on State-owned enterprises or the removal of subsidies and practices that advantage SOEs to create a level playing field between the public and private sector for both foreign and domestic companies.”

Q3

“A general slowdown in the [Chinese] economy which will hurt those of us already here.”

“Impact on our core market - other foreign companies and their families in China who may choose to exit China.”

“Consumer sentiment will continue to deteriorate, impacting spending (as we see today).”

“Removal of requirement to establish a China JVC to be qualified to bid.”

Q4

“increase the tariffs of list 1 and 2, postpone list 3 within 60 days.”

“keep the 10% tariffs in place, continue negotiations with revised extensions in 30-day increments which can be unilaterally terminated if sufficient progress isn't made.”

“Keep tariffs at current 10% level, continue negotiations, then incrementally scale back tariffs as favorable progress is made.”

“If the US government continues to fight a trade war then it must be fully committed to a total solution and not back out with a half-way compromise that leaves the situation worse off than before the imposition of tariffs.”