

China a more attractive destination for foreign investment

China's use of foreign capital has performed well despite the continuous decrease in worldwide foreign direct investment (FDI). In 2017, China attracted investments worth \$136 billion, breaking the historical record, and it has maintained positive growth in the first half of this year, according to the World Investment Report released by UNCTAD in June 2018.

An important reason behind China's flourishing FDI is expanding market opportunities. China's industrial structure is keeping up with economic development, which requires more high-quality services, such as medical care, financial products, and cultural communications. Multinational companies are believed to have certain advantages in these areas, said Sang Baichuan, a professor at the University of International Business and Economics.

"BP is optimistic about the opportunities in the Chinese market, and is willing to increase investment in China. We will bring differentiated experiences to Chinese consumers through advanced products and services," said a person responsible for BP in China, adding that about 1,000 gas stations will be installed over the next 5 years, which will provide charging services for electric vehicles.

Generous profits are brought to foreign investors in China thanks to the huge market potential. US leading coffee company Starbucks, for example, grew 30% year-on-year in its first quarter this year, and same-store sales increased by 6%, which is much higher than its global same-store sales growth of 2%. China has become Starbucks second biggest market, and an important motivation for business growth, according to its recent financial report.

"In recent years, the Chinese market has contributed greatly to the growth of foreign-funded companies," said Bai Ming, deputy director of the Ministry of Commerce (MOC)'s International Market Research Institute.

Foreign investors can embrace more fields in China thanks to the greater openness. A new version of Special Management Measures for the Access of Foreign Investment, the "Negative List," was officially released in June. The newest list has lifted limitations in 22 additional areas.

After its release, the People's Bank of China received an application from World First, a British-based cross-border collection company, to enter the third-party payment market. And Tesla (Shanghai) Co Ltd has become the first foreign car company to establish a wholly-foreign-owned enterprise in China.

A more fair, transparent, and convenient market environment has enhanced the willingness and confidence of foreign companies to expand in China. Nearly 60% of the companies surveyed listed China as one of their three major investment destinations, and a third of them plan to increase investment by more than 10% in 2018, according to a report by the American Chamber of Commerce in China.

“With the recovery of the world economy, cross-border investments have also showed a positive signal. Although facing fierce international investment competition, China has enhanced high-level industrial supporting capacity, high-quality human resources, an optimized business environment, and huge market potential,” said Gao Feng, a MOC spokesperson. “Therefore, we have the confidence to realize the high-quality development of utilizing foreign capital, and China always become a hot spot for foreign investment,” he added.

(source: People’s Daily)