

**Chinese business & finance**

## Departing US business chiefs warn of expat exodus from China

Companies blame tough travel restrictions that have hit families for difficulties in retaining staff



Epidemic prevention and control staff deliver daily necessities to a Beijing neighbourhood under lockdown. China has so far not articulated any coronavirus exit strategy © Stringer/EPA-EFE/Shutterstock

**Edward White** in Seoul, **Primrose Riordan** in Hong Kong and **Demetri Sevastopulo** in Washington 3 HOURS AGO

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The head of a leading American business lobby group in China has warned of an exodus of western executives from the world's biggest consumer market as President Xi Jinping tightens coronavirus controls.

Under China's strategy of eliminating coronavirus, Beijing has enforced more than 18 months of strict border security, including three-week quarantine stays and fewer visas for businesspeople and their families.

The rules have been credited for helping to suppress coronavirus outbreaks and reducing the death toll from the pandemic. But a worsening outbreak of the Delta coronavirus variant has prompted a return to local lockdowns and travel bans after spreading to two-thirds of China's regions.

With no [exit strategy](#) articulated, and just as the rest of the world reopens, US business leaders have warned Beijing that it risks accelerating the outflow of foreigners from China.

Ker Gibbs and Alan Beebe, the presidents of the American chambers of commerce

Chinese people, [but] it's also true that opening to the outside world played an important role," said Gibbs, a China business veteran leaving his role earlier than originally planned.

"By allowing foreign capital, ideas and management expertise into China, the country accelerated its transition into one of the world's most important and advanced economies," he said.

A recent survey of 338 AmCham Shanghai member companies in China revealed that more than 70 per cent had difficulty attracting and retaining foreign talent with "Covid-related travel restrictions" the primary problem.

"Getting business executives — and their families — in and out of China has been extremely difficult since the global pandemic began," Gibbs said.

Tough quarantine protocols, including rare episodes of mothers being separated from their children, have further spooked some expats. The removal of preferential tax treatment enjoyed by foreigners for decades and the [rising costs of living](#) in Chinese cities were also cited as big concerns.

Apart from fewer expats in China, there has been "almost a complete drop-off in foreign students", another blow to the "people-to-people exchanges" that have been an important pillar of diplomacy between the US and China for decades, he said.

Beebe could not be reached for comment.

Fears that the travel restrictions might extend until the end of 2022 have deepened the uncertainty for many.

Foreign spectators will not be allowed at February's [Winter Olympics](#). Many businesspeople now expect China to prioritise tight security — and subsequently sealed borders — leading up to an important party congress late next year when Xi is set to take a historic third term as president.

"Given the success of current containment policies and popular support for restricting international travel, it is overwhelmingly likely that China will continue its domestic zero-tolerance strategy and strict quarantine requirements for international travel for at least another year," said Ernan Cui, a China analyst at Gavekal, a consultancy.

LOCKDOWN, RAISING CONCERNS AMONG OFFICIALS AHEAD OF THE WINTER GAMES.

One such instance has been blamed on a single person who returned from a domestic trip to Beijing and spread the virus at a game of mah-jong, officials said. Foreign language tests were among the events cancelled in the Chinese capital over the past week.

Businesses are also struggling to retain foreign workers in Hong Kong owing to tight pandemic controls. The number of US companies that use the city as their regional headquarters dropped 10 per cent to 254 this year compared with 2020, an 18-year low.

In another sign of the rising pressures faced by the international business community in China, the American Chamber of Commerce in Southwest China, which is based in Chengdu, has been forced to suspend operations over recent months.

Chinese officials in August cited a rule whereby each country can have only a single registered chamber to justify the closure.

The US state department described the move as “only the latest example” of how China’s “opaque, arbitrary regulatory environment is contributing to an investment climate that is increasingly hostile towards foreign businesses”.

*Additional reporting by Emma Zhou in Beijing*

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