

CHINA TIGHTENS OUTBOUND DIRECT INVESTMENT

The Chinese government issued new guidelines that restrict overseas investment. Here's how:

KEY OUTBOUND INVESTMENT STATISTICS



Total
Chinese investment
overseas in 2016



Overseas
companies with Chinese
investment



Chinese companies
invested in
164 countries



Growth rate of
Chinese Investment
overseas



ENCOURAGED

- Infrastructure
- Advanced Production, Equipment & Standards
- High-Tech and Advanced Manufacturing
- Energy & Resources
- Agriculture
- Trade, Cultural and Logistics Services



RESTRICTED

- Real Estate, Hotels, Cinema, Entertainment & Sports Clubs
- To Specific Countries for Policy Reasons
- Investment Funds or Platforms Not Affiliated to Industrial Projects
- Outdated Equipment
- Failure to Comply with Destinations' Environmental, Energy or Safety Standards



PROHIBITED

- Unauthorized Military Investments
- Technologies, Processes and Products Banned for Export
- Gambling & Sex Industries
- Investments Banned by International Treaties
- Those Harmful to Nation's Interests or National Security



WHY THE FURTHER TIGHTENING? THE CHINESE GOVERNMENTS SAYS:

- Irrational investments made by some Chinese companies violate the mandate of the "going global" initiative
- Irrational investments could pose a risk to financial stability
- Overseas investments used to as a rationale to move funds overseas undermines financial stability

WHAT NEXT?



- China's ODI will steadily slow, but be higher quality in 2017
- Differentiated policy measures for different categories of ODI
- Strengthened review process & optimized administrative mechanisms
- Regulations on Chinese companies' operation practices, cooperation with destination countries & intermediary services
- Strengthened guidance & supervision on ODI in high risk regions