

On the Influence of International Direct Investment on China's Industrial Structure

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Abstract

With the continuous deepening of China's reform and opening up, the level of foreign direct investment has been constantly improving, which has played an important role in promoting the rapid development of China's economy. In today's world economic development, China's foreign direct investment is growing in both quantity and quality. The development of foreign economy is the objective requirement of the trend of economic globalization and the inevitable trend of China's economic development. After the reform and opening up, many Chinese companies have gone global. However, Chinese companies face various obstacles in foreign investment and difficulties in overseas investment. This paper expounds the current situation of China's foreign investment, analyzes the problems existing in China's foreign investment, finds out the obstacles to China's foreign investment, and takes corresponding countermeasures.

Keywords

Foreign Investment; Basic Status Quo; Existing Problems; Countermeasures.

1. Basic Status of China's Foreign Investment

China's foreign direct investment started late, only in the early days of reform and opening up, more than a century behind developed countries. But after nearly 30 years of R&D and reform and opening up, it has formed a certain impact. In recent years, China's foreign direct investment has grown rapidly, but there are some problems on the whole.

Regional structural adjustment and free trade agreements can become partners and targets of Chinese enterprises' foreign direct investment. The liberalization of trade and investment and the development of regional economic cooperation aim to guide China's investment in ASEAN to the Mekong Subregion. Transportation facilities reduce transportation costs. The following countries in the region will cooperate to establish the next regional trade and investment information mechanism to exchange information, provide services for traders and investors, and promote the final establishment of the China ASEAN Free Trade Area.

We will improve foreign investment policies and regulations and further expand folklore. In fact, your love is not your fault. After all, the regulations of the countries around it are too strong to improve the foreign investment management mechanism, especially the more opportunities, the greater the responsibility. Because after becoming a complete legal system of foreign investment, it is necessary to participate in economic globalization and international division of labor at a higher, broader and deeper level.

2. Analysis of International Direct Investment in China's Industrial Structure

According to the 2021 investment report, the explosion of the epidemic led to a drop in foreign investment from \$350000 1.5 million years ago to \$200000. At 200000 hours, China's direct investment in more than 60000 countries reached 149% of the US capital, making it the second largest foreign capital in the world, mainly from technology, electronic casualty and rescue

technology. It seems that China has successfully overcome the new plague and rapidly restored people's lives. In addition, China will remain the largest investor in the world, with foreign direct investment reaching 133 billion US dollars,

In the past year, China's actual utilization of foreign capital has increased from 12 million US dollars to 144 million US dollars. In the United States, it is a grand scale, reaching the third level. As an industrial industry, foreign investment is shifting from the focus of the industry to become the key industry designer of the main industry. It has a very close relationship with the industry of economic development, which is a driving force for the art industry and the process of "industrial prosperity". Most of them flow to the east and coastal areas, including Guangdong, Fujian, Shanghai, Zhongdu, Zhongxian, mountainous, mountainous and other provinces. However, the Middle East is rated and rich in resources in the middle and very small in the west. From the internal perspective of industry, industry is mainly agricultural land, especially for planting crops, at least investing in forests, aquaculture and fisheries. For the secondary industry, its production is much more advanced than any other industry, and its industry is higher than raw materials. The amount of light industry is larger than that of industry. Special technology industry.

Since the outbreak of the epidemic, the highest sales value and the second ratio have declined significantly, and advanced industries continue to flourish. His contribution to the Arctic region is far less than any renovation. The structural structure is more and more in line with the modern ecosystem.

3. The Impact of International Direct Investment on Industrial Structure

The impact of foreign direct investment (FDI) on the economy of the host country is mainly reflected in the effective use of FDI in the current labor, capital and knowledge intensive industrial structure. They are at a disadvantage in industrial competition and encourage and promote the adjustment of China's economic structure. First, strengthen infrastructure construction, reduce employment pressure, give play to China's labor advantages, and accumulate rich experience in changing employment structure and improving industrial structure; Secondly, foreign direct investment (FDI) has established the international standard of China's foreign trade and provided a new management mode for Chinese enterprises. Finally, a large amount of technology intensive investment has promoted the development of foreign trade and coastal economy. However, development is dual. Foreign direct investment is concentrated in China's enterprise structure, which may distort the structure and restrict the balanced development of China's economy.

4. The Development Prospect of China's Foreign Investment

In 2019, the global economic growth dropped to the lowest level since the international financial crisis, the growth of global commodity trade slowed down significantly, and the outflow of FDI decreased for three consecutive years, with an increase of 33.2%. China's economy is running smoothly on the whole, and the level of opening up is constantly improving. Relevant departments will actively guide qualified Chinese enterprises to continuously improve their development quality. In 2019, China's foreign direct investment reached US \$136.91 billion, ranking second in the world.

4.1. China's New Foreign Investment Ranks Second in the World, and its Cumulative Investment Ranks Third

By the end of 2019, 27500 domestic investors in China had set up 44000 foreign direct investment companies (hereinafter referred to as "foreign companies") in 188 countries (regions) around the world, with total overseas assets of 7.2 trillion US dollars. The

accumulated net foreign direct investment (hereinafter referred to as "stock") was US \$2.1988 billion, including capital investment of US \$1.20967 billion, accounting for 55%, and income reinvestment of US \$686.64 billion, accounting for 31.2%. Debt instrument investment was US \$302.57 billion, accounting for 13.8%.

4.2. Hong Kong has the Most Foreign Investment in China, and its Investment in Europe has Also Increased

In 2019, European investment reached US \$10.52 billion, an increase of 59.6% over the previous year, accounting for 7.7% of the annual foreign direct investment flow, an increase of 3.1% over the previous year. They are mainly used in the Netherlands (US \$3.89 billion), Sweden (US \$1.92 billion), Germany (US \$1.46 billion), the United Kingdom (US \$1.11 billion), Luxembourg (US \$690 million), Switzerland (US \$680 million) and Italy (US \$650 million).

Asian investment reached US \$110.84 billion, an increase of 5.1% over the previous year, accounting for 80.9% of the annual flow of foreign direct investment. Among them, China and Hong Kong invested 90.55 billion US dollars, an increase of 4.2% over the same period last year, accounting for 81.7% of Asian investment. Ten ASEAN countries invested US \$13.02 billion, a decrease of 4.9% over the previous year, accounting for 11.8% of Asian investment.

4.3. The Investment of Countries Along The Belt and Road has Grown Steadily

By the end of 2019, Chinese domestic investors had established nearly 11000 foreign companies in 63 countries along the "the Belt and Road", involving 18 major areas of the national economy. In the same year, direct investment reached 18.69 billion US dollars, an increase of 4.5% over the previous year, accounting for 13.7% of China's FDI flow in the same period. In terms of industry composition, the investment in manufacturing industry was 6.79 billion US dollars, up 15.5% and 36.3% over the previous year. The wholesale and retail industry accounted for 13.4% of the US \$2.51 billion, the construction industry for 12%, the financial industry for 8.5%, and research and technical services for 7.2%. Electricity production and supply reached 1.34 billion yuan.

In fact, the conditions for foreign investment in Chinese enterprises are basically mature. First, since the 1990s, China's economy has shifted from the seller's market to the buyer's market. Through foreign investment, the export of goods can be transformed into capital export. Second, China's accession to the WTO not only brings pressure to Chinese enterprises, but also provides good conditions for Chinese enterprises to go global. After China's accession to the WTO, the obligations and challenges faced by Chinese enterprises are mainly reflected at home, and the rights and opportunities obtained are mainly reflected abroad. Finally, in the overall process of enterprise internationalization, we should first develop indirect exports, then direct exports, and finally foreign direct investment. Since the reform and opening up, international trade has made great progress, laying a material foundation for Chinese enterprises to continue to invest abroad.

5. Foreign Investment

Current situation of foreign investment in China: At present, foreign investment in China is divided into two types: government led and enterprise led. The government led acquisition is similar to Shougang's acquisition of Peru's mining shares, which led to resource oriented foreign investment. The leading companies include Lenovo's purchase of parts from IBM. At present, the general investment method is to merge or partially merge by acquiring the shares of foreign companies.

The main reasons for the problems of foreign investment in China are as follows: First, the situation of the enterprises in the investing countries is not very clear, and the focus is not on enterprises, but on the market. Therefore, investment has a certain blindness. Second, they are

not familiar with the economic management systems and systems of the investing countries. They often understand the investing countries according to their business management ideas and habits. Therefore, these countermeasures are often wrong. China's investment in Zambia is not ideal. Third, the legislation of many investing countries is not well understood. When labor disputes occur in litigation, they are often at a disadvantage. For example, in China's investment in Germany, many companies are unable to cope with employee strikes, lawsuits and investment failures. A more famous example is the investment of the second Chinese pencil factory in Shanghai, Germany. To solve this problem:

5.1. Improve the Industrial Structure Adjustment Policy of Foreign Direct Investment

According to the requirements of China's socialist market economy system, we should vigorously promote the reform of the government administrative system and establish a clean, efficient and standardized administrative system. We will establish an all-round, multi-level and comprehensive foreign trade system and a domestic system for introducing foreign capital. Establish a reasonable resource sharing community, promote regional coordinated development, and realize the upgrading of industrial structure.

5.2. Strengthen Market Regulation and Attract Foreign Capital

We should establish and improve a macro-control system that is compatible with commercial and market activities, foster and maintain an open, fair and just competition order, and establish a good competition environment between foreign enterprises and foreign enterprises, and between foreign enterprises and domestic enterprises. Second, formulate and adjust preferential industrial policies for absorbing foreign direct investment in a timely manner, and correctly guide the transfer of foreign direct investment to basic industries and infrastructure.

6. Conclusion

In recent years, China has taken an important step in foreign investment cooperation, becoming the largest foreign investor in the world. Looking forward to the future, China's overseas investment cooperation should not only "go global" on a large scale, but also "go global" at a higher level according to the practical needs of actively promoting the high-level opening up.

At present, the global economic situation is grim. The increasing uncertainty of the global economy has led to an increase in new cases of pneumonia, which has hindered the flow of global factors of production. In this regard, the overall situation of global transnational investment is not optimistic. In terms of investment demand, some transnational investment cooperation projects have stagnated in many aspects. In terms of investment supply, some projects are faced with practical challenges, such as increased difficulty in financing and increased investor appetite for risk.

It is worth mentioning that China's foreign investment has recently concentrated on "large-scale" investment and cooperation projects, some of which have little funds. At present, China's foreign investment cooperation may still be very active in the case of the general decline of the global market of transnational corporations for two reasons. First, the development of high-quality foreign economic zones and economic and trade cooperation plays an important role in promoting the overseas development of Chinese enterprises. In recent years, the investment in infrastructure construction of the foreign economic and trade cooperation zone has become more perfect, the leading industry has become clearer, the public service has become stronger, and the centralization and radiation effects have become more obvious. For foreign domestic enterprises, investment cooperation is an important tool. Second, China's investment cooperation projects with countries along the "the Belt and Road" have achieved good results and achieved good economic and social benefits. Since 2021, the momentum of cooperation

between China and foreign investment has been growing. The second performance report of the programme budget for the biennium 2004-2005 showed that the structure of foreign investment had been continuously improved, with foreign investment in manufacturing reaching US \$13.36 billion. The administrative and budgetary aspects of the financing of United Nations peacekeeping operations increased by 9.3 per cent compared with the previous year, and foreign investment in information technology services and software amounted to \$6.2 billion. The administrative and budgetary aspects of the financing of United Nations peacekeeping operations increased by 37.2 per cent compared with the previous year, much higher than the overall average growth rate of non-financial foreign direct investment over the same period. Over 50 million contracts have been signed in the first three quarters. Compared with the same period last year, this number has increased by 56, and large projects have played a greater role in the structure of foreign direct investment.

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