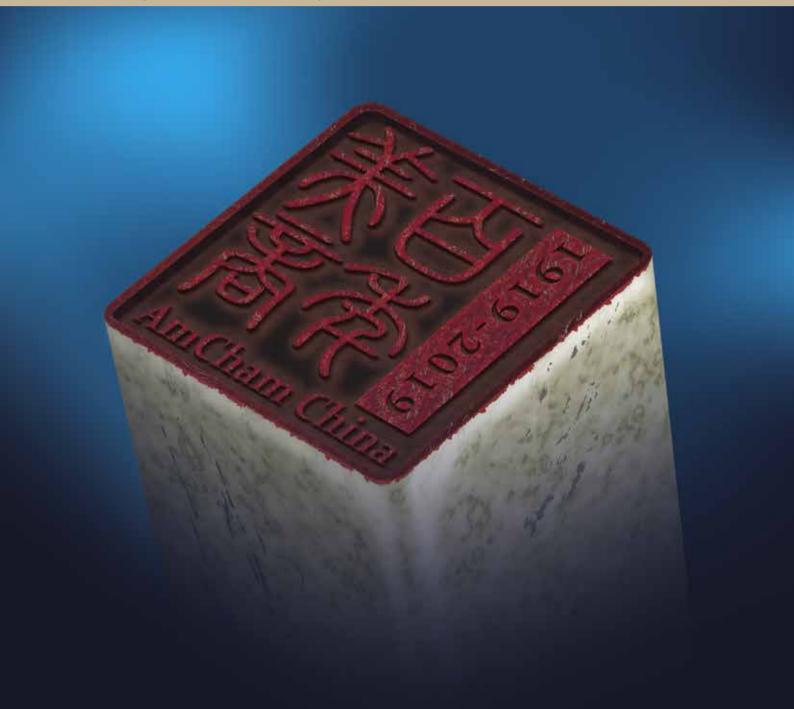
# **AmCham China**

# QUARTERLY

Special Edition 2019

Executive insights, interviews, and intelligence for business in China

Celebrating the 100-Year Anniversary of the American Chamber of Commerce in China



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The American Chamber of Commerce in the People's Republic of China

### AmCham China Leadership

AmCham China's success is rooted in the vision, hard work, and dedication of its members. Through their efforts, these volunteer leaders make it possible to provide the information and intelligence, business services, networking opportunities, and events that benefit all members and the advocacy initiatives that help shape the business environment in China. At AmCham China's national level, the chairman, two vice chairs, and 10 governors comprise the organization's Board of Governors. Additionally, AmCham China's three Chapters each have their own local executive committee to ensure they are responsive to the needs of local AmCham China members.

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## AmCham China Corporate Partners

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The AmCham China Corporate Partner Program provides exclusive visibility in chamber activities and communications across our numerous platforms. The current partners are:















### EMBASSY OF THE UNITED STATES OF AMERICA Beijing, China

AMBASSADOR

September 20, 2019

Dear AmCham China,

This is a remarkable year, 2019. AmCham China is celebrating an impressive 100-year anniversary. And, the United States and the People's Republic of China are marking 40 years since the establishment of official relations. As we recognize this time, it is instructive to reflect on the impressive developments of the past and plan for a future that could bring great prosperity, if we each do our part.

The U.S.-China relationship is the most consequential bilateral relationship in the world, and the business community is one of its key pillars. Your motto, "Helping business, building bridges," captures the reality that business relationships have been an engine driving connections between the people of the United States and the people of China. American businesses have helped the Chinese people improve their agricultural output, gain access to life-saving health care, and develop a global manufacturing sector. In numerous sectors, Chinese companies and citizens have learned and benefited from U.S. business practices, including in environmental protection, intellectual property protection, and the promotion of labor standards.

In 1972, President Nixon took the historic step of reaching out to China, which, under Deng Xiaoping, had just begun to open more broadly to the rest of the world after years of relative isolation. And in 1979, forty years ago, President Carter officially established diplomatic relations with the People's Republic of China. What came next was an influx of U.S. investment and the development of U.S.-China business connections that helped fuel China's economic rise. Hundreds of millions of Chinese citizens saw their fortunes change.

Many of us witnessed this change personally. As governor of the state of Iowa, my first trade delegation to China was in 1984. The following year I met now-President Xi Jinping on his first trip to the United States. In the years since, I visited often, leading multiple trade delegations, working to deepen the impact and benefit that U.S. companies could have in China.

Now, as Ambassador to China, my task is to build towards the future. We have seen ups and downs in the bilateral economic and trade relationship. This administration is committed to addressing areas where U.S. businesses have long labored under disadvantageous commercial conditions, including a lack of market access, non-tariff barriers, weak intellectual property protection, and forced technology transfer. China has become the second largest economy in the world and it is reasonable to expect that U.S. companies receive fair and reciprocal treatment in China's market. This is the future we seek to build, and with it, greater prosperity for both U.S. and Chinese companies, workers, farmers, and consumers.

Congratulations, once again, on 100 years of building bridges. Our Embassy team recognizes and relies on AmCham's expertise in this field-advancing diplomacy is a combined effort, and we look forward to continuing to partner with AmCham China on shared goals. Please know that the U.S. Mission to China is here to support and assist.

Terry Branstad

# 中国外商投资企业协会

# 贺 信

中国美国商会:

今年是中美建交 40 周年,恰逢贵会百年纪念,我谨代 表中国外商投资企业协会表示热烈祝贺!

100 年来,贵会秉承"助力商业发展,搭建桥梁纽带"宗旨,积极推动美对华投资,在华美资企业不断发展壮大,既有教育、医疗、卫生等民生领域,也有金融、法律、会计等专业服务;既有快餐、影视、汽车、网络等生活领域,也有生物制药、计算机、新材料等高科技产业,带动和促进了中美两国的交流合作。在华美资企业不仅促进了中国经济社会的发展,也对中美经贸关系的健康发展做出了积极贡献。

近年来,中国政府持续出台吸收外资的政策法规,法治化、国际化、便利化营商环境不断得到改善,特别是 2019年颁布了《外商投资法》,正式确定施行外商投资"准入前国民待遇+负面清单"管理模式,同时建立安全审查、信息报告等监管制度,夯实外商投诉机制,外商投资管理更加法治化,企业合法权益将得到更好的制度保障。此外,中国不

1

断缩短负面清单,增设自由贸易试验区,扎实推进"放管服" 改革,提高行政效率,促进贸易投资便利化。2018 年 1-12 月非金融类实际使用外资 1350 亿美元,同比增长 3%。在全 球投资较大幅度下降的情况下,中国吸收外资仍然实现增长, 而且世界银行报告显示中国营商环境 2018 年较上年跃升 32 位,充分说明中国经济发展潜力巨大,将持续成为外商投资的热土。

改革开放是中国基本国策。我们坚信"中国开放的大门不会关闭,只会越开越大"。中国支持保护外商投资企业在华的合法利益和为外商投资企业提供更好服务的方向不会改变。作为服务跨国公司社团组织,中国外商投资企业协会愿同贵会携手合作,为包括美资企业在内的会员企业提供优质服务,促进中美两国经济社会繁荣发展,为构建人类命运共同体,实现共赢共享而努力。

祝在华美资企业越来越多、越来越好,为中美经贸关系的健康发展做出新的更大的贡献!

建德品

中国外商投资企业协会会长 2019年10月9日



# 中国国际贸易促进委员会 CHINA COUNCIL FOR THE PROMOTION

# 贺 信

中国美国商会在中国从落地生根到枝繁叶茂整整走过了100年。我谨代表中国贸促会和中国国际商会向中国美国商会表示热烈祝贺!

自成立以来,中国美国商会始终如一,积极组织会员企业参与中国经济社会发展进程,主动为两国政府提供建设性意见,为推动中美经济等广泛领域交流合作作出了重要贡献。今年正值中美建交 40 周年。40 年来,中美关系历经风雨,取得了巨大发展。当前,两国关系再次走到十字路口。中美关系的明天,取决于我们今天的选择和行动。中美都是有智慧的大国,相信双方只要坚持平等对话、合作共赢的理念,就一定能够找到妥善解决问题的办法。

多年来,中国贸促会、中国国际商会同中国美国商会协作密切,富有成效。展望未来,希望双方继续携手共进,创新合作内容,有力服务两国工商界,为推动中美经贸合作和两国关系健康稳定发展作出新的积极贡献。

中国国际贸易促进委员会会长 中国国际商会会长





# 中国人民对外友好协会

# THE CHINESE PEOPLE'S ASSOCIATION FOR FRIENDSHIP WITH FOREIGN COUNTRIES

September 29, 2019

Dear AmCham China.

On behalf of the Chinese People's Association for Friendship with Foreign Countries, I take it as a great honour to congratulate you on the 100-year anniversary on the occasion when we also celebrate together the 40th anniversary of the establishment of diplomatic relations between China and the U.S..

The 40th anniversary is an important opportunity to review the past and plan for the future. The China-US relationship has gone through a lot in the last 40 years, while our economic and trade relationship has always been a critical pillar for the bilateral relations. Since China's implementation of the reform and opening-up policy in 1978, and the establishment of diplomatic ties between China and the U.S. in 1979, we have witnessed the immense growth of bilateral trade and businesses, which have brought about benefits in every aspects of life to our peoples. AmCham China has clearly played an important and incomparable role in this regard, and remained steadfast in promoting better business communication and cooperation between the two countries.

AmCham China, with all members as many as such, has been both contributor and beneficiary in regards of the China-US relationship. However, in view of the economic globalization and changes of future China-US relations, it is hoped that AmCham China will continue to bridge people, businesses, and even countries as it has always done before, and serve as a good example seeking common ground and win-win cooperation while maintaining differences. We'd be glad to see that you will take more responsibilities to enhance mutual understanding and common development, which is in line with the fundamental interests of all businesses and people of the two sides.

In 2018, the CPAFFC and AmCham China signed an MOU of cooperation, on the basis of mutual trust forged over years of good interactions and consensus reached to further facilitate the healthy and stable development of relations between China and the U.S.. It is recognized as our future path, and we will work together to accomplish.

Once again, I am delighted to express our best wishes for continued success and fulfillment on this very special 100 anniversary occasion and in the years to come. It is important to have faith and make endeavour together to help friendly and efficient exchanges for the Chinese and American people.

Yours sincerely.

Li Xiaolin President

Address:1 Taijichang Street Beijing 100740

China

Tel: (86-10) 65122474 Fax: (86-10) 65128354 Http://www.cpaffc.org.cn

# 中国经济联络中心

# 致中国美国商会的贺信

中国美国商会:

值此中国美国商会在华成立 100 周年之际, 我谨代表中国经济联络中心, 对商会全体同仁表示热烈祝贺!

今年恰逢中美两国建交 40 周年。40 年来,中美经贸关系虽历经 风雨,但取得了令人瞩目的巨大成就。今年 6 月,习近平主席同特朗 普总统在大阪会晤期间明确指出,从根本上讲,中美经贸合作的本质 是互利双赢。中美双方存在巨大利益交集,两国应该成为合作好伙伴, 这有利于中国,有利于美国,也有利于全世界。

中美经贸关系取得长足进展,离不开中美企业的辛勤耕耘和积极 贡献。中国美国商会作为唯一代表在华美国企业的商会,为企业和政 府间相互沟通架起桥梁,为推动中美经贸等领域交流合作发挥了重要 作用。中国经济联络中心作为中共中央对外联络部的直属机构,长期 以来同中国美国商会保持友好交往与积极合作。在中国改革开放站在 历史新起点的大背景下,中国经济联络中心将继续强化同中国美国商 会合作,不断创新对话交流合作模式,共同为中美经贸关系发展做出 更多贡献。

中国经济联络中心副主任

2019年10月10日



# Past, Present, and Future

This year, AmCham China marks its 100th year of heritage, and I'm delighted to see this special commemorative edition of the Quarterly to mark such a milestone.

As our organization bears witness, American companies have been thriving in China since even before 1919, when the first seeds of this Chamber were sown. The stories that many of our member companies have shared on these pages highlight how much our community does not only to improve the lives of the Chinese people, but also to underpin the sound foundations of the US-China relationship as a whole.

It is also wonderful to have so many memories and recollections shared by our former Chairs, and a reminder that AmCham China is not just comprised of those in Beijing and in our Chapters, but also includes all who have passed through our network and returned to the US or elsewhere, still helping to promote our work and spread our message today.

Over the years, AmCham China's reputation has continued to grow in terms of being a very solid, reliable source of information about what's going on and what the issues are. The annual White Paper, for example, has become a real standard to which both governments look. But our advocacy goes deeper than business. We are not just a platform devoted to boosting corporate bottom lines, but a bridge for people-to-people exchanges, and a medium for impacting positive change through wider social initiatives.

Irrespective of the ups and downs of the relationship, our two great nations are firmly tied together. Many of the most important issues for our planet - spanning everything from climate change, clean energy and sustainability to artificial intelligence and healthcare - will inevitably

involve cooperation between the world's two largest economies at the highest levels. As we celebrate the past 100 years of collaboration, it is imperative that the US and China continue to prosper together for the next 100 years - and beyond.

We have entered fairly turbulent and uncertain times with respect to our bilateral relationship, but I believe AmCham China can continue to be a strong advocate for constructive, sustainable relations. To play that role, we need to have credibility, and we need to be accurate and sensible. Not everyone will be happy with everything we say, but if we're only making one side happy, then we are probably not playing our role quite right. If we have integrity and tact, we can be one of the forces that help inform the transitional process that needs to take place over the next few years.

AmCham China's role is more important than ever: it was very important during the WTO accession when I first had the privilege of serving as Chairman, and I think it's never been more important than it is today, given the tensions and uncertainties in the relationship. The stakes have never been higher and we cannot afford to fail. But it is my firm belief that, together, we can - and will achieve this goal, with our community continuing to play a central role. Q

Tim Stratford

AmCham China Chairman

#### AmCham China Chairman's Circle

AmCham China Chairman's Circle is a select group of premium membership holders that provide the chamber with exceptional support and leadership. The current Circle members are:

















# 1919

# FORM CHAMBER IN PEKING.

American Firms Organize to Promote Interests in China.

Special to The New York Times.
WASHINGTON, Aug. 26.—Advices from Peking today state that an American Chamber of Commerce has been formed there by representatives of Anderson, Meyer & Co., the International Banking Corporation, the American

In an article dated Aug. 26, 1919, the New York Times announced that an American Chamber of Commerce had been set up in what was then called Peking. The eight founding members were Anderson, Meyer & Co., the International Banking Corporation, the American Trading Company, the China-American Trading Company, the American Bank Note Company, E. W. Frazer & Co., the Siems-Carey Company, and the Standard Oil Company.

- | | | | | |

2004



Formally launched in 2004, the US-China Aviation Cooperation Program (ACP) was established to provide a public-private sector platform to work on issues important to the growth of China's aviation system, and US aviation interests. ACP has nearly 50 corporate members from various disciplines within the aviation industry.

14

# 2008

AmCham China expanded with the mergers of AmCham Tianjin (formed 1996) and AmCham Wuhan (formed in 1999). Both Wuhan (Hankow) and Tianjin had hosted American Chambers in the 1920s. AmCham China's third chapter opened in Dalian in 2010, extending the Chamber's footprint to north, northeast, and central China.

Follow on **Ma** AmCha visited

Following the Sichuan Earthquake on May 12, a group of 38
AmCham China representatives visited the worst-affected areas in the region. The group included Chairman James Zimmerman and Vice Chairman Matthew Estes. The combined donations of all member companies surpassed \$87 million dollars, both in cash and in-kind donations.

1981



The Chamber reformed at a Nov. 10 meeting at the Peking Hotel (now the Beijing Hotel). Richard E. Kask of General Electric was elected as the Chamber's first President (a position now referred to as Chairman).

2000

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The first Government Appreciation Dinner hosted more than 400 guests at the Kerry Center Hotel on **Dec. 5, 2000**. Guests of honor included US Ambassador **Joseph Prueher**, with **Shi Guangsheng**, Minister for Foreign Trade and Economic Cooperation serving as the keynote speaker.

The Appreciation Dinner has since become one of the Chamber's most influential events, featuring government officials, including Vice Premier **Wu Yi** (2007), Vice Premier **Wang Yang** (2015), and various US Ambassadors to China as keynote speakers.

2003

- | | | | | | -



The Chamber's first Charity Ball and golf tournament, held **Sept. 12 and 13**, raised **over \$100,000** for four charities: the Beijing Zhiguang Special Education and Training School, the American Education and Health Foundation, the Langfang Children's Village, and the New Day Foster Home.

2009

-

2008



\_ | | | | | -

Founded in **Sep. 2009** by 24 US companies, the US-China Energy Cooperation Program (ECP) was underscored by US President **Barack Obama** and Chinese President **Hu Jintao** in the official joint statements during Obama's visit to China in 2009.

The program aims to create a bilateral business platform for US and Chinese companies to pursue private sector-based business opportunities, advance sustainable development in the energy industry, and combat climate change.

2010



Dr. Jane Goodall spoke with AmCham China members on the importance of best practices and how companies can integrate CSR into everyday operations.

- | | | | | -

2010

As the Business Climate chapter from the White Paper became a valuable source of information about the foreign business community in China, the Chamber published the first independent Business Climate Survey Report. Over the last 10 years, it has become a key barometer of the business environment for the US and Chinese governments, the foreign business community itself, and AmCham China member companies.

- | | | | | | -

1991

On April 22, after the completion of a lengthy registration process with the government, the American Chamber of Commerce in China received foreign chamber certificate No. 2 and was officially recognized. The occasion was marked by a ceremony at the Great Wall Sheraton with then President Dean T.C. Lee, US ambassador James Lilley, and senior Chinese government

officials.

1998



AmCham China launched its first issue of the American Business in China White Paper, which aggregated business insights and recommendations from all industries. The White Paper represents the efforts of the Chamber and its members to communicate with both the US and Chinese governments and to improve the business environment for American businesses in China.

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AmCham China Quarterly

# **AmCham China 100-Year History**

# 2011



The US-China Healthcare Cooperation Program (HCP) was founded in 2011, based on the US-China Public Private Partnership on Healthcare (PPPH) framework announced in January 2011, on the occasion of the Summit between Barack Obama and Hu Jintao. HCP's mission is to strengthen longterm, constructive cooperation in healthcare between the US and China.

2012

- | | | | | | -



**AmCham China** 

Helping business, Building bridges

The US-China Agriculture and Food Partnership (AFP) was launched in 2012 as a single point of contact to bring together US and Chinese public and private sector entities, help develop trust, and foster positive relationships. The AFP was created with the support of the US and Chinese governments to continue in the tradition of the Agricultural Symposium that was a centerpiece of then-Vice President Xi Jinping's visit to lowa in Feb. 2012.

## 2011



August 2011, AmCham China co-hosted a private business meeting between US Vice President Joe Biden and his Chinese counterpart, Vice President Xi Jinping.

The event was also hosted by the China Council for the Promotion of International Trade and the US-China Business Council.

China CEOs from GE, JP Morgan Chase, Dupont, General Motors, Caterpillar, Corning, Acorn International, and United Family Hospitals took part in the meeting, along with representatives from the Ministry of Commerce and the CEOs of 10 Chinese companies.

## 2019

In response to the developing US-China trade tensions, AmCham China launched a web-based trade portal to provide member companies with a comprehensive resource database to help navigate the dynamic US-China business landscape. Additionally, the Chamber carried out joint surveys on the effects of tariffs in cooperation with AmCham Shanghai, and worked with various member companies to offer tariff exclusion application services to members.

## 2014



During the APEC meetings in Beijing. AmCham China hosted Secretary of State **John Kerry**, along with US Trade Representative Michael Froman.

# 2018



On **September 20**, AmCham China held the first annual Technology & Innovation Summit as part of its Technology & Innovation Initiative, featuring guest speakers Kai-Fu Lee and Microsoft CTO Mingqiang Xu.

## 2013

AmCham China welcomed its first two Chairman's Circle members, Intel and Oshkosh.

The Chairman's Circle was designed as a unique platform to provide premium member companies with enhanced leadership status within the community, as well as greater intelligence, access, influence, and exposure for their businesses. Membership has now expanded to eight members: (in alphabetical order) Amway, British Petroleum, Coca-Cola, ConocoPhillips, Dell, Honeywell, Intel, and Merck.





**AmCham China Chairman's Circle Members** 













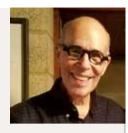
beef imports into China.

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2017



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## **Peter Lighte** Years as Chair: 1983-84

After studying Chinese culture at Princeton University, Peter Lighte moved to Beijing where he opened the China representative office of Manufacturers Hanover Trust Company, a forerunner to J.P. Morgan. He continued to live abroad for almost three decades, dividing his time between London, Hong Kong, Tokyo, and Beijing.

He has served on the boards of Half the Sky Foundation, the Council on International Educational, Prudential Financial, Exchange, and is active in Princeton alumni affairs. A calligrapher and a mosaicist, he is also the author of Pieces of China and Host of Memories: Tales of Inevitable Happenstance.

# Banking on Friendships

Former Chairman Peter Lighte recalls his years in Beijing, dealing with Chinese officials who would go on to become life-long friends.

When I was active in Beijing's AmCham during the early 1980s, my brief was simple: convince Chinese ministries that we were not an arm of the American government. Since I was working at the time for Manufacturers Hanover Trust Company - known as Manny Hanny and one of the many antecedent banks of today's J.P. Morgan - my danwei was the Bank of China and my overseer, Madam Bai, a formidable woman responsible for the capital's foreign bankers. At times, I made as little progress with her as I did while wearing my AmCham hat.

# **Early Censorship Wrangling**

In the midst of activities attending the opening of our office, I was approached by an official about an advertisement we were expected to place in a local publication to mark the occasion. Although I was steered to one of those bizarrely-colored magazines

Manny Hanny opening celebration, Beijing Hotel, Banquet Hall, West Wing, 4 February 1983

**Photo courtesy of Peter Lighte** 

aimed at foreigners, I saw little value in such a gesture. I was then overtaken by an idea: an ad in The People's Daily - no bigger bang for the buck! I quickly gathered some photos for a layout, including one of a 747 to highlight our involvement in China's very first airplane lease; there was one of Mr. McGillicuddy, the bank's chairman, as well, along with senior officials he had met on a previous visit.

I also wrote the copy, helped by a wordsmith from The People's Daily to get things just right. Once completed, the package was sent to Madam Bai for her requisite imprimatur; and then came a phone call from Madam Cao, her mighty sidekick whose Gatling gun delivery of Shanghainese-accented Mandarin daunted me. But there was nothing unclear in her message: Madam Bai had a problem

Entering the old Bank of China building to the west of Tiananmen, it was so cold inside that customers not only wore hats and coats, but thought

> nothing of seeing their breath, too. The uninitiated might marvel at the heartiness of Chinese employees in their simple Mao suits. What was not seen, though, were the layers of long underwear into which they seemed to be sewn on a date certain in autumn, from which they did not emerge until spring.

# **Battling with Officials**

Madam Cao informed me that my appointment was at 4:00pm and not at 10:00am, my linguistic inadequacy only compounding anxiety. On my return, Madam Cao immediately ushered me into Madam Bai's office, its peeling paint and water-stained





walls framing her as she stood behind her desk, arms crossed, and ready to pounce. She did.

"You know that First Chicago was the first American bank in China. How dare you claim it was Manny Hanny in your proposed ad?" I meekly asked if I could be seated, a request that somehow altered her fury and introduced a sense of slow motion into our encounter. "My advertisement says that we have full correspondent banking relations with all provinces in China, Madam Bai," I purred. Though she agreed, her hand slashed the air, impatiently directing me to get on with things, keen to see where I was going with all this.

"Is Taiwan part of China, Madam Bai?" I playfully queried. Her patience clearly spent, the furious nod of her head was as good as a bark. "It was my impression that First Chicago had shut down in Taiwan for the privilege of opening on the Mainland, Madam Bai; thus, First Chicago does not have full correspondent banking relations with all provinces of China."

She slowly seated herself, the resignation of defeat palpable on her way down. The more intense her gaze, the more my eyes wandered about the room. But I knew there could be no victory without grace. "I need your guidance, Madam Bai; otherwise, our celebration will be incomplete and Mr. McGillicuddy will be disappointed. He has great confidence in you," I offered. "Xiao Li, this advertisement needs some work," Madam Bai pronounced, her monotone maintaining authority while steering towards compromise. That she used the diminutive of my Chinese name gave me license to unwind in my chair.

# **Professional Friendships**

The ad did get published, with Manufacturers Hanover Trust Company described as one of the first American banks in China. Over the next three years, I learned to show up at meetings on time, consult Madam Bai about navigating the local landscape with visiting captains of American industry, and take great pains to introduce her to Manny Hanny senior officers as they passed through on their magical mystery tours. We crafted a relationship that had moved well beyond the fury of our encounter over an advertisement.

When my time came to leave Beijing for a stint in London, it coincided with Madam Bai's posting there. As soon as we were settled, I invited her to lunch in the City, a stone's throw from my own office. Over limp Chinese food that made us wistful for the real thing, she confessed that now, as a foreigner, she had a lot more compassion for me when I was under her thumb back in Beijing. A decade later, it was Madam Bai who offered her good offices to assist in the adoption of my first daughter.

# **Touring Nanjing**

At around the same time that I was being tamed by Madam Bai in Beijing, I made a trip down to Nanjing to call on the Bank of China. I was assigned the gifted and congenial Mr. Liu as my interpreter. Outside of the office, he acted as my guide

Peter Lighte and John McGillicuddy, Chairman, Manufacturers Hanover Trust Company, The Great Wall, February 1983

**Photo courtesy of Peter Lighte** 

around the city, birthplace of the Ming founder and, more recently, Chiang Kaishek's Nationalist capital.

He courteously asked what I would like to see, and, much to his surprise, I asked to see Ming Xiaoling, the Ming founder's mausoleum. In the course of our leisurely stroll around the imposing and derelict tomb, he gradually volunteered the tale of his past. When I asked him about the high quality of his English mindful of his ordeal during his student days - he told me that he would listen to Voice of America broadcasts on a tiny transistor radio, hiding within haystacks at his peril, to hone his language skills.

Over the next three years, camaraderie grew between us; and when it was my time to move on to London, I was delighted to learn that Mr. Liu, just like Madam Bai, would be going there, as well. We met up regularly to share meals and go to the movies.

## Relationships - Past, Present, and Future

Over the years, I proudly watched his steep professional trajectory take him to the very pinnacle of the regulatory pyramid. When I returned to Beijing in 2007 as chairman of J.P. Morgan Chase Bank, I was obliged to go through the formality of calling on him with Jamie Dimon. This solemn moment was delightfully deflated when Mr. Liu bounded into the overstuffed conference room and gave me a big hug, expressing hope that we could again have supper together and go to the movies. I've always wondered if Jamie suspected a put-up job.

I have come to understand that the past contrives surprises: witness Madam Bai's role in the adoption of my daughter and Mr. Liu's charming of Jamie Dimon. From my vantage point along the continuum of time right now, I am hopeful that the enduring and complex threads of such relationships that have prevailed over the years will see us through the folly of politics. **Q** 

# Opening Up with Innovation

Since the 1920s, **IBM** recognized the potential benefits that information technology could provide for China. In the decades that followed, the company actively developed products and technologies for Chinese society - from a Chinese character typewriter in 1946 to a computer program that translates Chinese into English in 1963, and more. Today, and into the future, IBM is committed to working with China to drive tech innovation and growth.



Before joining IBM, Chen Liming was China President of BP and has extensive operating experience in the Chinese market. Chen earned his Master's degree from Cornell University in 1989. He joined BP in November 2008 and was appointed President of BP China in 2009. At IBM Greater China Group, Chen is the Chairman and has worked closely with the Chief Executive President of IBM Greater China to jointly lead the Greater China business. His major duties are cultivating, enhancing, and expanding IBM's extensive cooperation in the Chinese business ecosystem.

Founded in 1911, IBM has a long and storied history of over 100 years. China became part of that history dating from 1926, when IBM executive Otto Braitmayer sailed to China to explore business opportunities. That initial journey obviously bore fruit as the first IBM tabulating machines were installed in China in 1932 at Peking Union Medical College. Shortly thereafter in 1936, IBM China formally established headquarters in Shanghai. More customers quickly followed, including the Central Bank of China, Bank of China, China Merchants Steam Navigation Company, Whampoa Shipyard, and the Nanking-Shanghai Railroad Administration.

The cooperation between IBM and China even in those early days was characterized by the groundbreaking use of the latest technologies to aid in improving communication between the US and China. IBM vice president F.W. Nichol made the first ever US-to-China international business phone call when he called the Shanghai office from New York in May 1937. And the same month, the flying boat China Clipper carried a letter to IBM CEO Watson Sr. from the Shanghai office on the first direct China-to-US air mail flight. The letter arrived in San Francisco on May 4, 1937, seven and a half days after leaving Hong Kong, in an era when the journey by steamships of the time took 17 days.

# **Innovating for China**

IBM is remembered for the creating the 'Selectric' electric typewriter with rotating golf ball print head in 1961, but many years prior to that in 1946, IBM introduced an electric Chinese ideographic character typewriter. Utilizing a cylinder engraved with 5,400 ideographic characters, the machine allowed an experienced user to type at a rate of 40 to 45 Chinese words per minute.

Later, IBM indirectly played a small role in US-China political rapprochement when in 1971 Jack Howard, an IBM programmer from California and captain of the United States Men's Table Tennis team, led the first American delegation to set foot in Beijing since the Revolution in 1949. Shortly after the then-Chinese Premier Zhou Enlai's welcome of the table tennis players, United States President Nixon announced initiatives for trade and travel between the US and China, thus adding the phrase "ping pong diplomacy" to the lexicon of foreign relations.

One year later in 1972, a seven-member delegation of senior scientists from China toured IBM's Thomas J. Watson Research laboratory in Yorktown Heights, New York. Only the third group to visit the US mainland since 1949, the scientists spent their time interacting with IBM's leading researchers.

### A New Era with IBM

The full opening-up of China that started in 1978 further consolidated IBM's relationship with the country. IBM mainframes have been at the core of Greater China's financial systems for decades, and to this day, the mainframe is the backbone of the country's financial infrastructure. Innovative collaboration is ongoing, such as the development of an active/active banking support system with a major China bank where active workloads are run on two different mainframe data centers simultaneously to eliminate downtime.







Above: Historical IBM photos dating back to 1938

Photos courtesy of IBM

No company thrives for over 100 years without reinventing itself many times, and IBM is no exception. In 1981, the IBM PC ignited the fast growth of the personal computer market, but the PC division was later sold to Chinese company Lenovo in 2004. IBM's x86 server

business was sold, also to Lenovo. in 2014. This was considered a win-win deal as it enabled Lenovo to expand its global reach, while IBM was able to focus on its core business products and services.

Now, IBM generates more than 50% of revenues from new strategic initiatives including cloud and AI. Heralded by IBM's famous Jeopardy! victory in 2011, IBM is driving the AI era. Digital systems in a range of industries such as finance, retail, telecoms, and logistics become much more adaptive when infused with AI. Businesses can understand the customer much better and respond at the speed of insight to give faster, more tailored services that exceed customer expectations.

# Local Growth, Global **Perspective**

IBM is committed to working with China on both a local and global basis to drive tech innovation and growth. One example is food safety, a major concern for everyone in China and in the world. IBM's China Research Lab applied creative thinking to link food supply chain management with blockchain technology, in a collaboration between IBM, Tsinghua University, and Walmart. Today, this idea has grown into a worldwide offering called IBM Food Trust. It brings together a massive ecosystem of producers, distributors, and retailers including Walmart, Carrefour, Golden State Foods, Nestle, and many more to use blockchain for food tracking from farm to table. This is real co-creation with China, with real, global social impact.

In 2018, IBM formed a joint venture with Inspur to provide POWER-based servers. The IV combines the strength of IBM's POWER architecture platform together with Inspur's server know-how, strong brand, distribution, and R&D. The JV will expand the POWER ecosystem in China and beyond.

IBM has also become part of the social fabric of China as a corporate citizen with a strong sense of social responsibility that has always seen education as an important foundation. As well as individual volunteering from IBMers in China, IBM is introducing several programs to support STEM (science, technology, engineering, and mathematics) talents for the 21st century in China. Starting with young pupils in Chinese primary

and secondary schools, IBM employee volunteers have been teaching STEM subjects, and showing how engineering and other disciplines are applied to solve problems. This will continue with an AI Enlightenment Season between October and December this year that will see 1,000 IBM volunteers bring 10 courses into 100 primary schools to educate more than 10,000 students.

To address the STEM skills gap in the modern workforce, IBM launched the P-TECH education model in 2011. Spanning grades 9 to 14, the program brings together the best elements of high school, college, and career to prepare students for "New Collar" tech jobs that require more than a high school diploma and specific in-demand skills, but not necessarily a bachelor's degree. The P-TECH network is expected to scale to approximately 200 public schools in 11 countries by the end of 2019, with 125,000 students at full enrollment, and this program is also being introduced to China.

And a new digital SkillsBuild platform will soon be launched globally to help the unemployed and those changing careers to develop the technical and professional skills needed to re-enter the workforce.

# **Continued Collaborations**

Building on decades of these remarkable achievements, the future of IBM in China should be very bright. However, escalation of China-US trade tensions has created a confusing environment characterized by uncertainty and many challenges for enterprise operations on both sides.

IBM's position on international trade has been consistent for nearly our entire history. The word "International" has been an integral part of IBM's corporate name and identity since 1924, and Thomas Watson Sr.'s enormous faith in free trade was expressed by the words "World Peace through World Trade" that appeared on a building plaque that greeted visitors to the IBM headquarters in New York, completed in 1938. We favor dialogue and international cooperation rather than trade conflict.

With open minds and the boundless possibilities that the China market and society offers, IBM hopes our journey into the future will continue together with China for many more decades to come. **Q** 

# Creating a Zero Crashes, Zero Emissions, and Zero

**General Motors** has nearly 90 years of heritage in China, with 11 joint ventures and two wholly owned foreign enterprises as well as more than 58,000 employees in the nation. GM, along with its joint ventures, offers the broadest lineup of vehicles and brands among automakers in China. In 2018, GM and its joint ventures sold more than 3.64 million vehicles in China.

# Congestion **Future** in China





Top:

Exterior of the Pan Asia Technical Automotive Center

#### **Bottom:**

Engineers develop tech inside the center for upcoming models.

**Photos courtesy of General Motors** 

The General Motors-China relationship began nearly a century ago. GM established its first China headquarters in 1929. Back then, the upscale Buick brand was a popular choice among the country's elites - representative of China's drive for a better future.

In 1978, with the dawn of China's reform and opening up, GM returned again to China to help pave the way into the nation's future. Since returning, GM has played a role in the transformation of the automobile from a luxury item for the very few into a mainstream consumer product affordable to a growing number of people nationwide. This has contributed to China's rising prosperity.

GM is now playing a role in the transformation of the automobile to create a zero crashes, zero emissions, and zero congestion future for personal transportation in the world's largest vehicle market.

## A Long-Term **Commitment to China**

In 1997, GM made a long-term commitment to China. It joined Shanghai automaker SAIC in the establishment of what at the time was the largest Sino-US joint venture ever, SAIC-GM.

Over the years, SAIC-GM has been responsible for a number of firsts, including

becoming the first automotive joint venture in China to manufacture a new global product (its original Buick sedan) and rolling out the first affordable family sedan (the Buick Sail). Today, its Buick, Cadillac, and Chevrolet brands continue to expand the choices and the possibilities for China's consumers.

The creation of SAIC-GM was accompanied by the establishment of the Pan Asia Technical Automotive Center (PA-TAC) by GM and SAIC in Shanghai. The first-of-its-kind automotive engineering and design joint venture has been responsible for several acclaimed concept cars and popular production models, including the new-generation Buick GL8 and GL8 Avenir MPVs.

The establishment of SAIC-GM-Wuling in 2002 in Liuzhou, Guangxi, extended GM's reach into China's untapped lower-tier markets. Indigenous vehicle brands Wuling and Baojun combine world-class quality with a low ownership cost. They are offering a growing selection of models for business and personal use.

These joint ventures have brought consumers the excitement, possibilities, and freedom that come with personal mobility. Since 1997, GM and its joint ventures have sold more than 35 million vehicles in China.

Customers have not only benefited from GM's world-class products, they have also benefited from an array of





#### Left:

GM employees pose with Habitat for Humanity counterparts during CSR works.

Photo courtesy of General Motors

value-added services, including onboard telematics through Shanghai OnStar, automotive financing through SAIC-GMAC, and insurance through INSAIC.

# A Proud Corporate Citizen

With the support of its employees and partnerships, GM has made giving back to the local community a priority.

Refurbishing residences and schools through Habitat for Humanity, sharing knowledge of safety in and around vehicles through the Safe Kids, Safe Ride program, and teaching children in remote areas through the Village Kindergarten project are just a few of the programs that GM and its employees have engaged in, touching the lives of thousands of individuals while promoting worthy causes.

GM has also been an active participant in the International Business Leaders Advisory Council for the Mayor of Shanghai (IBLAC) since 1996, sharing insights and ideas to make the company's home in China a global city of excellence.

# The Next Step on the Journey to the Future

For all the benefits brought by personal four-wheel transportation, GM recognizes there are still challenges to overcome, such as reducing emissions, accidents, and congestion. In China, its largest market, GM believes it has an unmatched opportunity to make a difference.

GM's idea of sustainable transportation,

which underpins its global vision of zero crashes, zero emissions, and zero congestion, was first presented at the World Expo 2010 Shanghai. It was later showcased by GM on a demonstration fleet of all-electric highly connected prototype vehicles designed for sharing at Shanghai Jiao Tong University.

Following the launch of the Chevrolet Volt in 2011, GM became one of the first global automakers to enter the new energy vehicle (NEV) market in China. GM is in the midst of delivering 10 NEVs in China by 2020 and plans to double that number in the ensuing three years.

Through the end of March, GM customers in China had driven more than 250 million electric kilometers. Learnings in China are being incorporated in the development of GM's new global architecture for electric vehicles, which will be more desirable, obtainable, and affordable.

The company is benefiting from the GM China Advanced Technical Center (ATC), which is celebrating its 10th anniversary this year. As one of GM's key global technical centers, the Shanghai-based facility has developed a full range of expertise covering design, R&D, and engineering through the GM China Advanced Design Studio, the GM China Science Lab, and GM China Engineering.

Drawing on its local research and development capabilities in China, GM is continually strengthening the ATC's in-house expertise in the most critical components in electric vehicles.

For example, the battery lab at the GM China Science Lab is working closely with suppliers on batteries from the cell level while the advanced propulsion research team is moving forward on electronic controls and electric motors.

The cutting-edge research team is focused on maximizing performance with zero compromises in safety.

Road safety is related to travel efficiency. The intelligent connected vehicle (ICV) represents the frontier for integrated personal mobility solutions in China. It has become a key driving force for GM's vision of zero crashes and zero congestion.

ICVs are the culmination of the autonomous, connected, and digital experience. They integrate a broad range of technologies, from infotainment and vehicle to everything (V2X) communications, to driver assistance, and partial and even full automation.

GM has made solid progress in both the market-ready direction and the more visionary field. The introduction of Super Cruise driver assist system on the Cadillac CT6 in China last year was a great start.

Meanwhile, GM has made significant contributions in China to the demonstration, standardization, and industrialization of V2X communications. which enable well-informed autonomous driving. The GM China Science Lab's ICV team has not only participated in several industry-first V2X application demonstrations, but also co-authored the country's first V2X application layer industry standard and a "zero congestion" white paper outlining the broad application prospect for V2X communications.

The GM China Engineering team is refocusing its resources on ICVs. It will benefit from GM's partnership with the China Intelligent and Connected Vehicles Research Institute (CICV), which runs China's newly established national-level innovation center for ICVs and will build an ecosystem of foundational technologies and common services.

The future of personal mobility promises to be a shared future. It therefore requires the ongoing commitment of the entire industry to accelerate the pace of transformation. It will be aided by the great willingness of local consumers to embrace new technologies and lifestyle solutions.

After two decades of unprecedented growth, China's automotive industry is shifting to an era of high-quality development. One thing that will not change, however, is GM's commitment to offering safer, better, and more sustainable transportation solutions for the benefit of today's consumers and generations to come. Q



Sally Harpole Years as Chair: 1985-86

Starting in 1977, Sally advised and represented companies in most major industry sectors relating to their projects in China. As an attorney qualified in California and Hong Kong, she led the China practices of multinational law firms in Beijing and Hong Kong for 23 years, then established her own solicitor firm in Hong Kong. After 36 years in Greater China, she relocated to San Francisco where she continues her work as an arbitrator and mediator specializing in Asiarelated dispute resolution.

She has been appointed as arbitrator and/or mediator in over 130 international commercial cases in Asia, Europe, and North America, and, in 1989, was one of the first non-Chinese nationals to be appointed to the CIETAC Arbitrators Panel. In 2018, she was the first foreign arbitrator to be recognized by CIETAC with the "Honor Arbitrator" distinction. Sally is an Adjunct Professor at UC Hastings College of the Law in San Francisco, California and served as a Visiting Professor and Senior Fellow at Pepperdine University's Straus Institute for Dispute Resolution (Asian Study Tour 2003-2010).

# The Early Years

Sally Harpole, the Chamber's third Chair since its reestablishment in 1981, discusses the early workings of AmCham and its role in supporting China's bid to join the WTO.

As the US business community in Beijing was expanding in the mid 1980's, AmCham began the process of formalizing its status in China. We had nearly 100 corporate members at that time, covering most American companies maintaining offices in China during those early years.

We were pioneers, present at the beginning of the revived US-China economic relationship following the launch of China's Open Door Policy. One of the Chamber's important functions was to provide a forum for learning and information sharing among its members about China and international business news. the evolving Chinese regulatory structure, and related developments. We did that during monthly luncheon meetings in the basement of the Jianguo Hotel, often followed by drinks at Charlie's Bar.

The Chinese government had just begun to engage in talks to join the World Trade Organization, something that would finally happen in 2001. Throughout that long process, AmCham China helped by providing information and context to support this important accomplishment.

AmCham China was recognized for its representation of the US business community and honored with visits by national leaders. When Vice President George H. W. Bush asked to meet with US businesses during his visit in the fall of 1985, the Embassy arranged for the AmCham Board to meet him around a circular table at Diaoyutai to review business conditions and talk about





Sally Harpole speaking at a China-related event on arbitration in 2017.

#### Bottom:

Harpole met with President Clinton at the American Chamber of Commerce in Hong Kong following his 10-day visit to China in 1998.

**Photos courtesy of Sally Harpole** 

China. We were impressed by his friendly, informal manner. Later, in 1986, former US Attorney General Edwin Meese spoke to our members at a luncheon meeting in the basement of the Jianguo Hotel, discussing current affairs and drawing on his numerous years in the White House when responding to a variety of questions during the open session which followed.  ${\bf Q}$ 

# With You All The Way

**United Family Healthcare (UFH)** is an international hospital and clinic network that provides private, premium healthcare. UFH has led the way in private international healthcare in China. After almost two decades, UFH has established itself with hospitals and clinics in Beijing, Shanghai, Guangzhou, Tianjin, Qingdao, Bo'ao and Hangzhou as the provider of choice for those seeking premium, personalized healthcare.

Having moved to China in the late 1970's, a few years after graduating from Columbia University with an MBA, a young Roberta Lipson gathered 500 Chinese medical professionals to an auditorium in Beijing to attend a live demonstration of ultrasonic imaging technology. This was the first time many of them saw an unborn child in real time, moving on a screen. Tears appeared in the eyes of some of the physicians who attended. These doctors and hospitals became the first purchasers of American medical equipment. And thus the United Family Healthcare seed was sown.

# A Path Paved by Quality

From day one, UFH has always put patients first, drawing from the best medical models from both east and west and never veering from its path of continuous quality improvement for the sake of patients; this includes always putting quality, safety, and service first. With primary care as the core philosophy of UFH general practice, a continuous

comprehensive system that covers the whole life cycle has been built that starts from preventive care and covers diagnosis, treatment, and rehabilitation. This healthcare system, combined with the employment of a strict medical standard, the adoption of proven medical management techniques, and a willingness to invest in infrastructure and technology, has allowed United Family Healthcare to achieve remarkable results for its patients and set a healthcare delivery standard for others to emulate.

The complete life cycle of full-service healthcare offerings has allowed UFH to become the lifelong healthcare partner for it customers which is perhaps the most important partnership and instills the most pride for UFH team members. In response to the growing acceptance of commercial health insurance, UFH has the ability - together with insurance partners, of which there are over 70 of the world's most respected insurance companies - to take on the risk of the health of whole population groups. This can only be done in a system with the full spectrum of offerings from primary care and prevention to acute care intervention capabilities.



Roberta Lipson is the CEO and Founder of United Family Healthcare (UFH). She originally co-founded United Family Healthcare's predecessor company Chindex in 1981, expanding the business from China's top medical equipment distribution company into China's first and largest foreign-invested healthcare system with the flagship Beijing United Family Hospital opening its doors in 1997. After more than two decades, UFH has established itself with hospitals and clinics in Beijing, Shanghai, Guangzhou, Tianjin, Qingdao, Hainan, and Hangzhou as the provider of choice for those seeking premium, personalized healthcare. There are over 500 full-time international doctors and Chinese physicians working in UFH. Additionally, there are over 1,000 part-time experts and over 900 nurses on the team.

In partnership with Fosun Health Insurance, UFH has pioneered a unique kind of coverage in China for groups and individuals, providing full access to United Family Healthcare services across China and streamlined access to large local public hospitals and coverage of 99% of UFH medical costs. When a person or group enrolls in this plan they are partnered with a primary care doctor, who will arrange for a health assessment and wellness plan with the goal of achieving optimum health for members. If further care is needed due to illness, UFH takes the responsibility of all necessary inpatient and outpatient treatment, which is covered through the plan. This total solution, full coverage Unity Health Plan, incentivizes UFH to keep its patients healthy. Through the Unity Plan, UFH has partnered with thousands of patients and organizations in a new proactive approach to healthcare, through population health management, integrating preventative, and wellness care for every Unity

"United Family Healthcare's ambition is, and always has been, to create a system that will continue to serve as a model for China's healthcare industry."

Insurance member, as well as full coverage for illness and hospitalization.

# The Keys to Success in the Middle Kingdom

One of the ingredients at the core of the UFH "secret sauce" is the fact that teams are not only multicultural in the Chinese plus foreigner sense, but also

gender-balanced and balanced among educational backgrounds (medicine, nursing, management, etc.). Having a management team fostering an environment of mutual respect and appreciation has allowed UFH to glean learnings from multiple perspectives. Open dialogue among often varying viewpoints opens up the possibility of examining issues in a multidimensional way, often coming up with innovative solutions. This diversity is celebrated and it is explicitly reflected in an element of the UFH core values of ICARE (Innovation, Caring, Accountability, Respect, and Excellence). Being a multilingual institution, almost all 2,000+ employees can communicate with each other in either English or Chinese. Language and culture study is encouraged and opportunities for further development are made available to all team members throughout the organization.

United Family Healthcare's ambition is, and always has been, to create a system that will continue to serve as a model for China's healthcare industry. This is evident in the vigorous and continuous expansion witnessed over the years and with a New York Stock Exchange listing just around the corner, along with new hospitals opening soon in the northwest of Beijing and in Shenzhen, UFH facilities will surely become available to more people in more cities throughout China.

No matter whether Chinese or foreign, the keys to a company's long-term success, from a UFH perspective, are not only nimble adaptability but persistence of principle in moving toward a goal, a strategy that is consistent with the betterment of society, and the ability to inspire passion in the whole workforce about achieving this goal. Q

Congratulations and here's to another 100 years of AmCham!





Left: **UFH** doctors providing care and service to domestic and foreign patients

Photos courtesy of





住院病房 Inpatient Suite

药房 Pharmacy

耳鼻喉科 ENT Clinic (Ear, Nose, Throat)

中医科 Traditional Chinese Medicine

神经外科 Neurosurgery

麻酔科 Anesthesiology

遊尿外科 Urology

辅助生殖医学中心 Reproductive Medicine Center

肿瘤治疗服务 Oncology

心理健康中心 Psychological Health Center

### FORM CHAMBER IN PEKING.

American Firms Organize to Promote Interests in China.

Special to The New York Times. WASHINGTON, Aug. 26.-Advices from Peking today state that an American Chamber of Commerce has been formed there by representatives of Anderson, Meyer & Co., the International Banking Corporation, the American

Trading Company, the China-American Trading Company, the American Bank Note Company, E. W. Frazer & Co., the Siems-Carey Company, and the Stand-

Siems-Carey Company, and the standard Oil Company.

The purposes of the chamber are to protect and further American commercial interests, to promote business cooperation, to disseminate useful business information to the members, and to arbitrate between disputants—the decisions in such arbitration to be recorded for future guidance. These are the avowed objects of the chamber as set forth in the bylaws, but the chamber will like-

The New Hork Times

Published: August 27, 1919 Copyright © The New York Times wise do its best to foster good business returns with Chinese firms and further China-American co-operation.

l eft

An article in The New York Times, dated August 26, 1919, announced the formation of the American Chamber of Commerce in China.

Article courtesy of The New York Times



AmCham China's road to existence, official registration and government recognition, and the beginning of its journey to 100 years of heritage.

# Beginning, Beginning Again: **AmCham China History Part I**

The Chamber traces its roots back to 1919 and a meeting in the nation's capital, then known in English as Peking, at the height of summer. According to an article in the New York Times dated Aug. 26, 1919, the founding members were from Andersen, Meyer & Co., the International Banking Corporation, the American Trading Company, the China-American Trading Company, the American Bank Note Company, E. W. Frazer & Co., the Siems-Carey Company, and the Standard Oil Company. The first President was Harold Cushing Faxon of Andersen, Meyer & Co., a China-based company that brought American industrial products into the country.

Stationery from 1923 locates the Chamber's office at 3 Ta Sha Mao Hutong, an address near Wangfujing that still exists today. Not much is known of the Chamber's activities in the 1920s.

However, Faxon is named as one of the founders of a fund to provide relief for an estimated 20 million Chinese across four provinces affected by famine in 1920.

At some point, likely around the start of the Second Sino-Japanese War in 1937, American business retreated from Beijing and the Chamber disbanded.



#### Left:

AmCham China Founder and first President was Harold Cushing Faxon lauded in Great Falls Daily Tribune for relief provided to an estimated 20 million Chinese across four provinces affected by

Photo courtesy of Great **Falls Daily Tribune** 

### Rebirth

The beginning of economic liberalization in 1979 heralded the return of American business. Two years later, after a 44-year absence, Beijing once again had an American Chamber of Commerce. By the time it rejoined the US Chamber on Nov. 11, 1981, it had 36 members.

# **AmCham China Grand** Opening in 1991





AmCham China opening ceremony on May 3, 1991.

The People's Daily announced the official registration of AmCham China.

Photos courtesy of Dean T C Lee

In those days, the Chamber had no employees or office, and the elected president would take it upon his or herself to manage the Chamber's affairs with the help of other board members.

When one of the founding members of AmCham China describes early Chamber meetings, it sounds more like a group therapy session than a business association.

"We needed each other," said Peter Lighte, Chairman of AmCham China from 1983-84 (see more on pages 18-19). "We needed to sit in a room and swap stories, to get a sanity check. The way Chinese did things was very different. If you stayed long enough without sharing these stories, you'd think you were mad. These meetings gave us courage. It was that rudimentary."

Yet another early leader of the Chamber was Sally Harpole (see page 24), who was working for law firm Graham & James when she became President in 1985. "When the Chamber started, there weren't a lot of activities," she said, "so I tried to make sure we had at least one meeting for the entire membership every month to give people the feeling that the Chamber was a real organization that was continually accessible to the American business community."

These gatherings often took place in the basement of the Jianguo Hotel, one of the few international-standard hotels in Beijing at the time. The speakers were frequently members, sharing their experiences, but occasionally a visiting dignitary would address the Chamber - these included US Vice President George Bush Sr. and Attorney-General Ed Meese. When Timothy Stratford (see page 60) became a member in the 1990s, he recalled that the entire AmCham China membership could sit around one table and have lunch at the Jianguo Hotel.

Another important issue at the time was registration for the Chamber. There was no law for the organization to register under, so government officials were often reluctant to meet with the unofficial body.

This all changed with the passage of the Provisional Rules for the Administration of Foreign Chambers of Commerce in 1989. Even then, it still took the Chamber almost two years to complete all the paperwork and receive certificate No. 2 from the Ministry of Civil Affairs. (Rumor has it the Japanese

Chamber snagged certificate No. 1.)

## Location, Location, Location

With legitimacy, the Chamber also needed a physical presence. Its first known address was simply Ground Floor, Great Wall Sheraton Hotel, which itself was the product of one of Beijing's first Sino-US joint ventures and housed the offices of several corporations. The Chamber then moved upstairs to occupy Room 301, then upstairs again to the far less auspicious Room 444.

It was around this time that the Chamber started producing its first newsletter, titled Beijing Times. The first two editions have sadly been lost to history, but Vol. 1, No. 3 mentions a Chamber trip to Washington DC that met with then-Senators Joe Biden and Max Baucus, the latter of whom became US Ambassador to China more than 20 years later.

Also around this time, the Chamber got its first Executive Director, a staff position that is now known as President. The first holder of the post in 1995 was Jane Redicker, who had arrived a few weeks earlier with her husband. The staff at the time consisted of three Chinese part-timers, Redicker said, "and the four of us tucked ourselves into a single hotel room that was our office."

The mid-90s was a boom time for American companies coming to China, and Redicker's team expanded according to the growing membership. By the end of the decade, the Chamber had outgrown the Great Wall Sheraton (it was by then in a suite on the third floor), and moved to 1903 China Resources Building on Beijing's Second Ring Road, which was also occupied by the American Club.

One of the new hires was Kathy Wang, who joined as a receptionist and remains with the Chamber to this day as an accountant and the longest-serving member of staff.

"In those days we had membership, events, the magazine, training, and today it's much the same," Wang said. "But now we have more details and the scale is much bigger. The accounting is also more complicated." **Q** 



**Lucille Barale** Year as Chair: 1989

Lucille Barale is a specialist in the legal aspects of doing business in China. In practice for almost 30 years, she advised foreign companies on direct investments, mergers and acquisitions, as well as technology licensing and the protection of intellectual property rights in China. She currently serves as an adjunct professor of law at Georgetown University Law Center in Washington, DC, and has also been a guest lecturer at Renmin University Law School in Beijing.

Ms. Barale started her career in Hong Kong with Coudert Brothers, and then moved to their Beijing office in 1983, where she worked through July 1989. Following her role with AmCham China, Ms. Barale continued to be active in the American Chamber of Commerce in Hong Kong, first as chair of the China Business Committee, then as a member of the board of governors, and in 2004 was elected as Chair.

# **Turbulent Times**

Overseeing AmCham during one of the most difficult periods in China's history, Lucille Barale remembers many of the same issues that members would continue to face for years.

1989 brought unprecedented challenges to AmCham China and its members. Many of our members were already coping with the consequences of China's shifting economy, which entailed restructuring the government bureaucracy in the transition from a completely state-planned system. Old friends in government became new friends running state-owned enterprises; local Chinese enterprises that had previously needed a state trading company to sign a foreign trade contract were now able to complete the deal on their own - or so they said, though the source of their declared authority was often obscure.

The evolving legal system did little to enlighten foreign partners. Foreign investments that could be approved at the local level were becoming more significant, but gaining government approval for new investment at any level was an intrusive process, with an opaque set of procedures. In discussing potential investment projects with planning authorities or foreign investment officers, answers to questions about whether a certain type of project was permitted for foreign investment or whether it could be done as a wholly-foreign owned enterprise were often conflated with the question of the terms on which the foreign party would invest. To gain insight into the many unpublished policies and internal regulations of that time could give a business a real edge in pursuing a project.

It was not uncommon to encounter AmCham members who expressed frustration at needing to negotiate a joint venture over and over again. Pursuing a joint venture meant negotiating it on several levels: firstly, with the Chinese party who would be the legal partner in the venture; next, with the relevant planning authorities who would review all aspects of the business; finally, with the government approval officers reviewing the contracts. As the process continued, the government authority would insert itself indirectly in negotiations to gain better business terms for the Chinese partner. Concerted efforts to draw in specific technologies or to lower the foreign licensor's requested royalty rate were frequent practices.



Lucille Barale pictured in 1989

Photo courtesy of Lucille Barale

Foreign exchange control was an area of particular headaches. Strict forex scrutiny by governmental agencies was felt from initial planning, through the approval process by government planners and foreign investment officers, and well into ongoing operations. Approvals for new investments hinged on whether the venture could demonstrate the capability to cover its foreign exchange needs with its own foreign exchange earnings. If parts and components were to be imported, if technology royalties were to be paid to a foreign licensor, or if profits were to be paid to the foreign investor, then the venture would need to draw from its own foreign exchange accounts.

Many of the problems faced by our members in 1989 would persist to some degree for years until China made changes in line with joining the WTO, but day-to-day living in Beijing was getting easier in a number of ways. More members and families were moving out of long-term residences in hotels to live in apartment buildings in Jianguomenwai or on the west side of the city. In a sign of the foreign community's growing confidence about its future in Beijing, the International School of Beijing (ISB) had moved off embassy property in Sanlitun to a larger site out at the Lido Hotel complex.

As AmCham China celebrates this anniversary, I send my wishes for a peaceful and prosperous China. Q



**ConocoPhillips** has been a committed partner in China since the early 1980s and continues to be one of the largest foreign investors in China's upstream oil and gas sector. For nearly 40 years, through successful technology innovation and collaborative partnership, ConocoPhillips has expanded its overall business scope in China across various fields, including oil and gas exploration and production, LNG supply, and other relevant business services.

> ConocoPhillips, the world's largest independent E&P (exploration and production) company based on production and proved reserves, arrived in China 38 years ago in the early era of Reform and Opening, and remains one of the largest foreign investors in China's upstream oil and gas

By staying true to its SPIRIT values over the years - safety, people, integrity, responsibility, innovation, and teamwork -ConocoPhillips' time in China has been characterized by constant growth, win-win partnerships, and continued innovation, both in technology and social responsibility contributions.

Today, in partnership with local industry leaders in domestic and overseas oil and gas projects, it continues to deliver energy to fuel China's economic growth and assist in local energy reform towards a more independent, efficient, and cleaner industry.

# **Helping China to Reach** its Energy Goals Through **Significant Offshore Discoveries**

ConocoPhillips arrived in China in 1981 when it was invited to explore the Pearl River Mouth Basin offshore Guangdong, China. As the first foreign company to make an offshore discovery (Xijiang Oilfield) in China, ConocoPhillips was able to leverage its expertise and technologies in exploiting complex offshore reserves in typhoon-impacted areas, thus helping a rapidly-developing China to realize its energy goals.

Bohai Peng Lai Oilfield in the Northeastern Bohai Sea - the largest single offshore oilfield in China - was discovered in 1997 through the joint efforts of ConocoPhillips and China National Offshore Oil Corporation (CNOOC). ConocoPhillips has been proud to bring one of the world's largest Floating Production, Storage, and Offloading (FPSO) vessels, the Peng Bo, to the Oilfield, which provides power and processing capabilities for more than 300 active wells and employs approximately 700 people.

Peng Lai Oilfield's subsurface and operational complexity has driven technological breakthroughs enabling the field to be viewed as an industry pioneer; at its peak, the project involved over 8,000 workers in 12 locations in five countries. In 2014, with the operatorship of the oilfield transferred to CNOOC, ConocoPhillips has entered into a new phase of collaboration with CNOOC as the project continues to make innovative progress after many years and remains efficient and cost-competitive.

ConocoPhillips is honored to help China develop such a sustainable top-tier operation and as the project moves forward with further development, it will contribute in securing energy supplies - keeping innovation at the heart of operations - for the present and future of the Chinese economy.

# Striving for Clean Energy, Sustainability, and Innovation Through Partnership

ConocoPhillips remains committed to and deeply rooted in the evolution of China's domestic oil and gas industry, adhering closely to a win-win collaboration philosophy. In order to achieve this, it has worked collaboratively with two national oil company partners - CNOOC and China Petrochemical Corporation (Sinopec Group).

Today, these strong and mutually beneficial relationships enable ConocoPhillips and its partners to have meaningful cooperation at both the technical and management level, whilst ensuring that operations remain closely intertwined with Chinese national interests and economic development. Knowledge sharing sessions between both parties are arranged on regular basis across technological knowhow, Health, Safety and Environment (HSE), and talent development. This multifaceted indepth collaboration has demonstrated a leading example in US-China energy cooperation.

Innovation has always been a main driver for ConocoPhillips, and it prides itself on its constantly evolving technology - the most globally significant developments recently being big data analytics and unconventional reservoir development. As energy demands continue to grow in China, ConocoPhillips is applying relevant innovative technologies within its Chinese operations. This will not only improve extraction efficiency, but also safeguard sustainability for China's future energy demands, while ensuring the partnership remains beneficial in the long-term.

In the field of Liquefied Natural Gas (LNG) industry, ConocoPhillips has been a pioneer with more than 40 years of experience in safely producing and delivering LNG in the Asia Pacific region. Working with China's leading national oil companies, ConocoPhillips brings LNG to China to meet the country's growing demand for clean energy, help diversify China's energy sources and assist China's transition into a clean energy economy. Producing 20 million tons



#### Above:

Peng Bo, one of the world's largest FPSO undertakings, has played an essential role in the development of the Peng Lai oilfields since 2009

Photo courtesy of ConocoPhillips

"Since 1996, over 68 million RMB has been invested in CSR and socially beneficial projects in China, improving lives and creating widespread benefit."

of LNG per year through its worldwide joint venture projects, ConocoPhillips has supplied LNG cargos to most regasification terminals in China.

## **Committing to Light, Love,** and a Sustainable Future

Building on a strong history of impactful Corporate Social Responsibility (CSR) efforts globally and in China, ConocoPhillips remains equally committed to working towards aggressive sustainability goals, creating lasting value for local communities. These values are applied via four focus areas: conservation, education, health, and disaster relief.

Since 1996, over 68 million RMB have been invested by ConocoPhillips in CSR and socially beneficial projects in China, improving lives and creating widespread benefit for stakeholders and communities. Through long-term strategy and innovative planning, ConocoPhillips hopes to have a lasting impact on the lives of Chinese communities, as well as investing in industry developments to bring major benefits to China and the wider world.

# The Light & Love School

The Light and Love School is a private non-profit school for homeless, severely unprivileged and



**ConocoPhillips** is the world's largest independent E&P (exploration and production) company based on production and proved reserves.



# **Providing energy for the world**

while staying committed to our values.

SAFETY.

PEOPLE

INTEGRITY

RESPONSIBILITY

Τ

INNOVATION TEAMWORK

# Mission

We exist to **power civilization**.

# **Vision**

We will be the **E&P company** of choice for all stakeholders.

orphaned children in Beijing, which ConocoPhillips has continuously supported for 14 years. ConocoPhillips employees vividly recall the first time they set foot in the School in 2005: several bungalows made of limestone slabs were used as both improvised classrooms and dormitories for more than 50 children.

Deeply touched by the wholehearted devotion of Shi Qinghua, founder and headmaster of the School and many teachers, ConocoPhillips became the first patron of the school, endeavoring to support their efforts and provide a stable home and education for the children. Over the past 14 years, ConocoPhillips has continuously supported the school, tackling a range of challenges in the school's facilities and students' daily life and study, whilst creating a family environment. In total, ConocoPhillips has donated a total of 6.4 million RMB, benefitting over 1,000 children.

On December 2018, despite the cold Siberian winds of Beijing's bitterly cold winter, over 70 ConocoPhillips employee volunteers and their families attended the 13th special annual "Christmas Date" at the School. Shi Qinghua commented that, "Every year when Christmas is approaching, our children look forward to seeing their ConocoPhillips friends. Over the past decade, many students have graduated, and many students have recently joined us, but what remains unchanged is the love and care shown by the ConocoPhillips volunteers who come here every year."

# FUTURE Energy Innovation Project

Another CSR highlight is the "FUTURE" Energy Innovation Project (FUTURE) – the second of which was launched this March in continued partnership with Enactus China – which combines educational aspirations with innovation for a sustainable future. Aimed at promising post-graduate students interested in the oil and gas industry, the project cultivates students' ability to tackle industry challenges to fulfil the long-term sustainability demands of China's energy sector.

Built upon the successful experience in 2018, the second "FUTURE" project focuses on the exploration and development of compartmentalized reservoirs, which is listed among the five priorities of the key energy areas outlined by National Medium- and Long-Term Science and Technology Development Plan (2006-2020). The project generated widespread participation among research students throughout China and attracted 65 research teams and more than 200 students from nine targeted colleges and universities nationwide. After two rounds of review, eight teams were short-listed as finalists and invited to the final competition in





Chengdu, where they showcased their innovative energy solutions before a panel of industry judges. The selected 2019 Champion was the research team from Southwest Petroleum University.

As the American Chamber of Commerce in China reaches its 100th year of heritage, ConocoPhillips is extremely proud to have been a significant actor within this historical relationship for nearly half of this time, whilst continuing to invest in the future. "For ConocoPhillips and China, a new era is unfolding", said Bill Arnold, president of ConocoPhillips China. "We are pursuing a range of new business opportunities, including the next phases of Peng Lai field expansion and a full-field 3-D seismic program. We are also exploring offshore in the Pearl River Month Basin and continue to supply LNG to help China fulfill its clean energy needs. We look forward to continuing to work closely with Chinese stakeholders, companies, governments and the local communities with a mutual benefit mindset for many years to come. Staying committed to this proven approach will ensure the 'new-era' is even-more promising. **Q** 

### Top:

2018 ConocoPhillips China Light & Love School Christmas Party

#### Bottom:

The Second FUTURE Energy Innovation Project Final Competition successfully concluded in Chengdu on October 10. Group photo of eight finalists, judges and distinguished guests

Photos courtesy of ConocoPhillips

# Quality & Innovation at the heart of Merck's Ambition in China

Allan Gabor, President of **Merck** China – which divides its business into Healthcare, Life Science, and Performance Materials – shares details of his company's impressive growth in China.

In 1888, during a trip around the world, Willy Merck, chemist and future head of manufacturing operations of Merck, arrived in China. In a letter, he wrote: "A time will come when we, too, in Europe will have to watch out for the Chinese. For my part, I absolutely believe that, should it wish to, China shall become considerably more powerful than any other nation."

Fast forward to this year 2019, and Willy Merck's observation has proved to be forward-looking. China now has the world's second-largest economy and a total population of 1.39 billion. And the small plant where Willy Merck once worked has grown into a world-class science and technology group with more than 50,000 employees in 66 countries, last year alone generating \$16.5 billion in sales.

Many of you may already know that our "Merck KGaA", headquartered in Darmstadt, Germany, is strong in Healthcare and Life Science. But did you know that our Performance Materials can nowadays be found in almost every smartphone screen produced in China? Our cutting-edge solutions are needed for modern applications like displays, semiconductors, and biosensors which have become the vital "interface between man and machine", essential for the digital era.

# Improving Life in China

I am proud of our journey in China. 86 years ago, in 1933, the E. Merck Chemical Co. Ltd., was founded in Shanghai,

making it the first Merck subsidiary in China. Its goal was to sell industrial chemicals, reagents, laboratory chemicals, and specialty pharmaceutical products.

Today, Merck has grown into a vibrant science and technology company that has some 3,700 employees in China and the ambition to touch and improve every single life in China. In Performance Materials, we empower the Chinese tech community, multinational corporations, and other clients manufacturing in China with liquid crystals and OLED materials for smartphones and televisions.

In Healthcare, we deliver a strong portfolio of modern medicines needed in China, including biopharmaceutical therapies to treat cancer, infertility, diabetes, and heart disease. With one of the broadest product and solutions portfolios in the industry, our Life Science business' purpose is to solve the toughest problems in life science by collaborating with the global scientific community. We are dedicated to helping scientists take research further faster, and developing the processes that make biomanufacturing better, faster, and safer.

In 2018, Merck generated sales of \$2.1 billion in China, an increase of more than 18% over the previous year. China is thus the largest growth driver for Merck, with the highest sales after the United States. And in Performance Materials as well as General Medicine & Endocrinology (Healthcare), China is already the number one global market for Merck.



Allan Gabor, has been working for Merck KGaA in Darmstadt, Germany, since 2013 and serves as President of Merck China. He has more than 25 years of management experience in leadership roles in countries such as China, Russia, and the US.

# **Blasting into a New Era**

I have been in China for more than 20 years, and I am impressed by the speed of China's development. The Chinese people have much better lives today than before, and on average they live much longer. This, to me, is a huge achievement.

These improvements have happened faster than anywhere, anytime in human history. Hundreds of millions of Chinese left poverty behind, seeing their average life expectancy rise significantly.

We at Merck are proud to have played a small part in this over the decades, and today we aim to be the rocket booster to further speed up China's growth with science and technology. What China needs most while upgrading its industries, environment, and its citizens' health happens to be a perfect match with what Merck has to offer.

## A Three-fold Model

Merck's Performance Materials can already be found in many semiconductors made in China. We work closely with our customers to develop ever faster chips that can power everything from artificial intelligence to the Internet of Things and exciting future technologies like autonomous driving. Our liquid crystal manufacturing and OLED labs in Shanghai are collaborating with leading display manufacturers in China.

Merck's Healthcare business operates a modern pharmaceutical factory in Nantong, Jiangsu Province, which produces drugs on China's Essential Drug List. They are quite affordable. It is our way to support the Chinese government in further prolonging and improving the lives of its citizens.

In the Life Science industry, we support drug manufacturers to bring new drugs to market faster. Two years ago, we launched a new "end to end" bio development center in Shanghai. It reinforces our position as a first-class supplier for process developments and clinical stage manufacturing solutions, and everything else needed for the production of biologics.

Take all of this together, and you can understand our ambition to sustainably impact every life in China as a science and technology company.

# More than Quality Control

Quality is another area where China's ambitions and Merck's company DNA are a unique fit. China has realized that it needs better quality research labs, manufacturing plants, and environmental protection. At Merck, quality is embedded in everything we do.

Take Healthcare as an example. China has has increased its focus on inspections with - among other things - bio equivalence tests for generic equivalence. Merck has the materials and services that can make it happen.

We not only have the latest quality systems built into our operations, for example in our Nantong pharmaceuticals plant or our Shanghai display materials manufacturing site. We also foster a "culture of quality" among our local and international talents, striving for continuous



Above:

Merck employee operating an oven in a liquid crystal production facility in Shanghai, China

**Photo courtesy of Merck** 

improvement. This way, we can assure to deliver consistent quality to our customers.

The Chinese people, the Chinese government, and Merck share the common belief that science and technology are essential for human progress. We are a company that has been breathing innovation for 350 years. We understand that only R&D can lead to innovation in science, which will ultimately make a meaningful difference in people's lives. That is why we are also heavily investing in R&D and innovation in China.

Our Beijing Healthcare R&D hub became operational in 2009. For Performance Materials, we opened an OLED technology Center in Shanghai last year. Merck Life Science teams up with leading universities in China, such as Tongji University, for the latest technology in gene editing.

### **External Innovation**

And innovation is becoming a more and more important part of our China strategy. This year, we will open new innovation hubs in Shanghai and Guangzhou, respectively. We see China not only as an important strategic growth market, but also as a future hot spot of innovation. We hope to join hands with more domestic partners for that.

In the same spirit, Merck is reaching out to innovative startup companies for

collaboration. Our Merck Accelerator program, first established at our headquarters in Darmstadt, Germany, has recently been launched in China as well. Selected startups can work for three months on collaboration projects with Merck experts at our new Innovation Hub in China. Later, they will have the opportunity to continue their projects at our Innovation Center in Darmstadt to explore the European market. They are thus able to make an important contribution during China's journey to become a global innovation leader.

Our Merck China Innovation Hubs in Beijing, Shanghai, and Guangzhou will continuously search for, incubate, and invest in innovations in Healthcare, Life Science, Performance Materials, and related cross-business areas.

In China's extremely dynamic business environment, we at Merck have also started to change. We realize that we have to be even more agile and flexible so that we can adapt to the incredibly high speed of change in China through fast decision-making and processes. We also must be open for taking risks, trying out new things, and being more pragmatic in the best sense of the word.

For me personally, China - with its fast growth and scientific progress and commitment to innovation - is a very inspiring place to work. Merck is committed to China and aims to be the rocket booster to speed up its growth. Stay tuned! **Q** 

# Official Recognition

Dean TC Lee revisits the moment when AmCham China was granted an official license, becoming one of the first foreign Chambers of commerce in China to receive formal recognition.

In 1991, Am Cham formally registered as a legal entity in China and opened a permanent office at the Great Wall Sheraton Hotel in Beijing. The general manager of the hotel was Vic Kimura, who was Vice Chairman of AmCham China at the time. Vic was very instrumental in getting the office established and many of our functions were held at his hotel.

The registration process itself was quite laborious. On July 4, 1990, we submitted the Chamber's application for registration and the process was finally completed on April 22, 1991. We held our grand opening on May 3, which was attended by US Ambassador to China, James Lilley, just one week before his posting in China officially came to an end.

Here are some of my official remarks from that momentous day:

"We owe much to the efforts of my predecessor Mr. Irl Hicks, under whose initiative the registration process was begun; to Coudert Brothers' Tom Jones for overseeing the registration process; and to Minister Li Lanqing and Vice Minister Tong of the Ministry of Foreign Economic Relations and Trade (MOFERT), Vice Minister Duo of the Ministry of Civil Affairs and Chairman Zheng of the China Council for Promotion of International Trade, for all of their cooperation and assistance. We are proud to be among the first foreign Chambers of commerce to receive formal recognitions and look forward to expanding our role in promoting understanding and cooperation between China and the United States in the areas of trade and investment."



At the same time. the Chamber also released its position paper and unveiled its official logo (pictured left), designed by Hill and Knowlton Asia

When we opened the office, we received

a fair amount of attention from the Chinese media. People's Daily reported that AmCham China was the first Chamber organization for foreign industrial and



#### Above:

AmCham China Chairman Dean Lee (second from left) cuts the ribbon with Ambassador James Lilley (right)

Photo courtesy of Dean T C Lee

commercial organizations. The funny thing is that our certificate showed that we were number 2; the Japanese were rumored to have locked in the number 1 spot, but did not have the official chops yet, so we were officially announced as the first!

Later that year we sent a delegation to Washington, DC to lobby Congress on matters related to China trade. Our delegation met with powerful members of Congress, the Senate, and the State Department, and included a meeting with Nancy Pelosi.

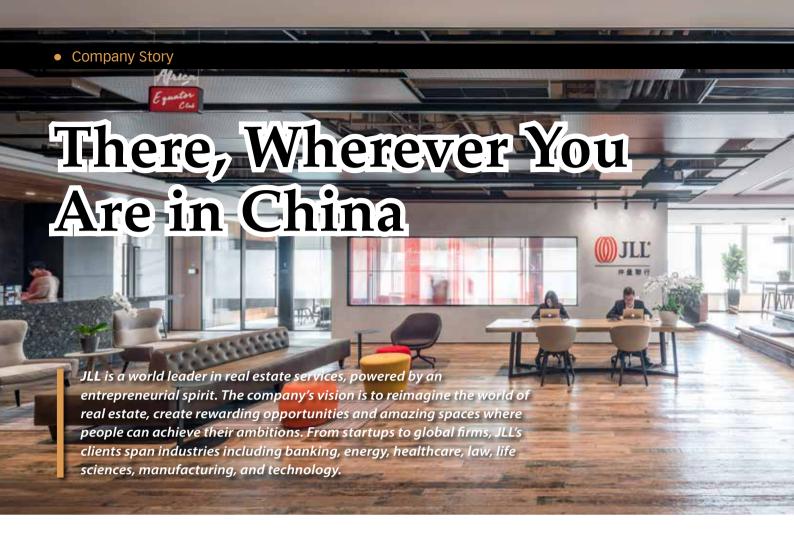
Our position paper argued for engagement rather than isolation - and it was gratifying to see that the US officials were listening. The results were that the US adopted a policy of engagement, one that has been largely upheld throughout the last 40 years. However, the current administration blames that policy for the rise of China, but ignores the benefits for both the US and the world due to the progress made in China.

At that time, there were more than 90 US corporate and individual members of AmCham China. Activities sponsored by the Chamber included speaker programs addressing topics of interest to the membership; a monthly briefing session by the US Ambassador and Minister-Counselor of the US Commercial Section; drafting of Chamber position papers on issues facing the Chamber for submission to pertinent Chinese and US government agencies; and coordination of meetings between the US business community in China and visiting US Congressional delegations. **Q** 



Dean T C Lee Year as Chair: 1991

Dean T C Lee was with Occidental Eastern at the time of his Chairmanship. He currently resides in the United States.



JLL has played a key role in the development and evolution of China's commercial real estate market with the unique ability to guide change within a fast-paced environment for over 40 years. The company has provided advice and services in over 80 cities today, growing to 2,500 professionals and 17,500 on-site staff in 16 corporate offices and 12 project offices.

# Key Appointments and Landmark Projects

In 2018, JLL archived 1,424 transactions over 1.9 million sq m in office leasing in China, a value of 4.6 billion RMB in industrial transactions covering over 1.6 million sq m, over 1.9 million sq m of investment transaction totaling RMB 9.6 billion, strategic consulting for 255 projects of over 2.1 billion sq m, provided valuation advisory services for 3,653 properties worth RMB 1.81 trillion, and managed 437 properties covering 62 million sq m, as well as 341 retail transactions for more than 13.5 million sq m.

As well, as a supertall building expert, JLL has been appointed by numerous supertall owners across China to provide property management and office leasing agency.

"JLL has been appointed by numerous supertall owners across China to provide property management and office leasing agency."

# **Technology & Innovation**

JLL is also a leader in Proptech, having developed a robust service delivery platform to best assist its clients, one that is the future of tailored one-stop online analytics.

This past July, JLL also announced a partnership with Swire Properties and Ping An Urban Tech, with the official launch of UrbanLab, the first corporate accelerator program focusing on Proptech in mainland China. The initiative aims to foster and further develop promising tech companies in the dynamic Chinese Proptech ecosystem, with the goal of creating innovative technology solutions for the real estate industry.



#### Top:

JLL's Shanghai Office features a unique framework introduced by JLL-the "Future of Work"

#### **Bottom:**

First China Proptech Forum & Exhibition Held in Beijing 2019

Photos courtesy of JLL

This year, JLL successfully held China Proptech Forums in both Beijing and Shanghai in May. The inaugural Proptech Forum attracted more than 2,000 participants. 64 speakers from different sectors shared their insights, success stories, and technology solutions. Combined with the Forum, a total of 31 exhibitors in both cities participated at the event, featuring the newest property technologies.

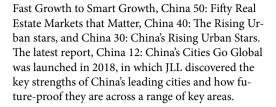
#### **Driving the "Future of Work"** to Boost User Experience

In 2017, JLL developed the "Future of Work" model - an outlook on the changing landscape of workplace providing a broad outline for CRE evolution. The model includes five pillars: Human Experience, Digital Drive, Continuous Innovation, Operational Excellence, and Financial Performance.

#### Cities Expert

JLL has an in-depth knowledge of 35 Chinese cities and the company monitors 76 markets' commercial real estate data consisting of office, retail, and logistics, totaling 6,000+ institutional grade real estate assets. two million POI data collected from external sources and integrated by JLL's Technology, Data, and Information Management team. 24 financial indicators (defined by ILL Research) have been tracked quarterly for 20+ years.

Since the launch of the first China Cities series report in 2007, JLL has charted a remarkable journey of unprecedented city building and infrastructure development. Series cities reports are published to analyze the rise and development of China's key urban centers spanning over a decade: China 60: From



#### **Building a Better Tomorrow**

Sustainability presents one of the biggest opportunities for JLL to create and to deliver value to clients. To help unlock this potential, JLL is launching a comprehensive program focusing on delivering increased values to clients, investors, and our other stakeholders by embedding sustainability across all service lines and operations. The new global sustainability strategy is called Building a Better Tomorrow. This year, JLL released their 10th annual Global Sustainability Report reflecting a comprehensive approach to sustainability, with a focus on achieving its ambitious 2020 sustainability targets defined within the Building a Better Tomorrow program.

#### Channeling the Chamber

JLL has also been intricately involved with AmCham China over the years, with Executive Director Eric Hirsch, currently on the Board of Governors, and Michael Hart, Former Head of JLL's Tianjin Office, previously serving as Chair of the Chamber's Tianjin Chapter.

"I joined AmCham China as a young professional and was able to meet many influential businesspeople who were actively leading their companies and industries," says Hart. "Along the way I got a chance to take on some committee and chapter leadership roles and continued to learn through professional and government outreach events. Eventually I was sending my staff to AmCham China events as they were just embarking on their careers, because I saw how useful these events could be for JLL employees. AmCham China has a been a great resource at every stage of my career and has benefited countless professionals and companies through its work."

"Similar to Michael, AmCham China has played an integral part of my career in China," says Hirsch, "From creating the Real Estate Forum to being elected as a Governor and Vice Chairman. It's the quintessential 'you get out of it what you put into it' exercise. Looking back over the past years, I can clearly see how being involved with AmCham China has helped my own growth, along with that of my colleagues at JLL. If there is one thing that I've learned, it's that there is something at AmCham China for everyone's interest. All you need to do is ask and you will find it there." Q



## Growing with China and Innovating for the **Future**

Entering the market in 1992, Microsoft has had a presence in China for more than 20 years. Microsoft's Founder, Bill Gates, had the foresight to establish an office in Beijing, accurately predicting the country's transition to the booming economy we see today. Today, Microsoft's most complete subsidiary and largest R&D center outside the United States is here in China. Microsoft has been working closely with customers and industry partners to realize innovation and both localize and land Microsoft technologies and solutions in China.



#### Above:

President Xi Jinping is introduced to the Microsoft Hololens at **Redmond Campus** 

Photo courtesy of Microsoft

Since the establishment of its first China office in Beijing in 1992, Microsoft has become one of the largest foreign investment enterprises in China. Microsoft China has been growing together with China's IT industry by collaborating in innovative ways with key stakeholders, including industry partners, customers, academia, and the government.

Microsoft China has become the company's most complete subsidiary outside the US. Today, Microsoft has around 5,000 full-time employees across sales, marketing, services, technical support, training, and research in China. With research

campuses and offices in 16 cities across China including customer service and support centers, China is one of the most important markets with a strategic significance to Microsoft.

In September 2015, Microsoft hosted Chinese President Xi Jinping and a high-level Chinese delegation at its Redmond campus, where the company highlighted new technology and the role technology can play in advancing health, education, and business.

During the visit, Harry Shum, Microsoft Executive Vice President of Technology and Research, provided a demonstration of Microsoft HoloLens, which offers the most immersive mixed reality experience, and of real-time data virtualization on an 84-inch Surface Hub powered by Windows 10.

#### Innovation in China and for the World

Microsoft has continued its investment and longterm commitment in China and the Asia Pacific region, laying a solid foundation for the development of Microsoft's Asia-Pacific Research and Development Group. Microsoft Asia-Pacific Research and Development Group consists of Microsoft Research Asia (MSRA), Microsoft Search Technology Center Asia (STCA), Microsoft Cloud and AI China, and Microsoft Asia Center for Hardware. The Group's operations form a complete chain of innovation from basic research, technology innovation and

product development, to local ecosystem development.

For the past 20 years, MSRA has worked alongside its academic partners focusing on basic research and nearly every Microsoft core product contains technological innovation from MSRA. MSRA-incubated product prototypes and next-generation technologies are helping Microsoft achieve its long-term development and vision for the future, particularly in the fields of computer vision, speech recognition, graphics, and natural language comprehension.

MSRA's research strength continues to be recognized by top international academic conferences and leading academic journals. As of July 2018, more than 5,000 papers from MSRA have been published.

Given the open nature of Microsoft's cloud, data, and intelligence platforms, Microsoft has built an ecosystem of innovators and entrepreneurs leveraging its technology and solutions to run business in China. This includes Microsoft Accelerator (MA), which has brought 332 Chinese startups to over RMB 200 billion in total market valuation thus far. Today, it has more than 17,000 partners in China, including 7,000 cloud service partners.

Microsoft AI & IoT Insider Lab, launched in Pudong New Area by working together with lab partner Zhangjiang Group, officially opened and began operations in May 2019. The first batch of 30 well-known enterprises and start-ups joined in. The Lab focuses on the deep integration and innovative development of AI and Internet of Things technology with manufacturing, retail, medical, financial, urban construction, and other industries.

In addition, Microsoft has long served as a cultural and innovative bridge between China and the US through industry and academic collaboration and exchanges. This includes the US-China Internet Industry Forum, which Microsoft had the honor of hosting in Redmond back in 2015 while President Xi was visiting the US. As a trusted partner of China, Microsoft is committed to enabling and fueling China's innovations.

#### "AI for Good"

The next wave of computing is already taking shape around us - from smart devices and sensors that can speak, listen, and act with the power of AI.



#### Above:

Microsoft China CEO Alain Crozier meets with Chinese students engaged in the Microsoft Intelligent Village School

Photo courtesy of Microsoft

Microsoft believes that technology can help address the most challenging issues in society and empower everyone to achieve more.

Leveraging Microsoft Seeing AI technology, Adjacent Technologies, a Microsoft partner, developed China-specific smart glasses to give the visually impaired the experience of knowing what lies in front of them.

Since 2006, Microsoft has been working with Hongdandan Education and Culture Center to support visually impaired people. Microsoft has been consistently providing volunteer and technology support over a decade. In 2014, we built an online audio library empowered by Azure, which enables people with visual difficulties to access audio books via mobile devices from anywhere at any time. Now more than 100,000 visually impaired people are using this service.

Additionally, a lack of qualified teachers and educational resources has led to an educational gap in remote areas. In partnership with the China Development Research Foundation, Microsoft provided an Intelligent Village School solution empowered by Kinect, Office 365, and Azure for remote real-time learning and teaching. Village students' educational performance and confidence have improved significantly.

#### With Great Power **Comes Great** Responsibility

A lack of access to digital skills and computer science education threatens to widen the income gap between those who have the skills to succeed in the 21st century and those who do not. Microsoft is well positioned to shine a light on the need for every child and young person to have access to computer science education.

Microsoft is very proud to have joined efforts with governments, non-profit organizations, and the education sector to foster future talents since the early 2000's and has focused on computer science education since 2013.

Besides providing IT skills training to more than a million people, Microsoft and its partners have provided innovative computer science education to Chinese students and training for teachers in rural and urban areas. More than 800,000 students have enjoyed this learning journey.

Microsoft's mission is to empower every person and organization on the planet to achieve more. Empowering people means that, with the right tools, anyone can become anything. **Q** 



#### **Phil Carmichael** Year as Chair: 1994

Phil Carmichael has spent 43 years doing business with China, most of that time living in country. From helping open the first US bank in Beijing in 1976, to managing the largest JV in China (building & assembling MD80 aircraft), and running seven divisions of Rockwell, he has also been a long-term supporter of AmCham China.

He also spent nearly five years as the most senior non-Chinese employee at Haier Group HQs, managing their overseas business. A Chicago native and Mandarin speaker, he also holds the first recorded title as a foreign homeowner in Beijing.

## An Original China Hand

A Board member (1991-93), Chairman (1994), and Vice Chair & Acting Chairman (1998), Phil Carmichael shares his experiences of advocating for members' interests in both the US and China.

Following the events of 1989, AmCham had been actively engaged in pushing the US government for the renewal of China's status as "Most Favored Nation" (MFN) in trading. Several trade delegations were organized, including a joint DC trip with AmCham Hong Kong, which met with the US President on this issue. Typically, AmCham met with more than 250 members of Congress to encourage renewal of MFN, under the logic of "constructive engagement."

On December 31, 1993, the PRC government cancelled the FEC (Foreign Exchange Certificate) system, a dual hard currency which had been in place since the 1970s.

As part of the new law, there was to be no price increases related to this policy change. The first response AmCham members faced was an 50% price increase from the labor supplier, FESCO.

Although counter to both the spirit and letter of the law, FESCO was adamant that they had the requisite authority to raise their fees. AmCham was initially joined by associations from several other countries in opposing the price increases, but quickly became the lone voice objecting to this. After a six-month stand still, during which most US companies had stopped paying FESCO fees, a three-person team from AmCham renegotiated the new overarching FESCO contract.

In 1994, AmCham regularly hosted Congressional Delegations, senior administration officials - including a visit from US Commerce Secretary Ron Brown – and supported the US Department of Defense's program for newly-promoted generals. Later in 1998, during which I was acting Chair



This picture shows Jane Redicker (fourth from left), AmCham China's first President, with her small staff of local employees. Kathy Wang (second from right) still works with AmCham China today.

#### Photo courtesy of AmCham China

for a time, AmCham was actively involved in the visit of US President Bill Clinton. Several events, both in Beijing and Shanghai, involved AmCham members, with the US President, the Secretary of Commerce, and the Secretary of State all in China.

AmCham had 300 members in 1994, many of whom were drawn from the American expat community living in Beijing. As such, we met a lot socially, at monthly luncheons at the Sheraton ballroom, the Ambassador's briefing in the Embassy, or at the newly-opened Capital Club.

During my tenure, we hired our first AmCham President, a "trailing spouse" called Jane Redicker, who helped organize our office in the Great Wall Sheraton. She oversaw a small, but gradually expanding, group of full and part-time local staff. We held monthly US Ambassador briefings, followed by well-attended networking sessions. We also had some training programs, which included some classes by Mercer. Q



The **Deloitte** brand entered the China market in 1917 with the opening of an office in Shanghai. Today, Deloitte China delivers a comprehensive range of audit & assurance, consulting, financial advisory, risk advisory and tax services to local, multinational, and growth enterprise clients in China.

> 2017 marked Deloitte's 100-year presence in the China market. Through a series of commemorative events, Deloitte China celebrated its successful journey in China with its talent, clients, and stakeholders.

#### A Fruitful Journey

The Deloitte China journey started from one office at 29 Nanjing East Road, Huangpu, Shanghai in 1917. From there, the firm has expanded to 22 cities, with four regional offices in Beijing, Chongqing, Hong Kong, and Shanghai. Over 100 years, the workforce has expanded from one person to more than 16,000 people. As the talent pool expanded, so has the firm's size. From the strategic merger of Haskin & Sells and Touche Ross in 1990 and union with Kwan, Wong Tan, & Fong in 1997, to mergers with Pan-China Certified Public Accountants Ltd. and Pan-China (Schinda) Certified Public Accountants in 2005, it has become the Deloitte China of today.

On the strength of its professional expertise and reputation, Deloitte has developed and grown dramatically, offering committed support to clients by providing expertise through a range of functions across five service lines: Audit & Assurance, Consulting, Risk Advisory, Financial Advisory, and Tax & Legal; and seven industry groups: Consumer; Energy, Resources & Industrials (ER&I); Financial Services (FSI); Government & Public Services (G&PS); Life Sciences

## A Journey of Progress: Deloitte China's first century and beyond

& Health Care (LSHC); Real Estate (RE); and Technology, Media & Telecommunications (TMT).

Deloitte has continuously built eminence as a leading professional services provider in the China market, providing clients with high-quality, multidisciplinary services. Deloitte serves about 80% of the Chinese companies listed in the Fortune Global 500, and has been recognized for its service excellence in multiple business sectors, named the No.1 Commercial Service Brand by Brand Finance, the No.1 Financial Advisor on Global M&A by Mergermarket, the No.1 of the 2018 top 100 tax firms by the China Certified Tax Agents Association, an A-class Accounting Firm by the Shanghai Institute of Certified Public Accountants, and certified as a Top Employer for Mainland China, Hong Kong, and Macao for 13 consecutive years.

#### **Living the Purpose**

Deloitte is, and has always been, guided by one purpose — to do what matters most for its clients, people, and society. The firm's aim is to "live the purpose" by what it does, driven by the will to be the best and by its approach to work, andbeing inspired by what is right. What sets Deloitte apart is simple: employees see their professional calling as more than just a business imperative. Clients are served with distinction, bringing original insights, solving complex challenges, and unlocking sustainable growth. The company aims to inspire its talented professionals to deliver outstanding value to clients, providing an exceptional career experience and an inclusive, collaborative culture. Moreover, Deloitte contributes to society by building confidence and trust in markets, upholding the

Company Story



Above:

Great American Auditing Co., the Chinese mainland ancestor, of Deloitte at 29 Nanjing East Road, Huangpu. Circa 1917.

#### Photo courtesy of Deloitte

integrity of organizations, and supporting local communities.

The company's values, beliefs, and behaviors influence how it reaches its goals, how decisions get made, and how the firm interacts with others. It shapes the competitive advantage that differentiates Deloitte from its competition.

On entering the 2019 financial year, Deloitte China launched its "4+1" culture — Courage, Innovation, Inclusion, Wellbeing + Integrity. Through this, employees are given the courage to take on accountability; promote an innovative mindset and embrace new technology; nourish mutual trust and respect; maintain a positive outlook and increase their sense of happiness; and adhere to the highest standards of professional conduct.

Deloitte welcomed in the 2020 fiscal year by adopting their updated global shared values to guide behavior towards making a positive, enduring impact:

- "Lead the way" is a nod to unmatched scale, scope, and service excellence
- "Serve with integrity" speaks to a commitment to doing the right thing
- "Take care of each other" reflects how

employees look out for one another

- "Foster inclusion" is about understanding that employees are at their best when they foster a diverse, inclusive culture
- "Collaborate for measurable impact" testifies to how people work together to deliver impact

Each employee is committed to living Deloitte's purpose, culture, and shared values, staying true to the standards they represent and honoring the legacy from which they emerged. Those are Deloitte's core values and are what sets the company apart.

#### **Adapt to Evolve**

The world is changing through disruption, transformation, and upgrading.

As a result, Deloitte is making strategic investments in integrating transformational technologies and data analytics into its solutions and products, across its businesses, to drive greater value for clients. A special milestone in this regard was the launch of a global advertising campaign around the world in September 2018, the first time Deloitte has ever run a campaign for a global audience, focusing on helping clients thrive in the technology revolution.

Deloitte China is actively pursuing transformation, not only to take the lead in audit, but also to develop into a multidisciplinary, "one-stop shop" with enhanced advisory services, led by the aspiration to become the undisputed leader in professional services. By enabling the audit function to advise clients as well, the firm is able to become more than just auditors, delivering more value as business advisors.

As a leader in professional services, Deloitte is also committed to helping companies thrive in the digital era through digital transformation by adopting disruptive technologies. Deloitte China's Digital Difference was launched in 2018 to showcase how its unique approach to advisory — integrated, end-to-end solutions incorporating Digital, Analytics, Cloud, Cybersecurity, and Compliance — allows the company to stand apart. The campaign focuses on service capabilities, showing how they can continue to drive clients' technological advances.

The formation of Deloitte Asia Pacific in September 2018 brought together

partnerships from Australia, China, Japan, Southeast Asia, and New Zealand, enabling the firm to better achieve its purpose and contribute to attaining undisputed leadership in professional services in all markets in alignment with Deloitte's global strategy. With Asia Pacific expected to be the fastest growing region in the world over the next few decades, going to market "as one" will allow the company to evolve and capitalize on the opportunities presented by this rapidly evolving environment — unlocking the potential for market leadership as a stronger and more connected regional entity.

#### **Future is Now**

The 4th Industrial Revolution connects emerging technologies and smart production processes, forging a path to a new technological age that will radically transform industries, value chains, and business models. Deloitte is inspired by the promise of this industrial revolution. Its acceleration of technology and digitization across all aspects of life presents an incredible opportunity. People, and the organizations they are a part of, are preparing for the prosperity and progress this offers.

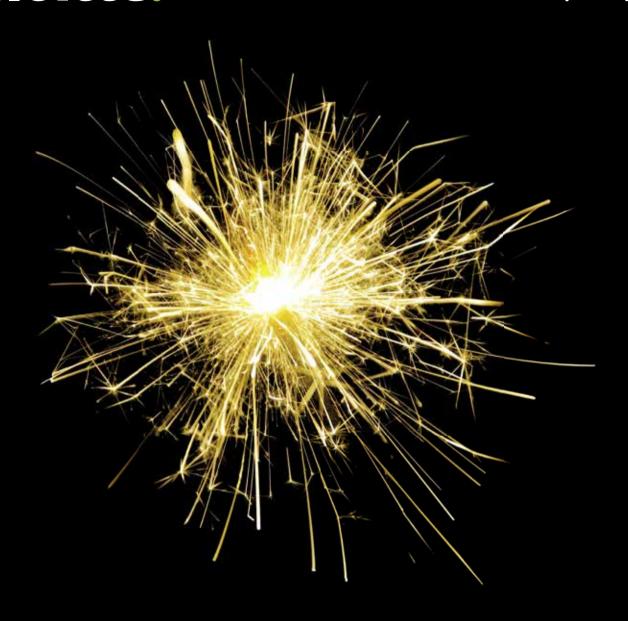
Deloitte China WorldClass, part of a Deloitte Global initiative, will impact 10 million futures in China, transforming the agricultural sector by modernizing management practices, raising farmers' incomes and living standards, tackling environmental pollution, and improving food safety. Additionally, it will create sustainable rural job opportunities by supporting new service industries and developing local expertise to meet their needs, while empowering people to thrive in Industry 4.0 by improving access to education, and enhancing the skills of millions of left-behind rural children and families of migrant workers.

#### On the Move

Today, the Deloitte China network of firms, as part of Deloitte Asia Pacific and backed by Deloitte Global, is making a measurable impact that matters in a diverse, yet integrated, way. As China enters a new era of development, Deloitte will continue its commitment to adding value for clients and China's social development, building on the 175-year legacy of Deloitte's globally connected network. **Q** 

## Deloitte.

### 德勤



### Celebrating a 100-year legacy in China



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Over the past 137 years, ExxonMobil has evolved from a regional marketer of kerosene in the US to one of the world's largest publicly traded petroleum and petrochemical enterprises in the world.

ExxonMobil develops and applies next-generation technologies to help safely and responsibly meet the world's growing needs for energy and high-quality chemical products. ExxonMobil holds an industry-leading inventory of resources and is one of the world's largest integrated refiners, marketers of petroleum products, and chemical manufacturers.

#### **Lighting the Way**

ExxonMobil has a long history in China dating back to 1892 when its predecessor Standard Oil began marketing kerosene With a history in China that dates back to 1892, **ExxonMobil** has expanded its China-based operations in many aspects, pervading the full energy spectrum with a business portfolio that spans upstream and downstream businesses, chemicals, and technology.

to light the Mei Foo lamps in Chinese homes. In 1905, a massive warehouse and terminal was opened in Canton (now Guangzhou) for the storage and distribution of cases of kerosene and also ExxonMobil's legendary marketing tool – the Mei Foo lamps. In 1930, ExxonMobil's first oil terminal in Hong Kong was opened in Lai Chi Kok, now the site of residential compound Mei Foo Sun Chuen and Mei Foo MTR station.

Since the late 1970s, as China reopened its market to foreign

participation, ExxonMobil has gradually re-engaged in many aspects of China's energy industry. Today, ExxonMobil's business portfolio in China spans the full spectrum of the industry, from upstream to downstream, chemicals, and technology. By 2018, ExxonMobil had around 1,500 employees in China. The enterprise has developed management layers and local leaders over the years, and some of our Chinese employees are now working at other ExxonMobil locations around the world.

#### **Exploring China**

ExxonMobil began exploration activities in the late 1970s, participating in the first offshore tender round and being the first international oil company to acquire exploration and production rights in northwestern China. ExxonMobil remains interested in looking for high-quality opportunities in conventional and unconventional resources.

In 2009, ExxonMobil signed longterm liquefied natural gas (LNG) sales and purchase agreements with PetroChina and Sinopec, respectively. Four LNG ships were built at China's Hudong-Zhonghua Shipyard to help ExxonMobil supply LNG to China from Australia and Papua New Guinea. In October 2018, ExxonMobil signed a sales and purchase agreement with Zhejiang Provincial Energy Group for LNG supply. Under the agreement, Zhejiang Energy is expected to receive 1 million metric tons per annum of LNG over 20 years.

ExxonMobil, along with Saudi Aramco, Sinopec, and Fujian Province formed the first fully integrated refining, petrochemicals, and fuels marketing venture with foreign participation in China in 2007. The world-class Fujian refining and petrochemical complex started up in 2009. A fuels marketing joint venture

owned by Sinopec, ExxonMobil, and Saudi Aramco markets diesel and gasoline produced by the refinery through a network of distribution terminals and more than 1,000 service stations throughout Fujian Province.

#### **Opportunities Abound**

ExxonMobil markets a variety of petrochemicals in China to meet the growing needs for a broad range of applications in packaging, automotive, industrial, and consumer goods as well as hygiene and personal care products. In addition to the participation in the Fujian refining and petrochemical complex, ExxonMobil manufactures specialty chemicals at a wholly-owned plant in Guangdong Province and a joint venture near Shanghai.

ExxonMobil is looking for investment opportunities for large chemical complex projects in Asia including China. On September 5th, 2018, ExxonMobil signed a cooperation framework agreement with the Guangdong Provincial People's Government and an initial investment agreement with the Huizhou Municipal People's Government and the Administrative Committee of Huizhou Dayawan Economic and Technological Development Zone to advance discussions concerning the proposed construction of a chemical complex in the Huizhou Dayawan Petrochemical Industrial Park. Currently, all parties are working on progressing the project.

ExxonMobil Shanghai Technology Center (STC) opened in 2011 to develop and deliver innovative solutions to customers throughout China and Asia Pacific. In April 2018, we completed the multi-million dollar expansion of STC. The expansion includes a new, state-ofthe-art research and development facility to support customer growth through collaboration and innovation.

ExxonMobil also markets automotive. commercial, and industrial lubricants in China under the Mobil brand. Two stateof-the-art lubricant plants are located in Taicang, Jiangsu Province and Tianjin.

ExxonMobil opened Asia Products Technology Center in Shanghai in 2015 to provide innovative lubrication solutions for customers in Asia Pacific and China. Through its Mobil Wind Turbine Service, ExxonMobil is dedicated to bringing safety, environmental care, and productivity to China's wind farms.

#### Sustainability

Critical to maintaining a sustainable business is understanding and addressing the interests of the communities where we operate. We partner with governments and nongovernmental organizations to strategically invest in programs that meet community needs.

ExxonMobil's efforts in sustainability are focused in six areas: safety, health and the workplace; environmental performance; managing climate change risks; local development and supply chain management; community and social impact; and corporate governance.

ExxonMobil is not just a global company, but also a global citizen. Exxon-Mobil is committed to helping meet the world's energy needs while addressing the challenge of sustainability. Sustainability is embedded in every aspect of ExxonMobil's business, underpinning risk management processes and a disciplined approach to the environment, safety, health, socioeconomics, and interaction with local communities. Q



#### Above:

ExxonMobil executives celebrate the completion of the Taican Expansion Project

Photo courtesy of ExxonMobil



Jim McGregor Year as Chair: 1996

James McGregor is Chairman of APCO Worldwide's greater China region and author of two highly regarded books: No Ancient Wisdom, No Followers: The Challenges of Chinese Authoritarian Capitalism, and One Billion Customers: Lessons from the Front Lines of Doing Business in China.

Prior to joining APCO, McGregor was the founder and CEO of a Chinafocused consulting and research firm for hedge funds, a reporter for The Wall Street Journal and Chief Executive of Dow Jones & Company in China. He is a member of the Council on Foreign Relations, the **National Committee** on US-China Relations, the International Council of Asia Society, and a board member of the US-China Education Trust. He has lived in China for three decades. He splits his time between Shanghai and Beijing.

### Reporting from the **Front Lines** AmCham China's

10th Chair since its reestablishment, Jim McGregor has been covering the business environment here for close to 30 years.

I came to China with The Wall Street Journal in 1990. I had been with the WSI in Taiwan before that, where I was a member of AmCham. I thought it was normal to be a member as a journalist, because it gave me a chance to interface with the business community. So when I got to Beijing, I tried to join AmCham. But there was one guy by the name of Bill Webb, a former military attaché who then headed up UTC in China, who threatened to resign from the board if they let a journalist join AmCham. Tim Stratford at the time was head of the commercial section at the US Embassy. So I went and talked to Tim about this.

In those days, the ambassador would do a briefing for journalists and a separate briefing for AmCham. And I said, "Look, I don't want to be in on the briefing of the ambassador and the AmCham members. They deserve to keep that private and away from a reporter. I just want to go to the receptions and other open events so that I can talk to these business people face-to-face." After 1989, it was difficult to talk to business people. When I first arrived in Beijing, I called the head of IBM and he hung up on me. I was

grateful when Tim Stratford intervened and got me into AmCham.

In 1994, I left the reporting side of the WSJ, and became head of Dow Jones - the business side of the same company. As I was now a businessperson in AmCham, I could be in on all the meetings. But my brain still operated like a reporter. I found myself sitting there listening to these guys' stories about their companies and all the troubles they were having in China. In my brain, I was thinking, "That's a great story!" But, of course, I couldn't write them because I was no longer a reporter. Then in 1996, I became AmCham's Chairman.

#### **Dining with Dignitaries**

In those days, we used to meet in the Capital Club. Our membership consisted of many more foreigners than today proportionally. The board could have dinners with Chinese ministers in those days. On one occasion, Commerce Minister Wu Yi talked about how AmCham was so difficult as we were always putting forth demands. She said that the Europeans were

> much easier to get along with. I replied that the Europeans were just afraid to tell the truth and that they were hiding behind the US. In my Chinese studies, I had just learned "jiu tou niao" (九头鸟), the chengyu about the "nine-headed bird". So I said "They're just 'jiu tou niao", meaning that they're dishonest. The chengyu is generally used by Chinese people to describe people from Hubei province. It turns out Wu Yi is from Hubei. Whoops! I had insulted her. But feigned anger and then she burst out laughing. She knew I was just a confused foreigner.

It was so much more open back then. I used to watch the "Xinwen Lianbo" evening news and it would be all these segments of the Chinese leadership, Jiang Zemin and Zhu Rongji, meeting with foreign business people and foreign dignitaries.



Jim McGregor with Vice Premier Wu Yi in 1997

Photo courtesy of AmCham China



#### l eft:

From left to right: John Holden (Chairman 1997), Henry Kissinger, Jim McGregor (Chairman 1996)

Photo courtesy of **AmCham China** 

They were very open because they needed investment. When I was a reporter, I would go out to a province and I would be able to meet with a party secretary or a mayor, and they would give me their talking points on whatever the playbook of the day was, then they'd switch into their nice mode and say, "Ok, you're from The Wall Street Journal. How can you help us get foreign investment here?" It was a very, very different day and age.

We used to host a lot of delegations. There was one that blew up. Warren Christopher, the Secretary of State, had a breakfast speech and meeting with AmCham. The press was in the room. At the time, Bill Clinton had said that he would not renew MFN unless China took certain steps on human rights. He eventually had to back down. But when Warren Christopher met with AmCham, he was asked some very sharp questions by myself and others during the Q&A, and the media did a story on how the business community had attacked the Secretary of State.

#### **Memories of Other** Chairs

John Hart (Chairman 1992-93) was just a wonderful man. He was a very accomplished sinologist going back to WWII. He grew up in Portland, Oregon. When he was a kid, he would walk by a Chinese restaurant, where he used to go hang out with the owner. That got him interested in China.

I remember Phil Carmichael (Chairman 1994) was really, really involved in AmCham. He really cared about it. I remember when we were having trouble getting senior people to join the board.

Phil and I started arranging breakfasts with various China CEOs of large American multinationals to convince them that it was important that they be on the board of AmCham. I remember meeting Ray Bracy, who at that point was the head of Boeing, and convincing him to join the board.

Bill Warwick (Chairman 1995) was a very senior guy, the head of AT&T. He was a gentleman, and was a good advisor for me. I came out of journalism, and all of a sudden I'm in business and I'm head of AmCham, and I needed somebody from the corporate side to tell me, "You should think about this this way or that way". Both he and Meiwei Cheng, who was my Vice Chairman, helped a lot. Meiwei had been head of AT&T, and by the time he was my Vice Chairman he was head of GE.

I remember Rudy Schlais (Chairman 1998) was the one that really knocked it up a couple notches because he came in from a big corporation and he was very senior at GM. He brought in his whole team and the first thing he did was hold an offsite strategy meeting like you would with a corporation to come up with a fiveyear plan for AmCham.

#### **Doorknock Debates**

We've had some memorable interactions in DC over the years. I remember a meeting with a congressman, who was sponsoring a piece of China-related legislation. He also had written an op-ed piece that strongly criticized a few American corporations that were lobbying to strip down the bill. He opened the meeting with a 10-minute monologue on how Donald Trump was the smartest person in history, and was playing chess while the rest of us

were playing checkers. We just listened quietly, and then he started talking about the bill. I said to him, "Look, we support this, but the process has to be transparent. If it's not transparent, we're going to look like the Communist system, where everything goes behind the wall and you don't know what's going on."

I think he was half listening to me, and he just heard that it looks like the Communist system. So he erupted and began yelling at me. "You're calling me and President Trump Communists? How dare you? Get out of my office! Get out of my office! I should write an op-ed about you!" I thought it was kind of entertaining. I used to be a reporter in Congress so I'm not intimidated by these guys. I said to him, "Congressman, you misunderstood me. I was talking about transparency. We're actually on your side." I looked over at AmCham President Al Beebe, who was leading the trip to look for indications of whether or not I should leave. Al gave me a you-don't-need-to-leave smile, so I stayed. The congressman eventually cooled down and we went on with the meeting.

#### **Hopes and Concerns**

AmCham China has become much more professional over the years. And I think much more of a key player in Washington. China has always paid great attention to us. Whether Chinese officials agree with us or not, they listen to us. But we have become more important in Washington. We get good meetings and they listen to us now, because of the difficulties, but also because we're on the ground in China, and we know what we're talking about. These days, there are so many people in Washington who don't know much about China but are in there trying to influence policy.

One of the concerns with AmCham now is that we're getting more and more people heading up multinationals in China who don't necessarily see the value in AmCham as an advocacy organization. A lot of them have their own personal connections to the government and think they can handle it all themselves. But they don't realize that working behind the shield of a trade association like AmCham allows you to push harder and at a much higher and broader level on the government than you would at a company level. So I wish more and more companies would continue to recognize the value of AmCham. **Q** 



As AmCham China closed out the 1990s a series of major developments and successes pointed the organization down its future path as the authority in all things US-China business.

By the turn of the century, AmCham China had grown from fewer than 300 members at the time of the organization's official registration to well over 1,100 members. The significantly increased membership now demanded a greater range of services, networking opportunities, and advocacy efforts in search of its success in the Middle Kingdom. In service of its members, the Chamber developed a set of tools to help China become a better place to do business - for the benefit of China, as well as for foreign multinationals.

#### Surveying the Crowd

In 1995, the Chamber conducted at least five surveys, including those on compensation, housing, the World Trade Organization (WTO), and intellectual property rights (IPR) protection.

"We tried to start putting together the kind of information companies needed to make decisions in a market like that," said Jane Redicker, the Chamber's first Executive Director from 1995-98, a position now known as President.

The early surveys were very simple. The Policy & Public Affairs Committee Survey from 1995, for example, had just 12 questions. Respondents had to express the importance, on a four-point scale, of issues such as "Inability to import, sell, install/service your company's own

## At the Turning of a Century: **AmCham China History Part II**

equipment," or "Dual pricing of Chinese and foreigners." The results of the survey showed that high entry costs were the No.1 challenge members faced, followed by the "general difficulty of doing business in China".

By the end of 1997, the surveys became more sophisticated, and members' top concerns wouldn't seem out of place today: (1) Restrictions on the scope of business, (2) Lack of transparency, (3) Inconsistent enforcement, (4) Difficulty of hiring, (5) High import tariffs and taxes.

By 1999, the survey had adopted its current name, the Business Climate Survey, and its influence beyond the Chamber has expanded greatly. In the 2019 survey, over 300 responses were analyzed, the results of which have been used by news media and commentators throughout the year to justify the full spectrum of positions on many issues.

#### A Unified Voice

In 1998, the Chamber also started working on what became its flagship publication, the American Business in China White Paper, an annual summary of the major issues for member companies with recommendations for both the US and Chinese governments.

"China was getting ready to get into the WTO, and there was a consensus that as a business community, we have to speak up," said lawyer Tibor Baranski, who served on the drafting committees for the first two years of the White Paper's existence. "As a community, we can raise issues that individual companies would find very difficult, if not impossible, to raise."

Initially, there was a high degree of reluctance among the board. But eventually the decision was made to go ahead, and volunteers stepped forward to write chapters that would be compiled by the



#### Left:

Current AmCham Chairman Tim Stratford (left) and Former **USTR** Charlene Barshefsky (middle)

Photo courtesy of **AmCham China** 



#### Above:

AmCham China's first American Business in China White Paper (1998-99)

Photo courtesy of AmCham China

Public Policy Committee under Christian Murck, who later led the Chamber as both Chairman and then President.

"You start by trying to give a very frank, concrete, non-polemical, informative view of what's going on," Murck said. "Second, you try to do it from a win-win perspective, because we're all foreign companies here and therefore guests of the government. Finally, you avoid allowing the White Paper to be focused on the needs of any single company."

The first White Paper was 65 pages long and was structured in a similar way to those produced today. There was a macroeconomic analysis, followed by business issues, industry-specific issues,

and recommendations. And it was bilingual, as they are today, making it a source document for describing the relevant issues in Chinese.

Then-President Michael Furst (1998-2003) remembers the first White Paper attracting a lot of attention. The timing was good, as negotiations over China's accession to the WTO had reached an impasse, and because it was largely written by the membership, its credibility in reflecting the interests of American business meant it "could not be ignored," Furst said. "The original White Paper was so powerful that it was hard to differ with or argue against."

#### **Triumphing Trade**

However, as AmCham China entered the new century, not all its endeavors were such smooth sailing. AmCham China was sending delegations to Washington twice a year to help get China's WTO bid over the line - a massive issue at the time, and a process that took 15 years to eventually complete.

China began to pursue WTO membership in 1986, which generated a lot of interest among the Chamber's members. "We were enthusiastic about China joining the WTO, very excited, and very interested in the details," said Sally Harpole, who was the Chamber's Chairman at the time.

But China's entry to the WTO meant that China was even more important in the US-China business relationship, and the Chamber hosted a succession of senior administration figures from both sides, including regular briefings from US Trade Representatives and Commerce Secretaries.

Progress on China's accession to the

WTO continued at a glacial pace during the early 1990s, and ground to a halt following the Third Taiwan Strait Crisis in the run-up to the 1996 elections in Taiwan

Even so, the following year relations began to improve, and Clinton's groundbreaking visit to China in 1998 paved the way for negotiations to accelerate. Zhu Rongji, who had taken over as Premier, saw an opportunity to apply external pressure in his bid to reform China's economy.

The vote on May 24, 2000, was close, but decisive. The House voted 237-197 to grant China permanent normal trade relations, which the Chamber praised in a press release. A subsequent 83-15 vote in the Senate sealed the deal, but more drama surrounded negotiation of the final details of accession.

"I thought, 'This negotiation process is really doomed," China's Chief WTO Negotiator Long Yongtu said about the impact of the Sept. 11, 2001 terrorist attacks. Addressing AmCham China members less than a month later, he said that although negotiations were suspended for a couple of days, the US team quickly offered to come back to the table. "This showed me that in times of difficulty, China and the US can work together."

Thanks in large part to AmCham China, China joined the WTO on Dec. 11, 2001. China's Ambassador to the WTO, Sun Zhenyu, expressed his appreciation to the Chamber for its work during that period. "AmCham has played a very prominent role in promoting China-US trade and economic cooperation," he told an audience of AmCham China members in April 2005.

#### **Future Foundations**

The transition into the 21st century truly marked a new era for AmCham China, defined by a shift in what the organization represents to the US and Chinese governments and to its members, and the maturation of the Chamber's role in the US-China business landscape. Through the hard work of its leadership, developing base of staff, and its exponentially growing membership, the Chamber established much-needed products and services for a class of pioneering multinationals looking to succeed in a foreign land, while simultaneously working to bring China onto the world stage. **Q** 



Left: Vice Premier Wu Yi delivers keynote at 2007 Appreciation Dinner

Photo courtesy of **AmCham China** 

## Chocolate for China

Mars was among the first foreign chocolate players to move into the Chinese market in 1990, and plans to continue to build its brand in China by opening retail stores to complement its food safety hub, as well as introducing new flavors to the local market, in addition to its emphasis on a wide line of pet foods for the Chinese market.

In 1911, two men from the Mars family discovered their passion for food and started their career in a kitchen. 30 years ago, Mars tapped into the China market with its first chocolate brand Dove. The products' high quality and good taste provided an inspirational experience for Chinese families with joyful memories of their younger years.

Dating back to 1989, Mars Wrigley officially established a gum company in Guangzhou, which has witnessed and contributed immensely to the prosperity of Mars' business in China over the past decades. In the same year, Mars also introduced pet food for dogs and cats to China. Soon thereafter, it built a pet food factory in Huairou, Beijing in 1995, marking China's first national pet food factory.

Mars continued to explore a higher yield and viable supply chain by building factories in China to invest in local production. In 2004, the Mars Wrigley gum factory in Shanghai started operation, certificated as ISO9001, ISO14001, and ISO22000. Later in 2006, the Mars chocolate factory in Jiaxing was put into operation, and the pet factory in Huairou was upgraded with the latest design concepts. In 2012, the Yonghe factory was launched in Guangzhou, making it the region's only LEED-certified confectionery plant, as well as one of the nation's first.

#### Transformative Solutions

Continuing to seek out cutting-edge products, services, and solutions for China, Mars has also introduced China-driven innovations. 2018 was a highlight year for Mars China, full of remarkable breakthroughs in terms of strategy, especially progressing from "being present" to "becoming relevant" in the local market and strengthening efforts in transformation. The launch of new brands of BE-KIND and tailored, innovative Mars Foods products at the first China International Import Expo presented a lively example of Mars' ability to diversify healthy product offerings for Chinese consumers.

And, with an ambitious objective to not only play, but lead digital trends, Mars established the Global

Digital Innovation Center in China in 2017 to serve the fast-growing digital market here. Using the most advanced technologies, Mars is putting great efforts





Mars Global Food Safety Center in Beijing

**Photos courtesy of Mars** 

### "Mars has not only introduced gum, chocolate, and pet food categories to more than one billion Chinese consumers, but also made sure to contribute to a responsible business."

towards improving productivity, content effectiveness, and generating insights for future campaigns. Mars is also applying virtual reality for innovative applications, such as to visualize Shanghai M&M's World on the T-mall platform, and enhancing the online consumer shopping experience. Additionally, augmented reality mini games are helping to bring more immersive experiences to store visitors.

Mars also collaborates with leading digital giants such as Alibaba, Tencent, and JD.com to enhance efficiency while driving new models of digital retail through collaboration with local tech companies, like Sinovation Ventures AI Institute. On Aug 10-12, 2018, the first Mars Hackathon was successfully held in Beijing to inspire new retail models in the digital era.

#### **HOAP** for the Future

Since its market debut, Mars has not only introduced gum, chocolate, and pet food categories to more than one billion Chinese consumers, but also made sure to contribute to a responsible business. Dating back to 2005, Mars spent 10 years in China working with partners from business and academics on High Oleic Acid Peanut (HOAP), an improved peanut strain that is safer, more environmentally friendly, and has a longer shelf life.

HOAP contains more oleic acid, which is healthier and oxidizes slower than normal peanuts. It is the critical ingredient to provide nutrition and long-lasting freshness for Peanut M&M's. While China is the world's largest peanut-producing country, it had no HOAP. Therefore, the program was initiated with the aim of promoting HOAP and building a viable supply chain in China to provide Chinese consumers with high-quality and tasty peanut products.

It is not easy to cultivate domestic HOAP as foreign HOAP varieties don't fit in China's agricultural ecosystem, contract farming is expensive and risky, and, most importantly, it's hard to influence agricultural industry without government support. To address these concerns, Mars took a creative approach in partnering with the National Agricultural Technology Extension Service Centre (NATESC), a service institute under the Ministry of Agriculture and Rural Affairs to set up a working platform called the

National HOAP Promotion Cooperative Group. This platform has attracted more than 30 members who are key players from different parts of the peanut industry, including breeders, seed companies, farmers, processors, and end-user companies.

The cultivation progress covers the whole HOAP lifecycle. Since 2008, Mars has partnered with top peanut breeders to transfer the latest breeding technology into China and develop fit-for-China varieties. Mars then collaborated with NATESC to analyze released HOAP varieties in experimental farms, peanut processing lines, and certified peanut labs against various criteria, and in Mars labs. To ensure the yield, quality, and food safety, Mars developed Good Agricultural Practice guidance and provided on-site trainings to farmers and agricultural cooperatives to help them grow high-quality peanuts, thereby increasing income. In 2019, Mars successfully contributed to the release of more than 40 HOAP varieties and assessments via the platform, applying the first batch of HOAP to M&M's

Mars has also initiated and expanded its "Sustainable in a Generation Plan", with focuses on a healthy planet, thriving people, and nourishing wellbeing. It has strived to promote shared value for its stakeholders throughout the whole value chain. Mars has made progress in areas, including building the Mars Global Food Safety Center in Beijing to tackle food safety issues, strengthening investment of responsible purchases, and promoting zero carbon emissions.

#### Forward-thinking Food

As a family business, Mars enjoys the privilege of having financial freedom to see beyond the numbers and think and act in the long term. Frank Mars once said, "Consumption must be strong if we all aspire to have our needs met. It is also critical for a nation's economy. However, consumption must be sustainable before it is strong, so that we can continue to have each of our growing consumption needs met in the years, decades, and centuries ahead."

Mars is working to introduce healthier choices for Chinese consumers, and it will also work with Chinese government, industry, and academics to drive sustainable consumption, and deliver a better tomorrow starting today.



#### John Holden Year as Chair: 1997

John Holden's China career spans more than four decades, 28 years of which he spent on the ground in Greater China. Now head of the China practice at McLarty Associates, he previously served as President and CEO of the US-China Strong Foundation after a decade in Beijing as Managing Director and Senior Counselor for Hill+Knowlton Strategies; Founding Chairman of Shaklee (China); Associate Dean at Peking University's Yenching Academy, and Professor of Practice at its **Guanghua School** of Management. From 1998 to 2005, Holden was President of the National Committee on US-China Relations.

## **Future Promise**

An AmCham Board member across more than a decade, John Holden describes meetings with Premier Zhu Rongji and Vice President Al Gore, among others.

The year I served as AmCham chair stands out as the most memorable of my two-plus decades in China. Deng Xiaoping's 1992 "Southern Tour" had reinvigorated "Reform and Opening," and had led to a rapid rise in foreign investment. American firms were among the most active, and AmCham was thriving. Membership grew 17% that year.

AmCham was then, as it is now, on the front lines of US-China commercial relations. Our annual spring "Doorknock" played an important role educating members of Congress in the debate over renewal of China's Most Favored Nation (MFN) status. We had excellent access to senior Chinese officials, to whom we represented AmCham members' concerns.

My favorite Chinese government interlocutors were the brilliant Premier Zhu Rongji and Madam Wu Yi, the charismatic Minister of Foreign Trade and Economic Co-operation (MOFTEC), who subsequently served as a Vice Premier. Wu Yi was charming, witty and tough; conversations with her were never dull. I am not sure she would say the same thing about me, though. I recall a small dinner we hosted for her at the Capital Club during which I lobbied for China to stop blocking imports of US wheat that contained traces of TCK (Tilletia controversa Kuhn) spores. She listened politely, eyes glazing over until I realized I'd gone on too long. The next time I saw her she called me "Mr. TCK."

I'll now reveal, for the first time in print, details of a breakfast in honor of Vice President Al Gore. AmCham members packed a sold-out hall in the China World Hotel waiting for Gore's arrival. My first task was to meet him at the elevator. He was late. Then the doors opened and out he came, barely acknowledging me as he charged ahead, Ambassador Jim Sasser hustling to stay with him. He spotted one of his staff and proceeded to chew her out for about five minutes, which seemed like an eternity since the program was already 15 minutes late.

Later that day, I learned what the problem had been. Gore was already on his way to a presidential bid and was therefore furious when he woke up to



Above: John Holden (right) presenting a hand-carved wooden bull to Vice President Al Gore in the hopes that US-China relations would be "bullish" in 1997 - the Year of the Ox (bull).

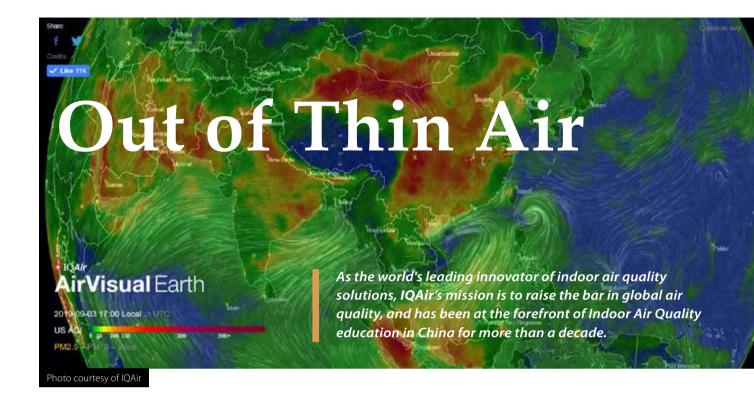
Photo courtesy of AmCham China

learn that the front page of the Washington Post had a photo of him and then NPC Chairman Li Peng toasting one another. I couldn't hear what he said to the poor staffer whom he blamed, but judging by their body language, it wasn't pretty!

Speaking of Jim Sasser, getting to know him and his delightful wife Mary was one of the great pleasures of my time in Beijing. He proved to be a quick study on China and, perhaps most importantly, was an effective tutor to the Chinese leadership about the workings of the American political system.

1997 held the promise of better things to come in US-China relations. We were active in supporting China's bid to enter the WTO, arguing that having China adhere to the obligations of membership in a global, rules-based trading regime was preferable to leaving her outside. Some commentators now allege that our promise was that this would lead to democracy in China; this is simply not true. Nor did we claim that WTO membership for China was a panacea that would solve all trade and investment disputes.

The past 22 years have seen a steady growth in the breadth and depth of bilateral interaction - both cooperative and competitive. The challenges of managing this complex relationship has never been greater, and never more in need of the on-the-ground expertise that AmCham has contributed over the years. **Q** 



IQAir has always had the mission of empowering people to breathe clean air. Traditionally, it has done that by designing and manufacturing market-leading air purifiers. More recently, its location in China is driving the 55-year-old company to innovate in different ways: using big data and artificial intelligence (AI) to give millions of people across the globe access to timely air quality data - often for the first time.

This shift demonstrates how some companies doing business in China don't simply localize for the Chinese market, but can also brainstorm and innovate to solve problems that impact the world. In IQAir's case, it is taking on the world's biggest environmental threat to health: air pollution. Nine out of 10 people, or 6.9 billion, are breathing unhealthy air, according to the World Health Organization. Yet most don't know it. While China now leads the world in terms of the number of government air quality monitors, governments in many other parts of the world don't publish this information in real time.

This means that there is an inequality between the air quality "haves" and the "have nots"; the "haves" can take action to protect themselves if the air is bad, while the "have nots" - who often live in the most polluted regions - lack this

essential health data. IQAir has set out to change that.

#### **Digitization and Visualization**

IQAir acquired its data-oriented arm, AirVisual, in 2017. AirVisual was a startup founded in Beijing to help people understand the air around them. Today, IQAir AirVisual continues to provide real-time air quality data for free, and in an easily understandable way, on its app and website, www.airvisual.com. Its award-winning AirVisual app has more than 10 million users alone and has passed the 4.7-star rating, an outstanding achievement for an international app.

To do this, IQAir AirVisual processes billions of data points each day, reporting from a range of sources including government monitoring networks and its own outdoor monitors.

In a short time, it has become the largest aggregator of real-time and historical air quality data, and a reference for news media across the world.

In March, in partnership with Greenpeace, IQAir published the first world air quality report to use up-to-date data. It ranked countries and cities according

to average PM2.5 levels during the past year - the top 50 most polluted cities were all in India, China, Pakistan or Bangladesh - and raised awareness of air quality issues in places where it had hardly been acknowledged before. Each day, it continually updates its major city rankings on its app and website, and publicity of Jakarta frequently topping the rankings led to the city's authorities announcing an air pollution control plan, with the raising of vehicle emissions standards, taking older vehicles off the roads, and levying congestion charges among the measures.

#### **First to Forecast**

Building on its rich, storied history as a traditional hardware company, IQAir has now entered the exciting, limitless world of AI and big data, transforming into an air quality technology company that delivers data-driven solutions to the world's problems.

Demonstrating its innovation, Air-Visual's largely China-trained team has developed its own validation and calibration systems to verify all air quality data before publishing it to its platforms to ensure accuracy. These systems use machine-learning, an application of AI that gets computers to act without being explicitly programmed.

Using big data and AI, AirVisual was the first to offer a global air quality forecast, enabling people to plan their week ahead according to expected pollution levels.

#### A Personal Perspective

Data is the first step, and giving people tools to monitor their own air is also key. Being located in Beijing was the driving force behind AirVisual developing and producing the world's smartest air quality monitor, which can be used indoors and outdoors. Indoors, it not only tests particulate matter (PM2.5) density levels, but also warns when carbon dioxide levels are getting high.

Too few people know that when homes and offices are well-sealed and purifiers are running, oxygen levels can drop, leaving some people drowsy and with headaches, and lowering productivity levels.

Outdoors, people can choose to use their AirVisual Pro as a community monitoring station, sharing the data with the AirVisual platform so people in their area - and across the world - can follow hyperlocal pollution levels.

#### A Global Perspective

Air quality data helps people understand their environment, and it also helps activists advocate for better air. When Abid Omar, a longtime Beijing resident, returned to his home country of Pakistan, he decided to solve the problem of a lack of air quality data by setting up a network of Air-Visual monitors in Pakistan's four largest cities. The public shock at the data led to a public interest petition and a court order

for the government to publish once-daily pollution readings until real-time data, like AirVisual's, is available. Omar's Pakistan Air Quality Initiative continues to grow and will soon operate 50 monitors.

Similarly, in Mongolia, collaboration between AirVisual and a Czech-based NGO has enabled Mongolians living outside the capital, Ulaanbaatar, to also have access to air quality data via AirVisual monitors. In Thailand, more than 1,000 AirVisual Pro monitors have been deployed, including at 100 schools.

Individuals, communities, organizations, and companies running such monitors have helped AirVisual build the world's largest network of connected air pollution sensors powered by AI. This has enabled clear and accurate global pollution mapping, and led to IQAir creating the world's first real-time air pollution map, AirVisual Earth www.airvisual.com/earth, a mesmerizing view of pollution airflows and the Earth's health. Its base in Beijing has spurred this innovation.

Out of a global workforce of 500, IQAir has more than 200 employees in China across 15 offices. IQAir's air monitoring product development and data department is located in Beijing. A China-trained software and product development team works closely with Swiss designers, and IQAir works with Chinese manufacturers to develop the most accurate low-cost pollutant and CO2 sensors.

#### **Bringing Traditional Business into the Information Age**

The data-driven innovations have also influenced IQAir's traditional business. By

using the Internet of Things, a network of connected objects that collect and exchange data, IQAir is able to control its air purifiers and indoor environments via cloud computing. Developments like these build upon IQAir's history that began in 1963 in Germany when brothers Klaus and Manfred Hammes, wanting to reduce the indoor air pollution in homes from coal ovens that were popular at the time, introduced the world's first residential filter.

IOAir has been at the forefront of indoor air quality education in China for more than two decades. In the early days, IQAir's customers were multinational corporations, hospitals, and Chinese educated overseas. In 2003, the Hong Kong Hospital Authority selected IQAir portable air purifiers to help prevent the spread of the SARS virus. In 2014, IOAir received national attention when the Chengdu Research Base of Giant Pandas installed IQAir HealthPro systems in panda nurseries to protect the health and development of newborn pandas.

In 2016, the company founded IQAir (China) Sales & Service Co., Ltd, initially focused on distributing air purification equipment and supplies, and now also widening the world's access to air quality data. In doing so, it has transformed IOAir, with bases on three continents, into an air quality technology company.

IQAir's management, manufacturing, and operations is split between China and its longstanding headquarters in Goldach, Switzerland, and Los Angeles.

In China, notable clients include China Unicom, the Bank of Communications, China Construction Bank, CITIC Bank, China Cinda Asset Management Co., Ltd. and OPPO, as well as international clients such as Daimler. Ferrari, and the British Council.

IOAir is at the forefront of innovation in trusted air solutions and trusted air quality data. It has made real-time air pollution data accessible to millions where none was available before. It has raised tremendous awareness and impacted communities' behavior and government policy.

Looking to the future, IQAir plans to keep on creating technology to help people and the planet. Its innovations are already helping to save millions of lives. Q



Left: **IQAir** engineers demonstrate leading air purifier functionality.

Photo courtesy of



### Advanced Indoor Air Purifiers



HealthPro GC
The Chemical & Odour Specialist

HealthPro GCX
The ULTIMATE Chemical & Odour Specialist





Ever since entering the China market in the 1980s, **Pfizer** has been committed to contributing to both the economic development of China and the health of Chinese citizens. The company has been continuously offering a broad innovative product portfolio and actively collaborating with health service providers, academia, and governments to support the rapid growth of healthcare in China.

In 1989, Pfizer opened its factory in Dalian, marking the centuries-old global pharmaceutical manufacturer's entrance into the Chinese market. Throughout the past 30 years, Pfizer has positioned itself as a trusted partner of the national healthcare system. It can utilize global medical resources and work together with all walks of life to promote the development of healthcare in China. Pfizer China has grown into one of the key players in the Chinese medicine and healthcare industries.

Pfizer has witnessed and contributed to both the economic development of China and the health of its citizens. Now, it has over 11,000 employees, and operates in over 300 cities. It has also established three state-of-the-art manufacturing bases in Dalian, Wuxi, and Hangzhou.

Moreover, for further development in China, it has founded two R&D centers in Shanghai and Wuhan.

#### **Arbiters of Innovation**

Over the past three decades, Pfizer has introduced more than 60 innovative medicines to Chinese citizens and has improved their health and well-being at every stage of life. Some examples are Liptor, Norvasc, and Viagra. In 2018, the CFDA approved IBRANCE for the treatment of women with hr+ and her2- metastatic breast cancer, only three years after FDA approval. It has the first and only cyclin-dependent kinase 4/6 (CDK 4/6) inhibitor approved worldwide at present.

Prior to that, PREVNAR 13, the only vaccine among Pfizer's global top 10 brands, was approved to protect millions of Chinese babies from invasive pneumococcal disease, alongside XELJANZ, the first and only Janus kinase (JAK) inhibitor approved by the FDA for moderate to severe rheumatoid arthritis (RA). In the first half of this year, ZAVICEFTA, a new type of anti-infective was brought to China. It addresses multi-drug resistant Gram-negative infections, which is one of the most significant unmet medical needs in bacterial infections treated with hospital anti-infectives. This was followed by VIZIMPRO, a kinase inhibitor for the first-line treatment of patients with metastatic non-small cell lung cancer (NSCLC).

Pfizer is proud to bring forward innovative therapies that make a meaningful difference in patients' lives, and is ushering in a new era of R&D productivity. There are 101 candidates in Pfizer's global R&D pipeline, which backs its ambitious effort to deliver up to 15 blockbuster therapies within the following five years. With the acceleration of the new drug approval process in China, Pfizer is determined to benefit even more Chinese patients.

#### **Redefining Public** Health

Today's healthcare environment is increasingly defined by the rising global public health impact of non-communicable diseases (NCDs). Deaths attributable to NCDs constitute approximately 70% of total deaths worldwide, and disproportionately affect people in developing countries. In China, deaths caused by cardiovascular disease, a typical NCD, ranked first among the total deaths caused by all diseases. Two out of every five deaths are due to cardiovascular disease.

Pfizer China's vision is "bending the curve", achieving a "turning point" from the rise to the decline of the death caused by cardiovascular disease. To achieve this target, Pfizer has worked with the Chinese government, associations, healthcare professionals, and media to launch comprehensive projects to promote the prevention, control, and treatment of cardiovascular diseases.

In 2017, allying with the Chinese Cardiovascular Health Alliance, the Chinese Center for Disease Control and Prevention's Center for the Prevention and Control of Chronic NCDs, the Chinese Society of Cardiology, and the Jiankang Newspaper, Pfizer initiated the "China Cardiovascular Health Index (CHI)". It is the world's first scientific, objective, and comprehensive health index that reflects the core health literacy of Chinese people. On October 26, 2018, a summary of the

CHI was published online in Lancet. It showed the outstanding contributions made by Chinese scholars in the field of cardiovascular prevention and control. The index is updated every two years, reflecting the problem and progress in a timely manner.

#### **Rural Outreach**

China is a developing country with 1.4 billion people, over 40% of whom live in rural areas. Due to unequal development, most rural areas have a shortage of medical resources - medicines, healthcare facilities, and healthcare professionals. In 2009, the Chinese government launched its new round of healthcare reform and prioritized rural areas in its health policy. In September 2015, the General Office of the State Council issued the Guiding Opinions on Promoting the Construction of a Tiered Diagnosis and Treatment System, which put forward the goal of establishing a graded diagnosis and treatment system by 2020.

In the same year, "Now Sail", a program to improve the comprehensive capacity of county-level hospitals, was launched by Pfizer in cooperation with the Medical and Administrative Hospital Authority of the National Sanitation and Health Commission. It provides standardized medical training of physicians to improve their professionalism. It provides hospital management knowledge to the hospital managers to establish an effective and efficient patient-treatment

process. Since the program's launch, the project has covered 1,405 counties and 1,943 county hospitals nationwide. This included 398 poverty-stricken counties, accounting for 47.83% of the total poor counties in the country.

"At Pfizer, we do not seek sole success in our own business, because we believe the best way for a company to develop and grow is to make a contribution to the community where it roots," Miao Tianxiang, Pfizer China Country Manager said. "We strive to play our part in achieving prosperity together."

#### The New Era

Antimicrobial medicines, especially antibiotics that target bacteria, are among the most precious medical resources the world has ever known. Alarmingly, they are losing their effectiveness because pathogens change and find ways to resist the effects of antibiotics. Antimicrobial resistance (AMR) is widely recognized as one of the biggest threats to global health today. If no solution to this threat is found, the impact could be devastating. Since the pioneering work on penicillin in the 1940s, Pfizer has a long and proud heritage of addressing evolving infectious disease challenges. Pfizer currently offers one of the industry's largest and most diverse portfolios of anti-infectives that includes more than 80 medicines.

In 2013, Pfizer initiated "Navigator", a program to tackle this problem. It has helped the Chinese government to build an AMR surveillance network, provided training to physicians for the advanced use of anti-infectives. From 2015 to 2017, it helped build eight training bases for the diagnosis and treatment of fungal infections. It also provides online classes that cover about 10,000 HCPs in more than 3,000 hospitals nationwide.

China has entered a new era of economic development, and "Healthy China 2030" is a cornerstone of the central government's development agenda. Miao Tianxiang states that together with Pfizer's world-class medical and commercial expertise, Pfizer China will continue to invest in becoming the partner of choice for the government and industry. It will always help to create tailored and innovative solutions to address healthcare needs around the country. **Q** 



Pfizer Dalian Factory, the start point of Pfizer's journey in China

Photo courtesy of Pfizer



#### **Tim Stratford** Years as Chair: 2000-01, 2019

Tim Stratford is managing partner in Covington & Burling LLP's Beijing office and a member of the International Trade, Corporate, and Public Policy Practice Groups. Except for the five years he spent in Washington, DC, in government service (2005-2010), he has lived and worked continuously in the Greater China region since 1982.

As a former Assistant US Trade Representative, Stratford was responsible for developing and implementing US trade policy in Greater China and Mongolia. Prior to serving at USTR, Mr. Stratford was **General Counsel** for GM's China operations.

## **Twin Tasks**

Witnessing China's WTO accession back in 2001 and guiding the business community through today's choppy trade waters, Tim Stratford has presided over AmCham during two of the most important times in its history.

When I moved to China in 1982, the American business community in Beijing was tiny, just five foreign lawyers and a few companies. We could all sit around one big round table in the Jianguo Hotel and have a discussion.

I moved to Hong Kong for family reasons and did China-related work from there from 1984-88, and then worked in the commercial section at the US Embassy in Beijing from 1988-92. In 1989, there was a lot of uncertainty and concern, so Ambassador Lilley started doing weekly briefings for AmCham and I served as moderator for those meetings. In 1990, I was promoted to be the head of the section, and so as Minister-Counselor I was regarded as an ex-officio member of the AmCham board. When I left the government, it was natural for me to continue my involvement with AmCham.

There were two big China-related issues in Washington when I was the chairman of AmCham in 2000-01. The first issue – by far the most important - was China's WTO accession. We had to conclude the deal, and Congress had to pass the Permanent Normal Trade Relations (PNTR) legislation that would allow the US to support China's WTO entry.

As AmCham chair, I conducted a lot of training sessions explaining what the WTO was and helping people understand what the opportunities might be for their companies. We also had to get the PNTR legislation passed, which meant that we spent a lot of time on the Hill explaining our views to members of Congress about why it was important; there were plenty of union representatives telling the senators why they shouldn't vote for PNTR.

The other issue of the day was that China was vying to host the 2008 Olympics, and there was a motion working its way through Congress - expected to pass without opposition - that would have voiced disapproval. I spoke with David Dreier, the chairman of the Rules Committee, and told him the resolution was really a lose-lose situation for the United States. If it passed and China still got the Olympics, then China would point to Congress and say "See, they're just a bunch of paper tigers!" And if they didn't get the Olympics, then China would blame the US.

I explained that it was really about the Chinese people wanting to be recognized and appreciated on the world stage and that if we denied them that opportunity, the Chinese people would hold



#### Above:

"zhongmei jingmao de yinxing shizhe" ("the invisible hand of US-China economic relations") referred to the role Stratford played in removing opposition to China's Olympic bid.

#### Photo courtesy of Tim Stratford

resentment against the United States. I then heard that he simply kept the resolution from going to the floor, so it prevented it from being passed.

In December 2001, we hosted MOFCOM Minister Shi Guangsheng at our annual Appreciation Dinner. He had just returned from Doha, where China had formally become a WTO member. I congratulated him and acknowledged that this was a tremendous accomplishment, but I also told him that some people were saying that China wouldn't keep its commitments.

I told him I didn't agree, saying China wouldn't have taken the last 16 years to negotiate this if they hadn't been serious about the commitments made. But, as he smiled, I added that, given my experience of being a lawyer in China for 20 years, I thought China would be very aggressive in exploiting every gray area in the agreement. He looked at me and said, "ni hen liao jie zhong guo" ("you know China very well"). I appreciated his witty answer., I think that my predictions about how China would conduct itself within the WTO were largely accurate, but not unanticipated. 0



## Stepping Up to the Data Table

**Chayora** develops hyperscale, world-class designed and operated, scalable data centers and data-center campuses in China, as it looks to become China's first choice for independent, international, built-to-suit hyperscale data centers.

In 2011, the soon-to-be founders of Chavora were asked to solve a problem for a banking client: "How can I develop and run my own data center in China?" At the time, this problem was unsolvable. But the founders, Jonathan Berney, Oliver Jones, and Steven Cao, knew that if they could solve it, there was a significant, scalable business to be created. From this, Chayora was born.

The three founders initially set out to solve each of the barriers, which included regulatory, cultural, quality, customs, practice, and funding issues. Solving this allowed them to get in the game, but a combination of fund raising from small shareholders and a much bigger injection of \$73 million from Standard Chartered Principal Finance Real Estate gave them the firepower to put the various structures, licenses, agreements, and plans into action and demonstrate that they not only could write a great plan, but could execute on it as well, which they have now done with the opening of Chayora's first data center facility in Tianjin.

Today, Chayora is the only independent international provider of build-to-suit hyperscale data center campuses in China. The company's core aim is to be the trusted partner for major cloud service providers and colocation operators seeking access to the Chinese digital economy.

#### **Leveraging the Best**

Chayora's ambition includes giving global customers a consistent level of international hyperscale data center facilities such as they would expect anywhere else in the world. Chayora wants to be a

trusted partner and seen as an enabler of their customers' success in China.

"As entrepreneurs in the fast moving and exciting data center market in China, we have the opportunity of recognizing and leveraging the very best of what China has to offer, which in Tianjin means new, resilient, and very high-quality power infrastructure and highly supportive local government," says Jonathan Berney, COO.

In support of China's mandate to become the world leader in artificial intelligence by 2025, focusing on developing sectors such as driverless vehicles, facial recognition, and intelligent robots, Chayora launched the Chayora Academy in Tianjin, where its first campus is located. The Chayora Academy will be a focus for the international data center community to foster the growth of top local talent for direct employment and customers.

The Chayora Academy has its physical base within the Tianjin Vocational Institute and will ensure that all operational personnel involved in delivering services at the Chayora Tianjin Campus in Beichen - whether directly employed by Chayora or customers, or employed through outsourced service partners are fully inducted, trained, and regularly retrained to achieve world-class service standards

#### A Business Model for **Both Worlds**

Chayora's focus remains the leading international cloud service providers and international colocation companies. However, the importance of being able to serve domestic hyperscale cloud companies such as Tencent, Alibaba, and Baidu in a compelling, commercial way is equally important.

The developments during 2019 in respect of the trade war have underlined the necessity to be able to be a great solutions provider for both domestic and international companies, as ultimately the scale of demand will be driven by a step change in how international cloud service providers are permitted to access the Chinese market.

Being able to be Chinese in China, and non-Chinese outside China is the model Chayora has focused upon, enabling the best of all worlds to be drawn upon as the company develops a business model in response to short-term and longer-term challenges and opportunities.

#### In Line with the Online

With just under 20% of the world's online community existing in China and with annual user numbers growing faster than anywhere else, China is one of the most exciting online technology markets in the world. In 2017, the State Council also set out a vision to establish China as the number one artificial intelligence hub globally, identifying AI as a key driving force of the country's economic growth over the next decade.

"Those figures alone show that this truly is an amazing market," says Oliver Jones, Chief Executive of Chayora. "We are aiming to combine the best of China and the best of the international environment, for the benefit of our customers and to enable international companies to access China." Q

## Fueling the Future

**British Petroleum (BP)** is one of the first foreign companies to begin operating in China, trading and licensing its technologies in the 1970s and moving into oil and gas exploration in the 1980s. Since 1990, BP has played an active role in China's economic development, investing several billion dollars into China's oil and gas sector and has extensive downstream interests in China, including the supply of aviation fuel and the marketing of advanced lubricants.

Thanks to Deng Xiaoping, Chief Architect of China's Reform and Opening policy, BP has forged strong bonds in China. Beginning its career in China with the transfer of chemical technologies, BP's participation in the nation's booming economy dates back to 1973.

In the second year of Reform and Opening (1979), BP set up its own representative office at the Beijing Minzu Hotel. In that same year, Hua Guofeng, then-Premier of the State Council, visited the UK and had cordial talks with Sir David Steel, then-Chairman of the BP



BP executives meet with Deng Xiaoping in 1973.

Photo courtesy of BP

Group, and other representatives from the petroleum industry. This close communication deepened understanding between the two sides.

In 1984, through its unremitting efforts, BP began to work closely with its first Chinese partner - South Yellow Sea Oil Company - and the first oil exploratory well in the South Yellow Sea of China, which was explored and developed together, was officially drilled. This was a milestone for BP because it was the first step the company had taken to use its own strengths to enrich the lives of thousands of Chinese.

#### **Rising in China**

In 1995, BP established the Yangtze River Acetyls Co., Ltd. (YARACO) in

Left: BP plans to add 1.000 new, branded gas stations across China over the next five years

Right: BP Zhuhai PTA Phase III unit officially put into operation in 2015

Photos courtesy of BP



Chongqing, a beautiful mountain city, together with its close partner Sinopec, to make the production of acetic acid more environmentally friendly and more efficient by adopting BP's leading methanol low-pressure oxo synthesis technology.

The well-known Castrol Lubricants entered China in 1996. A subsidiary of BP, Castrol is the leading global supplier of high-end lubricant solutions, and provides high-tech and high-quality lubricants and services to automotive, industrial, marine, aviation, petroleum exploration, and production customers worldwide.

1997 was an exciting year for BP in China. South China Bluesky Aviation Oil Co., Ltd. was established in Guangzhou - BP's second aviation oil joint venture in China. In the same year, BP established BP Zhuhai Chemical Co., Ltd., a joint venture between BP and Zhuhai Port Co., Ltd. Today, BP Zhuhai has become one of the most important PTA manufacturers in China. The PTA unit of BP Zhuhai is closely related to the development and the future of the company.

#### Automotive Appreciation

By 2004, cars had become popular in ordinary Chinese families. BP operated dual-brand petrol stations jointly with CNPC in Guangdong and Sinopec in Zhejiang to carry out oil retail business in order to provide car owners with more convenient refueling services.

In 2010, BP established the Castrol China Technology R&D Center in Shanghai Pudong Jinqiao Hi-Tech Park on the bank of the Huangpu River, which was dedicated to providing complete lubrication technology solutions for the automotive, aviation, marine, and industrial sectors in China.

#### **British Petroleum for a Developing China**

In 2014, UK Prime Minister David Cameron and Chinese Premier Li Keqiang held a Sino-British prime ministers' meeting. They shook hands, deepening BP's close partnership with China. That was also the year

in which BP signed a 20-year LNG supply agreement with CNOOC.

The PTA (purified terephthalic acid) Phase III unit of BP Zhuhai with an annual capacity of 1.25 million tons was officially put into production in 2015. Thus, BP Zhuhai has become one of the largest PTA production bases in the world.

In the same year, President Xi Jinping paid a state visit to the UK. In the presence of Xi Jinping and Prime Minister Cameron, BP and CNPC signed a strategic cooperation framework agreement.

The revolutionary friendship between BP and CNPC was once again cemented in 2016, when a shale gas production sharing contract in the Sichuan Basin was signed in Neijiang, Sichuan. This was BP's first shale gas project in China, which took BP to the next level in its upstream business in China.

At the end of 2017, BP announced the establishment of the Castrol Lubricant Blending Plant in Tianjin. This was the third high-tech lubricant blending plant established by BP in China after its plants in Shenzhen and Taicang, and was also BP's single largest investment project globally.

BP continued to increase investment and exploration in the low-carbon sector in 2018. As an example, the group released its Advancing the Energy Transition plan to fully promote energy transition by a series of actions such as reducing emissions in production operations, optimizing products and services to help customers reduce emissions, and developing low-carbon businesses.

#### Looking Ahead

This year, BP Zhuhai's PTA product was awarded the "Pacemaker of Energy Efficiency in 2018" by the China Petroleum and Chemical Industry Federation. Compared with traditional PTA production technology, BP Zhuhai's Phase III PTA unit is more efficient, and its use is expected to reduce wastewater discharge by 75%, greenhouse gas emissions by 65%, and solid waste discharge by 95%, making outstanding contributions to ecological safety and enhancing the protection of clean water and blue skies.

Having been in China for 46 years, BP is one of the earliest foreign-invested companies involved in the economic construction of China. In the past few decades, BP has grown with China's economic development and modernization. It also witnessed the development of the petrochemical industry in China, which initially struggled to develop in the midst of several difficulties along the road, but has gradually made great achievements and attracted worldwide attention. In the future, BP will continue to grow in China, push forward the development process of the energy industry, strive to become a reliable partner in China's energy sector, and make contributions to realize the country's national sustainable development strategy and goals. Q



# **US-China Aviation Cooperation Program**



#### Left:

US Trade and Development Agency Director Leocadia Zak (center, left) and Deputy Administrator of the Civil Aviation Administration of China Wang Zhiqing (center, right) sign an MOU on safety issues in Beijing in October 2015

Photo courtesy of ACP

For more than 15 years, AmCham China, the Civil Aviation Administration of China (CAAC), the Federal Aviation Administration (FAA), the US Trade and Development Agency (USTDA), and the Transportation Security Administration (TSA) have worked together to strengthen US-China aviation cooperation through a unique public-private partnership known as the US-China Aviation Cooperation Program (ACP).

Compared to AmCham China's forums and committees, CPs are generally more oriented towards sharing industry best practices and involve the active participation of relevant Chinese and US regulators. They also have several full-time professional staff to manage their project activities.

ACP is co-chaired by the President of Boeing China, and the FAA's Senior Representative for North Asia. Each year, ACP programs receive millions of dollars in assistance with help from its 38 US industry members. This work has yielded benefits to both countries.

#### Our History, Our Mission

ACP's unique mission is to identify and address common issues important to the growth of China's aviation system and to

undertake joint activities in the form of training, technical assistance, studies, and workshops/symposia that further safety, capacity, and efficiency. This work is done through ACP's six industry committees responsible for Airline Safety, Airports & Infrastructure, Air Traffic & Environment, General Aviation & Business Aviation, Education & Professional Development, and Manufacturing & Airworthiness.

This year marks the 14th year of ACP's signature Executive Development Training program, the first year of its Airport Executive Training program, the completion of a large study to help lessen flight delay in the Shanghai region, the fifth year of its airline operations safety symposium, and the completion of large general aviation technical assistance program design to assist China with the development of this important sector. Other notable activities include its technical assistance workshop series covering various subjects like Big Data for Aviation, Aircraft Airworthiness, New Air Traffic Control Technologies, Smart and Green Airports, and Impacts of Weather on Aviation.

#### **Flying High in China**

The rapid and historic growth of China's aviation system is beneficial to both the US and China. This growth is a direct

result of China's gradual transition to a consumption-based economy, the growth of the service sector, and China's recognition of the important role played by civil aviation. These factors, as well as other growth areas, help drive the expected need for more than 7,690 new airplanes valued at an estimated \$1.190 trillion by 2037, according to Boeing's 2018-2037 Market Outlook for China.

China remains one of the largest US export markets for US aerospace products and is expected to remain so for many more years. The country's aviation market is a national priority, and China is investing heavily in manufacturing capability, training, and the needed infrastructure to support its rapid growth. It will invest as much as \$12.41 billion in aviation infrastructure this year to support the industry's development. The country is projected to become the largest civil aviation market by 2025 or sooner, according to many industry specialists.

To assist with China's growth, ACP arranges technical assistance, and training for activities that are important to US industry and the sustained growth of China's aviation system. This work produces win-win benefits for both countries with aviation playing an important and growing role in the overall US-China economic relationship. **Q** 



## In Memory of David C. Wang

**David Wang** was a pillar of the American business community in China for many years, working for Boeing and GE, and founding several of the Chamber's Cooperative Programs, among many other achievements.

Renowned as the "Dean of the American Business Community in China" and as a bridge builder between China and the United States during the golden age of bilateral development during the 1990s and 2000s, David C. Wang died peacefully on June 2, 2019, in Seattle, Washington. Patient, thoughtful, humorous, and purpose driven, David generously invested his life in others, always putting the interests of others ahead of his own. Although professionally very successful, it is in his personal life and philanthropic ventures where David made some of his greatest contributions and for which he will be most remembered.

David's early years shaped his remarkable life and character. Born in 1944 in Fujian province in southeastern China, David, along with his seven siblings and parents, moved to Shanghai at the end of World War II. Fleeing to Hong Kong in 1949, however, the family lost everything and had to start from scratch. After a challenging time there, they moved to Indonesia, where David's father was finally able to prosper. Then, during Indonesia's political upheavals in the mid-1960s, David emigrated to the United States where he worked to support himself while studying engineering full-time at university.

David is best known in the US business community for his numerous pioneering initiatives and outstanding leadership at some of America's most iconic

companies. He served as VP at Boeing and President of Boeing China from November 2002 to July 2011. During his tenure, China orders for Boeing commercial airplanes surpassed 1,000 units.

David previously served as Chairman and CEO of GE China from 1997 to 2001. Prior to that, David held a series of increasingly senior positions at GE and negotiated GE's first joint venture in China in 1990, launching GE Medical Systems China. David started his career at Emerson Electric in St. Louis in the early 1970's. In later years, David also served as a board director of Terex, KLA-Tencor, and Linktone, where he was instrumental in expanding all three companies' global businesses.

David's philosophy was one of abundance, not scarcity. He believed life could never be played as a zero-sum game, where winner takes all, but rather that we should work to make the pie bigger so that greater numbers may benefit in ever greater ways. It was this philosophy that led David to a life of both service and philanthropy. In addition to his demanding jobs, David also served as Vice Chairman of AmCham China from 2009-10, and co-founded the US-China Aviation Cooperation Program (ACP) in 2004 and the US-China Energy Cooperation Program (ECP) in 2009. These programs drew government support, but were led by the commercial sector. They deepened US-China cooperation,

expanded China's aviation and energy sectors while opening them to US businesses, reduced Chinese aviation fatalities, and created commercially viable carbon-reducing solutions in the world's two largest carbon-emitting countries.

In addition to David's contributions to the US-China commercial relationship, he also served as a board member for the Western Academy of Beijing Education Foundation, the Beijing Center, and Junior Achievement China. However, arguably David's greatest achievement outside his own family is the influence he had on dozens of young men and women that he mentored throughout his career, a task he undertook with thoughtfulness, intelligence, kindness, wisdom, and humor. For so many, David was a powerful role model, inspiring those around him to be, and do, better. As testament to his impact as a mentor, many of David's subordinates from GE and Boeing have subsequently become business leaders in their own right at major multinationals.

If a person's net worth can be determined by the richness of their relationships with family and friends, David was one of the world's wealthiest. It is with profound gratitude that we reflect on all that he did for the US-China relationship, for the companies where he worked, for AmCham China, and, most importantly, for his wide and deep circle of family and friends.

A loving husband to Darlene for 49 years and devoted father to Jonathan and father-in-law to Elizabeth, David also leaves behind hundreds of others, whose lives he impacted for good for over seven decades of an extraordinary life.

David, you left the world a better place than you found it and we miss you already. **Q** 

Sabina Brady (former ECP Executive Director), Jim Gradoville (AmCham China Chairman 2004), and John Watkins (AmCham China Chairman 2009-10) on behalf of David's many friends and colleagues.



# **US-China Energy Cooperation Program**



#### Left:

US Secretary of State John Kerry (front row, fourth from right) at a US-China Energy Cooperation Program event

Photo courtesy of ECP

The US-China Energy Cooperation Program (ECP) is a non-profit, public-private partnership (PPP) platform initiated through official bilateral dialogues in 2009. Former Presidents Barack Obama and Hu Jintao underscored ECP's vital role in clean energy cooperation in the official joint statements during Obama's state visit to China in 2009.

During Hu's 2011 US state visit, 18 member companies signed commercial agreements with their Chinese partners, while another eight inked deals during then-Vice President Xi Jinping's official visit in 2012.

From its inception, ECP embraced a vision to create a healthier, more sustainable cooperation environment through US-China PPPs by leveraging government policy, implementing self-sustaining programs, and facilitating commercial cooperation in both countries on energy, energy efficiency, and environmental development.

#### **Partner Agencies**

ECP's unparalleled bilateral PPP stems from its official recognition and institutionalized support by the US and Chinese governments at the presidential, agency, and local levels. The Department of Commerce (DOC), Department of Energy (DOE), and the US Trade and Development Agency (USTDA) together with the National

Energy Administration (NEA) and Ministry of Commerce (MOFCOM) signed bilateral Memorandums of Understanding in support of ECP in 2009. Over the past decade, ECP has gained support from even more government agencies.

### Working Groups & Sectors

ECP has become a strong commercial implementing arm of US-China energy collaboration, acting as a bridge by connecting governments with the private sector to advance sustainable development and facilitate commercial cooperation.

ECP's five pillars are technology & products, government, project identification and advocacy, finance, and engineering procurement and construction project support. Moreover, its four working groups – energy efficiency, energy, environmental protection, and green finance – successfully cover 12 sectors.

### Frameworks and Initiatives

Through a series of bilateral frameworks and initiatives, more than 100 US and

Chinese partners have joined ECP over the past decade, with an increasing number of collaborations with Chinese companies and industry associations.

As a bilateral industry platform, ECP also has tried to facilitate investments by Chinese companies in US and overseas markets through bilateral collaborations. ECP has previously focused on promoting US wind power investment markets, issuing a series of Wind Power Investment Guidelines, CFIUS Guidelines, and working with a Select USA team and Chinese industry association partners to organize a series of energy investment workshops and roundtables.

#### **Member Benefits**

ECP is well poised to help its members achieve their short-, medium-, and long-term objectives in China by leveraging local partnerships and making an annual work plan that caters to members' business needs.

With the official support of both the US and Chinese governments, ECP's PPP platform empowers member companies to become part of an industry-wide solution to deliver transformative business development outcomes that require a collective and coordinated effort. **Q** 

## **US-China Healthcare Cooperation Program**





#### Left:

Premier Wang Yang speaks at the US-China JCCT Cooperative Program on Healthcare in Guangzhou in November 2015

Photo courtesy of HCP

The US-China Healthcare Cooperation Program (HCP) was developed as a collaborative initiative designed to build closer working relations between the US and Chinese governments. Drawing its strength from the 2011 collaboration between the US and China based on the US-China Public Private Partnership on Healthcare (PPPH) framework announced in January 2011. HCP leverages healthcare industry strengths to foster long-term cooperation in public health, policy research, training, R&D, and technology.

#### **Key Activities**

The partnership is a platform that brings private sector and government resources together to promote healthcare system development, cooperation, and trade between the US and China. Business resources in both countries are leveraged to promote advanced technologies, collaboration, and sustainable development in the healthcare sector.

Current projects focus on technical collaboration and exchanges, personnel training and capacity building, and identifying and addressing market opportunities under the healthcare reform framework.

Since 2012, with the great HCP of the US Embassy and the Commercial Service team, HHS, USTDA, as well as other US

government agencies, HCP has worked with key Chinese partners to organize and participate in high-level workshops, including JCCT Healthcare Symposium, US-China Patient Day, US-China Health Leadership Symposiums, and 18 provincial roadshows.

During these workshops, HCP has supported bilateral senior-level dialogues on health cooperation, brought top US healthcare experts from the industry, universities, and associations to meet with their Chinese peers, and engaged in constructive and productive discussions.

#### **Executive Trainings & Study Tours**

Also starting in 2012, HCP has worked with the Ministry of Health (now the National Health Commission) and USTDA to bring senior Chinese healthcare officials and leaders from top hospitals to the US for trainings on Public Health, Management, and Leadership, including exchanges between US and Chinese health officials on policy issues. Through these trainings, the US and Chinese healthcare stakeholders are able to identify more opportunities for cooperation.

In 2016, USTDA and HCP started a new series of training program with the China Food and Drug Administration

(now the National Medical Products Administration), leveraging experiences from both US and Chinese regulatory experts, focusing on capacity building.

#### **Provincial Outreach Meetings**

HCP also pays attention to health policy and regulations at the provincial level. Since 2018, HCP has initiated a series of provincial outreach meetings (POM) with support from US Consulate General in Shanghai, Guangzhou, and Wuhan. The POMs have set up a platform for Chinese policymakers and US industry experts to exchange updates from both countries, and identify the collaborative areas with the view to advancing the accessibility, affordability, and quality of healthcare in China.

To achieve the UN's Sustainable Development Goals (SDGs) for health, the Chinese government has just launched its own Healthy China 2030 Goals. We firmly believe that the cooperation between public and private sectors is the key driving force to achieving these goals, and to addressing the challenges China faces. Such cooperation will be able to provide more value to both countries in developing a suitable, sustainable, and growing healthcare system that benefits the public. **Q** 



# **US-China Agriculture** and Food Partnership



#### Above:

US-China Agricultural Trade Forum, May 21, 2018 Washington, DC

Photo courtesy of AFP

It was at the US-China Agricultural Symposium in 2012, during then-Vice President Xi's visit to Iowa, that the US-China Agriculture & Food Partnership (AFP) was born. Prior to this, no single institution existed to bring together US and Chinese "agri-food" business interests on a commercial level to develop trust and foster more positive relationships. To address these issues, AFP was formed to serve as the focal point of coordination not only between the US and China, but also between private and public sectors.

Since its formal establishment in September 2013, AFP has close to 50 organizations in its network, comprised of US companies and non-profit industry cooperators. The AFP Board of Directors represent major organizations in the agriculture and food industry from farm to fork – from ADM at the seed/grain level to the North American Meat Institute, a meat trade industry

association, to Walmart at the retail/distribution level.

### Mutually Beneficial Cooperation

Since its inception, AFP has become an effective and neutral platform to convene US and China stakeholders in the agriculture and food industry at all levels, successfully bringing together policymakers and industry leaders to advance mutual goals through sector working groups. While most bilateral engagement efforts have focused on single stakeholders, AFP coordinates cross-agency and cross-sector engagement to more effectively develop the agriculture and food supply chain in China.

Events like the US-China Agriculture and Food Seminars at previous Joint Commissions on Commerce and Trade

provided a platform for China's Vice Premier, Minister of Agriculture, and US Secretary of Agriculture to re-affirm the important relationship between the US and China in agriculture and food cooperation at the highest level.

### Leaders in Agriculture and Food

The US and China are the world's two largest agricultural producers and influence the global food supply chain. Over the next several decades, all nations will face important challenges as they work to ensure sufficient, affordable food is made available to the world's people in an environmentally sustainable manner. The US and China have an opportunity to play a leadership role to ensure these challenges are met successfully across the global supply chain.

US and Chinese agriculture and food linkages are expected to deepen further because of tremendous potential synergies driven by different endowments of land, labor, and capital. The overall agricultural trading investment and cooperation relationship has tremendous growth potential with the continuing emergence of China's middle class, persistent concerns about food prices, and the development of competitive food and agricultural firms on both sides of the Pacific. Agriculture and food cooperation has been, and should continue to be one of the bright points in the US-China bilateral relationship.

The AFP network has been built through strong relationships and engagement with US and Chinese industry partners, associations, and government agencies. Through technical/commercial and policy/regulatory programs, AFP plans to continue be a resource for industry and government collaboration for years to come. **Q** 









#### CHAO: Home to the New Hedonism

Born a hotel and matured as a hot spot for arts, exhibitions, tasting events, screenings and workshops, CHAO connects pioneers and enthusiasts across fields to places, products, and possibilities. It provides an approachable place for people to join in the creation of the good life together, to contribute meaning and make connections seamlessly.



#### Jim Gradoville Year as Chair: 2004

Prior to his time in China, Jim served in the Office of the US Trade Representative in Washington, DC, later joining Motorola and arriving in Beijing in 1998. In 2005, he assumed the role as China President of **United Technologies** International Operations and later moved to the non-profit sector as China CEO of the World Wildlife Fund and then as **Deputy Director for** the International Potato Center, an international agriculture research NGO. He also served on the board of the Half The Sky Foundation and as Chairman of the Beijing Center for Chinese Studies and the Congregation of the Good Shepherd. Jim is married with two Chinese adopted daughters and now lives in Portland, Oregon.

## On the Right Track

A nine-time AmCham China board governor, including Chair in 2004 and Vice Chair in 2006-07, Jim Gradoville oversaw impressive growth at AmCham China, and was one of the Olympic torchbearers in 2008.

In our 2004 report to USTR and Congress, we deemed that China was "substantially in compliance" with its implementation of market-opening measures which was near the mid-point of its seven-year commitment WTO protocol: ves, there was slack IPR enforcement, a lack of transparency in the drafting of commercial laws and regulations, and rampant protectionism by local and provincial governments, but, nonetheless, our member companies were bullish on the market with twice as many planning to expand their businesses in China compared to the previous year.

Two years prior, the Board of Governors, led by Chris Murck, engaged in a strategic review of AmCham's basic mission and programs to refresh the organization and meet the changing needs of our membership. The overarching goal was to remake AmCham so its members could be more successful through policy advocacy, events with

new member services.

Thus in 2004, we saw a nearly 20% increase in member companies and a 29% increase in attendance at AmCham events. In response to the severe tightening of visas after 9/11, AmCham worked with the US Embassy to create a special channel for key Chinese executives, resulting in a 47% increase of processed visas. Meanwhile, the 2nd Annual Charity Ball netted \$160,000 - almost 50% more than expected.

substantive networking, information-sharing, and

In the early 2000s, companies - both American and European - mostly engaged the government directly, one-on-one, while the government let it be known that to be considered a 'friend of China', companies needed to demonstrate they were making contributions in China beyond just sales and profits. Indeed, in AmCham China's 2003 member survey, 75% of respondents acknowledged CSR programs were important to the success of their commercial operations in China. This became such an important factor that the Chamber published a hardbound book detailing CSR initiatives and best practices.

The ways companies lobbied the Chinese



Ahove:

Jim Gradoville – 2008 Beijing Olympics Torch Relay (Jingzhou, Hubei)

Photo courtesy of Jim Gradoville

government also changed. In the late 1990s, companies rarely approached the government together to push back on problems they faced, but, over time, this dynamic changed. A stark example was the response to a proposed encryption regulation in 2000 requiring foreign firms to hand over their product specs and algorithms for a wide range of products. This was anathema to the business community and a group of company reps pulled together USCBC, AmCham China, and USITO and we developed a common position that argued the proposed encryption regulations were beyond the pale.

We requested an appointment with the Ministry of Foreign Trade and Cooperation (MOFTEC) which several companies, fearing retribution, declined to attend. The meeting was a surprise on two counts: first, MOFTEC told us this was the first time that a group of companies had banded together for such direct lobbying; and second, they agreed with our position and said they would work to rescind the regs, which they did.

Top of my China experiences was being selected to be a torchbearer for the 2008 Beijing Olympics. The people in Jingzhou, Hubei, where I carried the torch, were ecstatic. It was like a University of Notre Dame pep rally on steroids; I still have my torch proudly displayed on the wall at home. Q

## Serving China for 20 years

**Aramark China** offers managed services including environmental housekeeping, security, patient transportation, plant operations and maintenance, laundry and linen distribution, ground care and food at more than 250 facilities in Beijing, Tianjin, Shanghai, Xuzhou, Ningbo, Xuzhou, Guangzhou, Shenzhen, Zhongshan, Huizhou, Fuzhou, Xiamen, Quanzhou, Chengdu, Xi'an, and elsewhere.

Founded in 1936, Aramark has a long history of over 80 years. Entering China in 1998, Aramark has an accomplished 20 years of excellent facility and food services in healthcare, education, and business & industry scattered over more than 70 cities.

Though Aramark China's management team is well-educated, the team believe that practice is the best way to learn in the industry. The management and front-line team constantly learn from the clients, employees, and the market. Aramark China offers a global perspective in a Chinese brand of a Western operations. Aramark has an understanding of Western culture and principles, which benefits the company and has set up a reputable business model in China.

#### **Building Up in China**

20 years ago, Aramark was building the business in China with no clients, entirely from the ground up. Today, there are more than 400 clients, including top hospitals, universities, and multinational companies and 35,000 full-time employees.

Aramark China started with seven employees and has seen growth every day, week, quarter, and year. Aramark China believes developing a clear culture strategy is imperative to growth. The management team describes this growth in one word: "Recognition". As a service business, Aramark serves patients, doctors, students, and electricians. Recognition is the only way to let the front-line team deliver quality service to the clients and the customer.

Wang describes, "Everyone wants to be recognized for the work they do; it is the motivation of many. People want their supervisor, or even clients, to recognize what they do. Almost every month in our headquarters, I organize a recognition day to showcase a manager of the month and we describe their achievements."

Above all, Wang attributes the company's success to delivering the best quality service, more than marketing or branding. "Deliver on your commitments to the client or customer. This solves the challenge between short-term profit and long-term client value. Our success is not financial or a specific tool, it's the service itself."

#### On the Front Lines

Every year, over 200 of Aramark's outstanding team members from around the world are named to the company's "Ring of Stars", and will be recognized during an exclusive celebration in October. The Ring of Stars class is made up of frontline employees who proudly serve the customers and clients as chefs, cashiers, stadium hawkers, servers, route drivers, custodians, and many other roles. They work diligently where people learn, work, play, and recover - including schools and universities, hospitals, sports venues, on delivery routes, and in businesses of all kinds.

"These dedicated, talented, and incredibly hard-working Service Stars are the foundation of Aramark." Wang explains. "We are the market leader, and Aramark is proud of its mission to 'deliver experiences



George Wang, President of Aramark China, considers his career to be 20 years of selfdevelopment. Since 1998, he and his team have incorporated continuous learning and development in the service industry, to serve the team, the clients, and the customers.

that enrich and nourish people's lives'. That's the thing that will make us continue for the next three, five, and 10 years."

#### **Dreaming Amongst the** Stars

He adds that the company lives by a 'we dream, we do' philosophy. 20 years ago, Wang had a dream to bring the Western service system to China. Today, even though he concedes there is more to work towards, he says the country is on the right track and he's proud of the company's accomplishments so far. "China is a country with substantial economic achievements. The service industry still has a way to go but things will continue to improve in the future."

"I'm proud of the years I've spent working to help people, schools, universities, and manufacturers," he continues. "Many local businesses have learned from Aramark China. We are the benchmark. We continue to improve the service quality and experience in China." 0



Citi first established operations in China when it opened its Shanghai office in 1902. As the first American bank to fly the red, white, and blue flag in China, Citi became known as Hua Qi Yin Hang, literally, the "Flower Flag Bank". In the modern era, China remains one of Citi's greatest priorities.

In 1983, Citi returned to China and opened a representative office in Shenzhen. A decade after that, Citi became the first international bank to move its China headquarters from Hong Kong to the Mainland. In 2002, Citi made another market-first move when it became the first international bank to operate a retail banking business in China.

Citi further reaffirmed its commitment to China in 2007, when the bank was locally incorporated. "Becoming a locally-incorporated bank has provided Citi China with unprecedented development opportunities. Since then, we have made great progress in growing our institutional and retail business," says Christine Lam, Citi China Chief Executive Officer.

#### **Business Transformation**

As a global bank with an unparalleled worldwide network, Citi is uniquely positioned to connect people and banking expertise across the 160 markets where it serves its clients. In China, Citi strives to be the go-to bank for both multinational and local corporates, as well as individuals who have a global vision and international financial needs. Complemented by its global network, the bank's core competencies, including its extensive product and service platforms, financial product innovation capabilities, and world-class talent, bringing together local insights and global expertise.



Christine Lam, Citi China Chief Executive Officer.

"We are very encouraged, as this is a reflection of the further opening of the Chinese market. Looking at the world, only the Chinese market can provide such a huge opportunity."

Citi's business in China has continued to evolve, keeping pace with the development of technology and disruption. As digitization continues to transform every aspect of our lives, Citi is transforming its business to meet the evolving needs of consumer and institutional clients in the digital economy.

"We have grown, adapted, and evolved alongside disruption and a changing world, holding true to our mission", says Lam. Citi's mission continues to be to serve as a trusted partner to clients by enabling growth and economic progress for the customers and the communities in which Citi serves. The size and scope of China's market and the continued opening up of its financial services industry present a range of opportunities for Citi.

Citi also continues to invest in the digital transformation of its Consumer Banking business, keeping pace with the acceleration of technology and its adoption in China. The bank leverages emerging and new technologies and provides leading wealth management services for its affluent, globally minded customers in China. Citi China has partnerships in place with WeChat and Alipay to give its customers greater accessibility to its banking services while providing a simpler and differentiated customer experience.

"With China's digital economy surging ahead alongside ongoing emphasis to provide policies that can cultivate a conducive environment to innovate, I am confident that China's innovation will play an important role in not only driving the local economy but promote market changes that will help the world reimagine digital possibilities," Lam adds.

#### **Growth Creation**

With a legacy of over 100 years in China, Citi continues to actively participate and support China's ongoing financial reforms

and progress to achieve long-term growth. Leveraging the bank's expertise, areas of opportunity for growth and contribution to the development of the financial industry include RMB internationalization, the development of the bond market, support of Chinese corporates expanding globally, and the accumulation of personal wealth

Open and active dialogue with regulators has also helped Citi understand new policies and regulatory environment for developing new products to meet client needs. As an active advocate of RMB internationalization, Citi continues to leverage its strengths in cross-border RMB settlements to support clients. Citi was also one of the first banks to connect to China's Cross-Border Inter-Bank Payment System (CIPS).

With China being a critical market for corporates, both multinational and domestic, who are seeking opportunities inbound and outbound, Citi continues to facilitate trade, investment, and economic progress. This extends also to the Belt and Road Initiative, where Citi has already been serving the majority of markets for over 100 years. The bank's Belt and Road strategy is a derivative of its clients' activities, evidenced by increased demand for banking services in Belt and Road markets.

China has also become the world's third largest bond market, after the US, and Japan. As more overseas institutional investors invest and participate in the country's inter-bank bond market, Citi is well-positioned to deliver fixed income solutions and further propel the development of the local bond market.

Discussing China's ongoing reforms, says Lam, "We are very encouraged, as this is a reflection of the further opening of the Chinese market. Looking at the world, only the Chinese market can provide such a huge opportunity. We are confident about the prospects of foreign banks in China."

#### **Global Corporation, Global Citizens**

Beyond banking, Citi understands its responsibility to enable progress in the communities it serves and where it operates. Citi holds its operations to stringent professional and industry standards, advances services to customers and clients, enriches education to clients and the public, and contributes to the conservation of the environment.

Citi's approach to corporate citizenship is aligned to the company's mission of enabling progress and it strives to embed corporate citizenship across the breadth and depth of the franchise.

Youth Economic Opportunities, Financial Inclusion, and Sustainable Cities continue to be Citi's key focus areas to support China's efforts in addressing social, economic, and environmental development. Through constant and varied stakeholder engagement, Citi championed collaborative problem solving to create more impactful and sustainable solutions.

Furthermore, Citi's corporate citizenship initiatives have been brought to life through employee volunteerism. 2019 marked the 14th year of Global Community Day for Citi. Close to 3,000 Citi China employees and their friends as well as families participated in 28 volunteering activities across 15 locations in China.

"While there is still much to do to advance our key focus areas in corporate citizenship, I truly believe that by applying the strength of our business to address some of the issues our communities are facing, we will be able to facilitate meaningful change. We are committed to Being the Best and to do so, we continue to strive to be a better institution and a better partner for our clients and customers, as well as stakeholders," says Lam. 0



James Zimmerman Years as Chair: 2007-08, 2015-16

A prominent leader of Beijing's American expatriate legal and business community, James Zimmerman has been practicing law for 30 years and has lived and worked in China since 1998. Jim counsels foreign companies on corporate, transactional, regulatory, and litigation matters in China. He helps clients overcome the complexities of doing business in China's rapidly expanding market and also advises Chinese-based companies.

Jim has received longstanding recognition as one of China's leading business lawyers from such publications as the Asialaw Leading Lawyers Survey, in the areas of Chinese law, dispute resolution, and general corporate law, and The Legal 500 Asia Pacific: The Guide to Asia's Commercial Law Firms in the area of corporate/M&A for foreign law firms in China.

### Double Duties

With twin two-year stints as Chair, Jim Zimmerman has presided over AmCham China longer than anyone else in the Chamber's history.

Each of my four terms as Chairman was an incredible and rewarding opportunity to represent the AmCham business community.

2007 was a year that saw much activity as China strived to meet its WTO obligations, specifically opening the commercial market to allow more companies to operate in sectors that were previously closed or restricted. The improvement of IPR protection was also on AmCham's radar screen, and also something that was tasked to Vice Premier Wu Yi.

Given Madam Wu's openness to discuss these complex issues, I invited her to be the keynote speaker at the Appreciation Dinner, the first time in AmCham's history that a vice premier spoke at one of our functions. During

her address to more than 800 people, she praised AmCham for its role in US-China relations, and said that Chinese chambers should learn from and imitate our efforts.

#### **Surprising Resignation**

The big surprise of the evening was that Wu Yi publicly announced her retirement from government service at the Appreciation Dinner: it was unheard of for a Chinese government official to use a platform like this for such an announcement.

In the first quarter of 2008, AmCham witnessed the leadership changes at various levels of the Chinese government. Given government priorities that were primarily domestic - namely, to ensure sustainable development while continuing rapid modernization - it was a challenge to make certain our message of effective market access under WTO standards continued to be heard.

#### **Earthquake Relief**

2008 was also a year of demonstrating China's resilience to tragedy, as well as its strength and



Vice Premier Wu Yi (left) at the 2007 Appreciation Dinner, with Chairman Jim Zimmerman (right)

Photo courtesy of AmCham China

commitment to putting on a world-class Olympics. While leading the AmCham Doorknock to Washington DC in May, tragedy struck Sichuan province with a devastating earthquake killing over 87,000 people. In response, the AmCham board of governors agreed to donate RMB 1 million for relief efforts, distributed to several NGOs. AmCham leadership also encouraged its members to donate funds and material assistance, collectively estimated at \$97 million. I was invited by Vice Minister Zheng Zeguang to sign the condolences book at the Ministry of Foreign Affairs on behalf of the American business community.

In June and July, at the request of Premier Wen Jiabao, I led delegations to Sichuan to inspect the devastation caused by the earthquake and to pledge the support of the American business community in the reconstruction process. Visiting ground zero was something I will never forget - like a war zone, the destruction was overwhelming. We stood next to a pile of rubble that previously had been a five-story hospital - entombed inside the collapsed concrete building were over 300 souls.

In 2008, we were honored to have MOFCOM Minister Chen Deming as the keynote speaker at the Appreciation Dinner. As the world was

slipping into a recession, Minister Chen remarked that American enterprises in China brought significant value to China and their success in China also benefited their home market, adding that, in a globalized world, "no one will survive without others".

That year, AmCham also sent delegations to Chongqing, Hubei, Qinghai, Liaoning, Shandong, Fujian, Tianjin, Shanghai, and Henan provinces, and signed strategic cooperative agreements with 10 provinces and municipal governments forming a framework for increased cooperation between local governments and AmCham China members.

#### Treaties and **Partnerships**

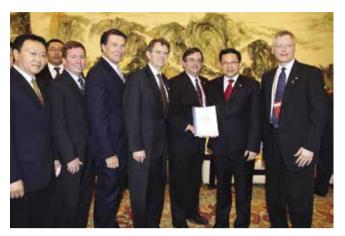
Fast forward to 2015 and 2016, when the focus was on the Bilateral Investment Treaty (BIT) and Trans-Pacific Partnership (TPP). AmCham lobbied both the US and China to move quickly to complete a high-standard BIT that would be effective in reducing trade barriers and open the markets further for American goods and services.

While there was significant progress on the BIT, it was also a challenging time given the Chinese government's focus on tightening national security legislation and discouraging the influence of Western culture and ideas. AmCham China lobbied hard for foreign NGOs against



AmCham China Chairman Jim Zimmerman, (left) with Vice Chair Matt Estes as part of the Chamber's delegation to Sichuan province following the May 2008 earthquake.

Photo courtesy of AmCham China



l eft: AmCham China Chairman Jim Zimmerman meets MOFCOM Minister Chen Deming in Wuhan in 2015.

Photo courtesy of **AmCham China** 

restrictive cybersecurity legislation. In September 2015, I represented AmCham at the official luncheon for Xi Jinping hosted by Vice President Joseph Biden and Secretary of State John Kerry at the State Department in Washington, DC.

Wang Yang's attendance at the Appreciation Dinner was the second time in AmCham's history that a Vice Premier had attended. Wang told the audience of the important role AmCham had played over the years, thanking the Chamber for its contribution to US-China economic ties, and paying tribute to US businesses that had helped China's reform, opening up, and modernization drive.

In 2016, we hosted the annual meeting of APCAC, the Asia Pacific Council of American Chambers of Commerce. Membership from 29 chambers around the Asia-Pacific region held a conference in April with a slate of top-notch speakers and thought leaders.

#### **Presidential Primer**

In the lead-up to the US election in November, AmCham prepared a Presidential Transition Primer: US-China Commercial and Trade Relations as a guide for the president-elect. Following the election, there was much uncertainty as to the future of the BIT, TPP, and US-China relations in general.

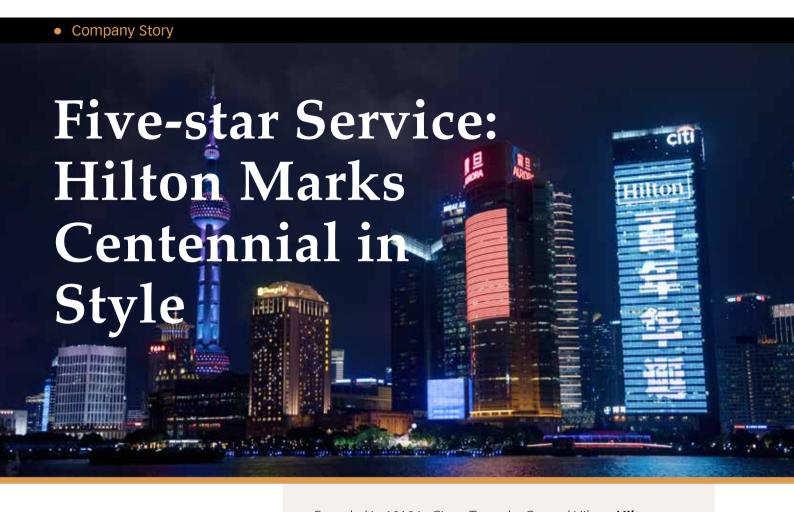
To much alarm in the business community, the week prior to that year's Appreciation Dinner, US President-elect Donald Trump took a telephone call from Tsai Ing-wen. This call and subsequent comments that threw into question the One-China Policy created a ruckus in regard to the future of US-China relations.

Given that the membership, the media, and the Chinese government were all looking for clues on the path forward, I thus felt compelled to state that AmCham China remained committed to the US government's 'One China' policy, adopted and adhered to by the two countries four decades before, adding that US policy toward China had been one of constructive engagement and global integration that had resulted in significant benefits to US businesses, consumers, and workers.

Going forward, I emphasized that as the United States and China become more economically integrated and interdependent, it was important that the leadership of the world's two largest economies work closely together to find common ground and resolve our differences. I concluded my fourth term as AmCham Chairman on what might become a prophetic commentary regarding the current Administration's policies toward China:

"Isolating or penalizing China will not serve America's interests, and only with engagement and commerce will the two largest economies of the world make progress to reach a consensus on contentious issues such as national and regional security, market access and industrial policies, Internet censorship, cybersecurity, and terrorism. The Chamber has long supported maintaining stability in the region, and we expect the new US administration to respect the status quo. American business operating in Asia needs certainty and stability, and the new administration needs to get up to speed quickly on the complex dynamics of the region."

The rest, as they say, is history and thereafter I punted the chairman reins to Bill Zarit. Q



One of the first international hotel brands to enter the market, Hilton's growth in China has been impressive. In fact, Hilton Worldwide, which - like AmCham China - celebrates its 100th anniversary this year, now considers China its second-largest market globally. Hilton's role as a pioneer in China's hospitality industry is marked by its commitment to elevating industry standards, strengthening talent cultivation, promoting sustainable development, and setting the benchmark for corporate social responsibility initiatives in the region.

Hilton is one of the fastest-growing global hospitality companies with a

Founded in 1919 in Cisco, Texas, by Conrad Hilton, Hilton **Worldwide** is now one of the largest hospitality conglomerates on the planet, with growth in the world's most populous nation ramping up in recent years.

portfolio of 17 brands comprising nearly 5,900 properties in 114 countries and territories. Since entering the China market 31 years ago, Hilton has maintained an annual growth rate of more than 50% in China, following rapid expansion in 2017. As of Q2 2019, Hilton operates 208 hotels in China and has

an additional 438 hotels in the pipeline. Currently, one out of every three hotels under construction in this country carries a Hilton flag.

#### **Tailored Strategies**

Hilton has adjusted its brand strategy based on insights into new trends in China's tourism market, with rising demand for high-end traveling in China driving Hilton's eight brands here. 2019 has seen an expansion in luxury and lifestyle, led by Conrad Hotels & Resorts and Canopy by Hilton, as well as its full-service brand, Doubletree by Hilton, with 50% of the brand's Asia-Pacific openings this year coming from China. The group also has strategic cooperation with local established partners such as Plateno Group, and plans to launch the Hilton Garden



Hilton's 100-year celebrations on the Bund in Shanghai, May 2019

#### left:

Conrad Hilton's first hotel in Cisco, Texas

Photos courtesy of Hilton

Inn Accelerator, a prototype of the HGI brand that is tailor-made for the Chinese mid-level hotel market.

The growth of Hilton's footprint in the China market has consistently followed the nation's pace of development. It regards national policies such as the Western Development Strategy, Belt and Road Initiative, Free Trade Zones, and Guangdong-Hong Kong-Macao Greater Bay Area as important guidelines for its own expansion. As a result, it has proactively positioned itself in benchmark cities in these strategic developing zones, including Chengdu and Zhuhai.

#### **Localizing Talent**

Hilton focuses on employee growth, with huge importance placed on local talent: the group has established a native Chinese executive team, and more than 50% of General Managers at its properties in China have been hired locally - with the aim of making that figure 85% by 2025. Diversity and gender balance are also prioritized. Hilton employs more than 600 team members with disabilities, and in Southwest China, nearly 40% of Hilton employees come from one of 38 ethnic minorities.

Hilton's role as a pioneer in China has also been demonstrated in its commitment to developing hospitality talent. In 2005, the company established its flagship university program "Hilton School of Hospitality Management" in partnership with Sichuan Tourism University. Through this effort, more than 300 graduates have secured positions with Hilton properties across the country.

#### **Digital Drivers**

Innovation is in Hilton's DNA. Throughout its history, Hilton has introduced numerous innovations offering convenience to all guests and constantly innovating to win the hearts of Chinese customers. Keenly aware of the importance of seamless connectivity in Chinese consumer preferences, Hilton has been leveraging China's digital ecosystem to improve guest experience and travel efficiency. A series of WeChat Mini Programs offer a complete journey of online services, including booking, hotel information and local exploration, payment, invoicing, meal ordering, member enrollment, and social sharing.

"Hilton is |Hilton| targeting to manage 1,000 hotels in China by 2025, by which time it aims to employ 100,000 people in China."

The Chinese Hilton Honors iOS app, the industry's first end-to-end Chinese-language app, has been downloaded more than 150,000 times. Newly opened hotels in China now utilize the group's Digital Key service, which allows guests to choose their room from a digital floorplan and check-in from their smartphones.

Apart from digitalization, Hilton has driven innovations in other aspects of its services. To make the growing number of outbound Chinese travelers feel at home when abroad, Hilton launched the Huanying program, which establishes a set of amenity and service standards uniquely designed for Chinese people. To upgrade services for family accommodation, Hilton launched the China Family Fun Package and Mini GM program, delivering a rich shared experience for parents and children.

#### **Reducing Waste**

Addressing the heated issue of sustainability and actively responding to the guidance of the United Nations' Sustainable Development Goals, Hilton adjusted its own Travel with Purpose initiative and set an ambitious goal for itself: to reduce its environmental footprint by 50% and double its investment in social causes by 2030.

In environmentalism, Hilton was the first major hotel company to set science-based goals focused on the reduction of carbon emissions and recycling 100% of the soap used within its properties. The company uses the LightStay system to measure and manage energy, water, and waste in every Hilton property around the globe. Other practices towards its sustainable goals include banning plastic straws, removing plastic water bottles, reducing single-use

miniature toiletries and promoting volunteer programs such as Earth Week.

#### **Charitable Donations**

In its efforts to intensify its social outreach and the influence that it can have on social issues. Hilton has created a new charitable arm, the Hilton Effect Foundation. The China Foundation for Poverty Alleviation (CFPA) was among the first 15 organizations to receive grants from the Foundation, which helps create development opportunities for Chinese youth. Hilton first partnered with the CFPA in 2017 through the "Hilton Charity Future" student competition for ideas to solve sustainability challenges. To date, more than 9,600 students have participated and received \$86,000 in seed funding for 40 innovative projects. The CFPA recognized Hilton's work with its Outstanding Contribution Award in 2019.

#### The Next 100 Years

After opening the Hilton Shanghai in 1988, it took until 2017 for the group to reach its 100th hotel opening, but already in 2019, it has passed the 200-hotel mark. Those plans are just the start: one of the group's targets is to manage 1,000 hotels in China by 2025. It also seeks to empower a local workforce, aiming to employ 100,000 people in China by the same date. On the customer side, the group's goal is to earn more than 50 million Hilton Honors members in China.

As it looks to the next century, Hilton will continue to promote outstanding development, define the industry with a hospitable corporate culture, and bring industry-leading services to the China market. **Q** 

## Fertile Ground for **Artificial Intelligence**



Daniel Dines is Co-founder and CEO of UiPath, the fastest growing and leading provider of Robotic Process Automation (RPA) and AI software worldwide. Since incorporating UiPath in 2015, and moving its headquarters to New York in 2017, Dines has led the company through substantial growth - delivering intelligent automation solutions to thousands of companies around the world, including government agencies and many of the Fortune 500. He has raised more than \$1 billion from top-tier venture capital firms, with a post-money valuation of \$7 billion.

**UiPath** is a leading Robotic Process Automation vendor providing a complete software platform to help organizations efficiently automate business processes.

UiPath was founded in 2005 by Daniel Dines in a tiny apartment in Bucharest, Romania as DeskOver. Fittingly, it was a coincidence which allowed him to first see the immense possibilities for the company in the fledgling Robotic Process Automation (RPA) market. He incorporated UiPath in 2012 and moved its headquarters to New York in 2017, with the goal of building a solution that could help humans reduce the time and stress that comes from menial, administrative business tasks.

Today, UiPath is the fastest-growing enterprise software company in history with scores of offices, thousands of employees, partnerships with the world's best consulting and BPO firms, a 200,000-strong developer community, and 5MM+ robots at work in over 3,700 global enterprises. Its vision is to make software robots, powered by computer vision and AI, as common as PCs in the workplace - a vision dubbed "One Robot for Every Person".

#### The UiPath to China

Greater China is a key piece to UiPath's global growth strategy. According to research from PwC, the global RPA market is expected to be worth \$5 billion by 2024, of which growth in the Asia Pacific region will hit 181% by 2021. China is the core of growth in the Asia Pacific region.

UiPath announced its expansion into China in late 2018, with its China-first

event #UiPath Together# Beijing taking place on November 15, 2018. Many global executives of UiPath came to this lovely city for their first time and announced UiPath's expansion into China, including its forthcoming plans in the market.

For Daniel Dines, Founder & CEO of UiPath, China has the largest talent pool in the AI field. UiPath enters the China market not because of the market itself, but in it hopes to recruit the best talents here and give them a variety of interesting works. "Chinese people have much in common with Romanians," said Dines in an interview to Chinese reporters. "They are persevering and ready to solve all kinds of problems. I believe Chinese are one of the smartest people in the world, and Chinese culture is the most fertile ground for artificial intelligence."

UiPath aims to combine Chinese local artificial intelligence with RPA, so as to deliver the world's best AI solution to enterprises in all industries. Since entering the China market in 2018, UiPath has set up offices in Beijing, Shanghai, Shenzhen, Hong Kong, and expanded the Greater China team to nearly 100 employees. The UiPath China website and community were established at a very quick speed following the announcement of entering China. With the deepening of its localization, the UiPath platform can now support Simplified Chinese to improve ease-of-use for Chinese customers.

UiPath has also continuously increased local R&D and investment, and is committed to promoting the







#### UiPath's VP of Sales for APAC Thomas Chin (left) on stage

with Co-founder and CFO Daniel Dines

#### Rottom:

The 2019 #UiPath Together# partner and customer event was held at the Renaissance Shanghai Zhongshan Park Hotel in Shanghai in May 23.

Photo courtesy of UiPath

popularization of RPA in China using leading RPA technology. In 2019, UiPath's China customer support center was established, enabling expedient response time to Chinese customers' requests, helping them to optimize RPA applications in their business processes. Currently, an R&D center is being established to provide personalized solutions and tailored services, localized specifically for Chinese customers.

Following UiPath's first event in Beijing, the #UiPath Together# Shanghai event (taking place in May 2019) witnessed a success of UiPath's half year in China. More than 130 Chinese partners and 800+ customers attended the event to explore the "automation first" era with UiPath.

#### **Globally Connected**

From Dines' point of view, UiPath is neither a Romanian company nor a US company. He believes UiPath should be a global company. Today, UiPath is defined by a unique characteristic which can be understood as being a collection of many local entities. Its strategy is to

drive virtually all business to be delivered through a partner ecosystem. This strategy has been instrumental in UiPath sales productivity and customer outcomes with partners.

In China, the UiPath Partner System is engaged by the largest global systems integrators, strategic regional partners, and partners that specialize in technology and throughout all industry verticals. These partners have different roles in strategic consulting, technology, implementation, and service in the RPA ecosystem. As more and more companies realize that RPA is becoming the core engine of enterprise digital transformation, an increasing amount of Chinese local partners have joined the ecosystem powered by UiPath.

UiPath seeks out more opportunities to join hands with Chinese partners who deeply understand local customers, and have strong capabilities in technology, business development, as well as the experiences of integration, together forming the emerging RPA market. In 2019, UiPath offers a partner-focused fund with \$20M, to support partners' innovations based on RPA and AI technology, in

which Chinese partners are strategic focus. In the \$568 million D series funding that UiPath completed in May 2019, part of the funds were used for investment in partner support in China.

Now UiPath have had over 160 clients in China and over 30 partners in the market who can help Chinese customers with implementation. Although RPA adoption in China is at the early stages of growth, customers' needs are expected to increase rapidly as local firms seek to grow within China and compete internationally.

#### **Robots Enabling Humanity**

Driven by a culture of responsibility, UiPath believes business is an opportunity to help humanity. For a long time till now, UiPath has helped minorities, NGOs, displaced professionals, and youth thrive in the digital economy by bringing automation education and RPA software into schools and communities. In China, through the UiPath Academic Alliance, UiPath provides free courses and RPA tools to students at over 30 universities to help them prepare for a future career. UiPath also supports the health and growth of the RPA industry in China through communities with technology support, grants, and employee volunteer programs that promote equality and inclusion, inspire local action, and help during natural disasters.

China has long been an area of economic growth for global companies, and UiPath is no different. Regardless of the international situation, UiPath is looking to build a localized company in the China market. Its strategy is continuing to increase investment in the market help China's localized companies grow and develop utilizing the world's best AI technology.

"Artificial intelligence is an investment in the world and the root of the next human evolution. No country can monopolize artificial intelligence technology." says Dines. UiPath believes that the US sanctions or control measures against China will not affect China's development but will accelerate the development of China's artificial intelligence. As China is increasing its investment in AI, the opportunity for the country, and for UiPath, is coming. **Q** 



**Conservation International's** work in China ranges from ensuring best practices to conserve the natural capital that provides invaluable ecosystem services to humans (such as fresh water, clean air, and a stable climate); to establishing a unique funding model that is protecting an important source of fresh water for local communities; to creating marine protected areas to prevent overfishing and destruction of coastal habitats.

People need nature to thrive, and for nature to survive in today's world, it needs people to defend it. Headquartered in Arlington, Virginia, Conservation International (CI) has been fighting to protect nature from people since 1987. CI started its work in China in 2002. For 17 years, CI has been working in panda landscapes, the Yangtze River Basin, the Pearl River Basin, and the South China Sea for field demonstration.

CI in China has protected over 2 million hectares of ecosystems in China and helped restore 40,00 hectares of lands and water. Its work in over 60 nature reserves and 117 villages has benefited nearly 80,000 local peoples.

#### From Highly Dependent on Nature to Actively Saving It

By 2018, China had established over 10,000 protected areas, accounting for 18% of its total terrestrial area. However, many of them are not well managed. This June, the State Council published the *Guidelines on the Establishment of the National-park-centric Protected Area System*, with the government establishing 10 pilot national parks nationwide. Despite these developments, national parks remain a new concept in China.

To promote the establishment of China's national parks, CI launched the nation's

first co-management project in Sichuan Anzihe Protected Area in 2015. From this, real changes have begun to develop.

27 years ago, Zhou Honglin, Head of Baliping Protection Station of Anzihe Protected Area, was a ranger in a local forest farm working on wood production. After Anzihe Nature Reserve was established, he chose to stay in Anzihe out of his love for the forests. Despite their efforts, conflicts continued to arise between the rangers and the local communities that were highly dependent on natural resources to generate income.

In 2015, CI carried out work in this area, collaborating with the nature reserve and local authorities to co-manage the land. Under the Anzihe Protected Area Master Plan, five key elements encapsulated the implemented integrated management, including conservation, scientific research, nature education, recreation, and sustainable livelihood development in the local community. By attending trainings on those advanced concepts and

techniques, Zhou Honglin and his team improved their skills in conservation science, scientific research, and monitoring.

Thanks to the hard work and cooperation with locals, Zhou Honglin has seen immense changes among the local communities. People no longer have issues with the implemented sewage treatment, and instead receive clean, safe drinking water from the artificial wetlands built by CI and partners. They now know that even though they can no longer exploit natural resources for their livelihoods within the nature reserve, there are more sustainable alternatives.

According to Zhou, "The past fiveyear co-management efforts present a full picture of how to effectively implement a refined management model in a protected area and how, through coordinated efforts, cooperation, and education, tangible results can be achieved. Now I am proud of my work and my son even refers to me as a hero who protects nature." For years, the unique experience of CI in Anzihe has not only enhanced the management of the protected area but also created a model for China's national parks establishment and development at scale.

#### **Introducing New Scientific Tools**

In April 2014, China released the Action Plan for Water Pollution Prevention and Control. Now, resolving water pollution issues is greatly emphasized by the Chinese

government. It envisions that by 2020, 70% of the water in China's seven major rivers will be of good quality.

Weiling, originally from a small town in Guangdong province, is a CI China scientist working on freshwater conservation. Her work with CI brought her to the water source areas of Dongjiang river in Xunwu of Jiangxi Province for the first time in her life. In Xunwu, Weiling, as a beneficiary from the downstream of Dongjiang river, felt a strong connection with the river and local communities. People from the local community told her the story of how the people of Hong Kong had benefited from the Dongjiang - Shenzhen (Dongshen) Water Supply Scheme in the 1960s during the draught period.

While in her hometown at the downstream, for more than half century, the Dongjiang river had been supporting the development and prosperity of the Pearl River Delta region. Now, the river has been under increasing pressure from urbanization, agricultural and industrial development, and climate change.

In her effort to create the change she so desperately wished to see, she began to work on introducing the Freshwater Health Index (FHI) in the Dongjiang River Basin of her hometown. For years, Weiling has been applying this scientific tool developed by CI to assess the freshwater health status in Dongjiang River, the water source for 40 million people in China's Guangdong-Hong Kong-Macao Greater Bay Area.

"Through carrying out FHI assessment in Dongjiang River Basin, multiple stakeholders from the government, the private sector, scholars, and NGOs have been brought together to exchange ideas on promoting scientific watershed management, including the Forestry Administration of Guangdong Province, Victor and William Fung Foundation, Pearl River Fisheries Research Institute, Xingang Provincial Nature Reserve, and Sun Yat-sen University etc.," says Weiling.

At present, two phases of FHI assessments have been carried out in Dongjiang. The results show that the ecosystem vitality of the river scores: 60 out of 100, governance and stakeholders: 56, and ecosystem service: 82. This entails that the river serves the local community a lot, yet it is at the cost of the freshwater ecosystem vitality; better governance and greater active stakeholder engagement will be the priority for conservation efforts. FHI has also been promoted in Lancang-Mekong River Basin by partnering with China-ASEAN Environmental Cooperation Center.

#### **Moving Ahead with New Context**

In the last couple of decades, widespread changes have developed such that foreign NGOs like CI can work more effectively in China. In recent years, the Chinese government has been paying increasing attention to conservation with enhanced investments, and raising the public's awareness of environmental protection.

In this new context, CI is looking at new areas where it can use cutting-edge technologies, skills, and best practices in worldwide conservation, such as marine conservation science and technologies. With blue carbon, for example, CI has been working to mainstream blue carbon in China based on its experience from Colombia on the Cispata Blue Carbon Initiative in partnership with Apple Inc. The Cispata Initiative is expected to be the first initiative worldwide to quantify blue carbon credits in both mangrove trees and soil. CI hopes and expects this experience will contribute to China's first blue carbon trade, as well.

For changes with greater impact, the goal of CI China is to have 10 million hectares of lands and 10 million hectares of marine ecosystems better protected, and green the Belt and Road Initiative. **Q** 



#### Top:

Patrolling in highaltitude areas of Anzihe Protected Area in Sichuan province

#### **Bottom:**

Biodiversity survey at the Zhanjiang National Mangrove Nature Reserve in Guangdong province

Photos by Kyle Obermann



John D. Watkins, Jr Year as Chair: 2009-10

John Watkins has over 35 years of executive leadership and management experience in Asia. He was the China or Asia **CEO for Northwest** Airlines, Cummins Inc., Aviage Systems (a GE-AVIC JV), ASC Fine Wines, and CRH plc between the years 1984-2017. John is now the CEO for VOID Asia, a Disneybacked, locationbased entertainment company. In addition to his two-year term as Chair, John served four terms as Vice Chair and was a board member at AmCham China and AmCham Hong Kong for 10 terms in total from 1990-2010.

### Trillion-Dollar Plans

From the high of the 2008 Olympics to the low of the looming financial crisis, John Watkins' time as Chairman saw some radical shifts within AmCham's approach.

During the autumn of 2008, following a successful Beijing Olympics, and the opening of the new US Embassy in Beijing (attended by both Presidents Bush 41 & 43). US-China relations were at their best in two decades. But just as the diplomatic and business communities in both countries were making preparations to celebrate the 30th anniversary of the restoration of diplomatic relations, the Global Financial Crisis (GFC) broke out.

#### The Three \$1 **Trillions**

After the election for the 2009 Board of Governors, the entire

board, and several former chairs held multiple off-site strategy sessions on how to better position US companies to compete with an increasingly assertive China. One primary initiative, which drove our strategy, was the "Three \$1 Trillions". This was aimed at focusing AmCham China's advocacy, events, and other activities to promote \$1 trillion of US exports to China, \$1 trillion of US product sales made in China for China, and \$1 trillion of Chinese foreign direct investment in the US cumulatively over the next 30 years.

The other significant initiative was to push back on China's moves to further tilt the playing field against foreign firms, this time through Circular 618, or Indigenous Innovation. Because of the GFC, the US-China relationship had changed dramatically from China needing the US to the US needing China. Many of us saw a potential collision coming - one which involved China creating strong national champions in certain strategic sectors in a domestically-protected



#### Ahove:

(from left to right) AmCham China Chairman John Watkins, NDRC Chairman Zhang Ping, U.S. Ambassador to China Jon Huntsman Jr., and AmCham China President Michael Barbalas at the 2009 Annual Appreciation Dinner in Beijing.

Photo courtesy of AmCham China

home market through the aggressive acquisition of technology and then aiding these companies to leverage their China position and take market share globally. We began to sense that as China moved from a \$5 trillion export-led economy to a \$20 trillion domestic-consumption led economy, market access in China was narrowing in certain sectors, especially where US firms had their greatest competitive advantages.

To complicate matters, most of our member companies had very good financial performances in 2009, were expecting an even better year in 2010, and viewed China as their top investment destination, a significant source of profits, and the only sales growth market over the next five years. Many members specifically told us not to rock the boat.

The combination of a sense that the Chinese government was backsliding on its 30-year commitment to slowly but systematically open and reform its markets to foreign investment and







goods made us realize that we could not remain silent. We concluded that it was time for the American business community in China to stand up and speak out in a way we had never done before.

#### **Speaking Out**

AmCham China confronted this complex and dynamic situation by speaking out against China's emerging web of industrial policies that we believed would weaken our members' intellectual property rights and restrict market access over time. We began to engage in a series of face-to-face meetings at the vice-ministerial level. The vice ministers were surprised by our new tone and, at times, our messages were met with equally tough responses.

At the same time, we urged the US government to focus less on the RMB and more on IPR protection and market access during our annual Washington visit and through other channels. We pushed for accelerated progress on US visa policy reform for Chinese nationals and for export control reform. AmCham China President Chris Murck testified before Congress three times during the summer of 2010 and we further turned up the volume in our advocacy through the mainstream print and broadcast media in the US and China.

At that year's Washington Outreach (renamed from Doorknock), the US Government Affairs Committee, under Jim McGregor's leadership, launched a new signature event, a half-day conference in partnership with the Atlantic Council. Many Washington insiders told us this

AmCham China Chairman John Watkins (left) and President Chris Murck (right) present the White Paper to then-US Commerce Secretary Gary Locke, who would later become US Ambassador to China.

#### Rottom:

AmCham China Chairmen pictured together at the 2010 AGM (from left to right): Jim McGregor (1996), Tim Stratford (2000-01), Chris Murck (2002-03), John Watkins (2009-10), Chairman elect Ted Dean (2011-12), and Jim Gradoville (2004)

Photos courtesy of AmCham China

event contributed significantly to changing the conversation in DC regarding China and this event, which now lasts for two days, has become the premier China event in DC.

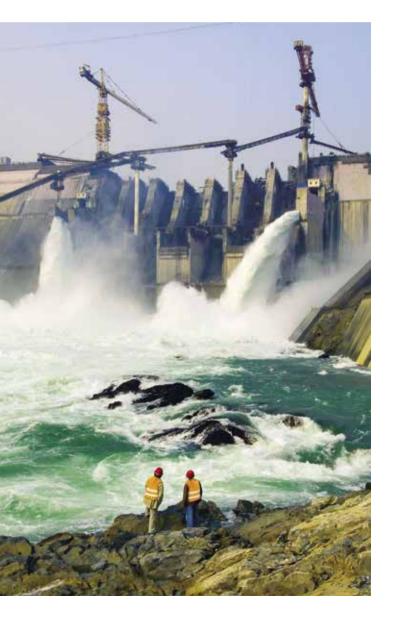
#### **Turning Advocacy into** Results

I am convinced that it was our advocacy and messaging that played a key role in the Chinese government's change of attitude on indigenous innovation and their changed tone on foreign investment in China at that time. We regularly saw our talking points showing up in senior Chinese leaders' speeches. Then-Vice President Xi Jinping quoted our White Paper and Minister Chen Deming consistently mentioned our "Three \$1 Trillions" strategy and Business Climate Survey. These positions laid the foundation for the "tough love" advocacy that AmCham China is now conducting.

My aim, as chair, was to motivate US companies to work together to win in China, elevate AmCham China's advocacy and operational performance to the next level, and, through the Chamber, strengthen the overall peace, prosperity, and mutual understanding in the US-China commercial relationship. I am more convinced than ever that the American business community can accomplish more working together than we can as individual companies operating in isolation. **Q** 

## Advancing a Nation Through Engineering

**Black & Veatch**, a global leader in building critical human infrastructure, has been working in China since 1979. In addition to its Shenzhen office, the company has a large presence in Beijing, as well as four project offices around PR China. The company's projects are helping municipal utility companies to improve water supplies and wastewater management for millions of people.



Engineering stands out in China. You only have to mention the Great Wall or witness the remarkable economic and infrastructural development of the last 40 years to appreciate the role of the engineer in the success of the country. It goes deeper, too, with a surprising and extraordinary number of qualified engineers having held major political positions.

For Black & Veatch, an engineering and construction company founded in Kansas City, Missouri in 1915, it's humbling to have played a role in the country's domestic development as well as increasingly working with Chinese companies on infrastructure projects throughout the world. Our journey in mainland China began 40 years ago through our role on a major power plant to serve the people of Beijing, just as the Reform and Opening Policy came into place. Our history dates back even further to 1930 in Hong Kong where we were integral in developing the city's water supply and much of its iconic water infrastructure today.

A representative office opened in Beijing in 1995 and, as we moved into the 21st century, this was followed by the establishment of wholly foreign owned entities (WFOE) in Shanghai, Beijing, and Shenzhen and enhanced capabilities in Hong Kong.

#### **Contributions to China's Domestic Power Development**

Since our first project developing the Shijingshan Power Plant for Beijing Electric Power Administration, we have contributed to a number of major national power developments, often ensuring the reliable delivery of new and innovative technologies. For example, in 2004 Black & Veatch participated in the Longtan

#### Left:

Longtan hydroelectric project, located in Tian'e County, Guangxi Zhuang Autonomous Region, China, is the world's largest roller-compacted concrete dam

Photo courtesy of Black & Veatch

Hydropower Dam, an important cog in China's East-West Power Transmission Project. The facility remains today the highest Roller Compacted Concrete (RCC) dam in the world at 192m high with a crest length of 761 m. Fast forward to 2019 and we have delivered numerous General Electric F-class advanced combustion turbines plants across China, 9FB, alleviating the reliance on coal-fired steam generating facilities.

Black & Veatch also played an advisory role in the China Sustainable Energy Program (2008) for which the company was invited to provide policy and technical advice to Chinese grantees which came from government agencies, China's State Grid corporation, universities, and the Chinese Academy of Science. Black & Veatch also assisted in a 2050 roadmap effort led by the State Grid and China National Renewable Energy Centre (CNREC) leading to solar photovoltaic standards for quality, safety, and interconnection.

#### The First Water **Company Bond Issue**

A two-year study by Black & Veatch supported by a technical assistance grant provided by the US Trade and Development Agency (USTDA) - laid the groundwork for the first water company bond issue approved in the People's Republic of China in 2006. The study led to the approval of a historic RMB 1.5 billion (approximately \$190 million) corporate revenue bond issue to fund water and wastewater infrastructure improvements in Shanghai. The successful bond issue was an important step in creating a financial platform for increasing foreign investment and trade with China.

Black & Veatch continues to work on a number of resilient and award-winning water projects in Hong Kong. Our legacy evident through iconic projects like the 1970s High Island Water Scheme, is recognized on the reverse of one of the city's HK \$500 notes. Recent and ongoing projects include the designs of Hong Kong's first reverse osmosis desalination plant at Tseung Kwan O and a stormwater storage scheme under the city's famous Happy Valley Racecourse, a winner of the Hong Kong Awards for Industries: Innovation and Creativity Grand Award in 2018.

#### The World's First Proven Floating **Liquefied Natural Gas Unit**

Black & Veatch works at every stage of the infrastructure lifecycle as shown through working on the concept stage of Exmar's Tango FLNG (Floating Liquefied Natural Gas) through to providing all topside engineering and all plant equipment to China's Wison Offshore & Marine Ltd for the first barge-based floating liquefaction and storage unit.

The barge was built in Nantong, China and dry-towed to Argentina where it was commissioned and put into commercial operation in 2019. In June 2019, Tango FLNG became the first floating facility in the world to produce LNG successfully onboard.

In addition to Tango FLNG, Black & Veatch has completed more than 20 LNG production facilities throughout China, most of which feature Black & Veatch's patented PRICO® LNG technology.

#### **China Goes Overseas**

One of Black & Veatch's most significant contributions to commercial development of China is seen through our partnership with Chinese developers overseas to support the export of Chinese major and balance of power plant equipment. With more than 1 million man-hours of work across more than 100 of these export projects, Black & Veatch has performed key roles with winning results in 16 countries, delivering in excess of 32,000 megawatts of power generation.

The key to the solution is drawing on more than 30 years of direct work with Chinese design institutes, manufacturers, contractors, and developers. The track record in recent years includes working with the State Power Investment Corporation (SPIC), one of the largest power investors in China, on power plant retrofit in Malta or with Engie, a global leading Independent Power Producer (IPP) developer and the largest private utility company in Brazil. The power plant will be one of South America's largest once complete and is the first time these international companies have

worked with a Chinese Engineering, Procurement and Construction (EPC) Contractor on a turnkey basis.

Collaborating with Chinese developers overseas, Black & Veatch plays a crucial role in the construction of power plants across Southeast Asia. In consortium with China National Machinery Import & Export Corporation (CMC), one of the top international contractors, Black & Veatch delivered the first 1,000 megawatt class ultra-supercritical coal-fired power plant in Southeast Asia and is working on the largest supercritical coal-fired project in the region.

Subcontracted to Harbin Electric International Company Limited (HEI), which is a subsidiary of one of the top three manufacturers of power plant equipment in China, Black & Veatch is providing engineering and project management services to a clean coal-fired power plant in Dubai. China's Silk Road Fund is one of major project developers for this plant. Upon completion, the project is set to be the first coal-based power plant in the region.

#### **Creating International Talent**

Our offices in Beijing, Shenzhen, and Hong Kong remain and serve as important global centers of excellence in a variety of key technical areas.

As the Belt and Road Initiative gathers momentum, China's role overseas in the development of infrastructure will grow. With differing engineering codes and standards internationally, the challenge for the global engineer in China in the years ahead goes beyond more readily understood cultural and language barriers. Sharing knowledge and investing in our people's capabilities as international experts remains critical for Black & Veatch.

It is through these investments that we are helping our clients stay ahead in a time of change and embrace the energy transition, digitalization, and innovative technologies that create commercial success and a sustainable future.

It is partnership and working together that has been at the heart of our success in China and will continue to be so for many years ahead. **Q** 



#### **Greg Gilligan** Years as Chair: 2013-14

Greg Gilligan joined the PGA TOUR in 2013 as Vice President and is the lead executive in China serving as **PGA TOUR China** Managing Director. Previously, he was the **Managing Director** of APCO Worldwide's Beijing office. He joined APCO after serving as General Manager of Corporate Affairs for McDonald's China, where he developed and executed strategies to enhance McDonald's brand and corporate image among China's regulatory bodies, consumers, and other key stakeholders. Prior to that role, he served as McDonald's China's General Manager for Southeast China.

Greg holds an MBA from Northwestern University's Kellogg School of Management and HKUST; a Master of Arts in Asian Studies and Juris Doctor degrees from Washington University in St. Louis; and a Bachelor of Arts in history from Fairleigh Dickinson University. He has been a member of the Missouri Bar Association since 1995.

### Looking Back and Five-time AmCham officer Greg Gilligan offers Forward

some thoughts on the Chamber's role in promoting sustainable bilateral trade relations.

After serving as Chairman in 2013 and 2014, serving as Vice Chair this year gives me a chance to look both back and forward. Reflecting on the past has even greater value when it helps point to a future path, and given where we are today in the bilateral relationship, that path forward is as important as ever.

Our organization is what we members make of it. Some of us seek business association and value from AmCham China, others can find that and more in our social community and shared experience. Alongside our staff led by a seasoned executive in President Al Beebe, there is the volunteer cadre of members that work with the staff to help us all move forward together. Like many, I started with AmCham by going to events,

networking, getting involved in committees, and seeking out AmCham's highest value.

Having served now five times as an officer on eight Boards of Governors, this moment gives a lot on which to reflect. It's tempting, given the state of US-China relations, to try to offer solutions. That, though, is precisely what we've been doing at AmCham year in and year out. For 21 years, the White Paper has reported on the states of our industries, celebrated successes, and offered solutions to the barriers we must overcome for us to move forward.

Regardless of our time in China, we each share a commitment to our homes in China. We care about our families, friends, and colleagues, taking pride in the many contributions we've made to business and society here. This is why the inherent threats of our current times are so challenging.

Trade deficits, market access, state subsidies, IP protection, technology transfer; we've heard so much of these issues over the past 18 months that it can be overwhelming in the scope of the challenges and the intensity with which the two sides cling to their respective positions. My reflection leads me to this: we need to continue to inform each, government, business, and society on what the issues are, and which constructive suggestions



Above: (from left to right) MOFCOM Vice Minister Wang Chao, AmCham China Chairman Greg Gilligan, U.S. Ambassador to China Gary Locke, and AmCham China President Mark Duval at the 2013 Annual Appreciation Dinner in Beijing.

Photo courtesy of AmCham China

will deliver benefit to both sides.

The more involved I have become at AmCham, the more I learned and the deeper the relationships I've formed there became. I've gained not only additional business insight, but also deep learning from the talented, committed people among the members and staff. Through AmCham we forge the type of relationships in China that are proving critical to addressing the situation we face in the US-China commercial relationship.

A fellow chairman emeritus noted recently that the commercial relationship that was once the ballast between our two countries is now the source of friction. That, of course, may be the situation today, but it need not remain so. We can, should, and must - through continued engagement - seek solutions together so that the next 100 years can be just as fruitful.

The economic issues deserving near-term meaningful reform can't wait. The US-China bilateral relationship is in crisis. Our opportunity is to face the challenge, continue to stay objective and constructive, and not settle for less than results that will truly benefit the American and Chinese peoples, and indeed the world. These are truly attainable goals and our community can be a big part of the solution by staying hopeful, committed, and focused. **Q** 

### Nearly 40 Years in China's Legal Landscape

Founded in 1877, Reed Smith is a global relationship law firm with more than 1,700 lawyers in 29 offices throughout the United States, Europe, Asia, and the Middle East.

Asia is a region a global firm cannot ignore, and Reed Smith is positioning itself to capture the growing opportunities there over the next decade. Throughout 2019, the firm has been expanding its Asian business by taking on cutting-edge projects and adding attorneys in Hong Kong, Beijing, and Shanghai.

Reed Smith Asia-based attorneys are focused on doing transformative work - advising companies and governments on cleaner energy, digital currencies, cybersecurity, climate change, and the environment. The firm is applying its expertise in M&A, cross-border transactions, litigation/dispute resolution, and regulatory matters in ways that are helping clients navigate current geopolitical tensions, transform the region's energy infrastructure, prepare companies for digital currencies, and deliver needed advice on transactions, finance, and trade.

#### **New Horizons for Greater China**

Reed Smith has nearly four decades in Greater China, and their Hong Kong, Beijing, and Shanghai offices house more than 100 fee earners representing many of the world's leading Asian and international companies doing business in the region.

Reed Smith lawyers advise clients on complex M&A, cross-border, and strategic transactions; crucial regulatory matters; high-stakes litigation; and dispute resolution for companies doing business in or planning to enter the market.



**Above:** Reed Smith Partner Lianjun Li (fourth from right) joined a Chinese delegation that attended a meeting at the United Nations in New York in May 2019.

**Photo courtesy of Reed Smith** 

Reed Smith lawyers participated in some of the first Hong Kong listings of PRC enterprises and regularly advise listed companies in Hong Kong on public takeovers as well as on regulatory enquiries and investigations.

#### **Global Influence in Shipping**

Earning global recognition for his expertise, partner Lianjun Li (HK) was a member of the delegation sent by Hong Kong's Marine Department to the UN Commission on International Trade Law. As a member of the Working Group VI, he helped draft the convention on Judicial Sale of Ships from 13 to 17 May 2019. The goal of the Judicial Sales project is to harmonize the enforcement of judicial sales and prevent disputes concerning ownership.

#### **Blockchain and** Cryptocurrency

A technology services provider that provides blockchain and cryptocurrency services recently appointed Singapore counsel Hagen Rooke (ENR) to advise on the Singapore regulatory implications of its proposed cryptocurrency e-wallet, payment, and custody solution, with a focus on currency-backed and gold-backed stablecoins.

Blockchain and cryptocurrencies leverage new technology to offer new ways of transacting. They rely on a relatively small number of intermediaries to operate, faster transaction times, and reduced transactional cost, Rooke notes. Increasingly, Reed Smith is being asked to advise on the legal implications of these concepts. Advising in this area involves providing the greatest possible legal certainty for solutions which, to some degree, are legally untested, Rooke says, adding, "We are helping clients navigate the risks involved in being innovative."

"As a major international firm which advises globally active clients with an interest in these technologies, it is key that we show clients we're not only part of the journey, but leading the way," Rooke says. **Q** 

## Sustainable Solutions for Dynamic China

**Ecolab** is the global leader in water, hygiene, and energy technologies and services that protect people and vital resources. Ecolab delivers comprehensive solutions and on-site service to promote safe food, maintain clean environments, optimize water and energy use, and improve operational efficiencies for customers in the food, healthcare. energy, hospitality, and industrial markets in more than 170 countries around the world.

By establishing its presence in Greater China back in 1975, Ecolab is one of the earliest multinational companies to have entered the market. With over 40 years' local service experience, it has expanded significantly by developing and introducing cutting-edge technologies to China, whilst advancing tailor-made solutions to cater to the ever-evolving needs of local customers.

Today, with its headquarters located in Shanghai, Ecolab Greater China has gathered more than 3,600 associates, operates six manufacturing facilities in five cities, and has more than 40 sales offices. Ecolab has also set up a Shanghai Technology Center, which serves as an innovation hub, currently operating with more than 80 highly experienced scientists and engineers, of which 70% are PhD holders.



#### Above:

Ecolab established its presence in Greater China in 1975 and built the headquarter in Shanghai.

Photo courtesy of Ecolab

#### Stewardship in China

In China, Ecolab has established three strategic pillars – food safety, water stewardship, and healthcare – to echo the underlying economic and societal trends, such as the emerging middle-class, water scarcity, and China's aging population.

"China is a massive country, it's rife with opportunities, and it has a very aggressive and vibrant, but competitive customer set. That's why we focus on three big opportunity areas where we bring advantages that match China's economic opportunities, and its vision for society" said Jill Wyant, Ecolab Executive Vice President of Regions.

China is currently undergoing unprecedented societal changes, eyeing a long-term sustainable growth by fostering high-quality development. Government strategies have been shaped towards the goals of building a "Beautiful

and Healthy China" to address people's pursuit of a better life and ever-growing demands for a beautiful environment. Ecolab is a valuable partner in helping China to achieve these goals by leveraging its global expertise and localized innovation to solve the country's most pressing challenges, and help local customers achieve economic, environmental, safety, and social goals.

#### **Successes in Safety**

Since entering the China market, Ecolab has been committed to utilizing its expertise and technologies to support China's local customers and industry in promoting food safety, enhancing water stewardship, and elevating healthcare services.

Being the world's second largest and fastest-growing foodservice market, China's food industry is becoming ever-increasingly dynamic and fast-changing. Given the expanding middle-class, elevating food consumption needs, and "new retail" business model, new food safety challenges are now arising.

Ecolab's comprehensive food safety solutions and innovative technologies aims to tackle the food safety problem in the China market. The strategy of "farm to table" covers the entire supply chain from food and beverage processing plants, to restaurant and foodservice locations, and to food retail businesses.

Country Style Cooking, a China-born fast-food chain group, has seen growing need in developing a comprehensive food safety system with the company's fast expansion in scale. Ecolab cooperated with the company to build a "clean, safe, and efficient" restaurant operation system and set a model for Chinese fast food industry.

Ecolab conducted a comprehensive assessment of "cleaning and food safety" for Country Style Cooking and established 12 model stores. Meanwhile, Ecolab developed standards for cleaning and disinfection procedures and efficient tools, and gradually implement those standards to all stores. By 2018, more than 200 Country Style Cooking stores applied the standard, with 3,598 front-line employees from 1,522 stores completing the training.

#### Water, Water, Everywhere...

As well, increasing water scarcity and tightening water policies have resulted in tremendous demand for better water management and higher water-use efficiency among companies operating in China.

As the global leader in water stewardship, Ecolab continues to develop and implement its "total water solutions" by combining smart water management tools and technologies for the local customers. Nevertheless, Ecolab is also introducing international standards on water management into China market, in a bid to upgrade the framework and bring corporate water management to the next level.

As one of the founding partners of AWS (the Alliance for Water Stewardship), Ecolab was the first company to implement the International Sustainable Water Management Standard. In September 2015, its production base in Taicang also became the first factory in the world to receive the AWS certification. In addition to Ecolab, Nestle's Dashan water factory was also awarded the AWS Gold certification in October 2018. As a long-term partner of Nestlé, Ecolab was involved in the water management of the Dashan factory - the use of non-phosphorus chemicals helped Dashan factory reduce pollution directly from the source.

#### **Elevating Eldercare**

With China's rapidly aging population, there is a surging demand for healthcare and related services, presenting vast opportunities for hygiene expert Ecolab. In April 2019, Ecolab Healthcare and Beijing Hospital jointly launched the Ecolab-Soluscope Standardized Training Center for Endoscope Cleaning and Disinfection, which provides local hospitals with handson training across Ecolab's integrated infection prevention programs, and can help deliver better cleaning and disinfection resulting in improved outcomes for

patients and healthcare workers. The Center allows Ecolab to introduce and integrate the global solutions in local market, while working closely with local hospitals to tailor solutions that address Chinese market conditions and needs.

#### **Safety in Numbers**

Through years of persistent efforts made with various parties, Ecolab is known as a food safety leader and water treatment expert. With Corporate Social Responsibility (CSR) deeply embedded in the company's DNA, Ecolab dedicates its CSR efforts to promoting food safety and sustainability, through connecting various parties in the ecosystem and constantly driving industry and public awareness.

In April 2011, Ecolab worked with China Business News (CBN) and the Chinese Institute of Food Science and Technology to establish the "Chinese Seven-Star Convention Alliance," which aims to bring together food safety experts, academics, enterprises, and government departments to share best practices in Chinese food safety issues. Seven Star just entered its ninth year as of 2019.

In 2018, Ecolab cooperated with several industry organizers to hold the first Industrial Water Leaders Forum (IWLF), uniting the government, NGO, industry leaders, academic institutions, and enterprises to share the latest trends and industry insights to create a higher quality industrial water management communication platform. Ecolab is hoping to make contributions to building a "Beautiful China" by joining efforts with other industrial partners, helping companies to achieve sustainable development.

#### **Global Innovation**

As a US-headquartered global company, Ecolab has been playing a role in intercountry exchange, particularly in innovation and technology. In 2011, Ecolab established the Greater China Technology Center in Shanghai, serving as an innovation hub as well as an advanced technical support resource center for Ecolab's other technology centers around the world. The Center is a demonstration of Ecolab's commitment to the research and development of unique technologies as well as local talent raising, from US to China. **Q** 



#### Left:

Ecolab hosted the Industrial Water Leaders Forum 2019 in Shanghai to call for better water management in China

Photo courtesy of Fcolab



**Corteva** was founded on the rich heritage of industry leaders Dow, DuPont, and Pioneer. By focusing on the most complimentary portfolio of products and services, Corteva represents the evolution of a 217 year commitment to innovating, serving communities, and upholding sustainability in agriculture.

> October 2019 marked the 70th anniversary of the founding of the People's Republic of China and will usher in a new round of reform and opening up. It is a new era for China, and also marks a new endeavor for Corteva Agriscience™ - a start up with 400 years of heritage that aims to enrich the lives of those who produce and those who consume, ensuring progress for generations to come.

> Last year, when Corteva announced its Chinese trademark name: 科迪华农业科技 - signifying its mission of bringing prosperity to farmers and consumers, emphasizing the importance of innovation, symbolizing scientific innovation, and the enlightening of agricultural innovation - it was clear that a bright and rewarding journey was just beginning.

While this would be Corteva's first entry into the Chinese market as a pure-play agricultural company with a consolidated portfolio of seed,

crop protection, and digital services, its heritage companies have operated in the country since the 1970s. Corteva is a startup company with a wealth of wisdom and knowledge in agricultural practice and scientific research, developed over 200 years from DuPont Pioneer, DuPont Crop Protection, and Dow AgroSciences.

Using this wealth of accumulated know-how and practices, Corteva is committed to empowering agriculture, rural areas, and farmers, helping China improve its systems of agricultural industry, production, and management, thus contributing to the modernization of China's agriculture.

#### **Enabling Agriculture as a Pure-play**

Corteva's spin-off process was completed in June 2019, just months after Chinese Premiere Li Keqiang pledged the further opening up of China's economy amidst calls for higher quality growth at the annual National Two Sessions. As a foundation and essential principle for the country's development, agriculture is to play a fundamental role, and developing quality green agriculture remains an unstoppable drive.

China has 577 million farmers and an agricultural output of RMB 6.17 trillion, making the reasons for rural revitalization abundantly clear. As a country that has used agriculture as its foundation for its growth, China is a prime location for Corteva to practice its mantra of making life better for those who produce and those who consume, ensuring progress for generations to come.

There are many challenges that agriculture in China faces, many of which are unique to the country. As one of the largest in the world. China is blessed with vast land and rich resources, which also means having incredibly different farmland conditions and a complicated variety of crops. Add to this the aging rural population, and the scattered small-area distribution of arable lands (around 15 acres of farmland per household) with diverse cultivation conditions and various risks, and it is apparent that Chinese farmers shoulder a huge burden.

Thankfully, rapid development is bringing about the emergence of new agricultural technology applications, but for farmers to truly thrive, they need excellent seeds, crop protection, and digital technology that can help them face the challenges ahead.

#### A Portfolio of Highvalue Solutions

Corteva's seed solutions combine the trait discovery capability of Dow AgroSciences with DuPont Pioneer's best-in-the-industry germplasm and trait integration capabilities to create high-quality seed products, standardized production processes, innovative farming models, professional agronomic services, and a whole industry chain management concept that can significantly reduce sowing quantity by 50-75% for farmers, lowering seed production and labor costs.

Inheriting the high-performing R&D organization from Dow AgroSciences, plus a large component of DuPont's pipeline, Corteva's crop protection solutions cover a wide range of fields. Corteva has already introduced over 30 active ingredients and more than 100 crop protection products in China to provide targeted protection for 80% of locally grown crops.

And digital technologies such as the Internet of Things, mobile

communications, cloud computing, satellite remote sensing, and drone mapping have not only expanded the boundaries of agricultural services, but also refreshed the ecology of modern agriculture. Corteva's digital offering includes the most comprehensive farm business management software available as a service solution to help increase farm profitability and reduce consumption.

Through these tools, Corteva is empowering China's rural revitalization and aims to elevate green and quality agriculture, maintaining a safe, innovative, and sustainable food supply chain and using innovation to drive transformation and improving quality and efficiency while making the entire agricultural system more flexible and responsive.

#### **Fully Empowering** China's Rural Revitalization

There is a sense of urgency that comes with agricultural revitalization - China's development is rapid, and because of its enthusiastic urbanization strategy, the urban population is expected to reach 70% by 2030. This still leaves around 500 million rural citizens that would benefit from agricultural modernization and new rural construction. Corteva actively advocates the rights and education of such citizens, which include rural women and poor and disadvantaged groups in need of help.

A country with the size and biodiversity of China requires tailored solutions that take different regions of the country's unique biomes into account. By bringing

together top-level planting technology experts and agronomic specialists, as well as cooperating with local agricultural departments, Corteva is uniquely positioned to meet farmers' needs with the right solution for the right acre - in the seed, on the seed and on the farm. It is able to bring effective and customized crop protection solutions to farmers countrywide.

Corteva approaches its vision and mission through the company's three engine-driving forces - localization, cross-industry cooperation and technological innovation - promoting a "farm enterprise" concept that enables local farmers to improve their profitability and productivity in the long run, working to improve their skills and provide them an optimal portfolio that addresses all challenges throughout the farming cycle.

Rural revitalization has brought about new impetus and opportunities, and China is strategically important to Corteva's long term strategy and operations. As such, Corteva's commitment to China's long-term agricultural development remains strong. Through best-in-class seeds, crop protection solutions, and digital services, farmers and consumers remain at the heart of Corteva's operations in China, growing progress and ensuring future generations' success.

Entering a new era, China's economic transformation is gestating new growth drivers. Corteva will take full advantage of this, seeking new opportunities that promote agricultural development in China to achieve new breakthroughs at new starting points. Ensuring the success of rural communities is the top priority of China, for it is a company-wide belief that the world will flourish only when producers thrive. Q



Left: A Corteva agronomist tests crop protection solutions in a green house.

Photo courtesy of Corteva



#### William Zarit Years as Chair: 2017-18

William Zarit is a Senior Counselor at The Cohen Group, where he advises major Chinese companies on how to navigate the US investment market, and helps US multinationals working in the Chinese commercial environment. Until Mav 2014, he was Minister for Commercial Affairs at the US Embassy in Beijing, overseeing the Commerce Department's trade promotion and policy activities in its operations in Beijing, Chengdu, Guangzhou, Shanghai, and Shenyang. He retired with the rank of Career Minister.

Prior to his posting to Beijing, Zarit was Deputy Assistant Secretary, International Operations, for the US Commercial Service, overseeing Commercial Sections in US **Embassies and Consulates** worldwide, having also served in Malaysia and Taiwan.

He previously worked as **Economic and Commercial** Program Officer for the National Committee on US-China Relations, Marketing Manager/China for the telecoms firm Pacific Telesis International, and Project Manager for the high-tech marketing firm China Business Associates.

## **Trading Places**

Bill Zarit's two-year stint as AmCham Chairman saw the bilateral economic relationship change dramatically with the start of an escalating tariff dispute.



#### Above:

William Zarit speaks at the 9th China Business Conference in Washington DC in 2018

#### Photo courtesy of AmCham China

AmCham China has played an outsized role in my professional life for more than 20 years. As part of the US Embassy's Commercial Section, I relied heavily on AmCham China members voicing their issues, which we then addressed with our Chinese government interlocutors. The issues included lack of market access, intellectual property violations, and strong support for state-owned enterprises that unfairly tilted the playing field. Sound familiar?

Returning to the private sector, it was AmCham China that became my source of timely business information, and an effective way to continue to serve the US business community. After two years as vice chair under Jim Zimmerman, I ran for chair. When I took over on January 1, 2017, who knew the strong trade relationship would quickly morph into nasty trade negotiations, and then into a full-blown trade war?

It was true that US business was working at an increasing disadvantage in China. China opened its markets sporadically and incrementally over the years, while US and other western countries' markets remained open to Chinese exports. Although China had made significant progress protecting intellectual property over the past 20 years, serious violations continued.

By China's proud declaration, state support and market protection characterized the "Made In China" predatory economic policies. What tipped the scales was that between the 1980s and 2017, China had become the world's second largest economy. The US finally had to address the unbalanced economic relationship and change the trajectory.

While the membership generally supported the US calling China out on its economic behavior, most members did not agree with the blunt weapon of wholesale tariffs on Chinese goods.

AmCham China's role as a bridge between the two economies became even more critical. We enjoyed better access to Chinese officials, who were grasping for any information that might help them understand the US Administration's unorthodox conduct. Our Chinese interlocuters also used our meetings to send messages to Washington.

We made sure that our statements reflected the voice of the members, and remained respectful to the leadership in both countries. We needed to make sure that AmCham China's recommendations - reciprocity over tariffs, talking over silence, TPP membership, and improving America's own competitiveness - were consistent, succinct, and readily understandable.

So the bilateral conflict, along with guiding the Board of Governors to expand membership, meet the budget demands, execute successful events, and even move the office, the chairman's role became a full-time job. It was a time for surprises, frustration, and intense demands. It was also a time for accomplishments. Most of all it was a gratifying time to work with not only an outstanding professional staff, but also with the countless volunteers that continue to drive AmCham China's success. Q



**Cotton Council International (CCI)**, the export promotion arm of the National Cotton Council of America (NCC), is a non-profit trade association that promotes US cotton fiber and manufactured cotton products around the globe. CCI has 60 years of experience promoting US cotton fiber and products to trade and consumers.

China's entry into the WTO in 2001 opened the door for US cotton to enter the Chinese market in large quantities for the first time in decades. Before July 2018, China's US cotton imports maintained steady growth, no matter during the global economic crisis or the fluctuations in China's cotton markets. US cotton's import quantity and market share in China has always held the leading or second position before 2018. What are the secrets of this success?

Most importantly, the US cotton industry engages a strategy of seeking mutually beneficial, long-term relationships with Chinese cotton and textile industries. In recent years, China's industrialization and urbanization has had great impact on its traditional cotton plantation areas in the Yangtze River and Yellow River Basins. As such, China's cotton industry is no longer able to meet the rapid development of China's textile industry.

#### **Complementary Cotton**

US cotton has positioned itself as a complementary supply source to China's cotton industry and as a partner of Chinese textile enterprises since it first entered the market. It has signed cooperation agreements with China Cotton Association (CCA) and China National Textile and Apparel Council (CNTAC) to promote collaboration, and the joint promotion of cotton industry development. Through these modes of cooperation, the US cotton industry has established its image as a trustworthy partner in China.

#### **Quality Over Quantity**

Ever since US cotton entered the Chinese market in large quantities at the beginning of this century, great changes have taken place in China. The Chinese

people's demand for cotton textile products has gradually changed from quantity

In order to meet the needs of the Chinese market, the US cotton industry has strengthened quality management across the whole industrial chain covering seed breeding, planting technology, sustainability, ginning, warehousing, and transportation.

In the process of globalization, the focus of the global cotton and textile industry has moved to Asia and China. Regardless of the international trade unrest, the US cotton industry will firmly seize this historical opportunity to strive for greater market share and a more sustainable brand image in China in the process of creating partnerships complementarity with China's cotton and textile industry.

#### **Strong Ties**

During the current US-China trade tensions, the US cotton industry continues to maintain a long-term outlook on partnerships to complement China's upgrading of their textile complex. The US cotton industry also sticks to its strategy of "positive engagement" with Chinese government agencies, industry associations, textile enterprises, research institutions, and trade media outlets.

Considering limited resources, such positive engagement is not guesswork but based on an insightful analysis of China's changing market, macro-economic and industrial policies, as well as policymakers. The US cotton industry is confident that it has built a solid foundation on which to weather the current storm and will thus be able to embrace a brighter future after this disruption passes. **Q** 

## American Ties to China's Aerospace Landscape

**Airtech Asia** is a division of Airtech Advanced Materials Group, the largest manufacturer of vacuum bagging and composite tooling materials, resin infusion, and wet lay-up processes. Airtech Asia's focus areas include aerospace, wind energy, marine, automotive, printed circuit board, solar energy and general FRP composites.

Airtech Asia and Dr. Mo Perwaiz have deep roots in China. Not long after Perwaiz's initial arrival in China in 1980, the President and Owner/Founder of Airtech, Bill Dahlgren, and Airtech's Vice President, Jeff Dahlgren, visited China in 1982 to explore opportunities in China's aerospace industry. This established Airtech as the first American company to create ties in China's aerospace sector.

#### **Airtech Comes to** China

Bill and Jeff Dahlgren visited several aerospace companies managed by China's Ministry of National Defense. And, since 1982, Airtech has been supporting and partnering with China's Ministry of National Defense through existing subsidiaries. Airtech's technical directors assisted and advised the Chinese aerospace industry with their expertise to resolve issues.

Airtech was founded by Bill Dahlgren and has been family-owned and operated since 1973. Jeff Dahlgren envisioned the immense potential in setting up an Airtech manufacturing facility in China. With this vision, Jeff propositioned

Perwaiz to join Airtech by launching a new facility in 2007.

In 2007, at the Beijing Exposition, Airtech announced the formation of Airtech Asia, a wholly owned subsidiary. "This will allow us to better serve our customers who have established a subsidiary in China and with our Chinese customers that have been working with us since our first trip to China in 1982," announced Bill Dahlgren. "This manufacturing facility will complement our other manufacturing facilities in California, Luxembourg, and England. The addition of Airtech Asia will make Airtech available for business in nearly all time zones around the globe," echoed Jeff Dahlgren.

#### Airtech Today

This year, Airtech relocated to a larger facility in the same city, Tianjin, in order to make space for a much larger factory to serve wind energy and expand the business to not only wind energy and aerospace but trains, automobiles, and marine. The current Chairman of the Board, Jeff Dahlgren says, "I've always considered China as a place of innovative progress and a great country to invest in aerospace



Dr. Mo Perwaiz, Airtech Asia General Manager, first came to China in 1980, initially applying his expertise as a coordinator for transfer of technology for an Oklahoma based company, working as Vice President of International **Business Development for** Technology Transfer.

and wind energy production." This expansion allows for more office, warehouse, and manufacturing space to support its growing customer base.

Perwaiz states, "Airtech is a customer - focused enterprise, we are expanding resources to secure our future together with our customers. The new site has room to grow for the next 20 years. The move will extend the capabilities of Airtech Advanced Materials Group's worldwide presence and is committed to better serve its customers around the world."

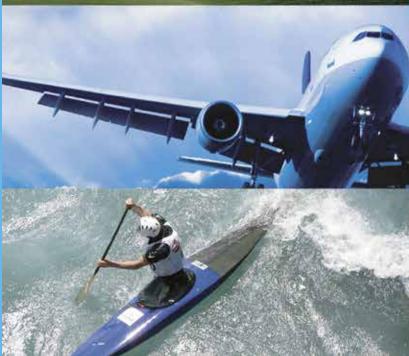
Airtech Asia is part of the Airtech Advanced Materials Group, the world leading manufacturer and supplier of vacuum bagging and composite tooling materials. The new facility is part of Airtech's worldwide commitment to support the aerospace, wind power, automotive, marine and general composite industries. The new facility has a capacity of up to 300,000 sq ft. (27,800 sq m). **Q** 



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### Cheers to the Chamber

**Penrose Hill** is a customer-centric winery launched in 2016 by Philip James with a portfolio of wines that have won over 1,000 total awards. In less than four years, Penrose Hill wines have taken home over 150 90+ Point scores, 175 Gold medals, and 40 Double Gold and Platinum medals at industry competitions.

To commemorate AmCham China's anniversary, the Chamber - in collaboration with Napa-based winemaker Penrose Hill - unveiled a special 100-year anniversary wine at a unique launch event, colorfully celebrating the Chamber's heritage in China with their China distributor Zhude International, and more than 100 AmCham China members, who sampled the specially-branded Hawthorne Grove red blend 808 and Chardonnay white.

Penrose Hill Founder and CEO Philip James flew in from California to introduce the commemorative wine and celebrate with AmCham China. At the event, James noted that the Chinese wine market is set to become the second largest in the world. However, American wine still lags in sixth place in the Chinese market, with less than 10% of the imports of France and Australia - the current market leaders. James assured the crowd that he foresees that trend changing, as Napa Valley is one of the most prestigious wine regions in the world - good enough even for Yao Ming to build his winery there.

#### Atop the Penrose Hill

Since launching in 2015, Penrose Hill has become one of the 50 largest wineries in the US. Their team of winemakers hails from world-famous wineries including Napa Cabernet producer, Caymus, and sparkling wine house, Domain Chandon. Penrose Hill works with vineyards and wineries from Europe, South America, Australasia, and South Africa, and their wines have won over 1,000 awards.

"I founded Penrose Hill because I believe wine drinkers everywhere deserve to have great wine for a great value, and almost none know how to find it," says James. "Choosing a bottle of wine can be overwhelming.



AmCham China's 100-year celebratory wine

Photo courtesy of AmCham China

Everyone knows what it's like to go to a restaurant and not know which wine to choose from a list that is hundreds of bottles long. And everyone knows what it's like to go into a wine store and not recognize a single bottle on the shelves."

As such, Penrose Hill has ambitiously set out to connect wine drinkers with wines that best match their tastes, because the company prides itself on being customer-centric and data-driven. With Penrose Hill, James wanted to blend the art of winemaking with technology to offer incredible value for quality products. The journey to providing the best for the wine drinkers of the world, however, is filled with obstacles.

"Any business involving alcoholic beverages in the United States is incredibly complex. Residual effects of Prohibition still cast a shadow over every step of the American wine business. Many outside the industry view the country as one market, but the repeal of Prohibition left the United States with 50 different interpretations of what alcohol sales should look like," James explains. "We have to deal with 50 individual markets that have different laws, regulations, and tax structures."

However, these disparate legal interpretations are beginning to change. "In recent months, the US Supreme Court has ruled in favor of retailers allowing more wine shipments over state lines. We are starting to see some of the archaic regulations ease up," he says.

"The tariffs have had a negative impact on the American wine industry, and world-famous regions like Napa are bearing the brunt of the trade war. France and Australia are currently importing around \$1 billion of wine to China every year. The United States is importing less than \$100 million of wine per year, and the number will continue to fall as long as the tariffs are in place," says James.

The good news is that Penrose Hill sees tariffs as temporary and perceives huge potential in China. James explains: "It's clear to us that China wants to enjoy American wine, and I am excited to be able to share our wine and technology with Chinese wine lovers."

#### **Winning in Wine**

James and his team pride themselves on bringing one of the world's oldest products into the 21st century through their focus on customers, data, and innovation. "Wine has been made, traded, and consumed in almost the exact same way for hundreds of years. It's only in the last few decades that





#### Left:

Penrose Hill Founder and CFO Philip James

Photo courtesy of Penrose Hill

we have been able to incorporate technology to make wine that tastes better with greater efficiency. We use algorithm-driven technology to parse through all the data that surrounds our wines, and then we apply the learnings to every part of our business," explains James.

"Our technology can analyze trends in the chemistry of our customers' favorite wines to identify relevant patterns. We provide this information to our winemakers

so that they can close the loop by making wines informed by consumer taste."

Penrose Hill has also developed a short quiz that pairs a wine for an individual's palate with an accuracy of 90%. "Over time, our algorithm learns the types of wine you like and makes recommendations," says James. "Every interaction with our technology increases the accuracy of the recommendations and enhances the overall wine drinking experience."

#### **Growing Grapes Chosen for China**

There are multiple factors that have been crucial to Penrose Hill's successful growth over a relatively short period of time. The company's focus on consumers is drastically different from the way most wineries think about running their businesses. For Penrose Hill, the entire process from grape to glass is about the customer. The wine they make is designed and artfully made to address what consumers want. "We are constantly making better wine, and thankfully the industry agrees."

Another key factor that cannot be understated is the support the winemaker has from investors and partners. Penrose Hill has backing from prestigious venture capital firms. "In China, we are fortunate to have partnered with a strong local partner," James emphasizes, "Having such an influential network has opened many doors for our business to grow in China." Q



#### AmCham China Forums and Committees

AmCham China's Forums and Committees are the lifeblood of our advocacy, industry relations, and community development. We have Forums and Committees focusing on industry sectors, corporate functions, and special issue-based interests that well represent American businesses operating in China as well as the active membership of our community. Forums and Committees allow members to:

- · Use AmCham China as a platform to drive foreign companies and industry-based advocacy efforts
- · Hold dialogues with regulators and industry stakeholders to influence the business environment
- · Share information and ideas specific to their industries
- · Meet like-minded people for professional development
- · Generate contacts for business development

If you are interested in joining any of our Forums and Committees, please contact the corresponding member of staff listed below.

#### Agriculture Forum 4

Michael Boddington, Asian Agribusiness Consultina

Yong Gao, Bayer Juhui Huang, BRF China Owen Ma, Cargill Investment

#### Automotive Forum 6

Albert Xie, General Motors Yan Leng, Daimler

#### **Business Sustainability Committee \***

Anke Schrader, The Conference Board Jasmine Tian, Coca-Cola Wu Jing, UPS

#### **Chinese Government Affairs** Committee 2

Bing Zhou, Dell Elizabeth Pei, Disney Dennis Zhang, Carlyle Group Julia Zhu, Starbucks

#### Compliance Committee 6

Katharine Bostick, Microsoft Susan Munro, Steptoe & Johnson

#### Cosmetics and Nutrition Forum 6

Jun Zhang, Amore Edison Chen, Johnson & Johnson Jane Yan, Amway

#### Customs & Trade Forum \*

Yu Jiang, Emerson

#### Education Forum 1

Carol Li Rafferty, Yale Center Beijing

#### Election Committee 5

Chris Millward, USITO

#### **Entrepreneur Committee \*\***

Su Cheng Harris-Simpson, SCHS Asia Eric Schmidt, EventBank Abraham Sorock, Atlas

#### Financial Services Forum \*\*

Gina Huang, JP Morgan Viki Huang, State Street

#### Food & Beverage Forum 6

Rachel Yu, Coca-Cola Julia Zhu, Starbucks Sujing Wang, Pepsi

#### Healthcare Industry Forum 4

Roberta Lipson, Chindex Jeffrey Que, Johnson & Johnson Alice Xu, Boston Scientific

#### Human Resources Forum 3

Charise Le, Schneider Annie Wang, Bayer Michelle Zhang, Pfizer Charles Shao, Korn Ferry

#### ICT Forum 4

Wei Ding, Oracle Joanna Mao, United States Information Technology Office (USITO)

#### Insurance Forum \*\*

Lester Ross, Wilmer Cutler Pickering Hale and Dorr

Gloria Wang, United Healthcare Insurance

#### Intellectual Property Rights Forum 6

Scott Palmer, Perkins Coie

#### Legal Committee 4

Michael Liu, Hylands

#### Manufacturing & Sourcing Forum 4

Dwight Nordstrom, PRI Management Consultina

Chuck Brown, Individual

#### Marketing, Advertising, and PR Forum 3

Olivia Ji. EventBank Yu Yue, Brunswick

#### Media and Entertainment Forum 3

Charles Shi, Universal Parks

#### Oil, Energy, and Power Forum \*\*

Yumin Yang, ConocoPhillips Maggie Jia, Cheniere

#### Outbound Investment Forum \*\*

Kenneth Zhou, Wilmer Cutler Pickering Hale and Dorr

#### Policy Committee 7

Lester Ross, Wilmer Cutler Pickering Hale and Dorr

#### **Real Estate and Development** Forum 1

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#### Sports (including Golf) Committee 1

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#### Young Professionals Committee 1

Ahraham Sorock Atlas

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#### CGAC Committee 10

Helen Hu, GE China

#### Training Forum 10

Scott Shaw, LDi Training

#### **Northeast Chapter**

#### Human Resources Forum 11

Dorman Kwan, PwC (Dalian) Rochelle Mathias, TORLYS & Mother's Enalish

#### ICT Forum 11

Ladon Ghalili, Epoch International

#### Women Professionals Committee 11

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#### **Tianjin Chapter**

#### Manufacturing & Sustainability Committee 12

Nathan Dunbar, Caterpillar (Tianjin) Marcus Williams, Boeing Tianjin Composites Co., Ltd.

Alex Scilla, Tianjin Zhongyi Xianfeng Environmental Consulting Service Co.

#### Golf Committee 12

Jon Reed, Tianjin Custom Wood Processing

#### Real Estate Forum 12

Michael Hart

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#### **US-China Energy Cooperation** Program 14

Ma Li. ECP

#### **US-China Healthcare Cooperation** Program 15

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## 4th of July 2019





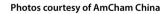








A selection of photos from AmCham China's 4th of July celebrations held around the country, including Beijing (top left), Tianjin (top right and below), and Wuhan (bottom left). U.S. Ambassador to China Terry Branstad (fourth from left) can be seen in the upper left-hand picture.







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