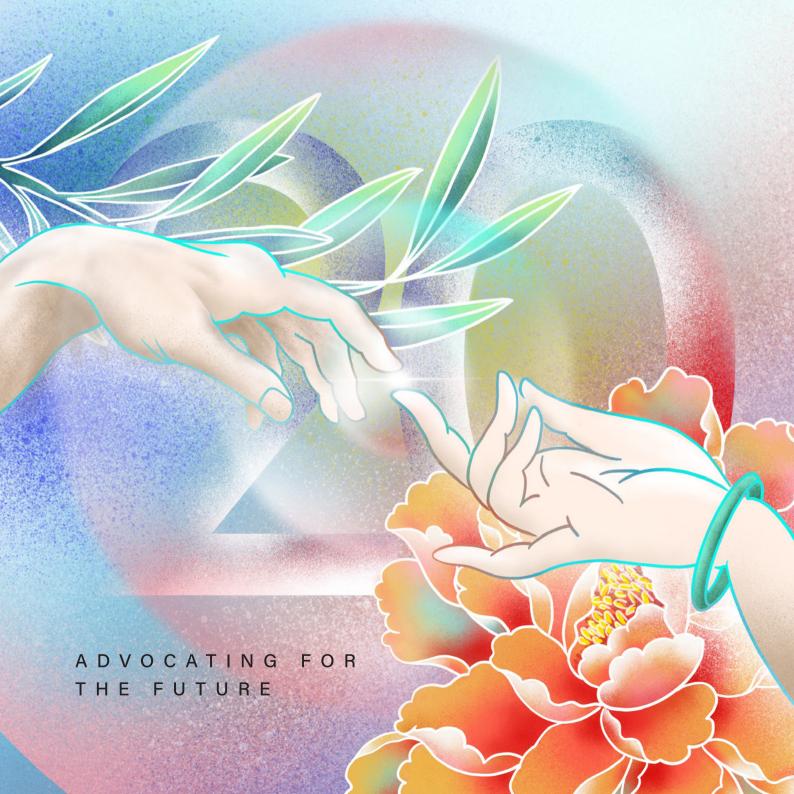


Journal of the European Union Chamber of Commerce in China

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Journal of the European Union Chamber



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# President's Foreword

#### Marking our 20th anniversary

Two decades ago, I joined 50 other representatives of European companies to found the European Chamber. Since then, I have been entrusted by our members to serve as president for eight of the Chamber's 20 years.

So much has changed over this period. We founding members were children of the '90s Asian financial crisis, a time when economic headwinds battered a China that was still determining the direction it would go in. Thankfully, then Prime Minister Zhu Rongji correctly identified the crisis as an opportunity to set China's course towards unprecedented economic opening-up, with the goal of acceding to the World Trade Organisation (WTO). The European Chamber was established to organise the European business community into specific areas of expertise, to both help China's leaders develop the economy, and monitor the country's adherence to its WTO commitments.

Since then, the European Chamber has carved out a consistent and meaningful track record that demonstrates European businesses' commitment to the Chinese market. Central and local authorities have been able to access our insights and understanding of the market, along with our recommendations, through our diverse range of publications: from the annual *Position Paper* and *Business Confidence Survey*, to thematic reports like *China Manufacturing 2025* and *The Road Less Travelled*, local position papers and industry-specific analyses like our paper on the aviation sector, *In for the Long Haul*. We go to the trouble of writing these papers because we believe in China's ability to reform, and we need China to succeed, making it as important to engage today as it was 20 years ago.

Nevertheless, despite two decades passing since our founding, European companies still encounter many closed doors when trying to invest in China. Time and time again, we have been promised significant opening and equal treatment, only to see slow and incremental market reforms that have little to no impact on our members' operations. With a 'one economy, two systems' model now emerging, in which state-owned enterprises grow at the expense of the innovative private sector, it is little wonder that our sense of optimism is frequently supplanted by 'promise fatigue'.

Yet, when it comes to China, I still have hope. Although hesitancy, and complacency, has undoubtedly crept into the system, I still feel that the spirit of reform Deng Xiaoping launched in the late 1970s remains in China's DNA.

For Europe, it is essential that we build unity among member states to address the virus and to manage European Union-China relations. We must not approach our relationship as a zero-sum game that would precipitate a move towards the kind of decoupling championed by some in Washington. This would lead to rising costs, massive unemployment and the destruction of international supply chains.

We now find ourselves at a crossroads, much as we did at the European Chamber's inception. The global economy is again being trampled, and the challenges ahead demand bold decisions. The European Chamber believes that establishing a meaningful Comprehensive Agreement on Investment by the end of 2020 would be the best way forward. This would clearly demonstrate that China's appetite for reform remains strong, and serve as a milestone in our joint efforts to build a sustainable and fair global economy.

I hope that in another two decades from now, my successors will be writing about this period as a turning point, when China decided to close the gulf between rhetoric and reality, take the politics out of business and choose truly open markets over a state-driven economy. The European Chamber will continue to work towards that future, and look to China's leaders to fulfil their promises.



Jörg Wuttke

President

European Union
Chamber of Commerce
in China



## TRADE COMMISSIONERS AND THE EUROPEAN CHAMBER

One of the main purposes of creating the European Chamber of Commerce in China in 2000 was to help monitor China's implementation of the commitments it made in order to join the World Trade Organization (WTO). The European Trade Commissioner at that time, Pascal Lamy, in particular pushed for a pan-European chamber, rather than each individual member state trying to negotiate the deal best for themselves. Once the European Chamber was set up, Mr Lamy continued to meet with its members when in China, and when Chamber representatives visited Brussels and European capitals on their annual tours. Information gathered by the European Chamber from its members on actual conditions in the Chinese market was also utilised by European leaders in forming policies relating to trade with China, and in their direct interactions with Chinese leaders and officials.

When Mr Lamy moved on from his post as European Trade Commissioner, the tradition of such close relations was maintained by his successors: Peter Mandelson, who officially launched the Chamber's South China Chapter; Catherine Ashton; Karel De Gucht; Cecilia Malmström; and Phil Hogan. Many of these former trade commissioners also participated in the Chamber's VIP Webinar series in 2020, the recordings of which are available on our social media channels.





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On 19<sup>th</sup> October 2000, the Ministry of the Civil Affairs of People's Republic of China officially approved the establishment of the European Union Chamber of Commerce in China.

#### PASCAL LAMY

Director-General, World Trade Organization (2005–2013) Commissioner for Trade, European Commission (1999–2004) Head of Cabinet for President of the European Commission, Jacques Delors (1985–1994)



Advisory Council Breakfast meeting with Pascal Lamy (centre) on 25<sup>th</sup> March 2019, led by Beijing Chapter General Manager Carl Hayward (centre left)

Q: You witnessed the establishment of the European Union Chamber of Commerce in China. Compared to the situation back then, how would you evaluate the current foreign investment market in China?

**PL:** Compared to the situation 20 years ago, some things have changed and some not. One thing that has changed significantly is that the Chinese market has grown immensely. Therefore, the Chinese market remains extremely attractive for foreign investors and operators. However, there is indeed one aspect that I hope could change a little bit faster. Although some impediments to foreign investment have been eased to a certain extent, restrictions for European Union (EU) businesses in China remain; this process of opening Chinese markets for both foreign investment and trade happens in too slow a manner. So, there remains quite a lot to be done.

The ongoing United States (US)-China trade disputes have damaged EU businesses in China. What do you think



As the European
Chamber in China has
kept emphasising in
its position papers,
competitive neutrality
is the most crucial
concept for our trade and
investment relationship
right now.

they should do right now do in order to reduce the impact?

I think this is not very much in the EU's hands. Some US anti-China measures have collateral-damaging consequences for EU operators, like export bans or sourcing limitations. These measures that prevent foreign companies from doing specific things with Chinese operators, notably in the tech sector, can hit European operators in

China. These measures are an indication of a characteristic US diplomatic phenomenon, or a longstanding problem with the US, for example, 'extra-territoriality' when US measures apply beyond the normal US jurisdiction, i.e. US firms, and hit non-US operators, including European ones. This extra-territorial approach is a big international and geopolitical legal issue, so it is not something that European operators in China can address.

How about the current China-EU investment deal? How do you evaluate the negotiation process of this agreement?

The major problem or the major focus of the negotiations is, as always, whether the EU and China can reach a proper level of reciprocity in terms of trade, investment, and perhaps other issues. The reciprocity is in terms of both the size of the market that is open to investment and that which is not open to investment. The negotiations also address the sectors of the markets that are strategic, politically sensitive or have other natures, thus can only be opened to foreign investments or international trade under specific conditions. We can see the whole progress of negotiating is inevitably complicated. In my personal view, I hope the structure of the overall agreement between the EU and China could look like "the whole market will be open, except when under conditions A, B, C, D and E", because this concise structure makes it easier to negotiate.

But of course, the negotiating progress in reality is always much more complicated and time-consuming, because when the two sides are talking about whether or not this agreement reaches an adequate level of reciprocity, they have to take political judgements into consideration. According to my own experience, until the very last minute, both sides will keep arguing that, "we are giving you more than you are giving us, so please pay a bit more". But politics also matter, given the importance of the signal that concluding,

or not, the negotiation would send globally.

What do you think China could contribute to a healthier international international trading system?

As the European Chamber in China has kept emphasising in its position papers, competitive neutrality is the most crucial concept for our trade and investment relationship right now. Competitive neutrality is the recognition that publicly owned Chinese firms in competition with the private sector, foreign or domestic, whether on the Chinese market or abroad, should not have a competitive advantage simply by virtue of government support. This implies disciplines on state aid, transparency, notifications, limitations and so on. If China wants to keep opening trade and investment, it has to embark on accepting the consequences of achieving competitive neutrality. This is an important issue and, if it is achieved, I believe it will be extremely beneficial to the international trading environment.

This is not about forcing China to change its economic or political system, or to renounce 'Chinese characteristics', but about making these characteristics compatible with the rest of the world as far as trade and investment is concerned. It is not about convergence, but about coexistence.

Note: This is a translated extract from an article originally printed in The Paper in their series '欧商在中国'. ('European Business i China'); https://www.thepaper.cn/newsDetail\_forward\_99293

#### **CATHERINE ASHTON**

High Representative of the European Union for Foreign Affairs and Security Policy (2009–2014) First Vice President of the European Commission (2009–2014) Commissioner for Trade, European Commission (2008–2009)





When I arrived in China in 2009 in my role as EU Trade Commissioner, my first meeting was with the European Union Chamber of Commerce. The organisation was then nine years old, and already a success story in Beijing. European business had a source of expertise and knowledge to which they could turn for advice, and a body that represented their issues and concerns to both China and Brussels. It is a remarkable story of success, with a membership that began modestly 20 years ago with 51 members and now exceeds over 1,700. This year, the European Chamber celebrates a successful 20 years of operation and continues to offer a first-class service to European business.

"During that very first meeting, we discussed the importance of building confidence in the relationship between China and the EU, and they impressed me with their deep understanding of the realities of working in, and with, China. Europe had supported China's membership of the WTO and worked with China on the Doha Development Round of trade negotiations, but was looking for ways to strengthen the bilateral trade and investment links. The Chamber, with

its focus on fact-finding, could point to areas where business could see progress, and areas where friction was a serious concern, using the direct experiences of business throughout our dialogue.

"As I look to the future, the challenges that were clear then have been brought into even sharper relief. Political challenges between Beijing, Brussels, Washington DC and capitals from Canberra to London, together with growing concerns to ensure that business operates fairly, mean the European Chamber has a huge agenda for the coming months and years. There is growing talk that China, once seen as a potential partner, is now increasingly a rival in Brussels. Hopes to move China to make reforms in trade have not been successful and concerns are growing. But there is still a level of ambition and a desire in Europe for a future which includes solid trade relations with China. If that ambition is to be realised, the European Chamber will be a vital partner for European business. As I congratulate them on their  $20^{\text{th}}$  anniversary, I hope in Brussels and Beijing their voice continues to be heard, and their knowledge taken seriously."

## KAREL DE GUCHT

Commissioner for Trade, European Commission (2010–2014) Commissioner for International Cooperation, Humanitarian Aid and Crisis Response, European Commission (2009–2010)

Q: During your visits to China as EU Trade Commissioner, you participated in many meetings with the European Chamber. Did they help you in your dealings with the Chinese authorities, and if so, how?

KDG: My meetings with the European Chamber have time and time again been enlightening. I always got the feeling that the Chamber knew the files and what was going on better than we did ourselves. It was also striking that the European companies were more courageous and adamant in China than in their home countries. Although the changes we need(ed) have to be pushed through in the EU.

Taking the current trade and political tensions between Beijing and the US, as well as between China and the United Kingdom (UK)/Australia/ India and numerous other economies into account, what can the EU and the European Chamber hope to achieve in the next 10 years with respect to China? Should the EU adopt a more hawkish approach, or persist with engagement?

I am in limbo about this question. On the one hand, there is every reason to play it more hawkishly, because we



risk being confronted with a state-led capitalism for decades, and that state becoming more and more ruthless. On the other hand, you could hope/expect that China will realise it cannot be in a confrontation-like relationship with everybody. I believe we should swiftly further develop our toolkit to cope with unfair trading practices from China: a much bolder International Procurement Instrument coupled with a robust Chinese Government Procurement Agreement offer [to the WTO]; initiatives on the basis of the ongoing consultation on subsidies; a screening regulation with teeth; and above all, trade defence instrument-like regulations for trade in services. This would allow us to engage but leave the Chinese with no illusions



## CECILIA MALMSTRÖM

Commissioner for Trade, European Commission (2014–2019) Commissioner for Home Affairs, European Commission (2010–2014)

Q: During your visits to China as
EU Trade Commissioner, but also in
Brussels, you participated in many
meetings with the European Chamber.
Did they help you in your dealings with
the Chinese authorities, and if so, how?

**CM:** Yes, they were very helpful, the meetings gave me insights on the difficulties (and possibilities) that European companies face on the Chinese market and gave me further understanding of the complexities of the Chinese economy and politics. I used those insights, and sometimes examples, in my political dealings with my Chinese counterparts.

Taking the current trade and political tensions between China and the US, as well as between China and the UK/ Australia/India and numerous other economies into account, what can the EU and the European Chamber hope to achieve in the next 10 years with respect to China? Should the EU adopt a more hawkish approach to China, or persist with engagement?

There are increasing tensions between China and the EU (and the rest of the world). Europe, together with the European Chamber, has to be united and



## PHIL HOGAN

Commissioner for Trade, European Commission (2019–2020) Commissioner for Agriculture and Rural Development, European Commission (2014–2019)

Q: During your visits to China as EU
Trade Commissioner, you participated
in many meetings with the European
Chamber. Did they help you in your
dealings with the Chinese authorities,
and if so, how?

PH: The European Chamber of Commerce in China plays a hugely important role by providing an interface between EU authorities and businesses and Chinese authorities and markets. I found the Chamber to be hugely helpful, given their extensive network of contacts and strong understanding of China's regulatory and business environment. During my missions to China as EU Agriculture Commissioner and later EU Trade Commissioner, I greatly appreciated the events hosted by the Chamber to help us as policymakers, and the European business delegations we were leading, to meet with the right people and form important new relationships.

Taking the current trade and political tensions between China and the US, as well as between China and the UK/ Australia/India and numerous other economies into account, what can the EU and the European Chamber hope to

achieve in the next 10 years in respect to China? Should the EU adopt a more hawkish approach to China, or persist with engagement?

The EU has to strike a balance between working in partnership with China on key global challenges such as COVID-19 and climate change, while also taking stronger action to ensure that our partnership is on a more equal footing.

The EU Commission's analysis identifies China as a partner but also an economic competitor and systemic rival. On that basis, the challenge for the European Chamber is to maintain its interface role between EU authorities and businesses and Chinese authorities and markets, while also assisting the EU in the wider political goal of levelling the playing field between it and China.

strategic vis-a-vis China. While we have every interest in engaging, trading and cooperating with China to reach the [the 2015 Paris Climate Agreement goals] and to reform the multilateral system, Europe must also be firm on the need for China to play by the rules. Industrial subsidies for state-owned companies, dumping of products, cybertheft, discrimination against foreign companies and forced technology transfers must stop. China must be true to the promises the country made when it joined the WTO. Europe will be tougher in investment screening and there will be an increasing diversification of some value chains in critical raw materials and other products. Also, Europe must speak up against the violation of human rights.

Having said all this, engagement is the only strategy; neither

Europe nor China has anything to win from

trade wars. Hope-

fully Europe can
engage with others
to convince China to
get more involved in
reform of the WTO.







10th President of the European Chapter

#### Jörg Wuttke (2019)

Extract from President's Foreword, EURObiz, May/June 2019

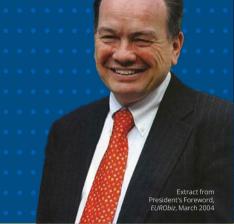
"As I approach the 37<sup>th</sup> anniversary of my first trip to China, I am once again honoured to be entrusted to take the reins of the European Chamber presidency. My long history in this market, coupled with six years' experience as Chamber president, will now be put to the test. Even in the two years since I last held this position, the challenges and opportunities facing European businesses operating here have changed dramatically. The fact that BASF could mastermind a 100 per cent foreign-owned US dollar (USD) 10 billion project in Guangdong shows that anything is possible if approached the right way. It is therefore all the more important that we not only watch the road ahead to steer our companies past tumultuous times and towards profitable business, but that we also look in the rear-view mirror and reflect on hurdles already overcome."



3rd President of the European Chapter

#### Ernst H. Behrens (2002)

"As our membership increases, so we must find more and better ways of keeping in touch with our members. I am delighted to be able to write to you at the launch of the Journal of the European Union Chamber of Commerce in China."



4th President of the European Chapter

#### Serge Janssens De Varebeke (2004)

"This will be a year of many changes, both external and internal. In May, 10 new members will join the EU, and in November, there will be a change of Commissioners in Brussels. Internally a new structure will be implemented in the Chamber and we will welcome a new Executive General Manager, I see the implementation of the new organisational structure as essential to strengthening our presence in Shanghai and possibly extending our presence in other locations. With the enlargement of the EU, broadening our membership base would also be a timely objective."

Extract from
President;s Foreword,
FURObiz, May/June 2014

8th President of the European Chapter

#### Jörg Wuttke (2014)

"The European Chamber will increase activity to provide content and information for Chinese and European leaders. We will provide practical recommendations that help strengthen this bilateral relationship, curb protectionist tendencies and encourage the Beijing leadership to press ahead with WTO-plus reforms that would open up the Chinese economy and strengthen China's standing as a responsible stakeholder in the multilateral system."





9th President of the European Chapter

#### Mats Harborn (2017)

"The European Chamber has long been established as an influential institution that makes a real difference in improving the business climate for European companies in China. I was therefore honoured and humbled when the members of the Chamber elected me as the new president ... I am relishing the challenge of building on the solid foundation that I have inherited."

Extract from President;s Foreword, EURObiz, May/June 2017



#### **Q:** What's your best memory of the European Chamber experience?

**DC:** My best memory is the one-hour, one-on-one meeting with then President of the European Council José Manuel Barroso, talking about his experiences during the time China was about to open to the outside world.

#### Do you feel that the Chinese authorities care about the Chamber's messaging and recommendations?

The Chinese authorities read our publications and pay attention to our initiatives, as we always carry out actions that are fact-based and encourage dialogue to come up with solutions that are beneficial for the whole industrial community, no matter whether foreign or domestic.

## Do you see the European Chamber as an overall success, or does it only appear to be successful in a China context?

The stakeholders in Brussels, where I live now, are paying as much attention as the Chinese authorities and media do. Over the last few years, the Chamber has also developed credibility among the European Union (EU) Member States, the United States and other major countries and blocs.

## Does the European Chamber today resemble your vision of what you thought it could be when it first started?

The model of the Chamber needs to be contextualised in the current time and environment. The strength of the European Chamber is that it is always adapting herself to the changing times as well as the requirements of the historical phases. The response of the European Chamber to COVID-19 is the best example of this.

What role did you personally play in the formation of the European Chamber? What was the biggest challenge during that time? And what was the biggest achievement?

I was among the 51 entrepreneurs who founded the European Union Chamber of Commerce in China. We had challenging times, as China was about to join the World Trade Organization, but the quality of people working on the topics and files was outstanding, and the first Position Paper publication rocked! We managed to immediately draw the attention of the Chinese authorities at a time where communication between the Chinese Government and the foreign business community was still getting lost in translation.

#### How do you expect to see China's business/regulatory environment change in the next 20 years?

China and the rest of the world are at a crossroads. The former has to understand that to become a global player in terms of economy, finance and geo-politics, it needs to play by common rules and with a transparent approach; the latter has to give up prejudices that still impact a fair vision of how common interests have to be shared by nations and their populations.

#### What role do you expect the European Chamber to take in the next 20 years?

The Chamber is a highly structured organisation that a group of leaders throughout the years have helped to shape, taking advantage of the diversity and multicultural approach of its member companies, staff and partners. I still remember when we toured almost 20 European capitals in my first year as president, to deliver with a single voice the messages of the European Chamber, Continuity along this path will contribute to keeping the Chamber strong and innovative.

#### What value has the European Chamber brought to you/your company/your industry?

I have learnt that to be strong, you need to be united and give up some of your interests for the common cause. Through this approach, you'll get something valuable in return.



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# China's Accession to the World Trade Organization

In the wake of World War II, 23 countries came together in 1948 to form the General Agreement on Trade and Tariffs (GATT) to facilitate international trade by eliminating subsidies and trade tariffs, and to boost economic recovery after the war. The GATT was also envisioned as a way to avoid the pre-war tendencies towards protectionism.

China was one of the original 47 signatories, but withdrew in 1950. The remaining members continued to refine and develop the GATT rules, until it merged with the World Trade Organization (WTO) in 1995. China began negotiations to rejoin the GATT in 1986, which became negotiations to join the WTO following this merger.

Agreements made with one member of the WTO will automatically also apply to all others, though individual members can apply for exemptions if a term is particularly harmful to their economy. When a country applies

to join the WTO, it must negotiate terms on tariff levels and market access that are acceptable to all members. The terms accepted become its Protocol of Accession – the formal document by which it agrees to join the WTO and be bound by WTO multilateral agreements. The negotiations on China's accession lasted for 15 years.

The European Chamber was created in order to monitor China's implementation of its official Protocol of Accession, to both protect European business and assist European leaders in their interactions with their Chinese counterparts. In this article, we have outlined the main areas covered by China's Protocol of Accession, some of which still form part of the Chamber's advocacy work today.

#### Transparency

- Translate all laws, regulations or other measures, at all levels of government, relating to trade in goods or services into one or more of the WTO languages (English, French and Spanish).
- Apply such laws, regulations or other measures in a uniform and neutral manner.
- Establish independent and impartial tribunals for the review of all administrative actions and decisions relating to such implementation.
- Carry out annual, 'transitional' reviews of compliance with WTOrelated obligations for eight years following accession.





## Market access in goods

- Cut tariffs on industrial goods to an average rate of 8.9 per cent.
- Sustain this average against future increases.

## Market access in services

• Liberalise a number of service sectors that were previously closed or severely restricted to foreign investment. [China made commitments in all sectors covered by the GATTS, including financial, telecommunications, distribution, and legal services.]

#### **Subsidies**

- Make subsidies to stateowned enterprises subject to countervailing duty actions.
- Eliminate export subsidies on industrial goods.

#### **Agriculture**

- Eliminate quotas on all but a few agricultural goods.
- Eliminate export subsidies on agricultural goods.



 Agree to be treated as a 'nonmarket economy' for 15 years after accession for purposes of conducting anti-dumping investigations against Chinese companies.

## Discriminatory safeguard rule

- Allow WTO members to apply a special safeguard rule, the 'transitional product-specific safeguard' (TPSS) that applies only to China and will remain in effect for 12 years after accession;
- Allow under the TPSS other WTO members to impose quotas and tariffs on Chinese goods upon a minimal showing of injury, with China's ability to retaliate restricted.







# Inaugural Position Paper

Introduction by **Peter Batey**,
President of the European Chamber (2001)

The 2001/2 European Union Chamber of Commerce in China *Position Paper* is published at an exciting time. China's accession to the World Trade Organization (WTO) is imminent and the commitments made in the Accession Protocol will bring fresh opportunities for European business in China.

Since its inception in 1999,¹ the European Chamber has been an enthusiastic advocate of China's membership of the WTO. We congratulate the Chinese Government on the successful completion of its marathon negotiation, which began in 1986. We look forward to greater flows of trade and investment between China and the European Union (EU) as a result.

Our Position Paper is published annually. It is a statement by the Chamber and by the Sectoral Working Groups, which are at its core, of the changes and improvements we would like to see in the business environment to facilitate further growth in trade and investment for mutual advantage. The Position Paper is addressed to both the Government of the People's Republic of China and the Commission of the European Union.

Some of the changes we were seeking last year have been secured as a result of China's WTO accession. Some will





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happen immediately; others will be phased in according to schedules set out in the Protocol of Accession. We did not secure all that we wanted; negotiations are like that.

Opening of markets is a continuing process, however. It is punctuated by both bilateral agreements and multi-lateral accords such as the WTO Accession Protocol. The Chamber hopes that the process of opening will continue with the dual objective of securing full reciprocity in terms of market access between Europe and China and widening access to both markets. Even after China's entry into the WTO, Chinese companies will still have much freer access to European markets than vice versa.

The European Chamber understands that China will need time to digest and implement the changes already agreed. Nevertheless, we feel it is the essence of our role to continue to present to the Chinese Government further changes our member companies are seeking in the market access regime and to brief negotiators in the European Commission on our stance.

We will therefore be presenting the *Position Paper* to the Chinese Government. We will seek to present it as a whole and to present the contribution of each Sectoral Working Group to its particular regulatory department{s}. We will also present it to the European Commission, both through its Delegation in China and later in 2002 in Brussels.

In order to prepare ourselves better for the next edition (2002/3), we aim to organise a conference early in 2002 in Peking [sic], involving the Sectoral Working Groups, the National Chambers or Business Associations of the European



# TOGETHER WE ARE STRONGER

History and presence of chambers of commerce and industry associations in China

Friend or foe? How to cooperate in one organisation with a competitor that, in the market, threatens the very existence of your company? Think of the Taiji symbol. In Chinese philosophy, things are rarely absolute. Competition and cooperation are interwoven; but these two seemingly antagonist concepts develop in interrelated ways, creating new ideas and opportunities, contributing to the prosperity of both companies and society as a whole.

Business, in China as anywhere else in the world, was and is never smooth and easy. Both in ancient times and nowadays, nature could be hostile (COVID-19), while the business environment and government attitude to private entrepreneurship was sometimes very supportive, sometimes obstructive.

Volker Müller, Senior Business Manager at the European Chamber, tells us how the mission of chambers of commerce and industry associations has remained basically the same over the centuries: mutual support, solving practical problems, sharing expertise, getting the voice of industry heard and providing members with a safe haven in a tough environment.

#### **Ancient Times**

Can you imagine surviving in pre-industrial times in the Tibetan highlands without drinking tea? From the Tang Dynasty (seventh to ninth centuries) until the early 20th century, caravans undertook a half-year journey to transport vital tea from the hills of central Yunnan via Lijiang to the slopes of the Himalayas, where they exchanged it for valuable Tibetan horses, returning the next year. In this way, the 'Tea- and Horse Road' was born, one of several trading routes complementing the famous Silk Road.

Merchants could not conquer this life-threatening terrain alone, so different professions—tea, gold, cloth, traditional medicine and many more—formed guilds; an early form of industrial organisations. In many cases, professions were closely related to a certain area of China, making professional and regional bonds undistinguishable; for example, craftsmen from Dingzhou in Fujian Province had a quasi-monopoly in paper manufacturing. Successful merchants built lavishly decorated guildhalls in all major towns in China, but also along the main



Chen Shutong, 1876–1966, born in Hangzhou. In 1953, he was elected the first president of the All–China Chamber of Industry and Commerce (CFIC)

international trade routes. In the Ming Dynasty, up to 400 guildhalls existed in Beijing alone, organising members, helping them with administrative and legal burdens—local regulations were often very different from those in their home province—and creating a sense of community.² Not very different from what a chamber of commerce does today.

## Late Qing Dynasty and the Republic of China

In modern times, the first Chinese Chamber of Commerce was founded on 22nd February 1902 in Shanghai. After the invasion of the eight imperial powers a year earlier, China's Qing Government was forced to renegotiate international trade treaties. Chinese companies had no voice in these negotiations, motivating the foundation of their own chamber of commerce. Their statutes and organisational structure imitated the Japanese Chamber of Commerce in Shanghai. In 1904, the Qing Government officially recognised chambers of commerce, triggering the foundation of several chambers in coastal towns and provinces like Tianjin and Fujian. By 1912, the number of Chinese chambers of commerce had already grown to 969, plus 39 foreign chambers founded by overseas Chinese.3

This rapid development came to an abrupt end in 1927 after Chiang Kai-Shek's coup. In the beginning, the influential Shanghai and other chambers of commerce had supported Chiang Kai-Shek, hoping to curb the Shanghai labour movement. However, the chambers' members' interests soon clashed with Guomindang policies, leading in 1929/30 to the independent chambers being dissolved and replaced by Guomindang-controlled ones. Over the next two decades, in the midst of war and China's economic collapse, chambers of commerce continued to exist but were limited to very basic activities.<sup>4</sup>

Yu, Heping: A Ibid, p. 147ff

<sup>&</sup>lt;sup>1</sup> Hong, Chen: Across Tibet (in Chinese), China Tourism Publishing House, Beijing 2013, p. 308:

Ulrich, Theobald: Guild Halls, ChinaKnowledge, 2016, viewed 15th September 2020, <a href="https://chinaknowledge.de/History/Terms/huiguan.html">https://chinaknowledge.de/History/Terms/huiguan.html</a>
Yu. Hening: A Roief History of Chamber of Commerce in China (in Chinase). Social Sciences Academic Press. Reiling, 2011, p. 12ff



Huguang Guildhall in Chongqing, built in 1759, served as a business and social centre for merchants from Guangdong, Hunan, Hubei and Guangxi.

#### The new China

The first years after the foundation of the People's Republic of China were characterised by a mixed economy, the 'New Democracy'. In October 1951, in his political report to the Political Consultative Conference, Premier Zhou Enlai encouraged the development of chambers of commerce, resulting in the foundation of the umbrella organisation, the All China Chamber of Industry and Commerce (CFIC), in October 1953.

However, the revival of chambers of commerce lasted only a few years; from 1956–1959, the CFIC used its influence to urge private companies to merge into the socialist, state-driven economy.<sup>5</sup>

Immediately after the founding of the People's Republic, most foreign companies retreated from China, but—a little-known fact—a core group of foreign business people continued to operate in the country. In 1958, during the Great Leap Forward, two German journalists visited China. In Shanghai, they met a community of about 100 foreigners who had founded an international business club.

#### The reform era

After being dormant in China for almost 20 years, the chambers of commerce revived quickly with the beginning of economic reforms. As early as October 1977, the Central Committee of the Communist Party of China issued a decree that "all democratic parties and chambers of commerce should rebuild and re-start their activities". The CFIC held its first national conferences in October 1979 and November 1983, amending its statutes to pave the way for a renewed representation of private business in China.

Today, chambers of commerce and industry associations are indispensable parts of China's business environment. By January 2019, a staggering 38,100 such organisations were registered. In 2018, the Ministry of Civil Affairs listed 18 foreign chambers and the Hong Kong Chamber of Commerce as registered in China. In addition, a growing number of international industry associations are establishing representation in China.

Most Chinese organisations are based in a small region, reflecting characteristic

Chinese 'local patriotism'. To take one example: the region Chaoshan (潮汕) in Eastern Guangdong, comprising the cities of Shantou, Chaozhou, Shanwei and Jieyang, is culturally and economically very different from the prosperous Pearl River Delta. A network of 410 Chaoshan Chambers of Commerce have been set up all over China, advocating for the special interests of their regional enterprises.

Chinese chambers of commerce and industry organisations may either be founded by government agencies or independently on the initiative of enterprises. In both cases, the government and private business often form a symbiosis – the private economy helping the government achieve its growth targets and the government solving problems for the industry. The government may even delegate certain tasks to industry organisations, for example, compiling a catalogue of all medical devices on the market, using the joint expertise of enterprises and industry associations.

A recent tendency—probably possible only in digital-savvy China—is e-industry organisations, registered or informal, without a physical presence, only operating online and in chat-groups.<sup>11</sup>

Multinational companies (MNCs) have learnt to successfully navigate the complex Chinese 'ecosystem' of chambers of commerce and industry associations. Many MNCs are parallel members in several foreign and Chinese organisations, using whichever advocacy channel fits best for a given challenge.

The success story of the European Chamber of Commerce in China would not have been possible without an environment that values the contribution of private industry to the wellbeing of the society, or a cultural background of fierce competitors also being partners, a mindset that has been growing over centuries.

All China Chamber of Industry and Commerce (in Chinese), Baidu Encyclopaedia, viewed 15° September 2020, -https://baike.baidu.com/item/%E4%88%AD%E5%8D%85%85%AB%E5%9B%BD% E5%B7%AS%E5%95%8B6%4RbB%AS%E5%91%494%E5%90%8B6%E4%8C%9A116917397fromtrite-%E5%85%AB%E5%9B%BD%E5%B7%AS%E5%95%B6%E8%81%94%E5%90%8B%E4%B-0%9A8Afronia-15096647348fr-alabitop5694748fr-alabitop5694748fr-alabit

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<sup>&</sup>lt;sup>8</sup> XL. Jianwel and Huan, Dehai: Mapping the Research on China's Chambers of Commerce (in Chinese), Organisation and Strategy, June 2019, p. 39, viewed 10<sup>th</sup> September 2019, China Academic Journal Febratonic Publiships House: Hern 1078\_1154(2019)G6\_01034.

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Result of the Annual Audio of Foreign Chambers of Commerc, Ministry of Civil Affairs, 23" August 2018, viewed 15" September 2020, <a href="https://baike.baidu.com/reference/23493996/126dCrQ7mc8mt-bp/270M/X2pgUrVEsnu550bitx105.BH1d19y010KT77r0bit.9fx1q19646h65bitM6X009Wtml\_8.0BLHs-gx00003017Three area more disconnected to the Commerce activate of Civil the prepared with the Civil the Civil

<sup>10</sup> There are more foreign chambers of commerce active in China than registered at the Ministry of Civil Affairs, e.g. some chambers use a company as their legal form. Trade associations without incomplete on the establish the legal form of a representative office.

often opt to establish the legal form of a representative office.

11 Heberer, T. and Müller, A.: Entwicklungsstaat China (German), 2020, viewed 15th September 2020, <a href="https://library.fes.de/pdf-files/iez/16040.pdf">https://library.fes.de/pdf-files/iez/16040.pdf</a>, p. 30ff.

#### **Tools to Break Glass Ceilings With**

## The European Chamber's cross-industry mentorship initiative

The European Chamber launched its Cross-industry Mentorship Initiative (CIMI) at the end of 2019. The CIMI partners mid- to senior-level managers of our member companies with C-suite leaders of European business in China, who will help to impart the additional skills and knowledge required for mid-tier staff to take the next step in their careers, to senior management and board-level positions. This is a part-time course lasting approximately six months. The second cycle runs from November 2020 to May 2021.

Some organisations have similar internal employee development programmes, but they are anchored on existing employee/employer relationships. The Chamber's cross-company and -industry initiative removes these barriers and provide an unrestricted, impartial learning environment to facilitate personal growth for mentees while offering a fresh perspective to mentors.

Both cycles of the CIMI focus on improving female representation at senior management and board level in China. We have chosen this as the aim for the programme due to the lack of gender diversity among top leadership within the Chamber's member companies. We believe this initiative can have an instant impact for those future female leaders involved, while also creating a platform for future diversity and inclusion, and leadership development, programmes.

#### What does the programme involve?

- Each mentee is paired one-on-one with a leading business figure from the European business community in China who will provide guidance and support, with at least five full hours dedicated to mentee development over the course of the six-month programme. This is a minimum requirement agreed to by all of the mentors, and we expect more time committed in cases where there is a good mentor-mentee fit.
- In addition, a number of external, tailored workshops are provided to help mentees develop leadership skills, share their leadership development experience and expand their network.

#### The mentors

The following mentors have confirmed their participation in the second cycle, with more yet to finalise agreements at time of writing:

- Jörg Wuttke, Vice President and Chief Representative, BASF China
- Charlotte Roule, CEO, ENGIE (China)
- Bruno Weill, Chief Group Representative, BNP Paribas
- Jens Eskelund, President, Maersk China Ltd
- Holly Lei, President, Covestro

- Michael Chang, CTO, Nokia
- Fabrice Megarbane, President & CEO, L'Oréal
- Bettina Schoen, Regional Representative Asia, Freudenberg
- Denis Depoux, Global Managing Director,
   Managing Director Greater China, Head of Asia,
   Roland Berger

#### How to get involved

Applicants must be:

- female;
- aged 30-45;
- an employee of a European Chamber member company; and
- mid- to senior-level management looking to step up to director, vice president, business unit head or equivalent.



#### Find out more

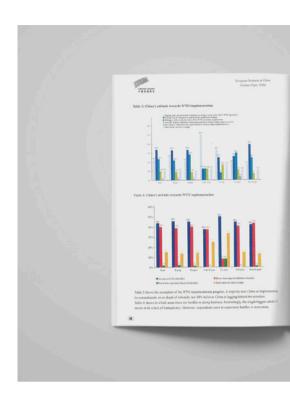
Jörg Wuttke, Vice President and Chief Representative of BASF China, President of the European Chamber, and his mentee Gloria Zhou, Head of Strategy and Business Portfolio at BP China, joined the European Chamber's China Dispatches podcast to share what they learned and achieved from the mentorship cycle 1 in the 'Breaking the Glass Ceiling' episode.

The China Dispatches podcast can be found on our website, or on the Ximalaya and Apple Podcast platforms.





# European Business in China Business Confidence Survey



The European Chamber's annual Business Confidence Survey (BCS) was initiated in 2004 under President Serge Janssens de Varebeke. The survey data was initially included with the Chamber's Position Paper. President De Varebeke said in his foreword:

"As the reputation of the Chamber and the influence of the Position Paper have grown each year, it is necessary to make the papers a more comprehensive reference to doing business in China. Part in response to this, the Chamber conducted its first ever members Business Confidence Survey, the results of which have substantiated many of our members' concerns. Therefore, along with the survey results, the Position Paper now also includes a summary section that brings together some of the key concerns of the members of the Chamber."

The BCS continued to be published as part of the *Position Paper* until 2007,

when it was released as a publication in its own right. Some of the data from these early standalone BCS reports may be relevant again in the post-COVID-19 business environment – the 2008 and 2009 surveys framed the start of the economic crisis sparked by the collapse of the sub-prime mortgage market in the United States, much as the 2020 and 2021 reports will illustrate the impact of the pandemic.

One difference of note in 2009 compared to recent results was that it was larger companies rather than small and medium-sized enterprises (SMEs) that seemed to take the hit:

"Large companies have felt the impact particularly strongly. Those with more than 5,000 employees and euro (EUR) 1 billion in revenue in China, and that have been in China for more than 20 years, reported a significantly stronger impact than their smaller, less exposed, peers. This effect on larger companies

is likely due to heavy contractions in demand in global markets."

Many respondents to the 2009 survey had performed better than their headquarters or branches in other markets. However, as a result, many felt pressure to over-perform. And while the Chinese Government released a series of stimulus packages to boost the economy, respondents were evenly split on whether they would or would not benefit.

"Companies with more than 250 employees in China reported more optimism about their ability to benefit from the stimulus package than SMEs reported. Financial services firms and companies in the industrial goods and services sector answered that they expect to benefit more often than those in professional services and consumer goods and services did. This result can be explained by the fact that the Chinese stimulus package focusses on infrastructure and capital goods,



sectors in which the primary European actors are larger companies in the industrial goods and service sector."

The first BCS in 2004 had a grand total of six charts, which looked at:

- Opinion on overall business in China
- China's attitude towards WTO implementation
- China's attitude towards WTO implementation (perception of progress)
- Obstacles in operating business in China
- Evaluation of counterfeiting and copyright violations; and
- Evaluation of intellectual property rights enforcement

By contrast, the most recent BCS had 86 charts, 14 times the amount of data included in the first survey. The BCS survey now takes place over a month, with staff in all chapters and offices of the Chamber pulling out all the stops to encourage members to take part, so that the data gleaned from the answers provides as broad and balanced a picture as possible.

While the 2020 survey was conducted in February before the full impact of the COVID-19 pandemic was felt—or even imagined—the data:

"still shows significant downward trends. This is seen especially in logistics, chemicals and petroleum, construction and the automotive industry; sectors that have the highest share of respondents reporting negative growth. Year-on-year (y-o-y) revenue growth dropped to the lowest levels seen since the 2010 BCS, and earnings before interest and tax (EBIT) growth, which was reported by 62% of respondents two years ago, is now only indicated by 43% of those surveyed. These downward trends

are reported disproportionately by SMEs, with only 46% seeing increased revenue and 40% experiencing higher EBIT, compared to 56% and 47% of multinational companies (MNCs), respectively."

The launch of the European Chamber's annual BCS is now a major draw for media, both international and domestic. Respected business TV networks such as Bloomberg and CNBC, as well as publications such as Deutsche Welle, The New York Times, The Wall Street Journal, Le Monde, The Economist, to name but a few, line up for interviews with members of our executive committee.

While business confidence may waver from year to year, confidence in the European Chamber's ability to continue producing valuable analysis of the business environment for European companies on the ground in China can remain strong.

## COMPANY TESTIMONIALS



**Gu Jiandang**Executive Committee member,
Phoenix Contact Group
President of Phoenix Contact (China) Holding

2020 marks the  $20^{th}$  anniversary of the establishment of the European Union Chamber of Commerce in China (European Chamber) and the 27th year since Phoenix Contact put down roots in China. Over the past 27 years, Phoenix Contact have firmly believed in the influence of platforms and systems. We have taken the lead in establishing an intelligent manufacturing promotion alliance in the industry. We have built a smart eco-system with our partners, in an effort to empower each other and help each other to achieve more. I often say that "one tree does not make a forest". That is also why we chose the European Chamber, and chose to get to know, communicate and cooperate with outstanding enterprises and entrepreneurs from the European Union (EU).

Over the past two decades, the European Chamber has become a benchmark as a social organisation that has huge success and outstanding influence in China. This is due to its concern over the development of European enterprises in China

alongside their social responsibilities, helping them to have a voice and striving for a fair competition environment, as well as creating a bigger market and more social values. The European Chamber and those European enterprises have witnessed the rapid development of China's economy, experienced difficult times during financial crises and now together face new challenges due to COVID-19. To deal with this crisis, Phoenix Contact China is ready to firmly implement its digital transformation and actively work on an ongoing basis to contain the virus. We also fully trust the European Chamber, and will continue to work with the Chamber and many other partners to ride the winds and tides, continue to forge ahead in the face of difficulties and obstacles, and work together for a better future! **E**b



Peiqin Ding
Tax Partner, Deloitte
Chair, Finance & Taxation
Forum, Nanjing

In general, the European Chamber in Jiangsu Province is building a platform for members to communicate and acting as a valuable link between the government and members. It has been a great pleasure and a good opportunity for Deloitte and also for me personally to work with the European Chamber over the past years. Hopefully, there will be even closer collaboration in the future.



Nikodem Maciejewski

General and Plant Manager, Signify Lighting Industry (China)

The first time I came to China was over 10 years ago, when I lived and worked in Shanghai.

As the head of supply chain improvements, I was able to experience the rapid transformation of the business environment and, together with Philips, we were actively participating in this great movement. Philips, and now Signify, was always involved in China and is now also continuing to be an active member of the European Union Chamber of Commerce.

At that time [ten years ago], having a common understanding and more unified voice in partnership discussions with the government, as well as exchanging experiences with the growing number of European Chamber members, was for us a key reason to be part of this community.

20 years of the European Chamber in China also gives great perspective.

Many things that are clear and obvious today were not so straightforward in the beginning. Today, we have a common ground and platform, where all the different

European companies can exchange their experiences and

also, in many cases, their issues. The European Chamber gave those individual entities an opportunity to create a stronger group – a team, which can better address the common questions. I see the creation of that group and the sense of 'being together' as the biggest achievement, next to the strong links with the provincial authorities and governments, as well as on a national level. To make a long story short – being partners with all the parties involved is a big achievement.

The European Chamber gives the opportunities not only to 'react' to present circumstances, but also to shape the future. The *Position Paper* is an example of how to do this. The analysis, voice and messages in that document are a great input yearly for the next improvements in the business environment. The fact that it is prepared by the Chamber and its members means a very strong voice is being heard.

Originally, the key task behind the European Chamber formation was to address business issues, but today it is also about shaping the future in the most positive way. Another great example of that is how the Chamber became a great benchmarking and learning platform. Members can learn from each other, and share best practices. Those are the elements that us part of a team, where all members can contribute and benefit from being together.



## **Julian Jeffrey**Master of Wellington

College International,
Tianjin

Wellington College places its five core values—respect, courage, integrity, responsibility and kindness—at the centre of all our decision-making and our relationships with our community. I see very similar themes and values in the way that the European Chamber supports its members and engages with the institutions of our host nation. The European reputation for tolerance and mutual respect, so hard won over the years, needs organisations such as the European Chamber to show these as living values, not just empty words.

I was delighted, and not just a little surprised, to be elected to the European Chamber Tianjin Chapter Board in 2019. It has given me the opportunity not only to represent the education sector to those who wield influence here in the city, but also to play my own part in raising the profile of Europe, and its values, customs and businesses, across our community. I am very proud to be part of a body that is so diligent and ambitious in its support for its members. In a world where open dialogue seems to me to more important than ever, the Chamber offers an essential voice to its members that can only go towards raising the profile and influence of European business interests.



CARLO DIEGO D'ANDREA

Vice President of the European Chamber and Shanghai Chapter Chair



Q: How long have you been in China?

CDD: I have lived in China for 15 years.

What's the difference between China's business/regulatory environment in your industry today vs. 20 years ago?

I am involved in the legal sector, therefore, in the past 20 years, we have seen very few steps towards opening up the market in our sector.

## What changes do you expect to see in China's business/regulatory environment in the next 20 years?

Rather than what I expect to see, what I dream of seeing and hope for regarding my industry is fair and equal treatment, a country where rule of law is the norm, where notions such as negative lists and areas of business in which foreign investment is refused are greatly reduced, and less involvement from state-owned enterprises in the business environment.

## What role do you foresee the European Chamber taking in the next 20 years?

I count on the European Chamber continuing to be the voice of European business striving forward, not to be 'pandahuggers', always adopting a proactive role while standing beside European businesses in order to build bridges – not only between European and Chinese businesses, but also with the Chinese authorities. Ultimately, being a vehicle for improvements in the legal and business frameworks of China.

## What value has the European Chamber brought to you/your company/your industry?

The Chamber brings the attention of Chinese leadership to the legal field, adding value to our industry. I still remember when I was the chair of the Legal and Competition Working Group, the president of the European Commission at that time, Jean-Claude Juncker, at the European Union (EU)-China Business Summit in Beijing, directly posed a question to Chinese Premier Li Keqiang asking for the reasoning behind the exclusion of European lawyers and law firms from the market in China. I remember this as a great opportunity the Chamber provided for our field; however, we have seen only small improvements since that time.

## What's your favourite experience from your time at the European Chamber?

The first time we had a hearing in the European Parliament in Brussels, I was one of the European Chamber delegation, and being there to speak to EU leaders was truly a powerful moment and indeed a great memory.

Do you remember the first government meeting you attended with the European Chamber, who it was with and how were you received?

Well, we are talking about a very long time ago, but I remember it was a meeting with the Nanjing mayor, when I was still a young practitioner having just arrived in China.

## What memories do you have from the first time you took part in the drafting of a *Position Paper?*

Truly an important moment, a lot of work to be completed, but nonetheless important to do so as everyone from European to Chinese leaders reads it. Just to be clear, it is not a simple cut-and-paste job; every year, we try to improve upon the previous edition to enhance the European business environment in China.

## Do you feel that the Chinese authorities care about the Chamber's messaging and recommendations?

Yes, they do. I know they care about it and I'll give you an example. When I went to Brussels in 2018, the new Chinese Ambassador to the EU, Zhang Ming, said in our meeting that he had very much wanted to meet the European Union Chamber of Commerce in China delegation. He mentioned that every time he discusses China with his EU counterparts, they all say they understand his points but that the European Chamber's Position Paper notes other perspectives regarding the same subject, and he is asked for his opinion on those. A moment of pride for the work of the European Chamber, perfectly showcasing what we are doing to improve the European business environment in China.

## PITER DE JONG

Former Chair, Shanghai Chapter



#### Q: How long have you been in China?

**PDJ:** I lived in China from 1998 to 2016. I was board member of the European Chamber Shanghai Chapter from 2007 to 2010 and Shanghai Chair from 2010 to 2013.

#### How did you first get involved in the European Chamber's work and what were some of the main challenges then?

I first got involved in the European Chamber via the Banking Working Group. As branch manager of ING Bank N.V. Shanghai Branch, I found it very useful to exchange ideas with people from other European banks. We were competitors, but at the same time, we were in the same boat: trying to increase the market share of foreign banks in China. The regulatory environment was very unstable and often unclear. Exchanging information with peers was very helpful.

## In its 20-year history, what would you say is the European Chamber's biggest accomplishment?

Providing a consistent channel for dialogue between the Chinese Government and European businesses. Over the years, the Chamber has built up a reputation for quality comments and suggestions on the regulatory environment, via the *Position Papers*. This has made [the Chamber] an interesting counterparty for Chinese regulators at many levels. As a result, the Chamber is able to make a difference for its members. The impact was often very specific and sometimes very local. Major changes are always difficult, but practical solutions to

make life easier for European businesses were mostly possible. The devil is always in the details, in the detailed implementation of rules, rather than the general law. This is where working groups, with deep, practical insights into the issues, can deliver value to the European Chamber's members.

## What's the difference in China's business/regulatory environment in your industry today vs. 20 years ago?

In banking, there has been constant change in the regulatory environment. When I started in banking in Shanghai in 1998. foreign banks were encouraged to expand. There was no renminbi lending licence yet; we were no threat to anyone. The regulator was quite interested in how foreign banks operated and often copied our internal guidelines and manuals as examples and teaching materials for local banks. That all changed after the banking crises in 2008. Foreign banks were no longer considered shining examples of compliance and prudent banking. Increasingly, the regulator imposed very strict local regulations on foreign banks, often crippling their business models. During my years in Shanghai, the market share of all foreign banks never exceeded two per cent. The knowledge and capacity of the regulator has increased significantly over the years.

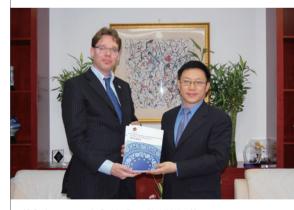
#### How do you expect China's business/ regulatory environment to change in the next 20 years?

Sooner or later, but likely within 20 years, China will open up its stock market to foreign companies and make the *renminbi*  fully convertible. This will be a major move forward whereby Shanghai will be able to retake its position as the leading global financial centre in Asia. The Shanghai Chapter released an interesting paper, Asia-Pacific Headquarters Study (2011), comparing Shanghai to Hong Kong and Singapore. Many key issues mentioned in that paper have since been resolved.

I expect the Chinese regulatory environment to continue to be rife with 'Chinese characteristics', and the European Chamber to remain relevant to both its members and the Chinese Government.

## What role do you expect the European Chamber to take in the next 20 years?

I expect the Chamber to continue to be the joint, united voice of European business in China. China will develop its own set of rules, but it is in the best interest of both China and European companies that ideas and suggestions are exchanged on how these set of rules can work out best for everyone involved.



Mr De Jong presents the Position Paper 2012/2013 to Mr Liao Min, former director general, China Banking Regulatory Commission, 21st November 2012

Do you remember the European Chamber's first government meeting you attended, who it was with and how you were received?

One of my first meetings as board member was with the Shanghai Ministry of

Commerce (SCOFCOM) and Mr Sha Hai Lin, a very open-minded government official with a keen interest in the work of the European Chamber. It was the first of many pleasant meetings over a period of six years as we established a regular strategic dialogue with SCOFCOM. I also have pleasant memories of the first meetings with Dr Fan Xinghai (now vice chair of the China Securities Regulatory Commission) and the finance events we co-organised when he was still at the Shanghai Municipal Financial Services Office.

## Do you feel that the Chinese authorities care about the Chamber's messaging and recommendations?

Yes, they certainly do. They may not implement the recommendations, but the Chinese Government is always keen on collecting intelligence on what foreign companies in China are concerned about. The information that foreign companies provide via the different chambers of commerce feeds into the decision-making processes.

## As you reflect on your time in the Chamber over the years, what comes to mind?

I fondly remember the Shanghai World Expo in 2010, with its European Union Pavilion. I had the opportunity to visit the Expo over 40 times as Shanghai chair, meeting with government leaders and business executives from all over the world. Shanghai seemed the centre of the universe for one long, hot summer. I also have good memories of the wonderful galas the Chamber organised. These were an ideal platform to meet other members, entertain clients and exchange ideas in an informal setting.

## What is the best piece of advice you can give the European Chamber for the coming years?

Stay true to its vision and mission; they seem more relevant than ever.

## **Shanghai Local Position Papers**



The European Chamber's first standalone local position paper was the Shanghai Position Paper 2014/2015. It was compiled in 2014 and launched in January 2015, with local position papers for each of the Chamber's other chapters following throughout the next year.

As Steven Sack, then chair of the Shanghai Chapter, said in his introduction to the position paper: "Each city, and region, in China has its own unique set of circumstances requiring a more tailored approach. Our lobbying priorities—while contributing to the overall improvement of the Chinese market and its operating environment in general—differ in each location, so there is a need for in-depth analysis and specific policy recommendations for each of these different regions."

Having led the vanguard in terms of launching local position papers, the Shanghai Chapter has also published the most since then, with a total of four under its belt as well as a report on Chinese Government plans to turn the city into an international finance centre (IFC) by 2020. These plans were a main focus for the Shanghai position papers, all of

which provided recommendations on how the authorities could speed up preparations to realise the IFC goal. However, the title of the chapter's report on the IFC plan indicates the authorities' success: *Not Yet, Maybe Later*.

The Shanghai Position Paper 2020/2021 unfortunately is mainly focussed on recommendations for the post-COVID-19 recovery of a city that is considered China's most 'international', alongside advice on how to make the most of plans for the development of the Yangtze River Delta region.

# Sustainable Business Awards and European Chamber's 20<sup>th</sup> Anniversary Cocktail Reception







The Shanghai Chapter's  $4^{\rm th}$  Sustainable Business Awards took place on  $17^{\rm th}$  September 2020, combined with a cocktail reception to celebrate the European Chamber's  $20^{\rm th}$  Anniversary.

The objective of the Sustainability
Awards is to highlight innovation
leadership achievements, advance
sustainability awareness and promote
responsible business models to
organisations in China.

The European Chamber Sustainability
Business Awards have been continuously
improving, growing and promoting
awareness since being established in
2017. Thanks to feedback from the
experts involved in the awards, each year
categories, criteria and requirements
are adapted to best reflect corporate
social responsibility (CSR) standards.
Notably, our award categories closely
follow United Nations (UN) Sustainable
Development Goals' and China's longterm policies on poverty alleviation and
environmental protection.

This year, the Sustainability Awards were open to both members and non-members, with five categories available for applications. The 2020 Sustainable Business Awards winners are:

- Advocate in Combating Poverty
  - Danone
- COVID-19 Crisis Response Award
  - Novo Nordisk, Philips, Signify,
     University of Nottingham Ningbo
     China (UNNC) and Volvo Group
- Navigating Diversity and Inclusion
  - SAI
- Outstanding Environmental and Climate Performance
  - Bosch, Stora Enso and Waste2Wear
- Social Innovation Pioneer
  - Covestro







## BERNHARD WEBER

Chair, Nanjing Chapter





BW: Before 2004, there was an informal foreign managers' association in Nanjing, but its scale and its impact were much smaller. I first encountered the European Chamber when I was working as chief financial officer of Bosch Siemens Home Appliances in Nanjing. I thought it was a great idea to open a Nanjing Chapter. European companies were given a platform to exchange information and, with the Chamber's support, communication with local authorities became much more efficient. I would like to take this opportunity to thank Helmut Güsten, who founded our Nanjing Chapter. This was not an easy thing to do, but he made it happen. His efforts, initiative and contribution are highly appreciated by the foreign community here in Nanjing.

#### What's the difference between China's business/regulatory environment today vs. 20 years ago?

At that time, the regulatory environment was weak; the authorities were testing many new policies, many of which did not make any sense. Foreign enterprises lacked legal security and understanding of local laws. Over time, local governments accepted the opportunity

to work with the Chamber, and many of our recommendations were taken into consideration. Policy interpretations were and still are very important part of our advocacy efforts; for example the interpretation of environmental rules, which are very important to many of our members from the manufacturing industry. Through very open and direct dialogue, the local government understands how our member companies perceive the work of the government, and our members have better knowledge of how to apply the regulations. 20 years ago, as foreign-invested enterprises (FIEs), we were fairly big fish in a small pond. In the meantime, the situation has changed and now we are mainly small fish in a big pond. A lot of Chinese companies developed very successfully, and in most, FIEs are competing with strong local companies. Now it is important for European enterprises to understand how to deal with this competition, not only in China but also in Europe. Our mission is to make sure that members can continue to be successful in the Chinese market as well as in their home countries.

#### What role do you expect the European Chamber to take in the next 20 years?

The structure of the European Chamber is not very homogenous, because we have offices in different areas of the country

and different chapters have different focuses. When it comes to our Nanjing Chapter, we always pay great attention to what is requested by our members in Jiangsu Province. On the national level, the Chamber is doing a great job by addressing issues directly to the central authorities. On the local level, we must make sure to keep a working relationship with the relevant government departments. I also think it would be a good idea to introduce national education courses that we can spread around the country. Our Nanjing Chapter takes special care to provide ongoing education courses for our members, especially our small and medium-sized enterprises, which are often not in a position to maintain their own in-house training departments and therefore depend on outside support.

We are all expecting the government to open the Chinese market more and



Bernhard Weber was interviewed by *Jiangsu TV* on 22<sup>nd</sup>
November 2019 during the European Chamber's 6<sup>th</sup> Corporate
Social Responsibility Forum & Awards Ceremony.

## HELMUT GÜSTEN

Former Chair, Nanjing Chapter



more, in order to create the same opportunities for FIEs and local companies. I hope that this will happen soon and that the European Chamber will continue to lobby for it.

I am always glad when we can support individual members in solving their problems.
But I am especially proud of the times when we can have bigger meetings with the local government. It is very important for us that both the Jiangsu and Nanjing governments understand that we are really representing a major part of the FIEs from Europe in this region.

### Is there anything else you would like to share with us?

I think the more the merrier; with our voice we can do a lot to support European companies.

We hope we can keep growing; more members in the Chamber will make our voice even stronger and it will have more impact.

Also, I am very grateful to our loyal members, who carried the whole organisation for many years; their support was crucial to the development of the whole Chamber. Thank you to you all!

Starting in 1998, the foreign business community in Nanjing was holding regular informal gatherings called the General Manager (GM) Roundtable. As this group, we made several efforts to approach government entities of Nanjing city and Jiangsu Province. The response was warm and friendly but very clear that the government cannot communicate with an unofficial group. This led to our search to become 'official' and eventually to pick up the phone to call the European Union Chamber of Commerce in Beijing. The then head Ian Kay (back then, the title was 'executive director', which was changed to 'secretary general' by his successor) came to Nanjing for a meeting, and we agreed to form the Nanjing Chapter. At the inaugural meeting, 23 companies joined. This was also the starting point of the regionalisation strategy of the European Chamber. The GM of the Nanjing Chapter was Francine Hadjisotiriou, who stayed loyal to the Chamber and today is the GM of the European Chamber South China Chapter. I myself served as chair of the Nanjing Chapter for four terms, including the inaugural term.

We soon realised that we made the right choice. The European Chamber is an inclusive international organisation that provided the desired legitimate organisational structure. Suddenly, it was possible to engage with government entities at all levels. We started with meetings on critical topics like limited power supply, but



soon engaged in regular proactive meetings, which today have been established as the Government Dialogue. We continue to provide networking opportunities for the foreign community whilst being the only legitimate representative of foreign business in and around Nanjing.

When changing jobs during my 26 years in Nanjing, I am happy to say that my employers always agreed to join the European Chamber. Companies benefit from the advocacy activities, the training and the networking opportunities. I myself have become more 'European' through my work with the Chamber. I understand that a country like China cannot negotiate deals and make agreements with each European country. Before the European Chamber, we Europeans have always been handled in line with China-United States interests. Sitting at the table as one Europe gave us the size, leverage and significance we needed to negotiate agreements with China. We definitely got better deals than any European country could have achieved on their own.

#### **Nanjing Municipal Human Resources introduction**

The Nanjing Municipal Human Resources and Social Security Bureau is the municipal government unit that manage the city's human resources (HR) and social security work. It is involved in implementing policies and guidelines, facilitating employment and development of start-up and cultivating talent - including from overseas. The Nanjing Chapter would advocate on any HR issues directly with this bureau, such as the entry ban on foreigners following the COVID-19 outbreak.

## Nanjing Municipal Human Resources and Social Security Bureau

#### To the European Union Chamber of Commerce in China:

We are glad to hear that this year marks the  $20^{th}$  anniversary of the establishment of the European Union Chamber of Commerce in China (European Chamber). On this occasion, the Nanjing Human Resources and Social Security Bureau would like to extend warm congratulations and sincere wishes to our friends at the European Chamber and celebrate this anniversary with you.

The European Chamber aims to provide a common voice for European companies from various industries operating in various regions of China. After 20 years, the European Chamber now has more than 1,600 member companies and is active in nine cities and regions, namely, Beijing, Chengdu, Chongqing, Nanjing, the Pearl River Delta (Guangzhou and Shenzhen), Shanghai, Shenyang and Tianjin. The work of the European Chamber is highly recognised by the European Commission and the Chinese Government, and the Chamber is widely reputed as a trustworthy European organisation in China.

In recent years, the Nanjing Municipal Human Resources and Social Security Bureau has actively participated in government exchanges and symposiums hosted by the European Chamber Nanjing Chapter. These for a provide an optimised business environment for the development and operation of European companies in Nanjing by establishing a long-term information communication and sharing platform. Serving as a bridge between the government and European firms, the Nanjing Chapter has submitted the *Nanjing Position Paper* to our office twice, in 2017 and 2019, providing valuable suggestions on Nanjing's policies on attracting talent, internships for foreign talent and residence permits, to name but a few.

On 30<sup>th</sup> June 2020, the President of the European Chamber Jörg Wuttke said in an interview with *Xinhua*: "In a changing world, Europe and China should further explore the great potential of their bilateral economic and trade relations, bring tangible benefits to both sides, and motivate the world for economic recovery."

We sincerely hope that, in the future, we will continue to maintain good communications with each other. Having the European Chamber as a bridge, we will promote in-depth cooperation between Chinese and European companies in all aspects, make suggestions for the development of cities, increase the openness of the market and create a fair business environment to achieve mutual success.

Finally, I sincerely congratulate the European Union Chamber of Commerce in China on the  $20^{th}$  anniversary of its establishment. We will continue our journey and sail to victory together.



13<sup>TH</sup> JUNE 2006 | FILE | europeanchamber.com.cn

### **Opening of South China Chapter**



This is a press release published on the European Chamber's website in 2006 to announce the opening of the new chapter in South China."

"The European Trade Commissioner Mr Peter Mandelson (centre) and the European Union (EU) Ambassador to China Mr Serge Abou (far left) officially launched, on 5th June, the Pearl River Delta Chapter of the European Union Chamber of Commerce in China.<sup>1</sup>

The Pearl River Delta represents China's manufacturing pillar in the sectors of electronics and information equipment, textiles, automotive, energy and chemicals, together with its developing service sectors such as finance, logistics and transportation.

"The opening of the Pearl River Delta
Chapter shows that the Chamber is
extremely committed to enhancing
EU-China dialogue and to improving the
business environment at a local level. The
cluster-based system formed by Guangzhou,
Shenzhen, Dongguan, Foshan, Huizhou,
Jiangmen, Zhaoqing, Zhongshan and
Zhuhai truly represents the biggest and
most concrete example of China's economic
reform, and European companies are among
the main supporters of this achievement,"

<sup>1</sup> The South China Chapter was originally called the Pearl River Delta Chapter.

said European Chamber President Janssens de Varebeke in his opening speech.

The opening ceremony was held with significant attendance of European-invested companies operating in Guangdong.

Before the opening dinner,
Commissioner Mandelson held a
meeting with representatives of the EU
diplomatic corp based in Guangzhou,
led by the Finnish Consul General Mr
Hannu Toivola, and representatives
of the European business community.
The discussion covered investment
opportunities, intellectual property
rights, energy, government procurement,
logistics, infrastructure and corporate
social responsibility. Special mention
was also made regarding the investments
and operations of European small and
medium-sized enterprises in this region.

The Guangdong Department of Foreign Trade and Economic Cooperation, and the Guangdong Chamber of Commerce, also welcomed the new presence of the European Chamber in the Pearl River Delta area. The new office will become a focal point for many European enterprises and, in its role of facilitator of business and dialogue, it will directly contribute to the enhancement of EU-China relations."

#### DIRECTOR

### **SUN Bin**

Board of Investment Promotion, Department of Commerce, Guangdong Province.

Q: What's your favourite memory of the European Chamber?

SB: The European Chamber is an important partner for us. What impresses us most is that, since 2017, the Guangdong Provincial Department of Commerce and the European Chamber have jointly organised the China (Guangdong)-Europe Investment and Innovation Cooperation Conference for three consecutive years, in which the Chamber played an important role in inviting European business and organising activities. During this period, we also witnessed the continuous improvement of the European Chamber, increase of its member enterprises and expansion of its influence.

#### What role do you expect the European Chamber to take in the next 20 years?

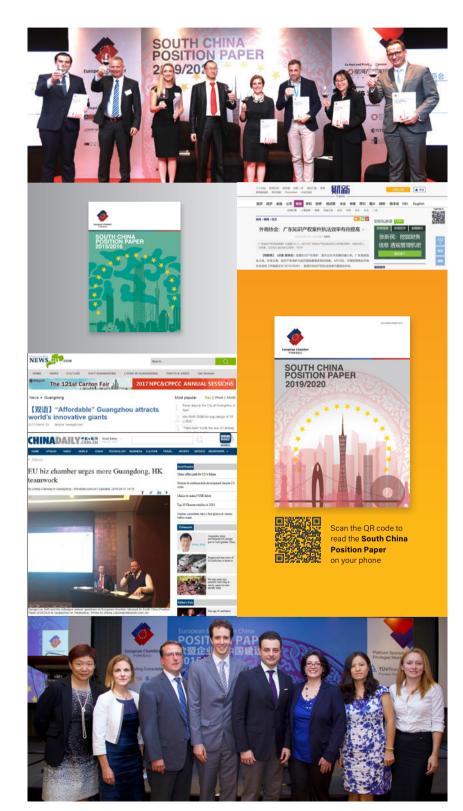
Firstly, I hope that the Chamber will become a 'bridge' for European enterprises to contact government agencies and carry out communication and coordination with government departments at all levels. Secondly, to become the 'link' between and strengthen the understanding and cooperation between European enterprises. Thirdly, to become a 'window' for information transmission-introducing Guangdong's investment environment, various policies and achievements in economic construction to European enterprises promptly-and playing an active role in the international economic cooperation between the European Union and Guangdong, and even China.

# South China Local Position Papers

The European Chamber South China Chapter has so far produced two local position papers; the first in 2015/2016 and the second in 2019/2020. The South China Chapter has two offices; the first opened in Guangzhou in 2006 and the second in Shenzhen in 2007. Given the fact that Guangdong Province has been the leading Chinese province in terms of gross domestic product (GDP) for the past 30 years, the need for a European Chamber chapter in the region is self-evident.

The need for local position papers from the South China Chapter also became apparent. As the then chair, Alberto Vettoretti, said in his foreword to the South China Position Paper 2015/2016: "a somewhat laissez-faire attitude and the unrestricted and uneven economic development across the province has made Guangdong's success story an unequal and unsustainable one."

Both position papers urged the local authorities to work on developing the practical skills of graduates and provide apprenticeship opportunities in order for South China to be able to convert itself from the 'world factory' into a world-class centre of innovation and high-tech business. They also recommended that South China maintain its reputation as China's 'window to the world' by facilitating market entry for foreign enterprises interested in investing in the region.



# SOUTHWEST CHINA



### PAUL SIVES

Vice President and Southwest China Chapter Chair



In 2004, I was invited to an event hosted by Xavier Maurey in Chengdu. At the time, I was chair of the British Chamber of Commerce in Southwest China, so I was very interested in this meeting, which was an exploratory discussion to determine if the European Chamber of Commerce in China would set up an office in the southwest. That was the start of

a long and very positive relationship for both myself and my company with the European Chamber.

For me, the European Chamber can be considered an anchor of reason and common sense in a world that sometimes lacks both. The Chamber continuously manages to stay relevant through its sensible and intelligent

investigation and presentation of the issues affecting its members in China. I am very proud to have been part of the Chamber through my activities as board member and currently as vice president, and chair of the Southwest Chapter.

I wish the Chamber a wonderful 20<sup>th</sup> birthday.

# DOMINIK WIDMER

Vice Chair, Southwest China & Chongqing Representative



**Q:** What's your best memory of the European Chamber experience?

**DW:** My best memory is my participation in the Chamber's annual European Tour to Brussels in 2020. After having spent many hours of hard work with my colleagues on the research for and write-up of our local position paper in 2018, it felt great to bring its messaging and content to key stakeholders in Brussels and share a local perspective of Southwest

China's business environment with the European Commission, the European Parliament, think tanks, and other industry and business associations.

What's the difference between China's business/regulatory environment in your industry today vs. 20 years ago?

20 years ago, when China announced its accession to the World Trade Organization, the hopes among European/international businesses of China further opening its economy were much higher than today. Over the past two decades, many foreign-invested enterprises (FIEs) increased their contributions to domestic investment and manufacturing output. The Chinese Communist Party's 2013 pledge under President Xi's then new administration to let the market play a decisive role in the economy, and Xi's famous speech in Davos on economic globalisation, revitalised the hopes of foreign companies and international associations pushing for

#### **CHAPTERS**

reform. However, a lack of follow-through over the past several years on repeated State Council vows to open the market to the world have left foreign businesses with 'promise fatigue'. Hoped-for market liberalisation is increasingly being viewed as secondary to Xi's state-centred approach to economic policy and his focus on domestic stability; and unfortunately, there are no signals indicating a change in his priorities. While China remains a compulsory market for any multinational company, it is very unlikely that an 'exodus' scenario will unfold. However, underlying fundamental differences to and distancing from western values nurture governmental and non-governmental

strategies to decrease dependence on China much more than 20 years ago.

#### What role do you expect the European Chamber to take in the next 20 years?

The European Chamber will continue to effectively influence policymaking in China and Europe, and publish high quality materials that bring clear and significant value to its members and other stakeholders. While, in the past 20 years, this has already been achieved very successfully on a national level, I believe there will also be increased engagement on a local level, such as the initiative from five

years ago to start publishing local editions of position papers.

# What value has the European Chamber brought to you/your company/your industry?

Besides being a very valuable institution for networking, I see the European Chamber's advocacy capabilities as its biggest asset.

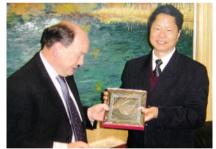
The European Chamber is a unique, independent, multinational and renown channel, where European businesses and institutions are able to address anonymously sensitive issues for greater market access and improved operating conditions in China.

#### 2006

### **European Chamber Chengdu Local Chapter**

Serge Janssens, president of the European Chamber and lan Kay, Chamber advisor, met up in Chengdu on 12th November 2004 for the pre-inauguration event to form a local European Chamber chapter in Chengdu. That evening, networking drinks were planned and 39 people had gathered...There was overwhelming support to establish the Chapter and by the end of the evening, the first application form was completed by Thomas Pietsch of Bayer Healthcare.















# Southwest China Local Position Papers

The European Chamber's Southwest China Chapter has published two local position papers, the first in 2015/2016 and the second in 2018/2019, with a third in the pipeline for 2021. The Southwest China Chapter is the Chamber's most westward and landlocked chapter, and therefore a standalone position paper is vital for addressing issues specific to the members operating in this region.

As a first step towards building media relationships, the launch of the Southwest China Position Paper 2015/2016 event marked the first time for the Southwest China Chapter's Chongqing Office to invite several media to attend a major launch event. Most of the media in attendance showed great interest in understanding more about the European Chamber itself and its member companies. The media took a very positive view of the three Chongqing key recommendations presented in the Position Paper and indicated that they looked forward to seeing how the Chongqing Government will respond to them.





Scan the QR code to read the Southwest China Position Paper on your phone





### CHEUNG YUP FAN

Chair, Tianjin Chapter CEO, Standard Chartered GBS Co Ltd



20 years ago, China started to develop the market with a 'build' mode to attract foreign investment, technology, knowledge and skills. Gradually China moved to the 'maintain and sustain' mode to stabilise the community and the business environment. Currently, China is under transformation to shift from a manufacturing/production stage to consumer services and financial services. This is a logical movement and I foresee, in the coming 20 years, China on the one hand continuing to stabilise the manufacturing/production industry, while on the other hand increasing its efforts in research and

development, financial services and consumer services.

The European Union Chamber of Commerce in China has been playing a vital role in providing a bridge between membership enterprises and administration. We will continue to advocate and contribute to the community through better engagement with our members and the local government/community.

The value of the European Chamber

must be to act as a bridge between member companies and the local authorities, as well as establishing a close network amongst our members to drive market equality and transparency. It should be a platform through which to connect and influence for a better business environment. The connection with government officials to voice concerns of our members and to receive input/feedback from the government to resolve business challenges. The Tianjin Chapter is moving in the right direction, and I would like to see the chapter continue playing a role to connect and influence stakeholders.

### JUERGEN HASENPUSCH

Board Member, Tianjin Chapter GM, Volkswagen Automatic Transmission (Tianjin) Co Ltd



After decades of high-speed growth, China is now a leading force in global transformation. In the next 20 years, we will see dramatic changes in many industries, offering new opportunities in environmental technology and sustainability. Using business potential is key, and the Chamber helps provide a platform through which to share,

exchange and bundle these prospects and opinions for all European businesses in China.

When I came to China only a year ago, it was a big privilege for me to join the Chamber as a board member. It has been a great chance for me to join Tianjin's business community, with insights

and results I had not imagined before.

Numerous events allowed me to dive into exchanges with officials from the local governments, together with entrepreneurs who pioneer new approaches. I will fully support the Chamber in pushing its mission further in order to combine efforts and create new opportunities in both business and personal spheres.

# Tianjin Local Position Paper

Tianjin have so far released only one stand-alone position paper, the *Tianjin* Position Paper 2015/2016. This edition was launched on the  $10^{\mathrm{th}}$  anniversary of the opening of the Tianjin Chapter in 2005, and reflected "ten years of success, supporting and lobbying on behalf of European businesses located in the Tianjin area." The Tianjin Position Paper was released shortly after a massive explosion in Tianjin Port in August 2015, which put the city in sharp focus for the world for all the wrong reasons. The Tianjin Chapter board, staff and members reached out to the authorities through the position paper with suggestions on how to rebuild the port's and the city's reputation.





Scan the QR code to read the **Tianjing Position Paper** on your phone





### HARALD KUMPFERT

Chair, Shenyang Chapter



During the 20 years of the European Union Chamber of Commerce in China's existence, it has played a positive and proactive role during China's transformation into an economic powerhouse. As a critical voice, the European Chamber was a vital player in influencing the regulatory framework and policy implementation that shaped this economic landscape, and therefore became a respected counterpart for the central and local governments. This

fact also made the European Chamber invaluable for our members and is one of the main reasons for our successful development.

I feel privileged leading the Shenyang Chapter during the challenging transformation of Northeast China from the epicentre of China's heavy industry, dominated by state-owned enterprises, into a versatile and diversified economic engine governed by transparent marketbased principles leading to an ecological and sustainable future.

During these testing times, further amplified by the current pandemic, our Shenyang Chapter will continue to act as a solid bridge between the European business community, the local governments and society in order to unlock the vast potential of this region, thereby creating numerous opportunities for our members.

### ERICH KAISERSEDER

Board Member, Shenyang Chapter General Manager, Conrad Hotel Shenyang



My first experience of China was back in 1992 when working in Beijing. Over the course of the past three decades, I accepted assignments within the rest of Asia and globally, but repeatedly returned to China on assignments as well. This allowed me to note the enormous progress China made almost as if by timelapse.

Upon arrival in Shenyang and while preparing for the opening of the Conrad

Hotel, I noticed that there are many European businesses located in and around the city. The European Union Chamber of Commerce in China, Shenyang Chapter, founded 14 years ago, impressed me with the number and quality of events it hosted. I partook in one of the social events and the launch of the 2019 *Position Paper* prior to joining the Chamber. After I observed the efficiency and professionalism of the Shenyang Chapter, I decided to become

a member with our company.

I have since been honoured to become a board member of the Shenyang Chapter and the head of the focus group to improve the attractiveness and tourism of Shenyang. We have had several very positive and productive meetings with the local government since then, and it is remarkable to see the excellent cooperation between the local government and the Chamber.

15<sup>TH</sup> MAY 2006 | Launch of Shenyang Branch, europeanchamber.com.cn

# Commissioner Danuta Hübner signs memorandum on regional policy cooperation

"Regional policy Commissioner Danuta
Hübner signed today in Beijing a
memorandum of understanding setting
up an official forum where the European
Commission and China will discuss
regional policy issues. The Commission's
Directorate General for Regional Policy
and the Chinese National Development and
Reform Commission will aim to promote

bilateral cooperation and to exchange information on policies contributing to growth, competitiveness and employment. During her visit to China today and tomorrow, Commissioner Hübner is meeting with Chinese national and regional authorities' officials, including Vice Minister for National Development and Reform Commission, Du Ying. The Commissioner opened today in

Beijing the high level 'European Union (EU)-China Regional Development Policy Seminar' where she presented the aim, resources and governance of the EU cohesion policy. She is visiting tomorrow the Shenyang development zone in Liaoning Province where she will be received by Governor Zhang Wenyue and will open the Liaoning Branch of the European Chamber of Commerce in China."

# Shenyang Local Position Paper

The European Chamber Shenyang Chapter is the youngest of the Chamber's chapters, having been set up in 2006 to cater for European businesses operating in what used to be the industrial heartland of China. As Harald Kumpfert, chair of the Shenyang Chapter, said in his foreword to the Shenyang Position Paper 2017/2018: "It is no secret that Shenyang is going through a difficult transition period as it tries to transform itself into a dynamic, innovation-driven region that can attract investment and talent. However, the Shenyang Chapter strongly believes in the potential of the city to revitalise itself while also providing a high-quality of life for all of its citizens."

The Shenyang Position Paper 2017/2018 was published in December 2017 and completed the set of position papers from all the European Chamber's regional chapters. The position paper recommended improving administrative transparency, creating a level playing field for all investors—both local and foreign-invested—improving local human resources policies, and working to



Scan the QR code to read **Shenyang Local Position Paper** on your phone

combat pollution and boost the 'liveability' of Shenyang.

One media report on the position paper used the report's recommendations to paint a very negative picture of the Shenyang business environment. The *South China Morning Post* article was entitled 'Is Shenyang in China's industrial heartland the worst place in the world to start a business?'; going on to state:

"An influential business lobby group says a lack of clarity in policy as just one of several obstacles that can deter foreign companies from operating in Shenyang, a major industrial hub in China's northeast struggling to reverse economic stagnation and attract investment...In its first position paper for Shenyang, the capital of Liaoning Province, the European Union Chamber of Commerce also said heavy governance,

a loss of skilled workers, an uncompetitive work visa and permit system, limited options for international education and poor air quality had reduced the city's ability to attract foreign investment."

This report fed into an initially challenging response from local government to the *Position Paper*. As a follow-up, the European Chamber managed to get the journalist to agree that the article had been quite unbalanced, and further articles on the *Shenyang Position Paper* were promised to portray the Chamber's positive comments on Shenyang and the local authorities.

The paper played a fundamental role in improving the chapter's dialogue with local officials. Since then, the Shenyang Chapter has been pursuing multiple opportunities for deeper government engagement.

8<sup>TH</sup> Sep.

European Chamber President Jörg Wuttke attended a roundtable with Vice Premier Hu Chunhua. Photo: European Chamber

# **European Chamber presents position paper findings to Vice Premier Hu Chunhua**



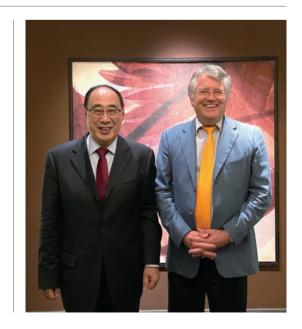
European Chamber President Jörg Wuttke attended a roundtable discussion with Vice Premier Hu Chunhua on 8<sup>th</sup> September. President Wuttke outlined the support European Chamber members had provided in bringing the COVID-19 outbreak under control in China, as well as the recent difficulties in bringing foreign teachers back to the country. In addition, he highlighted the importance of China continuing to further reform and open up to provide a level playing field for all market players, which will in turn lead to sustainable economic growth. At the end of the roundtable, Vice Premier Hu noted that the European Chamber's Position Paper 2020/2021 contained more than 800 recommendations.. He said he had read parts of the report in preparation for the meeting, and engaged with President Wuttke on some of the issues covered.

14<sup>TH</sup> Aug.

President Wuttke met Ambassador Wu Hongbo, Special Representative for European Affairs at the Ministry of Foreign Affairs. **Photo: European Chamber** 

# Discussion with Ministry of Foreign Affairs on return of foreigners and conclusion of CAI

During a meeting on 14<sup>th</sup> August with Ambassador Wu Hongbo, Special Representative for European Affairs at the Ministry of Foreign Affairs,
President Wuttke emphasised the importance of expediting the return of foreign nationals to China. He also discussed the importance of concluding a meaningful European Union (EU)-China Comprehensive Agreement on Investment (CAI). Ambassador Wu offered support to the Chamber on the return of foreign nationals to China.



14<sup>TH</sup> Aug. SHANGHAI

The Furopean Chamber Shanghai Chapter hosted its 5th Shanghai Government Dialogue, with Shanghai Vice Mayor Xu Kunlun in attendance.

Photo: European Chamber

#### Shanghai Chapter raises impact of travel ban on foreign nationals with vice mayor



On 14th August, the European Chamber Shanghai Chapter hosted its 5<sup>th</sup> Shanghai Government Dialogue, with Shanghai Vice Mayor Xu Kunlun in attendance. The aim of this annual exchange is to solve some of the most pressing issues for local business. European Chamber Vice President (VP) Carlo D'Andrea shared key findings from the Shanghai Chapter's recent

member survey on foreign nationals' return to China. In particular, VP D'Andrea stressed the negative impact of the entry ban on smaller firms and international schools, and the overall sentiment of the European business community. He also called for greater market access and a level playing field so that both sides can benefit from long-term sustainable development.

3<sup>RD</sup> Aug. GUANGZHOU

President Wuttke led a delegation of European Chamber representatives to meet with Guangzhou Vice Mayor Hu Hong.

Photo: European Chamber

#### President Wuttke emphasises vital role of foreign teachers to Guangzhou vice mayor



On 3<sup>rd</sup> August, President Wuttke led a delegation of European Chamber representatives to meet with Guangzhou Vice Mayor Hu Hong. Both sides exchanged views on Guangzhou's investment appeal, especially in the context of Greater Bay Area development. President Wuttke also emphasised the importance of foreign teachers in China, stating that a lot of foreign talent may decide against settling in the country if these teachers are not quickly welcomed back.

27<sup>TH</sup> Aug.

Executive Board members took part in the Connecting Shandong with Fortune Global 500 - Europe conference.

Several Furopean Chamber Photo: European Chamber

#### **European business at the forefront during Shandong Conference**



Several European Chamber Executive Board members took part in the Connecting Shandong with Fortune Global 500 - Europe conference on 27<sup>th</sup> August. Vice President Jens Eskelund delivered a speech and had online exchanges with Shandong Governor Mr Li Ganjie and other EU representatives of Fortune Global 500 companies. Topics included international economic developments, investment trends and new opportunities that may follow Shandong's further opening up. On the margins of the event, Secretary General Adam Dunnett met with Yantai Party Secretary Mr Zhang Shuping, with both sides expressing hopes for more cooperation.

# Advisory Council

The Advisory Council was set up in 2003 by Ernst Behrens, then president of the European Chamber. He had made setting up the council one of his priorities as announced in the annual general meeting for 2003. These were to: increase professionalism, improve representation of Chamber interests and raise the Chamber's profile.

The financial support provided by that inaugural Advisory Council allowed the Chamber to hire its first working group business managers. Behrens said:

"Initially, both will be providing organisational and secretarial support to the working groups, but I hope that, in time, their roles within the Chamber will increase to encompass research on specific working group-related issues that will help develop a more detailed position paper."

Two decades later, the Advisory Council is still going strong and remains a central pillar for the Chamber's activities.

In order provide value for money to Advisory Council members, the individuals taking part in the Chamber's exclusive events and meetings are CEO-/president-/vice president-level of the company. The Chamber maintains an exclusive Advisory Council distribution list that consists of all the C-suite-level personnel of each company, and they are prioritised and informed of all the exclusive events and meetings organised by the European Chamber with both the Chinese Government and EU stakeholders.

The number of spots available on our Advisory Council is limited, and applications are reviewed case-by-case by the Chamber's Executive Committee, which consists of our president, vice presidents, national representatives and secretary general.

Our first Advisory Council had ten members. At the end of 2020, we have three times that, with a few spots left. If you or your company are interested in getting involved, feel free to get in touch with our membership team.













#### **ADVISORY COUNCIL**





















# INSURANCE

# THE FIRST WORKING GROUP



The Insurance Working Group was the first of the European Chamber's working groups to be set up, thanks mainly to the efforts of Carl-Ludwig Doerwald, who acted as chair for the first three years. The Insurance Working Group has since been a major force in the European Chamber's advocacy activities, as many market access barriers to the industry still remain.

Here is the background to the insurance industry in China when the working group was founded, as described in the first *European Business in China Position Paper*:

"Shanghai was opened to foreign insurance companies in 1992. By the end of 2000, 32 insurance companies were in existence; this included 19 foreign-invested insurance companies. There are also 43 insurance agencies, eight insurance brokers and three insurance loss adjusters.

"Furthermore, by the end of 2000, 115 foreign insurance companies had established 200 representative offices in China, which are not permitted to conduct business."

Alongside the Insurance Working Group, the European Chamber's first *Position Paper* featured 15 others; on our 20<sup>th</sup> anniversary, we now have 30 working groups, eight fora, 10 desks and one task force.

#### **WORKING GROUPS**

### IGNACIO RODRÍGUEZ ARTETXE

Vice Chair of Insurance
Working Group, member since 2006
Chief Representative Officer,
MAPFRE RE Beijing Representative Office



hat's your best memory of the European Chamber ?

IRA: I used to enjoy the heated debates during the early years of the working group. But my best experience was the successful communication and execution that we at the Insurance Working Group (in good communication with the Banking Working Group and other chambers) were able to carry out when addressing a very important issue with a Beijing local authority.

# What's the difference between China's business/regulatory environment in your industry today vs. 20 years ago?

There are things that have changed and others not quite so. The industry is more open now than 20 years ago, although some operational difficulties still remain. However, 15-20 years ago, there was a lot of interest from foreign insurers to come into the Chinese market and establish operations. I don't see that eagerness nowadays.

# How do you expect to see China's business/regulatory environment change in the next 20 years?

I expect it to continue evolving in a positive way from a regulatory point of view, with more opening-up policies coming in place and tighter control from the regulators across the different industries regarding important issues such as environmental protection, clean energy, risk management, digitalisation, data, and so on. I also think China needs to come up with a new wave of attractive policies and incentives in order to reactivate or reinvigorate the interest of foreign investors and their will to establish operations in China. Foreign investment has been a key driver of China's economic success and it needs to be further supported.

#### What role do you expect the European Chamber to take in the next 20 years?

I expect the European Chamber to continue conducting proactive and

fair advocacy activities to defend the interests of its members. In this respect, I would like to emphasise the importance of maintaining a proactive attitude, leveraging on the different channels and relations that have been built over the years, and requesting the support of other European Union (EU) institutions (for example the EU Delegation) for those issues of special importance for the EU community in China.

# What value has the European Chamber brought to you/your company/your industry?

We are very grateful to have been an active member of the European Chamber since 2006. The European Chamber has always supported us and important things have been achieved throughout these years. The Chamber is an important platform when it comes to addressing a variety of different issues with the Chinese authorities. It is also a great information channel for keeping up-to-date on developments...

## Do you feel that the Chinese authorities care about the Chamber's messaging and recommendations?

I do think they care, however, I feel that we need to be more proactive and we more on top of the key issues that come up from time to time in this evolving environment; thoroughly preparing things in advance, conducting a thoughtful execution and a timely follow-up.





# HUMAN RESOURCES

### ROSANNA TERMINIO

Vice Chair, Human Resources Working Group Managing Partner, AsecorpChina Business Consulting

with the European Chamber?

As a Vice Chair of the Human Resources

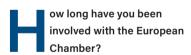
What is your favourite experience

Working Group, I had the chance to join the yearly tour in Brussels where the Position Paper and the requests of European Union (EU) companies in China are presented to the various commissions in Brussels. It is my favourite memory for two reasons. First, it was the first time that a representative of the Human Resources Working Group joined the EU Tour, I am personally proud of this. In Brussels, the EU Tour from China is special, not only for the EU Commission but also for all the community in Brussels (think thanks, organisation, Chinese embassy, universities, among others) revolving around EU-China relations. So, several other events and seminars are organised in the city and the press conference on the Position Paper is anticipated with a lot of curiosity and interest. It really feels like it is an important yearly appointment for the community in Brussels, which makes it even more worthwhile to work on the Position Paper. Second, it was my dream as a student to work for the EU

Commission. Finally, I followed another more international path, which I am happy about, but I always had the desire to see the EU from the inside. For good and for bad, it was for me an amazing journey. I am a convinced Europeanist.

What memories do you have from the first time you took part in the drafting of a *Position Paper?* 

I joined as a volunteer to support the draft of changes to advocate for improving visa application procedures, especially to clarify the requirements for working visas. It was not easy to collect all official evidence necessary to support our statements, especially because all are in Chinese. Since then, the Chinese team in my own company always joins in to support this pro-bono activity.



RT: I have been involved with the European Chamber since 2011; at that time, my involvement was simply attending events and networking opportunities. In 2014, I started to become more involved in various working groups. As a personal challenge, I decided to run for the position of vice chair of the Human Resources Working Group but was not elected. This motivated me to be a more active member of the working group and the European Chamber community. In 2016, I was elected as vice chair for the first time.



# FINANCE & TAXATION

### ANNA DING

Former Chair, Finance and Taxation Working Group Legal, Tax and IP Division, BASF

ow have you seen the European
Chamber's advocacy efforts
shape the taxation discourse in
China over time?

The European Chamber conducts regular advocacy activities and meetings with the Chinese Government, providing an important communicational channel between the government and Chamber members. The Chinese Government values the Chamber's input. For example, in 2014, State Council Notice No.62 stated that local authorities can cancel without prior notice pre-existing agreements they already approved, unless [the agreement was] specifically approved by the central government. The European Chamber submitted an advocacy letter to the Ministry of Finance to outline members' concerns about the implementation of the Notice, including it potentially having a detrimental impact on business activities in China due to the lack of clarity for both public and private stakeholders. In August 2017, the State Council issued Notice No. 39: Several Measures for Promoting Foreign Investment, with the aim of improving the business environment for foreign investors in China. Notice No. 39 outlines 22 specific

measures to help achieve this goal. One of the more rigorous measures is requesting local governments at various levels to strictly honour the commitments they have made to investors and foreign-invested enterprises, and earnestly fulfill the contracts they have entered into in accordance with the law.

Do you remember the European Chamber's first government meeting you attended, who it was with and how you were received?

The first government meeting I attended was with Jörg Wuttke, president of the European Chamber, and Wang Li, deputy commissioner of the State Taxation Administration (STA). The meeting was held in Beijing in November 2009. I remember that Deputy Commissioner Wang Li said that upon receiving the meeting request from the European Chamber, they immediately started to invite the leaders of relevant departments and tried to give satisfactory answers to the questions raised in the Position Paper. He joked that they sometimes directly copy the ideas proposed in our position papers and pasted them into the tax regulations. At the end of the meeting, Deputy Commissioner

Wang Li reiterated that the STA was interested in having an open discussion and information-exchange session with the European Chamber delegation.

What memories do you have about from the first time you took part in the drafting of a *Position Paper?* 

The first time I took part in drafting a Position Paper was around 2008. I clearly remember an internal discussion meeting attended by four drafters, and Simon Tam was the chair of the Shanghai Finance and Taxation Working Group at that time. He explained the three-part structure requirement for the position paper - the first part, 'Concern' provides a brief analysis on the current issue (what), and the second part 'Assessment' gives some initial assessment (why) about the cause of the issue and, eventually, makes recommendations on potential resolutions (how) in 'Recommendation'. It usually takes about three to six months to prepare a position paper. I spent a lot of time researching the topic, discussing with relevant colleagues, and polishing my drafts in order to accurately convey the problems, make analyses based on sufficient and reasonable evidence, and propose constructive recommendations. The position paper is written on behalf of companies in the European Chamber, so it is important to not only understand the provisions of China's tax law, but also compare them with European tax frameworks and international practices. For example, regarding the Dividend Withholding Tax issue, we wrote that in some European countries, there is no opportunity to receive a tax credit on foreign withholding tax. A withholding tax of 10 per cent on dividends, therefore, becomes an additional tax burden that can have a big impact. The amendment of a double taxation treaty between China and European countries can help to reduce such a burden. This proposal has been adopted in some new double taxation treaties (e.g., the treaty between China and Germany signed on 28th March 2014).

# #BECAUSE OFUS

Advocacy successes of the European Chamber's working groups

As the independent voice of European business in China since 2000, the European Chamber actively participates in China's legislative process. Our advocacy activities are widely recognised by the Chinese authorities and maintained through the efforts of our working groups (WGs) and desks.

In 2019, we launched our #becauseofus campaign to show our gratitude for the joint efforts of all stakeholders: governments, think tanks, member companies and our own WG and desk managers. In *EURObiz* in 2020, we present four examples of our successful advocacy work, one of which will be selected as the winner of the 2020 #becauseofus campaign.

#### **Topic**

For this edition, we look at the Healthcare Equipment Working Group's efforts to create a level playing field in the Chinese market for medical devices.

# Promote equal procurement of medical devices, eliminate discriminatory local policies

The medical devices industry has become one of the best performing and most important in China's high-tech sector. With the resulting improvements in quality and innovative emerging products, the Chinese population is able to benefit at vital moments of their lives from medical devices produced with cutting-edge technology. Foreign-invested medical device enterprises' continuous support and active participation in the domestic industry is indispensable – introducing advanced technology, investing in research and development (R&D) and production, and promoting market competition.

According to government statements, opening-up is China's basic state policy. In recent years, the central government has taken certain steps to develop a more open economy. As part of this, the Foreign Investment Law was passed on 15th March 2019 and became effective on 1st January 2020. Articles 9 and

16 stipulate that the various government policies for supporting enterprise development shall equally apply to foreign-invested enterprises (FIEs) and domestic companies. The State also vowed that any government procurement activity would involve FIEs through fair competition and treat FiEs' products and services equally in accordance with the law. In addition,

Article 1 of the Notice by the Ministry of Finance of Promoting Fair Competition in Government Procurement and Optimising the Business Environment, published on 30th July 2019, also stipulates that FIEs should be treated equally in any government procurement activity.

However, procurement policies promulgated in many regions encourage hospitals to purchase devices, and clearly stipulate or in practice require the purchase of 'domestic brands'. For instance, when the Guangxi Zhuang Autonomous Region approved 57 local hospitals to source Type-B large medical equipment in July 2019, the licence clearly required them to purchase domestic brand equipment.¹

In a series of communications with the State Administration for Market Regulation, relevant departments of the Guangxi Provincial Government and the Delegation of the European Union to China, the European Chamber emphasised that:

- the stipulation to purchase 'domestic brand' medical devices violated the principles of fair competition and equal treatment of enterprises registered in China, and indicated that products produced by FIEs in China were excluded in practice, which clearly indicates discriminatory treatment towards FIEs and Sinoforeign joint ventures; and
- the allocation and use of medical consumables and medical devices in public hospitals should be based on market competition, the needs of medical service providers and ensuring the effectiveness of clinical treatment for patients rather than blindly emphasising the country of origin of the brand.

1. The Class B large medical equipment is under the administration of provincial—level health departments. The allocation processes include medical institutions applying to beal health administrations followed by examination and approval by the provincial health administration. A medical institution may purchase large medical equipment only after it has obtained the allocation licence.

On 29<sup>th</sup> November 2019, the Guangxi Zhuang Autonomous Region Department of Commerce replied and clarified that: "In the allocation licence of the Guangxi Health

Commission, 'domestic brand' refers to products domestically made in China. Products invested in and produced by foreign investors or Sino-foreign joint ventures within the territory of China and products produced by wholly domestic-owned enterprises are equally qualified to participate in the competition. No discriminative policy is implemented."

The European Chamber's Healthcare Equipment Working Group has noticed that, in addition to Guangxi, several other local governments have released similar policies that in practice require hospitals to purchase made in China or domestic brand medical devices, or even that target a single company for procurement. For instance, in Guangdong and Shanghai, only 'domestic brands' will be covered by the Type-B Large Medical Device licence; and in Sichuan, hospitals are required to purchase a certain percentage of domestically-made

products. The working group will continue to follow up and communicate with local governments and relevant national departments on this issue.

At a critical moment during the COVID-19 outbreak, when a large number of medical supplies were in short supply, members of the European Chamber fully supported and gave priority to China's need for medical supplies. With attracting foreign investment now a priority for countries around the world, such unequal procurement policies by local governments have heavily weakened China's attractiveness as a destination for foreign investment. The European Chamber's Healthcare Equipment Working Group will continue to promote fair competition between domestic and foreign enterprises in order to provide more diverse and advanced medical devices for Chinese patients.





Guangxi Zhuang
Autonomous Region
approved local hospitals
to source Type-B large
medical equipment in
July 2019, the licence
clearly required them
to purchase domestic
brand equipment.



The European Chamber emphasised that the relevant provisions violate the principle of fair competition and should provide effective products needs.



Guangxi Zhuang Autonomous Region Department of Commerce replied and clarified that: "domestic brand' refers to products domestically made in China. Products invested in and produced by foreign investors or Sino-foreign joint ventures within the territory of China and products produced by wholly domestic-owned enterprises are equally qualified to participate



ELCOME TO CHINA DISPATCHES.
THE OFFICIAL PODCAST OF
THE EUROPEAN UNION CHAMBER OF
COMMERCE IN CHINA, THIS IS YOUR HOST,
SENIOR POLICY AND COMMUNICATIONS
MANAGER JACOB GUNTER.

# EUROPEAN CHAMBER PODCAST

Hey!

In order to provide valuable content to members while they are on-the-go, the European Chamber added podcasts to our multimedia portfolio in September 2020. The official podcast China Dispatches aims to share personal insights from European business leaders and experts, open discussions about China on current events, policy updates and the experiences of those doing business across the country. The podcast is available on **Ximalaya** and **Apple Podcast**, or you can visit and bookmark our own special podcast website: **podcast.europeanchamber.com.cn** 



Episode: The Journey Home

The inaugural episode 'The Journey Home' was released on 8th September, which featured Chamber insiders-Vice President Massimo Bagnasco, and staff members Carl Hayward, Jacob Gunter and Tom Groot Haar-discussing the ever-shifting policy landscape and the challenges they faced when trying to return to China during the COVID-19 pandemic. On the agenda: recent policy updates, enduring uncertainty while stuck overseas, navigating the returnvisa labyrinth, and tips for surviving and thriving during quarantine.





Scan the QR code to listen on your phone

The second episode 'Breaking the Glass Ceiling' was released on 23<sup>rd</sup> September. A mentor-mentee pairing from the European Chamber's Cross-industry Mentorship Initiative (CIMI)—Jörg Wuttke, vice president and chief representative of BASF China and president of the European Chamber, and Gloria Zhou, head of Strategy and Business Portfolio at BP China-share their mentoring experience and how the CIMI is different from in-house mentorship programmes. Guest speaker Sarah Wagner, project manager at GIZ, moderated the discussion. The European Chamber launched the CIMI at the end of 2019, with a focus on improving female representation at senior management and board level in China.





Scan the OR code to listen on your phone

If your company would like to cooperate with us advertisements in an episode, please feel free to contact Ms Queenie Cheng at qcheng@ europeanchamber.com.cn

The third episode focusses on our European Business in China Position Paper and EU-China Comprehensive Agreement on Investment.





Scan the QR code to listen on your phone

In the fourth episode we sit down with Chamber President Jörg Wuttke to look at the recently released European Business in China Position Paper 2020/2021 - the Chamber's annual flagship report.

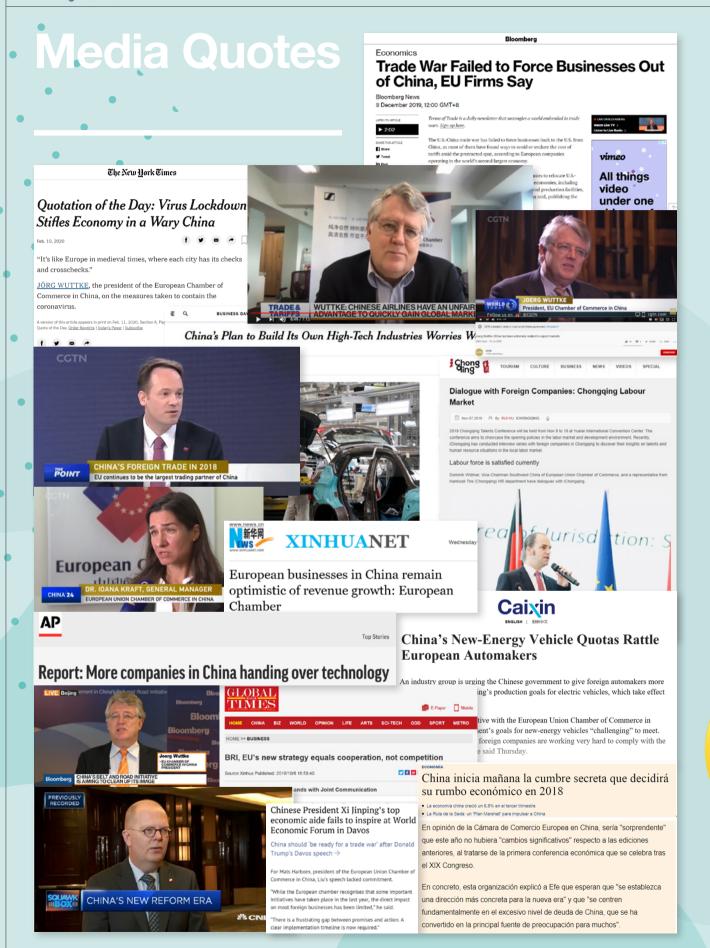




Scan the OR code to listen on your phone

Future episodes will focus on a variety of topics such as Cybersecurity in China, the Shanghai Position Paper, a review of annus horribilis 2020, and the European







#### We are Europe

The European Union Chamber of Commerce in China staff - past and present



































#### We are Europe

The European Union Chamber of Commerce in China staff - past and present































# SECRETARY GENERAL AWARDS

#### 2014



Kitty Wang



Melody Ji



Min Colinot



Jessica Yuan



Melanie Ullrich



Yang Zhao



Elizabeth Zheng

#### 2015



Ziting Zhang



Loretta Luo



Max Merkle

#### 2016



Carl Hayward



Xavier Sans Powell



Kinga Katus

#### 2017



Marine Chen



Laura Alvarez Mendivil



Yang Zhao



Nina Jiang

#### 2018



Jacob Gunter



Jessica Yuan



Volker Mueller

#### FINANCE TEAM

Awarded for Operational Reliability and Professionalism



Joy Yu



Miya Wu



Catherine Gao



**Emily Tian** 

#### 2019



Michelle Zhang



Ester Canada

#### SOUTHWEST CHINA CHAPTER Awarded for 10%

Membership Achievement



Sally Huang



Jane Zhang



Camellia Song

**Crisis Response** 

The European Chamber's main focus is on the business environment in China, but it does not operate in a vacumn. Our member companies all have staff that have spent years or even decades in this country, and have built up connections with the local society through families, friends and neighbourhoods. Therefore, when disasters hit China, they also hit our members and their staff. The European Chamber has responded over the years to these situations by gathering donations of goods, expertise and finances from our members and ensuring the resources get to where they are needed most.



#### COVID-19

I. COVID-19 Outbreak in China: Encouraging and Facilitating Donations and Support

The State Council announced the extension of the Chinese New Year Holiday in an effort to contain the virus outbreak by reducing the travel of individuals. During the extended holiday period,

the European Chamber began facilitating donations of equipment and expertise from its member companies, and provided support to the Chinese government all across China.

#### II. Epidemic Prevention and Control, and Work Resumption

The Chamber used surveys and interviews to understand the key issues being faced by member companies. The Chamber then set about providing recommendations and solutions, facilitating direct access for members to raise their challenges with government officials, and continually providing policy updates.





#### III. Providing Valuable Information to Members and the Public During the Travel Ban

From the time China closed its borders to foreign nationals on 28th March, the European Chamber advocated strongly for gradual border re-opening—while ensuring that the strictest health and safety standards are adhered to—in order to enable European company employees and their families to get back to China and participate in getting China's economy back on its feet.

#### IV. Active Media Engagement

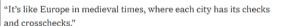
From the beginning of the outbreak, the Chamber's advocacy work has been supplemented by strong media engagement. Chamber spokespeople have been extremely active, providing updates on the current situation, expressing the challenges faced by European businesses in China and ensuring that accurate information shaped overall media narrative.

By mid-May, the Chamber was quoted on the topic of COVID-19 in 316 articles by international media and 100 articles by domestic media. Among the topfive media outlets, the Chamber was mentioned in seven *Bloomberg* articles, three *Financial Times* articles, seven *New York Times* articles, five *Reuters* articles and five *Wall Street Journal* articles.

#### The New Hork Times

#### Quotation of the Day: Virus Lockdown Stifles Economy in a Wary China

b. 10, 2020



JÖRG WUTTKE, the president of the European Chamber of Commerce in China, on the measures taken to contain the coronavirus.

#### **SARS 2002/2003**

Most of the advice on dealing with COVID-19 was almost word-for-word repetition of that distributed 17 years earlier during the SARS outbreak. While this is unsurprising, given that the two viruses are from the same family, the lessons of SARS were unfortunately forgotten once that particular outbreak subsided.

In an article by Greg Doddrell in the July 2003 issue of *EURObiz*, 'Business SARSpension: Simple procedures to mitigate the business risk of SARS', if all instances of SARS were replaced with COVID-19, the text would be just as relevant today. For example:

- "SARS has now caused a widespread re-evaluation of business risk and forced companies to realise that planning for the unexpected is important."
- "One international manufacturing company with its head office in Shanghai recently had its IT manager quarantined at home at the start of a major server

room construction project. If the quarantined person had been the managing director or financial controller, this could have caused major business disruption."

 "...the threat of SARS is everpresent. Even when a vaccine is available, outbreaks will still be possible. Therefore, it makes good sense to plan for business disruption caused by epidemics like SARS or other unknown threats."

#### Sichuan earthquake

The Sichuan earthquake of 2008, also called the Wenchuan earthquake, was a magnitude-7.9 quake (measured as magnitude-8.0 by the Chinese) in the mountainous central region of Sichuan Province in southwestern China, which occurred in the afternoon of 12<sup>th</sup> May. The epicentre was located about 50 miles (80 kilometres) west-northwest of Chengdu.

The quake destroyed four-fifths of buildings in the main affected areas, with an official death toll of 90,000. This included over 5,300 schoolchildren that had been attending classes that afternoon. Another 375,000 people were injured by falling debris. The cost of the damage to

infrastructure was estimated at around United States dollars (USD) 86 billion.

Pascal Hermandesse, then chair of the Southwest China Chapter, said: "It took me 10 seconds to realise there was an earthquake and then 10 more seconds to realise I should get outside. Then I shouted for the 80 people in the factory to get out and everyone moved to the open ground. From there we watched the building shaking. I could see my car, which is a quite big SUV jumping off the ground. It was incredible.

Within a week, European Chamber member companies had donated cash or products with a total value of CNY 141 million, and continued joint and individual efforts to further fundraise. The Shanghai Chapter's Gala Ball that year had One Foundation, which supports survivors of the quake, as its nominated charity. The charity was founded by actor Jet Li, who made a surprise visit to the gala to express his appreciation for the Chamber's donation.

European Chamber members also fundraised for other major disasters, such as the Indian Ocean tsunami of 2004 and the 2010 magnitude-7.1 quake that hit Yushu in the northern China Qinghai Province.

# Tsunami Appeal Dear Members and Friends of the Chamber, With the unprecedented humanitarian disaster that has unfolded across Asia from the Indian Ocean tsunami, the European Chambers from across the world are working together to assist where possible. We have received a request from Sujeevan Perera, the General Manager of the European Chamber of Commerce of Sri Lanka, for assistance. He has apprised us of how critical the situation in Sri Lanka is at this time of the commerce of how critical the situation in Sri Lanka is at this time et dead and more than one miltion people have been displaced. The damages that have been caused to the people, properly and infrastructure – although nor qualified—are celloons, the sopportunity to invite the members and friends of the Chamber to donate to the organisations that are helping to alleviate the situation, (Please see panel on right.) Thank you in advance for your kind donations. Warmest Regards. Giorgio Magistrelli Executive Ceneral Manager The European Chamber of Commerce in China



CHAMBER UPDATES

### **Media Watch**

#### Nanjing chair interviewed by Hello Jiangsu during 2020 EU-Jiangsu Entrepreneurs Business Networking

Bernhard Weber, chair of the European Chamber's Nanjing Chapter, was interviewed by *Hello Jiangsu* during the 2020 EU-Jiangsu Entrepreneurs Business Networking on 11<sup>th</sup> June. Mr Weber highlighted the recent progress that the Jiangsu Government has made to create a more innovative, transparent and sustainable business environment and expressed anticipation of further cooperation between the Jiangsu Government and European businesses. When asked whether European business would change their China strategies due to the COVID-19 pandemic, Mr Weber emphasised that European companies that have invested in China are here to stay.

# South China chair discusses members' expectations on local growth with Newsgd.com

The European Chamber's South China Chapter held its Annual General Meeting in tandem with the launch of the Chamber's latest *Business Confidence Survey* in Guangzhou on 18<sup>th</sup> June. In an interview with *Newsgd.com*, Chamber Vice President and Chapter Chair George Lau shared members' appreciation of local government efforts to improve the local business environment: "South China always ranks highest in terms of member satisfaction, government professionalism and transparency." Mr Lau also gave a positive outlook on foreign business confidence in China: "I'm sure that China will undertake very determined measures to overcome [COVID-19-related] challenges, and as such, I am confident that, as a whole, the situation will go back to normal soon."



DOC of Jlangsu report on the EU—Jiangsu Entrepreneurs Business Networking event Media: Department of Commerce of Jiangsu Province Date: 14<sup>rd</sup> September 2020



Chamber Vice President and South China Chapter Chair George Lau is interviewed by *Newsgd.com*Media: *Newsgd.com*Date: 18<sup>nd</sup> June 2020

# Local media covers Business Confidence Survey 2020 launch in Southwest China

The European Chamber's Southwest Chapter launched the *Business Confidence Survey 2020* in Chengdu on 4<sup>th</sup> August and in Chongqing on 5<sup>th</sup> August. Local media highlighted President Jörg Wuttke's statement that: "Although COVID-19 has brought huge global challenge and uncertainty, most European companies are still committed to China". Paul Sives, Chamber vice president and chair of the Southwest Chapter, said most local members are quite satisfied with the region's business environment: "More and more European companies choose to develop in Southwest China, for there are many opportunities."



Ministry of Foreign Affairs spokesperson questioned on President Wuttke's speech. responds to President Wuttke's speech

Media: People.cn Date: 5<sup>th</sup> August 2020

# President Wuttke's remarks referred to during Ministry of Foreign Affairs press conference

President Wuttke's remarks regarding foreign business' confidence towards China's market in Chengdu were mentioned in a question during the Ministry of Foreign Affairs's press conference on 5th August, and responded to by spokesperson Wang Wenbin as follows: "...be it companies from Europe or other parts of the world, they are optimistic about China's economic prospect and improving the business environment. China will as always welcome European investors and companies and those from other countries, continue to firmly deepen reform and expand opening-up, and provide more cooperation opportunities and development dividends for their operations in China. Foreign companies, including those European ones, were part of the story of China's development, and we believe they will continue to be part of the success story of China's development and win-win cooperation."

# President Wuttke interviewed by CGTN on Shanghai Chapter's post-COVID survey

On  $6^{\rm th}$  August, the European Chamber's Shanghai Chapter released details of a recent survey on the difficulties facing locally-based European companies in the wake of COVID-19, with a particular focus on the issue of foreign staff returning to China. President Wuttke was interviewed by CGTN on the findings, where he warned that the current travel restrictions on Europeans are impacting bilateral relations.



President Wuttke interviewed by *CGTN* on Shanghai Chapter's post–COVID survey **Media**: *CGTN* **Date**: 5<sup>th</sup> **August 2020** 



SME Forum Chair Forster joins  $\mathit{CGTN}$ 's live roundtable on Shenzhen SEZ  $40^{\circ}$  anniversary Media:  $\mathit{CGTN}$ 

Date: 26<sup>th</sup> August 2020

#### SME Forum chair joins CGTN's live roundtable on Shenzhen SEZ anniversary

Marco Forster, chair of the European Chamber's South China Small and Medium-sized Enterprise (SME) Forum, on 18<sup>th</sup> August joined *CGTN*'s live roundtable on Shenzhen's 40<sup>th</sup> anniversary as a special economic zone (SEZ). During the interview, Mr Forster addressed issues preventing European businesses from fully resuming normal operations, and the importance of helping SMEs to endure this difficult time as they continue to struggle with the COVID-related downturn.

# **Events Gallery**

**BEIJING.** 10<sup>TH</sup> SEPTEMBER 2020

#### **Position Paper Advisory Council Launch**



- $\bullet \quad \text{There is a growing sense of urgency for China to reform as new crises like decoupling and COVID combine with long-standing ones to further threaten the development of its market.}$
- While a successfully negotiated Comprehensive Agreement on Investment will put the European (EU)-China relationship back on the right track, the EU must prepare for the eventuality that China will not undertake necessary reforms.
- There are very practical limitations on how fast you can move supply chains. Currently, 150 million people are still depending on Chinese exports.

SHANGHAI, 27<sup>TH</sup> AUGUST 2020

### China Investment Conference 2020: Targeting Growth and Innovation



- COVID-19 experiences have not impacted their company's willingness to invest in China.
- As the economy recovers and the global market evolves, investment opportunities arise, especially so in manufacturing and supply chains.
- Across all sectors, the crisis without doubt has highlighted the need for innovation, automation, transformation and endurance.

**SHANGHAI, 6TH AUGUST 2020** 

## Business as Unusual: What Happens Next



- The price for renewable energy went up in the first quarter of 2020, and warehouses for hazardous chemicals were hard to find.
- COVID-19 has sped up digitalisation in the healthcare industry, especially in creating a network among fever clinics and hospitals.
- If Biden gets elected, uncertainty will still remain but the day-to-day stress among the business community will mitigate, as Biden will build a more constructive working relationship with China.

**SOUTHWEST CHINA, 4TH AUGUST 2020** 

#### European Business in China Business Confidence Survey Launch 2020 (Chengdu)



- The COVID-19 outbreak has impacted European enterprises' development in China, but the timely response measures taken by China are very effective.
- Most member enterprises of the Southwest China Chapter are very satisfied with the business environment in the region.
- More and more European enterprises choose to develop in Southwest China, for there are many opportunities.

**TIANJIN.** 28<sup>TH</sup> MAY 2020

# Workshop - EHS Crisis Management and Public Relations Experience Sharing



- Proactively keep in touch with relevant government officials to update company's progress on certain works instead of being pushed. This will ease and improve the government relationship and create a smoother path towards problem solving.
- When facing a crisis, try to involve more employees in the process of making and rehearsing emergency plans to increase understanding and reduce complaints.

NANJING, 26<sup>TH</sup> AUGUST 2020

#### Roundtable Discussion on Business Confidence Survey 2020 Findings and Dealing with the COVID-19 Crisis



- Over the next five years, European business expects to see an increase in regulatory obstacles.
- Despite the challenges these companies face in the Chinese market, China is a
  growing market with great potential and opportunities for high-end products and
  consumer markets.
- China's 'New Infrastructure' policy is very exciting for Chamber members engaged in the Information and Communication Technology industry, which will actively invest in such projects

**SOUTH CHINA, 25TH SEPTEMBER 2020** 

## Factory Tour to CNIM Industrial Systems China



- The goal with supply chains is for both the buyer and supplier to constantly improve cost and quality. If the end user is teaching lean manufacturing or other such methods, it is important for the supplier to be part of the programme.
- The Digital Factory involves different technologies working together as a team, but behind them, the human brain still gets the last decision.
- The experience and talent of managers and entrepreneurs will be quite difficult to substitute by artificial intelligence.

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SHENYANG



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Francine Hadjisotiriou General Manager

SW CHINA



Sally Huang General Manager

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SECRETARY GENERAL



Adam Dunnett

Listed in alphabetical order.

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June Zhang

# **The Advisory Council**

of the European Chamber

The members of the European Chamber's Advisory Council are active in representing and advising the Chamber, and make an enhanced contribution to the Chamber's funding.















































#### **FINCANTIERI**











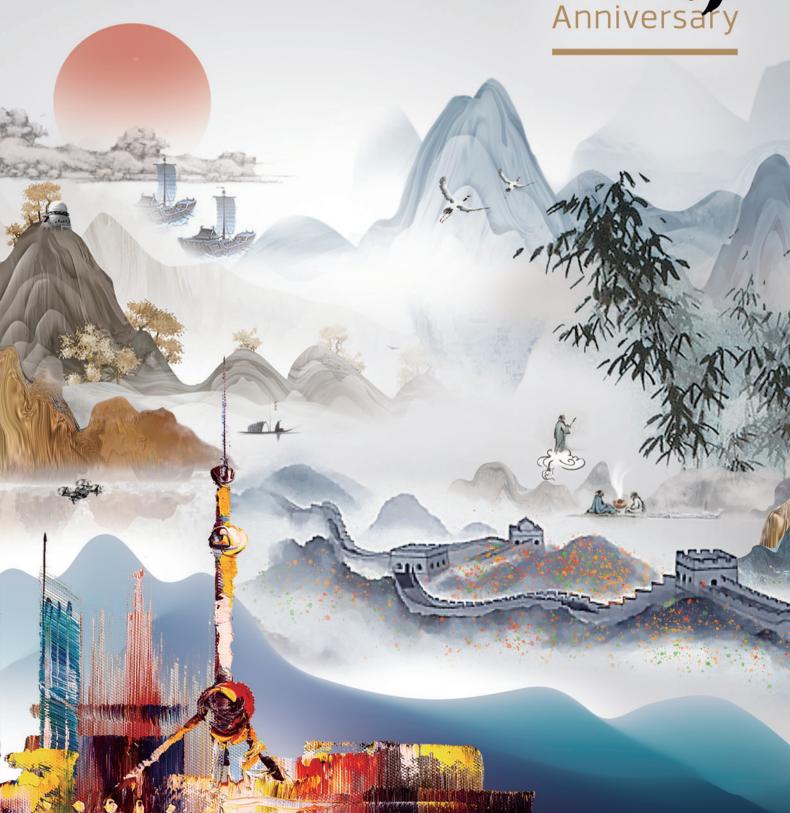








# European Chamber 20th Anniversary

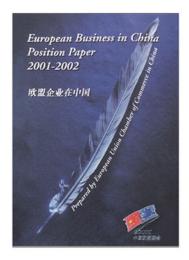




Year: 2007/2008 Working Groups: 26 Recommendations: 324



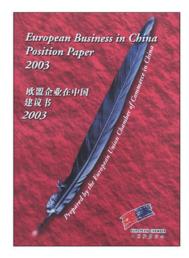
Year: 2014/2015 Working Groups: 37, Sub-working Groups: 3; Fora: 7; Recommendations: 946



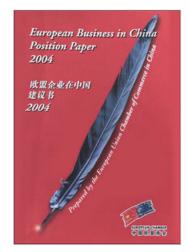
Year: 2001/2002 Working Groups: 16 Recommendations: 68



Year: 2002/2003 Working Groups: 15 Recommendations: 79



Year: 2003 Working Groups: 20 Recommendations: 109



Year: 2004 Working Groups: 20 Recommendations: 89



Year: 2005 Working Groups: 24 Recommendations: 131



Year: 2006/2007 Working Groups: 26 Recommendations: 250



Year: 2008/2009 Working Groups: 23; Fora: 6; Recommendations: 403



Year: 2009/2010 Working Groups: 27, Sub-working Groups: 1; Fora: 4; Recommendations: 484



Year: 2010/2011 Working Groups: 26, Sub-working Groups: 3; Fora: 5; Recommendations: 569



Year: 2011/2012 Working Groups: 33, Sub-working Groups: 2; Fora: 3; Recommendations: 627



Year: 2012/2013 Working Groups: 31, Sub-working Groups: 3; Fora: 6; Recommendations: 698



Year: 2013/2014 Working Groups: **31,** Sub-working Groups: **3;** Fora: 7; Recommendations: 751



Year: 2015/2016 Working Groups: 25 Sub-working Groups: 3; Desks: 2; Fora: 7; Recommendations: 823



Year: 2016/2017 Working Groups: 25 Sub-working Groups: 7; Fora: 6; Recommendations: 822



Year: 2017/2018 Working Groups: 25 Sub-working Groups: 8; Fora: 5; Recommendations: 757



Year: 2018/2019 Working Groups: 26 Sub-working Groups: 6; Fora: 5; Recommendations: 780



Year: 2019/2020 Working Groups: 27 Sub-working Groups: 7; Fora: 5; Recommendations: 842



Year: 2020/2021 Working Groups: 27 Sub-working Groups: 7; Fora: 5; Recommendations: 926

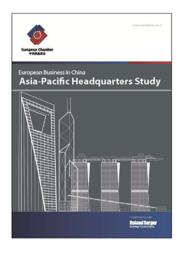
# THEMATIC REPORTS







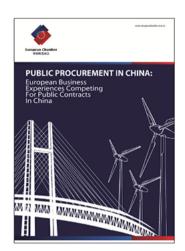


















# MORKING GROUI

#### **Horizontal Issues**

Compliance and Business Ethics \*
Cybersecurity (Sub-working Group)
Environment
Finance and Taxation
Human Resources
Intellectual Property Rights
Investment
Legal and Competition
Research and Development \*
Standards and Conformity Assessment

#### Goods

Agriculture, Food and Beverage
Auto Components \*
Automotive \*
Aviation and Aerospace \*
Carbon Market (Sub-working Group)
Cosmetics \*
Energy
Healthcare Equipment \*
Petrochemicals, Chemicals & Refining \*
Pharmaceutical \*

Rail \*

Shipbuilding\*

#### Services

Construction \*

Information and Communication Technology

International Liner Shipping (Sub-working Group) \*

Logistics

Quality and Safety Services (Sub-working Group)

#### **Financial Services**

Banking and Securities \*

Consumer Finance and Non-Banking Financial Institutions

Insurance

#### Fora

Corporate Social Responsibility
Finance and Taxation
Government Affairs Forum
Human Resources Forum
Manufacturing Forum
Marketing and Communications Forum
Small and Medium-Sized
Enterprises Forum
Sourcing Forum

#### DESKS

Cheese Industry (Sub-working Group) \*

COCIR\*

Consumable and Disposable Medical Devices (CDMD)

Cosmetics Advisory Committee/ Project Team \*

European Wood \*

Fashion and Leather \*

Finland Turku City and Region China Desk \*

FSMP Advisory Committee ( Sub-working Group) \*

Heating (Sub-working Group) \*

Paediatric Nutrition (Sub-working Group) \*

#### Task Force

Public Procurement \*

 $\hbox{* This Working Group / Forum / Desk is open to relevant industry participants only and will require an approval to join}\\$