US-CHINA BUSINESS COUNCIL

Member Survey

2025

ABOUT THE US-CHINA BUSINESS COUNCIL

Founded in 1973, the US-China Business Council (USCBC) is a private, nonpartisan, nonprofit association of more than 270 American companies that do business with China. Our membership includes some of the largest and most iconic American brands, in addition to professional services firms and small and medium-sized enterprises. We are headquartered in Washington, DC, and maintain offices in Beijing and Shanghai.

THE US-CHINA BUSINESS COUNCIL
美 中 贸 易 全 国 委 员 会

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Executive Summary

The US-China Business Council conducted its annual Member Survey in spring 2025. This report on survey findings seeks to measure business sentiment and benchmark challenges, solutions, and opportunities in the China market today. Our survey is unique among trade associations in that it incorporates responses from US company representatives in both the United States and China.

Key findings

- **US-China relations and tariffs are the top concerns of US companies doing business in China.** US-China relations continue to top the list of business challenges, and tariffs jumped from eighth to second place amid renewed trade frictions. Companies' first priority for the bilateral negotiations that kicked off in May is tariff reduction.

- **Chinese industrial policies are boosting local competitors as American companies continue to lose market share in China.** Nearly one third of respondents reported declining market share as the Chinese government intensified its rollout of industrial policies and subsidies designed to boost domestic firms.

- **Export controls and investment restrictions are reshaping US business operations in China.** Around 40% of companies report negative effects from US export control policies, with many experiencing lost sales, severed customer relationships, and reputational damage in China due to the intensifying perception that US firms are unreliable suppliers.

- **China's slowing economy is amplifying structural weaknesses and suppressing profitability.** Once mostly confined to industrial sectors, overcapacity has begun to impact wider swaths of the economy, including health care and consumer goods. Insufficient domestic demand and overcapacity remain the top constraints on profitability.

- **Profits are stable, but confidence in future performance is declining.** While 82% of companies reported profits in 2024, fewer than half are optimistic about the future, reflecting concerns over tariffs, deflation, and policy uncertainty.

- **While most US companies are holding off on new investments in the near term, they remain committed to pursuing opportunities in China over the long term.** Over 80% of respondents say they invest in China to serve the domestic market, while nearly all report that they cannot remain globally competitive without their China operations.

Introduction

Top 10 Challenges

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American companies entered 2025 anticipating a period of uncertainty in their China operations. The election of US President Donald Trump in November 2024 raised concerns about increased tariffs alongside the hope that his predisposition for dealmaking might supercharge substantive trade negotiations and lead to breakthroughs on challenges US companies face in China.

Now, more than six months into the year, those concerns have materialized. Spiraling tariff rates after April 2 and on-again, off-again talks have shaken business confidence, derailed investment planning, and led to a souring of the broader relationship. Three of the top five challenges companies face in China are geopolitical in nature.

Unsurprisingly, tariffs have sprung from eighth to second place in the list of companies' top concerns. Survey results also suggest there has been minimal progress in tackling the structural policy barriers that disadvantage American companies in China. These include subsidies and discrimination in the public procurement market. For many other indicators, the negative trends seen last year have slowed or plateaued rather than reversed.

Overcapacity made the top 10 list for the first time since 2016. While it has long affected companies in the industrial and manufacturing sectors, it has spread more broadly across the economy, including to the health care and consumer product sectors.

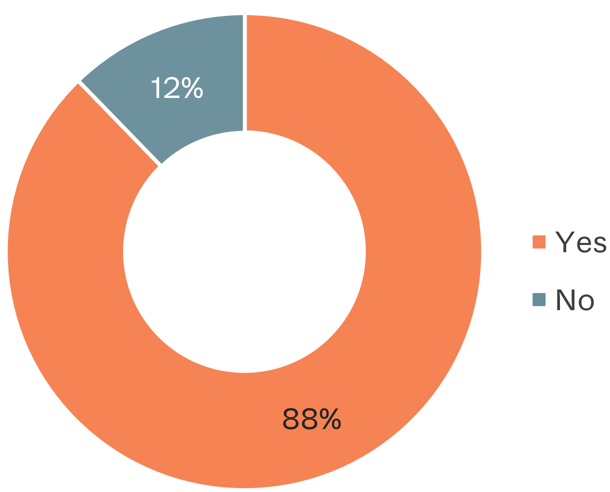
Economic growth is no longer masking cracks that have been deepening for decades. In response to structural issues in the economy and to the political volatility seen in recent years, many US companies are reorienting their supply chains and scaling back new investments in China in the near term.

US-China Commercial and Trade Relations

Three of the top four challenges to the business environment stem directly from US-China trade frictions. US-China relations, tariffs, and export controls, sanctions, and investment screening continue to increase the risks, costs, and compliance challenges of doing business in China. Eighty-eight percent of respondents are affected by US-China relations, up from 79% last year, and 68% have been impacted by tariffs on US-China trade.

The effects of US tariffs and Chinese retaliatory tariffs enacted earlier this year have been particularly severe for manufacturing and

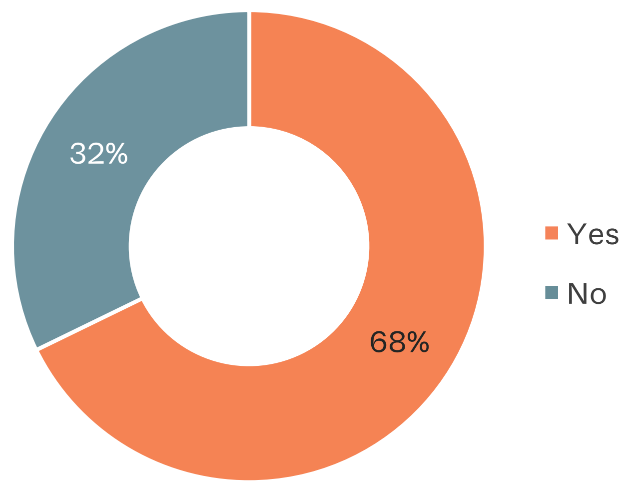
Have US-China tensions affected your company?



technology companies, which typically rely on inputs from the United States, with nearly 90% of respondents in that sector affected. Financial and professional services firms, which comprise about one quarter of survey respondents, were largely spared from the trade actions. It is also important to note that several companies responded to this survey prior to April 2, when the Trump administration's reciprocal tariffs were announced, suggesting that our survey results may understate the full impact of tariffs.

The combination of high tariffs, tougher export restrictions on semiconductors, and a new regime for restricting US investment into China, all within the last year, is forcing companies to rapidly review their supply chains and reassess their broader China risks.

Have tariffs on US-China trade impacted your company?

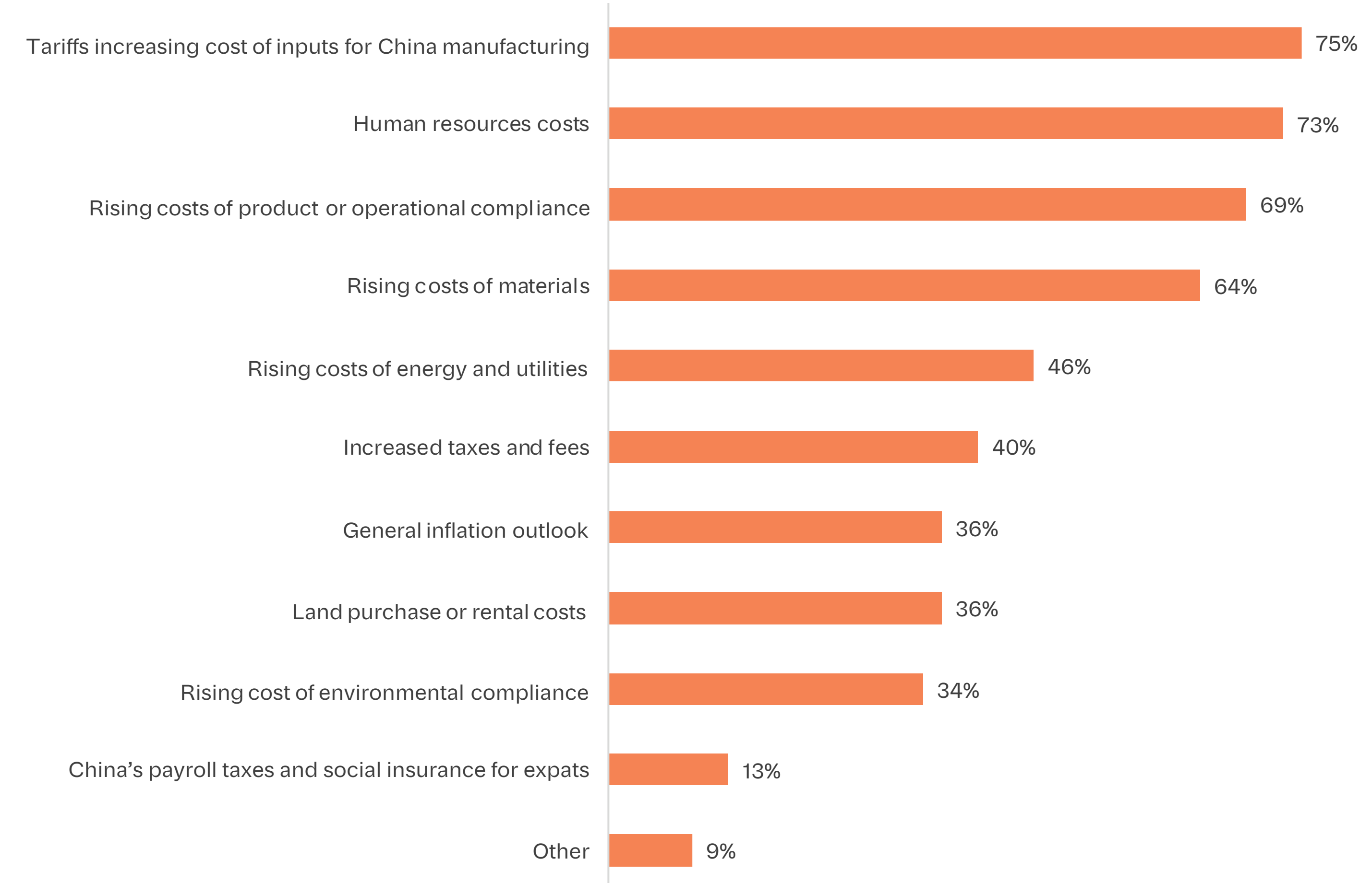


Tariffs and supply chain disruptions accelerate mitigation strategies

Seventy-five percent of respondents say that rising input costs for China manufacturing due to tariffs is a top cost concern. While some manufacturing firms have been insulated from previous rounds of punitive tariffs due to tax benefits related to China's bonded industrial parks, many lost those benefits shortly after China enacted retaliatory tariffs earlier this year, adding to cost concerns.

> "75% of respondents say that rising input costs for China manufacturing due to tariffs is a top cost concern.

Top cost concerns



Companies are using a range of strategies to mitigate costs, and the strategies vary by sector. The most common approach is sourcing from alternative international markets or moving production closer to end markets. About one third of companies have renegotiated prices with suppliers, while a similar share passed higher costs to downstream customers. Many are employing multiple mitigation tactics at the same time. Health care companies report being unable to pass on higher costs to customers due to China's fixed-price, volume-based procurement system.

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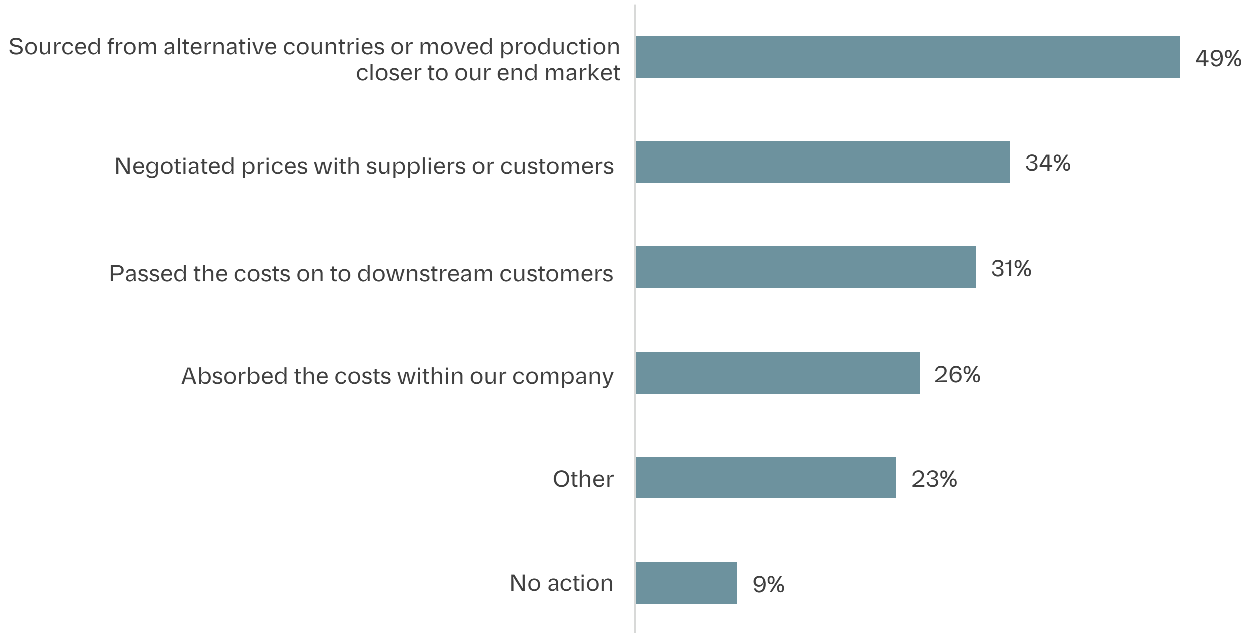
> About one third of companies have renegotiated prices with suppliers, while a similar share passed higher costs to downstream customers. Many are employing multiple mitigation tactics at the same time.

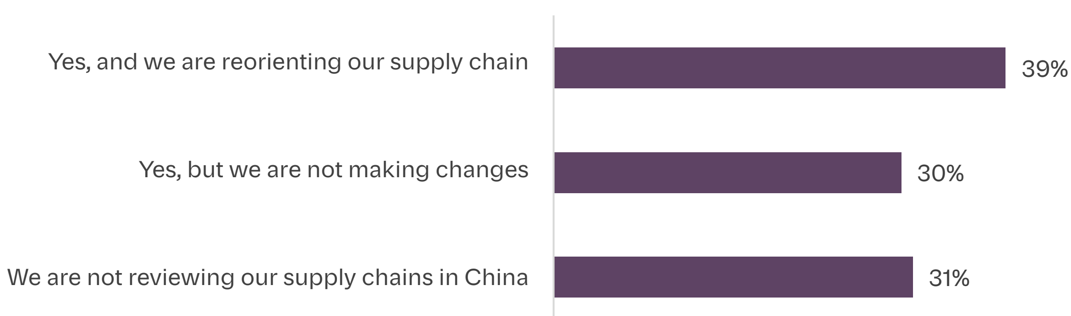
How has your company mitigated the impacts of tariffs?



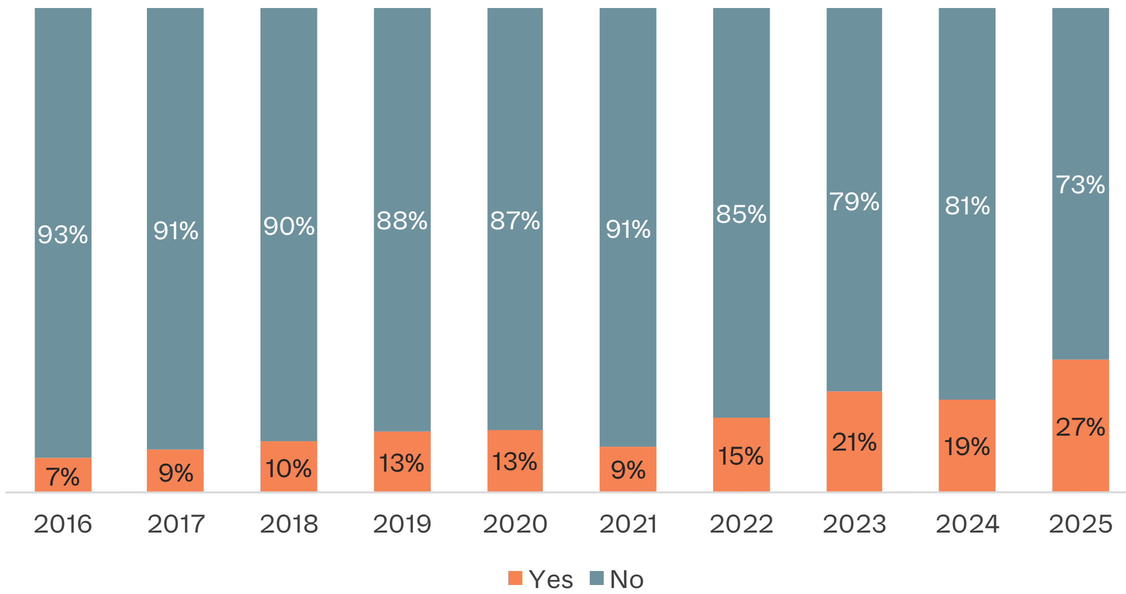
Nearly 40% of respondents plan to reorient supply chains, consistent with last year's survey. Strategies include diversifying away from China, deepening localization in China, developing China-specific and region-specific supply chains, or a combination. Many companies unable to localize due to their business model are exploring ways to shift parts of their supply chains outside China, which may help explain the increase in companies relocating operations (27%). For many, this reorientation is a continuation or acceleration of plans that predate new tariffs.

For companies looking to adjust supply chains, Southeast Asia (71%), India (41%), and Mexico (41%) are the primary destinations. About 20% plan to partly relocate supply chains to the United States, on par with last year. Thirty percent of respondents are in wait-and-see mode, suggesting that more companies may shift supply chains if conditions worsen.

Is your company reviewing its supply chains in China?



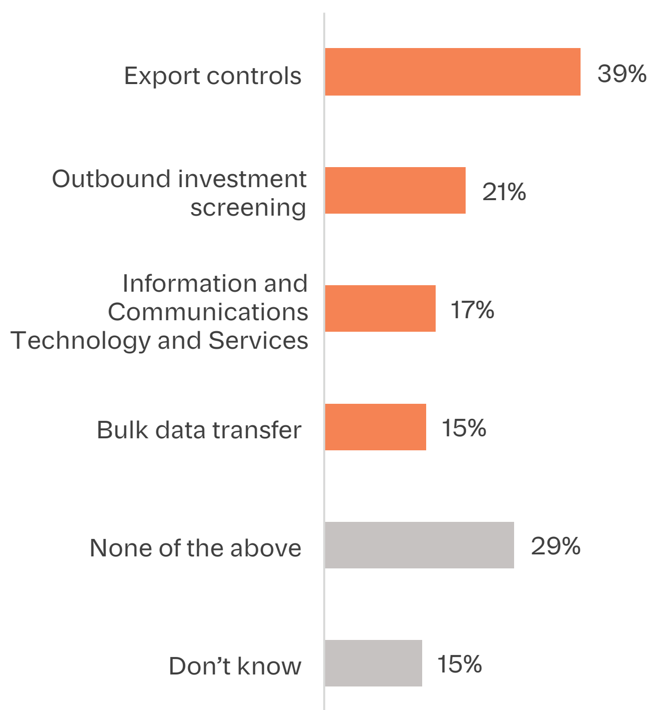
Has your company moved or does it plan to move any operations out of China?



Trade and investment restrictions spur investment decline

In response to rising US-China tensions and fierce competition in the technology space, the United States introduced a slate of restrictions on doing business with China last year, the final year of former President Joe Biden's administration. With new rules on outbound investment screening, bulk data transfers, and connected vehicle software, companies face a significantly more complex web of regulations when investing in China. Despite the Biden administration's "small yard, high fence" approach to regulating US companies' business with China, nearly 40% of respondents say export control policies have affected their company, and more than 20% report being affected by US outbound investment screening policies and restrictions.

Which US policies have impacted your company in China?



These policies, in addition to tariffs, are undermining the competitiveness of American companies in China. Half of respondents report lost sales because of Chinese customers switching to non-US suppliers due to uncertainty, while more than a third cite lost sales due to US tariffs. Significantly, over one quarter lost sales due to Chinese tariffs, up 21 percentage points from last year. Once lost, market share is difficult to claw back. Like last year, more companies report increased scrutiny from US regulators than from Chinese regulators.

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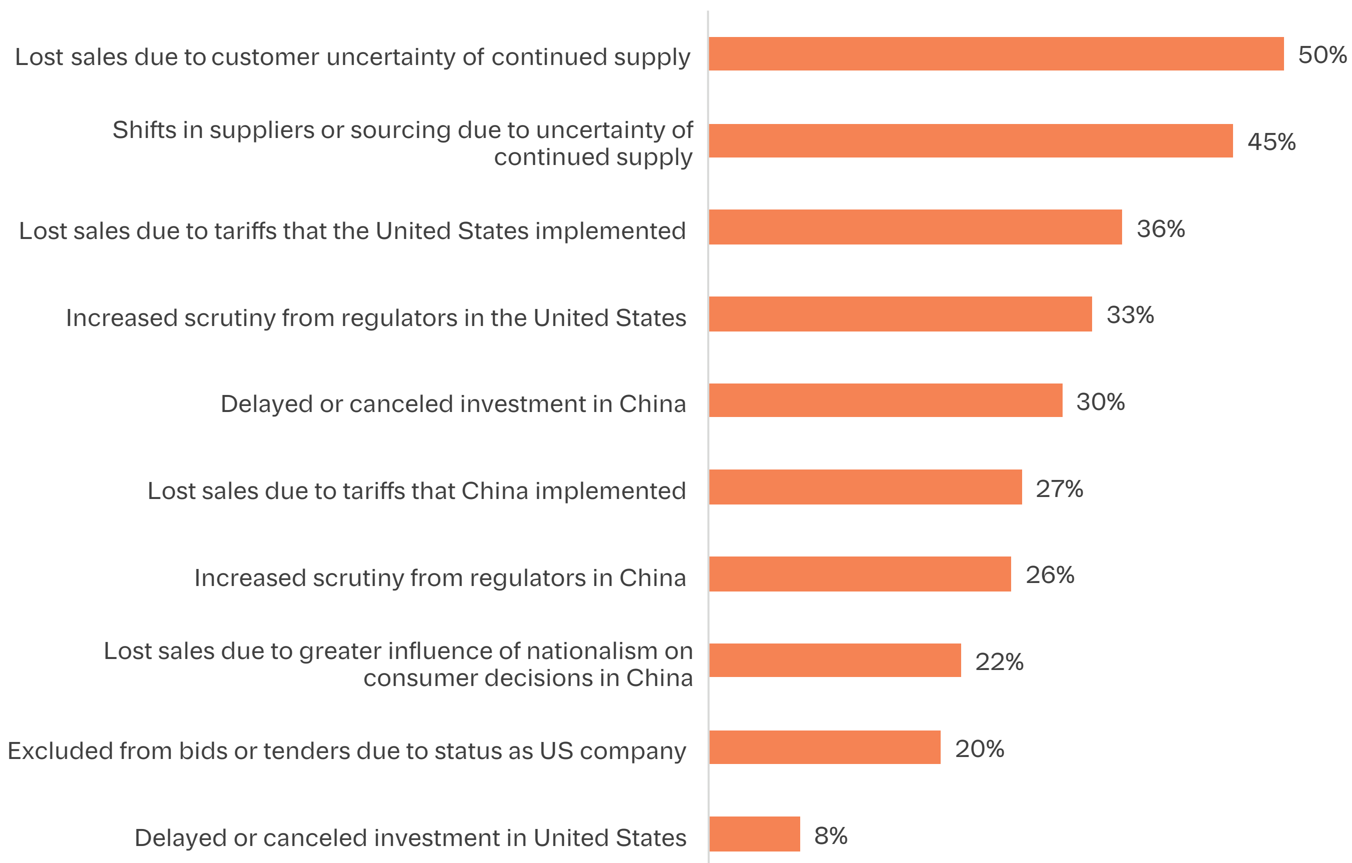
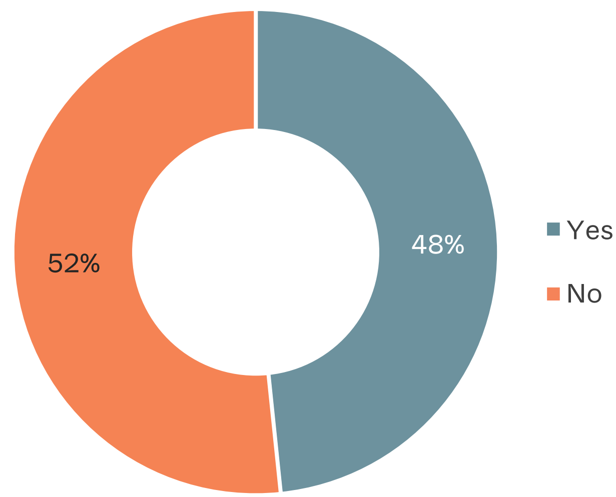
> Over one quarter lost sales due to Chinese tariffs, up 21 percentage points from last year.

Impacts of US-China tensions

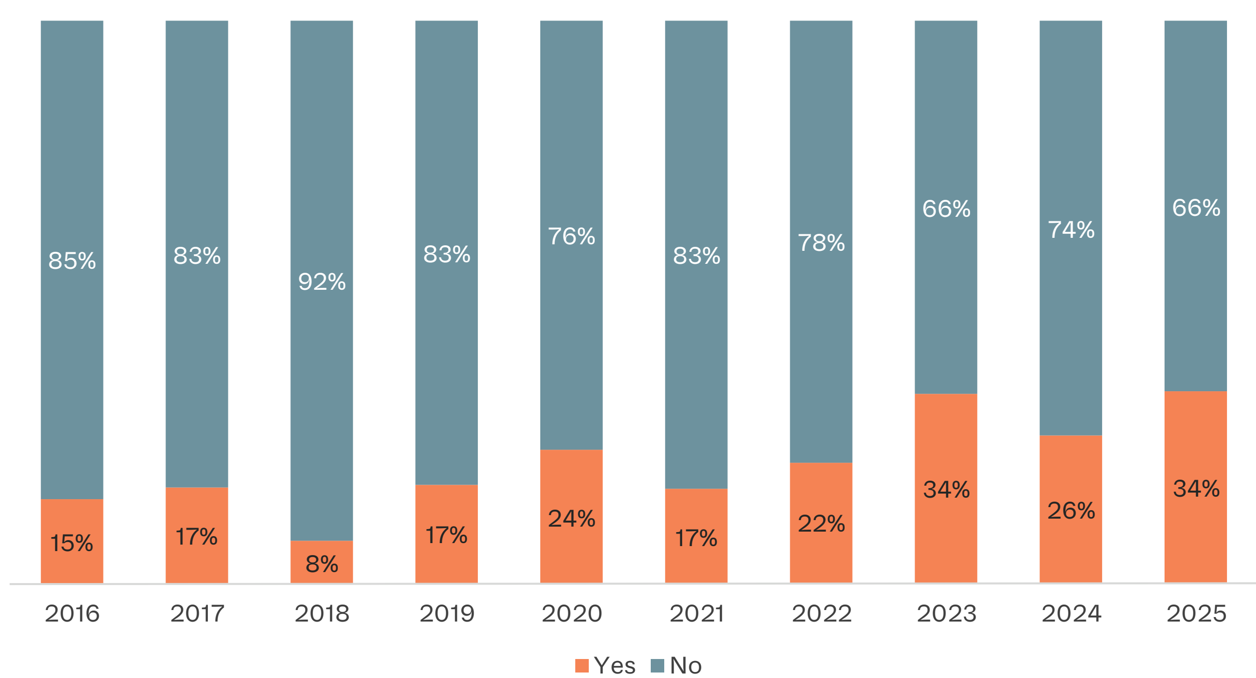


Rising US-China tensions are forcing companies to reassess their investment strategies in China. More than one third of respondents have paused or scaled back planned investments in the past year, up from one quarter the year before. Causes include increased costs and uncertainty from US-China tensions, market access barriers, and concerns about supply chain resilience. The increase in companies cutting back on investments in China may also reflect weaker global growth expectations, as nearly a quarter of respondents report reduced capital investment globally, compared with just 7% last year. Many companies have frozen future investments, with fewer than half planning to invest in China this year, down sharply from 80% last year.

Does your company plan to invest in China this year?



Did your company reduce or stop planned investment in China in the past year?

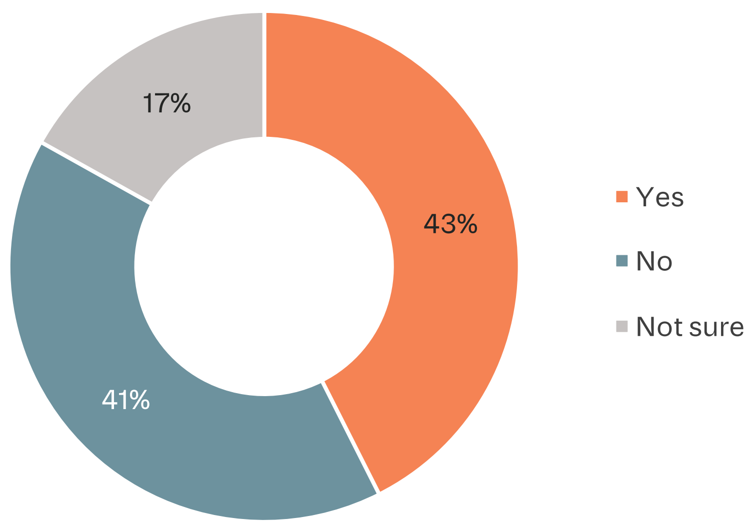


A closer look at export controls and sanctions

Export controls remain the fourth-ranked challenge this year, unchanged from 2024. Around 40% of survey respondents reported impacts from US export controls, about the same proportion of respondents who are not impacted, with 17% unsure. A higher percentage of companies reported negative effects from export controls this year than last year, suggesting export controls are affecting a larger segment of the business community beyond those in the semiconductor industry.

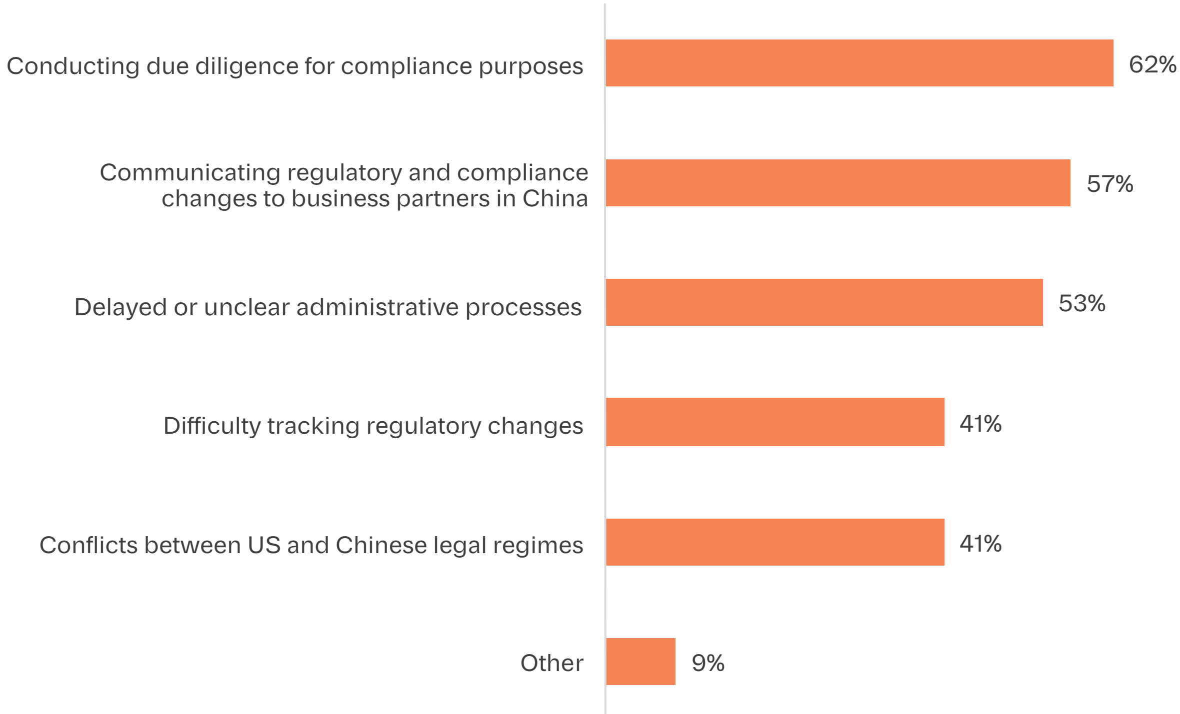
The increase in negative impacts from export controls since last year correlates with the announcement of new restrictions on high-bandwidth memory and semiconductor manufacturing equipment sales to China in late 2024.

Has your company been impacted by US export controls and sanctions?



> Many of the top challenges arise from potential conflicts of law between the United States and China.

Main compliance challenges of export controls



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As both countries continue to tighten restrictions, conflicts of law are likely to intensify.

The rapid rollout of regulations over the last two years, combined with China's opaque information environment, has increased compliance challenges for US companies. Like last year, conducting due diligence in China is the top compliance challenge (62%). Fifty-seven percent of respondents have trouble communicating regulatory and compliance changes to business partners in China, while 53% cite delayed or unclear administrative processes.

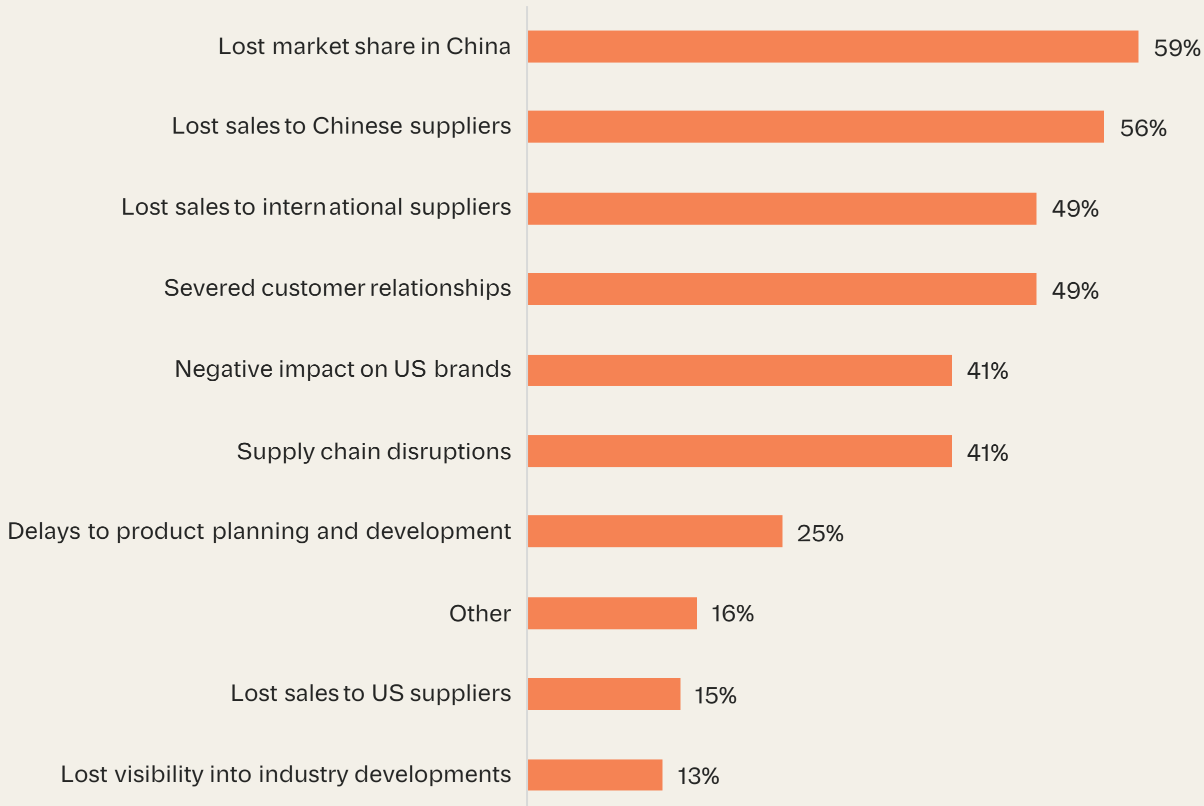
Many of the top challenges arise from potential conflicts of law between the United States and China. For instance, the level of information disclosure required to comply with mandated end-use and end-user checks of Chinese customers may conflict with China's Counterespionage Law, which restricts the unauthorized transmission of sensitive market- and company-related information abroad. As both countries continue to tighten restrictions, conflicts of law are likely to intensify.

LOST MARKET SHARE, WEAKER US COMPETITIVENESS

Unilateral rules from the US Commerce Department's Bureau of Industry and Security that restrict sales of US-origin technology to China are driving sales to Chinese and other international competitors and fueling China's domestic innovation policies.

This year, nearly half of respondents reported losing sales to international competitors due to US export controls, almost 20 percentage points more than last year. Even more companies (56%) reported losing sales to Chinese competitors. In total, nearly 60% of companies affected by export controls saw declines in market share last year.

Main impact of export controls



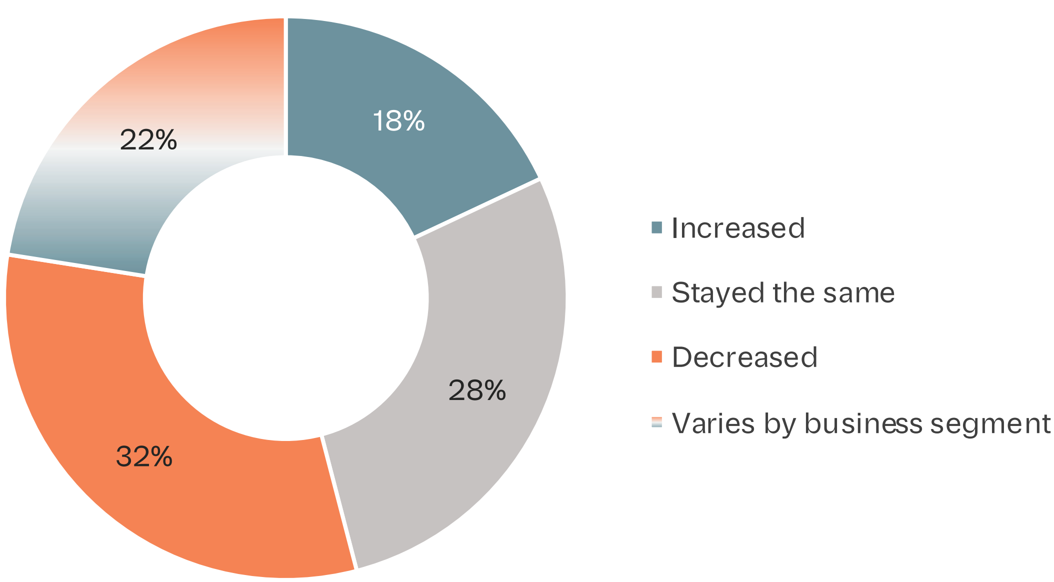
The combination of lost sales to domestic and international competitors in China — the world's largest source of demand for semiconductors — and the rising capabilities of Chinese technology companies makes American companies less competitive by depriving them of profits needed to support research and development, manufacturing, and employment.

Domestic Policy Challenges

Seven of respondents' top 10 challenges this year relate to China's domestic environment. Consistent with last year, competition with Chinese companies is the third-largest challenge. China's accelerated push toward innovation, the significant advancement of its domestic firms, and shifting consumer preferences are transforming China into a hyper-competitive market. The country's fast-paced business environment favors speed and agility, at times giving local companies an advantage over multinational competitors, which are often constrained by overseas corporate structures.

The intensity of competition in China's business environment in 2025 is evident in the percentage of respondents reporting that their market share in China has decreased over the last three years (32%). This is down only slightly from the prior year. At the same time, fewer companies are seeing gains. Over the past five years, the share of companies reporting increased market share has nearly halved, falling from 33% in 2021 to just 18% this year. The combination of mounting US market-share losses amid a deluge of Chinese industrial policy and self-sufficiency initiatives raises questions about China's commitments to welcoming foreign investment over the years.

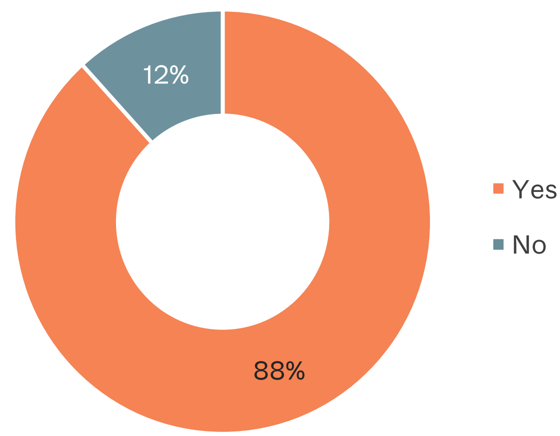
How has your company's market share in China changed over the last three years?



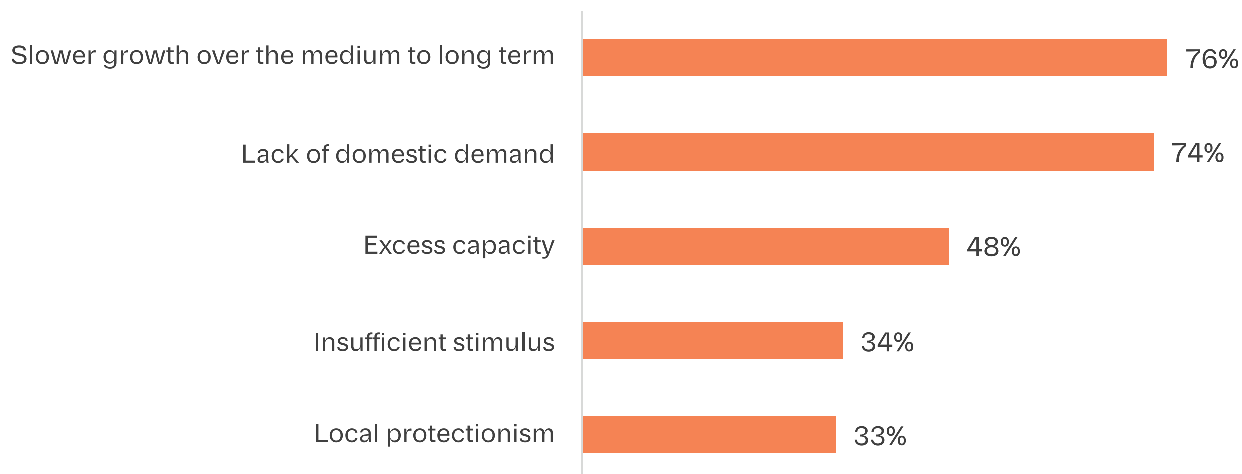
Industrial policies, unequal public procurement market access, cross-border data transfer restrictions, and slow progress in intellectual property protection are exacerbating these competitive pressures, especially as China's economic growth slows.

Slowing economic growth remains a top concern for nearly all USCBC member companies. Although GDP rose 5% in 2024 according to official statistics, supply-side factors drove most of that growth. Structural imbalances have deepened over the past year, with official data showing that domestic consumption accounted for just 45% of GDP growth in 2024, down sharply from the year before.

Is your company concerned about China's economy?



Primary concerns about China's economy

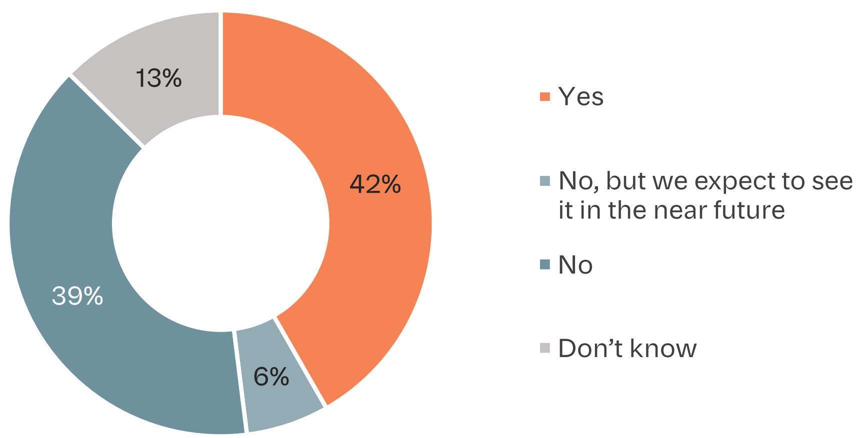


To boost domestic consumption, Chinese policymakers have extended a subsidized industrial goods buyback program and launched a three-year consumer market action plan in early 2025. These policies have so far generated mixed results. Nearly three quarters of survey respondents cite the lack of domestic demand as a top concern, and a similar proportion have lowered their medium- to long-term growth expectations.

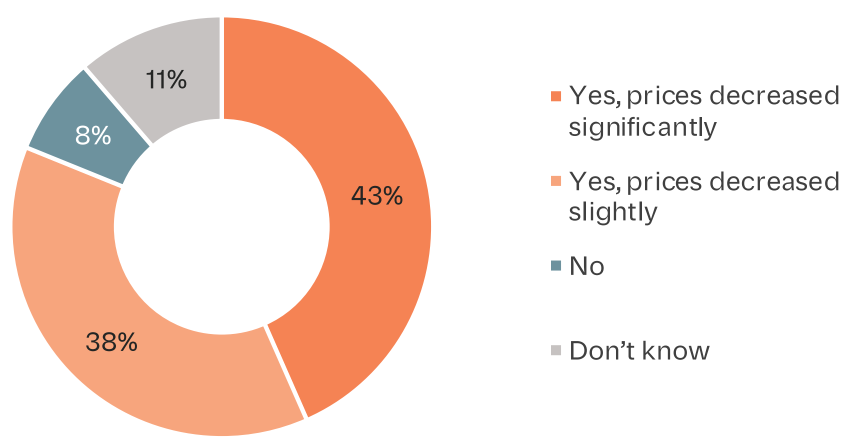
Overcapacity spreads to more sectors, fueling deflation

As investment and production drive a larger share of China's economic growth, concerns over overcapacity are intensifying. The proportion of companies reporting impacts from overcapacity rose from 25% to 42% over the past year, and the issue appeared as a top 10 challenge for the first time since 2016. Once primarily concentrated in upstream industrial sectors, overcapacity issues are now emerging in other sectors of the economy, including consumer goods (44%) and health care (29%). Impacts are particularly widespread in the industrial and manufacturing sectors, where 92% of respondents are affected.

Has your company been affected by overcapacity in the past year?



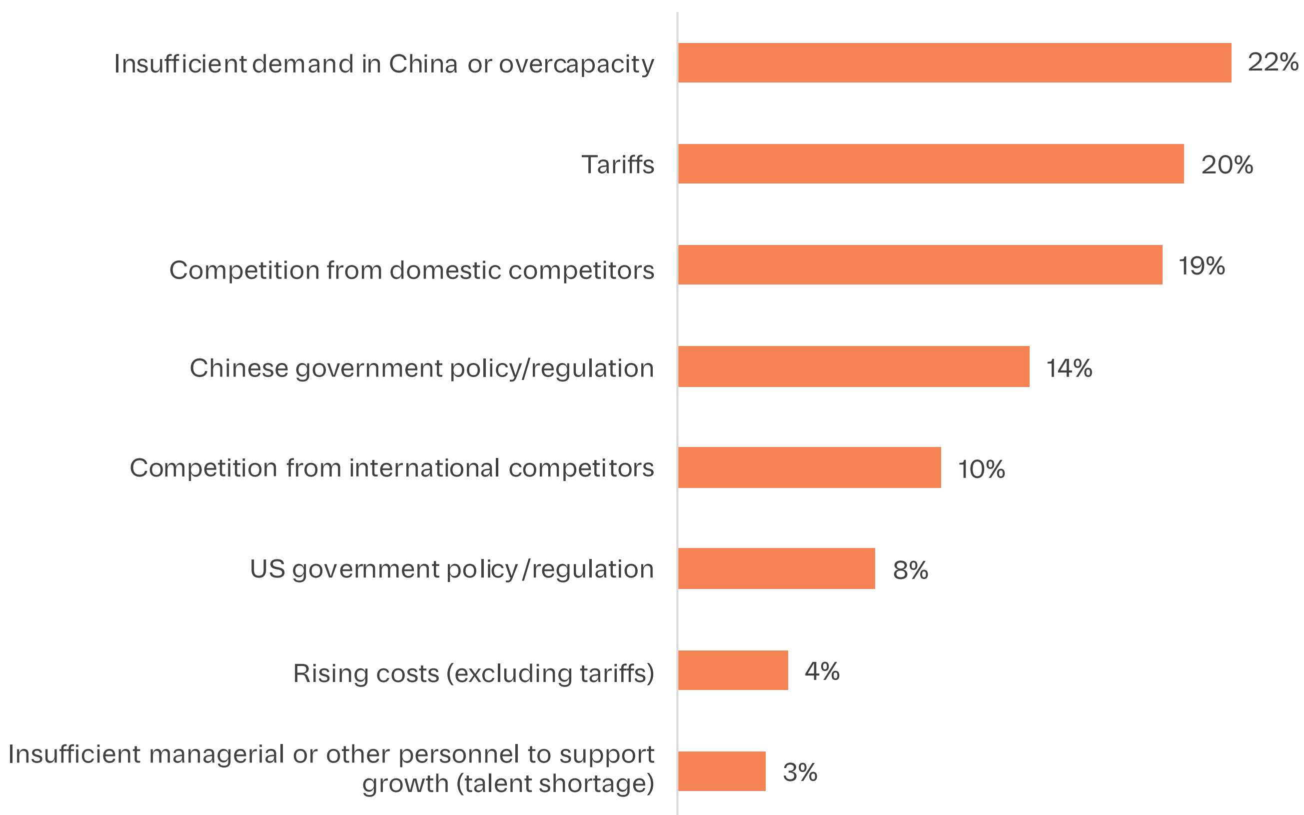
Has overcapacity led to deflation in your sector?



The combination of insufficient demand and overcapacity is driving deflation. Of those affected by overcapacity, 81% reported falling prices in their sector. These pressures are most visible in shrinking profit margins. Like last year, insufficient domestic demand or industrial overcapacity remains the number one constraint on profitability in China, followed by rising costs due to tariffs.

> "Of those affected by overcapacity, 81% reported falling prices in their sector.

Primary restraint on increased profitability in China



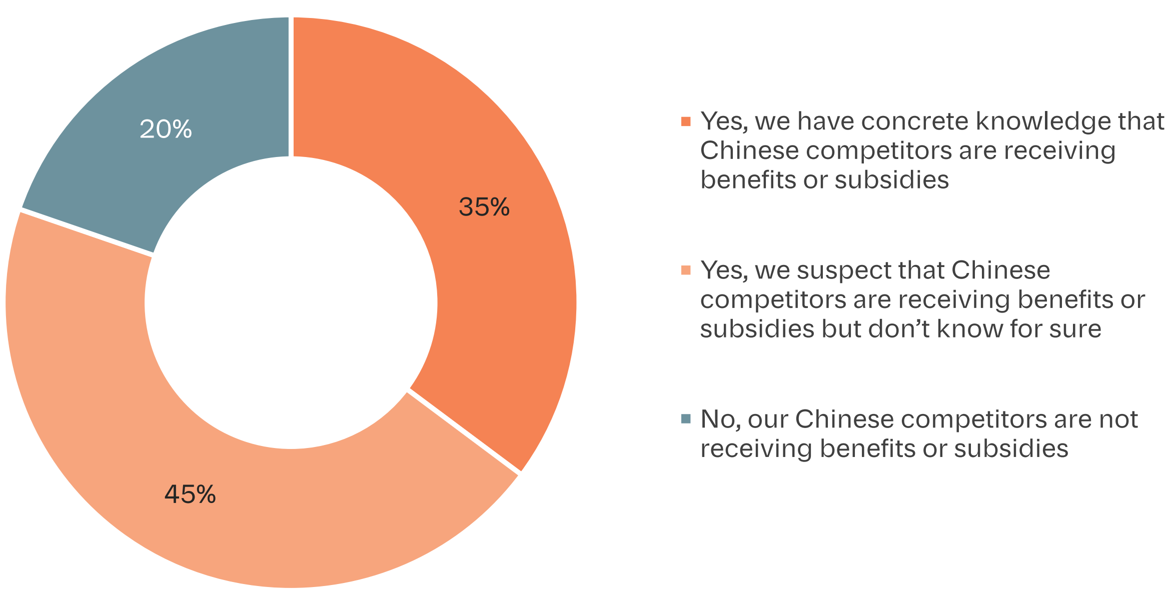
Industrial policies disadvantage US companies

In many respects, Chinese companies continue to gain advantage from industrial policies and the financial support they provide.

This year, 92% of respondents in affected sectors are seeing similar or higher levels of industrial policy support compared to last year, while 75% report concerns around industrial policy. Member company perceptions of heightened industrial policy support coincide with Chinese government programs aimed at cultivating domestic technology companies, such as China's Xinchuang initiative, the "little giants" program, and innovation development plans for traditional industries, such as petrochemicals. These programs often include localization and domestic content requirements, which, by design, boost market share for Chinese companies.

These policies are backed by substantial financial support. Last summer, China's central bank launched several major relending programs that funneled billions of dollars into Chinese technology start-ups and small and medium-sized enterprises. More recently, the state-backed semiconductor industry investment fund began dispersing nearly $50 billion in new capital. Against this backdrop of expanding financial support, 80% of affected respondents indicate that their Chinese competitors are receiving tangible government benefits. These benefits include preferential financing (53%), tax incentives (45%), and direct subsidies (42%).

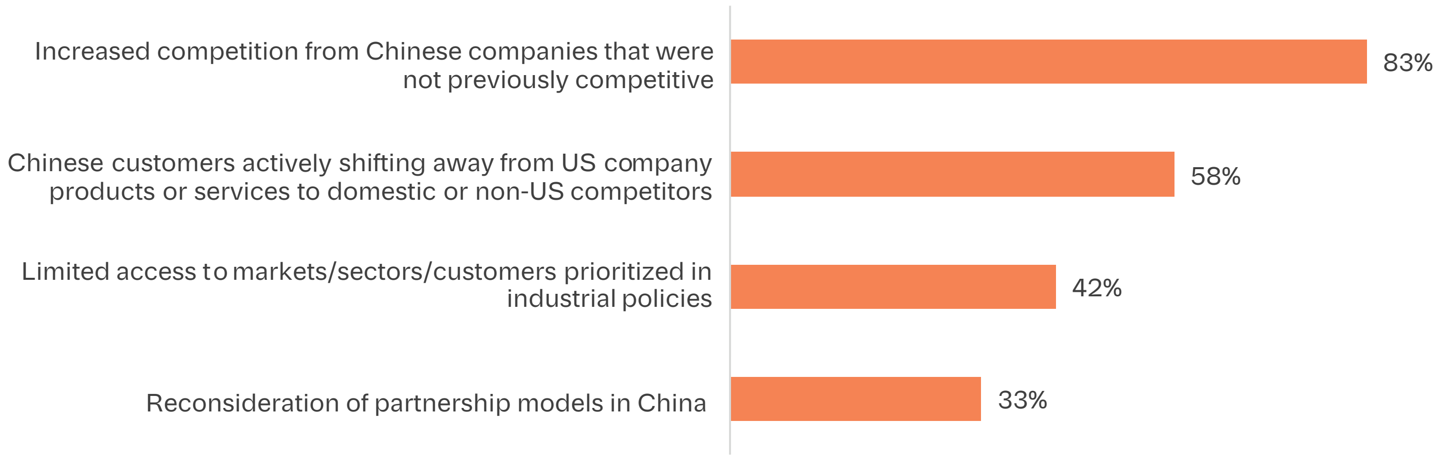
Are your Chinese competitors receiving tangible benefits or subsidies?



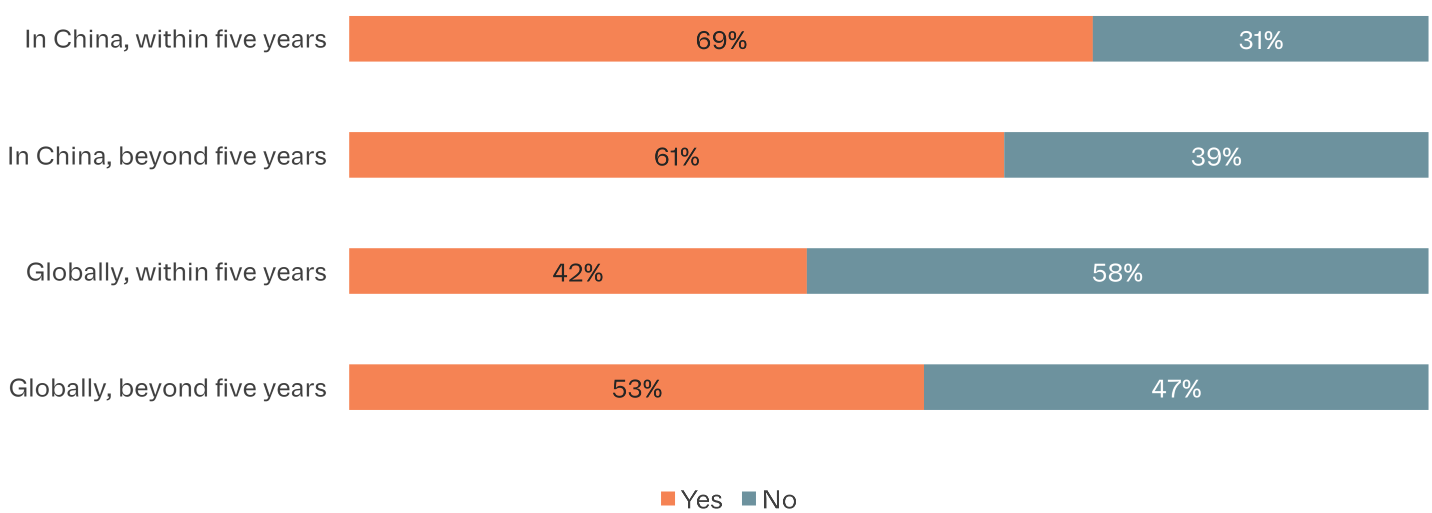
What type of benefits do competitors receive?

The effects of China's industrial policies continue to ripple through the American business community. More than 80% of respondents report that China's industrial policies are bolstering Chinese companies that were previously uncompetitive, and nearly 60% of companies report that China's industrial policies are steering Chinese customers away from American products and services and toward domestic alternatives. The loss of customers may be partly attributed to industrial policies that tie investment incentives and subsidies to the use of domestically sourced content.

Negative impacts from industrial policies



Are you concerned that Chinese industrial policies will negatively impact your market share?

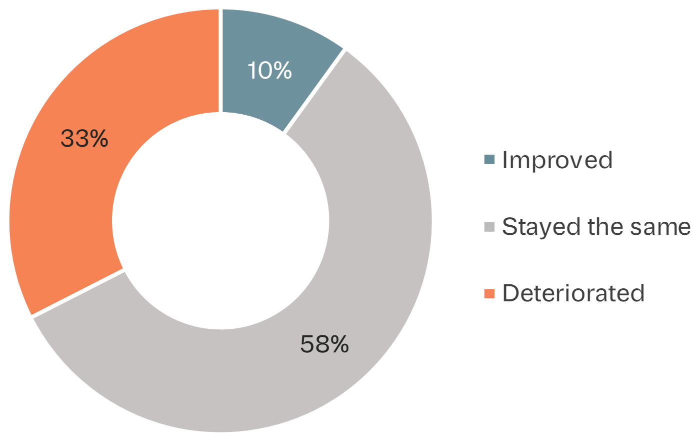


As the Chinese government cultivates domestic champions, US companies are increasingly concerned about losing market share. Most respondents (69%) suspect that China's industrial policies will erode US market share in China within the next five years. More than half are concerned about losing market share to Chinese competitors globally after five years.

Localization policies hinder market access for US firms

China's government and state-owned enterprise procurement market has become increasingly complex and opaque for American companies despite fresh commitments from Chinese officials to promote openness and transparency. What was once a relatively minor concern has grown into a prominent challenge, with public procurement ranking among respondents' top 10 business challenges for two consecutive years. This shift coincides with the emergence and growing awareness of nonpublic policy documents, specifically Document 79 and Document 551, which require the purchase of domestic products in public tenders.

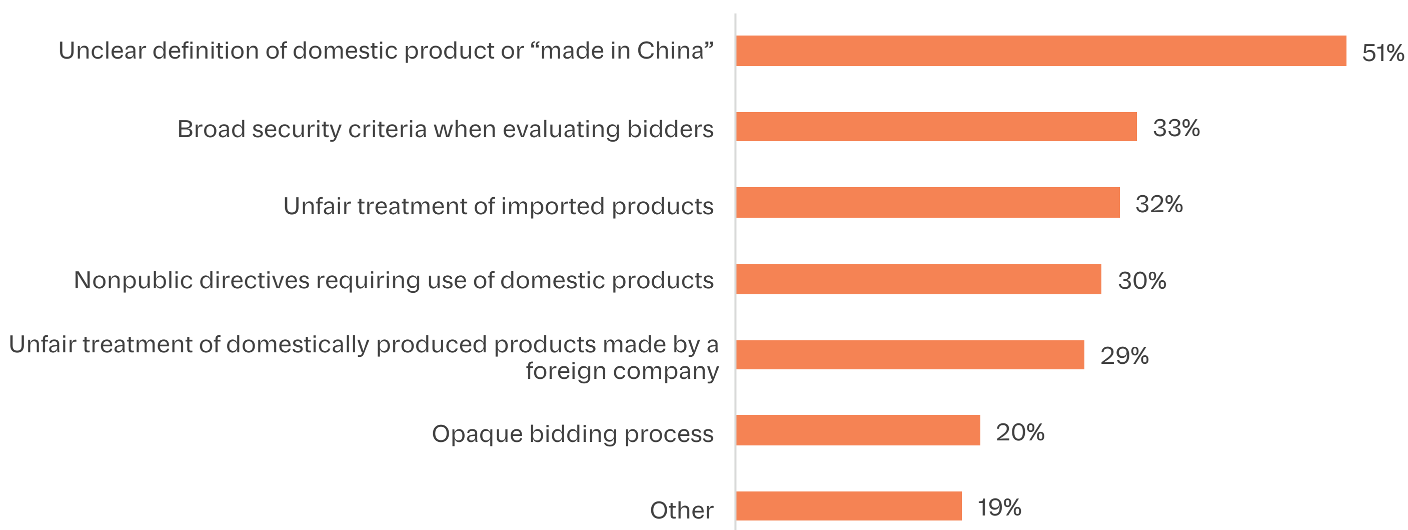
In the last 12 months, China's government and SOE procurement market for foreign companies has...



In 2025, perceptions of access to China's procurement markets show only slight improvement. Ten percent of respondents report better access, up from 5% in 2024, while 33% note a decline, rising from 27% in 2024.

Most companies (58%) report no change in procurement market access. These findings indicate that repeated promises of reform have not delivered tangible commercial benefits for most American companies.

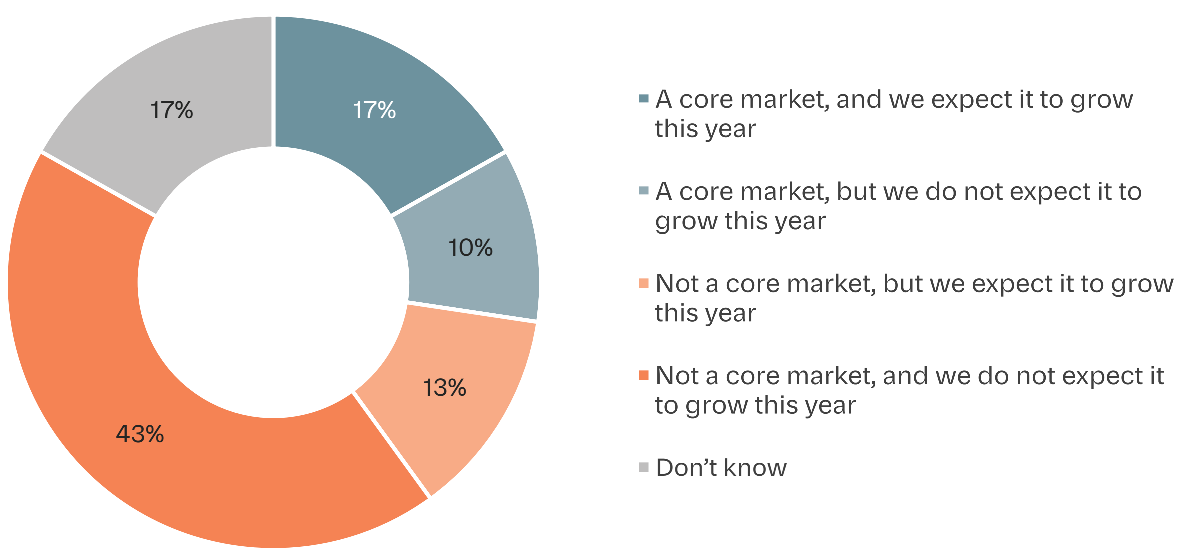
Challenges companies face in China's public procurement markets



Paramount among procurement challenges is the lack of clarity around what qualifies as a “domestic product” or “made in China.” In 2025, 51% of respondents identify these as barriers, up from 34% in 2024. Thirty percent of respondents say nonpublic directives mandating the preference of domestic products are a procurement challenge for their company. This is particularly prevalent in the medical device and information communication and technology sectors. Other key concerns include broad security criteria in bid evaluations and unfair treatment of imported products in public tenders.

While fewer companies cite opaque bidding processes or unclear security criteria as core concerns this year, these declines may reflect reduced US company participation in the procurement market rather than improvement in the business climate. Facing high compliance risks, unclear qualification criteria, and low success rates in public tenders over the last several years, companies may be eschewing the public procurement process entirely.

How important is China’s public procurement market to your company?



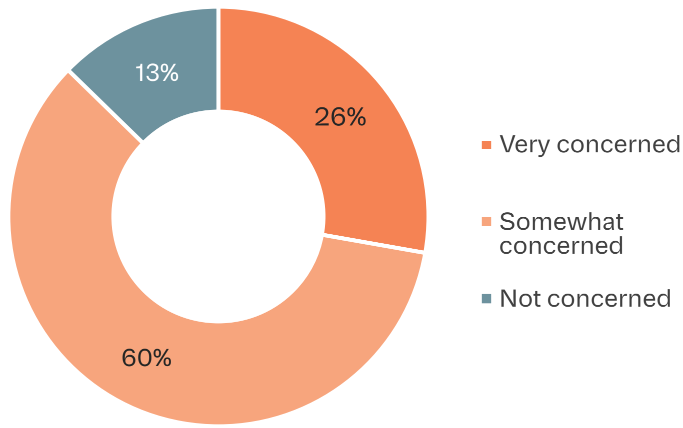
Views on the strategic importance of China’s public procurement markets are mixed. Only 17% of respondents consider it a core growth area, while 13% expect some growth but do not view it as central to their China business strategy. Meanwhile, 43% say the procurement market is not a core business focus and do not anticipate expanding this year.

Data concerns ease only slightly

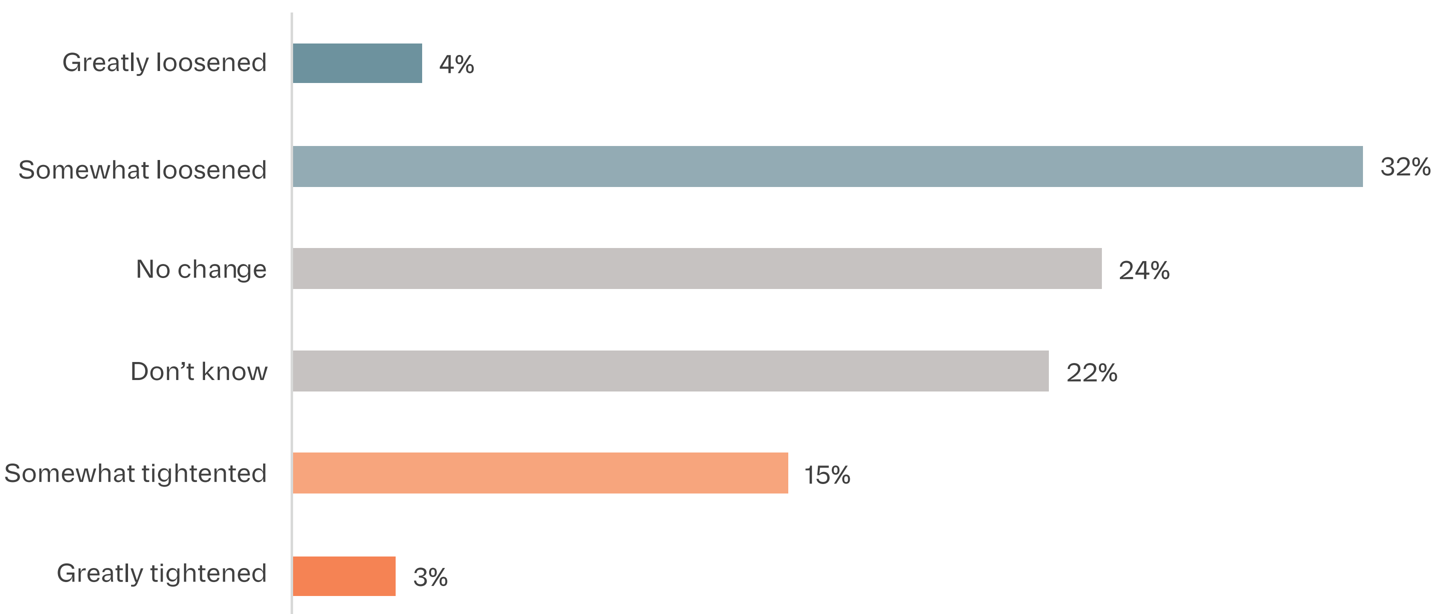
For nearly a decade, the Chinese government has steadily tightened its oversight of how businesses collect, use, and transfer data. A policy shift emerged in late 2023, and by March 2024, new rules from China's cybersecurity regulator heralded more manageable compliance requirements for cross-border data transfers (CBDTs).

Despite the policy shift, data, personal information, and cybersecurity rules still rank sixth among company challenges. Eighty-eight percent of respondents maintain some level of concern, a minor improvement from the previous year. What is more, the intensity of concern has eased, with the share of companies reporting that they are very concerned dropping from 40% last year to 26% this year.

Level of concern about China's policies and regulations governing data privacy and security



Change in CBDT compliance requirements in the last year



This change suggests that more relaxed data requirements and increased guidance from cybersecurity regulators are having a positive impact, as reflected in the evolving perceptions of compliance requirements. It also marks the second consecutive year in which more companies report the easing rather than tightening of data regulations.

While businesses welcome this easing, slow implementation and lingering uncertainties continue to impede business confidence and investment planning.

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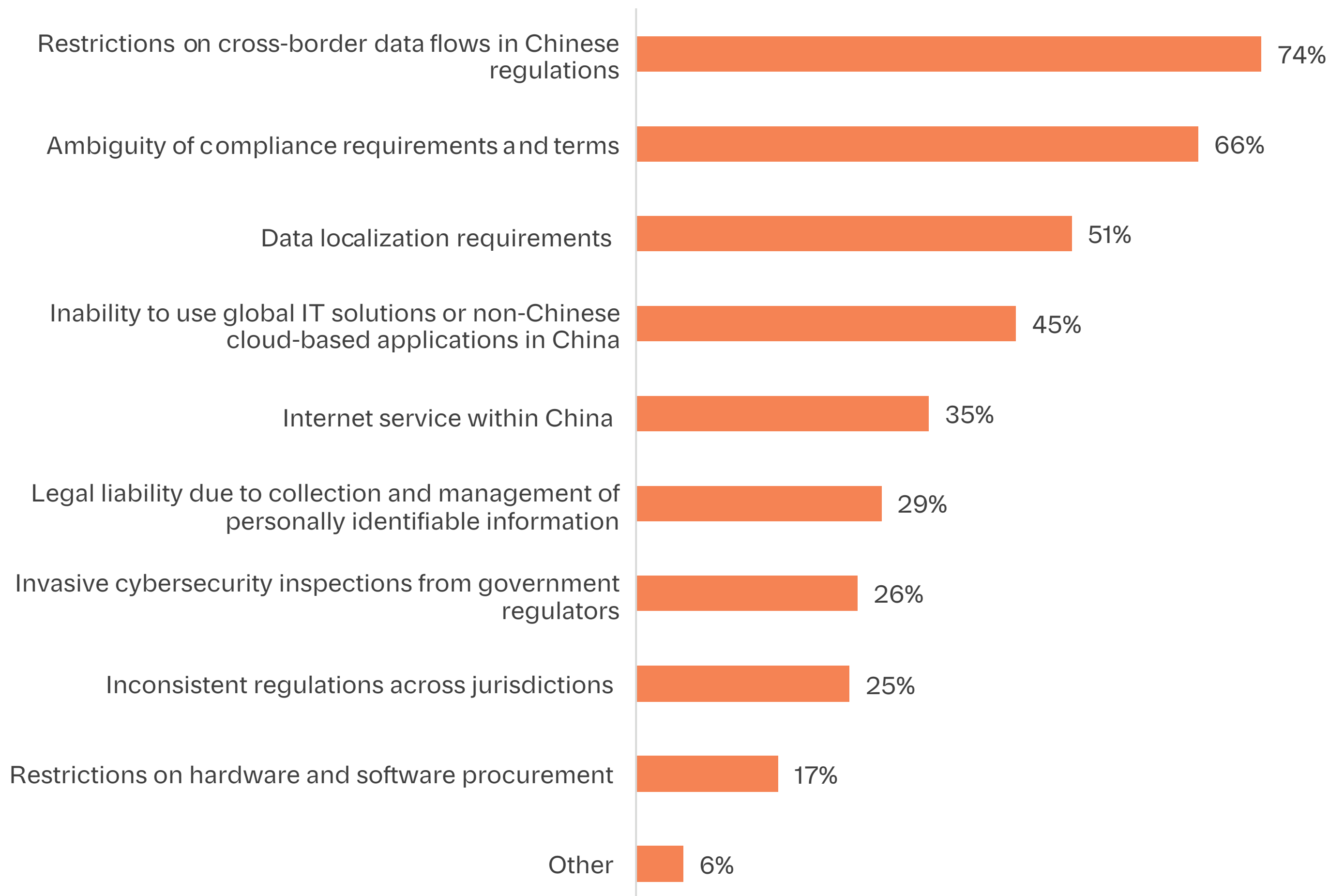
> Despite the policy shift, data, personal information, and cybersecurity rules still rank sixth among company challenges.

Concerns about data security-related issues



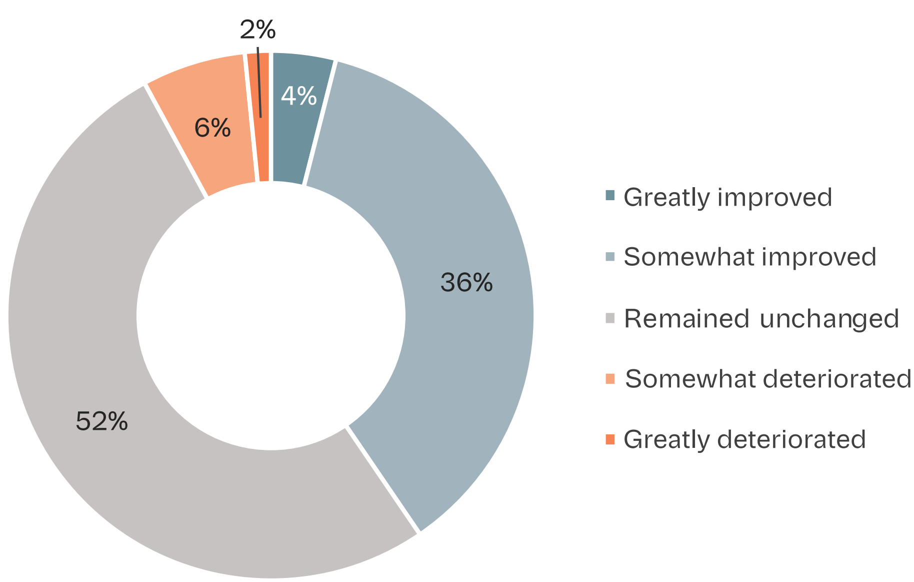
Remaining restrictions on cross-border data flows, compliance ambiguities, and data localization requirements continue to be the top three data concerns. Many of these challenges stem from the unclear definition of "important data," a classification that triggers additional compliance obligations for data processing and transfers. A new concern, affecting a quarter of respondents, is the inconsistent application of data regulations across jurisdictions, reflecting the fragmented implementation of rules across cities and free trade zones.

While regulators have demonstrated more willingness to address these and other unresolved issues, slow and uneven progress underscores the remaining gap between policy intentions and outcomes.

Companies see little progress on IP protection

Intellectual property (IP) protection, a long-standing concern that impacts business activities across industries, remained the 10th-ranked business challenge this year. Three quarters of respondents report at least some concern about the level of IP protection in China, and most say the overall IP environment has stayed the same this year.

Over the past year, China's protection of IP rights has...



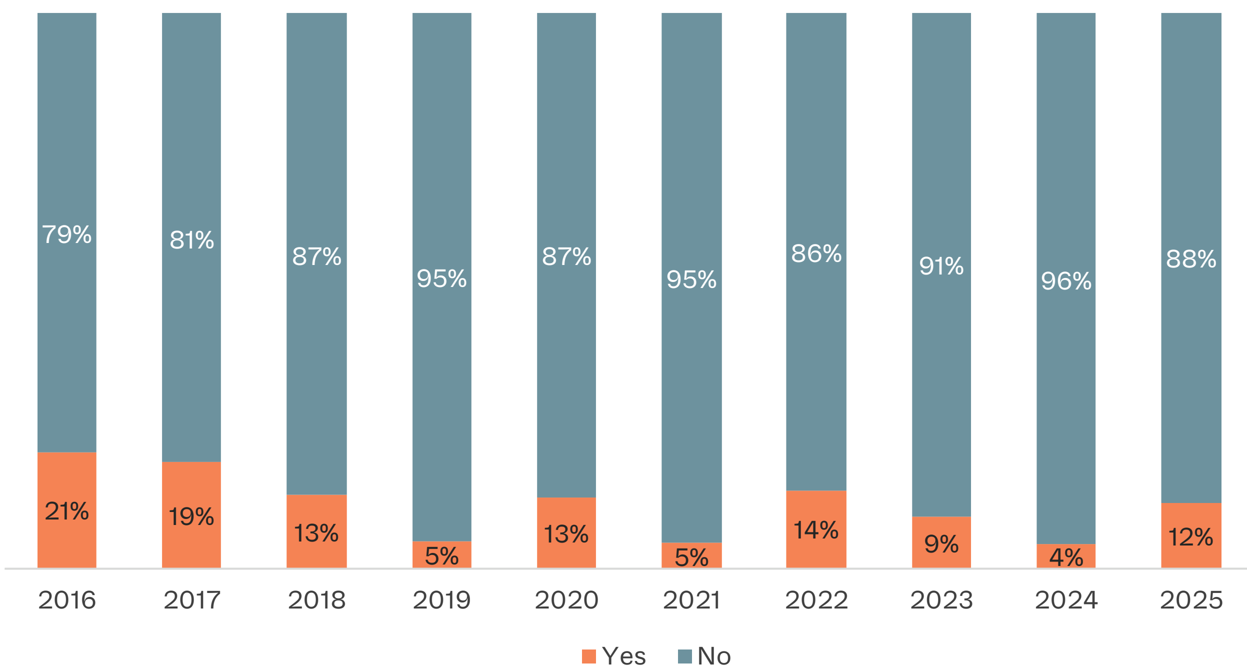
Which of the following IP issues are relevant for your company in China?

Inconsistent enforcement of administrative and judicial rulings remains the top IP challenge for the fifth consecutive year, with 43% of companies reporting concern. Discussions with USCBC member companies indicate that enforcement decisions are selective and that IP holders are more likely to secure effective enforcement when their cases support China's domestic innovation and industry priorities.

Concern over insufficient penalties to deter infringement rose from the fifth- to the second-most common IP challenge. This shift highlights the need for more consistent and proactive use of enforcement tools, such as punitive damages and anti-suit injunctions, which can help litigants protect high-value IP during lengthy legal proceedings. Companies also report ineffective central-local coordination and inadequate legal and policy frameworks as the third- and fourth-most significant IP challenges, respectively.

The IP infringements of greatest concern for respondents are patents (30%) and trademarks (27%). China made incremental progress in 2024 in refining its patent regulatory framework, but legislative reforms are still needed. Strengthening interagency and central-local coordination, clarifying implementation responsibilities and procedures, and issuing sector-specific guidance will be critical to establishing a more coherent, consistent, and enforceable IP protection regime.

Over the past three years, has your company been asked to transfer technology to China as a requirement of gaining market access?



After reaching a record low in last year's survey, the share of respondents reporting pressure to disclose or transfer IP has increased. The rebound could be related to USCBC's wording of the question to include both disclosures and transfers. Among companies that reported being asked to disclose or transfer technology and trade secrets to conduct essential business activities, the most common concerns were insufficient confidentiality protections and overly broad disclosure requirements during administrative procedures. These concerns may originate from China's slow progress in strengthening trade secret protections — particularly the lack of follow-up on the Ministry of Justice's draft guiding opinions issued in August 2020. Beyond high-level legal reforms, more consistent local enforcement is critical to ensuring predictable and equitable treatment for all market participants, which is essential for encouraging innovation-driven investment.

Company Performance and Planning

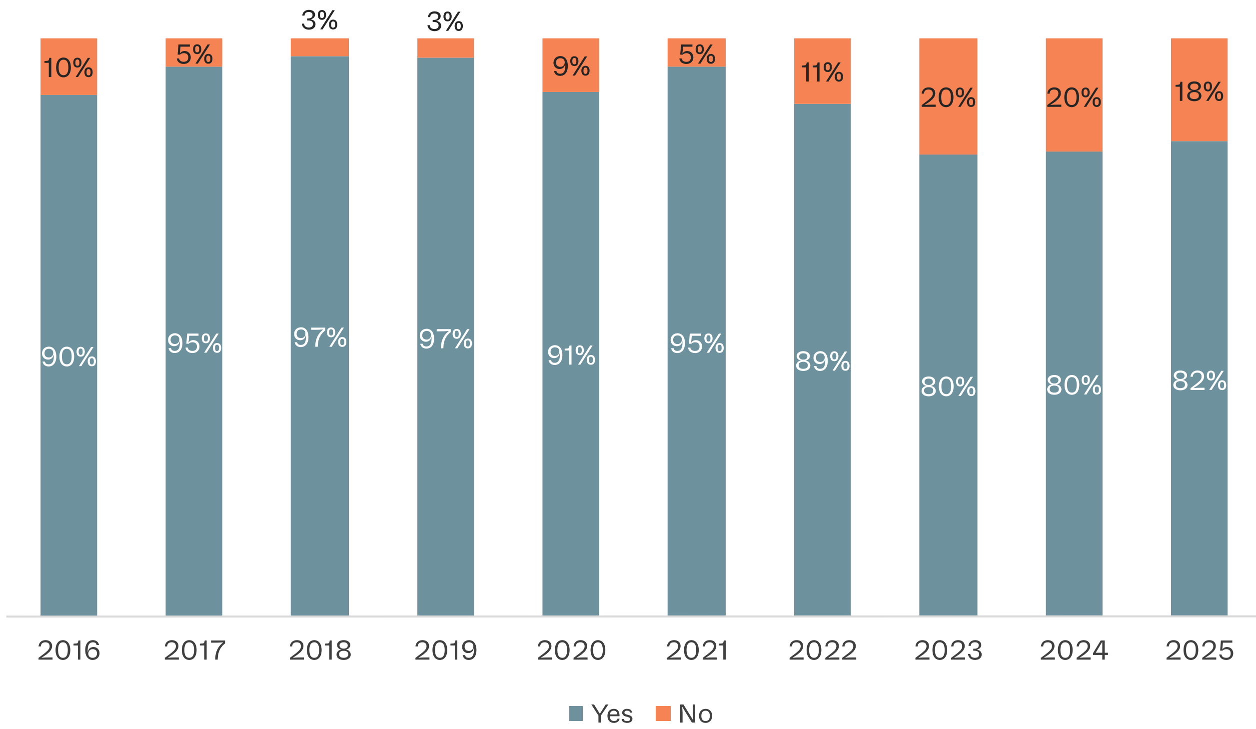
Companies remain committed to the China market for the many opportunities it presents, including meeting Chinese consumer demand and leveraging China's supply chains, which in many sectors are unmatched in scale and sophistication. Still, longer-term outlooks for the China market are shifting downward, reflecting slower growth, skepticism that the United States and China will allow business to continue without interruption, and the myriad domestic Chinese policy challenges discussed in this report.

While there has not been an exodus of American companies from China, a larger retreat from the world's second-largest economy is still possible, particularly if the United States renews the shock-and-awe approach it took to tariffs early in the year or if China continues to roll out industrial policies that pump subsidies into domestic firms and inhibit fair competition. Such a retreat would be devasting to American companies, many of which could not remain competitive globally without maintaining a presence in China.

Profitability holds for now, but outlooks shift downward

Despite lagging economic growth and geopolitical uncertainty, 82% of respondents report that they generated profits in 2024, a slight improvement over 80% in each of the previous two years. The proportion of companies reporting losses over the past three years was significantly higher than in 2016-2022. Slower economic growth in China continues to weigh on businesses, with deflationary pressures prompting price cuts and with subdued consumer demand limiting sales. Concurrently, rising costs related to tariffs and regulatory compliance are placing additional strain on profit margins. Without a meaningful economic rebound or a de-escalation of US-China trade tensions, these pressures will likely persist throughout 2025.

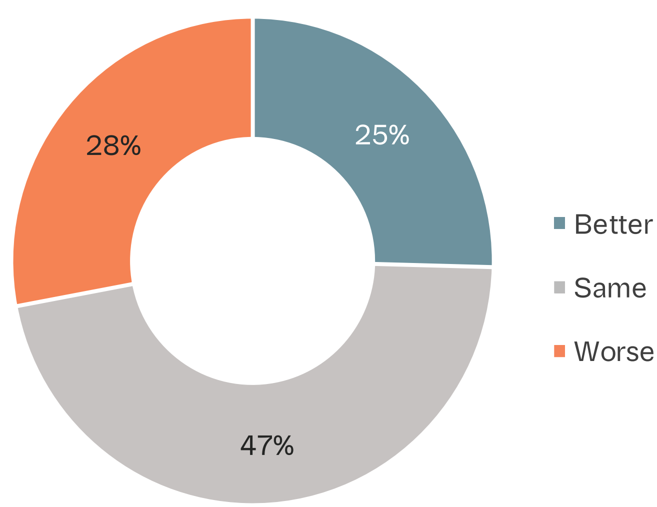
Were your China operations profitable last year?



Even with profits holding firm for now, concerns about rising costs, price deflation, and stiffer competition are tempering the profit outlook for 2025. One quarter of respondents anticipate their China profit margins in 2025 will surpass their global average, while a slightly larger share (28%) expect margins in China to fall below that benchmark. A plurality (47%) expect their China profit margins to match their global average. This outlook is broadly consistent with trends seen over the previous two years.

Over the medium term, companies are adjusting their business outlooks downward, a trend that began in 2022. Fewer than half of respondents

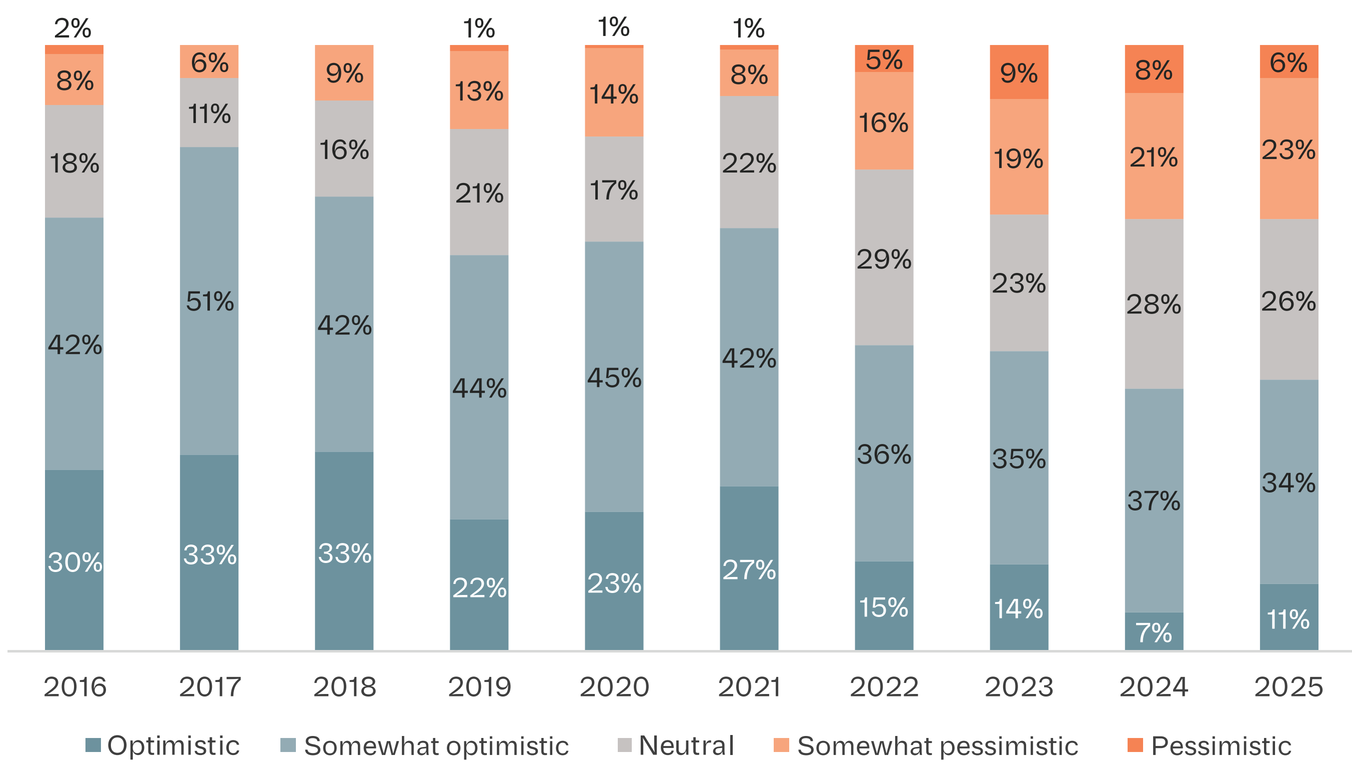
Projected profit margins for China operations compared with the company overall in 2025



have an optimistic or somewhat optimistic outlook — roughly unchanged from last year. Meanwhile, the level of pessimism matched last year's record high of 29%. The steady decline in optimism reflects assumptions about China's economic growth forecasts and low confidence in the prospect of improvement in the US-China relationship in the near to medium term.

> "Over the medium term, companies are adjusting their business outlooks downward, a trend that began in 2022.

Five-year outlook for business in China

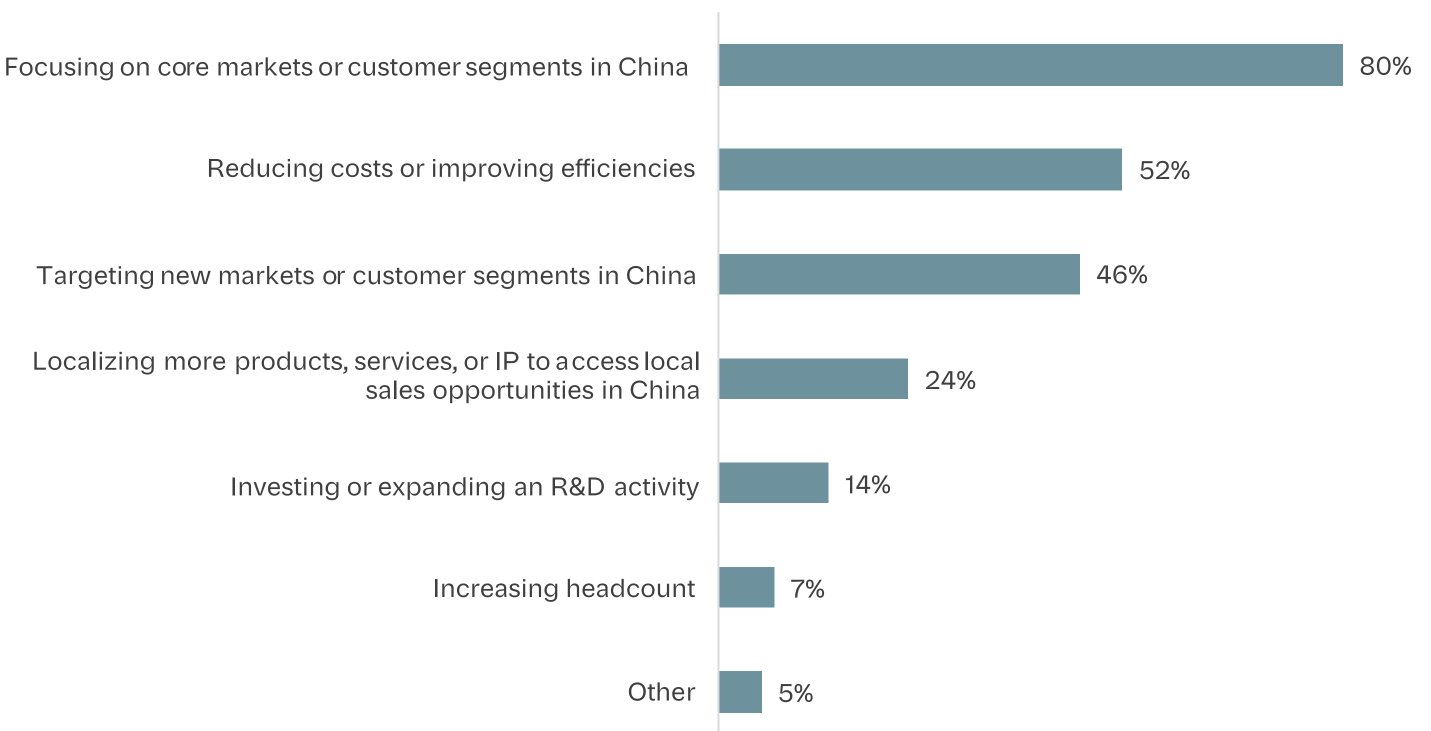


Companies balance cost cutting with capitalizing on market opportunities

Expectations of weaker growth and profitability are also evident in respondents' China business plans for the rest of the year. With fewer companies planning new investments, most are prioritizing their existing business operations. Focusing on core markets or customers, reducing costs or improving efficiencies, and targeting new markets or customers in China — particularly tertiary cities, where consumer spending is rising — comprise the top three business strategies that companies are pursuing this year. Companies planning new investments, either to support new customer acquisition or localization, may do so with fewer resources, as only 7% plan to increase headcounts.

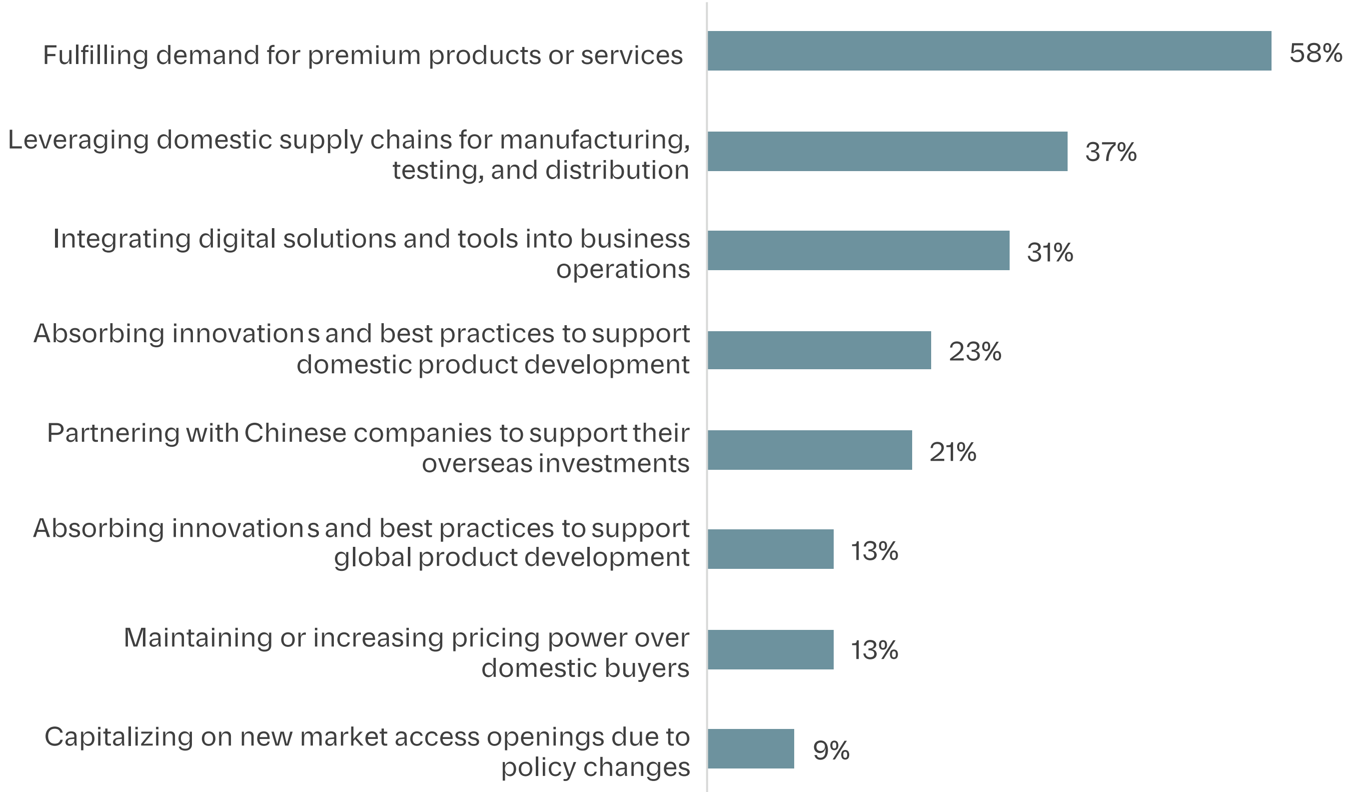
> "With fewer companies planning new investments, most are prioritizing their existing business operations.

Which of the following describes your business strategy in China this year?



China's role as a global center for manufacturing and innovation generates unique business opportunities for US businesses operating there. Fulfilling demand for premium products or services, leveraging domestic supply chains for manufacturing, and integrating digital tools into business operations are the most-cited business opportunities for companies this year.

What are the top opportunities for your China business this year?



Companies are also absorbing innovations and best practices to support domestic product development and global product development. Discussions with USCBC members indicate that American companies are increasingly looking to Chinese innovations in social media-based marketing to inform their own practices.

> "
> China's role as a global center for manufacturing and innovation generates unique business opportunities for US businesses operating there.

Investing in China enhances global competitiveness

While many companies have slowed or paused new investments in China as they assess the fallout from bilateral trade tensions, the market's long-term potential remains a key driver for current and future investments. A third of respondents say enhancing competitiveness is an objective of their investments.

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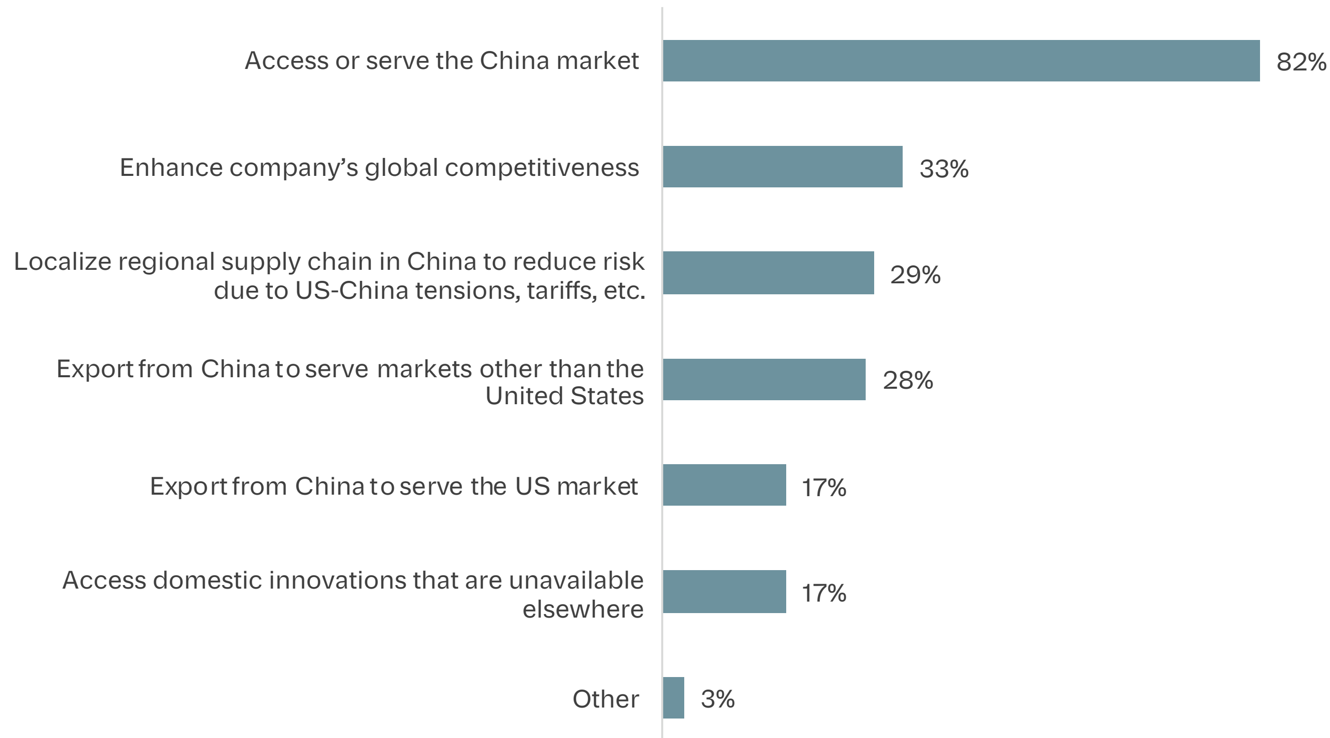
> More than 80% of USCBC member companies are investing in China to access or serve the domestic market.

Objectives for existing and future investments in China

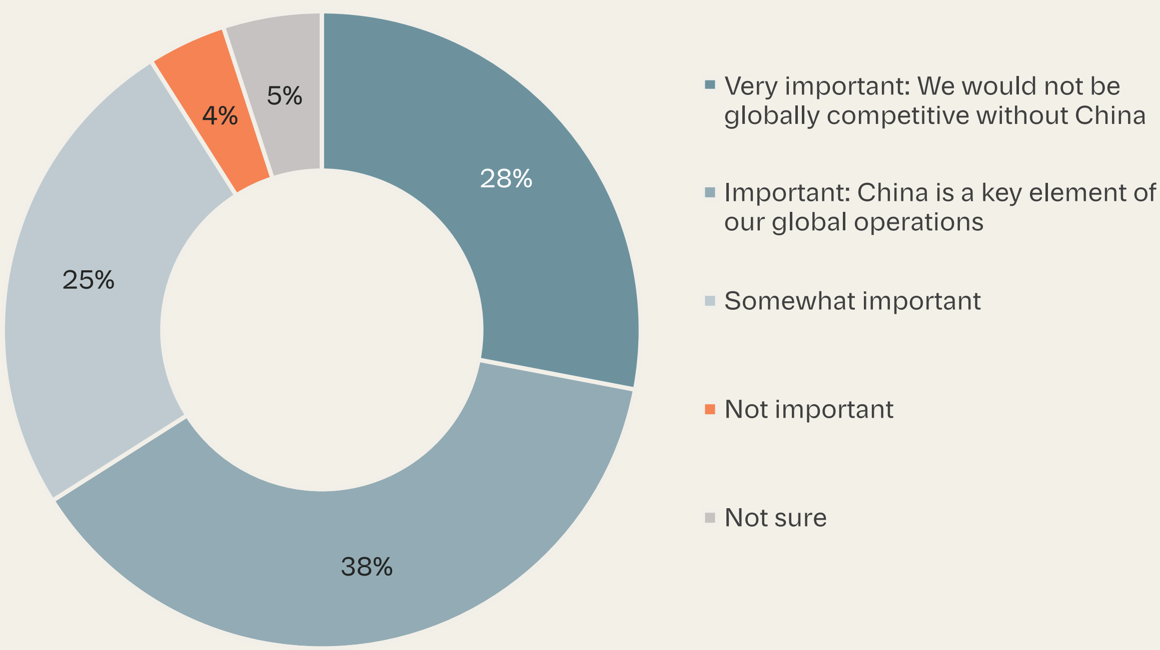


As in previous years, more than 80% of USCBC member companies are investing in China to access or serve the domestic market. Twenty-nine percent indicate plans to localize supply chains in China to reduce risks from US-China tensions, up from 21% last year. Only 17% of respondents cite exporting from China to the United States as a primary objective for investing.

HOW BEING IN CHINA KEEPS AMERICAN COMPANIES COMPETITIVE

Investing in China allows US companies to be closer to customers and suppliers and meet the needs of the domestic market, which boasts the largest middle class in the world. According to the US Bureau of Economic Analysis, American companies and their subsidiaries sold approximately $491 billion in goods and services in China in 2022, the most recent year for which data is available. Profits from these sales are a vital source of funding for research and development and capital investment in the United States.

China's importance to your company's global competitiveness



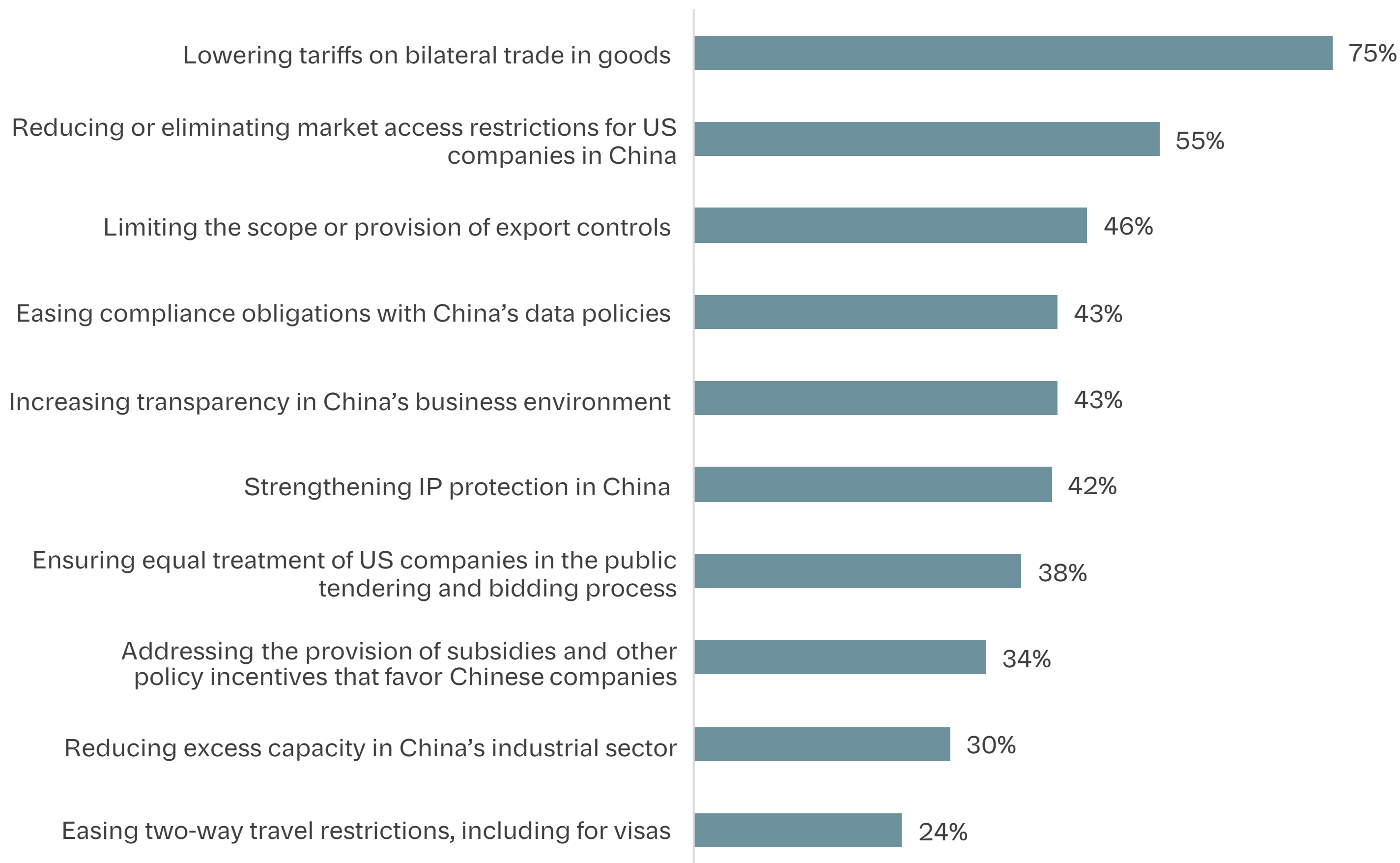
American companies view their business activities in China as essential to enhancing their global competitiveness. Twenty-eight percent of respondents say they would not be globally competitive without China, while 38% identify China as a key element of their global footprint. Another 25% consider their China operations somewhat important.

Conclusion

The past year has been challenging for USCBC member companies in China. A meaningful improvement in business sentiment is unlikely without a credible and lasting resolution to trade tensions between the two governments. Since the survey closed, the two governments agreed to reduce what were triple-digit tariffs and suspend the introduction of new ones for a period of 90 days to support trade talks. This is a critical opportunity for both countries.

The immediate priority for American companies is achieving meaningful and lasting tariff reductions. The current trade-weighted average tariff on Chinese imports remains around 50%, which is prohibitive for many products. Negotiators should also establish a robust and transparent tariff exclusion process and provide ample lead time for companies to adjust to tariffs. Together, these steps would foster a more stable and predictable business environment.

Top policy areas for US-China negotiations



However, not all challenges in China stem from geopolitics. New negotiations on perennial market access issues are long overdue. While the Chinese government claims to welcome US investment, its practices often suggest otherwise, a sentiment consistently repeated in USCBC's annual surveys. Tackling these impediments is fundamental to achieving the Chinese government's foundational policy doctrine of reform and opening and will have the added benefit of attracting foreign investment into China.

The Chinese government must also resolve several structural issues that hamper economic growth. These include overcapacity, a misallocation of housing, and an underfunded social safety net, including health insurance. These forces suppress household spending, which in today's economic environment is exacerbating deflation.

Despite ongoing challenges, US companies still see opportunity in China. For many member companies, China is their second-largest market globally after the United States, both in terms of revenue and profit. These dynamics underscore the strategic importance of the China market to American companies seeking long-term growth and global competitiveness.

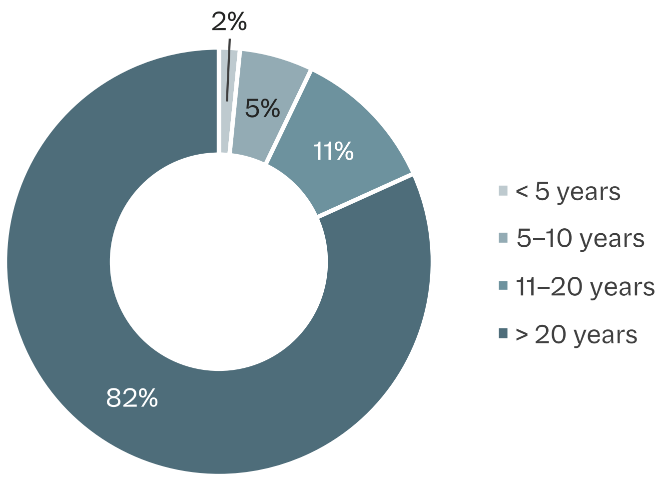
Methodology

This year's survey was conducted between March and May 2025 and draws from a pool of 130 member companies. Respondents have significant experience and presence in the China market — more than three quarters have operated in China for longer than 20 years, and 43% generate revenue in China exceeding $1 billion. The data in this report reflect responses from representatives of leading American companies in nine broad sectors, including industrial and manufacturing, life sciences, technology, consumer products and services, and financial and professional services. Representatives are based in both the United States and China, which makes our survey unique among trade associations.

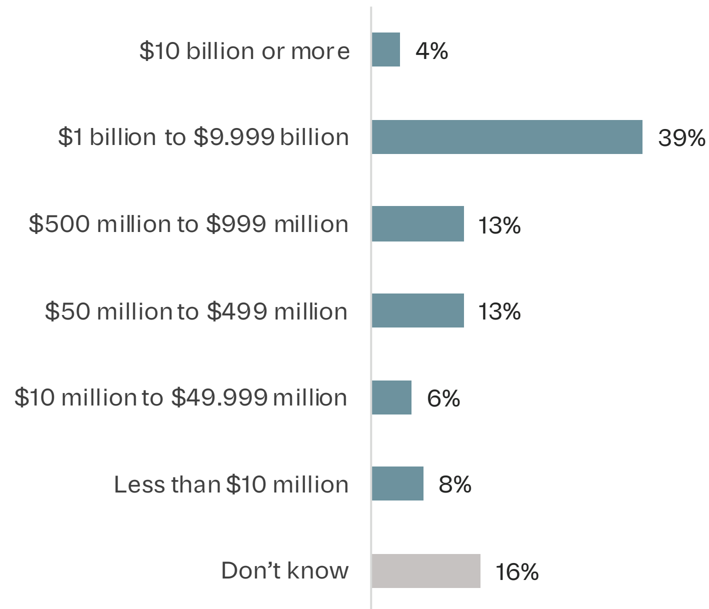
Respondents' top 10 challenges were ranked using a weighted system to reflect the most significant issues they encounter while doing business in China. To ensure consistent analysis over time, the same methodology was used in previous years. Due to rounding, some stacked bar and donut chart totals may add up to slightly more or less than 100%.

Respondent Profile

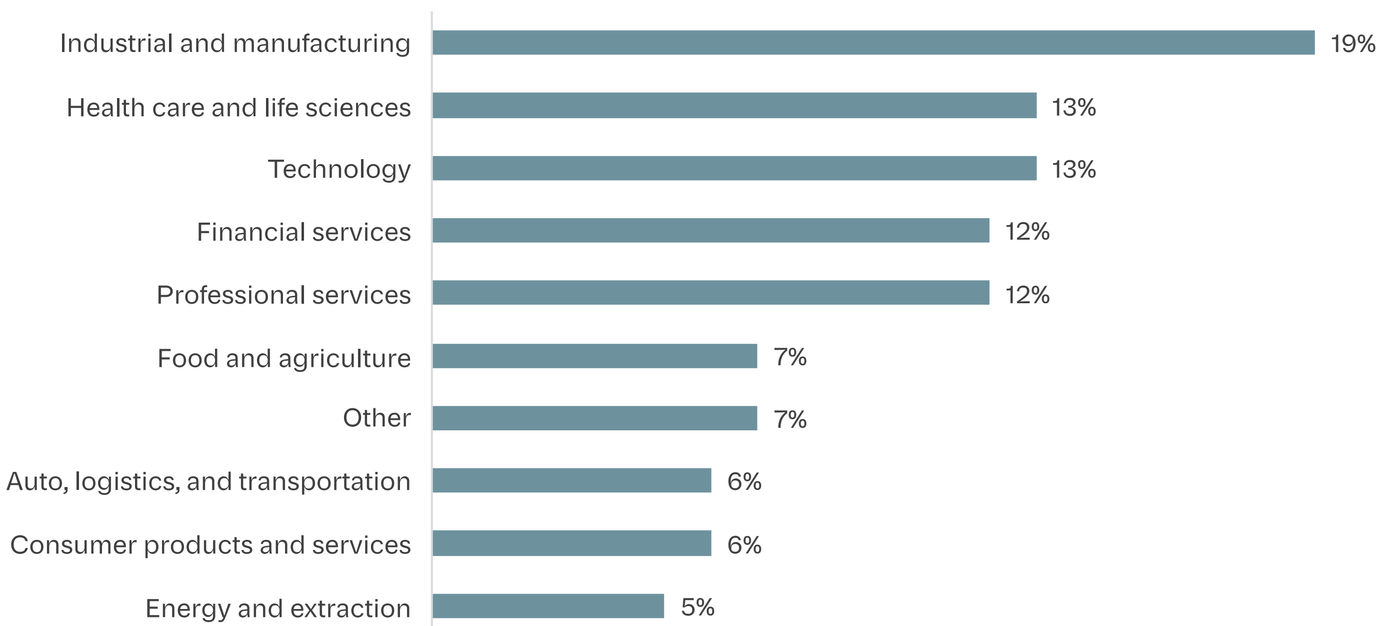
Years doing business in China



What is the China revenue of your company?



What industry or sector best describes your business in China?



THE US-CHINA BUSINESS COUNCIL
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Founded in 1973, the US-China Business Council (USCBC) is a private, nonpartisan, nonprofit association of more than 270 American companies that do business with China. Our membership includes some of the largest and most iconic American brands, in addition to professional services firms and small and medium-sized enterprises. We are headquartered in Washington, DC, and maintain offices in Beijing and Shanghai.

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