Xiuling Zhang • Bruce P. Corrie

Investing in China and Chinese Investment Abroad
# Contents

<table>
<thead>
<tr>
<th>Part I Investing in China</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 History of Foreign Investment in China</td>
<td>3</td>
</tr>
<tr>
<td>1.1 History of Foreign Direct Investment in China</td>
<td>3</td>
</tr>
<tr>
<td>1.2 The Industrial Structure of FDI in China</td>
<td>5</td>
</tr>
<tr>
<td>1.3 Regional Distribution of FDI in China</td>
<td>8</td>
</tr>
<tr>
<td>1.4 The Sources of FDI</td>
<td>10</td>
</tr>
<tr>
<td>References</td>
<td>12</td>
</tr>
<tr>
<td>2 Chinese Policies on Encouraging Foreign Investment</td>
<td>13</td>
</tr>
<tr>
<td>2.1 Chinese Regional Policies on Encouraging Foreign Investment</td>
<td>13</td>
</tr>
<tr>
<td>2.2 Chinese Industrial Policies on Encouraging Foreign Investment</td>
<td>17</td>
</tr>
<tr>
<td>References</td>
<td>20</td>
</tr>
<tr>
<td>3 Development Report of North America Direct Investment in China</td>
<td>21</td>
</tr>
<tr>
<td>3.1 The United States Investment in China</td>
<td>21</td>
</tr>
<tr>
<td>3.1.1 Development Tendency of the United States Investment in China</td>
<td>21</td>
</tr>
<tr>
<td>3.1.2 The Features of the Investment</td>
<td>23</td>
</tr>
<tr>
<td>3.1.3 Industrial Distribution and Major Projects</td>
<td>25</td>
</tr>
<tr>
<td>3.2 Canada</td>
<td>26</td>
</tr>
<tr>
<td>3.2.1 The Development Tendency of the Canada Investment in China</td>
<td>26</td>
</tr>
<tr>
<td>3.2.2 Investment Features</td>
<td>28</td>
</tr>
<tr>
<td>3.2.3 Industry Distribution and Major Projects</td>
<td>29</td>
</tr>
<tr>
<td>References</td>
<td>30</td>
</tr>
<tr>
<td>Section</td>
<td>Title</td>
</tr>
<tr>
<td>---------</td>
<td>-------</td>
</tr>
<tr>
<td>4</td>
<td>Development Report of Europe Direct Investment in China</td>
</tr>
<tr>
<td>4.1</td>
<td>Germany</td>
</tr>
<tr>
<td>4.1.1</td>
<td>The Development Tendency of Foreign Investment</td>
</tr>
<tr>
<td>4.1.2</td>
<td>The Features of the Investment</td>
</tr>
<tr>
<td>4.2</td>
<td>France</td>
</tr>
<tr>
<td>4.2.1</td>
<td>The Development Status of France Investment in China</td>
</tr>
<tr>
<td>4.2.2</td>
<td>Investment Characteristics</td>
</tr>
<tr>
<td>4.2.3</td>
<td>Industry Distribution and Focus Areas</td>
</tr>
<tr>
<td>4.3</td>
<td>Russia</td>
</tr>
<tr>
<td>4.3.1</td>
<td>Investment Trends</td>
</tr>
<tr>
<td>4.3.2</td>
<td>Investment Mode</td>
</tr>
<tr>
<td>4.3.3</td>
<td>Industry Distribution and Projects</td>
</tr>
<tr>
<td>References</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Development Report of Africa Direct Investment in China</td>
</tr>
<tr>
<td>5.1</td>
<td>Investment Features of Africa Countries in China</td>
</tr>
<tr>
<td>5.2</td>
<td>Industry Distribution and Major Projects</td>
</tr>
<tr>
<td>References</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Development Report of Asia Direct Investment in China</td>
</tr>
<tr>
<td>6.1</td>
<td>Japan</td>
</tr>
<tr>
<td>6.1.1</td>
<td>The Development of Japan’s Investment in China</td>
</tr>
<tr>
<td>6.1.2</td>
<td>The Characteristics of Japan’s Investment in China</td>
</tr>
<tr>
<td>6.1.3</td>
<td>Industrial Distribution and Key Projects of Japan’s Investment in China</td>
</tr>
<tr>
<td>6.2</td>
<td>South Korea</td>
</tr>
<tr>
<td>6.2.1</td>
<td>The Development of South Korea’s Investment in China</td>
</tr>
<tr>
<td>6.2.2</td>
<td>Investment Characteristics</td>
</tr>
<tr>
<td>6.2.3</td>
<td>Industry Distribution and Key Projects</td>
</tr>
<tr>
<td>6.3</td>
<td>India</td>
</tr>
<tr>
<td>6.3.1</td>
<td>The Development of India’s Investment in China</td>
</tr>
<tr>
<td>6.3.2</td>
<td>Investment Characteristics</td>
</tr>
<tr>
<td>6.3.3</td>
<td>Industry Distribution</td>
</tr>
<tr>
<td>References</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Development Report of Oceania Direct Investment in China</td>
</tr>
<tr>
<td>7.1</td>
<td>Australia</td>
</tr>
<tr>
<td>7.1.1</td>
<td>The Development of Australia’s Investment in China</td>
</tr>
<tr>
<td>7.1.2</td>
<td>Investment Characteristics</td>
</tr>
<tr>
<td>7.1.3</td>
<td>Industrial Distribution and Key Projects</td>
</tr>
</tbody>
</table>
7.2 New Zealand ................................................................. 60
  7.2.1 The Development of New Zealand’s Investment in China .......... 60
  7.2.2 Investment Characteristics ......................................... 61
References ............................................................................. 61

8 Development Report of South America Direct Investment in China ........................................................................... 63
  8.1 Brazil .............................................................................. 63
    8.1.1 The Development of Brazil’s Investment in China .............. 63
    8.1.2 Industrial Distribution and Key Projects ......................... 64
  8.2 Other Latin American Countries ......................................... 65
    8.2.1 The Status of Investment Development ............................ 65
    8.2.2 Investment Characteristics ......................................... 65
References ............................................................................. 66

9 Provincial Competitive Industries ............................................. 69
  9.1 History and Present Condition of Central Provinces’ Competitive Industries ......................................................... 70
    9.1.1 Shanxi Province .......................................................... 72
    9.1.2 Henan ..................................................................... 72
    9.1.3 Hubei Province .......................................................... 75
    9.1.4 Hunan Province .......................................................... 75
  9.2 History and Present Condition of Eastern Province’s Competitive Industries ................................................................. 79
    9.2.1 Beijing .................................................................. 79
    9.2.2 Shanghai ................................................................. 81
    9.2.3 Tianjin .................................................................. 84
    9.2.4 Hebei Province .......................................................... 86
    9.2.5 Shandong Province ...................................................... 87
    9.2.6 Zhejiang Province ....................................................... 88
    9.2.7 Fujian Province .......................................................... 91
    9.2.8 Guangdong Province ................................................... 91
  9.3 History and Present Condition of Western Provinces’ Competitive Industries ................................................................. 94
    9.3.1 Sichuan Province ......................................................... 94
    9.3.2 Guizhou Province ......................................................... 95
    9.3.3 Yunnan Province ........................................................ 96
    9.3.4 Shaanxi Province ........................................................ 97
    9.3.5 Chongqing ............................................................... 98
    9.3.6 Gansu Province .......................................................... 99
    9.3.7 Inner Mongolia .......................................................... 101
    9.3.8 Guangxi ................................................................. 102
    9.3.9 Qinghai ................................................................. 103
    9.3.10 Tibet ................................................................. 104
### Contents

9.4 History and Present Condition of Northeast Provinces’ Competitive Industries .......................... 106
9.4.1 Heilongjiang ................................................. 106
9.4.2 Liaoning Province ........................................... 108
9.4.3 Jilin ........................................................... 112

10 Urban Competitive Analysis .................................................. 115
10.1 The Basic Conception and Index System of Urban Competitiveness ........................................... 115
10.1.1 The Basic Conception of Urban Competitiveness .................................................. 115
10.1.2 Research of Urban Competitive Index System .................................................. 115
10.2 Analysis of the Status of Urban Competitiveness .................................................. 116
10.2.1 Analysis of Competitiveness .................................................. 116
10.2.2 Analysis of Explanatory Competitiveness .................................................. 123

Part II Chinese Investment Abroad

11 The History of Chinese Direct Foreign Investment .................................................. 129
11.1 The Beginning Stage (1979–1991) .................................................. 129
11.2 The Developing Stage (1992–2001) .................................................. 129
11.3 The Fast Development Stage (2002 Until Now) .................................................. 132
References .................................................. 136

12 Policy of Overseas Investment .................................................. 139
12.1 The Early Stage of Exploring (1984–1990) .................................................. 139
12.2 The Stage of Rapid Development (1991–1998) .................................................. 139
12.3 The Stage of Steady Growth (1999–2006) .................................................. 140
12.4 The Stage of Fast Growth (Since 2007) .................................................. 141
References .................................................. 147

13 Chinese Investment in North America .................................................. 149
13.1 Investment and Development Trend of Chinese Companies in North America .................................................. 149
13.2 Chinese Enterprises’ Investment Way in North America .................................................. 149
13.2.1 Chinese Enterprises’ Investment Way in the United States .................................................. 149
13.2.2 Two Main Ways Used in Foreign Direct Investment .................................................. 150
13.3 Industry Distribution and Key Projects Invested by Chinese Enterprises in North America .................................................. 152
13.3.1 Industry Distribution of Investment Made by Chinese Enterprises in the US .................................................. 152
13.3.2 Industry Distribution of Chinese Enterprises’ Investment in Canada .................................................. 153
13.3.3 The Key Projects of Chinese Enterprises to Invest in North America .................................................. 153
References .................................................. 154
14 Chinese Investment in European Union .............................................. 155
14.1 China’s FDI to the European Union .............................................. 155
14.2 The Analyses of China’s FDI Flows to the European Union and China’s FDI Stock in the European Union .............................................. 155
14.3 The Analyses of China’s FDI by Industry ......................................... 156
14.4 France ......................................................................................... 157
14.4.1 China’s FDI to the France ......................................................... 157
14.4.2 The Analyses of China’s FDI to the France by Industry ................. 158
14.4.3 The Way of China’s FDI ............................................................ 159
14.5 Germany ...................................................................................... 159
14.5.1 Size ......................................................................................... 159
14.5.2 Field ....................................................................................... 159
14.5.3 Style ....................................................................................... 160
14.6 England ...................................................................................... 160
14.6.1 Investment Scale .................................................................... 160
14.6.2 Investment Areas ................................................................... 161
14.6.3 Investment Modalities .............................................................. 161
14.7 Italy ........................................................................................... 161
14.7.1 Investment Scale .................................................................... 161
14.7.2 Investment Field ..................................................................... 162
14.8 Portugal ...................................................................................... 164
14.8.1 Investment Scale .................................................................... 164
14.8.2 Investment Areas ................................................................... 164
14.8.3 Investment Modalities .............................................................. 164
14.9 Russia ........................................................................................ 164
14.9.1 Investment Scale .................................................................... 164
14.9.2 Investment Areas ................................................................... 164
14.9.3 Investment Modalities .............................................................. 165
References ......................................................................................... 166
15 Chinese Investment in Asia ................................................................. 167
15.1 Investment to Southeast Asia and South Asia of Chinese Enterprises ......................................................................................... 167
15.1.1 The Current Situation of Investment to Southeast and South Asia of Chinese Enterprises ......................................................................................... 167
15.2 Investment to Central Asia of Chinese Enterprises .............................................. 169
15.2.1 The Current Situation of Investment to Central Asia of Chinese Enterprises ......................................................................................... 169
15.3 Investment to East Asia of Chinese Enterprises .............................................. 170
15.3.1 The Current Situation of Investment to East Asia of Chinese Enterprises ......................................................................................... 170
15.3.2 The Current Situation of Investment to Korea of Chinese Enterprises ......................................................................................... 170
15.3.3 The Current Situation of Investment to North Korea of Chinese Enterprises .......................... 171
15.3.4 The Current Situation of Investment to Mongolia of Chinese Enterprises ............................ 172
15.3.5 The Current Situation of Chinese Enterprise Investment in Japan ........................................ 173
15.4 Investment to West Asia of Chinese Enterprises ................................................................. 173
15.4.1 The Current Situation of Chinese Enterprise Investment in the West Asia ............................. 173

References ......................................................... 175

16 Chinese Investment in Africa ................................................................. 177
16.1 The Investment Status of Chinese Enterprises in Africa ......................................................... 177
16.2 The Characteristics of Chinese Enterprises to Invest in Africa ........................................... 177
16.2.1 The Total Investment Is Lower, But the Growth Rate Is Higher ........................................ 177
16.2.2 The Growing Plenty of Investment Areas ........................................................................... 178
16.2.3 The Growing Diversified of Investment Entities and Investment Projects ......................... 179
16.2.4 The Growing Diversity of Investment Ways ....................................................................... 180
16.2.5 The Imbalance of Investment Regional ............................................................................. 180
16.2.6 Adopt Different Modes with Western Developed Countries ............................................... 181

References ......................................................... 181

17 Chinese Investment in Oceania ................................................................. 183
17.1 Introduction of Some Oceania Countries .............................................................................. 183
17.1.1 Australia ......................................................................................................................... 183
17.1.2 New Zealand .................................................................................................................. 184
17.1.3 Several Other Countries ................................................................................................. 185
17.2 The Status Quo of Chinese Enterprises Overseas Investment in Oceania ............................... 185
17.2.1 Scale Features: The Growth Rate of Investment Is Fast, But the Size Is Still Very Small ...... 185
17.2.2 Location Features: The Investment Distribution of the State Is More Concentrated, Especially in Australia, New Zealand ................................................................. 187
17.2.3 Industry Features: Investment Mainly Concentrated in the Resources and Energy Industry 188
17.2.4 Subject Feature: State-Owned Enterprises Take the Lead; Diversification Trend Has Enhanced 190
17.2.5 Australian Investment Status ......................................................................................... 191

References ......................................................... 192
18 Chinese Investment in South America

18.1 Brazil

18.1.1 The Current Situation of Investment in Brazil

18.1.2 Brazil’s Policy on the Cooperation and Investment with China’s Enterprises

18.1.3 The Typical Cases of China’s Enterprises Increase Investment in Brazil

18.2 Argentina

18.2.1 Situation of Chinese Investment in Argentina

18.2.2 Argentina Policy for Chinese Enterprises to Invest in Cooperation

18.2.3 Typical Chinese Enterprises to Invest in Argentina

18.3 Peru

18.3.1 The Situation of Chinese Investment in Peru

18.3.2 The Policy of Peru for Chinese Enterprises to Invest in Cooperation

18.3.3 Typical Chinese Enterprises for Peru Investment

18.4 Chile

18.4.1 China’s Investment in Chile

18.5 Other Countries in South America

18.5.1 Ecuador

18.5.2 Colombia

18.5.3 Venezuela

18.5.4 Guyana

References