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Subject: China: U.S. Business Unphased by Predeparture Testing Announcement, Optimistic on Supply Chain Durability

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SBU



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SENSITIVE

Subject:

China: U.S. Business Unphased by Predeparture Testing Announcement, Optimistic on Supply Chain Durability

1. (SBU) Key Points:

- PRC-based U.S. business chamber representatives expressed relative calm about the U.S. CDC's new predeparture testing requirement for PRC air passengers during a December 30 briefing.
- Participants relayed that U.S. business executives were "super keen" on traveling to China once the PRC lifted its quarantine requirements.
- They emphasized their desire that Chinese-language test results be accepted at airports of departure and the need for explicit guidance on what constituted a qualifying test and documentation of recovery from COVID-19 as chief concerns.
- A U.S. airline representative expressed confidence PRC nationals would manage to find tests to satisfy requirements.
- COVID-19 had not created significant supply chain disruptions but could continue to depress demand, they assessed. **End Key Points.**

2. (SBU) On December 30, A/DCM Marybeth Turner, joined by the (b)(4); (b)(6) and (b)(4); briefed leadership and members of key PRC-based U.S. business community associations on the U.S. CDC's December 28 announcement that starting January 5, 2023, a negative COVID-19 test or documentation of recovery would be required for all air passengers departing the PRC. Participants included representatives from the (b)(4); (b)(6) (b)(4); (b)(6)

Key Requests: Chinese-Language Tests Results and Clarity on "Documentation of Recovery"

3. (SBU) Multiple participants stressed their desire for the CDC to accept Chinese-language test results and pressed for clear guidance on what constituted a qualifying test or "documentation of recovery" from COVID-19. One (b)(4); (b)(6) representative urged the CDC to define a specific timeline to review the policy. Attendees also asked about areas for cooperation between Washington and Beijing to improve the public health situation both in the PRC and globally, including encouraging Beijing to allow U.S. citizens access to U.S. vaccines in the PRC.

4. (SBU) A representative from a major U.S. air carrier noted he and his company's U.S.-based leadership were "reasonably confident" they could handle the new testing requirements without significant disruptions to operations. His chief concern, he emphasized, was making sure details were "as explicit as possible" to enable airline personnel to make decisions on who to allow on the flight. The airline's experience with previous testing regimes made leadership more confident they could navigate the new protocol. PRC citizens "were very creative," he added, and would "find ways to test quickly" to make their flights.

U.S. Business Executives Eager to Resume Travel to the PRC

5. (SBU) Participants were bullish on the resumption of travel once the PRC lifted quarantine controls on January 8. U.S. executives were "super keen" and intended to "fast track" travel to the PRC, the (b)(4); (b)(6) representative relayed. The airline representative noted that

operational staff were already planning trips and senior leadership would come later. China-based executives with regional responsibilities were also eager to start traveling in East Asia, another participant noted. Two considerations that could slow the resumption of travel were the still uncertain healthcare situation in the PRC and the speed with which the PRC resumed visa issuances, participants noted. The airline representative said much would depend on whether the (b)(4); had "a real appetite" to increase inbound travel.

No Major Supply Chain Disruptions

6. (SBU) Attendees reported few disruptions to supply chains, though some expressed short-term concerns about weak demand. An (b)(4); (b)(6) representative reported that supply chain disruptions had been "minimal," but that chamber members were closely watching for a resumption in consumer spending on durable goods. Another participant echoed this point, noting that there were "lots of signs" that demand could be soft in the short-term due to COVID-19 infections. Companies had been "holding their breath," an (b)(4); Tianjin contact noted, waiting for more significant disruptions, but they had not materialized. One major mitigating factor, he added, was that companies had held more inventory than normal, allowing them to weather short-term absenteeism among their labor forces.

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