

First two months foreign direct investment in China up 10.4%
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Foreign direct investment (FDI) into China increased 10.4% year-on-year in the first two months of 2014, the government said today, while the country's outbound investment slumped.

FDI, which excludes investment in financial sectors, totalled US\$19.31 billion (RM63.13 billion) cumulatively in January and February, the commerce ministry said in a statement.

Foreign investors "remained confident in investment in China", ministry spokesman Shen Danyang told reporters, but acknowledged that "international investment remained low and there were various development problems within the country".

He did not give specifics, but a string of data has indicated a slowdown in the world's number two economy.

Separately, Chinese overseas investment in the two months fell 37.2% year-on-year to US\$11.54 billion, the ministry said, with investment to Hong Kong and the European Union leading the decline.

But Shen said that a high comparison base in the same period last year was behind the fall, mainly due to the close of China National Offshore Oil Corp.'s US\$15-billion takeover of Canada's Nexen.

"Therefore, overseas investment in the first two months last year spiked, which... made this year's year-on-year comparison base very high," he said.

The January-February figure would have marked a 33.6% increase if the Nexen deal was excluded from the comparative data, he added.

By far the greatest proportion of investment in China comes from a group of 10 Asian countries and regions including Hong Kong, Taiwan, Japan, Thailand and Singapore.

FDI from those economies rose 11.6% to US\$16.94 billion, the ministry said. American investors piled US\$711 million into the country during the period, up 43.3%.

"Investment from the 10 Asian countries and the United States maintained relatively fast growth," the ministry said.

Investment from South Korea soared 224% to US\$834 million, the ministry said, but did not give an explanation for the leap.

Investment from the European Union declined 13.8% to US\$1.05 billion.

Of China's outbound investment, 65.4% of the total, or US\$7.55 billion, went to Hong Kong, the Association of Southeast Asian Nations (Asean), the EU, Australia, the US, Russia and Japan.

But the amount being invested in Hong Kong, the EU and Asean declined 62.9%, 11.6% and 2.2%, respectively.

The Hong Kong decline was also related to the Nexen deal as part of the takeover funds went through the financial hub, Shen said.

Investment in the US jumped 45.6%, while that to Australia gained 31%. Investment to Russia and Japan "at least doubled", the ministry said, without providing amounts or specific percentage changes.

China's total outstanding overseas investment as of the end of last month stood at US\$537.2 billion, the ministry said.

Foreign investment into China rebounded in 2013 to US\$117.59 billion as confidence in the country's growth potential picked up.

It had declined the year before. Investment by China overseas also rose last year, hitting US\$90.17 billion, and officials said it could overtake FDI this year. – AFP, March 18, 2014

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