

## Embracing the Dragon: Secrets to Success in the New Era of U.S.-China Business

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<https://www.dorsey.com/NewsResources/Events/Event/2017/10/Corporate-Counsel-Symposium-2017-Materials>

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<http://ww2.cfo.com/global-business/2017/08/chill-china/>
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4. Dorsey eUpdate: *Guide to Protecting Against Email Wire Fraud Scams and Recovering Funds Wired to Hong Kong*, Steven Nelson, Janet Wong and Michael Robbins, Dorsey & Whitney LLP (July 7, 2016)  
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<https://www.dorsey.com/newsresources/publications/client-alerts/2016/12/hong-kong-and-overseas-businesses-defrauded>
  
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Tuesday, October 31, 2017

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## Overview

- U.S. investment in China
- Chinese investment in the United States
- Advice for engaging with PRC counterparties



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## How U.S. Companies Succeed in China

- Challenges
- Market entry strategies and M&A
- Intellectual property protection and enforcement
- Currency controls



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## China Outbound Investments



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## China's Outbound Investments

- Outward FDI Flows from 2007 to H1 2017
- Date of H1 2016 and H1 2017 are non-financial outward FDI flows
- 2016 was a record year

Year	U.S.\$ Billion
2007	\$ 26.5
2008	\$ 55.9
2009	\$ 56.5
2010	\$ 68.8
2011	\$ 74.7
2012	\$ 87.8
2013	\$107.8
2014	\$123.1
2015	\$145.7
<b>2016</b>	<b>\$183.2</b>
H1 2016	\$ 88.9
H1 2017	\$ 48.2

Data Source: MOFCOM's Website

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## China's Worldwide Reach

Data from 2005 – Q2 2017

Country	U.S.\$ Billions
<b>North America (excludes U.S.)</b>	<b>\$ 66.7</b>
Canada	\$ 47.7
Cuba	\$ 5.1
<b>United States</b>	<b>\$172.4</b>
<b>Europe</b>	<b>\$291.9</b>
Switzerland	\$ 58.4
Great Britain	\$ 48.3
Germany	\$ 24.4
<b>West Asia</b>	<b>\$240.4</b>
Pakistan	\$ 49.1
Russian Federation	\$ 44.7
Kazakhstan	\$ 29.4
<b>East Asia</b>	<b>\$214.0</b>
Malaysia	\$ 40.4
Indonesia	\$ 38.5
Laos	\$ 22.5
<b>South America</b>	<b>\$144.7</b>
Brazil	\$ 52.2
Argentina	\$ 27.5
Venezuela	\$ 20.6
<b>Sub-Saharan Africa</b>	<b>\$272.1</b>
Nigeria	\$ 43.7
Ethiopia	\$ 23.0
Angola	\$ 22.5
<b>Arab Middle East &amp; North Africa</b>	<b>\$149.8</b>
Saudi Arabia	\$ 30.1
Algeria	\$ 22.9
Egypt	\$ 19.0
<b>Australia</b>	<b>\$100.8</b>

Data Source: American Enterprise Institute and Heritage Foundation, China Global Investment Tracker available at <http://www.aei.org/china-global-investment-tracker/>

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## China Top 10 Investments (2005 – Q2 2017)

United States	\$168.5
Australia	\$ 89.9
Switzerland	\$ 58.4
Canada	\$ 47.4
Britain	\$ 46.6
Brazil	\$ 46.0
Russian Federation	\$ 29.0
Germany	\$ 24.4
Italy	\$ 20.7
France	\$ 19.5

*Investment volume in \$ billions*

Subtotal for Top 10: \$550.2

Total for All Countries: \$961.4

Data Source: American Enterprise Institute and Heritage Foundation, China Global Investment Tracker available at <http://www.aei.org/china-global-investment-tracker/>

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## Mapping a Strategy by Country

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## Tracking Chinese Direct Investment in the U.S.

All States / All Industries / 2000 to Q2 2017  
Greenfield & Acquisitions / Any Ownership

**Total Deals: 1,479**

**Total Value: \$134.8 Billion**

### Investment by Industry (in \$mil)

- Agriculture & Food: 35 deals / \$7,553
- Automotive: 145 deals / \$4,172
- Aviation: 18 deals / \$788
- Basic Materials: 93 deals / \$2,767
- Consumer Prod. & Serv.: 115 deals / \$6,666
- Electronics: 69 deals / \$5,096
- Energy: 113 deals / \$13,391
- Entertainment: 47 deals / \$9,250
- Finance & Bus. Services: 89 deals / \$6,688
- Health & Biotech: 129 deals / \$4,938

Data Source: Rhodium Group, LLC (RHG); sources and methodology available at <http://rhg.com/interactive/china-investment-monitor>.

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## Tracking Chinese Direct Investment in the U.S. (cont.)

All States / All Industries / 2000 to Q2 2017  
Greenfield & Acquisitions / Any Ownership

**Total Deals: 1,479**

**Total Value: \$134.8 Billion**

### Investment by Industry (in \$mil)

- ICT: 231 deals / \$15,134
- Ind. Machinery & Equip.: 88 deals / \$1,091
- Real Estate & Hospitality: 207 deals / \$40,162
- Transport & Infrastructure: 100 deals / \$17,057

### Investment by Type (in \$mil)

- Greenfield: 840 deals / \$9,807
- Acquisitions: 639 deals / \$124,947

### Investment by Ownership (in \$mil)

- Government: 361 deals / \$32,201
- Private: 1,117 deals / \$102,543

Data Source: Rhodium Group, LLC (RHG); sources and methodology available at <http://rhg.com/interactive/china-investment-monitor>

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## Chinese FDI Transactions in the U.S. by Industry

- Tracked from 2005 – 2016
- Industries
  - Electronics
  - Transport and Infrastructure
  - ICT
  - Healthcare
  - Financial & Business Services
  - Real Estate & Hospitality
  - Entertainment
  - Consumer Products & Services

Data Source: Rhodium Group, LLC (RHG). A detailed explanation of sources and methodology can be found at <http://rhg.com/interactive/china-investment-monitor>

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## Average Premium Paid by Target Location (%)

- China compared to
  - North America
  - Europe
  - Middle East & Africa
  - Asia

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## Recent Dorsey Deals



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## Chinese Investment in the United States

- Discussion



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## Advice for Engaging with PRC Counterparties

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## Thank You

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