



FOR IMMEDIATE RELEASE

**AmCham Issues Recommendations for Improving US-China Trade Relations;
Releases 2008 White Paper on American Business in China**

Beijing, April 28, 2008 . . . The American Chamber of Commerce in China (AmCham-China), the American Chamber of Commerce in Shanghai (AmCham Shanghai) and the American Chamber of Commerce in South China (AmCham South China) today released the *2008 White Paper: American Business in China*. Based on the views and experiences of their 7,000 collective members, this report -AmCham's tenth annual edition-is the most comprehensive to date on the state of US business in China.

Through this annual White Paper, AmCham offers its unique perspective on the PRC's business climate and provides detailed recommendations for enhancing business conditions in both Beijing and Washington. With the two countries' economies becoming increasingly interlinked, this paper serves both as a benchmark of progress and as a catalyst for furthering bilateral discussion.

"The relationship stands on solid footing, with trade growing steadily to an all-time high and an unprecedented level of dialogue between the US and Chinese governments," said James M. Zimmerman, AmCham-China Chairman. "But if we are to continue this positive momentum, growing protectionist tendencies in both countries must be resisted and openness reinforced."

The *2008 White Paper* outlines specific recommendations for the Chinese and US governments on ways to strengthen their economic relationship and improve the business environment. AmCham argues China should continue and accelerate progress toward fair market access; greater transparency and uniform national treatment; and consistency and predictability of the legal framework in order to complete China's transition to a market economy. These steps will help China reach its goal of full global market integration and continue to encourage American foreign direct investment.



This year's *White Paper* indicates that US companies remain bullish on China as an investment destination, with many planning to expand throughout the country. "Despite this positive outlook, China's rapid growth has also created a fiercely competitive business environment that is driving significant cost increases," said AmCham Shanghai Chairman J. Norwell Coquillard.



Key Findings from AmCham's 2008 Business Climate Survey

Financial Performance & Strategies in China

- 51% of respondents are in China primarily to sell, source or make products for the Chinese market.
- 74% of companies are either profitable or very profitable in China
- 88% of companies saw increased revenue compared to last year.
- 65% of companies saw improved operating margins of their China operations

Top Business Challenges

- Management-level human resources constraints emerged as the top “Business Challenge,” with 37% of respondents ranking it as a top-5 concern.
- 71% of members thought that China was losing at least some competitive advantage due to rising costs, but most companies have no plans to relocate out of China.
- Respondents reported improvements in US visa processing and intellectual property rights enforcement compared to previous years.
- Approximately 80% of companies reported difficulty attracting, developing and retaining managers and skilled workers (up almost 10% from last year).

Outlook on the Future

- 89% of respondents have an optimistic or slightly optimistic outlook for the next five years of doing business in China, and 79% said that they were more optimistic this year compared to last year.
- 83% of companies plan to expand capacity in 2008, and 23% intend to acquire a PRC company or its assets.
- 41% of companies have plans to expand in some form into China's second- and third-tier cities.
- Chinese economic slowdown remains the top “Risk for the Coming Years” with 36% of respondents ranking it as a top-5 concern, while “labor costs” jumped 9% to surpass “Chinese protectionism” as the #2 risk for the future.

AmCham's annual White Paper is the most authoritative analysis of the commercial environment and business trends in China. The policy recommendations in the paper for both the Chinese and US governments form the lynchpin of AmCham's extensive policy advocacy activities, which aim to continually improve the business climate in China for American companies. The backbone of the White Paper's analyses and conclusions is our annual Business Climate Survey, a compilation of data from the responses of more than 800 companies operating in China. The survey is a unique look into the thinking of the leaders of international business in this critical market.

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In the US, AmCham seeks active support from the executive and legislative branches in developing new policy foundations to address the changing needs of the trade relationship. With slowing US growth, the focus needs to be on enhancing America's overall competitiveness rather than seeking defensive protectionist solutions. The US Government priorities for China should include more resources supporting US companies looking to capitalize on opportunities in the Chinese market; more resources to meet the projected increase in Chinese demand for business and tourist visas; and the facilitation of commercial trade through the ongoing review of export controls and license requirements to reflect market realities.

"AmCham's broad request is that the US Government and Congress ensure that legislation is constructive and supports the goal of having an open, rule-based relationship with China," said AmCham South China Chairman Harley Seyedin.

AmCham will discuss the issues contained in the White Paper in a series of briefings with Chinese Government officials in the coming weeks, and a member delegation will visit Washington, D.C., in mid-May to brief US Government officials and lawmakers on Capitol Hill.

Today's launch of the White Paper took place in the shadow of Beijing's National Stadium - the recently completed, iconic "Bird's Nest" -- where the 2008 Summer Olympic Games will begin in slightly more than 100 days. "We look forward to enjoying the coming Games in the spirit of international cooperation and engagement that they represent," said Mr. Zimmerman.

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Download a copy of the 2008 White Paper at:
www.amcham-china.org.cn