



Chinese Direct Investment

Trends to Date, Outlook for Tomorrow

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Partner

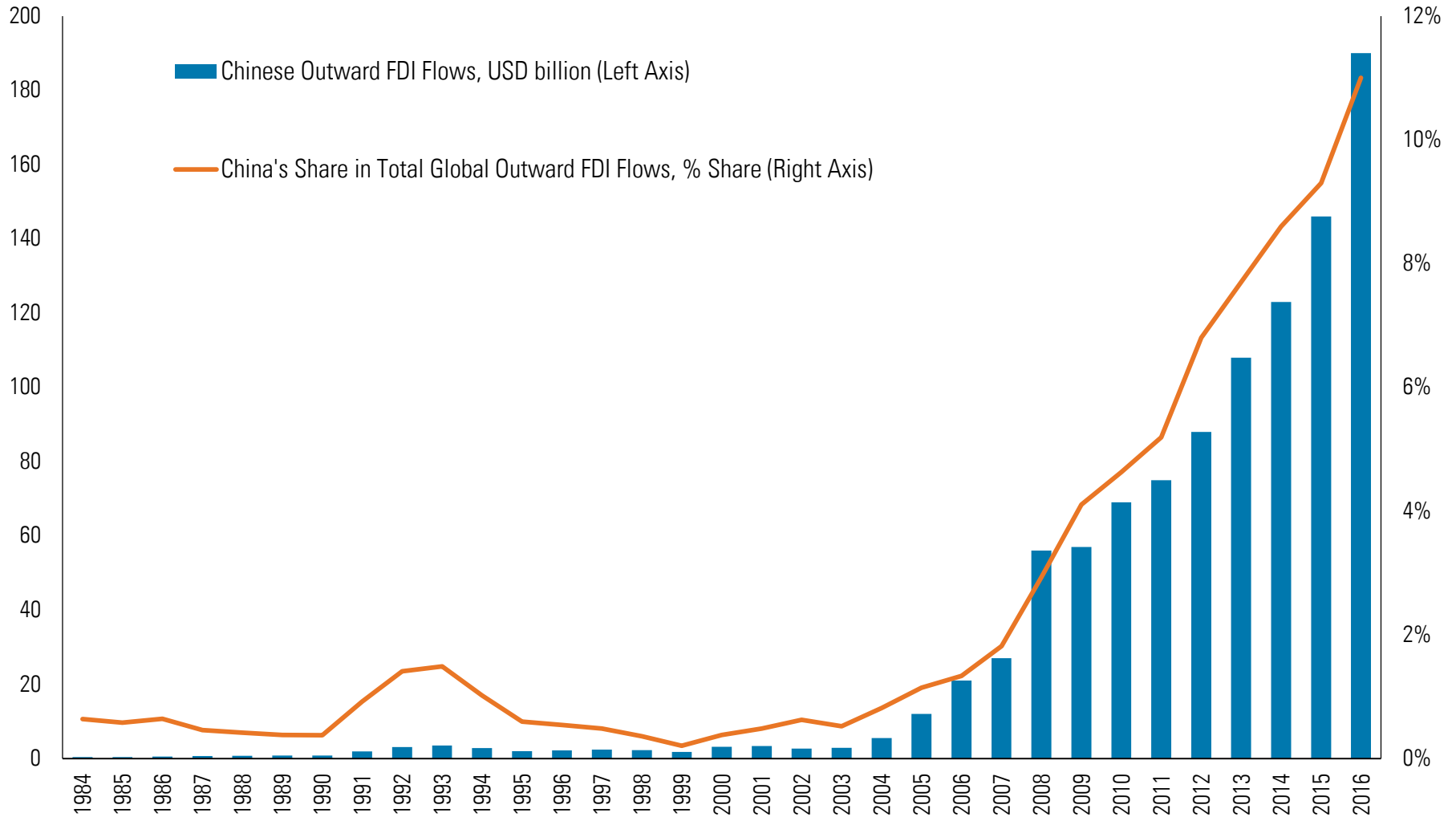
China Partnership of Greater Philadelphia | January 13, 2017

Overview

- 1. Backstory: Chinese FDI in the world, and the United States – catching up**
- 2. Current trends in advanced economies**
- 3. Patterns in the Mid-Atlantic Region**
- 4. Uncertainties about 2017 and beyond**

Backstory: Chinese FDI in the world, and the US – catching up

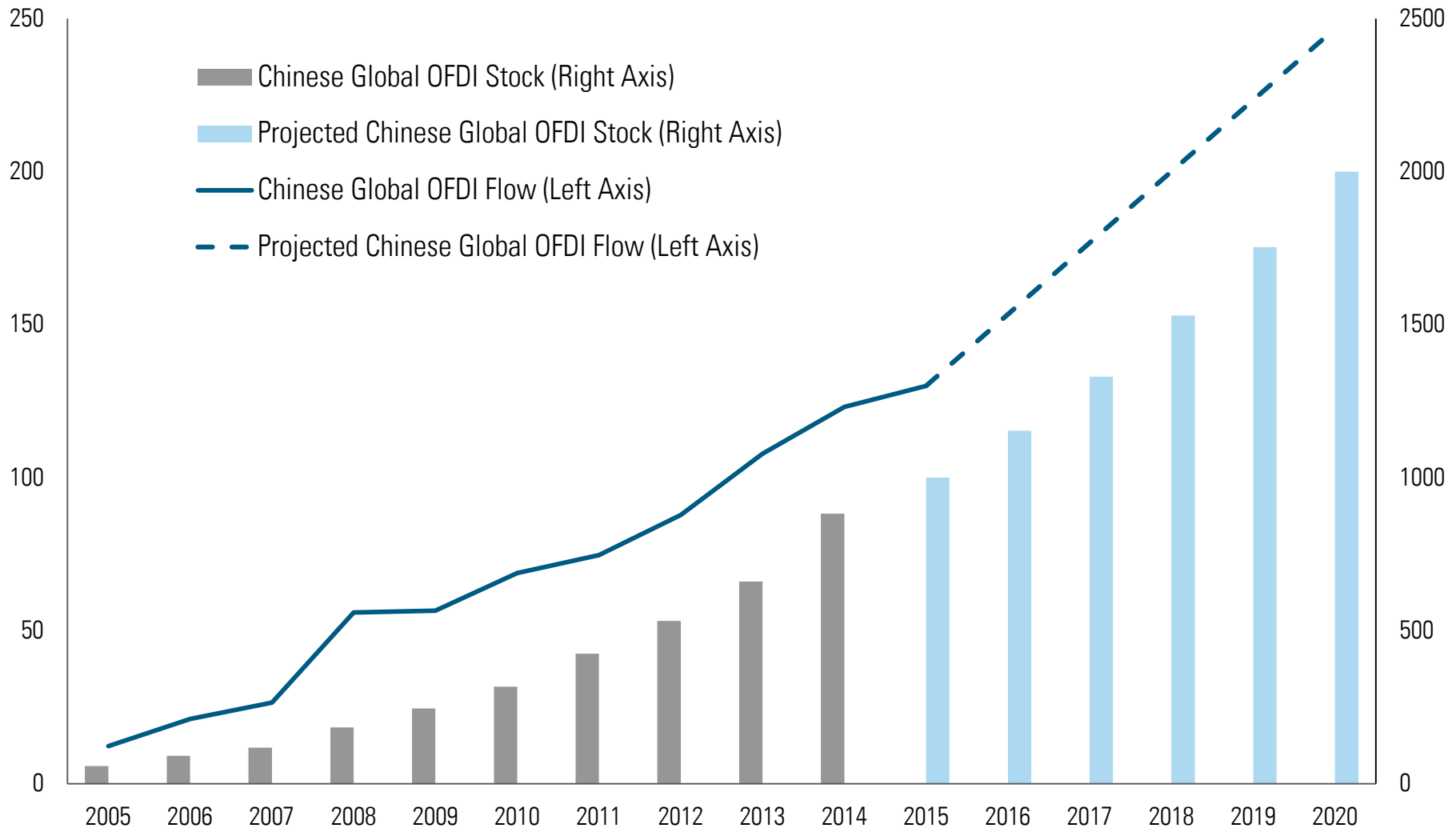
Annual outward FDI flows in USD billion, percent share of global total



Source: PRC Ministry of Commerce (MOFCOM), United Nations Conference on Trade and Investment (UNCTAD); *2016 data points are estimated based on available monthly data points on non-financial OFDI from January to November 2016.

China's Global OFDI Flows and Stock, 2000-2020*

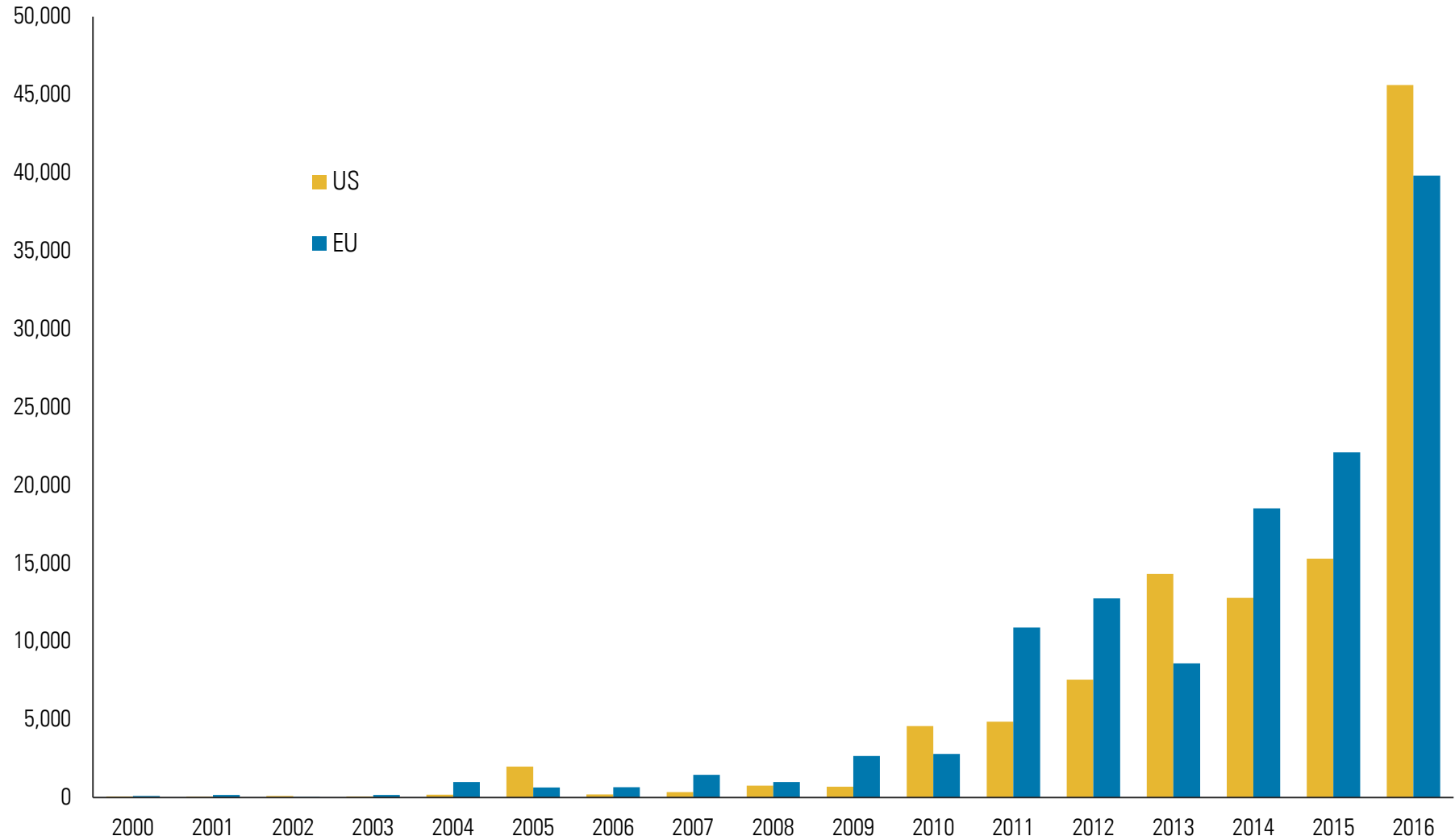
USD billion



Source: SAFE, Rhodium Group; *2015-2020 data based on projections by Li Keqiang, available at <http://bit.ly/10DFP0s>.

Chinese FDI Transactions in the US and EU

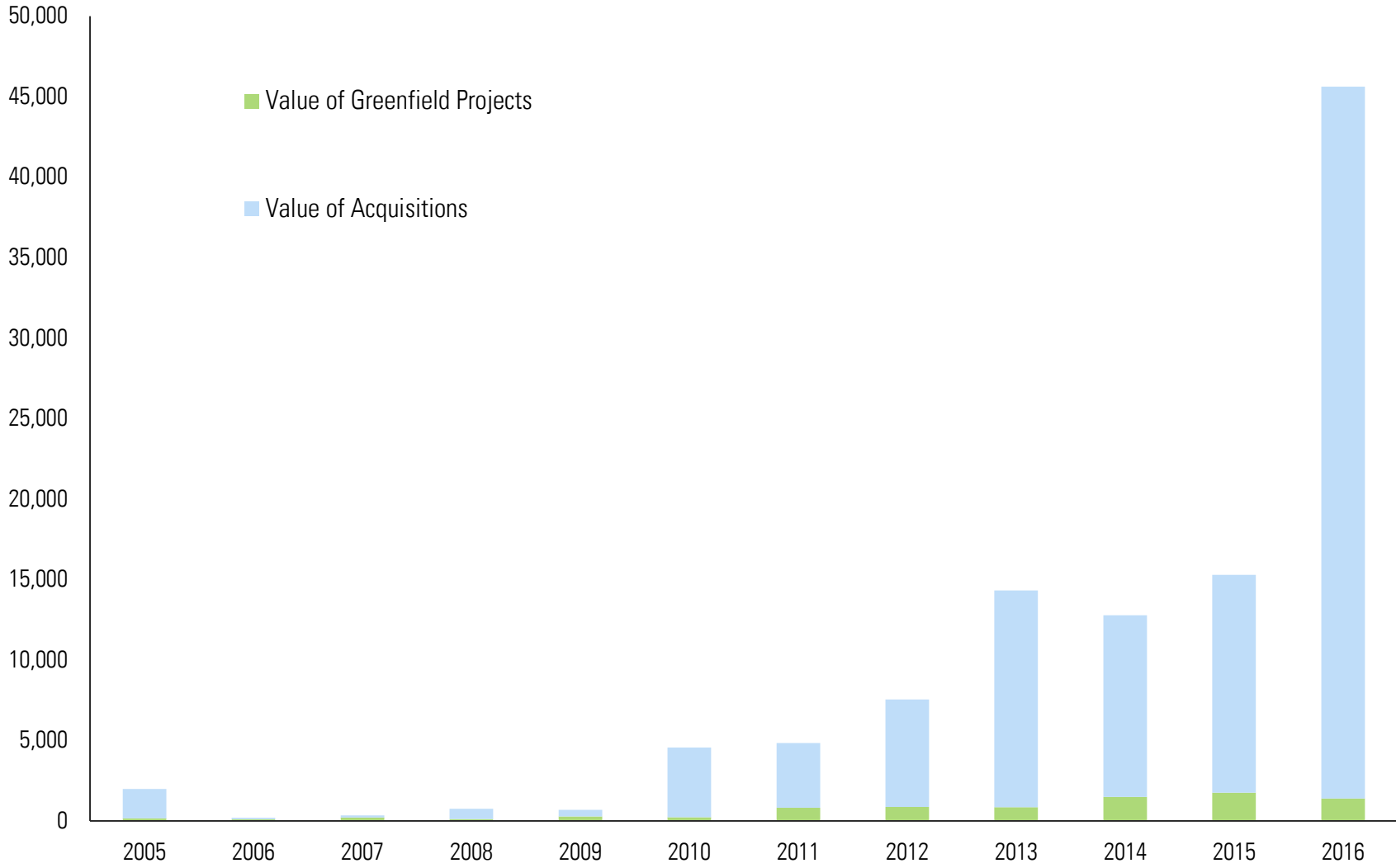
USD million



Source: Rhodium Group. *Data are preliminary and subject to adjustment. A detailed explanation of sources and methodology can be found at <http://rhg.com/interactive/china-investment-monitor>

Chinese FDI Transactions in the US, 2005-2016*

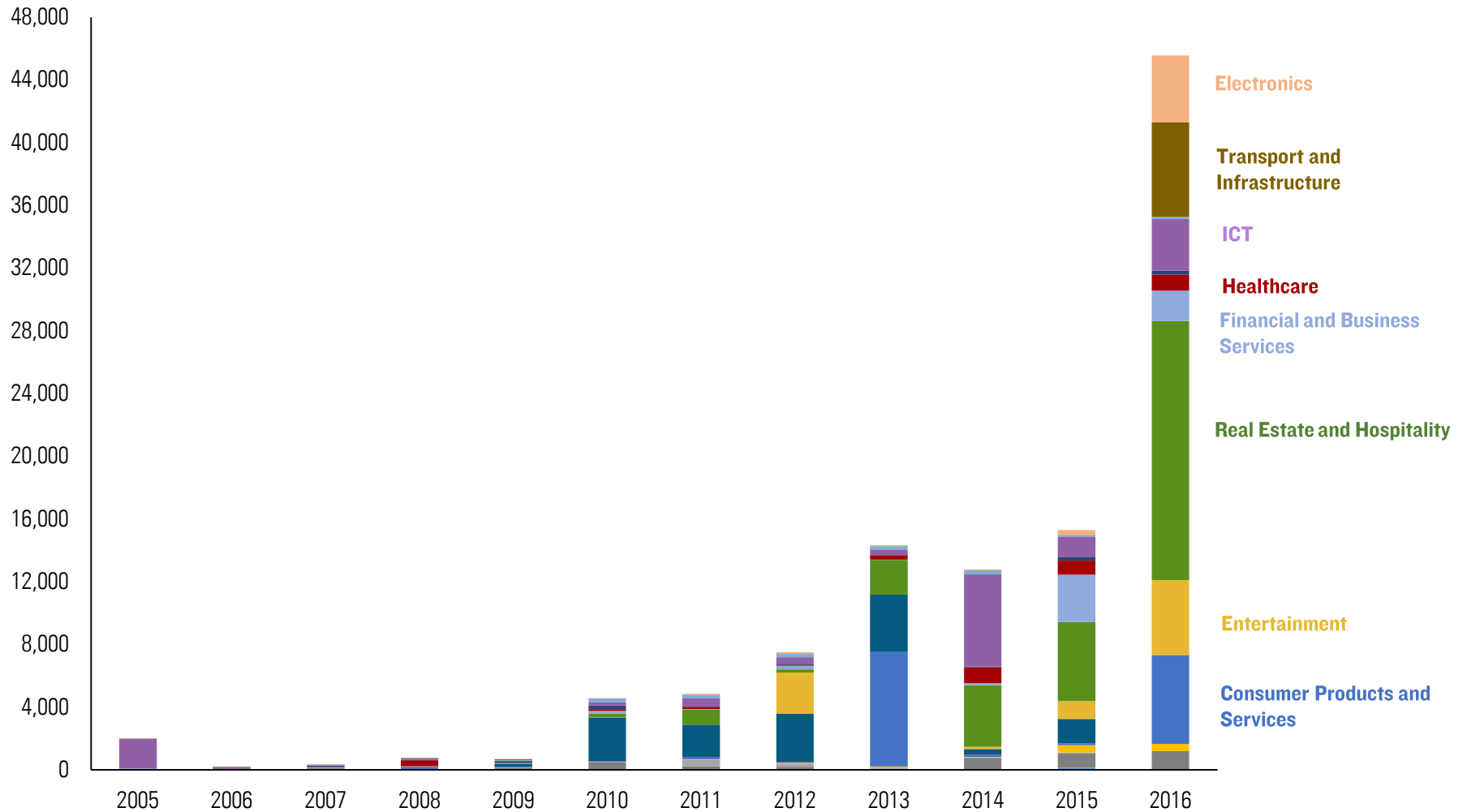
USD million



Source: Rhodium Group. *Data are preliminary and subject to adjustment. A detailed explanation of sources and methodology can be found at <http://rhg.com/interactive/china-investment-monitor>

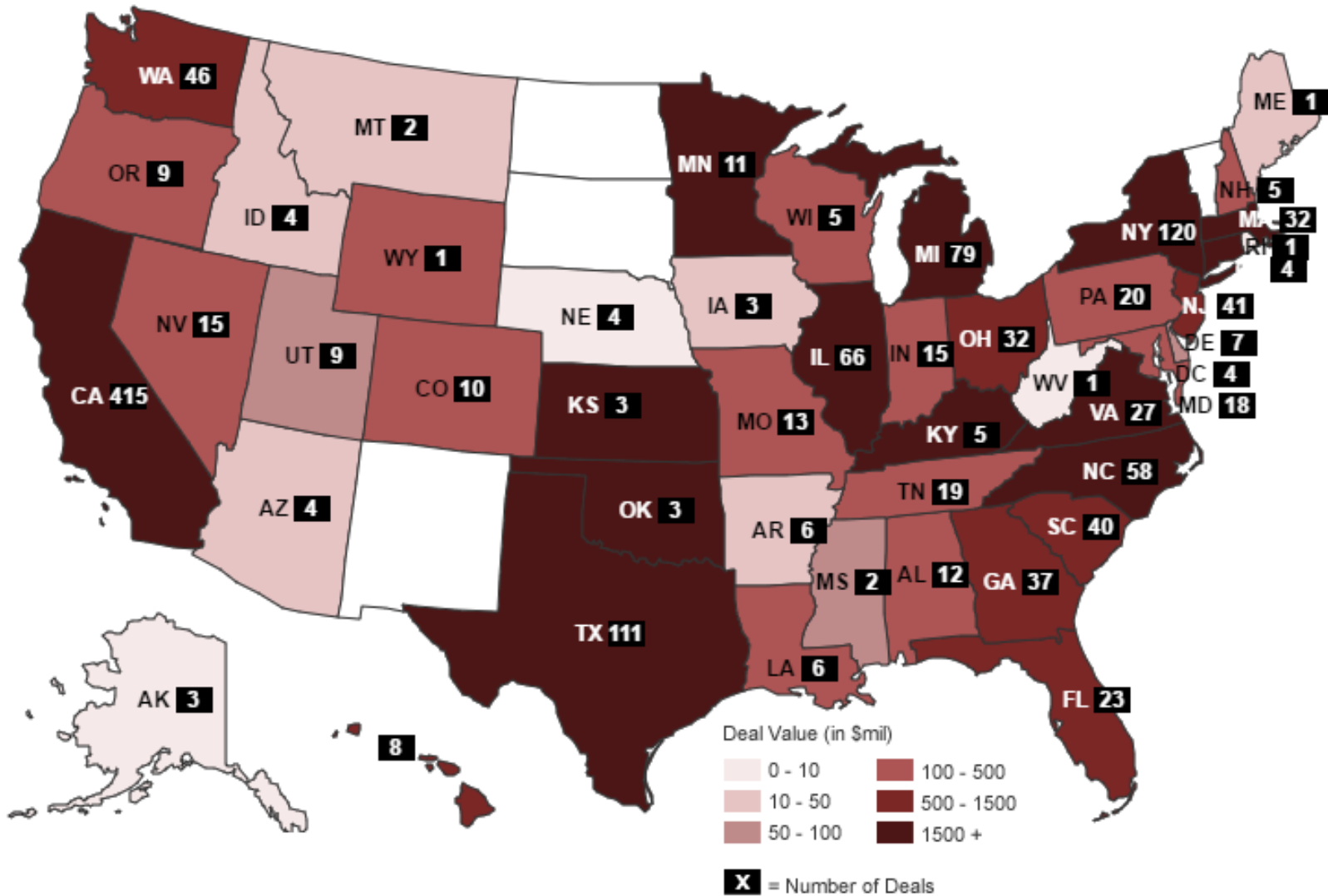
Chinese FDI Transactions in the US by Industry, 2005-2016*

USD million



Source: Rhodium Group. *Data are preliminary and subject to adjustment. A detailed explanation of sources and methodology can be found at <http://rhg.com/interactive/china-investment-monitor>

Chinese FDI in the US by State, 2000-2016*



Source: Rhodium Group. *Data are preliminary and subject to adjustment. A detailed explanation of sources and methodology can be found at <http://rhg.com/interactive/china-investment-monitor>

Employment at Chinese-affiliated Companies*

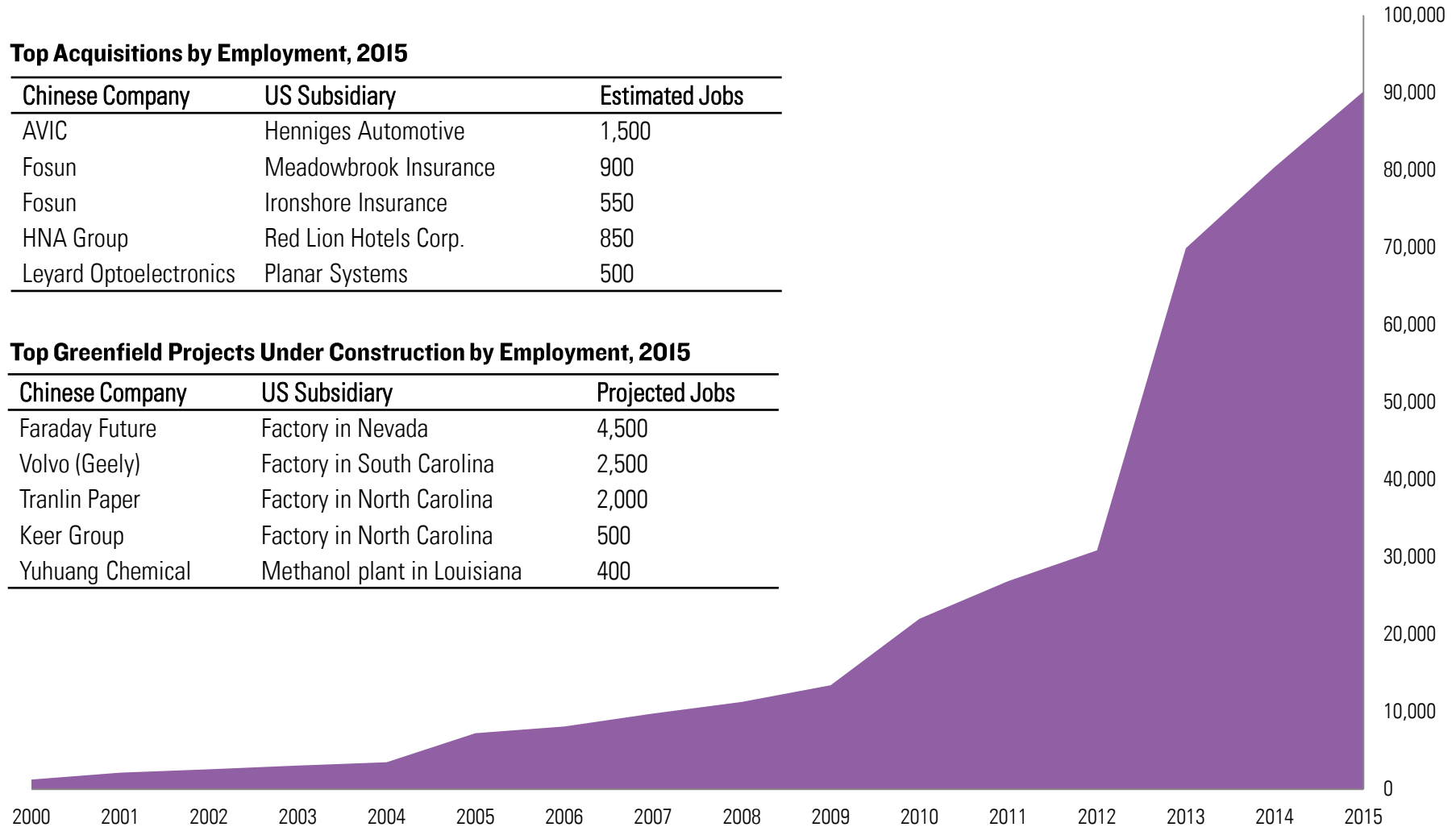
Number of Jobs provided by US subsidiaries of Chinese companies

Top Acquisitions by Employment, 2015

Chinese Company	US Subsidiary	Estimated Jobs
AVIC	Henniges Automotive	1,500
Fosun	Meadowbrook Insurance	900
Fosun	Ironshore Insurance	550
HNA Group	Red Lion Hotels Corp.	850
Leyard Optoelectronics	Planar Systems	500

Top Greenfield Projects Under Construction by Employment, 2015

Chinese Company	US Subsidiary	Projected Jobs
Faraday Future	Factory in Nevada	4,500
Volvo (Geely)	Factory in South Carolina	2,500
Tranlin Paper	Factory in North Carolina	2,000
Keer Group	Factory in North Carolina	500
Yuhuang Chemical	Methanol plant in Louisiana	400



Source: Rhodium Group. *Data are preliminary and subject to adjustment. A detailed explanation of sources and methodology can be found at <http://rhg.com/interactive/china-investment-monitor>

Snapshot: Chinese FDI in the US, 1990-2015

Geographic Distribution

1990-2000



2001-2007



2008-2015



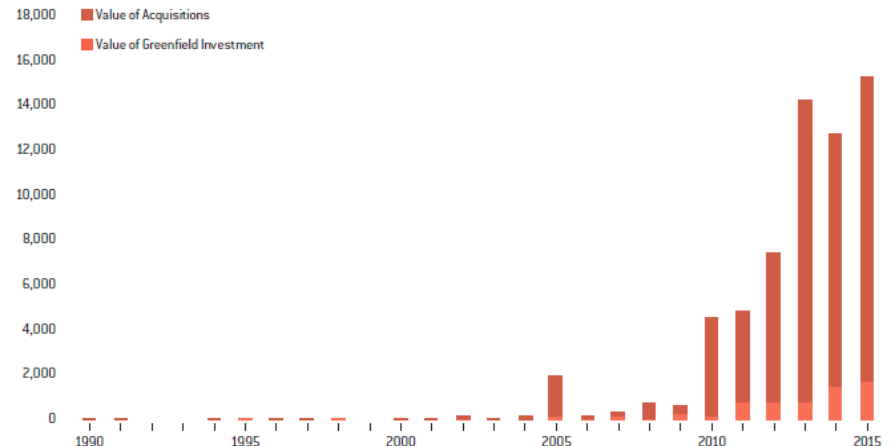
Number of Transactions:
1,231

Combined Investment:
\$64 billion

Top Industries

- | | |
|-----------------------------------|---------|
| 1. Energy | \$14 bn |
| 2. Real Estate and Hospitality | \$13 bn |
| 3. ICT | \$11 bn |
| 4. Ag and Food | \$7 bn |
| 5. Ent., Media, and Education | \$4 bn |
| 6. Financial and Bus Services | \$4 bn |
| 7. Automotive | \$3 bn |
| 8. Health, Pharma, and Biotech | \$3 bn |
| 9. Chemicals, B Materials, Metals | \$2 bn |
| 10. Consumer Products & Services | \$1 bn |

Annual Patterns and Entry Mode



Source: Rhodium Group.

Snapshot: US FDI in China, 1990-2015

Geographic Distribution

1990-2000



2001-2007



2008-2015



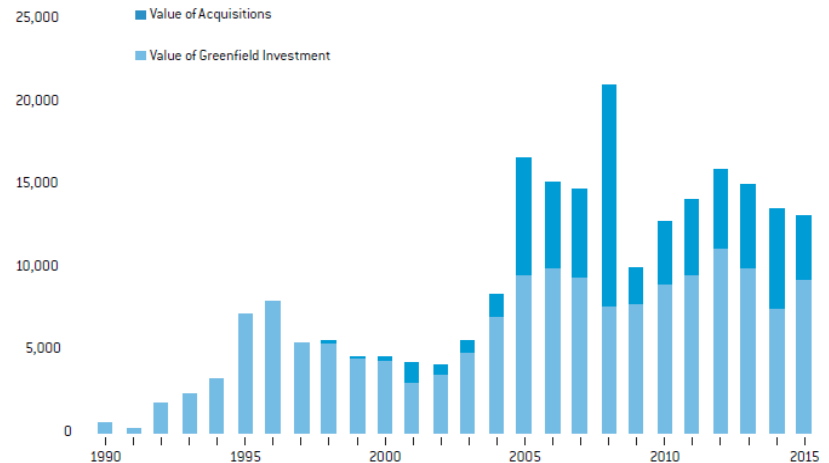
Number of Transactions:
6,677

Combined Investment:
\$228 billion

Top Industries

1. ICT	\$31 bn
2. Chemicals, Materials and Metals	\$29 bn
3. Energy	\$23 bn
4. Automotive	\$21 bn
5. Financial & Bus, Service	\$21 bn
6. Machinery	\$19 bn
7. Ag and Food	\$17 bn
8. Real Estate and Hospitality	\$16 bn
9. Health, Pharma, and Biotech	\$14 bn
10. Consumer Products & Services	\$12 bn

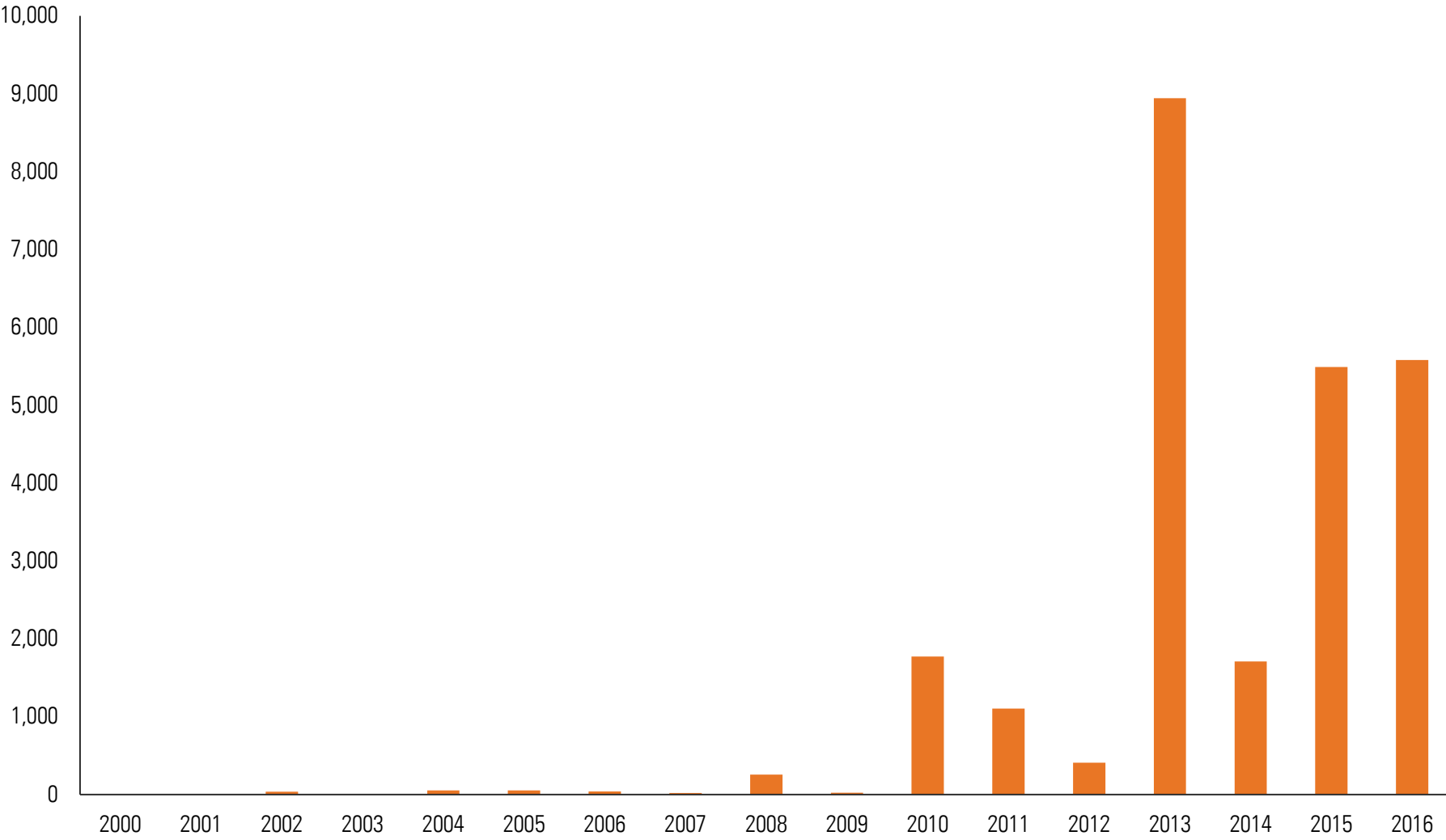
Value of US FDI Transactions in China, 1990-2015 (RHG)



Source: Rhodium Group.

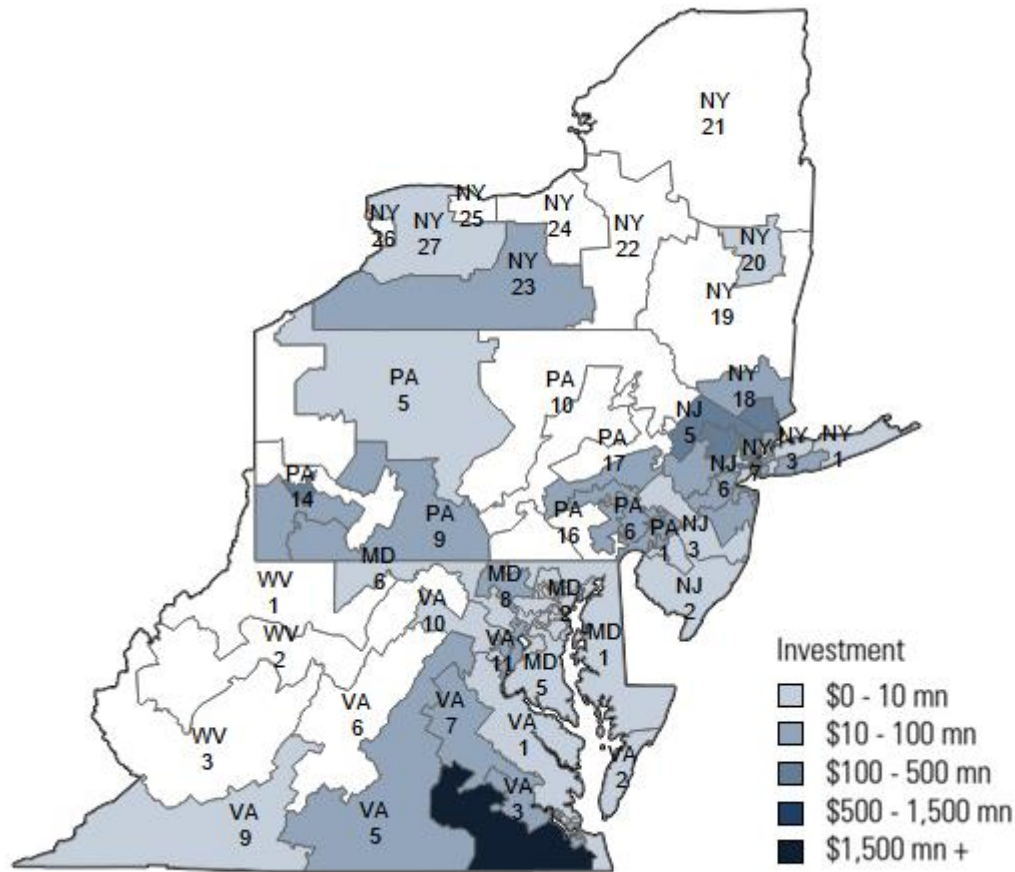
Chinese FDI in the Mid-Atlantic Region*

USD million



Source: Rhodium Group. *Mid-Atlantic region refers to Delaware, DC, Maryland, New Jersey, New York, Pennsylvania, Virginia, and West Virginia. Data are preliminary and subject to adjustment. A detailed explanation of sources and methodology can be found at <http://rhg.com/interactive/china-investment-monitor>

Chinese FDI in the Mid-Atlantic by Congressional District



Source: Rhodium Group. *Mid-Atlantic region refers to Delaware, DC, Maryland, New Jersey, New York, Pennsylvania, Virginia, and West Virginia. Data are preliminary and subject to adjustment. A detailed explanation of sources and methodology can be found at <http://rhg.com/interactive/china-investment-monitor>

Chinese FDI in the Mid-Atlantic: Jobs

Number of direct full-time employees at Chinese-affiliated companies:

10,880

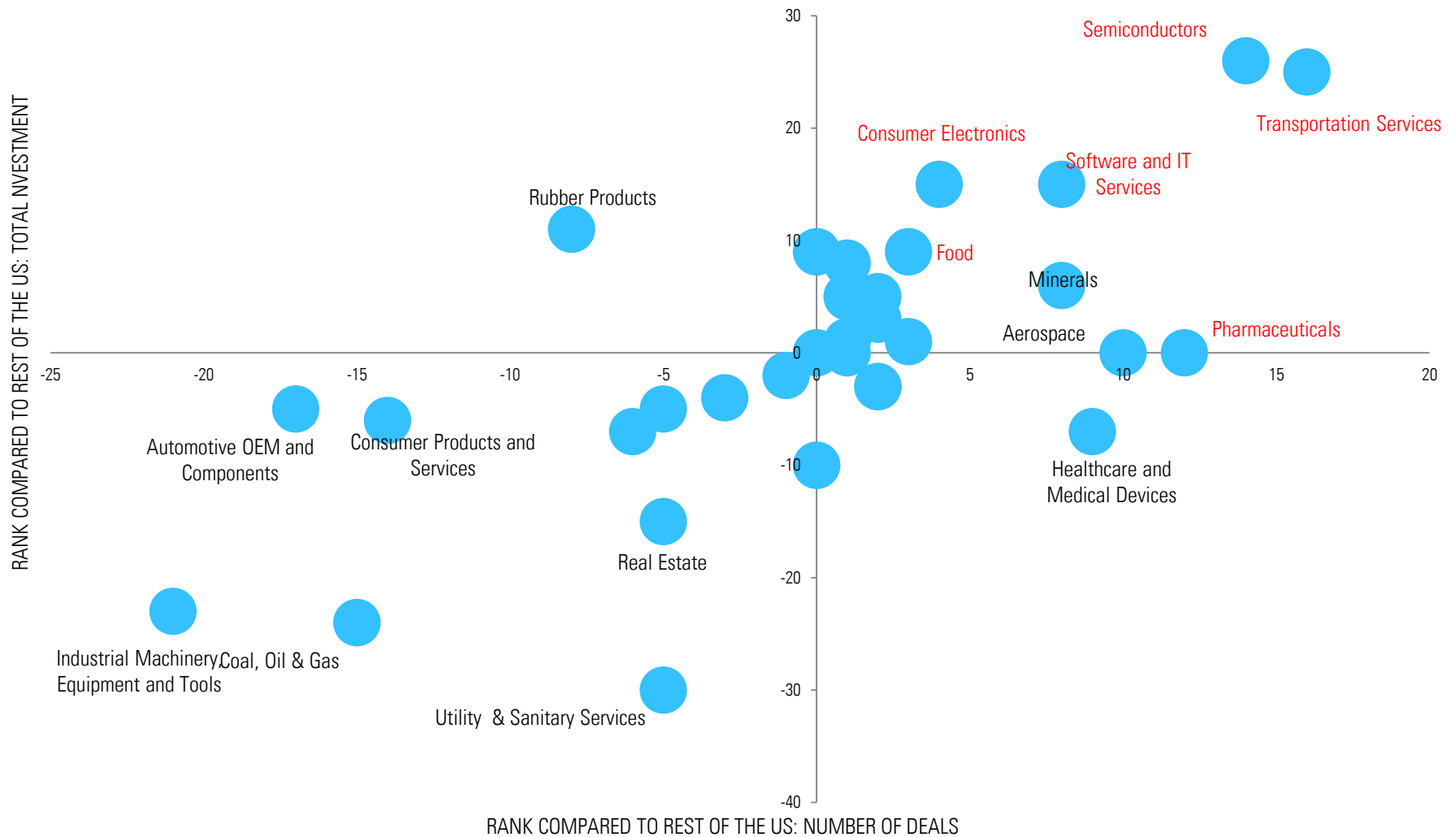
Top Chinese-Owned Employers

1. WH Group (Shuanghui)
 2. Jinjiang
 3. ICBC
 4. Fosun
 5. Wuxi PharmaTech
 6. Bank of China
 7. China Construction America
 8. Lenovo
 9. Haier
 10. CITIC
-

Source: Rhodium Group. *Data are preliminary and subject to adjustment. A detailed explanation of sources and methodology can be found at <http://rhg.com/interactive/china-investment-monitor>

Chinese OFDI in California vs. Rest of the US, 2003-2011

33 industries



Rhodium Group: Chinese FDI in California Study, Governor's Investment Mission Planning Report

Uncertainties about 2017 and beyond

1. **Controls on outbound investment in China**
2. **Renewed focus on specific inbound concerns in the US**
3. **Broader backlash against investment openness**
4. **Geopolitical risks from the larger US-China relationship**
5. **And yet: commercial and economic logic is immense**