

## Banking

# Foreign firms still gung ho on China

By Ding Qingfen (China Daily)  
Updated: 2010-07-08 09:09



**The General Electric booth at an aviation exhibition in Beijing. China outperformed the rest of the world in 2009 as a foreign direct investment destination. [China Daily]**

### Nation taking steps to boost foreign direct investment, say experts

BEIJING: Foreign companies operating in China and experts on Wednesday reiterated that the nation is still an attractive destination for investors.

The government has been actively trying to remove restrictions and improve the rules and regulations facilitating foreign direct investment, they said.

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Concerns that the investment climate in the nation is deteriorating surfaced earlier on Wednesday after the World Bank Group said in a report that restrictive and obsolete laws are acting as impediments to foreign direct investment (FDI) worldwide. The report said poor implementation of laws is resulting in additional investment costs.

Though China is also included in the Investing Across Borders 2010 report, it does not elaborate on the specific nations and regions.

The report is the first by the World Bank Group that offers objective data on the laws and regulations related to FDI worldwide, and covers over 87 nations and regions.

"Clear and effective laws and regulations are vital for ensuring best results for host economies, their citizens and investors," said Janamitra Devan, vice-president of Financial and Private Sector Development under the World Bank Group.

The agency said detailed information on the investment environment in the nations, including China, will be released over the next few days.

The report comes close on the heels of a recent European Chamber of Commerce study that expects the regulatory environment in China to worsen in the next two years.

"I don't think the arguments are representative and fair. To be frank, there were restrictions and unfavorable rules against foreign enterprises. But under the new FDI guidelines there are very few restrictions," said Wang Zhile, director of the research center on transnational corporations under the Ministry of Commerce.

"What I am really concerned about is how to implement the new guidelines," he said

In April, the State Council issued new guidelines that are considered a turning point for China's FDI policies.

"China realizes the significance of FDI in stimulating economic growth. There is no doubt that China will welcome more foreign investment," said Wang.

Part of Wang's optimism also stems from the good vibes his delegation received during their recent visit to Europe. "The interviews with most of the companies who have operations in China revealed that they are fairly satisfied with the present regulatory environment," Wang said.

A recent report in Financial Times said China is turning more hostile against international companies quoting the chief executive officer of General Electric (GE). Responding to the report, GE China said most of the stories published by the foreign media were taken out of context and, in some instances, reported in an inaccurate and misleading manner.

"With more than \$2 billion invested, GE continues to grow its operations through partnerships with Chinese companies and the government. We have strong confidence and faith in the China market and will continue our commitment to make China our second home," the statement said.

According to the United Nations Conference on Trade and Development, China outperformed the rest of the world in 2009 as a FDI destination. Last year, the FDI that China absorbed dropped 2.6 percent, while the global FDI plummeted by almost 40 percent.

The research center on transnational corporations under the Ministry of Commerce expects FDI to increase this year under the new guidelines.

In a recent interview, John Watkins, chairman of the American Chamber of Commerce in China, said. "China is an opportunity for most American companies, be it the industrial sector, the consumer sector or the retail sector. The nation represents most of the opportunities in the near term for many of our members."