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Thriving China is ever more open for business

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For the past year, China has expanded domestic demand and worked to attract foreign investment, contributing to the global recovery. However, concerns have recently been floated, not least among foreign businesses, that China is now less welcoming of foreign investment. In fact, China will open wider in the future.

China has kept its market open throughout the financial crisis. In late 2008, we adopted a Rmb4,000bn stimulus package, along with readjustment programmes in sectors such as information communication technology, logistics and equipment manufacturing. Companies have followed strict tender rules to ensure a level playing field for all businesses – Chinese or foreign. In 2009, of 12,439 tenders for procurement of electromechanical products, 55 per cent went to foreign investment enterprises.

Over the last three decades, foreign direct investment has brought capital, advanced technologies and business know-how to China. We understand that FDI fosters innovation. That is why, in April, we held a public consultation to review the criteria we use to accredit "innovation products". The results emphasised that all foreign enterprises are given equal treatment and that all their products are considered to be "made in China", while the same rules of origin are applied to them as to Chinese products.

Since joining the World Trade Organisation, China has continually lowered the entry threshold for foreign investment. We have revised our catalogue for the guidance of foreign investment industries – the official list of industries in which FDI is encouraged or restricted – four times since 1997. Each time we have provided greater market access. Writers such as Thomas Friedman, author of *The World Is Flat*, and Robert Shapiro, former US undersecretary of commerce under President Bill Clinton, have spoken highly of our efforts to open up.

China remains a top destination for investment by multinational companies, particularly in services and outsourcing. In 2009, global FDI dropped by nearly 40 per cent, but investment into China fell by only 2.6 per cent. Reacting to worries in the west, China has also strengthened intellectual property protection with new laws and a "double-track" system of administrative and criminal enforcement.

Crisis-hit multinationals have found new sources of profit growth in China. In 2009, General Motors filed for bankruptcy in the US, but its sales in China grew by 67 per cent. It sold more than 1m vehicles in China in the first five months of this year, meeting half of its 2010 target of 2m ahead of schedule. Siemens will invest €1bn ($1.29bn, £843m) in the next three years, with Volkswagen adding €1.6bn by 2011. In 2010, there were 690,000 registered foreign companies in China, investing more than $1,000bn.

These companies drive growth abroad through their Chinese operations. They create valuable trade surpluses for neighbouring countries by importing intermediate goods, and create jobs in developed countries by buying capital goods and services.

Such growth will continue as China expands its internal market. Sales of consumer goods rose in 2009 to Rmb12,530bn, contributing more than half of gross domestic product. This year China's domestic market will grow by Rmb2,000bn ($295bn, £193bn, €229bn), outstripping exports. The US is set to gain in particular. The independent American Chamber of Commerce in China recently published a report arguing that in the next 30 years the US can achieve "three trillion-dollar goals": $1,000bn for annual US exports to China, $1,000bn for revenues of US businesses in China producing goods and services for the Chinese market, and $1,000bn for cumulative Chinese FDI in the US.

Coming out of crisis, China must now work to upgrade its own industries in areas such as high-end manufacturing and environmental goods and services. To do this, China wants to make better use of the knowledge and expertise of multinationals. German carmaker Daimler's success in forming a joint venture in China to develop next-generation electric vehicles is only one example of how more foreign investment can help.

The world economy is at a crucial stage of restructuring. As China works with others to push the global recovery, tremendous opportunities will open up for foreign companies. China remains open for business, and the rest of the world can benefit.

The writer is minister of commerce in the People's Republic of China