

# INSIGHT.

The Journal of the American Chamber of Commerce in Shanghai - Insight May/June 2021

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## THE SUZHOU ADVANTAGE



We visit two companies that have established production facilities inside the Suzhou Industrial Park, exploring both the demands and rewards that come with manufacturing in China, for China.

Also in this issue: Andy Rothman writes on the fundamentals of China's economic growth, and Helen Toner answers our questions on the AI rivalry between the US and China.



**FEATURES P.17**  
Survey on the cancellation of non-taxable allowances



**POLICY P.20**  
China releases blocking rules against foreign laws



**MEMBER NEWS P.26**  
Highlights from the 2021 Americas Ball

# CORNERSTONE HAS THE RIGHT COACH FOR YOUR BUSINESS



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The Journal of the American Chamber of Commerce in Shanghai - March/April 2021

## FEATURES

05

### Writing to Americans About China

Andy Rothman describes the fundamentals of China's economic growth and addresses some key risks

08

### Contract Manufacturing in Suzhou

How China's move up the industrial value chain presents opportunities and challenges of two manufacturers in Suzhou

14

### The US and China's Burgeoning AI Rivalry

An interview with Helen Toner, director of strategy at Georgetown's Center for Security and Emerging Technology

17

### AmCham Survey on the Cancellation of Non-Taxable Allowances for Foreign Employees

Highlights from the report on the impact on foreign businesses

## POLICY PERSPECTIVES

20

### China Releases Blocking Rules Against Foreign Laws

Legal insight from Haynes and Boone, LLP on the new blocking order and takeaways for businesses

22

### Why You Need to Protect Your Trademark in China

R&P China Lawyers on key steps and enforcement methods

## MEMBER NEWS

26

### AmCham Shanghai's 2021 Charity Ball

A look back at this year's ball: Carnaval de las Americas

28

### Parade of Colors: 2021 AmCham Shanghai Children's Art Exhibition

See this year's gold and silver winners

30

### Committee Chair's Corner

Q&A with Xiaomei Lee, chair of the Women's Executive Network

33

### Event Report

Highlights from events of the past two months

36

### Month in Pictures

Selected photos from the past two month's AmCham Shanghai events

38

### AmCham Shanghai Welcomes New Members

Here are the companies that recently joined our community



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# CHAIRMAN'S NOTE



JEFF LEHMAN

**Chairman of The American Chamber  
of Commerce in Shanghai**

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When I was 15 years old, my father took me to the University of Maryland's Cole Field House to watch members of China's table tennis team play an exhibition match against the university. The 1972 visit was a bookend to the friendly match played in Beijing by America's team the year before. During the intervening year, Henry Kissinger had made his secret trip to Beijing, and Richard Nixon's subsequent visit to China had culminated in the issuance of the Shanghai Communiqué.

We are just now completing a month of celebrations of the 50th anniversary of ping pong diplomacy. At events in Shanghai and Beijing, a variety of speakers (including recorded remarks from Dr. Kissinger), discussed how the two governments' carefully measured steps to restore normal relations had been facilitated by the unscripted, spontaneous interactions between athletes from the two nations.

These celebrations often framed ping pong diplomacy as emblematic of a distinction between government-to-government interactions and people-to-people interactions. Whereas government-to-government discussions are perceived as formal, freighted in the arcane and precise language of diplomacy, people-to-people discussions are perceived as informal, personal and authentic.

Ping pong diplomacy began during the 1971 world table tennis championships in Nagoya, Japan. American player Glenn Cowan (a long-haired 18-year-old from Los Angeles) accidentally climbed onto the wrong shuttle bus and rode with the Chinese team back to the dorms. After ten minutes of awkward silence, Chinese player Zhuang Zedong (the 30-year-old world champion) brought Cowan a gift of a silk scarf and began to chat with him through an interpreter.

In the span of only five minutes, the two men connected. Preconceptions they had each been taught from an early age began to waver. The next day, Cowan gave Zhuang a T-shirt bearing a peace symbol and the lyrics to "Let It Be." Their shared smiles were captured in photos that warmed hearts worldwide.

When analysts evoke the power of people-to-people interactions, it is natural to conjure up the image of athletes. Yet as heartwarming as that image may be, it behooves us even more to summon up the image of businesspeople. Through international commerce, people in different countries cooperate to make both their lives better. Buyers and sellers, investors and entrepreneurs, producers and consumers cooperate to create and share an "economic surplus."

Today disagreements between China and the US are as intense as at any time in the past half century. That fact only accentuates the importance of business-to-business diplomacy. Through their enterprises, the members of our Chamber all have an important role to play in helping to stabilize relations between the two countries. They are worthy heirs to the legacies of Zhuang and Cowan. **I**

# WRITING TO AMERICANS ABOUT CHINA

By Andy Rothman



**Andy Rothman** is an investment strategist at Matthews Asia. He is principally responsible for developing research focused on China's ongoing economic and political developments while complementing the broader investment team with in-depth analysis on Asia. Prior to joining Matthews in 2014, he spent 14 years as CLSA's China macroeconomic strategist. Previously, Andy spent 17 years in the US Foreign Service with a diplomatic career focused on China, including as head of the macroeconomics and domestic policy office of the US Embassy in Beijing.

**D**uring my 20+ years living in China, one of the challenges I enjoyed was trying to explain that country to bosses, clients, friends and family back home in the US. Competing with the often simplistic narratives in the popular media made this complicated.

In my view, every American needs to better understand the fundamentals of China's economic growth, including its impact on the US economy. In this article, I will outline the five most important and most misunderstood aspects of China's economic rise, with the hope that it may help AmCham members explain China to their own audiences back home. I will also

address some of the key risks. My perspective is based on almost four decades of experience, first as an American diplomat and then as an analyst in the financial sector.

## China drives global growth

In the 10 years through 2019, China, on average, accounted for about one-third of global economic growth, larger than the combined share of global growth from the US, Europe and Japan.

In 2020, China probably accounted for almost all of the world's economic growth, as was the case during the global financial crisis. But that will likely return to "only" a one-third contribution this year.

At the same time, most American investors have little direct exposure to this driver of global growth. We estimate that in the average American's portfolio, China accounts for only about 3% of holdings.

## Rebalancing for sustainable growth

China is in the midst of a rebalancing away from dependence on manufacturing to an economy which, like developed economies, is driven by services and consumption.

Last year was the ninth consecutive year in which the services and consumption (tertiary) part of China's GDP was

larger than the manufacturing and construction (secondary) part, as rebalancing continued despite the pandemic.

Consumption does not yet play as large a role in China's economy as in most developed countries (consumption is about 56% of China's GDP, compared to an OECD average of 73%), but this transformation towards a domestic demand-driven economy is well under way and will continue. China's dynamic services sector provides American companies and investors with opportunities similar to those in the US market.

## China is entrepreneurial

One frequently overlooked structural shift is that Chinese companies have become entrepreneurial, and privately-owned firms drive job creation and innovation.

When I first worked in China in 1984, there were no private companies — everyone worked for the state. You couldn't even find a privately run restaurant. Today, almost 90% of urban employment is in small, privately owned, entrepreneurial firms. With the state-sector continuing to shrink, all of the net, new job creation today comes from private companies.

The extent of private ownership in China may surprise many investors. A recent study published in the US by the National Bureau of Economic Research found that in 2019, individuals owned 69% of registered capital of all Chinese companies, up from a 52% share in 2000.

## World's best consumer story

The Chinese government spent a couple of decades focused on building out public infrastructure — everything from roads and bridges to power generation and distribution, as well as high-speed rail lines to connect the more than 150 cities with populations over one million. This, along with the rise of entrepreneurial, privately owned firms, laid the foundation for a consumer-driven economy.

In 2020, retail spending in China

(converted to dollars), was equal to 88% of retail sales in the US, up from 52% a decade earlier. Between 2009 and 2019, the real (inflation-adjusted) compound annual growth rate of consumption in China was 8.5%, compared to 1.9% in the US.

This strong consumer spending in China has been fueled by dramatic income growth. Over the 10 years through 2019, real income rose at an average annual pace of 7.9% in China, compared to 1.9% in the US and 0.7% in the UK.

I expect China's strong consumer story to remain resilient in the coming years. Income growth is likely to accelerate as the impact of Covid recedes further. The year-over-year growth rate is likely to slow gradually, but should remain much faster than in other large markets.

A high propensity to save also backstops strong spending. Household bank deposits have been rising at a double-digit YoY pace since

shows that overall, economic engagement with China has been good for American employment. Some manufacturing jobs have been displaced by imports from China, but other manufacturing jobs have benefitted from lower-cost inputs from China as well as from exports to that fast-growing market. Trade is not the problem. Rather, our domestic policies have failed to adequately help workers who have suffered the negative consequences of change, whether due to imports or to technology.

A study by economists at the St. Louis Fed found that although those imports do cause short-term pressure, "manufacturing industries across US states are better off in the long run," and "the US economy is better off, as it benefits from access to cheaper goods from China."

And engagement with China has helped keep prices lower for American families, especially low-income



late 2018, and as of 2020, the savings rate was 38% for urban families and 20% for rural families. In 2019, household bank deposits in China, converted to dollars, were larger than the combined GDPs of the UK, Brazil, India, Russia and Italy.

## Economic engagement with China has been good for American families

While some insist that China's rise has had harmful effects on the American economy, the evidence

households who spend more on tradable goods. (Higher-income consumers spend relatively more on services).

A recent study by Fed economists concluded that "US consumer prices fell substantially due to increased trade with China," and that "these price effects are particularly large in product categories selling to low-income consumers." This has been critical while so many Americans are working and studying at home, as more than 90% of laptop imports have come from China.

## Let's also talk about risks

Investing and doing business in China is not, of course, without risks. It is, however, important to understand these risks, and to put them into context.

Let's explore two of those risks, starting with demographics. Today, about 13% of China's population is 65 or older, compared to 28% of Japan's

A second important step has been government policies to encourage automation as a way to compensate for a gradually shrinking workforce. A third step has been a series of policies intended to stimulate innovation to propel Chinese firms up the value chain. A fourth step likely to come in the near future will be an increase in China's official retirement age,

and pace of recognition of nonperforming loans. It is also important to note that the majority of potential hidden bad debts are held by state-owned firms, while the leverage of the privately owned companies that employ the majority of the workforce and account for the majority of economic growth isn't high. Additional positive factors are that China's banking system is very liq-



“ The Chinese government has been taking several steps designed to mitigate the economic impact of an aging population. Perhaps the most important step has been a focus on raising education levels, to prepare its workforce for higher value-added jobs. ”

population (as well as 16% in the US and 19% in the UK). China won't be roughly as old as Japan is today until 2050, when it is projected to have 26% of its population over 65 (At that time, 22% of the US population and 25% of the UK are forecast to be 65 or older).

The Chinese government has been taking several steps designed to mitigate the economic impact of an aging population. Perhaps the most important step has been a focus on raising education levels to prepare its workforce for higher value-added jobs. The annual number of graduates with college and advanced degrees has risen to 8.7 million in 2020, up from 1 million in 2000.

which is, at 50 to 55 for women and 60 for men, one of the lowest in the world. Raising this to the OECD average of 65, for both men and women, could boost the size of the workforce by 27 million annually. In contrast, from 2015 to 2019, the average annual net increase in urban employment was 10 million.

Another important risk is debt. China's debt problem is serious, but the odds of a hard landing or banking crisis is, in my view, low. The reason is that the potential bad debts are corporate, not household debts and were made at the direction of the state — by state-controlled banks to state-owned enterprises. This provides the state with the ability to manage the timing

and pace of dealing with bad debts has begun.

Cleaning up China's debt problem will be expensive but will not likely lead to the dramatic hard landing or banking crisis scenarios that make for a sexier media story.

China certainly faces many significant economic challenges. In my view, however, these are being addressed by the country's entrepreneurs, companies and regulators, and are unlikely to disrupt the longer-term growth story that makes China an important factor for every American company and investor to consider. **I**

# CONTRACT MANUFACTURING IN SUZHOU

Manufacturers make up half of AmCham Shanghai's membership. We wanted to understand the challenges, opportunities and operations of these firms, especially as China moves up the industrial value chain.

By Ian Driscoll



Shpetim Arifi

**S**hpetim Arifi is the China managing director of Fredriksons. The company specializes in the development, produc-

tion, assembly and testing of modules and systems for high-end clients in the medical devices, pharmaceutical, food and beverage and environmental sectors. Fredriksons' Suzhou Industrial Park manufacturing site employs about 120 people, and the company expects to grow its workforce.

Arifi studied business management and mechanical engineering in Skövde, Sweden. He came to China at age 27 in 2012, to serve as a general manager for Arkivator Industry. In 2017 he joined the XANO Group and was appointed as managing director of Fredriksons China.

APAC'. We had global customers who demanded that we localize. Our exports to other Asian countries are now 15-20% of total sales, with a small percentage to Europe.

The pandemic has made it very clear to international companies the importance of resilient and agile local organizations, localized R&D and shorter lead-times and decision making. And like it or not, geopolitics has become part of our job. China is aiming to be as independent as possible by developing its own reliable supply chains.

cuss cost early on. When it comes to material prices and exchange rates, you need to have agreed policies and structures and it is fair to update these each quarter.

As for total costs – rent, wages, etc., – these are continuously rising in China. So reliable and results-focused production systems matter. In China we have developed our own – the Fredriksons Production System – which we constantly update to drive and improve the organization.

All our people have their KPIs directly connected to our ERP-system. Ensuring that we have necessary resources, clear communication, action and an expected ready date are critical contributors to our success. By connecting everything to the ERP, our decisions are based in facts, not feelings.



**How much of what you manufacture is used domestically versus exported?**

Our strategy when we came to China in 2006 was 'In China for

**How do you manage costs?**

It is important to have a mutually sustainable relationship with our partners. Most important is to dis-

**Do you plan to expand your manufacturing footprint elsewhere in China?**

In Suzhou we are expanding our factory by 2000 square meters. This is because we foresee more localiza-

tion of middle and advanced manufacturing in China, often called 'In China, for China' projects.

Big companies have opened their eyes — the Chinese market is fast-moving and requires fast decisions, short lead-times, local after-service and lower total cost. Competitors are moving fast and making fast decisions. Our organizations must adapt and execute to the end-user's demands.

If you can protect your customers' IP while manufacturing in China and produce with shorter lead times and lower total costs — this is where you provide a value proposition to demanding customers.

**Is it difficult to find and retain good engineering talent, especially in a place like the Suzhou Industrial Park? What tools do you use to retain talent?**

We have extremely low employee turnover; it's hard but not impossible to keep talent. Talents do not choose companies; they choose their leaders/supervisor/manager. The person who interviews the candidate has a big impact on their decision. The candidate wants to think that he/she can learn something from you.

Engineers want to make things. So, it's about creating a culture where people can dare to make mistakes. The culture we promote is that it's better to do something and do it wrong, than not do it at all. This makes engineers more comfortable, and lessons learned from mistakes make the company better.

We also have sustainability and other events to encourage practices that improve the company. And we celebrate when we do something good.

**How do you identify new markets?**

A new market is about creating a new business service that takes away customers' headaches. It also adds a new revenue stream to Fredriksons. In the last three years, we have created products from scratch — for example,

biopharma solutions such as sterile formulation solutions and deep filtration products. These products are designed, produced, tested and installed by our team here in China.

We start with the business development manager, we check market demand, identify current rivals, look for customer headaches in current segments, what is most important, etc. Then we do an internal SWOT analysis and risk management. We also look at external factors and their effect on Fredriksons. For example, we read about and listen to what the Chinese government is supporting and planning.

The biopharma industry is growing, and in our segment we forecast 18-22% annual growth in the coming four years. It made sense to start a new business area that increases our own revenue but also adds to customers' and end-users' business. This new revenue stream grew 135% last year.

**Some experts expected a move to dual- or multiple-sourcing after supply chains seized up following Covid. Instead, you suggest that partnerships matter more now than they did before Covid. Can you elaborate?**

[Multiple sourcing] might work for auto companies, but [for firms in general] partnerships will matter more than ever. In the future, supply chains will compete with supply chains rather than companies competing with companies. In a fast-changing world you need to be more than just a 'built to print supplier'; you need to add your expertise — in manufacturing design, for example — to your customers' products. Scalability is also important, and as a supplier you

should have an information system that shares data and your progress with the end customer.

Rather than having three or four suppliers, companies will look for partners with a value proposition that allows them to stay focused. For example, if a demanding global customer that produces reliable and precise radiotherapy treatments can focus on their exper-



▲ Precision welding

tise and use a trusted partner like Fredriksons for their manufacturing, assembly and testing, they will be successful. And it will allow them to invest more in R&D. Being an expert at one thing is better than being average at five.

**As you look out 1-5 years from now, what are the biggest challenges Fredriksons will face in China?**

Staying updated on local regulatory changes, and local competitors chasing market share instead of reasonable profit. The local competitors may be thinking of market share and a stock market listing, not profit. Our company wants orders, but it needs to be a win/win that is sustainable for us and our customers.

We analyze competitors, their



▲ Functional testing for a filtration skid

key customers, their key advantages. We also run a PESTEL analysis (political, economic, social, technological, environmental and legal). It helps connect us to China's focus and economic plan.

**Many Western manufacturers cite low costs, engineering talent and logistics networks as among the primary reasons for keeping export manufacturing in China. What keeps you manufacturing here?**

Companies that do simple manufacturing without value will be forced to 'go West' or leave China. China is no longer a low-cost country. To stay in economic zones such as SIP in Suzhou, Jiangsu or Shanghai, you need to be more than a 'manufacturer.' You need to move up the value chain, improve your service through automation and digitalization and create value instead of just an invoice.

[To stay here], we need to find new opportunities to increase sales by providing customers with data, predictive analysis, 24/7 service and having our production/supply chain connected with and transparent to our clients. It's also about decreasing total cost by partnering with innovators such as digital solution experts.

**As a foreigner living in China, what from a management perspective have you learned, or learned to do differently?**

The best thing is to mix Chinese and Western practices. In the West we plan, optimize, review and release 70% of the time and execute the last 20-30%. In China, you plan 20% and execute 80%, but we learn and calibrate ourselves during the 80%. What is right and wrong? China is moving so fast that if you use the traditional way of project management, then by the time you finish a project, the market is gone. The train has left the station before you can board.

An American electric vehicle manufacturer is a good example of product development in six months, not four years. They are focused on innovating and changing the world, not the little screw in the corner. To be successful in China, you need to make quick decisions. Speed is important because decision makers in China may not know about traditional lead-times. Here, shortened lead times are a competitive advantage. **1**

## The nine-minute managers

One of Arifi's innovations since arriving at Fredrikson's is the introduction of a series of nine-minute morning meetings called the Fredriksons Production System. They occur across all staffing levels, and actionable plans for the day are expected to emerge by each meeting's end. The system was created by the company's Suzhou staff, which makes it well-attuned to the site's needs. Regardless of rank, everyone at the meeting stands.

### 8:15 - 8:24 – Working stations

This meeting includes the operator and the team leader for a particular working station. Data is generated by the factory's ERP and attendees discuss "red" (sub-KPI) items. The aim is simple: to identify the cause of each "red" and how the operator can turn it "blue" (the optimal KPI level) with his team leader's support. The operator, says Arifi, is often the person who identifies the problem's cause and how to resolve it.

### 8:30 - 8:39 – Team leaders

Team leaders report to their supervisors about the outcomes of the working stations meetings, the problems identified, and the solutions and support needed to rectify them.

### 9:00 - 9:09 - Production management

Supervisors report to production managers about their team's status, work projects planned for the following days and the support (if any) required to meet their objectives.

### 10:00 - 10:09 – Top Management

Senior management first review factory safety and the operational status of equipment. Next, the team reviews ongoing projects for customers through the lens of each product group. The focus now turns to four measures: quality, materials, capacity and delivery times.

The objective of each meeting, says Arifi, "is to make decisions and find solutions that constantly drive us forward and make us better every day, not lecture staff or finger-point." The system's aim is to directly involve all 120 employees and to do so around a shared mantra: "Production at the center, the customer in focus."

# ANOTHER VIEW FROM SUZHOU

The head of a Suzhou electronics manufacturer offers his view on the China opportunity.

By Ian Driscoll



**Christian Kesten**  
*Scanfil is a contract manufacturer mainly focused on electronics manufacturing whose clients include ABB, Danfoss, Kone, ThermoFisher and Toyota. The company's Suzhou factory employs over 600 people. Christian Kesten, general manager of Scanfil Suzhou/China head, is an electronic engineer who previously worked for Ericsson/Sony Mobile in Beijing. He has been in China for 18 years.*

**How much of what you manufacture is used domestically by clients versus exported?**

We predominantly work with international customers in the local market. Previously China was a manufacturing hub from which most of our production was exported. That has changed. Today, 60% of our sales are domestic; 40% are for export, mainly to Europe. But 'local for local' will become more relevant for our customers. This has been accelerated by Covid-19, as well by China-US trade issues over the past year.

**What will be the local/export split five years from now?**

China may grow to 80% [of sales]. It also depends on SE Asia's development — if we become a hub for that market, then the portion could be the same. Our group view is that

us to help them serve the China market, which is another new trend. So, I am confident that the domestic business will continue to grow.

**How does Scanfil manage costs as a contract manufacturer? Is it different from being an OEM manufacturer? If so, what are the biggest differences?**

As an OEM manufacturer, you typically focus on your core products. Whereas as an EMS, we deliver sub-systems, pre-testing modules or even pure PC-BAs (printed circuit board assemblies), which is very common in the med-tech and industrial areas. It's quite a CAPEX-intensive business; we utilize standard processes and standard

resources, and these can be shared among different customers, securing high utilization of such equipment. One SMT line is a \$2 million investment. If you are making 1-10,000 [units] of a product, the cost would be impossible to carry yourself.

It's not just about CAPEX; it's about knowledge around these processes. The EMS



business growth will be bigger in China and Asia compared to the rest of the world in the coming five years. This is also the projection we receive from our customers. Decision makers in China have more authority now, and we need to provide our customers with good service in terms of cost, quality and flexibility.

We have also been approached by a number of American companies that want

business is typically low margin, but we don't have our own products and we don't have the need for a big sales and marketing organization or extensive R&D. Of course, we need to drive development when it comes to production technology, we need to look at productivity development and we need to keep developing our sales offering. Those are the major differences.



▲ PCBA production

### Do you plan to expand your manufacturing footprint elsewhere in China?

A first principle: we will follow our customers and be present wherever they see a need. That said, I don't believe it's likely that we will start any greenfield establishment in other parts of China. Today, China has two defined electronics centers: one in Shanghai/Suzhou, one in Shenzhen. They have strong and expensive infrastructure to support electronics manufacturing: a supplier network, special technologies and [people] with many years of experience. This is why

### a place like the SIP where competition must be intense?

We try to retain competent people, so last year we set up an internal talent program to promote, educate and invest in our key resources. We are also setting up collaboration with local universities and working with interns to help find potential candidates.

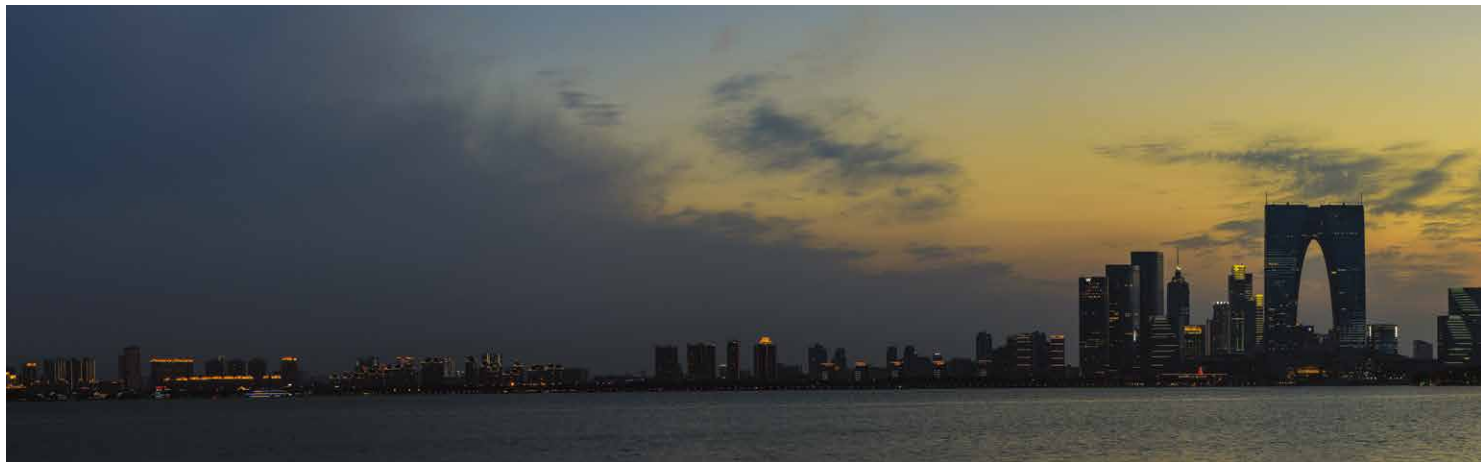
There are many competitors in this area, which is a challenge but also an opportunity. In the last two years a few companies have phased out some of their business from China – such as Flex and Celestica – and this has enabled us

different from other parts of the world. This also creates a good culture.

### Looking back at managing though Covid-19, did you implement new systems or protocols at Scanfil in China that were then used at your other manufacturing facilities?

Yes. We developed a safety protocol that included facemasks, disinfection, daily updates to our staff and knowing where people were located. The practices that we implemented in Suzhou in a quite hectic two weeks became the standard for all our plants. We are still reporting and following up on the Covid situation in our factories, with a protocol that is followed by everyone. This will now become part of our business continuity planning, and we will activate it when it is needed.

I was considered reckless by my friends/colleagues when I came back to China from Sweden [on February 2], but it turned out to be the safest place in the world. [In Suzhou] we also learned that in



China will be the center of the world for electronics manufacturing for years to come.

Having said that, more or less all of our customers are growing quicker in China than in the rest of the world. This is also affecting us, and we are prepared to respond in this location. We can add another 11,000 square meters of manufacturing shop floor, and this is part of my three-year strategy.

### What do you do attract and retain good engineering talent, especially in

to find experienced electronics industry people. We cannot compete with the highest salaries, but we can offer a good environment with a good life/work balance. And it is definitely much tougher to work in a totally Chinese company. Having said that, we have high expectations that you should work effectively while at work.

Almost 48% of our white-collar workers are women, and while this is not yet reflected in our management team, this is quite

a crisis a lot of good things unexpectedly develop. Our internal cooperation has improved to a different level. We have much better respect and understanding among different departments than before. We had a celebration half a year ago, and this is something we talked about a lot.

### Following Covid, are your clients – or you – building in any fat to the supply chain, either at the raw material or finished goods end of the production process?

We can see that prolonged lead times, and also the lack of availability of components has forced us to work more proactively with our customers, so we are requesting more accurate and longer forecasts. Before our industry primarily focused on costs, but now we are looking more at building sustainable supply chains.

We will work more actively with and have more support from our customers in securing second sources for key components.

**Do you anticipate that more manufacturers will look at dual- or multiple-sourcing in the future given what happened during Covid?**

We are seeing discussions among our customers. This is absolutely under consideration. Another factor is the China-US trade war, which has forced some of our customers, especially those exposed to the US market, to consider an alternative supply chain. So, we are preparing for dual possibilities, either from China or Europe. We are building both options. This would not have happened before.

But look at China. In China, we saw

The local market is one factor. And as I mentioned before, flexibility: flexibility in upscaling, flexibility in speed. You can find many markets where salaries are significantly lower, but China has one big advantage and that is the wide ecosystem and predictable infrastructure.

Another factor that keeps us here is the availability of competence and skills. Take Scanfil's global initiative around smart manufacturing and digitalization as an example. This is led by the China team because we are the quickest at implementation and can provide that in a cost-efficient way. Here it is possible to do integration in a cost-efficient way, having the skills here to integrate, the needed infrastructure. This will undoubtedly make China competitive in the next five years.

**As you look out 1-5 years, what are the biggest challenges Scanfil will face in China?**

Cost increases are a big challenge. We need to be less dependent on operators, we need to improve productivity through automation and digitalization. We also need government support. The competition is fierce, and many countries provide incen-

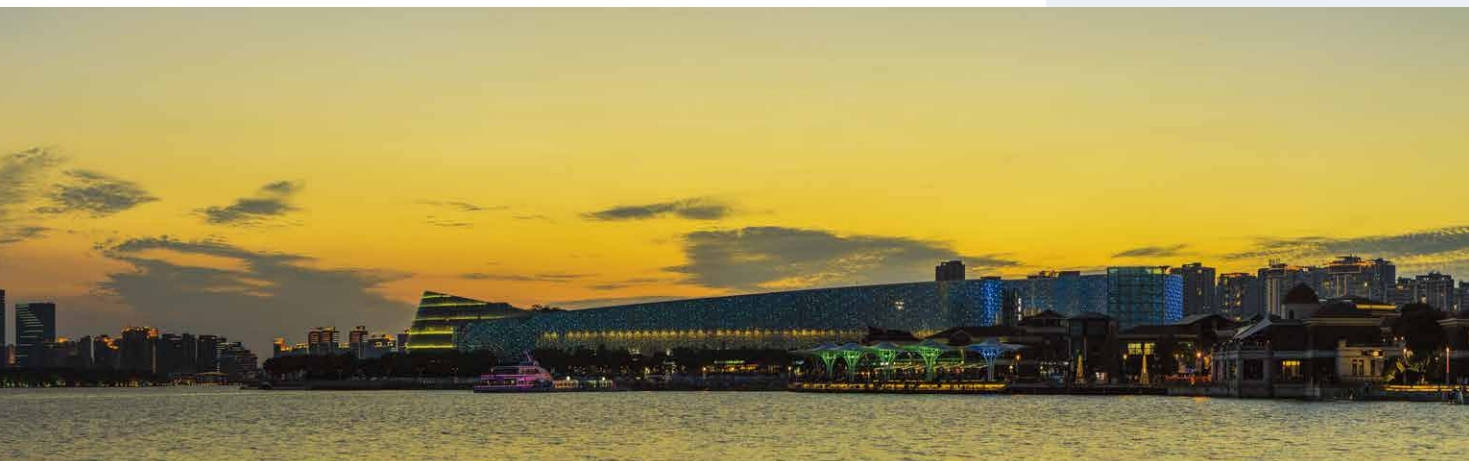
## The China Difference

Christian Kesten has been in China 18 years, a long time compared to most expatriate heads of manufacturing companies. His three children spent their formative years in Beijing, and China continues to enthrall him. "I love being here. What I like the most is the commitment and the curiosity — people are really interested in learning how to improve," he says.

That affection extends to the workplace, where Kesten contrasts China's can-do approach to change and innovation with a more tradition-bound environment found in Europe. "In Sweden, where I come from, which is also representative of much of the EU, change management is always painful. There is always built-in resistance. Comments like: 'we have tried this before,'" he says.

In China, Kesten sees a relentless interest in the new. He attributes this to the rapid changes in China's society. In contrast, European corporates spend extensive time on systemization and planning, often to the point of perfection. Implementation gets less focus.

Kesten sees a very different develop-



flexibility in all different aspects: a quick recovery, availability of workers, flexibility in the supply chain. China adapted to the situation and these factors have become even more obvious since Covid.

**Many Western manufacturers cite low costs, engineering talent and logistics as among the primary reasons for keeping export manufacturing in China. What are the factors that keep you manufacturing here?**

tives for investment and development. Most important is for the government to provide stability and predictability. The game rules need to be known so that we can compete on fair terms with local companies.

Having said that, we see China as a huge and attractive market. We can see the growth potential. So, we will keep investing. We also need to continuously change, to continuously improve. As long as we do that, I believe that we will continue to be successful. **1**

ment cycle in China, including what he calls a culture of "not being afraid to steal with pride." Chinese companies are not afraid to copy solutions, and don't feel a need to continually "reinvent the wheel." Initial solutions in China may be far from perfect, but they work and can be improved by incremental development. This in turn means that time to market is far quicker, and that solutions to problems can be refined.

"This is what keeps me here," says Kesten.

# THE US AND CHINA'S BURGEONING AI RIVALRY

By Kate Magill



**Helen Toner** is director of strategy at Georgetown's Center for Security and Emerging Technology (CSET). She previously worked as a Senior Research Analyst at the Open Philanthropy Project, where she advised policymakers and grantmakers on AI policy and strategy. Between working at Open Philanthropy and joining CSET, Helen lived in Beijing, studying the Chinese AI ecosystem as a Research Affiliate of Oxford University's Center for the Governance of AI.

**In the recent "Meeting the China Challenge" report from the University of California San Diego and Asia Society, which you contributed to, it states that China's "exalted advantage in AI is over-rated." How so?**

We need to distinguish between noticing that China has made rapid improvements in its AI capabilities over the last five, ten or even more years, and not mistake that observation that they have improved rapidly for thinking that they have some fundamental advantage. AI is a broad set of technologies, it's not one single thing, so it's hard to generalize if one country has an advantage in general.

Too often over the last few years as China has started to do better in this technology, I've seen observers jump from the idea that data is important to AI, which is true, to the idea that China has access to more data than the US, which is questionable, and then go from there to the idea that this gives China some meaningful advantage in AI overall, which I think is pretty false. To take a more comprehensive view [of AI competition], people have to look at not just things

like data, but also the talent base available, the hardware and computing resources that you need, the overall research and development ecosystem and the corporate environment, just to name a few factors. In most of these areas, the US is either even with China or ahead of China.

**In which areas of AI application has China made the greatest improvements over the last decade?**

The real standout area where China is a world leader would be facial recognition and other biometric identification methods and biometric surveillance methods. The Chinese government has invested much more heavily in that and made more sensitive data available to its companies than most other countries. That is the standout area where China is clearly leading the world, and that's not for reasons of some underlying capability, but it's a political decision that China has decided it's okay with pushing hard on those technologies and other countries have not.

**The report goes on to say that the US remains the leader in key areas of AI by drawing on a set of strengths that China is unlikely to possess in the near future. What are those areas, and why can't China catch up?**

Two enormous factors here are human capital and advanced semiconductors. On the human capital side, I find that US policymakers tend to underestimate the advantages that the US draws, based on the fact that the US is by far the number one destination for the world's top talent for researchers and engineers. There are a number of reasons that the world's smartest researchers would rather move here, and those include the best research universities in the world, having a great environment for entrepreneurship, being a pleasant place to live, political freedoms, liberal democracy. It's easy for those reasons to fade into the background, and certainly the US has plenty of its own problems, but nonetheless it does remain a standout in being a destination for the best and brightest.

When it comes to AI and the most ad-

vanced semiconductors, China has been investing really heavily in its domestic industry and has certainly made strides in some of these advanced semiconductor manufacturers. But when you look at the most advanced chips, the ones that are most useful for the AI of the future, the US and its allies are still very far ahead, especially when it comes to the equipment that you need to put in the factories to build semiconductors. For being able to build their own factories based on domestically produced equipment, the best analysts in this industry don't give China good chances of catching up any-time soon, certainly not in the next ten years.

**Many observers have stated that the vast troves of data that China has access to give the country a competitive advantage. What do you make of this?**

The first issue is that even legally speaking, China has a more fleshed out data privacy regime than the US. It's just not the case that privacy "is not a thing" in China. Of course, practically speaking we know the government is not necessarily going to be constrained by those kinds of controls, but even then anyone who's worked with data knows that trying to take disparate data and turning it into something useful is a huge pain that takes a lot of time and effort. Doing that at the scale of 1.4 billion people and aggregating data from multiple sources would be a huge challenge.

We've seen reporting on difficulties that Chinese companies have had with that for example. But even if they do manage to aggregate and organize and clean all that data, it is still not clear that it creates that much of an advantage in terms of actually improving AI systems. You can't just use any old data to solve any old problem, you need data that is specifically relevant to your problem. If the government is able to access data on how people are shopping on Pinduoduo, that's not going to help them build autonomous vehicles or analyze satellite imagery. I take issue with this

idea that there's more data in general and that it somehow gives China better AI capabilities in general.

**What kind of data does it appear China has the most access to?**

It's not really clear what kind of data they have access to, a lot of this is very opaque. In the last couple of weeks for example there was reporting about Ant and Alibaba not handing over data that the authorities wanted, and this was not just about them holding back data, it was also about them handing over data in such large quantities and in formats that were very difficult for China's central bank to integrate.

Data scientists will say if they're trying to solve some problem, 1% of the work is writing some algorithm to

major technological priorities. They put out a huge number of different plans and tech priorities, but AI has been a constant theme so that sends a very clear signal to CCP members and local and provincial governments around the country that this is something that they can prioritize and that they are likely to get rewarded if they are able to make something happen. That's prompted really big investments by provincial and local governments.

The fact that it's a major technological priority means that there's been resources for talent programs like the Thousand Talents plan and many others to try to tempt overseas Chinese to come back and start research groups. Another set of policies is investment in things like smart cities, autonomous vehicles [and] fa-



run on the data and 99% of the work is getting the data ready to have the algorithm run on it. Based on both that general heuristic and on the reporting of the central bank saying they really can't handle data on the scale that Ant is handing to them, there is reason to be a little skeptical that there's some enormous, well-functioning data infrastructure that is able to integrate and combine data from Chinese citizens from all kinds of different sources.

**What are the key policy decisions in the last 10 years that have led to the dramatic surge in improvements in China's AI capabilities?**

The central government has made clear that this is one of their

cial recognition that have been pretty government directed and have created space for Chinese companies to invest and try to push those technologies forward.

**How much collaboration is left between the US and China when it comes to AI? Should there be more for the sake of innovation, or is it better, particularly for the US, to protect its own IP and talent pools and cut off collaboration?**

I think there's still a lot of collaboration, especially at the university basic research level. Cutting off all flows of collaboration is clearly not in the US's interest. That would be really damaging to the open global system of scientific R&D, which has

produced enormous benefits for the US as well as other countries, and serious disruptions to that would be quite damaging.

It's more a question of whether there are specific types of collaboration you want to avoid, which in the case of AI is especially difficult given what a general purpose technology it is. Two clear examples that I think are pretty clearly beyond the pale are things related to ethnicity recognition — it's hopefully sunk in by now that [US researchers] should absolutely not be working on anything in that space. And then anything that involves working directly with PLA personnel also seems like a clear no go for US researchers.

**China still lacks high-end manufacturing capabilities to build semiconductors, which are foundational to AI. However, it is heavily investing in this area to fill the gap. How likely is it that they will succeed and become self-reliant in semiconductor production?**

Analysts in this space think that China becoming self-reliant would be incredibly difficult. We have to distinguish between the vast majority of semiconductors, which are not being produced at the absolute cutting edge. Lots of semiconductors that are being used for lots of different products can already be produced in China.

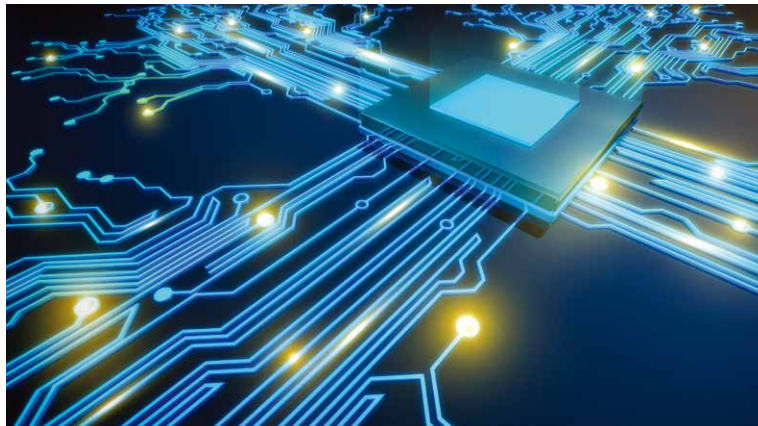
What we're really focused on is the

domestically do all of those bits and pieces. The US is completely reliant on a very globalized supply chain and it will remain so. China likewise is going to have to continue to rely on all of these different inputs from all across the world. Trying to onshore all of that is just really not feasible given how intricate and complex the whole supply chain is. There's no single country that can produce these chips by themselves.

**As more international standards are set regarding AI, how does China want to be involved in the standards-setting process, and what is its strategy for doing so?**

Standards are interesting because they can mean lots of different things. The clearest example we have here are the real technical standards, as we've seen in 5G. What we've seen in 5G is that China really wants its companies to be very deeply engaged in that standards setting process and for the standards that come out to be beneficial to its companies. The way this becomes relevant is that, for example, if something Huawei developed becomes the international standard for how this piece of equipment has to work, then Huawei gets royalties from every other company that follows that standard. To the extent that we see equivalent technical standards in AI, China will want to take a similar approach and support its companies and engineers to participate heavily in those international forums.

A different type of standard we could talk about is at the norms level, and there I think China is going to be doing what it can to protect its right to use the technology however it wants — most notably in the area of surveillance. We've seen China selling and promoting surveillance and smart cities and internet control technologies internationally, and I think part of the motivation there is not just profit but also to normalize the kinds of uses that China is interested in, to reduce the chances of international pressure to stop those uses. **1**



**What are some other, lesser-known applications of AI that have become more competitive in the last few years in the US and China?**

It's less a matter of competition becoming really heated and more that this is an important technology and it's just diffusing throughout the economy in all kinds of different and interesting ways across multiple countries. This is things like recommendation algorithms, what pops up for you on Amazon or Taobao or Netflix, or how is your newsfeed sorted so you'll engage with it. Or things like speech recognition, photo tagging, translation. It's less a matter of a tight competition where it really matters who has their nose ahead and more about how good is this technology and how diffused is it.

most advanced chips that need the most exquisite machines to produce them. China has certainly made progress here, but there's a combination of again a human capital issue — a small number of people who really know how to make the machines that make the semiconductors. There's also a market issue, where for some of these machines, the go to example is the lithography machines. It's so capital intensive to build that there's currently only one company in the whole world [ASML] that is able to have enough revenue from making them that it can reinvest in the R&D to keep making the most cutting-edge machines. It's a very difficult space to break into because it's so expensive to get up to that level.

The semiconductor supply chain at this point is also incredibly complex and globalized. The US certainly doesn't have the capability to fully

# AMCHAM SURVEY ON THE CANCELATION OF NON-TAXABLE ALLOWANCE FOR FOREIGN EMPLOYEES

On January 1, 2022, China will cancel non-taxable allowances for foreign employees. Foreign employees will no longer be able to claim a tax exemption on certain Benefits in Kind (BIK), including housing, school tuition, food and language training. (There is some expectation that the Shanghai city government will implement a favorable income tax policy for high foreign talents to make up for the benefits lost due to the end of BIK.)

AmCham Shanghai conducted a survey of 102 companies from March 23 to March 26 to assess the impact of the taxable allowance cancellation on members. Survey results, highlighted in detail overleaf, showed that the impact on companies and their foreign employees will be profound and is causing companies to reconsider Shanghai as the location of their headquarters or other operations. Foreign experts employed at these companies are also likely to leave Shanghai if these changes are implemented.

For example, it is estimated that a company paying 960K RMB in BIK to a tax equalized foreign individual will now pay an additional 785K RMB in taxes, making it significantly more expensive to retain foreign staff. Many foreign employees will move into higher tax brackets, with many companies and individuals paying the maximum 45% in personal income tax.

One CFO at a large multinational said that "The initial results show a clear benefit in terms of cost and tax to move to Singapore. If we do so, our expatriates will move but all local associates working for our Asia Pacific HQ will lose their jobs as we would hire locally in Singapore."

Another CFO of a mid-sized multinational said: "In addition to the very high international school costs, rental costs are roughly 420,000 RMB per annum for each family; with the additional tax this will then exceed 750,000 RMB per annum. Unless Shanghai implements measures to offset these significant tax costs, we will have to relocate all our foreign talent to regions with globally

competitive tax policies, such as the Guangdong-Hong Kong-Macau Greater Bay Area and will downsize or close completely our Shanghai operations."

The impact on Shanghai's role as China's primary business hub should not be underestimated, nor the financial impact on local communities in Shanghai, such as Jinqiao and Hongqiao, where many expatriates live and spend their earnings.

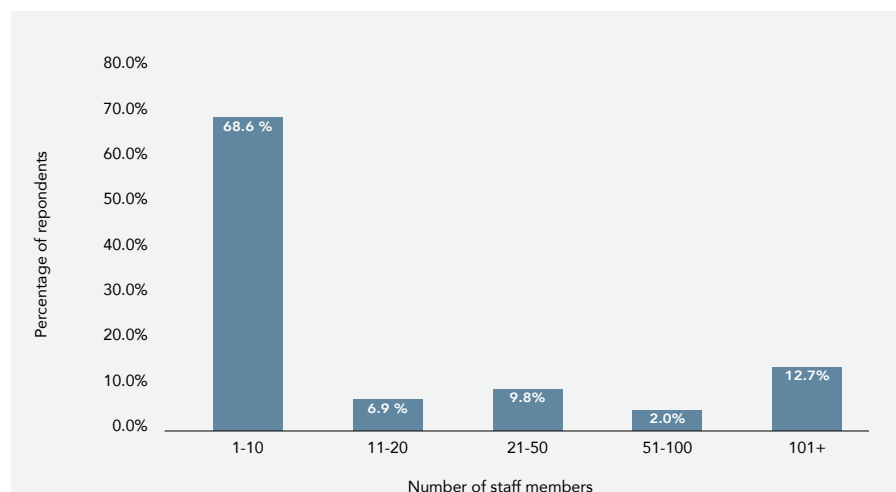
One of the hardest hit sectors will be international schools, which hire large numbers of expatriates and face a steep increase in taxes. These schools will not be able to absorb the costs and will subsequently pass them on to parents, many of whom pay school fees on their own.

According to one school, "184 of our 291 employees are expatriates who require housing and many have family members who require tuition benefits. We estimate the proposed BIK taxation will increase our costs by 30 million RMB. We will need to increase our student tuition fees at least 10% to adjust for this increased cost. In addition, if the social insurance fees for expatriates begin in Shanghai on August 15 as per the current regulations, this will cost an additional 20 million RMB and cause an additional fee increase of 8%."

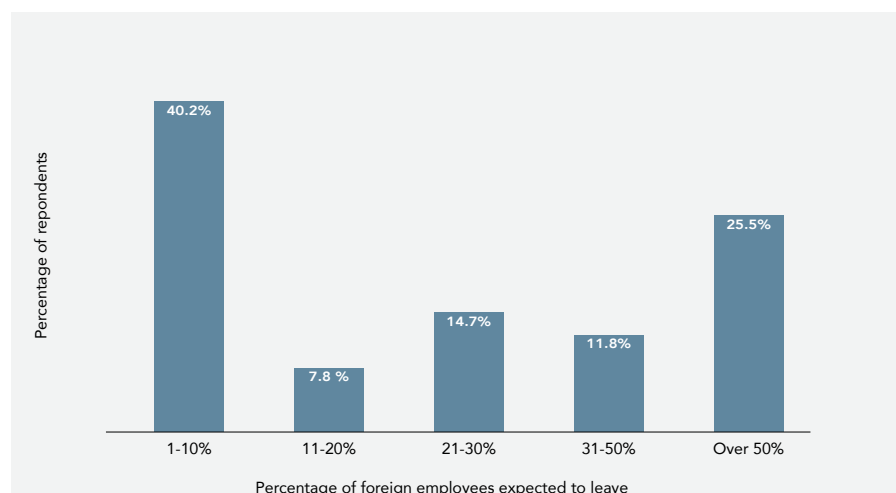
## Survey highlights

- 38.9% of companies with annual Shanghai revenues above \$100 million said they will consider moving all or part of their Shanghai offices/facilities to another China location with a more favorable tax regime if the non-taxable allowance is canceled.
- 36.1% of companies with annual Shanghai revenues above \$100 million said they will consider moving all or part of their Shanghai offices/facilities to a foreign country if the non-taxable allowance is canceled.
- 69.6% of companies believe the Individual Income Tax regime change will make it more difficult to attract highly qualified foreign talent to work in Shanghai.

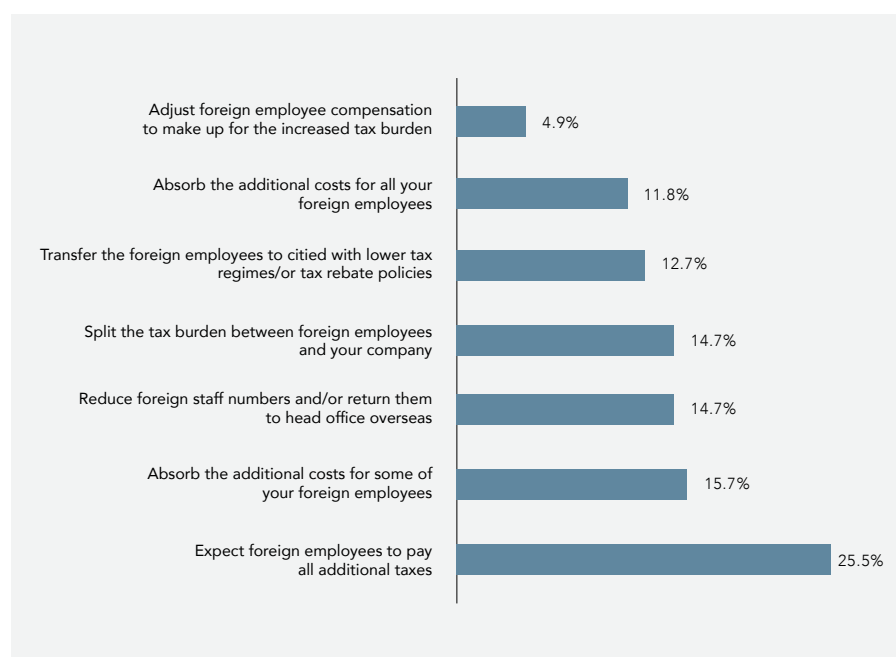
## Survey Results



STAFF MEMBERS CURRENTLY  
ENJOYING THE TAX EXEMPTION  
ON BENEFITS IN KIND



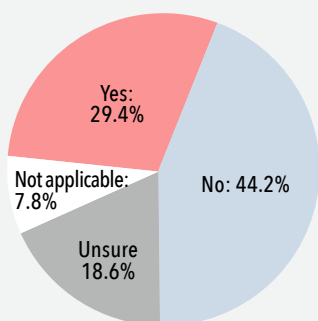
FOREIGN EMPLOYEES EXPECTED  
TO LEAVE SHANGHAI IF COMPANY WILL  
NOT COMPENSATE THEM  
FOR THE INCREASED TAX BURDEN



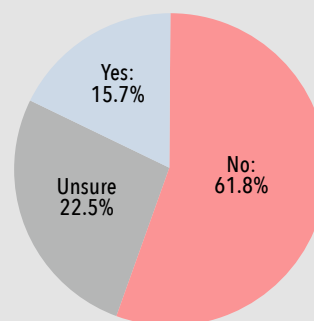
COMPANY'S PRIMARY STRATEGY  
IF CHANGES TO FOREIGN EMPLOYEE  
TAXATION ARE IMPLEMENTED



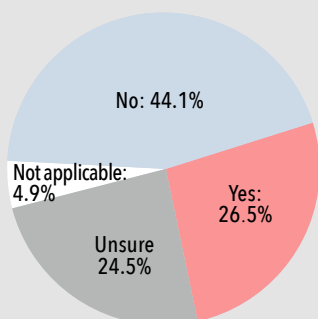
Companies that would consider moving at least part of their Shanghai office/facility to another China location with a more favorable tax regime



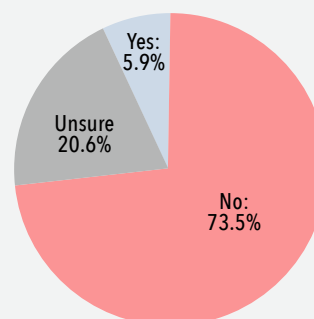
Has your company expressed concern about the new tax rules to your district government?



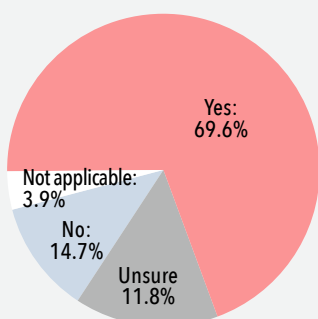
Companies that would consider moving at least part of their Shanghai office/facility to foreign locations with more favorable tax regimes



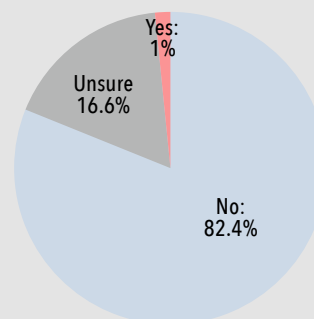
Has your company received any enquiries from district- or city-level tax officials about how the ITT changes could impact your business?



Will the change make it more difficult for your company to attract highly qualified foreign talent to work in Shanghai?



Has your local district provided (or offered to provide) your company with tax benefits to make up for the expected extra costs?



# China releases blocking rules against foreign laws

By Liza Mark and Tianyun Ji



**Liza Mark** is the chief representative and administrative partner for the Shanghai office of Haynes and Boone, LLP. She has practiced in the US, HK and Shanghai, concentrating in private equity investments, capital markets and cross-border M&A. Having brokered multiple cross-border transactions, Mark has the ability to fulcrum between doing deals in Asia and in the US, helping to “translate” the differences in basic assumptions and paradigms.



**Tianyun Ji (Joyce)** is an associate in the International Practice Group in the Shanghai office of Haynes and Boone, LLP. Her practice focuses on mergers and acquisitions, private equity/venture capital, capital markets, cross-border investments, and general corporate matters.

On January 9, 2021, the Ministry of Commerce of the People's Republic of China (“MOFCOM”) issued the Measures for Blocking Improper Extraterritorial Application of Foreign Laws and Measures (the “Measures”), effective immediately. The Measures resemble blocking statutes available in other foreign jurisdictions such as the European Union – which were enacted mainly to counteract extraterritorial US sanctions.

The Measures are promulgated per the People's Republic of China (PRC)'s National Security Law (2015), suggesting its core motivation is the protection of China's national security, not pure economic considerations. Together with the adoption of the PRC Export Control Law (2020) and MOFCOM's Provisions on the Unreliable Entities List (2020) (“UEL”) issued in late 2020, China is setting up a framework for dealing with long-arm extraterritorial sanctions and export controls imposed by other countries – the US in particular – on Chinese parties.

## Measures' applicability

**a. Scope.** The Measures were formulated according to China's National Security Law to

counteract extraterritorial application of foreign laws and measures (collectively, the “Foreign Law”) being applied to Chinese parties. The Measures contain three elements as provided under Article 2: (i) that the extraterritorial application of the Foreign Law violates international laws and fundamental principles of international relation, (ii) which improperly prohibits or limits PRC citizens, legal entities or other organizations’ (collectively, “Chinese Person”) ordinary commerce and relevant activities (iii) with a third country or region's (i.e. not said foreign country's) citizens, legal entities or other organizations.

Given element (iii) above, it appears that the Measures do not apply to US export control laws that prohibit a US person from exporting or reexporting directly to a Chinese Person. However, the Measures may still apply to end-use/end-user-based controls (such as EAR §744).

**b. Chinese Person's Reporting Obligation.** If a Foreign Law prohibits or restricts a Chinese Person from conducting ordinary economic and trade activities with any third country or region, the Chinese Person's reporting obligation is triggered, where the Chinese Person is required to report the sit-



uation to MOFCOM within 30 days (the "Report"). Reporting is mandatory – failure to report may result in warning, rectification and even fines from MOFCOM. Under the framework of China's Administrative Penalties Law, the current potential administrative penalty is minimal (i.e., up to RMB 30,000), but MOFCOM can prescribe and impose much higher penalties in implementations.

**c. What Constitutes "Improper?"** To be clear, the Measures do not mean China will not accept "long-arm jurisdiction" at all, but rather it can block those Foreign Laws from being improperly applied within the PRC. In evaluating the "improperness" of the Foreign Law's application in China, the Working Mechanism (further discussed below) will consider the following four criteria:

1. whether it violates international laws and fundamental principles of international relations;
2. its potential impact on sovereignty, national security and development of the PRC;
3. its potential impact on lawful interests of the Chinese Person; and
4. any other factors that should be considered.

Although the above criteria are quite broad, the message is clear – the Measures are designed to protect China's national interests and Chinese Person's interests "within the boundaries of international laws and principles of international relations."

## The blocking order

**a. Issuance.** Similar to the UEL, the Measures mandate a "working mechanism" committee, led by MOFCOM, joined by the State Council's National Development and Reform Commission and other relevant departments (collectively, the "Working Mechanism") to implement the Measures. Specifically, after evaluating the Report for the improperness of long-arm application of the Foreign Law, the Working Mechanism may issue an order to block the recognition, enforcement or compliance of the relevant Foreign Law (collectively, the "Blocking Order"). The Measures do not limit a Blocking Order's application to only Chinese Persons, however the Measures' extraterritorial effect remains unspecified.

**b. Exceptions.** The Blocking Order can be suspended or lifted as the Working Mechanism sees fit. A Chinese Person may also apply to MOFCOM for an exemption. However, since the Measures only allow a Chinese Party to apply for an exemption, a multi-national company (the "MNC") without an establishment in China cannot apply for an exemption, potentially resulting in such MNC being caught between the conflicting Foreign Laws and the Blocking Order.

**c. Penalties.** Article 13 of the Measures provides that failure to obey the Blocking Order will subject a Chinese Person to warning and possible fines by MOFCOM. However, the Measures do not specify how much the fines may be. Similar to the discussions above regarding Chinese Persons' violating reporting obligations, currently the potential administrative penalty is minimal (i.e., up to RMB 30,000).

In addition, for a foreign party, although administrative penalty does not apply, it may still face private actions in Chinese courts if it "benefits" from judgments or decisions covered in a Blocking Order. The Measures are unclear as to what constitutes a "benefit," which potentially can include monetary benefits and non-monetary advantages. Also unclear is whether such private actions can be brought against any party (including a third party), or only between parties with privity.

**d. Remedies.** According to Article 9 of the Measures, an affected Chinese Person can bring a lawsuit in the People's Court against: (i) another Chinese Person complying with a Foreign Law covered in the Blocking Order, resulting in damages to the affected Chinese Person; or (ii) a party (either domestic or foreign) benefiting from the judgment or decision adjudicated based on a Foreign Law covered in the Blocking Order. The affected party will need to establish a cause of action (such as a tort claim) and prove damages resulting from defendant's actions or benefits.

## Takeaways for businesses

It remains to be seen how the Measures will be enforced, but one thing is certain: multinational companies are caught in the middle and will have to navigate through the different

and potentially conflicting legal regimes in the US and China. Given this tension, businesses – both foreign and domestic – should closely monitor the implementational developments of the Measures and stay agile and flexible in adjusting to new realities.

At this point, MNCs with operations in China (including Chinese subsidiaries, branch offices, or representative offices of a foreign company) should at least consider the following proactive steps:

1. Review and evaluate risk profiles of their business dealings that currently fall under long-arm jurisdiction of foreign laws (such as US sanctions and export control laws) that may potentially be blocked by the Measures.
2. For compliance purposes, regularly check MOFCOM publications for issued Blocking Orders to see if any Foreign Laws concerning them are affected.
3. If a Blocking Order applies, and the MNC is a Chinese Person (e.g., a Chinese subsidiary of an MNC), then it has two options under the Measures: either (i) comply with the Blocking Order and "ignore" the relevant Foreign Law's; or (ii) apply for an exemption with MOFCOM where it will need to justify why it should not comply with the Blocking Order.
  - a. At the very least, an MNC should analyze and get a firm picture as to its potential civil liability exposure created under Article 9 of the Measures. Furthermore, attention should be paid to how the Measures may be used by competitors.
  - b. Note also that a foreign company may itself be included in China's UEL if it decides to abruptly cease business dealings (such as under a supply agreement) with a Chinese company on the BIS's Entity List.
4. Lastly, when dealing with Foreign Laws affecting its business (such as being included in the SDN list), a Chinese Person (including Chinese subsidiaries of MNCs) should be mindful of its reporting obligation under the Measures to MOFCOM within 30 days. Generally, confidential treatment should be requested as a matter of course for any reports made under the Measures. **1**

# Why Protecting Your Trademarks Is a Top Priority for Doing Business in China

By Robin Tabbers



After working at Baker & McKenzie in their Amsterdam office, **Robin Tabbers** moved to Shanghai in 2010 to join R&P. He assists Western companies with business activities all over China. He has essential experience in the fields of foreign investment, M&A/corporate, employment, intellectual property and compliance.

When evaluating the opportunities for doing business in China, most entrepreneurs are less aware of the fact that their company's intellectual property rights will be exposed to an unstable legal environment that undergoes continuous changes.

One may find that legal protections offered to IPR if a dispute arises are different from the standards in your home jurisdiction. Brand owners must consider the legal options available to preemptively strengthen their position and defend their IPR from would-be competitors and IPR pirates.

Not only does trademark infringement cause financial loss to the trademark owner, but the reputation of a brand could be severely damaged due to the low quality of ubiquitous and inferior counterfeits sold in China at a lower price. Infringers can also hurt the trademarked brand by engaging in competitive business and delivering low quality service.

As unbelievable as it seems that a consumer would expect cheap counterfeits to match the quality of the original product, many examples prove otherwise. In one case, several enraged Chinese consumers who had unknowingly purchased counter-

feit products contacted the hotline of a foreign golf club manufacturer to use "their" warranty after the product broke within a few months of purchase.

It is irrelevant if this disappointment is due to consumers' ignorance – the reputation of the brand suffers nonetheless and the loser is the trademark's owner. In an even worse scenario, substandard fake products like food, beverages and pharmaceuticals may even be harmful to consumers' health.

Together with economic growth, middle-class Chinese consumers have developed certain expectations for product quality and a level of brand consciousness that meets, if not exceeds, their Western counterparts. Consequently, protecting the image of your products and services by registering your trademarks is critical to succeed in the Chinese market.

## Registering your trademarks in China

The first step to prevent competitors and counterfeiters from illegally using your trademarks is to identify the trademarks relevant to your business and register them in China to secure their exclusive rights.

China has signed several treaties on the international protection of IPR with the World Intellectual Property Organization (WIPO).

However, trademarks registered in one member state are not recognized by another member state. China applies a "first-to-file system": The owner of the trademark shall be the first (legal) person to file its application with the China National Intellectual Property Administration (CNIPA). Upon approval, the owner of the trademark enjoys exclusive usage rights in the respective trademark class and they can enjoin other parties from violation of their rights. Put simply, only the owner of a trademark registered in China can institute administrative or legal enforcement actions against the violator.

This system has led to many cases where the "rightful" owner of the trademark found that another individual or entity had already registered their trademark in China. In that situation, the trademark's original owner in other jurisdictions may be prevented from using this trademark in China. If you find yourself in this situation, you should immediately consult your lawyer to discuss whether an appeal with the CNIPA (formerly:

Trademark Review and Adjudication Board (TRAB)) can successfully reclaim your rights.

Besides the registration of the internationally used trademark, an appropriate Chinese translation should be considered, and the application must be filed separately. There are two different approaches to this task:

One possibility is to translate the meaning of the trademark (e.g., Volkswagen translates directly to the Chinese equivalent of Da Zhong Qi Che), while the other is to make a phonetic transcription, preferably with a positive Chinese connotation (e.g., Coca Cola translates to Ke Kou Ke Le, roughly meaning "delicious and joyful").

While this procedure may be uncommon or unheard of in Western countries (where usually the same brand name in roman letters is registered as a trademark), it can help to positively influence the image of the trademark, especially when a smart and elegant translation is created to appeal to the Chinese customer.

Given that most Chinese consumers and company purchasing managers do not speak English, it is not surprising that most foreign brands in China are known by their Chinese names – which therefore should be protected.

## Enforcement methods in China

Unfortunately, even registered trademarks are not safe from infringement. As one marketing expert put it, if your product is not being counterfeited in China, you did a lousy job. Enforcement may be unavoidable

depending on the individual case and if the infringement interferes with the company's business interest.

Several channels can be used to protect trademarks and IPR in China, but which enforcement method is most suitable for the case depends on the risks associated with it, as well as the infringement and the opponent.

Sometimes the infringement will not inflict real losses on the rights-holder (e.g., when upscale counterfeit commodities are sold on streets and markets in underdeveloped regions with no target market for the product), and companies should weigh whether the extent of infringement is worth any legal action.



Factors like local protection and authority corruption should not be underestimated in the legal process. However, when the infringement directly competes with the plaintiff's business or the reputation of the trademark may suffer, the situation is different.

## Demand letters

Preparing a demand letter sends a signal to the infringer that you are prepared

to take legal steps if they fail to cease the violating act immediately. Depending on the circumstances, the infringer may conclude that the illegal business activities are not worth the legal battle and expenses, as well as the trial publicity. On the other hand, a demand letter has no legal force. In some cases, it may even complicate the collection of evidence for a civil action, since the infringer then has enough time to "miraculously" let the evidence disappear.

## Customs

The General Administration of Customs (GAC) offers two methods of protection from the import and export of fake commodities: A trademark owner may request the GAC to retain a shipment if the products to be shipped are suspected of violating IPR. A security deposit and relevant documents proving the applicant to be the rightful owner of the trademark must be submitted to customs. If it is determined that its IPR has been infringed upon, Chinese law provides for seizure and destruction of the merchandise.

Alternatively, you may preemptively register and submit relevant information regarding the IPR to be protected by Chinese customs. Under this condition, customs officials can hold back shipments of counterfeit goods during spot checks and report to the trademark owner who can prepare to act. Therefore, it is advisable to register the trademarks with the GAC, as it simplifies the examination pro-

“

In China, the holder of rights can apply to administrative authorities to carry out raids to confiscate counterfeits. Several authorities can perform raids and seizures, depending on the kind of IPR involved.

”

cedures and is the best way to cut the export of counterfeit goods from China.

### Administrative authorities

In China, the holder of rights can apply to administrative authorities to carry out raids to confiscate counterfeits. Several authorities can perform raids and seizures, depending on the kind of IPR involved.

If this method is considered, legal counsel should be retained to determine which administrative authority should be contacted, and to coordinate with such authority to ensure optimum results. Raids are arranged relatively quickly and can lead to fast results (i.e., immediate seizure of fake goods, destruction of equipment used to produce counterfeits and imposition of a fine).

In some cases, however, the fines may be insufficient to de-motivate the infringers, in which case administrative actions will be inadequate as a long-term deterrent. Moreover, the plaintiff will not receive any compensation for damages suffered nor for legal and enforcement fees, as the imposed fines are only administrative. However, an administrative action is easy and fast to arrange for immediate action. It can serve as a safe way to secure inculcator evidence, which then can be used in litigation.

### Civil action

Another way to combat trademark infringement is to institute legal proceedings with the people's courts. While some Western companies may be reluctant to rely on the reasoning and impartiality of Chinese courts, it should be noted that China established special IPR tribunals in most of the Higher People's Courts and Intermediate

People's Courts in the developed, wealthier regions (over 30 tribunals in total) and four specialized Intellectual Property Courts in Shanghai, Beijing, Guangzhou and Hainan.

Nonetheless, litigation demands careful preparation, as the burden of proof lies on the plaintiff and the legal system does not provide for discovery. It is essential to gather and provide the proper evidence and documentation, such as notarized samples of the counterfeit products (oral testimonies are generally not sufficient). If the plaintiff wins the case, the compensation awarded was usually low compared to Western standards but after recent amendments of the PRC trademark law, China saw cases with substantial compensation levels. One example includes a Chinese smart phone company (Xiaomi) winning an infringement case related to their trademark and was awarded punitive damages of RMB 50 million against a local infringer.

The above ruling delivered a clear message to infringers, and many see it as a result of 2019 Trademark Amendment. In this Amendment, the Law increased the statutory compensation up to RMB 5 million and adjusted punitive damages up to 1-5 times of the losses suffered or revenue generated from the infringement.

In rare cases, the courts may revoke the infringer's business license, but this probably does not scare a smaller company that is not worried about its reputation. Sometimes, the infringers will set up another business next door and continue with the infringement. For a company of a decent size or with other business activities (besides the infringing ones), this could cause considerable damage.

While many foreign companies may find the statutory compensation to be insufficient concerning the scope of infringement, it should be noted that it may be enough of a deterrent to hamper the infringer's activities, since they often operate on a small scale.

Furthermore, it is possible to identify the infringer's assets and bank accounts and ask the court to freeze the assets while simultaneously filing the lawsuit. This ensures the infringer cannot transfer their assets to defy any order from the court and increases the likelihood that the plaintiff receives some compensation.

### Criminal action

Criminal complaints should be filed with the Public Security Bureau (PSB). In theory, the PSB then reports all criminally relevant cases for prosecution to the people's courts. As powerful a deterrent as a criminal suit may be (the maximum penalty for the unauthorized use of registered trademarks in severe cases amounts to seven years imprisonment), the current liability thresholds for criminal prosecution are subject to harsh international criticism.

The criminal liability thresholds are calculated on a base of illegal turnover and income. However, due to the high thresholds and the low prices of counterfeit goods, criminal relevance is seldom given. Nevertheless, successful criminal action is gratifying and provides for the most robust deterrence, as in many cases infringers not only may be sentenced to up to three years in prison or be fined, but the holder of rights can simultaneously file a civil lawsuit to obtain compensation. **1**

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# 2021 AmCham Ball



Donned in their brightest finery and biggest feathers, more than 400 revelers danced the night away at AmCham Shanghai's 2021 Charity Ball: Carnaval de las Americas on April 17 at the Pudong Shangri-La. This year's ball celebrated the collective cultures, cuisines and colors of the Americas and benefitted the World Health Organization's Covid-19 Solidarity Response Fund.

The ball featured a live auction and raffle, with major prizes including a GM Cadillac, round-trip Delta Airline and Juneyao Air tickets, Shanghai Disney Resort passes, stays at the InterContinental Shanghai Wonderland, The Sanya EDITION, Amanyangyun and naked resorts, a Bespoke Porsche Driving Experience and a TAIAN Table dinner.



Studio 188 performed as the headliner band of the evening, bringing everyone out onto the dancefloor. Charles N Tonic served as the night's DJ, and guests also enjoyed a drum performance from the percussion group Groovepapa Batucada and a dance performance by the Colors of México group. Thanks also to Michael Rosenthal for serving as the Master of Ceremonies for the evening.

Guests entering the ball had the chance to view works from some of the city's most talented artists—the winners of AmCham Shanghai's Children's Art Exhibition contest. This year's "Parade of Colors" theme encouraged the young artists to use their imaginations to capture the world around them. Winning works will be displayed at the AmCham Shanghai office from April 26-June 1. **I**



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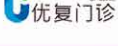
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# Parade of Colors

## 2021 AmCham Shanghai Children's Art Exhibition

Art is therapeutic not only for those who interact with it, but for the artists themselves it is also an experience, an exercise, and an opportunity to exhibit their talents.

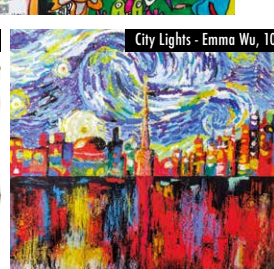
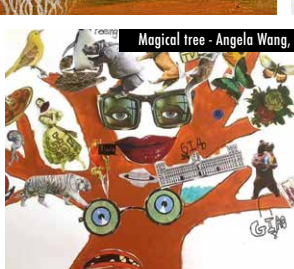
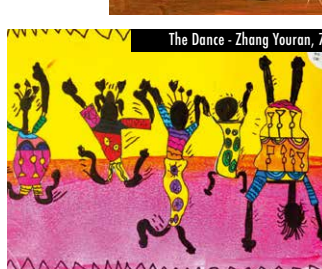
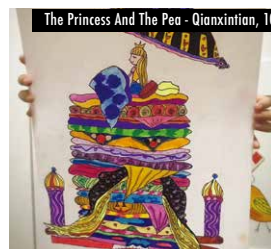
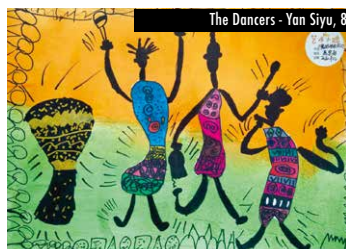
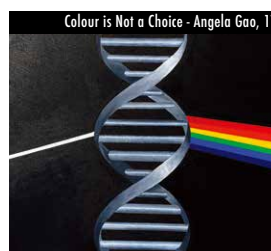
The newly formed art gala is a small community that allows young artists to meet with the public, some for the first time, in an environment that lets their voices be heard. AmCham Shanghai Art & Culture Committee started to collect artwork from young artists in February under the theme of "Parade of Colors". We are pleased to have received a surprisingly high number of applicants. The theme brings together young artists through a medium where they can unleash their creativity in unique expressions of joy.

This exhibition, showcasing the award-winning artwork, demonstrates how the next generation courageously explores the world using the vast corners of their imagination. Enjoy the colorful show!

*Juju Wang*

Chair of AmCham Shanghai's Art & Culture Committee

### Silver Award Artworks



# Gold Award Artworks



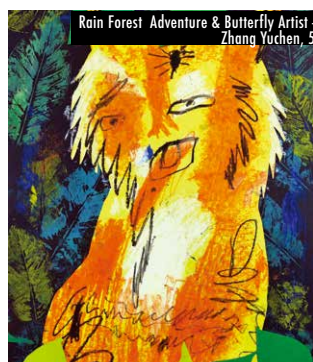
Dolphin dancing with nature - Ang Zee Cheng, 8



GROW 万物生长 - Chloe LYU 吕施颐, 5



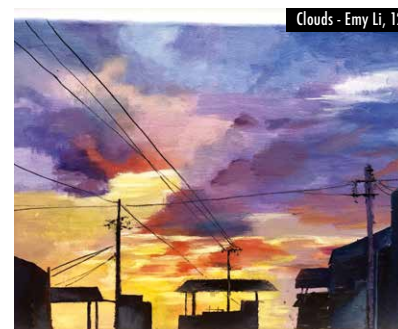
During those years - Jasmine Cheng, 14



Rain Forest Adventure & Butterfly Artist - Zhang Yuchen, 5



Holiday - Enzo Li, 10



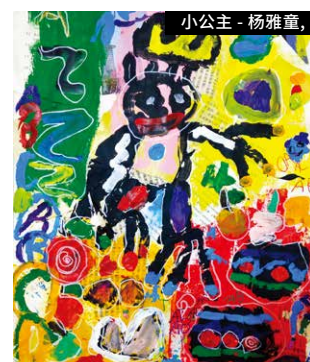
Clouds - Emy Li, 12



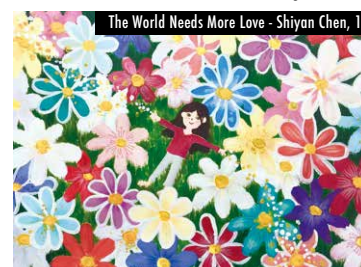
Parade of color - Shalevi Schreier, 10



陪伴成长 - 张梓悠, 5



小公主 - 杨雅童, 5



The World Needs More Love - Shiyen Chen, 15



Hide and seek - Henry Song, 6



Dancer 舞者 - Jin Wan Xin, 14

Judge's Favorite

# Q&A with Xiaomei Lee, chair of AmCham Shanghai's Women's Executive Network

By Ruoping Chen



As Gensler's regional managing principal for Greater China, **Xiaomei Lee** oversees the company's Shanghai, Beijing, and Hong Kong offices. She has more than 20 years of experience and has directed projects of diverse and complex scale from master planning and tall building architecture to corporate campus and workplace interiors. She serves on Gensler's Board of Directors and Management Committee and was the project director for the 632-meter-high Shanghai Tower.

**Why did you decide to pursue a career in architecture and design, and what are some of the most enjoyable parts of your job?**

My career as an architect started in the late 1990s. As a young student of architecture and upon graduation, I felt energized with the prospect of entering into this world, which is still today full of creativity and imagination. Before college, I excelled in mathematics and physics, but I wanted to be creative as well, and architecture was the perfect marriage of engineering and art.

In architecture you can see immediate results and the impact from your efforts. Architecture is what gives cities their visual identity and brings pleasure to people entering their space. It is also a discipline where you have to understand the people, the culture and the history of a place. At the same time, architecture can be a very demanding career. You are constantly learning something new and challenging yourself. Certainly, it is a job that keeps you young.

**What is your impression of Shanghai architecture? How has it changed and developed over the last two decades?**

While Shenzhen was quickly developing in the early 1990s, despite the change that was on the horizon, Shanghai's architecture was seen as unyielding, with its heritage and haipai culture. It was all low-rises and alleyways. People just didn't see the opportunities and the future of this magnificent city. Then change happened almost overnight. The topography of Shanghai, between 2000-2010, was marked by rapid renewal and development alongside population growth and immigration, as economic activity picked up.

The government wanted to have tall buildings and to ensure adequate spaces for people to work. And then, people started to want tall buildings – they aspired to work in an office where the city scene extends into the horizon.

As an architect, we have seen tremendous progress with building techniques and construction materials. There is also more emphasis on buildings' details and functionality. Over the last 10 years, people started to view buildings differently – from stand-alone, building-centric objects to constructions that serve a purpose and functionality to the city and community. Since people spend so much time in them, buildings need to provide positive experiences and enhancement for their social lives. Architecture has fundamentally changed from being building-centric to being people-centric and community-centric.

**What is an example of a building that inhabits that philosophy of being more people-centric?**

There are so many examples of people-centric designs. Shanghai Tower is one. We borrowed architectural concepts from Shanghai's shikumen culture, which is about small, nested communities and neighborhoods that are interconnected via alleyways. We wanted to translate this concept vertically and on a much grander scale. [People] don't want to be stuck on the 80th floor, away from grass and trees and community living.

We wanted to transform the building into something more humane and friendly, to become a vertical community. In Shanghai's traditional neighborhoods, you can always see people interacting, beginning when they first open their doors in the morning. These friendly connections are also what drive a lot of creative



▲ Gensler project: Starbucks Reserve Roastery Shanghai

ideas within the professional setting, so we wanted to translate the neighborhood concept vertically into the building.

### Is domestic competition in architecture becoming more of a challenge the way it is in other industries?

No, I don't see it as becoming more of a challenge. In architecture, like in many other industries, you have to constantly extend beyond what your comfort level is. Local companies might know everything that is "on the ground" – they know what the regulations are, and what works or doesn't. However, architecture is about exploring something you don't know. Like Gensler, global firms have global viewpoints, so you can bring those viewpoints to this market. For me, it's about integrating both sets of knowledge, joining forces to create better architectural solutions. Both global and local firms must constantly evolve, I have no doubt about it.



▲ WEN's International Women's Day event

### In your role as committee chair of the Women's Executive Network, what do you hope to achieve with this committee?

This International Women's Day, I was honored to be in the company of a group of women professionals at the joint Chambers of Commerce women's mixer to share and speak on issues facing female leaders today and the unique role we offer in the professional environment. Through the Women's Executive Network, we hope to inspire each other, to be role models for each other, and to create a network for sharing and support.

I think that there is no better time than today for women to lead and advocate for diversity, equity and inclusion initiatives in the workplace. It goes beyond gender equality. If we constantly train

ourselves to develop this inclusive mindset, we become more open to new knowledge and perspectives, at every level, in every direction, in every part of the world. That is how we can help other people grow within professional organizations.

Another objective for WEN is to help women cultivate confidence in the corporate setting. That includes helping more women enter the C-suite and boardroom – because it is important that our voices be heard, and that our suggestions be adopted. We also want to guide women in mid-level management on how to advance their careers and help young women professionals develop their careers and find balance in their lives. With WEN, we can all share our experiences to support each other.



▲ Gensler project: Cadillac House, Shanghai

### What advice do you have for women who want to take the next step in their careers?

I am happy to share my story. When I was in college, I had a clear picture of what my career path was going to be. I spent a decent amount of time thinking about these questions and planning for my future, which landed me a job and career path I had set out for myself. But of course, as you progress, there are going to be things that you want to adjust and fine-tune. But never surrender to challenges and difficulties in your path. Today, I credit my success on maintaining clear-mindedness, having a focused and steadfast mindset and following the path one step at a time.

I would also say that this is not the only approach, and in the end, you have to listen to your own heart, imagine your own dreams and figure out what keeps you going and be energized every day. And that means not to confine your successes only to the corporate world, because there are limitless directions in which to achieve your goals in life. **1**



▲ Gensler project: Johnson Controls Headquarters Asia Pacific, Shanghai

# Member-Exclusive Services



## Medical Benefits Program

Working with Essential, the AmCham Shanghai MBP offers members the opportunity to buy select insurance products at a discounted price.



## Corporate Visa Program

The CVP is a service administered by AmCham Shanghai in cooperation with the US Consulate General in Shanghai to facilitate US visas for select AmCham Shanghai member companies.



## Professional Development

AmCham Shanghai's calendar is packed with education and training events, including half-day and full-day training sessions, Lunch & Learn Sessions, and online courses.



## US Tax Filing Program

AmCham Shanghai partners with Capital Tax to deliver quality US expat tax filing services for our members and member company employees.



## University Briefing

The University Briefing Program provides students the opportunity to gain insights into business trends and government policies from AmCham Shanghai's senior staff as well as top level member company representatives.



## Executive Briefing

Whether you are looking to show your headquarter executives what's really happening on the ground in China or want to hear from top policy experts in your field, our executive briefings bring you tailored, expert speakers to member companies in an exclusive setting.



## Notary Service

AmCham Shanghai offers US Consulate approved notary services. We can notarize more than 50 types of documents, including documents for real estate transactions, affidavits and power of attorney.



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## Event Report



### AMCHAM SHANGHAI MEETS VICE MINISTER OF FOREIGN AFFAIRS XIE FENG

Vice Minister of Foreign Affairs Xie Feng hosted a delegation of AmCham Shanghai's Covid Taskforce on April 21. The group was led by AmCham Shanghai Chair Jeff Lehman and included AmCham Shanghai President Ker Gibbs and representatives from eight companies. In the nearly two-hour meeting, the group discussed the US-China relationship, the business environment and Covid-19 policies.

Vice Minister Xie shared China's views on China-US relations and stressed the positive benefits this relationship has brought to both countries. He noted the important role that the business community plays in supporting a stable relationship and welcomed more companies speaking out in support of a collaborative relationship. He pointed to the

potential ways in which China and US could work together on issues including the environment, global economic recovery and Covid-19.

The delegation appreciated the vice ministers comments about the relationship and the positive benefits of a stable relationship. The China market continues to be an important market for many companies. According to the delegation, one of the keys for building a strong relationship is the safe movement of people. Mobility is a key issue for companies and there are a number of choke points connected to Covid that have limited mobility including travel restrictions, vaccines and quarantines. They appreciated the Chinese government's efforts in managing Covid and hoped that more can be done to address these chokepoints and allow for more mobility.



### AMCHAM SHANGHAI'S MEETS CCPIT VICE CHAIRMAN ZHANG SHAOANG

On April 22, Zhang Shaogang, vice chairman of the China Council for the Promotion of International Trade (CCPIT), met with AmCham Shanghai President Ker Gibbs. Both sides exchanged views on the China-US economic and trade relations, Covid policies, and how to strengthen cooperation between the organizations.

Vice Chairman Zhang said that China aims to build an open economy in which there will be more opportunities for foreign companies. CCPIT would like to establish institutional ties with AmCham Shanghai to strengthen communication between the government and the business community. It would also like to build a platform to enable its 260,000 member companies to

have more direct contact with the American business community. He added that CCPIT is very active in multilateral organizations such as the APEC Business Advisory Council and the B20 (the business side of the G20). It would like to include AmCham Shanghai in these efforts. He believed that cooperating in these areas would lead to a better business environment for foreign companies.

AmCham Shanghai President Ker Gibbs said that US companies in China remain positive and optimistic about the China market. AmCham Shanghai appreciated the CCPIT's support and will continue to cooperate with CCPIT in organizing exchanges and cooperation between the US and Chinese business communities.

## WHO MOVED MY PEOPLE – LOCAL VS MNCs

On April 7, AmCham Shanghai hosted a discussion around issues in talent recruitment and retention for MNCs. Once seen as the first employment choice for top talent, MNC's long-standing advantages are now being challenged by local players.

Sharon Yang, CHRO at SPD Silicon Valley Bank, began by presenting an overview of the talent war between MNCs and local companies. She highlighted the pros and cons that talents take into consideration when deciding whether to work at a local privately owned enterprise. Local companies are seen as offering better financial rewards, a fast-paced career trajectory and are more agile in their decision making. However, working at a local company may also mean being subjected to a 996/007 work schedule and a "wolf" culture, where the boss' opinion is the only right opinion.



She also explained the reasons why MNCs are losing their luster, analyzing them at a macro and organizational level. Macro level factors included China's economic transition, government policy changes, geopolitical pressures and the rise of local technology. At the organizational level, many Chinese employees feel there is a glass ceiling for them at MNCs and that regardless of China performance, their pay will always be linked with global business performance. In companies where every decision has to come with headquarter approval, communication costs and low efficiency are an issue.

Sharon suggested that in order to win the talent battle, MNCs need to focus on a culture of diversity and inclusion, invest more in the careers of local Chinese top talent, empower their local employees and differentiate pay based on market performance.

Next, Peter Cheng, managing partner of Eminence Ventures, described the talent battle based on his own observations as a serial entrepreneur and 25-year veteran in enterprise software and technologies, who has worked for MNCs such as Oracle and Ebay, and Chinese tech companies such as Alibaba and Tencent.

Peter pointed out that MNCs still have an advantage over local companies when it comes to innovation and best practices, diversification and cultural awareness, training and development and brand prestige. He shared his own experience as a new recruit at Oracle and how the company employed trained linguists to help their international staff overcome language difficulties.

When it comes to what sort of talent MNCs look for in their employees, Peter said that having overseas experience, a deep self-awareness and sensitivity to cultural differences, being able to think strategically at a global level, being well spoken and a good negotiator are values that MNCs favor.

Peter also echoed what Sharon viewed as to why Chinese talent tend to choose local companies. Employees are given a more generous compensation package, have more decision-making power, a faster career track and are lured in by the possibility of an IPO.

The two presentations were followed by a panel discussion that included Sharon, Peter and Tony Yang, president at Tezign. Tony shared his own experience of working at MNCs to making the switch over to local firms. He stressed that the differences between MNCs and local companies do not present as big of a contrast as the differences between individual companies, which have their own work and HR cultures. Regardless of the type of company, they should all be growth-minded, leading employees to grow together with the company. Local companies that are expanding overseas also have their own HR issues, with some carrying out the same mistakes as MNCs in not investing in local top talent. Panelists also brought up the appeal of SOEs to many employees that value a stable career. They agreed that the market is big and diverse enough to serve the needs of all types of employees.

## SHANGHAI GOVERNMENT BRIEFS ON NEW ENERGY VEHICLE POLICIES

On April 7, AmCham Shanghai hosted the Shanghai Municipal Commission of Economy and Informatization's Intelligent Manufacturing Promotion Division Chief Han Dadong for a roundtable on Shanghai's new energy vehicle policies. Han provided an overview of the auto industry in Shanghai and introduced the newly launched New Energy Vehicle Industry Development Plan (2021-2025). He said that Shanghai's efforts to develop NEVs were an important part of its plan to reach carbon neutrality in the coming five years. He also discussed the government's efforts to support autonomous vehicles.

After the presentation, participants raised questions about NEV certificates, research and development projects, autopilot car testing systems and subsidies on related innovation programs.

AmCham Shanghai will continue to host similar sessions and other forms of dialogues to help companies connect with key agencies and build a greater understanding of Shanghai government policies.



## NANJING CENTER HOLDS ITS FIRST PLANNING YOUR CHILD'S EDUCATIONAL FUTURE SEMINAR

Jiangsu's top education experts for primary, secondary and university studies gathered on March 20 for AmCham Shanghai Nanjing Center's first "Planning Your Child's Educational Future Seminar," to help families navigate education planning in the glob-

al environment. The seminar brought together leaders including university admission officers, international and bilingual school executives and a US consulate officer to discuss the latest issues concerning international education.

NYU Shanghai Vice Chancellor and AmCham Shanghai Chairman Jeff Lehman opened the seminar with a speech emphasizing the importance of international education and sharing his own experience studying in France. Lehman said he believes that parents need to prepare their children for an increasingly globalized world and that an international education provides children with the tools needed to operate in this environment.

The first panel of the day offered updates on US college admissions and how students can prepare themselves for the application process. Speakers included AmCham Shanghai Education Committee Chair John D. Van Fleet, Education Advisor at the US Consulate in Shanghai Xie Pianpian, New York University Shanghai Vice Chancellor Jeff Lehman, Duke Kunshan University Dean of Student Affairs Raphael Moffett and Director of Ohio State University China Office Phoebe You.

The panel discussed the impact of the Covid-19 pandemic on universities. For example, NYU Shanghai expanded its student population to accommodate Chinese students who could not travel to New York for their classes. When asked how parents and students should pick a university, the panelists emphasized that school rankings should not be the only consideration and that they need to consider whether a school would be a good fit for a student, with passion as their guide.

The second speech was given by Jiangsu local education information platform and WeChat KOLs Jenny Ye and Amy Yi. They gave an in-depth analysis of the current international education environment and trends in Jiangsu.



The final panel of the day, "K-12 global education in Jiangsu" focused on how to assist students to succeed not only at their current schools but also in their future educational path. Panelists were Assistant to the President of Dipont Education Juliet Wang Stranga, Director of Nanjing International School Laurie McLellan, Principal from the British School of Nanjing Matthew Shephard, Principal from Nanjing Royal Guildford School Matthew Ford and Nanjing Foreign Language School Xianlin US Program Director Simon Liu. The speakers introduced different curriculums and discussed what to take into consideration when choosing a bilingual education.

The seminar attracted more than 130 participants including parents, government officials and educators. AmCham Shanghai Nanjing Center would like to thank our booth sponsors for helping to make this event possible: Nanwai King's College School Wuxi, RDFZ King's College School Hangzhou, Shanghai Huaer Collegiate School Kunshan, The Royal Grammar School Guildford Nanjing, The British School of Nanjing, The Ohio State University, Dulwich College Suzhou, Northern Illinois University, AIG China, Fellowes, Inc., EF Education First, Essential, China CITIC Bank and Lansha Ltd. **I**



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# AmCham Shanghai



2021 AmCham & SHAGA Golf Scramble





Fireside Chat with Uki Zhang of Genki Forest



April Monthly Member Briefing



# Month in Pictures



Supply Chain – Coping With Congestion in Foreign Ports



# AMCHAM SHANGHAI WELCOMES NEW MEMBERS



## March & April New Members

MARCH
ASML
AutoZone Trading (Shanghai) Co., Ltd
Chelsey House
Covington & Burling LLP Shanghai Representative Office (USA)
Crocs Footwear & Accessories (Shanghai) Co., Ltd.
Dipont Education Group
DOUBLE V CONSULTING LIMITED
FS Plus Consultants (Shanghai) Co., Ltd.
Gab China
Goldian Holdings Co. Ltd
Grand Hyatt Shanghai
Grand Kempinski Hotel Shanghai
HH Global Enterprises Management Consulting (Beijing) Co., Ltd. Shanghai Branch
Huiye Law Firm
Johnson Matthey (Shanghai) Catalyst Co., Ltd.
Kimberly-Clark (China) Co., Ltd.
Kingbond INC
LAFAYETTE 148 (SHANGHAI) INC
Modula (China) Automation Equipment Co., Ltd.
Ponzini Health and Beauty High-Tech (Suzhou) Co., Ltd
Quan Capital Management (Shanghai) Co., Ltd
RUYI DESIGN AND MANUFACTURE, INC
The British School of Nanjing
The Ritz-Carlton, Nanjing
The Trade Desk
USHOPAL Inc
VisaCare Exit and Entry Services (Shanghai) Co., Ltd.
Ylab Limited
Yung's Education Investment Limited
Zoom Suzhou Co., Ltd
上海和合首创投资管理有限公司
APRIL
Amway (China) Co., Ltd., Shanghai Branch
Arconic (Kunshan) Aluminum Products Co., Ltd.
Axalta Coating Systems (Shanghai) Company Limited
BASF Catalysts (Shanghai) Co., Ltd.
CFL Flooring (China) Co., Ltd.
Common Good (Shanghai) Trading Limited
Coresight Research
Eversana (Shanghai) Commercial and Consulting Co., Ltd.
Federal-Mogul (China) Co., Ltd.
Healthcare Co., Ltd
lululemon Athletica Trading (Shanghai) Co., Ltd
Merrito Consulting (Shanghai) Ltd
Niccolo Suzhou Co., Ltd
Pfizer (China) Research and Development Co., Ltd.
SAF China
Shanghai Hong Qiao International School
Sierra Instruments (Shanghai) Ltd.
Synopsys Semiconductor Technology (Shanghai) Co., Ltd.
Ventech China
Yuanyan (Changzhou) Enterprise Development Consulting Co., Ltd.
Zeeco (China) Engineering and Equipment Co., Ltd.
ZF Asia Pacific Group Co., Ltd.

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