

AmCham China

# QUARTERLY

Issue 1  
2024

Executive insights, interviews, and intelligence for business in China

P32 APCO's Two Sessions Takeaways

P38 New Chair Sean Stein

P42 2024 Business Climate Survey Insights

A portrait of Han Zheng, Vice President of AmCham China, speaking at a podium. He is wearing a dark suit, a white shirt, and a blue patterned tie. He has short dark hair and is wearing glasses. The background is a solid red color.

## Collaboration Fuels Momentum:

*Vice President Han Zheng Attends 2024 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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# Strengthening Competitiveness Through Strategic Engagement

Advocacy and engagement are inseparable parts of AmCham China's mission. They are critical to our success as an organization, and we have focused on strengthening our capabilities in these areas. Our annual Government Appreciation Dinner on March 1 demonstrated that those efforts are paying off. This event brought together nearly 500 attendees, including an unprecedented number of government officials and the highest-ever representative from the Chinese government in the event's 23-year history, Vice President Han Zheng. His presence underscored the significant progress that has been made in stabilizing the US-China economic relationship over the past year and the growing importance of AmCham China in the eyes of the Chinese government.

As you know, great events like the Government Appreciation Dinner don't happen by accident. They require time, planning, patience, sustained effort, and in this case a literal all-nighter coordinating with the Chinese government. Many team members contributed to that effort, but none more than AmCham China Vice President Claire Ma. She is our government relations lead and a critical part of our advocacy and engagement efforts. We are lucky to have her. If you haven't met her yet, take a moment to introduce yourself the next time you come to the office.

The Government Appreciation Dinner was just one of many significant events where we actively engaged the Chinese government. In February, I had a meeting with Premier Li Qiang where we advocated for the rapid implementation of the 24 reforms announced last August and stressed the need for greater predictability and transparency in the regulatory environment. We also met with the national Chairman of CCPIT, organized

an event for life science companies to meet with provincial regulators, joined the China Development Forum, and participated in a Track II discussion on China's economic reforms. These are just a few examples of our growing ability to engage with the Chinese government at all levels with, and on behalf of, our members.

Finally, AmCham China's engagement and advocacy work is not limited to the Chinese government. Outreach to the United States government and policymakers is also important. The cornerstone of our outreach is the annual "DC Door-knock" that takes place in Washington each May. This year, our Door-knock team will make the case that American business in China promotes American competitiveness, national security, and economic strength, and that promoting the ability of US business to compete in China serves US national interests.

Throughout the year we will continue to seek out opportunities to make the case for US business in China. If you have suggestions or ideas about how we can engage more effectively, I would love to hear from you. Feel free to drop me a line at [sstein@amchamchina.org](mailto:sstein@amchamchina.org).

Best regards,

**Sean Stein**  
AmCham China Chairman

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# China's Wellness Renaissance: Herbalife Seizes the Moment

By Norris Tangen

**Stella Tsai** is the Managing Director of Herbalife China, responsible for strategic planning, business development, and sales operations in the Chinese market. With over two decades of experience at Herbalife, Stella served as Sub Regional Head of North Asia prior to her current role. Holding a Bachelor's degree in Accounting from National Taiwan University and a Master of Accountancy from California State University, Fullerton, she is a Certified Public Accountant (CPA) in the United States.



Photo courtesy of Herbalife

*In China, Herbalife is leading the way in wellness innovation and commitment to holistic well-being. At the helm of Herbalife China, newly appointed China Managing Director Stella Tsai is navigating the company's journey with a blend of experience and foresight. In this exclusive interview with AmCham China Quarterly Magazine, Tsai sheds light on Herbalife's strategies, priorities, and vision for the future, offering a glimpse into the company's quest for wellness in China.*

China's wellness industry is having a moment. Pre-pandemic, in 2018, fueled by a burgeoning focus on health and well-being among its populace, the wellness industry was already on the rise. A 2018 survey revealed that 80% of adults over the age of 20 surveyed exercised regularly for the past five years. Since then, this trend has only intensified, with China now representing the second-largest wellness market in the world, valued at US \$683 billion. Herbalife China's new Managing Director Stella Tsai appreciates the magnitude of this opportunity. "Although I have been with the company for 24 years, this is actually my first time to work in Herbalife China," she shares. In her first three months on the job, she has immersed herself in the intricacies of the Chinese market, engaging with distributors, employees, and customers across the country. "The vibrancy, potential, and diversity of the Chinese market are truly inspiring," she reflects, acknowledging the profound impact of China's wellness boom.

Founded in 1980 by American entrepreneur Mark Hughes, Herbalife has emerged as a global leader in the nutrition and wellness sphere, offering a diverse array of dietary supplements and personal care products. In China, Herbalife has steadily expanded its footprint, establishing itself as a cornerstone of the nation's wellness ecosystem.

Looking ahead, Tsai envisions continued growth and innovation in the Chinese market. "The Chinese government is determined to continuously expand high-level opening-up and optimize the business environment, taking active measures to stimulate the vitality of business entities, including foreign-funded enterprises," she says. Bolstered by initiatives such as the "Healthy China" program, aimed at promoting public health and well-being, Tsai believes the Chinese market offers enormous growth potential and opportunities for Herbalife.

## **New Year, New Priorities**

Tsai says that the company's 2024 priorities will focus on promoting business, stimulating the market, and improving operational efficiency. "In terms of promoting business and stimulating market, Herbalife will hold the 'China Extravaganza' which is our largest annual marketing event, in Chengdu in April." In the lead up to the event and throughout

the year, the company also plans to launch multiple measures to better support distributors and serve customers. "We hope to help new distributor showcase their talents on the platform of Herbalife, support them help more people live their best lives through more solid and stable customer base, and discover better career opportunities in this process. At the same time, we hope to make customers truly feel respected and have closer connection with Herbalife," Tsai says.

In terms of operational efficiency, Tsai says they are introducing the Global Business Services/Center of Excellence (GBS/CoE) model that has already been successfully implemented in countries including in Mexico, Poland, and Malaysia. The GBS/CoE model centralizes and standardizes various functions such as finance, human resources, IT, and procurement, allowing for streamlined processes and improved service delivery across the organization. Tsai says that establishing the company's new Dalian GBS center will help better adapt Herbalife China's operations to the larger growth potential anticipated in the future, facilitating scalability and agility in response to market dynamics.

## **Innovation Fuels Growth**

Tsai emphasizes the pivotal role of innovation in Herbalife's China operations, stating, "For the nutrition and health industry, technological innovation plays a core role in high-quality development." She highlights the deep integration of modern biotechnology, information technology, manufacturing technology, and the health industry, which continuously give rise to new production processes, products, and service models, significantly enhancing production efficiency and product quality.

Tsai also underscores Herbalife's commitment to enhancing local innovation capabilities, noting the establishment of the China Product Innovation Center (CPIC) as a significant milestone. She shares, "We have continuously increased local efforts in new product categories, tastes, and packaging," citing over 40 new product launches in China over the past three years. Additionally, she expresses excitement about CPIC's global impact, revealing that since 2022, Herbalife China has supported markets in Asia Pacific, Brazil, and Europe

“The vibrancy, potential, and diversity of the Chinese market are truly inspiring.”

in packaging development, solidifying China's position as a global innovation hub within the Herbalife ecosystem.

Regarding digital transformation, Tsai highlights Herbalife China's strategic investment in digital technologies to drive operational efficiency and empower distributors. She explains, “The Company started digital transformation in China in 2019 and now we are moving towards Digital Strategy 2.0,” focusing on enhancing the B2D2C model through innovations like the Virtual Distributor Buddy (VDB) and digital operational excellence.

## China Market Localization

In response to the evolving demands and preferences of Chinese consumers, Tsai highlights Herbalife's commitment to localized, customized, and sustainable business practices. She elaborates, “In recent years, we have observed a significant increase in demand for health products among Chinese consumers, characterized by diversity, personalization, and precision. Products with a single type can no longer meet their growing needs.”

Tsai underlines Herbalife's dedication to strengthening local product innovation and manufacturing capabilities in China to develop high-quality innovative products tailored to the diversified needs of Chinese consumers. She explains, “Relying on CPIC, we have increased local efforts on innovation in new product categories, tastes, and packaging.” Recognizing the importance of the younger, ultra-online demographic in the Chinese market, Herbalife has expanded its business focus from traditional weight management to include a wider range of vertical areas such as healthy drinks, sports nutrition, and daily nutrition.

Tsai shares some successful local product innovations, “In 2022, we successfully launched a product that was the direct result of innovation for the China market – our DHA Gummy, the first gummy product of Herbalife globally.” Additionally, she mentions the immediate popularity of other new products introduced in 2023, including Herbal Tea Concentrate (Honey Ginger Flavor) and the Youth Shake. To cater to customers' on-the-go lifestyles, Tsai points to the introduction of portable packaging products such as the ‘Shaker Ball’ and ‘Stick Pack’ in recent years, further enhancing consumer convenience.

Regarding local manufacturing, Tsai discusses the localization of the Herbalife24 line, stating,

“Herbalife24 is a comprehensive performance nutrition line dedicated to assisting active individuals and athletes in reaching their goals. To cater to the demands of the younger, fit, and active demographic, we introduced the Herbalife24 series into local production at the Nanjing factory in 2020.” Furthermore, she highlights the establishment of another new production line at the same Nanjing factory in 2022, enabling the localization of the entire manufacturing process of Herbalife's Tea Concentrate and reducing product launch time to one-third of its previous duration.

## Reduce, Recycle, Reuse, and Redesign

As sustainability takes center stage on the global agenda, moving towards more sustainable product packaging is a top priority for Herbalife. Tsai highlights the global concern over plastic pollution and Herbalife's commitment to sustainable practices that benefit people, communities, and the planet. She explains, “We are strengthening environmental stewardship throughout our value chain to protect and regenerate environments for us and our future generations, including reducing the use of product packaging.”

To achieve this goal, Herbalife is aligning with industry trends of “reduce, recycle, reuse, and redesign” in the packaging sector. In China specifically, the focus is on reducing material usage. Through the efforts of the CPIC, the company has successfully reduced virgin plastic usage by implementing changes such as transitioning from rigid plastic containers to flexible pouches and redesigning biodegradable materials as replacements. Tsai highlights a notable initiative where biodegradable materials are applied to air bags with the “jj” logo printed on them, indicating their eco-friendly identity. This initiative not only reduces environmental impact but also raises awareness among service providers and customers about environmental protection. The success of this program was recognized when it won the Green Awareness Advocacy Award of the “M. Success Cup” in 2023.

In 2022, Herbalife launched their product canister recycle campaign in China, encouraging customers to recycle their used canisters at nutrition clubs across the country, promoting a circular economy and reducing waste. Beyond plastic,



Photo courtesy of Herbalife

Tsai says they are also exploring opportunities to reduce other materials in packaging, such as paper and glue, across various product lines.

## Healthy Connections, Healthy Communities

Tsai highlights Herbalife's commitment to being a premier health and wellness company by actively engaging in community support initiatives. She explains, "Herbalife offers continued community support through nutrition clubs, operated by service providers around the world." In China specifically, Herbalife relies on over 4,500 clubs spread across the country to offer personalized services to customers and foster a sense of community. These clubs serve as comprehensive health service stations, offering guidance on Herbalife product usage, health consultations, and organizing activities. Tsai shares that these clubs play a crucial role in building a sense of belonging and promoting a healthy lifestyle among participants.

To further extend its community outreach, Herbalife China launched the "Nutrition into Community" initiative in 2023. Tsai elaborates on the program, stating, "Under the program, there are a series of activities focusing on diet and nutrition knowledge education conducted by professionals, in platforms such as expos, exhibitions, and shake bars in public areas." The initiative reached an impressive scale, with 149 activities

held in 26 cities across the country, covering 217 communities and reaching over 160,000 individuals. Over 800 service providers participated in the program, contributing to the dissemination of nutrition knowledge, and promoting healthy dietary habits in line with the objectives of the "Healthy China 2030" initiative.

## Looking Ahead

In planning for the future, Tsai recognizes the shifting landscape of the Chinese market, presenting both challenges and opportunities for Herbalife. To adapt to these changes, Tsai outlines strategic initiatives focused on product innovation, service enhancement, and professional development. From a product standpoint, Herbalife aims to bolster local innovation efforts, diversifying product categories, tastes, and packaging while introducing popular overseas products through Cross Border E-Commerce. This move seeks to position Herbalife as a leading health company offering a broad range of nutrition products beyond weight management.

Ultimately, as Herbalife continues to pioneer wellness innovation in China, guided by Tsai's strategic leadership, the company stands poised at the forefront of the nation's booming wellness industry. As the company charts its course forward, its vision remains clear: to empower individuals to lead healthier, more fulfilling lives, one wellness initiative at a time. 🌱



# Inspiring Innovation: The 2024 AmCham China Women's Summit

The 2024 AmCham China Women's Summit, themed "Women in Innovation," convened on March 7, setting the stage for International Women's Day on March 8. Attended by women entrepreneurs, corporate leaders, and experts across various sectors, the Summit underscored women's pivotal role in global leadership and social impact. From empowering discussions on healthcare challenges to redefining leadership norms, the event emphasized the imperative of supporting and amplifying women's voices in driving innovation and fostering inclusive workplaces.

AmCham China President Michael Hart kicked off the Summit with opening remarks in his speech. He recognized the business community's imperative to promote and empower women.



Above: AmCham China President Michael Hart

Photo by Jin Peng

*On March 7, AmCham China hosted its annual Women's Summit: Women in Innovation. The annual Summit serves as a platform to gather women entrepreneurs, corporate leaders, business experts, media, investors, and the wider AmCham China community, to highlight the key role women play in global leadership development and social impact, and to demonstrate the importance of supporting women leaders and entrepreneurs.*

**Top:**

Attendees at the Women's Summit

**Middle:**

CFO at Microsoft Greater China Region Ray Zhang gives a keynote address

**Right:**

Attendees participate in the Women's Summit

**Bottom right:**

AmCham China President Michael Hart presents a lucky draw prize

**Bottom left:**

UN Resident Coordinator in China Siddharth Chatterjee delivers a keynote speech

Photos by Jin Peng



The first panel discussion tackled “Empowering Women in Healthcare” and brought together Guo Ying, Associate General Manager, United Family Healthcare Beijing Market; Milun Zhang, Head of GA and Regional Access at Amgen China; Wen Hua, Programme Specialist at United Nations Population Fund (UNFPA), China; and was moderated by Paul Rochon, Founder of Engineering Wellbeing. The dialogue spanned personal journeys within healthcare, the critical role of women in this sector, and strategies for addressing gender disparities. Participants shared insights from their varied experiences in healthcare management, international health initiatives, and policy advocacy, emphasizing the importance of access to care and the unique health challenges women face. The discussion also touched on technological innovations in healthcare, such as biologics and medical devices, highlighting their potential to transform patient care. A significant theme was the need for gender-sensitive health services and the empowerment of women not only as healthcare providers but also as patients and decision-makers in health. The panel underscored the necessity of comprehensive approaches to women’s health, including mental health awareness, and the importance of creating supportive environments for women in the healthcare industry to thrive.

In her keynote speech “From Barrier Breakers to Game Changers,” Ray Zhang, CFO at Microsoft Greater China Region, discussed the challenges and barriers faced by women in the technology sector and emphasized the importance of diversity and inclusion in overcoming these obstacles. She shared her personal experiences and Microsoft’s initiatives to support women, including mentorship, allyship, and sponsorship programs, highlighting the company’s commitment to creating a more inclusive culture. Zhang also discussed the progress made and the ongoing efforts required to empower women in tech, illustrating Microsoft’s role in fostering innovation and equality, saying, “Together, we can continue to build a world that thrives on diversity, inclusion, and innovation.”

The second panel discussion, titled “Women Breaking the Mold: Rethinking Leadership and Driving Change,” featured insights from prominent leaders: Borjana Lambreva-Guemuesel, Chief Strategy Officer at Volkswagen-Mobvoi; Marcus Williams, Director of Customer Support & New Programs at Boeing Tianjin Composites; and Ida Chao Kho, Head for Trust & Compliance Office and Senior Counsel at IBM Greater China Group, and was moderated by Cindy Jensen, Founder & CEO of INPOWER ONE. The conversation centered on overcoming gender biases, the importance of diversity and inclusion in the workplace, and strategies for personal and professional growth. Panelists shared personal anecdotes and emphasized the need for mentorship,



**Top:**

Paul Rochon, Founder of Engineering Wellbeing and Ying Guo, Associate General Manager at Beijing United Family Hospital

**Middle:**

Milun Zhang, Head of GA and Regional Access at Amgen China

**Bottom:**

Dr. Wen Hua, Programme Specialist at United Nations Population Fund China

Photos by Jin Peng



**Top:**

Cindy Jensen, Founder & CEO of INPOWER ONE Management Consulting

**Middle:**

Marcus Williams, Director of Customer Support & New Programs at Boeing Tianjin and Ida Chao Kho, Head for Trust & Compliance Office and Senior Counsel at IBM Greater China

**Bottom:**

Ida Chao Kho and Borjana Lambrev-Guemuesel, Chief Strategy Officer at Volkswagen Mobvoi

Photos by Jin Peng

sponsorship, and flexible work arrangements to support work-life balance. The discussion highlighted the significance of persevering through challenges, taking risks, and the crucial role of supportive networks in advancing women's leadership and driving change. The overarching message advocated for rethinking traditional gender roles and stereotypes, encouraging women to trust their capabilities and pursue their goals unabashedly, thereby contributing to a more inclusive and equitable professional environment.

In the final keynote speech of the day, Siddharth Chatterjee, UN Resident Coordinator in China, highlighted the critical role of women in innovation ahead of International Women's Day, emphasizing their historical significance as change-makers. He referenced Mao Zedong's proclamation, "Women Hold Up Half the Sky," to underline the importance of gender balance and celebrated China's success in leveraging its female workforce, contributing to its economic growth. Highlighting the significance of empowering women through education and support in entrepreneurship and citing examples like Nobel laureate Tu Youyou and tech leader Zhou Qunfei, Chatterjee stressed, "Investing in women's education—and particularly in STEM fields—is therefore critical. Equally important is supporting women entrepreneurs to access funding and mentorship opportunities. By enabling women to tap into their potential, we are not just empowering individuals, we are catalyzing progress for everyone." Chatterjee stressed that investing in women is key to advancing innovation across technology, social entrepreneurship, and economic development, noting their unique perspectives foster inclusive solutions. However, he also addressed the ongoing challenges women face, including under-representation and financial barriers, underscoring the need for supportive policies and investment in gender equality. Chatterjee called for a commitment to equality and innovation, urging actions to empower women and ensure their vital contributions to global challenges, making a case for a future where innovation and equality are synonymous.

After the final remarks, speakers and attendees were invited to join a cocktail reception to connect, discuss the day's topics, and toast to all women ahead of International Women's Day on March 8. 📍

*If you would like to learn more about AmCham China's Women's Professional Committee, please contact Yin Yu at [yuu@amchamchina.org](mailto:yuu@amchamchina.org).*

# From Classroom to Carrousel du Louvre:

*YCIS Student Shines  
at International  
Exhibition*



Photo courtesy of YCIS

**Chloe Li** won a Gold Award for her artwork 'Utopia' at the International Art Games - the Cup of Little Maupassant (China) in 2022.



**Above:** Chloe Li's painting 'Utopia'

Photo courtesy of YCIS

## Meet YCIS Y6 Student Chloe Li

*What inspired you to create this beautiful painting?  
What is the meaning behind it?*

**Chloe Li:**

This painting depicts a forest that I imagined, a world that I would love to see. In this forest, small animals roam around leisurely amidst clear streams and fresh air. My home is a small hut by the river, where every morning I wake up to the sounds of the animals. In this paradise, the animals are not afraid of humans, and some may even interact with us. Here, humans and nature coexist harmoniously. I love animals and hope for a better environment. I named this piece 'Utopia.'

*What have you learned in class that has been projected  
in your painting?*

**Chloe Li:**

In school, we learned about the significance of sustainability and preserving the environment. I hope we can work together to create a cleaner and less polluted environment in the future.

YCIS is proud to announce that Chloe won a Gold Award for her artwork 'Utopia' at the International Art Games - the Cup of Little Maupassant (China) in 2022. A year later, Chloe received an invitation letter informing her that her work had been selected for an exhibition at the Carrousel du Louvre in association with WFUCA (World Federation of UNESCO Clubs, Centres and Associations) and ADEFC (Association pour le Développement des Échanges France-Chine). The exhibition was part of the 'Les Jeux Artistiques' event and brought together young artists from over 20 countries worldwide. The exhibition took place on July 15 and 16 and was graced with the presence of renowned representatives from the art and culture world. Read on for an interview with Chloe and her mother, Jovanna.

“All of Chloe’s artistic interests have flourished thanks to the nurturing environment provided by her family and YCIS.”

— Jovanna Chang, Chloe’s mother

**How did you perceive the school’s approach towards cultivating Chloe’s interest and talent in art?**

**Jovanna, Chloe’s mother:**

I believe that the diverse art programme offered by the school is crucial in nurturing children’s artistic creativity, interests and talents. The programme includes areas such as drawing, painting, music, and drama. This is an excellent way to stimulate children’s interest in various forms of art, which is a comprehensive artistic development that YCIS provides. I can also sense from my children’s sharing at home that the school’s art teachers encourage their students to express themselves freely rather than just pursuing precision.

YCIS allows children to feel free and respected in their artistic explorations. The student’s artwork is displayed throughout the school, it makes students feel proud, and teaches them how to appreciate other’s creativity.

**How did you cultivate Chloe’s creativity, interests and talent in art at home?**

**Jovanna, Chloe’s mother:**

As parents, our role is to provide support and companionship to our daughter Chloe. We take her to various art exhibitions and encourage her to try different art activities, allowing her to explore what she likes and what she is good at. We respect her ideas and provide her with all the necessary materials to create. We strive to create a supportive environment where she can explore freely and be happy. When Chloe is drawing, she invests herself fully and strives for perfection. She takes her time choosing the right colours and has her own unique way of mixing and stacking them. We never intervene in her creative process, as we believe that art is subjective and every child is a natural-born artist. Whether it’s drawing, painting, or any other creative endeavour, we support Chloe unconditionally and encourage her to express herself freely. 📍



**Top:**  
Chloe Li posing with her painting 'Utopia'

**Middle:**  
Chloe’s certifications and invitation to the Carrousel du Louvre

**Bottom:**  
Student art exhibition at the Carrousel du Louvre

Photos courtesy of YCIS



Depositphotos.com

# Navigating the Impact of OpenAI's Sora on China's AI Industry

By *Giulia Interesse*

Sora's debut marks a significant milestone in Artificial Intelligence Generated Content (AIGC), drawing global attention. While image generation has seen progress, video generation remained a challenge until now. Building on the success of OpenAI's DALL-E, Sora represents a

significant advancement, leveraging large language models (LLMs) to solidify OpenAI's industry leadership.

In China, excitement, and concern surround Sora's arrival. While it signals progress and anticipation for AI advancements, there's also apprehension due to increased competition and potential constraints from US-China tensions. This article explores Sora's emergence, analyzing its impact on China's AI landscape,

and the opportunities and challenges it presents for businesses, tech communities, and regulators.

## What is Sora?

Sora, an AI tool, generates full-length videos, up to one minute long, based on user prompts, requiring only a simple input to produce a corresponding video. Despite

## Sora's Applications and Uses

Sora's versatility opens diverse applications across various industries, including:

- **Creative fields:** Filmmakers, visual artists, and designers can utilize Sora to innovate their expressions, generating visuals directly from scripts, simplifying conceptualization and pre-production.
- **Education and training:** Sora aids in crafting intricate educational materials, including historical recreations and scientific simulations, enhancing learning with engaging, immersive content.
- **Advertising and promotion:** Sora enables businesses to create visually captivating video content for marketing campaigns based on textual descriptions, streamlining content creation and fostering innovative advertising.
- **Gaming and virtual reality:** Developers can integrate Sora to enrich gaming and virtual reality environments, contributing dynamic backgrounds, character interactions, and cutscenes, elevating narrative elements and overall user experience.

*As the world grapples with the implications of OpenAI's Sora, a groundbreaking text-to-video AI, anticipation and caution grip the tech industry. In China, while domestic investors are optimistic, intensified competition and geopolitical tensions add complexity to the country's AI ambitions. The Quarterly delves into Sora's impact on China's AI landscape, exploring opportunities, challenges, and the regulatory framework shaping the future of AI innovation in the country.*

its impactful capabilities, Sora's rise may have gone unnoticed by those outside social media or specialized computing circles, arriving quietly without extensive advertising.

OpenAI has unveiled numerous example videos showcasing Sora's remarkable skills, illustrating its talent in crafting lifelike animations. These examples exhibit intricate details like reflections in mirrors, precise fluid movements, and realistic simulations of falling snow particles, highlighting Sora's impressive capabilities.

### Sora's Advantages

Sora marks a significant advancement in AI-driven content creation, particularly in video generation, surpassing text-based models like ChatGPT. It falls under the category of multi-modal large models, expanding the capabilities of GPT by effectively handling various video types. A key innovation lies in Sora's treatment of video frames as sequences of patches,

akin to word tokens in language models, enabling contextually relevant and visually coherent video generation based on text cues. Sora's video training comprises three main steps: video compression network, spatio-temporal patch extraction, and video generation, resulting in remarkable improvements in both duration and resolution compared to previous models. It can generate 1080p resolution videos up to 60 seconds long, with the ability to edit and expand content based on text prompts. Moreover, Sora exhibits a deep understanding of text, accurately translating textual cues into detailed, emotionally resonant video content. It simulates physical laws, ensuring realistic three-dimensional motion and consistent object behavior across various perspectives. Unlike earlier models, Sora excels in maintaining coherence and consistency within videos, including elements like color style, facial expressions, and interactions between subjects and backgrounds, enhancing overall quality and realism.

### How is China Viewing Sora?

Discussions surrounding Sora in China have triggered a range of reactions, from admiration to anxiety about potential lagging behind in AI advancements. Within China's dynamic business and tech circles, there's a mix of anticipation and apprehension surrounding OpenAI's latest breakthrough. The announcement of Sora's arrival has been viewed positively by domestic investors, with the Sora Index, reflecting 49 technology, entertainment, and media companies, surging by 11.4 percent post-Chinese New Year holiday. Generative AI's development is seen as promising, driving growth in computing power globally and in China, as per Ping An Securities.

However, amidst this excitement lies the backdrop of increasingly fierce competition within the AI sector and the persistent challenges stemming from the ongoing US-China trade tensions. Observers have raised concerns about potential “supply chain risks” should the US continue to restrict chip exports to China. While these sanctions might catalyze the development of the domestic AI chip industry in China, the pursuit of alternative solutions could demand considerable time and effort to meet the high expectations set by the evolving landscape.

## Does China have its Own Sora?

The Chinese government, through the National Cyberspace Administration (CAC), mandates registration for all publicly accessible large language models (LLMs), while foreign players like OpenAI and Google have no direct presence in mainland China, although Microsoft’s Copilot, utilizing OpenAI’s GPT models, is accessible in Hong Kong. This absence has fueled local tech giants like Baidu, Tencent Holdings, and Alibaba Group Holding to aggressively compete in a market crowded with over 200 LLMs, with companies like Cloudwalk Technology focusing on enhancing text-to-image and text-to-video functionalities, unveiling a “digital human” generation platform. Similarly, Sumavision has invested in video content production and is dedicated to further exploring AI-generated content technologies.

These strategic moves by Chinese AI firms reflect a broader trend in leveraging advancements in video generation technologies and expanding digital content offerings. However, few can match Sora’s capabilities, with ByteDance, the parent company of TikTok, acknowledging the early stage development of its internal video motion control tool, Boximator. To bridge the gap, Chinese innovators must prioritize technology research and development, talent cultivation, and market insights while collaborating with established technology teams, sharing technical resources, and tailoring products to domestic market needs.

Rather than directly competing with Sora, some industry insiders focus on gaining access to OpenAI’s model.



**Above:** Sora Prompt: A stylish woman walks down a Tokyo street filled with warm glowing neon and animated city signage. She wears a black leather jacket, a long red dress, and black boots, and carries a black purse. She wears sunglasses and red lipstick. She walks confidently and casually. The street is damp and reflective, creating a mirror effect of the colorful lights. Many pedestrians walk about.

Photo courtesy of Open AI

Beijing-based Sinodata aims to be among the first to apply for a Sora API subscription once available on Azure, suggesting a preference for embracing foreign expertise and collaboration to advance their LLMs, fostering opportunities for mutual growth and innovation in the AI landscape.

## Regulation of Sora-like AI Applications in China

China has emerged as a leader in AI regulation, with initiatives like Made in China 2025, the Action Outline for Promoting Big Data Development, and the Next Generation AI Development Plan fostering AI sector growth while establishing ethical guidelines for AI businesses and algorithms. The government also prioritizes the expansion of its data economy, emphasizing infrastructure development to support basic data systems. In efforts to regulate the AI sector, China introduced the Interim Administrative Measures for Generative AI Services in July 2023, covering various aspects of generative AI service creation and delivery. These measures highlight China's commitment to advancing AI development while ensuring ethical practices. By creating a

secure operational environment, China aims to encourage innovation while monitoring the ethical application of AI across sectors.

## Opportunities in China’s AI sector

China's AI sector offers promising investment prospects and is a key focus area for the government, despite regulatory hurdles. Efforts are underway to create a favorable environment for foreign investment and talent in the industry, with projected AI investment in China expected to reach US\$26.69 billion by 2026, comprising about 8.9 percent of global investment. China's vast market, growing consumer base, and advanced infrastructure further augment opportunities for companies to develop and expand their AI offerings.

To succeed in China's evolving AI market, businesses need to capitalize on supportive policies and align with governmental objectives, leveraging available incentives to unlock various opportunities. Maintaining adaptability is crucial for navigating the dynamic business landscape and political dynamics inherent in the competitive AI market. **Q**

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Venture (China revenue below US \$1m)	<b>RMB 6,000</b>



Once you have joined the EDP program, we will create an individual page to promote your products and services, with your company logo featured on our EDP landing page

Then, your products, services, and company logo will be shared in our:

EDP  
WeChat post

Promotional email  
to over 10K recipients

Quarterly  
magazine

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# Forward Progress in US-China Relationship Celebrated at 23rd Annual Appreciation Dinner

By Mark Dreyer



In 2023, a series of high-level meetings advanced the bilateral relationship to a more stable ground. This landmark dinner, attended by senior figures from both nations, underscored the American business community's significance in China. Chinese Vice President Han Zheng and US Ambassador Nicholas Burns delivered keynote speeches, with Han becoming the highest-level Chinese official to participate in the Chamber's dinner over its 23-year history.

## US Business Strengthens Bilateral Relationship

In his remarks, AmCham Chair Sean Stein underscored the pivotal role of the US business community in strengthening economic ties between the US and China. Highlighting the unprecedented scale of



Above: Chinese Vice President Han Zheng

Photo courtesy of AmCham China





Photo courtesy of AmCham China

More than 200 senior government officials from the US and Chinese governments attended AmCham China's 23rd Annual Appreciation Dinner on March 1, 2024, to celebrate the efforts made by both the US and Chinese governments, as well as the American business community over the previous year. In total, nearly 500 guests gathered at the China World Hotel in Beijing to attend the dinner, whose theme was "Stability Fosters Forward Progress."

the event and the distinguished presence of Chinese and American officials, Stein conveyed a message of gratitude and optimism, saying, "We are all here because we have a shared belief in one thing: what the American business community is doing in China is absolutely good for China." Stein continued, "You are helping make China healthier and more prosperous and we are helping raise the standard of living. At the same time, the American business community is very proud of the fact that what we do helps build and strengthen the American economy, making it more competitive and making Americans healthier, wealthier, and more productive."

Emphasizing the event's theme of stability as a catalyst for progress, Stein lauded the political courage of leaders from both nations in stabilizing US-China relations, recognizing the multiple significant diplomatic engagements over the past year as milestones towards cooperation on global challenges. Stein concluded with a wish for continued collaboration and the ongoing presence of American businesses in China. "American business has been in China, contributing to both China's and America's growth for over a century," he said. "With ongoing stability and brave leadership, I look forward to seeing this cooperation last another hundred years."

Ren Hongbin, Chairman of the China Council for the Promotion of International Trade (CCPIT), began by expressing gratitude to AmCham China and its members for their contribution to US-China economic and trade relations. Highlighting the 45th anniversary of diplomatic ties between the US and China, Ren emphasized economic opportunities for cooperation. He also mentioned CCPIT's



Above: US Ambassador to China Nicholas Burns

Photo courtesy of AmCham China

commitment to providing services to help US enterprises thrive in China and concluded by wishing for continued success and fruitful cooperation between US and Chinese and businesses, along with New Year greetings for the Year of the Dragon.

## Keynote Insights

US Ambassador to China Nicholas Burns delivered three key messages. First, he highlighted the more frequent high-level communication between the US and China in recent months, calling attention to the visits of numerous American officials to Beijing, including Secretary of State Tony Blinken, and senior PRC visits to Washington. “This was real progress,” he said, stating that such visits had “connected the senior levels of the Chinese and American governments so that we could have more stability in the relationship.” These exchanges led to agreements in areas like combating the fentanyl crisis and resuming military-to-military communications.

Second, alongside positive developments, Ambassador Burns emphasized the importance of acknowledging that the US-China relationship will remain very competitive and challenging across a broad range of issues. In particular, he noted sources of continuing challenges in the relationship, such as the role of Chinese firms in supporting Russia’s defense-industrial base and the risk China’s excess manufacturing capacity poses to global markets. Burns affirmed the US commitment to maintain trade and address national security concerns under a policy of de-risking, not decoupling, and noted the PRC’s own extensive prohibitions on inbound and outbound investment, data management, and other commercial activities. “Our responsibility to the American Chamber and to American businesses is very simple: to try to create a more level playing field for American companies here in China,” Burns said.

Finally, Burns concluded by saying that while the US-China relationship is complex and competitive, both governments need to navigate challenges and engage with one another responsibly and peacefully where shared interests align for the benefit of both countries and the world. Burns said the attendance of Chinese Vice President Han Zheng “underscores the importance” China places on its economic relationship with the United States. He also stressed the importance of people-to-people connections and educational exchanges, noting that they had been adversely affected by the pandemic but are now beginning to recover.

Chinese Vice President Han Zheng began his speech by extending heartfelt thanks to the business community for their role in fostering US-China cooperation. He highlighted the event’s theme of stability as reflective of the current state of the bilateral relationship, noting the importance of the summit between Presidents Biden and Xi that took place in San Francisco in November 2023. With this year marking the 45th anniversary of diplomatic ties, Han highlighted the positive outcomes



**Top:**

From left to right: AmCham China Chair Sean Stein, Vice President Han Zheng, and Ambassador Burns

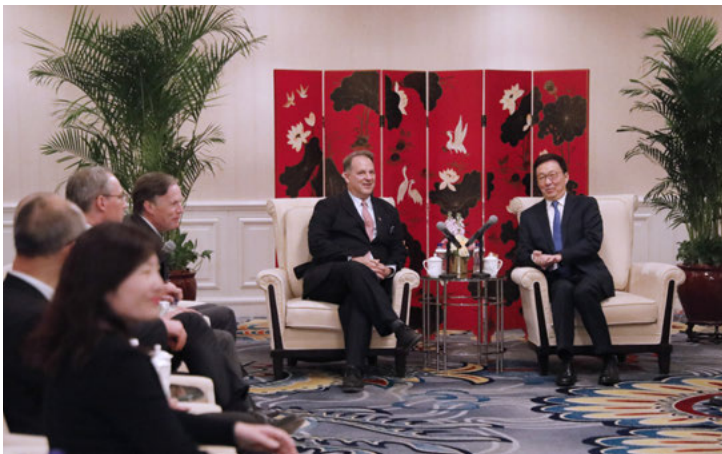
**Middle:**

AmCham China Chair Sean Stein

**Bottom:**

AmCham China President Michael Hart

Photos courtesy of AmCham China

**Top:**

From left to right: Ren Hongbin, CCPIT Chair; Sean Stein; Vice President Han Zheng, AmCham Burns; and Michael Hart

**Left bottom:**

Sean Stein and Vice President Han Zheng at a small group meeting prior to the Appreciation Dinner

Photos courtesy of AmCham China

of economic and trade cooperation, saying that a 200-fold increase in trade over that 45-year period alongside significant investments underscored the contributions of US companies to China's development. He also advocated for a foundation of friendship and mutual respect in the bilateral relationship and an expansion of cooperation areas, reiterating China's commitment to opening its economy further and protecting foreign investments while contributing to the global economy. The Vice President's speech conveyed optimism for the future of US-China economic relations, inviting more US businesses to invest in China, and highlighting China's ongoing high-quality development and economic resilience.

## Pre-Event Diplomacy

Earlier, the event kicked off with a video celebrating the series of high-level government meetings held between the two sides over the past year, and showcased AmCham China's role in promoting a more stable and balanced US-China commercial relationship. AmCham China President Michael Hart then officially opened proceedings by welcoming the distinguished guests, including Wang Shouwen, China International Trade Representative and Vice Minister, Ministry of Commerce; Scott Walker, Consul General at the US Consulate in Shanghai; Ma Zhaoxun, Vice Minister, Ministry of Foreign Affairs; Zhao Chenxin, Vice Minister, National Development and Reform Commission; and Sima Hong, Vice Mayor of Beijing. Hart noted that the annual dinner is AmCham China's largest platform for members to engage with senior officials and allows the Chamber to show appreciation to both the governments of China and the United States for their continued support of the business community. "As the US-China relationship evolves and changes, we're proud to remain here in China, advocating for greater economic understanding and engagement," Hart remarked.

Prior to the main event, Vice President Han met with the AmCham China leadership in a small group meeting that was also attended by Ambassador Burns and five Chinese officials of ministerial rank. 

*AmCham China would like to thank CCPIT for their continuous support and the major sponsors of the event for their generous support: Honeywell, Amway, ExxonMobil, Coca Cola, Merck, FedEx, AbbVie, and BabyCare.*

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To learn more about becoming a supporter of AmCham China, contact **Yoyo Wu** at [ywu@amchamchina.org](mailto:ywu@amchamchina.org) or 010-85190887



# WPIC Perspectives:

## *Exploring Social Commerce's Impact on China's E-commerce Sphere*

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By Jacob Cooke

China is the world's largest e-commerce market, with Chinese consumers shelling out over US\$2 trillion in online purchases in 2023.

Perhaps the most significant factor behind China's e-commerce prowess is innovation from Chinese internet companies. World-leading innovations in online shopping platforms, digital payments systems, and logistics networks have fueled the widespread adoption of e-commerce by both consumers and merchants. By some

*In China's dynamic e-commerce market, social commerce is a game-changer, as Chinese consumers drove over US\$2 trillion in online purchases in 2023. Platforms like Pinduoduo, Douyin, and Xiaohongshu are reshaping retail paradigms. In this article, Jacob Cooke, Co-founder and CEO of WPIC Marketing + Technologies explores the transformative impact of social commerce on consumer behavior and brand strategies, offering insights for global brands to navigate Asia's digital marketplace.*



**About WPIC:** A partner you can trust. WPIC builds relationships and drives market expansion for global brands in China, Japan, South Korea, and Southeast Asia. Having deployed more than 650 brands across China, Japan, and Southeast Asia, and with more than 15 years of on-the-ground experience, WPIC is at the forefront of Asia's consumer revolution. From data analytics to experiential e-commerce to logistics, WPIC offers full-service solutions that can be tailored for any organization across dozens of sectors.

calculations, over half of all retail sales in China now occur via digital channels. Chinese consumers routinely buy a wide range of products online, from large durables like furniture and appliances, to high-priced consumer electronics, to everyday household goods and groceries. Product categories like cosmetics, apparel, pet, baby, supplements, and sports equipment are seeing substantial growth in online sales.

For two decades, China's e-commerce landscape has been dominated by Alibaba and JD.com, which operate search-based marketplaces. The traditional customer journey has been that consumers come to these platforms with some degree of pre-established purchasing intent—and they use search queries to browse different offerings for the products they want.

But the last few years have seen the rapid growth of "social commerce", a term that refers to the integration of shopping into social media channels. China's social commerce revolution is being led by Pinduoduo, ByteDance's Douyin, and Xiaohongshu (also known as Little Red Book). These companies are recording enormous growth in e-commerce sales, presenting a significant challenge to incumbents Alibaba and JD.com—which have responded by introducing their own social commerce innovations.

With social commerce on the ascent, the customer funnel in China has become shallower and wider—customers can now be converted more quickly, and on a wider range of digital platforms, than ever before. This carries massive implications for how brands craft their retail strategy and apportion advertising spend.

## Search-based E-commerce

Traditional e-commerce on platforms like Taobao/Tmall, JD, Amazon, or Rakuten depends on search-based journeys—consumers actively seek out products through search queries. This model relies on pre-established consumer intent and the consumer's ability to navigate through extensive product listings.

To illustrate this model, we can imagine a consumer who is shopping for protein powder—they will search protein powder on Taobao/Tmall, browse different products and prices, and ultimately make a purchase. For protein powder brands, search engine marketing is essential so that their product appears near the top of the search results. Cross-media

campaigns are also key to convince consumers that protein powder is necessary—to stimulate demand and create the purchasing intent. Media campaigns also cause consumers who have already decided to purchase protein powder to recognize your brand and know your product selling points.

In the traditional model, marketing spend outside of search engine marketing on the e-commerce platforms directly—like on Weibo or Baidu—is about building brand awareness and encouraging discovery, not converting shoppers at the bottom of the funnel.

The first meaningful shift away from the traditional search-based model came with Alibaba's introduction of livestream shopping in 2017. Consumers began using the Taobao/Tmall app not necessarily to browse product listings—but to watch entertaining livestreams. Consumers may not have had a specific purchasing intent, but they were open to buying the products recommended by their favourite livestream hosts—usually at a heavy discount.

This dramatically shortened the funnel—with livestreaming consumers could discover your brand and be converted literally within seconds.

Originally, livestreaming in China was star-driven. A handful of celebrities—such as Viya and Austin Li—drew most of the viewership and interest from brands. Their massive followings allowed them to demand high discounts and steep rates from brands for promotion—in turn, by being able to offer high discounts to viewers, their shows became even more popular. With this celebrity-led, discount-heavy model, livestreaming took off in China. By 2021, over 10% of all e-commerce sales in China were via livestream.

## The Rise of Social Commerce

The integration of e-commerce into social media channels—specifically Pinduoduo, Douyin, and Xiaohongshu—has transformed the customer funnel even further.

The Pinduoduo marketplace is also search-based—but Pinduoduo's innovative group-buying feature leverages the power of social networks, incentivizing users to encourage their contacts to make purchases in order to obtain reduced prices. With Pinduoduo integrated into the ubiquitous WeChat ecosystem in China, this has proven to be a highly effective growth tool and a differentiator from China's other e-commerce

marketplaces. By incentivizing users to advertise products, Pinduoduo encourages fast conversions and keeps customer acquisition costs low.

However, Pinduoduo is a discount-oriented platform. Many of the merchants on Pinduoduo sell commodity-oriented, functional products at low prices. It is not an ideal marketplace for most overseas or premium brands given its association with low prices and relatively limited in-platform ad tools.

However, in the last few years two of China's most prominent social platforms have introduced e-commerce functionalities—Douyin and Xiaohongshu—creating a “preference-based” rather than search-based model of e-commerce. These two platforms offer brands highly sophisticated tools to reach and convert target consumers.

Algorithms on these platform suggest products to users through engaging content formats such as short videos and livestreams, tailored to the users' preferences and behaviors. This approach not only simplifies the discovery process but also enriches the shopping experience, making it more engaging and entertaining.

Take Douyin, which boasts over 750 million active users. Douyin began as an entertainment platform—but starting in 2021, the platform began integrating e-commerce functionality, and now allows brands to operate flagship stores on the platform.

Douyin is so popular because of its algorithm, which provides users with tailored content that is relevant to their interests and preferences. For instance, if a male user browses several exercise-related videos every day, Douyin's algorithm can filter content to reflect his strong interest in fitness, sports, and health. After the integration of e-commerce, Douyin now also displays ads for protein powder, athletic apparel, or other supplements—and when the user sees those products offered to him for purchase, he can make the purchase instantly within

the app. Once they are converted on one purchase, Douyin will expose that user to additional fitness, sports, and health care content and products. This same model is applied across all possible interests and product categories—beauty, fashion, pet, baby, food, and more.

The app can continuously optimize for users' interests and serve relevant ads. As a result, the app executes highly accurate product matching to the user's interests, and therefore results in more conversions and repurchases. Douyin posted US\$200 billion in GMV in 2022, up 80% from the year prior. For 2023 we're expecting it to be close to \$350 billion.

## An Omnichannel Brand Strategy

For brands, social commerce can be a more attractive model for reaching target consumers than simple search-engine marketing.


Search-engine marketing is a battle to capture existing demand for the users that have already decided to buy a given product—whereas social commerce carries exciting potential for demand generation.

That's because Douyin and Xiaohongshu are fundamentally social platforms that attract users for reasons other than to shop. Users are drawn to these apps for entertainment, socializing, and knowledge acquisition. The commerce functionality built into these platforms allows users to make spontaneous and seamless purchases within the apps. That allows brands to go from capturing existing demand on platforms to generating new demand. That represents a major shift in customer acquisition tactics.

The core of Douyin's commerce is to help users discover their potential needs, then accurately match those needs with relevant products. The beauty of the marriage between social and commerce is that savvy brands can steal the spotlight by creating interesting, hyper-native content that combines short video product seeding with livestreaming. Because of Douyin's algorithm, brands can instantly reach their target buyer with relevant content—and hopefully convert them.

Brands go from satisfying existing demand (traditional e-commerce) to generating new demand (social commerce).

In this new landscape, it's key for brands to maintain a consistent omnichannel presence. With a wider and shallower funnel, consumers are now discovering and buying brands across multiple platforms. Traditional search-based marketplaces are still relevant and should play a prominent role in a brand's e-commerce strategy.

But social commerce innovations on Douyin and Xiaohongshu have redefined the boundaries of online shopping—and brands need to capitalize on these unprecedented opportunities to connect with consumers in more meaningful, engaging ways. 



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# 2024 Two Sessions: Key Takeaways and Implications for MNCs

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## Foreword from James McGregor

This year's Two Sessions unveiled no significant reform-oriented business policies as the Chinese leadership emphasized balancing economic development with security. Economic policy details were impacted throughout the meetings by the country's focus on "intense competition" in technology and geopolitical influence with the United States and its allies.

The NPC annual meeting did offer rhetorical assurances of providing equal treatment and market access for foreign and private Chinese businesses with state-owned enterprises. Some analysts anticipate that positive business policies could come forth when the Communist Party holds its policy-making 3rd Plenum, which has been delayed by several months so far.

Business groups expressed impatience. "Announcements don't move markets and promises don't drive investments," said

Sean Stein, Chairman of the American Chamber of Commerce in China.

The NPC's standing committee said their priority is to enact new laws to "modernize China's system and capacity for national security," as President Xi Jinping told officials in charge of science and technology to "fight the battle well for key technologies." Foreign Minister Wang Yi at his press conference complained that sanctions and technology restrictions imposed by the US are "reaching bewildering levels of unfathomable absurdity," and that these actions "will eventually harm yourself." He also described China's relations with Russia as "a new paradigm of major power relations."

The meetings furthered Xi Jinping's agenda of absolute Party control and unquestioned personal power through a legal revision that further relegates the State Council to an implementing body that faithfully carries out Party decisions. The premier's press conference, the signature closing event of the NPC for decades, was cancelled for this year and future years.

This event had served as a unique showcase for premiers to take center stage and demonstrate their thinking and personality in front of a national TV audience and hundreds of reporters.

As the meetings were taking place in Beijing, the US and the EU were also focused on China and security. The US pressured the Netherlands, Germany, South Korea, and Japan to further restrict China's access to semiconductor technology. The US House expedited movement of a bill to force ByteDance to sell TikTok or be banned in the United States. China-focused legislation to restrict collaboration between US companies and "biotechnology companies of concern" was sent to the Senate floor. The EU began registering all imported Chinese electric vehicles in preparation for collecting retroactive duties should its ongoing Chinese EV investigation determine they are government subsidized.

If one steps back and takes a global view, China, the United States, the EU and other major economic and trading powers



*China's annual lianghui, or "Two Sessions," are the gatherings of the Chinese People's Political Consultative Conference (CPPCC), a political advisory body, and the National People's Congress (NPC), China's top legislature. This year's Two Sessions took place in Beijing from March 4 to March 11. Premier Li Qiang delivered the annual Government Work Report, outlining achievements and priorities for the upcoming year. Ministerial press conferences addressed key topics such as the economy, foreign relations, and societal welfare. Global advisory and advocacy firm APCO shares key takeaways and provides insight into this year's proceedings.*

are grappling with essentially the same challenge and dilemma. In an atmosphere of unstable geopolitics and deep distrust between the superpowers how can each country and its companies handle the poisonous politics and intense competition while maintaining significant commercial connections with each other that are in their own economic self-interest and good for peace and stability?

## Key Takeaways

### ***The government signals confidence in China's economy by setting an ambitious GDP target***

The Government Work Report (GWR) has set a GDP growth target of "around 5%" for 2024, consistent with last year's goal. However, meeting this target may pose increased difficulty due to the higher economic base in 2023 compared to 2022. The economy will need to expand by at least RMB 6.3 trillion (USD 888 billion), surpassing last year's growth of RMB 5.5 trillion (USD 787 billion). The International Monetary Fund and World Bank forecast growth rates of 4.6% and 4.5%, respectively, citing ongoing weaknesses in the real estate sector and subdued global demand for Chinese exports as major challenges. Despite this, government officials, including National Development and Reform Commission Chairman Zheng Shanjie, have described the target as "reasonable" and "attainable," indicating confidence in the economy and a commitment to pro-growth policies. To support growth, the government plans to issue RMB 1 trillion (USD 139 billion) in ultra-long special central government bonds in 2024.

Achieving this year's target is crucial for China's long-term goal of doubling its GDP by 2035 relative to 2020 levels, requiring an average annual growth rate of 5.08% between 2020 and 2035.

### ***China will strive to better balance security and economic development***

Safeguarding security has become the paramount objective driving a wide array of policies in recent years, a sentiment echoed unequivocally by President Xi Jinping. At the 20th National Congress of the Communist Party of China in 2022, he emphasized, "National security is the bedrock of national rejuvenation, and social stability is a prerequisite for building a strong and prosperous China." This year's Two Sessions underscores the pursuit of closer coordination between economic and security policies, striving for a balance that can sustain robust growth momentum while ensuring security across various domains. The report emphasizes the symbiotic relationship between security and development, aiming for their harmonious coexistence rather than conflict. It calls for greater consistency in macro policies, indicating a need for coordinated development and implementation across different policy areas, including security. Despite this emphasis on coordination, the Government Work Report (GWR) outlines measures to bolster China's security capacity in various sectors such as internet and data security, supply chains, energy, resources, and food. Additionally, the report pledges to mitigate risks in real estate and local government debt, underscoring the broad scope of security concerns, which encompass aspects of social stability.

### ***A new term - "new productive forces" - underlines China's ever-growing ambitions for technological innovation***

The GWR highlights the acceleration of "new productive forces" (NPFs) as its primary focus for 2024, a term introduced by President Xi Jinping in September 2023 and subsequently echoed in various official channels. NPFs encompass strategic emerging and futuristic technologies aimed at driving economic growth, mirroring China's aim for sustained rapid economic expansion amidst geopolitical challenges. Leveraging successful export models like solar cells, lithium-ion batteries, and electric vehicles (EVs), China seeks to dominate future technology markets through domestic R&D. This strategy, outlined in the GWR, involves establishing demonstration zones, bolstering supply chains, fostering venture capital, protecting intellectual property rights (IPR), and promoting digitalization. While success across all sectors isn't guaranteed, these initiatives signal a significant response to macroeconomic and geopolitical pressures, potentially establishing new growth channels.

### ***China doubles down on nurturing domestic talent to support its development priorities***

The 2024 GWR prioritizes "invigorating China through science and education" as the second-highest goal in 2024, a concept championed by Deng Xiaoping, Jiang Zemin, and consistently promoted by Xi Jinping. This year's emphasis lies in strengthening China's education system to cultivate domestic talent and boost

innovation capacity, contrasting with previous reports where education was primarily addressed in the context of social development. The GWR positions education as pivotal for achieving technological self-reliance and unleashing new productive forces (NPFs). The decision aligns with urgent talent shortages in strategic industries like the chip and AI sectors, with an estimated gap of 200,000 workers in the chip industry and potentially millions in AI. Minister of Education Huai Jinpeng highlighted the need for colleges and universities to focus on talent cultivation, especially in basic research and engineering, proposing increased support for young scientists, promotion of regional innovation centers, and fostering closer collaboration between academia, industry, and end-users, as discussed at the Two Sessions.

### ***Boosting consumption remains a top priority, but the policy toolkit stays largely unchanged***

The shift of domestic consumption into a primary economic growth driver remains central to China's long-term strategy, echoing priorities from 2023 into 2024. Minister of Commerce Wang Wentao emphasized incentivizing the replacement of used goods and boosting services consumption in entertainment, tourism, and sports. While initiatives like the "trade-in" program show short-term promise, doubts linger about their lasting impact. A notable addition is the pledge to implement paid leave to stimulate consumption, though details are scarce, and concerns persist about employer adoption. The report also vows to promote digital, environmentally friendly, and health-related consumption, but consumer confidence hinges on external factors, notably the state of China's real estate market, a key reservoir of household wealth.

### ***Energy security concerns weigh on near-term environmental goals, but green industry push continues***

The GWR outlines limited quantitative environmental goals for 2024, with China aiming to reduce energy intensity

**“It is essential to deepen reforms in the scientific and technological system and the education and talent systems and remove obstacles to the development of new quality productive forces.”**

**– Chinese President Xi Jinping**


by 2.5%. Last year's shortfall in energy intensity reduction is acknowledged, attributed partly to sustained demand for coal power, deemed crucial for ensuring energy stability. Despite this, the GWR suggests that China's renewable energy targets are within reach, notably its pledge to increase solar and wind power capacity to 1,200 GW by 2030. Progress in solar capacity installation has been rapid, with plans to further expand wind and photovoltaic power bases. China is poised to exceed its renewable energy goals ahead of schedule, aligning with its commitment to peak CO2 emissions this decade. Beyond the power sector, the GWR emphasizes green transformation in industry, including the development of green supply chains, strengthened waste and plastic pollution controls, and expansion of the national emissions trading scheme. Furthermore, the report underscores investment in new green technologies, particularly new-energy vehicles, energy storage, and hydrogen power, recognizing their significance not only for economic growth but also for climate mitigation efforts, echoing recent statements emphasizing "Green development" as fundamental to China's high-quality development.

### ***What does this mean for MNCs?***

The implications for multinational corporations (MNCs) following the Two Sessions largely echo previous economic conferences and announcements,

suggesting minimal change to their outlook on forthcoming challenges and opportunities. The heightened focus on "new productive forces" indicates an accelerated drive towards technological self-sufficiency in China, likely intensifying competition in key tech markets. Decarbonization efforts are expected to gain momentum, potentially leading to stricter environmental regulations. Nevertheless, opportunities may persist for foreign businesses aligning with China's objectives. Additionally, commitments to address MNC concerns, such as improving macro policy consistency and ensuring development alongside security, offer positive signals. Pledges to stimulate consumption and achieve ambitious GDP growth targets further indicate potential benefits for foreign enterprises. However, the actual impact on MNCs hinges on the translation of these commitments into concrete policy actions.

### **About APCO**

APCO is a global advisory and advocacy firm helping leading corporations, foundations and governments navigate a complex world. An independent and majority women-owned company, APCO brings diverse people and ideas together and works beyond traditional boundaries, building un/common ground.SM upon which progress is made. 

*This report has been edited from the original for length.*

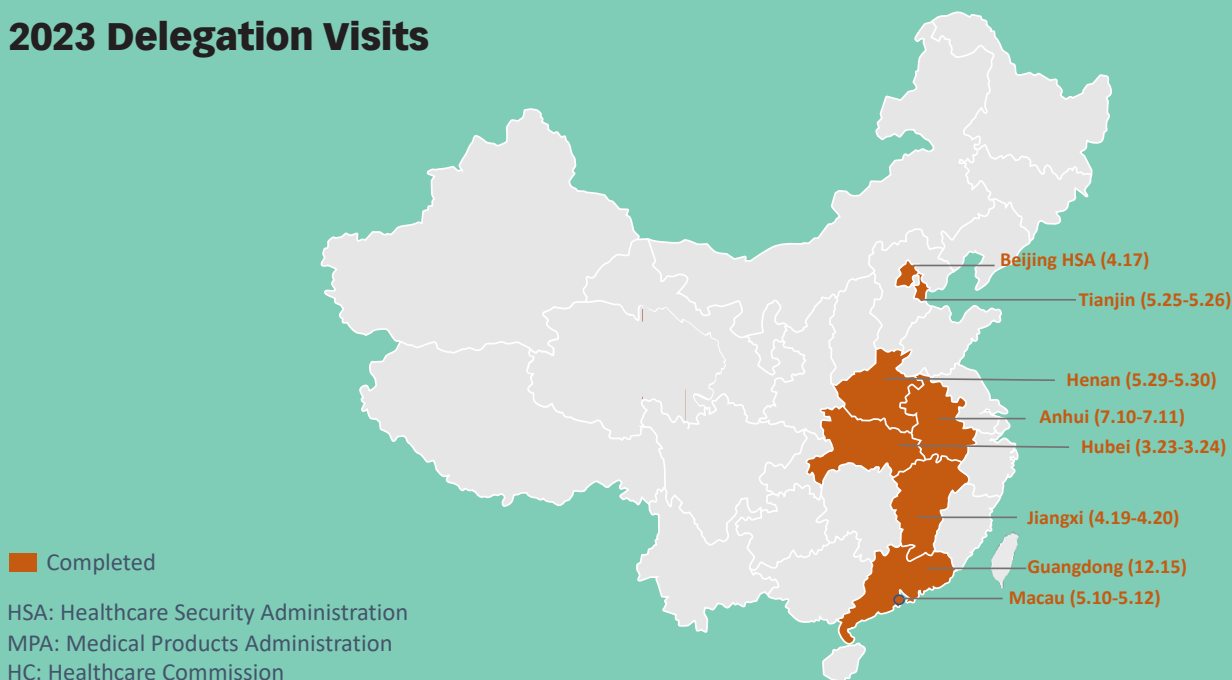
Explore the dynamic journey of AmCham China's Healthcare Industry Group as it drives vital exchanges and collaboration between the US and China in the healthcare sector. Through initiatives like the US-China Health Cooperation Program, the group fosters impactful partnerships, amplifying accessibility and innovation in healthcare services. Join us as the Quarterly explores the Group's 2023 visits and outlines the promising prospects for 2024.

# AmCham China's Healthcare Industry Group: *Facilitating Progress & Connection in China's Healthcare Industry*

AmCham China's Healthcare Industry Group, comprising over 130 member companies across biopharmaceuticals, medical devices, and healthcare services sectors, stands as a linchpin in fostering exchanges between the US and China in healthcare. Aligned with the US-China Healthcare Cooperation Program (HCP) since 2011, the Group endeavors to deepen collaboration between the two nations across crucial domains such as public health, policy research, and

technology. Through established connections with relevant government agencies and healthcare departments, the Group spearheads projects and initiatives aimed at bolstering healthcare accessibility and long-term bilateral cooperation. Discover the Group's impactful initiatives from 2023 and get a sneak peek into the planned visits for the upcoming year, showcasing ongoing efforts to drive innovation and progress in China's dynamic healthcare landscape.

## 2023 Delegation Visits



## 2023 Delegation Visits

### Hubei Province (March 22-23)



- Attended Hubei Global Fortune 500 Business Negotiations Discussion.
- Participated in Healthcare Policy Roundtable Meeting.

### Beijing Municipality (April 17)



- Hosted Beijing Healthcare Security Administration for Healthcare Policy Exchange Meeting.

### Jiangxi Province (April 19-20)



- Engaged in Healthcare Cooperation Matchmaking Meeting.
- Toured industrial parks.

### Macao Special Administrative Region (May 11)

- Attended Life Sciences Summit and Leaders' Dinner at International Technology Innovation Expo.
- Participated in a closed-door meeting on innovation and the development of pharmaceuticals and medical devices.



### Tianjin Municipality (May 25)



- Held Tianjin Healthcare Policy Exchange Meetings I and II.
- Toured industrial parks.

### Henan Province (May 29-30)

- Met with Henan Province Deputy Governor and corporate executives.

- Participated in Corporation Healthcare Industry Cooperation Policy Exchange Meeting.

- Toured industrial parks.



### Anhui Province (July 10-11)



- Met with Anhui Province Governor and corporate executives.

- Participated in Anhui Healthcare Policy meetings.

- Toured industrial parks.

### Guangdong Province (December 13-15)



- Met with Guangdong Province Deputy Governor and visiting corporate executives.

- Guangdong Healthcare Policy Exchange Meeting.

## 2024 Delegation Visits

### Henan Province (March 13)

- Participated in Healthcare Policy Roundtable Meeting with Henan Province Healthcare Security Administration.

### Tianjin Municipality (March 19)



- Engaged in Healthcare Policy Discussion Meeting with Tianjin Healthcare Security Administration and Health Commission.
- Toured industrial parks in Tianjin's Free Trade Zone and Tianjin Medical University General Hospital's Airport Hospital.

### Anhui Province (March 28-29)

- Met with Anhui Province Deputy Governor and corporate executives.
- Participated in Healthcare Policy Exchange Meeting with Anhui Healthcare Security Administration and Health Commission.

- Toured related biopharmaceutical industrial parks in Anhui Province (Hefei, Wuhu).

## Upcoming 2024 Visits

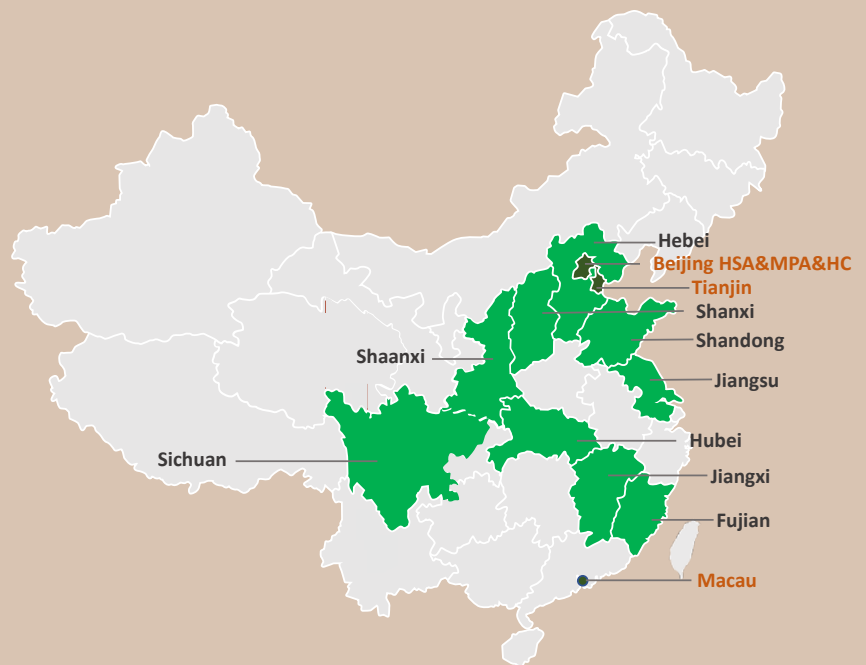
- Beijing Municipality (April)
- Shanghai Municipality (April)
- Sichuan Province (April)
- Hebei Province (May)
- Hubei Province (May)
- Macao Special Administrative Region (May)
- Jiangxi Province (June)
- Henan Province (June)
- Fujian Province (June)
- Shandong Province (September)
- Shanxi Province (September)
- Shaanxi Province (November)
- Guangdong Province (December)

*If you are interested in joining any of the upcoming delegations, please contact the HCP team for more information. 📧*

*Edward Wang, HCP Executive Director at 13681124749 or xwang@amchamchina.org.*

*Cheryl Lin, HCP Associate at 13143138018 or clin@amchamchina.org.*

## 2024 Delegation Visits



■ Planning

HSA: Healthcare Security Administration  
MPA: Medical Products Administration  
HC: Healthcare Commission

# Elevating Engagement:

## *Sean Stein's Vision as AmCham China's New Chair*

*Could you please provide an overview of your career journey and experiences in China for those who may not be familiar with your work?*

**Sean Stein:**

When I was 19, I moved to Haiti from Idaho and Utah as a Mormon missionary, spending two years there during a chaotic time, like what we're seeing in Haiti now. At the end of my mission, my boss, who was the head of the mission, asked about my plans, to which I had no clear answer. He suggested Georgetown University in Washington, DC, where his children had attended, and encouraged me to pursue studies there. Despite my lack of familiarity with Georgetown, I followed his advice and enrolled.

Initially, I wasn't keen on the idea of joining the State Department. However, peer pressure led me to take the Foreign Service exam, which I passed. After graduating, I worked in consulting but soon found myself missing the public service aspect. This prompted me to transition to roles at the World Bank in Indonesia and a foundation in Cambodia, where I found fulfillment in serving the public.

Despite initially declining offers to join the State Department, I eventually relented and embarked on what I thought would be a temporary stint. However, I ended up staying for 27 years, mostly focusing on Asia, particularly Greater China and Southeast Asia. My first assignment in China was in 1999, following the accidental bombing of the embassy in Belgrade, during a period of strained relations between the US and China.

Throughout my tenure, I had various roles, including negotiating to keep the American Chamber of Commerce open in Chengdu, serving as Consul General in Shenyang, and managing the China desk and later South Asia in Washington. Unexpectedly, I was assigned to Shanghai during the Trump administration's emphasis on economic relations with China, despite my desire to work in Vietnam.



Photo courtesy of Sean Stein

After leaving the State Department, I joined Covington and Burling's China public policy office, where I help multinational companies understand and navigate the complexities of doing business in China. Additionally, I spent two years as chair of AmCham Shanghai, where I realized the importance of advocating for better US-China relations from a business perspective.

Ultimately, this led me to join AmCham China, where I believe, I can contribute to fostering constructive dialogue between Beijing and Washington for the mutual benefit of both countries and the business community.

*How did transitioning from the US government to the business sector influence your view of US-China relations and what insights did you gain from both sectors?*

**Sean Stein:**

It's been a fascinating journey. During my time in the US government, I often felt a responsibility

*As the newly elected Chair of AmCham China, Sean Stein brings a wealth of experience and a strategic vision to his leadership role. From his early days as a missionary in Haiti to his extensive tenure at the State Department and subsequent transition to the private sector, Stein's career trajectory reflects a deep commitment to public service and international engagement. Now, at the helm of the Chamber, Stein is poised to leverage his expertise in diplomacy and advocacy to strengthen the organization's position as a leading voice for American businesses operating in China.*

to ensure that the perspectives of businesses were heard in Washington. The business community typically possesses nuanced insights into China's economic, political, and social landscape, which are invaluable for shaping effective policies. As Consul General, I worked to inject this business perspective into the policymaking process, believing that it could enrich our strategies towards China.

Now, being fully immersed in the business sector, I find myself in a unique position to reciprocate this exchange of insights. Armed with my understanding of how the US government operates, I can now effectively communicate the business community's perspectives to policymakers. That's why I'm currently in Washington, knocking on doors at the White House, the State Department, Commerce, Treasury, and elsewhere. My goal is to ensure that policymaking is informed by the insights and needs of the business community.

Conversely, I also recognize the importance of conveying these insights to the Chinese government. Before coming to Washington, I made the rounds in China, meeting with officials to share our perspectives. Ultimately, I believe that facilitating this exchange of insights between the business communities of both countries is crucial. It ensures that policymakers understand the real-world impacts of their decisions and how they're perceived, fostering more informed and constructive US-China relations.

***Given your expertise in political risk and public affairs, what strategies do you advise businesses to adopt in navigating the evolving US-China relationship?***

**Sean Stein:**

In recent years, China has doubled down on its industrial policy. When I first came to China in the early 2000s, merely being an American company was often enough to attract investment opportunities. However, the landscape has changed, with the Chinese government now prioritizing investors who align with their industrial policies. Consequently, companies that fall outside of these parameters may encounter difficulties. We work with companies to

strategically position themselves to navigate this evolving relationship with China. Additionally, our surveys indicate that doing business in China is becoming increasingly challenging. Members find the environment less transparent, struggle to protect intellectual property, and face regulatory unpredictability. Our role is to help companies understand and minimize these risks while operating in this complex environment.

On the US side, expectations, and regulations for dealing with China are also becoming more complex. We assist companies in understanding and navigating these expectations. It's noteworthy that a global study revealed that Americans expect multinational corporations (MNCs) to embody their values when operating abroad. However, when asked about American companies operating in China, there's often ambivalence and concern. Both the Chinese and American governments, as well as their respective publics, have high expectations for how companies should behave in China. We help businesses navigate these often-contradictory expectations to ensure they can operate successfully while maintaining integrity and alignment with their values.

***As the newly elected Chair of the Board of Governors for AmCham China, what are your primary goals and priorities for the organization in 2024?***

**Sean Stein:**

There are several key priorities that I'm focusing on for AmCham China this year. Firstly, we're intensifying our advocacy efforts in both Washington and Beijing. In China, we're committed to supporting and encouraging the implementation of the significant reforms announced by the Chinese government in August, which aim to enhance the environment for multinational companies operating in China. Our role is not only to ensure that the Chinese government is informed about what needs to be done to implement these reforms effectively but also to hold them accountable when necessary. Oftentimes, there's a discrepancy between rhetoric and reality, and we aim to address that.

On the US side, we're emphasizing to policymakers in Washington the importance of a strong and vibrant business community in China for US national interests. This includes promoting economic security, global competitiveness, and national security. Amidst the era of strategic competition with China, it's crucial to recognize that having competitive American companies operating in China is an integral part of our strategy.

Secondly, we're placing a renewed focus on building and strengthening relations with local governments across China, particularly at the sub-municipal level. The lessons learned during the COVID-19 pandemic underscored the importance of having strong ties with local authorities. Whether our members are in Wuhan, Dalian, Chengdu, or Beijing, we aim to bridge the gap and provide support, especially for smaller companies with limited government relations resources.

Another priority is to demonstrate the value that AmCham China brings to all of our members, including SMEs and other organizations. Membership declined during the pandemic, particularly among smaller members facing financial strains. We're committed to showcasing the benefits and support that we can offer to all members, regardless of size.

Lastly, leveraging the relationship and knowledge-sharing opportunities between AmCham China and AmCham Shanghai is critical. While these organizations operate differently, there's much to learn from each other and synergies to be gained, especially in areas like advocacy and knowledge exchange. Strengthening this relationship will ultimately benefit our members and enhance our organization's effectiveness.

***Reflecting on your recent transition from Chair of AmCham Shanghai to your new role leading AmCham China, how do you plan to apply the experiences gained in Shanghai to your leadership approach?***

**Sean Stein:**

Certainly, there are notable differences between AmCham Shanghai and AmCham China, particularly in the scale of advocacy efforts. In Shanghai, advocacy with local governments played a significant role, offering valuable assistance to members facing challenges. While the emphasis on advocacy may vary, I aim to maintain a strong focus on engaging with local governments at AmCham China.

One tremendous contribution of our former AmCham China Chair Colm Rafferty made was really getting the board to work cohesively and effectively together to advance what we are doing as an organization. I've witnessed the remarkable contributions of the board members at AmCham China. Their dedication, expertise, and collaboration were instrumental in driving progress for the organization. Drawing from this experience, I want to continue to foster a similarly effective and cohesive board environment.



**Above:**

Stein speaks at AmCham China's 23rd Annual Appreciation Dinner

Photo courtesy of AmCham China

***An election year is always significant in the US. How do you anticipate this impacting bilateral relations between the United States and China in the run-up to the November election, and what implications might they hold for businesses longer term – especially if there is a leadership change?***

**Sean Stein:**

I'll steer clear of delving too deeply into politics, but I'll address this from a couple of angles. Firstly, like many of our members, I commend the efforts made by both the United States and China to stabilize the relationship, particularly starting from last March and April. This included high-level visits from US officials such as the Secretary of State, the Secretary of the Treasury, and the Secretary of Commerce, as well as prominent figures from various states. These efforts demonstrated a commitment to engagement rather than decoupling, which served the interests of both nations and helped stabilize the relationship. It's worth noting the political courage required for such initiatives and their positive impact on US interests.

The stabilization of the relationship wasn't due to a fundamental reassessment of strategic intentions by either side. Instead, it was a pragmatic recognition of shared interests, including economic and national security concerns. Both sides realize the importance of maintaining stability, even amidst challenges leading up to the election.

Looking ahead, I believe both sides will continue to work towards maintaining stability in the relationship, at least until the election and beyond. While there may be actions taken by both parties to protect their national interests, the goal will be to avoid actions that could cause a significant breakdown in the relationship. This



## "Navigating the dynamic landscape of the US-China relationship requires a nuanced approach."

means that the current state of stability is likely as good as it will get for the foreseeable future.

For businesses, this means that decisions and strategies should be made with the understanding that the current level of stability may be the best scenario for some time. Waiting for significant changes in the political landscape may not be productive, as maintaining stability will remain a priority for both the US and China.

***The recently released China Business Climate Survey Report (BCS) provided valuable insights into the challenges and opportunities for foreign businesses in China. Of the report's key findings, were there any aspects that you found noteworthy or particularly impactful?***

**Sean Stein:**

I believe COVID introduced significant noise into recent statistics. However, one prevailing trend across many sectors, albeit not universal, is noteworthy. We're observing two crucial messages. Firstly, as China's economy matures, margins in the aggregate are increasingly aligning with other global markets. Gone are the days when investments in China yielded greater returns than those in North America or Europe, at least in many sectors. It's now tougher to thrive in China solely based on statistics. Secondly, the business climate in China is becoming less transparent and less friendly compared to previous years. Around 2010, the Chinese government undertook efforts to enhance the business climate, resulting in incremental improvements annually across various areas. However, this positive trend has now reversed, with indicators heading in the opposite direction. Consequently, the risks associated with doing business in China have escalated, while the potential profitability has diminished. To succeed in this challenging environment, our companies must be smarter, faster, and more adaptable. It's our responsibility at the Chamber to advocate for a better business environment and provide our members with the information and insights they need to make informed decisions promptly, thus enabling them to navigate these macroeconomic challenges more effectively.

***Can you recall any notable engagements with Chinese or American officials through initiatives like the DC Doorknock and White Paper Delivery***

***meetings? How did these interactions benefit AmCham China and its members?***

**Sean Stein:**

Back when I was managing the trade desk in Washington, I learned the power of the Doorknock and I learned the power of the BCS. Five or six weeks before the Doorknock, we would get call that a delegation was coming. Often, I learned that not from AmCham, not from the embassy, but because someone at USTR, Commerce, or someone on the Hill would call and say, "Hey, we hear AmCham's coming, do you have their latest survey? Or do you have the latest from AmCham?" So, what I saw from my time in Washington was a clear desire to get information from AmCham China so people could prep in anticipation of our meetings. It was very much an action-forcing event that helped shape some of the discussion and thinking. I think that the landscape has changed a bit since then. In terms of how China is reviewed, there's much more skepticism now. Now, fewer members of Congress really want to engage on the subject. That means what we do becomes all that much more important. We must work that much harder to get our message out to have the same impact that we might have had just a couple of years ago.

***Looking ahead, what are your aspirations for AmCham China under your leadership, and how do you plan to strengthen its position as a leading advocate for the American business community in China?***

**Sean Stein:**

First, now more than ever, we need a strong voice. Our advocacy efforts will be refined, focused, and more effective. This entails finding better and more efficient ways to communicate with the Chinese government, as well as fostering consistent and productive dialogues with the US government. Secondly, we aim to improve the dissemination of information gathered from our members and government engagements. By doing so, our members can leverage this information in discussions with their headquarters and when assessing risks and opportunities in the Chinese market. If we can achieve these goals—being better advocates and providing timely and valuable information to our members—I believe it will significantly benefit our organization and its mission. 🗣️

# Navigating China's Business Landscape:

## *Insights from the 2024 China Business Climate Survey*

Discover the latest trends and challenges facing businesses operating in China as outlined in AmCham China's 2024 China Business Climate Survey (BCS) Report, showcasing improved financial performance amidst lingering geopolitical tensions, and shifting investment priorities. From enhanced profitability to concerns over regulatory inconsistencies and talent retention, explore how companies are adapting strategies amidst evolving market dynamics. This comprehensive overview sheds light on the complexities and opportunities shaping the business landscape in China today.

In this year's China Business Climate Survey (BCS) Report, members report improved financial results for 2023, with increased profitability and EBIT margins in key sectors, and a more positive two-year business forecast, driven by opportunities in carbon neutrality and expectations of continued economic reforms in China. However, most plan limited or no new investments in 2024, prioritizing growing core business over expansion. Tense US-China relations headline several persistent challenges for members, with this issue under an ever-brighter spotlight, followed by regulatory inconsistencies, and rising costs. Over one-third feel less welcome in China, expressing doubts about market openness and concerns over unfair treatment in market access and regulatory enforcement. The Technology and R&D sector particularly struggles with cybersecurity and IPR issues, citing tech decoupling and data policies as major constraints. Despite these challenges, most members are maintaining their manufacturing or sourcing in China. Talent retention has improved slightly,

though is still impacted by bilateral tensions. Notably, 80% of members are implementing Environmental, Social, and Governance (ESG) practices such as Diversity, Equity, and Inclusion (DEI), employee training, and business ethics to boost their brand image.

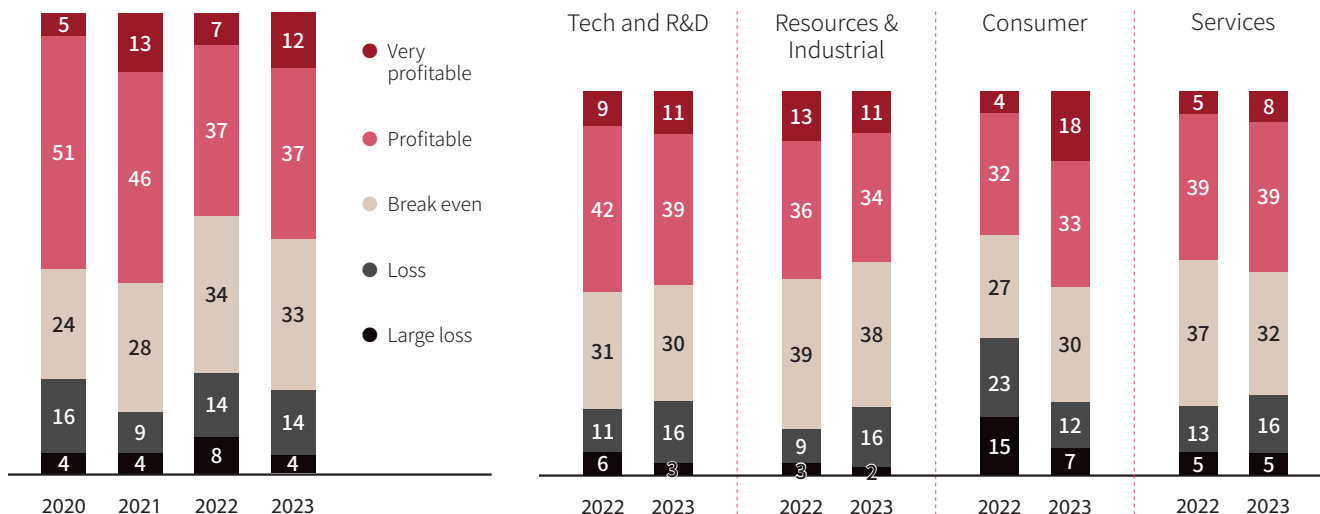
### Key Findings

#### ***2023 Financial Performance: Improved Results with Increased Profitability and Rising EBIT Margins in Key Sectors***

The 2024 Business Climate Survey reveals an improved financial situation, encouraged by the lifting of pandemic restrictions and increased high-level governmental engagements. Projected revenues for 2023

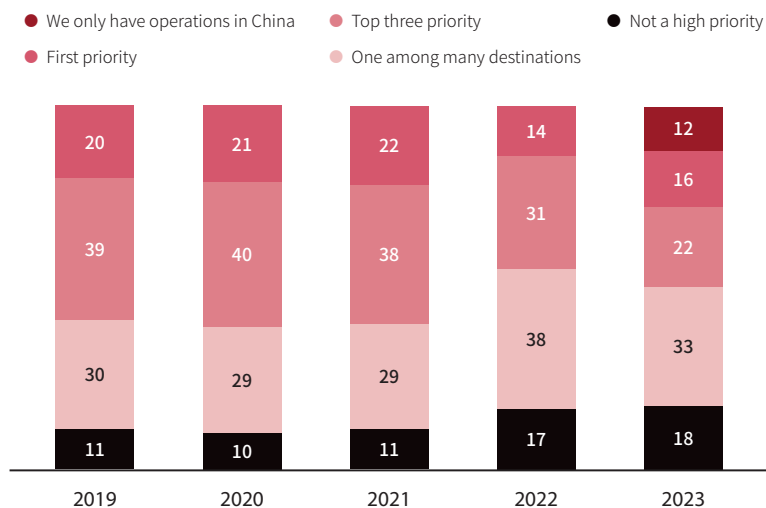
## How would you characterize your company's financial performance in China in 2023?

By percentage



## China's rank in near-term global investment plans

By percentage



show a slight, yet significant, increase from last year, particularly in the Consumer and Services sectors. Notably, nearly half (49%) of the respondents anticipate profitability in 2023, improving by 5pp compared to last year. Furthermore, about one-third of members expect an increase in their EBIT margins over 2022, with substantial growth in the Resources and Industrial (R&I) and Consumer sectors, aligning their EBIT margins of China operations closely with global figures.

### Intent to Invest: Slight Rebound in China's Position as a Top Global Investment Destination

In a notable shift from last year, when a majority of the respondents did not consider China among their top three global investment priorities, this year sees a slight rebound. This year, half of the survey participants place China as their first choice or within their top three investment destinations globally, marking a 5pp increase from last year's all-time low. Notably, this 50% includes 12% of members who operate solely in China, offering a more detailed view of the investment landscape.

### US-China Relations: Nearly All Respondents View US-China Relations as Crucial, with More Optimism for Improved Bilateral Ties and Market Access in 2024

Nearly all respondents, especially from the Technology and R&D sector, consider US-China relations crucial to their businesses, with around 30% expecting improvements of bilateral relations in 2024, reflecting a rise in optimism compared to 2023. With members polled for this survey ahead of the Biden-Xi bilateral summit in late 2023, there was hope for China's market to become more accessible to foreign companies and seek adjustments in China's data policies. Members also hope the US government can moderate its rhetoric and

pursue effective, high-level dialogues, while urging the Chinese government to treat US businesses fairly and engage more with the foreign business community.

**Confidence in China’s Openness: Sectoral Differences in Fair Treatment and Cautious Optimism About China’s Market Opening**

One-third of the survey participants say they experienced unfair treatment compared to local competitors, albeit with some improvement from past years. This feeling also differs across sectors: Consumer companies report enhanced fairness, whereas the Technology and R&D sector notes a decline in equitable treatment. Among members from all sectors, 57% are either uncertain or lack confidence in China’s dedication to further opening its market to foreign investments. Despite this, there is an increase in optimism by 9pp compared to last year. This combination of uncertainty and optimism suggests that members have a cautious view of China’s efforts to further open its market over the next three years.

**Top Five Business Challenges: Persistent Concerns Over US-China Relations, Regulatory Interpretations, and Costs Since 2021**

For the fourth consecutive year, rising tensions in US-China relations remain a primary concern for members, a trend that began in 2021. Although the level of

concern has marginally decreased compared to last year, it still ranks high among members’ priorities. Additionally, there is a growing concern regarding inconsistent regulatory interpretations and rising labor costs. Apart from 2023, when COVID-19 restrictions surfaced as a predominant issue, these challenges have consistently ranked within the top two or three concerns for members.

**IP Concerns: Technology and R&D Sector Faces Considerable Cybersecurity Challenges and Persistent Concerns Over IPR Enforcement in China**

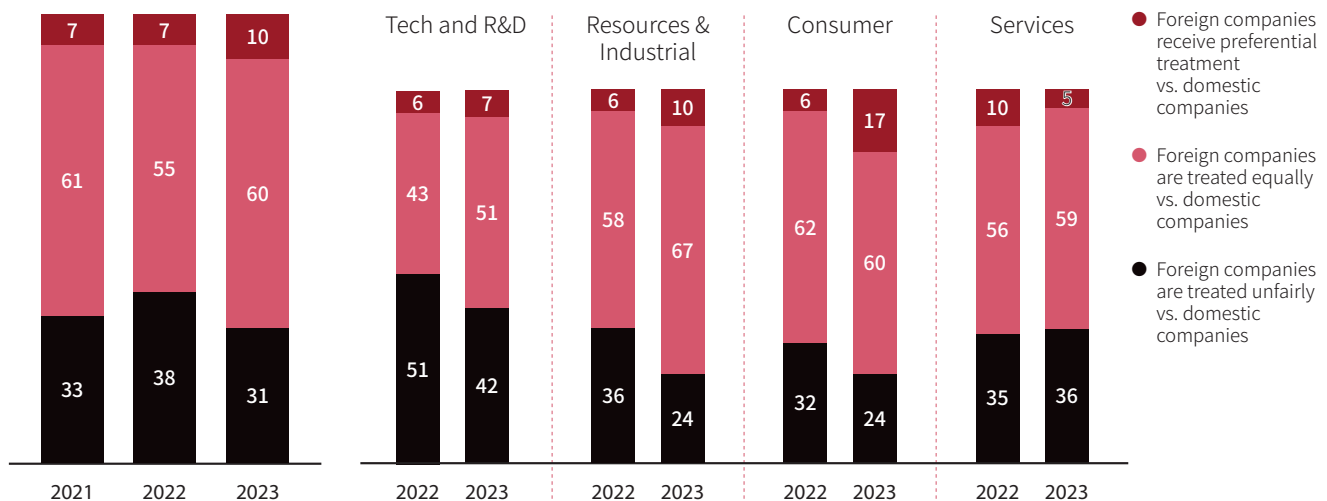
Members from the Technology and R&D sector report considerable challenges related to China’s Cybersecurity Law. Although 35% recognize advancements in the enforcement of China’s intellectual property rights (IPR), the drop from 2020 underscores ongoing concerns regarding IPR issues.

**Manufacturing or Sourcing: Majority of Members Retain Capacity in China Despite Growing Concerns Over Geopolitical Tensions and Policy Uncertainties**

A majority of members across sectors have no plans to move their manufacturing and sourcing out of China. Yet, from 2021, there is a slight, but notable, uptick in the number of members considering this option.

**How are foreign companies in your industry treated by government policies and enforcement actions relative to domestic companies?**

By percentage



### Please select your TOP FIVE business challenges in China

	2020	2021	2022	2023	2024
<b>1</b>	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%	Rising tensions in US-China relations 61%
<b>2</b>	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%	Inconsistent regulatory interpretation and unclear laws & enforcement 30%
<b>3</b>	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%	Rising labor costs 27%
<b>4</b>	Regulatory compliance risks 23%	Increasing competition from privately owned Chinese companies 33%	Regulatory compliance risks 28%	Rising labor costs 25%	Concerns about data security 26%
<b>5</b>	Shortages of qualified management 23%	Concerns about data security 26%	Concerns about data security 23%	Regulatory compliance risks 25%	Increasing competition from privately owned Chinese companies 24%

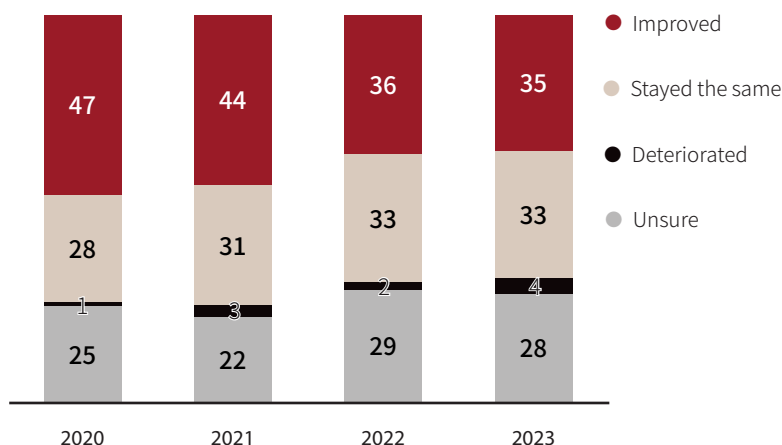
Particularly, the Services sector shows the highest percentage of companies deciding against relocating their capacities. Among those considering a relocation, the main factors driving this consideration are escalating geopolitical tensions, risk management issues, and uncertainties in China’s policy landscape. Although concerns about risk management have diminished, concerns over geopolitical tensions have increased significantly from last year.

#### ***Talent Retention: Reduced Reluctance to Relocate to China Amid Rising Concerns Over US-China Relations Impacting Foreign Talent Recruitment***

The primary challenges in attracting foreign talent to China, as reported by members, include concerns over US-China relations and a general reluctance to relocate and reside in China. But there has been a significant reduction in concerns related to candidates’ unwillingness or inability to relocate to China this year, likely as a result of the termination of China’s Zero-COVID policy. Meanwhile, the issue of escalating bilateral tensions has grown more prominent among respondents, increasing by 6pp over the last year.

### In the last year, China’s enforcement of Intellectual Property Rights (IPR) has:

By percentage



#### ***ESG: 80% of Surveyed Members Implement ESG Practices in China, Emphasizing DEI, Employee Training, and Ethics to Boost Business Reputation***

Around 80% of the surveyed members are implementing ESG practices in their China operations, with half viewing it as beneficial for improving their business reputation. The most popular ESG initiatives among these companies include DEI, employee training programs, and a focus on business ethics. ④

# 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.

## **Agriculture Committee** <sup>8</sup>

**Yong Gao**, Bayer

## **Automotive Committee** <sup>1</sup>

**Jun Jin**, PwC

**Lynn Luo**, General Motors

## **Business Sustainability Committee** <sup>11</sup>

**Jing Wu**, UPS

## **Chinese Government Affairs Committee** <sup>12</sup>

**Bing Zhou**, Intel

**Qiang Lv**, Abbott

## **Cosmetics and Nutrition Committee** <sup>2</sup>

**Jane Yan**, Amway

**Chunhui Xu**, GCC CNPERMIT

**Frida Liu**, Kenvue

## **Education Committee** <sup>3</sup>

**Jingyu Wang**, Beijing Global Gateway, Uni. of Notre Dame

**Fran Liu**, University of Minnesota China Office

**Katie Beck**, Western Academy of Beijing

## **Election Committee** <sup>6</sup>

**William Zarit**, The Cohen Group

## **Energy Committee** <sup>9</sup>

**Sue Wang**, Honeywell

**Grace Chen**, Aspen Technology

**Li Yanzhong**, ICF

## **Export Compliance Working Group** <sup>7</sup>

**Ken Nichol**, Gulfstream Aerospace

**Joan Pan**, Hewlett Packard Enterprise

## **Financial Services and Insurance Committee** <sup>1</sup>

**Erin Zhang**, Goldman Sachs

**Viki Huang**, State Street

## **Outbound investment Sub-Committee**

**Kenneth Zhou**, Wilmer Cutler Pickering Hale and Dorr

## **Food & Beverage Committee** <sup>8</sup>

**Xiaokun Li**, Coca-Cola

**Alice Fan**, Pepsi

**Henry Xu**, Starbucks

## **Healthcare Industry Committee** <sup>10</sup>

**Irene Hsu**, Amgen

**Alice Xu**, Boston-Scientific

## **Human Resources Committee** <sup>3</sup>

**Charise Le**, Schneider

**Michelle Zhang**, Pfizer

**Charles Shao**, Korn Ferry

**Annie Wang**, Bayer

**Janet Chen**, Microsoft

## **Visa Sub-Committee**

**Becky Xia**, Fragomen

## **ICT Committee** <sup>4</sup>

**Joanna Mao**, United States Information Technology Office (USITO)

**Wenjie Gu**, Zoom

## **Legal Affairs Committee** <sup>1</sup>

**Zhaoqi Cen**, Zhong Lun Law Firm

**Tracy Doherty-McCormick**, Boeing

**Susan Munro**, K&L Gates

**Scott Palmer**, Perkins Coie

## **Manufacturing, Customs, Supply Chain and Sourcing Committee** <sup>4</sup>

**Craig Ablor**, Boeing

**Jonathan Kendrick**, Pacific Resources International (PRI)

**David Song**, Cummins

## **Marketing, Advertising, and PR Committee** <sup>2</sup>

**Fiona Huo**, The Economist Group

**Peter Zhong**, Edelman China

## **Media and Entertainment Committee** <sup>2</sup>

**Charles Shi**, Universal Parks

## **Policy Committee** <sup>13</sup>

**Lester Ross**, Wilmer Cutler Pickering Hale and Dorr

**Travis Tanner**, GreenPoint Group

## **Real Estate and Development Committee** <sup>2</sup>

Vacant

## **SMEs & Entrepreneurs Committee** <sup>4</sup>

**Zach Ebling**, Booyah Education

**James Nobles**, Bizarre Beijing

## **Sports Committee** <sup>1</sup>

**Tony Qi**, Major League Baseball

**Kenneth Li**, Waitex Group

**Tax Committee**<sup>1</sup>

Jessia Sun, EY

**US Government Relations Committee**<sup>13</sup>

William Zarit, Cohen Group

**Women Professionals Committee**<sup>4</sup>

Su Cheng Harris-Simpson, SCHS Asia

Frances Yu, Amway

Qian Liu, The Economist Group

Lin Gao, Message Coach

**Young Professionals Committee**<sup>1</sup>

Connie Feng, ExxonMobil China

**Central China Chapter****CGAC Committee**<sup>14</sup>

Marina Chen, Wuhan Shui On Tiandi Property Development Co., Ltd.

Jun Hu, Synopsys (Wuhan) Co., Ltd.

**Education Committee**<sup>14</sup>

Christopher Rehm, Wuhan Yangtze International School

**Training Committee**<sup>14</sup>

Scott Shaw, LifePlus Worldwide

**Northeast Chapter****Education Committee**<sup>16</sup>

Richard Swann, Dalian American International School and Dalian Huamei School

Andrew Zepf, Maple Leaf Foreign National School Dalian

**Human Resources Committee**<sup>17</sup>

Vacant

**Legal, Tax, and Accounting Committee**<sup>17</sup>

Nicole Wang, Vialto Partners

Sylvia Xu, PwC

**Women Professionals Committee**<sup>16</sup>

Vicky Guo, Fraser Suites Dalian

**Tianjin Chapter****Chinese Government Affairs Committee**<sup>18</sup>

Bo Yu, PwC Tianjin Branch

Cathy Yan, PPG Coatings (Tianjin) Co., Ltd.

**Education Committee**<sup>20</sup>

Wei He, The Tianjin Juilliard School

Chuck Yang, Fayao Education

**Manufacturing & Sustainability Committee**<sup>19</sup>

Marcus Williams, Boeing Tianjin

Chris Yan, OTIS Elevator (China)

**Tianjin Culture & Lifestyle Committee**<sup>20</sup>

Humphrey Wang, Tianjin Pher Food Beverage Management

Rebekah Erickson, Tianjin Renew Life Sports

Leo Luan, Leying International Camp

**Real Estate Committee**<sup>18</sup>

Dannie Mu, The Executive Center

William Gao, JLL

**Women Professionals Committee**<sup>19</sup>

Linda Liu, NXP Semiconductors

Golden Zhang, Tianjin Amcare Women's & Children's Hospital

**Cooperation Programs****US-China Aviation Cooperation Program**<sup>7</sup>

Alvin Liu, Boeing

Noel E. Arbis, FAA

**US-China Energy Cooperation Program**<sup>9</sup>

Maggie Jia, Cheniere

Yumin Yang, ConocoPhillips

Ma Li, ECP

**US-China Healthcare Cooperation Program**<sup>10</sup>

Roberta Lipson, United Family Healthcare

Rong Zheng, Merck Healthcare

Edward Wang, HCP

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Throughout the first months of 2024, AmCham China's Committees have been more active than ever. In the first Quarter, the Chamber's 30+ industry Committees have hosted over a diverse range of relevant events for our membership. Join the AmCham China Quarterly as we highlight some of the most memorable events of the last quarter.

# A Bright Start: Highlights of First Quarter Committee Events



## All Committee Leadership Mixer

On January 12, AmCham China hosted a member-only Committee Leadership Mixer at the Lobby Lounge of Conrad Hotels & Resorts Beijing. This exclusive gathering served to bid farewell to departing Co-Chairs while extending a warm welcome to our new leaders. The event provided an excellent opportunity for new Co-Chairs and members to connect ahead of the upcoming year."

**Left:**

AmCham China President Michael Hart welcomes guests to the Committee Leadership Mixer

Photo courtesy of AmCham China

## Policy Committee: 2024 Policy Priorities Townhall

On February 5, the Chamber's Policy Committee hosted members for the annual Policy Priorities Townhall. This event serves as a crucial platform for members and the Chamber's leadership to meet and discuss the foundational objectives of AmCham China's policy, advocacy, and messaging for the year ahead. This annual event is a must-attend for AmCham China members who want to have their voices heard and reflected in the Chamber's work in the year ahead.



**Above:**

AmCham China President Michael Hart at the Policy Priorities Townhall

Photo courtesy of AmCham China



## Legal Affairs Committee: China's Amended Company Law & Implications for Foreign Investors



**Above:**  
Attendees at the sold-out Amended Company Law briefing event

Photos courtesy of Yoyo Wu



On February 27, the Legal Affairs Committee hosted a sold-out briefing on China's Amended Company Law and its implications for foreign investors. The amended law, set to take effect on July 1, 2024, introduces significant regulatory measures aimed at bolstering corporate governance standards, particularly for limited liability companies and companies limited by shares. For the event, the Legal Affairs Committee brought together an expert panel including Bin Liu, Associate Professor of the Institute of Business Law at China University of Political Science and Law, and experts from Han Kun Law Offices LLP, including Ray Shi, Aaron Zhou, Ruby Jiang, and Qimin Zhu, who provided insights into the implications of the law for foreign-invested companies.

## Young Professionals Committee - Black History Month Hip-Hop Dance Party



On February 28, the Young Professionals Committee, together with the Beijing American Center, celebrated the end of Black History Month with a Hip-Hop Dance Party. From beginners to experienced dancers, the party catered to individuals of all skill levels. Attendees took advantage of teaching sessions led by talented instructors, eager to learn new moves and embrace the rhythm of hip-hop.



**Above:**  
Attendees of all ages join in the Black History Month Hip-Hop Dance Party

Photos courtesy of AmCham China

## Tianjin Women's Professional Committee - #InspireInclusion Symposium



On March 8, the Tianjin Women's Professional Committee (WPC) organized the #InspireInclusion Symposium, aligning with the 2024 International Women's Day campaign theme. Co-Chairs Linda Liu from NXP Semiconductors and Golden Zhang from Tianjin Amcare Women's & Children's Hospital shared insights on gender equality in the workplace in China and unveiled the findings of the #inspireinclusion Survey Report from member companies. Keynote speeches were delivered by Lin Gao, CEO of Message Coach; Randy Dong, RGM Butler China North and Co-Chair of the AmCham China Women Professionals Committee; and Maggie Zhao, HR Manager of Butler, highlighting endeavors to foster diversity and address unconscious biases.

**Left top:**

From left to right, panelists Linda Liu, Tianjin WPC Co-Chair & NXP Semiconductors; Wei Lv, CDP Group; Golden Zhang, Tianjin WPC Co-Chair & Amcare Women's & Children's Hospital; Rain Ma, Anisa Cosmetics

**Left bottom:**

Linda Liu, Tianjin WPC Co-Chair & NXP Semiconductors

Photos courtesy of AmCham China

## Human Resources Committee: Labor Relations & Mental Well-being at Work

On March 21, The AmCham China HR Committee hosted an event at the Chamber's Beijing offices focusing on "Addressing Labor Relations and Mental Well-being at Work," featuring workshops led by experts from United Family Hospital Beijing and LABOURS. Attendees engaged in discussions and case analyses, gaining valuable insights into supporting employees' mental health while navigating labor relations challenges.

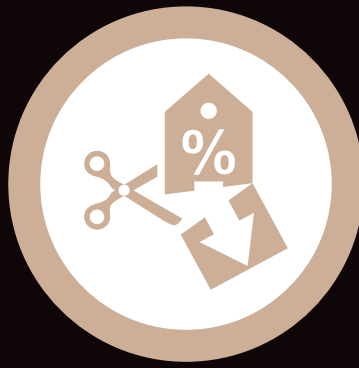
See page 46 for full information on Committee leadership and AmCham China support staff. Additionally, stay tuned for more exciting events from the Chamber's 30+ committees throughout the year. With a diverse range of topics and expert insights, there's always something valuable to discover and engage with at AmCham China! 



**Above:**

Attendees at the HR Committee's "Addressing Labor Relations and Mental Well-being at Work" event

Photo courtesy of AmCham China



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Get the most from your AmCham China membership through exclusive discounts on products and services from your fellow members. Bring your AmCham China membership card with you, and start enjoying the benefits of the Member Discount Program today!

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To become a partner, contact Dandan Xie at (8610) 8519-0882, or send an email to: [dxie@amchamchina.org](mailto:dxie@amchamchina.org)

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