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China's Outward Foreign Direct Investment

FIAS/MIGA Firm Survey

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FIAS
Foreign Investment Advisory Services

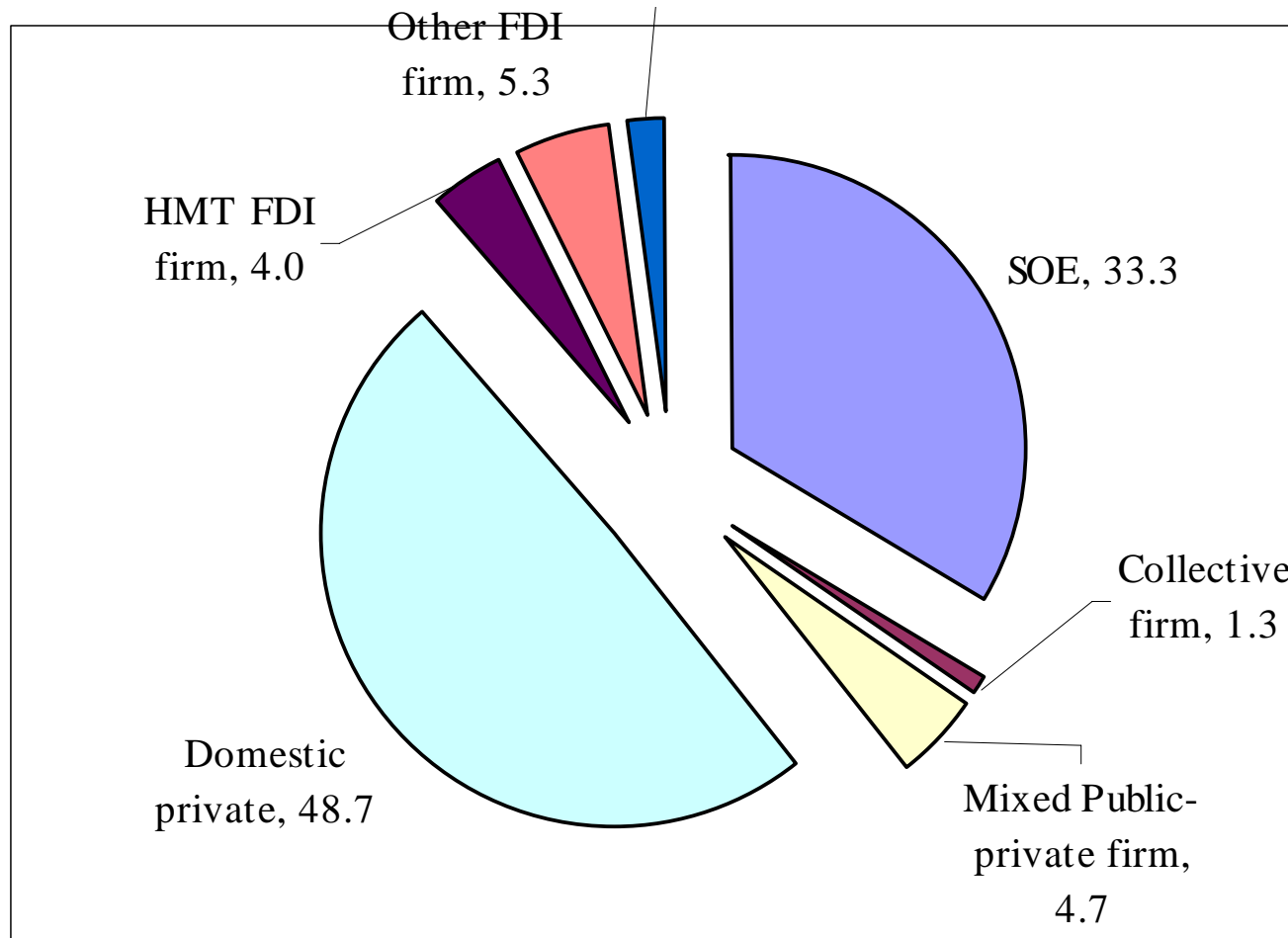
China's OFDI

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- Plan of presentation
- Sample characteristics
- Home country procedures
- OFDI drivers
- Business challenges
- Views of host countries' IC
- Implications

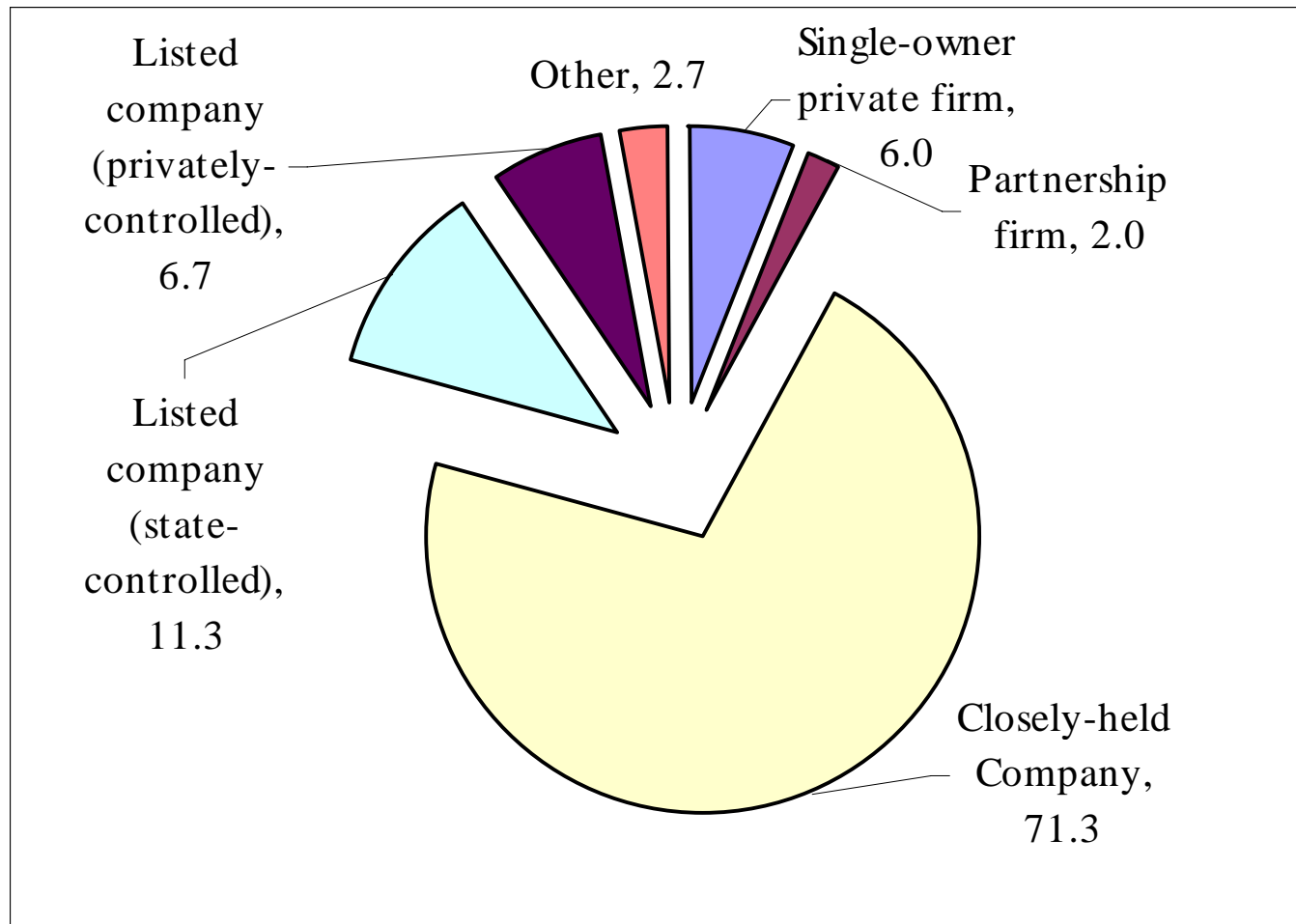
Distribution of ownership among sample firms (%)

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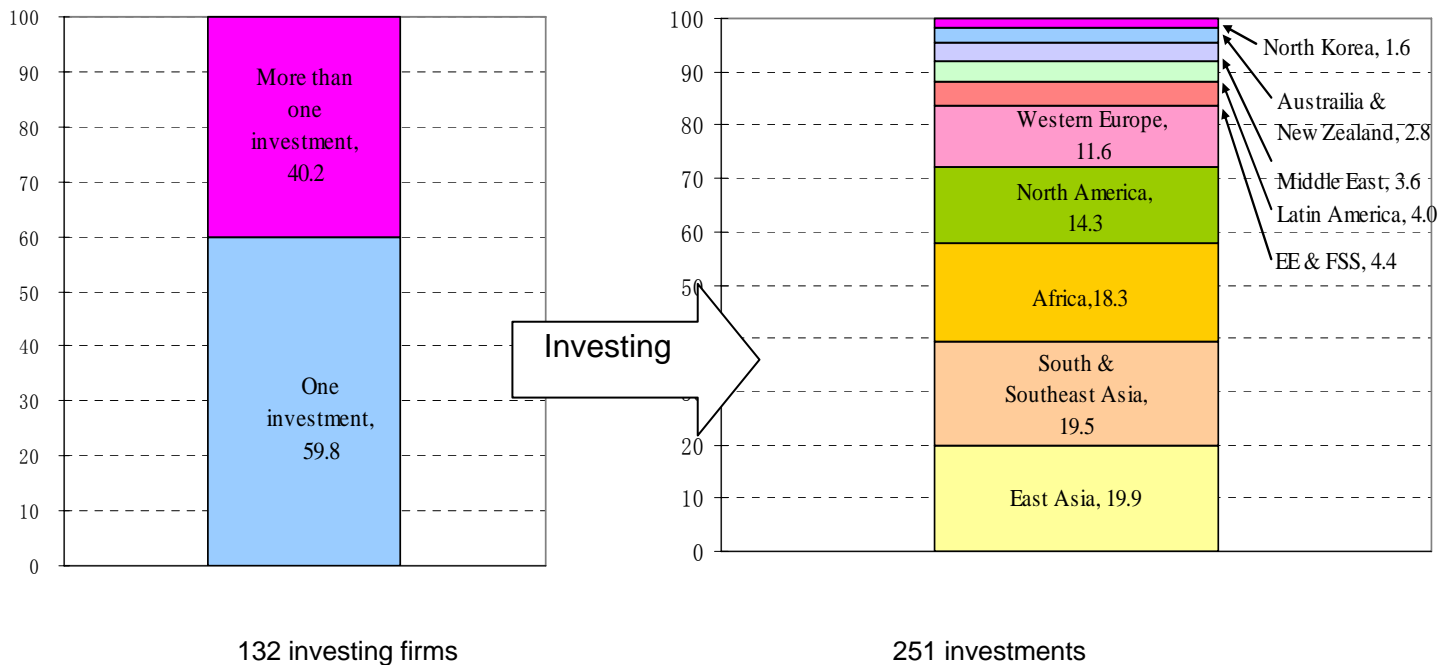


Distribution of legal registration among sample firms (%)

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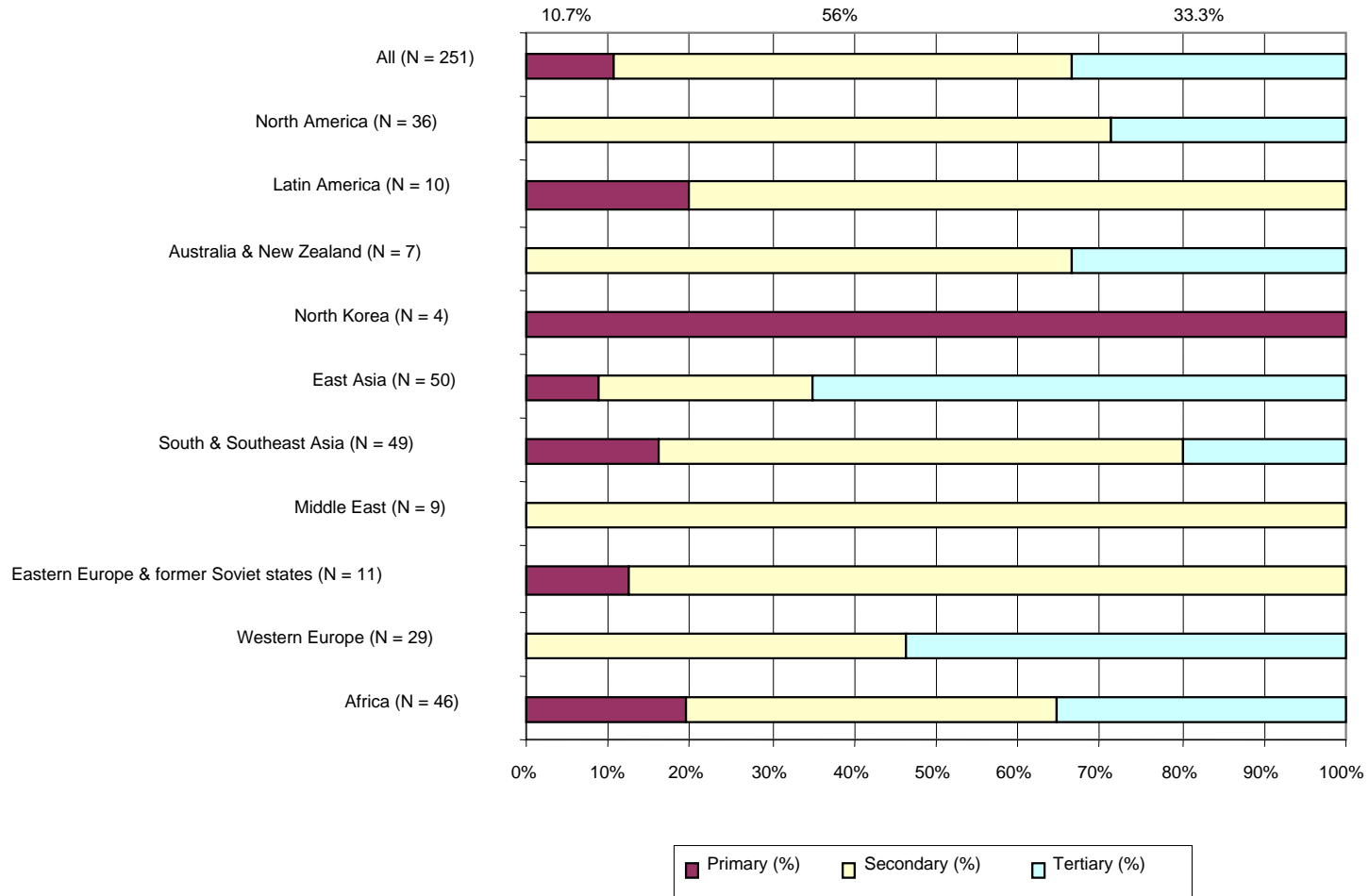


Destinations of investment

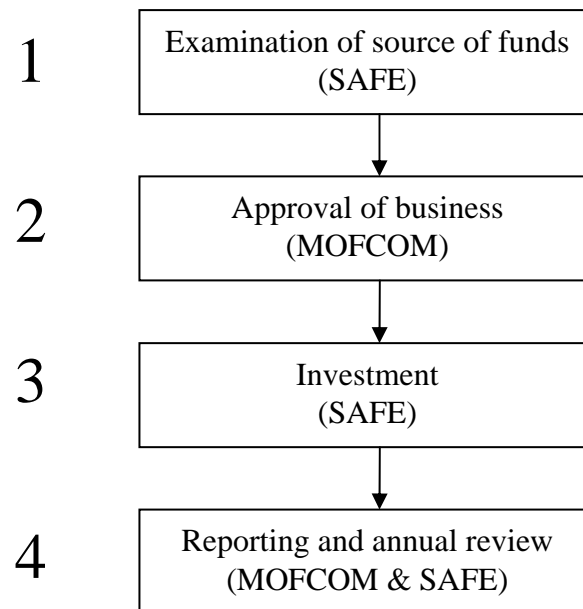


Industrial distribution among the destinations

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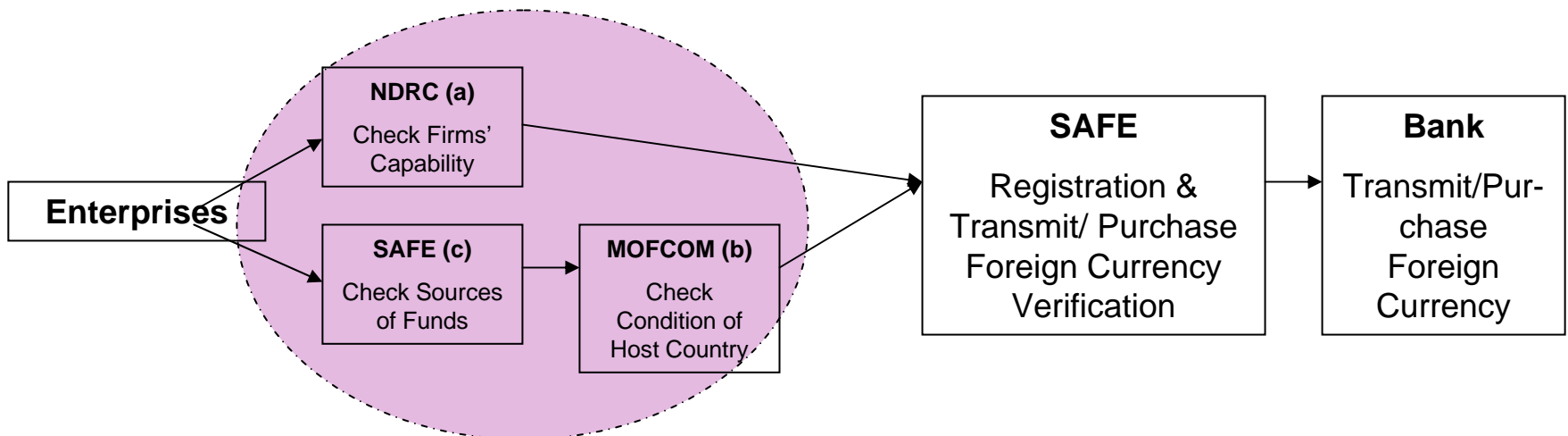


“Going Abroad” policy, ... Shackled by procedures

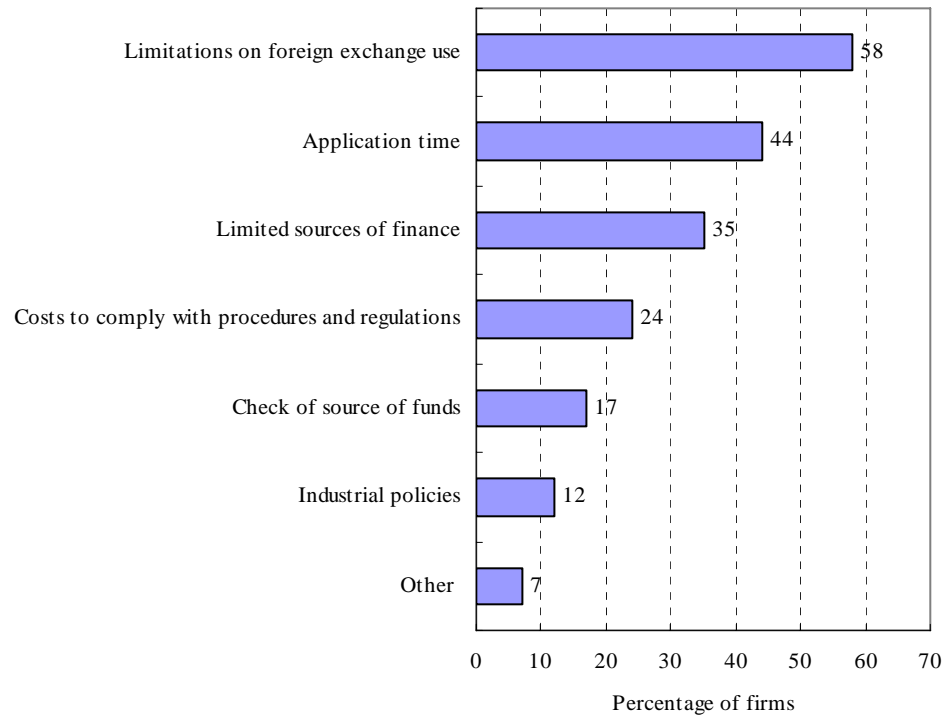


Roadmap of China's Outward Investment Procedures

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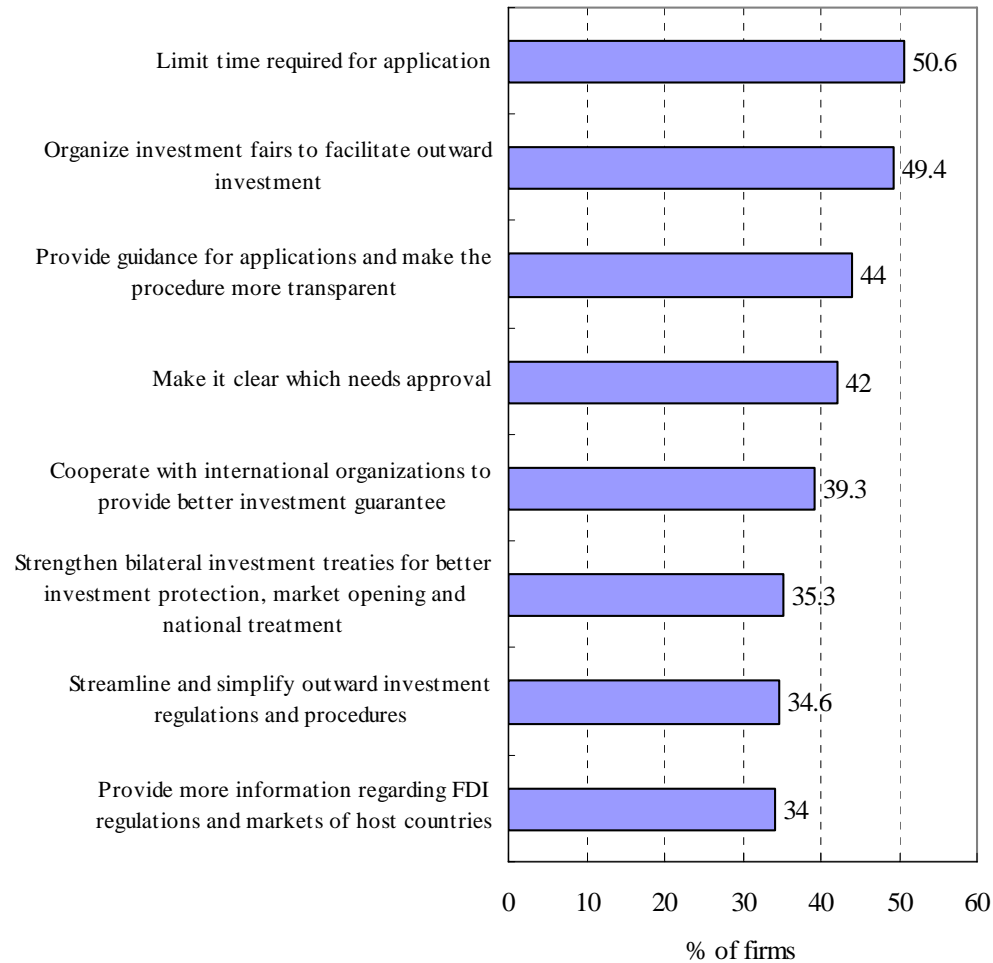


Impediments to overseas investment

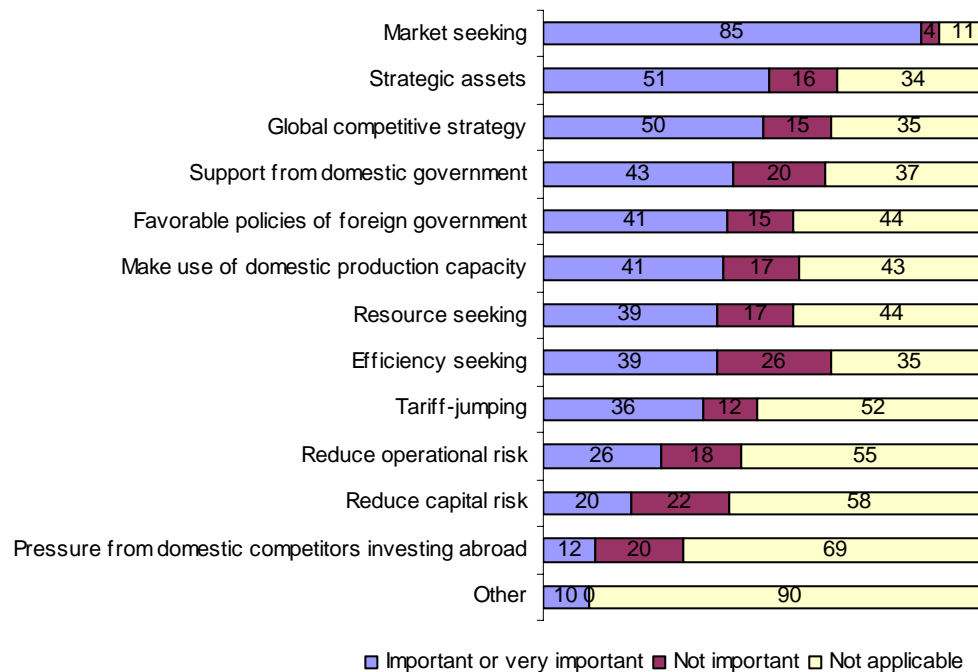


Ranking of expectations for domestic policy improvements

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Drivers for outward FDI (percentage of firms)



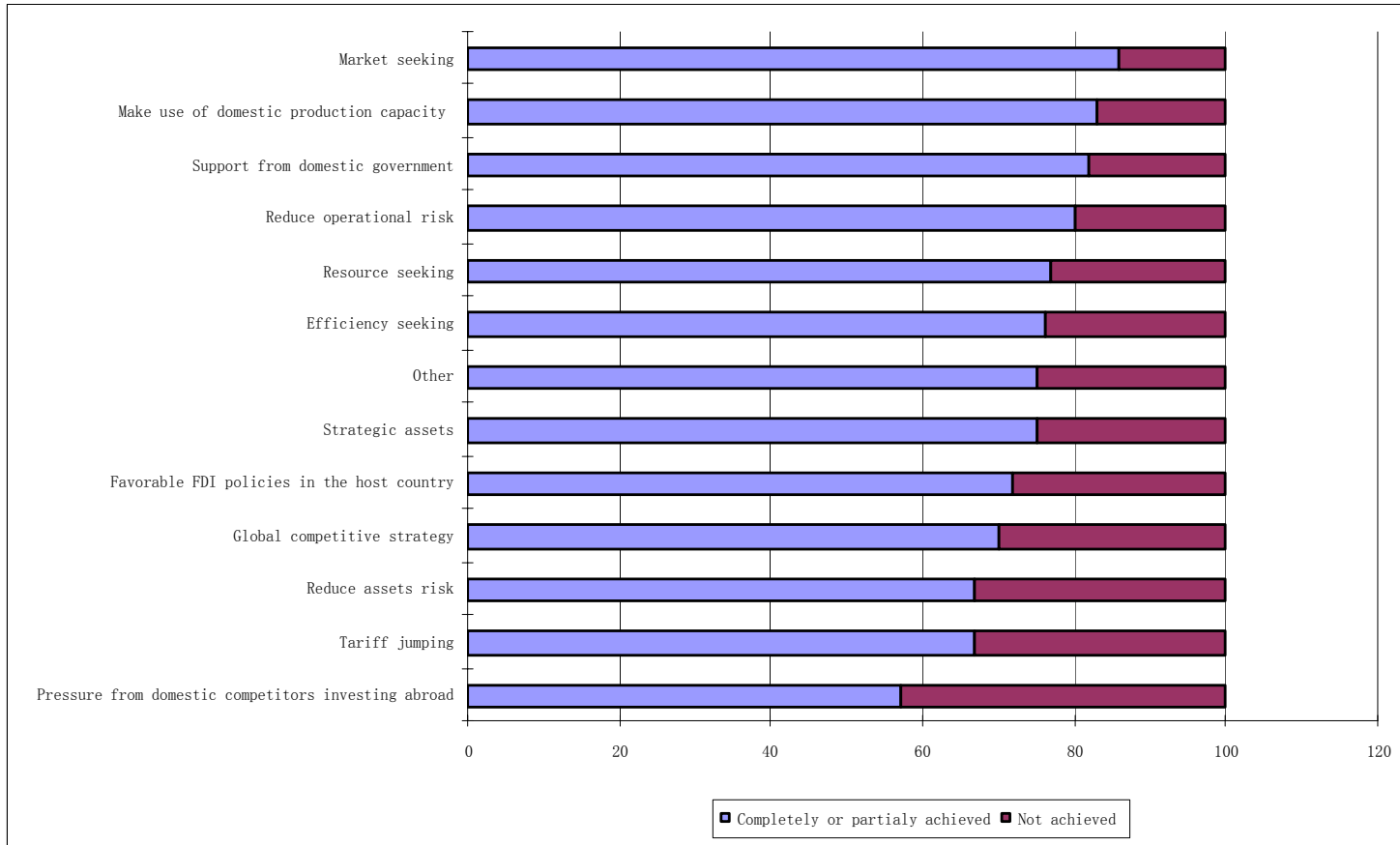
Importance of factors affecting FDI decision by ownership

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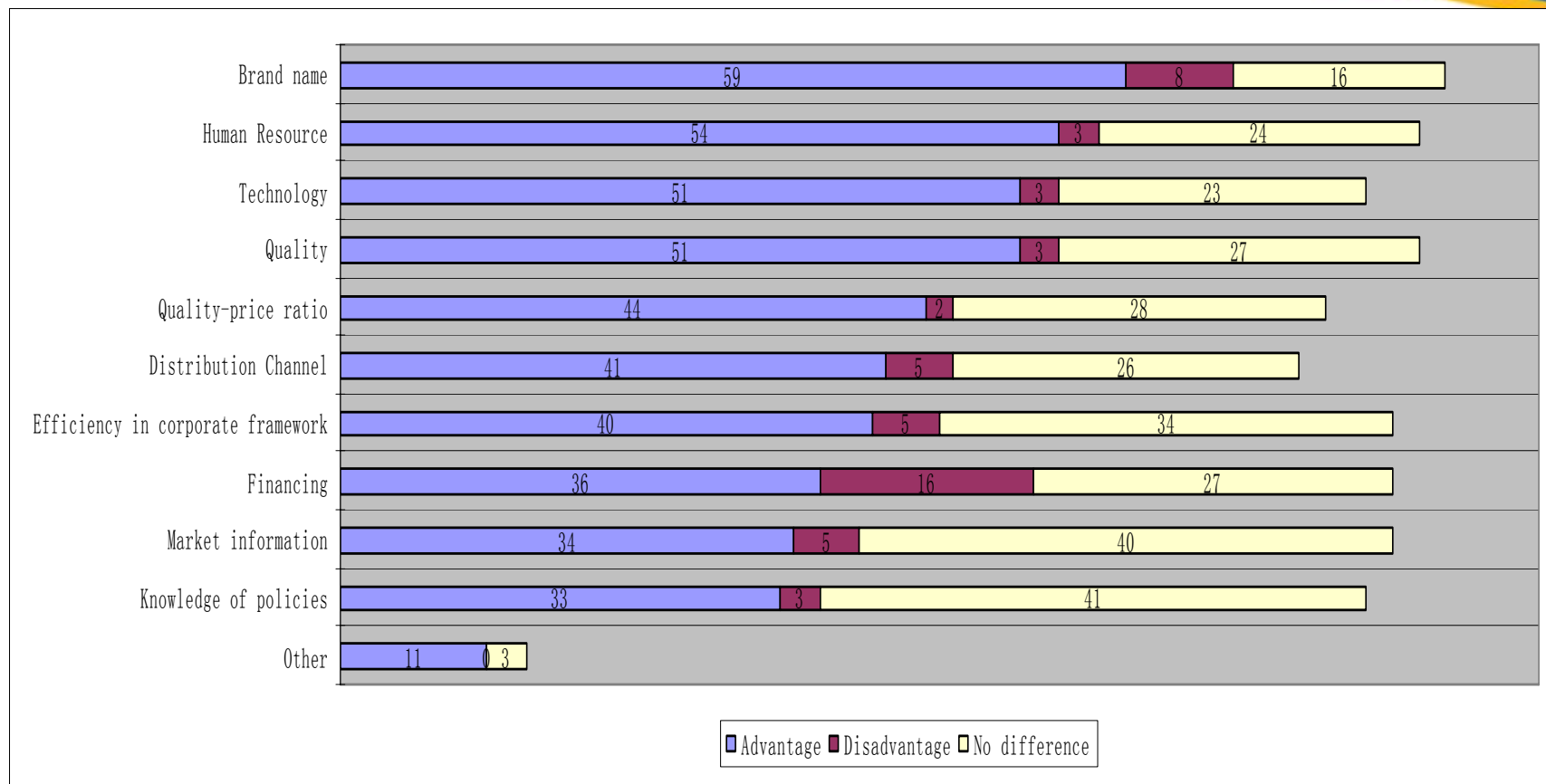
	SOE	Private	Other
Market seeking	86%	81%	96%
Efficiency seeking	35%	36%	54%
Resource seeking	31%	44%	43%
Strategic assets	43%	53%	61%
Tariff jumping	18%	42%	50%
Reduce operational risk	18%	24%	46%
Reduce assets risk	16%	19%	25%
Pressure from domestic competitors investing abroad	10%	8%	21%
Support from domestic government	47%	33%	57%
Favorable FDI policies in the host country	41%	38%	50%
Make use of domestic production capacity	41%	33%	61%
Global competitive strategy	49%	51%	46%
Other	10%	13%	4%

Extent of achievement of goals sought by FDI (percentage of firms)

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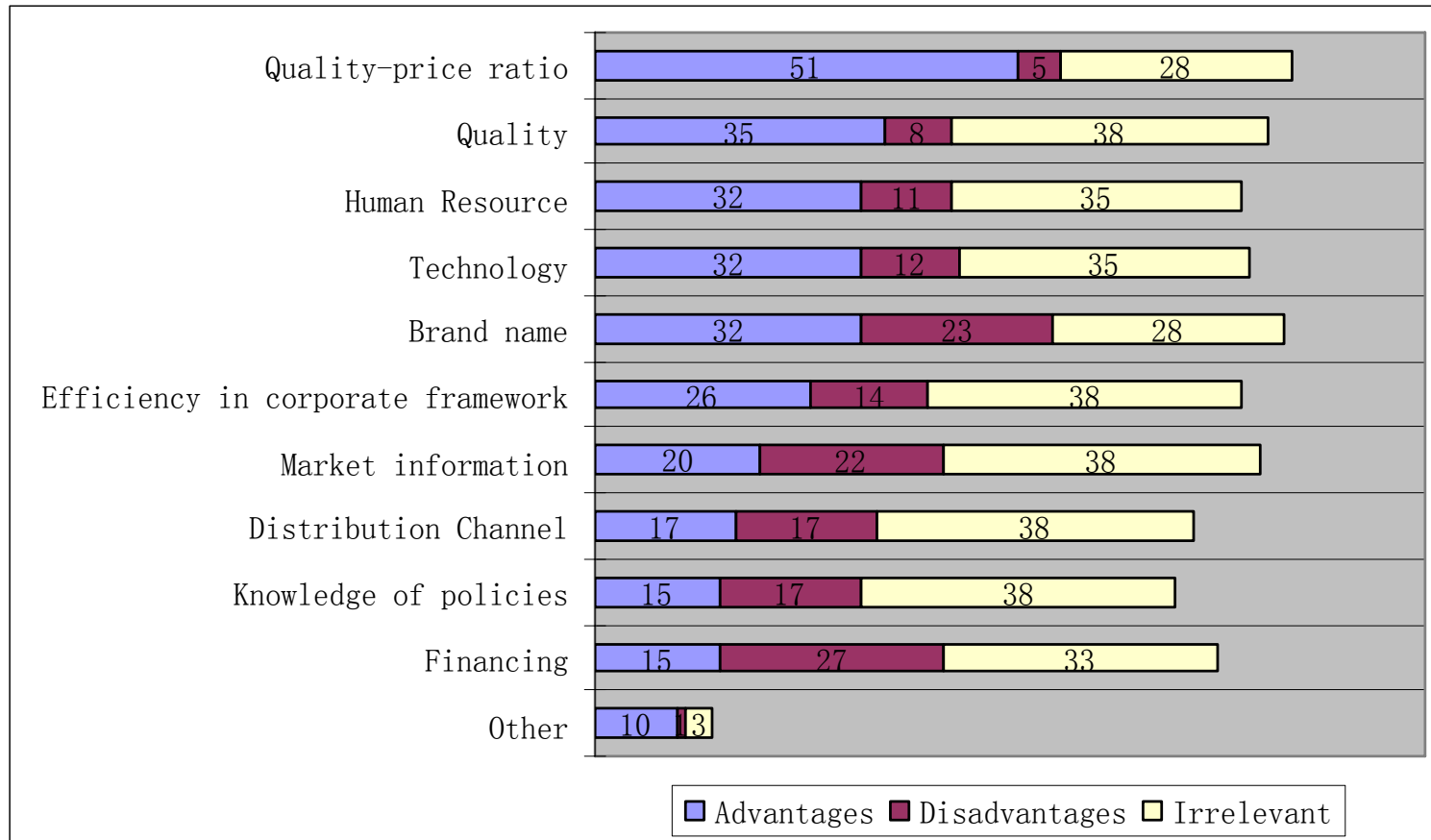


Advantages and disadvantages in domestic market (percentage of firms)

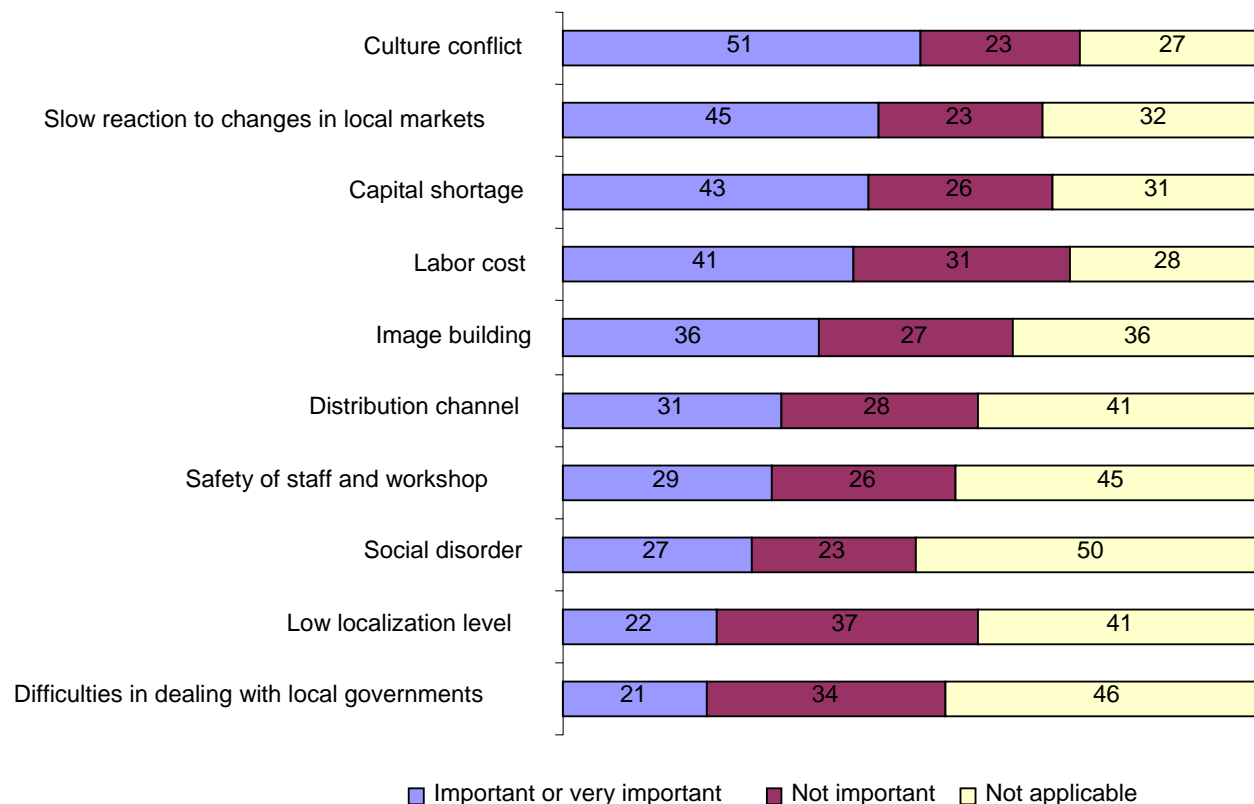


Advantages/disadvantages in international market (percentage of firms)

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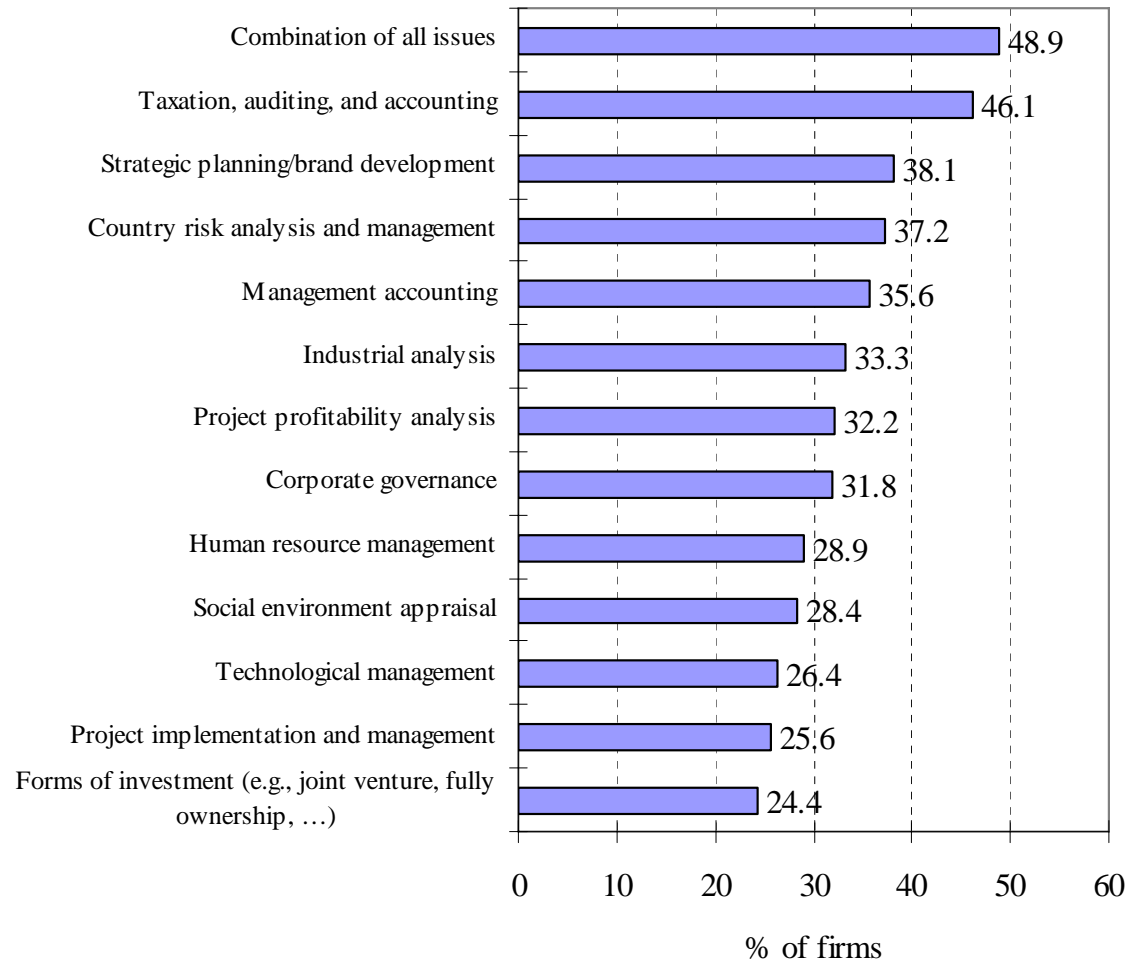
Main challenges faced in international operations (percentage of firms)



Difficulty in accessing finance (percentage of firm)

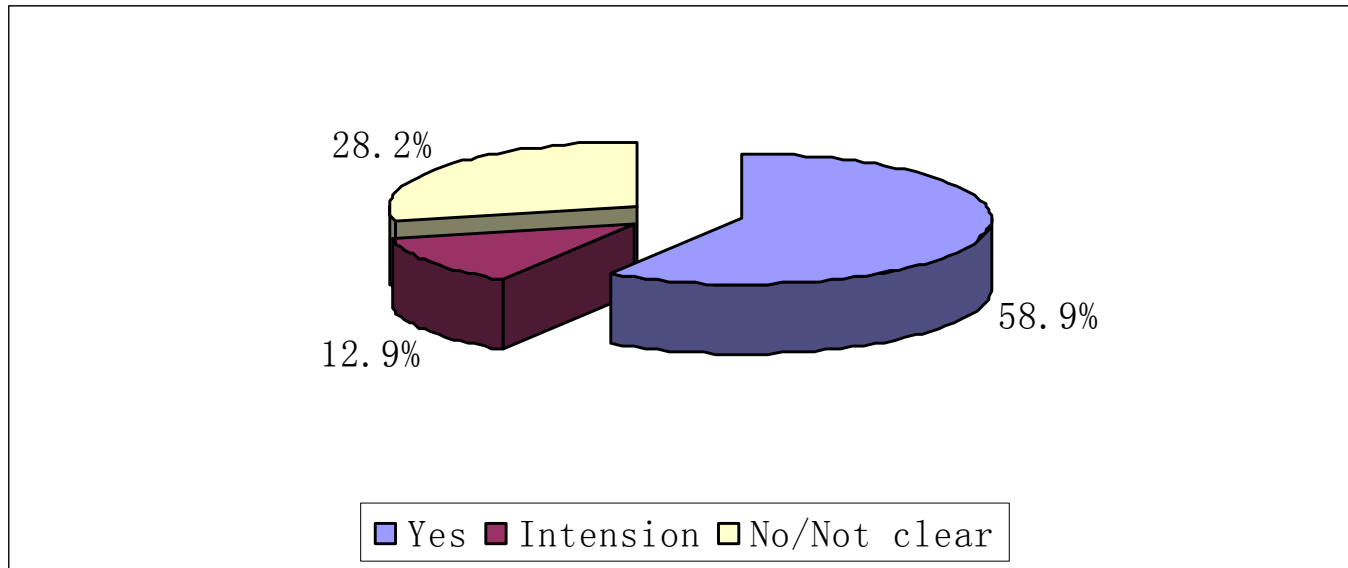
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Needs for consulting services



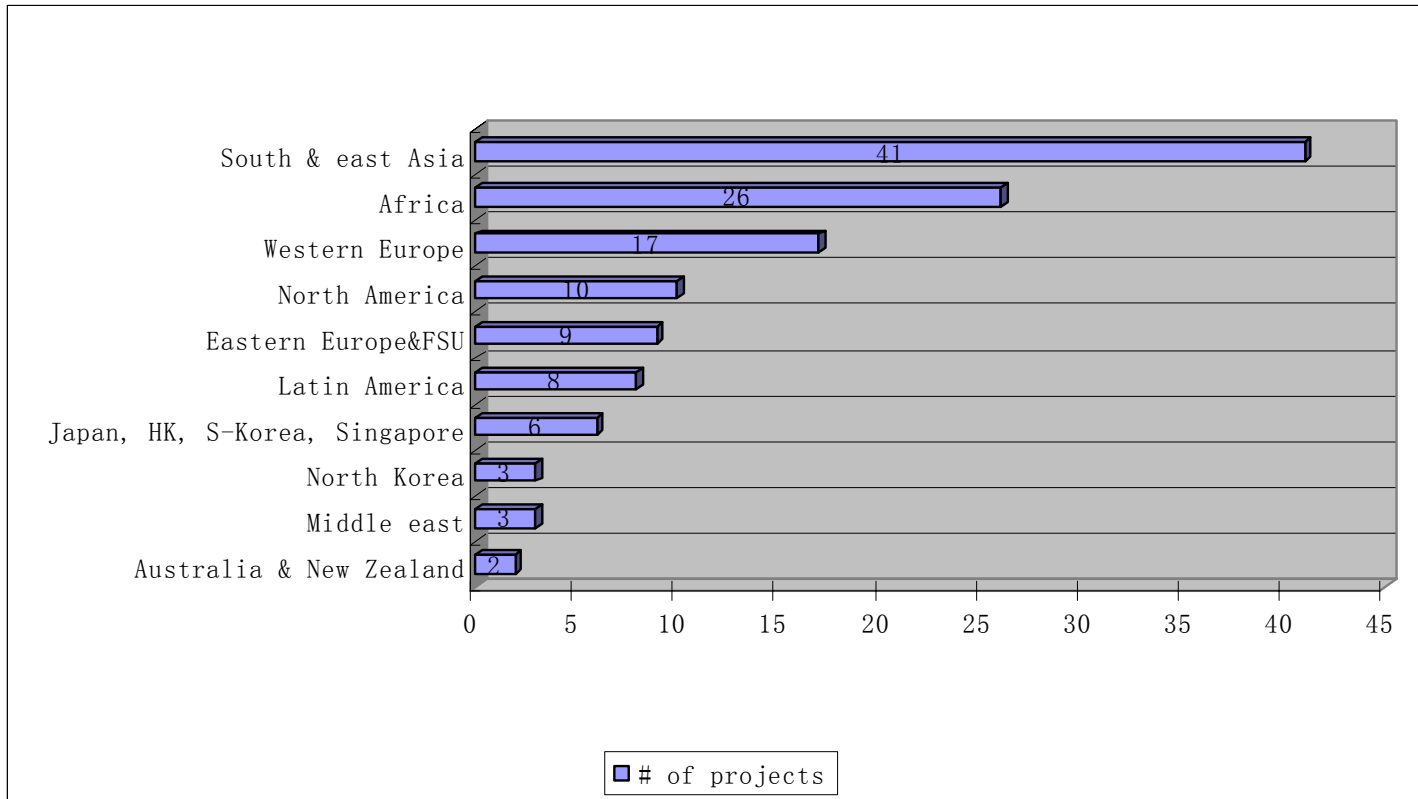
Plans to make new investment abroad (percentage of firms)

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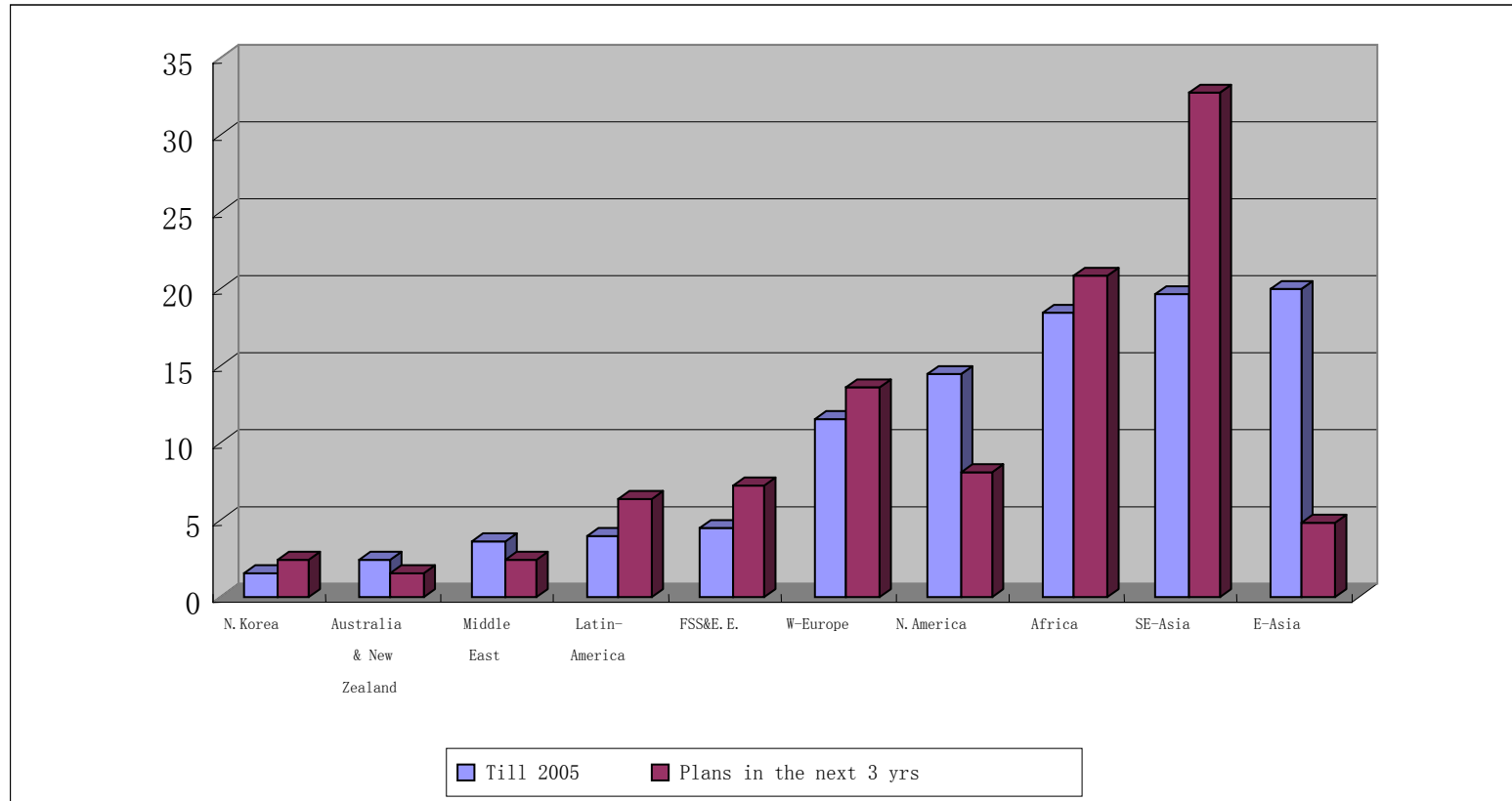
Plans of new FDI by destination

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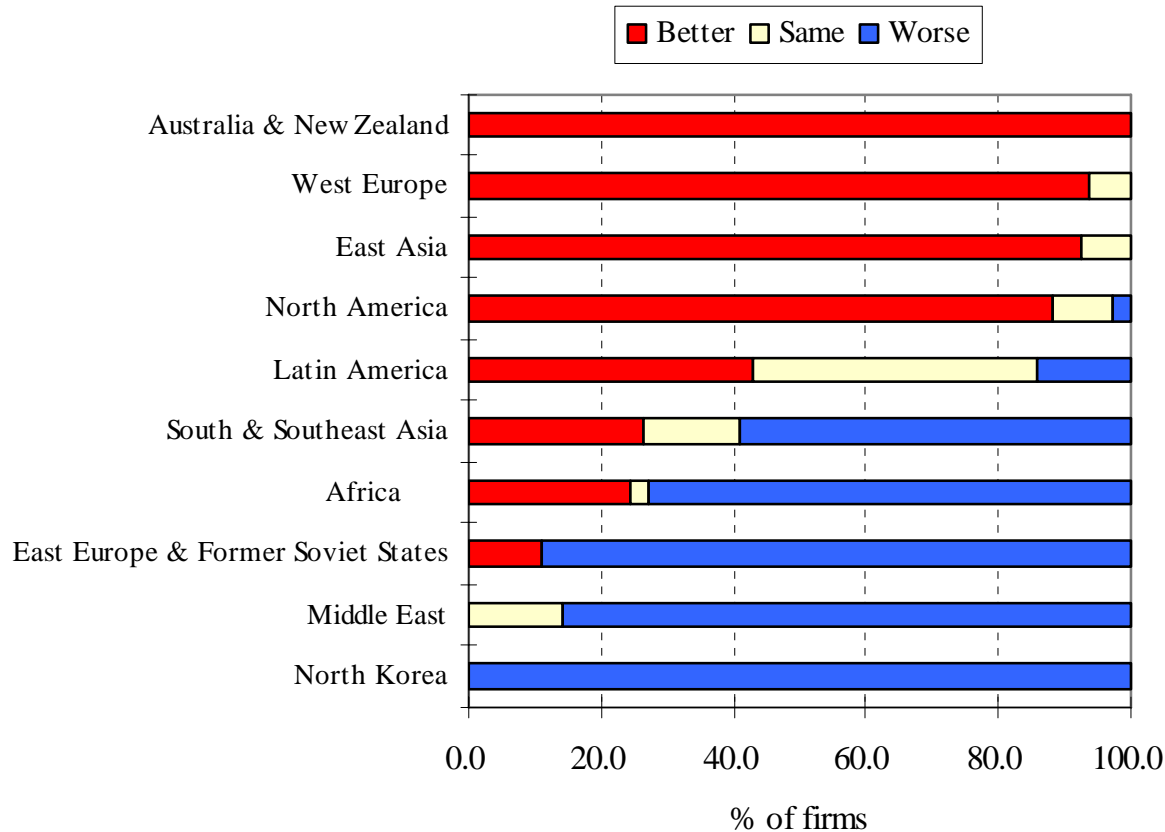


Current location vs. destination of planned FDI (percentage of projects)

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Ranking of destinations by market conditions compared with China



Leader in emerging market OFDI trend

Fits the trend:

- Evolution of home country development
- Drivers, OFDI first close to home
- Teething problems

Different from trend?

- High % of SOEs, sectoral distribution

Implications to the WBG

- TA work: Home country
 - Forex, financial market, procedures
- TA work: Host country
 - PSD & Investment Climate
- Strategic management/project development
- Risk management, including guarantees
- Inward/outward FDI promotion

Thank you

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