



U.S.-Asia Trade Update 2017: Tracking Emerging Trends & Opportunities



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Agenda

- Introduction
- U.S. International Trade Agenda in the New Administration
 - What impact will it have on Asia?
- Asia Inbound & Outbound
 - China regulatory issues are changing and becoming more complex
 - New foreign investment regulations
 - Currency Controls
 - E-Commerce
 - Cybersecurity
 - Customs

General Overview of U.S.-Asia Trade Outlook

- “America First”
- Free Trade Agreements
 - TPP/WTO/Bilaterals
 - How do changes affect a company’s manufacturing platform?
 - Vietnam as a case study
- Border Adjustment Tax
 - How does it work?
 - Winners/Losers
- Increases in General U.S. Tariffs

General Overview of U.S.-Asia Trade Outlook

- Trade Remedies
 - Antidumping and countervailing duties
 - Chinese goods targeted
- Government Procurement
 - Buy America Act
 - Exemptions: Keystone Pipeline
- Sanctions/Anticorruption
- What's next?

China Trade Is Becoming Increasingly Complex

INBOUND INTO THE U.S.

- New U.S. administration causes Chinese currency to fall against U.S. Dollar; Chinese investors looking for “safe haven” investments
- Increased interest in U.S. “trophy” properties
- Be careful of the “Alphabet Soup” – OFAC, CFIUS, KYC
 - OFAC – Are investors on the “bad boy” SDN list?
 - CFIUS – Is the target strategically important to the US?
 - KYC – Understand how the money is going to be sent to the U.S. and plan for an operational U.S. banking structure – especially timing



Enhanced Currency Control

- Enhanced Scrutiny on the Authenticity of Trading Transactions
- Stricter Scrutiny and Prior Approval for Certain Outbound Investment
- Restrictions on Dividend Remittance

China Trade Is Becoming Increasingly Complex

OUTBOUND INTO CHINA

- New Chinese Foreign Investment Regulations overhaul ways M&A is done in China
 - **Before**: Government approvals required for on-the-ground acquisitions of Chinese companies (WFOES/JVs).
 - **Now**: Government “notice” filings, not true approvals are needed
 - **Uncertainties**: what needs to be disclosed, government ability to comment, other new and uncertain items that can slow down or halt the deal
 - Many other regulations still exist that can impact the deal
 - Local labor/tax, customs/supply chain, anti-bribery



Broadened Market Access and Incentive Policies

- Opening Up More Sectors to Foreign Investment
- Promotion of Fair Competition between FIEs and Domestic Companies
- Incentive Policies for Foreign Investment

China Trade Is Becoming Increasingly Complex

OUTBOUND FROM THE U.S.

- New Chinese regulations impact e-commerce businesses relying on mobile applications
 - Qualifications requirement
 - Obligation to verify and report relevant “illegal” information
 - Real-name requirement
 - Record retention obligation

New Cross-Border E-commerce Policies

- **Key Changes**
 - “Personal effects” or “commercial goods”?
 - Taxes
 - Positive list
 - Import license, CIQ and registration requirements
- **Policies During and After the Transition Period**

New Cybersecurity Law and Enhanced Internet Regulation

- **General Obligations of “Network Operator”**
 - Mandatory national and industry standards must be met
 - Product security test and certification critical network equipment and special cyber security products
 - Obligation to cooperate in criminal investigation
- **Further Requirements for “Critical Information Infrastructure” Operator**
 - Storage of data “in country”
 - Restrictions on cross-border data transfer
 - Potential national security review
- **Personal Data Protection**

Trade Facilitation Reform & Customs Enforcement Trend

- Key Contents of China's Trade Facilitation Reform
- New Customs Audit Regulations
- Enhanced Customs Enforcement on Royalty Payment and Related Transactions

Thank you!

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