

China' FDI Situation And Policies

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中华人民共和国商务部

Ministry of Commerce of the People's Republic of China

China's FDI Situation

I. Stable growth of FDI in 2013

- Newly approved FIE's, 22,773, down 8.6%
- Actually used FDI US\$117.58 bn, up 5.3%



Stable growth of FDI in 2013

-Sectors: Service sector grows to pass the ratio of manufacturing sector.

Service sector: FDI US\$61.45 bn, up 14.2%,
52% of total FDI

- Manufacturing Sector: FDI US\$45.56 bn, down 6.8%, 39% of total FDI



Stable growth of FDI in 2013

-Source of FDI: Relatively fast growth from 10 Asian countries/regions, EU and U. S.

New FIEs from 10 Asian Countries/regions, 18,407, down 7.5%, with actually used FDI of US\$102.52 bn, up 7.1%, among them: Hong Kong, US\$73.39bn, up 11.9%



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Stable growth of FDI in 2013

—Source of FDI: Relatively fast growth from 10 Asian countries/regions, EU and U. S.

Singapore: US\$7.23, up 14.6%

U. S. : US\$2.82, up 8.5%



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Stable growth of FDI in 2013

-Source of FDI: Relatively fast growth from 10 Asian countries/regions, EU and U. S.



EU: US\$7.21 bn, up 18.1%

Among its members

Germany: US\$2.08 bn, up 43.3%

Holland: US\$1.27 bn, up 11.5%

Italy:
US\$317 mln, up 28.93%, 200 FIEs

In accumulation: US\$6.13bn, 5046 FIEs



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Stable growth of FDI in 2013

- Geographic distribution: big potential in mid-West region with faster FDI growth rate.

- East: FDI US\$96.88 bn, up 4.7%
- Central: FDI US\$10.1 bn, up 8.8%
- West: FDI US\$ 10.6 bn, up 6.9%
- Respective ratios in total: East 82.4%, Central, 8.6%, West, 9%



China's FDI Situation

- ✓ From Feb. to Dec. positive FDI growth for 11 consecutive months.
 - ✓ Current large scale of FDI inflow to maintain
- Global FDI recovery is on the way
 - China's overall advantage in attracting FDI still evident
 - MNC's still view China as major investment destination



China's FDI Situation

-Global FDI recovery is on the way

1. UNCTAD outlook: World macro-economic recovery is steady and continuing, investors gain regain confidence in medium-term economic trend.
2. MNCs' willingness to make new investment, so global FDI is expected to maintain stable growth.
3. Global FDI flows expectations: 2013, US\$1.45 trillion, 2014, US\$1.6 trillion, 2015, US\$1.8 trillion, likely steady growth



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II、China's FDI Situation

China's overall advantage in attracting FDI still evident

1. Political, economic and social stability; market with huge domestic demand potential, growing HR resources, supporting industries, well-developed infrastructure.
2. Enhancing government functions, economic structural adjustment and social economic reform, develop physical economy, push efficient domestic demand, improve investment environment, more attractive to FDI.



II、China's FDI Situation

MNC's still view China as major investment destination

1. UNCTAD survey: TNCs' best FDI host country for 2012–2014, Choice No 1: China
2. EU COC in China, Business Confidence Survey 2013, 86% of members to expand investment in China
3. Recent Surveys by AmCham China: majority of members view more important strategic status of China and plan to expand in the coming years.



1993年



中国美国商会
The American Chamber of Commerce
People's Republic of China

1998年

AmCham China
中国美国商会

2012年



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III. Policies and Measures

Mission: On basis of maintaining scale of FDI, raise quality of FDI , upgrade comprehensive advantage and overall efficiency in attracting FDI.



III. Policies and Measures

-Further enhancing investment environment

1. Continue to deepen reform of FDI management system
 2. Proactively implement the state's regional development strategy, cultivate and foster regional advantage of attracting FDI, manage well NETDZs, promote central and west regions in accepting industry shift and park construction, strengthen international cooperation on model eco-industrial parks, speed up on border area cooperation and cross border economic cooperation zones.
- Encourage early implementation and experiment of measures in special zones, carry out pilot work of FTZ experiment.



III. Policies and Measures

-Further enhancing investment environment



- 3、Let the role of bilateral IP mechanism into full play, set up network with foreign IPAs, organise promotion activities, prioritize important sector for FDI promotion



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III. Policies and Measures

Strengthen guidance to foreign investment

- Proactively push service sector opening, finance, telecommunications, education, health care, etc.
- Research further opening based on CEPA、ECFA、Sino-US S & ED and other regional policies.
- Policy encouraging TNC setting up Regional Headquarters, other functional institutions.



III. Policies and Measures

Strengthen guidance to foreign investment

2. Guide FDI into modern agriculture, advanced manufacturing, energy saving and environment protection, modern service, etc.

Coordinating with other ministries, enhance regulation on foreign investment enterprises. Research on measures encouraging FDI into strategic emerging industries, attract FDI with high-tech content and upstream links, including perfecting the verification method for new and high tech enterprises



III. Policies and Measures

Strengthen guidance to foreign investment

3. Guide FDI to central and west region of China. Strengthen policy support for FDI, with the sectoral shift to this region. Revise catalogue of FDI sectors with advantage for this region. Build central and west region model zone accepting industry relocation. ◦



III. Policies and Measures

Strengthen guidance to foreign investment

1. Continue to encourage east region to expand FDI attraction in modern service, R&D, high-end manufacturing. Quicken further opening pilot programmes in Qianhai, Hengqin, Nansha, Pingtan, and Shanghai Free Trade Area.
2. Support central and west China zone construction
3. Support and guide National Economic and Technological Development Zones and border cooperation zones and push exchanges and cooperation among the east, central and west part of China.



IV、Recent Measures

Deepening Reform of FDI Management System

Modality: Negative list approach

1. Pilot reform in the field of investment in FTZ pilot programmes.
2. Study and borrow foreign advanced experiences and practices, perfecting security review system, streamlining work mechanism
3. Draw experience from trial methods and push for online approval and format-approach examination of application documents
4. Make reform, revision of the three FDI laws and BIT negotiations into systematic project with coordinated



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China (Shanghai) Pilot FTZ

I. Overall Objective

Promote Reform with Opening-up and Promote Development with Innovations

Mission: The establishment of China (Shanghai) Pilot Free Trade Zone (hereinafter CSPFTZ) is a significant measure taken by the Party Central Committee to promote reform and opening-up under the new situation and undertakes a major task to explore new ways and accumulate new experience for deepening of reform and opening up in an all-round way.

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China (Shanghai) Pilot FTZ

II. Coverage

CSPFTZ is composed of four specially supervised zones by the customs, covering a planning area of 28.78 square kilometers.

Waigaoqiao Free Trade Zone

Waigaoqiao Bonded Logistics Park

Yangshan Free Trade Port Area

Pudong Airport Free Trade Zone

Based on progress and need of sector development and spillover effects, gradually enlarge scope of implementation and policy coverage, interact with buildup of Shanghai as an international economic, financial, trade and shipping centre.



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China (Shanghai) Pilot FTZ

III. Measures

1. Expand opening in the service sector

Mainly in financial service(5 items), shipping service(3), business and trade service(2), professional service(8), cultural service(2) and social service (3).

18 sectors with lower threshold of entry,

23 measures: breakdown as above



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China (Shanghai) Pilot FTZ

III. Measures

2. Pilot modality for Pre-NT plus negative list approach of FDI management.

- Negative list: published 29 Sept, 2013, sectors not in the list are open to foreign investors with equal treatment to domestic investors. *Special Administrative Measures (Negative List) on Foreign Investment Access to the China (Shanghai) Pilot Free Trade Zone (2013)*
- FIE project verification and establishment approval from approval system to filing.
- Perfecting national security review system.



<http://en.shftz.gov.cn/>



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Thank You !

