

## **U.S. Experts Say Chinese Companies Must First Do Their Homework on U.S. Laws Before Investing in The U.S.**

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**WASHINGTON, June 1, (Xinhua Liu Lina Wang Wei)** With the rising economic power of China and its "going out" policy, it has become the industry consensus that Chinese enterprises will significantly increase investment in the United States. However, U.S. experts believe that in this process, Chinese enterprises need to pay attention to the laws of the United States and become familiar with the regulatory environment as this is the only way to ensure successful investments.

Washington-based international law firm Patton Boggs' leading partner Mark Cowan, in a May 31<sup>st</sup> interview with Xinhua, said the latest research shows that over the next decade, China's overseas direct investment will reach 1 to 2 trillion U.S. dollars. The United States will be an important market for Chinese investment.

U.S. Treasury Secretary Tim Geithner and Commerce Secretary Gary Locke said on many occasions this year that the United States welcomes China to invest in the U.S. However, with the U.S. recession and high unemployment as the backdrop, "fear of China" and "anti-Chinese" sentiment is still serious within U.S. politics. In recent years, mergers and acquisitions have caught the attention of American media and politicians, and some Chinese enterprises have grown frustrated over rejected attempts, including the CNOOC acquisition of Unocal and Huawei Technologies' acquisition of a small technology company, to invest in the U.S.

Cowan said that, in addition to political factors, the difference between the U.S. legal regulatory environment and China's is another factor which is also a constraint on Chinese enterprises' ability to invest in the U.S. For those Chinese enterprises who will invest in the United States, especially in mergers and acquisitions, they should do meticulous research and "homework" and communicate with the U.S. Congress and relevant government agencies before making their announcement to invest.

He said the U.S. Committee on Foreign Investment in the United States is responsible for reviewing foreign investments. If an investment is considered by the committee as a threat to U.S. national security, the investment will be suspended. However, the Commission is not insurmountable, in fact, there are limitations on the kind of investment projects that should be reviewed. If you can communicate with the Committee in advance before it has completed its review, it will greatly increase the chances for a successful investment. In addition, Chinese enterprises should prepare their strategic and tactical planning, and actively use strong local partners to enter the local markets.

Another lawyer, Robert Kapla who is in charge of international affairs at the firm, said that the U.S. and China economies are highly complementary and deeply interconnected. The two countries will rise and fall together, so "we have in addition to cooperation and solidarity, no choice." He also said that in the field of trade and investment between the two countries, strengthening cooperation will effectively promote mutual trust.

Patton Boggs, an international law firm which was established in 1962, is the most influential law and lobbying firm where foreign companies and sovereign governments seek advice on relevant policy and commercial objectives in the United States and other regional markets. The firm is listed in the U.S. as the number one law firm in lobbying in the United States.