



BINHAI

NEW COASTAL AREA

Investing in Binhai

An Interview with Peter Robinson, President and Chief Executive Officer, United States Council for International Business (USCIB), New York



Peter Robinson

EDITORS' NOTE After over 20 years' experience at USCIB, Peter Robinson was appointed the organization's 15th president in April 2005. Robinson holds a bachelor's degree in international relations and German from the University of Delaware and a master's degree from Columbia University's School of International Affairs. Robinson attended the August 2005 "China Top 500 Companies" conference in Tianjin.

COUNCIL BRIEF The United States Council for International Business (USCIB) is a New York-based business association representing more than 300 U.S. corporations, professional firms, and business associations, many with substantial trade and investment interests in China. Founded in 1945, USCIB facilitates international trade and investment with three key tools: influencing policy and standards development as the voice of U.S. business, providing access to international commercial arbitration to resolve disputes, and issuing and guaranteeing ATA Carnets for the temporary duty-free importation of many goods. USCIB is the American affiliate of the International Chamber of Commerce-ICC, the International Organization of Employers-IOE, and the Business and Industry Advisory Committee to the OECD.

Based on your communication with

USCIB member companies, how do they evaluate the general investment situation in China?

China is a valued trading partner and destination for investment by USCIB member companies. USCIB actively supported the granting of permanent normal trade-relations status to China, and welcomed its entry into the World Trade Organization [WTO]. We appreciate the significant efforts China has made to meet its obligations under the terms of its accession agreement. There remain, of course, general compliance concerns. Among the factors cited by our members as affecting their investment decisions are a lack of transparency in rulemaking, non-national treatment, and lax enforcement of intellectual-property rights.

What are USCIB member companies' experiences in Binhai?

Several USCIB members have invested recently in the Binhai New Coastal Area and the Tianjin Economic Development Area [TEDA]. They report being impressed not only with the services provided in the area, but also with its physical appearance, being described by one member as "well designed, well planned, and well laid out."

Also, local authorities are felt to be responsive in a timely manner. This suggests that Binhai and TEDA provide an investor with the ability to have a smooth operation, and is indicative of a proactive focus by the authorities on the needs and expectation of businesses entering the area.

Based on your experiences in collaborating with your member companies, what are the advantages of Binhai in terms of attracting foreign investment?

There are many aspects foreign businesses consider when assessing their options for investment locations. Besides the role of local authorities and the design and layout of the environment, Binhai benefits also from its geographical location – its proximity to Beijing – which facilitates operations with many corporations' head offices in China.

The infrastructure in Binhai is also a

significant element: the port, roads, urban public transport, and rail and air connections are all world class. U.S. business welcomes the planned expansion of Tianjin airport for passenger as well as cargo traffic, by the 2008 Olympics.

Of equal importance to the physical resources are the human resources in Binhai. The higher-education institutions and the large numbers of graduates joining the workforce each year enable enterprises to grow the higher-value-added aspects of their business in China. One USCIB member, recently returned to the U.S. from the Binhai site, commented on the "palpable enthusiasm to succeed" amongst the local staff.

What do you think are the barriers that prevent foreign enterprises from increasing their investments in China? What are your suggestions to improve the situation?

One of the biggest barriers to increased investment, and to foreign corporations' incorporation of higher-value-added processes for all regions in China, is continued concern about intellectual-property-right protection. The issue of counterfeiting and piracy touches every industry in the USCIB membership. The IPR legislation introduced since China's accession to the WTO is positive, but implementation of the laws is less than complete, with low penalties, limited enforcement, and a lack of transparency in the administrative and criminal enforcement. These concerns are common to both USCIB and Chinese business interests, as counterfeit and pirated goods harm every successful business, regardless of nationality.

This issue is not specific to Binhai, but it is the single biggest concern of every foreign business operating in China today. The coastal economic zones of China have, in many ways, been test beds and forerunners for China as a nation. From my personal discussions with Tianjin Binhai New Coastal Area Director Pi Qiansheng, I am impressed to hear about what has already been done and to see the commitment to further progress in the future. ■