THE US-CHINA BUSINESS COUNCIL
美 中 贸 易 全 国 委 员 会

41st Annual Membership Meeting

Conference Schedule

Tuesday, June 3
America's Square, 300 New Jersey Avenue, NW, Washington, DC

1:00-1:30 pm	**Registration** [L. Welch Pogue Room Foyer]
1:30-1:35 pm	**Welcome and Results of the USCBC Board of Directors Election** [L. Welch Pogue Room] **John Frisbie**, President, US-China Business Council
1:35–2:05 pm	**Assessing China's Environmental Reforms** **Jennifer Turner,** Director, China Environment Forum, Woodrow Wilson International Center for Scholars
2:05-2:35 pm	**Human Resources Trends and Challenges** **Julian Ha,** Partner and Practice Leader, Government Affairs and Trade Association Practices, Heidrick & Struggles
2:35-3:15 pm	**Analyzing Antimonopoly Concerns** **Bing Ho**, Partner, Baker & McKenzie **Fei Deng**, Partner, Edgeworth Economics
3:15-3:30 pm	**Coffee Break**
3:30-4:15 pm	**China's Economy in 2014 and Economic Reform Prospects** **Andy Rothman,** Investment Strategist, Matthews Asia
4:15-5:00 pm	**Understanding Operations in China: Perspectives from American Business Leaders** **Roberta Lipson**, President & Chief Executive Officer, Chindex International Inc. **Jesse Wu,** Chairman, Johnson & Johnson China
5:00 pm	**Adjourn**

THE US-CHINA BUSINESS COUNCIL
美中贸易全国委员会

41st Annual Membership Meeting

List of Attendees

3M Company
Greg Walters

Abbott
Jason Grove

AccuWeather, Inc.
Barry Myers

Aetna
James Ricciuti

Alcoa Inc.
Jason Pau

Altria Client Services
Gaye Montgomery

APCO Worldwide
Brian McLaughlin
Yin Zou

Apple Inc.
Lisa Errion

Archer Daniels Midland Company
Lorraine Hawley

Baker & McKenzie
David Clanton
Tom Doyle
Bing Ho
Alexander Silverberg
Richard Wagner

Barbara Franklin Enterprises
Maureen Noonan

Beveridge & Diamond
Colin Scott Fulton

Boston Scientific Corporation
Jamie Kebely
Jian Zhou

Brinks Gilson & Lione
Jay Reiziss

Brunswick Group
Jennifer Sukawaty

Cambridge Corporate Training
Jennifer Lawrence

Caterpillar Inc.
Ann-Marie Padgett

Center For American Progress
Adam Hersh

Chevron
Nathan Calvert

Chindex International, Inc.
Roberta Lipson
Judy Zakreski

Cigna
Richard Merski

Citi
Lindsey Axilrod

The Coca-Cola Company
Kate Irvin

The Cohen Group
Cameron Turley

Commercial Vehicle Group, Inc.
Kevin Frailey

Corning Incorporated
Debra Waggoner

Crumpton Group LLC
Greg Levesque

Deepwoods Capital
Daqing Su
Brandon Thomas

Deere & Co.
Anku Nath

Dell Inc.
Rebecca Karnak

The Walt Disney Company
Mike Castellano

The Dow Chemical Company
Lisa Schroeter

Dykema
Stephen Zimmerman

East Penn Manufacturing
Tom Minner
Mark Wels

Eaton Corporation
Barry Doggett
David Sun

Edgeworth Economics
Fei Deng

Exxon Mobil Corporation
Casey Delhotal

FedEx Express
Bailey Leopard

Ford Motor Company
James Rowland

General Motors Company
Brad Welling

Goldman Sachs
Matt Niemeyer

Heidrick & Struggles
Julian Ha

The Hershey Company
Gang Xu

Hewlett-Packard Company
Bret Wincup

Intel Corporation
Peter Cleveland

InterChina Consulting
David J. Hofmann

ITT Corporation
Kathleen Bark

Johnson & Johnson
Yajuan Lu
Sophie Shen
Jesse Wu

Jones Day
Herbert Hansell

JP Morgan Chase & Co.
Timothy Hogan

Lend Academy
Jason Jones

Liberty Mutual
Viji Rangaswami

Kissinger Institute on China and the U.S.
Robert Daly

Matthews Asia
Andy Rothman

McGraw Hill Financial
Dan Duncan

McLarty Associates
Mariana Vengoechea

Mead Johnson Nutrition
Audrae Erickson

MeadWestvaco Corporation
Alex Stoddard

MetLife, Inc.
Marc Parich

Moody's Corporation
Ryan Mensing

National China Garden Foundation
Sandra Gibson

Oxbow Advisory
Jamian Spadavecchia

Oxbow Carbon LLC
Karen Knutson

The Procter & Gamble Company
Carolyn Brehm

Qualcomm Incorporated
Becky Fraser

Sidley Austin LLP
Brenda Jacobs

Smithfield Foods, Inc.
Michael Skahill

Starr Insurance Companies
Gerald Komisar

Strontium Capital
Tharon Smith

Texas Instruments
Cynthia Johnson

Tyco International
Catherine Bennett

UL LLC
Karen Grunstra

Volk Flow Controls, Inc.
Peter Chen

Western Services Corporation
John Smith
Donald Utley

Woodrow Wilson Center
Susan Chan Shifflett
Jennifer Turner

Worldwide Insight, LLC
Kerry Murray

Xcoal Energy & Resources
Craig McLane

THE US-CHINA BUSINESS COUNCIL
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41st Annual Membership Meeting

Speaker Biographies

Welcome Remarks

John Frisbie
The US-China Business Council

John Frisbie, president of the US-China Business Council (USCBC) since November 2004, has more than 25 years of experience in business and government relations with China, including nearly 10 years living and working in Beijing.

Frisbie started his career with USCBC in 1986, first working in USCBC's Washington, DC, office, then as director of China Operations in Beijing from 1988-93. He joined the General Electric Co. (GE) in 1993 as director for Business Development in China for the company's diverse set of businesses and then moved to Singapore to assume Asia-wide positions for two GE business units.

Frisbie repatriated to the United States in 2000, joining the trade consulting practice established by former US Secretary of Commerce Mickey Kantor at Mayer, Brown, Rowe & Maw LLP.

Frisbie's China background includes joint-venture negotiations, trade and investment consulting, policy analysis and advocacy, US and PRC government relations, and media relations. He has spoken at numerous conferences and events and authored reports and articles in the *China Business Review*, USCBC's magazine, and in other journals such as *Current History*, as well as opinion articles in publications such as the *Financial Times* and the *Journal of Commerce*.

Frisbie received his BA and MBA degrees from the University of Texas at Austin. He received several National Resource Fellowships for language study and is fluent in Mandarin Chinese. He, his wife, son and daughter live in Bethesda, Maryland.

Assessing China's Environmental Reforms

Jennifer Turner
China Environment Forum
Woodrow Wilson International Center for Scholars

Jennifer Turner has been the director of the China Environment Forum at the Woodrow Wilson Center for 14 years where she creates meetings, exchanges, and publications focusing on a variety of energy and environmental challenges facing China, particularly on water, energy, and climate challenges and US-China clean energy cooperation. Some of her current and recent dialogues and research projects have also delved into the environmental footprint of Chinese overseas investment, environmental nongovernmental organizations, and food safety.

Jennifer also serves as editor of the Wilson Center's journal, the *China Environment Series*, which is distributed to over 5,000 business, government, NGO, and researcher practitioners around the world who work on China's energy and environmental issues.

She received a PhD in Public Policy and Comparative Politics in 1997 from Indiana University, Bloomington. Her dissertation examined local government innovation in implementing water policies in the China. Her research focuses heavily on water-energy nexus issues and environmental activism in China.

Human Resources Trends and Challenges

Julian Ha
Heidrick & Struggles

Julian Ha is a partner with Heidrick & Struggles and leads the firm's Global Government Affairs and Trade Association Practices from the Washington, DC office. He is also a member of the Legal and CEO & Board of Directors Practices. Julian represents numerous Fortune 500 clients and member-driven organizations and has placed senior executives around the globe in legal, public policy, government relations, public affairs, and communications roles.

Julian brings a global perspective to his work. Prior to his career in executive search, Julian practiced corporate law in New York, Washington, DC, London, Singapore, and Shanghai. As an attorney with Paul Weiss, Baker & McKenzie, and Linklaters, he advised multinational corporations on their IPOs, private equity investments and cross-border M&A transactions. Julian has also been a venture capitalist in London, headed the European Business Development efforts of Capital IQ, a financial software company, and was a director in the Corporate Finance group of Evolution Securities China Limited.

Julian serves on the Board of China Recycling Energy Corporation (CREG), a NASDAQ-listed company. He chairs CREG's Compensation Committee and is a member of its Audit and Nominating and Governance Committees. Julian also serves on the Board of the Public Affairs Council and is a member of the National Committee on US-China Relations.

Julian received his BA (magna cum laude) from Cornell University, his Masters degrees from the London School of Economics and Harvard University, and his JD from the NYU School of Law. He attained a Certificate in Corporate Finance from the London Business School and holds a NACD Certificate of Director Education. Julian is a member of the Bar of the State of New York.

Analyzing Antimonopoly Concerns

Bing Ho
Baker & McKenzie

Bing Ho is a partner of Baker & McKenzie's China Corporate Group. He served as the managing partner of its Beijing office between 2000 and 2005. Ho now leads Baker & McKenzie's North America-China Corporate Practice, dividing his time between Chicago and China.

Representative clients, cases or matters:

- Acting for a leading manufacturer of medical devices in relation to the acquisition of a major PRC producer of orthopaedic products listed on the New York Stock Exchange.
- Acting for a leading producer of food packaging products on the acquisition of a major PRC producer of packaging film.
- Acting for a leading manufacturer of industrial cleaners in the acquisition of a strategic stake in a PRC private company, and the follow-on takeover of the company.
- Acting for a leading manufacturer of agricultural tractors on the acquisition of a private Chinese manufacturer.
- Acting for a leading producer of food packaging products on the acquisition of a HK-China manufacturer.
- Acting for a leading manufacturer of semi-conductors on the acquisition of all the assets of a major China components supplier.
- Acting for a global leader in the coffee business in relation to the acquisition of a controlling interest in a major PRC producer.
- Acting for a leading multinational dairy company in relation to the acquisition of a large stake in a major producer of milk products.
- Acting for a major manufacturer of specialty chemicals in connection with the acquisition of a controlling interest in a state-owned chemicals company.
- Acting for a multinational chemicals company on the acquisition of all the operating assets of a state enterprise.
- Acting for a major financial services group in the acquisition of a strategic interest in China's largest asset management company.

- Acting for a leading US manufacturer of agricultural equipment in connection with the acquisition of its PRC joint venture partner's entire equity interest.
- Advising a major retailer of high-end women's wear and fragrances on the establishment of China operations.
- Advising a major luxury men's wear brand on the staged acquisition of China stores owned by its franchisee.
- Advising a leading outdoor sportswear company on the proposed buy-out of its China distributor.
- Advising a major private equity investor on its investment in Li Ning Sportswear, and its subsequent listing on the Hong Kong Stock Exchange.
- Advising a leading producer and retailer of optical products on the acquisition of a major chain store in Beijing.
- Acting for a leading German manufacturer on the acquisition of a state-sector manufacturing company.
- Acting for a leading software developer in relation to the establishment of a major R&D Center in China.
- Acting for a major European asset management company on the acquisition of a stake in a major PRC fund management company.
- Acting for a leading manufacturer of aircraft simulators and flight training equipment regarding the establishment of a flight training institute as a joint venture with a major PRC airline.

Education and admission:

Ho graduated from the University of Alberta with a BA (1976) and the University of Toronto with an LLB (1980). He completed two-years of post-graduate studies in Chinese law at Peking University (1982). Ho is admitted to practice in British Columbia, Canada.

Fei Deng
Edgeworth Economics

Dr. Fei Deng is a partner in Edgeworth's San Francisco office. She is an expert in the application of microeconomics and econometrics to antitrust litigation and mergers, class actions, intellectual property disputes, and commercial damages cases. Deng consults with clients on economic issues in these areas, using statistical and econometric tools to gain key insights and presenting results in an easy-to-understand way.

Deng has substantial experience assisting clients in ITC 337 cases, providing economic analyses of the likely effects of an exclusion order on the public interest, the existence of a domestic industry protected by the asserted patents, and the appropriate bond.

Deng has consulted extensively for Asia-based clients faced with litigation and commercial disputes in the United States and European Union. Recently, in a price fixing allegation involving major manufacturers of liquid display panels across multiple jurisdictions, Deng assisted a defendant with damages analysis and data management for both the criminal and civil stages of litigation.

Deng is an expert on the antitrust and intellectual property policies of the People's Republic of China. She served as a consultant to the Anti-Monopoly Bureau under the Ministry of Commerce (MOFCOM) in two recent cases–Thermo Fisher/Life Technologies and UPS/TNT Express–and has advised multinational corporations on a number of mergers in China. She also has been actively involved in providing advice and comments to all three of China's antitrust agencies and was a guest lecturer on competition economics at Renmin University.

Deng is an editor of the ABA publication *Antitrust Source*. Her publications have appeared in the *Antitrust Law Journal*, *Antitrust*, *Antitrust Source*, *Global Competition Policy*, and *Law360*. Deng also co-authored a chapter in the American Bar Association Section of Antitrust Law (ABA) volume *Issues in Competition Law and Policy*.

Deng received her PhD in economics from Boston University and a BA in Finance from Shandong University, China.

Moderator
Erin Ennis
The US-China Business Council

Erin Ennis has been vice president of the US-China Business Council since May 2005. In that position, she directs USCBC's government affairs and advocacy work for member companies and oversees USCBC's Business Advisory Services. She also leads a coalition of other trade associations on issues of interest to companies doing business with China. Founded in 1973, the US-China Business Council provides extensive China-focused information, advisory, and advocacy services, along with comprehensive events, to roughly 220 US corporations operating within the United States and throughout Asia.

Prior to joining USCBC, Ennis worked at Kissinger McLarty Associates, the international consulting firm headed by former Secretary of State Henry Kissinger and former White House Chief of Staff Thomas "Mack" McLarty. At Kissinger McLarty, Ennis was responsible for implementing strategies for international business clients on proprietary trade matters, primarily in Vietnam and Japan.

Before entering the private sector, Ennis held several positions in the US Government. From 1992 to 1996, Ennis was a legislative aide to former US Senator John Breaux, working on international trade and commerce. She also worked on health care issues during the Senate's consideration of President Bill Clinton's health care reform, an issue on which Senator Breaux actively worked to broker a compromise.

At the Office of the US Trade Representative from 1996 to 2000, Ennis first worked in Congressional Affairs on Asia issues, including annual approvals of China's most favored nation status and the ill-fated 1997 push to renew presidential "fast track" negotiating authority. Beginning in 1998, she was assistant to Deputy US Trade Representative Richard Fisher, who led US trade negotiations and enforcement with Asia, the Americas, and on intellectual property rights.

A native of Louisiana, Ennis has a BA from Mount Holyoke College in Massachusetts and a Masters in International Affairs from Catholic University in Washington, DC. She is an active volunteer for the Mount Holyoke Alumnae Association and the Washington National Cathedral. In 1999, Ms. Ennis completed the Marine Corps Marathon in under a quarter of a day and successfully laid to rest any lingering desire to run future races.

China's Economy in 2014 and Economic Reform Prospects

Andy Rothman
Matthews Asia

Andy Rothman is an investment strategist at Matthews International Capital Management, LLC. He is principally responsible for developing research focused on China's ongoing economic and political developments while also complementing the broader investment team with in-depth analysis on Asia. In addition, Rothman plays a key role in communicating to clients and the media the firm's perspectives and latest insights into China and the greater Asia region. Prior to joining Matthews in 2014, Andy spent 14 years as CLSA's China macroeconomic strategist where he conducted analysis into China and delivered his insights to their clients. Previously, Andy spent 17 years in the US Foreign Service, with a diplomatic career focused on China, including as head of the macroeconomics and domestic policy office of the US Embassy in Beijing. In total, Andy has lived and worked in China for more than 20 years. He earned an MA in public administration from the Lyndon B. Johnson School of Public Affairs and a BA from Colgate University. He is a proficient Mandarin speaker.

Understanding Operations in China: Perspectives from American Business Leaders

Roberta Lipson
Chindex International, Inc.

Roberta Lipson is CEO of Chindex International and chairman of the Board of United Family Hospitals. She has 30 years of experience in the healthcare industry in China. Since she co-founded Chindex in 1981, the company has expanded from its business of capital medical equipment distribution to healthcare delivery. She is the creative force behind the United Family Healthcare brand and its hospitals and clinics in Beijing, Shanghai, Tianjin, Guangzhou and Wuxi. United Family is the first foreign invested and managed private healthcare group in China.
An active leader in the business community in Beijing, Lipson has served as a director of the US-China Business Council, as well as 4 successive terms on the board of the Governors of the American Chamber of Commerce – China (AmCham) and is co-chair of the Amcham Healthcare Forum. She also chairs the Board of the United Foundation for Chinese Orphans and is a co-founder of Kehilat Beijing. Lipson holds a BA from Brandeis University and an MBA from Columbia University.

Jesse J. Wu
Johnson & Johnson China

Jesse Wu is chairman of Johnson & Johnson China and a member of the Johnson & Johnson Management Committee.

Jesse joined Johnson & Johnson's Consumer business in 1989 as finance director, Taiwan. He later was appointed managing director, Johnson & Johnson China in 1995 and became president for Greater China in 2000. He was named international vice president, Asia/Pacific in 2003 and company group chairman, Global Markets in 2008. Prior to his current position, Jesse was worldwide chairman of the Johnson & Johnson Consumer Group.

Earlier in his career, Jesse held positions at Procter & Gamble and PepsiCo.

Jesse is a member of the Board of Directors of the US-China Business Council, a nonprofit organization of American businesses dedicated to expanding the US-China commercial relationship. He also serves on the Board of Visitors at Duke University's Fuqua School of Business.

Jesse was a two-time recipient of the Magnolia Award from the Shanghai Municipal Government, given in recognition of his contributions to Shanghai's economic development.

Jesse received his undergraduate degree in Economics from National Chengchi University, in Taiwan. He also obtained an MBA degree from Duke University's Fuqua School of Business.

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USCBC Member Firms
(as of 06/02/14)

3M Company
ABB Inc.
Abbott Laboratories
AbbVie
AccuWeather, Inc.
ACE Group of Insurance Companies
AECOM Technology Corporation
Aetna
AIG
Air Products and Chemicals, Inc.
Albright Stonebridge Group
Alcoa Inc.
Allen & Overy LLP
American Express Company
Amgen Inc.
Amway
APCO Worldwide
Apple Inc.
Applied Materials, Inc.
Archer Daniels Midland Company
Ashland Inc.
Autodesk, Inc.
The Babcock & Wilcox Company
Baker & McKenzie LLP
Baker Botts LLP
Bank of America Merrill Lynch
Barbara Franklin Enterprises
Baxter International Inc.
Bechtel Group, Inc.
Bingham McCutchen LLP
Bloomberg
Blue Heron Holdings, LLC
The Boeing Company
Boston Scientific Corporation
BP
Briggs & Stratton Corporation
Brinks Hofer Gilson & Lione
Brunswick Group LLP
Butler Mfg. Co./BlueScope Steel
Cabot Corporation
Cargill, Incorporated
Case New Holland Inc.
The Carlyle Group
Caterpillar Inc.
CDNetworks
Celanese Acetate LLC
CET Academic Programs
Chemtura Corporation
Chevron
Chindex International, Inc.
Choy-Valentine & Company
CHS Inc.
The Chubb Corporation
Cisco Systems, Inc.
Citigroup Inc.
The Coca-Cola Company
The Cohen Group
Colgate-Palmolive Company
Commercial Vehicle Group
ConocoPhillips
CooperVision, Inc.
Corning Incorporated
Covington & Burling LLP
Crowell & Moring LLP
Crown Equipment Corporation
Crumpton Group LLC
Cummins Inc.
C.V. Starr & Co., Inc.
Danaher Corporation
Davis Wright Tremaine
Dechert LLP
Deere & Company
Dell Inc.
Deloitte LLP
Dickinson Wright PLLC
The Walt Disney Company
Dorsey & Whitney LLP
The Dow Chemical Company
Dow Corning Corporation
E. I. du Pont de Nemours & Company
Dykema Gossett PLLC
East Penn Manufacturing Co., Inc.
Eastman Chemical Company
Eaton Corporation
Ecolab
EcoMotors International
Daniel J. Edelman, Inc.
Emerson
The Estee Lauder Companies
Exxon Mobil Corporation
Factory Mutual Insurance Company
Faegre Baker Daniels LLP
Federal Express Corporation
First Data Corporation
Fleishman-Hillard Inc.
Fluor Corporation
FMC Corporation
Foley & Lardner LLP
Ford Motor Company
Freshfields Bruckhaus Deringer
Gap Inc.
General Dynamics
General Electric Company
General Motors Corporation
Global Strategic Associates, LLC
Goldman Sachs Group, Inc.
The Goodyear Tire & Rubber Company
Google, Inc.
W.R. Grace & Co.
GreenPoint Group
Hanesbrands Inc.
Harley-Davidson, Inc.
Heidrick & Struggles
The Hershey Company
Hewlett-Packard Company
Hills & Company
Hogan Lovells
Honeywell
IBM Corporation
Intel Corporation
International Paper Company
Intertek
Intralox, LLC
INVISTA/Koch Industries
ITT Corporation
Jarden Corporation
JM Anderson LLC

Johnson & Johnson
Johnson Controls
Jones Day
JPMorgan Chase & Co.
K&L Gates LLP
Kamsky Associates, Inc.
Robert A. Kapp & Associates, Inc.
Kissinger Associates, Inc.
KKR & Co. L.P.
KPMG LLP
Laureate International Universities
Liberty International Holdings, Inc.
LinkedIn Corporation
Maritime Products International
Mary Kay Inc.
MasterCard Worldwide
Mayer Brown LLP
McGraw Hill Financial
McLarty Associates
Mead Johnson Nutrition
MeadWestvaco Corporation
Medtronic, Inc.
Merck & Co., Inc.
MetLife, Inc.
Microsoft Corporation
MKBC International
Moody's Investors Service
Moore Recycling Associates Inc.
Morgan Stanley
Morrison & Foerster LLP
Motorola Solutions
Navistar, Inc.
Nu Skin Enterprises, Inc.
Oldcastle Inc./CRH plc
Oracle Corporation
Oxbow Energy Solutions LLC
Pacific Trade International Inc.
Paul Weiss Rifkind Wharton & Garrison
Peabody Energy
PepsiCo, Inc.
Pfizer Inc
Physician Referral Network, LLC
Praxair, Inc.
PricewaterhouseCoopers
The Procter & Gamble Company
Prudential Financial
QUALCOMM Incorporated
Reed Smith LLP
Rockwell Automation
Schneider Logistics
The Scowcroft Group
Sherrard, German & Kelly, P.C.
Shook, Hardy & Bacon LLP
Sidley Austin LLP
Simone IP Services
A.O. Smith Corporation
Smithfield Foods, Inc.
The J.M. Smucker Company
Standard Chartered Bank
Starwood Hotels & Resorts Worldwide, Inc.
Steptoe & Johnson LLP
Synopsys, Inc.
Target Corporation
TE Connectivity
Texas Instruments Incorporated
Thermo Fisher Scientific Inc.
The Timken Company
Towers Watson
Tyco International
Tyson Foods, Inc.
Underwriters Laboratories Inc.
United Technologies Corporation
The Valspar Corporation
The Venetian Resort Hotel Casino
Visa Inc.
Visteon Corporation
Volk Flow Controls, Inc.
Wal-Mart Stores, Inc.
Warburg Pincus LLC
WellPoint, Inc.
Western Services Corporation
Westinghouse Electric Company, LLC
Wilmer Cutler Pickering Hale and Dorr LLP
WorldBusiness Capital, Inc.
Worldwide Insight
WPP Group
Xcoal Energy & Resources
Xylem, Inc.
Zebra Technologies Corporation

THE US-CHINA BUSINESS COUNCIL
美中贸易全国委员会

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THE US-CHINA BUSINESS COUNCIL
美中贸易全国委员会

Calendar of 2014 US-China-Related Events

June

2	Dragon Boat Festival (PRC Legal Holiday)
2-6	House Recess
3	USCBC Annual Membership meeting, Washington, DC
4	USCBC Board of Directors meeting, Washington, DC
4-5	G7 Summit, Brussels, Belgium
30	House & Senate Recess

July

1-4	House & Senate Recess
4	Independence Day (US)
Early July	US-China Strategic and Economic Dialogue, Beijing

August

6-19	APEC Senior Officials' Meeting (SOM III), Beijing
4-29	House & Senate Recess

September

1	Labor Day (US)
1-5	House & Senate Recess
8	PRC Mid-Autumn Festival (PRC Legal Holiday)
8-11	China International Fair for Investment and Trade (CIFIT), Xiamen
TBD	APEC Finance Ministers' Meeting, Beijing
16-23	69th Meeting of the United Nations General Assembly, New York, NY
22-26	House Recess

October

1-7	PRC National Holiday (PRC Legal Holiday), *Sunday, September 28 and Saturday, October 11 are working days.*
5-8	APEC Business Advisory Council Meeting (ABAC IV), Beijing
6-31	House Recess
10-12	Annual Meetings of the International Monetary Fund and World Bank Group, Washington, DC
15	US Treasury Department report to Congress on exchange rate policies due (actual release date may be earlier)

November

2 (TBC)	Shanghai Mayor’s International Business Leaders Advisory Council, Shanghai
3-7	House Recess
4	US Midterm general elections
8-10	APEC CEO Summit, Beijing
10-11	APEC Leaders Meeting, Beijing
TBD	Obama-Xi summit (expected to be held while Obama is in China for APEC)
11	Veterans’ Day (US)
11-12	East Asia Summit, Burma (Obama and China’s premier Li Keqiang will attend)
15-16	G20 Leaders’ Summit, Brisbane (Obama and Xi will attend)
24-28	House Recess
27	Thanksgiving Day (US)

December

4	USCBC Board Meeting & Gala
TBD	PRC Economic Work Conference, Beijing (usually held during the first week of December)
TBD	US Congress target adjournment date
TBD	25th Joint Commission on Commerce and Trade, US (last held in late December 2013)
25	Christmas Day (US)

USCBC

THE US-CHINA BUSINESS COUNCIL

美 中 贸 易 全 国 委 员 会

US-China Business Council Board of Directors' Statement of Priorities in the US-China Commercial Relationship

February 11, 2014

The US-China Business Council (USCBC) supports a strong, mutually beneficial commercial relationship with China. The relationship has made many positive strides over the past three decades, thanks to the collaborative work of the governments, business communities, and other stakeholders in both countries.

This is the third priorities statement issued by USCBC's board of directors. While progress has been made on a number of the previous statements' recommendations, more work needs to be done on other issues and new concerns continue to arise that require the attention of both governments in order to fully develop commercial ties, resolve issues, and bring greater benefit to each country's economy, companies, employees, and citizens.

As highlighted in last year's statement, we encourage both governments to develop a broader, long-term strategic vision of the bilateral economic and commercial relationship. Both governments should explore an economic liberalization framework that would comprehensively address opportunities and challenges in the relationship, rather than approach them incrementally. Areas to address include investment, tariff and non-tariff barriers, services, agriculture, innovation and technology, and intellectual property protections.

USCBC calls upon the US and Chinese governments to work together on the following priority recommendations and issues in the commercial relationship, and lends its full support to achieving the goals listed below.

Further Solidify the Foundation for Mutually Beneficial Commercial Relations

- **Maintain a robust and effective bilateral dialogue** The United States and China have established a robust annual schedule of bilateral meetings at all levels of government that supports expanded economic and commercial relations and resolves issues of concern. The United States and China should enhance this dialogue structure, which includes the US-China Strategic and Economic Dialogue (S&ED), the US-China Joint Commission on Commerce and Trade (JCCT), the US-China Innovation Dialogue, and the US-China Investment Forum, so that it continues to reflect the level of engagement appropriate for the world's two largest economies and provides opportunities to resolve the numerous issues that both American and Chinese companies see as impediments to strengthening the strategic economic relationship and drive growth and job creation in both economies. The frequent ad-hoc meetings at the presidential level should be formalized into an annual summit, building on the success of the 2013 presidential meeting in Sunnylands, California.

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- **Promote a level playing field for foreign and domestic companies in China** USCBC applauds the Chinese government's desire to expand opportunities for "private capital" and non-state-owned entities in China, reform state enterprises, and increase competition to spur economic rebalancing. We encourage the inclusion of "foreign capital" in these expanded opportunities and openings.

  China's policymakers should also consider eliminating terminology such as "foreign-invested enterprises." Continued use of this term invites differential treatment for various types of domestic enterprises versus others, based solely on ownership. Government regulators should act independently and transparently, and ensure that all domestic enterprises – including foreign-invested enterprises – are treated equally and allowed to compete fairly. Efforts to build "national champions" in certain sectors should not include measures that discriminate against other domestic legal persons.
- **Address cybersecurity threats to commerce** USCBC is pleased that the US and Chinese governments at the highest levels have agreed to cooperate to curb cybersecurity attacks on companies. We encourage the two governments to step up their efforts to stop commercial-focused cyber intrusions, regardless of source, through all appropriate channels.
- **Further reduce business visa barriers** Modern international business requires company executives and employees to travel around the world to establish relationships, build customer bases, and manage business operations. The United States and China should facilitate trade and investment between our countries by offering reciprocal five-year, multiple-entry visas for business travelers.
- **China's APEC Host Year** Recognizing China's leadership role in APEC 2014, USCBC encourages an ambitious agenda that delivers action-oriented outcomes, enhances private sector involvement in policy setting discussions, and tangibly promotes an open investment and trade environment in the Asia-Pacific region. Progress in food security, health care, remanufacturing, infrastructure, supply chain connectivity, good regulatory practices, energy policy, and investment present China with real opportunities to lead APEC toward achieving genuine and substantive progress in 2014.

Ensure Fair and Open Investment Environments that Create Jobs

- **Pledge to openness** The United States and Chinese governments should jointly reaffirm the principle that foreign direct investment is good for economic development, employment, innovation, competition, consumers, and public welfare. Government reviews of prospective investments in either country should be free from political interference and limited to legitimate national security concerns.
- **Begin reducing foreign ownership restrictions in China** China's Catalogue Guiding Foreign Investment maintains foreign ownership restrictions in nearly 100 manufacturing and services sector categories in China. Additional restrictions on foreign investment appear in other policies and regulations. These restrictions inhibit foreign investment in key sectors and prevent the full economic benefits of foreign investment from being realized. Given China's desire to invest more in the United States, reducing or eliminating these ownership restrictions faced by American investors in China would be a positive way to build broader support for Chinese investment in the United States.

  Key sectors in which foreign ownership restrictions need to be reduced include agriculture and food, automotive, financial services, cloud computing, data centers, health insurance and hospitals, energy exploration and development, refining and petrochemicals, audiovisual and other media industries, and energy-intensive industries.

- **Negotiate and finalize a meaningful Bilateral Investment Treaty (BIT)** A BIT provides one of the best opportunities to reduce investment barriers in both countries and improve protections for US and Chinese investors in each others' markets. Finalizing a meaningful BIT should be a top priority for both governments in 2014. USCBC welcomed the July 2013 US-China Strategic and Economic Dialogue agreement to negotiate a BIT that incorporates national treatment provisions that apply to both new and existing investments ("pre-establishment"), and a "negative list" approach that covers all investments except those specifically excluded in the agreement. Additionally, it is important for China to take proactive steps to reduce investment barriers in the near-term, even while the two sides are negotiating a BIT. Reducing ownership restrictions upfront and demonstrating a commitment to treat domestic and foreign investors equally will build strong support in the United States for a BIT.

  The "negative list" format adopted in the Shanghai Free Trade Zone (SFTZ) is a positive first step in expanding opportunities for foreign investment. The initial SFTZ "negative list" maintains current restrictions on foreign investment stipulated in the 2011 Catalogue Guiding Foreign Investment. We encourage the Chinese government to quickly move to reduce the negative list and extend its application across China.
- **Encourage Chinese investment in the United States** The job-creation benefits of foreign direct investment underscore the importance of bringing more Chinese investment into the United States. The US government and private sector organizations like USCBC should continue to demystify for Chinese investors the rules for investing in the United States and work with state and local governments to spread best practices for attracting Chinese investment. The US and China should continue sub-national dialogues on investment involving governors, mayors, and respective business communities.

Reduce Trade Barriers and Enforce Globally Accepted Trade Rules

- **Continue to use World Trade Organization (WTO) cases to settle trade disputes** China's WTO entry in 2001 introduced a neutral, third-party dispute settlement mechanism for dealing with commercial issues that cannot be resolved by good-faith bilateral negotiations. Both countries should use this channel to resolve trade disputes in a non-politicized manner.
- **Ensure that government decisions are not politicized** Government reviews and decision making in areas such as investment security reviews, government procurement decisions, administrative licensing, and trade remedies such as anti-dumping and countervailing duties cases must be fact-based, shielded from political pressures, and non-retaliatory. Mergers and acquisitions reviews must be efficient and avoid delays that negatively impact the proposed transaction.
- **Increase the use of transparent, internationally harmonized standards for goods and services sold in China's market** The use of internationally harmonized standards in China is one of the best ways to ensure that Chinese consumers have access to a wide range of choices in the latest products and services and that Chinese products and services are accepted and competitive internationally. To more effectively align with international standards, China should use global standards as the basis for Chinese standards wherever practical and adopt a more science-based, fair, equal, transparent, and market-led approach to standards setting and development that is open to all companies regardless of nationality, including domestic, foreign-invested and foreign-based manufacturers.

- **Remove non-tariff barriers to trade** China's market has a variety of trade-limiting regulations that should be removed, including discriminatory import licensing restrictions on chemicals and agricultural products (such as cotton and fertilizer); limitations on express delivery services (including China's failure to fully grant US firms' longstanding permit applications and geographic restrictions inconsistent with China's international commitments); duplicative local domestic testing requirements that require many imported goods to be tested and certified by domestic laboratories regardless of whether they have already undergone similar tests internationally; and discriminatory regulatory and reimbursement policies affecting medical products. Domestic and foreign-invested companies should be treated equally under the Construction Machinery key imported components duty exemption, for example for large excavators (30 tons and above).
- **Further improve China's Tariff Rate Quota (TRQ) system** TRQ quota levels have not been adjusted since China's WTO accession 2001 and do not meet increasing demand for agricultural commodities. We recommend that the Chinese government regularly review TRQ levels according to market demand and establish a more transparent TRQ allocation system. We also recommend reducing the number of agricultural commodities subject to TRQs so that demand can more efficiently be met by the market.
- **Accelerate sensible US export control reforms** Export controls are an important part of ensuring the security of the United States. The Obama administration should continue its reform efforts that will ensure US security is not undermined while eliminating unnecessary licensing controls on products no longer a threat to US security. Such reforms will boost US exports and help support and create jobs. The United States should move forward more quickly with modifications of non-controversial items even as more difficult reform vetting continues. Those modifications should include items that can be delisted for countries such as China because they are available on the open market from non-US sources.
- **Expand trade liberalization through international trade agreements** The United States and China are both working to open international markets for their countries' businesses through international negotiations such as expansion of the Information Technology Agreement (ITA), the negotiation of the Trade in Services Agreement (TISA), and through regional trade agreements such as the Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP). Efforts to conclude these sector-specific and regional agreements should be accelerated and supported, given their potential for greatly expanding international trade. The United States and China should work collaboratively to ensure comprehensive, high-standard, commercially-meaningful outcomes of these negotiations, including the ITA, where a minimal negative list of excluded products and technologies would demonstrate a commitment to openness and benefit all parties.

Ensure Competitive Neutrality and Improve Transparency

- **Ensure equal treatment in licensing** For each of the past eight years, USCBC's annual survey of its membership has highlighted licensing barriers as one of the top market access barriers in China. These include business licenses, branch licenses, product approval licenses, import licenses, and other licenses and permits in sectors such as banking, healthcare, insurance, express delivery, construction, legal and value-added telecommunications services (such as data centers). In many cases, Chinese companies are able to receive these licenses without the same restrictions or delays faced by foreign companies and foreign-invested companies.

- **Broaden reform of government approvals and licensing** The State Council has announced a number of rounds of reform to government licensing and approvals in recent months, eliminating or decentralizing various business approvals. USCBC acknowledges these reform efforts and encourages the State Council and other Chinese government agencies to extend and expand efforts to streamline many of the burdensome and duplicative licensing and approval processes in ways that help both domestic and foreign companies contribute more to the Chinese economy. China should also improve its implementation of the 2003 Administrative Licensing Law, which provides guidelines for government on administrative licensing and rules on those processes including actively enforcing provisions that require agencies to accept and act upon applications within specific timelines.
- **Ensure equal treatment in government procurement for all legal entities in China, regardless of ownership** China should finalize the draft Implementation Regulations of the Government Procurement Law and the draft Administrative Measures for Government Procurement of Domestic Products to ensure that goods and services provided by all legal entities in China are treated equally during procurement processes, regardless of ownership. These two regulations require additional modifications to address information technology products and other areas before they are finalized and implemented. If revised, the rules would roughly parallel similar rules applied to Chinese companies in the United States.
- **Join the Government Procurement Agreement (GPA) in 2014** China should join the WTO's GPA under meaningful terms, such as expanding the sectors and levels of government that are subject to the agreement. If China can address these and other points and join the GPA in 2014, many of each side's concerns with "Buy American" and "Buy Chinese" procurement practices will be positively addressed.
- **Further improve rule-making transparency** China's central government has improved rule-making transparency over the past several years, but further improvements are needed. China should fully implement its commitment to publish all draft trade and economic-related laws, administrative regulations and departmental rules for a full 30-day comment period, but it should also consider going further by posting draft regulations on a designated website for a 60- or 90-day public comment period.
- **Ensure a level playing field in third-country markets** The United States and China should expand their discussions on international guidelines for export financing to include more sectors and conclude a meaningful agreement in 2014, as pledged at the 2013 Strategic and Economic Dialogue. The US Export-Import Bank should offer financing that is competitive with terms that Chinese companies may enjoy from China's Ex-Im Bank.
- **Implement transparent and effective environmental regulations** China is in the process of updating its environmental regulatory policies to address the significant challenges it faces from its rapid industrialization. We support these efforts to ensure manufacturer compliance with implemented standards and in particular applaud efforts by China's government to improve engine emission compliance. We recommend that regulations be implemented with an appropriate lead time of three to four years, to allow companies to sufficient time to meet all of the new standards. The central government should also address and rectify regional regulations that may be different from national standards. For example, fuel quality regulations should match the relevant nationwide emission level.

Provide Consistent, Strong Intellectual Property Rights (IPR) Protection

- **Continue to strengthen enforcement of IPR in China** Stronger IPR protection is increasingly in China's own interest as it seeks to develop an innovative economy. It is also critically important to US companies that do business with China. China should continue to expand efforts devoted to IPR enforcement by various means, including increasing funding, personnel, and training devoted to IP enforcement; upgrading and expanding the work of the National IPR Leading Group to actively coordinate IP-related efforts of various government agencies through enforcement campaigns, work plans, and other means; strengthening internal market monitoring, its system of responding to reports of IP theft, and its process of monitoring exports; and increasing its engagement with the US government and private sector on IP enforcement issues.
- **Adopt a stronger deterrent against IP infringement** China should follow up on its 2012 S&ED commitment and adopt the WTO-consistent deterrent of criminal penalties in cases of commercial-scale infringement, and broaden the use of higher penalties and stronger deterrents against all types of IPR infringement, including patent, copyright, trademark, and trade secrets violations.
- **Improve enforcement against online counterfeiting and piracy** Internet platforms are a growing means for counterfeiters to market and sell counterfeit goods and distribute pirated content, but present special challenges for rights-holders and enforcement officials alike. China should increase enforcement of Internet-related IP rights by drafting regulations to cover areas such as use of trademarks on websites, trademark-related aspects of domain name registrations, and use of websites as platforms for counterfeit and pirated products. Such regulations and their enforcement should balance the needs of legitimate IPR holders and Internet intermediaries.
- **Strengthen trade secrets protection** Protection of trade secrets has become an increasingly important issue and was the IP area of greatest concern in USCBC's 2012 and 2013 member company surveys. China can take positive steps to encourage innovation by expanding its efforts to address trade secrets concerns, including the development of a Trade Secrets Law, broader use of judicial procedures on preliminary injunctions and evidence preservation orders, and reducing the high evidentiary burden that plaintiffs face during trade secrets cases.
- **Protect IPR and technology during government review processes** China should ensure that government reviews of patents under Article 26.3 of the Patent Law are consistent with international patent practice, do not require unnecessary examination data, and do not unreasonably reject applications or revoke existing patents under discriminatory criteria.

Adhere to Mutually Beneficial Innovation Policies

- **Fully implement China's pledge to delink its innovation and government procurement policies** This issue impedes China's ability to become a global innovative economy and also negatively impacts the level playing field for American companies in the China market. Progress has been made following the November 17, 2011 State Council directive to local governments to halt implementation of any measures that link innovation and government procurement. However, not all provinces have publicly complied with the directive, and new measures at the provincial and local level continue to be issued. Further efforts to ensure full compliance are encouraged.
- **Follow internationally proven, effective innovation incentives** In place of discriminatory government procurement preferences, China should pursue several other policy approaches that would more effectively promote innovation:

- Revise criteria in the existing High- and New-Technology Enterprise (HNTE) program that currently require IP ownership in China or a five-year global exclusive license to allow legally acquired, non-exclusive licensee or usage rights, or exclusive license rights in China only. These revisions would positively impact company decisions about where to locate innovation activity.
- Ensure equal access to government-funded innovation programs, including its programs to allow all domestic enterprises, including foreign-invested enterprises, to participate in programs to develop China's Strategic Emerging Industries (SEIs). Such access would ensure that these programs succeed by encouraging all interested companies to develop these technologies. An open environment would also ensure that Chinese companies benefit by being connected to a global innovation network, which could further spur SEI innovation.
- In addition, the United States and China should fully adhere to internationally accepted policies on promoting effective, non-discriminatory, and market-driven innovation such as those agreed to under the auspices of APEC.

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FOR IMMEDIATE RELEASE

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USCBC Report: State Exports to China Reach $120 Billion in 2013

In 2013, 32 states exported more than $1 billion worth of manufactured products, chemicals, electronics, machinery, and agricultural goods to China

WASHINGTON, DC, May 13, 2014 – The US-China Business Council's (USCBC) annual report on US State Exports to China released today shows that the world's second largest economy continues to be an important market for the economic health of American companies and farmers. In 2013, US exports to China reached $120 billion, making it the third-largest export market for US goods behind Canada and Mexico, America's neighbors and NAFTA partners.

"US exports to China have grown faster than exports to any other major US trading partner," USCBC President John Frisbie said. "From 2004 to 2013, US exports to China increased 255 percent and were worth $120 billion in 2013.

"Exports to China play an essential role in the US economy and job growth," Frisbie said. "With China's large population, rapidly growing middle class, and a long list of economic development goals, American companies of all sizes are sending a variety goods and products to an ever growing consumer and business marketplace in China.

"This export growth to China reaches across the country," continued Frisbie. "Forty-seven states have experienced at least triple-digit export growth to China since 2004, and in 2013, 32 states exported more than $1 billion worth of manufactured products, chemicals, electronics, machinery, and agricultural goods to China. USCBC estimates China to be a $300 billion market for American companies, counting US exports and in-country sales by American companies operating there."

Though China is a significant market for American exports, the United States has a small share of China's overall market. US share of products sent to China account for just over 7 percent of total Chinese imports, falling well behind competition from the European Union, South Korea, and Japan. To increase American exports to China, USCBC is working to advance a number of initiatives in Washington, DC and

Beijing that would lower market access barriers and improve global competitiveness for American companies selling to China.

For details on state-by-state data, visit http://uschina.org/reports/us-exports/national-2013

Top 15 State Exporters in 2013

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Top US State Exporters to China, 2013

	State	Exports	2004-13 Growth
1.	California	$15.7 billion	136%
2.	Washington	$11.4 billion	535%
3.	Texas	$10.4 billion	118%
4.	Illinois	$6.4 billion	380%
5.	New York	$5.0 billion	171%
6.	South Carolina	$4.9 billion	949%
7.	Michigan	$4.6 billion	616%
8.	Georgia	$3.9 billion	319%
9.	Ohio	$3.9 billion	243%
10.	Minnesota	$3.5 billion	426%
11.	Pennsylvania	$2.9 billion	274%
12.	Oregon	$2.9 billion	348%
13.	Iowa	$2.9 billion	441%
14.	North Carolina	$2.8 billion	261%
15.	Indiana	$2.5 billion	358%

The US-China Business Council (USCBC) is a private, nonpartisan, nonprofit organization of American companies that do business with China. Since 1973, USCBC has provided unmatched information, advisory, advocacy, and program services to its membership. Through its offices in Washington, DC; Beijing; and Shanghai, USCBC is uniquely positioned to serve its members' interests in the United States and China.

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CHINA BUSINESS REVIEW
THE MAGAZINE OF THE US-CHINA BUSINESS COUNCIL

Why an Investment Treaty with China Matters

This article originally appeared in China Business Review on March 31, 2014.

John Frisbie

We are starting to hear a lot about a bilateral investment treaty (BIT) with China. Here's hoping we hear a lot more.

The United States and China restarted BIT negotiations last summer when China agreed to include key equal treatment principles advocated by the US-China Business Council and others.

The United States already has an open investment environment and we see the benefits on a daily basis. Foreign investment, including investment from China, creates American jobs, increases local tax revenues, and boosts our overall economic growth.

A BIT with China wouldn't change the rules in the United States. Chinese companies will still be required to adhere to US law; we will still have a review process in place to make sure US national security is not harmed by Chinese (or other foreign) investment.

However a BIT with China would change the rules for US companies in China. China maintains ownership restrictions on American and other foreign companies in about 100 sectors, including manufacturing, services, energy, and agriculture. American ownership in auto plants is limited to 50 percent. Life insurance 50 percent. Cloud computing 50 percent. Soybean oil (used in kitchens in every Chinese home) 49 percent. The list goes on.

These ownership barriers keep American companies from reaching more customers in China. USCBC's annual surveys show that 90 percent of US companies invest in China to sell more in China. US government statistics show the same thing. Seventy-five percent of the sales made by American companies with operations in China stay in China. Another 17 percent is sold in other markets. Only 7 percent of the products made by American companies in China is sent back to the United States.

To put it simply, investment barriers in China are market access barriers. A BIT would significantly open markets for American companies.

Investment openings are particularly important because not every company can make something in the United States and successfully export to China. Transportation costs and long lead times can make a product uncompetitive. Sometimes you need to be closer to your customer to get the business.

In other cases, being in the same location as your customer is simply the nature of business. Services companies need to be where they provide the service. It's hard to sell insurance in China from a desk in New York.

A meaningful BIT – one that significantly dismantles ownership restrictions in China – would help American companies grow sales in what will soon be the world's largest economy.

What about China's state-owned enterprises (SOEs) and their unfair advantages? The good news is that the US model BIT covers SOE concerns. The Obama administration conducted a three-year review of the US model BIT and updated it to address SOEs and other issues. As a result, US negotiators can focus on what matters – whittling down the long list of China's ownership barriers.

These ownership restrictions impact more than just market access, though. A top US concern in China – protecting technology – would also be improved by a BIT. It's a lot easier to protect your technology when you own 100 percent of your operation in China than if you are required to share it with a partner. In addition, BITs bar countries from requiring technology transfer and from providing unfair preferences for domestic technology. All of these provisions will provide meaningful improvements for American companies operating in China.

Can we trust China to honor such an agreement? On the whole, China has a decent albeit not perfect record of complying with agreements that it has signed onto, but the BIT provides an additional way to ensure that it does. It gives the US government and American companies enforceable rules that they can use when China fails to meet its commitments under the BIT.

USCBC's board met with a senior Chinese government leader in Beijing last fall. He acknowledged that China's list of ownership restrictions is too long and invited BIT negotiations with the United States to help drive change. I heard this request again from Chinese officials on my trip to Beijing last week. We should take these requests seriously.

BIT negotiations with China should be a high priority for the Obama administration. Let's see if China is willing and able to move forward with opening its economy to American companies.

If not, we can focus on other things.

But if so, we have an opportunity to change the rules of the relationship with China that would address a set of increasingly troublesome and outdated market access barriers for American companies looking to stay strong in the global economy.

That's why an investment treaty with China matters.

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SUMMARY OF US NEGATIVE LISTS IN BILATERAL INVESTMENT TREATIES

In its multiple bilateral investment treaties (BITs) with other countries, the United States uses a "negative list" approach in which the terms of the treaty apply to all sectors except those expressly listed as exclusions. This means that investments by foreign entities are treated the same as investments by domestic entities, except for a few sectors specifically excluded from the terms of the treaty.

The two most recent US BITs, with Uruguay (2005) and Rwanda (2008), include the same list of exceptions (full text and annexes of the agreements are available on USTR's website[1]).

Those restrictions are summarized below. The US "negative list" has very few sectors that are closed to foreign ownership. Most of the restrictions are criteria that foreign investors must meet to participate in a sector or are limitations on certain activities.

In addition, the US rarely limits foreign ownership to a certain percentage of an investment, as China does across many sectors. The United States allows 100 percent foreign ownership of banks, insurance companies, and securities companies in the United States if they meet the same requirements as domestic investors, for example.

Importantly, there are eight restrictions that are based on reciprocal treatment – that is, areas that are actually open to foreign investment if American companies are able to invest in a BIT partner economy.

Finally, there are six areas in which the United States maintains the right to maintain or impose further restrictions after a BIT goes into force(marked by an asterisk in the list below). Three of those restrictions are based on the reciprocal treatment American companies face in a BIT partner economy.

Restriction	Notes
Sectors in which Foreign Investment is Prohibited	
Nuclear energy utilization and production facilities for commercial or industrial purposes, medical therapy and R&D using components regulated by the Nuclear Regulatory Commission	Licenses to transfer or receive in interstate commerce, manufacture, produce, transfer, use, import or export cannot be issued to entities known or believed to be owned, controlled or dominated by a non-US citizen, foreign corporation or foreign government.
Customs brokerage services	Only US citizens may obtain customs broker's licenses.

[1] http://www.ustr.gov/trade-agreements/bilateral-investment-treaties/bit-documents

Restriction	Notes
Domestic air services (passenger and air freight forwarding)	Only air carriers that are "citizens of the United States" may offer domestic air service. However, non-US citizens may obtain approval from the Department of Transportation to participate in air freight forwarding and passenger charter activities.
Credit unions, savings banks, savings associations	Federal and state laws do not permit these entities to be established through branches of corporations organized under a foreign country's laws. A foreign-invested corporation organized under US law can establish these entities.
Issuance of surety bonds by foreign insurance companies for US government contracts	Branches of foreign insurance companies cannot provide surety bonds for US government contracts, but US-licensed foreign insurance companies may do so.
Sectors in which Foreign Ownership may have Restrictions	
Overseas Private Investment Corporation financing (quasi-government program)	Not available to certain aliens, foreign enterprises or foreign-controlled enterprises.
Small business designation in public securities filings	Foreign firms may not register public offerings using small business registration forms or to register a class or securities or file annual reports.
Bank board membership	All directors of national banks must be US citizens, but can be waived by the Comptroller of the Currency for not more than a minority of the total number of directors.
Edge corporations	Edge corporations are financial institutions authorized by the US to do business internationally. Foreign ownership of these entities is limited to foreign banks and US subsidiaries of foreign banks. Foreign non-bank firms may not own Edge corporations.
Domestic retail deposits in foreign banks	To accept or maintain domestic retail deposits below $100,000, a foreign bank must establish an insured banking subsidiary.
Investment advisors of foreign banks	Foreign banks must register as investment advisors to engage in securities advisory and investment management services in the United States.
Federal Reserve System membership	Foreign banks cannot be members of the Federal Reserve System and thus may not vote for directors of a Federal Reserve Bank. This provision does not apply to foreign-owned bank subsidiaries, however.

Restriction	Notes
Bank branches in certain US states	Foreign banks may not establish a federal branch or agency in states that prohibit it. Certain restrictions on fiduciary powers apply to federal agencies.
Insurance for maritime vessels with more than 50 percent of hull built under US federally guaranteed mortgage funds	Non-US insurers for vessels meeting the criteria must demonstrate that the risk was substantially first offered in the US market.
All other non-conforming measures at the state level and in the District of Columbia and Puerto Rico	All existing non-conforming measures are exempted from national treatment, most favored nation treatment, performance requirements and senior management and boards of directors requirements.
Restrictions Based on Reciprocity	
Rights-of-way for oil or gas pipelines; access to federal leases on Naval Petroleum Reserves	Non-US citizens may own 100% interest in a domestic US corporation that acquires a right-of-way if foreign investor's home country allows 100% ownership by foreign companies.
Specialty air services	Foreign civil aircraft must obtain approval from the Department of Transportation, which reviews based on reciprocity.
Trustees of indentures for bond offerings	Authority to act as sole trustee is based on reciprocity.
Dealer of US government debt securities	Designation as a primary dealer in US government debt securities is based on reciprocity.
Radio spectrum allocation, direct-to-home and direct broadcasting television services, digital audio services*	US reserves the right to provide differential treatment to non-US citizens, based on reciprocity.
Cable television operations*	US reserves the right to provide differential treatment to non-US citizens, based on reciprocity.
Preference programs for minorities*	US reserves the right to maintain preferences for socially or economically disadvantaged minorities, based on reciprocity.
Maritime services*	US reserves the right to provide differential treatment for the operation of services in these areas, excluding vessel construction and repair and landside services, which are based on reciprocity.
Other Restrictions	
Banking and insurance	National treatment for foreign banks is provided based on its "home state" – that is, the original state of its incorporation in the United States. National treatment for insurance companies is based on its state of domicile.

Restriction	Notes
Broker-dealers registered in Canada	Broker-dealers registered under US law with a principal place of business in Canada may maintain its required reserves in Canada.
Government-Sponsored Enterprises (GSEs) such as Fannie Mae, Freddie Mac, Sallie Mae	US reserves the right to grant advantages to US GSEs, including exemptions from taxation and securities reporting. US Treasury may purchase debt obligations issued by a GSE.
Radio broadcasting*	US reserves the right to restrict foreign ownership of radio licenses and broadcasting.
Social services including income security or insurance, social security or insurance, social welfare, public education, public training, health, child care*	US reserves the right to provide differential treatment for the operation of services in these areas.
Areas covered by multilateral or bilateral agreements including aviation, fisheries, maritime and telecommunications*	US reserves the right to provide differential treatment in these sectors to countries with which it has bilateral or multilateral international agreements.

** The US reserves the right to maintain or impose further restrictions on foreign investors in these sectors.*

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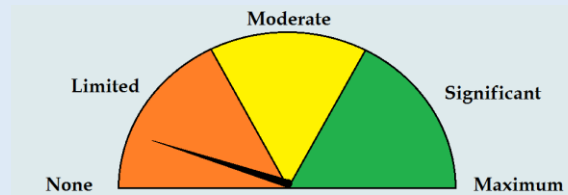
USCBC Economic Reform Scorecard

June 2014

FULL RELEASE
WEEK OF JUNE 9, 2014

Executive Summary

Impact of Economic Reform on Foreign Companies
(as of June 2014)



- President Xi Jinping assumed leadership in China in November 2012 as a strong proponent for a new wave of economic reforms.
- Top-line reform rhetoric has been consistently pro-reform since that date, but domestic debate continues over the specific scope, speed, and implementation of economic reform in China. In particular, significant questions remain about how economic reform will impact foreign company operations in China.
- USCBC is rolling out a Reform Scorecard to assess the actual impact of China's reforms on foreign company concerns. The scorecard is divided into categories based on key themes for reform, such as the role of the state and the market, foreign investment, institutional reform, and others. The report assesses the impact of reform policies, both individually and as a whole.
- In this first assessment, China's economic reform policies to date have had a limited impact on foreign company operations.
- USCBC will update this Reform Scorecard quarterly to assess new policy and regulatory developments, and the impact of reform implementation on foreign company operations in China. Key areas that could signal progress include revisions to China's foreign investment laws, future reductions in the SFTZ negative list, and stronger efforts to ease administrative approval burdens that impact foreign companies.

China remains in the midst of an active process of promoting and implementing economic reform. This process first began in late 2011, more than a year before China's 2012-2013 leadership transition. That transition ultimately resulted in the ascension of Xi Jinping as president and the head of the Chinese Communist Party (CCP) and Li Keqiang as premier and head of China's powerful State Council. The announcement of China's new leadership only heightened the debate, as onlookers sought signals about the likely agenda for the new Xi-Li administration.

In 2013, government agencies began to release official regulations, statements, and editorials dealing with economic reform. These releases covered an array of reform issues, including financial liberalization, the role of state-owned enterprises (SOEs) in the economy, administrative licensing, and tax reform. Two major developments reflecting this debate were:

- **September 2013**: The Shanghai government announced the launch of the China (Shanghai) Pilot Free Trade Zone (SFTZ), a pilot area for broader economic reforms in areas such as investment approvals, trade facilitation, financial innovation, risk management, and administrative licensing.

- **November 2013**: The Third Plenum of the CCP's 18th Party Congress served as a platform for the broader reform agenda, through both high-level statements made during the plenum and a set of post-plenum documents that provided more detail on the direction of reform These documents included key indicators of priorities, including setting a "decisive" role for the market in the economy, reforms to tax and finance, improving foreign investment, and many other areas. However, they gave few concrete details on how such objectives would be implemented.

USCBC has closely monitored reform-related developments to track progress and answer two specific questions:

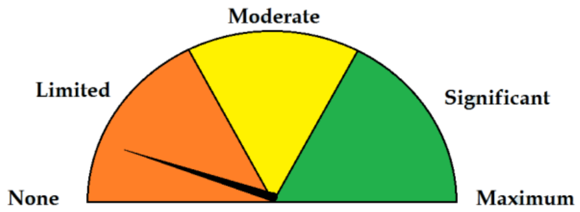
- What tangible progress have Chinese government agencies made towards implementing economic reform?
- What impact will reforms have on US companies and their operations in China?

To answer these questions, USCBC has compiled a list of policy developments related to economic reform since the start of the Xi-Li administration in March 2013. Such policies are divided by key themes for reform, such as the role of the state and the market, foreign investment, and institutional reform. Given the stated role of the SFTZ as the "test lab" for potential reforms nationwide, this report also pulls out the specific policy announcements and changes that relate directly to the SFTZ into a separate appendix.

This report also aims to assess the impact of China's reform efforts on foreign company operations by assessing both individual policies as well as by providing an overall rating of Chinese government's efforts to promote economic reform. In each case, the assessment is made specifically on how well they address top foreign company concerns and how much they may impact foreign companies across sectors.

- USCBC's overall assessment uses a three-color dashboard, rating China's overall reforms as either limited, moderate, or significant based on their impact on foreign companies.
- USCBC also assesses the significance of each individual policy for foreign companies, categorizing that impact into one of four categories "significant impact" (marked as green in the list of policies) a "moderate impact" (orange), a "limited impact" (yellow), or "no impact" (red) on foreign companies and their operations in China.

USCBC Assessment



Chinese government authorities have laid the groundwork for broad economic reforms. Yet few concrete policies have been finalized and released since then, and even fewer have made major progress on foreign company issues. Many address minor operational issues, are limited to particular sectors, or are unclear as to whether they apply to foreign companies. While China's economic reform plans have the *potential* to promote reform in ways that address market access barriers and operational challenges of concern to foreign companies, these reforms have had only a limited impact to date. Key areas to monitor for progress include revisions to China's foreign investment laws, future reductions in the Shanghai FTZ negative list, and stronger efforts to ease administrative approval burdens that impact foreign companies.

THE US-CHINA BUSINESS COUNCIL
美中贸易全国委员会

China 2014 Regulatory Transparency Scorecard

March 2014

Executive Summary

Transparency—including solicitation of public feedback during the creation of new laws and regulations, open government decision-making, and the ability to access information—is consistently cited as a top concern for US-China Business Council (USCBC) member companies in USCBC's annual membership survey on China's business environment. As part of efforts to monitor this issue, USCBC conducts an annual review of selected PRC government agencies' records in increasing transparency in their rule-making processes. This year's report, covering January to December 2013, shows that China continues to significantly lag in its commitments and implementation in promoting regulatory transparency. The National People's Congress (NPC), China's legislative body, and the State Council, the equivalent of the United States' cabinet, have made high-level commitments to improve regulatory transparency. In 2008, the NPC announced that it would solicit public comments on most draft laws and amendments it reviews. The State Council pledged in 2008, 2011, and 2012 to release drafts of all trade- and economic-related administrative regulations and departmental rules for 30-day public comment periods.

- USCBC analysis of the NPC, the State Council, and selected government agencies shows varying levels of compliance with these transparency commitments and that all agencies need considerable improvement.
- The NPC continues to have a mixed, though slightly improved record of posting draft laws for comment for a full 30-day period. Sixty-six percent of laws passed over a recent twelve-month period had been published to the NPC website for comment at some point during their drafting process.
- The State Council posted less than 10 percent of its own administrative regulations and departmental rules for public comment through the State Council Legislative Affairs Office (SCLAO).
- Other government agencies did no better. During the twelve-month period tracked in this report, the seven agencies tracked—the National Development and Reform Commission (NDRC), Ministry of Commerce (MOFCOM), Ministry of Finance (MOF), Ministry of Industry and Information Technology (MIIT), General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), State Administration of Industry and Commerce (SAIC), and Ministry of Human Resources and Social Security (MOHRSS)—posted a small fraction of relevant documents for comment on either the SCLAO or their respective agency websites: Less than 10 percent of regulations to the SCLAO site and less than 17 percent of additional regulations to their agency sites.
- Part of the challenge of tracking transparency lies with the lack of clarity about what regulations fall under China's commitments. USCBC's report uses two filters for including regulations in the report: A "narrow" interpretation that includes only those documents explicitly labeled as State Council or departmental administrative regulations in other legal documents, and a "broad" interpretation that includes other regulations that appear to function as State Council or departmental administrative regulations.
- Among the small percentage of regulations that are posted for public comment in line with State Council's commitments, however, the majority is posted for at least the full 30-day period, and the average comment period for administrative regulations and departmental rules posted for public comment on either the SCLAO or agency websites exceeded 24 days.

USCBC recommends that the PRC government ensure that all administrative regulations and departmental rules are posted on the designated SCLAO information website comment page for a full 30-day public comment period. The office should also consider going further by posting for a longer comment period of 60 or 90 days.

For a copy of the full report, scan the QR code below, or visit http://bit.ly/Transparency-2014.

THE US-CHINA BUSINESS COUNCIL
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AML Investigation Concerns Continue, Despite Few New Developments

This article originally appeared in China Market Intelligence on April 30, 2014.

Executive Summary

- Antimonopoly issues, including M&A reviews and pricing investigations, have garnered considerable attention by US stakeholders in recent months, due to widespread reporting on pricing investigations involving foreign companies and a November 2013 National Development and Reform Commission (NDRC) announcement of targeted sectors.
- While some high-profile investigations of foreign companies are ongoing, USCBC's tracking of developments in antitrust and price investigation trends over the first quarter of 2014 indicate that NDRC has largely focused its efforts on continuing existing investigations, as opposed to expanding or launching any new efforts.
- Although international observers expressed concern that multinational companies were being singled out and investigations were being used as a means of protectionism, USCBC research has consistently found that both Chinese and foreign firms were subject to price investigations, with targeting of particular sectors as key drivers behind these investigations.
- While investigations in many sectors have not yet been officially reported, there has been activity in the automotive parts, domestic banking, and automotive insurance industries.
- NDRC's Antimonopoly Bureau announced this year the establishment of an illegal pricing report hotline that will allow consumers to report pricing violations 24 hours a day, as well as incentives for those who report illegal pricing.
- Pricing investigations conducted by the NDRC in 2013 have continued to raise concerns in the international business community. USCBC is continuing to monitor pricing and antimonopoly investigations and raise concerns related to due process, transparency, and fairness of these investigations.

For a copy of the full article, scan the QR code, or visit http://bit.ly/AML-Concerns.

What MNCs Should Know in China's "Golden Year" of Antimonopoly Investigations

This article originally appeared in China Market Intelligence on December 11, 2013.

Executive Summary

- China's National Development and Reform Commission (NDRC) has increased its antimonopoly and anti-price-fixing efforts with an unprecedented number of price-related investigations in 2013, and has indicated that such efforts will continue.
- Some international observers have expressed concern that multinational companies (MNCs) are being singled out by NDRC and other agencies. Several high-profile investigations of MNCs in the infant formula and pharmaceutical industries have reinforced this assumption.
- A USCBC review of NDRC investigations in 2013, however, shows that the agency has conducted investigations of both foreign and domestic companies, mostly in the aforementioned politically-sensitive industries. Limited media coverage of domestic company investigations has made it difficult to gauge the quantity and the nature of investigations that have actually taken place.
- Meanwhile, several Chinese media editorials have noted that pricing investigations alone may not address the key causes of price-fixing behavior. Instead, structural changes are needed in state-led monopoly sectors in order to effect real progress in eliminating price fixing by promoting more open competition.

For a copy of the full article, scan the QR code, or visit http://bit.ly/AML-Investigations2013.

THE US-CHINA BUSINESS COUNCIL
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Now Online:

USCBC's Annual Membership Survey

The US-China Business Council (USCBC) has launched its 2014 annual survey of its member companies on the opportunities and challenges they face in China's business environment. The results of the survey help prioritize the top issues for USCBC's reporting, advisory, and advocacy work in the United States and China on behalf of its membership.

Member responses to the survey are crucial to the quality and effectiveness of USCBC's services. **The survey will close on Friday, June 13, 2014**.

USCBC uses Qualtrics software, which provides unique links for each respondent that automatically save survey participants' responses as they proceed through the questionnaire. This enables respondents to exit the survey and return at a later time to finish answering the questions using the link provided to them in the invitation email.

USCBC's survey invitation was distributed on June 2, 2014. If you have misplaced the survey invitation and need to have the link resent to you, please contact USCBC Vice President Erin Ennis at eennis@uschina.org. Please also feel free to contact her with any questions, comments, or suggestions.

USCBC

THE US-CHINA BUSINESS COUNCIL

美中贸易全国委员会

Save the Date:

USCBC GALA 2014

December 4, 2014
6:00-9:00 pm
Washington, DC

Save the date and plan to join the US-China Business Council (USCBC) for our **2014 Gala** in Washington, DC. This year's honoree and keynote speaker will be **Dr. Zbigniew Brzezinski**, former national security advisor to President Carter and one of the chief architects in the establishment of US-China diplomatic relations 35 years ago. Dr. Brzezinski will reflect on the evolution of the most important bilateral relationship of our time and address current challenges, opportunities, and the path ahead for bilateral relations.

The event will also recognize USCBC and its membership's history of leadership, achievements, and partnerships in support of an expanded US-China commercial relationship. The Gala continues to be an **important fundraising effort** that strengthens USCBC's ability to serve its member companies.

Information on sponsorship packages and benefits, discounted lodging, and other event details are forthcoming at **www.uschina.org**.

For more information, contact USCBC Director of Programs Gloria González-Micklin (T: 202-429-0340, ext. 211; programs@uschina.org).