

# FOREIGN INVESTMENT IN CHINA TO HIT £1.3TN BY 2020, SAYS LAW FIRM REPORT

Posted on 19/01/2015



Category: [Uncategorized](#)

Tag: [cat-general](#)



**Foreign Direct Investment (FDI) into China will almost double to £1.3 trillion over the next six years, as the region's economic, political and regulatory environment changes, according to a report by law firm King & Wood Mallesons.**

FDI into China is predicted to rise from £667 billion (¥6.6 trillion) in 2014 to £1.3 trillion (¥13 trillion) in 2020. Meanwhile, FDI as a share of China's overall GDP will also rise by 2.8 per cent over the next six years.

The report, *Branching Out: Investment Opportunities in China in 2020*, reveals that Hong Kong has been the lynchpin of investment into China, contributing 68% of overall FDI in 2014.

However, according to King & Wood Mallesons, over the coming years the UK and Europe will have an increasingly important share of direct investment into China, "partly as a result of greater liberalisation of the market and partly as a result of improved clarity and transparency in regulation and policy relating to inward investment".

The report said enterprising investors can gain entry into "some of China's key sectors by 2020, as the Catalogue for the Guidance of Foreign Investment Industries and current Five Year Plan create a clear pathway".

FDI into Financial Services will increase by 417 per cent – from £27.7 billion (¥273.8 billion) to £143.2 billion (¥1.418 trillion) in 2020 – according to the report, due predominantly to China's commitment to financial market reform and the internationalisation of the Renminbi.

Meanwhile, the life sciences sector will also offer significant opportunities to investors, with FDI expected to climb by 177 per cent from £46.3 billion (¥458.4 billion) to £128.2 billion (¥1.269 trillion) in 2020.

The energy industry is also set to welcome £19.3 billion (¥191 billion) of FDI by 2020 – up from £9.8 billion ¥97 billion in 2014 – as the government focuses its attention on 'green growth'.

The report said that "even in the highly regulated media & entertainment sector there are opportunities for investors". With rising incomes, rapid urbanisation and a growing middle class driving demand, inward FDI in the media & entertainment sector is set to increase from £3.2 billion (¥31.9 billion) in 2014 to £6.3 billion (¥62.6 billion) in 2020.

Stephen Kon, senior partner Europe & Middle East & global co-deputy chairman at King & Wood Mallesons, said: "These very significant findings reveal the vast opportunity available to foreign investors in China. As growth in Europe stagnates, the booming Chinese domestic market is driving demand for FDI to the tune of £1.3 trillion."

He added: "With new free trade zones recently established – following the Shanghai Free Trade Zone – and a clear regulatory framework for inward investment created, it is an exciting time to invest in China for those with the right knowledge. A solid understanding of the regulation and cultural practices is vital to taking advantage of the overall expansion of foreign investment on offer."