

# Why China? Trade and Investment Perspectives

Jeanne Broad

Director, International Trade Management  
Michigan Economic Development Corporation

2015

PURE  MICHIGAN®

PURE MICHIGAN®



创新 — 安全、舒适、节能、环保  
Innovation - Safety, Comfort, Energy Saving, Environmental Protection

# 2013 中国国际汽车零部件发展高峰论坛

## China International Auto Parts Development Summit Forum 2013

主办单位：长春、重庆、台州、上海、武汉、厦门、芜湖、天津、  
合肥、广州、保定、柳州12个国家汽车及零部件出口基地  
中国国际汽车零部件博览会 中国汽车报

支持单位：商务部 国家发展和改革委员会

承办单位：中国国际汽车零部件博览会组委会

协办单位：中国汽车技术研究中心

12 national automotive and auto parts export bases, such as Changchun, Chongqing, Taizhou, Shanghai, Wuhan, Xiamen, Wuhu, Tianjin, Hefei, Guangzhou Baoding and Liuzhou  
China International Auto Parts Expo China Automotive News  
Ministry of Commerce of P. R. China National Development and Reform Commission  
Organizing Committee of China International Auto Parts Expo  
China Automotive Technology Research Center

*“In the 21st Century, there will be a place on each continent that’s the go-to place for making things. In Europe, that will be Germany. In Asia, it will be China. And in North America, it will be Michigan.”*

*Governor Rick Snyder*





# Governor Snyder in China

## Trade Missions 2011, 2012, 2013, 2014



PURE MICHIGAN<sup>®</sup>





PURE MICHIGAN<sup>®</sup>



## Top 10 Michigan companies with FDI in China

<u>Company name</u>	<u>Number of projects</u>
General Motors	33
Dow Chemical	25
Ford	23
Visteon	16
DPH Holdings (Delphi)	15
Dow Corning	10
TRW Automotive	8
Borgwarner	8
Alticor	6
Federal Mogul	6

# Recent Michigan Investment in China

(July 2014)

- SAIC-GM-WULING AUTOMOBILE, a JV subsidiary of General Motors, invested \$139.2 million into a 376,000 square meter R&D facility and proving ground in Liuzhou, China (Guangxi Zhuang Autonomous region). Both projects will support the development of new vehicles for the Chinese market.
- Novi, Michigan-based auto parts manufacturer COOPER-STANDARD AUTOMOTIVE invested \$28.4 million in a new Asia-Pacific technical center in Shanghai, China.



## Michigan exports to China growing quickly!

- In 2014, Michigan's total exports totaled \$55.7 billion, ranking #8 among U.S. states, following Texas, California, Washington, New York, Illinois, Louisiana and Florida.
- China is Michigan's 3<sup>rd</sup> largest export market, after Canada and Mexico
- In 2014, Michigan's exports to China totaled almost \$3.5 billion
  - An increase of almost 60% over 2010 levels
- Michigan ranks #10 among U.S. states exporting to China—still room for improvement!

# Top Michigan Products Exported to China

**Transportation equipment**                      \$1.5 BILLION

(43.8% of all Michigan exports to China)

Chemicals    \$368 million

Industrial machinery                              \$347 million

Computers and electronics                      \$237 million

Electrical Equipment                              \$148 million

Fabricated Metal Products                      \$140 million

Waste and Scrap                                    \$138 million

Primary Metal Mfg                                 \$105 million

Food Manufactures                                 \$ 95 million

Non-metallic mineral products                 \$ 70 million



# Top Michigan Products Exported to China

**Transportation equipment**                      \$1.5 BILLION

(43.8% of all Michigan exports to China)

Chemicals    \$368 million

Industrial machinery                              \$347 million

Computers and electronics                      \$237 million

Electrical Equipment                              \$148 million

Fabricated Metal Products                        \$140 million

Waste and Scrap                                    \$138 million

Primary Metal Mfg                                 \$105 million

Food Manufactures                                 \$ 95 million

Non-metallic mineral products                  \$ 70 million

# Chinese FDI in the US

- 2nd fastest-growing country of FDI in the US, 71% growth 2008-2012
- 12<sup>th</sup> largest source of FDI in the US in 2013, the only developing country in Top 15
- Fastest growing industry in FDI since 2008 is manufacturing



# More than 200 Chinese Companies of Scale in

Michigan



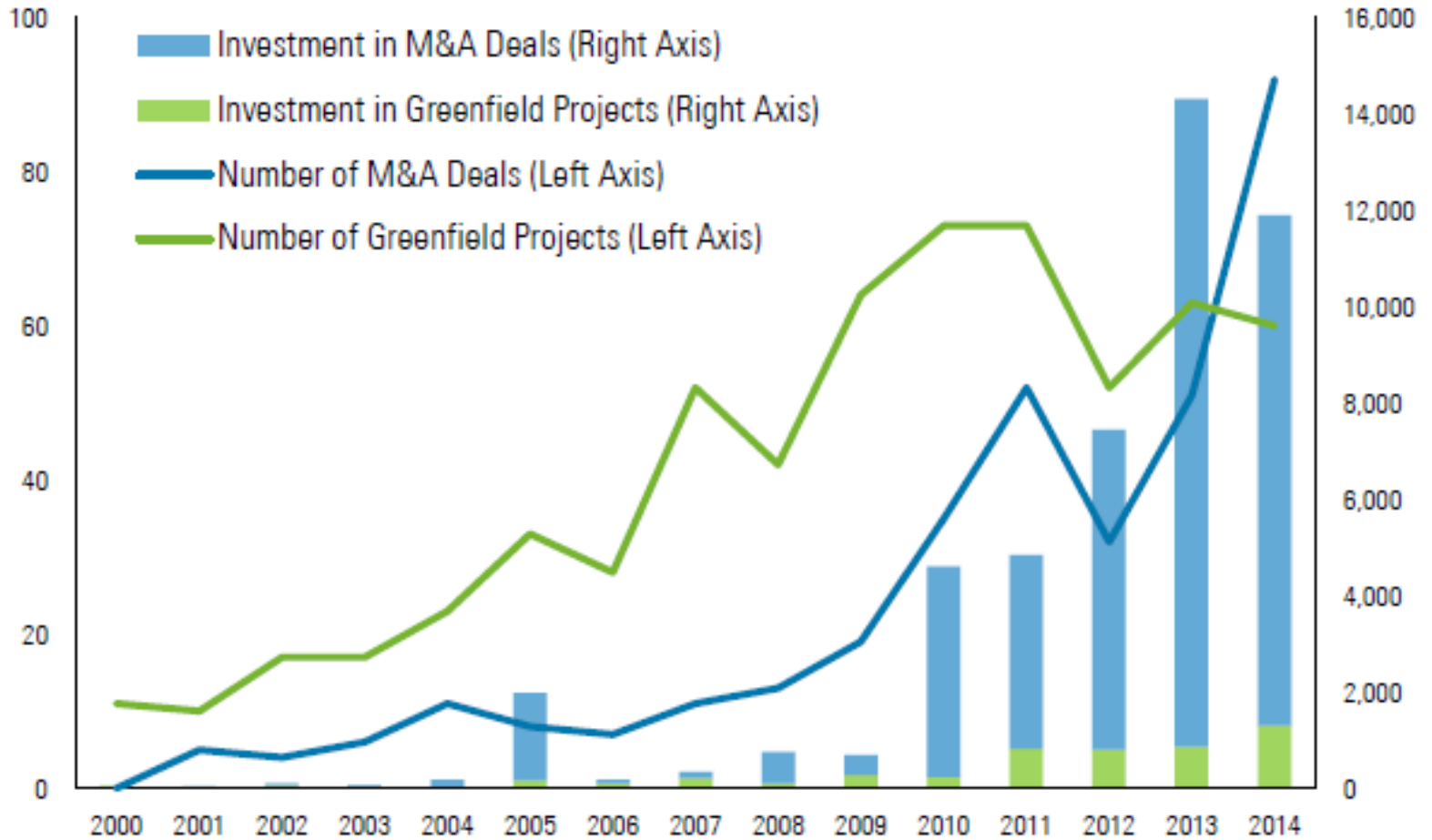
# Chinese Investment in Michigan to Date

- Approximately \$2 Billion cumulative Chinese investment (2000-2014Q4), by over 200 Chinese companies
- MI #1 in the US, automotive industry investments
- MI #3 in the US, greenfield investments
- MI #4 in the US, number of Chinese deals
- MI #10 in the US, total Chinese investment
- 75% of Chinese investment into auto-related businesses, mostly components (also insurance, real estate, IT, med devices, other)
- Greenfield investments increasing



**Figure I: Chinese FDI Transactions in the United States, 2000-2014\***

Number of deals, USD million



Source: Rhodium Group. \*Data are preliminary and subject to adjustment. A detailed explanation of sources and methodology can be found at <http://rhg.com/interactive/china-investment-monitor>

# Major Chinese M&A Deals in MI

Buyer	Target	Size (millions)
AVIC Automotive	Nexteer (Steering Gear)	\$450
Fosun	Meadowbrook Insurance	\$433
Wanxiang	A123	\$256.6
Beijing West Industries	Delphi Brakes Division	\$100
Chongqing Machinery	Enstrom Helicopter	\$60
MINTH	Plastic Trim International	\$8.7
Wanxiang	Neapco	N/A
American Broach	Shanxi Qinchuan	N/A
BAIC	Inalfa's MI facilities (sun roofs)	N/A
Ningbo Huaxiang	Sellner's MI facilities (wood trim)	N/A
Wanfeng	Meridian (magnesium alloys)	N/A

# Significant Chinese Greenfield Investments in MI

Company	Facility	Employees
CITIC Dicastal	NA HQ & manufacturing	300
HA Automotive	NA HQ & manufacturing	368
Yanfeng USA	NA HQ & manufacturing	750
Fuyao USA	NA HQ & glass treatments	250
Anhui Zhongding	NA HQ & manufacturing	200
STEC	NA HQ & manufacturing	178
MINTH	NA HQ, R&D, & manufacturing	60
SAIC	NA HQ, components trade	50
Chang'an	NA HQ, chassis R&D	25
FAW	components trade	N/A
ZYNP	NA HQ & manufacturing	N/A
Chongqing Jiaxuan Automobile sealings Co.,Ltd.	NA HQ & manufacturing	N/A
Dongdu International (DDI)	Real estate redevelopment	N/A

# Other Opportunities for Michigan

- Agriculture
- Tourism
- Educational exchanges



# Michigan Promotes Trade with China

- Michigan China Center in Shanghai
- Trade missions and trade shows
- In-state China specialist (Weiwei Lu)
- Counselling and referrals to specialists
- *Focus on relationship-building!!*

# Going Further

- Greater education about opportunities in China and with Chinese companies
- Support beyond Shanghai/Beijing—Guangzhou and beyond?
- More support on technical and sector-specific matters—auto-specific challenges, customs, logistics, etc.
- Enhanced relationships

Thank you!

[broadj@michigan.org](mailto:broadj@michigan.org)  
[www.michiganbusiness.org](http://www.michiganbusiness.org)

PURE  MICHIGAN®