

AmChamChina

QUARTERLY

Issue 1
2023

Executive insights, interviews, and intelligence for business in China

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*Trip.com CEO Jane Sun on China's
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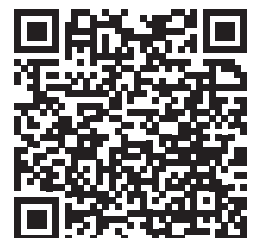
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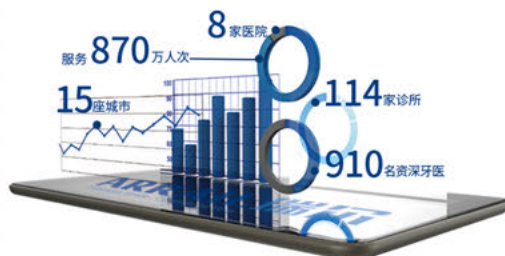
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Photo courtesy of Trip.com Group

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Inside AmCham China's 22nd **Annual Appreciation Dinner**.

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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.

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Healthcare

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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:





Constructive Engagement Amid China's Re-opening

AmCham China is a member-driven organization dedicated to improving the business environment in China and promoting constructive and sustainable US-China economic relations. Our collective advocacy work continues to achieve tangible results, most recently with the re-opening of the borders and resumption of pre-COVID visa and entry policies for foreign nationals entering China, a welcome relief to our business community.

Over the past three years of the pandemic, US-China trade has continued to grow, with increased trade in both directions, but significant challenges remain. On March 1, AmCham China shared the results of the 25th annual edition of the China Business Climate Survey Report (pages 14-17), which I urge you to read in full. The report highlighted the following key themes:

- Members reported a slightly more pessimistic financial outlook compared to previous years
- China is no longer the primary investment destination it once was
- The majority of members are not considering relocating their supply chains
- Tense bilateral relations continue to stoke uncertainty in business decision making
- Members are looking for ways to support the cooperative agenda

With China's borders now re-opened for business, our member companies would like to see deeper in-person communications between the two governments to constructively address and resolve outstanding areas of concern. Furthermore, as China re-integrates into the

global economy, the return of people-to-people exchanges will help to facilitate mutual understanding. On this front, we will continue to press for more flights between the US and China, which will help bring ticket prices down to more affordable levels, as well as improved visa processing times.

At AmCham China, each year we organize over 200 programs and events, as catalysts to help achieve constructive and sustainable US-China economic relations. These events are created with deep engagement from across our vibrant and diverse membership community. This quarter, we showcased the fifth Women's Summit (see pages 32-35 for more), around the theme "Women of Tomorrow." The Summit highlighted the importance of supporting women leaders and entrepreneurs – several of whom are featured in this magazine – as well as the sharing of cutting-edge trends and best practices.

Finally, AmCham China will – as always – continue to work tirelessly on your behalf to address your concerns, as identified in the annual *China Business Climate Survey Report* and expressed in further detail in the annual *White Paper*, which is written by our member companies.

Thank you for your ongoing support and contributions to this important work!

Colm Rafferty
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:



Following the election, AmCham China is pleased to announce that Colm Rafferty has been elected for a second term as Chair of the Board of Governors for 2023. Gloria Xu was also been re-elected to a second term as Vice Chair, she is joined by new Vice Chair Roberta Lipson. Get to know the Officers of the Board and the rest of the newly elected Governors who will be representing American business interests in 2023.

Meet AmCham China's 2023 Board of Governors

"The AmCham China Vision remains our guiding principle, namely that we are a member-driven organization dedicated to improving the business environment in China and promoting constructive and sustainable US-China economic relations," said Chair Colm Rafferty. "In 2023, we will continue this important work of championing our Vision, with another fantastic Board that brings new diverse perspectives and contributions. I'm excited to see what we can do to take things to the next level."

Colm Rafferty

AmCham China 2023 Chairman

AmCham China 2023 Board of Governors

Chairman



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Roan Kang
Microsoft



Jian Lu
LinkedIn



William Zarit
The Cohen Group

* The new Board and Officers took up their appointments on January 1, 2023.



Colm Rafferty, Chairman

Colm Rafferty is Vice President – Developing Markets and Chairman – China for Vermeer Corporation. Vermeer is a global manufacturer of innovative solutions used to help connect people to the necessities of life, to help manage precious natural resources, and to help feed and fuel the world. Vermeer products are used in a variety of applications from underground utility infrastructure development, to precision mining, to solar field installation, waste material processing, and agricultural mechanization. Prior to joining Vermeer, Colm worked with Cummins and Alibaba.com. He holds a bachelor's degree in East Asian Studies from Brown University and an MBA from the Yale School of Management.

Colm has served on the Board six times previously, becoming Chair for the first time in 2022 after four terms as Vice Chair. In 2019, he received the Chairman's Service Award.



Gloria Xu, Vice Chair

Gloria Xu is China Country Manager and Vice President, External Affairs of Albemarle and is charged to develop a strategic vision and effective engagement plans for the company to grow sustainably in the country. Before joining Albemarle in February 2022, Gloria worked for Dow Inc for more than seven years, with her last role as Vice President, Greater China, serving as Dow's corporate representative with government, trade associations and other key external stakeholders. Before joining Dow in 2014, she led the China government affairs functions of DuPont and Standard Chartered Bank respectively for 13 years. Gloria was China Public Relations Manager of Alibaba.com Group in 2000-2001. From 1993 to 2000, Gloria was a political correspondent with China Daily, covering legislative and foreign affairs, military, Hong Kong, Macao, and Taiwan news.

Gloria now enters her sixth term on the AmCham China Board, and her third year in the Vice Chair role.



Roberta Lipson, Vice Chair

Roberta Lipson is the founder of United Family Healthcare (UFH) and the Vice Chair of New Frontier Health. She has over 40 years of experience as a pioneer in the healthcare industry in China. She originally co-founded UFH's predecessor company Chindex in 1981, expanding the business from China's top medical equipment distribution company into China's first and largest foreign-invested healthcare system. UFH now runs 11 hospitals and almost 20 clinics in Beijing, Shanghai, Guangzhou, Tianjin, Qingdao, Hainan and Shenzhen.

Roberta is an active leader in the business community in Beijing, currently serving for the ninth year as a director and audit committee chair of the US-China Business Council, and enters her seventh term on the AmCham China Board. In 2009, her outstanding contributions in China earned her "The Great Wall Friendship Award", and in 2014 Roberta was named the inaugural recipient of the AmCham China Pioneer Award.

Amway China's Frances Yu on Empowering Women and Driving Innovation

By Norris Tangen

Frances Yu is the President of Amway China, where she oversees all operations and collaborates with Amway Business Owners to strengthen partnerships. She is also a member of Amway's Global Leadership Team and Executive Staff, focusing on strategy development, talent capabilities, and customer experiences.

Yu has been with Amway China since 2000 and has held several positions, including Chief Marketing Officer for the Greater China Region and VP of Public Affairs. She is recognized as a pioneer in marketing innovation and reputation management.

Yu is also the General Director of Amway Charity Foundation, where she has led programs benefiting over 4 million children in rural China. Additionally, she holds leadership roles in various organizations, including Co-Chair of the Women's Professional Committee of the American Chamber of Commerce in China and Vice Chairwoman of the China Association of Enterprises with Foreign Investment.



Photo courtesy of Amway China

Frances Yu, President of Amway China, is at the forefront of promoting innovation and empowering women in the company's largest market. In an exclusive interview with the AmCham China Quarterly, Yu discusses her passion for female empowerment and equality, her role as a Co-chair of the AmCham China Women's Professional Committee, and how Amway is working towards a healthier and brighter future.

Amway, short for American Way, began its China operations in 1995. Frances Yu, the current President of Amway China, joined the direct-selling company in 2000 and has since worked her way up through the ranks of the family-owned business. Over the course of her two-decade tenure with Amway, Yu has held numerous leadership positions across a range of departments, including Director of Corporate Communications, Vice President of Public Affairs, and Chief Marketing Officer. In 2018, she was appointed as President of Amway China, where she oversees strategy and operations for the company's largest market.

One of Yu's top priorities since becoming President has been innovation. She shares that she has been constantly exploring new operation models for a traditional business in the digital age, innovating an integrated business model of "digital driven + offline expansion + online social e-commerce". Yu adds that she has also been promoting the company's digitalization and intelligent transformation and upgrading.

In 2019, under the backdrop of Amway's 60th anniversary and national agenda of building a "Healthy China", Yu led her top management team to launch Amway China's "A70 Health & Wellness Strategy". Yu says she is especially proud of the A70 program which establishes Amway's corporate position as a "promoter of holistic health and wellness" and works to fulfill their corporate vision of "helping people live healthier and better lives".

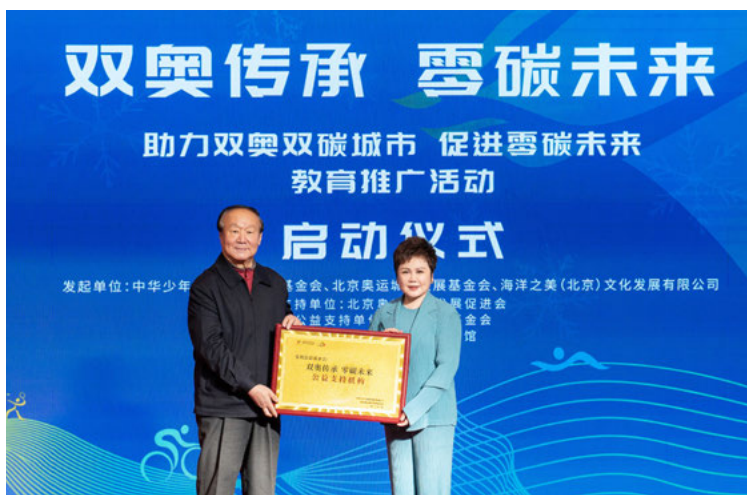
Notably, Yu's leadership has helped Amway China thrive, despite the challenges posed by the global pandemic. According to the company, Amway China's sales revenue achieved a double-digit growth rate in 2022, the highest rise in the past decade, demonstrating the company's resilience and adaptability. Most recently, the company reported global sales of \$8.1 billion USD in 2022.

Women's Professional Committee

In addition to her role at Amway China, Yu has also volunteered her time and expertise by becoming a Co-chair of AmCham China's Women's Professional Committee (WPC). The WPC aims to foster the development of women in business through information, advocacy, networking, and services. It implements events and activities that enhance selected skill areas and address issues integral to women's success in the business world. Yu says she was drawn to become active in the WPC after seeing the countless online and offline events, conferences, lectures, and trainings the Committee has organized over the years. "The WPC has strived to raise public awareness of the important role of women in economic activities, worked to support women leaders and entrepreneurs, and help them implement more women-friendly development policies within businesses," she says.

Yu points out that women's progress is an essential barometer of global development and social progress. As a female business leader, she has long been passionate about women's empowerment. "I believe that gender has never been, and should never be, a barrier to personal development, it's our duty to uplift other women and help them to embrace unlimited opportunities of tomorrow."

Whether it's in the Women's Professional Committee, Amway, or other social organizations that she works for, Yu vows to continue to advocate for an equal and inclusive workplace, encouraging women to break down traditional prejudices and barriers, stimulating women's internal drive for continuous growth, and creating an enabling environment for women to become leaders. Additionally, in March, Yu joined the 2023 AmCham China Women of Tomorrow Summit as a keynote speaker, sharing her thoughts on supporting female entrepreneurs, career development, and promoting women's self-expression and self-realization.



Above: "Promoting a Zero Carbon Future in Beijing" education promotion activity

Photo courtesy of Amway China

Empowerment the "Amway"

Amway and Yu's commitment to female empowerment is evident in the organization's operations. According to Yu, "46% of the management team at the director level and above are women. This proportion is quite high among multinational or local companies." However, this representation is not limited to the management level. Amway has empowered more than three million entrepreneurs globally, with 73% of them being women, and in China, two-thirds of their top performers are women.

Yu outlines the three main strategies that the company adopts to reach its goal of creating an equal environment for all. "First, we must create a business environment that truly guarantees women a level playing field. This involves addressing systematic inequality and prejudice that exist in society through institutional improvement and culture building, rather than just relying on hiring quotas and related training. Second, we must create robust business mechanisms that motivate and reward personal initiative, especially in the new era of social e-commerce, communities of interest, and independent entrepreneurship. Such mechanisms should have a low barrier for entry, low upfront costs, and incentives that reward women building up their capabilities." Yu continues, "Third, we must provide tools and resources to empower women to develop new skills and succeed in business on a larger scale. At Amway, we are closing this gap by offering training and mentoring programs in health and fitness, leadership, digital skills, community operations, and more."

Beyond these strategies, Yu emphasizes that achieving true equality is a collective responsibility. "Each of us has a responsibility to challenge traditional paradigms and the status quo, encouraging women to realize their potential," she says.

Women Leading the Way

Contributions made by the group of female executives at Amway China have had a significant impact on the company's strong rebound post-pandemic. Yu believes that their success highlights Amway's achievement in creating an equitable



Above: Frances speaking at the AmCham China Women's Summit 2023

Photo courtesy of Amway China

and inclusive workplace where women are empowered to thrive. Additionally, she notes that female leaders often bring a delicate touch to humanistic care and interpersonal interactions, promoting fairness and harmony within the team. Yu highlights two outstanding female Amway executives as examples of this.

Firstly, Yu mentions Katherine Li, the Vice President of the ABO Enablement Center, who has been with the company since 1997. Yu dubs Li a trailblazer who continually pushes herself to explore, learn, and make breakthroughs. Yu shares that Li has successfully led the corporate initiative of digital transformation, integrating the company into China's digital ecosystem through partnerships with digital giants like Alibaba and Tencent. "Under her leadership, ABO capabilities in creating innovative solutions, content generation, and community operation have been enhanced, laying a solid foundation for the company's long-term stable development," Yu says.

Another colleague Yu underscores is Chen Jia, the Vice President of Innovation & Science East Hub and Chief Marketing Officer of Amway China. Yu explains that Jia is responsible for establishing the Amway Shanghai R&D Center and Guangzhou R&D Center. She also helped establish the Amway Botanical Research Center in Wuxi in 2015. Yu recognizes Jia's many achievements with Amway, including her significant contributions to product development and raw material research, as well as raising the company's influence in technical regulations and scientific reputation. In her newly added

role as the Chief Marketing Officer of Amway China, Jia will help to shape the future development of the company from a strategic perspective.

Yu underlines that these two examples illustrate that female managers and employees can fulfill their potential through lifelong learning and improvement in Amway. As Yu says, "Katherine and Jia not only have the courage to try themselves on new endeavors and make continuous progress but also lead the team to achieve greater success. They have played a pivotal role in the strategic transformation, innovation, and development of the company."

Partnerships Empower Success

When Yu mentions the millions of global entrepreneurs that Amway empowers, she is talking about the Amway Business Owners (ABO) who operate in the 100+ global markets where Amway has a presence. At the heart of the company's operations and success is the core value of partnership. "Amway itself is built on partnership – the two co-founders, Rich DeVos and Jay Van Andel, put forth Amway's fundamental values: partnership, integrity, personal value, personal responsibility, achievement, free enterprise. Amway always places partnership in its strategic core." Yu says. She adds that Amway is proud of the 60-year legacy it has created by building out a competitive entrepreneurial platform, enabling

countless people to improve their lives and realize their dreams.

For its part, Amway offers their ABOs the tools needed for success. “The training, guidance, experience sharing, and mutual help among the ABO teams have led to their common growth and success, which paves the way for Amway’s business growth,” Yu explains. In addition, Amway is working to strengthen its position as a “holistic health & wellness promoter” with a corporate vision to help people live healthier and better lives. “We empower ABOs to operate healthy communities that integrate online and offline interactions through which ABOs could provide solutions and professional services for the community peers, and drive the public to increase their health literacy, cultivate healthy habits and adopt a healthy lifestyle,” Yu adds.

Digital Transformation, Health, and Wellness

According to Yu, digital transformation has played a significant role in modernizing Amway’s brand and empowering independent ABOs to meet shifting market trends. She shares that the company has adopted cutting-edge

technologies like big data, virtual reality, artificial intelligence, and cloud computing to build multi-layer touchpoints and digital interaction capabilities, creating a business model of “digital-driven + offline operation + online social e-commerce integration.”

Amway China has continued to upgrade its social e-commerce platform since 2015, with “ABOs mobile studios”, “Amway Cloud Shopping” and “Amway WeChat Shopping,” launched successively. Yu also notes that Amway has established a 360-degree training system, providing a variety of learning resources from professional knowledge of nutrition and health to basic entrepreneurial skills. Additionally, she says, the company has partnered with Tencent to develop an enterprise WeChat community management tool, helping ABOs enhance their communication and management efficiency.

Amway’s health and wellness strategy has also benefited from digitalization, creating an intelligent, personalized, and life-oriented nutrition and health service platform based on health-related big data and artificial intelligence algorithms. The “Xiao’an Nutritionist WeChat Mini Program” provides customized health plans, including personalized product recommendations, exercise plans, lifestyle and community

activity suggestions for different population segments like adolescents, pregnant women, office workers, middle-aged and elderly, as well as people suffering from chronic diseases.

However, despite many successes, Amway China has also faced challenges in recent years, including adapting to the dynamic market environment, ensuring supply chain security and stability during the COVID-19 pandemic, and dealing with offline events being put on hold due to pandemic control measures. Yu reveals that the company overcame these obstacles through strategic transformation to health and wellness in the era of mobile internet and social community, improving safety and resilience through measures such as finding local alternative raw materials, strengthening local inventory, and accelerating the development of domestic supply chains and agile production deployment.

Through these comprehensive measures, Yu proudly reports that Amway China has greatly improved the consumer experience, ABO entrepreneurial experience, and business efficiency.

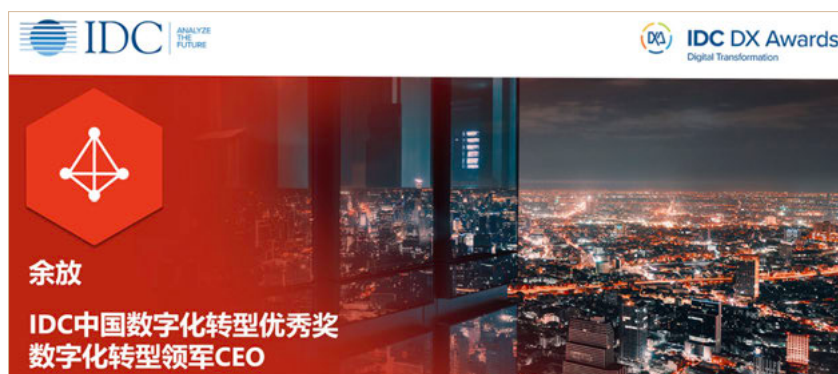
China Localization

Recently, Amway China has revealed plans to implement more aggressive localization strategies in the country. Yu highlights Amway’s commitment to localization strategies, stating that Amway China has been the leader of Amway’s localized innovation in the world. “Amway world headquarters has followed the ‘China First’ strategy and made significant investments in China in recent years.”

Regarding localization strategies in China, Yu explains that Amway is exploring smart organic agriculture, innovating green-nutrition solutions, building out a green and low-carbon industrial chain, and advocating for a life based on total wellness. As part of these efforts, she says that Amway plans to build a self-owned organic farm in China, completing its three-tier farm system.

Yu is also excited to share that Amway is making contributions to China’s carbon emission peak and carbon neutrality. “This year, we will release our first zero-carbon product as well as announce our corporate carbon neutrality goals and roadmap. Please stay tuned for more good news from Amway China.” 

"Each of us has a responsibility to challenge traditional paradigms and the status quo."



Above: Frances Yu’s IDC award for “Digital Transformation Leading CEO Award”

Photo courtesy of Amway China

CHINA BUSINESS CLIMATE SURVEY REPORT

中国商务环境调查报告

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3

This marks the 25th year that AmCham China has surveyed its members on the business environment in China. This year we again partnered with PwC for data collection and in-depth analysis. This survey was conducted between October 19 and November 16, 2022 and was completed by 319 AmCham China member company representatives, representing roughly 47% of eligible respondents.

After three full years dominated by the COVID-19 pandemic, our members reported a slightly more pessimistic outlook compared to previous years. This inflection toward pessimism reflected members' attitudes about their companies' financial performance and overall expectations around China's openness and business climate. Estimated performance results for 2022 showed a decline in the portion of member companies that saw increased revenue, profitability, and Earnings Before Interest and Taxes (EBIT) margins compared to last year. Much of the decline in 2022 performance was attributed to COVID-19 prevention measures. While many members still see China as a priority market, this year saw a sharp decline in members who rank China as a top three priority. The willingness to increase investment and strategic priority is declining as China becomes merely one of many investment destinations. Members continue to

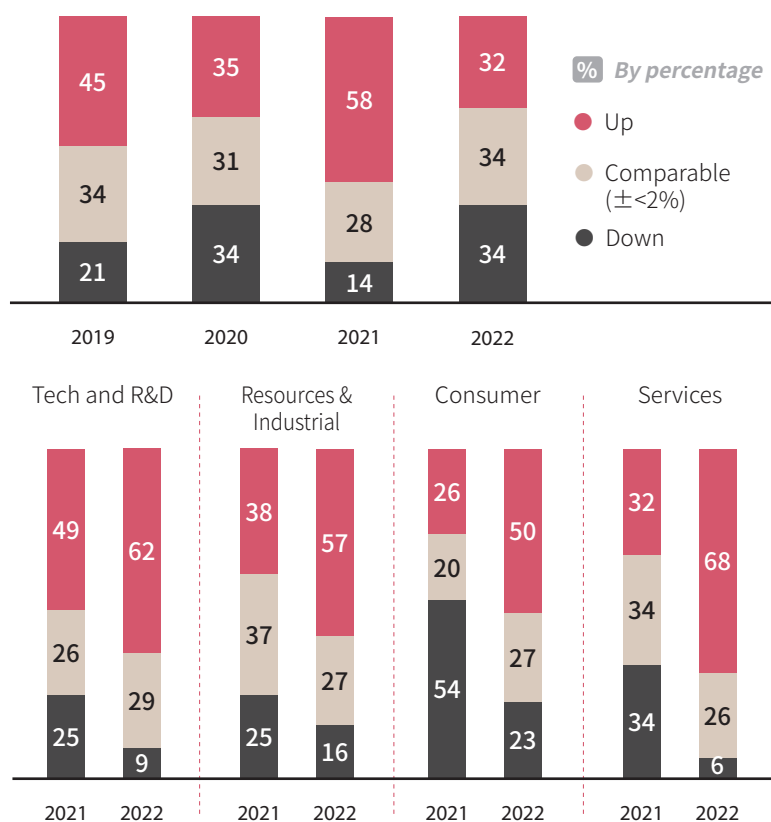
report uncertainty in bilateral relations as their top business challenge in China, along with increasing uncertainty about the regulatory environment and rising labor costs.

Financial Performance Trends Reversed in 2022, Estimated to Decline to 2020 Levels

34% of members estimated that their 2022 revenue will be lower than 2021. While 2021 saw a trend toward normalization of financial expectations and general market perception, 2022 results are similar to reported performance in 2020 – when the pandemic began. According to two-thirds

Figure 20. Top Five Business Challenges in China

	2019	2020	2021	2022	2023
1	Inconsistent regulatory interpretation and unclear laws & enforcement 55%	Rising labor costs 45%	Rising tensions in US-China relations 78%	Rising tensions in US-China relations 56%	Rising tensions in US-China relations 66%
2	Rising labor costs 48%	Inconsistent regulatory interpretation and unclear laws & enforcement 41%	Rising labor costs 40%	Inconsistent regulatory interpretation and unclear laws & enforcement 31%	COVID-19 prevention measures 55%
3	Rising tensions in US-China relations 45%	Rising tensions in US-China relations 41%	Inconsistent regulatory interpretation and unclear laws & enforcement 37%	Rising labor costs 29%	Inconsistent regulatory interpretation and unclear laws & enforcement 32%
4	Increasing competition from privately owned Chinese companies 58%	Regulatory compliance risks 23%	Increasing competition from privately owned Chinese companies 33%	Regulatory compliance risks 28%	Rising labor costs 25%
5	Shortages of qualified management 28%	Shortages of qualified management 23%	Concerns about data security 26%	Concerns about data security 23%	Regulatory compliance risks 25%

Figure 9. How does the estimated 2022 revenue of your company's China operations compare with 2021 results?

of members, much of 2022's financial performance issues can be explained by intermittent regional lockdowns to control local outbreaks. The proportion of companies forecasting profitability decreased from 59% in 2021 to 44% in 2022. One-in-five members faced losses in 2022. The proportion of companies in the Tech and R&D, Resources & Industrial, and Services sectors expecting to be profitable dropped significantly.

Members are Less Willing to Invest in China

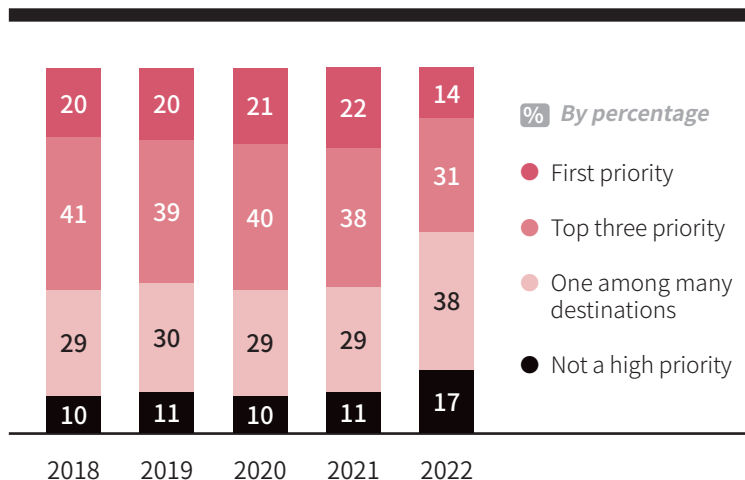
This year, less than half of members ranked China as a top three investment priority, marking a significant shift. Nearly half of members (45%) reported that China's investment environment is deteriorating, a 31pp uptick from last year and the highest response rate on this answer choice in the last five years. Most members report that they are revising their investment plans for China, opting to make no additional investment or even to decrease investment overall. Uncertainty around China's policy environment, the expectation of slower economic growth in China, and overall uncertainty in the US-China economic relationship were cited by members as the top reasons for decreasing investment.

Members Show Restrained Confidence in China's General Openness to Foreign Companies

Nearly half of respondents still report feeling “less welcome” in China, a trend that has risen by 11pp since 2020. This may be related to more restrictive technology and cybersecurity-related regulations or rising tension in the US-China relationship. More than one-third of respondents reported that foreign companies are treated unfairly by government policies and enforcement actions compared to their domestic competitors, which is a 5pp increase since 2021. Additionally, for the second year in a row, uncertainty and lack of confidence rose across all sectors, as members consider whether the government is committed to further opening China's market to foreign investment.

85% of respondents believe that innovation and R&D are important for business growth in China, increasing from last year. Members identified the top three barriers to innovation as technology decoupling, restrictive cybersecurity policy, and insufficient IP protection. There is declining sentiment and growing uncertainty about IPR enforcement across all sectors during the past five years, although over one-third of respondents reported that China's enforcement of IPR improved in the past year. Nearly one-quarter of members say that inadequate IP protection limits investment in China, with difficulty prosecuting IP infringements and insufficient IP protection as the top two challenges.

Figure 26. China's rank in near-term global investment plans



Most Members are Not Considering Supply Chain Relocation, Though There was a 10% Increase of Those Considering Relocation

Most members have no plan to move their supply chain outside of China. However, for the first time since the pandemic, we see a 10pp increase in the number of companies considering or reporting having already started to

Figure 35. Is your company considering, or has it already begun the process of relocating manufacturing or sourcing outside of China?

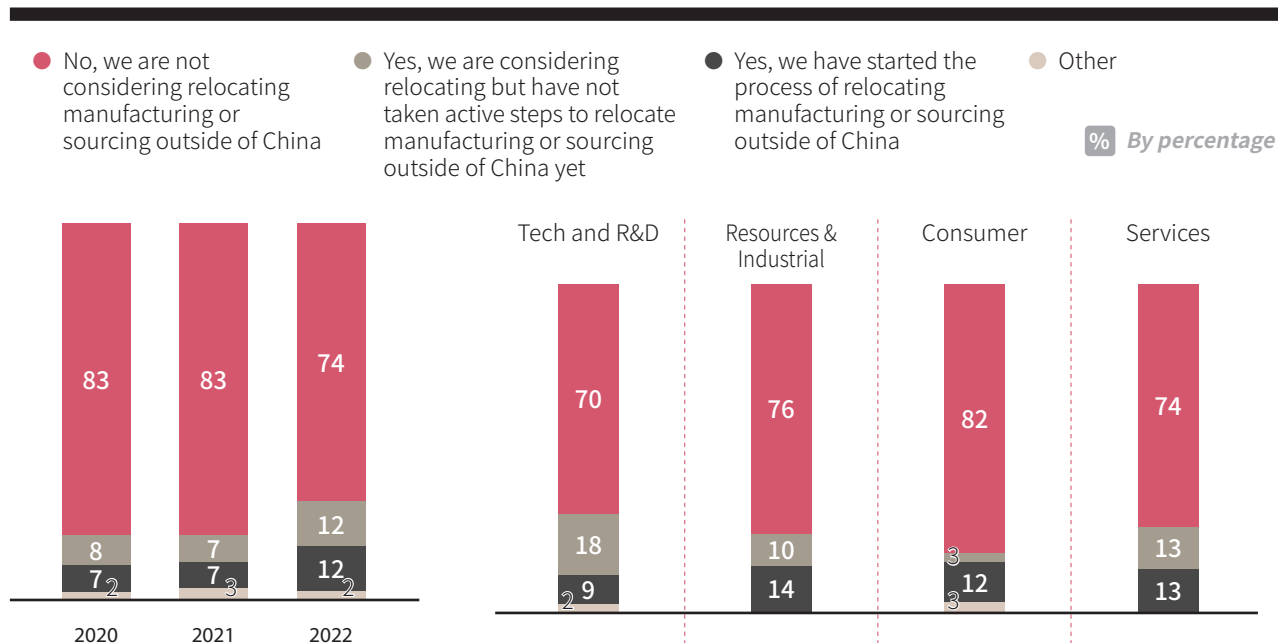
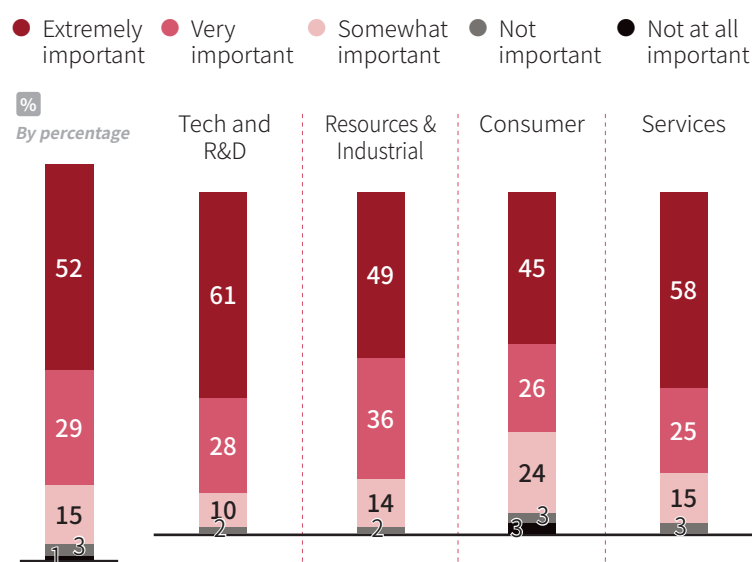


Figure 49. Top three human capital challenges

	2022	2023
1	Total labor costs 44%	US-China tensions and geopolitical concerns 43%
2	Rising salary and wage expenses 42%	Total labor costs 37%
3	US-China tensions and geopolitical concerns 28%	Rising salary and wage expenses 31%

Figure 65. Importance of positive bilateral relations between China and the US to your company's business growth in China

relocate manufacturing and sourcing outside of China. Among the 24% of members considering moving capacity outside of China, one-third plan to move operations back to the US, up 6pp from 2021. This may be related to rising tension in US-China relations.

The Top Three HR Challenges Include US-China Relations and People-related Costs

Members report that their top three human resources challenges are US-China tensions and geopolitical concerns (43%), labor costs (37%), and rising salary and wage costs (31%). In this year's survey, 51% of

members reported that their top expatriate candidates were unwilling to move to China, up 21pp from last year. As quarantine for international arrivals officially ended on January 8, 2023, it is expected that the travel situation will improve once international flights return to pre-pandemic levels. It remains unclear whether increased ease of travel will be able to reverse the trend of expatriate staff unwilling to move to China.

Members are Leveraging ESG Strategies in China Operations

80% of respondents report that they are taking or plan to take action to implement Environmental (E), Social (S), and Governance (G) strategies in China (Figure 23). Members believe such efforts will improve their brand image and help with talent recruitment and retention. 73% of members ranked Diversity, Equity, and Inclusion (DEI) as their top ESG strategy in China, followed by Governance and business ethics (72%). Around 60% of members report that the ESG strategies focused on climate change.

US-China Tensions Remains the Top Business Challenge, and Improved Relations are Vital for Business

Members report that uncertainty in bilateral relations is their top business challenge in China, according to 66% of respondents. This is especially true in the Tech and R&D sector, as the US and China are facing off over semiconductors. Such a contest may be a harbinger of further deterioration in their relationship. About half of members believe bilateral relations will deteriorate, nearly twice the proportion of members compared to the previous three years.

Many hope that high-level bilateral engagement and the brokering of new agreements between the US and China will benefit the business community. Regarding implementation of the Phase One Trade Deal, at least one-third of members remain uncertain about how it impacts their business. 60% of members hope that future bilateral trade talks will result in further opening of Chinese markets to foreign companies, up 17pp from last year, and 43% are looking for further reductions in tariffs, up 17pp from the previous year.

Both the US and the Chinese governments have a critical role to play. Members' priority suggestions for the US and China governments are to refrain from aggressive rhetoric and tit-for-tat actions towards each other in order to establish a floor under the deteriorating relationship. ①

Scan here to read the full report:



Taking Flight:

Trip.com CEO Jane Sun on China's Reopening and Campaigning for Equality

By Norris Tangen



Photo courtesy of Trip.com Group

Jane Sun, the CEO of Trip.com Group, has defied gender stereotypes to become a leader in the male-dominated tech and tourism industries. In an interview with the AmCham China Quarterly, Sun shares her advocacy journey and efforts to promote gender equality, women's empowerment, leadership principles, and shares her forecasts for the domestic and international travel markets in 2023.

Trip.com Group's CEO, Jane Sun, knows what it's like to be underestimated. In the face of obstacles throughout her career, Sun has defied gender stereotypes to reach the top in the male-dominated technology and tourism industries. "When I first came back from the USA to China, we led a team to visit other countries. There was the Chairman, another male executive, and me. I was ranked number three. So, when it was my turn to go into the office, the other counterpart didn't even shake my hand. They thought I was just their secretary. They turned around and walked away," she recalls. "Later on, when we sat down and I was introduced as the CFO of the company, they felt terrible because they didn't imagine a female could hold such an important position in their culture. Constantly, there is bias from the male-dominated industry."

Despite encountering bias and discrimination, Sun's determination, commitment, and hard work have led to her taking on added responsibilities over the years. Today, she is the global head of one of the world's largest global travel service providers. Trip.com Group operates the sub-brands Ctrip, Skyscanner, Qunar, along with its global brand Trip.com, which serves as a one-stop booking platform for everything from flights and hotels

to car rentals and tickets to tourist attractions. While Sun is heartened by the great progress made in recent years towards gender equality, she emphasizes that there is still work to be done. "I am confident," she says, "that female and male leaders will be able to drive more equality going forward."

Fair Competition

As one of the few woman leaders in the tech industry, Sun has embraced the mission to advocate for gender equality and women's empowerment. She shares that one of the most significant initiatives taken by the company is the adoption of fair competition and selection based on merit, without any discrimination. "In 2021, half of the new employees joining Trip.com Group were women, and an equal number of women and men were promoted. As a result, women in the Group now make up 43% of staff above middle and senior levels and almost one-third of executive positions at the VP (Vice President) level and above, which is significantly higher than the industry level," she notes.

Sun believes that every company should take concrete actions to break the bias and empower women with the resources and opportunities to succeed. To do this, she says reforming unfair practices and stopping the perpetuation of biases in society and work is crucial. One recent example of the Group's initiatives is the implementation of a pioneering hybrid work model and flexible working hours, enabling all employees to spend more time with their families without compromising efficiency.

The company's efforts in this area have not gone unnoticed. Trip.com Group was recognized by UN Women and received a Women's Empowerment Principles (WEPs) Award in the Gender-inclusive Workplace category for its outstanding performance in empowering women and promoting gender equality. Sun says she is proud of the fact that Trip.com Group has a strong, diversified workforce that drives growth and development. "This is crucial for all companies to adopt since strong female representation and gender-inclusive environments help to drive continuous change and add much-needed value, not only for our company, but for society at large," she shares.

Additionally, Trip.com Group has taken further action to support women in travel, with the Group jointly launching an initiative to provide women with 20,000 jobs in travel by the end of 2023. Sun says she believes

Jane Sun is the Chief Executive Officer and a member of the board of directors of Trip.com Group Limited, a leading global travel services company that provides seamless travel experiences for millions of global travelers. She first joined the company as Chief Financial Officer in 2005, later serving as Chief Operating Officer and Co-President, before becoming CEO in 2016. Founded in 1999, the Group effectively adapted to the rise of mobile Internet, growing from a small tech company into a one-stop-shop for travel services for millions of users worldwide. In 2019, Ms. Sun was awarded an Asia Society Asia Game Changer Award and was also one of Fortune's Most Powerful Women in Business for six consecutive years. Forbes also recognized her as Most Influential and Outstanding Businesswomen. Before joining Trip.com Group, Ms. Sun was head of the SEC and External Reporting Division of Applied Materials, Inc. since 1997. Prior to that, she was an audit manager at KPMG LLP in Silicon Valley, California. Sun is a vocal advocate for gender equality and empowering women, with female employees representing over half of the workforce and a third of senior management. She earned a Bachelor's degree from the business school of the University of Florida and graduated with high distinction. She also attended Peking University Law School, where she obtained her LLM degree.

“Through hard work, perseverance, and innovation during the past few years, we have every reason to be optimistic about the outlook of our business and the travel and tourism industry in general.”

that the travel industry should assume more social responsibility, and that the development of the industry needs more women to provide practical actions for the recovery going forward.

Fostering Female Leaders

Sun has undoubtedly been a strong advocate for empowering and promoting women leaders within her organization and the industry. When asked about how she plays a direct role in fostering a positive and inclusive work environment, she highlighted the importance of mentoring, inspiring and creating an open space for conversation.

“Mentoring is very important. Mentoring not to support and guide but also create an open space for conversation so we can work things out together,” says Sun. “Through communications and sharing sessions with colleagues from various business units, I will always encourage them to discuss the challenges we face, and also how we can address them collectively. Men and women alike must look to raise up the pursuit of equality, not feel targeted or side-lined but understand this is a journey that will empower all staff. We have employees from diverse backgrounds and with different experiences and views, and it is important for us to foster and promote inclusiveness and diversity.”

In addition to mentoring, Sun stressed the need to spotlight female role models across all areas of the business. “Raising up female leaders and staff across our business is important. By spotlighting role models, we hope to show other female employees that whatever their interests, circumstances or skillset, they can succeed. We must constantly encourage, empower and inspire one another.” Moreover, Sun highlights that for women leaders, two values in particular stand out. “In order to lead your team out of darkness, women leaders must have endurance and tenacity. Trip.com Group certainly had moments of highs and lows which reflect the vitality of the company. From 2003 SARs to successful IPO to leading the team out of financial crisis followed by M&A, all these are important for leadership. I hope that future leaders in the industry can demonstrate such qualities and values,” she says. To support Sun’s vision, Trip.com Group encourages female employees to achieve more via its training platform, “Trip Growth Academy”. The platform provides employees with over

2,800 classes and other educational resources, covering topics including corporate strategy, professional skills, and team management.

When discussing the possible strategies to ensure that there are more women leaders in the future, Sun speaks about the benefits of having a diverse workforce and the importance of incorporating female voices in decision-making processes. “From our experience, women have played important roles driving good corporate governance and fostering a culture of teamwork. Decisions made by female leadership are more meticulous and often balance risk and reward better. Actions are executed with more communication, consideration, and organization. Fiscal policies are geared towards long-term sustainability,” Sun continues, “I feel it is critically important to encourage and incorporate the female voice and to promote a cooperative and supportive environment for all.”

Leadership Style

Sun describes her leadership style as simple and straightforward: “Leadership is about hard work and working well with all parties involved,” she says. “As a female leader, I have encountered prejudice at times over the course of my career. It’s important for me to be confident that my actions have the best impact for others; that’s always on my mind. I am constantly striving to ensure that my female colleagues will not have to go through the negative experiences I had encountered during the early stages of my career.”

Beyond striving to build a positive and inclusive company culture, Sun says that her lifelong commitment to learning is also vital to her leadership style. “As the leader of a tech company, I am always learning more about the newest technologies and the impacts of technological development on our industry and human society,” she explains.

Over the course of her career, Sun has established a reputation for successfully managing mergers and acquisitions. She discusses her approach to mergers and acquisitions, saying, “Organic growth is always our focus. Only when you can grow very strongly on your own will you then find good opportunities. For investment, we set a very high standard.” She lays out the three essential criteria the group adheres to when



Above:

Jane Sun playing tug of war with teammates

Photo courtesy of Trip.com Group

considering investment. Primarily, she says, the company must be closely related to Trip.com Group's core competence. Secondly, the target company must be a leader in its specialty and supply a complimentary foil to Trip.com Group's existing offerings. Finally, Sun says it is key to wait for the right time to invest to ensure an accurate and proper valuation of the company.

Travel Bounces Back Post-Pandemic

As the travel industry works to navigate the fall-out and ongoing challenges brought on by the COVID-19 pandemic, Sun remains optimistic about the industry's recovery and growth. In fact, she says, domestically, the Chinese travel industry has already recovered to normal levels and is significantly stronger than 2019 levels. She attributes this in part due to people accumulating savings during the pandemic and now looking to spend those savings on domestic travel. As for her 2023 predictions, Sun says she believes the first half of the year will see strong domestic travel, especially considering people do not have as many international options to choose from. However, as international travel becomes more accessible again, Sun says that Trip.com Group and their partners are working to ensure demand is met. Overall, she says, she feels optimistic about the coming year, "I'm very excited for the potential opportunities. We have been working with our partners to prepare for the return of international travelers including tourists from mainland China. We have already collaborated with various destinations which have seen a surge in international tourists since early 2023," she says.

Regarding the challenges and opportunities in the international tourism industry post-pandemic, Sun notes that actual travel spending in 2022 rose compared to the previous year, although it has not yet exceeded 2019 levels. "Average spending on flight bookings in 2022 was around 40% higher than in 2021 and 10% below pre-pandemic levels, according to Trip.com data. Meanwhile, average spending on accommodation was up by 10% on 2021, and just 5% below 2019 levels," she shares.

However, Sun also acknowledges that demand always recovers much faster than supply. She says that while there has been a surge in outbound travel in mainland China since the international borders re-opened, flight capacity has not fully recovered. Sun says that the biggest challenge facing the travel industry is rehiring and retraining new employees after three years of the COVID-19 pandemic. She recalls queuing for hours longer than usual at Heathrow airport in summer 2022 due to the "industry's frozen state" during the pandemic.

Technology Enhances Customer Experience

New technology and innovation are constantly changing and enhancing Trip.com Group's customer experience. Naturally, Sun says, AI technology plays a crucial role in the company's operations. "AI is essential for us in a few areas," she says. "We use an AI chatbot to fulfill many basic customer service functions, providing immediate responses and supporting users when they are in need."

Beyond customer service, Trip.com Group has also invested heavily in automation services, accounting for 95% of their business processes. Sun notes that this has resulted in more intelligent and exact demand matching, customized services, and improved efficiency and cost reduction for partners.

Most recently, the company has implemented an exciting new function incorporating ChatGPT into their Trip.com APP, known as TripGen. TripGen is an early stage chatbot that uses artificial intelligence (AI) technology to supply tailored travel routes, itineraries, and booking advice in real-time. Sun says that Trip.com Group's mission is to continue to improve efficiency and save consumers' time. She adds that in the future, AI will play a critical role in achieving this goal. As the organization continues focusing on technological advancements, Sun is determined to stay ahead in providing customers with an exceptional travel experience. "Our mission is to pursue the perfect trip for a better world. Through hard work, perseverance, and innovation during the past few years, we have every reason to be optimistic about the outlook of our business and the travel and tourism industry in general," Sun concludes. ■



Breaking Down China's 2023 Two Sessions: *A Look at the Country's Economic and Political Priorities*

By Allison Lapehn

两会 (liǎng huì) - the annual "Two Sessions" meetings of the of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and the National People's Congress (NPC) take place in early March. The meetings convene thousands of important Party members to discuss the State Council's annual Government Work

Report, which outlines major economic growth targets and guiding policies on socioeconomic development and foreign affairs. This time also coincides with voting on important legislative and structural reforms of the government.

The Two Sessions are a crucial annual event in China's political calendar, and this year's meetings held particular significance as the country continues to navigate its way through the post-COVID era. The gathering of thousands of delegates in Beijing saw discussions on a wide range of topics,

This year's Two Sessions took place from March 4 to 13, 2023, and saw thousands of delegates travel to Beijing to assess government priorities for the year and vote on key issues of restructuring, economic security, and development priorities. This article breaks down some of the main takeaways from the annual meeting.

from institutional reorganization and economic stability to national security challenges and foreign relations.

Institutional Reorganization

Since 1978, China has adjusted the structure of its government almost every five years. This cycle's readjustments affirmed the importance of goals laid out previously by top leaders during the 20th Party Congress of October 2022.

The institutional reorganization announced in this year's Two Sessions, focuses primarily on optimizing government management of the finance and technology sectors. Improving governance of financial stability, technological self-reliance and data security, have all been highlighted as key goals of the government over the past year. The changes include:

- The Ministry of Science and Technology (MoST) will be restructured to pass off many day-to-day advisory functions to other ministries, while prioritizing the strategic planning and promotion of nation-wide scientific and technological innovation.
- The National Data Bureau (NDB) will be created and placed under the guidance of the NDRC. Its stated purpose is to coordinate all data resources and take charge of developing the "data economy."
- A new National Financial Regulation Administration will be formed. This will replace the soon to be dissolved, China Banking and Insurance Regulatory Commission, and will oversee all aspects of the financial industry, excluding securities.
- The China Securities Regulatory Commission (CSRC) was upgraded – it will now sit directly under the State Council, enhancing its authority. It has also taken over responsibility for approving enterprise bonds from the National Development and Reform Commission (NDRC).

Eyeing Economic Stability

Economic stability is a core goal of 2023's performance. Despite external economic challenges and a slow recovery after China's economic headwinds due to COVID-19 prevention measures, the government will aim to boost consumption while steadily increasing business confidence.

Recent data from China's National Bureau of Statistics suggests a real GDP growth of 3% for 2022. This year, much debate occurred amongst analysts if China would scrap the GDP growth targets or be even more ambitious in its target as it eyes economic recovery during the end of the COVID-19 era. However, the GDP growth target released is targeting 5% growth for 2023. This rather cautious target comes after China missed its target rate for the first time in 2022. It is an achievable goal as the economy readjusts and reopens to outsiders.

National Security Challenges Continue

In General Secretary Xi Jinping's speech, he repeatedly emphasized the need for a calm and stable approach to counter the increasing global challenges facing China. The year to come in particular poses a unique challenge for China's leadership, as they brace for more severe risks in their foreign relations. Newly promoted Foreign Minister Qin Gang went so far as to speak out against the US export controls trying to cut-off China's supply chains and decouple in an attempt to contain China.

Despite these firm statements against the US, however, most mentions of safeguarding national security redirect the focus to domestic policies and programs. Increasing domestic scientific development while ensuring economic growth and stability are core to China's national security strategy in the coming year.

Overall, this year's Two Sessions highlighted China's commitment to achieving sustainable economic growth, promoting technological innovation, and safeguarding its national security. With the country facing numerous challenges on the domestic and international fronts, it is clear that China's leadership is focused on taking a strategic and proactive approach to meeting these challenges head-on. **Q**

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What's Next for China's Education Industry?

Venture Education's Top 10 Trends for 2023



Photo courtesy of Venture Education

By Julian Fisher and Zhubei

Julian Fisher's Top Five

1. Vocational Education Drive

When the Chinese government drives an idea, you know that it will move forward. Vocational education is the word on everyone's lips this year as the country looks to upskill its labor force and follow the models set by northern European countries for well-educated, well-equipped and, importantly, well-respected vocational student body. Students who score within the lowest 50% in the middle school exams will now compulsorily take a vocational path and key answers will be needed this year: Can enough high quality trainers be developed? Are there any sustainable financial models for foreign operators to engage in the space? Can vocational



Julian Fisher has been working in education in China for 18 years; first coming as part of the founding team of a new international school.

He leads the consultancy arm of Venture that supports international schools, universities and education organisations to thrive in China. He is also Vice Chair of the British Chamber of Commerce in China and Chair of the Chamber's Education Forum. He is also a mentor for Durham University, former president of the Beijing Metropolitan Entrepreneurs' Organization.

Venture Education is a Beijing-based consultancy that provides market intelligence on K12 education in China to organizations worldwide. This quarter, we asked Venture's co-founders, Julian Fisher and Zhubei, to share their top five trends that will shape the industry in 2023. Fisher will provide an industry perspective, while Zhubei will focus on the needs of students and their families.

education align with the increasingly niche demands of next generation technology?

2. Chinese International Education

Three years of Zero-COVID have forever shifted China's relationship with international education and the future direction of travel seems far more defined. The government will continue to encourage international students to study in China, and global universities to set up joint partnerships and institutions within its borders. This will likely impact the number of students studying overseas in the longer term [see trend number 6] but it is also part of a wider goal for China to become an exporter of education. China's first state-sanctioned school outside the country opened in Dubai in 2020 and Xiamen University Malaysia has been running since 2014. A considerable number of education programs and partnerships are underway along Belt and Road countries and will make more noise in 2023.



Above: Beijing Field Studies takes primary school students into the wild; part of a growing trend around outdoor and sustainability education

Photo courtesy of Venture Education

3. New Metrics of Assessment

The “General Program for Deepening Educational Evaluation Reform in the New Era Oct. 2020” suggested that from kindergarten to higher education the focus should be on talent cultivation rather than quantitative indicators. In K12 education, measures have been taken, such as discontinuing the ranking of students in classes, and there has been debate about the possible downsides of the all-consuming gaokao exam in the lives of high school students. Last year saw Renmin University, Nanjing University and Lanzhou University and a number of others withdraw from international rankings. As institutions and the government push back against overseas metrics, expect domestic alternatives that reflect Chinese characteristics.

4. K12 Challenges

It has been an extremely challenging three years for the private K12 sector in China with the pandemic, online learning, and the loss of large numbers of foreign teachers and students. The number of schools for foreign passport holders, especially those in unfinished “innovation zones” on the outskirts of major cities, seems certain to drop. Private schools for Chinese nationals, that boomed alongside the new property developments they helped sell, were hit hard by the Private Education Law in 2021 and the sector is still reeling. While opening up may ease some ills, and regulatory clarity allows for more certainty, 2023 will be about the sector getting back on its feet.

5. Sustainability Matters

Schools and universities have the capacity to influence thousands of young minds towards a better future and sustainability and environmental protection are a key area where all stakeholders, from students to country leaders, can align. While grassroots initiatives will empower students and teachers, 2023 may also be the year where the government pilots its own sustainability best practices and policies for educational institutions to follow; likely promoting pragmatic cost-cutting green initiatives, the development of green technologies, and national benchmarks.

Zhubei's Top Five

6. Study Abroad Headwinds

While the number of students studying overseas for higher education has grown continually, there may be clouds on the horizon. Many parents are wary of the impact geopolitical shifts will have on their child's future university path, countries move in and out of fashion, three years of travel restrictions have raised anxiety, pressure to attend "top universities" continues to increase, and the return on investment of an overseas education is continually discussed. This might not be a challenge in the short term as many students are already committed to the overseas education path, but for new parents the question is simple: "Should I commit to putting my child into an English speaking or bilingual kindergarten if I intend for them to stay in China for their entire educational journey?" And if the answer is "no", then the impact of that decision will be felt in eighteen years' time. The numbers from this year will start to paint a picture of where things are heading in the future.

7. Parental Balance

On a positive note, although the double reduction may have depleted the tutoring sector, a great number of former tutors have now shifted their focus to providing all-round or family education services, which can be operated legally. There are an increasing number of online courses and discussions working with parents on how to improve their relationship with their children (though some are still trapped in the damaging cycle of "how to manipulate your child effectively so they will study hard happily"). It is a positive progress to see a higher level of awareness of mental wellbeing among children; in no small part because these parents themselves are starting to question their own work-life balance after so many years of grind. The balance parents continue to struggle with is finding equilibrium between being emotionally supportive and academically pushy. Expect there to be a gradual shift in the way parents talk about their children, about education, and what a meaningful life really means over time.



Zhubei has worked in education between schools, parents, and students for over 15 years. Believing that parents' mindset is the key to children's healthy development and meeting their full potential, she has devoted her energy to lead positive change in parenting through talks, interviews, and workshops across China. She was a judge for the China School Awards 2023 for Holistic Education, and writes a weekly column on education and parenting in the Economic Observer. She is also Chair of the Educating Girls of Rural China Beijing committee.

8. Employability


A survey with employers from LinkedIn China on "Soft skills companies need but have a hard time finding" shared the top five skills in high demand relative to their supply as: creativity, persuasion, collaboration, adaptability, and time management. Students in China often grow up being asked to focus heavily exclusively on grades, and in many cases their daily and weekly schedules are decided by parents or schools. Meaningful work experience is undervalued, students hobbies and personal interests are side-lined, and side hustles are often discouraged. This does not support the development of the above mentioned soft skills and these gaps will become more acute as the Chinese economy continues to develop. With nearly 20% youth unemployment, both schools and universities are scrambling to find practical and genuinely impactful ways to better prepare young people for the world of work.

9. Finding a Niche

Last year, Venture Education ran a series of events across China for school-based university counsellors and parents supporting children to study overseas. The most frequently mentioned demands from admission officers were "genuine interest", "authenticity", and "maturity". A former admission officer from the University of Chicago I recently interviewed said, "Sending offers to students is like sending invitations to a family dinner banquet, you want to invite those who are unique and interesting people as individuals, but

also being able to get along with other guests". Hearing from both higher education and employers, young people who will succeed need to develop their soft skills and choose majors that make them want to wake up in the morning.

10. Special Educational Needs

Special education needs (SEN) for children in China is still very much a taboo, unless the child is clearly affected with severe symptoms. Very few parents understand the concept or see the need to assess their child if they are facing challenges in school; and there is a huge lack of affordable access to assessing, understanding, and providing tools to children with special education needs. Parents often treat SEN as a barrier that their child should be able to overcome if they try hard enough, refuse to discuss any issues in public or with their school, and feel that the situation is a curse rather than meeting their children where they are. Mental health, special educational needs, trauma, and other aspects of childhood development are increasingly becoming part of a wider discussion about parenting and education. 

If you're interested in learning more about Venture Education, please connect with Julian and Zhubei julian@ventureeducation.org zhubei@ventureeducation.org.

Scan to follow Zhubei's channel for more on education.



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Is China's 'Tech Crackdown' Over? A 2023 Regulatory Outlook for the Sector

By Giulia Interesse

In February 2023, China's anti-monopoly regulator, the State Administration for Market Regulation (SAMR), conducted its annual conference on anti-monopoly work in coastal Qingdao, where it established its agenda for 2023. SAMR's main focus in 2023 is to maintain the "bottom line of development security" and strengthen its "linkage effect" with international markets. This is just the latest of public-facing maneuvers that suggest a shift in the Chinese government's approach to the technology industry.

Just one month before the SAMR conference, Guo Shuqing, who serves as the Chinese Communist Party secretary of the People's Bank of China (PBOC), announced that China's central bank would increase assistance to the private sector to strengthen the economy. Simultaneously, the bank will relax its scrutiny of tech companies.

In addition, China's 2023 fiscal policy promises to support low- and middle-income groups, as well as individuals and businesses who have been affected the most by COVID-19. This approach also implies ensuring "fair treatment" to all types of businesses – including those in the tech sector.

Beijing has issued several new regulations in the last two years covering areas from antitrust to data protection, which collectively have been described as a "tech crackdown". This is because the most visibly impacted by the new measure were tech companies. As 2023 gets underway, the government appears to have signaled a regulatory easing – placing the tech sector at the core of its economic growth strategy. Against this background, we analyze how the perceived tech crackdown transpired, upcoming changes to the regulatory environment for the tech sector in China, and its significance for foreign-invested businesses.

China's Tech Crackdown as it Happened

Starting in late 2020, the Chinese government intensified its regulation of the country's fintech sector, impacting some leading internet-based conglomerates, and

compelling them to refocus on local compliance after experiencing rapid expansion for several years.

Inevitably, China's tech sector faced a series of challenges as previous regulatory scrutiny could be best described as relaxed in comparison. Several tech firms were able to record significant growth and spread into multiple traditional and new sectors. The tech crackdown ostensibly came in the wake of their unchecked growth and to address monopolistic behavior. Some decisive actions include the SAMR's imposition of substantial fines on two of China's corporate giants, Alibaba and Meituan, totaling US\$2.8 billion and US\$530 million, respectively.

The government also announced comprehensive new privacy laws, modified regulations for cross-border data transfer, introduced new measures in the gaming industry and prohibited certain kinds of content from being displayed on the internet.

How China's Tech Regulations Impacted the Market

The quick succession of technology regulations and penalizing actions caused the Chinese market to experience varying levels of instability. Alibaba's shares dropped by over two-thirds compared to 2020, while ride-hailing company Didi saw its online app suspended for suspected violation of the country's cybersecurity law and lost over 80% of its initial public offering (IPO). Similarly, e-commerce giant JD.com was down by 25% in 2022 from the previous year.

As per a report by the China Academy of Information and Communications Technology (CAICT), investment and financing in China's internet industry decreased significantly in the first quarter of 2022, dropping 42.6% compared to the previous quarter and by 76.7% compared to the same period in 2021. This decline led to layoffs in internet companies, with a total of 216,800 job losses reported from July to mid-March. On a contrasting note, the Cyberspace Administration of China (CAC) reported a net increase of 295,900 new hires during the same period. Still, the crackdown also severely impacted the profitability and valuation of firms over the past two years, resulting in a significant decline in new hiring.

Data from the job networking platform Maimai revealed a sharp drop (by 50% y-o-y) in the growth of new hiring among the top ride-hailing, e-commerce, gaming, and social media companies in December 2021. The next year also saw Chinese companies like Bilibili and ByteDance continue to reduce their workforce and slow new hiring.

First Signs of Relaxation

Concerned by an economy pressured by the COVID-19 resurgence and lockdowns, Beijing began to signal a

reduction in some of the monitoring of the tech industry. As early as January, 2022, the Chinese government, through a joint effort by nine ministries and commissions, released a document titled Opinions on Promoting Standardized, Healthy, and Sustainable Development of Platform Economy. The document reaffirmed the government's dedication to regulating platform companies' prohibited activities, such as monopolies, unfair competition, and abuse of user data. The tone, however, had already changed. In addition to remarking on the obligations of domestic platform companies, the Opinions also explicitly endorsed their technological advancements and their international expansion.

Later in March, the Financial Stability and Development Committee of the State Council recommended the development of a healthy platform economy to enhance global competitiveness.

Finally, in May of the same year, during the Chinese People's Political Consultative Conference (CPPCC), Vice Premier Liu explicitly reassured tech companies and expressed his backing for their overseas listings. Liu indicated that the government would support tech companies seeking to list their shares both domestically and internationally. Additionally, he emphasized the importance of promoting the growth and stability of the platform economy.

2023 Should See a Tech-boosted Economic Recovery

As 2023 began, there are multiple signs of a fresh start. For one, Didi has been allowed to open for new registrations. Also, China has rolled out 87 new gaming licenses as of February 2023. We foresee more such adjustments coming as the year goes by.

Chinese officials have given separate reassurances to platform companies that the regulatory crackdown is easing, as the digital economy is viewed to be a key driver of economic growth. Yet, it should be advised that the regulatory environment is not expected to return to the pre-crackdown status quo.

Moving forward, regulators have pledged to strengthen data security, promote financial stability, facilitate 'common prosperity', and prevent monopolies. At the same time, the degree of scrutiny may dial down. The speed and extent of recovery in the platform sector in the coming months will be the ultimate test of how effective the new regulatory rectification is.

Growing Government Support

Investors are increasingly optimistic about the Chinese government's support for the tech sector – reflected in the significant increase in the value of Chinese technology stocks in January 2023. A series of recent developments drove renewed confidence. Firstly, Beijing's decision to allow the US accounting watchdog (the US Public

Company Accounting Oversight Board) to access Chinese companies resolved a long-standing audit dispute that could have led to the delisting of Chinese companies from US exchanges. The move improved investor confidence in Chinese companies' financial reporting, boosting prospects for foreign investment in these companies.

Secondly, the resumption of license approvals for imported games and the recent capital injection into a major fintech company have signaled a shift in the government's approach to the tech sector. These developments together suggest that Beijing is no longer solely focused on regulating the industry, but is also prioritizing its growth and development.

Moreover, in a January interview with state media, a PBOC official reiterated the government's intention to support the growth of platform companies, highlighting their potential to drive development, create jobs, and enhance global competitiveness. The official also provided insights on how businesses can access funding and Beijing's perspective on IPOs, indicating that large and medium-sized enterprises can gradually get better access to credit and financing in the stock and bond markets.

Most importantly, the recent declarations by the SAMR boosted business confidence even further, as they presented a solid guarantee for the sector.

Overall, these developments provide strong evidence that the Chinese government is adopting a more supportive stance on the tech sector, and investors are taking note.

Was it Ever a Crackdown?

Although the regulatory measures have long been labeled a tech crackdown, China policy experts argue this term is fundamentally inaccurate. The regulatory measures were not directed solely at the technology sector; industries, such as robotics and biotech were mostly unaffected. Moreover, big tech is highly instrumental to achieving the country's development goals, and China does not intend to eliminate the platform economy. Instead, authorities believe that the industry's sudden pre-eminence necessitates oversight to prevent excesses.

In this case, the term 'rectification' would be more appropriate than 'crackdown' because the regulatory changes are permanent and represent a new Chinese approach to governing big tech.

The regulatory measures carry several significant policy objectives. These include promoting macroeconomic stability in fintech, preventing market imbalances and anti-competitive behavior, addressing social issues, and limiting foreign influence on Chinese big tech firms. In addition, the rectification process includes interventions specific to Chinese online governance, such as content control, which regulators would have implemented regardless.

Accordingly, the underlying message of the regulatory campaign has been that the Chinese government wants companies to act as responsible corporate entities and contribute positively to the implementation of the country's development plan.

"As Beijing continues to roll out and implement specific policies, we anticipate that the regulatory environment will be more supportive of the tech industry throughout 2023."

Lessons for Investors


The platform economy is a significant player in China's involvement in global market competition and remains a sector of vital importance. The government will continue to rely on tech giants to play a more substantial role in sustaining the country's growth trajectory.

At the time of writing, it is up for discussion whether platform companies will be willing to rapidly increase their workforce and invest in new skills in 2023. Another revealing factor will be the growth rate of the number of new businesses in the sector, after the sharp decline experienced in the past two years.

Beijing is hoping for this to happen. During the Central Economic Work Conference held in December 2022, policymakers promised to support the industry in order to allow it to expand, employ more people, and grow internationally despite the economic slowdown.

As Beijing continues to roll out and implement specific policies, we anticipate that the regulatory environment will be more supportive of the tech industry throughout 2023. However, this doesn't mean the tech sector can go back to disordered growth. China is expected to seek ways to rein in firms while also growing its linkage with international markets. An easier way to read that would be to expect the supervision to be manageable and focused on compliance while minimizing disruption to the tech space.

Meanwhile, there are several valuable lessons that businesses and China investors can learn from the regulatory shift.

Among these is the importance of diversification. Investors have started to recognize the need to spread their investments across multiple areas, rather than putting all their eggs in one basket. For instance, they can expect strong and consistent support in the near future for key strategic areas, such as artificial intelligence and semiconductors, which have always been prioritized by the government. 

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DAIS is an American international school in the Golden Pebble Beach area in Jinpu New District, Dalian, China. It is about 60 kilometers east of the center of Dalian.

It serves students of approximately 29 nationalities in Pre-K through 12th grade.

The language of instruction is English for all classes with the exception of proficiency leveled Mandarin classes.

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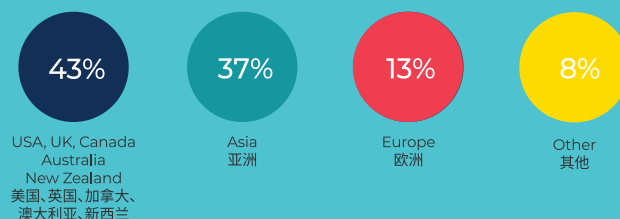
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华美学校简介

Huamei School Profile

大连华美学校创建于2010年，是一所满足中国籍适龄学生接受双语教育的全日制学校，招收1年级到12年级学生。

学校基于中国国家课程要求，融合美国英语和科学等国际教育元素，中英双语教学，为学生营造积极进取，边学边练的沉浸式语言环境。

Established in 2010, Dalian Huamei School provides bilingual education in grades 1 to 12 for full-time Chinese students. Based on the Chinese curriculum requirements, the courses incorporate elements of an international program, such as American English and the sciences. Lessons are given in Chinese and English, creating an immersive learning environment.



AmCham China Celebrates International Women's Day with the 2023 Women of Tomorrow Summit

AmCham China President Michael Hart opened the event, welcoming attendees, and delivering opening remarks. Hart noted how great it was to be back to in-person events in China, with the Chamber holding more than a dozen offline events and briefings over the past week alone, including the first in-person Women's Summit since the start of the pandemic.

The afternoon's first keynote speech was delivered by United Nations Resident Coordinator in China, Siddharth Chatterjee, who highlighted the importance of promoting diversity, equity, and inclusion (DIE), as well as empowering women in leadership positions. He acknowledged the significant achievements made by female leaders across sectors, including public health, economics, and climate change. Ambassador Chatterjee also discussed the ongoing global discussion around best practices to foster gender inclusive environments, and emphasized that women's leadership





On March 7, AmCham China hosted the Women's Summit: Women of Tomorrow at the China World Hotel in Beijing. Around 150 guests joined this annual Signature Event as it made its long-awaited return after three years of pandemic restrictions. This year, the event welcomed a diverse group of female entrepreneurs, corporate leaders, and business experts to discuss and shed light on the key roles women play in global leadership development and social impact.

Left top and right top: CEO of Message Coach Lin Gao

Left bottom: AmCham China President Michael Hart

Middle: United Nations Resident Coordinator in China Siddharth Chatterjee

Right middle and bottom: Attendees at the 2023 Women of Tomorrow Summit

Photos by Jin Peng





is critical to ensuring gender equality. He went on to recognize the contributions of women in STEM fields and said that promoting women in STEM fields is not an act of affirmative action, but rather a must in order to innovate and succeed in the future. Chatterjee suggested several actions to support and encourage future female leaders including supporting women in education and academia, providing targeting support for tech learning and digital skills, introducing family friendly policies, and working to balance gender roles – both at home and in the workplace. Chatterjee ended his speech by calling on men to stand up against misogyny, especially as the COVID-19 pandemic has exposed inequalities more than ever before.

Frances Yu, President of Amway China and Co-chair of AmCham China's Women Professionals Committee, gave the second keynote of the day, titled "The Women of Tomorrow Will Be Modeled Today." Yu began by reflecting on the tremendous progress women leaders have made in China, adding that female advancement is an important indicator of social progress and improvement. She shared that Amway implements three steps to create career platform to support women: Ensuring an empowering environment, creating more opportunities to unleash women's potential, and providing tools and resources to build new skills and capabilities to succeed on a larger scale. She went on to commend AmCham China for being a strong advocate for inclusivity and gender equality over the years. Yu concluded her remarks by saying she has been heartened to see more leaders committing and acting to promote future female leaders.

Jian Lu, Corporate Vice President of LinkedIn and President of LinkedIn China, delivered the Summit's final keynote speech in which he called attention to the underrepresentation of women in senior leadership roles. He stated that although women hold 46% of entry-level positions, they only hold 35% of management positions and 25% of C-suite roles. Dr. Lu noted that this trend of

Top left: Corporate Vice President of LinkedIn and President of LinkedIn China Jian Lu

Top right: President of Amway China and Co-chair of AmCham China's Women Professionals Committee Frances Yu

Below: Attendees at the 2023 Women of Tomorrow Summit

Photos by Jin Peng





Right top: Panel I “Breaking Barriers: Women in Leadership”

Right bottom: Panel II “Empowerment Champions: Driving Gender Equality, Diversity, and Inclusion in the Workplace”

Photos by Jin Peng

underrepresentation becomes more pronounced as women climb the seniority ladder. However, he also pointed out that women are creating leadership opportunities for themselves through entrepreneurship. He went on to suggest flexible working arrangements, female entrepreneurship programs, training, and mentoring as catalysts for change. He emphasized that providing these opportunities as a way to support women can lead to a more diverse and equitable workforce.

The first panel revolved around the theme of “Breaking Barriers: Women in Leadership”. Moderator Lin Gao, CEO of Message Coach, who was also the event’s MC, was joined on stage by panelists Sherry Carbary, President of Boeing China; Jennifer Wang, President and CEO of Kate Spade China; and Shari Bistransky, Deputy Public Affairs Officer and Counselor for Public Affairs at US Embassy Beijing. The panel explored the challenges

women face in leadership roles and strategies for overcoming them. Carbary, the first female President for Boeing China, stressed the importance of male champions and the need for women to build confidence by asking questions and making sure to take a seat at the table. Wang talked about her own journey working her way up the corporate ladder and also said that the low representation of women at the top highlights the need for women to be encouraged and promoted. Bistransky advocated for championing others, making sure that female voices are heard, and for modeling behaviors that foster inclusivity. The panel also discussed the importance of healthy modeling, the need to find inner strength or someone to act as a sounding board, and the practice of reverse mentoring in which you seek advice from someone at least ten years younger. Lin Gao ended the session with an interactive exercise in which all attendees were encouraged to rank areas of their life in a bid to see where the most wanted to make improvements to their work-life balance.

The second panel was moderated by AmCham China’s Senior Director of Marketing & Communications, Mark Dreyer, and discussed the topic of “Empowerment Champions: Driving Gender Equality, Diversity, and Inclusion in the Workplace”. Dreyer was joined by Linda Zhu, Head of Greater China Large Partner Solutions at Google; Milun Zhang, Head of Head of Government Affairs and Policy Advocacy for Amgen China; and Dan Brindle, President of Novartis China. The panelists covered several topics across the DEI spectrum, including the need for women to have a platform to speak up, the importance of mentoring, and the low number of women in C-suite positions. Amid overall discouraging data on the latter point, Dreyer noted the silver lining that forward progress is being made among AmCham China member companies, according to the newly released China Business Climate Survey Report, with 33% of member companies reporting that women occupy at least half of all top management positions, up 5pp from last year’s survey. Elsewhere, Zhu recommended that companies aspiring to successfully retain staff should begin by looking beyond profiles when recruiting in order to avoid making incorrect assumptions, while the panelists also discussed what can be done to ensure that progress continues to be made, as DEI issues become increasingly valued in the workplace. The conversation concluded with a call for women to stand up for themselves, embrace opportunities, and recognize their valuable skill sets.

After the final panel concluded, speakers and attendees joined a cocktail reception to connect, discuss the day’s topics, and toast to all women ahead of International Women’s Day on March 8. AmCham China would like to thank the sponsors of the Summit: Amway, Google, and Amgen. **Q**

From US Diplomat to AmCham Vietnam:

An Insider's View of Vietnam's Growth and Potential

With your extensive experience in Asia, what inspired you to focus on Vietnam, including your recent role as Executive Director at AmCham Vietnam?

Mary Tarnowka:

It's really the dynamism in Vietnam. I was already aware of the importance of Vietnam in the region from serving in other economies, whether it was Taiwan, China, or Korea. In Korea, we worked closely with Samsung because of their extensive presence in the US. It was around 2015 and they already had more than 100,000 employees in Vietnam, and Samsung Electronics alone was responsible for approximately 25% of Vietnam's exports. Vietnam is also one of the fastest-growing economies in the region, if not the world. In many ways, Saigon reminded me of how Shanghai felt in the early 2000s – just incredible energy, a sense of possibility, dynamism, and very welcome to US and other foreign investors. There's incredible potential in Vietnam, certainly now, and in the medium to long term.

Can you speak about the experience of moving from the public to the private sector? How did your former role of US Consul General in Ho Chi Minh City inform your subsequent work?

Mary Tarnowka:

It was actually moving back to the private sector. I started my career as a CPA and tax consultant



Photo courtesy of Mary Tarnowka

Mary Tarnowka is a former US diplomat and member of the Senior Foreign Service. She has extensive experience in the Indo-Pacific region, having served most recently as U.S. Consul General in Ho Chi Minh City, with prior postings on the China Desk at the State Department, at USTR, as well as in Taipei, Beijing, Shanghai, Delhi, and Seoul. Tarnowka subsequently was Executive Director of AmCham Vietnam, responsible for its operations in HCMC and Da Nang. She recently relocated back to Washington DC to be closer to family.

Mary Tarnowka, a former US diplomat and member of the Senior Foreign Service, and former Executive Director at AmCham Vietnam discusses the dynamism and potential of Vietnam, reflects on her past work in the public and private sectors, and offers advice for companies looking to succeed in Southeast Asia.

and tax manager with one of the big four accounting firms, KPMG, in San Francisco. At that point, I was working on a lot of inbound foreign direct investment into the US from Asia. Beyond that, I worked closely with AmChams throughout my career as a diplomat, from serving as an honorary liaison to the Board, both in Shanghai and again in Seoul, to working closely with the Chambers in Delhi and Taiwan. From all of that experience, I had a pretty good understanding of the roles of AmChams, and in many ways, there were similar interests in my role as Consul General. In my role as Consul General, I focused on three key roles: the security partnership, the economic partnership, and people-to-people ties. While my role at AmCham Vietnam did not focus so much on the security aspect, I continued to focus on the other two.

As probably anywhere, but certainly in Asia, relationships are key. From my time working in the region, I have established relationships and a sense of trust with both the Vietnamese government and the US government from my time as Consul General, which is important when you're working together on areas of mutual interest. I think that made it easier to adjust to my role at AmCham.

One of the things I am most proud of from my role at AmCham Vietnam is our response during the COVID-19 pandemic. In 2020, Vietnam closed its borders and put in place extensive quarantine procedures as well as contact tracing, so we kind of had a bubble of freedom. AmCham members supported these efforts with donations of medical equipment and supplies and an ambulance. However, when the Delta wave hit in 2021, Vietnam was really caught short without an adequate vaccine supply. We at the Chamber made the case to the US government on how badly Vietnam needed more vaccines and how critical it was to get them in order to maintain US supply chains. We advocated to the US government to provide vaccines, and not just for Americans or members of the American Chamber, but for Vietnam, and those vaccines were distributed according to the priority risk groups defined by the World Health Organization. For that position we took, we actually received criticism from some Americans. Ultimately, though, I believe Vietnam received over 42 million vaccines from the US. That situation was an area where my understanding of both the US government perspective and the private perspective made it possible to work together. So our companies were able to share their experiences, how their employees were

camping out in the factories, or stuck on factory floors to keep operations going; it was a really compelling justification. It also helped that Vietnam was very effective in vaccine distribution..

Bilateral tensions between the US and China have been a concern for businesses worldwide. How do you see these tensions playing out in the Southeast Asian region?

Mary Tarnowka:

For many countries in Southeast Asia, I think many of them are very appreciative of the fact that the US government is re-engaging and strengthening its relationships with allies and partners in the region. At the same time, they also don't want to get caught in the fray. So ultimately, they want tensions to deescalate. US-China tensions put a lot of the countries in Southeast Asia in an uncomfortable position they don't want to be forced to choose between the two. They want to be treated with respect, they want to retain their territorial integrity and sovereignty.

Given the current circumstances you just laid out, what advice would you offer for US companies looking to succeed in Southeast Asia?

Mary Tarnowka:

For all businesses operating in the region, it's crucial to be informed and do your homework, not just in terms of being aware of the political realities, but also understanding the situation in the country where you're investing. In the early 2000s, I was in China, and I remember companies showing up to invest in China because they had heard about it from one of their golf buddies, without conducting any due diligence. That's why it's essential to make an informed investment wherever you invest. You need good advisors and should check in with organizations like AmCham, where you can get expert advice on operating in the region. Every day, we see news about actions that may affect US businesses in China or vice versa, so it's crucial to stay informed. As many companies are realizing, it's also vital to diversify your operations to reduce reliance on any one country.

As the trend of off-shoring shifts to "friend-shoring," what do you see as some of the advantages and disadvantages for American companies operating in China?

Mary Tarnowka:

In recent years, many companies have become aware of the lack of resilience in their supply chains. When COVID first broke out, almost all of our member companies in Vietnam realized that they were reliant on supplies from China, whether for key components in the tech industry or ingredients in the soft drink industry. This has made supply chain management more critical than ever before, and companies and countries are now seeking ways to increase resiliency in this area. As a result, there is more opportunity for reshoring or friend-shoring to reduce reliance on any one country, creating opportunities for countries like Vietnam.

As countries like Vietnam attract more foreign investment, what do you see as the opportunities and challenges?

Mary Tarnowka:

Vietnam is clearly one of the countries that companies are considering to diversify operations out of China and reduce their reliance. There are many strengths that Vietnam offers, including its advantageous geographical location. It's close to source countries and consumer countries, has a stable government, a young, tech-savvy, and affordable workforce, and a strong and large market of about 100 million people with a rapidly growing middle class. Moreover, Vietnam has been welcoming of foreign direct investment (FDI) and is globally integrated through a network of free trade agreements, providing companies that invest there with numerous advantages.

As for challenges, Vietnam's infrastructure needs improvement. It doesn't have anywhere near the transportation or energy infrastructure that China has, nor does it have the network of local suppliers that US and other foreign companies have built up and developed for decades. Furthermore, while the workforce is young and tech-savvy, it still requires ongoing development. The education system and workforce development will be critical to ensure that the country does not become trapped in the middle-income gap. The government is looking to continue to develop education in a variety of areas, including research, critical analysis, ability, and hands-on learning. It's not just about rote memorization, as was traditional ten to twenty years ago. Vietnam will need to continue to invest in education and workforce development.

What are your predictions for the US-China business relationship? Does China's end to its zero-COVID policy mean we'll see increased engagement? How much will other Asian countries be impacted by this, with pressure to pick one side or the other?

Mary Tarnowka:

There was a lot of relief when China finally ended the zero COVID policy, both for other countries in the region, and for many Chinese and foreigners themselves living in China. But, has this really increased engagement with business? Some of the political issues that I noted earlier are continuing to cause challenges, but, the countries in the region are all navigating their foreign policy and interests in their own way. You could look at a country like Vietnam, which has had a long history of practicing multi-directional diplomacy. Clearly the Vietnamese's partnership with the US is a comprehensive partnership, and it is becoming much more strategic in many ways, even if it may not yet have that name of strategic partnership. However, Vietnam also understands the importance of maintaining positive constructive relations with its neighbor to the north with which it shares a long border. Ultimately, I believe there are many countries in the region that are going to be looking to maintain constructive relations both with China, the US, and other countries in the region. In that regard, the increased effort by the administration to strengthen those relationships with allies and partners is helpful.

Emerging technologies such as AI and quantum computing are set to transform the business landscape in the coming years. How do you see these technologies impacting the US-China business relationship, and what opportunities and challenges do they present for companies operating in the region?

Mary Tarnowka:

There is an increased awareness that China has caught up and may have surpassed the US in some areas of technological development. A recent survey by an Australian think tank found that China has surpassed the US in many key areas, such as developing AI and quantum. However, there is now an increased awareness in the US of the need for the government to invest in basic research. These are the areas which I think will be the next sphere of competition, and as such, there will be incredible opportunities along with risks. Will there be agreed-upon rules on how these technologies will be used on the defense side? If you're a US company operating in China, I would say that's probably not the area where you want to be, considering the increased export controls on technologies going there.

I've spent a large part of my career in the region, and China is a key partner and competitor. China will remain immensely important, so companies need to be well aware of both the risks and opportunities when they are operating in the country. I don't think it would be possible to have a complete decoupling, but I do think the US-China relationship will need to be managed more carefully by both countries. There are also still key common interests between the US and China, including climate change and global health security, and that's where we need to continue to work together. **Q**

Empowerment and Entrepreneurship with Su Cheng Harris Simpson



Photo courtesy of AmCham China

Su Cheng Harris Simpson

is a highly accomplished businesswoman and entrepreneur with over 25 years of client relations and event/project management experience. She has a BA in International Business from the University of Washington, and an MBA from Seattle Pacific University. Since moving to China in 1997, Su Cheng has been actively involved in the Beijing business community, currently serving on the Board of AmCham-China and is the Founding Co-Chair of the AmCham-China Women's

Professional Committee. Before becoming an entrepreneur, she was engaged in the corporate arena and held management positions at The Boeing Company, United Technologies Corporation, and The Capital Club in Beijing. As Founder and President of the Women Empowerment Council (WEC), she is a sought out thought leader on strategies for driving gender equity in businesses in China. Through all endeavours, Su Cheng aims to support and empower women to unleash their full potential.

Let's discuss your career trajectory. What has been the most meaningful and helpful advice to you in your career?

Su Cheng Harris Simpson:

I have to say that one's career trajectory is rarely completely linear or straightforward. Sometimes, to take a leap, you must first take a few steps backward. Reflecting on my own career, that is certainly true. I have come full circle, from being a "closet entrepreneur" to entering the corporate world, and now I have returned to my roots as a social entrepreneur. I originally got my start working for Boeing in the US. I went on to complete my MBA, which brought me to China for a year. From there, I worked for Capital Group and United Technologies Corporation in China. Finally, I made the leap to fully embrace that "closet entrepreneur" side of myself that working in China helped to nurture and bring out. I founded my consulting company SCHS Asia and then, in 2019, I launched the Women Empowerment Council (WEC).

As for advice, one thing that has always served as a kind of "north star" for me is the Serenity Prayer, "God, grant me the serenity to accept the things I cannot change, the courage to change the things I can, and the wisdom to know the difference." For me, this is really powerful advice, and something that applies in every area of my life, from personal to professional. Now, more than ever, it feels applicable to my position as a social entrepreneur working to create change in the world.

In each issue, the AmCham China Quarterly highlights an outstanding member of our community by featuring one of our Board of Governors or Committee Co-chairs. This quarter, we spoke to Su Cheng Harris Simpson, who is not only a Board of Governors member, but also the founder of SCHSAsia and the Women Empowerment Council. In this exclusive interview, Simpson discusses her unique career path, from being a "closet entrepreneur" to becoming a social entrepreneur, as well as her involvement with the Chamber, and her goals for advancing women's empowerment.

How did you first get involved with AmCham China?

Su Cheng Harris Simpson:

It's a long story, so I'll try to make it short! My involvement began almost immediately upon my arrival in Beijing on July 4, 1995. Beijing then was a completely different place, but what I loved about it was that there was already a sense of community in the city, and that was AmCham China. At that point, I wasn't intending to stay in China. I was taking a sabbatical from my job at Boeing to complete my Masters, and I thought that a year of study in China would be great to gain some international experience. Little did I know that it would change the course of my career and life. As part of my MBA, I was studying and conducting interviews about how the Chinese culture deals with conflict. One of the people I initially connected with happened to be James McGregor. Of course, Jim served on the AmCham China Board of Governors for over a decade, and he was actually elected Chairman in 1996. So, he really introduced me to AmCham China and brought me into the community. At that point, I was also working for Hill & Knowlton, who is also an AmCham China member company, so I was able to get more involved and be a member, something I have carried on to this day.

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

Su Cheng Harris Simpson:

AmCham China has been a constant anchor throughout my life in China. It has become an essential community for my professional career and personal life. I have met so many people through the Chamber who have become great friends and partners. I'm proud to be a part of the history during an incredible time of growth here in China. The Chamber helped me to realize and foster my entrepreneurial nature. In 2003, I helped to establish and execute the very first AmCham

China Charity Ball with Diana Watkins, and that went on to grow to become a signature event. The concept for the event began with recognizing the huge potential American companies had to do good in China because, back in those days, American businesses were not really doing much CSR work to support local communities and the Chinese people. This was the beginning of me working with the Chamber as both a freelancer and entrepreneur, and I think this is where my natural social entrepreneurial instincts kicked in. From there, I went on to help found AmCham's Women Professional Committee (WPC) and establish the Women Economy Summit. One of the main goals of the WPC was to encourage more diversity and representation in every area of the Chamber, from the Committees to the Board of Governors.

As a current Board of Governors member, what are your top priorities for 2023? What would you like to see the Chamber do more of in 2023?

Su Cheng Harris Simpson:

My top priority this year is to get more women involved in every aspect. I want to step up our game in promoting inclusion and DEI even more, and especially explore ways we can do this in the aftermath of COVID-19. I am proud to say that our current board has five of the 14 Governors who are women, and our two Vice-chairs are both women. It is encouraging to see strong female representation on the Board, but there is still work to be done.

In 2019 you founded the Women Empowerment Council. Can you introduce the WEC's mission and some of the programming they offer?

Su Cheng Harris Simpson:

The Women Empowerment Council is an engaged network of leaders and decision-makers that aims to advance gender equality in businesses in China and beyond. After my work with



Above: Su Cheng Harris Simpson poses with attendees at the Women Economy Summit

Photo courtesy of AmCham China

“The bottom line is that women are good for business and the economy.”

AmCham China’s Women Professional Committee and SCHSAsia, this was the natural next step in my social entrepreneurship journey. WEC was established to be more inclusive and reach diverse organizations, beyond US companies, that recognize the inextricable link between gender equality, sustainable development, and business success. We feel it is essential to work with senior and C-suite leaders who are passionate and committed champions of women empowerment. WEC’s member companies “walk the talk” and leverage their influence to move the needle for women in their organizations and the broader business community. We are action-oriented and, together, strive to make a positive impact and be at the forefront of driving change.

Can you talk about the link between gender equality, sustainable development, and business success? Are you seeing your members and clients putting a larger focus on DEI?

Su Cheng Harris Simpson:

Women’s empowerment is good for business in every single aspect. The evidence speaks for

itself. On a macro-level, research by McKinsey shows that achieving gender equality in workforce participation is a \$12 trillion opportunity, equivalent to 11% of global GDP. Within APAC the opportunity is even greater, at \$4.5 trillion or 12% of the regional GDP. From a business standpoint, companies in the top quartile of gender diversity are 25% more likely to outperform financially in terms of total-returns-to-shareholders. Beyond gender, organizations with more diverse teams, equitable systems, and inclusive cultures see multiple gains -- from higher employee engagement, client retention, productivity, and innovation to enhanced decision-making, problem-solving, risk-management, and performance.

The companies we work with are leading the way to empower women in the workplace and advance diversity, equity, and inclusion (DEI). Last year, WEC pioneered an initiative to capture our member companies’ best practices and strategic insights in our 2022 DEI Report. I strongly encourage business leaders in China to read the report. It serves as a practical guide for organizations at any stage of the DEI journey. For WEC, it embodies our commitment to sharing, learning, and influencing, and it also provides us with a clear picture of our current reality, both in terms of successes and pain points. Taking a data-driven approach, we can continue to drive progress through strategic actions year on year. This speaks to the strong culture of trust and partnership that has been established through WEC.

What advice would you give to multinational companies looking to increase and empower their female workforce? What steps can companies take to ensure there are more female leaders in the future?

Su Cheng Harris Simpson:

Join the WEC! But, in all seriousness, I would say that there is no one company or one size fits all solution. This is why our WEC pillars are sharing, learning, and influencing. DEI is truly a journey that requires consistency and sustainability, it’s no short-term commitment. Companies should try to allocate resources on a consistent basis with a high level of intentionality to really make gains in women’s empowerment. I would also say to not go it alone. We can make the most impact if we work to move the needle together – join a network of likeminded peers to learn, share, and grow as we work to address this struggle. Remember that DEI is not a zero-sum game; I do not lose by telling you how to grab a win for yourself. Women empowerment doesn’t mean one-person wins’ it means we win together. Let’s work to replace competition with collaboration. **Q**



From Innovation to Impact: Cargill's Sustainable Development Journey

Photo courtesy of Cargill China

By Norris Tangen

Founded in 1865, Cargill Inc. has grown from a family-owned grain operation in Iowa to the largest privately held corporation in the US in terms of revenue. Today, Cargill is a global food corporation with operations spanning 70 countries and over 155,000 employees. Cargill has been operating in China since the early 1970's, employing over 10,000 Chinese staff and operating in more than 50 locations across the mainland. As Cargill's President of China and General Counsel of North Asia, Lily Guan stresses that one of Cargill's top priorities is sustainable development, both regionally and globally. Guan references the United Nations' definition of sustainable development, stating that "at Cargill, we think sustainable development is the ability to

exist and develop without depleting natural resources for the future."

Given the pressing global challenges of climate change and food security, Guan emphasizes that sustainable development is more important than ever. "We believe that only by promoting long-term thinking and a holistic approach to problem-solving can sustainable development help address the root causes of many of the challenges we face," she says. Sitting at the center of the global food and agriculture system, and with a footprint extending into industrial sectors, Cargill is uniquely positioned to contribute to tackling these challenges. Guan outlines three specific areas where Cargill is prioritizing sustainability efforts: climate, land and water, and people.



Cargill's commitment to sustainable development runs deep. In an exclusive interview with the AmCham China Quarterly, Lily Guan, Cargill's President of China and General Counsel of North Asia, shares why sustainable development is critical, how the organization prioritizes innovation to promote its initiatives, and how gender diversity and female empowerment contribute to the company's larger goals.

Ambitious Targets Benefit from Local Collaboration

Cargill's commitment to sustainable development is evident in the company's specific targets, which have been set with a focus on environment and social sustainability. Guan highlights the company's science-based targets and the bold actions they have taken to achieve them. "We are committed to reporting progress against those goals, and to expanding transparency regarding the impacts of our operations, products and services, and supply chains around the world," she says.

In terms of environmental sustainability, Cargill has set ambitious goals for reducing greenhouse gas emissions, achieving sustainable water management, and transforming agricultural supply chains to be de-forestation free. "Against

a fiscal year 2017 baseline, we aim to reduce absolute operational greenhouse gas (GHG) emissions by 10% by 2025, and reduce global GHG emissions from our global supply chain by 30% by 2030, measured per ton of product," Guan explains. Cargill also aims to achieve sustainable water management in all priority watersheds by 2030 and implement water stewardship practices at all priority facilities by 2025. Furthermore, the company aims to transform its agricultural supply chains to be deforestation free by 2030.

To reach these goals, Guan says the company works alongside farmers to increase the economic, social, and climate resilience of farming households and communities. "To date, we've provided valuable training for more than five million farmers globally, reaching 14.6 million people since 2017," Guan shares. Additionally, Cargill has promised to invest 2% of its global pre-tax



Photo courtesy of Cargill China

Lily Guan serves as President of Cargill China and General Counsel of Cargill North Asia. Guan joined Cargill China in 2016 as Country Lead Lawyer, leading the country's legal team and providing legal advice to support Cargill's growth in China. In 2021, she was promoted to General Counsel of Cargill North Asia. In 2022, she was appointed as President of Cargill China.

Before joining Cargill, Guan was General Counsel Greater China for several multinational companies. Guan has also held senior legal positions in several MNCs covering food, beauty, technology, retail, and other industries. She holds an LLB from Shanghai's East China University of Political Science and Law. In her free time, she enjoys travelling and delicious food. She currently lives in Shanghai.

earnings to support local communities. On water, as of 2022, we have achieved on average 77% implementation of our water stewardship programs across our priority facilities, restoring more than 5 billion liters of water in priority regions in our supply chain. The amount of water restored is the equivalent of the average use of 10 Cargill facilities, or the annual water use of a city with 100,000 people.

Innovation is Key

Localization and integration with China's development strategy naturally plays a central role in the company's social development strategies. The company has committed to China's rural revitalization strategy which aims to eradicate poverty and improve the living standards of rural residents. At the 2022 China International Import Expo (CIIE), Cargill signed contracts with the China Agricultural Science and Education Foundation and the Academy of National Food and Strategic Reserves Administration, pledging to donate 3.8 million RMB to help farmers improve grain storage technology and promote sustainable agricultural practices.

As a company with 158 years of experience and global presence, Cargill is leveraging its unique position in the global food supply chain and value chain to "connect" different expertise and entities to innovate for China. According to Guan, the relationship between innovation and sustainability is crucial to Cargill's approach to business, especially when it comes to meeting the increasing demand of Chinese consumers. Cargill has set up a number of innovation centers in the country, and Guan says that this will be key in the future. "Sustainability is a fundamental part of the value we bring to our customers, and innovation is the solution to sustainable development," she says. As such, Cargill is prioritizing innovation in its efforts to promote sustainable development in the food system. One example of this is its partnership with China Agricultural University to co-establish the Cargill Technology Application Center (TAC), which focuses on exploring carbon reduction solutions in livestock farming. Additionally, Cargill is committed to improving operational efficiency, applying emission-reduction solutions, and using renewable energy to help meet greenhouse gas reduction targets. In fact, Guan says that since 2021, Cargill has planned and built renewable energy power generation equipment at several production facilities across China. Guan adds that more such projects are on the way.

In response to China's dual-carbon national goal, Cargill is working to transform its food and agricultural system to address climate challenges. Guan explains, "In 2020, China formally announced that the country would strive to peak carbon emissions by 2030, and achieve carbon neutrality by 2060. This top-level emphasis on climate has fueled a policy push to support businesses that focus on renewable energy and reduce carbon emissions." Cargill is actively

exploring the use of renewable energy in its facilities in China. Cargill has also been working with farmers in China's major corn producing regions to implement programs aimed at modernizing farming practices, improving yields and farmer livelihoods, and making soil and water usage more sustainable. These programs have benefited over 27,000 farmers and led to a 10% increase in corn productivity while minimizing environmental impact.

Regarding direct engagement with stakeholders, Guan says that Cargill is working with suppliers, customers, and local communities in various ways to advance its sustainability goals. The company has adopted a Supplier Code of Conduct that stipulates ethical and lawful behavior for farmers, producers, manufacturers, and others working with Cargill. For customers, the company is working to develop products created from more sustainable raw materials with lower carbon footprints. Cargill is also investing in innovations that can reduce emissions, such as a wearable device that can capture and neutralize methane emissions in cattle and wind assisted propulsion technology for ocean transport.

Balancing the Bottom Line

One of the biggest challenges that Cargill faces when trying to implement sustainable development strategies is balancing objectives. Guan emphasizes that achieving the bottom line of sustainability requires careful balancing of economic growth, environmental protection, and social development.

To overcome these challenges, the company has invested in renewable energy, reduced its environmental footprint, and collaborated with external stakeholders to improve environmental and social performance. Guan also highlights that the company has invested in training and education programs to raise awareness of sustainability issues across the organization.

Cargill works directly with suppliers, customers, and local communities in various ways to advance its sustainability goals. For example, the company has implemented a Supplier Code of Conduct that outlines ethical and legal requirements for working with Cargill and they have also collaborated with customers to develop products made from more sustainable raw materials with lower carbon footprints.

Guan shares her advice for other companies just starting out on their sustainability journeys, particularly in China. She suggests having a clear and measurable goal in mind, tailoring sustainability initiatives to the unique needs of the business and the local market, embedding sustainability initiatives into the company's business model and operations, and communicating these initiatives effectively. She recommends to also consider partnering with local organizations and government bodies and engage with their stakeholders in meaningful ways to build trust and foster long-term success.

"Sustainability is a fundamental part of the value we bring to our customers, and innovation is the solution to sustainable development."



Photo courtesy of Cargill China

After all, global and country-wide sustainability success requires a local approach and together we can reimagine what is possible to protect the planet while nourishing people.

Policies to Empower


As Guan mentioned at the outset of the discussion, one of the three pillars of Cargill's sustainability efforts are people, so diversity, equity, and inclusion (DEI) are necessary to bring about positive change in the communities where they operate. To achieve this, the company has developed a Global Diversity and Inclusion (D&I) strategy that fosters a culture of respect and understanding, promotes representation of all genders, and empowers women to succeed. "We are committed to advancing gender parity within our company and supply chains," Guan adds.

Guan reveals that her personal journey as a female executive at Cargill China over the past seven years has been overwhelmingly positive. Above all, she says she has found it extremely gratifying to see her team work together to create a gender-inclusive environment that values different perspectives. "We hold regular meetings with our diverse team members to encourage open dialogue and discussion of potential gender-related challenges," she says. "Overall, I am proud to be part of a workplace where my gender is not a limitation to my success."

Cargill's commitment to gender diversity and inclusion extends beyond the workplace. The company invests in programs and initiatives that promote women's empowerment in the communities where it operates. Guan emphasizes the connection between gender equality and sustainable development, stating that empowering women is fundamental to achieving Cargill's sustainability targets.

Measuring Success

Guan says that, thanks to the efforts of senior leadership, DEI has become a regular and natural part of the Cargill's leadership conversations. In fact, she says that the company sets specific DEI goals for its executives and holds them to account with quarterly updates on progress. Additionally, Guan shares that the company has also taken steps to build a pipeline of talent. She cites an example of Cargill's Ocean Transport business, which recently launched a new two-year development program for trainees to identify graduates with high learning potential, diverse backgrounds, and experiences.

When asked about the advice she would share with other organizations looking to foster gender diversity and equity in leadership roles, Guan says she believes that creating a company culture of inclusion is first and most important. "Companies should strive to offer equal opportunities and access to resources for career and business development. They should also create an environment where individuals can bring their whole selves to work, encouraging them to be unapologetically themselves through training, networking, and mentorship," she says. Ultimately, she believes that it is the duty of organizations to ensure that their leadership teams represent the gender diversity of their workforce and consumers. As Guan puts it, the bottom line is simple, "Companies should strive to create a workplace where there is equal pay for equal work, equal opportunities for career and business development and where people have access to the resources and tools to achieve their goals." 

Cargill China is a sponsor of AmCham China's Social Impact Initiative (SII). This interview expanded on topics covered during a SII Talk Series. To learn more about SII, contact gliu@amchamchina.org.

AmCham China Committees and Co-Chairs

AmCham China's Committees are the lifeblood of our advocacy, industry relations, and community development. We have 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. Committees allow members to:

- Use AmCham China as a platform to drive foreign companies and industry-based advocacy efforts
- Hold dialogues with regulators and industry stakeholders to influence the business environment
- Share information and ideas specific to their industries
- Meet like-minded people for professional development
- Generate contacts for business development

If you are interested in joining any of our **Committees**, please contact the corresponding member of staff listed below.

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Yong Gao, Bayer
Juhui Huang, BRF China
Liang Wang, ADM

Automotive Committee ¹

Jing Wang, General Motors

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Frances Yu, Amway
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William Gao, JLL

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Yali Liu, Chayora Holding

Cooperation Programs**US-China Aviation Cooperation Program ⁷**

Sherry Carbary, Boeing
Noel E. Arbis, FAA
Geoffrey Jackson, ACP

US-China Agriculture & Food Partnership ⁸

Jennifer Lee, AFP

US-China Energy Cooperation Program ⁹

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Yumin Yang, ConocoPhillips
Yang Cao, Baker Hughes
Ma Li, ECP

US-China Healthcare Cooperation Program ¹⁰

Jeffrey Que, Johnson & Johnson
Roberta Lipson, United Family Healthcare
Zheng Rong, Merck Healthcare
Edward Wang, HCP

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Appreciation Dinner 2023: Embrace Common Interests, Create Forward Momentum



With the advent of 2023, the US-China relationship – unquestionably one of the most important bilateral relationships today – is attracting much global attention. Senior representatives from all parts of the bilateral relationship came together at this landmark dinner to highlight the importance of the American business community to the bilateral relationship. CPPCC National Committee Vice Chairperson Wan Gang and US Ambassador to China Nicholas Burns both attended the dinner and delivered keynote speeches.

In his remarks, AmCham Chairman Colm Rafferty expressed his sincere gratitude for the event taking place, as it marked the Chamber's first Government Appreciation Dinner since 2020. "Despite the challenges over the past three years, US-China trade has continued to grow, creating jobs and improving the lives of citizens in both countries," Rafferty reflected. "Tonight's dinner provides an invaluable opportunity for the American business



Above: Vice Chairperson of the CPPCC National Committee Wan Gang

Photo courtesy of AmCham China



Photo courtesy of AmCham China

On February 15, AmCham China held the 22nd Annual Appreciation Dinner to celebrate the efforts made by both the US and Chinese governments, as well as the American business community, towards resolving the current trade tensions and forging a stronger bilateral relationship. More than 350 guests from the US Embassy, Chinese government ministries and organizations, and the wider AmCham China community attended the event, whose theme was “Embrace Common Interests, Create Forward Momentum”.

community to express appreciation to you all, as well as our hope for a better future”.

“As business people, we believe that continuous improvement starts with result-oriented dialogue,” Rafferty continued, identifying the great potential in deepening people-to-people exchanges with China’s borders now open for business, as well as encouraging communication between the two governments to address and constructively resolve outstanding issues. “We welcome all of your participation as a further step in that direction, because we believe that every step counts,” he said. Rafferty ended his speech by echoing the theme of the night – “embrace common interests, create forward momentum” – and called for the move towards a “mutually beneficial and sustainable relationship” between the US and China.

Ren Hongbin, Chairman of the China Council for the Promotion of International Trade (CCPIT), said that AmCham China has been an important partner for his organization and one of the most influential foreign Chambers in China. Ren further commented that the recent Xi-Biden meeting indicated the direction of the development of the bilateral relationship, injecting new vitality into the exchanges and cooperation between the business communities of both countries. He stated that CCPIT has “a focus on China and a global perspective” and is willing to work with AmCham China in further promoting the bilateral trade relationship and building an open world economy.



Above: US Ambassador to China Nicholas Burns

Photo courtesy of AmCham China

“AmCham China is a vital link for the American business community with both the Chinese and US governments.”



Top: Chairman of the China Council for the Promotion of International Trade (CCPIT) Ren Hongbin

Middle: AmCham China Chairman Colm Rafferty

Bottom: AmCham China President Michael Hart

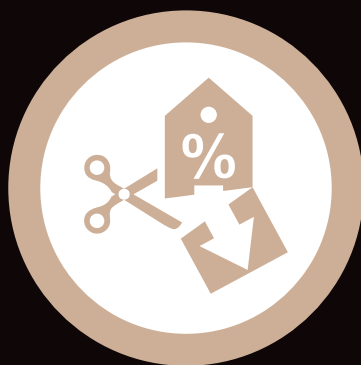
Photos courtesy of AmCham China

US Ambassador to China Nicholas Burns began by thanking AmCham China for the work the Chamber has done to support American businesses in China, saying that “AmCham China is a vital link for the American business community with both the Chinese and US governments.” Ambassador Burns called for a level playing field for American businesses in China, raising specific US concerns over PRC subsidies and industrial policies, strict cybersecurity and data localization requirements, violations of American intellectual property, and other impediments. “As Ambassador, I am concerned that imbalances in the economic relationship caused in large part by unfair PRC government policies, continue to grow,” he said, adding that the rule of law, fair play, and human dignity and freedom are essential to a successful business climate. Ambassador Burns also emphasized President Biden’s statement that “we seek competition, not conflict.” He described how Mission China officers supported the American business community during the disruptions and lockdowns in 2022 tied to the pandemic. The Ambassador described President Biden’s strategy towards China – “invest, align, compete.” Burns ended his speech by expressing his wish for a better year for US businesses in China. “Our doors are open to all American companies here in China,” Burns said.

Wan Gang, Vice Chairperson of the CPPCC National Committee, began his speech by thanking AmCham China for its efforts in deepening pragmatic economic and commercial cooperation between the US and China. He pointed out the bilateral trade relationship is, at its core, “mutually beneficial and centered on win-win cooperation”, and that its opportunities outweigh its challenges. Wan also recalled an old Chinese saying “为者常成, 行者常至” – or, “those who maintain their efforts often achieve their goal, and those who keep on walking often reach their destination,” encouraging AmCham China and its member companies to continue deepening pragmatic cooperation between the US and China with the aim of bringing the US-China relationship back to the direction of healthy and stable development.

Earlier, AmCham China President Michael Hart opened proceedings by welcoming the distinguished guests, including CPPCC Vice Chair Wan Gang and US Ambassador to China Nicholas Burns, among other Chinese and US government officials, and thanking Ren Hongbin from CCPIT for his personal support as well as that of his organization. A video then played tribute to the role that AmCham China has played in promoting a stable and balanced US-China commercial relationship over the past three years, underscoring the important contributions the US business community has made to the development of the Chinese economy. **Q**

AmCham China would like to thank CCPIT for their continuous support and the major sponsors of the event for their generous support: Honeywell, Amway, Cargill, ExxonMobil, J.P.Morgan, Coca Cola, FedEx, Mars, Merck, Dow, Novartis, NBA, Intel, and GE.



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Cristiano Ronaldo
Herbalife Nutrition Sponsored Athlete

A stylized white signature of Cristiano Ronaldo on a dark background.

Herbalife Nutrition is a global nutrition company founded in Los Angeles, USA, and went public on the New York Stock Exchange (NYSE:HLF). Founded in 1980, Herbalife Nutrition has been devoting to change people's life with great nutrition products. Herbalife Nutrition provides science-backed products with good quality to over 90 countries and regions around the globe, including daily nutrition, target nutrition and sports nutrition. Herbalife China has invested 3 manufacturing facilities in Suzhou, Changsha, and Nanjing, and established the world's first "Herbalife China Product Innovation Center" in Shanghai.

康宝莱是一家总部位于美国洛杉矶的全球营养品公司，股票在纽约证券交易所（NYSE：HLF）交易。自1980年创建以来，一直以优质的营养品来帮助改善人们的生活。康宝莱为全球90多个国家和地区提供以科技为依托的优质产品，包括每日营养、目标营养、运动营养等系列。康宝莱在中国的苏州、长沙和南京投资设立三家工厂，在上海创建了全球首家的“康宝莱中国产品创新中心”。