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Chinese Enterprises' Outward Investment: Situations and Policies

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China's outward investment keeps rapidly growing

The potential and possibility of growing prospect

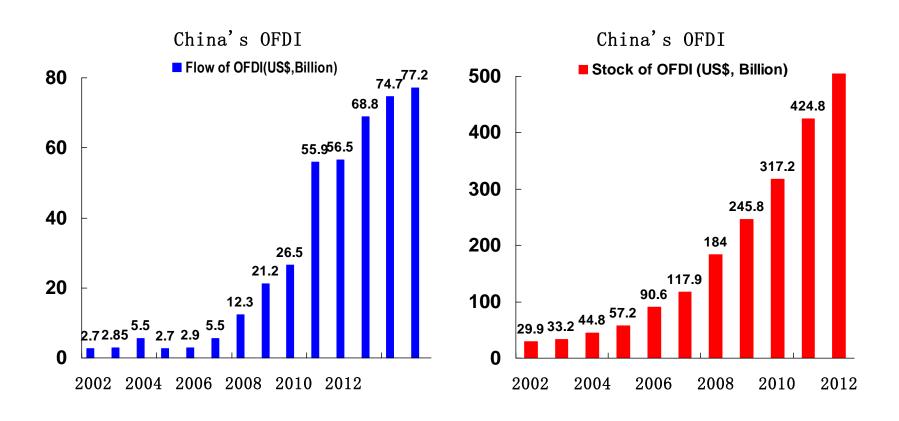
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In View of Investment Home Country: Reform Targets and Policies

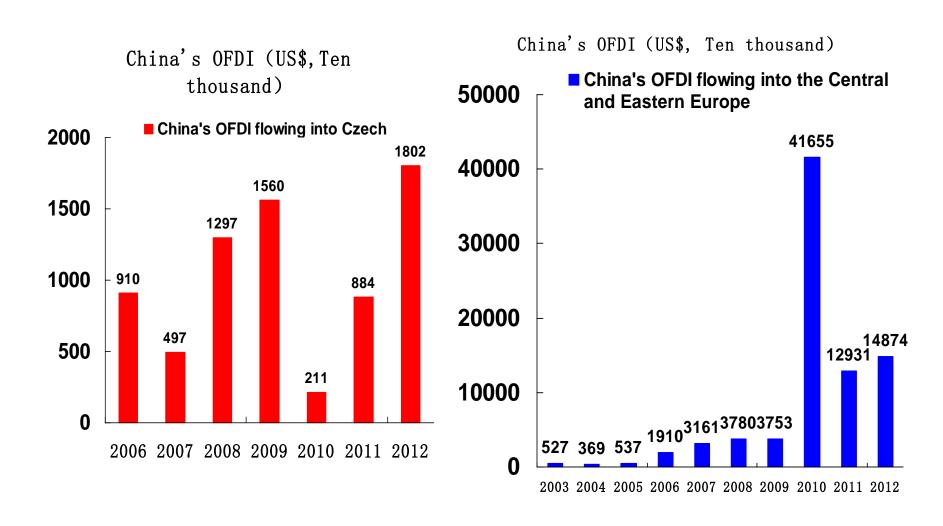
Experiences of Investment host Country: Innovation on Open Model

The upgrading path for Outward Investing Enterprises

China's outward investment keeps growing and the number of China's MNEs increases rapidly due to the deepening of globalization and fast growth of China economy.

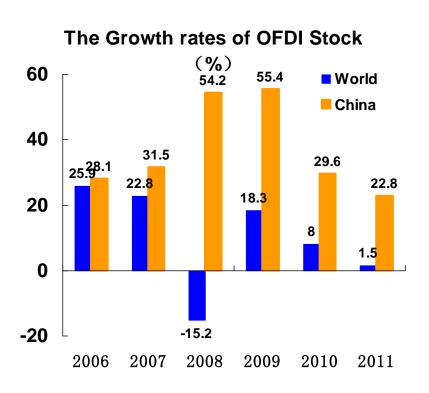


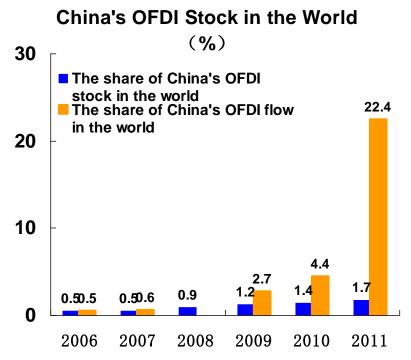






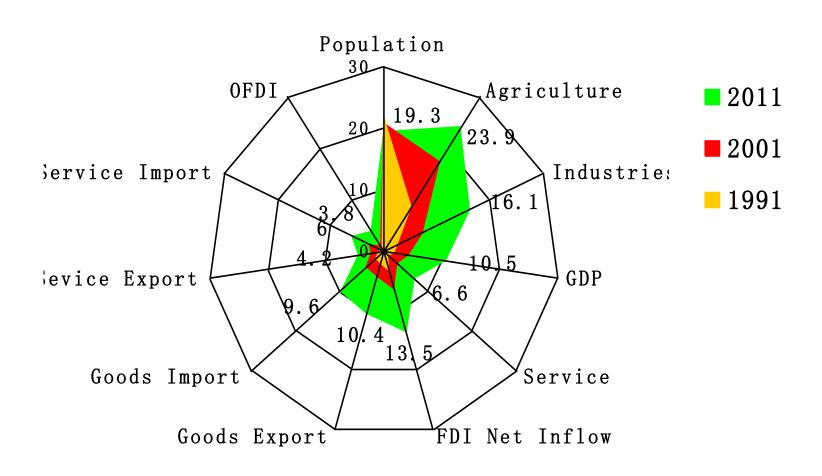
The growth rates of China's OFDI are significantly higher than the world average and the contributions to the global growth obviously increase



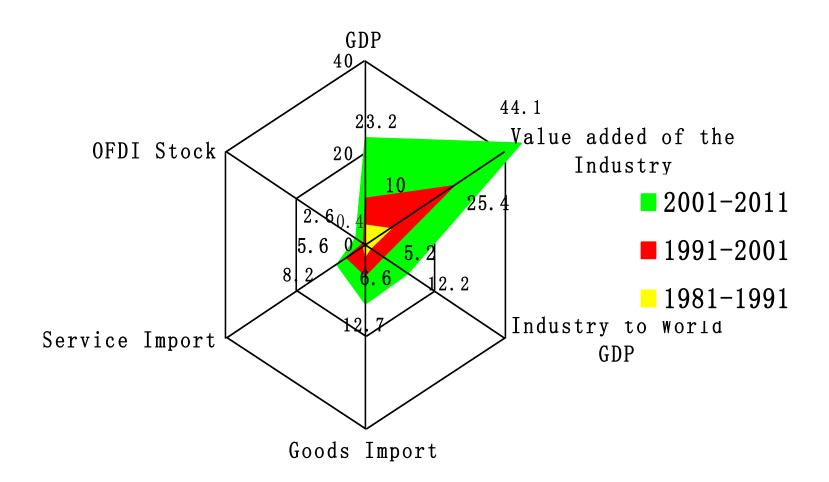


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In term of shares in the world, Outward Investment is still the weakness of Chinese Economy.

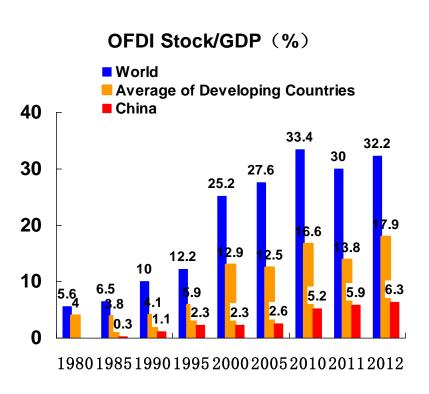


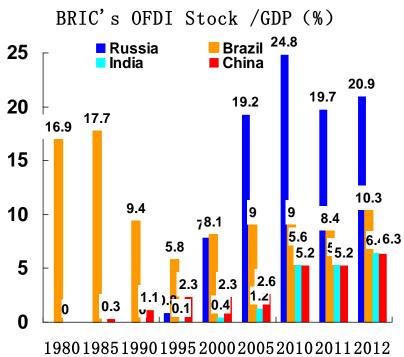
In term of contributions to the world growth, the pulling role of China's OFDI is very limited.



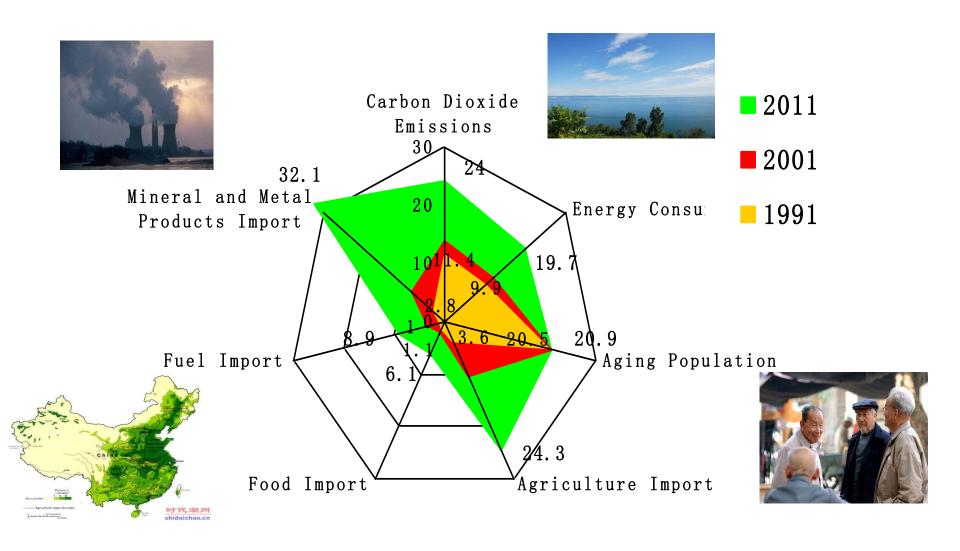


In term of contributions to Domestic economic growth, China's OFDI falls behind other emerging economies.





In term of the pressure of industrial transfer and upgrade, it's very urgent for China to quicken outward investment



To Comprehensively improve the level of the open economy——Target raised in the Eighteenth National Congress of the CPC



- •Must stick to the peaceful development. Peaceful development is the inevitable choice of Chinese Special Socialism. Must adhere to the open development, cooperative development, win-win development, promote the building of a harmonious world of lasting peace and common prosperity.
- •Follow a more proactive opening-up strategy, Improve open economy system with features of mutual benefit and win-win, multiple equilibrium, safe and efficiency
- •To speed up the pace to go out, to enhance the internationalization capacity of enterprises, and develop a number of world-class Multi-National Corporation.

Insist progress based on stability and improve the quality of development

—In 2012 the central Government working conference held in 2012 to make specific deployment to implement the spirit of 18th CPC National Congress



The six tasks raised in the economic work conference of the central Government: Focus on promoting the quality and benefit of economic growth

- •Strength and Better Macro-control to promote the economy sustainable and healthy development;
- •Reinforce the agriculture foundation to ensure the supply of agricultural products supply;
- •Quicken adjust industrial structure to increase the whole quality of industries;
- •Actively and steadily push urbanization, focusing on improving the quality of urbanization.
- •Strengthen the people's livelihood security and improve the people's living standard;
- •Comprehensively deepen the reform of economic system, and insist expanding opening-up.

Mid and Long-term Goal Raised in the 12th Five Year Plan

Volume 12, Chapter 52

Coordinate between "Bring in" and "Going Global"

between "Bring in" and "Going Global", attach importance to both inward investment and outward investment, and enhance the capacity of using domestic and external markets and resources effectively and safely.

Section 1

Improve the level of foreign capital utilization

The foreseeable three "Chinese dividend"

Development

Disposable Income Per Capita will double in 2020 compared with 2010, China's GDP will account for about one quarter of the world and rank the first in term of economic scale.

Reform

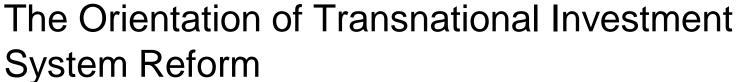
China in 20

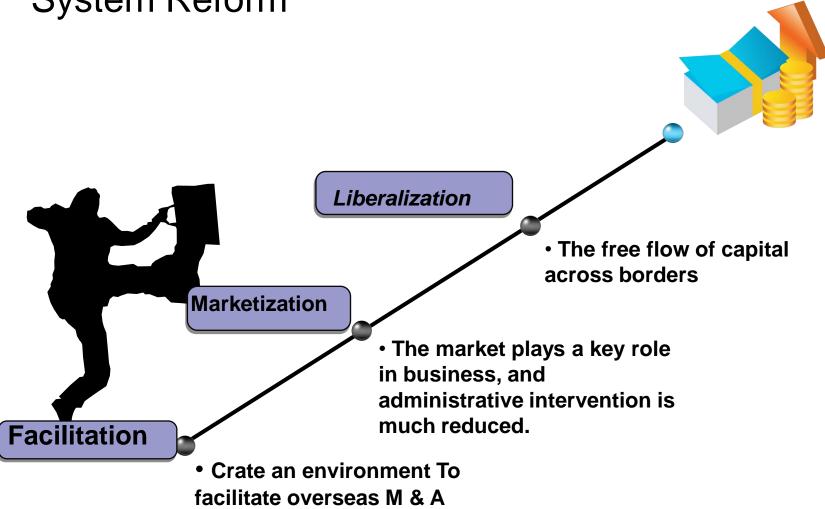
Finish the market economic system reform

years

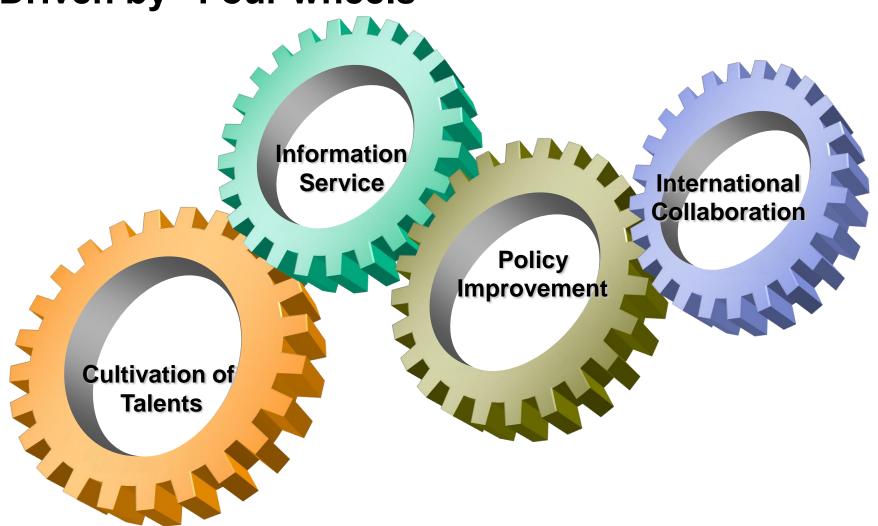
Build up the open economic system, in which economic factors can flow freely.

Opening

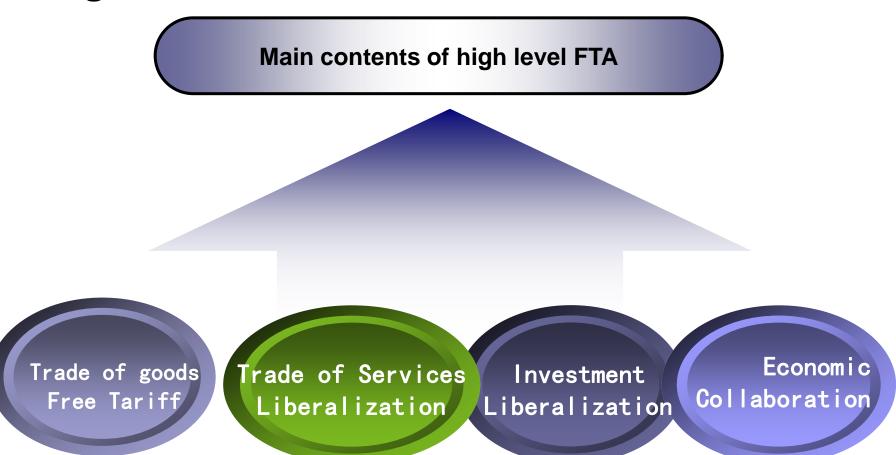




The Role of the Government: Facilitation Driven by "Four wheels"



The Role of the Government: the Long-term Target of Liberalization



The Reform Process of China Customs Special Supervision Zones



FTZ

- •Aug, 2013
- Shanghai FTZ
- •Reform covers six areas: Finance, Shipping, Trade, Professional services, Culture, Social services

- Composite bonded area
- •Dec,2006
- Suzhou industrial Park
- •Functions & Polices: the same as Bonded Port Areas

Bonded Logistics

Bonded Port Areas

•June,2005

- Shanghai Yangshan
- •Functions: The port operations, international transit, international distribution, international procurement, entrepot trade, export processing, commodity display
- •Policies: Combine policies of The bonded zone ,export processing zone and bonded logistics park
- •Dec 8,2003
- Shanghai Waigaogiao
- •Functions: Bonded Logistics, Processing Prohibited
- •Policies: Export products into the zone tax to be rebated

Cross Border **Industrial Zones**

- •Dec 5, 2003
- •Zhuhai Macao cross border industrial zone
- •Functions: Bonded logistics, transit trade, commodity exhibition
- •Policies: Export tax rebate policy Plus bonded zone and export processing zone policies and 24 hour special port clearance
- •April, 2000
- •Kunshan
- •Functions: Export, Domestic sale Prohibited
- •Policies: Export products into the zone tax to be rebated

Export processing zones

Bonded Areas

•June, 1990

Parks

- Shanghai Waigaogiao
- •Functions: Bonded warehouse, export processing, Entrepot trade
- •Polices: Exports tax rebate instead of entering the zone rebate, Separation from port

Sources: Introduction of Areas under special customs supervision



Shanghai FTZ: Innovation on Openness of

the host country

Pre establishment national treatment The opening of the service industry

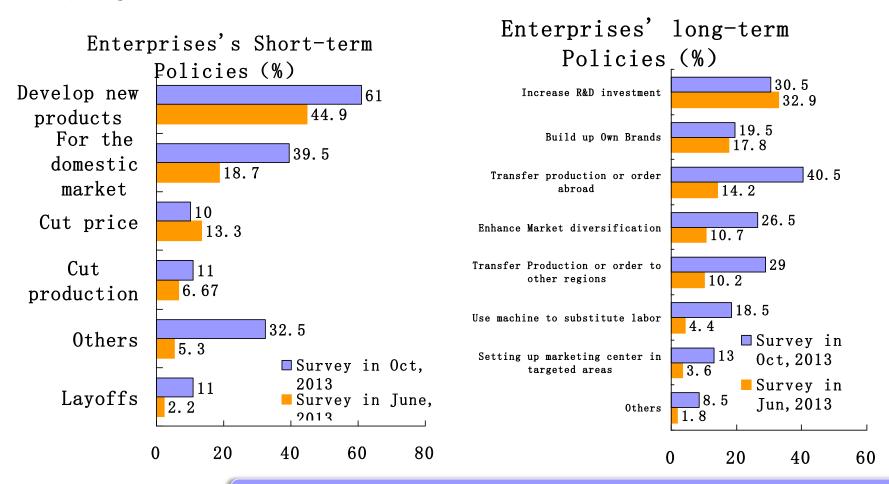
Capital account convertibility

Negative list

Filing system

The transformation and upgrading motion of Chinese enterprises is enhanced

Enterprise survey results, 200 enterprises involved, carried out in Spring/Autumn, 2013





The Road of Chinese enterprise's transnational investment Upgrade

The Road of Enterprises' Overseas M&A Upgrade

Resource developm ent Market integration

To invest through going out, developing mineral resources, promoting local economic growth

 To extend the industrial chain, to enter the targeted market, expanding the parts, equipment and product market shares Cultivate MNEs

By M&A investment, hold foreign equity, to become a real sense of MNEs

Technolog y and Brand accessing strategy

Learn and master the technology, acquire global brands, enhance the international influence



Than K Vou ! LISU K Nou !