

Luncheon Speech

Ladies and gentlemen, distinguished guests, good afternoon!

- I'd like to thank the China International Legal Affairs & Culture Exchange Center for inviting me to join today's event, and the opportunity to speak with our other esteemed guests here today. AmCham is pleased to partner with the forum, and we have enjoyed the insightful discussions this morning.
- The American Chamber of Commerce in China has offices in Beijing, Tianjin, Dalian, and Wuhan. Our membership comprises almost 4000 individuals and over 1000 companies from a broad spectrum of industries across the country.
- AmCham plays a critical positive role in the US-China bilateral relations, and we have been a long-term supporter of China's development and integration into the global economy. AmCham successfully led the American business community's strong support for China's Most Favored Nation Status, and ultimately Permanent Normal Trade Relations with the United States in 2000 and then China's entrance into the WTO in 2001.
- Through the years that American business has been in China, we have witnessed the transformation of the Chinese economy, and after 35 years of incredible growth, China has in many ways re-established its place among the world's great nations.
- China largely avoided the turmoil of the global financial crisis, but that crisis brought China's export boom to a premature close and there is now a clear understanding that we face significant structural economic issues and the current economic model has pretty much run its course – China's leaders now must guide the country into deeper reforms – as outlined for example in the Third Plenum.
- AmCham is strongly supportive of these reforms. Many of our members are still earning profits in China. However, costs are rising and despite optimism for the short-term business outlook, companies are increasingly cautious about future investments, as revenue and profitability growth decrease and challenges such as market access and concerns about the long term health of the economy grow.
- This year, we witnessed a drop in our member's plans for expansion in China, and the most recent investment numbers of US FDI into China seem to show this continues to be the case.

- There are new realities for businesses operating in China, as well as some uncertainties, but our members remain optimistic and confident that the country's leadership is set on reform, and will be successful.
- We are confident that the next stage of development will open markets, reduce corruption, and ensure the consistent application and enforcement of law. All of which will provide a more predictable business environment, and allow all businesses the opportunity to create, invest, innovate, develop and distribute the products and services that will drive China's future economy.
- In recent years AmCham China has prioritized four areas: Investment & Market Access, Standards, IPR, and Transparency.
- For Investment & Market Access: We hope to see increased investment opportunities in China. As we all know, Chinese companies are increasing their outbound investment, and in fact are now investing more into the US than US companies are investing into China. We believe reciprocal, transparent, and international-standard investment policies should be applied in China, just as Chinese companies should receive the same treatment investing abroad.
- For Standards: we would like to see China further integrate into the global economy and for foreign companies to have an active role in Chinese standard setting bodies.
- For IP: We all know that strong, reliable IPR enforcement is necessary for innovation to flourish. It encourages entrepreneurialism, supports private sector development, and promotes growth of high-tech ecosystems and creation of high-paying jobs for educated workers.
- Transparency: For the last 5 years, our members have identified inconsistent regulatory interpretation and unclear laws to be one of their top three business challenges. The rule of law, and its equal, transparent and consistent application, is essential for effective regulations, sustainable economic growth, and a healthy business environment.
- Again, AmCham strongly supports the ambitious reform agenda and we acknowledge the enormity of what it will take to transform the economy. We hope that foreign companies, who have invested so much, and contributed so heavily to China's development, will continue to be welcome.

- Despite challenges and concerns, China remains a top 3 investment destination for our members, and we remain optimistic about China's trade and investment future. We are confident that the transition which began in 2013 at the Third Plenum is just the beginning of a new bright era in China's development.
- In addition, there are key opportunities that hold immense potential for China and its integration in the world's future economy. The US and China are moving towards a stronger and more comprehensive relationship, with shared interests in promoting fair and equal market access in both of the world's two largest economies.
- The US-China Bilateral Investment Treaty will further strengthen the ties between the world's two largest economies, and raise the legal and business standards in China.
- It's been estimated that when the treaty goes through, total US investment in China would rise to 100 B US dollars, while Chinese investment in the US will accelerate to *over* 100 B US dollars by 2020. AmCham China strongly supports the US-China BIT, and we look forward to engaging with both governments to ensure the treaty creates a balanced bilateral business environment.
- There are also various other negotiations underway around the world, including the Trade in Services Agreement, and the Trans-Pacific Partnership, which we anticipate China will join in future. These agreements will create the next generation of international trade standards and will boost demand and access to services in and out of China, and help ensure that all companies face equal treatment under the law, with appropriate recourse if treated unfairly.
- AmCham believes that China's reforms will take China's economy in a new and positive direction, and through both its own reforms, as well as the bilateral and multilateral opportunities developing around the region and the world, there is an exciting opportunity for China to become a leading stakeholder in the future global trade and investment environment.
- We look forward to continuing our support for China's development and integration into the global economy, and continued support for American business in China.
- Thank you.