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Analysis on Foreign Investment of Chinese Enterprises under "The Belt and Road" Strategy

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ABSTRACT: *In recent years, China's most enterprises to carry out overseas investment development,and put forward "The Belt and Road"strategy to Chinese enterprises overseas development is facing new opportunities and challenges. At the present stage of China's foreign investment enterprises in large scale, rapid development, non state-owned enterprises in the national enterprise the proportion gradually increased. In the open type"now go out"mainstream form, China's small and medium-sized enterprises are faced with many choices in foreign investment, in the end is what kind of investment is a problem worthy of study. This paper based on the China enterprise of foreign direct investment(FDI), to study this problem, find a suitable for Chinese enterprises to invest in the development path.*
KEY WORD*: "The Belt and Road Initiative", China foreign investment, Enterprises*

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I. INTRODUCTION

In recent years, with the rapid development of economic globalization, the trend of regional economic integration is becoming more and more clear.At a time, enterprises in various countries are not only engaged in domestic competition, but also facing more and more fierce international competition. In order to maintain sustainable development in the competition, enterprises of various countries put their eyes outside the country and invest abroad. Thus they open up the way of foreign investment and using other countries'resources for further development. Withthe proposition and implementation of "The Belt and Road" strategy, Chinese enterprises find a good opportunity to invest abroad. In terms of foreign investment, China's foreign direct investment (FDI) flows hit an all-time high of $145.67 billion in 2015, which surpassing China's actual flows($135.6 billion) of foreign investment in the same period. It’s the first time to achieve the goal of net export of capital. The foreign direct investment stock amounted to $1097.86 billion, representing a rise in the global foreign direct investment outflow stock from 0.4 percent in 2002 to 4.4percent. The rank arised from 25th to 8th. China's foreign investment has a wide range of investment and diverse industries, which greatly drives the development of China's economy. At the same time, China's foreign investment makes the increase of tax revenue and employment rate of host country's contribution. The win-win effect of foreign investment is remarkable.

Now that we can't rely heavily on exports to boost our economy in terms of China's national conditions, we need to find a path that is more suitable for China's economic development today. "The Belt and Road" policy happens to give Chinese companies such an opportunity to find a new path of development, that is foreign investment. Enterprises in developed countries have already done well in the world to invest abroad, so the Chinese economy should begin to adopt this approach at this stage of development. This paper analyzes this method and puts forward some suggestions.

With the rapid growth of China's foreign investment and the propose and implementation of "The Belt and Road" strategy, our country is actively promoting the development of economic globalization and striving to better integrate itself into the wave of globalization. In this process, Chinese enterprises are facing many opportunities and challenges.How to deal with these problems in the process of foreign investment is the focus of this paper.

This paper mainly studies the impact of "The Belt and Road" policy on the foreign investment of Chinese enterprises, explores the current situation of the foreign investment of Chinese enterprises, what problems exist, and puts forward suggestions on how to carry out the next "going out" strategy in China, which is of great significance.

II. LITERATURE REVIEW

Since the 1950s, the rapid development of multinational corporations and their foreign direct investment has attracted the general attention of western scholars.Since then, scholars all over the world have carried out in-depth research on FDI theory. The development of FDI began with the theory of monopoly advantage, pioneered by the American scholar S.Hymer (1960), who argued that companies entering host countries to invest must have unique advantages to be able to compete with local firms. Then came the international product lifecycle theory in 1966, sponsored by the american economist R. Vernon, who pointed to changes in trade flows at different stages of the product life cycle, revealing the process of producing products in domestic into exportingproducts to other country and then doing investment in other country. In 1973, the theory of oligopoly behavior was first developed in the book "Monopoly Reaction and Transnational Corporations", published by the US economist F.T. Knikerbocker, which further developed Hemer's theory of monopoly advantage. He found that in some oligopoly industries, FDI was largely dependent on behavioral constraints and reactions between competitors. The theory of market internalization, first proposed by Britain's P. Buckley and M. Casson, sought to further clarify the interests of multinational FDI on the basis of the theory of monopoly advantage. In 1977, international production compromise theory was proposed by J.H. Dunning, a professor at the University of Reading in England. He argued that the combination of three specific advantages of ownership, internalization and location was a necessary and sufficient condition for companies to invest abroad. With the development of developing countries, scholars are paying more and more attention to the study of foreign investment in developing countries. In 1983, the British scholar S.Lall (1983) put forward the "theory of technology localization ", which believes that the formation of the technological characteristics of the multinational corporation of this kind of country includes the innovation activities within the enterprise, and they make some changes to the imported technology and products, which will make these enterprises form their own unique competitive advantage.

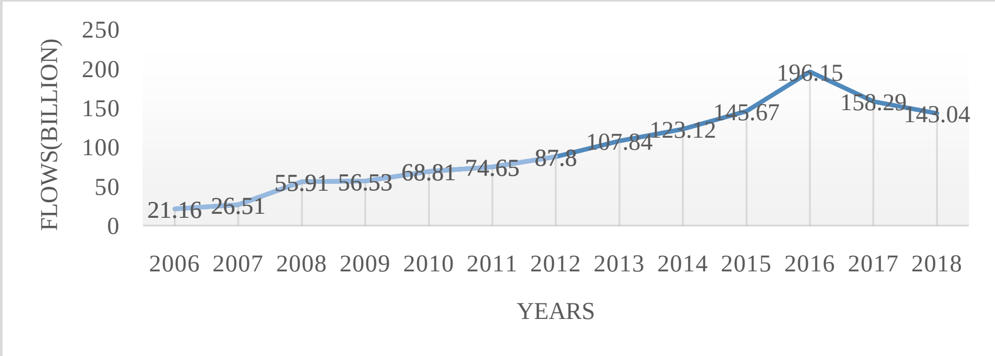
Not only foreign scholars deeply study the theory of foreign investment, but Chinese scholars also have a deep study of the theory. China's research on foreign investment theory has two-stage model proposed by Wu and Huang (1997). They thought that developing countries'outward investment will always go through the two stages of loss in the first stage and then profit in the second stage. After that, Cheng (1998) put forward the comparative advantage theory of China's foreign investment, the internal and external equilibrium theory of macro economy. Feng(2000) put forward the "five-stage cycle theory" of China's foreign direct investment, which divides the foreign direct investment behavior of Chinese enterprises into five stages according to the mutual transformation of superior industry and marginal industry in the process of investment development. Ou (2006) put forward the theory of comprehensive advantage of big country, and seek the miracle of China's economic development, so as to analyze the characteristics of the economic development model of big country.

III. FOREIGN INVESTMENT OF CHINESE ENTREPRISE

3.1 Investment Flows

According to the heads of the National Development and Reform Commission, China's overseas investment cooperation has achieved remarkable results,with the annual growth rate of foreign direct investment reaching 34.3 percent during the Eleventh Five-Year Plan period. Preliminary statistics show that by the end of 2011, China's foreign direct investment had accumulated $382.3 billion, with a total investment of $65.1 billion in 132 countries and regions, ranking first among the developing countries. In 2011, China's net foreign direct investment (FDI) had grown for 10 years in a row, reaching to $74.65 billion, and 8.5 percent year-on-year growth. In 2013, China's net foreign direct investment (FDI) amounted to $107.84 billion, and in 2014, it reached $123.12 billion, representing a rapid increase of 12years. World industrial production grew at a low pace in 2015, trade continued to be depressed, commodity prices fell sharply, and the world economy as a whole recovered weakly, but global foreign direct investment rose against the trend, with outflows hitting a record high since 2011. China's foreign direct investment hit an all-time high of $145.67 billion, rising its share of global flows from 0.4 per cent in 2002 to 9.9 per cent in 2015, up 18.3 per cent year-on-year, ranking second in the world only to the United States ($299.9 billion), and surpassing China's actual foreign investment in the same period ($135.6 billion), achieved net capital output. The annual growth rate of China's foreign direct investment from 2002 to 2015 was as high as 35.9 percent, and during the 12th Five-Year Plan period, China's foreign direct investment amounted to $539.0 billion,2.4 times that of the Eleventh Five-Year Plan. Although China's foreign direct investment has grown negatively in 2017, it still ranks third in the world with $158.29 billion, and continues to remain the first in the developing world. By the end of 2017, China's 25,500 domestic investors had set up 39,200 foreign direct investment enterprises outside China (territory), distributed in 189 countries and regions around the world, with total assets of overseas enterprises amounting to $6 trillion. In 2018, China's foreign direct investment flow is $143.04 billion (see Figure 1),which is the second largest in the world. In addition, China's influence in global foreign direct investment continues to expand, accounting for 14.1% in 2018, up 3 percent from the previous year, which reached a new high.

Figure 1:China's FDI flows from 2006 to 2018

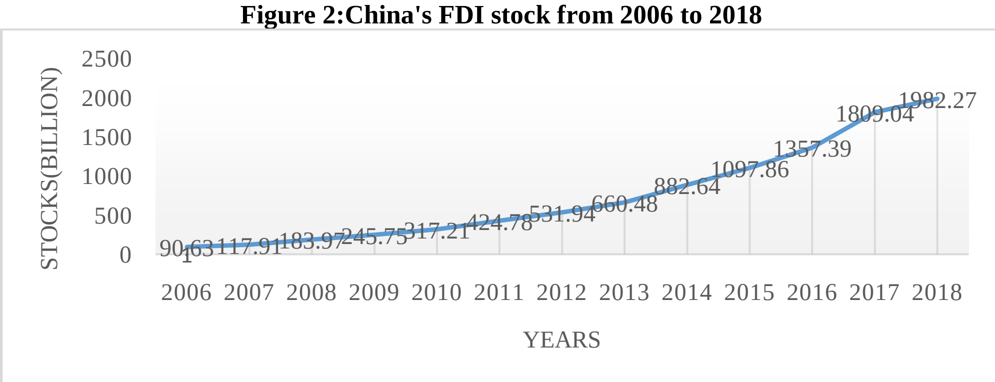


Source: China Ministry of Commerce, State Bureau of Statistics, State Administration of Foreign Exchange, China Foreign Direct Investment Statistics Bulletin

3.2 Investment Stock

By the end of 2015, China's 20,200 domestic investors had set up 30,800 foreign direct investment enterprises outside the country (territory), distributed in 188 countries or regions around the world, China's foreign direct investment stock is $109.786 billion, which increased its share of the global foreign direct investment outflow stock from 0.4 per cent in 2002 to 4.4 per cent, rising from 25th to 8th. Therefore, China's foreign investment has a lot of space for development. At the end of 2015, the total assets of companies outside China amounted to $4.37 trillion. By the end of 2017, China's foreign direct investment stock reached $1809.04 billion. By the end of 2018, China's foreign direct investment stock had reached $1.98 trillion (see Figure 2),66.3 times of 2002, rising from 25th to 3rd in the global sub-national region's foreign direct investment stock ranking, second only to the United States and the Netherlands. In addition, the stock at the end of 2018 accounted for 6.4 percent, up 0.5 percentage points from the previous year, which reached a new record.

Figure 2:China's FDI stock from 2006 to 2018



Source: China Ministry of Commerce, State Bureau of Statistics, State Administration of Foreign Exchange, China Foreign Direct Investment Statistics Bulletin

3.3 The Areas and Ways of China's FDI

In recent years, China's foreign investment has shown a tendency, which is the concentration of industry and destination and the dispersion of investment main body and mode. In terms of foreign investment, the pace of "going out" in China has obviously accelerated, and transnational mergers and acquisitions (M&A) have become the main way of foreign direct investment, with investment concentrated in five major industries, namely, leasing and business services, finance, mining, wholesale and retail trade, and manufacturing.

Firstly, in terms to the foreign direct investment industry, the investment field is extensive, the concentration trend of industry is also more obvious. In 2012, the industries that invested over $10 billion were mainly concentrated in seven industries, accounting for 92.4% of the total foreign direct investment stock in China.In 2013, the investment was further concentrated in the five major industries, including leasing and business services, finance, mining, wholesale and retail, manufacturing, with a cumulative investment stock of $548.6 billion, which is about 83% of the total foreign direct investment stock in China. In 2015, there were 579 foreign-invested mergers and acquisitions (M&A)in China, involving 62 countries and regions, covering 18 major sectors, including manufacturing, information transmission/software and information technology services, mining, culture/sports and entertainment. It can be seen that the field of foreign investment of Chinese enterprises is constantly expanding. By the end of 2015, China's foreign direct investment covered all sectors of the national economy, with manufacturing, financial, information transmission/software and information technology services increasing by 108.5 percent,52.3 percent and 115.2 percent, respectively, year-on-year. Investment in the equipment manufacturing industry was $10.05 billion, up 158.4 percent from the same period last year, accounting for 50.3 percent of the investment in the manufacturing industry,led the equipment, technology, standards and services to "go out ". Among them, in the foreign direct investment realized by M & A, energy resources M & A has always been the top priority of cross-border M & A of Chinese enterprises. From 2005 to 2015, energy resources M & A accounted for 45% of the total amount of overseas M & A in China. In recent years, overseas investment has significantly increased its preference for brands, technologies and markets. On the whole, China is more inclined to obtain resources from abroad, and has not reached the stage of using resources and technology to improve its efficiency. At present, China's foreign investment involves a wide range of fields, and international cooperation in manufacturing capacity and equipment has accelerated. In 2018, China's foreign M & A in technology and capital have developed steadily, and M & A in the fields of manufacturing, mining and electricity, transportation and water conservancy have been active.

Figure 3: The Scale of China's foreignM&Afrom 2004 to 2018

Year	M&A amount(billion)	year-on-year(%)	proposition(%)
2004	30.0	-	54.4
2005	65.0	116. 7	53.0
2006	82.5	26. 9	39.0
2007	63.0	-23. 6	23.8
2008	302.0	379. 4	54.0
2009	192.0	-36. 4	34.0
2010	297.0	54. 7	43.2
2011	272.0	-8. 4	36.4
2012	434.0	59. 6	31.4
2013	529.0	21. 9	31.3
2014	569.0	7. 6	26.4
2015	544.4	-4. 3	25.6
2016	1353.3	148. 6	44.1
2017	1196.2	-11. 6	21.1
2018	742.3	-37. 9	21.7

Attention: The amount of M & A in 2012-2018 includes the part of overseas financing, the proportion is the ratio of direct investment in the FDI flow.
Source: China Ministry of Commerce, State Bureau of Statistics, State Administration of Foreign Exchange, China Foreign Direct Investment Statistics Bulletin

Secondly, the mode of investment is gradually diversified, and transnational mergers and acquisitions have become the main way of foreign direct investment (see Figure 3). In 2003,M&Aamounted to 18 per cent of foreign direct investment. In 2012,Chinese enterprises implement 457 M & A projects,the actual transaction amounted to $43.4 billion, both of which were the highest in history. According to the Center for China and Globalization (CCG), Chinese companiesimplement2858 foreign investment cases from 2000 to the first half of 2016, the number of cross-border M & A cases was 2515, accounting for 88% of the total number of cases. It can be seen that cross-border M & A has become the main way for Chinese enterprises to invest abroad. Since 2006, the number of cross-border mergers and acquisitions of Chinese companies has soared, reaching a record high of 498 in 2015. In 2018, Chinese companies carried out 433 foreign investment mergers and acquisitions projects (up two from the previous year).

Another noteworthy trend is the change in the main body of foreign investment. The number of local enterprises and non-state-owned enterprisesincreased, changed the former situation of mainly rely on central enterprises and state-owned enterprises. In 2003, more than 90 per cent of the stock of foreign investment was owned by nationally managed enterprises. Nowadays, the main body of foreign investment is gradually diversified, and the voice right of local enterprises and non-state-owned enterprises is also being strengthened. On the one hand, foreign investment by local enterprises has steadily increased, with the stock of non-financial foreign direct investment of local enterprises reaching $164.49 billion in 2013, and 30.3 percent. In terms of FDI flow, the flow of non-financial of local enterprises amounts to$36,415 million, accounting for 39.3% of the flow of non-financial foreign direct investment in China. In 2015, nearly 80% of non-financial foreign investment came from local companies. Local enterprises have become a major force in China's foreign investment, with foreign non-financial direct investment amounting to $93.6 billion, an increase of 71 percent over the same period last year, accounting for 77 percent of the flow of non-financial foreign direct investment in China. On the other hand, the proportion of non-state-owned enterprises continues to expand. By the end of 2013, state-owned enterprises accounted for 55.2 percent of the non-financial foreign direct investment stock of $543.4 billion, while non-state-owned enterprises accounted for 44.8 percent, up 4.6 percentage points from the previous year. In 2016, a total of 65 companies carried out overseas mergers and acquisitions. Among them, privatelisted companies reached 45, accounting for 69.23%. In 2018, Chinese companies carried out 79 M & A projects for countries along "The Belt and Road ", with a total M & A of $10.03 billion, or 13.5% of the total M & A. Singapore, the United Arab Emirates and Malaysia have attracted more than $1 billion in M & A investments from Chinese companies. The flow of foreign non-financial direct investment by local enterprises reached $98.26 billion, up 14% year-on-year.

3.4 Regional distribution of overseas investments and investments in countries along "The Belt and Road"

In terms of the regional distribution of overseas investment, the proportion of overseas investment of Chinese enterprises in 2015 was mainly concentrated in Asia, Europe and North America, with 30%,29% and 25% respectively. Of these,180 were invested in Asia, involving $386.575 billion;177 in Europe, with $176.914 billion; and 152 in North America, with $50.371 billion. In individual countries, Chinese companies are not less enthusiastic about U.S. investment. According to China and the Globalisation think tank (CCG), there were 129 cases of Chinese companies investing in the United States in 2015, with a total investment of $48.267 billion, up 24% and 94% year-on-year, respectively, compared with 2014. In 2015, companies outside China paid $31.19 billion in various taxes to countries (regions) where they invested, up 62.9 percent from the previous year and employing 1.225 million foreign employees, up 392,000 from the end of last year. It can be seen that China's foreign investment is developing rapidly, and the contribution of overseas enterprises to the tax revenue and employment of the host country is increasing. The win-win effect of foreign investment is remarkable.

In 2018, Chinese companies invested abroad in 63 countries (regions), with Germany, France, Brazil, Chile, Bermuda, Hong Kong (China), Sweden, Singapore, the United States and Australia in the top 10. Investment in Africa and the Americas has grown rapidly, and investment in Europe has fallen considerably. Technology flows to Africa in 2018 amounted to $5.39 billion, an increase of 31.5 per cent over the previous year. Investment flows to North America amounted to $8.72 billion, up 34.2 per cent year-on-year, or 6.1 per cent of foreign direct investment flows. In 2018,$6.59 billion in technical capital went to Europe, down 64.3per cent from a year earlier, or 4.6per cent of the flow of foreign direct technology. Investment flows to Asia amounted to $105.51 billion, down 4.1 per cent year-on-year, or 73.8 per cent of foreign direct investment flows.

In recent years, China has increased investment in countries along "The Belt and Road ". In 2015, China's investment in the Belt and Road-related countries accounted for 13 per cent of total current flows, amounted to $18.93 billion, up 38.6 per cent year-on-year, or twice the global increase in investment. Since 2016, Chinese enterprises have further invested heavily in countries along "The Belt and Road ", with direct investment of $14.5 billion. Chinese enterprises have established 56 trade and economic cooperation zones in more than 20 countries along the route, with a cumulative investment of over $18.5 billion, which has increased nearly $1.1 billion in tax revenue and 180,000 jobs for the host country. Before 2015, the investment along "The Belt and Road" of Chinese enterprises was mainly concentrated in mining, transportation and manufacturing. After 2015, although investment in traditional industries is still dominant, investment in information technology, infrastructure, finance and other industries has increased significantly. The number of major infrastructure projects are advancing steadily. Before 2015, the single investment was dominated by $100 million to $1 billion, and the number of large-scale investment cases of more than $10 billion after 2015 increased to 14. This series of changes indicate that with the overall promotion of "The Belt and Road" construction, the investment environment and investment field are optimizing and upgrading. At the end of 2018, Chineseinvestors set up more than 10,000 overseas enterprises in 63 countries along the Belt and Road, involving 18 major sectors of the national economy, with direct investment of $17.890 billion, down 11.3per cent from the same period last year (negative investment in mining), and 12.5 per cent of China's foreign direct investment flows in the same period. From 2013 to 2018, China invested $98.62 billion in direct investment in countries along the Belt and Road.

IV. THE IMPACT, OPPORTUNITIES and CHALLENGES OF "THE BELTAND ROAD" ON FOREIGN INVESTMENTOF CHINESE PRIVATE ENTERPRISE

4.1 Opportunity

For the Chinese private entrepreneurs who invested outside the sea in the early years,"The Belt and Road "created a new opportunity of internationalization path. TCL chairman Li Dongsheng said he would rely on "The Belt and Road" to expand emerging markets while consolidating the European and US markets. In 2017, TCL is building a manufacturing base in Pakistan and is also preparing a business facility in India. In February, TCL worked in depth with Reliance Jio of India, the world's fourth-largest mobile operator. Benefited from the new market growth stimulated by "The Belt and Road", in 2016, TCL TV products sold more than 20 million units in the world, ranking first in China and third all over the world. Also benefiting from the international market and good demand expansion, Qian Jing, vice president of Jingkeenergy, a photovoltaic company that has just become the largest producer in China, said that they had already did many arrangement for "The Belt and Road" initiative. The company's Malaysian plant has become the largest investment in the photovoltaic industry. In addition,they had also bid for the world's largest single photovoltaic power station investment project, Abu Dhabi large power station project in 2017. Their power station project reserves have exceeded 1 GWamong the countriesin "The Belt and Road". In July 2018, Ningde Times New Energy, a Li-ion power battery company, signedan agreement with the German government of Thuringia to invest €240 million in Germany's largest lithium battery production base and intelligent manufacturing technology research and development center.

In addition to traditional manufacturers and traders, innovative Chinese companies are spreading new business models. In 2016, Dai wei, founder of share bike company ofo, said its shared bike service had entered the southeast Asian market and landed in Singapore. They have just teamed up with the University of Singapore to promote the popular shared bike model in China to the local area, allowing China's innovation factors to take root locally. Up to now, nearly 20 countries and regions have already introduced china payment services such as alipay, for example, Thailand, the Philippines, Russia and so on. China's electronic payment platform has begun to become a business card for china after china's high-speed rail.

4.2 Social Benefit

The benefit of Chinese private enterprises to the countries along "The Belt and Road " not only shows in the economic profitability, but also supports the host country from the social benefits and innovation ability in the development of overseas business. Gao Jifan, chairman and chief executive officer (CEO) of Tianhe Light Energy, said in a speech at the Boao annual conference sub-forum that "The Belt and Road" is a global collaborative strategy of creating, sharing and win-win cooperation. In the current era of great energy change, China's low-carbon change program should be put to the ground in the world, and help the countries along "The Belt and Road" to realize the leapfrog development of energy use system construction. Now on a global scale, the elimination of traditional thermal power and nuclear power are very painful, new energy need to develop but traditional energy is reluctant to give way. Low-carbon development is the basic direction of an era, it is irreversible. China is promoting low-carbon change on a large scale, China's solar and wind industry has become the lead sheep around the world. Gao Jifan suggested that China's low-carbon change program should be promoted in countries along "The Belt and Road". For example, China's current photovoltaic poverty alleviation model can be promoted in underdeveloped areas with no electric poweralong "The Belt and Road ". It cannot only increase the local power supply, but also help it get rid of poverty and become rich, which is a good thing to kill two birds with one stone.

4.3 Social Benefit

For the prospect of further layout of "The Belt and Road" by private enterprises, enterprises should also pay attention to risk control under "The Belt and Road" policy’s dividend. In addition, to implement "The Belt and Road" strategy, China still faces the following uncertainties:

Firstly, in the economic field, China's implementation of "The Belt and Road" is no substitute for its links with key economies in the Asia-Pacific region, and in the short term its influence is hard to surpass that of the United States. Moreover, the presence of the United States is more welcome in countries and regions along "The Belt and Road ".Secondly, China faces many obstacles in the process of uniting the countries along "The Belt and Road" because of their great differences with China in the aspect of political, economic, cultural and social. Thirdly, in the field of security, Asia-Pacific countries still welcome the active role of the United States. As China becomes more assertive on issues such as the South China Sea, some countries need to turn to the United States for greater regional security.

Therefore, at the national level, while promoting "The Belt and Road" strategy, China must carry out a reconstruction of the modernity of the Silk Road, avoid the mentality of the great powers, effectively dispel the concerns of other countries, restructure the international order in specific regions closely related to China, improve China's national security environment, actively develop the economic partnership with the countries along the route, and jointly create a community of interests and destiny with political mutual trust, economic integration and cultural inclusion. In addition, enterprises need to do a good job of risk control. At the enterprise level, it is necessary to have a deep understanding and analysis of the characteristics, risks and opportunities of globalized markets, so that these new changes can be better exploited. At the financial level, banks have tostrengthen their support for overseas Chinese companies to support their local investments and provide them with competitive financing costs.

V. PROBLEMSIN FOREIGN INVESTMENTOF CHINESEENTREPRISE

5.1 Political Instability in the Host Country

The unstable political environment of the host country means that there are political risks for Chinese enterprises to invest abroad. Some of the countries along "The Belt and Road" have very unstable political situation, and some of the countries'policies may change frequently or even break out the war, which will not only affect the operation of local enterprises in our country, but also may destroy the local enterprise entities and cause great losses. Therefore, the instability of the host country's political situation is a very important factor affecting the foreign investment of Chinese enterprises.

5.2 Interference of "China Threat" Theory

In recent years, China's economy has been booming, but at the same time, it has caused a lot of dissatisfaction in many countries, who believe that China's strength poses a threat to their own interests, so these countries reject Chinese companies'investments in the region or will formulate policies or systems that are very detrimental to China to prevent the development of Chinese companies investing in the region.

5.3 Incoordination of Economic and Social Development in China

The company's foreign investment experience is scarce, which leads to overseas M & A is not smooth. At present, there is a problem of uneven distribution of investment areas conducted by China.Although the coverage is wide, but the investment level is low. Among the enterprises with foreign direct investment, the proportion of state-owned enterprises decreases gradually, and the proportion of private enterprises increases rapidly, becoming the main force. However, these fast-growing private companies have a severe lack of foreign investment experience, meanwhile, they have the vague objectives and direction, and little understanding of the overseas business legal environment.

5.4 InsufficientSupport by China Government and Social for Enterprises to Do FDI

The role of the government in the process of enterprise foreign direct investment is not clear enough, and the service function of the government is not fully brought into play, and the foreign direct investment of private enterprises lacks policy support. China's foreign direct investment legislation is imperfect and lacks uniform norms. In the international disputes caused by foreign direct investment, the depth of China's diplomatic participation is insufficient, and the international multilateral coordination ability is not strong, which is also not conducive to the protection of the interests of foreign direct investment enterprises. In terms of social support, China does not have third-party service organizations that specialize in foreign direct investment, and it is difficult for enterprises to provide assistance and support to foreign direct investment enterprises because of poor communication and information sharingbetween enterprises, trade associations and governments.

5.5 Fiscal and Financial Systems are Imperfect in China

China has a relatively strict examination and management of funds entering the field of foreign direct investment, which makes the foreign investment procedure of enterprises complex, weakens the enthusiasm of enterprises to invest abroad, and undermines the enthusiasm of enterprises to invest abroad. China's financial institutions have not developed financial products and services for enterprises'foreign direct investment, which cannot meet the needs of enterprises'foreign direct investment. The state does not have policies such as tax reduction and exemption for foreign direct investment enterprises, which also reduces the enthusiasm of enterprises to carry out foreign direct investment. China's insurance institutions have not introduced the type of insurance for foreign investment projects, and enterprises lack the benefit guarantee for foreign direct investment.

5.6 The Enterprise's Ability to Do FDI isNot Strong

Chinese enterprises lack clear foreign direct investment planning. They are not competitive in the world, lack bargaining power in the process of foreign investment, and do not adapt to the rules of international competition. Chinese enterprises have non-standard in management system and financial management, which also leads to poor financing ability and capital ability of foreign direct investment. Due to the lack of professional personnel and core technology, Chinese enterprises have insufficient risk warning ability in foreign direct investment, and lack of understanding of the legal policy of investment destination, so it is difficult to show corporate social responsibility in the local area. Moreover, in foreign investment enterprises, small and medium-sized enterprises lack the ability to finance, and private enterprises are not strong in their ability to resist risks, which to some extent also hinders the development and growth of foreign direct investment of Chinese enterprises.

VI. COUNTERNEASURES AND SUGGESTIONS FOR CHINA ENTERPREISES TO DO FDI

6.1 Do Hard Look First

When investing abroad, Chinese enterprises should firstly examine the objective countries. To have a deep understanding of the local political environment, which is far from enough to rely on their own understanding without local field visits. Enterprises must carry out field visits before investing, in particular, the countries with unstable political situation.

6.2 Proper Handling of External Relations

China should handle its relations with other countries properly, conduct active diplomacy, maintain harmony with other countries, and stress that its economic development will certainly not harm the interests of other countries, and vice versa. For example, China's infrastructure investment in Africa and some countries along "The Belt and Road" is conducive to the development of the local economy. Moreover, Chinese government will be more likely to be welcomed by local governments and businesses by reducing the intervention in the process of foreign investment and treating it as a mere business rather than a political activity.

6.3 Good Environmental Support Should be Provides by Government

In order to provide a good environment for enterprises to do foreign direct investment, the government should fully realize the importance of foreign direct investment strategy for the improvement of national comprehensive national strength, and formulate a strategic plan conducive to foreign direct investment. Such as China's "Silk Road" economic belt and "Maritime Silk Road" strategic vision can bring many opportunities for China's enterprises to do foreign direct investment. The positive transformation of China's economic development is also conducive to improving the level and quality of China's foreign direct investment. Currently, resource-based investments account for a major portion of China's foreign direct investment, but with the restructuring of the country's economy, foreign direct investment will shift more to services and high-end manufacturing.

6.4 To Establish theSpecialized Services

China government should establish a unified regulatory body to provide services to foreign direct investment enterprises. At present, the United States and Europe and other countries have set up special independent institutions to promote the development of foreign direct investment, and China's foreign direct investment management still has the problem of institutional inconsistency and decentralized functions, which reduces the efficiency of the management of foreign direct investment activities. China can follow the example of the US and European countries in setting up the "Foreign Investment Management Committee ", which will lead the foreign direct investment affairs, coordinate the various sectors involving foreign direct investment, and improve the service efficiency of foreign direct investment enterprises. This body should provide consulting services, project management, risk assessment, coordination management and other services for foreign direct investment enterprises, and actively participate in the formulation of laws, regulations and policies related to foreign direct investment.

6.5 Strong Financial Support Should be Provides by Government

China government should improve the fiscal and taxation systems and provide financial support to foreign direct investment enterprises. First of all, a fund should be set up to support foreign direct investment, the source of which should be borne by the government finance, which is mainly to finance foreign direct investment enterprises. Secondly, the implementation of further preferential tax policies for foreign direct investment enterprises will help to increase the profitability and capital accumulation capacity of enterprises, and enhance the international competitiveness of enterprises while encouraging enterprises to carry out foreign direct investment activities. Finally, it is necessary to establish financial institutions and insurance institutions for foreign direct investment enterprises to enhance the financing capacity of enterprises and provide insurance services for the possible risks of their investment.

6.6 Enterprises Need to Enhance Their Strength

Enterprise need toenhance their own ability and enhance the international competitiveness of the foreign direct investment. Enterprises in the United States and Europe all have clear foreign investment strategic plans, and have a deep understanding of the policy environment of the investment destination, and actively accept corporate responsibility. Therefore, in order to improve the success rate of Chinese enterprises'foreign direct investment, the key lies in improving their own ability. Enterprises should have a clear foreign direct investment plan to avoid blindly impulsive investment. In the specific foreign direct investment activities, we should actively implement the localization strategy, such as making full use of the local talent, technology, resources, management system and so on, so as to enhance the local enterprises' good sense to the Chinese enterprises. In addition, Chinese enterprises should pay attention to social responsibility, through foreign direct investment, to promote local employment, improve production technology, personnel training and so on.

VII. CONCLUSION

Foreign investment by Chinese enterprises is ushering in a new development.In recent years, with the frequent development of cooperation between China and overseas countries, China's overseas investment has also been developed rapidly, ranking first in the developing countries. In the process of foreign investment of Chinese enterprises, the participation of private enterprises is becoming more and more high, especially in the field of "made in China" and "Chinese service ", the figure of private enterprises is becoming more and more prominent. In the subsequentforeign investmentin China, the historical stage position of private enterprises will rise, and will accelerate the layout of the market along "The Belt and Road ". In addition, "The Belt and Road" strategy is still in the initial stage of development, the future will be faced with a distant and long road to development, and the current international environment is becoming more and more complex, Chinese enterprises are also facing greater uncertainty and risk, and the development of foreign investment is full of unknown after that, so it is necessary to constantly look at the issue from the perspective of development.

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