Looking Forward:

Dr. Zhang Wenhong on COVID-19 and the Future of China’s Public Health System
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—— 国浩集团四盘联推

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Looking Forward:
Dr. Zhang Wenhong on COVID-19 and the Future of China’s Public Health System
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 11 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.

2021 AmCham China Board of Governors

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<th>CHAIRMAN</th>
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<td>Greg Gilligan</td>
<td>Brent Young</td>
<td>Alain Benichou (IBM China)</td>
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<td>Colm Rafferty (Vermeer)</td>
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<td>Brent Young</td>
<td>Jim Cooper (Microsoft)</td>
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<td>Alain Crozier (Pacific Resources, Inc.)</td>
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<td>Colm Rafferty</td>
<td>William Zarit (The Cohen Group)</td>
<td>Jian Lu (LinkedIn China)</td>
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<td>Alan Beebe</td>
<td>Dora Cheung (PwC)</td>
<td>Tim Stratford (Covington &amp; Burling LLP Beijing)</td>
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Central China Chapter (Wuhan) Executive Committee

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<td>Steve Carpenter</td>
<td>Scott Shaw (LDI Leadership Formation Services)</td>
<td>Marina Chen (Wuhan Shui On Land)</td>
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Northeast China Chapter (Dalian, Shenyang) Executive Committee

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<td>Ladon Ghalili</td>
<td>Tesfu Solomon (Intel Semiconductor (Dalian))</td>
<td>Mengjin Cai (Shenyang Shengyuan Water Affairs)</td>
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<td>Dorman Kwan (PwC (Dalian))</td>
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<td>Blair Lee (Dalian American International School)</td>
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<td>Rochelle Mathias (TORLYS &amp; Mother’s English)</td>
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Tianjin Chapter Executive Committee

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<td>Marcus Williams (Boeing Tianjin Composites Co., Ltd)</td>
<td>Joseph Shumway (Tianjin United Family Hospital)</td>
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<td>Griffin Business Management</td>
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<td>Humphrey Wang (Tianjin Pher Food Beverage Management Co., Ltd.)</td>
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<td>Alexander Brose (The Tianjin Juilliard School)</td>
<td>Chuck Yang (Farragut (Tianjin) Education Consulting Ltd.)</td>
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AmCham China Corporate Partners

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

Happy New Year and best wishes for health and happiness in 2021. We are all extremely grateful to have arrived at the end of this last challenging year. But there is so much reason to be hopeful because of how tough last year was, and how well we managed through all the challenges that presented. Whether related to family, friends, or colleagues; individual safety and health challenges; issues with business continuity; being stranded in places around the world, or difficulty in returning back to family and work; and more. All these things made 2020 ridiculously hard, but – together – we managed to overcome these obstacles in the best possible way, given the circumstances.

We also demonstrated, once again, the value and strength of our community, both in what we do and in how we do it. AmCham China fortified its position as a bridge for the commercial relationship between the United States and China, and demonstrated our well-intentioned, objective, and fact-based approach to solving problems, amplifying opportunities, and working together – especially when the going gets tough.

All of that will remain true for 2021. The US-China relationship will continue to be challenging, which makes what we do and how we do it even more important. I want to express to you all my own commitment to working tirelessly alongside the entire AmCham China leadership, staff, and membership to make 2021 a fantastic year for all of us in business, health, and happiness.

I hope that our membership has a renewed appreciation for the vibrancy, relevance, and influence of AmCham China. The more you support us with your increased level of activity, the stronger we will all become. That’s good for all of us, because the stronger we are, the more influence we possess. We have demonstrated our capabilities in spades over the last year, but we need to do so again to take the Chamber to a higher level. Let’s embrace that idea together, because we need the support of you, our members, to do so.

Finally, as we look ahead to 2021, let us be proactive in creating a better environment this year, one which we all want to see. Let us not allow events to happen to us, as was unfortunately the case for the majority of 2020 due to the extraordinary circumstances. But instead, let us now take back control and craft the year ahead as we want to see it. We already have a lot of ability to influence our collective futures. When we pull together, stick to our strategy, and double down on our commitment to each other, we will be able to achieve even greater results.

Greg Gilligan
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:
Tech and Talent: 
Your Future-proof Formula

By Francisco Arechiga

Dr. Jian Lu is Corporate Vice President of LinkedIn and President of LinkedIn China, leading R&D for the China markets and overseeing the entire business of LinkedIn in China. He has over 20 years of experience in leading product and technology development in Silicon Valley and China, and is known as a distinguished team leader, a renowned technologist, and an experienced entrepreneur.

Prior to joining LinkedIn, Dr. Lu was a Partner of Hujiang EdTech, and CEO of CCtalk, an independent Hujiang subsidiary. He founded and launched the CCtalk platform business that provided a real-time interactive online teaching platform for independent teachers (iTeachers) and educational organizations, and oversaw fast growth of its customer base and business size.

Earlier in his career, Dr. Lu worked at Apple from 1996 to 2006, first as a Senior Scientist with Apple’s Interactive Media Group, and then a Lead Principal Engineer in ProVideo Engineering. He led the image and video compression technology development for Apple QuickTime and was a founding member of QuickTime Streaming team. In 2006, Dr. Lu co-founded Vobile (03738.HK) and served as CTO. He led the development of VDNA technology for video fingerprinting and content identification, which is now a de-facto industry standard adopted by all Hollywood studios. In 2010, he joined Shanda Interactive Entertainment as VP of Multimedia Technologies, and Managing Director of Shanda Innovations, Beijing. He also served as CTO of Ku6 Media, an independent Shanda subsidiary. In 2014, he joined Qihoo 360 as CTO of 360 Video and General Manager of 360 Live Video Cloud.

Broad reskilling around tech will define the future of work, argues LinkedIn China President Jian Lu, but presents opportunities for a wide spectrum of talent, and still offers certain advantages for multinationals over their domestic competitors.
The social and economic shockwaves of the COVID-19 pandemic have strongly amplified underlying trends that were already steadily reshaping the outlook for global industries and the talent marketplace. For many companies, this global crisis uprooted digital transformation efforts with shallow foundations and made gaps in talent and tech-related skills glaringly apparent.

“There are two types of enterprises that digital transformation is impacting differently,” says Jian Lu, President of LinkedIn China. “I don’t think we’re seeing anything particularly new from the pandemic, but more of an acceleration. While ‘natively digital’ tech companies haven’t been as negatively impacted – and, in fact, some of them are doing better – traditional companies are being impacted significantly, with many now dragged into highly accelerated digital transformations out of necessity.”

Tech-powered disruptions have not only shaken-up industries and business models, they have dramatically reshuffled career horizons. According to The Future of Jobs Report, a joint research project from LinkedIn and the World Economic Forum, 150 million new tech jobs will be created over the next five years, and bring sweeping new demand for “tech-enabled jobs” across all sectors. This has ushered in a monumental race for reskilling at a scale that is unprecedented in human history.

This sea change in the future of work has been firmly on LinkedIn’s radar for years, and the company has been expanding its global digital platform to help equip all stakeholders from corporations, to governments, and academia with the data and tools they will need to evolve. One reason to be optimistic is that many luminaries, who are actively building this tech-enabled future, see mounting evidence that the companies who succeed in this paradigm will be people-centered at the core.

**Reskilling on a Global Scale**

A few months ago, LinkedIn and Microsoft launched their global reskilling project, which seeks to reskill 25 million people worldwide. “When we talk about the skill gap, the reskilling, and the upskilling that have become absolutely essential in today’s workplace, we feel it’s essential that employers are able to continue developing talent while they’re on the job,” says Lu. To this end, LinkedIn is arguably the single best player poised to move the needle on problems related to the future of work, with a massive trove of curated, high-quality data spanning every major organization and hundreds of millions of professionals in more than 200 countries and regions.

Outside of natively digital companies (where “tech first” is part of the DNA), the early waves of digital transformation efforts in traditional companies haven’t necessarily amounted to quantum gains. “The impact of the COVID-19 crisis in conjunction with pervasive reskilling efforts across most functional roles may finally instill tech-enabled, people-centric digital transformation deeper into the fabric of organizations,” says Lu. To help on this journey, LinkedIn has developed a suite of tools to help organizations and professionals navigate this reskilling. This includes everything from macro data partnerships, like Economic Graph, to channels for professionals to learn and share, plus LinkedIn podcasts and influencers.

“For professionals, we offer three values. The first is the ability to build your professional network in China and abroad; the second is passive job searching and career advancement opportunities; and finally we provide a platform for thought-leadership that gives people an ability to stay informed on leading trends and developments,” says Lu.

**Technology Adoptions and the Evolution of B2B**

The economic and operational difficulties of 2020 also brought intensified time pressure for companies to identify the most impactful areas to apply new technologies. “I think for the natively digital companies, there are opportunities in areas like computing, AI, robotics, and cloud, for example. Many traditional companies are at an earlier stage of embracing advanced technology, and are likely to see the greatest return on investment in areas like digital marketing and leveraging more effective B2B channels,” says Lu.

LinkedIn has now launched a new feature called Online Events, which connects with LinkedIn Live and other livestreaming and webinar platforms. “Traditionally, in enterprise B2B marketing where you have a business solution, the mainstream way to market it is still going to a big expo to meet potential customers. These are not a complete replacement for offline activity, but we’re seeing strong interest and participation from businesses seeking new features and channels to connect,” Lu adds.
“Company leadership needs to be very clear about their competitive advantages and leverage those in their China strategy.”

Even before COVID-19 interrupted large-scale physical events, online marketplaces like LinkedIn were introducing changes in B2B information sharing that mutually benefits companies on both sides of the buying equation. As business solutions become more complex and costly involving multiple departments, the B2B customer decision journey has gotten longer. “In enterprise B2B, there is a growing interest in two-sided marketplaces, which allows companies to be more sophisticated and targeted in communicating with multiple decision makers across an organization,” he says. As a result, advanced marketing teams have long singed out LinkedIn as the premium platform for high-ticket products and services, thanks to the ability to reach leaders at the right seniority and functional roles in a business-minded setting.

Native Innovation and the Talent Ecosystem

“There is now a lot of discussion about ‘dual circulation’ in China, starting with domestic consumption as a primary driver. But for greater growth, I think China cannot ignore the overseas export market,” says Lu. Regardless of how popular sentiment on globalization progresses, he continues, Chinese enterprises realize that a effective dual circulation strategy will still require a substantial pool of highly bilingual and bicultural talent.

In late October, LinkedIn and Center for China & Globalization (CCG) jointly published the University Alumni Insights: Chinese Graduate Career Development Prospects 2020, analyzing the profiles of more than 218,000 graduates from ten of China’s top universities. The findings show that more than 70% of graduates from this group studied abroad, but 80% of that subset then returns to China for work. “Anecdotally, we also know that this year, there has been an even greater number of students who completed their study overseas in places like the US, but due to a very tight job market and other challenges are returning en masse even with the difficulty of finding air tickets to return to China. So there’s another kind of ‘circulation’ happening here, with talents from top Chinese universities gaining international education experience and intercultural competence, but the majority then seeking job opportunities in China,” says Lu.

LinkedIn remains an important platform for this returning group to maintain academic and professional connections. “This group represents new talent in the workforce, who are highly educated and have overseas educational experience,” he says. “They will prove valuable for companies that are modernizing themselves and want to reach international markets.” Domestic companies who want to do business abroad will need to build branding and corporate identities that international audiences trust, starting with their presentation on platforms like LinkedIn. Currently, though, it’s not difficult to find influential Chinese companies with barebones LinkedIn profiles and barely any employees linking to their official page – from the outside looking in, these companies could easily be mistaken as inconsequential.

“There are very different standards for company culture,” Lu explains. “Throughout corporations in Asia, whether at the level of companies or the whole society, there is a greater priority placed on the development and success of the organization, rather than on individual ability. That’s a very different view than in many Silicon Valley companies, where championing the talents and the success of individual teammates is seen as a driving factor in the success of the organization.” Lu also notes that the way in which company culture and new generations of talent continue to develop in China will be a cornerstone of the dual circulation story, along with cross-border digital platforms that connect these people and organizations to the world.

Maintaining a Competitive Foothold in China

Lu, who from 2021 will join the AmCham China Board of Governors, stresses the importance of the US and foreign business community coming together to become stronger collectively. “I believe AmCham China can play a role bringing this community together, because there are certainly headwinds. In terms of multinational companies competing for talent and market share in China, we’re now at a disadvantage compared to 20 years ago,” he says. That’s due in part to jobseekers having more choices today, from large domestic companies to start-ups, and increasingly attractive packages on offer from top Chinese companies.

“From my own experience running a multinational company subsidiary in China, the company leadership needs to be very clear about their competitive advantages and leverage those in their China strategy. Specifically, they should avoid competing with domestic companies on their respective advantages,” says Lu. “There are always new fads in the market that domestic companies are chasing and I think it would not be strategic for a multinational company to compete on that front. Local companies may be more nimble and very fast-paced in execution.”

Looking at the big success stories of Chinese tech companies, the founding idea might have once drawn on an imported business model. However, after waves of considerable innovation and adaption to domestic needs, any initial similarities are almost unrecognizable. “I think a lot of this evolution or transformation in China has already taken place prior to COVID, such as the way the Chinese internet has developed. More recently, we’ve seen a proliferation of celebrity and KOL-driven business models,” says Lu. “Those models have enjoyed great success, but business leaders and the VC community have realized it is increasingly difficult for new companies to replicate that kind of success at scale. So now there is a turn from business model innovation back to technology innovation, and that is where MNCs can bring their unique strengths.”

Francisco Arechiga is a Senior Manager with AmCham China’s Digital Technology and Analytics Team.
At a Crossroad: How China Policy Might Change in 2021

With all eyes focused on what actions a new US administration might take with respect to China, the AmCham China Quarterly spoke to Wendy Cutler, Vice President at the Asia Society Policy Institute and former veteran USTR trade negotiator, to get her thoughts on potential strategies, trade deals, tariffs, and a shifting balance of power in Asia.

A key difference in China policy that the incoming Biden administration is expected to show from the Trump administration is the aim of working together with allies and partners. Is this a strategy you think will be successful?

Wendy Cutler: I believe it’s critical going forward with our China agenda that the United States work more closely with our allies and partners. There’s an important opening there, as many share our concerns on China. The Trump approach of “going it alone” hasn’t worked; even with tariffs on $370 billion of Chinese imports, the Trump team was only able to reach an incremental Phase One deal. Given all the damage to the US economy and US interests resulting from the tariffs, the Trump team failed to achieve a solid and enduring deal that can lead to important, long-lasting, structural changes in China. It’s time to change that approach and put more emphasis on a collective response, including through multilateral organizations. In doing so, a Biden team should be prepared to listen carefully to the concerns and priorities of our allies and the approaches they want to follow. We are likely to find commonalities, but also some differences with respect to scope and ambition, so we also need to have realistic expectations about how far we can go with allies and partners.

Is there a worry for the US that perhaps some of their trading partners might now prefer to work with China instead?

Wendy Cutler: Many of our allies and partners have close economic ties with China and, for most, China is their largest trading partner. After an economic contraction in the first half of this year, China’s economy is now growing and, according to the IMF, will be in positive territory for 2020, unlike the US, the EU, and Japan. Thus, there are many economic and commercial opportunities in the Chinese market, which cannot be ignored. A growing number of our allies and partners share many of our concerns vis-a-vis China with respect to unfair trade practices and uneven playing field concerns. Many have also been caught in the crosshairs of our unilateral measures. So, I think they would welcome a multilateral approach if this would mean that they no longer be collateral damage in the US-China trade and technology war.

Additionally, the recent announcement of the China-EU Comprehensive Agreement on Investment (CAI) is worth noting. Although the CAI will not

Wendy Cutler is Vice President at the Asia Society Policy Institute (ASPI) and the managing director of the Washington DC office. In these roles, she focuses on expanding ASPI’s presence in Washington and on leading initiatives that address challenges related to trade and investment, as well as women’s empowerment in Asia. She joined ASPI following an illustrious career of nearly three decades as a diplomat and negotiator in the Office of the U.S. Trade Representative (USTR), including serving as Acting Deputy U.S. Trade Representative. In that capacity, she worked on a range of US trade negotiations and initiatives in Asia.
necessarily derail Trans-Atlantic cooperation on China, it may complicate matters. One of Beijing’s key motivations in making last-minute concessions regarding market access, labor, and the environment, was to drive a wedge between US and EU approaches toward China. It will be critical for Washington and Brussels to ensure this does not happen.

The Regional Comprehensive Economic Partnership (RCEP), signed in November 2020, brought together 15 Asia-Pacific nations, including China. Where does the US fit when it comes to this and other wide-ranging trade deals?

Wendy Cutler: The Biden administration has made it clear that their first focus is going to be on domestic priorities, including addressing the COVID-19 pandemic, economic recovery, and rebuilding US competitiveness. The President-elect has gone so far as to say that, until those steps are taken, he is not going to be entering into new trade agreements. I think there is a growing sense in the United States, particularly with the entry into force of the CPTPP and recent signing of RCEP, that Asia is moving on without us. So, how do we re-engage on the economic front in the region? If we’re not ready for these big, comprehensive mega deals in Asia, then, in the intermediate term, we should look at pursuing narrower sectoral trade agreements, in areas such as digital trade, medical supply chains, or issues surrounding trade and climate.

China was originally excluded from what would have been the US-led Trans-Pacific Partnership (TPP). But after the US dropped, it became the CPTPP. And just weeks ago, President Xi expressed an interest in China joining, which would complete a dramatic turnaround in terms of lead roles. What’s your view?

Wendy Cutler: In my view, China is not ready to join CPTPP any time soon. There are many chapters and provisions in the agreement that would present enormous challenges for China. If China puts more emphasis on the role of state-owned enterprises, how can it sign on to the SOE chapter? As China continues to regulate, protect, and restrict data flows, how can it sign on to the e-commerce chapter, which promotes the free flow of data? CPTPP also includes an ambitious labor chapter, which calls on parties to implement laws regarding the right to association, forced labor, among other labor practices, so this chapter, too, presents serious challenges for China. There’s a real disconnect in my mind between the words of Chinese leadership about considering CPTPP membership and its policies and practices on the ground.

With respect to the United States, I believe that there are compelling reasons for it to consider joining the CPTPP sooner rather than later, albeit with modifications and updates. By being part of the agreement, the US would regain its seat at the table to help write the rules and standards for the region. It would also provide the opportunity to establish secure supply chains with a trusted group of countries. Finally, it would allow our companies and workers to not be disadvantaged as they compete in the most dynamic and innovative region of the world. But, there is serious and critical work that needs to be done domestically to revive our economy and bolster our competitiveness before the US can seriously consider rejoining CPTPP.

How has the outlook from the rest of Asia changed with regards to China and the US, and how they see themselves on the trading stage?

Wendy Cutler: The Asian trade landscape has changed dramatically over the past four years. As the United States retreated, other countries in the region have gained a confidence about their ability to embark on deals and initiatives without the United States. This development will present a challenge for the new administration as they try to rebuild ties and trust in the region. That being said, our trade partners are keen for the US to re-engage on regional trade initiatives, including, but not limited to, the CPTPP.

With all the talk about the US and China being in opposition, are there areas where we could expect to see collaboration between the two sides?

Wendy Cutler: The President-elect has expressed an interest in working with China on global issues that require global solutions, including climate change and the ongoing pandemic. Some allies and partners are worried that if the United States were to put a premium on cooperation with China on some fronts it might mean the US would go soft in other areas. I don’t think that’s going to be the case. I believe the Biden team recognizes that the relationship will be multifaceted with areas where we can collaborate, areas where we will compete, and areas where we’re going to continue to have serious tensions.
What's your view on how the Phase One trade deal has been implemented so far? Is Phase Two still a possibility at some point further down the line?

Wendy Cutler: To a large extent, China has done a good job in implementing its commitments under the Phase One agreement. It has put in place most of the measures it promised on IPR, agriculture non-tariff measures, and financial services market access. With respect to purchasing commitments, given COVID-19, China is doing a relatively good job of trying to meet these targets, which, frankly, were unrealistic even before the pandemic. That said, when you look at the Phase One agreement and what it required of China, it fell way short of the objectives that the Trump administration set out to achieve. More than ten months later, we still haven’t heard anything about Phase Two negotiations and the important structural issues that were to be addressed. I suspect that the Biden team will look at the unresolved trade and technology issues with China under the rubric of a broader China strategy. I anticipate that they will choose to address many of the Phase Two issues on a multilateral basis, perhaps in the WTO or in ad-hoc coalitions with like-minded countries.

What else do you expect to see from the Biden administration with regards to China? What will change and what will stay the same?

Wendy Cutler: In my view, a Biden China policy will be more strategic, more predictable, and less chaotic. I welcome the return of an interagency policy deliberation process versus announcements on Twitter. The administration will also emphasize working with allies and partners, as well as through international organizations and multilateral groupings. One can't underestimate the importance of developing policies with a coherent strategy, and taking into account the views of stakeholders, Congress, and our allies and partners as we move forward. If we do so in a deliberate way, we develop and implement smarter and more effective policies in line with our strategic objectives. Additionally, I expect that there will be more communication between US and Chinese officials. President-elect Biden has already had extensive meetings and dialogues with Xi Jinping, and his foreign policy team announced to date has deep experience working with their Chinese counterparts.

However, this does not mean that we’re going to be glossing over issues, or there won’t be serious tensions. Make no mistake about it, we’re going to continue having a rocky time in our relationship with China. 73% of the American public have an unfavorable view of China, and this is one of the few issues where both sides of the aisle in Congress can find common ground.

Finally, what do you think will happen with tariffs in the Biden administration? Do you think they have been effective as a strategy and do you expect them to stay in place?

Wendy Cutler: I don’t think the tariffs have been an effective policy tool. Initially, they helped bring China to the table, but soon lost their utility as they spiraled out of control. Given all of the tariffs that the Trump team imposed against Chinese imports, we should have been able to use that leverage to get a much more detailed and meaningful trade agreement that addressed serious structural issues. But, now that the tariffs are in place, I think they’re going to be difficult to unwind, unless the President-elect can show he is getting something in return from China. I hope the process for seeking exclusions from the tariffs by US companies and workers are reviewed and implemented in a more transparent way that is also more responsive to US interests. Frankly, as the latter tranches of tariffs were imposed, they ended up, in many instances, hurting US companies, workers, and consumers more than Chinese interests, and led to counter-retaliation by China, which increased the damage to US interests.

“I welcome the return of an interagency policy deliberation process versus announcements on Twitter.”
You’ve spent the last 10 years covering Asia, with several of those years in China. What have been the major changes you’ve witnessed in that decade or so, and what are you expecting to see over the coming years?

Steve Barnett: I always think that the success that China has had economically over the last three decades really has been the ability of structural reforms to generate productivity growth. I think what always surprises me is just how fast it has developed. We moved here for the first time in 2003, and if I compare the city today, even in Beijing, the place where we’re living downtown didn’t exist back then. I just went to Shenzhen and I hadn’t been there since about 2005. Just to see the development, and how fast and how much things change and modernize is really amazing. Going forward, any future success will depend on the same thing – the government’s continued ability to undertake reforms that can lead to sustainable growth.

As you point out, the country’s economic base is now far larger than it was, so we’re still seeing huge growth, even if the growth rate is smaller. But are China’s growth targets set at realistic levels and what can China do to maintain that growth into the future?

Steve Barnett: The key really is to boost productivity. Roughly speaking, growth comes from three things: you can add labor, you can add capital, or you can use your labor and capital better, which is what we call total factor productivity. A lot of China’s success and rapid growth, especially in the early 2000s, was through productivity, or what I like to think of as from farm to factory. You took workers from the farms, who were really engaging almost in subsistence farming, and you moved them into factories and the productivity went way up. We had the SOE reforms in the late 90s, and China joined the WTO in the early 2000s, and those things both worked really well. That productivity, in turn, was actually fueled by structural reforms, or what the authorities might call high-quality growth.
You’ve talked in the past about moving towards this “high-quality growth”. What does that involve exactly and what does China need to do to get there?

Steve Barnett: Since the global financial crisis, we had growth that relied heavily on capital accumulation – adding more and more capital. So one aspect of higher quality growth on the supply side would be switching to productivity, which requires reforms, such as modernizing the monetary policy framework to rely more on interest rates, modernizing the fiscal policy framework, and continued reform and opening up to the financial system. Another one would be continued SOE reform to ensure a level playing field between the private sector and the SOEs, which is often called competitive neutrality. That’s all from the macro aspect. There are also other aspects of high quality growth, like eradicating poverty, improving people’s livelihood, ensuring stable employment, and continued strengthening of the social safety net, but the macroeconomist in me would really look for reforms that boost productivity.

Compared to other countries around the world, China has had a fairly quick economic recovery, especially with regard to manufacturing. What sectors do you see coming back to some kind of normality, or pre-COVID levels, in 2021?

Steve Barnett: The managing director of the IMF has been advocating globally that, as we recover from the pandemic, policymakers need to think not about rebuilding the economy of yesterday, but how to build the economy of the future. It’s likely that some sectors could be permanently smaller, while others could be permanently larger. Anything related to digital transformation, fintech, or online ordering are probably set to grow, while sectors that rely much more on contact, such as tourism, could shrink. But at the IMF, we’re not looking to pick winners and losers, as much as ensuring that policymakers are alert to what changes could be happening. Tourism is interesting. If you look at China’s balance of payments, they have more outbound tourism than inbound. So, at a time when global tourism is low, if Chinese people keep spending the same amount on tourism, but have to spend it locally instead, that could actually be a net increase for tourism in China.

Different countries have had such different responses to the pandemic, not least in how they weigh up the twin issues of public health and economic prospects. How does the IMF advise countries on something like this, given that this equation is different all over the world?

Steve Barnett: At the IMF, we tailor our advice to specific country circumstances. Having said that, we have been quite clear that, in order for the economy to get going again, it’s really important to get the pandemic under control, and China is a good example of that. But we really avoid a one-size-fits-all solution, and tailor our advice to specific country circumstances.

China didn’t issue a growth target for this year. Do you expect China to return to issuing GDP growth targets in the future? What do you look at to cross reference the government-issued numbers?

Steve Barnett: We do our independent forecasts, based on what developments we see happening in the economy, what the underlying momentum is, what’s happening with trading partners, because that would have implications for exports, and so on. But, of course, we also look at the growth target, because we need to factor in if macroeconomic policy is being calibrated to achieve a certain growth target. We will see in the next government Work Report if there’s a growth target, but a lot of the things that were mentioned in this year’s report focused on high quality growth, people’s livelihoods, and creating jobs, and those are probably the right metrics to look at rather than aiming for a specific growth target.

One challenge for 2021 is that the consensus forecast is for growth of around 8% for next year. But it could be tough to communicate that it will be around 2% for this year, around 8% next year, and then resuming at around 5.5% to 6% in 2022. As an economist, it’s easy to understand the base effects that Q1 of last year was weak, so next year in Q1 is going to be big. But it’s not so easy for the average person on the street to understand that growth could go from 2% to 8%, even though the underlying growth momentum remains the same.
There was quite a lot of talk earlier in the year about Chinese stimulus, such as what we saw in 2008, but it never materialized as many had expected. Are you expecting to see stimulus plans launched in 2021 and beyond?

Steve Barnett: Our advice for the global economy is not to withdraw macroeconomic policy support too early in order to ensure that the recovery is secured, and that advice also applies to China. We advise keeping fiscal policy moderately supportive next year, and to keep monetary policy accommodative. We’ll have to wait to see what policies are put in place. Our forecasts are based on established policies – ones that are already in place or already announced.

How effective is China’s dual circulation policy? Does it update its previous plan to rebalance the economy, and do you see it being the right solution for China at the current time?

Steve Barnett: We need to see more details about what it actually entails, but I tend to view it as a continuation of policies that we’ve seen to rely more on domestic demand. To the extent that it focuses on boosting consumption in China, and rebalancing the economy, then I think that would be good for China and good for the global economy. This rebalancing towards an economy where consumption plays a much larger role is something that the IMF has been advocating for a long time. I also think it’s very clear that dual circulation does not mean they’re going to close to foreigners. In fact, I think President Xi’s statements have been quite clear that they will continue with the reform and opening up and that the external circulation will also continue. But, in terms of the actual details, we will have to wait to see specifically what policies underlie this total circulation.

AmCham China has long advocated for a more reciprocal relationship between the US and China, in terms of how foreign companies are treated here and vice versa, believing that this would benefit not just the companies, but the wider Chinese economy as a whole. What’s your view on this, and how does the IMF tread the line between advocating for what it sees as positive and avoiding some of the more political sensitivities surrounding these areas?

Steve Barnett: We have been big advocates of global trade. If we look back over the last couple of decades, rising global trade has been a really important engine of global growth. And the IMF has been a consistent and strong advocate of a transparent, open, and rules-based multilateral trading system. Some of that is the purview of the WTO, but we would like to see a strengthening of this trade system.

When the trade tensions between the US and China started to rise, we had put out quite a bit of analytical work that just underscored the point that nobody wins from these trade tensions in the economic sense that output is lower, and the costs are higher. So, it goes without saying we’d much rather see a world without trade tensions and where trade can come back to being an important driver of global growth. A common line we use is that we focus on policies, and not on the policy makers. Our assessment would always be of what policies we think are appropriate for the time. As an economic institution, promoting global economic and financial stability, we’re very much focused on those policies.

What are the biggest financial risks looming on the horizon for China that you will be keeping your eyes on in 2021, both from within and outside its borders?

Steve Barnett: I think the biggest risks are related to the pandemic, whether there is a reoccurrence here, or even globally, if it means a worse economic impact that has spillovers on China. With all the news on vaccines lately, it’s a bit more optimistic on that front, but I think I would still put that as the number one risk. Then, as alluded to earlier, there’s always the potential for geopolitical tensions, and how those could spill over into the economic arena.

The third risk for China, which is more of a financial risk and similar to what we’re seeing in the global economy, is as part of the support for the economy this year, we saw an increase in the deficit and corporate debt, not least due to policies to support credit growth. The stock of corporate debt in China is fairly high, with policymakers looking to de-risk or de-lever once the recovery is secured. So, we’re looking forward to finding the right balance between providing near term support to ensure the recovery is secured and then over the medium term moving to reducing risk from high corporate debt and fiscal consolidation to ensure that government debt is at comfortable levels.
Enabling Local Innovation to Maximize Business Resilience

The year 2020 has been an extraordinary one. As Microsoft's CEO Satya Nadella noted at an event last spring as the coronavirus pandemic was first making an impact, "We've seen two years' worth of digital transformation in two months." The pandemic accelerated digital transformation much more than anyone could have expected. Each industry, and each of our customers and partners, has been affected, experiencing different constraints and even opportunities.

At Microsoft, we see a world going through a three-phase journey relative to COVID-19 – "Respond, Recover, Reimagine" – with each nation currently experiencing a different phase, and China well into the latter. But, whatever the phase, it has become clear that we will continue to live in a fast-changing and unpredictable environment. That means companies and organizations have to be vigilant, agile, and resilient for today and for whatever may come. According research by IDC and Microsoft, in the span of six months since the outbreak, 63% of organizations in China intend to speed up digitalization in their products, services, payments, and more, including ecommerce and automation.

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With unique circumstances this year creating an environment that is ripe for innovation and change, the CEO of Microsoft Greater China details how his company has embraced partnerships to drive forward business growth for all.

By Alain Crozier

Alain Crozier is a technology industry leader who is passionate about helping organizations use technology and innovation to unlock growth and achieve their digital transformation ambitions. As Corporate Vice President, Chairman and CEO of Microsoft Greater China Region, he is responsible for strategic leadership of sales, marketing, services, and operations across the three subsidiaries that make up one of Microsoft’s most dynamic and innovative growth regions.

Crozier has been with Microsoft for more than 25 years, where he has had the opportunity to lead teams on four different continents. He has served as President of Microsoft France, CFO of the France subsidiary, Regional Controller for the Americas and South Pacific region, and Worldwide Sales Marketing and Services Group Controller, before taking on the global role of Corporate Vice President and Chief Financial Officer for Microsoft’s Sales Marketing and Services Group. Prior to joining Microsoft, he held a variety of finance management positions in Paris at Lesieur Alimentaire (Gruppo Ferruzzi) and was senior consultant at Peat Marwick (KPMG).
Data is the Source of Business Resilience

As a company providing technology platforms and solutions, we are seeing the emerging trends of digital transformation take off: the hybrid modern workplace for remote and collaborative work, one-stop management of multi- and hybrid-cloud infrastructure and services, and the digitalization of connected products and services. More and more, we are seeing AI innovation and data-driven insights integrated into automation scenarios, predictive maintenance, supply chain management, and other daily business scenarios. The one consistent thing we have seen across the board is that the pandemic really pushed people across industries to gain a deeper understanding and appreciation of data in a business context.

Whether a customer tag in an online-to-offline store, an RFID code in a supply chain with an IoT sensor, or a quarterly sales margin chart that comes to the regional sales manager’s smart phone, data – and the action and insight that can be done with it – is becoming a competitive edge and the fuel for innovation and business growth.

The data journey starts by breaking data silos and letting data flow freely through the digital feedback loop. With data and intelligence at the core, the digital feedback loop lets organizations digitally connect every facet of their business – from their customers to their employees, their operations to their products – to transform their business, become more resilient, and unlock new value for their customers. Take AB InBev, for example. The leading global beverage company has adopted the complete Microsoft intelligent cloud offering for its IT infrastructure, productivity, and business process management, empowering digital transformation, and creating robust digital feedback loops across 35 factories and more than 19,000 employees in China.

Data security and trust is the foundation of digital transformation. At Microsoft, we have been servicing enterprise for more than 30 years. We spend over a billion dollars every year on research and development to secure customer organizations and enable them to digitally transform – without compromising productivity. No one comes close to our experience and understanding of customer needs across cybersecurity, digital transformation, and compliance. Microsoft has been in China for nearly 25 years and is a certified Trustworthy Cloud Provider, completely compliant with all local laws and regulations, and we assist with your compliance – a key criteria for any MNC to consider in choosing a technology partner in China.

Consistency for MNCs Both Coming to China and Going Global

Consistency in architecture, development platform, and performance is a top priority for MNCs when they are planning to deploy IT as part of extending their business to new international markets. This has honestly been one of the most important factors for Microsoft in serving our customers coming to China to find new growth.

Our intelligent cloud portfolio, including the Microsoft Azure public cloud platform, the Microsoft 365 productivity platform, Dynamics 365 business application and intelligence platform, and our low-code/no-code development service, Power Platform, is Microsoft’s comprehensive global offering for digital transformation. It has a consistent architecture across 60+ global regions and over 95% of Fortune 500 enterprises are using these cloud services. In China, Microsoft has partnered with 21Vianet to operate our cloud services since 2014, and all four essential services are available in China today. In fact, Microsoft was the first compliant, international public cloud service available in China and, for nearly seven years, thousands of MNC customers have adopted Microsoft intelligent clouds services for their China business, including Coca-Cola, Walmart, Starbucks, and ThyssenKrupp.

It is great to see China recovering so quickly from the global pandemic, but it is clear that some of the impacts...
of the pandemic will be long-lasting across almost every industry. For example, the traditional retail industry was heavily impacted by store closures and then supply chain disruptions as the business shifted to online. Then “live commerce” took over, creating big new challenges in terms of existing purchase, sales and inventory systems, and employees. Although offline businesses are now reopening, the industry has begun to integrate these new systems and digital business models into their brick-and-mortar operations. This has created new revenue streams as well as new efficiencies and operational optimizations, all the while building business resilience. Leading global food retailer General Mills partnered with Microsoft to develop and deploy a shop and membership management system for their Häagen-Dazs brand, which runs over 400 shops with more than five million customers in China.

With Microsoft’s consistent global infrastructure, architecture, and development platform, many international companies are experimenting in China, innovating products and services that can be quickly scaled to other global markets. At the China International Import Expo (CIIE) held in Shanghai this past fall, Microsoft and Novo Nordisk announced the first Chinese-speaking chatbot dedicated to diabetes. This AI-driven online interface provides early screening, education, and treatment information to help the more than 129 million diabetic patients in China receive timely and effective care while easing the burden on healthcare providers. Thanks to the Azure-based conversational AI framework, the chatbot can be adopted into other languages and deployed in other markets, delivering the benefits of local innovation in China to the world.

Accelerating Innovation with China’s Developer Ecosystem

China is home to the world’s second largest developer community, providing a great source of ideas and talent for technology innovation to accelerate digital transformation. This developer and partner ecosystem is an important part of Microsoft’s global partner network. They are not only tech gurus, but are also experts with unique experience and depth of understanding across industry segments, regional markets, and business scenarios. They help Microsoft close the last-mile gaps for tailor-made solutions that work best in China, while also serving as an endless source of ideas and innovative solutions for global challenges.

In the retail industry, our partner TechSun has developed Dynamics 365 solutions for Häagen-Dazs, SWATCH, Adidas, McDonald’s, and Abbott. For IoT scenarios, our partner Geek Plus provides comprehensive smart supply chain and logistics management solutions using robotics and automation with AI. They helped Decathlon with a warehouse automation solution that uses robots to assist the warehouse team – tripling the average productivity and increasing inventory capacity by 40%. Microsoft partner AirDoc, a leading medical AI research company, developed a medical image screening solution that uses Azure AI and machine learning services to diagnose disease from images. And another Microsoft partner, BeyondSoft, has developed a medical bot service that delivers customized expertise and knowledge for customers, with zero coding, by leveraging Microsoft’s chatbot framework and services. In cooperation with Microsoft, the global pharmaceutical company Eli Lilly has adopted AirDoc’s solution to help doctors improve early diagnosis and treatment of diabetes using eye scans, and created a chatbot system with BeyondSoft to provide a sophisticated interactive knowledge base for their field representatives.

The unparalleled build-with and code-with capability of a significant number of Microsoft partners in China helps maximize the full potential of Microsoft’s technology for our customers in their digital transformation journeys. Keeping our partners current and qualified on our technologies, and growing our ecosystem even stronger, is a priority. At our 2020 China Partner Conference, I announced significant additional investments to help many of the 17,000 partners in our China network to grow their capabilities, transform their business, and thrive.

Unprecedented Uncertainty Bringing Greater Clarity

2020 has been a challenging year, but, through it all, we have witnessed incredible ingenuity, resilience, and compassion from people in China and around the world. And, while COVID-19 created unprecedented uncertainty, it also created greater clarity around the things we value as people and as businesses. It has certainly clarified how we can use technology to achieve what we value and has created the opportunity to make Microsoft’s mission of empowering every person and every organization on the planet to achieve more really come alive.

Microsoft China and the entire US business community in China responded to help in the fight against COVID-19, are continuing to contribute to the recovery, and are helping to reimagine the future. By convening companies and partners to create surplus in local economies, and doing it in a way that builds trust, inspires innovation, and enables businesses across the entire ecosystem, I am proud of what we at Microsoft and the broader US business community in China have been able to contribute in China. We’ve made a difference. And I’m excited and thrilled to welcome a brighter 2021.
AmCham China
Review of 2020

Signing of the Phase One Trade Deal

After 18 months of escalating tariffs, AmCham China congratulated both the US and China on the signing of the “Phase One” deal in Washington DC, an important step in further improving the business environment, indicating a return to a more stable, cooperative commercial relationship.

AmCham China created a COVID-19 Member Portal complete with up-to-date information and updates for member companies and their employees.

With “Work From Home” quickly becoming the new normal post-CNY, the Chamber launched its Weekly Webinar Series focused on addressing COVID-19 concerns, hearing from experts, and coming together as a business community in China.

Members Make Outstanding Contributions to COVID-19 Relief Efforts

The global outbreak of the novel coronavirus presented unprecedented challenges for many of us, but the US business community responded magnificently. AmCham China member companies made donations to support Wuhan, Hubei, and other areas in need, totaling more than RMB 600 million ($90 million) in cash and in-kind contributions.

*True total of member company donations was far higher than the publicly declared amount.
The official launch of AmCham China’s 2020 Business Climate Survey was especially relevant for members due to its focus on the Phase One trade deal and future negotiations.

AmCham China and AmCham Shanghai released a Joint Supply Chain Survey Report in collaboration with PwC China, studying the supply chain impacts of recent events on American companies operating in China.

In order to reduce the spread of COVID-19 through the timely procurement, delivery, and distribution of personal protective equipment (PPE) from China to much-needed locations in the US, AmCham China created a PPE Taskforce. This group of dedicated members consisted of more than 100 volunteers working to bridge PPE supply with US demand.

“43% of respondents say it is too soon to determine COVID-19’s 2020 impact on market growth, half feel it is too early to determine impact on still-planned investments, while one-quarter report plans to maintain existing investment plans.”

AmCham China conducted four Flash Surveys to measure the impact of the COVID-19 outbreak on its member companies. These results, collected from close to 200 companies each time, provided the first look at how the Chamber’s members were affected and what government measures they would most like to see.

This year, AmCham China held 13 White Paper Delivery Meetings to showcase the 2020 White Paper to Chinese government officials and advocate for American business in China on a range of issues.
AmCham China conducted webinars and online meetings over a span of several months for their Board of Governors, Chairman’s Circle members, and Policy+ subscribers with congressional officials, policymakers, and think tanks in the US to exchange views on US-China relations and other matters of mutual interest.

This important six-month Initiative was launched by AmCham China to bring together government agencies, research institutions, global experts, and AmCham China member companies to drive real change in two important areas in China: public health; and micro-, small- and medium enterprises (MSMEs).

Co-organized with the US-China Education Trust (USCET), the Presidential Election Series consisted of several impactful webinars led by DC-based speakers, China experts, and member company executives.

For the first time ever, AmCham China hosted an online Government Affairs (GA) Conference. The conference centered on the US-China relationship, globalization, and the role of multinational corporations against the backdrop of a spreading pandemic and a deteriorating bilateral relationship. Despite nontraditional circumstances, the GA Conference was hailed a success.

Almost 20% of members expect their China revenues to decline from 10-25% in 2020.

Continuing to be the leading advocate for our member companies, the AmCham China leadership went on the road as soon as travel options reopened and delivered a series of thoughtful and result-driven engagements with local government officials, both helping our members to recover business for 2020 and supporting innovative growth for the future.

AmCham China’s Back to Work Charter Flight made history as the first such flight from the US to fly directly into Beijing since the pandemic began, as well as the first multi-company charter flight from any country to fly directly into the capital. 87 passengers from across the Chamber’s membership took the United Airlines flight from San Francisco.

AmCham China’s Charter Flight Lands in Beijing

The Government Affairs Conference Goes Virtual

Local Government Outreach: In China, for China
AmCham China’s Annual Appreciation Dinner brought more than 400 people together to reflect on an unique year for the US and China. The dinner highlighted the accomplishments of AmCham China and their member companies, while also looking forward on what is to come in 2021.

HR Conference: Becoming Resilient Together

AmCham China’s 21st Annual HR Conference took an in-depth look at the role of HR in this year’s public health crisis, which had a profound effect on the global economy, business operations, and people’s daily lives. 200 attendees, both online and offline, heard a range of perspectives on this topic from highly engaging and qualified speakers.

Chamber Recognized by President Xi for COVID-19 Efforts

AmCham Chairman Greg Gilligan was invited to attend a ceremony at the Great Hall of the People, at which Chinese President Xi Jinping recognized AmCham China for playing a crucial role in fighting COVID-19 in China.

Annual Appreciation Dinner

Created by the Women’s Advisory Council with support from AmCham China and SCHS Asia, the inaugural Women Empowerment Awards in China were launched, seeking to recognize trailblazing individuals and innovative companies that promote women in the workforce.

Commemorating Wuhan’s Fight Against the Pandemic

The Chamber’s first in-person gathering in Wuhan since the pandemic began saw members and government counterparts celebrate the accomplishments and perseverance of the city during an incredibly challenging year. AmCham China used this opportunity to thank the Hubei and Wuhan governments for their support of our Central China Chapter and for member companies restarting their business operations.

Technology & Innovation Summit

With a combination of online and offline elements, the 3rd annual Technology & Innovation Summit created a valuable platform for members to exchange cross-sector best practices and innovative solutions for the business application of disruptive technologies. AI, IoT, cloud computing, and US-China tech decoupling were just a few of the topics discussed.
Looking Forward: Dr. Zhang Wenhong on COVID-19 and China’s Healthcare System

By Yaxian Xiong

Dr. Zhang Wenhong is a Professor and head of the Center for Infectious Disease at Fudan University’s Huashan Hospital. He is also Chief of the Department of Internal Medicine at Fudan University, as well as the General Secretary of the Society of Infectious Diseases of the Chinese Medical Association and leads Shanghai’s COVID-19 clinical expert team.

He is the Deputy Editor-in-Chief of various medical journals such as Emerging Microbes and Infections and International Journal of Tuberculosis and Lung Diseases. Dr. Zhang has also been project leader for different research centers including the National Geriatrics Clinical Medicine Research Center and the Tuberculosis Research Group.

Dr. Zhang Wenhong has received the National Advanced Individual in Anti-Epidemic Award (全国抗疫先进工作者) and the National Innovation Competition Award (全国创新争先奖), and has been recognized as a Shanghai Model Individual (上海市劳模), a Shanghai Leading Talent (上海市领军人才), and a National Major Project Leader (国家重大专项牵头人).
The COVID-19 pandemic has been compared in scale to the devastating 1918 pandemic, considering the high fatality rate and the existence of a huge number of unverified cases. But what is perhaps most different in today’s crisis – more than 100 years later – is the fact that the pandemic is being controlled very differently between countries and across continents. Public health, of course, plays a very important role in the prevention and control of the disease. But there are three areas where those differences become most apparent: the determination of a country’s government; the effectiveness in communication between the government and the public; and the country’s basic public health capacity. One man who has been intimately involved in China’s healthcare response to the virus is Dr. Zhang Wenhong, and says China has been doing exactly the right thing in each of these three areas.

“The public has always attached great importance to epidemic prevention. In our culture, we are accustomed to sacrificing our personal interests for the collective interest,” says Zhang. “As a result, during the worst of COVID-19, we have been wearing masks, complying with social distancing rules, and isolating ourselves at home.”

But Zhang concedes that China “still cannot completely avoid the emergence of some sporadic cases,” and several Chinese cities have logged a handful of cases in recent months. However, these outbreaks were met with swift control, as the overall public health capacity in China has greatly improved this year. That said, it is not just China with fewer and fewer COVID-19 cases: in fact, many countries have recovered relatively well, such as Singapore and Japan.

Healthcare in China – and the World

“Adequate healthcare resources will contribute to a higher survival rate of COVID-19,” argues Zhang. “With adequate resources, the fatality rate could be reduced to around 1.5%.” China has a vast store of medical resources like PPE, and has a relatively efficient healthcare system. People don’t pay for individual COVID-19 treatment in China; rather, it is covered by public health insurance.

China’s early control of COVID-19 proved very cost-effective. Several countries in Europe suffered high fatality rates mainly because of inadequate medical resource distribution. With adequate medical resources, Zhang adds that the fatality rate could be maintained at a level of 0.5%-0.7%. If the elderly populations are protected well, the fatality rate could be less than 0.7%, or about 3-4 times that of a typical flu.

Zhang explains that people in the US were only admitted into hospitals once they were in emergency condition, and people without health insurance have had to pay for their treatment bills themselves. “China’s performance in battling COVID-19 is among the best in the world,” he says. “However, this does not mean that the high expenditure of health services and accessibility issues have been solved.”

Cultural Differences

In one recent US-based survey, the willingness of respondents to get a COVID-19 vaccine was around 50%, showing cultural differences.
between ethnicities, with the willingness of those in Asian countries typically much higher. Most developed nations are aiming to provide vaccines to their high-risk populations in the first half of 2021 in order to reduce the hospitalization rate, therefore reducing the fatality rate. In China, vaccine promotion will be evident in schools and social distancing will still be maintained in public places.

“The virus cycle for spread, contact, and reproduction is two weeks,” explains Zhang. “There have only been two examples where viruses like this have disappeared. One was SARS, which had a high morbidity rate. The other was H7N9, which had unsuccessful cross-species transmission. Humans are the biggest source of infection with regard to COVID-19. When the fatality rate is reduced to 0.5%, the whole world could be reopened.”

A vaccine is quite important to China considering that medical resources need to be distributed to a population of 1.4 billion people. “There is no need to worry about the safety of the vaccines at this stage. Normally it will take 6-12 months to verify the effectiveness of vaccines,” says Dr. Zhang. “The process of verifying the effectiveness needs to be conducted domestically. For now, interim analysis of the vaccines could help verify their effectiveness to some extent.”

China’s Vaccine Expectations

Zhang declares that, overall, the development of a vaccine has been very promising. “Firstly, the vaccine is coming out quickly, whether in China, the United States, or Europe, and there are more and more countries that are completing clinical trials and collecting preliminary data in order to apply for emergency use authorization.”

China has conducted Phase III research in other developing countries, which have different clinical trial situations. Zhang notes that “this cannot be compared directly with developed countries, because developing countries might have higher rates of contact with the general populace after the first dose of vaccines than in developed countries.” China’s four main vaccine producers – Tianjin-based CanSino, Wuhan-based CNBG, Beijing-based Sinovac, and Anhui-based ZFLongkema – along with other producers, will need to compare overseas data with domestic data for further research and verification.

“The second reason why we feel more optimistic this time is that the coronavirus mutation is much weaker than that of the flu. Although the virus has mutated, its genetic structure has not actually changed. As a result, the vaccine can maintain its effectiveness,” says Zhang, noting that several new vaccines have already been proven effective. “Although a nucleic acid vaccine has never been released before, both American and European companies have shown positive results. Many Chinese companies attempting to develop this vaccine are working on the final phases of data collection. However, we still need to wait until the official and final data come through until it can be authorized for use.”

Zhang explains that “a 70% effectiveness rate is enough for use. The control of the pandemic will rely more on the vaccination coverage of the population, with 60% coverage a bare minimum.” A coverage rate of 70-80%, he adds, would be quite safe.

The vaccine’s distribution plan is another very important factor to be considered in order to ensure everyone has access to it. Demand for the vaccine will be incredibly high, considering there are nearly eight billion people in the world. There are many requirements for transportation conditions for vaccines shipped from the United States and Europe, which could dramatically hinder the distribution of a vaccine for months to come. “If, during this period of time, we fail to take the correct public health prevention and control measures, COVID-19 will continue to spread,” warns Dr. Zhang. “Therefore, this process requires everyone to not only actively promote getting the vaccine, but also to promote effective virus prevention and control methods. Only by grasping this with both hands can the epidemic be completely controlled.”
“Controlling all infectious disease among the disadvantaged should become the main focus for 2021 and beyond.”

**International Travel and Events**

Zhang points out that 2021 will be more complicated with regard to international travel. “There are many things to consider: immigration policies, the reopening of universities, a willingness to travel, whether people in China or the US want to be vaccinated, and more,” he says. “The normalization of international travel will mainly depend on the communication between countries, the number of international flights, and countries’ quarantine policies. Negotiation is needed. Countries tend to follow the principle of reciprocity. Policy changes won’t happen until vaccinations are rolled out. The earliest time that things might return to normal is the second half of 2021.”

“I believe that the first large-scale international event in China will be the Shanghai International Import Expo,” says Dr. Zhang. “There will be a lot of foreigners entering China, and Shanghai has adopted a series of measures at different levels of epidemic prevention for different groups of people.” Zhang explains that more than 1.3 million people participated in the recent China International Import Expo (CIIE) this past fall, adding that the overall prevention and control strategy was relatively strict, and the exhibition went off without a hitch.

As the world gradually reopens, the next important international event is the Olympic Games in Japan in August 2021. “I believe that the Tokyo Olympic Committee will promote strict social distancing and isolation measures. Olympic athletes entering Japan will not able to quarantine at the same time,” says Zhang. This requires that the competition area be turned into a closed bubble, ensuring that athletes return to the Olympic Village immediately after they compete. “Japan also needs to ensure that each person downloads an app that maps their movement, similar to China’s Health Kit,” notes Zhang. “While this tool cannot completely prevent the spread of the virus, it can greatly reduce the speed that it spreads.”

Meanwhile, China’s tourism market in 2020 has been in constant flux as a result of the need to adapt to changes brought on by COVID-19. The biggest constraint for tourism, Zhang argues, is that the industry is subject to vaccine distribution. “Vaccines must travel before people travel,” he says. “If the overall number of new coronavirus cases continues to grow, travel will not be realistic. One challenge that we may run into is the vaccine verification system that different countries adopt. Will the approval of vaccines from different countries be the same? Will proof of vaccine certificates be valid in some countries but not in others? On the whole, this will be a very slow process, but I believe that next year will be a great test of how countries around the world organize their public health systems.”

**Recovery, Growth, and Disease Prevention**

“On the whole, I think the global impact of this epidemic is very significant, especially on industries that rely heavily on retail and business transactions,” says Dr. Zhang. “On the other hand, e-commerce companies or companies engaged in epidemic prevention may perform slightly better. Umbrellas sell better when it rains. But if the weather is good, no one buys an umbrella. Therefore, the world maintains a certain balance, but, generally speaking, if the lack of interaction between countries continues for a longer period of time, the global economy will take a significant hit.”

Zhang also explains how everyone’s energy in China this year was mainly focused on the prevention and control of COVID-19. “When dealing with other diseases, public health centers continued to face many challenges. However, the development of COVID-19 has also had a positive impact on China. Firstly, China’s public health capacity has developed immensely since the start of the epidemic,” he says.

“Secondly, society’s attention to public health has increased substantially. Thirdly, China has accumulated a lot of experience in the prevention and control of epidemics. Further down the line, China may invest more resources and energy into public health, using the experience gained from COVID-19 prevention for other infectious diseases. If this is done, I believe there will be incredible progress in the prevention and control of tuberculosis, AIDS, or hepatitis in China.”

To Zhang, it’s clear that disadvantaged communities around the world are most at risk, not just during the current pandemic, but for all infectious diseases. He calls on “all sectors of society” to play their respective roles and work together to support these groups, which tend to see a particularly high rate of infectious diseases. “At some point, we will have COVID-19 under control, but controlling all infectious disease among the disadvantaged should become the main focus for 2021 and beyond.”
Community Spirit: Brent Young on Building Bridges in Technology and Beyond

In the latest in our series profiling current Board members, Brent Young discusses his role within the AmCham China community, reflects on his COVID-19 relief efforts, and analyzes the development of technology as a result of the pandemic.

Brent A. Young is Vice President of Intel Corporation and GM of the China Corporate Strategy Office, where he is responsible for Intel’s overall corporate strategy in China. Young joined Intel in 2006 as an open source software strategist before becoming the Chief of Staff/Technical Assistant to the EVP of worldwide sales and marketing. Young then moved to China and was the managing director of China Tech Ecosystem (CTE) Sales and China Product Marketing Group, where he led Intel’s overall product marketing in China as well as sales, customer, and go-to-market strategies in the CTE. Under his leadership, the CTE sales team received Intel’s highest honor, the Intel Achievement Award.

Prior to joining Intel, he spent five years developing core product features in various software engineering positions at two startups, Curl Corporation and ShoppingList.com. He is a member of Montage Technology Group Limited’s board of directors, a mentor at Tsinghua University’s X-labs incubator, and was elected Vice Chair of AmCham China’s Board of Governors for 2021. Young earned both bachelor’s and master’s degrees from Cornell University and an MBA from Kellogg.

How long have you been connected to AmCham China, either as a member or board member? What encouraged you to run for the Board?

Brent Young: I’ve been involved with AmCham China for around five years, and Intel has been a member for 17 years. I became interested in joining the Board of Governors mainly for two reasons. First, I want to support the AmCham China community even more. I believe that active involvement from people who care passionately about building the US-China relationship through business is incredibly important – nothing gets done by sitting on the sidelines. Second, it is important to have my ear to the ground and be as well informed as possible. AmCham China provides a unique platform through which multiple perspectives across business segments and representing both sides of the Pacific are shared.

Can you share any stories about how AmCham China has been helpful to you in your own role in your company?

Brent Young: AmCham China has provided me with many opportunities, on both social and professional levels. I’ve developed deeper relationships with fellow industry executives, and with Chinese and American government officials. I’m a people person and enjoy mixing social and business engagements – they help develop deeper, more real relationships. For example, I accompanied the US Ambassador during his trip to Zhangjiakou to tour the impressive ski resorts being prepared for the 2022 Olympic Winter Games. I introduced how China integrated a sustainable development philosophy with the Olympics and how Intel has supported the Olympics with our various technologies. That experience was social, but also business-related. I was able to develop a different kind of relationship with the officers from the Embassy rather than just meeting them at a dinner party.

Likewise, through AmCham China connections or events, I’ve gone golfing with both US and Chinese colleagues, and toured the Greater Bay Area, including meeting Carrie Lam and her team in Hong Kong. As a result, I can reach a deeper level of understanding on what’s really going on, from both policy and practice perspectives. Being an active participant of the AmCham China community really helps to fill in blind spots by hearing differing viewpoints and learning what other people think and see.
How has your leadership and guidance as an AmCham China Board helped one or more members?

**Brent Young:** I would highlight two recent examples – COVID-19 support and the Technology and Innovation (T&I) initiative. 2020 was my first year on the Board, and as if the trade dispute wasn’t enough pressure on us all, the COVID-19 pandemic really escalated things. In the early months of the crisis, I helped the AmCham China source PPE, aid frontline workers, manage donations of PPE, and much more. At the same time, I was also heading up Intel’s COVID-19 response team across China. Being involved in both taskforces enabled me to bridge information across the teams, cross check and verify to make sure things were accurate and clear, and help keep people safe and productive by being informed and supportive.

On the Technology and Innovation (T&I) Initiative, for which Intel is a founding sponsor and active leader, we aim to help demystify technologies and provide insights and examples of how they can bring real business value across different segments, such as the application of AI in digital health, smart cities, or agriculture. The T&I Initiative helps technologists understand the market better and segment specialists understand how technologies can accelerate their business domains.

What were some of the biggest challenges and accomplishments from your time on those two COVID-19 task forces?

**Brent Young:** One of the biggest challenges was mentally compartmentalizing the magnitude of the situation while simultaneously trying to stay focused and devise solutions to help people. When teams are under an immense amount of pressure, it sometimes becomes hard to make decisions. Intel’s headquarters and local emergency response teams got up and running quickly. Everyone was focused on working together to keep people safe, first and foremost, and keep the business running thereafter. We knew all around the world people would be turning to technology to stay informed, stay safe, and remain productive. Keeping our people safe and our supply chains running were critical to helping the world get through this.

On the AmCham China side, I experienced exactly the same performance. The staff, Board of Governors, and member companies pooled information, shared insights and needs, and identified where we could help, be it sourcing PPE or the Chamber’s charter flight, which helped bring those stranded abroad back to China safely and efficiently.

What does AmCham China mean to you and how would you like to see it develop in the future? What is the key to staying relevant as an organization?

**Brent Young:** I think AmCham China represents a group of like-minded people who are truly invested in doing everything they can to help solidify a great relationship between the US and China through business. Our community can provide value to the members by representing the voice of US business in China when it comes to working with Chinese policymakers. This past year emphasized the importance of this community. From COVID-19 to the complex world environment, business is arguably what stabilizes the relationship during difficult times. What I want to see AmCham China continue to do is be a role model for that stable relationship on an even higher stage. The more that we can help our members to represent a balanced voice of US
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Live Life Well
“AmCham China represents a group of like-minded people who are truly invested in solidifying a great relationship between the US and China through business.”

business in China, the more we can really engage with and influence policymakers.

What technological trends do you believe will have a significant effect on business in China, especially in the short term? How will businesses pivot to accommodate these changes?

Brent Young: I think the digitalization and “smart-ization” of everything is an uber macro trend that is going to affect almost everything. This integration of technology continues to democratize access to opportunity, education, medicine, and more, which I think is incredibly important. For example, there have been significant advancements in online learning that have come out of the pandemic, which give students the opportunity to study anywhere, as long as they have access to the internet. Professionals can meet with anybody, anywhere. You can visit the doctor from home. That, I think, is the real opportunity we get from technology, not just in China, but in the world.

Intel’s social equity initiative, RISE, relates to this technological trend. The purpose of RISE is to be a North Star in which we help create world-changing technology that enriches the lives of every person on earth – where the technology should be responsible, innovative, sustainable, and enabling. As our CEO Bob Swan has said, we integrated RISE strategy into our business operations and we want to bring a positive impact to society, the world, and to our earth.

In your current role as Vice President at Intel China, what are some of the issues you have to deal with? What does a typical day look like for you?

Brent Young: In any typical day, there tends to be lot of syncing with headquarters and non-Asia based teams in the morning, and then, in the afternoon, more of a shift back to local teams. I really love being a bridge of leadership across the Pacific, by sharing insights on Intel culture, goals, and visions to help the local team feel more connected and integrated with the wider Intel company. Likewise, I really enjoy conveying and articulating the cultural elements of doing business in China to executives back at headquarters. This bridging of mutual understanding feels both personally rewarding and improves our execution a lot, because as teams understand each other better – especially across different cultures – they can grow and execute even better as One Intel, which is a core value of ours.

You are currently an executive-in-residence at Tsinghua University’s X-labs incubator, and a mentor and angel investor to a few startups. In what ways do you see the startup environment developing in China? How has COVID-19 had an impact on this space?

Brent Young: The startup environment in China is flourishing. There are incredibly creative, innovative, bold, and intelligent people in the startup community here, and China’s startup environment is very application-oriented, meaning that there is a lot of innovation and problem solving, focused on deploying solutions to address specific uses. There is a strong focus on combining technologies to address challenges or seize opportunities. This entrepreneurial spirit that I’m seeing also spans way beyond just technology. For example, at X-labs, a lot of the startups that I helped mentor are not technology startups. One startup was a group of architects trying to figure out how they position themselves ahead of the competition. Another was a skateboard design artist who is trying to figure out how to protect his IP. All of the major innovation hubs are really buzzing in Beijing, Shanghai, Shenzhen, and Chengdu, amongst others. Overall, the startup community is a very broad-based, creative, and solution-oriented community.

You started your career as a software engineer. How do you think that experience has helped you in the executive space?

Brent Young: That’s an interesting question because I am still, in my mind, a software and startup guy even though I’ve been at Intel, a silicon specialist, for 14 years! I was a programmer for five years at two different software startups and wanted to learn more, so I pursued an MBA at Kellogg and then joined Intel. I find that my diverse background helps me piece together connective tissues across strategy plans – combining insights on software, hardware, strategy, finance, and marketing to find creative ways we can accomplish our goals.
Current Chairman Greg Gilligan presented the Award, with the following remarks:

- What a great honor to be able to present the Pioneer Award to Jim McGregor. The Pioneer Award is close to my heart as Mark Duval and the 2013 AmCham China board and I established this recognition with our first honoree in Roberta Lipson. Jim is the most recent of a number of distinguished recipients of the Pioneer Award. I’m not sure if I’ve told him this, but Jim is among a few people I’ve treated as mentors, learning from him a tremendous amount about navigating the US-China relationship.

- In consultation with the group, I first thought about Jim as the recipient of this year’s Pioneer Award, and the word “mountainous” came to mind. Jim’s presence and contribution to our community comes by way of a massive intellect, massive commitment to helping and supporting others, and a generosity we all should emulate. Jim is a former AmCham China Chairman and an enduring leadership presence among us.

Below is an abbreviated version of McGregor’s remarks at the AGM:

- Getting this Pioneer Award is a true honor, and it is a double honor that I have been introduced by my good friend Greg Gilligan. Having Greg Gilligan as Chairman during this very difficult time has been a perfect match of a leader and a time. This year has been incredibly unpredictable, and fraught with complications and sometimes poisonous politics. AmCham China has been very lucky to have somebody with Greg’s incredible skills and deep understanding of China at the helm.

- If I look at the list of previous recipients, it is truly humbling for me to join this group.

- Roberta Lipson, the first recipient, is the Mother Teresa of the American community in China; Tim Stratford and Les Ross form the brain trust of our organization; Scott Kronick is basically the father of the public relations industry in China; Elizabeth Knup, in addition to her business roles, has been the leader in corporate social responsibility and so many philanthropic programs. All of them are close friends, so I feel I have been brought into a special part of the family. And then there is Stephon Marbury, who I’m sure will be bragging to his NBA and CBA buddies for years that his name is on the same list as mine.

- I wish I could be there with you all. I came back to the US in January for a two-week business trip and I am still here. Working by Zoom out of my lake house in northern Minnesota isn’t so bad, but I am looking forward to getting back to China. AmCham is my China family – a large extended family. I want to thank AmCham China and all my AmCham friends for the camaraderie and fun over the years.

- I would especially like to thank the thousands of Chinese people with whom I have worked and been friends with over the past three decades, especially the many colleagues from my years at The Wall Street Journal, Dow Jones, and APCO.

- That is my real honor – the honor of being able to spend 30 years with the Chinese people. And I am not done. This is not my China eulogy. I look forward to coming back when this chaotic COVID mess gets cleaned up. Thank you all.
Past, Present, and Future: McGregor Shares His Perspectives on US-China Relations

By Mark Dreyer

Following the AGM, McGregor spoke to the AmCham China Quarterly about what it means to him to receive the Pioneer Award, his involvement in AmCham China over the years, the current state of US-China relations, and what he’s keeping an eye on for 2021.

James McGregor has been recognized several times throughout his career, but the AmCham China Pioneer Award, he says, was different. “When you get to be my age, you get a few awards, but this is the one that really mattered to me. I’ve been working with AmCham China for 30 years, and we’ve been through so much over the years in trying to help others understand China and help China be more reasonable in the way they dealt with foreign business, and with foreigners in general.”

McGregor first came to China in 1990, and joined the Chamber in 1991, rising to become Chairman five years later, and has stayed closely involved ever since. “Just being associated with AmCham China moves you above your day-to-day routine where you’re taking care of your business, and you’re worried about your balance sheet and your employees, up into the policy world and the big picture of business between the US and China, with political relations, geopolitical issues, and so many other things. AmCham China also brings everybody together as a community,” he says.

Communicating in Isolation

Given the travel and visa restrictions enforced by the pandemic, McGregor describes himself as “the hermit of Lake Vermilion”, where he’s been holed up since January. But despite being a most unusual year in many ways, there have been positive developments. “People have changed the way they do things,” he says. “I’m sitting in a lake cabin in northern Minnesota, but just yesterday I talked [via video chat] to very senior people in the Commerce Department, the State Department, and the US Chamber of Commerce. That wouldn’t have been possible just a year ago.”

Capitol Contacts

In his remarks at the AGM, McGregor told stories about meeting with a “rude and arrogant” Peter Navarro, almost being thrown out of a meeting with a Republican House member on the Hill, and accidentally insulting then MOFTEC Minister Madam Wu Yi, who later became Vice Premier. But the former journalist is a master storyteller and, on this occasion, plucks another tale from his repertoire, centered on a dinner he had with former WSJ colleague Al Hunt and his wife, the TV anchor Judy Woodruff. Hunt suggested they each bring a few friends.

“I brought [1997 AmCham China Chairman] John Holden, and [China scholar] Jamie Horsley. Judy and Alan invited their friends – Senator John McCain, Senator John Kerry and his wife, Teresa Heinz, and Commerce Secretary, Bill Daley. We had a roundtable discussion on China that was quite interesting! But what it shows is that when AmCham goes to Washington, people pay attention to us, because we’re on the ground in China, and we know what we’re talking about.”


Prior to joining APCO, McGregor was the founder and CEO of a China-focused consulting and research firm for hedge funds, a reporter for The Wall Street Journal and a chief executive of Dow Jones & Company in China. He is a member of the Council on Foreign Relations, 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 nearly three decades and splits his time between Shanghai and Beijing.
have happened before, so I actually feel quite in touch here. But I’m looking forward to getting back to China.”

His year-long exile from the place he’s called home for 30 years has also given a different perspective on the bilateral relationship, even if that’s not solely down to geography. “When you sit in China and you read about America, you go, ‘Wow, what a mess America is.’ And then you sit in America and you read about China and go ‘Oh my, China’s really messed up.’ The politics haven’t changed by the day, but things are darker between not only China and the US, but between China and so many other countries. That’s been hard to watch, but I think my perspective is shifting because of events, rather than because of where I sit.”

One way in which the US-China relationship may have been permanently altered, McGregor posits, is the significant reduction of expats in China, a shift that may have happened over time, with an increase in those viewing the country as more hostile towards foreigners, but a shift that he says has been “dramatic” due to the pandemic. This “people-to-people decoupling” will, he argues, lead to less understanding between the two sides. “When you’re dealing with human beings, you tend to have a much more positive view of things. When that is removed, people are dependent on headlines and what they hear from politicians, and it could lead to a much darker view of the other side.”

New Administration, Same Direction?

McGregor’s current focus – like many of those in the AmCham China community – is on what happens between the US and China under a Biden administration, both the openings and opportunities that may present themselves, but also any changes to how the two sides relate to each other. “Right now, there’s hardly any discussions going on between the two countries,” he says. “There are darker and darker visions from each side, and the rhetoric has become more harsh. Let’s hope that the relationship can be brought onto a new footing. I don’t think we’re going to go back to where it was, but we need to find a new equilibrium. These two countries need to get along with each other, and we need to be doing business with each other.”

In addition to a possible new equilibrium, some in China may have previously thought a new US administration might also bring a new direction in dealings with China, but McGregor makes clear that is unlikely to be the case. “There is only one bipartisan issue in Washington right now, and that’s that China is a bad actor. It’s unanimous across Congress. But there is a coalition among both Republicans and Democrats for America to compete with China and not focus on this go-it-alone containment that President Trump has pursued. If that were to happen, we could move ahead in America and focus on competing with China rather than containing China, because trying to contain China is a fool’s errand. I think that will be a much healthier relationship, actually.”

McGregor makes clear that this competition will best be achieved through industrial policy, resulting in investments in science and technology, R&D, and technologies of the future. “I’m talking about investing in ourselves,” he says. “Over the last 20-30 years, we have quit investing, and we’ve really reduced government R&D money, and on putting a focus on science and technology. If you look at innovation in America, when we were at our most innovative, it was government, academia, and business working together. Private money is not going to fund these kinds of things, because the return isn’t quick enough. You need government money involved, and they have woken up to that, which is good. We need to wake up, grow up, and compete instead of complaining about China.”

People as the Saviors

When asked about which areas of the bilateral relationship he is most optimistic and pessimistic, McGregor – perhaps tellingly – opts to start with the down side. “I’m most pessimistic about the discourse between the two countries. You’ve got America attacking China on every front it can, and you also have China going around the world with this wolf warrior diplomacy, saying outrageous
things and blaming others. We need to have a professional discourse between the two countries, because social media has turned us into a bunch of teenagers yelling at each other.”

But those reasons for optimism – ones that have been so central to McGregor’s decades long career in China – do still remain. “The Chinese people and the American people are very compatible. We get along very well. We are able to do business together, we go to school together, our children marry each other. Chinese people want to be global, and Americans want to be involved in China – and that’s a good thing. We need to continue whatever we can with people-to-people relations, because that’s the rational part of our relationship. The politicians are the problem. They just have to get off their high horses and climb down a little bit and deal with each other.”

In his current role as chairman of APCO Worldwide’s greater China region, McGregor spends his time advising multinationals on various aspects of their business, and so, naturally, is as well placed as anyone to speak to AmCham China member companies on their potential paths ahead. “China is very clear that they’re headed on a path of self-reliance,” says McGregor. “There’s going to be more and more opportunities for foreign companies in China, because China wants more advanced technology, more supply chains in China, and they want growth to come from their own domestic market. So, China right now is focused on being less reliant on the world, but, at the same time, it’s trying to make the world more dependent on China.”

“We talk about whether China has hard power or soft power. China realizes its real power is market power. If you can open up your markets to foreign companies, and make them more dependent on you, then foreign governments are not going to mess with you. But at the end of the day, China wants to do a lot of this stuff itself. So, you’ve got to keep both eyes open when doing business in China, and enjoy doing business in China, but, at the same time, protect your global business.”

Turning the Tables

One term that McGregor has coined recently is “using China to beat China”. He explains that, for many companies, China is their biggest market, so if they were to withdraw from China, their global market share will be taken by companies from other countries. “When I say ‘use China to beat China’, I mean make money in China, and then invest in yourself at home, because that’s how China used the US to beat us. They absorbed our technology, they learned from us, and they did that to beat us. So let’s use their market and profits from that market to beat China in a competition.”

As a way to illustrate that determination for self-reliance, McGregor points to China’s dual circulation policy, one that he describes as important. “It is China saying that they are going to have to reduce risk from the outside, reduce any dependence on export earnings, and reduce dependence on foreign technology. Meanwhile, it argues for a dependence on growth from the domestic market, and on China’s own technology. So, it really is China hunkering down for what they see is a long-term hostile environment.”

But it’s not all bleak, he says, when it comes to the outlook for multinationals. “What it means for companies is that they may have more opportunities in China, but you better be aware of what China’s long term goal is. One of the great things about the Chinese planning system is they put it in black and white, and they’re very focused on self-reliance, so your job in China is to help them with their self-reliance. I always quote the Qing Dynasty slogan 古为今用,洋为中用 (gǔ wéi jīn yòng, yáng wéi zhōng yòng), or “make the past serve the present, make foreign things serve China”.

As a final word of advice to the foreign business community, McGregor returns to a subject that is – and has always been – very close to his heart. “American companies in China have to stay involved in AmCham China, and work with the Chamber,” he says. “Don’t think that because you’ve got your own guanxi, you can go it alone. Work together as a business community, because that gives you some strength in influencing policy and attitudes, both in Washington and in China. I worry that as companies localize more and more, they won’t be as involved in AmCham China – and that would be a mistake, because the Chamber is a very reasonable and very powerful organization, if people stay involved and participate.”

Above:
Jim McGregor (front row, third from right) poses in Washington DC during the annual DC Outreach trip in 2017.

Photo courtesy of AmCham China
By Timothy P. Stratford, Robert K. Kelner, Brian D. Smith, and Alexandra Langton

In his speech at the Gerald R. Ford Presidential Museum, Attorney General Barr warned that the Justice Department has seen more and more officials from the People’s Republic of China (PRC) and their proxies “reaching out to corporate leaders and inveighing them to favor policies and actions favored by the Chinese Communist Party, and there is a suggestion that things will go better (or worse) for them depending on their response to the PRC’s request.” The notion that American companies may be “rewarded” for advocacy in support of PRC policies could, in Barr’s view, trigger concerns related to the Foreign Agents Registration Act (FARA).

In line with Barr’s statements, the Department of Justice (DOJ) has stepped up its focus on FARA issues related to China by increasingly targeting companies doing business in China. Publicly disclosed enforcement actions include high-profile investigations and efforts to require registration of Chinese state-owned media organizations and companies allegedly operating on behalf of, or in the interest of, the PRC. A criminal FARA charge filed recently against the former Republican fundraiser Elliot Broidy also related, in part, to China. In this environment, companies doing business in China may need to consider FARA – and the DOJ’s increasing efforts to apply the statute to activities originating in China.

Legal Risks Under FARA for US Companies in China

Attorney General Barr warned earlier this year that Americans doing business in China should be wary of “behind-the-scenes efforts” to “cultivate and coerce” US companies into furthering the political objectives of the Chinese Communist Party, potentially in violation of US law. This article details the potential pitfalls for companies.

By Timothy P. Stratford, Robert K. Kelner, Brian D. Smith, and Alexandra Langton
**What is FARA?**

FARA is a disclosure statute that requires "agents of foreign principals" to register with the DOJ and file detailed disclosure reports. The statute was originally enacted in 1938, in an effort to force public disclosure of Nazi and other foreign propagandists working in the United States, in the run-up to World War II. In line with these goals, the statute uses sweeping language intended to implicate anyone trying to influence public opinion or policy in the US on behalf of foreign interests.

**What Does “Agent” of a Foreign Principal Mean?**

To become an “agent” of a foreign principal, an individual or entity must engage – within the United States – in certain FARA-triggering activities as an agent of, or “in any other capacity at the order, request, or under the direction or control” of, a foreign principal. Agency under FARA has been held to go beyond traditional principles of agency law. Moreover, the term "request" is very broad. Although there is some case law indicating that a mere request, without some indication of an inducement or obligation to act, does not trigger the statute, Attorney General Barr’s reference to efforts to “coerce” companies or “inveighing” them to act may well be within the scope of the statute.

**Does “Foreign Principal” Refer Only to Foreign Governments?**

Those who have heard of FARA often think of the statute in the context of acting on behalf of foreign governmental interests. While FARA certainly applies to activities on behalf of foreign governments and political parties, the law also applies more broadly and captures activities undertaken on behalf of any entity or person outside the United States, including individuals, corporations, associations, non-governmental organizations, and others. In fact, the definition of a foreign principal is so broad, it even covers US citizens domiciled outside of the United States.

**What Activities Trigger FARA?**

Assuming that an individual or entity is acting as an “agent” of a “foreign principal,” the obligation to register under FARA is triggered when the agent conducts, on behalf of the foreign principal, one or more of the following activities within the United States:

1. Engaging in “political activities,” a term that encompasses any activity that is intended to, or even “believed” to, influence the US government or any section of the US public regarding the following: (1) formulating, adopting, or changing the foreign or domestic policies of the US or (2) the “political or public interests, policies, or relations of a government of a foreign country or a foreign political party”;

2. Acting as a “public-relations counsel,” “publicity agent,” “information-service employee,” or “political consultant”;

3. Collecting or dispensing money; or

4. Representing the interests of the foreign principal before an agency or official of the US government, such as by making direct contact with government officials.

**Is a Contract or Payment Required to Trigger FARA?**

There does not need to be a written contract or payment to trigger FARA. Under the literal terms of the statute, a mere “request” from a foreign government or any other foreign principal to engage in FARA-triggering activity could be enough. Having a written contract or payment, while not required to trigger FARA registration, are strong evidence of agency, suggesting that the activities are undertaken for the foreign principal. Even without a contract or payment, however, there may be other indicia of agency, such as correspondence between a foreign principal and their agent reflecting that the agent has been tasked with undertaking specific FARA-registrable actions on behalf of the foreign principal.

**Is there a De Minimis Threshold to FARA?**

FARA has no de minimis threshold. It can be triggered by even the slightest activity, within the United States, that meets any one of the statutory triggers. For example, a single meeting with a US official within the United States by an executive of a company headquartered outside the United States, or by its US subsidiary on behalf of the foreign parent, could potentially satisfy the “representation” trigger. (The Department of Justice has not publicly addressed the question of whether a meeting at a US Embassy would count as “within the United States,” but in theory, it could.) Additionally, the mere act of hosting a conference, distributing a policy report, requesting a meeting, or reaching out to opinion leaders on behalf of a foreign principal, within the United States, could satisfy the “political activities” trigger.
“Greater use is being made of grand jury subpoenas and other criminal investigation tools to investigate FARA violations.”

How Would One Trigger FARA from China?

FARA applies to activities “within the United States.” The FARA Unit of DOJ recently has taken a broad view of what constitutes activity “within the United States,” suggesting that even a very limited nexus to the United States is enough to trigger the statute’s jurisdiction over related activities outside the United States. The FARA Unit recently stated that it did “not concur” with the assertion that registration for FARA-triggering activities would not be required if those engaging in the activities were “physically outside the US at the time of performance or delivery of the service.” Given the FARA Unit’s current position, it is possible that even an e-mail or phone call from China to the United States, if it otherwise satisfied one of the FARA triggers, could be viewed by DOJ as requiring FARA registration.

Why Aren’t There More FARA Registrants?

Although there is certainly widespread non-compliance with the statute, there are also several “exemptions” that can be relied upon to exempt a person from registration. The most commonly invoked categories of exempt activities are summarized below.

- **Certain Commercial Activities**: FARA provides that private and nonpolitical activities “in furtherance of the bona fide trade or commerce” of a foreign principal, such as the purchase and sale of commodities, services, or property, do not require registration. Additionally, certain political activities for a foreign corporation “in furtherance of the bona fide commercial, industrial, or financial operations of the foreign corporation” may also be exempt. Notably, however, one cannot rely on this exemption for political activity if the activity is directed by, or “directly promote[s] the public or political interests of,” a foreign government or political party. There is little published guidance regarding the scope of activities that constitute directly promoting the public or political interests of a foreign government or political party. Over the last couple of years, the FARA Unit has taken a more expansive view of this language, treating contacts in the United States about matters that are also important to a foreign government, such as trade and sanctions policies, as potentially falling outside the commercial exemption, even where a foreign corporation has a legitimate commercial interest in the same issue.

- **Registration under the Lobbying Disclosure Act (“LDA”):** FARA includes an exemption that permits an agent of a foreign private sector principal to satisfy a FARA obligation by registering under the LDA, so long as the agent has engaged in at least some lobbying activities. Registration under the LDA requires less detailed disclosures than does FARA registration. Because this exemption only applies when at least some lobbying activities are involved, the exemption does not apply to those engaged solely in other triggering activities, such as public relations advice, political consulting services, or fundraising within the United States. Importantly, the LDA exemption is not available to an agent of a foreign government or political party. Moreover, even if the agent is engaged by a private entity, the exemption is not available if “the principal beneficiary” of the work is a foreign government or political party. The FARA Unit has taken an increasingly broad view of activities that would make a foreign government the principal beneficiary of actions undertaken by an agent on behalf of a private sector foreign principal.

- **Lawyers Engaged in the Practice of Law**: FARA also includes a narrow exemption for lawyers engaged in the practice of law on behalf of a foreign client. This exemption is limited, however, and does not apply to a lawyer’s attempt to influence US agency personnel outside of judicial proceedings; criminal or civil law enforcement inquiries, investigations, or proceedings; and agency proceedings required by statute or regulation to be conducted on the record. The intent behind this exemption appears to be to require registration by law firms when they act more as lobbyists, public relations advisors, or political consultants than as legal counselors in governmental proceedings. This is a very fine line, requiring careful parsing of the language of the lawyer’s exemption.

How is the DOJ Approaching FARA?

In March 2019, the Department of Justice announced that it was opening a FARA enforcement initiative and appointing a criminal prosecutor to head the FARA Unit. While it remains unclear exactly how rigorous the department’s FARA enforcement initiative will be, there are already signs that greater use is being made of grand jury subpoenas and other criminal investigation tools to investigate FARA violations. The Department has also tightened its oversight of existing FARA registrants, making more aggressive use of its authority to direct the FBI to assist in auditing those registrants.

What Steps Should I take to Comply with FARA?

The Department of Justice is closely scrutinizing the relationship between US companies in China and foreign principals in the PRC. Because the application of FARA often depends on specific facts, with small changes in the facts leading to large changes in the application of the law, US companies in China and their counsel should carefully examine, or reexamine, their compliance policies with respect to FARA.

The authors are from the law firm Covington & Burling LLP.
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FREE TO SIGN UP FOR OUR MEMBERS!
What to Expect in China’s 14th Five-Year Plan

By Dorcas Wong

The 19th Central Committee of the Communist Party of China held its Fifth Plenary Sessions in Beijing between October 26 to 29 to set the outline for the upcoming 14th Five-Year Plan (2021-2025) (14th FYP). Since 1953, China’s Five-Year Plans have been the single most important guiding document signaling the policy direction for the country’s future economic and social development. The plenum communique – released immediately after the meeting – elaborated on the details and reasoning for the policy path taken.

Overall, the plenum documents signaled no significant changes to the policy direction, but instead saw the progression of many nascent and familiar themes that have been boiling to the surface recently, such as:

● Replacing high-speed growth with high-quality growth;
● Rebalancing the economy with supply-side structural reform;
● Expanding domestic demand, while continuing to support international export markets;
● Driving modernization through innovation and technological advancements; and
● Promoting high-end, intelligent, and green production.

For now, these documents offer investors a window into how the party understands the most important challenges and opportunities facing China, and can guide businesses with their future planning and budgeting decisions. Here we break down the main takeaways and implications for investors.

The 2020 Fifth Plenum: Overview and Context

The Central Committee of the CCP typically holds seven plenums during its five-year term. Of these, the Fifth Plenum is most critical, as the party will convene to deliberate the development priorities of the next Five-Year Plan – the country’s periodic policy blueprint. While every FYP is significant and emblematic of its time, this year’s is particularly noteworthy due to a confluence of factors: China’s impressive recovery during the pandemic is seen as a roadmap to advancing forward in the new normal; scientific and technological revolution and industrial reform against the backdrop of swelling geopolitical tensions; and China’s rising profile in international affairs and its critical role in the global supply chain.

This year’s fifth plenum – the second such plenum presided over by President Xi Jinping – saw the release of two separate blueprints:

● 14th FYP (2021-2025): Sets goals for the first five-year period during which China builds a well-off society in an all-round way; and
● 2035 vision (2021-2035): A mid-term vision to focus on ‘socialist modernization’.

The release of the 2035 vision is laden with political meaning. The projected national plan signposts the midway point of the centenary anniversary of the People’s Republic of China. It is also a key marker of Xi’s national rejuvenation project to build a modern socialist country that is prosperous, strong, democratic, culturally advanced, and harmonious by 2049. The 14th FYP will cross
over into 2021, the deadline for achieving the goal of building a moderately prosperous society in all respects, another significant milestone for the Party.

Guiding Ideology and Economic Development

In terms of economic goals, the party emphasized a switch from high-speed to high-quality development – stressing the medium-term goal of economic structure optimization for better quality and efficient development. As explained by Xi, this will be key to “preventing and dissolving the hidden risks and actively responding to the impact and challenges brought about by changes in the external environment.”

Policymakers made no reference to the previous goal of doubling the GDP over 2010–2020, though it did highlight the success of its GDP growth rate, estimated to exceed RMB 100 trillion (US$14.92 trillion) this year. The numerical growth target is expected to be around five percent for 2025. So far, the party has stated that China’s GDP per capita is to be at the level of ‘moderately developed nations’ by 2035, with a per capita GDP of about US$30,000 – three times China’s current level in 2020.

Growth Driven by Domestic Demand

The dual circulation strategy (DCS) will play a central role in the 14th FYP. DCS is a two-pronged development strategy involving mutual reinforcement of domestic and international markets to spur long-term and sustainable consumption patterns, thus hedging against external shocks and instability in the global environment. The plenum document will enact policies creating a supply system that is more compatible and conducive to “expanding domestic demand” and to “promoting consumption upgrades.” Some examples laid out include promoting a system of “managing the purchase behavior to manage the latter usage” for consumer goods such as automobiles, and improving the modern circulation system by developing contactless transaction services, reducing corporate circulation costs, integrating online and offline consumption, and coordinating urban and rural consumer markets.

Further, emphasis is placed on balancing and coordinating the internal players in the domestic market (across industries and upstream and downstream of the supply chain) and “optimizing the market layout, trade methods, commodity structure, modern logistics system” for better integration of the domestic and international dual cycles. The takeaway for investors here is that there is still space for investment growth; as attention shifts to the domestic economy, investing “in China, for China” may become a common refrain and a necessary strategy for many businesses.

Innovation and Technological Self-reliance

In line with this, innovation was hailed as the central concept driving China’s modernization – with technological independence and self-reliance as strategic supporting pillars to this development model. The 14th FYP will continue the transition from producing cheap low-tech goods to be the high-end and specialized producer of goods, and encourages the transition to “tech self-sufficiency.”

Though not explicitly mentioned, chip-making will likely be the key focus in the next five years, as China seeks to build up its endogenous capacity. Besides this, the plenum renewed emphasis on protecting intellectual property rights, talent attraction, tech infrastructure, and establishing mass interdisciplinary and cross-regional innovation centers. Investment in R&D was a resounding theme – with seven frontier fields highlighted for further exploration: artificial intelligence, quantum information, integrated circuits, life and health science, neural science, biological breeding, and aerospace technology.

Business and Market Reforms

The commitments here were familiar, and include higher level opening up and improved market access; fiscal, taxation, and financial reform; improved fair competition, market supervision capabilities, law enforcement, and oversight; and market-oriented reforms of land, labor, capital, technology, and data. It seems that the 14th FYP will see improvements made to the national treatment mechanism and negative list system for foreign investment, methodically expanding the opening-up of the service industry, safeguarding foreign companies’ legitimate interests, and optimizing the legal, policy, and service framework to encourage and protect outbound investment.

Four competitive sectors will benefit from special market-oriented reforms – energy, railway,
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telecommunications, and public utilities industries. Efforts to expand and diversify the modern services industry will be accelerated, creating new opportunities in health, elderly care, childcare, etc. Greater reform autonomy will be provided to free trade zones and Hainan Free Trade Port will be well-established. Most of these commitments are by now familiar to us, but investors can expect the ramping up of existing policies, and more transparency in China’s market access.

Advanced Manufacturing

Transformation in the industrial supply chain is necessary to bolster domestic demand and build endogenous innovation capacity. Consistent with business trends in the post COVID-19 climate, the manufacturing industry will see a push towards high-end, intelligent, and green technology.

Policies will be implemented to accelerate 5G, big data, and artificial intelligence integration in advanced manufacturing clusters within various industries; improvements to the quality of national infrastructure, strengthening patent standards and other systems; and digital development in industrialization. New policies for advanced manufacturing are expected to be codified in the 14th FYP.

Urbanization and Healthcare

The plenum acknowledged the persistent and growing inequality between rural and urban areas. Importantly, the 13th FYP period saw major achievements in terms of urbanization and improvements to the quality of life for the common people including more than 60 million new jobs have been created in urban areas; the average life expectancy of residents reached 77.3 years in 2019; the nine-year compulsory education rate reached 8%; and gross enrollment of higher education exceeded 50%; basic medical insurance reportedly covered more than 1.3 billion people; and 75 million rural people have been lifted out of poverty.

China has pledged to make further progress on all these fronts – with added emphasis on constructing wage structure improvements, strengthening employment policies, building a high-quality education system, improving the social security system, and poverty alleviation with a focus on addressing the imbalance in development and the wealth gap in China.

In the post-COVID-19 climate, healthcare plays an important role in national policy. It is likely the 14th FYP will see a continuation of the Healthy China 2030 Vision that was introduced in 2016. As expected, the Party recommendation placed a heightened emphasis on public health and prevention and strengthening the early response system.

Specific objectives raised at the plenum include rebalancing medical resources and accelerating construction of hierarchical diagnosis and a tiered treatment system, strengthening the construction and management assessment of public hospitals, and promoting the reform of centralized procurement and use of drugs. Telemedicine, elderly care services, and mental health were highlighted above other areas, and these segments are likely to see rapid development in the next five years.

Environment and Climate Change

Recognizing that the country’s ecological and environmental protection still has a long way to go, China is once again making climate change a central policy priority. China is expected to implement a series of ambitious plans for green and low-carbon development in order to reach peak carbon emissions by 2030 and become carbon neutral by 2060.

The proposal provided a glimpse into the types of areas that will be supported, such as green finance, green technological innovation, clean production facilities; environmental protection industries; green transformation of key industries and important fields; clean, low-carbon, safe and efficient use of energy; green buildings; and green life creation activities.

A fight for ecological and environmental protection will also be upheld on multiple fronts including the soil, air, and water. Further, China will also work towards allocating energy and resources more efficiently through methods such as implementing national water-saving actions, improving the resource price formation mechanism, and promoting waste classification. However, there are still some concerns about how China plans to transition away from coal power. It currently still dwarfs other countries in terms of both number of coal mines in operation and under construction.

Old Policies, New Priorities

The three documents released after the fifth plenum were comprehensive and signal the types of policies that can be expected come March 2021. The plan’s overarching theme is “progress while maintaining stability” and relies on five key development concepts: innovation, coordination, greenness, openness, and sharing. The 14th FYP carries forward many of the same themes first introduced by the 13th FYP. The difference, however, is the shifting emphasis of these themes. For example, innovation and advanced manufacturing – though prominent in the 13th FYP – have now been elevated to being top national priorities for the 14th FYP.

Similarly, self-sufficiency and boosting domestic demand – which were emerging themes in the 13th FYP – have now become much more pronounced. The full text of the 14th FYP will be released in March 2021, with more details expected to be released progressively until then. Investors should stay abreast of these developments for purposes of budget planning and reorienting their China strategy for the next few years.

Dorcas Wong is an Associate Editor at Dezan Shira & Associates, an AmCham China Corporate Partner Program member.
Annual General Meeting 2020

Top:
The 2020 Board of Governors.

Far left:
Vice Chair Gloria Xu, who received the Chairman Award.

Near left:
Annie Wang (left) and Michelle Zhang (right) receive the Forum and Committee of the Year Award from President Alan Beebe on behalf of the HR Forum.

Below left:
Chairman Greg Gilligan presents the Pioneer Award to Jim McGregor.

Below right:
Roberta Lipson dials in from quarantine to make her pitch for the Board.

Photos by Jin Peng
AmCham China thanks all of our generous Annual General Meeting sponsors!

Top:
The 39th Annual General Meeting (AGM) was held at the China World Hotel in Beijing on November 19, 2020.

Middle left:
Erin Zhang makes her stump speech ahead of the Election of the 2021 Board of Governors.

Middle right:
Jeffrey Que receives the Forum and Committee of the Year Award on behalf of the Healthcare Forum.

Bottom:
AmCham China staff members Li Lu (left), Joan Zhu (second from right), and Lina Wang (right) receive the Service Award from President Alan Beebe.

Photos by Jin Peng
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
- Meet like-minded people for professional development
- Share information and ideas specific to their industries
- 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.

Forums and Committees

Agriculture Forum
- Michael Boddington, Asian Agribusiness Consulting
- Yong Gao, Bayer
- Juhui Huang, BRF China
- Owen Ma, Cargill Investment

Automotive Forum
- 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
- Bing Zhou, Dell
- Christine Yuan, Rio Tinto
- Dennis Zhang, Carlyle Group
- Julia Zhu, Starbucks

Cosmetics and Nutrition Forum
- Jun Zhang, Amore
- Edison Chen, Johnson & Johnson
- Jane Yan, Amway

Education Forum
- Carol Li Rafferty, Yale Center Beijing

Election Committee
- William Rosoff

Entrepreneur Committee
- Su Cheng Harris-Simpson, SCHS Asia

Eric Schmidt, EventBank
- Abraham Sorock, Atlas

Financial Services and Insurance Forum
- Viki Huang, State Street
- Lester Ross, Wilmer Cutler Pickering Hale and Dorr
- Erin Zhang, Goldman Sachs

Food & Beverage Forum
- Rachel Yu, Coca-Cola
- Julia Zhu, Starbucks
- Sujing Wang, Pepsi

Healthcare Industry Forum
- Roberta Lipson, Chindex
- Jeffrey Que, Johnson & Johnson
- Alice Xu, Boston Scientific

Human Resources Forum
- Charise Le, Schneider
- Michelle Zhang, Pfizer
- Charles Shao, Korn Ferry
- Annie Wang, Bayer

Visa Sub-Committee
- Gary Chodorow, Chodorow Law Offices

ICT Forum
- Joanna Mao, United States Information Technology Office (USITO)

Legal Affairs Committee
- Katharine Bostick, Microsoft
- Michael Liu, Hylands
- Susan Munro, Steptoe & Johnson
- Scott Palmer, Perkins Coie

Manufacturing, Customs, Supply Chain and Sourcing Forum
- Chuck Brown, Individual
- Fanny Chen, Abbott
- Dwight Nordstrom, PRI Management Consulting
- Wu Jing, UPS
- Yu Jiang, Emerson

Marketing, Advertising, and PR Forum
- Olivia Ji, EventBank
- Yu Yue, Brunswick

Media and Entertainment Forum
- 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
- Lester Ross, Wilmer Cutler Pickering Hale and Dorr

Real Estate and Development Forum
- Vacant

Sports Committee
- Bryan Bachner, Individual
- Su Cheng Harris-Simpson, SCHS Asia
- Randal Phillips, Mintz Group
- Eric Schmidt, EventBank
If you are interested in joining any of our Forums and Committees:

- Generate contacts for business development
- Share information and ideas specific to their industries

AmCham China’s Forums and Committees are the lifeblood of our advocacy, industry relations, and community development. We have Forums operating in China as well as the active membership of our community. Forums and Committees allow members to:

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<td>Ladon Ghali,</td>
<td>Epoch International, Business and Entrepreneurial</td>
</tr>
<tr>
<td>Rebecca Branham,</td>
<td>B &amp; L Group Inc.</td>
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</tbody>
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**Tianjin Chapter**

- Chinese Government Affairs Committee
  - Bo Yu, PricewaterhouseCoopers Consultants (Shenzhen) Limited Tianjin Branch
  - Cathy Yan, PPG Coatings (Tianjin) Co., Ltd.
  - Martin Winchell, Schneider Logistics (Tianjin) Co., Ltd.

- Manufacturing & Sustainability Committee
  - Nathan Dunbar, Caterpillar (Tianjin)
  - Marcus Williams, Boeing Tianjin Composites Co., Ltd.
  - Alex Scilla, Frontier Environ Ltd.

- Tianjin Culture & Lifestyle Committee
  - Alex Brose, The Tianjin Julliard School
  - Humphrey Wang, Tianjin Pher Food Beverage Management
  - Steve Wang, Minsky Co., Limited (DBA WE Brewery)
  - Elizabeth Zheng, Waitex Group

- Real Estate Forum
  - Michael Hart, Griffin Business Management
  - Women Professionals Committee
  - Justine Qian, Schneider Logistics (Tianjin)

**Central China Chapter**

- CGAC Committee
  - Helen Hu, GE Power Conversion

- Training Forum
  - Scott Shaw, LDi Leadership Formation Services, Wuhan Yangtze International School

**Northeast Chapter**

- Education Forum
  - Claire Berger, Canadian International School in Shenyang
  - Jade Kersey, Maple Leaf Foreign National School Dalian
  - Blair Lee, Dalian American International School
  - Kim Michalk, Dalian American International School
  - Vacant

- Hospitality Forum
  - Echo Tan, Intel Semiconductor (Dalian)

- Human Resources Forum
  - Vacant

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17. Vacant
AmCham China officially announced a partnership agreement with Phoenix TV at the Trans-Pacific Future Forum 2020, which was held in Beijing on December 16. The agreement cements the strong ties between the Chamber and the media industry, leading to more potential cooperation with media partners in the future. It also offers another major influential channel for foreign companies in China to make their voices heard.

In the future, the Chamber will work with Phoenix TV to design a series of thought leadership events with the theme of US-China economic and trade relations to give a platform to thoughtful voices and enhance influence. Chairman of AmCham China, Greg Gilligan, and Vice Chair, Gloria Xu, together with President Alan Beebe, attended the forum.

US-China Relations Going Forward

Gilligan gave his opening remarks about the opportunities and challenges ahead in the US-China relationship. Gilligan commented on the existing
tensions between the two countries, noting that, as the two largest economies in the world, China and the United States will experience inevitable friction, and the structural issues in bilateral trade relations are not likely to change much due to the change of administration in the White House in 2021.

Gilligan suggested that the focus of both political parties in the US will still be long-standing issues, such as intellectual property protection, market access, and technology transfer. Meanwhile, he pointed out that the geopolitical and ideological competition and differences between the two countries will have an inevitable impact on economic and trade issues and on the cooperation between companies in the two countries. As a result, Gilligan stated that he hoped both governments can limit geopolitical disputes to an appropriate scope to make room for commercial cooperation. He also mentioned that the Chamber will try to avoid non-commercial issues and instead focus on ensuring the sound development of business cooperation between Chinese and American companies. This way, they can explore more commercial opportunities together and strengthen the bond between the two sides.

Gilligan later talked about the improvements made after the signing of the Phase One trade deal, saying he was pleased that it has given the two countries a certain degree of predictability, and that both countries have seen some tangible results from this agreement. Although the global economy suffered a huge impact in 2020 from the COVID-19 pandemic, Gilligan said that AmCham China is pleased to see the Chinese government’s continuous efforts in opening up to foreign investment in the financial sector, the procurement of agricultural products, and the protection of intellectual property rights.

Gilligan also shared his perspectives on improvements that need to be made from Chinese policymakers in terms of policy implementation and consistency. He noted that there have been some differences between the formulation and implementation of policies, and therefore suggested the Chinese government better carry out the policies.

Gilligan said he hopes that the Chinese government can gradually improve the system of soliciting opinions when making policies so that enterprises can relay their problems encountered in investments and operations more confidently and truthfully. He also added that effective communication between enterprises and governments is of great significance in industry supervision and business operations. Only by effective communication, he said, can the policies find their true basis. He added that the Chamber very much wants to see a business environment based on mutual trust, where governmental policies are well implemented and enterprises can receive the full support of the government.

**Technological Differences Between the US and China**

AmCham President Alan Beebe took part in the technology panel discussion and exchanged ideas with other guests on the US-China relationship and potential areas where China and the US could cooperate. Beebe pointed out that the US-China relationship is never one-sided, and the two countries should understand their areas of commonality and difference. He said he is positive that there are many opportunities where China could change for the better. One of the sources of tension, Beebe believes, is the fundamentally unequal playing field in the corporate sector. Limited market access, particularly in the technology sector, has been a source of frustration for many companies. Compared with a relatively more open market in the US, he noted that there is still a lot of work to do on the Chinese side.

Looking back on the past 20 years, Beebe said that Chinese tech companies have achieved remarkable progress, noting the ingenuity and hard work.
of Chinese companies and its people. Beebe also admitted that the US needs to catch up in some areas, like digital payments. With regards to technological cooperation between the two sides, he noted that it is better to focus on where the two parties can cooperate rather than set up global standards.

Beebe suggested that what the two countries – not to mention the whole world at large – need now is evidence that cooperation can actually be beneficial, with healthcare cited as one example, with a possible quick win being the equitable and global distribution of COVID-19 vaccines. Moreover, bilateral cooperation on areas where science converges with digital technology to solve health-related problems like diabetes could also bear fruit in a quick manner.

Beebe mentioned that a routine dialogue between China and the US is possible, but that certain challenges should be expected. To this point, he reiterated that, in order to find solutions, both governments should work concertedly to ensure a level playing field for companies. He also touched upon a disturbing trend that there has been a decline in the number of Americans who come to China to study or live and who learn the Chinese language. He said he thinks that more work needs to be done in order to set the foundation of understanding the Chinese culture and ensuring the flow of exchanges.

Outlook on the Bilateral Trade Relationship

AmCham China Vice Chair Gloria Xu attended both the program Tiger Talk – one of Phoenix Television’s flagship shows – and the trade panel discussion, sharing her opinions on the outlook for the bilateral trade relationship during the Biden administration.

President-elect Joe Biden will assume office as the President of the United States in January 2021. Xu noted that, because of the global influences of the US and China, the relationship between the two countries is always the focus of the diplomatic world; however, she conceded that this relationship had become increasingly strained. Xu said that she hoped the two governments could show more respect to agreed rules when dealing with differences during the Biden administration.

Biden recently appointed Katherine Tai as the next United States Trade Representative. As a Chinese-American, Tai’s role in the trade talks has attracted more and more attention. Xu pointed out that the approach of Biden’s trade team towards China is still unclear. She said that AmCham China represents the interests of member enterprises and believes the change in US leadership will present an opportunity for both parties to further communicate. Although there are many challenges on trade disagreements, the trade representatives from both countries have spoken highly of their counterparts and Xu said she believes the previous rounds of talks have laid a solid foundation for future negotiations.

Xu declared herself to be optimistic about the future of the US-China relationship. She mentioned that China and the US showed the world that the two nations could still solve problems together by negotiating when they signed the Phase One trade deal, with stricter regulations on intellectual property protection, China’s purchases of American products, and tariff reductions among the areas where progress has been made. Xu said that AmCham China hopes the Chinese government and the Biden administration would restart trade talks as a way to rebuild trust between the two sides.

Besides appearing on Tiger Talk, Xu also discussed the influences of the signing of the Regional Comprehensive Economic Partnership (RCEP) during a panel discussion. She indicated that RCEP is beneficial to enterprises in three ways. First, the reduction of tariffs could lead to the improvement of supply chains in the Asia-Pacific region; second, information transparency could make it easier for companies to refer to local regulations; third, RCEP reduces a series of burdens on labor and procedures for enterprises. In response to the pressure to change the supply chain layout of American companies by “returning manufacturing to the United States”, Xu said that many multinational enterprises in China have instead applied a “China+1” strategy to mitigate risks and remain flexible.

In conclusion, the Forum – which was co-hosted by AmCham China and Phoenix Television – was hailed a great success, with many fascinating discussions taking place on site, while also laying the groundwork for future cooperation.
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