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China Investments Abroad: What Will It Look Like in 2020?

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China investments abroad

- As one of the 2 biggest economic powerhouses in the world, China is a market with huge potential.
- However, there exists a lot of disagreement and concerns on China investments abroad.
- Shanghai Pengxin:
 - spent 16 months to secure the deal to buy 16 New Zealand farms under receivership.

Case Study: Shanghai Pengxin

Why did locals in New Zealand show strong opposition to the project?

- An acquisition of resources which are belonged to them.
- Worries on Chinese government's intention to invade their land.
- Concerns on the large scale of acquisition.

Case Study: Shanghai Pengxin

What can we learn from Pengxin's case?

- Pengxin should employ a very experienced international advisor and explain to locals on the following benefits:
 - Employment to locals.
 - Tax revenue to local government.
 - Investors will bring a lot of money to upgrade the hardware of the factory.
 - Raw materials produced will be distributed into the huge market of China through Pengxin's sales system.

What will it look like in 2020?

- Positive: mutually beneficial to China and foreign suppliers, to ensure sustainable supply chain.
 - 12th 5-Year Plan: China welcomes market entry of international brands.
 - Foreign established brands will also welcome M&A, to make their brands sustainable in the huge China market.
 - To ensure a stable supply chain, Chinese businessmen will go overseas and invest into production and factories. A stable supply of commodity to China is also secured.

What will it look like in 2020?

- The world should welcome China investments abroad, as this promotes a more balanced trade between China and foreign countries.
- The country of origin for the products should establish a friendly relationship with China and support bilateral trade, so that China will continue to stay with this country.

Conclusion

- There will be a continuous potential for China investments abroad in 2020.
- The question is how to handle sentiments and communications with locals.
- An experienced international advisor can effectively smoothen the negotiation of both parties.
- Do not damage the opportunities!