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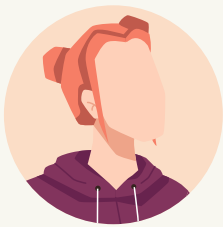
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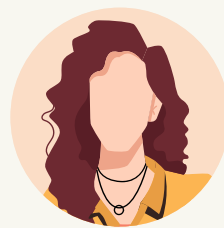
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SERVICE AWARDS 2023



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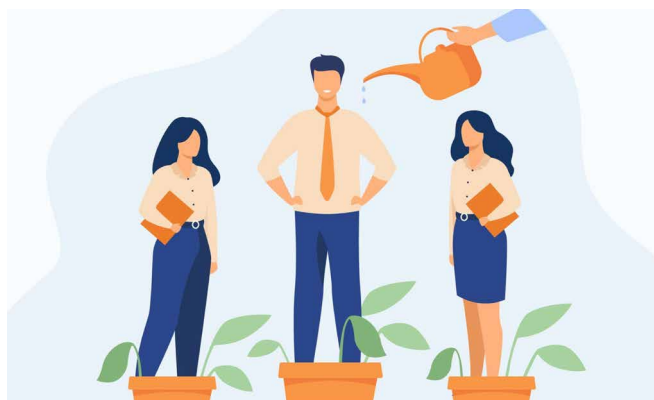


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President's Foreword

Mutual exchanges key to understanding

In-person exchanges were one of the areas most affected by China's three-year-long self-imposed isolation during the COVID-19 pandemic. The long absence of face-to-face meetings at all levels gnawed away at the mutual understanding between Europe and China. It is therefore very welcome that in the lead-up to the first in-person summit in four years between the European Union (EU) and China this December, seven EU commissioners visited China in the space of only two months.

The European Chamber has also taken the opportunity presented by China's re-opened borders to re-engage with stakeholders in Europe. In late October, the Chamber organised its second EU Tour of 2023. During a highly productive and fruitful five-day visit to Brussels, the Chamber's delegates took part in 56 meetings with European stakeholders.

As both the number of recent, high-level visits and the Chamber's engagements in Europe indicate, China remains high on the EU's agenda. However, European stakeholders are increasingly voicing their concerns over the high bilateral trade deficit¹ and China's overcapacity.

Discussions on de-risking have also intensified. While the EU has emphasised that its de-risking efforts are country-agnostic and aimed at increasing the resilience of its unified market, in China, de-risking has been publicly criticised as 'decoupling in disguise'.² Meanwhile, China has itself engaged in a significant de-risking process, as can be seen in its drive for self-reliance across many sectors. To find viable pathways forward and strengthen cooperation in areas where interests align, there is a need for Europe and China to find a common language on the topic.

The relationship between Europe and China has created enormous value over past decades, and carries significant potential for the future as well. It is in the interests of the two sides to find an appropriate and equitable balance in terms of the benefits flowing to both Europe and China from the mutual engagement, thereby enabling a long-term flourishing relationship. This will require building trust and addressing concerns on both sides, particularly in relation to imbalances in terms of trade, market access and national treatment. The European Chamber intends to continue to engage with both sides in order to keep playing a constructive role in this process. 



Jens Eskelund

President

European Union
Chamber of
Commerce in China

¹ Related figures mentioned in speeches during by several EU officials during their visits to China. For instance, EU Commissioner for Internal Market Thierry Breton said that "between 2002 and 2022, the trade deficit of the EU towards China in goods has increased from EUR 41 billion (bn) to EUR 396 bn", while High Representative Josep Borrell highlighted that "[o]ur trade deficit has gone up by 60 per cent in one year: a considerable rise, which cannot simply reflect a productivity gap between our economies". In the geopolitics of blocs, Europe as a power of balance – Speech by Commissioner Breton, European Commission, 10th November 2023, viewed 16th November 2023, <https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_23_5684>; China: Speech by High Representative/Vice-President Josep Borrell at Peking University, European Commission, 13th October 2023, viewed 16th November 2023, <https://www.eeas.europa.eu/eeas/china-speech-high-representativevice-president-josep-borrell-peking-university_en>

² Xinhua Commentary: De-risking is just decoupling in disguise, Xinhua, 26th May 2023, viewed 16th November 2023, <<https://english.news.cn/20230526/1534dc97c6643e98b1a7642d07221c8/c.html>>



Southwest China Position Paper 2022/2023



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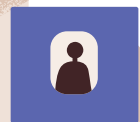
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Attracting Top Talent

Recommendations from the European Chamber chapters

No business can thrive without a strong and reliable workforce. And while companies' human resource departments can run themselves ragged chasing the kind of employees they need, if their location does not have affordable living environments or the kinds of facilities young families or international talent require, they will suffer from high staff turnover rates or be forced to relocate.

This is why all of the Chamber's local position papers have included a section on improving the attraction of their region for top graduates and highly skilled professionals, as well as on simplifying recruitment procedures so that our members have the best chance of grabbing the talent that is available to them. For more details, scan the QR codes to download the individual position papers. 



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1. Restore Shanghai's Reputation as an Internationally Competitive City

1.1 Increase Shanghai's Ability to Attract and Retain Talent by Improving Living Conditions

- Ensure consistent implementation of shortened quarantine measures for inbound travellers at the community level, providing transparent and clear communication of any policy changes.
- Implement home quarantine measures for returning residents of Shanghai instead of hotel quarantine.
- Facilitate cross-border travel with complete transparency and predictability for quarantine measures, including providing high-quality quarantine hotels and catering.
- Implement a commercial 'green channel' upon arrival to ensure a smoother, more convenient transportation process from airport arrival to hotel quarantine.
- Prioritise the deployment of an effective COVID-19 vaccination campaign in Shanghai.
- Continue streamlining the work visa application process to support foreign companies in attracting and retaining foreign employees.
- Resume and simplify visa applications for students and researchers, including provisions for internships, research projects and scientific exchanges, to encourage innovation.
- Provide more visa information and boost communication channels with universities and foreign consulates to attract young entrepreneurs.
- Continue strengthening Shanghai's healthcare system by broadly adopting accessible online and remote healthcare services.

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Nanjing Position Paper 2023/2024

1.2 Make Jiangsu More Attractive to International Talent

- Capitalise on Jiangsu's status as a centre of higher education by adopting competitive visa policies that can both attract more foreign students and encourage them to work in the province after graduation.
- Create a platform to communicate with foreign nationals in Jiangsu, using the *In Nanjing: Service Guide for Foreigners* as a starting point.
- Train public employees to make foreign nationals feel welcome in the community by providing equal treatment.

LOCALISATION OF MANAGEMENT IN CHINESE SUBSIDIARIES

Advantages and challenges
by **Jeanette Yu** and **Sophy Wang**

Over the past few decades, many European corporations have expanded their operations into the Chinese market by establishing local subsidiaries in China. Initially, it was a common practice for these multinational corporations (MNCs) to deploy expatriate managers from their overseas headquarters (HQ) to manage the operations of Chinese subsidiaries. This approach was driven by several compelling reasons, including the transfer of specialised knowledge from HQ to the subsidiaries, alignment of corporate culture and supervision of subsidiary activities. However, in recent years, especially since the COVID-19 pandemic, a growing trend for MNCs operating in China to employ local managers has emerged.

In this article, **Jeanette Yu** and **Sophy Wang** of **CMS Legal China** explore the advantages and challenges of localising management and the legal considerations that MNCs must address when adopting this approach.



What contributes to the localisation of management in Chinese subsidiaries?

In recent years, especially since the pandemic, foreign national managers have become reluctant to come and work in China. Meanwhile, with the implementation of China's opening-up policies over the past 40 years, the Chinese labour market has seen local talent thrive, many of whom have acquired overseas study and/or work experience with MNCs and insights into modern management knowledge and practices. As a result, it has become easier for MNCs to find professional, skilled and experienced managers for their Chinese subsidiaries in the local market. Local managers have the following advantages in managing Chinese subsidiaries:

- 1. Local market understanding:** The Chinese market is vast and complex, with unique cultural, linguistic and regulatory nuances. Local managers possess in-depth knowledge of the local market, local business practices and consumer behaviour, empowering them to make more informed business decisions.
- 2. Faster adaptation:** Local managers have advantages in terms of fluency in Mandarin and cultural understanding, which enable them to effectively bridge communication gaps and cultivate stronger relationships with Chinese employees, clients and stakeholders. They are often more aware of market trends and can quickly make adjustments based on the Chinese business environment, which will help local subsidiaries to adapt faster and succeed in the market.
- 3. Networking:** Building robust local connections and

relationships is pivotal to business success in China. Local managers play a key role in networking with government officials, partners, clients and suppliers, which can open doors to valuable opportunities and insights in the local business landscape.

What challenges may MNCs face when localising management?

While the localisation of management in Chinese subsidiaries offers benefits, it also brings a certain amount of challenges:

- 1. Legal complexity:** Unlike many other countries, in China, MNCs must set up employment contracts with local management, who enjoy the same legal protection rights as those of non-management employees. MNCs must establish legally compliant employment contracts for local managers, specifying employment terms, work position, working hours, wages, leave and rest, and social security, in accordance with local laws. In addition, MNCs may agree with local managers on their work duties, confidentiality obligations and non-competition obligations, which will be specified in the employment contracts. As with non-management employees, local management staff contracts can only be terminated if one of a (very limited) number of statutory termination reasons applies. In practice, if local managers' performances are not satisfactory, termination of their employment contracts will be difficult, not only because of stringent Chinese labour laws, which prioritise employee protection, but also because local

managers normally know the operation of the company well and control company seals and corporate documents. Therefore, termination of a local manager's employment contract may bring risks to the normal business operations of MNCs.

- 2. Compliance risks:** Local managers may lack sufficient understanding or have varying interpretations on business ethics and compliance standards required and promoted by MNCs. Without a clear alignment on these matters between MNCs and local managers, and an effective oversight mechanism to enforce limitations on the authority of local managers, there is increased risk of white-collar misconduct, unauthorised/over-authorisation behaviours, and violations of corporate ethics. This could potentially result in external legal risks/issues and reputational damage for MNCs.
- 3. Cross-cultural management:** Although local managers are familiar with Chinese culture and business environment, they may have limited international exposure and insufficient knowledge of overseas culture and practice, which can be a drawback for companies aiming for operations with a more global perspective. Local managers may encounter challenges when managing international teams and coordinating with global HQ.

How should MNCs prepare for and address legal challenges when localising?

When MNCs decide to localise management in their Chinese subsidiaries, they need to consider and

make some legal and organisational preparations to ensure compliance and smooth operations. Here are some aspects which would be of use for MNCs in this regard:

1. **Comprehensive employment**

contracts: One of the fundamental steps is to establish employment contracts that comply with local labour laws and regulations, and contain necessary provisions for local managers. Many companies adopt the same simple standard employment contracts for local managers as they do for non-management local employees. However, such contracts lack clauses specifically needed for local managers, such as detailed work duties, comprehensive remuneration structure, a longer notice period for termination of contract, and clauses relating to code of conduct such as secondary occupation, conflict of interest and non-competition. Therefore, the first step for MNCs should be to develop comprehensive employment contracts for local managers that both comply with Chinese labour laws and regulations and meet MNCs' global personnel management requirements. Furthermore, if a termination is unavoidable, MNCs may wish to prepare in advance, make an action plan in order to handle the termination properly and ensure a smooth handover of work.

2. **Employee handbook and code of**

conduct: As with non-management employees, local managers are also subject to a firm's employee handbook and code of conduct. Therefore, MNCs may wish to develop a comprehensive employee handbook and code of conduct specifically for their Chinese subsidiaries. These

documents can provide guidance on corporation values, ethical behaviour, professional conduct, labour discipline management, and other details. They can help in setting clear expectations for local managers' behaviour and actions, fostering a culture of transparency and integrity. In addition, these policies can serve as legal basis for Chinese subsidiaries to impose disciplinary actions on local managers who have committed violations.

3. **Oversight mechanisms:**

Effective oversight mechanisms should be put in place to monitor the activities of local managers and ensure compliance with both local and global corporate standards. This may involve creating local compliance teams, conducting regular audits and implementing a system for reporting and addressing compliance concerns. Such mechanisms can help MNCs identify and rectify issues in a timely manner, reducing the risk of legal and reputational problems.

4. **Limitations on authority:**

In addition, to avoid *ultra vires* acts, or acts beyond local managers' scope of authorisation, MNCs are advised to set up clear rules and limitations on the authority and powers of local managers in performing work duties. For example, MNCs may set certain limitations on the value or type of contracts that local managers are authorised to sign, set budgetary limitations on the economic decisions made by local managers, implement 'four-eyes principles' or 'double approval' systems for key matters, and so on. These rules should be documented in writing and incorporated into the employment contracts of local managers.

5. Compliance training: To promote a culture of compliance and ethics, MNCs may wish to establish training programmes for local managers of Chinese subsidiaries. This training may cover topics such as anti-corruption, avoidance of conflict of interests, and other legal and ethical issues relevant to the local business environment. Regular compliance training sessions will help in raising awareness and ensuring that local managers are well-informed about their legal obligations.

Conclusion

The localisation of management in Chinese subsidiaries is driven by the need for local expertise, cost-efficiencies and market access. MNCs are increasingly recognising the advantages of this strategy. However, localisation also presents legal considerations and challenges that must be carefully addressed by MNCs, including compliance with local labour laws, dealing with potential risks of misconduct by local managers, establishing necessary management and oversight policies, among others. As an old Chinese saying goes, if you want to do a good job, you must first sharpen your tools. If the decision is made to localise the management of Chinese subsidiaries, MNCs should prepare corresponding policies, documentation and mechanisms for dealing with the potential legal challenges. 

Jeanette Yu is partner, and head of Employment and Pensions, at **CMS Legal China**, based at their Shanghai office. She has more than 20 years' experience in providing legal advice for international companies on Chinese labour law and compliance management issues. Since 2017, Jeanette has also been acting as the national chair/vice chair of the Human Resources Working Group of the European Chamber. **Sophy Wang** is a senior associate on Ms Yu's employment team at CMS Legal China.



THRIVING IN CHINA'S JOB LANDSCAPE

Strategies for success in hiring
by **Roland Brouwer**

China's thriving job market is a magnet for foreign-owned companies looking to take advantage of its opportunities. When entering the market, hiring Chinese talent can provide numerous benefits. In this article, **Roland Brouwer** of **BIPO** delves into the complexities of recruitment and employment in China, providing insights on how to successfully navigate this job landscape.

China's job market provides an abundance of opportunities across industries and cities. Whether it is the technology hubs of Beijing and Shenzhen or the financial prowess of Shanghai, each Chinese city has a distinctive attractiveness for employees. In addition, the country's unwavering commitment to innovation and technology has resulted in growth in sectors such as information technology, e-commerce, artificial intelligence and renewable energy, all of which attract top-tier talent from across China and around the globe.

Navigating China's labour landscape requires an understanding of local procedures and ensuring compliance. Offering professional guidance, fostering cross-cultural collaboration, providing competitive compensation packages and creating growth opportunities are crucial for attracting high-calibre talent. Foreign employers should be aware of factors such as:

- **Compensation:** Besides their base salaries, Chinese employees often receive additional elements, such as performance bonuses tied to project milestones for software engineers or attractive commission incentives for sales representatives who surpass their sales targets.
- **Mandatory benefits:** Chinese labour legislation prioritises the well-being of employees by mandating benefits. For instance, companies are obligated to contribute to their employees' social insurance and housing fund, which ensures employees' security in unforeseen circumstances.
- **Work hours and overtime:** In China, there are regulations regarding work hours, typically limiting employees to work eight hours per day or 44 hours per week. Any overtime work beyond these limits must be compensated accordingly.

- **Public holidays and leave:** Chinese employees generally are entitled to seven paid holiday days annually. Also, employees receive extra annual leave days based on their years of service. Maternity, paternity and sick leave are guaranteed by law.
- **Employment contracts:** In China, written contracts that outline terms and conditions, job responsibilities, compensation, working hours and benefits are a requirement for all employees.
- **Employee termination:** The termination of employment is strictly regulated in China. Employers must have valid reasons for termination, follow procedures and provide appropriate severance pay.
- **Language and cultural sensitivity:** Maintaining good communication with a workforce is essential. Understanding nuances and overcoming language barriers will contribute to fostering relationships between employers and employees.
- **Privacy and background checks:** According to Chinese law, consent is necessary for conducting background checks, including verifying employment history. There are also limitations on asking certain questions during interviews. For example, employers should not ask questions that could generate discrimination, such as on gender, ethnicity, disability, nationality or religious belief. For female candidates, questions about marital status, parental status or pregnancy are not permitted.
- **Contract renewals:** When it comes to employment contracts, fixed-term contracts usually have a duration of two years. Employers should be prepared for the possibility of contract renewals or converting temporary into permanent contracts

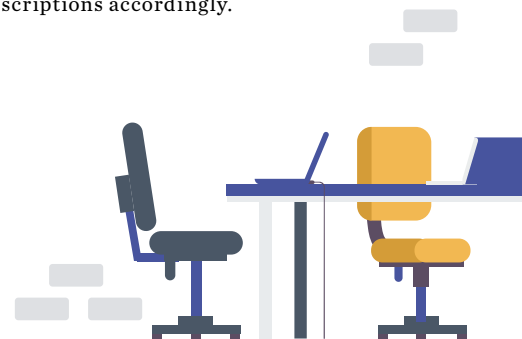
based on employee performance and mutual agreement.

- **Remote work and flexible arrangements:** The trends of remote work and flexible arrangements, which became widespread as a result of COVID measures, have gained in popularity among younger workers, who often consider these factors when choosing a job. China's labour laws are adapting to such work trends in the post-COVID era by incorporating related regulations; therefore, it is important for employers to stay updated on these regulations to ensure compliance.
- **Legal compliance:** To ensure compliance and avoid legal issues, it is crucial for employers to stay informed about any changes or updates in Chinese labour laws.

Paying attention to these aspects when navigating the Chinese labour landscape will help companies to improve their employees' well-being, legal compliance and overall business success.

Creating effective recruitment strategies

Creating recruitment strategies is essential for thriving in China's job market. These strategies should address topics such as evolving skill requirements and regional differences. To find suitable candidates, it is important to have an in-depth understanding of the relevant labour markets, collaborate with industry experts and tailor job descriptions accordingly.



To attract and retain skilled professionals, companies should prioritise the reputation of their organisation, offer growth opportunities to their employees and provide a compelling job offer. Furthermore, understanding workplace norms and cultural etiquette is crucial for fostering professional relationships; for example, respect for authority, the value of relationship-building (*guanxi*) and loyalty are all aspects of the Chinese work culture. To retain talent, it is essential to offer clear career paths and initiatives that promote a work-life balance, as well as to create a positive work environment by capitalising on your employer brand, providing training opportunities and exhibiting robust leadership practices.

When it comes to hiring in China, foreign companies can utilise job portals such as 51job, Zhaopin, Lagou and BOSS Zhipin. These platforms can make recruitment easier by bridging the gap between companies and local talent. In addition, social media channels like WeChat and Weibo are also commonly used for posting jobs. However, it is important to note that the effectiveness of these channels may vary depending on your industry and the level of the position.

Navigating labour regulations: strategically outsourcing human resources (HR) management

Dealing with labour regulations in China can be challenging for foreign companies looking to establish their presence and hire staff. As a solution, many such businesses opt to outsource HR management to professional third-party agencies. This approach provides advantages that go beyond complying with local laws; it also enables companies to streamline their operations and focus on their core strengths. Outsourcing HR management is a strategy that simplifies the complexities of labour regulations, safeguards against risks, and frees up resources that can be utilised for driving innovation, expanding market reach and seizing new opportunities.

Conclusion

Excelling in China's job market requires a strategy that involves understanding local dynamics, adhering to labour regulations and employing strategic recruitment methods. As foreign companies enter this landscape, recognising the uniqueness of China's business culture,

labour practices and talent pool becomes crucial for success.

Achieving staffing goes beyond recruitment; it involves nurturing and retaining talent. By providing competitive compensation packages and fostering growth and work-life balance, a positive work environment can be created that resonates with both local employees and international hires.

As you embark on your journey through China's job market, keep in mind that success depends on planning, adaptability and an all-encompassing approach that integrates compliance measures with recruitment strategies while also considering cultural sensitivity. By taking this approach, your company will set itself up to overcome challenges and fully seize the opportunities of China's job market. **EB**

Roland Brouwer is regional director of corporate and industrial relations for Europe at **BIPO**.

Established in 2010 and headquartered in Singapore, BIPO is a global payroll and people solutions provider. Designed for businesses of any size from small and medium-sized enterprises to multinational corporations, our total HR solutions include Human Capital Management (HCM) solutions, Global Payroll Outsourcing (GPO), and Employer of Record (EOR) services across 150+ global markets. Our award-winning products are trusted by over 3,300 companies that manage 460,000+ employees worldwide.



AN OFFER THEY CAN'T REFUSE

Four ways the most successful companies are attracting talent by **LHH FESCO**



Although the labour market has slowed since last year, the strongest candidates across sectors still can choose between multiple offers. What are the most successful strategies for attracting top talent? In this article, **LHH FESCO** provides four lessons drawn from across sectors and regions on making companies more attractive to potential employees.

1. Be flexible – especially about flexibility

The pandemic has led to a lasting change in how people view their work-life balance: the genie of flexibility will not go back in the bottle. For example, in the United Kingdom, flexibility is now considered to be the most important value proposition an organisation can offer by 57 per cent of employees in the legal sector and 62 per cent in the accounting and finance sector. In-demand candidates are very keen to know how rigid their prospective employer will be in terms of their expected working location and hours.

In the post-pandemic debate around work-life balance, the idea of the four-day work week is currently gaining traction. The jury is still out on whether this model makes sense – for example, in client-service sectors such as law that have long working hours, it is not yet seen as a realistic option.

In a labour market where candidates hold the balance of power, companies also need to be flexible about what they can potentially compromise on. Are they willing to train candidates in some

skills needed for a role, for example, if the candidate demonstrates positive attributes—such as attitude—in areas that can't be trained as easily?

2. Persuade the candidate that you have a business case for hiring them

With fear of an economic downturn making candidates more cautious, one key factor is the company's ability to convince the candidate that they have thoroughly thought through the business case for creating the opening offer. For example, among legal professionals, 40 per cent place a high importance on job security. As a result, candidates are pressing employment agencies for details on the financial position and prospects of the companies offering roles.

3. Communicate clearly about the hiring process – and stick to it

In the post-COVID hiring spree, candidates often expressed frustration when a hiring process took too long. The more hoops they were asked to jump through, and the longer they had to wait



for a decision, the more likely they were to drop out of the process.

This has changed somewhat with the aforementioned growing sense of caution on the part of candidates, who now are more likely to appreciate a process that feels rigorous enough to reassure them that the opening is right for them. Companies need to strike a delicate balance between a process that is frustratingly slow and one that seems too quick to be sufficiently thorough. The key is to be transparent upfront about what the hiring process will involve – and to stick to the process and timelines. When additional steps are inserted into the process, or feedback and decisions take longer to arrive than the candidate is expecting, it risks giving the impression that the company culture is indecisive or that the candidate's time is not valued.

4. Sell the company culture


Candidates want to get a sense of what a company is really like, rather than simply reading its website. Do people talk about their children and seem to value a life outside the office? Is the company serious

about its commitments on issues such as sustainability or equality, diversity and inclusion? Candidates may also want to know which products they will be working with every day – there is a ‘braggability factor’ in joining a company that puts them to work on trendsetting platforms.

Recruiters can help with selling the company culture when they build up a track record of placing people at a company: by staying in touch with them, they can pass on feedback to new candidates. However, companies can also help by making sure that the manager a candidate will be working with is actively engaged in the hiring process. Candidates want to get to know who will be mentoring them and feel confident that they will fit in.

Conclusion

In the current fluid labour market, attracting talent continues to be a major challenge for companies across sectors and locations. According to LHH FESCO research conducted among organisations searching for talent, 27 per cent say “attracting or connecting with diverse talent” is one of their top challenges,

second only to “understanding current skills gaps”. Given how quickly the labour market is changing, up-to-date insights are critical. When asked what measures they are currently implementing or considering to address these challenges, organisations’ top answers were: “hire an external recruitment/talent acquisition provider” (28 per cent); and “invest in data-driven insights” (25 per cent). It is now more important than ever for human resource departments to improve their hiring processes, adequately sell their company culture and and update their talent strategies. 

Note: A Chinese version of this article, titled 成功企业吸引顶尖人才的四大策略-专家洞见与趋势分析, is available on the LHH FESCO website.

LHH FESCO is a human resources (HR) management consulting joint venture founded in Beijing in 2021 by LHH, one of the global business units of The Adecco Group (TAG), the world's leading HR service provider, and FESCO, a pioneer and leading integrated HR solution provider in China. With local expertise and global infrastructure, LHH FESCO supports clients' needs throughout the talent journey, from recruitment to career transitions, leadership development and legal consulting. We empower organisations to expand their capabilities and workers to build brighter futures.

ATTRACTING AND RETAINING TALENT

Post-COVID trends in China's human resources sector

by **Fabian Blake**

China has been on a path of relentless development since the early days of economic reforms in the late 1970s and its accession to the World Trade Organization. There were few major signs of a slowdown, even during the Asian financial crisis of 1997/1998, until COVID significantly altered the growth pattern. Needless to say, foreign direct investment (FDI) and the related flow of human resources has been a strong catalyst for China's remarkable development. When COVID struck in early 2020, the world as we knew it changed. Global travel was heavily restricted, and the slew of unpredictable lockdowns—particularly in China—changed our relationship with work and decimated some of the country's foreign national communities. **Fabian Blake** of **AMS Group** looks at key trends in this area and provides some advice for employers in China hoping to better attract and retain talent.

The 'expat exodus'

In 2022, China witnessed a sharp decrease in its foreign national population, with the most impacted communities being Europeans and Americans, and most noticeably in major metropolises like Shanghai and Beijing.

When Mainland China started to dismantle its COVID-related travel restrictions in early 2023, there was hope that some—if not all—foreign nationals would return or be replaced by new arrivals, but this hope quickly started to fade as China's economic recovery failed to rebound to the extent that many experts had anticipated.

Has the 'expat exodus' now ended? Are we going to see foreign communities growing in size again? There are no simple answers to these questions, but one can be certain that the vibrancy of foreign national communities is tightly linked to FDI.

The growth rate of FDI into China slowed from 2020 to 2022, with only a marginal improvement, if not a decrease, expected between 2022 and 2023. For example, a recent *Bloomberg* article noted that foreign enterprises are increasingly moving their profits out

of China instead of reinvesting them in their China operations.¹ Further lowering expectations is the fact that most FDI from the EU now comes from a handful of multinational companies and too few small and medium-sized businesses.²

Making job postings more attractive

Making important decisions on your career orientation and development can be a daunting experience. The vast majority of job postings, especially for middle or senior management positions, feature the 'essentials', such as a general company introduction, the responsibilities of the position, and the skills and experience required.

Previously, the financial compensation on offer was regarded as an important pre-selection criterion for job seekers, but due to the current circumstances of high youth unemployment and the unprecedented 'heat' of the labour market, applicants tend to pay

¹ *China Foreign Investment Gauge Turns Negative For First Time*, Bloomberg, 3rd November 2023, viewed 6th November 2023, <<https://www.bloomberg.com/news/articles/2023-11-03/china-foreign-investment-gauge-turns-negative-for-first-time#xj4y7vzkg>>

² *European Business in China Position Paper 2023/2024*, European Union Chamber of Commerce in China, 20th September 2023, viewed 6th November 2023, <<https://www.eurochamber.com.cn/en/publications-position-paper#download-table-404>>



more attention to the intrinsic nature of the job posting.

A lot of what makes a recruitment notice stand out for job seekers has to do with how the company portrays its corporate culture, the work environment for the role, the career development possibilities and even how the company plans to adapt to global challenges such as environmental and social compliance.

Recruitment notices elaborating on these terms appear to attract more attention, allowing for more efficient matchmaking between candidates' capabilities and company requirements.

Employee expectations on flexible/remote work

Undoubtedly, the COVID years have impacted how individuals interact with the workplace. The boundaries between private life and work have become increasingly blurred. In addition, the digitalisation of the workplace makes it possible for more work to be done online in some sectors and roles.

For functions that do not necessarily require a constant presence in the workplace, there is an increasing trend towards more flexible and remote work being implemented. In the future,

employers will need to demonstrate more flexibility in their work practices while relying more and more on a 'result-orientated' approach for an employee's performance assessment.

Environmental, social and governance (ESG) trends for 2024

With the increased awareness of the impact of climate change on society, candidates and potential employees are demonstrating a heightened interest in companies' declared environmental policies. For example, individuals are adopting a myriad of initiatives, such as increasingly choosing electric cars and trying to recycle more. Even if job applicants do not place much weight on 'green' aspects when searching for a position, they often still consider a company that has a solid ESG strategy as a 'great place to work'.

Up-skilling

If there is really one particular aspect that comes paired with career development, it is the opportunity

for a talent (or a talent in the making) to develop him/herself and learn a multitude of skills. There is certainly a movement towards higher levels of digitalisation, or thinking 'greener', and employee awareness is playing an important role in companies' sustainable transformations. It is highly recommended that companies offer their employees related training to achieve their development targets.

Conclusion

Even if some of these trends and suggestions for employers can further increase the chances of attracting and retaining talent, there is still a lot that can be done to better integrate the academic and professional sectors. China has no shortage of new graduates and talent, and achieving higher levels of integration between tertiary education and employers would certainly further contribute to the development of companies across a multitude of sectors. 



Fabian Blake is a managing director with **AMS Group**, a full-service contract manufacturing company with a product development capability. AMS Group is headquartered in Amsterdam and our main manufacturing facility is in Foshan. Our clients include many top brands with a diverse product portfolio. We bring our clients' products to mass production by managing the triple constraint of cost, quality and schedule. We pride ourselves on a professional service as integrators of European innovation and Asian manufacturing excellence.

18TH SEP.
BEIJING

Chamber meets with European Commission VP Věra Jourová

On 18th September, President Jens Eskelund led a delegation of Chamber members to a luncheon in Beijing with European Commission Vice President (VP) Věra Jourová, who was in China to co-chair the European Union (EU)-China High-level Digital Dialogue. The delegation briefed VP Jourová on the situation

on the ground in China as well as recent economic developments, covering topics including cross-border data transfer, public procurement, national security, de-risking, supply chains, the widening bilateral trade deficit and the general lack of predictability when it comes to doing business in China.

19TH SEP.
NANJING

Nanjing Chapter Chair Andreas Risch addresses Jiangsu CCPIT 60th anniversary

Nanjing Chapter Chair
Andreas Risch speaking
at the 60th anniversary
celebration of Jiangsu CCPIT
Photo: European Chamber



On 19th September, Dr Andreas Risch, chair of the European Chamber Nanjing Chapter, attended the

60th anniversary celebration of the Jiangsu China Council for the Promotion of International Trade (CCPIT). Dr Risch delivered a brief address, in which he highlighted the longstanding collaboration between the Chamber and the CCPIT. He also participated in a meeting with Mr Fang Wei, vice governor of Jiangsu, where he outlined the Chamber's perspective on the 24 points contained in the State Council's *Opinions on Further Optimising the Foreign Investment Environment and Enhancing the Attraction of Foreign Investment*.

25TH SEP.
ALL CHAPTERS

Chamber briefs European Commission EVP Valdis Dombrovskis ahead of trade dialogue

European Chamber
representatives with
European Commission EVP
Valdis Dombrovskis
Photo: European Chamber

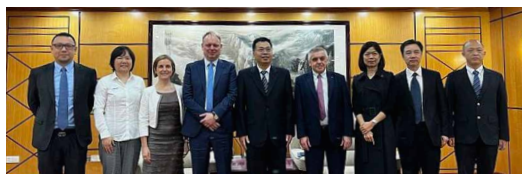


On 25th September, a group of Chamber representatives led by President Eskelund met with European Commission Executive Vice President (EVP) Valdis Dombrovskis and his team, ahead of the latter's exchange with Vice Premier He Lifeng as part of the EU-China High-level Economic and Trade Dialogue. President Eskelund provided an overview of the current political, policy and economic environment in China as experienced by European businesses. Other participants shared the experiences of the European business community in their respective industries, with particular attention paid to cross-sectoral challenges such as data localisation and cross-border data transfer, and access to public procurement.

28TH SEP.
SOUTH CHINA

European Chamber meeting with DDG Zhu Xiaojun of the Guangdong Department of Commerce
Photo: European Chamber

Chamber discusses collaboration opportunities with Guangdong Department of Commerce



On 28th September, President Eskelund led a delegation of Chamber representatives to an exclusive dialogue with Zhu Xiaojun, deputy director general (DDG) of the Guangdong Department of Commerce. President

Eskelund provided an overview of the key points detailed in the Chamber's recently published *European Business in China Position Paper 2023/2024*, and its recommendations on how China can restore business confidence. DDG Zhu expressed his gratitude to President Eskelund and the delegation for sharing valuable insights and reports. He acknowledged the suggestions put forward by the European Chamber and affirmed Guangdong's commitment to enhancing the local business environment and further attracting foreign trade and investment.

12TH OCT.
SHANGHAI

European Chamber meeting with H.E. Mr Josep Borrell Fontelles, EU high representative for Foreign Affairs and Security Policy and European Commission VP
Photo: European Chamber

Chamber holds luncheon for EU foreign policy chief Josep Borrell



On 12th October, EU High Representative for Foreign Affairs and Security Policy and European Commission VP Josep Borrell Fontelles met with members of the Chamber's Advisory Council for a luncheon in Shanghai. Participants discussed the business landscape and key issues faced by European businesses, in particular China's business and investment climate and the impact of geopolitics on doing business in the country.

18TH OCT.
SHENYANG

European Chamber Shenyang Chapter Chair Erich Kaiserseder speaking at the 2023 Global Industrial Internet Conference Sino-German Industrial Internet Forum
Photo: European Chamber

Shenyang Chapter Chair Kaiserseder speaks at 2023 Global Industrial Internet Conference Sino-German Industrial Internet Forum



On 18th October, Shenyang Chapter Chair Erich Kaiserseder delivered the opening remarks at the 2023 Global Industrial Internet Conference Sino-German Industrial Internet Forum. The event was attended by

Duan Jiyang, vice mayor of the Shenyang Municipal People's Government, Guo Zhongxiao, secretary of the Communist Party of China Tiexi District Committee, and Wang Zhen, regional manager of the Northeast China Chapter of the Germany Chamber of Commerce in China, as well as other government officials and business leaders from Shenyang. In his speech, Kaiserseder expressed gratitude to the Shenyang Municipal People's Government for their ongoing efforts to improve the city's business environment, adding that the European Chamber stands ready to continue to contribute its expertise on how to best achieve this aim.



Advocating in Europe for European Businesses in China

HIGHLIGHTS OF THE 2023/2024 EU TOUR

by **Ester Cañada Amela**

On the week of 23rd October, a group of European Chamber industry representatives led by President Jens Eskelund travelled to Brussels and met with representatives from European Union (EU) institutions, think tanks, business associations and media. In this article, **Ester Cañada Amela, head of European Government Affairs at the European Chamber**, explains the purpose of the EU Tour, the delegation's key messaging in Brussels and the main outcomes.

What is the purpose of the EU Tour?

The EU Tour is the European Chamber's annual visit to Brussels.¹ Its goal is to bring together a group of European industry representatives to share with EU-based stakeholders the experiences of European businesses in China. The EU Tour is an integral part of

the Chamber's broader approach to advocacy, as providing factual feedback to EU stakeholders regarding the on-the-ground impact of recent policy, economic and geopolitical trends in China for European businesses is key to the development of a sound European approach towards relations with China. This has become all the more urgent given the three years of little to no in-person exchanges between EU and Chinese policymakers, businesspeople and students when China's borders were

closed for COVID control measures, as well as the recent ratcheting up of tensions in the bilateral relationship.

Who can be part of the delegation participating in the EU Tour?

Individuals with a Chamber title—be it members of the Executive Committee, working group and fora chairs, or chapter chairs—are invited to join the EU Tour to represent the interests of both members in different industries and in different regions of China at large.

The EU Tour 2023/2024: who joined and what was our messaging to EU counterparts?

In the 2023/2024 EU Tour, the delegation was composed of 22 delegates representing 18 different sectors, including banking and securities, cosmetics, energy, environment, information and communications technology, non-banking financial institutions, and petrochemicals, among others. Several delegates also covered horizontal

¹ In 2023, considering the lack of in-person exchanges throughout the past three years due to COVID and the transition in Chamber leadership, there were two editions of the EU Tour – one in January and one in October.



topics like standardisation, small and medium-sized enterprise (SME) issues, and finance and taxation.

The delegation's overall communication centred on how China's economic slowdown, coupled with conflicting messages from the Chinese leadership and the prevailing lack of a level playing field, has resulted in all-time low sentiment among European businesses in China. Geopolitical tensions, together with a rising trade imbalance in volume terms and the threat of overcapacity in a variety of sectors, including electric vehicles and renewables, also has negatively affected the EU-China bilateral relationship.

In this context, an open line of communication between policymakers and businesses will be key to ensuring that the EU's overall approach to China, and the bloc's policies linked to de-risking and economic security, are implementable and advance European economic competitiveness. In tandem, there is also a need for EU policymakers to continue to push for increased reciprocity in their engagements with Chinese stakeholders, including a level playing field and equal market access for European companies. In this respect,

establishing concrete deliverables and timelines for implementation during bilateral exchanges will be essential to addressing the current trust deficit in the bilateral relationship. Finally, both sides need to continue engagement in order to tackle global challenges such as climate change.

The EU Tour 2023/2024: what were the key outcomes?

During the week of 23rd October, the European Chamber delegation had a total of 58 meetings and events, 25 of which were with high level stakeholders. From the Commission, the delegation met with members of the cabinets of Executive Vice President (VP) for an Economy that Works for The People Valdis Dombrovskis, VP for Values and Transparency Vera Jourova and Commissioner for Economy Paolo Gentiloni. The delegation also met with the director and deputy director generals of the directorate-generals for trade (DG TRADE); internal market, industry, entrepreneurship and SMEs (GROW); international partnerships (DG INTPA); climate action (DG CLIMA); finance (DG FISMA); the environment (DG

ENVI); energy (DG ENER); justice (DG JUST); research (DG RTD); transport (DG MOVE); communications (DG CONNECT); and tax (DG TAXUD). From the European Parliament, the delegation met with VP Nicola Beer, as well as several members of the European Parliament (MEPs), including the China Monitoring Group at the Committee on International Trade. Delegates also had exchanges with the Cabinet of European Council President Charles Michel and with Chinese Ambassador to the EU Fu Cong.

In addition to government representatives, the delegation met with several business associations, including the European Round Table of Industrialists, BUSINESSEUROPE, the China Chamber of Commerce in the EU, DIGITAL EUROPE and Cosmetics Europe, among others.

Delegates also had exchanges with representatives from leading European think tanks, such as Bruegel, the Mercator Institute for China Studies (MERICS), Egmont, the European Policy Centre (EPC), the European Institute for Asian Studies (EIAS) and the European Centre for International Political Economy (ECIPE).

On conclusion of the EU Tour, President Eskelund visited Paris and Berlin. In Paris, he met with, among others, members of the cabinets of Minister for the Economy Bruno Le Maire and Prime Minister Elizabeth Borne, Organisation for Economic Co-operation and Development (OECD) Deputy Secretary General Ulrik Vestergaard Knudsen and representatives from the ministries of the Economy and Foreign Affairs. In Berlin, President Eskelund had exchanges with various business associations and think tanks, as well as with representatives at the Chancellery and the Ministry of Economic Affairs.

Overall, the mood in Europe has soured due to a variety of factors,

including the growing trade imbalance, the lack of progress in moving towards a level playing field and reciprocity, and China's stance on the Ukraine war, and there is a recognition that the bilateral relationship is at a crossroads. At the same time, although the room for cooperation has narrowed and there is a strong push to de-risk and reduce critical dependencies, EU government stakeholders generally acknowledge the need to continue to engage with China on a number of issues. Finally, in Europe, delegates found widespread recognition of the importance of understanding the situation on the ground in China. Therefore, the first-hand input Chamber representatives provided was welcomed by their EU counterparts. 



- Meeting with Director General for DG INTPA Koen Doens



- Meeting with Director General for DG CLIMA Kurt Vandenberghe



- Meeting with Director General of DG ENER Ditte Juul Joergensen



- Meeting with Head of Cabinet of Commissioner Gentiloni Fabrizio Balassone



- Meeting with MEP Marek Belka



- Meeting with European Parliament VP Nicola Beer



- Meeting with Director General for DG INTPA Koen Doens



- Meeting with MEP Philippe Lamberts



- Meeting with Director General of DG MOVE Magda Kopczynska



- Meeting with Deputy Head of Cabinet of Executive VP Dombrovskis Žaneta Vegnere



- Meeting with Chinese Ambassador to the EU Fu Cong



Corporate Social Responsibility

Celebrating the 10th Anniversary of the European Chamber CSR Awards
by **Chia-Lin Coispeau**

On 23rd November, the European Chamber hosted its 10th Corporate Social Responsibility (CSR) Awards event in Nanjing, with more than 170 participants attending to celebrate a decade of engagement in CSR promotion and advocacy. In this article, **Chia-Lin Coispeau** of **Maverlinn Impact Innovation** shares food for thought on the recent evolution of CSR amid major crises, and how European companies operating in China can play a leading role in designing strategies to foster future green growth in challenging and uncertain times.

From Crises to Opportunities

The 2008 financial crisis provided an opportunity to reflect on how our economic systems should be transformed. New concepts, such as creating shared value (CSV), emerged in 2011 when Harvard Business

School academics Michael Porter and Mark Kramer invited all to “reinvent capitalism and unleash a wave of innovation and growth”.¹ They challenged the then dominant view of optimising short-term financial performance by proposing a more holistic long-term success approach for companies. Thus, other factors—such

as the well-being of employees and customers, the viability of suppliers, the preservation of natural resources—began to be taken into account in the value creation process. The CSV concept aimed at reconciling business and

¹ Michael E. Porter & Mark R. Kramer, *Creating Shared Value: How to reinvent capitalism – and unleash a wave of innovation and growth*, *Harvard Business Review*, January/February 2011, viewed 29th November 2023, <<https://hbr.org/2011/01/the-big-idea-creating-shared-value>>

societal progress. One early adopter of the new approach was Nestle, which included coffee farmers' education and financial well-being in their shared-value strategy. In 2015, the United Nations (UN) Sustainable Development Goals (SDGs) provided companies and organisations with a global common implementation target framework.

The COVID-19 pandemic provided us with another opportunity to react, innovate and rethink our societal model and dominant growth paradigm. In January 2020, in Wuhan for example, emergency hospitals such as Leisheshan hospital, were built and completed in less than two weeks, with the help of companies—including European Chamber members—that provided the necessary technology and medical equipment to fight the virus.² Three years on, according to the World Bank, the world is still recovering from the disruptions to lives and welfare. For example, in 2020, global poverty rose for the first time since 1998. The pandemic led to massive job losses worldwide as global supply chains were disrupted and containment measures such as lockdowns and social distancing were introduced. The employment gap grew wider as the pandemic evolved, accentuated by the burden of childcare, with women and less-educated workers being hit the hardest. Learning inequalities, enhanced by school closures, increased the digital divide for lower income segments. However, according to the Organisation for Economic Co-operation and Development (OECD),³ the pandemic also provided a transition to a more open and global biomedical science. From January to November 2020, 75 per cent of scientific publications on COVID-19 were open-source, compared to less than 50 per cent in other biomedical fields. The United States (US) accounted for the largest share, followed by China and the United Kingdom.

Finally, the decades-long climate concerns have lost none of their acuteness. The 6th Intergovernmental Panel on Climate Change (IPCC) report,⁴ issued in March 2023, provided key scientific input for the Conference of the Parties (COP) 28 held in the United Arab Emirates, in order to help countries review their progress towards the Paris Agreement goals. The IPCC report stated that human activities are responsible for global warming over the past 200 years, leading to a current temperature rise of 1.1 degrees Celsius (°C) above pre-industrial levels, which has caused more frequent severe weather events and more destruction to people and the planet. However, the report notes that the 1.5°C limit is still achievable, and that by sharing best practices, technology, effective policy measures, and allowing sufficient funding, communities can reduce the most carbon-intensive activities. Moreover, it underlines that the largest gains in well-being could be obtained by focussing on actions for lower income and marginalised communities.

CSR today: the way forward

Today, we are finally acknowledging the extent of our complex interdependence and how a crisis can also be an opportunity for us to change, reform and innovate. The year 2023 marked a détente in US-China climate relations, and also witnessed the re-organisation of major economies' supply chains in a geopolitical environment exacerbated by the wars in Ukraine and the Middle East. In China, for instance, according to the US Energy Information Association (EIA),⁵ the average monthly crude oil imported in the first semester of 2023 peaked at 11.4 billion barrels per day, a year-on-year increase of 12 per cent. In the COP28 preparatory meetings,⁶

China reaffirmed that so long as renewable energy technologies could not guarantee a stable supply chain (including energy storage solutions), it would pursue its coal plant expansion plan. However, in line with its green and sustainable development strategy, China's 14th Five-year Plan accelerates the decarbonisation of its economy with its 30/60 Goals to peak carbon dioxide emissions by 2030 and achieve carbon neutrality before 2060. During the 4th European Union-China High-level Environment and Climate Dialogue held in Beijing in July,⁷ environment and climate priorities were discussed as well as their respective frameworks, i.e. the European Green Deal and its related legislation as well as the Chinese 1+N policy framework – encompassing overarching decarbonisation guidance and the action plans for various sectors and industries.

At a micro-economic level, companies in China have been re-orientating their CSR strategies in the wake of the pandemic. Priority is being given to developing innovative, green and digitalised solutions, as well as working towards reaching “common prosperity” through more diversity, inclusion and poverty reduction.

In Europe, this October, the Carbon Border Adjustment Mechanism (CBAM)⁸ entered into application in its transitional phase, initially with a limited scope covering cement, iron

² Siemens donates medical equipment worth RMB 15 million to support China's combat against novel coronavirus, Siemens, 3rd February 2020, viewed 4th December 2023, <https://w1.siemens.com.cn/press/NewsDetail_en.aspx?ColumnId=9&ArticleId=10219>

³ The pandemic has triggered an unprecedented mobilisation of the scientific community, OECD, viewed 29th November 2023, <<https://www.oecd.org/sti/science-technology-innovation-outlook/crisis-and-opportunity/the-pandemic-has-triggered-an-unprecedented-mobilisation-of-the-scientific-community.htm>>

⁴ AR6 Synthesis Report: Climate Change 2023, IPCC, 2023, viewed 29th November 2023, <<https://www.ipcc.ch/report/sixth-assessment-report-cycle/>>

⁵ China imported record volumes of crude oil in the first half of 2023, EIA, 18th September 2023, viewed 29th November 2023, <<https://www.eia.gov/todayinenergy/detail.php?id=60401>>

⁶ David Stanway, China climate envoy says phasing out fossil fuels 'unrealistic', Reuters, 22nd September 2023, viewed 29th November 2023, <<https://www.reuters.com/sustainability/climate-energy/china-climate-envoy-says-phasing-out-fossil-fuels-unrealistic-2023-09-22/>>

⁷ Readout of the Fourth EU-China High-Level Environment and Climate Dialogue, European Commission, 4th July 2023, viewed 29th November 2023, <https://climate.ec.europa.eu/news-your-voice/news/readout-fourth-eu-china-high-level-environment-and-climate-dialogue-2023-07-04_en>

⁸ Carbon Border Adjustment Mechanism (CBAM) starts to apply in its transitional phase, European Commission, 29th September 2023, viewed 29th November 2023, <https://ec.europa.eu/commission/presscorner/detail/en/ip_23_4685>





and steel, aluminium, fertilisers, electricity and hydrogen. According to the EU, CBAM is its landmark tool to fight carbon leakage and one of the central pillars of its ambitious Fit for 55 Agenda. It will equalise the price of carbon between domestic products and imports. Likewise the new European directive on Corporate Sustainability Reporting (CSRD) and its mandatory European Sustainability Reporting Standards (ESRS) will gradually be applied from January 2024 and will impact at least 50,000 companies with operations in Europe, reinforcing the obligations for European companies and others to design and implement robust CSR strategies.


Some companies have already taken bold action and continuously drive change. They succeed in managing both complexity and uncertainty, using their creativity to design or support adaptive and innovative strategies that will

ensure green economic growth, societal progress, and the creation of impactful innovation ecosystems—such as the Cartier Women's Initiative (CWI).⁹

In conclusion, the green growth paradigm shift can only be realised through inclusive cooperation between political, business and society stakeholders. In this regard, European companies operating in China can and must play a key role.

Acknowledgements

Finally, we would like to take this opportunity to thank the European Chamber, the judges, the winners and all applicants, and the speakers of the 10th CSR awards for providing such an enriching platform.

The Chamber would like to thank the sponsors of this year's CSR Awards: BASF-YPC Co Ltd, PULLMAN Hotel Nanjing Lukou, Virtuos China, ARaymond, Cablex, Club Med Nanjing, Fette Compacting, IFC and Maverlinn. 

10th CSR Awards Winners

MNCs Category:

Leadership in CSR & Sustainable Growth:

National:

SAP Labs China

Regional:

L'Oréal (China) Co Ltd, Arkema (China) Investment Co Ltd

Excellence in Environment Conservation:

National:

Michelin (China) Investment Co Ltd

Regional:

Schaeffler Greater China, BASF-YPC Co Ltd

Excellence in Carbon Neutrality:

National:

Signify (China) Investment Co Ltd; BSH Home Appliances Holding (China) Co Ltd

Regional:

Lenzing (Nanjing) Fibers Co Ltd

Excellence in Diversity & Women

Empowerment:

National:

Tietoevry China

Regional:

Budweiser Brewing Company APAC; Schenker Shared Services (Nanjing) Co Ltd

NGOs/Social Enterprises Category:

Excellence in Social Innovation:

Netspring Green IT Programs

Special Award:

Outstanding Commitment to Rural Development:

Yara China

Note: This text is inspired by elements of speeches delivered during the European Chamber 10th CSR awards, in particular by Clare Pearson, director of International Development at DLA Piper, and Wang Li Wei, president of the China Development Foundation.

Chia-Lin Coispeau is partner at **Maverlinn Impact Innovation**, an advisory firm aimed at reducing social and environmental issues in China and Europe. Our team crafts innovative strategies to deliver superior value to industry leaders. Maverlinn is committed to promoting a model of humane development through constant attention given to personal empowerment and the common good.

⁹ Driving Change by Empowering Women Impact Entrepreneurs, Cartier Women's Foundation, <<https://www.cartierwomensinitiative.com/>>

Avoiding Third-party Copyright Infingement in Marketing Campaigns

A case study by the **China IP SME Helpdesk**

When advertising their goods or services in China, foreign-invested companies—just as they would in their home market—often use popular music or trending videos to boost their chances of catching consumers' attention. However, even just a short extract from a commercial piece of work by a professional artist will involve intellectual property (IP). This case study by the **China IP SME Helpdesk** provides some information on the main steps involved if a copyright licence is needed for a marketing campaign in China.

Background

A Belgian small to medium-sized enterprise (SME) producing chocolate decided to increase its investments in China to improve sales. The company had already been present in the China market for almost a decade, with satisfactory sales figures and a well-prepared IP protection strategy. The company had registered its trademark when it entered the China market and had also obtained a few design patents covering some of the more distinctive shapes of its most distinguished products.

A year ago, the company opened its very first local office in Shanghai and hired some local employees to boost its presence in the China market. The SME had just launched a brand new product and with the advice of the local team started a marketing campaign focussing heavily on advertising on social media platforms such as WeChat and Douyin (TikTok). The marketing campaign was tailor-made for the China market, featuring videos about how chocolate is made in Belgium, but using extracts of one of the latest Chinese pop songs.

Problems encountered

At company headquarters, the marketing team had a rather good understanding of how intellectual property rights (IPR) work. When approving the Shanghai marketing campaign, they were pleased to learn that the copyright for the video material belonged to the company since the video was shot in their factory by their own employees. However, the marketing team was



concerned over the use of music in the video, as it could be considered a violation of third-party copyright.

The marketing team was not familiar with the procedure for obtaining copyright licences in China, since this was their first social media advertising campaign there. While solving this issue, the headquarters had to place the marketing campaign on hold. Meanwhile, the marketing team contacted the China IP SME Helpdesk to learn more about copyright licences in China, and were informed that copyright licences in China are managed by collective management institutions such as the Music Copyright Society of China (MCSC). The MCSC is the only statutory collective management organisation for music works in Mainland China. Their main function is issuing copyright licences to users and collecting the corresponding fees. The MCSC also allocates royalties to its members.

Actions taken

Before broadcasting the advertisement, the SME contacted the MCSC to apply for a licence to use the pop song in the online advertisement. Obtaining a copyright licence in China is a relatively straightforward process and, in this case, it was all done by the company's Shanghai-based employees. The first step of the process included creating an account on the e-licence section of the MCSC's website. Second, the SME needed to submit the application file for the approval of the MCSC. Finally, once the application was approved, the SME paid the requested fees (which are paid annually) within 10 days of the application being accepted.

The application can technically be handled remotely. However, to create an account on the MCSC website, a


Chinese phone number is required. Also, the support of a Chinese advertisement agency is needed. The whole application process is only available in the Chinese language. Timewise, the MCSC requires three working days from the receipt of the application to examine it. The MCSC will then contact the holder of the music rights for a price quotation. This step may take time and involve negotiations. Once the price is agreed upon by both parties, it takes about one week for the MCSC to approve and finalise the licence.

By obtaining the copyright licence, the SME was able to avoid infringing the third party's copyright and could confidently launch its marketing campaign.

Lessons learnt

- Before launching an advertising campaign in China, carry out due diligence of the IPR involved to make sure you are not infringing any third-party rights. Video material and music are both separately covered by copyright. Even if you only use parts of someone else's work, it would still be considered copyright infringement. If you are not the copyright holder, you should always obtain a licence to use the material in your advertisement. Be careful not to show a third party's trademarks, as direct comparative advertisement is not allowed in China.
- Obtaining a copyright licence in China is relatively straightforward as the copyright collective management institutions facilitate the work. As mentioned earlier, the MCSC is the Chinese copyright collective management institution for musical works. For written works, you should consult with the China Written Works Copyright Society (CWWCS).

For audio-visual works, you should consult with the China Audio-video Copyright Association (CAVCA).

- Do not launch your advertisement in the China market if you are not sure of the copyright ownership. Copyright infringement can lead to payment of damages and the removal of your advertisement from online platforms. Note that China is a rather litigious country and the chances of being sued for third-party copyright infringement are high.
- You need to pay an annual fee for a copyright licence; however, the costs vary depending on different factors such as the type of work, use of the work (advertisement, background music for an event, broadcasting), dissemination platform and time, among others. Consult with the relevant copyright collective management institution first when planning your advertisement campaign, since the licence costs (and ultimately your campaign costs) can vary widely depending on the resources used. 

CHINA IP SME HELPDESK

The **China IP SME Helpdesk** supports SMEs from European Union (EU) Member States and from countries participating in the Single Market Programme to protect and enforce IP rights in or relating to China, Hong Kong, Macao and Taiwan, through the provision of free information and services. The Helpdesk provides jargon-free, first-line, confidential advice on IP and related issues, along with training events, materials and online resources. Individual SMEs and SME intermediaries can submit their IP queries via email (question@china-iprhelpdesk.eu) and gain access to a panel of experts, in order to receive free and confidential first-line advice within three working days. The China IP SME Helpdesk is an EU initiative.

To learn more about the China IP SME Helpdesk and any aspect of IP in China, please visit our online portal: https://intellectual-property-helpdesk.ec.europa.eu/regional-helpdesks/china-ip-sme-helpdesk_en

European Chamber Flash Survey

THE IMPACT OF CHINA'S DATA REGULATIONS ON EUROPEAN BUSINESS



Scan the QR code to
download the survey

78%

The most common types of data transferred abroad are employees' personal information

67%

The second most common types of data transferred abroad are suppliers' and customers' personal information

96%

The vast majority is transferred to companies' headquarters and other regional offices

On 15th November, the European Chamber released the findings of a survey on the impact of China's data regulations on European business, which provides an overview of the areas where further steps are needed to optimise the country's regulatory framework for cross-border data transfers.

Although China's regulatory authorities and standard-setting bodies have long been in the process of issuing legislation and standards on the protection of personal information and important data, many of the laws, guidelines and measures lack

specificity, which poses serious operational and compliance challenges to European companies operating in China.

As outlined in the European Chamber's *Cybersecurity Sub-working Group Position Paper* and several other sectoral position papers in recent years, despite key regulations—including the Cybersecurity Law (CSL), the Data Security Law (DSL) and the Personal Information Protection Law (PIPL)—having been in force for many years,¹ certain key elements that are

necessary for their roll-out still need to be clarified by lower-level rules and/or sectoral rules. For example, the DSL prescribed the formulation of a catalogue of "important data"; however, at the time of writing, no such catalogue has been released by the relevant authorities.


At the same time, some requirements are overly stringent, causing operational burdens for businesses. These include: regulatory security assessment thresholds that are relatively low, especially for larger multinational companies (MNCs) that handle large volumes of customer

¹ The CSL came into effect on 1st June 2017, the DSL became effective on 1st September 2021 and the PIPL on 1st November 2021.

or employee data; and the fact that data handlers may be unable to sign standard contracts or be certified for the cross-border handling of personal information once a regulatory security assessment has been triggered.

That being said, the Chinese authorities have sought to improve data governance regulations. For example, in August 2023, the State Council issued its *Opinions of the State Council on Further Optimising the Foreign Investment Environment and Increasing Efforts to Attract Foreign Investment (Opinions)*. The *Opinions* included a point on promoting convenient security management mechanisms for cross-border data flows. It called for certain cities and regions of China—including Beijing, Shanghai and the Greater Bay Area—to pilot the creation of a list of general data that is allowed to flow freely.²

Following the release of the *Opinions*, on 28th September 2023, the Cyberspace Administration of China (CAC) issued its draft *Provisions on Regulating and Promoting Cross-border Data Flow (Draft Provisions)*. The *Draft Provisions* relieve companies of some of the major difficulties with cross-border data transfer, partly by specifying a list of exemptions to relevant obligations and partly by providing more clarity on how data handlers can verify what is qualified by the authorities as “important data”.³ The release of the draft, therefore, was seen as a signal from the Chinese Government that it is listening to businesses’ concerns and is ready to take steps to address them. Companies are waiting eagerly for these positive signals to be translated into action.

In the meantime, the European Chamber is calling both for urgent clarification of certain aspects of the *Draft Provisions* and for the draft to be finalised as soon as possible. In addition, since many companies are also subject to sectoral rules on data protection and cross-border data transfer, these rules should be synchronised with the general rules on data management. 

SURVEY HIGHLIGHTS

What data do European companies transfer outside of China?

The most common types of data transferred abroad are employees’ personal information (78%), followed by suppliers’ and customers’ personal information (67%).

To whom do they transfer data across borders?

The vast majority is transferred to companies’ headquarters (HQs) and other regional offices (96%), which means the associated level of data security risk is relatively low.

Which cross-border data mechanisms do they employ?

The majority of companies (70%) currently rely on the standard contract, with the majority of large MNCs obliged to undergo the regulatory security assessment.

What currently triggers the regulatory security assessment?

Many companies were captured by the thresholds for holding personal information or transferring it overseas (17% for processing the personal information of over 1 million people; 17% for transferring the personal information of over 100,000 people overseas).

What is the impact of the existing data regulations on business and operational decisions?

Parallel to improved data security management capabilities (31%), adverse impacts include increased compliance costs (59%), and the pressure to localise data, information technology (IT) systems or operations altogether (41%).

What improvements are still needed?

European companies would welcome more clarity on key terms related to cross-border data transfer, including precise definitions for both “important data” (81%) and “personal information” (59%).

² *Opinions of the State Council on Further Optimising the Foreign Investment Environment and Increasing Efforts to Attract Foreign Investment*, State Council, 13th August 2023, viewed 26th October 2023, <https://www.gov.cn/zhengce/content/202308/content_6898048.htm>

³ *Notice of the Cyberspace Administration of China on the Public Solicitation of Comments on the Provisions on Regulating and Promoting the Cross-border Flow of Data (Draft for Comments)*, Cyberspace Administration of China, 28th September 2023, viewed 26th October 2023, <http://www.cac.gov.cn/2023-09/28/c_1697558914242877.htm>

Media Watch

VP Bagnasco comments on the 5th China Quality Conference in Chengdu

The 5th China Quality Conference was held in Chengdu from 1st to 3rd September. Representatives from various government and industry institutions were invited to discuss topics relating to quality control and management. European Chamber Vice President (VP) and Southwest China Chapter Chair Massimo Bagnasco delivered a keynote speech at the event on how European companies can help contribute to the improvement of related standards, practices and regulations in China. On the sidelines of the conference, VP Bagnasco was interviewed by *People's Daily* and *CCTV* on this topic, as well as the ongoing revision of China's Product Quality Law.



VP Bagnasco being interviewed by *CCTV* at the 5th China Quality Conference in Chengdu

Media: *CCTV*

Date: 2nd September 2023



Live interview with *Bloomberg* on the launch of the *Position Paper 2023/2024*

Media: *Bloomberg*

Date: 20th September 2023

Chamber launches its European Business in China Position Paper 2023/2024

The European Chamber launched its *Position Paper 2023/2024* to media on 19th September, a day earlier than planned due to the report's media embargo being breached. Embargoed media roundtables were held on 12th and 18th September, as well as an official media session—attended by 30 journalists—and media lunch on 20th September. Within 24 hours of the *Position Paper*'s launch, 32 original articles were published on the report.

Top-tier international media showed a strong interest in the *Position Paper*, with features published by outlets including *Bloomberg*, *Reuters*, *Financial Times*, *The New York Times* and *The Wall Street Journal*. International media coverage focussed predominantly on the idea that European companies find themselves receiving mixed messages from the Chinese authorities, which seem to be struggling to balance restoring business confidence and attracting foreign direct investment with promoting security.

Domestic media mostly focussed on China's lacklustre economic development and low business confidence. The *SCMP*, *China Times* and *Phoenix TV* all outlined the *Position Paper*'s stance on how China's self-reliance efforts have negatively impacted the Chinese economy, as well as the report's key calls for action.



Interview with President Eskelund on the EU probe into China's electric vehicle subsidies
Media: *CNBC*
Date: 25th September 2023

CAIXIN

China's softening on cross-border data transfers: 5 things to know

Companies sending data on under 10,000 people to be exempt from strict policies

Article published by *Caixin* on China's cross-border data transfer rules
Media: *Caixin*
Date: 2nd October 2023

China

Reactions to death of Chinese ex-Premier Li Keqiang

Reuters

October 27, 2023 4:37 PM GMT+8 · Updated 3 days ago

Article published by *Reuters* on tributes to Li Keqiang
Media: *Reuters*
Date: 27th October 2023

Chamber's statement on Li Keqiang's death featured widely by media

On 27th October, the death of China's former premier, Li Keqiang, was announced. The Chamber published a statement that same day stating that Li was a pragmatic, forward-thinking man who placed great importance on the reform and opening of China's economy. The remarks were featured by several media outlets, including *Reuters*, *SCMP* and *The Straits Times*.

President Eskelund comments on EU's electric vehicle probe

On 4th October, the European Commission announced it had begun an anti-subsidy probe into European Union (EU) imports of battery electric vehicles from China, leading to a push back from China, which asserted that the inquiry is "naked protectionist behaviour" and warned that it will disrupt global supply chains. Several media outlets reached out to the Chamber for comment on the investigation. President Eskelund was interviewed by *Bloomberg*, the *Financial Times* and *CNBC*, during which he highlighted that the European Chamber expects the Commission to conduct a fact-based probe that ensures all market participants in the EU compete on a level footing, governed by market principles.

Chamber highlights positives of proposed cross-border data transfer rules

On 28th September, the Cyberspace Administration of China (CAC) released the draft *Provisions on Regulating and Promoting Cross-Border Data Flows (Draft Provisions)* for public consultation. The *Draft Provisions* would relieve companies of some of their major difficulties with cross-border data transfer, partly by specifying a list of exemptions to relevant obligations and partly by providing more clarity on how data handlers can verify what is qualified by the authorities as 'important data'. The Chamber published a statement the same day on the *Draft Provisions*, noting that it was a welcome development that demonstrated that the Chinese Government is listening to businesses' concerns when it comes to cross-border data transfer and taking steps to address them. The statement was picked up on by both international and domestic media outlets, including *Reuters*, *CNBC*, *Caixin* and *Vigour Times*.

Events Gallery

BEIJING, 19TH SEPTEMBER 2023

Navigating the Era of Generative AI: Business and Regulatory Considerations



- In business, Generative Artificial Intelligence (AI) will be used for productivity, internal queries and customer service.
- Industry trends in Generative AI indicate a shift from learning-oriented data usage to generation and communication.
- To adopt Generative AI in the workforce, start with a problem not a solution and rethink the routine with the holistic 3P Method: Passion, Proficiency, and Productivity.

BEIJING, 11TH OCTOBER 2023

Data-sharing in the Automotive Industry and Beyond



- The three main concerns of the European Union (EU) Data Strategy are to: create a single digital market within the EU; strike a balance between protection of privacy and promotion of innovation; and build a digital-driven economy.
- China's data development strategy and institutional framework outline is: 1) establishing data's fundamental status; 2) global leadership in data production and total volume; 3) continuous stimulation of the data market; and 4) constructing organisational guarantees for data.
- China's management of cross-border data transfer (CBDT) may be improved through pilot projects: Model 1: pilots on safe management of CBDT at the local level; and Model 2: establishing offshore data centres for data service trade.

SHANGHAI, 17TH NOVEMBER 2023

Managerial Acceleration Programme - 'Greenify' Your Marketing Master Class



- Green marketing is the search for new marketing concepts that go beyond traditional models and aim to combine performance objectives with social aims.
- It is essentially achieving profit targets without damaging the environment.
- This is done by focussing on more responsible marketing and manufacturing practices that produce positive effects on consumers' quality of life.

SHANGHAI, 22ND NOVEMBER 2023

China Investment Conference 2023 - Revitalise the Market



- Organisations need to be rebuilt due to disruptions caused by the current economic environment, to advance business operations and following legislation changes.
- If a company is restructured internally, it may bring changes to employees' work position, duties or location, or perhaps even layoffs.
- The role of human resources during organisation restructuring is to work on the internal restructuring design, make and implement action plans, and help employees adapt to the changes.

TIANJIN, 10TH NOVEMBER 2023

2023 European Business Gala Dinner - Love & Smile



The European Chamber Tianjin 2023 European Business Gala Dinner, themed 'Love and Smile', featured a Member Achievement Ceremony, during which a total of 11 member companies won awards in three categories:

- **Go Green – Members' Decarbonisation Journey:** Ecolean (Tianjin) Co Ltd; GEA Mechanical Equipment (Tianjin) Co Ltd; ADHETEC Industrial Adhesive Film (Tianjin) Co Ltd; Kerry Properties Limited; and Danfoss Tianjin.
- **Embrace Diversity – "SHE" Power in Business:** Volkswagen Automatic Transmission (Tianjin) Co Ltd; Leybold Equipment (Tianjin) Co Ltd; LESER Safety Valve (Tianjin) Co Ltd; and The Executive Centre.
- **Here for Good – Develop with the Community:** Flender Ltd, China; and NNIT (Tianjin) Technology Co Ltd.

SOUTH CHINA, 10TH NOVEMBER 2023

Men's Mental and Physical Health: Start the Conversation and End the Silence



- Starting a conversation is the first step towards breaking the silence and promoting a supportive environment.
- A sense of community plays a vital role in creating an environment where individuals feel comfortable discussing and addressing health concerns.
- Whether in the workplace or personal life, it is important to foster positive environments that promote mental well-being and reduce the stigma associated with discussing health issues.

SOUTHWEST CHINA, 15TH SEPTEMBER 2023

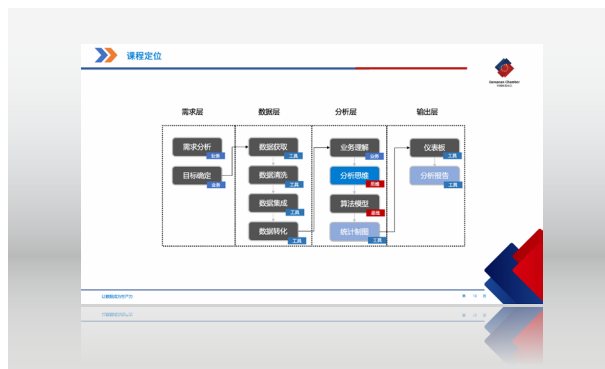
Business Confidence Survey Launch 2023



- 43 percent of Southwest China member companies increased their total 2022 revenue in Mainland China year-on-year, while 33 percent remained unchanged.
- Doing business in Southwest China was generally more difficult in 2022; however, registering a business, dealing with construction permits, accessing utilities and cross-border money transfers were easier than before.
- Clarifying regulations, improving government transparency and addressing complex administration procedures were the top areas members requested the Chamber to advocate further on.

SHENYANG, 27TH OCTOBER 2023

Improving Thinking on Data Analysis



- To solve an issue: clarify your aim; establish the indicators you will use to assess the issue; find out the problem; look for reasons for the problem; develop solutions; and implement them.
- When looking for clues on why a problem arose: establish assumptions about the problem; search for evidence for these assumptions; validate the hypotheses; and come to a conclusion.
- A production plan should include: introduction; background and methods; the fundamental problem; the main reasons for it; recommendations; goals; and strategy.

Advisory Council News

Roland Berger partners with DFINITY Foundation on blockchain-powered voluntary recycling credits standard

16th October 2023 – In June of last year, Roland Berger, a global management consultancy, introduced the Voluntary Recycling Credits (VRC) standard to address the growing global waste issue. Now, the company has forged a partnership with the DFINITY Foundation, a Swiss-based non-profit organization that is a major contributor to the Internet Computer Blockchain and has a vast research and development (R&D) team in the blockchain space with over 250 patents. Through this partnership, the DFINITY Foundation will develop the underlying technology for the first global standard to incentivise recycling activities. The groundbreaking feature of this credit is that it is based on blockchain, ensuring secure, transparent tracking of offset activities.

Infineon completes acquisition of GaN Systems, becoming a leader in GaN power

24th October 2023 – Infineon Technologies AG has announced

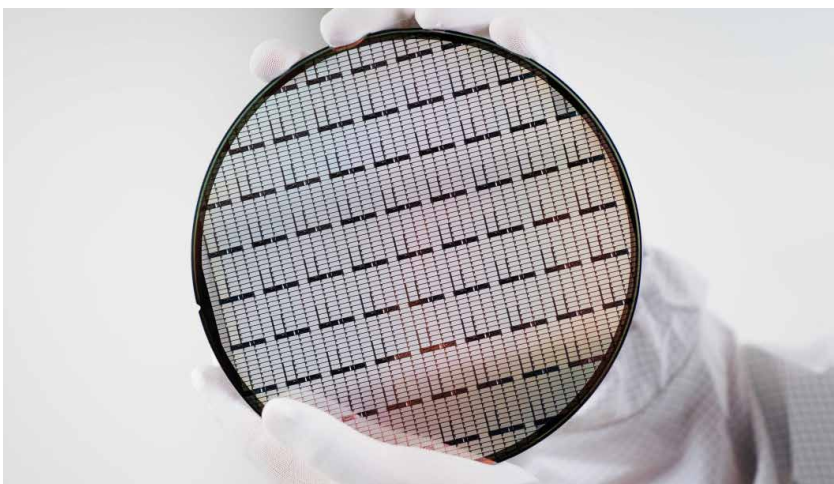


Photo: Infineon Technologies AG

the closing of the acquisition of GaN Systems Inc (GaN Systems). The Ottawa-based company brings with it a broad portfolio of gallium nitride (GaN)-based power conversion solutions and leading-edge application know-how. All required regulatory clearances have been obtained and GaN Systems has become part of Infineon effective as of the closing.

“GaN technology is paving the way for more energy-efficient and [carbon dioxide] CO₂-saving solutions that support decarbonisation,” said Jochen Hanebeck, chief executive of Infineon. “The acquisition of GaN Systems significantly accelerates our GaN roadmap and further strengthens Infineon’s leadership in power systems through mastery of all relevant power semiconductor technologies. We welcome our new colleagues from GaN Systems to Infineon.”

Infineon now has a total of 450 GaN experts and more than 350 GaN patent families, which expands the company’s leading position in power semiconductors and considerably speeds up time-to-market. Both companies’ complementary strengths in intellectual property and application understanding, as well as a busy customer project pipeline, put Infineon in an excellent position to address various fast-growth applications.

Sanofi enters next chapter of Play to Win strategy

27th October 2023 – Sanofi provided a comprehensive update regarding its Play to Win strategy. This strategy continues to focus on the critical goals of executing transformative medicine and vaccines launches, driving agile



Photo: Siemens AG

and efficient resource deployment and enhancing research and development (R&D) productivity. To that end, Sanofi announced plans to increase its R&D investments to fully realise its pipeline potential, drive long-term growth and enhance shareholder value. The company also announced its intention to separate its Consumer Healthcare Business enabling greater management focus and resource allocation to the needs of the biopharma business, where value-creating opportunities and longer-term operational levers have been identified to support the accelerated R&D investments. Sanofi reiterates its financial guidance for 2023 and provides a preliminary outlook for 2024 and 2025 that reflects this new chapter of its strategy.

Siemens and Microsoft partner to drive cross-industry AI adoption

31st October 2023 – Microsoft and Siemens are deepening their partnership by bringing the benefits

of generative artificial intelligence (AI) to industries worldwide. As a first step, the companies are introducing Siemens Industrial Copilot, an AI-powered jointly developed assistant aimed at improving human-machine collaboration in manufacturing. In addition, the launch of the integration between Siemens Teamcenter software for product lifecycle management and Microsoft Teams will further pave the way to enabling the industrial metaverse. It will simplify virtual collaboration between design engineers, frontline workers and other teams across business functions.

Siemens Industrial Copilot will allow users to rapidly generate, optimise and debug complex automation code, and significantly shorten simulation times. This will reduce a task that previously took weeks to minutes. The copilot ingests automation and process simulation information from Siemens's open digital business platform, Siemens Xcelerator, and enhances it with Microsoft's Azure OpenAI Service. Customers maintain full control over their data, and it is not used to train underlying AI models.

Road to net-zero, for a sustainable future

3rd November 2023 – Vishal Sharma, chief executive of DB SCHENKER Greater China, was invited to deliver a speech titled "Road to Net Zero, For a Sustainable Future" during the 2023 Ordos Net-zero Industry Conference, organised by the Ordos Municipal People's Government and hosted by the Ejina Horo Banner People's Government. Acting as a platform to discuss pathways towards green development and new avenues for sustainable growth, the conference is spearheading the green industrial revolution. As a logistics and freight industry service provider, DB SCHENKER has a responsibility to work to reduce its carbon emissions. Adhering to the Science Based Targets Initiative aiming to limit global warming to 1.5 degrees Celsius, DB SCHENKER set an ambitious goal to achieve carbon neutrality by 2040. 



Photo: dbschenker.com

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European Chamber members are welcome to add news items on their own activities to our website, and share it with all our other 1,800 members.

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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.



European Chamber - Amity Foundation Education Fund for Girls in Higher Education (2023/24)

Founded in 2018, the fund is sponsored by European Chamber Nanjing Chapter, to give financial support to the girls from marginalized families who cannot afford their higher education.

Region: Donghai County, Jiangsu Province

Duration: Sept. 2023 - Jun. 2024

Funding standard: RMB 3,000 per year for each student

Activities :

Sept. 2023- Students selection & Families visiting

Nov. 2023- Fund granted for 1st semester

Apr. 2024- Fund granted for 2nd semester

May-Jul. 2024- Visit to students; Program evaluation



A Christmas card drawn by one of the students supported by European Chamber - Amity Foundation Education Fund.



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