

U.S. companies find an oasis of profit in China

Many U.S. companies hit hard around the world by the global economic downturn have reported profits from their dealings in China, according to a survey by the American Chamber of Commerce in Shanghai.

The chamber's China Business Report 2009, which was released yesterday, shows most corporate members saw a growth in revenue and profit in China and the report ranked the nation a top investment destination for 2010.

"Many American companies are finding that their performance in China has outshone those in other markets," said J. Norwell Coquillard, chairman of AmCham Shanghai.

"This year's report offers businesspeople, policy makers and opinion leaders a valuable resource to better understand the China market, which is sure to play an even larger role in the world economy for years to come," Coquillard said.

More than 40 percent of respondents said the profit margins of their China operations in 2009 were better than their global averages. This was in stark contrast to the situation a decade ago, when 58 percent of U.S. companies surveyed said their margins in China were narrower than in many other countries.

Most respondents were positive about doing business in China. More than 90 percent said they were "optimistic" or "slightly optimistic" about the five-year outlook. That compared to 81 percent in 2008.

Eighty-two percent of survey respondents expected even more revenue from China operations in 2010.

Some 74 percent ranked China one of their top-three investment priorities - among them, 64 percent planned to increase their investments in China in 2010.

Fifty-eight percent increased their investment in China this year.

Only 5 percent were planning to scale back on their investments in China.

The survey was based on the responses of 369 U.S. companies with operations in China.

"China remains a recommendable investment spot for American companies, the majority of which are focused on competing in China's growing domestic market," said Brenda Foster, president of AmCham Shanghai.

Companies said they faced new challenges in 2009 that were mainly centered on sales and the retention of customers.

Competition from Chinese companies was also increasing, said the U.S. firms.

One silver lining from the global financial crisis was the fact that it had become easier to recruit new talented individuals, said the report.

Source: China Daily