
China's FDI surges, fewer foreign-funded companies approved

BEIJING, May 12 (Xinhua) -- China saw 35.02 billion U.S. dollars worth of foreign direct investment (FDI) utilized in the first four months, up 59.32 percent from the same period last year, the Ministry of Commerce (MOC) said on Monday.

The number of newly approved foreign-funded enterprises, however, shrank 23.15 percent to 9,490 in the January-April period.

Zhang Hanya, director of the Research Institute of Investment with the National Development and Reform Commission, said the latest figure showed that China remained a favorite destination for overseas investment, especially big investors like the top 500 multinationals, which saw the market potential as the most important priority.

China's new policies on foreign investment and rising labor costs may have deterred the establishment of some small-scale foreign-funded companies, but large companies could have accelerated their investment in China recently to beat the appreciation of the yuan, Zhang said.

China's FDI utilization has been rising steadily this year, despite a fall in the number of newly approved foreign-funded enterprises, since a raft of new measures were introduced to regulate foreign investment.

The country has leveled the corporate income taxes for foreign companies with that for domestic companies. It also published a new catalogue to encourage overseas investors to invest more in high-tech, or environment-friendly projects.

The actual use of FDI in January jumped 109.78 percent from a year earlier, and the figure rose by a hefty 61.26 percent in the first quarter.

Foreign direct investment has contributed to China's excess liquidity and massive build-up in foreign exchange reserves, which were the world's largest (1.68 trillion U.S. dollars) at the end of March.