

A History of More than 100 Years

An Interview with Xu Chen,
President and Chief Executive Officer, Bank of China USA

EDITORS' NOTE Xu Chen started his banking career at Bank of China Head Office in 1990. Since then, he worked successively in various departments including the Executive Office, the Corporate Banking Department, and the London branch before he was promoted to the position of the General Manager of the Olympic Affairs Department in 2004. In August 2008, Xu was reassigned as General Manager of the Financial Institutions Department, a position he held until January 2015. At that time, he was transferred to the United States and assumed his current role. He now supervises the New York, Queens, Los Angeles, and Chicago branches. Xu holds a bachelor's degree in management information systems from Tsinghua University, China, and a master's degree from the University of International Business and Economics, China, with a major in business management.



Xu Chen

COMPANY BRIEF As China's most globalized and integrated bank, Bank of China (boc.cn/en) has a well-established global service network with institutions set up across the Chinese mainland as well as in 57 countries and regions. It has established an integrated service platform based on the pillars of its corporate banking, personal banking, financial markets and other commercial banking business, which covers investment banking, direct investment, securities, insurance, funds, aircraft leasing and other areas, thus providing its customers with a comprehensive range of financial services. Bank of China USA (bankofchina.com/us/en) has branches in New York City, Queens, Chicago and Los Angeles.

You serve as chairman of the China General Chamber of Commerce – USA (CGCC). Will you provide an overview of CGCC and how you define its mission?

Founded in 2005, the China General Chamber of Commerce – USA (CGCC) is recognized as the largest and most influential non-profit organization representing Chinese enterprises in the U.S.

CGCC's mission is to create value, generate economic growth, and enhance cooperation between the U.S. and Chinese business communities. CGCC conducts extensive research and

provides a broad range of programs, services, and resources to its members and key stakeholders in an effort to foster the mutual understanding, trust, and engagement between China and the U.S.

How broad is the membership for CGCC and what is the membership profile?

CGCC's membership consists of more than 1,500 Chinese and U.S. companies, 54 of which ranked on the 2019 Fortune Global 500 list.

As of 2018, CGCC's Chinese member companies have cumulatively invested over \$120 billion, employ more than 200,000 people, and support over one million jobs throughout the United States.

CGCC convenes a number of meetings and events throughout the year. Will you discuss the role that CGCC plays in driving dialogue between business leaders on issues impacting China and the U.S.?

CGCC has taken great strides in fostering people-to-people and culture-to-culture exchanges for the business communities that we serve. Given the current tensions within China-U.S. relations, these exchanges are now more critical than ever.

To fulfill CGCC's mission in the new era of China-U.S. relations, we are initiating an Advisory Council which consists of individuals invited to volunteer as advisory roles, sharing their expertise and management experience with our Chinese executives, and promoting communication and cooperation between business communities of the two countries.

CGCC, the bridge for U.S.-China business communities, is organizing an annual gathering for one unifying purpose, to celebrate the successes in cooperation and friendship between the two most important business communities in the world, and to lend support to CGCC's continued expansion and vibrant future. The CGCC annual gala welcomes the uppermost leaders in the U.S.-China business communities. Our honored guests in the past include Tung Chee-Hwa, Stephen A. Schwarzman, Henry A. Kissinger, Michael R. Bloomberg, Cui Tiankai, and many others.

Bank of China USA opened a new U.S. headquarters building in New York City. Will you provide an overview of the building and Bank of China USA's commitment to New York City?

The current Bank of China New York Branch Office is located at 1045 Avenue of the Americas in New York City, which is also known as 7 Bryant Park. Bank of China acquired this 30-story, 470,000-square-foot, trophy-class building in December 2014, and the New York Branch gradually relocated its functions from the original main office at 410 Madison Avenue to this building in the 4th quarter of 2016. Since then, Bank of China New York Branch has been the primary tenant in the building, occupying approximately 60 percent of the building space.

Bank of China's acquiring and occupying 7 Bryant Park building shows the Bank's commitment to anchor its business deeply in the United States, and its determination to localize itself as part of the Big Apple.

Bank of China is a global bank that also supports the local U.S. economy. With a footprint that spans 57 countries, BOC helps U.S. companies export tens of billions of dollars of goods every year to China, Asia, and the rest of the world. Our global network and services empower clients to build robust partnerships and enter new markets. Our expertise and global leadership in RMB settlement, clearing and trading make BOC USA the go-to bank for insights on and access to the world's second-largest economy.

BOC partners with Fortune 500 and other leading companies based in the U.S. to support their business objectives both domestically, in Asia and around the world. Our relationship managers tailor our services and solutions to meet the needs of each client. This effort, combined with our leading-edge technology, ensures that we serve our clients efficiently and effectively.

We are also committed to helping U.S. communities. Over the past several years, we have contributed almost \$2 billion to neighborhoods of New York City by participating in community reinvestment efforts to reverse urban blight and supporting local charities. It is how we make this large company personal and how we help our customers, clients, and communities thrive.

There is much concern about the state of U.S./China relations today. How critical is a strong partnership between the United States and China for the global economy?

BOC partners with Fortune 500 and other leading companies based in the U.S. to support their business objectives both domestically, in Asia and around the world.

As the world's two largest economies, the cooperative relationship between China and the United States, which serves as an anchor for great power relations in the world, is not only of great significance to the development of both countries, but also to global development.

The experience of the past 40 years indicates that pragmatic cooperation between China and the United States has not only brought enormous benefits to the peoples of the two nations, but also effectively promoted world peace, stability, and prosperity. The bilateral trade volume between China and the U.S. exceeds \$630 billion. The stock of two-way direct investment is close to \$150 billion. There are more than 5 million people exchanges between the two countries every year, and over 14,000 passengers flying across the Pacific Ocean every day. China and the U.S. have become the largest trading partners and important target countries for investment for each other. The total economic outputs of China and the U.S. account for about 40 percent of that of the entire world, involving nearly one-third of the world's goods and value chains, contributing more than 35 percent of the global economic growth. The two countries have jointly promoted an open and free global trade system, accelerated the expansion and popularity of technology globally, and provided more opportunities and vitality for the sustainable development of the world economy.

A solid Sino-U.S. relationship will also be conducive to the stability of the U.S. financial markets and reduce worries about economic downturns. In the past few months, the ups and downs of the trade conflict between China and the United States have brought significant uncertainty and volatility to the financial markets in both countries and even the global financial markets. Under the current global economic context, the turmoil in the financial markets will increase the risk of a worldwide economic recession. A stable financial environment is crucial for all countries in the world. A return to the track of cooperation and effective management of differences to close gaps between China and the U.S. will help stabilize economic growth and resolve de-globalization issues.

However, since the beginning of trade frictions between the two countries, both consumers and companies in both countries have

been negatively impacted, according to the latest IMF data. Although the direct impacts of Sino-U.S. trade conflicts on global economic growth have been moderate to date, the recent escalation of trade tensions may seriously dampen commercial and financial market sentiment, disrupt global supply chains, and jeopardize the expected recovery of global growth in 2019 and forward. It is estimated that under the combined effect of tariffs already implemented and the expected potential tariffs between China and the United States, global GDP growth in 2020 may slow down by 0.5 percent, which fully demonstrates the significance of the Sino-U.S. relations to the global economy.

It is my belief that a trade war resolution can be achieved by taking a pragmatic approach and fairly assessing the bilateral trade-policy disagreements, and challenges for U.S. companies entering China and vice versa. We need to resolve these differences through continued dialogue, mutual understanding and compromise. That same framework can then also be applied to resolving greater mutual interests, such as global security, healthcare issues and climate challenges.

What advice do you provide to U.S. companies about doing business in China?

For American companies, today's China is a huge market with great potential and opportunities. After years of rapid growth, China is now more of a "consumption-driven" rather than an "investment-driven" economy. On its current course, China is expected to catch up with or surpass the United States in terms of total retail sales and has already become the world's largest consumer market. Chinese consumers have demonstrated strong purchasing power in both domestic and overseas markets as its consumer power upgrades and expands, presenting unprecedented opportunities to U.S. companies to expand their presence in China. As living standards continue to improve, consumer needs in China have undergone profound changes to be more extensive and diversified, with an increasing appetite for U.S. and international products. With a successful first China International Import Expo, institutionalized arrangements have allowed the U.S. and other countries to share China's market demands.

China has an unparalleled, comprehensive industrial supply chain which currently

could not be replaced by any other single country in the world. From footwear to aerospace parts, from raw minerals to industrial machinery, any American company that seeks to carry out business in China can find upstream and downstream partners, which can be seamlessly embedded into the existing supply chain system.

In addition, China's labor supply is abundant and highly educated compared to many other manufacturing countries. According to data released by the Chinese Ministry of Education, more than 87 percent of the Chinese population aged 25 to 64 has completed middle school or higher education, and the proportion of high school education and above is over 66 percent. Given its 1 billion working-age population, together with better-educated workers, China's labor force is a more desirable choice for American companies than other Southeast Asian countries.

China is further opening up its economy to foreign companies. In terms of the service industry, especially with respect to the finance industry, China pledged to ease foreign investment curbs on sectors such as the banking, securities, and insurance sectors. More specifically, China will accelerate the opening of its insurance industry, as well as ease requirements for international financial institutions to set up operations and expand their business scope in China, encouraging greater cooperation between Chinese and foreign financial markets. China's opening of its financial markets certainly provides excellent opportunities for U.S. financial companies to further participate in the Chinese market, particularly as the U.S. enjoys many competitive advantages in the area of financial services.

Bank of China has a history of more than 100 years. We are willing to make full use of the advantages of internationalization, diversification, and comprehensive integration of the Bank to provide relevant financial and advisory services to U.S. companies interested in entering the Chinese market. At Bank of China USA, the largest and most time-honored Chinese bank in the U.S., we are committed to leveraging our advantages in offering cross-border services to better assist corporate customers of both countries and to facilitate the economic and trade developments between China and the U.S. ●