

CHINA DAILY

THE NATIONAL ENGLISH LANGUAGE NEWSPAPER

14 WEDNESDAY MARCH 11, 2009

BUSINESSCHINA

US firms bet on nation

► China still among the top three global investment destinations

By LU HAOTING

China still remains one of the top three global investment priorities for US companies although over a third of them expect their revenues to drop this year due to the economic slowdown and other uncertainties, according to a survey released by the American Chamber of Commerce in China yesterday.

The annual survey showed that 78 percent of AmCham-China members still consider the country as one of the top three investment destinations.

The survey also showed the growing importance of Chinese demand in the deepening global economic downturn as 63 percent of the companies said they are in China to access the Chinese market itself, up from 51 percent last year.

Over 90 percent of the companies said they will not relocate

their business to other countries because of the importance of China as a target market and other strategic drivers, such as good infrastructure, extensive and integrated supply base, human resources and consistent growth.

AmCham-China's annual survey, an important barometer of US companies' development in China, collected data at the end of last year. But as the global economic downturn worsened, a follow-up survey for the crisis was conducted in February.

More than one-third of the companies surveyed said they expect their revenues to drop this year due to the economic downturn, up significantly from 13 percent who projected a decline last year.

But over 60 percent of them have no change in their planned investments in the country, while 37 percent are postponing investment and only 2 percent are canceling



Machinery made by US construction company Caterpillar at a demonstration in Tianjin.

Bloomberg News

projects in China.

"China continues to be a place of investment and we just need to get through this year," said AmCham-China Chairman John Watkins.

The survey found that US companies are still confident on their long-term growth in China. Although nearly half of the companies said they are pessimistic about this year's business outlook, 63 percent are optimistic about their two-year outlook and over 80 percent are upbeat about five-

year prospects.

Similar to last year's survey, finding qualified management-level talent is still considered as the top challenge for US companies in China. They also cited other challenges such as lack of transparency and intellectual property rights infringements.

The survey also showed that "local competition" is another challenge for US companies as nearly 60 percent of them cited price pressure from competition as the top factor influencing their China margins.

