

US-China relations

US business elite welcomes Xi Jinping with standing ovation

China's president projects friendly tone but analysts say increasing scrutiny has rattled foreign groups

Ryan McMorrow and **Demetri Sevastopulo** in San Francisco 4 HOURS AGO

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Chinese President Xi Jinping meets US business leaders © Reuters

At a San Francisco hotel on Wednesday evening, Chinese President Xi Jinping delivered a message to US business that got a standing ovation: China is a big market and a friend.

Crowding into the Hyatt Regency to meet the Chinese leader were Elon Musk of Tesla, Tim Cook of Apple and Albert Bourla of Pfizer, all keen on selling more electric cars, iPhones and pharmaceuticals in the world's second-biggest economy.

After a day spent in long-awaited [talks with US president Joe Biden](#), Xi told an audience of about 300 people: "China is both a super-large economy and a super-large market . . . modernisation for 1.4bn Chinese is a huge opportunity that China provides to the world."

"The world needs China and the US to work together for a better future," he added. "China is ready to be a partner and friend of the US."

The warm feelings appeared mutual. "If you go through the list of the top 20 US companies in China, they were all there," said one San Francisco tech titan who attended the event but did not want his name to be published. On his way into the Hyatt, Bridgewater founder Ray Dalio told the Financial Times he was "excited to

Hyatt, Bridgewater founder Ray Dalio told the Financial Times he was "excited to have this relationship [with Xi]".

But while Xi made an effort to express his country's open welcome to US business, a combination of whipsawing tensions with Washington, a rocky economic recovery from the pandemic and Beijing's increasingly assertive domestic security apparatus has damped enthusiasm among American investors for making big bets on [China](#).

A series of US companies have begun packing up their bags or rerouting supply chains out of fear that geopolitical tensions could disrupt business. Technology groups such as Airbnb and LinkedIn have retreated from the country, as have consulting firms Gallup and Forrester Research. Even Apple, which has long relied on Chinese manufacturing, has begun sourcing orders in countries such as India and Vietnam.

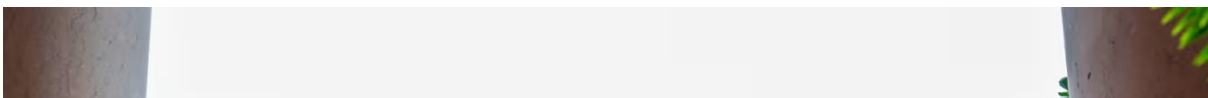
Business leaders and analysts said they did not expect Xi's summit with Biden to fully thaw relations. The two presidents agreed to restart military communications and set up a counter-narcotics working group to tackle fentanyl pouring into the US, but they left with several issues unresolved, most notably tensions over Taiwan, which China claims as part of its territory.

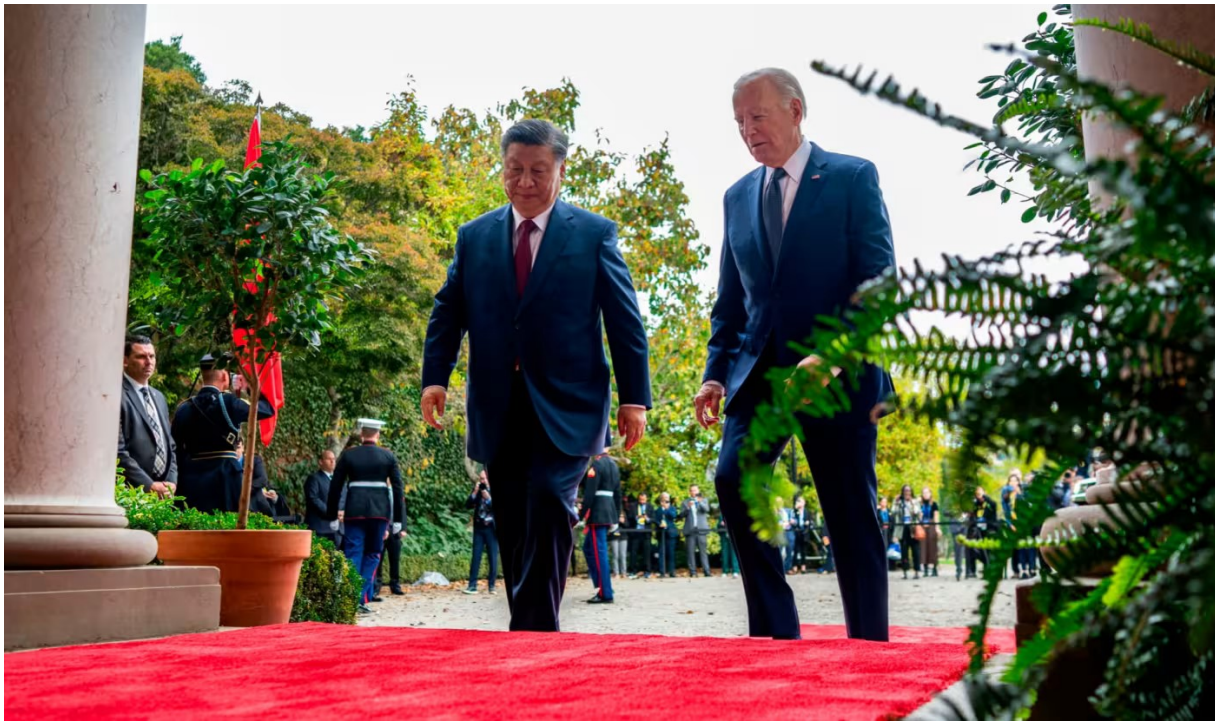
Myron Brilliant, former head of international relations for the US Chamber of Commerce, said while Chinese officials were reverting to the playbook of courting the business community for investment and to help manage ties with Washington, "times have changed".

"Bottom line is that American business leaders don't want to be caught in a game of chess between China and the US governments," said Brilliant. "CEOs are risk-averse [and] the environment between China and the US has increased the risk of doing business in China."

Increasingly vocal criticism of China by hawkish US politicians has further complicated a fraught environment for business leaders. Mike Gallagher, chair of the House China committee, on Tuesday called it "unconscionable" that American executives were paying to attend the dinner with Xi, citing Beijing's repression of Muslim Uyghurs in China's north-western Xinjiang region and demanding a list of attendees.

A Chinese-American executive at a tech company that straddles both countries told the FT that his attendance was a "state secret".





US President Joe Biden, right, and Chinese President Xi Jinping met at the Filoli estate outside San Francisco, California, on Wednesday © Doug Mills/The New York Times/AP

Darren Woods, chief of ExxonMobil, which is in the process of building a multibillion-dollar petrochemical plant in southern China, told reporters on Wednesday morning that he would not attend the dinner.

“Chinese and the US government relationships are going to kind of ebb and flow with time,” Woods said. “Both countries are too important to the global world order to not find some balance, although that balance will shift.”

Shi Yinhong, an expert on US-China relations at Renmin University of China, said both governments’ preoccupation with national security would set a ceiling on relations. “If economic interests conflict with national security, national security will undoubtedly take precedence,” said Shi.

China’s increasingly [forceful domestic security apparatus](#) has unnerved many foreign businesses, conducting raids on US consultancy Bain & Co and detaining five local employees at due diligence group Mintz. Beijing has also banned the use of chips from US group Micron in critical infrastructure over cyber security risks.

Michael Hart, president of the American Chamber of Commerce in China, said Beijing’s scrutiny of US businesses in the country was sending “mixed messages” and he hoped Xi’s friendly rhetoric would trickle down through the bureaucracy.

Given the uncertain trajectory for China’s economy, which has been hit by a sluggish property sector and weak exports, Hart added that some US groups remained pessimistic. China has struggled to kick-start strong growth since lifting pandemic

controls this year. But he said for many companies, “China is still an important market and profitable”.

Beijing “realises that the private sector is getting quite nervous”, said Emily Kilcrease, a technology expert at the CNAS think-tank.

While Xi sought to reassure US businesses at the dinner, unless Beijing eases pressure on US multinationals and ceases imposing [exit bans on foreign executives](#), “those concerns from the private sector will continue to persist despite the rhetoric”, she added.

Xi told business leaders in San Francisco: “The number one question for us is are we adversaries or partners?” If the US and China see each other as rivals, he warned, “it will only lead to misinformed policymaking, misguided actions and unwanted results”.

Additional by Nian Liu in Beijing

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