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Inward FDI in China and its policy context

by

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After opening its doors to foreign trade and investment in 1978, China has become the largest recipient of inward foreign direct investment (IFDI) among developing and transition economies. The early policy of investment attraction by means of fiscal incentives and special economic zones has been relaxed now that many - though still not all - operating environment deficiencies have been effectively addressed and strong domestic enterprises have developed. While China remains the developing world's favorite investment destination, the government is adopting a more selective approach that may result in slower IFDI growth. Although the global crisis reduced FDI inflows to China, this impact was lower than in many other FDI destinations, and flows have recovered considerably.

Trends and developments

Country level developments

From the establishment of the People's Republic of China in 1949 to the adoption of economic reforms in 1978, there was almost no foreign investment in China. In the 1980s, experiments with joint ventures resulted in a trickle of FDI inflows dominated by the relocation of most of Hong Kong's manufacturing to South China. IFDI first topped US$ 1 billion in 1984 and by 1991 was US$ 4.4 billion.[1] With new urgency given to foreign investment attraction at the beginning of 1992 and the formal establishment of a market economic system in that year, IFDI inflows accelerated rapidly, reaching US$ 11 billion in 1992, continuing up to a plateau of US$ 45 billion per year in 1997-1998. Following a

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[1] Ministry of Commerce of the People's Republic of China (MOFCOM), Statistics, available at: www.fdi.gov.cn; UNCTAD, FDI/TNC database, available at: http://stats.unctad.org/fdi/.

decline to around US$ 40 billion a year in 1999-2000, and after China's accession to the World Trade Organization (WTO) in 2001, FDI inflows have continued to rise steadily.[2]

By 2009, China had accumulated an IFDI stock of US$ 473 billion[3] (annex table 1), well ahead of other large developing and transition economies such as Brazil, with US$ 401 billion, India, with US$ 164 billion, and Russia, with US$ 253 billion (annex table 1). From 2000 to 2009, China received larger FDI inflows than any other developing or transition economy, reaching a record US$ 108 billion in 2008. By comparison, 2008 IFDI flows to Brazil were US$ 45 billion, India US$ 42 billion and Russia US$ 70 billion. In 2009, China's FDI inflows fell to US$ 90 billion as a result of the global economic crisis, while Brazil's fell more sharply to US$ 26 billion, Russia's to US$ 39 billion, and Indian's IFDI to US$ 35 billion (annex table 2). China's FDI inflows recovered strongly in the first eight months of 2010. The relatively good performance of IFDI into China during both the Asian crisis of 1997-1998 and the current crisis reflects international investor perceptions of China as a reliable risk-avoidance haven.

Partly because of China's WTO commitments to a phased opening up of services to foreign participation during the five years following accession, the share of the tertiary sector in total IFDI flows rose from 31% in 2001 to 52% in 2008, while at the same time the share of the secondary sector declined from 66% to 46% and the always relatively tiny primary sector shrunk from 4% to 2%. While IFDI in manufacturing rose from US$ 31 billion in 2001 to US$ 50 billion in 2008, this represented a decline in the sector's share of total IFDI stock from 66% to 46% (annex table 3). Since 2002, foreigners can participate in China's stock markets as Qualified Foreign Institutional Investors (QFIIs), and as their qualifications have become less strict an increasing number of QFIIs have set up offices in China. Foreign banks have also expanded their operations as these have been increasingly allowed to conduct various banking services, including foreign currency services, for Chinese enterprises since 2002, Chinese yuan services since 2006, and credit card issuance since 2007. At the same time, while the burgeoning domestic market has continued to attract manufacturers, the increase in labor costs, more recently resulting from a wave of strikes in foreign affiliates, has prompted investors to plan new investments in lower-cost economies such as Vietnam and Bangladesh.

China's IFDI appears to be mainly sourced in Asian economies. As of 2008 39% of China's IFDI stock was from Hong Kong (China), 7% from Japan, 5% from Taiwan Province of China, 5% from the Republic of Korea and 4% from Singapore. The United States and the European Union each supplied 7%, of which the major sources were the United Kingdom and Germany (each just under 2% of total IFDI) (annex table 4).

A major obstacle to providing an accurate account of the provenance of China's IFDI is the high proportion circuited through Hong Kong (China), and through Caribbean and other tax havens. Hong Kong's matching IFDI and OFDI figures suggest that much of these flows are pass-through to China,[4] including an element of round-tripping,[5] though it is also important to

[2] Ibid.

[3] In 2005, China recalculated its FDI stock figures, which had hitherto been simple additions of annual flows, to bring them more in line with internationally-recognized standards such as the OECD Benchmark Definition of FDI. The result was an approximate halving of the original estimate. Current figures are therefore understood to take account of disinvestments. An explanation of the divergence of Chinese FDI statistics from internationally standard practices is in OECD, *Investment Policy Review of China: Progress and Reform Challenges* (Paris: OECD, 2003).

[4] For example, in 2007, 2008 and 2009, Hong Kong's FDI inflows were US$ 54.3 billion, US$ 59.6 billion and US$ 48.4 billion, respectively, while simultaneous outflows from Hong Kong were US$ 61.1 billion, US$ 50.6 billion and US$ 52.3 billion, see UNCTAD, *World Investment Report 2010: Investing in a Low-Carbon Economy* (New York and Geneva: United Nations, 2010).

note substantial investment from Hong Kong (China) in China's burgeoning property sector. As of 2008, Hong Kong (China) accounted for 39% of total IFDI stock, by far the largest share. The British Virgin Islands provided 10%, more than the European Union (7%), Japan (7%) or the United States (7%). The Cayman Islands supplied about the same proportion, 2%, as the United Kingdom.

FDI is concentrated in China's eastern coastal regions, especially in Guangdong and Shanghai.[6] Guangdong's attractiveness as an FDI destination in the 1980s was mainly due to its light regulation, relative remoteness from the capital, Beijing (and therefore from central government control), its proximity to the region's largest port, Hong Kong, that was seeking to shed its manufacturing sector, and the fact that it contained all but one of the country's special economic zones (SEZs). Shanghai, with its strong industrial base and its advantageous location as a major port at the mouth of the Yangtze, also drew large amounts of IFDI. A third major development region in the old industrial heartland of North-East coastal China has also developed. Attempts to boost FDI in China's less-developed interior, namely Central and West China, are continuing. But while the physical infrastructure has been greatly improved and lower labor costs are making the hinterland more attractive as wage pressures mount in Guangdong, the developed coastal regions, with their more developed business environments and local markets, remain the largest recipients of IFDI.

The corporate players

Many Fortune Global 500 companies are present in China. The official list of the largest foreign affiliates by sales value in 2008 includes Nokia in second place and GM's Shanghai offshoot in eighth place (annex table 5). The largest foreign affiliate, Hongfujin Precision Industry, is owned by the Foxconn Technology Group of Taiwan Province of China.

Greenfield investment dominated IFDI until the late 1990s for reasons of policy and practicality. Before the reforms in the late 1990s, most firms were state-owned and not available for acquisition, and there was no regulatory provision for foreign mergers and acquisitions (M&As). In the first decade of the 21st century, acquisition targets have become available as major enterprises have been divested by the state, the domestic private sector has grown and regulations governing foreign M&As have been enacted.[7] M&As have become a major element of FDI inflows, with many medium-sized acquisitions taking place in the past three years (annex table 6). The rise in cross-border M&As in China has been largely stimulated by the lure of the rapidly expanding domestic consumer market.

Recent large greenfield investments also show a tendency to focus on China's domestic market, but although the country's cost base continues to rise by comparison with regional competitors, large investments in export manufacturing continue to be made. Recent large greenfield investments include automobiles and automobile components (by Daimler, Volkswagen, Yulon, Hyundai and BMW), as China has become the world's largest car market. (annex table 7).

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[5] "Round-tripping" refers to the practice of setting up special purpose entities in territories outside China, including Hong Kong (China), which is treated as a source of foreign investment by the Chinese authorities to invest in China and so benefit from fiscal incentives offered to foreign investors. Since it is often intended to deceive the authorities, round-tripping is impossible to estimate. The practice may be in decline as a result of the abolition of foreign investment incentives from 2008 and tighter reporting standards for special purpose entities established abroad by Chinese companies since 2006.
[6] Over 80% has gone to the eastern region, see OECD, 2003, op. cit.
[7] Details of these regulatory changes are in OECD, *Investment Policy Review of China: Open Policies towards Mergers and Acquisitions* (Paris: OECD, 2006), updated in OECD, *Investment Policy Review of China: Encouraging Responsible Business Conduct* (Paris: OECD, 2008).

Effects of the current global crisis

China was less seriously affected by the global crisis than its main trading partners. The country's exposure to the US sub-prime market was relatively small[8] and the collapse of consumer confidence in the US had a limited effect on China's exports.[9] In addition, the government initiated an early and rapid-acting stimulus package that helped support continued growth.[10] IFDI flows almost certainly sank not because of any fear of market shrinkage in China, where GDP grew by 9.6%[11] in 2008 and 9.1%[12] in 2009, but because of home-country financing problems. Although no cancellations of large foreign investments in China attributable directly to the crisis have been made public, several foreign affiliates have suffered domestic problems and are likely to suffer as well dampening or delayed planning for overseas expansion.

FDI inflows to China decelerated sharply during the course of 2008, from a rate of increase of over 100% year-on-year in January to a decline of 3% in November. IFDI continued to fall over the first seven months of 2009, picking up modestly thereafter. As a result, the annual total shrank from US$ 108 billion in 2008 to US$ 90 billion in 2009. In the first eight months of 2010, FDI inflows were up 18% year-on-year.

The policy scene

Since the 1980s and 1990s, foreign investment has been welcomed by China's government, after three decades of autarky. Unusually for a transition economy, the country's savings rate remained very high throughout the period of reform, with the saving/investment ratio constantly 100% or higher. Yet the lack of effective financial intermediation prevented effective mobilization of savings for investment. Instead, foreign investment filled the financing gap, while bringing along new products, new production processes, modern management techniques, and competition for Chinese firms. Initially, foreign affiliates substituted for the absent domestic private sector.

The government's initial approach was pragmatic and control-oriented. Foreign investment was allowed in a limited number of sectors and a few locations (i.e. SEZs). Two kinds of joint ventures were permitted, as 100% foreign ownership was not allowed. Foreign affiliates had to export their entire output. China lacked the basic elements of an institutional framework for foreign investment, such as adequate physical infrastructure, a mobile labor force, internationally acceptable accounting practices, and the rule of law. In compensation, China offered fiscal incentives to foreign investors in the SEZs, including a five-year tax holiday and a halving of the rate of business income tax.[13]

In the 1990s, as IFDI flow rose and operating conditions improved, China relaxed many restrictions. Wholly-foreign-owned ventures were allowed and became popular. Export requirements were relaxed and sales to domestic consumers allowed. The ban on private car ownership was removed. After the world's largest consumer population became an available market, most of the world's largest multinational enterprises (MNEs) set up operations in

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[8] Statement by Assistant Governor Yi Gang of the People's Bank of China, *Reuters*, August 28, 2007.

[9] Deutsche Bank Global Markets Research, *Surviving Export Slowdown*, Asia China Macro Strategy series, April 1, 2008.

[10] Economist Intelligence Unit (EIU) special report, *China's Stimulus Package: a Six-Month Report Card* (London: EIU, year?).

[11] The National Bureau of Statistics announced an upward revision from 9% to 9.6% for the 2008 GDP growth figure on December 25, 2009 (available at: www.china.org.cn).

[12] The National Bureau of Statistics announced an upward revision from 8.7% to 9.1% for the 2009 GDP growth figure on July 7, 2010 (*Xinhua News Agency,* available at: http://www.chinaview.cn).

[13] Details of fiscal incentives offered before 2008 are in the tax chapter of OECD*,* 2003, op. cit.

China. After these policies spread to other coastal regions in the late 1980s, the government encouraged investors, including foreign ones, to invest in the country's interior, opening up the whole country to foreign investment. Although this policy has resulted in an increase in investment in the country's hinterland, most of this has materialized in the form of government infrastructure construction. Investors, both Chinese and foreign, continue to invest more heavily in the Eastern coastal region.

FDI projects are screened in accordance with laws on each category of foreign ownership, including the 1979 Law on Sino-Foreign Equity Joint Ventures, the 1986 Law on Wholly-Foreign-Owned Enterprises and the 1988 Law on Sino-Foreign Contractual Joint Ventures.[14] In addition to these laws, China operates a catalogue system that combines elements of both open and closed lists. The Catalogues for Guidance of Foreign Investment Projects are four: prohibited, restricted, permitted, and encouraged.[15] The permitted catalogue is not published.

The prohibited catalogue is effectively a negative list, detailing sectors in which foreign investment is not permitted. The restricted catalogue contains sectors in which foreign investment is permitted but in which the project examination and approval process may be stricter and take longer; it includes some sectors opened to foreign investment as a result of China's WTO entry. The encouraged catalogue projects are given favorable treatment because they comply with China's development policies, which are focused on promoting high-technology, capital-intensive industry, as well as development in the Central and Western regions. Most recently, the catalogues have emphasized the green objectives of energy conservation, environmental protection and circular economy (i.e. a model of economic development based on the efficient use and recycling of resources).

China has pursued an active investment diplomacy since the early 1980s, having signed 127 bilateral investment treaties (BITs) by June 1, 2010 and 112 double taxation agreements (DTTs) by June 1, 2009.[16] China is a member of the ASEAN–China Free Trade Area (AFTA), which came into effect on January 1, 2010.

From the mid-2000s, doubts about the desirability of foreign investment have been voiced in China. Fixed investment, the main driver of growth in China, has been increasing at a rate that has aroused fears of overheating. Although FDI has never been more than 15% of total gross fixed capital formation in China, a slowing of IFDI growth has been suggested as one of several levers to restrain breakneck investment growth. Also, several Chinese companies have now developed to the stage where they have an interest in curbing competition from foreign affiliates in their sectors. At the same time, concerns have arisen that the high proportion of output from IFDI might lead to foreign monopoly power in some strategically important sectors, threatening national security. Finally, there have also been some worries that over-dependence on IFDI for economic growth might lead to problems similar to those experienced by Latin America in the 1990s.

As a result, China's government, while rejecting calls to raise barriers against foreign investment, appears to be taking a more selective stance, inviting FDI to plug gaps in the Chinese economy such as high-tech and environmental industries. To satisfy calls from increasingly strong domestic enterprises, the government abolished the fiscal incentives for foreign investment as of 2008, with grandfathering and phasing clauses to ensure existing foreign investments are not disrupted.

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[14] Ibid.
[15] For details of changes in the catalogues see: OECD, 2003, op. cit.; OECD, 2006, op. cit.; OECD, 2008, op. cit.
[16] UNCTAD, FDI/TNC database, available at: http://stats.unctad.org.

Conclusions

China's IFDI flows are likely to continue to rise, but less rapidly than the rest of the economy. Government policy, while remaining open to FDI, can afford to become more selective because there is no longer a nationwide absence of financial institutions, basic infrastructure, consumer goods industries, and essential services. While cross-border M&As have been welcomed in the recent past to rescue ailing rustbelt industries, more successful companies may not be so readily available for foreign acquisition. Private companies appear to prefer share issues, namely initial public offerings, to selling out to a foreign investor. Similarly, the government's support for large state-owned enterprises encourages such enterprises to be acquirers, both at home and abroad, rather than targets for inbound M&As.

The Chinese market is expanding rapidly because of the high rate of GDP growth and efforts to rebalance the economy toward private consumption. In the latest UNCTAD survey, market size and market growth are found to be the major factors in China's position as the most favored location for IFDI in 2009-2011.[17] But there are now more and more large Chinese enterprises capable of manufacturing competitive products at prices that foreign investors may find difficult to match as fiscal incentives are phased out. Lower production factor costs in Vietnam, Bangladesh and other developing countries in the region will prompt investors to consider expanding their manufacturing operations in those countries.

Additional readings

Buckley, Peter J., *Foreign Direct Investment, China and the World Economy* (Basingstoke and New York: Palgrave Macmillan, 2010).

Huang, Yasheng, *Selling China: Foreign Direct Investment during the Reform Era* (Cambridge: Cambridge University Press, 2005).

Chantasasawat, Busakorn, K.C. Fung, Hitomi Iizaka and Alan Siu, "Foreign direct investment in China and East Asia". Paper presented at the Third Annual Conference on China Economic Policy Reform, Stanford Center for International Development (2004).

Li, X, Liu, X. and D. Parket, "Foreign direct investment and productivity spillovers in the Chinese manufacturing sector", *Economic Systems*, volume 25, Issue 4 (2001).

Sun, Qian, Wilson Tong and Qiao Yu, "Determinants of foreign direct investment across China", *CREFS Working Paper No*: 99-06 (1999).

Useful websites

Invest in China (maintained by the Ministry of Commerce): http://www.fdi.gov.cn/.

Ministry of Commerce of the People's Republic of China: http://www.mofcom.gov.cn/.

National Bureau of Statistics of China: http://www.stats.gov.cn/.

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[17] UNCTAD, *World Investment Prospects Survey 2009-2011* (New York and Geneva: United Nations, 2009).

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The Vale Columbia Center on Sustainable International Investment (VCC), led by Dr. Karl P. Sauvant, is a joint center of Columbia Law School and The Earth Institute at Columbia University. It seeks to be a leader on issues related to foreign direct investment (FDI) in the global economy. VCC focuses on the analysis and teaching of the implications of FDI for public policy and international investment law.

Statistical annex

Annex table 1. China: inward FDI stock, 2000, 2009

(US$ billion)

Economy	**2000**	**2009**
China	193	473
Memorandum: comparator economies		
Brazil	122	401
India	18	164
Russia	32	253
Singapore	111	344

Source: UNCTAD's FDI/TNC database, available at: http://stats.unctad.org/fdi/.

Annex table 2. China: inward FDI flows, 2000-2009

(US$ billion)

Economy	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010[a]**
China	41	47	53	54	61	72	69	84	108	90	66
Memorandum: comparator economies											
Brazil	33	23	17	10	18	15	19	35	45	26	17
India	4	6	6	4	6	8	20	25	42	35	13[b]
Russia	3	3	4	8	15	13	30	55	70	39	17
Singapore	17	15	6	12	20	14	28	32	23	17	14[c]

Source: UNCTAD's FDI/TNC database, available at: http://stats.unctad.org/fdi/. MOFCOM press releases at: http://www.fdi.gov.cn; Banco Central do Brasil statistics at: http://www.bcb.gov.br/; Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India FDI statistics at: http://dipp.nic.in/; Bank of Russia, available at: http://www.cbr.ru/; Monetary Authority of Singapore at: http://www.mas.gov.sg/.

[a] For the first eight months only. [b] For the first seven months only. [c] For the first six months only.

Annex table 3. China: distribution of inward FDI flows, by economic sector and industry, 2000, 2008

(US$ billion and percent of total inflows)

Sector/industry	2001	2008
Primary	1.7 3.6%	1.8 1.7%
Agriculture	0.9 1.9%	1.2 1.1%
Mining	0.8 1.7%	0.6 0.6%
Secondary	30.9 65.9%	49.9 46.1%
Manufacturing	30.9 65.9%	49.9 46.1%
Tertiary	14.3 30.5%	56.6 52.3%
Utilities	2.3 4.9%	1.7 1.6%
Construction	0.8 1.7%	1.1 1.0%
Real estate	5.1 10.9%	18.6 17.2%
Total	46.9 100.0%	108.3 100.0%

Source: MOFCOM, available at: www.fdi.gov.cn.

Note: The Chinese authorities include "utilities" and "construction" in the secondary sector and the MOFCOM figures do not include all activities; so it is not possible to disaggregate and reconstruct the sectoral statistics entirely from their published tables. See the official definition of sectors from the annual statistical yearbook published by the National Bureau of Statistics. In China economic activities are categorized into the following three strata of industry: (1) "Primary industry" refers to agriculture, forestry, animal husbandry and fishery and services in support of these industries. (2) "Secondary industry" refers to mining and quarrying, manufacturing, production and supply of electricity, water and gas, and construction. (3)"Tertiary industry" refers to all other economic activities not included in the primary or secondary industries.

Annex table 4. China: geographical distribution of inward of FDI stock,[a] 2002, 2008

(US$ billion)

Region/economy	**2002**	**2008**
World	448.0	899.1
Developed economies	n.a.	n.a.
Europe	n.a.	n.a.
European Union	**33.9**	**61.6**
Belgium	0.6	1.0
Denmark	0.5	1.3
France	5.5	8.9
Germany	8.0	15.1
Italy	2.2	4.3
Netherlands	4.3	9.3
Spain	0.4	1.5
Sweden	0.8	1.6
United Kingdom	10.7	15.7
North America	**43.2**	**66**
Canada	3.4	6.4
United States	39.9	59.7
Other developed economies	n.a.	n.a.
Australia		
Japan	36.3	65.4
Developing economies	n.a.	n.a.
Africa	n.a.	n.a.
Mauritius	n.a.	7.4
Asia		
Hong Kong, China	204.9	349.6
Macau, China	4.8	1.8
Indonesia	1.1	1.9
Korea, Republic of	15.2	41.9
Malaysia	2.8	4.9
Philippines	1.4	2.5
Singapore	21.5	37.8
Taiwan Province of China	33.1	47.7
Thailand	2.4	3.2
Western Samoa	2.3	12.3
Latin America and Caribbean	n.a.	n.a.
Barbados	n.a.	2.7
British Virgin Islands	24.4	90.1
Cayman Islands	3.8	16.5
Unidentified others	n.a.	**79**

Source: MOFCOM, available at: www.fdi.gov.cn.

[a] This statistic released by MOFCOM for purposes of geographical breakdown is cumulated FDI. As it does not include divestments, it is much larger than the IFDI stock total in table 1, which comes closer to internationally-recognized standards of FDI measurement (see note [3]).

Annex table 5. China: principal foreign affiliates in China, ranked by sales value, 2008

(US$ million)

Rank	Name of affiliate	Industry	Sales
1	Hongfujin Precision Industry (Shenzhen) Co. Ltd.	Computer peripherals	26,974
2	Nokia Telecommunication Co. Ltd.	Cell phones	13,767
3	China Offshore Petroleum (China) Limited	Oil and gas	11,354
4	Dagong (Shanghai) Computer Co. Ltd.	Computers	10,535
5	Fay-Volkswagen Sales Co. Ltd.	Automobile	10,412
6	Daofeng (Shanghai) Computer Co. Ltd.	Computers	9,471
7	Angang Steel Ltd.	Steel	9,424
8	Shanghai GM Automobile Co. Ltd.	Automobile	9,366
9	Fay-Volkswagen Co. Ltd.	Automobile	9,217
10	Motorola (China) Electronic Ltd.	Telecom equipment	8,099
11	Maanshan Steel Co. Ltd.	Steel	7,287
12	Huaneng International Power Co. Ltd.	Electricity generation	7,257
13	Shanghai Volkswagen Automotive Sale Ltd.	Automobile	7,233
14	Dongfeng Toyota Auto Sale Co. Ltd.	Automobile	7,145
15	Dongfeng Auto Company	Automobile	7,057
16	Air China Co. Ltd.	Airline	6,767
17	Shanghai Volkswagen Automotive Ltd.	Automobile	6,734
18	Yingshunda Science & Technology Co. Ltd.	Consumer electronics	6,430
19	Nokia (China) Investment Co. Ltd.	Cell phones	6,393
20	China Southern Airlines Co. Ltd.	Airline	6,350

Source: MOFCOM, available at: www.fdi.gov.cn.

Annex table 6. China: main inward M&A deals, by inward investing firm, 2007-2009

Year	Acquiring company	Home economy	Target company	Target industry	Shares acquired (%)	Transaction value (US$ million)
2009	Function Well Ltd.	Taiwan Province of China	Champ Tech Optical Foshan Corp	Optical instruments	100	230.6
2009	MAN Finance & Holding Sarl	Luxembourg	Sinotruk (Hong Kong) Ltd	Industrial vehicles manufacturing	25	782.2
2009	GCL-Poly Energey Holdings Ltd	Hong Kong, China	Greatest Joy International Ltd	Semiconductors	100	911.6
2009	GCL-Poly Energy Holdings Ltd	Hong Kong, China	GCL Solar Energy Tech Hldg Inc	Semiconductors	100	3,787.50
2009	TM Entertainment & Media Inc	United States	Hong Kong Mandefu Holdings Ltd	Advertising agencies	100	263.6
2009	HongKong Electric (Holdings) Ltd.	Hong Kong, China	Outram Ltd	Electric services	100	732.6
2009	Asahi Breweries Ltd	Japan	Tsingtao Brewery Co. Ltd.	Beverages	20	667
2009	GIC Real Estate Pte Ltd	Singapore	ProLogis-China Operations	Land developers	100	1,300.00
2009	ADF Phoenix IV Ltd	Singapore	Nanjing International Finance	Building operator	100	232.8
2009	Hana Bank	Korea, Republic of	Bank of Jilin Co Ltd	Financial services	19.7	327.4
2009	Franshion Ppty (China) Ltd	Hong Kong, China	China Jin Mao (Group) Co Ltd	Building operator	45.1	737.5
2009	BBVA	Spain	China Citic Bank	Banking	4.9	1,601.60
2009	CRH PLC	Ireland	Jilin Yatai Grp Cement Invest	Investors	26	296.7
2009	Investor Group	Hong Kong, China	Shanghai Shimao Co Ltd	Land developers	56.8	1,012.10
2009	Middle Kingdom Alliance Corp	United States	Pypo Digital Co Ltd	Electronic equipment	100	378
2008	BP Overseas Development Co Ltd	Thailand	Asian American Coal Inc	Mining	78.4	432.8
2008	Jade Green Investments Ltd	Hong Kong, China	Fortune Dragon Coking Coal	Mining	100	1,350.80
2008	Johnson & Johnson	United States	Beijing Dabao Cosmetics Co Ltd	Cosmetics	100	327.8
2008	Deutsche Bank AG	Germany	Huaxia Bank Co Ltd	Banking	5.3	552.9
2008	Holcim Ltd	Switzerland	Huaxin Cement Co Ltd	Cement	18.6	282.7
2008	Monster Worldwide Inc	United States	ChinaHR.com Holdings Ltd	Employment agencies	55	225
2008	Songzai Intl Holding Group Inc	United States	Heilongjiang Xing An Grp Hong	Mining	90	550

2008	Hong Leong Bank Bhd	Malaysia	Chengdu City Commercial Bank	Banking	20	261
2008	CapitaRetail China Trust	Singapore	Xizhimen Mall	Building operator	100	229.3
2008	Blackstone Group LP	United States	China National Chemical Corp	Chemicals	20	600
2008	Shui On Investment Co Ltd	Hong Kong, China	Shui On Land Ltd	Land developers	5.1	230.2
2008	Beiersdorf AG	Germany	C-BONS Hair Care	Cosmetics	85	381.4
2008	Bank of America Corp	United States	China Construction Bank Corp	Banking	8.4	7,067.40
2008	Bank of America Corp	United States	China Construction Bank Corp	Banking	2.6	1,860.50
2008	CITIC Pacific Ltd	Hong Kong, China	CSSC Complex Property Co Ltd	Real estate	49	213.3
2007	China Merchants Intl Terminals	Hong Kong, China	Zhanjiang Port (Group) Co Ltd	Transportation	45	215.8
2007	China Real Estate Opp	Luxembourg	City Centre Development Phases	Real estate	100	548.1
2007	Asia Bottles (HK) Co Ltd	Hong Kong, China	Zhuhai Zhongfu Entrp Co Ltd	Manufacturing	29	225
2007	China Mining Resources Grp Ltd	Hong Kong, China	Harbin Songjiang Copper (Grp) Ltd	Mining	75.1	233.8
2007	GuocoLand (China) Ltd	Hong Kong, China	Beijing Chengjian Donghua RE	Real estate	90	751.7
2007	Investor Group	United States	Guangzhou Hengda Indl Grp Co	Conglomerate	8	400
2007	Panva Gas Holdings Ltd	Hong Kong, China	Hong Kong & China Gas (Qingdao)	Oil and gas	100	393.5
2007	BBVA	Spain	China Citic Bank	Banking	5	648.5
2007	3Com Corp	United States	Huawei-3com Co Ltd	Telecommunica tions	49	882
2007	Haier Electronics Group Co Ltd	Hong Kong	Haier Indesit (Qingdao) Washing	Electrical goods	70	385.4
2007	SEB Internationale SAS	France	Zhejiang Supor Cookware Co Ltd	Electrical goods	22.7	311.4
2007	ANZ Banking Group Ltd	Australia	Shanghai Country Coml Bank	Banking	19.9	263
2007	Investor Group	United States	Henan Luohe Shuanghui Industry	Food	100	251.5
2007	FedEx Express Corp	United States	Federal Express-DTW Co Ltd	Transportation	100	400
2007	UBS AG	Switzerland	Beijing Securities Co Ltd	Financial services	20	210.5

Source: Thomson ONE Banker. Thomson Reuters.

Annex table 7. China: main 20 greenfield projects, June 2006-September 2009

Year	Company name	Home economy	Industry	Estimated/ announced investment value (US$ billion)
2009	Royal Dutch Shell	Netherlands	Coal, oil and natural gas	0.8
2009	Cheng Shin Rubber Industry	Taiwan Province of China	Rubber	1.0
2009	Michelin	France	Rubber	1.0
2009	Chevron Corporation	United States	Coal, oil and natural gas	4.7
2009	Chevron Corporation	United States	Coal, oil and natural gas	0.8
2009	Novartis	Switzerland	Biotechnology	1.0
2009	Hon Hai Precision Industry	Taiwan Province of China	Electronic components	1.0
2009	Charoen Pokphand Group	Thailand	Food & tobacco	1.2
2009	Hon Hai Precision Industry	Taiwan Province of China	Electronic components	1.0
2009	Samsung	Republic of Korea	Electronic components	2.2
2009	Shimao Property Holdings Ltd.	Hong Kong (China)	Real estate	1.2
2009	LG	Republic of Korea	Electronic components	4.0
2009	China Merchants Holdings (International)	Hong Kong (China)	Warehousing & storage	1.2
2009	Daiwa House Industry	Japan	Real estate	0.8
2009	Jumbo Lane Investments	United Kingdom	Coal, oil and natural gas	0.8
2008	Daimler AG	Germany	Automotive OEM	0.9
2008	ROSM	France	Consumer products	2.0
2008	Royal Vopak	Netherlands	Warehousing & storage	1.0
2008	Howard Group Development	Hong Kong (China)	Transportation	1.5
2008	Walt Disney	United States	Leisure & entertainment	3.6
2008	SK Energy	Republic of Korea	Chemicals	2.0
2008	Henderson	Hong Kong (China)	Real estate	1.4

2008	Lotte Group	Republic of Korea	Real estate	1.0
2008	Volkswagen	Germany	Automotive OEM	0.9
2008	Electric Power Development (J-Power)	Japan	Coal, oil and natural gas	0.7
2008	Yulon Motor	Taiwan Province of China	Automotive OEM	0.7
2008	Hyundai Motor	Republic of Korea	Automotive OEM	0.8
2008	Compal Electronics	Taiwan Province of China	Business machines & equipment	0.7
2008	Saudi Basic Industries (SABIC)	Saudi Arabia	Chemicals	1.7
2008	Israel Corp (IC)	Israel	Automotive OEM	0.8
2007	China Resources Power Holdings (CRP)	Hong Kong (China)	Metals	2.8
2007	Mori Building	Japan	Real estate	1.0
2007	Formosa Plastics Group (FPG)	Taiwan Province of China	Metals	0.9
2007	Ben Rautin	Malaysia	Transportation	3.0
2007	Hon Hai Precision Industry	Taiwan Province of China	Electronic components	1.0
2007	IBM	United States	Semiconductors	1.8
2007	Gulf Finance House	Bahrain	Real estate	5.0
2007	Kingdom Hotel Investments (KHI)	UAE	Hotels & tourism	0.9
2007	Hynix Semiconductor	Republic of Korea	Semiconductors	1.5
2007	Sinar Mas Group	Indonesia	Paper, printing & packaging	1.0
2007	Villar Mir Group	Spain	Metals	1.4
2007	DBS Group Holdings	Singapore	Financial services	2.8
2007	STX Corporation	Republic of Korea	Non-automotive transport OEM	1.0
2007	Bayerische Motoren Werke (BMW)	Germany	Automotive OEM	0.8
2007	Intel	United States	Semiconductors	2.5

Source: fDi Intelligence, a service from the Financial Times Ltd.