

Chinese Direct Investment in the U.S.

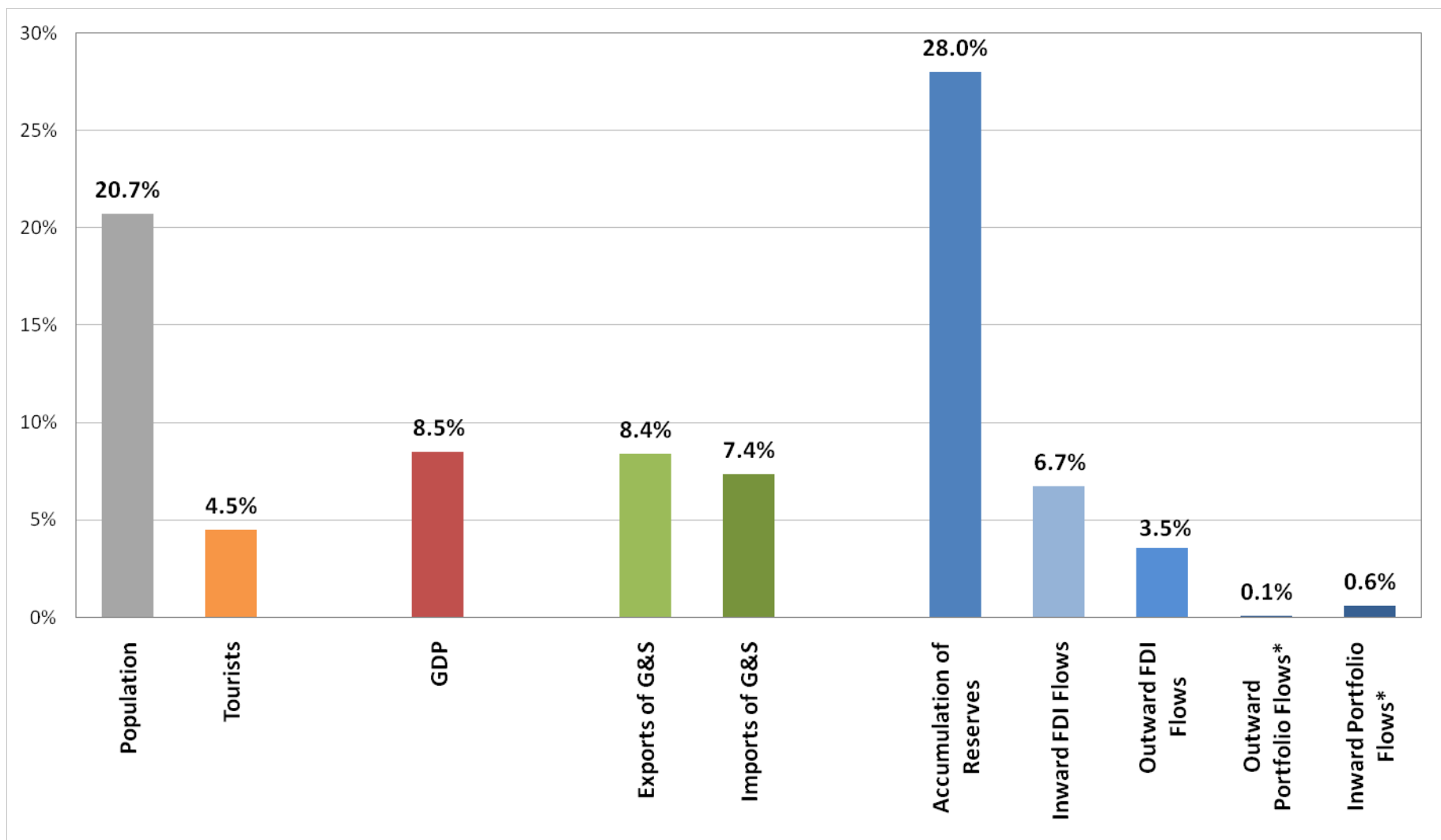
A Major New Bilateral Issue

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EDF Briefing
Alliance Program, Columbia University

China in the Global Economy, 2009

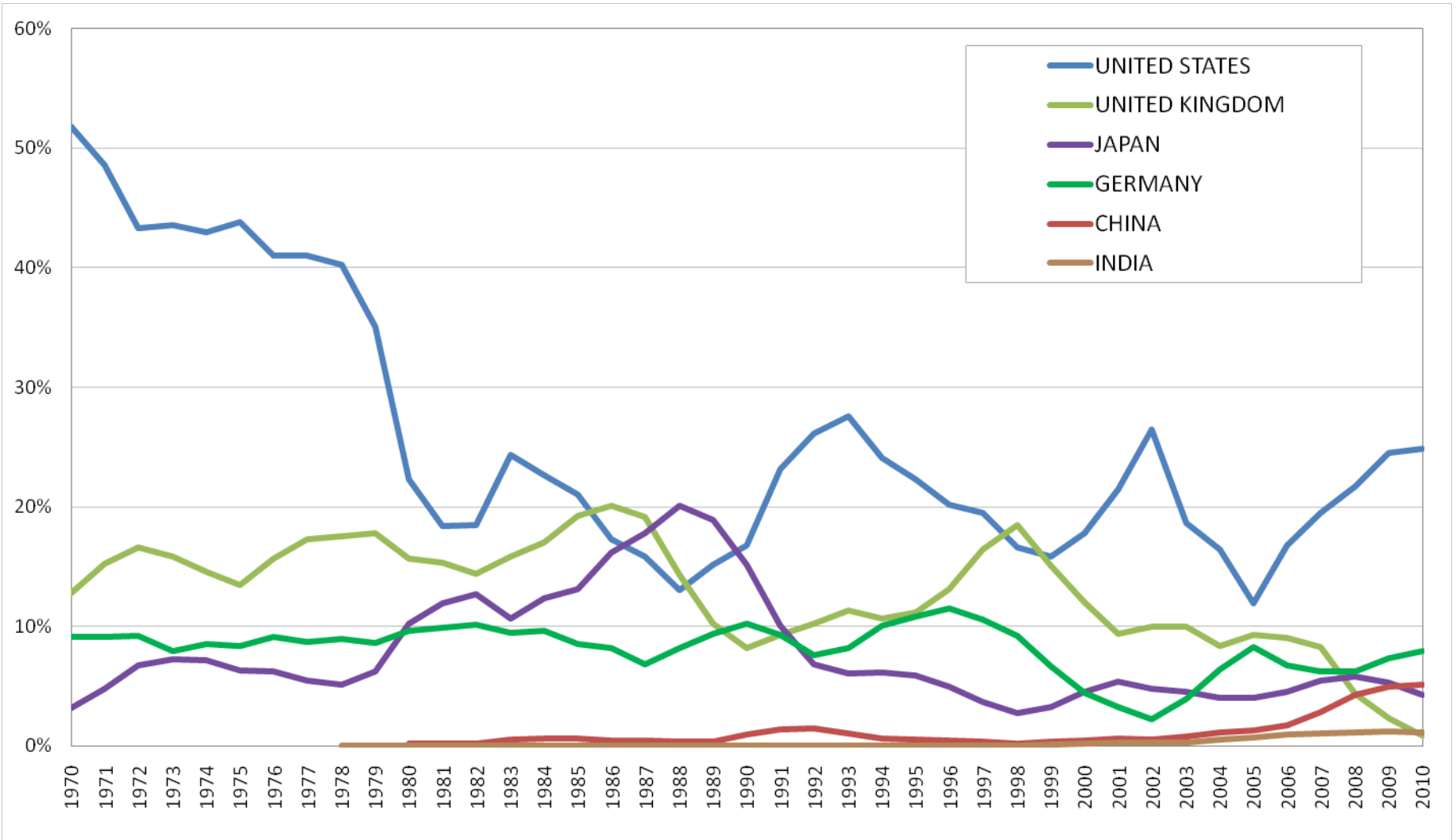
% share of the global total



Sources: UNDP, NBS, UN Comtrade, SAFE, UNCTAD, IMF, World Bank, RHG; *China's share in global total as available from the IMF in November 2010, 101 countries

China's Share in Global OFDI Flows

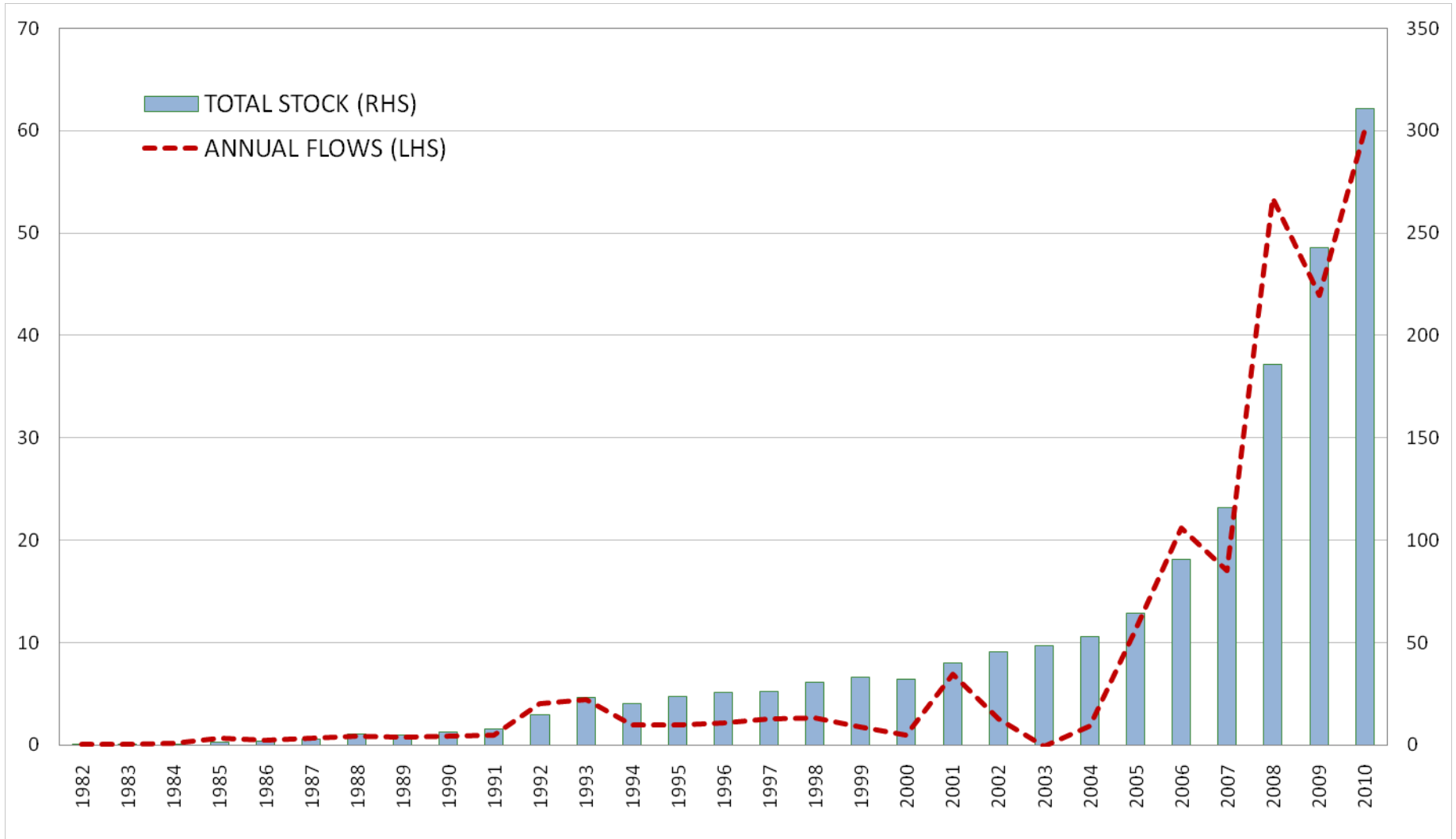
% share of total global OFDI flows, 3 years moving average



Source: UNCTAD, RHG.

Outward Direct Investment: Flows and Stocks, 1981-2010

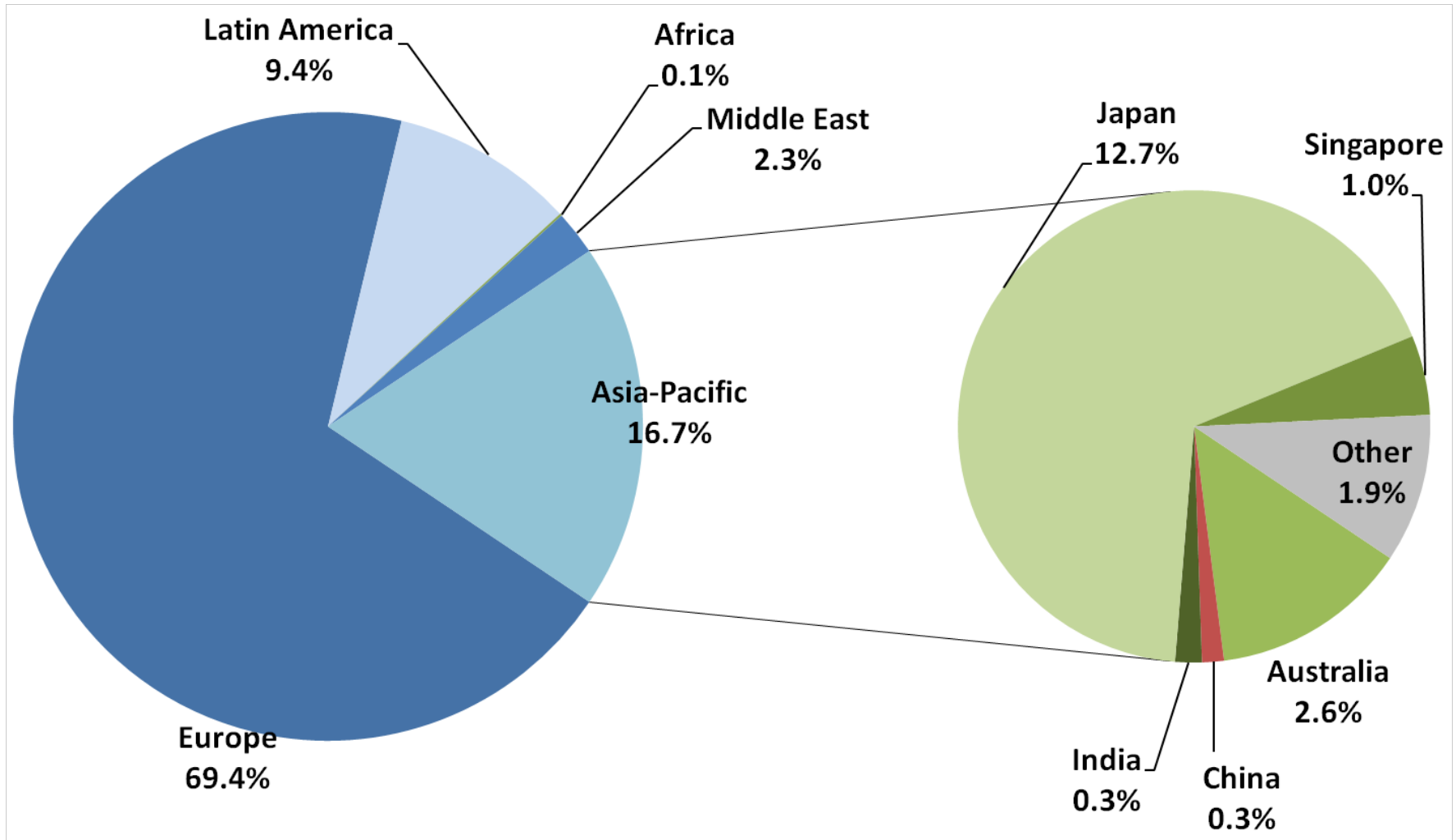
USD bn, BOP flow data



Source: PBoC, SAFE, RHG

US Inward FDI Stock by Region of Origin, 2010

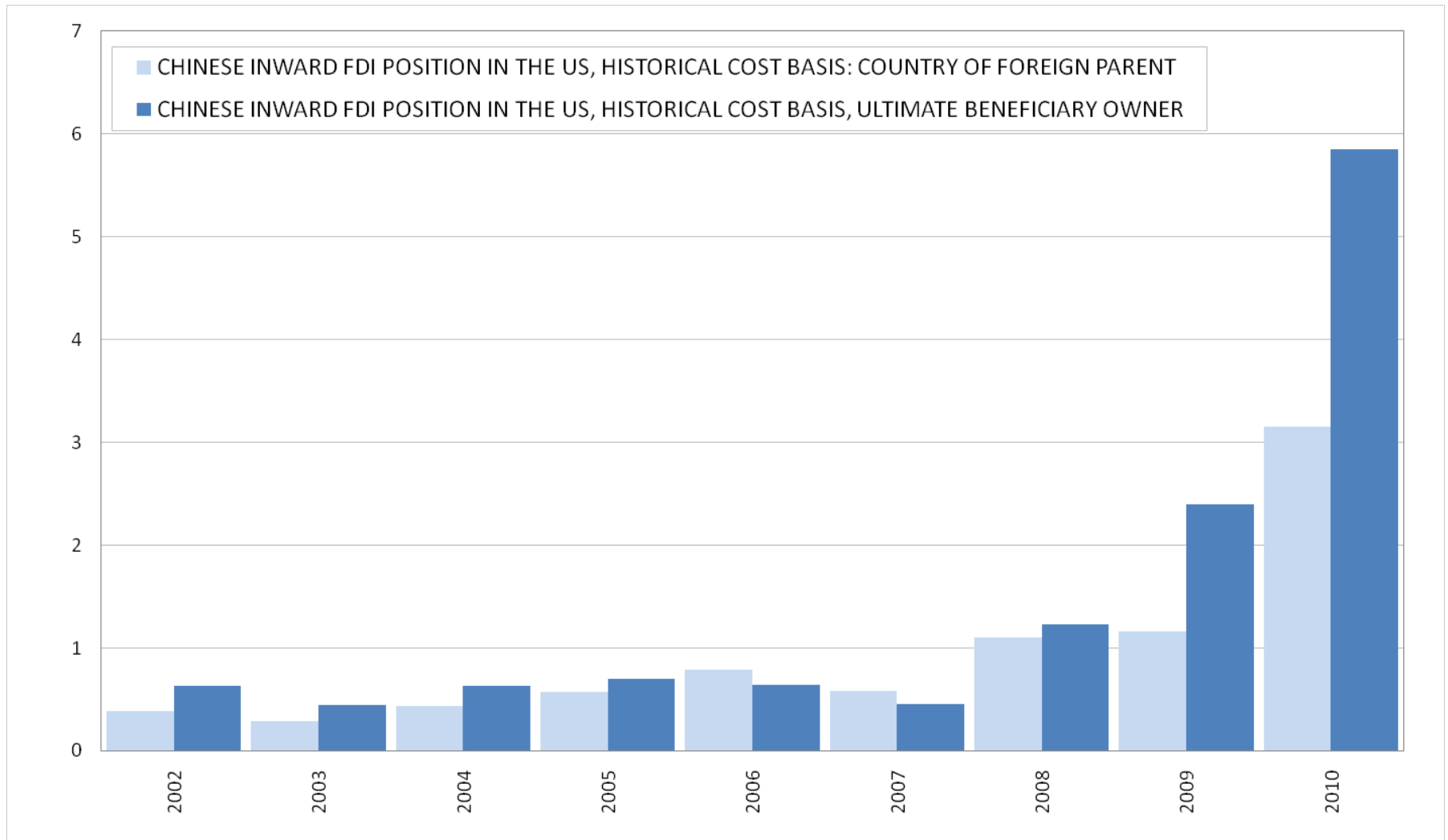
% share of total stock in 2010 (\$2.34 trillion), historical cost basis, UBO



Source: BEA, RHG

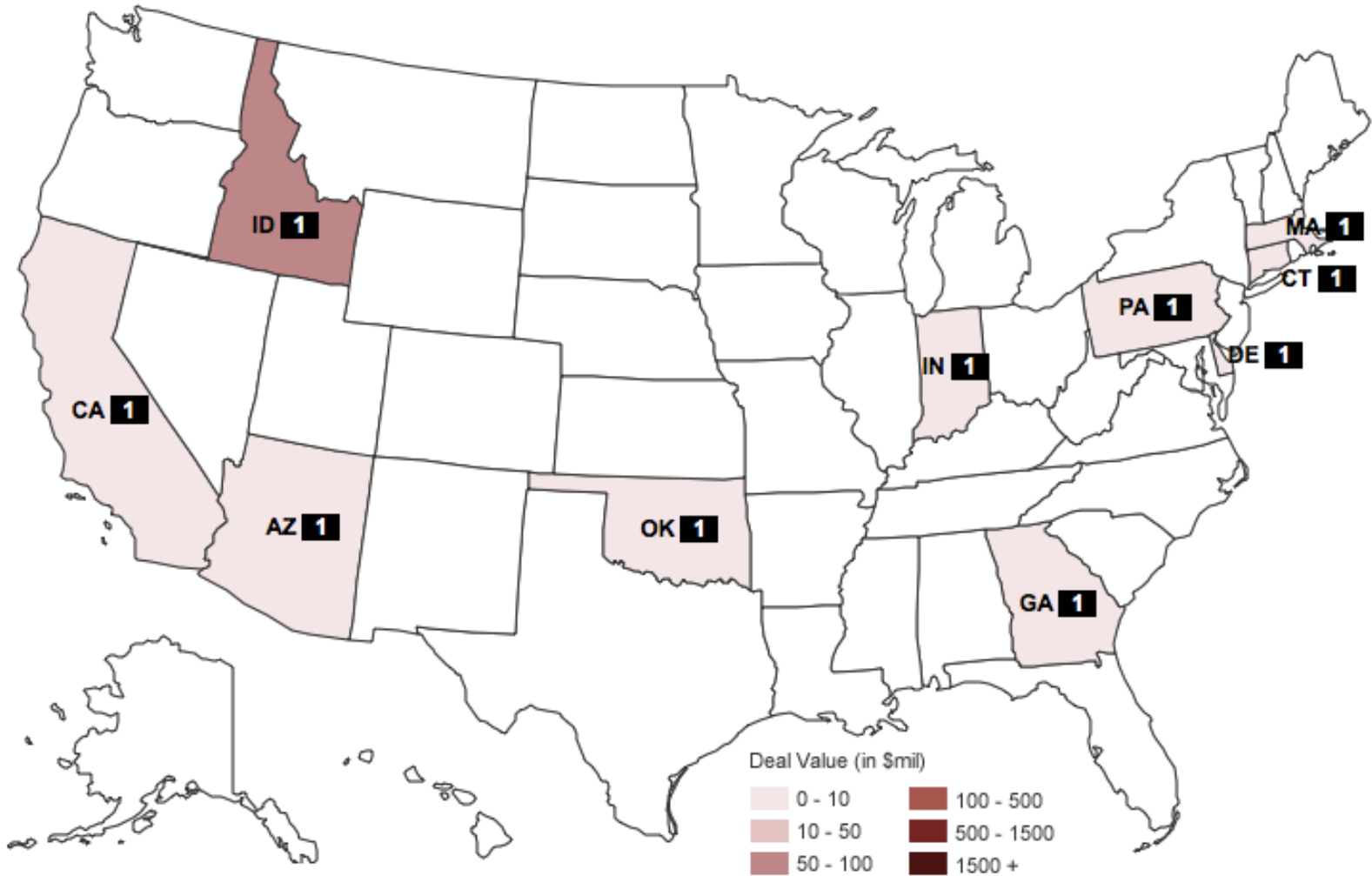
Chinese FDI Stock in the United States


USD bn



Source: BEA, RHG

Chinese OFDI in the United States: 2003

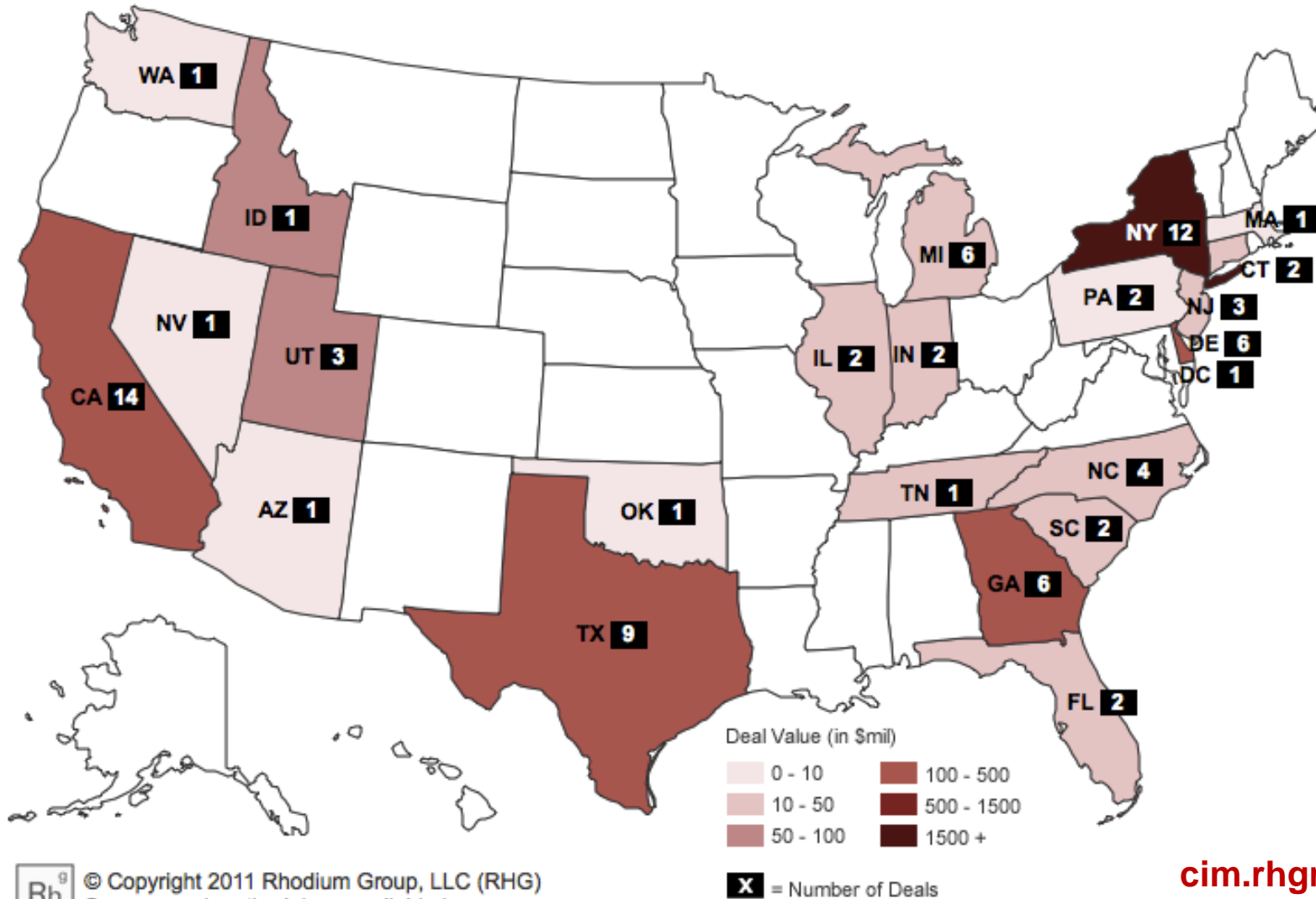


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Sources and methodology available [here](#).

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Source: RHG

Chinese OFDI in the United States: 2003-2007

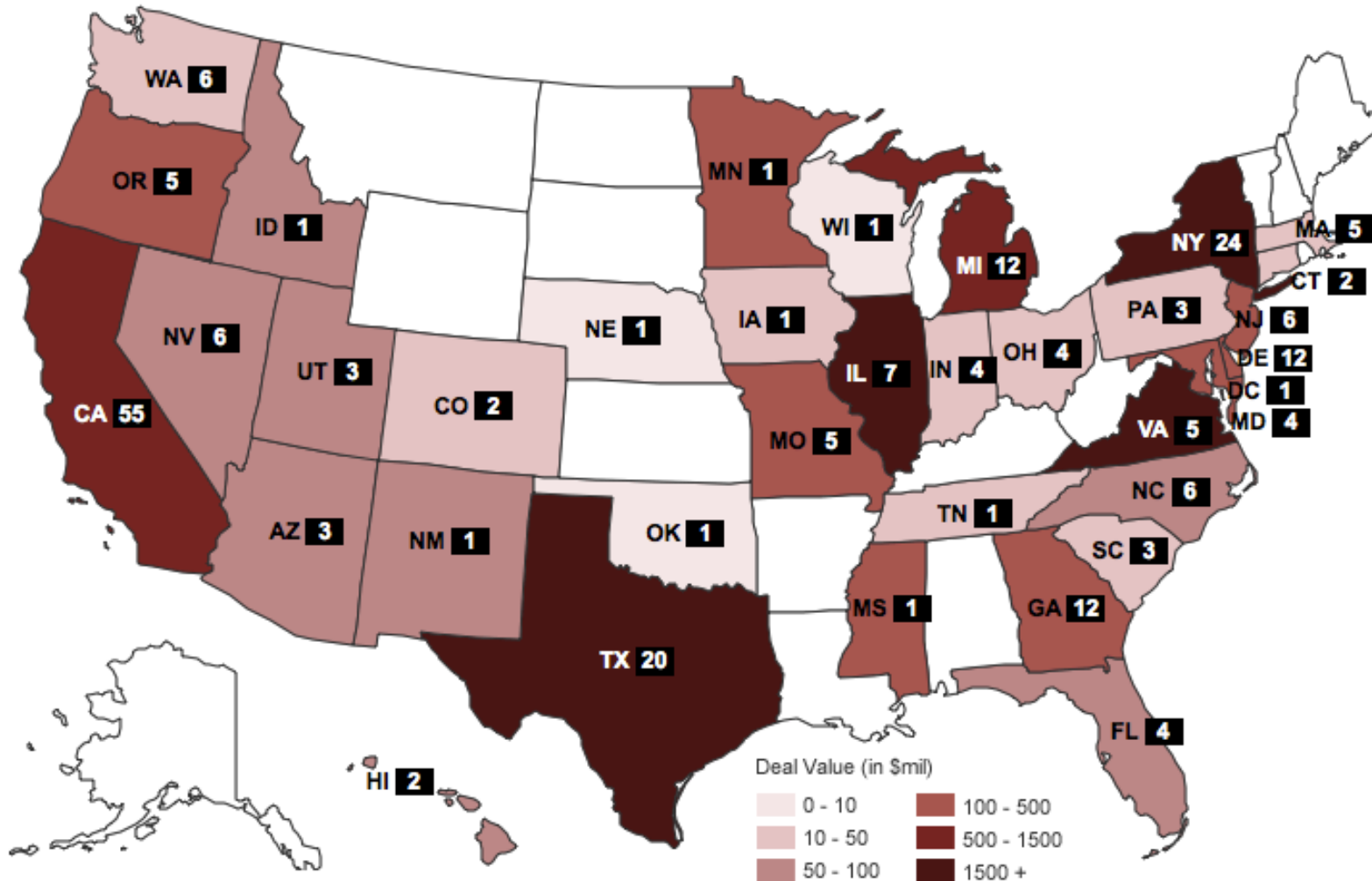


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Sources and methodology available [here](#).

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Chinese OFDI in the United States: 2003-2010



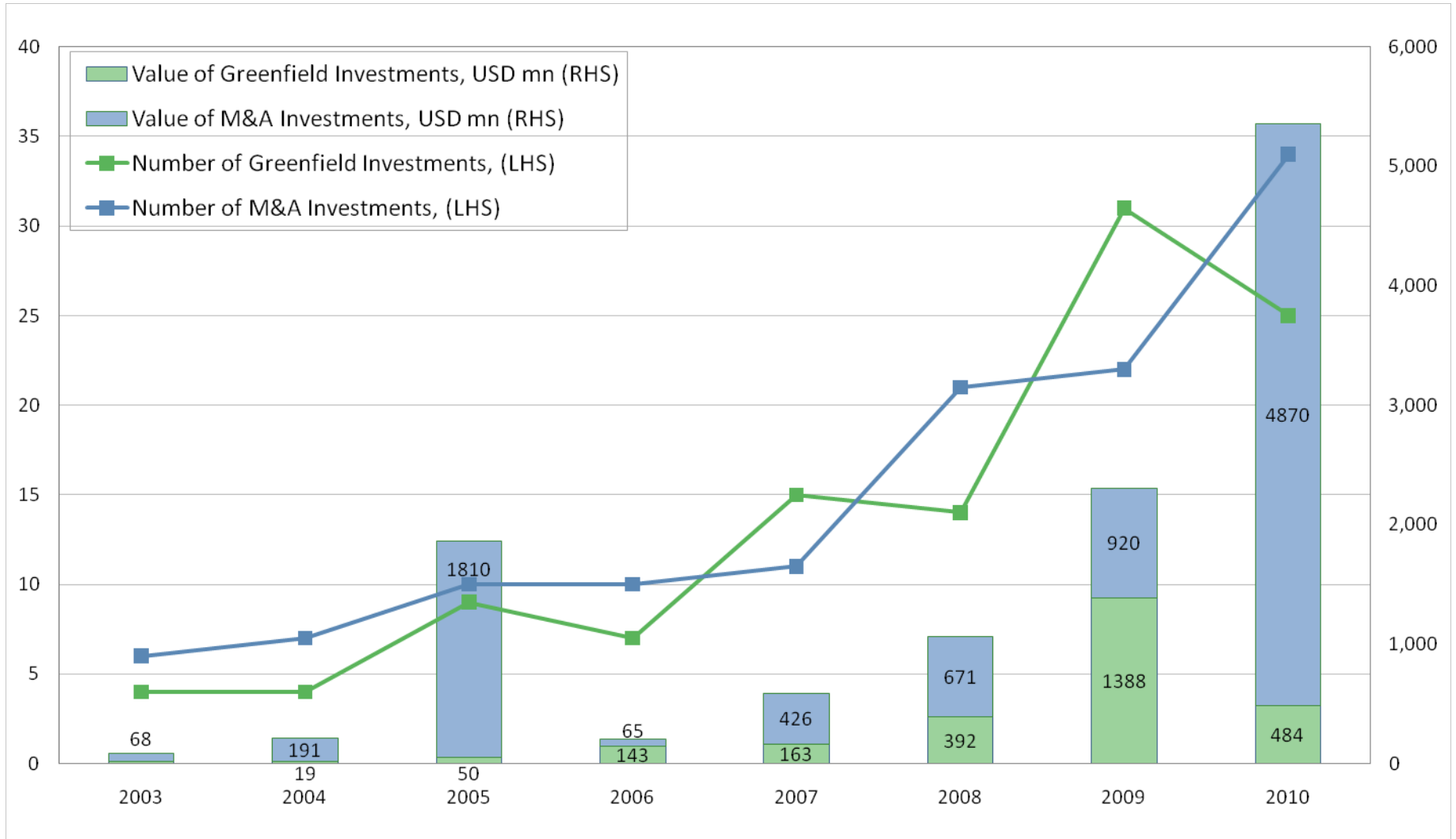
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Sources and methodology available [here](#).

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Source: RHG

Chinese Direct Investment in the U.S., 2003-2010

USD mn and number of deals



Source: RHG

Distribution by State: Top 20

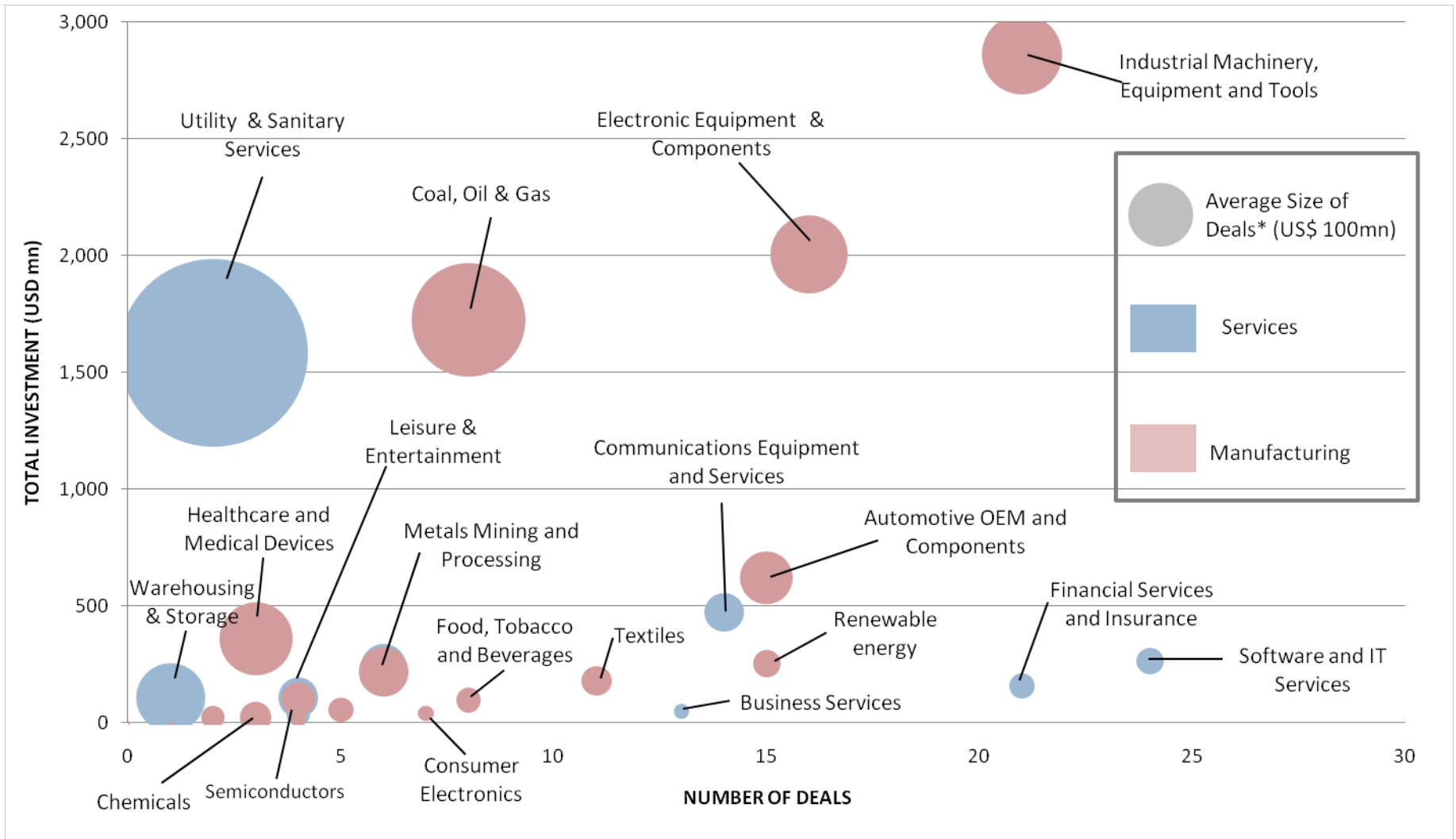
USD mn and number of deals

	State	Total Investment (USD mn)	Number of Deals		State	Total Investment (USD mn)	Number of Deals
1	Texas	2,719	20	11	Missouri	170	5
2	New York	1,874	24	12	Georgia	154	12
3	Virginia	1,771	5	13	Minnesota	151	1
4	Illinois	1,540	7	14	Maryland	118	4
5	California	824	55	15	Hawaii	95	2
6	Michigan	599	12	16	New Mexico	80	1
7	Oregon	282	5	17	Florida	77	4
8	Delaware	264	12	18	Idaho	62	1
9	New Jersey	227	6	19	Arizona	61	3
10	Mississippi	175	1	20	Nevada	59	6

Source: RHG

Distribution by Industry

USD mn and number of deals



Source: RHG

Distribution by Ownership

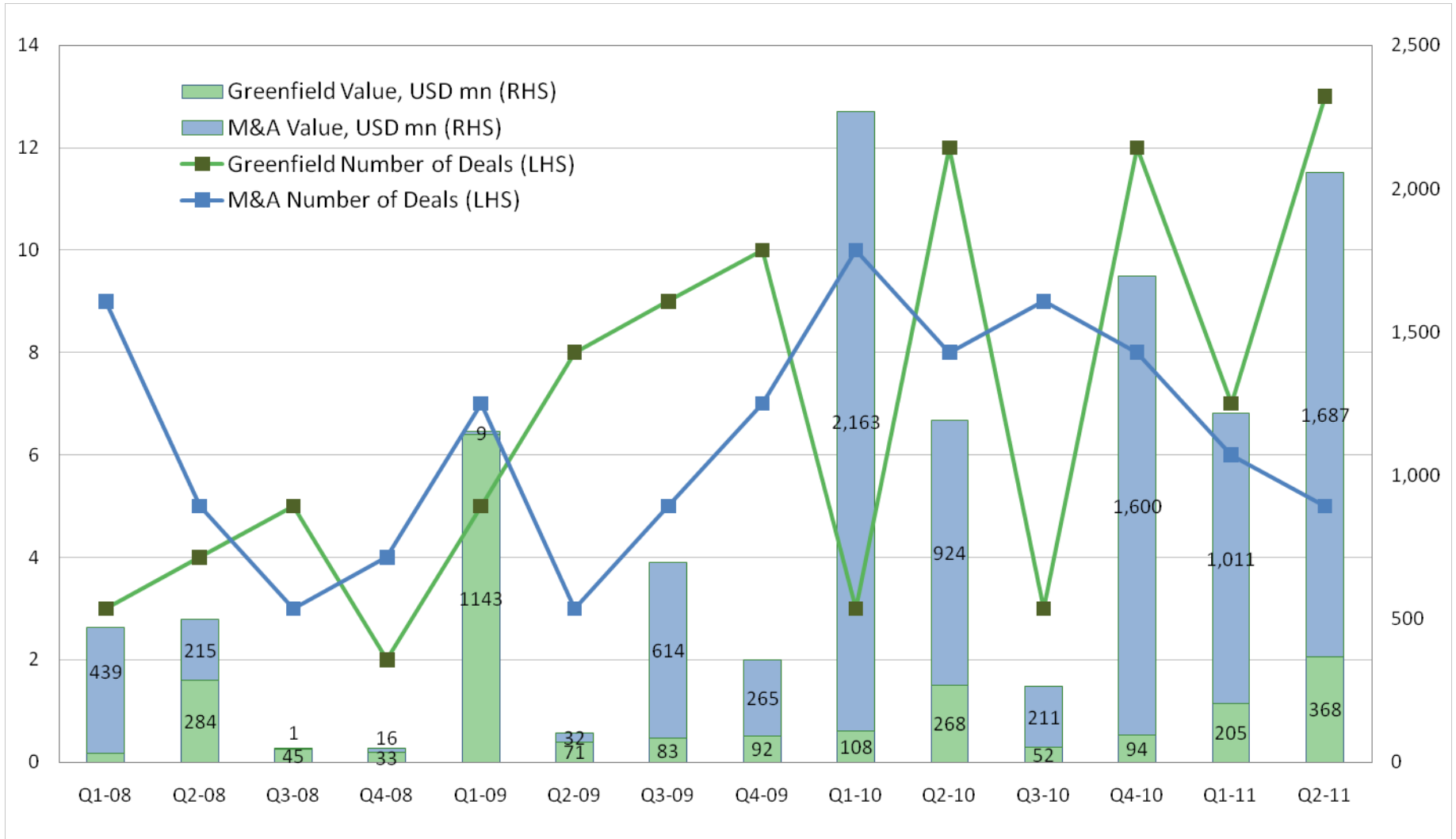
USD mn, number of deals, percentage of total

Number of Deals						
	Greenfield Projects	% share	M&A	% share	All Deals	% share
Government Controlled	33	30%	27	22%	60	26%
Private and Public**	76	70%	94	78%	170	74%
	109		121		230	
Total Investment (USD mn)						
	Greenfield Projects	% share	M&A	% share	All Deals	% share
Government Controlled	1,740	66%	5,793	64%	7,533	65%
Private and Public**	913	34%	3,227	36%	4,140	35%
	2,653		9,020		11,673	

Source: RHG, **might include minority stakes by government owned or related entities (<20%).

H1 2011 Update: Strong Growth

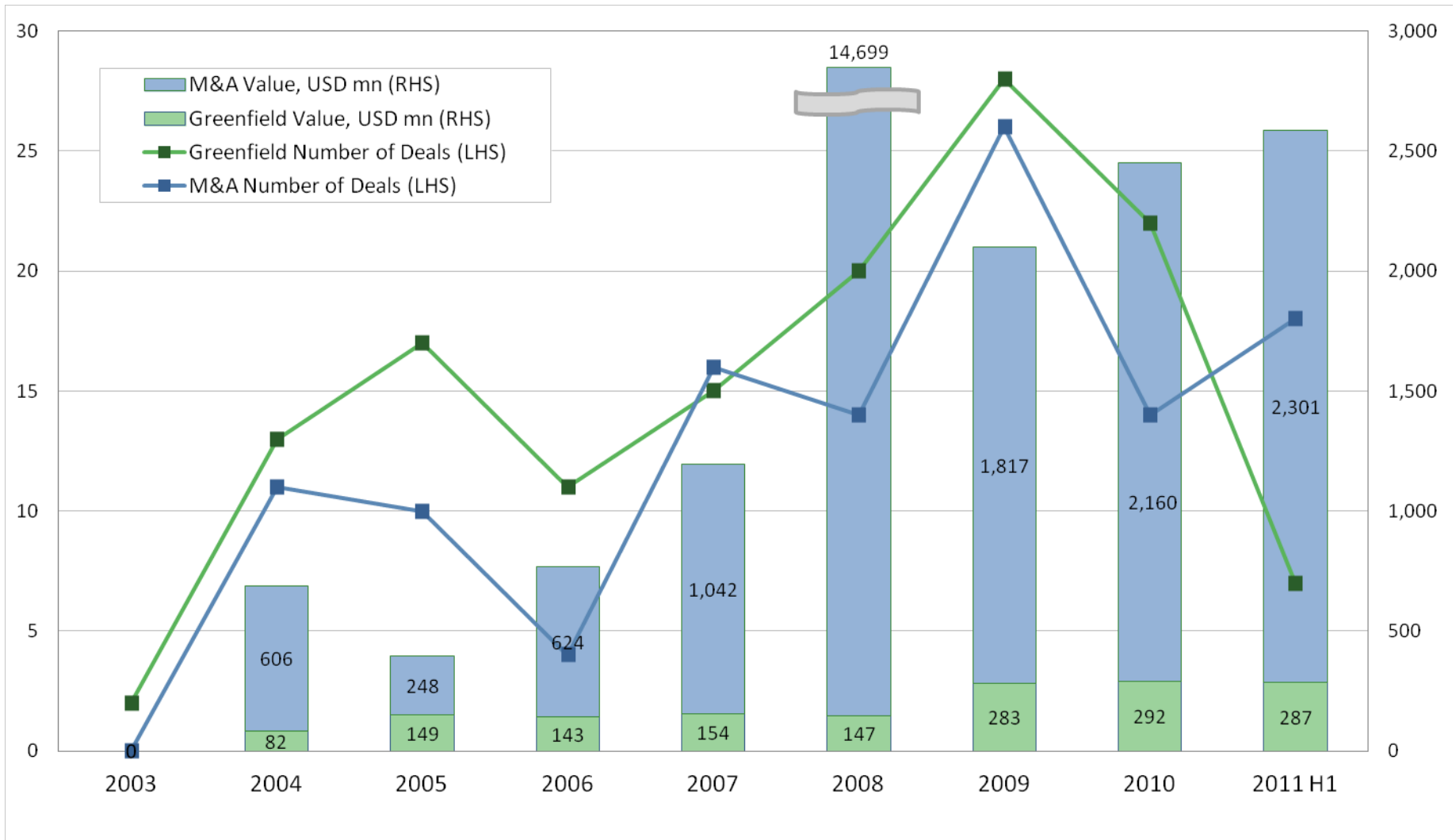
USD mn and number of deals



Source: RHG

Chinese FDI in the EU-27, 2003-2011H1*

USD mn and number of deals



Source: RHG, *preliminary figures

Chinese FDI in EU-27 by Country, 2003-2011H1*

Top 20 destinations

	Country	Investment (USD mn)	Number of Deals		Country	Investment (USD mn)	Number of Deals
1	United Kingdom	16,730.9	49	11	Finland	45.9	4
2	Hungary	1,981.0	6	12	Poland	44.9	4
3	Sweden	1,773.9	9	13	Slovakia	42.2	1
4	France	1,043.0	27	14	Denmark	35.8	3
5	Germany	927.4	61	15	Luxembourg	31.0	1
6	Netherlands	780.8	29	16	Romania	26.7	2
7	Belgium	741.1	5	17	Ireland	22.6	4
8	Italy	332.0	25	18	Spain	21.4	4
9	Austria	308.4	6	19	Cyprus	3.2	1
10	Czech Rep.	138.8	4	20	Latvia	2.3	1

Source: RHG, *preliminary figures

Chinese Acquisitions in Electricity, Gas and Water

Top 10 deals

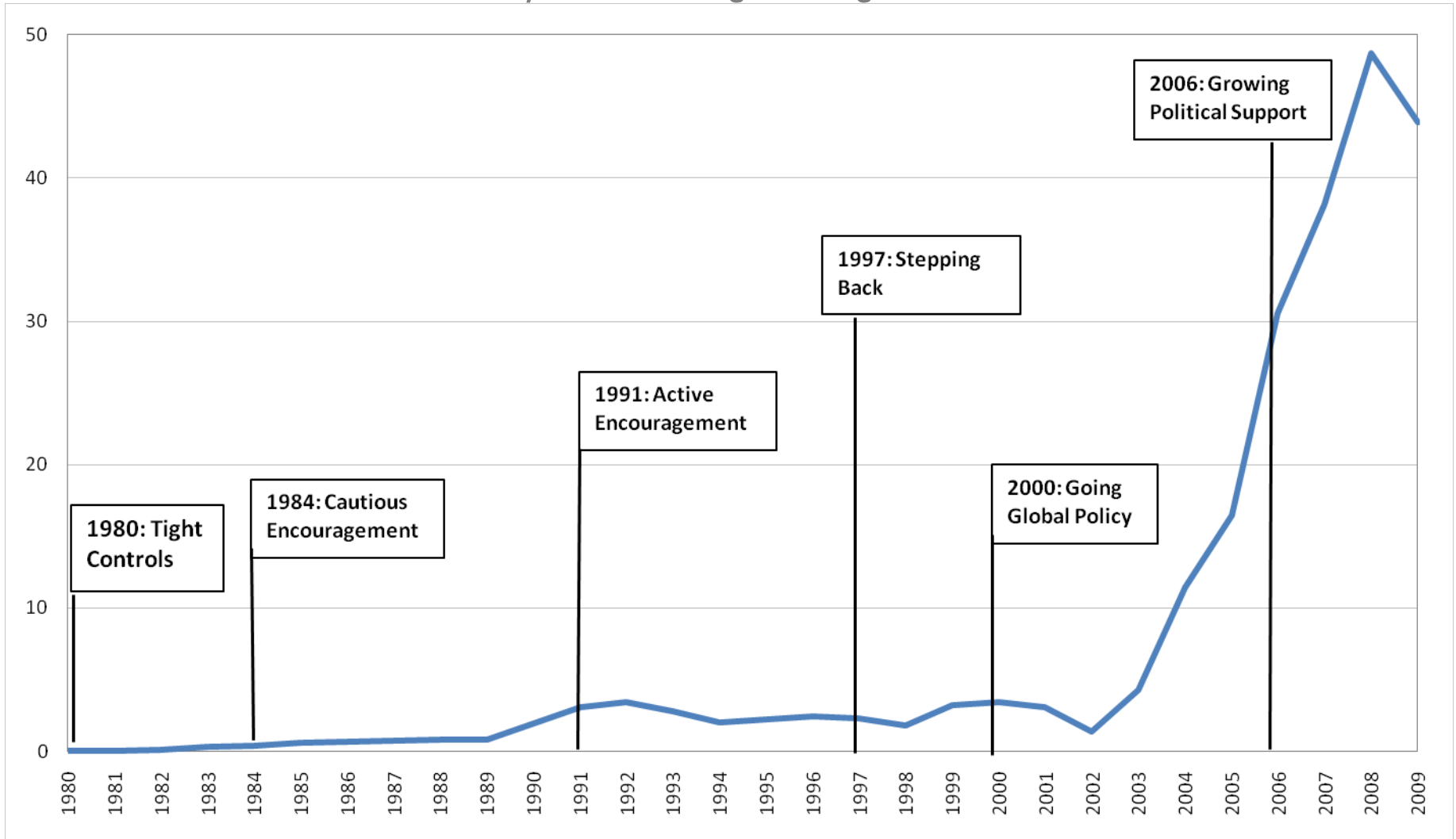
Rank	Date	Acquiror Name	Target Name	% Owned	Value (\$ mn)	Target State	Industry (FDI market)	Gov Owned	Status
1	Aug-11	China Investment Corp	GDF Suez-Exploration	30.00	4,300.00	France	Electric services	Y	Pending
2	Mar-08	SinoSing Power Pte	Tuas Power Ltd	100.00	3,072.18	Singapore	Electric services	Y	Completed
3	Mar-10	China Investment Corp	AES Corp	15.82	1,580.91	US	Electric services	Y	Completed
4	Apr-11	China Huaneng Group	InterGen	50.00	1,232.00	US	Electric services	Y	Completed
5	Dec-10	State Grid Brazil Holding Ltda	7 Power Transmission Companies	100.00	989.00	Brazil	Electric services	Y	Completed
6	Feb-04	Huaneng Power Intl Inc	OzGen	50.00	227.00	Australia	Electric services	Y	Completed
7	Mar-09	Sichuan Kaibao Plant & Animal	U S Energy Biogas Corp	100.00	122.00	US	Electric services	N	Completed
8	Oct-10	State Grid Intl Dvlp Ltd	Expansion Transmissao de Elect	100.00	124.86	Brazil	Electric services	Y	Pending
9	Mar-10	China CAMC Engineering Co Ltd	Navanakorn Electric Co Ltd	60.00	38.41	Thailand	Electric services	Y	Pending
10	Oct-10	Tianrun Australia Pty Ltd	Mortons Lane Windfarm Pty Ltd	100.00	1.57	Australia	Cogeneration	N	Completed

Source: RHG

Drivers and Concerns

Liberalization of Outward Investment Policies

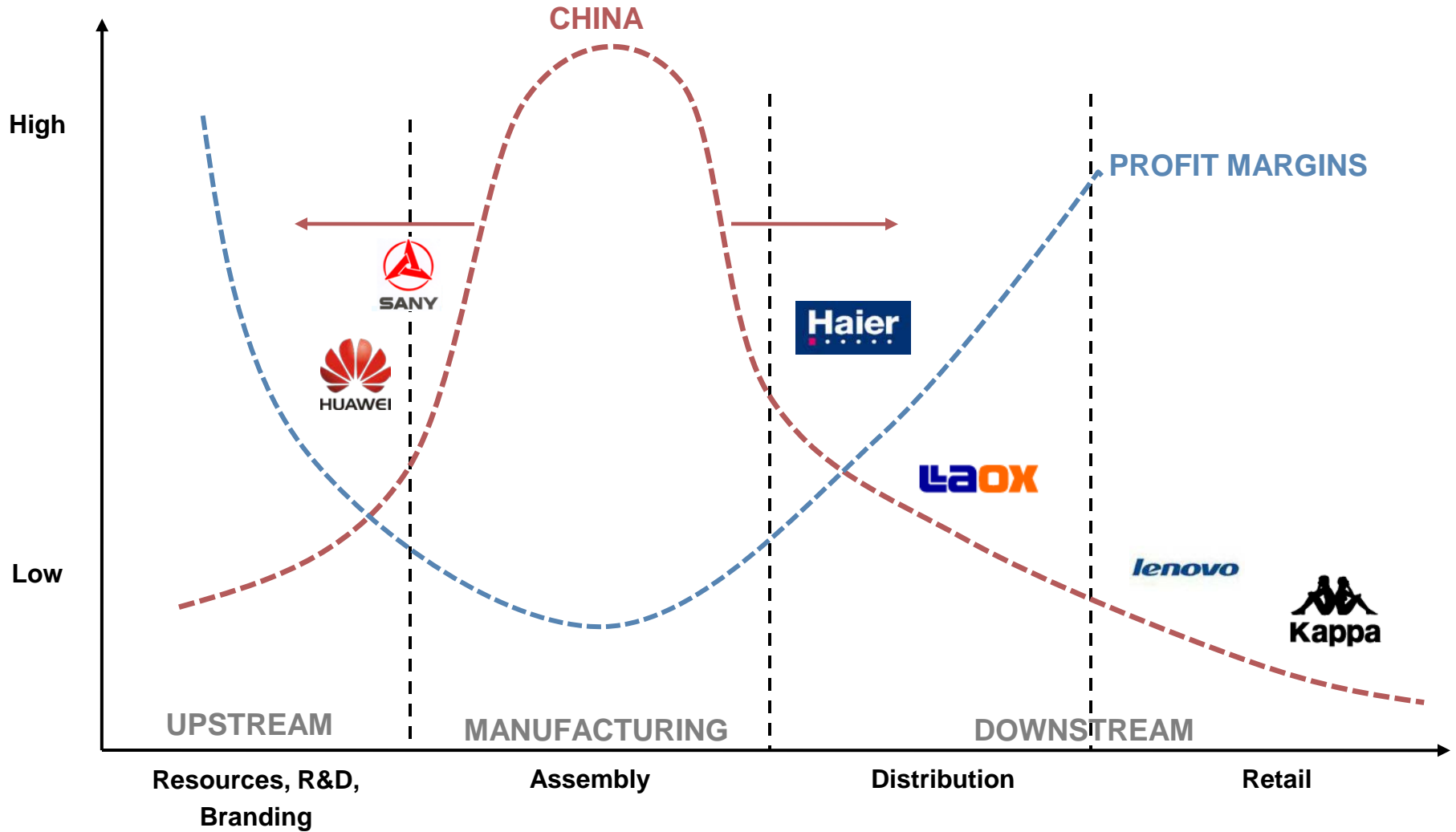
USD bn, OFDI flows curve is 3 years moving average from three sources



Source: SAFE, CEIC, RHG

China in the Global Value Chain

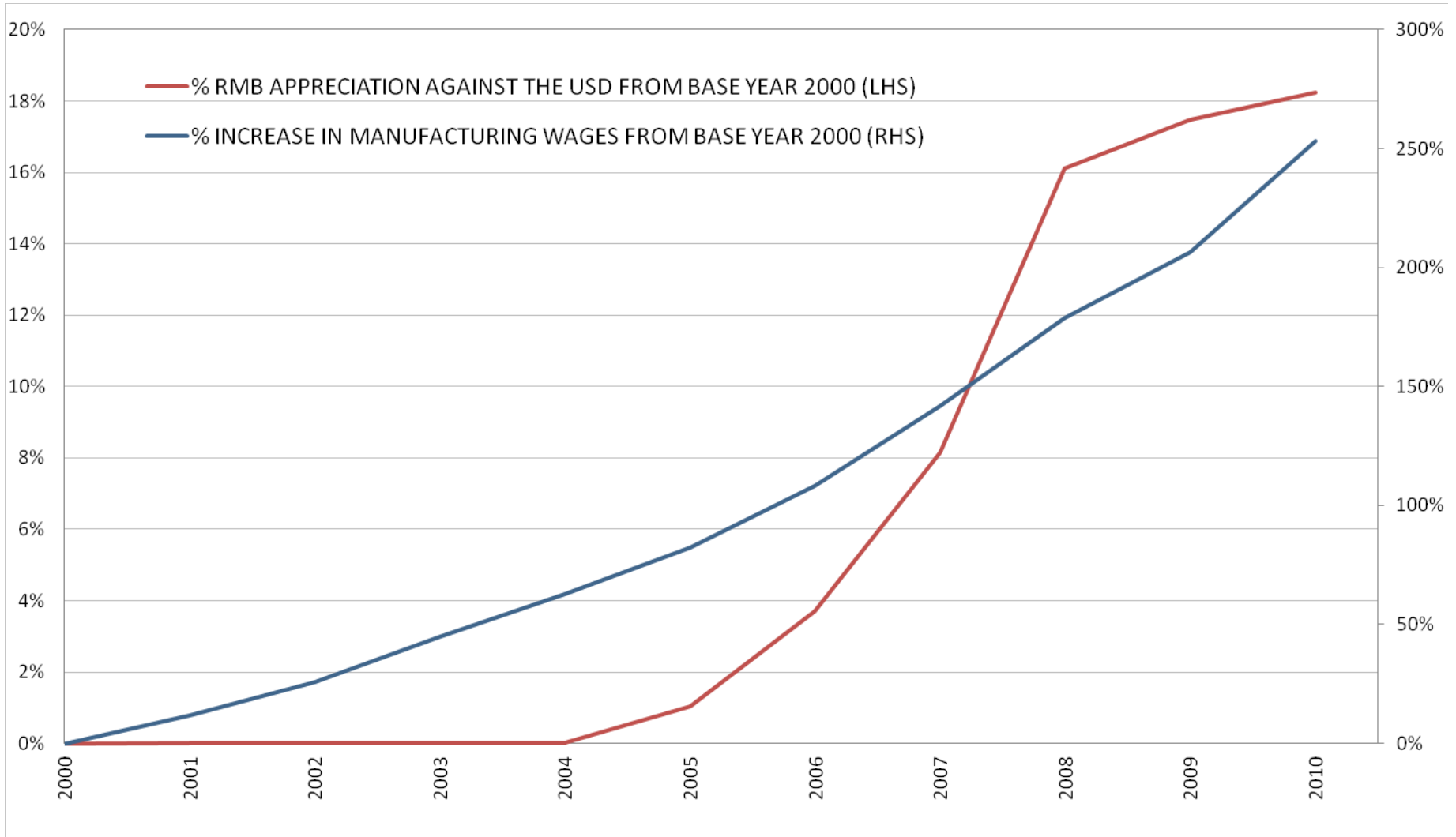
Stylized illustration



Source: RHG

Macroeconomic Drivers: Rebalancing and Adjustment

% change in RMB/USD exchange rate and mfg wages, base year 2000



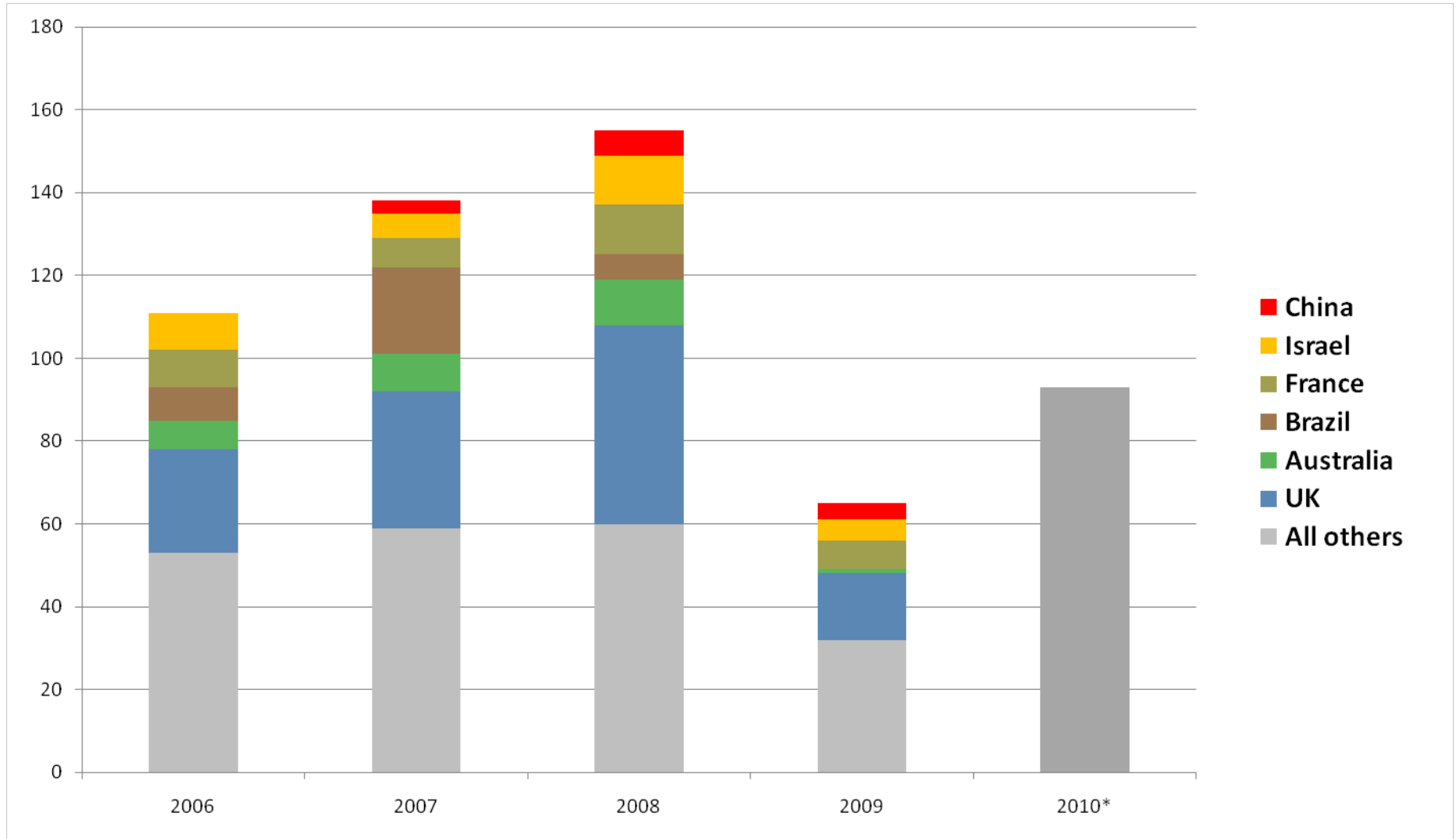
Source: CFETC, BIS, RHG.

Controversial Chinese U.S. Investments, 1990-2011

	Summary	Status
1990	▪ China National Aero Tech , acquisition of Mamco Manufacturing	Blocked by the President
1995	▪ CNIEC/Hua San/Sextant , acquisition of Magnequench	Completed
1999	▪ China Ocean Shipping Corporation , port lease, Long Beach	Blocked by Congress
2005	▪ Haier , acquisition of Maytag	Withdrawn
	▪ China Offshore Oil Corporation , takeover of Unocal	Withdrawn
	▪ Lenovo , acquisition of IBM's personal computer unit	Completed
2009	▪ Huawei , acquisition of US-based 3Com	Withdrawn
	▪ Tengzhong , acquisition of Hummer	Withdrawn
	▪ Minsheng Bank , acquisition of UCB	Blocked by the Fed
	▪ Northwest Nonferrous Int. Inv. Corp. , acquisition of Firstgold	Withdrawn
2010	▪ Tangshan Caofeidian , acquisition of Emcore	Withdrawn
	▪ Anshan , co-investment in a start-up steel plant in Mississippi	Pending
2011	▪ Huawei , acquisition of 3Leaf technology	Dissolved
	▪ China Aviation Ind. General Aircraft , acquisition of Cirrus	Pending

Acquisitions Covered by CFIUS by Acquiror's Home Country

Annual number of transactions covered



Source: CFIUS Annual Reports to Congress, RHG