FDI's Role in a Changing Chinese Economy

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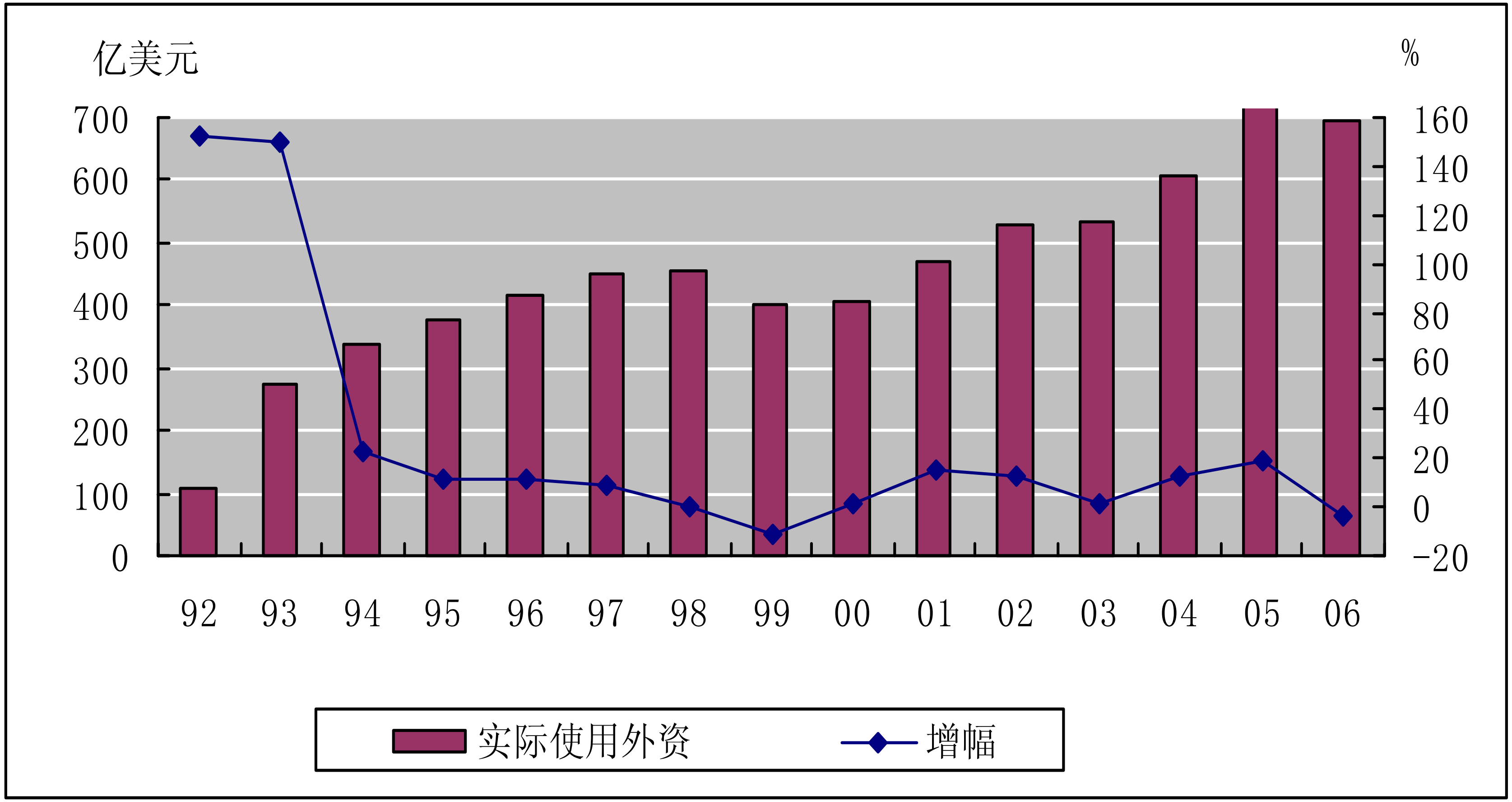
Huge amount of FDI in China

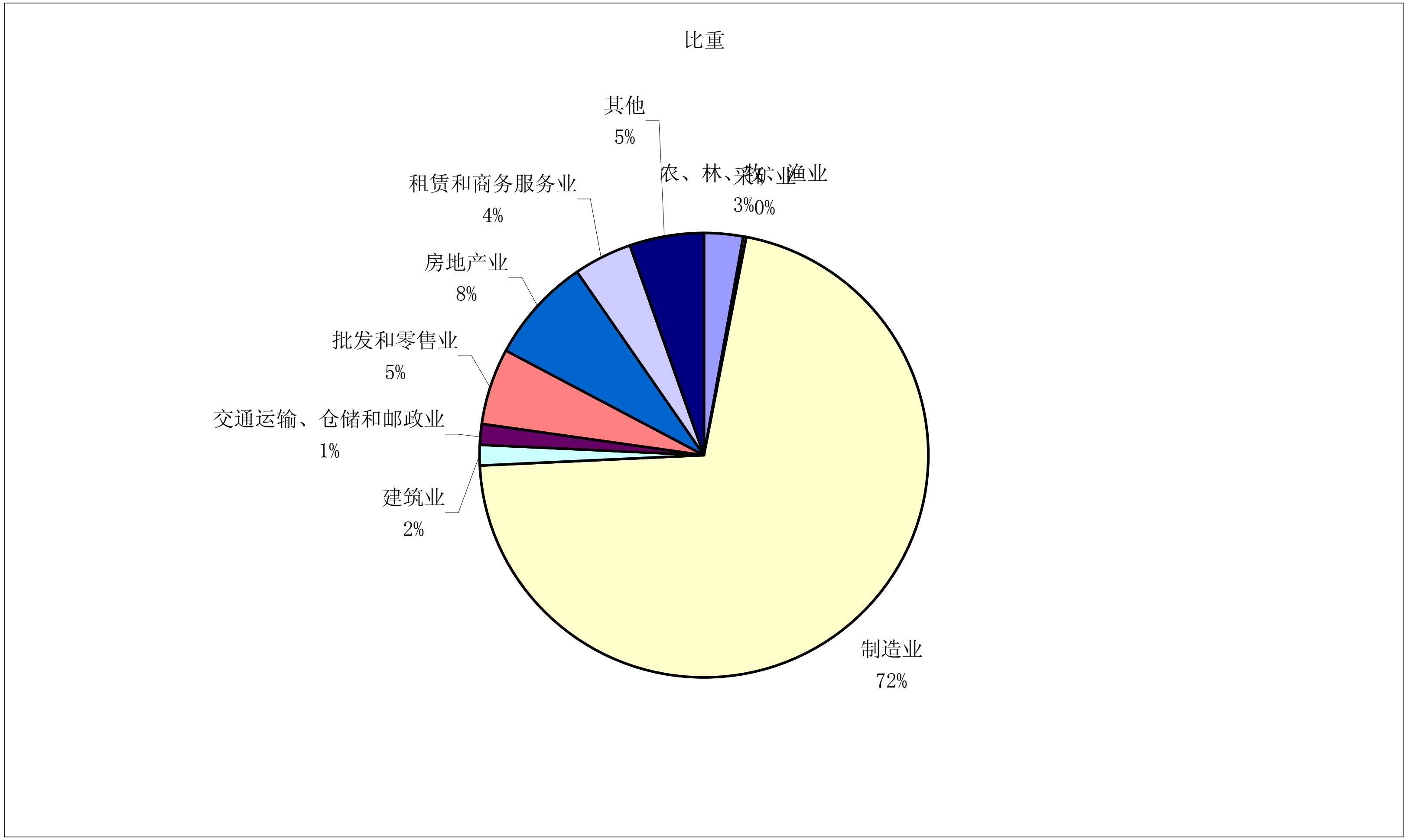
- To the end of 2006, there have been established 590,000 FDI companies, with more than 700 billion USD, from about 200 countries/regions in China;
- About 480 among the world top 500 companies have invested in China;
- China have hosted the largest amount of FDI in developing economies since .

FDI progress (1992-2006)



Most FDI are in manufacture

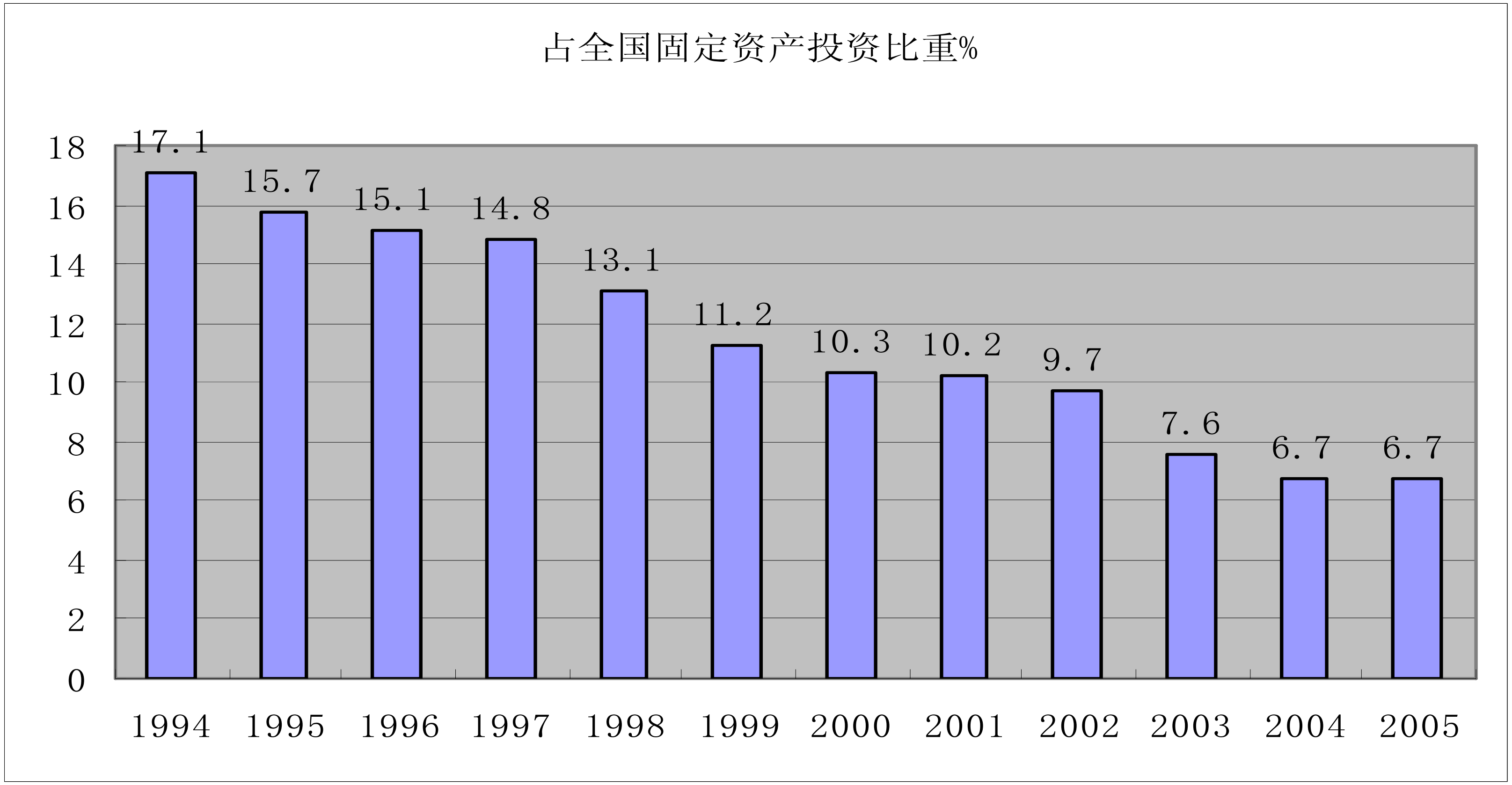
（to the end of 2006）



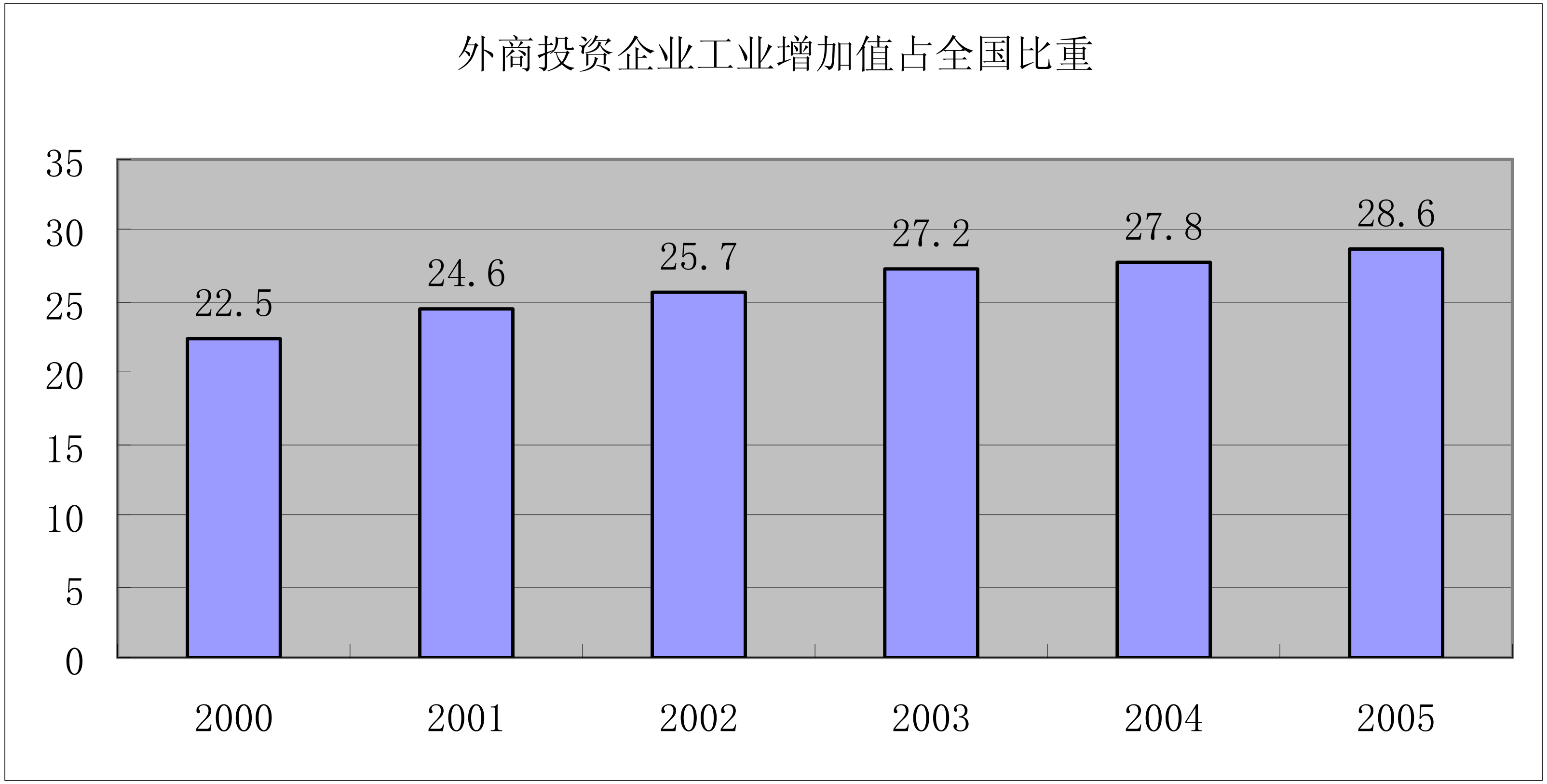
FDI concentrate in eastern region

million USD	East region		middle region		Western region	
	amount	share %	amount	share %	amount	share %
2002	457.3	86.7	50.1	9.5	20.1	3.8
2003	459.5	85.9	58.3	10.9	17.2	3.2
2004	522.1	86.1	66.8	11	17.4	2.9
2005	535.6	88.8	48.3	8	19.4	3.2
2006	569. 2	90. 3	39. 2	6. 2	21. 8	3. 5

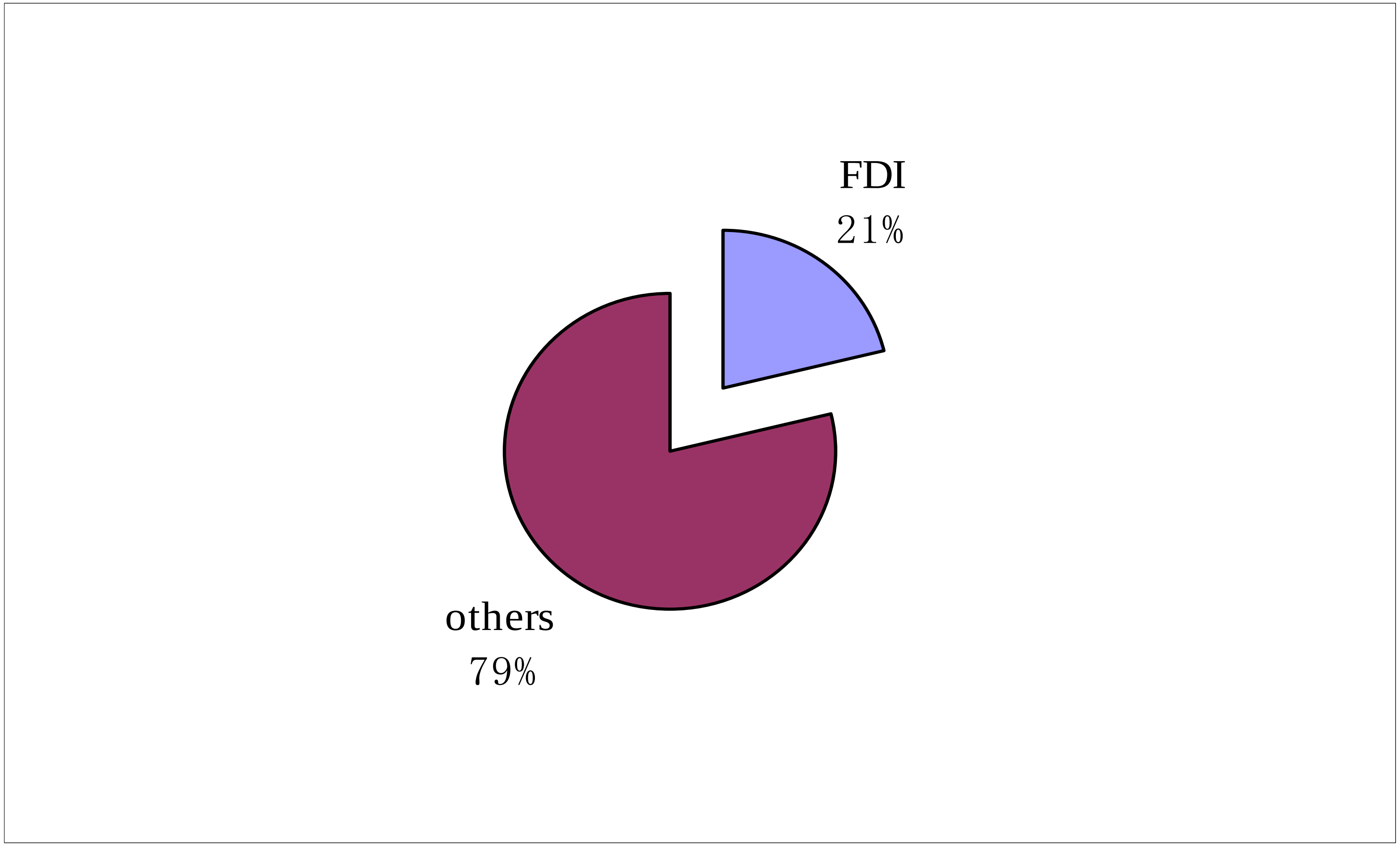
FDI is important part of fixed investment



FDI play important role in manufacture %



FDI's as tax payer



FDI promote rapid growth of trade

100 million USD	total		FIE's		
	amount	% y to y	amount	share in total %	% y to y
im-export	17606.9	23.9	10364.5	58.9	24.6
export	9690.8	27.2	5638.4	58.2	26.9
import	7916.1	20	4726.2	59.7	22

FDI promotes improve of export mix

- In 2006, FIEs' hi-tech export reaches 247.88 billion USD, growing 29.1%, takes88.1% of total hi-tech export.Among which, Computer & communication and electronics are 202 billion and 33 billion USD respectively;

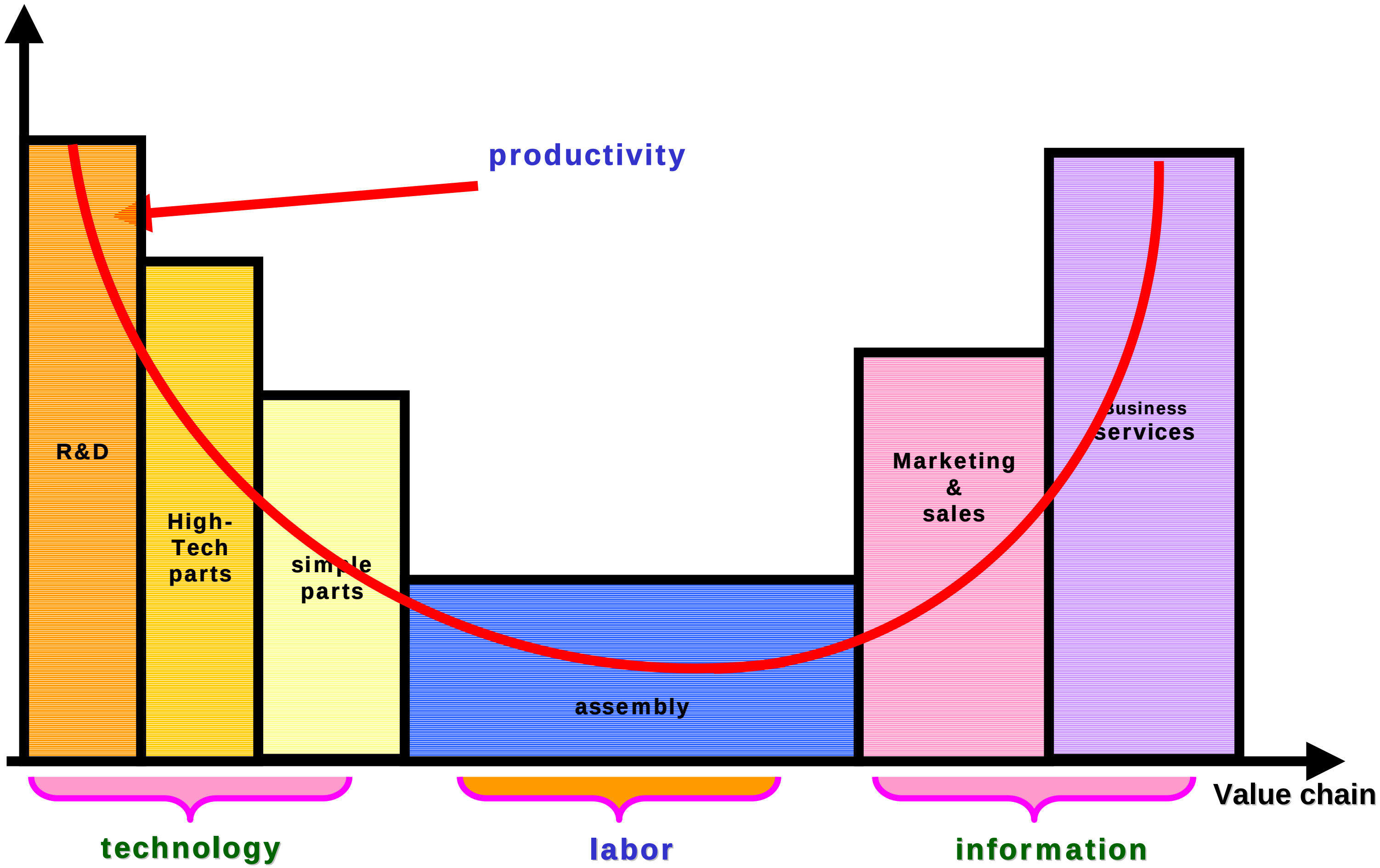
Major challenges China are facing

- Regional disparity
- Pressure of energy, environment and natural resources
- Weak technology innovative capacity
- Low ends of global production chain

FDI‘s new role: prospects

- Increasing FDI in mid-western region to narrow regional gaps
- Introducing more advanced, low energy consumption and environment friendly manufacture projects of FDI
- More FDI in service sectors
- Expanding FDI’s spilling-over effects
- Higher value added export

Climbing up in global production value chain



Expanding FDI’s spilling-over effects

- equally competition
- Technology transfer and demonstration to domestic companies
- Vertical cooperation with domestic companies
- Technology cooperation with domestic companies and research institutes
- Dissimilation of tech information, management, know-how, and talents

- Thanks !