

*Survey: US firms still optimistic about China—By CHEN WEIHUA in Washington(China Daily USA)
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Results of a Survey on US Companies

- A survey on 200 companies was released by US-China Council (USCBC).
- Half of the respondents are China-based; the other is based in the US.
- 85% of participating companies have been in the Chinese mainland market for more than 10 years, with the majority having more than 20 years' experience.
- According to the results, the US firms' attitudes to their business prospects in China are as follows:
 - 85% companies are optimistic, dropping slightly from last year's report.
 - 14% companies are neutral, expanding compared last year's report.
 - 1% companies are somewhat pessimistic, which also dropped down.

The US Companies' Revenue in Chinese Market

- Nearly 50% of respondents reported double-digit revenue expansion, less than in prior years, but still impressive compared to other markets around the world.
- Three quarters of US companies remained profitable in the Chinese mainland market last year.
- The US Companies expectation on the revenue in 2014:
 - 71 % expect their revenue to continue to increase this year.
 - 19 % expect the same as last year.
 - 10% said their revenue will decline.
- Major reasons for restraint on profitability:
 - competition from domestic companies, and
 - rising costs and government policy and regulation.

The Opportunities and Challenges for US Companies in China

- Chinese mainland market continues to deliver revenue opportunities for American companies
- Top 10 challenges were:
 - competition with Chinese companies in China,
 - intellectual property rights enforcement,
 - foreign investment restrictions,
 - human resources pertaining to talent recruitment and retention,
 - cost increases,
 - uneven enforcement/implementation of Chinese laws,
 - licensing,

¹ Source: http://usa.chinadaily.com.cn/us/2014-09/30/content_18684351.htm

- transparency,
- nondiscrimination/national treatment, and
- overcapacity in the Chinese mainland market.
- As for the main competitors in China,
 - 91% said US and other foreign companies.
 - 79% said Chinese non-state-owned and private companies.
 - 61% said Chinese state-owned enterprises.
 - Private firms have become increasingly competitive in the business world.
- Other challenges: foreign-funded companies no longer enjoy tax preferences in China.

China's Anti-trust and Competition Regime

- Both foreign and domestic companies are being investigated under China's anti-trust and competition regime.
- Less than 10% of companies are investigated under the anti-monopoly law are foreign companies.
- According to Zhang Monan, a researcher of China International Economic Exchanges Center:
 - The enforcement of anti-trust law is good for the healthy development of a market economy.
 - The anti-monopoly campaign as an important step China has taken to establish a law-ruled market economic system as well as participate in global economic rebuilding.
 - Once fair competition has become common in society, it will greatly benefit not only China but also the rest of the world.