

# COVID-19: Navigating Immense Challenges In Uncharted Waters

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*Recommendations for American Business From Foreign Companies Operating on the Front Line in China*

# Background



## Purpose of this Document

AmCham China, with nearly 1,000 members, hopes these recommendations and insights can help businesses in the US to rapidly prepare and act to mitigate the impact of COVID-19

## Development of Recommendations

Our recommendations are based on the practical experiences of executives from hundreds of our member companies who are operating on the front line to manage the impact of COVID-19 on their businesses in China

Recommendations are also shaped by AmCham China's many efforts to support our members over the past 60 days – including helping companies in Hubei, supporting companies and local governments to restore business operations, interacting with companies in hundreds of meetings and discussions, and monthly “flash” surveys of our member companies

Recommendations reviewed by business executives with decades of experience operating in China, including through the SARS epidemic (2003), Wenchuan earthquake (2008), and Global Financial Crisis (2009)



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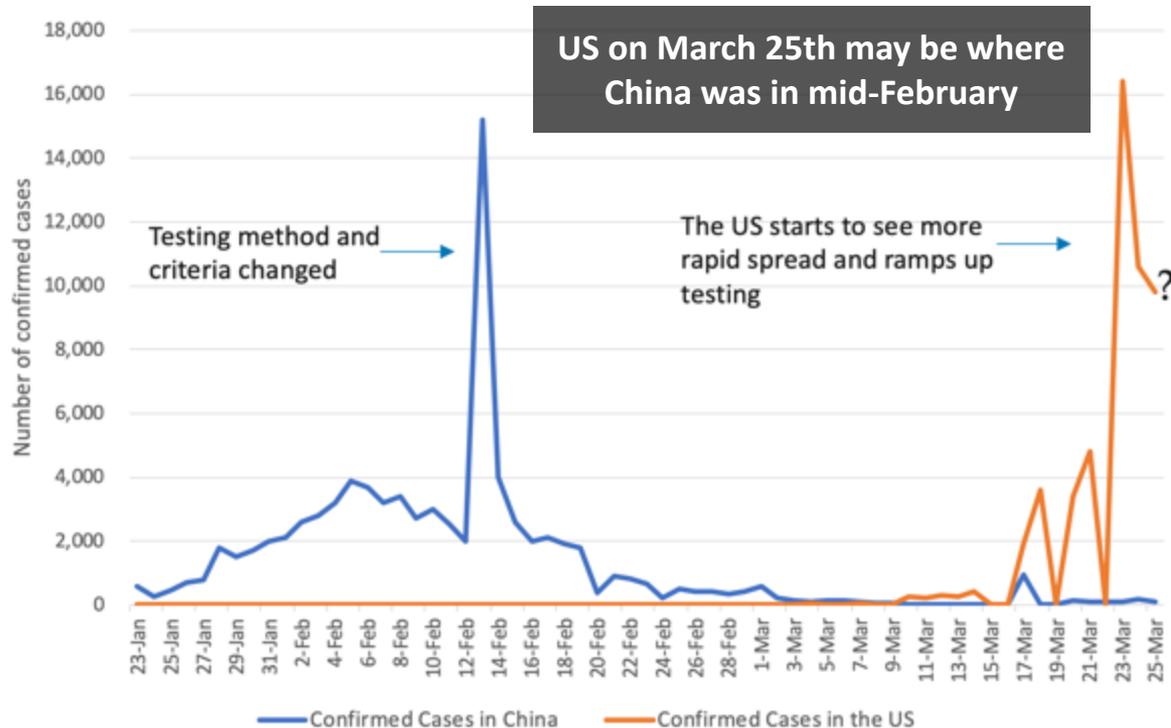
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## ● COVID-19 China Context

- AmCham China on the Front Line
- Top Recommendations for Business in the US
- How AmCham China Can Help

# Will the US follow China's trajectory? Daily Confirmed Cases

**COVID-19 DAILY CONFIRMED CASES IN CHINA AND US,  
JANUARY 23 – MARCH 25, 2020**  
(AS OF MARCH 25, 2020, WORLD HEALTH ORGANIZATION)



China cases grew rapidly from January to mid-February, peaked on Feb 13, then fell dramatically

Over 80% of China's cases concentrate in Hubei Province. Wuhan (capital of Hubei) alone had 60% of China cases

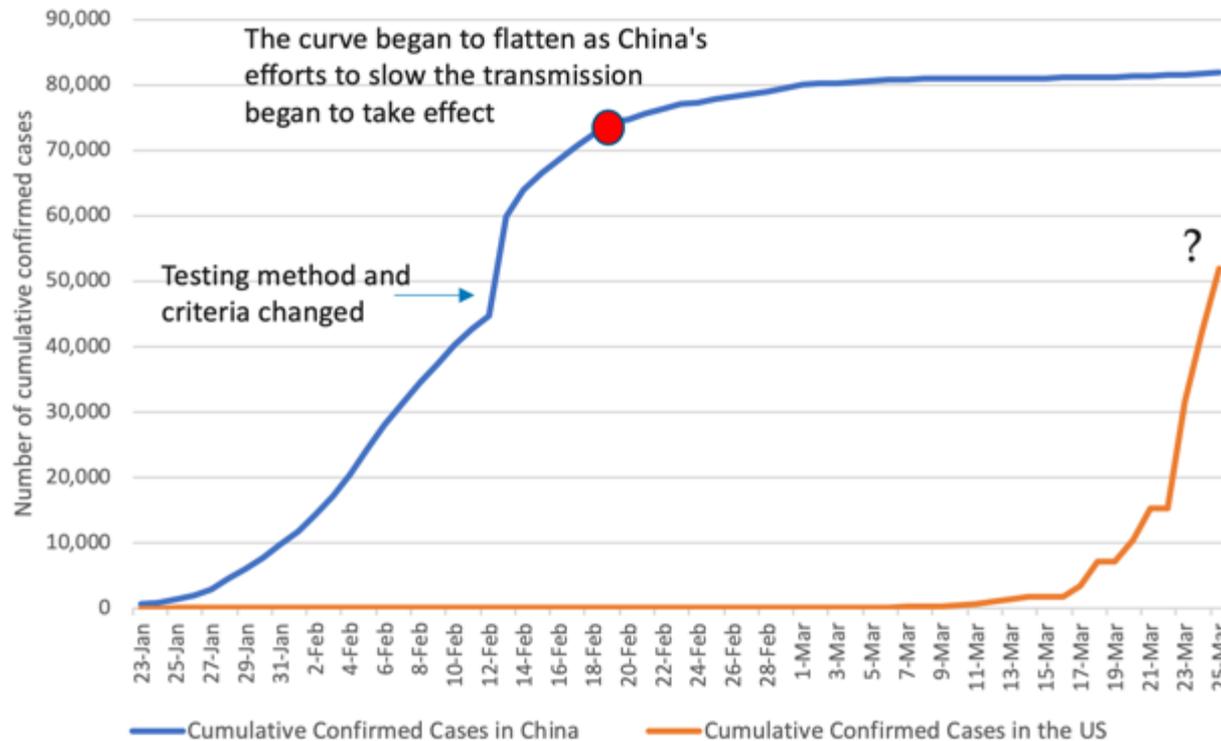
Starting in March, China gradually tightened controls from inbound international travelers; 541 confirmed as of March 26

Despite sharp decline in cases, China is on high alert for a 2nd wave that could occur as society and business return to "normal"

Source: "Novel Coronavirus (COVID-19) Situation" as of March 25, 2020, World Health Organization, <https://experience.arcgis.com/experience/685d0ace521648f8a5beeee1b9125cd>; AmCham China analysis

# Will the US follow China's trajectory? Cumulative Confirmed Cases

**COVID-19 CUMULATIVE CASES IN CHINA AND US,  
JANUARY 23 – MARCH 25, 2020**  
(AS OF MARCH 25, 2020, WORLD HEALTH ORGANIZATION)



Growth in the total number of cases in China began to slow in mid-February

The US has seen a sharp jump in cases beginning in mid-March as more testing became available

China's draconian measures have helped to stop the transmission of new cases as seen by the plateauing curve. US efforts to stem transmission will determine how its curve unfolds over the coming days, weeks, and months

Source: "Novel Coronavirus (COVID-19) Situation" as of March 25, 2020, World Health Organization, <https://experience.arcgis.com/experience/685d0ace521648f8a5beee1b9125cd>; AmCham China analysis

# China's public health emergency response is based on the level of severity by location

Level I (Very Serious)

Level II (Serious)

Level III (Moderate)

Level IV (Normal)



Source:

“上海应急响应级别由一级降为二级  
京津冀鄂仍为一级”，March 23, 2020, Caixin,  
<http://china.caixin.com/2020-03-23/101532512.html>

As of March 23, only four provinces – Hubei, Tianjin, Hebei, and Beijing – were classified as Level I

Only Qinghai, Macao, Jilin, Inner Mongolia, Ningxia, Tibet, and Xinjiang provinces reported under 100 cases

As of March 18, hot spots are Hubei, Beijing, and Guangdong province with a total population of 196 million

Most foreign investment concentrated on the east coast, though multinationals have manufacturing and sales operations across the country, including Hubei

# China has adopted draconian measures to limit cases and minimize likelihood of a second wave

Though some measures taken by China may not be suitable for the US, US policymakers can learn from other Asian countries such as South Korea, Singapore, and Japan

Nationwide lockdown, with strictness based on level of severity

Majority of public transportation suspended, and roads blocked in heavily affected areas

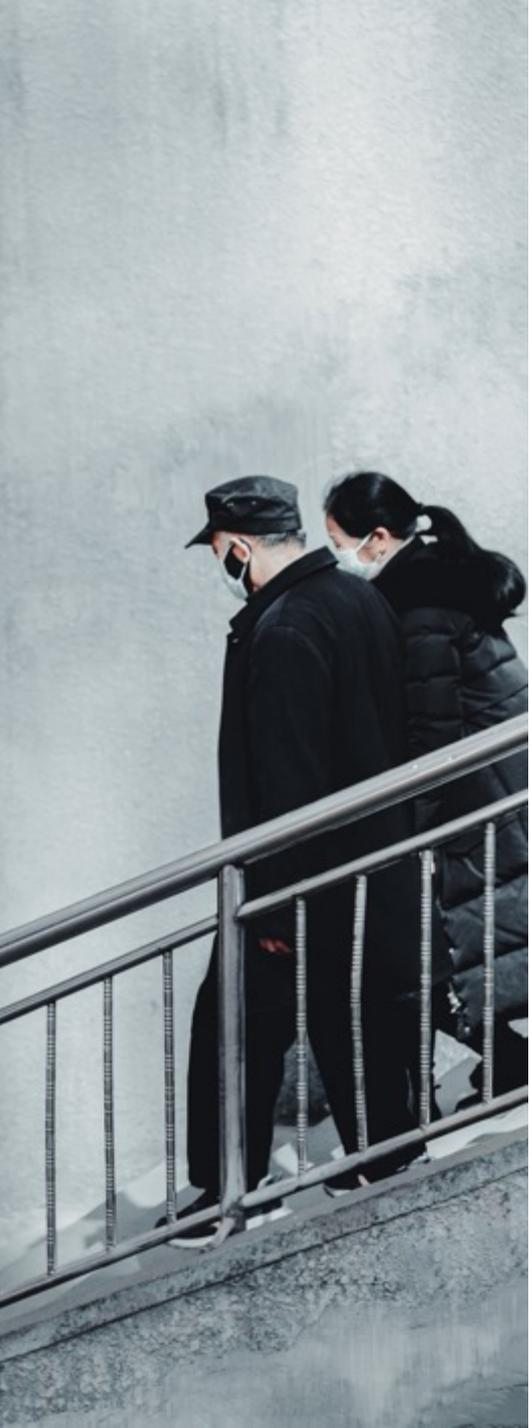
Closure of virtually all public spaces, schools, factories, and offices

People prohibited from going outdoors without surgical masks

Temperature checks for all individuals as they enter public buildings (offices, shopping malls, and restaurants)

Policies from central government delegated to local level (e.g. city blocks) for implementation

Mobile apps and digital surveillance (e.g. facial recognition) to monitor 1.4 billion population and alert relevant authorities to risks



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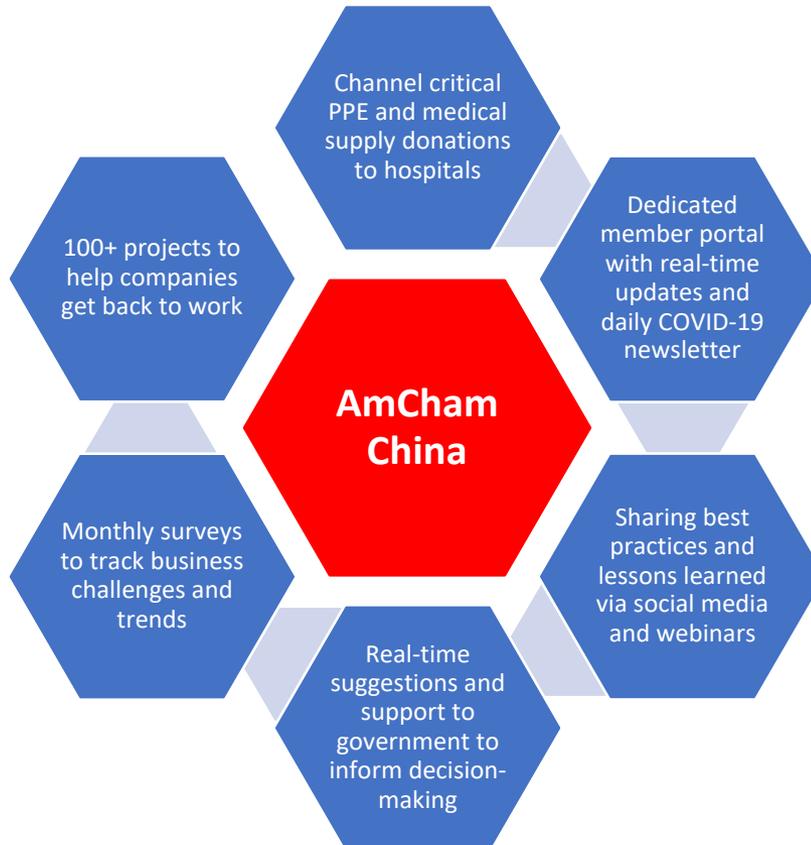
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# AmCham China is on the front line helping our members and government navigate the crisis

Jan 23

Today



Virtually 100% of AmCham China support delivered with staff working remotely for past two months

Used AmCham China Chapter in Wuhan to support members at epicenter and gather front-line information

Aggressive use of technology, media, and social media platforms to gather and share information on daily basis

Non-negotiable policy of health and safety first in ALL we do

**Rapid – Real Time – Flexible ... and Stressful**

# AmCham China is supporting our members facing unprecedented business challenges

## Major COVID-19 Challenges Facing Foreign Companies in China

Ensuring safety of thousands of employees across the country

Abrupt disruption to global and domestic travel

Major disruptions to global and China supply chains

Procuring enough masks and protective gear required to restore operations

Employees stranded in hometowns and abroad due to Chinese New Year

Sharp drop in customer demand and revenues

Staff working from home with unstable internet and parents taking care of children

Restoring manufacturing in compliance with strict local regulations

Helping SME suppliers and customers hard hit by collapse in economic activity

See our latest survey conducted in March 2020 on impact of COVID-19

<https://www.amchamchina.org/about/press-center/amcham-statement/firms-detail-covid-19-impact-as-recovery-continues>

*\*\* Results of the same survey conducted in February 2020 can be found [here](#)*



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# 20

## AmCham China's Top

### Recommendations for Businesses in America

#### Protect Your Workforce

1. People first, business continuity second
2. Leadership must come from the top
3. Invest in IT to enhance work from home productivity
4. Review compensation, healthcare (including mental health), and leave policies to help employees cope with uncertainties
5. Institute strict policies and practices to protect, clean, and disinfect worksites and business locations where employees need to be on-site to do their jobs

#### Adapt to a New Normal

11. Assess and monitor conditions with respect to COVID-19 in all locations where your company has operations
12. Continually review and update your plans for recovery and return to normal operations
13. Embrace digital technologies to preserve revenues and engage your customers
14. Develop strategies to stay in close touch with customers so they know you care and are working to minimize impact
15. Proactively identify, explore, and capture new business opportunities

#### Identify and Mitigate Risks

6. Enact transparent, frequent, and effective internal and external communications
7. Establish a "War Room" to ensure cross-organizational alignment on priorities and allocation of resources
8. Review budgets, plan scenarios, and take actions quickly
9. Evaluate your supply chain end-to-end and take steps to reduce disruption risks
10. Rapidly assess your reliance on small and medium-sized companies

#### Engage Your Community

16. Proactively engage and build relationships with authorities at the national and local levels
17. Establish networks for information sharing outside of your company, industry, and personal networks
18. Provide support to non-profits, community organizations, and healthcare workers in your local area
19. Support community education efforts about best practices related to health and hygiene
20. Disseminate best practices and information sharing

# Protect Your Workforce

**1**

## **People first, business continuity second**

Define what such a strategy means for your company. For instance, is remote working feasible? What transport must employees rely on if they need to be on-site? How can your company optimize this framework? Be sure to consider precautions recommended by the local government authorities and public health experts to protect your employees.

**2**

## **Leadership must come from the top**

Ensure your strategy, priorities, and policies are set and communicated clearly by senior leadership across the company.

**3**

## **Invest in IT to enhance work from home productivity**

Explore the options to ensure your company has the right mix of tools, technology, and equipment to support remote work. Additional investments may be required to find the right balance.

# Protect Your Workforce

4

## **Review compensation, healthcare (including mental health), and leave policies to help employees cope with uncertainties**

Update these policies as needed to help employees cope with the uncertainty created by COVID-19. This is a stressful period, with the potential to deepen anxiety. In particular, consider making mental health support services or seminars available to your employees.

5

## **Institute strict policies and practices to protect, clean, and disinfect worksites and business locations where employees need to be on-site to do their jobs**

Certain facilities, jobsites, or manufacturing plants may be unable to operate without employees present on-site. Enact policies to control and monitor entry, regularly disinfect and clean, and restrict access to only authorized staff and employees.

# Identify and Mitigate Risks

6

## **Enact transparent, frequent, and effective internal and external communications**

Communicate as frequently and clearly as possible with your employees and external stakeholders about the measures your company is taking to adapt to COVID-19. Ensure that your company is both receiving information from and providing information to all affiliated partners and stakeholders.

7

## **Establish a “War Room” to ensure cross-organizational alignment on priorities and allocation of resources**

A “War Room” can help your company adapt to a rapidly changing situation and develop and test a suite of potential responses.

8

## **Review budgets, plan scenarios, and take actions quickly**

Develop scenarios with senior management to map out potential financial scenarios, adjust budgets, and revise forecasts. Make contingency plans to meet short-term demands or short-term losses. For companies that need to react quickly to meet a surge in demand, make sure to include strategies to avoid overcapacity issues in the future.

# Identify and Mitigate Risks

9

## **Evaluate your supply chain end-to-end and take steps to reduce disruption risks**

Conduct a complete review of your supply chains, develop contingency plans to address supply chain disruptions, and identify alternative sources if necessary. Frequent, two-way communication between all partners in the supply chain is essential.

10

## **Rapidly assess your reliance on small and medium-sized enterprises (SMEs)**

Support SMEs where possible and recognize the need to work with the government on remedial policies to ensure both SMEs and large corporations receive support where needed.

# Adapt to a New Normal

**11**

**Assess and monitor conditions with respect to COVID-19 in all locations where your company has operations**

Monitor the degree of impact of COVID-19 in different countries and jurisdictions as it spreads. Develop customized management plans and policies for your company's operations in different locations.

**12**

**Continually review and update your plans for recovery and return to normal operations**

The pace of recovery of your company's operations around the world is likely to vary across sectors, departments, and regions.

**13**

**Embrace digital technologies to preserve revenues and engage your customers**

As work from home policies become a reality for a greater number of your employees and segments of your business, experiment with a variety of digital platforms to find those most suitable to maintain or even extend your company's operations.

# Adapt to a New Normal

14

**Develop strategies to stay in close touch with customers so they know you care and are working to minimize impact**

Consider increasing your social media presence, offering discounts online, and let your customers know what you are doing to address the spread of COVID-19 and any anticipated or ongoing disruptions to your product or service delivery.

15

**Proactively identify, explore, and capture new business opportunities**

Even in this uncertain period, continue to explore, identify, and capture new business opportunities by streamlining operations internally, expanding your product and service offerings, or exploring new platforms to reach a wider customer base.

# Engage Your Local Community

**16**

## **Proactively engage and build relationships with authorities at the national and local levels**

Officials are under pressure to make (and change) decisions quickly, and they often must act without complete information. A good relationship with strong two-way communication can improve information sharing and decision-making outcomes for all parties.

**17**

## **Establish networks for information sharing outside of your company, industry, and personal networks**

There are many unknowns about the COVID-19 epidemic, the virus itself, and how it will impact global commerce and the economy. Take this opportunity to expand your networks to gather new information, ideas, and input.

**18**

## **Provide support to non-profits, community organizations, and healthcare workers in your local area**

COVID-19 is a health and humanitarian challenge that will put great strain on our local healthcare systems. Donations and corporate generosity can have an important and positive impact.

# Engage Your Local Community

19

## **Support community education efforts about best practices related to personal health and hygiene**

Personal hygiene is critical to slowing the transmission of COVID-19 and companies are well-placed to disseminate information on practices adopted in the workplace, manufacturing sites, or other operation centers in operation during the epidemic.

20

## **Disseminate best practices and information sharing**

Once your house is in order, share best practices, lessons learned, and recommendations for coping with COVID-19 with stakeholders in your local community.

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# With a 60-day head start in China, we are refreshing our services and programs to support our members in China and the US

## Providing Real-Time Information and Insights

Robust portal with real-time information and insights related to COVID-19

Daily COVID-19 in China newsletter tracking real-time developments

## Holding Webinars and Events on Business Impact of COVID-19

Webinars and events on salient and pressing topics critical for businesses operating at the nexus of the US-China relationship

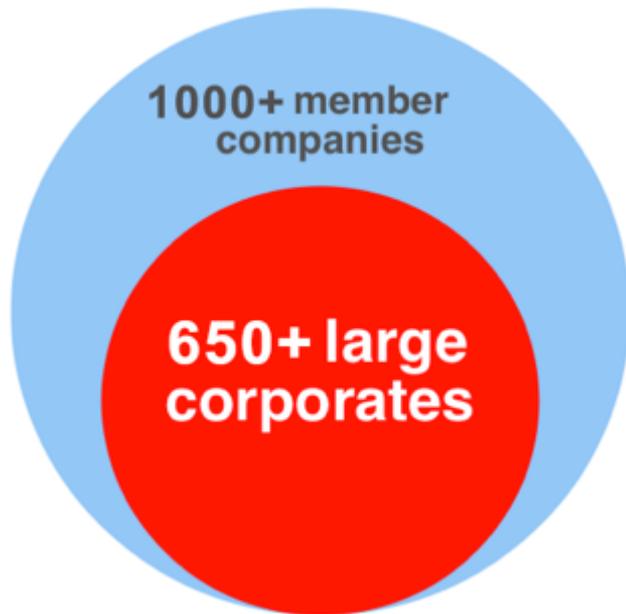
## Facilitating Personal Protective Equipment Shipments to the US

Alibaba, (an AmCham China member), has personal protective equipment (PPE) ready to ship to the US available [here](#)

**Services available to members and non-members in China and the US**

We support nearly 1,000 member companies in China, US and other regions of the world

## AmCham China: Who We Are, What We Do, and How We Do It



**AmCham China is an independent, not-for-profit focused on delivering excellent value to members:**

- China and US government advocacy and access
- Valuable business networks and relationships
- Fresh insights to support decision-making
- Value-added services

**Members across all major industry sectors – from high-tech to manufacturing to healthcare to services**

- 25+ working groups organized by sector/function
- Industry specific information and insights
- Advocacy on industry-specific issues

# How AmCham China Can Help

## China and US Based Members

<b>Insights</b>	Tap into unique insights and knowledge of China's business environment from AmCham China members with many years of on-the-ground experience
<b>Advocacy and Access</b>	Understand and influence commercial and economic policies of both the US and China
<b>Relationships</b>	Tap into AmCham China's network to build public and professional relationships to keep up to date on the world's two largest economies
<b>Services</b>	Benefit from AmCham China's cost-effective branding, training, visa support services, and member-to-member discounts

## Non-Members in China and US

<b>Insights</b>	Free access to newsletters and e-mailings. Access to selected webinars and events at non-member prices  Visit <a href="http://www.amchamchina.org">www.amchamchina.org</a> for details
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**Take advantage of our inexpensive membership non-resident and resident rates to gain access to the full suite of AmCham China benefits**

**Contact our fully bilingual member service representatives today (see next page)**



To take full advantage of AmCham China and all we offer please contact:



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