

Obama Recession: China Beats USA for FDI

Contributed by Tom McGregor
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BEIJING: China has surpassed the US to become the world's largest recipient of foreign direct investment in the first six months of the year, as disclosed by the United Nations Conference of Trade and Development.

But how long will the nation maintain its top ranking? The sputtering global economy helped China capture the prominent position. Xinhua quotes Zhan Xiaoning, director of UNCTAD Division of Investment and Enterprise, as saying, "it's mainly due to a 39.2 percent fall in FDI flows to the US, compared to a three percent decline in China."

Accordingly, some Western economists and journalists might dismiss China's top ranking for FDI as just lucky and argue the US would regain its number one status soon.

UNCTAD already hinted that, "early indications show that FDI flows to the US might be stronger in the second half of 2012." The US will probably return to lead in the rankings, but the real question should be, how long before China outranks the US for attracting foreign investments on a consistent basis?

It may depend on whether the US pursues isolationist trade policies or endorses a pro-growth open consumer market that welcomes imports along with foreign investments.

In their campaigns, US presidential candidates – GOP nominee Mitt Romney and President Barack Obama – talked tough about China, but in their third and final debate, they softened their stances against the country. Romney said he wishes to avoid a trade war, but would still insist on pushing for a higher-valued Chinese RMB currency.

To read the entire article from the China Daily, link here:

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