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US Companies in China Report Mixed Performance Amid Persistent Bilateral Tensions

- *Nearly half of US companies in China report profitability in 2024, while 18% operated at a loss.*
- *51% of members are concerned about further deterioration in US-China relations, the highest level in five years.*
- *Despite challenges, China remains a key market, with 48% of companies ranking it as a top-three global priority.*

Beijing, January 23, 2025 – The financial performance of US companies in China reflects both resilience and hurdles as geopolitical uncertainties and regulatory challenges continue to weigh heavily on the business environment, according to the 27th annual Business Climate Survey Report released by the American Chamber of Commerce in China (“AmCham China”).

While 46% of member companies reported being profitable or very profitable in 2024, 36% broke even, and 18% operated at a loss. These results are consistent with trends observed since 2022, highlighting ongoing difficulties in achieving robust financial performance. The Tech and R&D, and the Resources & Industrial sectors outperformed, while the Services and Consumer sectors faced the greatest challenges.

“US-China relations remain the most consequential bilateral dynamic in the world today, and understanding the perspectives of our members has never been more important,” said AmCham China Chair Alvin Liu. “A stable and constructive relationship, grounded in economic and trade ties, is critical not only for the prosperity of our two nations but also for global economic stability. We hope this report will provide the insights needed to inform policies and foster mutually beneficial outcomes for the US and China.”

The survey also revealed that 87% of respondents see positive bilateral relations as crucial to their operations in China, up 5 percentage points (pp) compared to last year. However, concerns about the future of the relationship are rising, with 51% concerned about further deterioration, driven by geopolitical tensions, policy uncertainties, and trade disputes.

This survey was conducted from October 21 to November 15, 2024, spanning before and after the recent US Presidential Election. The report, which is released just days after President Trump returned to the White House for his second term, has a total sample size of 368 member companies.

Investment Hesitation Amid Complex Operating Environment

China remains an important market for US companies, with 48% of respondents ranking it as a top-three global investment priority. However, the survey also revealed a notable decline from earlier years: the proportion of companies that no longer list China as a preferred investment destination has doubled from 10% pre-pandemic to 21%. Meanwhile, the proportion of companies relocating production or procurement outside of China continues to rise, driven by geopolitical concerns and tempered optimism for the next two years.

Regulatory challenges remain prominent, with uneven enforcement, unclear legal frameworks, and compliance risks in China cited as top concerns. Meanwhile, 32% of respondents report unequal treatment compared to domestic enterprises, with market access and public procurement identified as key areas of disparity.

More optimism is found when it comes to intellectual property protection, with 32% of responding companies stating the Chinese government has further improved intellectual property law enforcement in the past year, while 38% report the level of enforcement to be unchanged. However, 26% indicated that inadequate protection of intellectual property would restrict their investment decisions in China, a percentage that rises to 39% in the more heavily IP-dependent Tech and R&D sector.

Commitment to ESG and Organizational Transformation

Nearly 90% of member companies report implementing Environmental, Social, and Governance (ESG) strategies in their China operations, up 10pp year-on-year. Companies are placing greater emphasis on community contributions, governance, and business ethics, alongside traditional environmental and compliance goals. Additionally, organizations are adapting to the increasingly complex business environment by restructuring and focusing on talent retention strategies.

Key Findings from the 2025 Business Climate Survey

- **Financial Performance:** 46% of member companies reported being profitable, consistent with the previous two years.
- **US-China Relations:** 87% of respondents emphasize the importance of constructive bilateral relations, while 51% are concerned about further deterioration.
- **Investment Priorities:** 48% view China as a top-three global investment destination, with 21% ranking it as one among many.
- **Regulatory Challenges:** Uneven enforcement, unclear legal frameworks, and compliance risks are top concerns, with 32% reporting unequal treatment.
- **ESG Implementation:** Nearly 90% are advancing ESG strategies, with a focus on community contributions, governance, and ethics.

About AmCham China

The American Chamber of Commerce in China's mission is to help American companies succeed in China through advocacy, networking, insights, and business support services. In addition to our headquarters in Beijing, AmCham China serves Tianjin, Central China, Northeast China, and Southwest China through our Chapters in Tianjin, Dalian, Shenyang, Wuhan, and Chengdu. Across those locations, AmCham China has more than 30 working groups, and holds more than 300 events each year.

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