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U.S. Companies Upbeat on China Despite Concerns

Majority of companies say their Chinese operations remain profitable

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By . Agence France-Presse

Most U.S. companies doing business in China are profitable many want to step up investments despite fears on the economy, protectionism and intellectual property rights, a survey showed on Oct. 7.

The poll by the US-China Business Council indicated that the global recession led to reduced sales and slowed investment plans for member companies as well as job cuts for some. However, 51% of the 100 respondents projected their revenues in China will grow in 2009, and 84% said their China operations remain profitable, said the council, a leading group of U.S. companies engaged in business with China.

"China has been a relatively bright spot for companies in the midst of the global slowdown," said council president John Frisbie. "There is no doubt that the global economic recession has affected U.S. companies' China sales, but the impact has been less than in other markets."

The survey was conducted in the summer, when global economic data was still looking dim after a financial crisis plunged the world into its worst recession in decades.

For the most part, business opportunities from China's massive stimulus package have not yet been realized by most companies although those in certain sectors, such as infrastructure-related industries, benefited from stimulus project spending, the report said.

Indirectly, however, many companies reported a general increase in business related to China's overall economic recovery driven in part by an expansion of bank lending.

"U.S. companies remain optimistic about their prospects in that market once the recession has passed," Frisbie said.

"Almost 90% of USCBC's members indicate that China remains the top or among the top five priorities for their global investment plans. It remains a marketplace with dynamic development."

But "familiar" business problems in China remain unresolved, however, the survey showed. Business licensing and intellectual property rights protection remain areas in which foreign companies face problems and companies again cited protectionism in China as one of their top concerns.

They noted in responses to separate questions a trend in China's policies that favors -- or could favor -- domestic industries over foreign competitors.

The other concerns were human resources, talent recruitment and retention, competition and overcapacity in the China market, market access in services, standards and conformity

assessment, developing sales and distribution channels as well as transparency.

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