



# GROWING TOGETHER

## CHINA *and* Los Angeles County

LOS ANGELES COUNTY ECONOMIC DEVELOPMENT CORPORATION • THE KYSER CENTER FOR ECONOMIC RESEARCH



WORLD TRADE CENTER ASSOCIATION  
LOS ANGELES - LONG BEACH

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China and Los Angeles County

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*Growing Together*

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The LAEDC, the region's premier business leadership organization, is a private, non-profit 501(c)3 organization established in 1981.

**As Southern California's premier business leadership organization, the mission of the LAEDC is to attract, retain, and grow businesses and jobs for the regions of Los Angeles County.**

Since 1996, the LAEDC has helped retain or attract more than 162,000 jobs, providing \$7.5 billion in direct economic impact from salaries and more than \$136 million in tax revenue benefit to local governments and education in Los Angeles County.

#### **Regional Leadership**

The members of the LAEDC are civic leaders and ranking executives of the region's leading public and private organizations. Through financial support and direct participation in the mission, programs, and public policy initiatives of the LAEDC, the members are committed to playing a decisive role in shaping the region's economic future.

#### **Business Services**

The LAEDC's Business Development and Assistance Program provides essential services to L.A. County businesses at no cost, including coordinating site searches, securing incentives and permits, and identifying traditional and nontraditional financing including industrial development bonds. The LAEDC also works with workforce training, transportation, and utility providers.

#### **Economic Information**

Through our public information and for-fee research, the LAEDC provides critical economic analysis to business decision makers, education, media, and government. We publish a wide variety of industry focused and regional analysis, and our Economic Forecast report, produced by the **Kyser Center for Economic Research**, has been ranked #1 by the Wall Street Journal.

#### **Economic Consulting**

The LAEDC consulting practice offers thoughtful, highly regarded economic and policy expertise to private- and public-sector clients. The LAEDC takes a flexible approach to problem solving, supplementing its in-house staff when needed with outside firms and consultants. Depending on our clients' needs, the LAEDC will assemble and lead teams for complex, long-term projects; contribute to other teams as a subcontractor; or act as sole consultant.

#### **Leveraging our Leadership**

The LAEDC operates several subsidiary enterprises, including the World Trade Center Association Los Angeles-Long Beach (WTCA LA-LB), which facilitates trade expansion and foreign investment, the California Transportation and Logistics Institute, which enhances the quantity and quality of workforce training for the logistics industry, and L.A. PLAN, which assists major public landowners in developing real estate through the LAEDC network. In addition, the LAEDC's Center for Economic Development partners with the Southern California Leadership Council to help enable public sector officials, policy makers, and other civic leaders to address and solve public policy issues critical to the region's economic vitality and quality of life.

#### **Global Connections**

The World Trade Center Association Los Angeles-Long Beach works to support the development of international trade and business opportunities for Southern California companies as the leading international trade association, trade service organization and trade resource in Los Angeles County. It also promotes the Los Angeles region as a destination for foreign investment. The WTCA LA-LB is a subsidiary of the Los Angeles County Economic Development Corporation. For more information, please visit [www.wtca-lalb.org](http://www.wtca-lalb.org)

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**Special acknowledgments to the World Trade Center Association Los Angeles-Long Beach**

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## Table of Contents

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<b>Executive Summary</b> .....	<b>1</b>
<b>Introduction</b> .....	<b>7</b>
<b>Section 1: Historical Ties</b> .....	<b>15</b>
<b>Section 2: Personal Ties</b> .....	<b>18</b>
Educational Ties .....	18
Cultural Ties .....	32
Network Ties .....	37
<b>Section 3: Trade Ties</b> .....	<b>43</b>
Los Angeles Customs District (LACD) .....	45
Port of Los Angeles (POLA).....	50
Port of Long Beach (POLB) .....	51
Los Angeles International Airport (LAX) .....	53
<b>Section 4: Investment Ties</b> .....	<b>56</b>
Foreign Direct Investment (FDI) .....	56
FDI into Los Angeles County.....	59
FDI into China.....	73
Venture Capital Firms.....	80
Private Equity Firms .....	81
Investment Banking Firms.....	82
<b>Section 5: Business Ties</b> .....	<b>84</b>
Fortune 500 Companies .....	85
Key Industry Cluster Companies .....	89
Other LA County Firms .....	111
Chinese Firms in LA County.....	112
<b>Section 6: What Lies Ahead</b> .....	<b>121</b>
Key Challenges .....	121
Key Opportunities .....	123
<b>Section 7: Conclusion</b> .....	<b>126</b>
<b>Sources</b> .....	<b>130</b>
<b>Appendix</b> .....	<b>135</b>

## *China at a Glance*

- 4<sup>th</sup> largest country (in terms of territory) in the world after Russia, Canada and U.S.
- Population – approximately 1.4 billion – largest in the world
- 22 provinces – (Anhui, Fujian, Gansu, Guangdong, Guizhou, Hainan, Hebei, Heilongjiang, Henan, Hubei, Hunan, Jiangsu, Jiangxi, Jilin, Liaoning, Qinghai, Shaanxi, Shandong, Shanxi, Sichuan, Yunnan and Zhejiang)
- 5 autonomous regions – (Guangxi, Inner Mongolia, Ningxia, Xinjiang and Tibet/Xizang)
- 4 municipalities – (Beijing, Shanghai, Chongqing and Tianjin)
- 2 special administrative regions – (Hong Kong and Macau)
- Different stages of Political Evolution:
- 221 B.C. – unification under the Qin or Ch'in Dynasty
- January 1, 1912 – Qing or Ch'ing Dynasty replaced by the Republic of China
- October 1, 1949 – People's Republic of China established
- Chief of State – President Hu Jintao
- Head of Government – Premier Wen Jiabao
- New government leaders to take office in 2012
- 11<sup>th</sup> 5-Year Plan ends this year (2010) and the 12<sup>th</sup> 5-Year Plan starts in 2011
- Ambassador to the U.S. – Zhou Wenzhong
- Consulate General of the People's Republic of China in Los Angeles – Consul General (Zhang Yun)
- Number of cities with a population of over one million – 83
- Number of skyscrapers in Shanghai – 4,000 (double the number in NYC)
- Number of miles of highways – 752,000
- Number of airports - 166
- Number of Internet users – over 380 million
- Number of mobile phone subscribers – over 740 million
- China produces 700,000 engineering graduates annually
- China produces 30,000 MBA's annually

## ***China's Economy at a Glance***

- China's GDP in 2009 was \$4.9 trillion (based on current exchange rates)
- Third largest economy in the world in based on current exchange rates, expected to surpass Japan as second largest in 2010
- China's growth has averaged 10% a year for the past 30 years
- Second largest trading nation in the world
- Current Account Balance (defined by the sum of the value of imports of goods and services plus net returns on investments abroad, minus the value of exports of goods and services) – Largest in the world at \$368 billion, and over \$400 billion when including Hong Kong
- 10 Main Ports – Shanghai (#1 in China and #2 in the world, could surpass Singapore as #1 in 2010), Hong Kong (#2 in China and #3 in the world), Shenzhen (#3 in China and #4 in the world), Guangzhou (#4), Ningbo (#5), Qingdao (#6), Tianjin (#7), Xiamen (#8), Dalian (#9) and Qinhuangdao (#10), and 8 of the top 20 in the world
- No. 1 in inward FDI for developing nations – 18<sup>th</sup> year in a row
- GDP composition by sector - industry 49%, services 40%, and agriculture 11%
- Total foreign exchange reserves held by China are close to \$3.0 trillion
- Total labor force is over 800 million
- From 1988 – 2008 – 20 cities were built each year
- 2010 Forbes Billionaire List – 89 Chinese, second highest number after the U.S and doubled in the last year
- Per capita Income - \$3,500 or \$6,000 in purchasing power parity (PPP)\*
- Nationwide saving rate – 40%
- Size of middle class – over 200 million
- Car market – passed the U.S. as the world's top market, 13.6 million autos sold in 2009

*All based on the most recent data available*

*\*Purchasing Power Parity -- A nation's GDP at purchasing power parity (PPP) exchange rates is the sum value of all goods and services produced in the country valued at prices prevailing in the United States. This is the measure most economists prefer when looking at per-capita welfare and when comparing living conditions or use of resources across countries.*

## Executive Summary

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Los Angeles County and China are two regions that have grown closer together by forging a 150-year partnership. The peoples of China and Los Angeles County have a very special relationship and bond due to this long shared history. China's impact on Los Angeles County can be felt both personally and in business. Indeed, Chinese-Americans have had a noticeable effect on the socio-economic fabric of the Los Angeles region. The futures of Los Angeles and China are inextricably tied together. The close connections forged in the past and new possibilities that will open up in the future are highlighted in this special report.

### Overview of Report

The objective of the report is to describe the long, deep and growing bonds between the People's Republic of China ("China") and Los Angeles County and how they have impacted the development of both areas<sup>1</sup>. This report provides an overview of the scope of the ties between China and Los Angeles County beginning with the historical ties. Next, the report highlights the personal connections between China and Los Angeles County, including the educational, cultural and network ties. Third, the analysis presents the economic links between the two with a focus on the critical trade links. Fourth, the report explains the significant role played by Foreign Direct Investment ("FDI") and cites some investment prospects for the future. Fifth, the study provides some details about the business and financial links between the two areas by profiling firms that are based in Los Angeles County and active in China (and some not based in LA County, but with China operations closely tied to LA County offices) followed by profiles of some major Chinese firms with a presence in Los Angeles County. In the final sections of the report, we describe some of the challenges and opportunities that lie ahead for this partnership and present some recommendations to further solidify the relationship.

### Historical Ties

The Chinese were the first Asian immigrants to come to the United States. A massive influx of Chinese immigrants took place in the mid 1800's due to the California Gold Rush. In 1850, the U.S. Census showed that there were two Chinese residents in Los Angeles. The history of the Chinese in Southern California really began in 1859 when Chinese fishermen established a presence on Catalina Island. By 1870, there were almost 6,000 Chinese citizens in Los Angeles, mostly because Chinese workers were needed to build the Central Pacific railroad down the San Joaquin Valley to Los Angeles.

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<sup>1</sup> Throughout the entire report when we refer to China we mean Mainland China and the two special administrative regions (Hong Kong and Macau). *The report does not include Taiwan.*

However, life was difficult for Chinese-Americans in Southern California after the railroad was completed and the local population dwindled. By the turn of the century, there were only 3,200 Chinese living in Los Angeles.

Conditions improved in the twentieth century, and the Chinese presence in Los Angeles County increased, especially after World War II when U.S. immigration laws began to be relaxed. Successive waves of Chinese immigrants landed and settled in Los Angeles. Today, the County has more residents of Chinese descent—estimated at over 360,000 persons—than any other in the U.S.

### **Personal Ties**

The Chinese culture has always emphasized the importance of education throughout its dynamic history. As the country opened up its society over the past thirty years and with the advent of globalization, many Chinese students have taken advantage of the opportunity to study abroad. The U.S. is the leading destination for Chinese students, and no other state has attracted more of them than California.

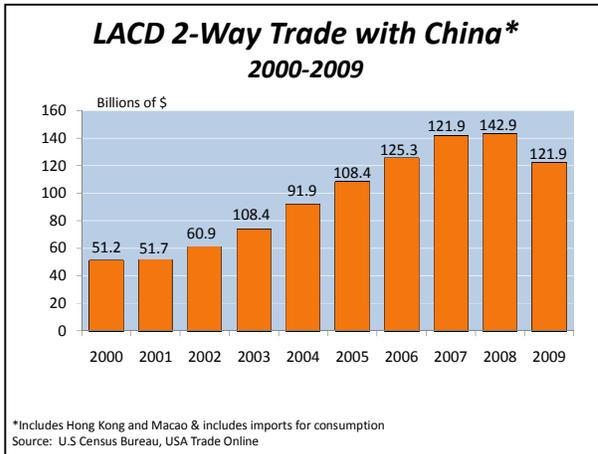
As the leading gateway to the Pacific Rim, Los Angeles County has emerged at the center of Asian-American economic, business, educational and cultural exchanges. USC has the highest number of Chinese students of any university in the U.S., followed by UCLA. Other colleges and universities also enroll many Chinese students. The report estimates that in total, more than 3,000 Chinese students are currently attending post-secondary institutions of learning in Los Angeles County. When they become alumni and develop successful business, professional and government careers, these students will become important new links between the two regions in the future.

China and Los Angeles County are tied together in many ways beside education. The personal connections between the two regions include many significant cultural ties targeted at the county's large Chinese and Chinese-American population. In addition, Los Angeles County has many useful business and professional associations for to Chinese and Chinese-Americans along with organizations such as the Asia Society, the Committee of 100 and the 1990 Institute. These resources go a long way in strengthening the relationship between Los Angeles County and China. All of these networks will continue to provide the leadership needed in order for the partnership to thrive in the future.

### **Trade Ties**

China has transformed its economy into the world's fastest growing over the past three decades. A major factor in this performance was the nation's decision in 1979 to open up to international trade. U.S.-China trade has increased dramatically over the past thirty years jumping from \$4.8 billion to \$366 billion. Los Angeles County has established very close economic ties with China. The Los Angeles Customs District (LACD) handles

about 40% of total U.S. trade with China. Indeed, the ports of Los Angeles and Long Beach together handle almost 36% of total trade between China and the U.S.



Los Angeles has been referred to as the capital of the Pacific Rim due to its deep connections with the Asian continent. Like the personal ties, the economic ties between Los Angeles County and China are unmatched by any other region of the United States. In fact, the growth in international trade links between Los Angeles County and China has contributed greatly to the economic

development of the Los Angeles region. The San Pedro port complex, which includes the Ports of Los Angeles and Long Beach, is the busiest port complex in the U.S. and the sixth busiest in the world. Only Singapore, three China ports (Shanghai, Hong Kong and Shenzhen) and the South Korean Port of Busan are ranked ahead of the San Pedro ports.

Trade between the U.S. and China declined during 2009 due to the global recession. Nonetheless, the “numbers” for the Los Angeles Customs District (LACD) were surprisingly large. China was the LACD’s largest trading partner in 2009, with total two-way trade valued at \$155.3 billion. Total Chinese imports unloaded in the LACD were \$132.4 billion (#1), and total U.S. exports to China through the LACD came to \$22.9 billion (again #1). This gave the LACD a trade deficit with China of -\$109.5 billion (also #1). China’s import-to-export ratio of 5.8 was by far the highest among the LACD’s top trading partners.

### **Investment Ties**

The U.S. Bureau of Economic Analysis (BEA) defines foreign direct investment as “ownership or control, directly or indirectly, by one foreign person, or entity, of 10 percent or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise.”

Foreign direct investment (FDI) into China has grown substantially over the past twenty years and has played an instrumental role along with international trade in propelling China’s economy into the top three in the world. A significant portion of the growth of Chinese exports has been directly related to the rising number of foreign-owned and -invested factories, and economic development has been stronger in the regions that have higher proportions of FDI.

Taking a Los Angeles County view, Mainland China and Hong Kong combined ranked as the ninth largest source of foreign-owned and -affiliated companies in Los Angeles County, according to the recent LAEDC report *Foreign Direct Investment in Los Angeles*

*County*. That report identified 116 primary locations and 11 secondary locations for a total of 127 business establishments owned by companies based in China or Hong Kong. The largest industry area for these establishments is wholesale trade (71 total establishments), followed by transportation and warehousing (28 total establishments). Well known Chinese and Hong Kong companies with operations in Los Angeles County include the Bank of China, China Mobile, China Southern Airlines, Cathay Pacific Airlines, China Eastern, Air China, and COSCO Container Lines.

More direct investment from China is on the way. Chinese companies see Los Angeles as an attractive investment for many reasons. First, Los Angeles is a large market, with a population of more than 10 million people and 418,000 business establishments. The county has an excellent transportation network, with the ports, an international airport, plus a well-developed network freeway system and railroads to carry goods to the rest of the U.S. The county has a world-class system of higher education with three superb research universities. Also, the Chinese government provides many incentives and subsidies to Chinese companies looking to invest abroad as part of the “go global” campaign. Importantly, setting up abroad allows companies to avoid the obstacles associated with trade disputes. Finally, the large Chinese population in Los Angeles provides a “comfort factor” to Chinese business managers who must move to the area.

Informed observers believe that future Chinese investments will be made in the green/clean technology industries like electric vehicles and renewable energy like solar and wind. High-tech consumer electronics and apparel also will be core areas. Other key industries likely to attract investment range from logistics and furniture, to construction and engineering to biotech.

The County of Los Angeles is aggressively pursuing foreign investment from China and has a very strong interest in attracting green/clean technology. The World Trade Center Association Los Angeles-Long Beach (WTCA) strategy targets Chinese investment in the clean technology automotive industry and the alternative/renewable energy industry amongst others. The report describes a number of trade missions and conferences that took place in 2008-2009 and summarizes the results to data. The latest effort culminated in BYD’s announcement that it will take space in downtown Los Angeles for its U.S. headquarters. This section of the report also includes a list of trade and investment resources in Los Angeles County for the benefit of foreign investors along with a parallel listing of Chinese trade and economic development organizations that have offices in Los Angeles.

### ***Business Ties***

This section of the report presents two annotated lists of companies involved in foreign direct investment activities in Los Angeles County and in China. The first consists of companies headquartered in Los Angeles (*Fortune 500 companies, Key Industry Cluster Firms and Others*) and having a physical presence—an office, factory, store, etc.—in China and companies not headquartered in LA County, but with China operations closely

tied to LA County offices. This list includes 62 companies at present and there are summary profiles of each firm's activities in China. The list is surprisingly diverse—reflecting the wide variety of industry clusters in Los Angeles County. Then companies range from large to small, in industries ranging from architecture and engineering to fashion, finance, law, professional services and advanced technology.

The second list includes key Chinese firms with a presence in Los Angeles County. There are 26 companies at present—the number is expected to grow in the future—including four passenger airlines operating between LAX and various cities in China. This list includes well known names like Bank of China, China Mobile, China Telecom, and COSCO as well as others perhaps not so well known today but eager to participate in the Los Angeles economy.

### ***What Lies Ahead***

The report next considers the factors that will influence the future relationship between China and Los Angeles County. The Chinese economy is expected to continue growing at a rapid pace, which suggests that exports to China and FDI flows from China also will increase. A key issue is whether Chinese policymakers will succeed in “re-balancing” the economy so that spending by China's consumers for goods and services plays a larger role and exports and perhaps investment decline in importance (as a share of the total economy, *not* in absolute terms). Such a shift would alter the direction and composition of goods moving through the Los Angeles Customs District. These future export prospects along with continued strength in imports should translate into a very robust outlook in the coming years for the local ports.

With regard to foreign direct investment, there will be strong competition from other parts of the world as well as other regions of the U.S. Also, China will be looking to secure its natural resource requirements (oil, natural gas, iron ore, etc.) with investments in Africa, South America and Australia for example. Still, the opportunities for Los Angeles County are undeniable and worth pursuing. They include not only increased flows of trade but also increased employment in Chinese-owned and -operated plants and offices.

The outlook for foreign direct investment from China into Los Angeles County is extremely bright. Chinese companies are especially attracted to the Los Angeles area as the County has the highest population of Chinese-Americans in the U.S along with a broad economic base and necessary business infrastructure to enable profitable returns on their investment. Los Angeles County offers Chinese companies the following: a huge market, a well-educated and trained workforce, outstanding trade infrastructure, excellent access to national and international markets, technology rich area, first-rate apparel, auto and engineering design, the nation's largest manufacturing base, competitive costs and great weather.

The greatest opportunities for Chinese investment are in the green/clean tech industries, electronics, logistics and apparel. Near term, investment will most likely occur within electric automobiles, solar energy, hi-tech electronics and textiles. The investment will be in the form of manufacturing, distribution, sales & service, research & development and regional headquarters. Other relevant opportunities are likely to be in bio-tech and healthcare, banking and financial services, professional and business services, materials & machinery, construction & engineering and creative design.

### **Conclusions**

The report demonstrates that China and Los Angeles County do have a very special relationship based on cultural and personal ties as well as trade, investment and business transactions. While trade, investment and business ties will be even more important in the future, Los Angeles County's large Chinese population, the growing numbers of Chinese students at area universities and colleges, and the area's many cultural organizations will enhance and deepen the relationship even further.

The futures of China and Los Angeles County are very bright. Both locations possess the resources and tools necessary to reap the benefits of increased globalization. China and Los Angeles County will continue to play vital roles in the California economy and for that matter in the U.S. and global economies. The world will continue to look to China as a global economic engine that propels the global economy forward. Together, Los Angeles County and China can take the lead on pressing global issues such as renewable energy and climate change. Innovation and new technologies will come out of Los Angeles area research universities and also Chinese universities as both places continue to produce some of the brightest talent.

Los Angeles County is in a unique position to benefit from China's economic rise and to fortify its position as the nation's leading gateway with China. The report concludes with recommendations for nurturing the existing relationship to ensure that future ties are stronger still.

## Introduction

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Los Angeles County and China are two regions that have grown closer together by forging a 150-year partnership. The peoples of China and Los Angeles County have a very special relationship and bond due to this long shared history. China's impact on Los Angeles County can be felt both personally and in business. Indeed, Chinese-Americans have had a noticeable effect on the socio-economic fabric of the Los Angeles region. The futures of Los Angeles and China are inextricably tied together. These close connections forged in the past and new possibilities that will open up in the future are highlighted and explained in this special report.

### **Overview of Report**

The objective of this report is to highlight the long, deep and growing bonds between the People's Republic of China ("China") and Los Angeles County and how they have impacted the development of both areas<sup>2</sup>. This report provides an overview of the scope of the ties between China and Los Angeles County beginning with the historical ties. Next, the report highlights the personal connections between China and Los Angeles County including the educational, cultural and network ties. Third, the analysis presents the economic links between the two with a focus on the critical trade links. Fourth, the report explains the significance of the role Foreign Direct Investment ("FDI") plays and focuses on investment prospects for the future. Fifth, the study provides a description of the business and financial links by profiling the firms that are based in Los Angeles County and active in China (and those not based in LA County, but with China operations closely tied to the LA County office) followed by profiles of some major Chinese firms with a presence in Los Angeles County. In the final sections of the report, we describe some of the challenges and opportunities that lie ahead for this partnership and present some recommendations to further solidify the relationship.

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### ***China's Unprecedented Economic Rise***

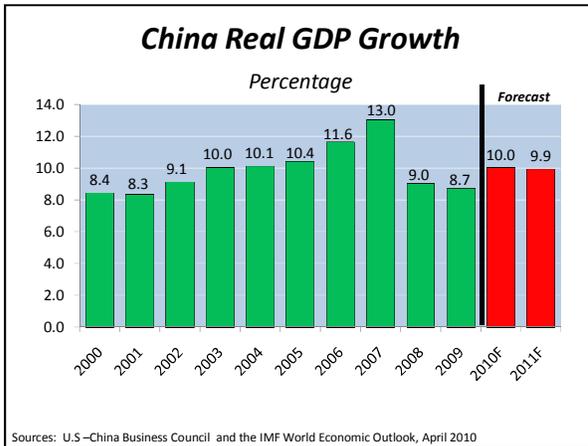
Since 1979, China has concentrated on implementing market-oriented economic reforms which have proven to be extremely effective and successful. By 2000, China's economic output had quadrupled from its 1978 level. China began to transform its economy in 1979 by gradually moving from a centrally planned system to a more liberalized economy. In 1979, China began by making very large state investments in heavy industry & infrastructure and reforming prices throughout the economy. In the 1980's China continued the reform process by restructuring the agricultural industry, removing price controls and authorizing more power to the provinces. In addition, the government allowed for more state-owned enterprises to become autonomous and established several small coastal economic zones in order to attract global investment. The 1990s was the decade in which China moved towards a more privatized corporate system and where both credit and investment expanded rapidly. From 1990-2004, China's economy grew at an average rate of 10% per year. Beginning in 2001, the Chinese economy soared to new heights as it entered into the World Trade Organization (WTO). In fact, from 2001-2007 China averaged economic growth higher than 10% per year. The Chinese economy has become a more global market-based economy since its entry into the WTO.

Many experts attribute China's remarkable growth rates mainly to its high investment rates. However, the impact of globalization cannot be understated as international trade and Foreign Direct Investment (FDI) have been significantly instrumental in China's economic development particularly over the past 10 years. Since 2001, China's trade with the world has increased from just over \$500 billion to more than \$2.5 trillion (an average annual growth rate of 26%). Manufactured exports have contributed to China becoming the world's largest industrial producer and the biggest holder of foreign exchange reserves, which have grown too close to \$3 trillion. Foreign

### **Growth Projections for China**

- **Largest economy in the world by 2025-2030**
- **Population – 1.45 billion in 2025**
- **Per capita income – China to overtake U.S. by 2040-2050**
- **Renminbi Yuan could make up more than 3% of global foreign exchange reserves and could become a reserve currency by 2020**
- **Size of middle class – almost 400 million by 2025**
- **Number of cities with a population over 1 million – 219 by 2025**
- **Number of cities with a population over 5 million – 24 by 2025**
- **Number of skyscrapers – 50,000 to be constructed by 2029**
- **Car market will grow almost tenfold in next 20 years**
- **Number of miles of highway – 55,000 by 2020**
- **Total number of airports – 192 by 2010 and 244 by 2020**
- **Number of Internet users will surpass 400 million in the next 5-10 years**
- **Number of mobile phone subscribers – one billion by 2020**

direct investment into China has grown from \$47 billion to \$92 billion over the same time period. Outbound direct investment was a mere \$2 billion in 2004 and has grown to over \$40 billion.



China has become the third largest economy in the world (measured in nominal GDP, based on official exchange rates) and it is expected to become the second largest by surpassing Japan this year (2010). China is already the second largest economy in the world based on purchasing power parity (PPP) valuation. The key driving forces of this growth have been investment, labor and internal migration, productivity and globalization. In addition, the overall market-based

reforms that have been implemented since 1979 have transformed the Chinese economy from one that was completely dominated by state-owned enterprises to one now fueled by private enterprises. State-owned enterprises now contribute approximately 30%-40% (depending upon estimates) to China’s GDP. This is a truly extraordinary example of how much China has evolved over the past thirty years.

China’s economy is very closely interconnected to the U.S. economy as a direct result of the effects of globalization. American firms have invested heavily in China in order to benefit from the remarkable economic growth that has taken place. China’s top trading partner is the U.S. and American consumers have single-handedly been responsible for China’s export-led growth. More specifically, China’s economy is closely linked to California and Los Angeles County as a large percentage of U.S. investment and trade are tied to Los Angeles County, which will be demonstrated within this report.

**Los Angeles County Profile**

America’s most populous county, Los Angeles County encompasses over 27% of California’s population. Los Angeles County would be the eighth largest state in the U.S. if it were a separate state. With over \$500 billion in annual economic output, Los Angeles County ranks among the world’s largest economies. In fact, Los Angeles County had the 19<sup>th</sup> largest economy in the world as of 2008 (measured in nominal GDP, based on official exchange rates). Its GDP was larger than Indonesia, Belgium, Switzerland, Sweden and Saudi Arabia utilizing this methodology.

**Los Angeles County Ranked #1 in the U.S:**

- County population – 10.4 million
- Asian population – over 1.4 million
- Labor force – 4.9 million
- Professional/scientific/tech services employees – over 250,000
- Asian-owned businesses – nearly 40,000
- Total trade value L.A. Customs District – \$283 billion

The economy has evolved into a well-rounded, diverse marketplace with a number of core competencies including higher education, creativity and design, and technological innovation. Los Angeles County is the “Creative Capital” of the world. It is home to the world’s leading movie studios, television networks, video game developers and publishers, the music industry, artists, producers and distributors. LA County has more creative establishments and creative employment than any other county in the U.S.

LA County is also the “Manufacturing Capital” and “International Trade Capital” of America. The County has the most manufacturing business establishments and employment in the nation. In addition, as a result of globalization, LA County has become the international trade capital of the U.S. Los Angeles seaports and airport are the lifelines of Southern California’s thriving international trade community. The two major seaports (Port of Los Angeles and Port of Long Beach) make up the largest port complex in the nation. The port complex is number one in the nation in both cargo tonnage and containers handled. In terms of total containers processed the port complex ranks sixth among the world’s largest ports. Los Angeles International Airport (LAX) is one of the largest origin and destination (non-connecting flights) airports in the world, and the seventh busiest in terms of passengers.

The County has 120 institutions of higher learning including a University of California campus, five campuses of the California State University (CSU) system, and well respected private institutions like Caltech and the University of Southern California (“USC”). Caltech, the University of California at Los Angeles (“UCLA”), and USC are world-class research universities. By feeding fresh ideas and insights into the business community, Los Angeles County has become a leader in technology innovation and bio-medical research. These world renowned schools produce a continuous flow of creative talent that becomes

<b>L.A. Firsts: Some Things Born in the Los Angeles Area</b>
<ul style="list-style-type: none"> <li>• <i>The Internet</i></li> <li>• <i>The Space Shuttle</i></li> <li>• <i>The Douglas DC-3, the first commercially viable passenger airplane</i></li> <li>• <i>Disney characters: Mickey Mouse &amp; Donald Duck</i></li> <li>• <i>Barbie Doll</i></li> <li>• <i>The Modern T-shirt (for USC in 1932)</i></li> <li>• <i>The Fortune Cookie</i></li> <li>• <i>The Mars Exploration Rovers “Spirit” &amp; “Opportunity”</i></li> <li>• <i>New VW Beetle</i></li> <li>• <i>Epogen/Neuprogen (Bio-Tech Blockbuster Drugs)</i></li> <li>• <i>The multi-channel recording process</i></li> <li>• <i>THX Sound System (for movie theaters)</i></li> <li>• <i>The Modern Theme Park -- Disneyland</i></li> <li>• <i>Celebrity PR</i></li> <li>• <i>The Hula Hoop</i></li> <li>• <i>The Aeron Chair</i></li> <li>• <i>Juicy Couture</i></li> </ul>

**L.A. County Growth Projections**

- ▶ *Population – 11.5 million by 2025*
- ▶ *Nonfarm employment – 4.4 million in 2025*
- ▶ *Per capita income - \$75,000 in 2025*
- ▶ *Gross product – nearly \$1 trillion in 2025*
- ▶ *Will become the North American/Global Center for Green Technology*

part of the County’s dynamic workforce. The County has a superb support infrastructure for entrepreneurs, which includes entrepreneurial training programs at both USC and UCLA.

Los Angeles County has been a leader in advancing environmental innovation as well. As the foremost market for alternative fuel vehicles, energy efficiency and clean air initiatives, Los Angeles County offers abundant opportunities for “green” growth. In fact, California invested over \$3.3 billion in clean technologies in 2008 and is first in the nation in new energy patents. Although the financial and economic crisis has severely hampered new green energy investment, California continued to lead the nation in green investment in 2009 (with \$2.1 billion) and this trend is expected to continue in the coming years. Los Angeles County has the greenest ports in the world and has set the standard for other world ports to follow. In addition, Los Angeles County is a leader in “intelligent highways” technology.

<i><u>Fortune 500 Companies Based in Los Angeles County</u></i>
Walt Disney
Northrop Grumman
DirectTV Group
Health Net
Occidental Petroleum
Edison International
Jacobs Engineering
Dole Food
AECOM Technology
DaVita
Avery Dennison
Mattel
Reliance Steel & Aluminum
Tutor Perini
Live Nation Entertainment
CB Richard Ellis Group

While it is a major urban area, Los Angeles is very competitive cost-wise. The 2008 survey from the American Chamber of Commerce Researchers Association (ACCRA) indicates that Los Angeles was tenth in the nation in cost for a professional management lifestyle after New York, San Francisco and Orange County. Los Angeles has a larger consular corps than any other U.S. city outside of Washington D.C. and more than 220 languages and cultures represented across the County. As a result, Los Angeles is increasingly being recognized as the “Capital of the Pacific Rim”. No other area of the U.S. has a stronger relationship with China. For example, China is the largest trading partner of the Los Angeles Customs District (LACD) and there are more Chinese-Americans in LA County than in any other region in the US (over 360,000).

# Administrative Areas of the People's Republic of China



# Los Angeles County



## Key Cities and Provinces in China:

*(Based on Administrative Area Population, minimum of 7 million)*

### First Tier Cities

Shanghai (Municipality)	20.0 million
Beijing (Municipality)	18.0 million
Hong Kong (Special Administrative Region)	7.0 million

### Second Tier Cities

Chongqing (Municipality)	32.0 million
Guangzhou (Guangdong Province)	15.0 million
Shenzhen (Guangdong Province)	13.0 million
Tianjin (Municipality)	12.0 million
Chengdu (Sichuan Province)	12.0 million
Xi'an (Shaanxi Province)	11.0 million
Harbin (Heilongjiang Province)	10.0 million
Qingdao (Shandong Province)	8.5 million
Dongguan (Guangdong Province)	8.0 million
Shantou (Guangdong Province)	8.0 million
Nanjing (Jiangsu Province)	8.0 million
Fuzhou (Fujian Province)	8.0 million
Hangzhou (Zhejiang Province)	8.0 million
Shenyang (Liaoning Province)	7.5 million
Jinan (Shandong Province)	7.0 million
Dalian (Liaoning Province)	7.0 million

## Key Cities in Los Angeles County:

*(Based on Population, minimum of 100,000)*

<b>Los Angeles County</b>	<b>10.4 million</b>
City of Los Angeles	4.1 million
Long Beach	493,000
Glendale	210,000
Santa Clarita	180,000
Pomona	163,000
Pasadena	150,000
Torrance	150,000
Palmdale	150,000
Lancaster	145,000
West Covina	115,000
Burbank	110,000
Norwalk	110,000
Carson	100,000
South Gate	100,000

## Section 1: Historical Ties

### From the Empress of China to Globalization

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#### ***U.S.-China Relations***

U.S. trade with China began back in 1784 immediately following the end of the American Revolutionary War. After the Treaty of Paris the U.S. could no longer trade with the British West Indies, formerly a key trade partner. Trade with other nations was also very weak meaning the U.S. had to expand upon its horizons.

Robert Morris, one of the key founders of the U.S. financial system and one of the two people to sign all three of the most significant documents in U.S. history (Declaration of Independence, the Articles of Confederation and the U.S. Constitution) wanted to find a way to revive trade and encourage international commerce. Mr. Morris hired a small vessel and named it the *Empress of China*. The ship was to sail east to Canton, China (modern day Guangzhou) carrying a \$120,000 cargo. The cargo included lead, animal skins, camel cloth, cotton, pepper and most importantly, lots of ginseng. The Chinese were especially interested in the root due to its healing powers.

The *Empress of China* left New York harbor on February 22, 1784 and arrived in Macau, China six months later (a far cry from today's maritime timeframes of 2-3 weeks). The Americans traded their cargo for tea, nankeen (Chinese cotton), tableware, silk and spices. The *Empress* returned to the U.S. in May, 1785, a year and a half after it left New York harbor. Robert Morris and his business partners earned a \$30,000 profit (equivalent to \$683,000 in today's dollars). Naturally, others wanted to benefit from this lucrative trade route and initially ginseng was the top product. Sea-otter pelts and sandalwood became the other hot commodities and U.S.-China trade flourished until opium entered into the picture in the early 1800's. The Chinese tried to prevent the drug from entering its shores as the British and the Americans attempted to take advantage of huge profit margins. The British defeated the Chinese in the "Opium War" leading to more port openings. The U.S. benefited a few years later as they gained more trading rights.

Internal problems within China led to limited trade with the U.S. in the late 1800's and early 1900s. Most of the trade was through New York and San Francisco, and the key U.S. exports were agricultural products, lumber, flour and kerosene heating oil. The Communist government came to power in 1949 and trade relations deteriorated. In 1950, the Korean War led to the end of U.S.-China relations. Trade relations did not resume until 1972. Full diplomatic relations did not resume until 1979. Since 1979, the U.S. and China have come closer together, and the advent of globalization has led to very close economic ties between the two nations. The evolution of trade between the U.S. and China is a perfect example of how much the relationship has developed over the years as the top commodities have gone from ginseng, sea-otter pelts and

sandalwood to electronics, computers and toys. What once used to take six months to be delivered can now be transported within two weeks.

### ***The Gold Rush***

The Chinese were the first Asian immigrants to come to the United States in large numbers. A massive influx of Chinese immigrants took place in the mid 1800's due to the California Gold Rush. In 1849, the merchant ships participating in the Canton (modern day Guangzhou) trade route shared word that gold had been discovered in California leading to many young men making the journey to the "Gold Mountain". By 1851, there were approximately 25,000 Chinese working in the Gold Rush area. The Chinese population grew to almost 50,000 by 1860.

### ***Reaching Southern California***

In 1850, the U.S. Census reported that there were two Chinese residents in Los Angeles. The history of the Chinese in Southern California really began in the 1850s. In 1859, Chinese fishermen established a presence on Catalina Island. By 1870, there were almost 6,000 Chinese residents in Los Angeles. Many lived in the first Chinatown near what is now downtown LA. Mostly, Chinese workers were needed to build the Central Pacific railroad through the San Joaquin Valley from Goshen in Tulare County to Los Angeles. In fact, the Chinese played an instrumental role in the enormously difficult task of completing the 1.25 mile San Fernando tunnel. The tunnel was one of the line's most daunting projects, and the conditions were very dangerous for the 1,500 laborers of which 1,000 were Chinese. The tunnel was finished in 1876, and it transformed the development of the area, as Los Angeles was now finally connected to San Francisco by rail.

Life was difficult for Chinese-Americans in Southern California after the railroad was completed. Two national laws were enacted prohibiting further Chinese immigration. Chinese goods were boycotted and some neighborhoods were targeted by violence. By the turn of the century, there were only 3,200 Chinese living in Los Angeles.

### ***Twentieth Century Brings Change and New Opportunities***

The early 1900s saw the establishment of the City Market Wholesale Produce Terminal at 9<sup>th</sup> and San Pedro Street in downtown Los Angeles. Another development included the formation of the Chinese American Citizens Alliance to defend the civil rights of American-born Chinese in California. World War I saw Chinese Americans fight for the U.S. in Europe which demonstrated an allegiance to the U.S. In 1937, the Sino-Japanese War led to Chinese Americans protesting at the San Pedro Harbor as the U.S. was shipping scrap metal to the Japanese. The construction of Union Station in the late 1930s displaced many Chinese residents and led to the development of a new Chinatown. The year 1943 was an important year in U.S.-China relations as the First Lady of China Madame Kai-shek toured the U.S.; delivering an address at the Hollywood

Bowl. Later in her trip she persuaded Congress to repeal the 1892 Chinese Exclusion Act. After World War II, Chinese American servicemen were granted the right to have their Chinese brides come to the U.S.

### **Significant Milestones:**

- ▶ *First Chinese-American Mayor in the United States – Daniel Wong (Chinese Name – Jinbo Huang), was elected as the Mayor of Cerritos in 1983*
- ▶ *First Chinese-American Woman Mayor in the United States – Lily Chen (Chinese Name – Wanruo Chenli), was elected Mayor of Monterey Park in 1983*
- ▶ *First Chinese-American to be appointed as a Federal Judge in the United States – Ronald Lew (Chinese Name – Chengwei Liu), had previously served on both the Municipal Court and Superior Court of Los Angeles*
- ▶ *First Chinese-American Congresswoman – Judy Chu (Chinese name – Meixin Zhao), was elected as the U.S. Representative from California’s 32<sup>nd</sup> District in 2008, had previously served as Mayor of Monterey Park and a member of the State Board of Equalization*

In 1949, Mao Tse-tung and the Communists defeated the Nationalist Chinese government led by Chiang Kai-shek and formed the People’s Republic of China. This marked a major turning point for Chinese immigration, as new laws were enacted in the U.S. easing immigration restrictions. This was followed by a period of massive migration to Southern California and throughout the U.S.

The 1950s and 1960s saw Chinese Americans assimilate themselves into mainstream American culture. The first Chinese Chamber of Commerce was formed in Los Angeles in 1955 and the first Chinese-American judge was appointed in Los Angeles. The first Chinese-American bank (Cathay Bank) was created in Los Angeles in 1962. The U.S. Immigration Act of 1965 was another major turning point for Chinese immigrants, as it led to an enormous influx of new immigrants from Hong Kong and Taiwan. In the 1970s, new groups of Chinese immigrants settled in Monterey Park and the Chinese Historical Society of Southern California was formed. By 1986, Monterey Park became the first suburban Chinese community in the U.S. as the San Gabriel Valley became the epicenter of the region’s Chinese population.

The 1990s saw the world transform politically, ideologically and economically.

The end of the cold war triggered the advent of globalization. China has benefited greatly from these events as trade and foreign direct investment have produced double digit economic growth rates. China is on the verge of passing Japan as the second largest economy in the world (based on \$US current prices). The Sino-Southern California relationship has evolved into Los Angeles becoming the so-called “capital of the Pacific Rim”. Trade between the U.S. and China has surged over the past twenty years, and the greatest beneficiary of that two-way trade has been the San Pedro port complex, consisting of the Ports of Los Angeles and Long Beach.

## Section 2: Personal Ties

### Strong and Lasting Relationships

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#### **Educational Ties**

*“Furthering academic exchange – in both directions – is one of the best investments that we can make to strengthen U.S. higher education and research activities and foster cross-border collaboration on shared global problems such as fighting disease, protecting the environment, and countering terrorism.” -- Allan E. Goodman, President and CEO of the Institute of International Education*

The Chinese culture has always emphasized the importance of education throughout its dynamic history. As the country has opened up its society over the past thirty years and with the advent of globalization, many Chinese students have taken advantage of the opportunity to study abroad. Key factors were the opportunities Chinese economic growth has created for families and also a change in US visa policies that made it much easier for Chinese students to obtain F-1 student visas. This trend should surely continue as the ties between China and the U.S. become stronger.

The U.S. is the leading destination for Chinese students according to the latest data published by the *Institute of International Education (IIE)* from November 2009. In 1988, China became the leading nation of origin for foreign students and has maintained either the number one or two ranking since that time, with India taking the other spot. In 2008-2009, China passed India to reclaim the top spot as the leading place of origin for students coming to the U.S. China, including Hong Kong, had a total of 106,564 students studying in American colleges and universities in the 2008-2009 academic year, an increase of 17,151 students (a 19% jump) from the previous academic year. The total number of students has more than doubled since 1994, bringing the U.S. and China closer and closer together. This has been extremely helpful for the U.S. economy and for U.S.-China relations. The current economic impact includes tuition fees and living expenses, and future benefits arise if alumni decide to work and live in the U.S.

Of all of the states in the U.S. no other state has attracted more international and Asian students than California. As the leading gateway to the Pacific Rim, California has emerged as the natural center of Asian-American economic, business, educational and cultural exchanges.

#### **Local Educational Ties**

Few places in the world offer as rich an academic climate as Los Angeles County. It is home to three world-class research universities, Caltech, USC and UCLA, as well as dozens of other outstanding institutions. Each year, these schools graduate tens of thousands of students. By providing the right combination of educational curriculum, experienced faculty, and a broad selection of universities, LA County is the number one

choice for higher learning for international students (numbering over 20,000). In fact, there are more than 3,000 Chinese students studying in Los Angeles County universities.

### **University of Southern California (USC) – A Truly Global Private University**

Of all the universities in the U.S., the University of Southern California (USC) has enrolled the most international students for seven consecutive years and will most likely maintain this ranking in the current academic year. In the academic year (“AY”) 2008-2009, USC hosted 7,482 international students out of a total student body of 33,500 students. The number of Chinese students enrolled at USC for AY 2008-2009 was 1,461. ***USC has the highest number of Chinese students of any university in the U.S.*** Here are the most recent figures from the *2009 USC International Student Enrollment Report*:

<b>Chinese Students Enrolled at USC</b>	
Undergraduate Students	265
Graduate Students	921
Visitor Students	26
Language Academy Students	18
Optional Practical Training Students	231
<b>Total Number of Chinese Students at USC</b>	<b>1,461</b>

No other university in the U.S. has invested more time and resources dedicated to achieving the goal of better understanding China than the University of Southern California. Current USC Provost and soon-to-be new USC President C.L. Max Nikias has said, “A deep understanding of China will be a cornerstone of what will define excellence in the 21<sup>st</sup> Century research university.” Many observers including President Obama have said that no other relationship will be as critical as the American-Sino relationship in the 21<sup>st</sup> Century. As a result, USC has embarked on a mission to establish the university as the leader in facilitating U.S.-China research by attracting the best faculty and students who are dedicated to studying this vital relationship.

USC has been able to achieve this goal by establishing a relationship with China that goes back to 1978 after China implemented revolutionary market-based economic reforms. USC has a very special history with China and it began with USC becoming the first American university to visit Beijing during the restoration of diplomatic ties between the two nations. Over the past thirty-one years USC has only deepened those ties with top university officials making multiple visits to China.

In addition, since 1994 USC has made a conscious effort to expand to the west and make USC the first global American university. Under current President Sample’s and Provost Nikias’ leadership, USC has moved up faster and higher in the national rankings than any other research university in the U.S. They have really emphasized the geographical importance of Los Angeles within the Pacific Rim. In the 1990s, President Sample spoke

strongly about the emergence of the Pacific Rim and how it would be the most dominant economic region in the 21<sup>st</sup> Century and how Southern California is the American gateway to this region of the world. In fact, President Sample was the one who coined the phrase that Los Angeles is the “Capital of the Pacific Rim”.

### ***Association of Pacific Rim Universities (APRU)***

In 1997, President Sample’s vision of a network of Pacific Rim universities was realized as the Association of Pacific Rim Universities (APRU) became a reality. The APRU is now a consortium of 42 universities from 16 countries in the Pacific Rim. The Association includes the following LA County and Chinese universities:

<b>Los Angeles County Member Universities</b>
University of Southern California (USC)
University of California, Los Angeles (UCLA)
California Institute of Technology (Caltech)

<b>Chinese Member Universities</b>
Fudan University
Hong Kong University of Science & Technology and the University of Hong Kong
Nanjing University
Peking University
Tsinghua University
University of Science & Technology of China
Zhejiang University

During the 1990s, USC opened up international offices throughout the Pacific Rim including Taipei and Hong Kong. Later, USC opened up an office in Tokyo and most recently in Shanghai. The new USC international office in Shanghai is the second office in China and according to Adam Clayton Powell III, USC vice provost for globalization, *“The opening of our office in Shanghai is a reflection of USC’s many and deep connections to China, as well as the city’s rising international influence. As America’s leader in international education, it’s essential for USC to have a full-time presence in China’s largest city and such an important center of finance and trade.”*

### ***U.S.-China Institute***

In 2006, USC created the USC U.S.-China Institute. The Institute focuses on policy-relevant social science research that concentrates on U.S.-China relations. The USC U.S.-China Institute has made USC a respected global leader in the area of U.S.-China policy issues. Other universities have Asia or China centers which emphasize the humanities

and history, but none are solely focused on the social sciences. The Institute has attempted to become the leading source for scholars, policy makers, government officials and journalists in search of research, trends, and issues regarding China and its ties with the U.S. The Institute offers publications, conferences, public events, and professional development.

Also, the Institute hosts resident fellows from USC, visiting fellows from the U.S., China and the rest of the world, media, business, and policy fellows and post-doctoral fellows. A major advantage that the Institute has is its physical location on the USC campus. The Institute collaborates with the East Asian Studies Center, the Center for International Business Education and Research, and the Pacific Council on International Policy.

### ***East Asian Studies Center (EASC)***

The East Asian Studies Center (EASC) at USC was founded in 1975 within the College of Letters, Arts and Sciences. The EASC has been acknowledged as one of the country's leading centers for East Asian Studies. In fact, the EASC is a part of a small group that has been designated a National Resource Center for East Asian Studies by the U.S. Department of Education.

The EASC offers the following programs:

- East Asian Visual Cultures Visitors Program
- Explore East Asia: China, Japan and Korea
- Teaching East Asia Program (TEAP)
- Research Study Abroad
- Area Studies Abroad

The center is also the headquarters for the USC/UCLA Joint East Asian Studies Center, which is funded under Title VI of the U.S. Department of Education. *(Funded as part of the Higher Education Act, the Title VI programs represent a comprehensive approach to expanding international education in the U.S. Through numerous initiatives to strengthen international teaching and curricula at the K-12 level, Title VI helps to open students' eyes to the wider world and engage future area studies specialists at a young age, increasing the likelihood that students will pursue internationally-focused studies later.)* In addition, the College of Letters, Arts and Sciences includes an abundance of China experts in economics, linguistics, history, international relations, political science, anthropology, art history and religion. The director of the EASC is world-renowned political scientist and China expert, Stan Rosen.

### ***East Asian Languages and Cultures Department (EALC)***

The USC College of Letters, Arts and Sciences offers an East Asian Languages and Cultures Department (EALC). Students can choose to study either the Chinese, Japanese

or Korean languages and culture in addition to an array of general courses on East Asia. The department also offers a Chinese Summer Program in Beijing.

### Other USC Campus Resources related to China

- Internet Mission Photography Collection of Digital Archives
- James Harmon Hoose Library of Philosophy
- The Chinese Historical Society of Southern California Collection
- USC Center for Active Learning in International Studies: Teaching East Asia Program (TEAP) & USC Center for International Studies
- USC Chinese Language Program, School of Social Work China Program

### USC China Programs

- Architecture – Summer Program
- Architecture – Traveling Fellowships
- Business – Asia-Pacific Business Outlook
- Business – Center for Global Business Excellence (C-Globe)
- Business – Global Executive MBA
- Business – Pacific Rim Education Program (Hong Kong or Shanghai)
- Business – PM Globe
- Cinema – Summer Exchange Program with Communication University of China
- Communications – Center on Public Diplomacy
- Communications – Graduate Internship Program, Hong Kong
- Communications – Study Abroad: Undergraduate, Hong Kong
- East Asian Languages & Cultures – 2009 USC Chinese Summer Program in Beijing
- East Asian Studies – Provost’s Distinguished Visitors Program
- Engineering – The Viterbi Exchange Program with Hong Kong University of Science and Technology
- Humanities – Overseas Studies
- Medicine – China Seven Cities Study (CSCS)
- Policy, Planning, and Development – International Labs – (Beijing)
- Social Work – China Program (Beijing, Tianjin)

### USC China Study Abroad Programs

#### Undergraduate Programs

- Overseas Studies in Beijing, (Peking University) – Office of Overseas Studies
- Overseas Studies in Hong Kong (Chinese University of Hong Kong) – Annenberg School for Communication
- Overseas Studies in Hong Kong (Chinese University of Hong Kong) – Marshall School of Business
- Overseas Studies in Hong Kong (Hong Kong University of Science & Technology) – Marshall School of Business

- Overseas Studies in Hong Kong (Hong Kong University of Science & Technology) – USC Viterbi School of Engineering
- Overseas Studies in Nanjing – Office of Overseas Studies

#### Graduate Programs

- Graduate Overseas Studies in Hong Kong – Annenberg School of Journalism
- Graduate Overseas Studies in Hong Kong – Gould School of Law

USC offers a wide range of China-related courses in various departments. Classes are offered within the American Studies and Ethnicity (AMST), Art History (AHIS), East Asian Language and Cultures (EALC), East Asian Studies (EASC), Economics (ECON), Health Promotion and Disease Prevention Studies (HP), History (HIST), International Relations (IR) and the Linguistics (LING) departments.

#### ***Global Executive MBA***

The USC Marshall School of Business offers a Global Executive MBA in Shanghai in collaboration with Antai College of Economics and Management at Shanghai Jiao Tong University. The program is one of the top executive MBA programs in the world and considered to be Asia's premier global executive MBA program. The program includes ten sessions in Shanghai plus two sessions at the USC campus and one business field trip to another Asian country over twenty months leading to the same MBA degree awarded to USC graduates at the Marshall School of Business in Los Angeles.

#### ***USC School of Architecture***

Qingyun Ma is one of the most influential architects in China (born in Xi'an, China). He became dean of the USC School of Architecture and holder of USC's Della and Harry MacDonald Dean's Chair in Architecture on January 1, 2007. After practicing architecture with Kohn Pedersen Fox Associates in New York City, Ma founded the Shanghai architectural firm MADA s.p.a.m. (for strategy, planning, architecture and media) in 1996, creating award-winning projects such as the Longyang Residential complex in Shanghai and the Silk Tower in Xian. Ma also coordinated Rem Koolhaas's first Harvard Project on Cities, which yielded the 1993 book *The Great Leap Forward*. The two also worked on the Central China TV headquarters in Beijing and the Stock Exchange Building in Shenzhen as well.

Ma's other buildings include Qingpu Community Island in Shanghai, Centennial TV and Radio Center in Xian and Tianyi City Plaza in Ningpo. His work has been exhibited around the world, and his honors include a Design Vanguard award from *Architectural Record*, Phaidon's Emerging Design Talents designation and a New Trends of Architecture designation by the Euro-Asia Foundation.

**Alumni Clubs**

USC has four China alumni clubs based in Beijing, Hong Kong, the Pearl River Delta and in Shanghai. There are more than 3,000 alumni living in China and many of those individuals have obtained very important positions in both business and government. USC has a distinguished history of alumni from China including: You Chung Hong, the first Chinese graduate from USC's Law school, Class of 1924, one of the most famous Chinese attorneys and Lei Jieqiong, MA Class of 1931 was named USC's International Alumna of the 20<sup>th</sup> Century.

**Prominent alumni include:**

- *Ronnie C. Chan, Chairman of the Hang Lung Group of Hong Kong and a member of the USC Board of Trustees;*
- *Ming Hsieh, Entrepreneur and founder of AMAZ Information Technologies and Cogent Systems;*
- *David Harilela, CEO of the Harilela Group;*
- *Fu Chengyu, President of the China National Offshore Oil Company (CNOOC);*
- *Lei Jieqiong, Former Vice Chair of the National People's Congress and Former Vice Mayor of Beijing*

**University of California, Los Angeles (UCLA) – A Truly Global Public University**

UCLA is another global academic institution located in the City of Los Angeles. UCLA ranked #8 in the nation in international student enrollment with a total of 5,590 in 2008-2009. The number of Chinese students enrolled at UCLA for AY 2008-2009 was 733. UCLA has one of the highest number of Chinese students of any university in the U.S. Here are the most recent figures from the *2009 UCLA International Student Enrollment Report*:

<b>Chinese Students Enrolled at UCLA</b>	
Undergraduate Students	278
Graduate Students	<u>455</u>
<b>Total Number of Chinese Students at UCLA</b>	<b>733</b>
<b>Total Number of Chinese-American Students at UCLA</b>	<b>5,172</b>

Similarly to USC, UCLA has made a very deep commitment to China over the years and its overall programs, centers and institutes demonstrate that commitment.

***Department of Asian Languages & Cultures (ALC)***

UCLA has a department of Asian Languages and Cultures (ALC) which is dedicated to the study of Asian civilizations and cultures, including China. The department provides courses in language, religion, archaeology, thought and other areas.

***Asian American Studies Center***

In addition, UCLA has an Asian American Studies Center which was established in 1969. The founding committee's goal was to "enrich the experience of the entire university by contributing to an understanding of the long neglected history, rich cultural heritage, and present position of Asian Americans in our society." Over the past forty years the Center has achieved the following milestones:

- Recruited the largest faculty in Asian American Studies in the nation, with 38 professors
- Built the largest teaching program, with a B.A. major and minor, and M.A. major, and in 2004, the Department of Asian American Studies
- Since 1971, the Center has published the leading scholarly journal in Asian American Studies, *Amerasia Journal*, and over 200 books on Asian Americans. In 2003, the Center launched a second national journal, *AAPI Nexus: Asian Americans and Pacific Islanders Policy, Practice, and Community*
- Developed the most diverse library and archival resources on Asian Americans in the nation
- Established strong working relationships with hundreds of organizations and leaders in California, nationally, and globally

Presently, UCLA has been acknowledged as having the top Asian American Studies program in the world.

***U.S.-China Media Brief***

In July 2008, one month before the opening of the Beijing Olympics, the UCLA Asian American Studies Center launched its U.S.-China Media Brief. The Media Brief was established by the Walter and Shirley Wang U.S.-China Relations and Communications Program and Endowed Chair at UCLA. The U.S.-China Media Brief is an excellent reference tool designed to provide essential information on issues that impact U.S.-China relations. The goal was to create an educational means primarily for U.S. media outlets and policymakers to learn about all the key issues related to China and the U.S. The critical issue areas include economics, finance, the environment, human rights, labor, media and the internet, product safety and trade.

The media brief can be found at [www.uschinamediabrief.com](http://www.uschinamediabrief.com) and it contains in-depth analysis on all of the issues listed above along with all of the UCLA and other academic

experts who can address these issues. This extremely useful print and electronic tool was a big success during the Olympic Games and it led to another undertaking by the Asian American Studies Center.

In anticipation of President Obama's first visit to China, the Center introduced another publication titled the "President's Edition", which attempted to serve the same purpose as the Beijing Olympic Games edition did. It mainly focused on the U.S.-China relations at the presidential level beginning with President Nixon. In addition, the current U.S.-China Media Brief contained a map that compares U.S. and Chinese energy, resources and influence around the globe along with commentaries from former President Carter and Berkeley professor L. Ling-Chi Wang. The Media Brief also included a very useful U.S./China timeline that explores the key events in our over 200 year history.

The U.S./China Experts Exchange has brought together experts in law, labor, political theory, media, trade, U.S.-China relations, Chinese-Americans and other areas. These experts and faculty advisors include the following individuals from China and UCLA: *Ying Chan – University of Hong Kong, Y.C. Chen – Hong Kong University of Science and Technology, Sam G. Nuo – UCLA, Vinay Lal – UCLA, Russell C. Leong – UCLA, Luo Xuanmin – Tsinghua University, Beijing, Kent Wong – UCLA, King-Kok Cheung – UCLA, Cindy Fan – UCLA, James Tong – UCLA, Tritia Toyota – UCLA, Paul Ong – UCLA, Min Zhou – UCLA*

### ***International Institute***

The UCLA International Institute includes eighteen multidisciplinary centers and programs focusing on world regions and global issues. The Institute provides a forum for international research and teaching at UCLA. It provides student exchange and research collaboration between UCLA and universities from around the world. The Institute offers events and lecture series that bring foreign dignitaries, politicians and academic scholars to the campus. It has outreach programs, funds research projects, offers business and government training programs and advises the media on global issues. In addition, the Institute plays a big role in keeping UCLA around the world connected and allows alumni to make a contribution to the development of the Institute. The Institute is UCLA's bridge to the world as it maintains relationships with universities in over forty countries, companies and foundations.

The International Institute contains three research centers and programs that are directly related to China. They include the Asia Institute, the Center for Chinese Studies and the Confucius Institute.

### ***Asia Institute***

The Asia Institute promotes Asian Studies at UCLA and fosters greater understanding of Asia through a wide variety of research support, public programs, and community outreach on East Asia, Southeast Asia, and South Asia. It promotes collaboration with

institutions in Asia, Europe and North America to make the study of Asia even more interdisciplinary and truly international in its content, communication, and organization through international research exchanges and graduate and faculty fellowships.

Asia Institute Programs -- Workshops for K-12 Educators, Asia in LA, Asian Voices and the Media and Careers in Asia

Asia Institute Initiatives -- East China Normal University (ECNU) Collaborative Research and Scholarly Exchange Program, Central Asia Initiative: Mobility and Governability and China in Asia Workshop Series

The Asia Institute encompasses three different interdepartmental programs which include East Asian Studies, South Asian Studies and Southeast Asian Studies. The East Asian Studies program is an interdisciplinary studies program divided into three specializations: China, Japan and Korea. The China specialization includes courses in Chinese, Anthropology, Art History, Asian, Communication Studies, Economics, Ethnomusicology, Film & Television, Geography, History, Philosophy, Political Science, Sociology, Theater and World Arts & Cultures. The Asia Institute offers study abroad programs in Beijing and Shanghai which include a summer in Beijing, Business Chinese in Shanghai and a summer workshop in scholarly translation at Fudan University in Shanghai.

### ***Center for Chinese Studies***

The UCLA Center for Chinese Studies focuses on the core areas of research and teaching and has developed some of the best graduate programs in the nation related to Chinese Studies. The Center was established in 1986 and has been able to attract some of the most prominent faculty and students from around the world. The program allows students to concentrate on many different areas of study including Anthropology, Archaeology, Art History, Geography, History, Law, Linguistics, Literary Studies, Medicine, Political Science and Sociology. The Center can leverage the Richard C. Rudolph East Asian Library which holds 260,000 Chinese volumes and maintains subscriptions to over 1,500 Chinese journals and newspapers, the largest collection of any university in the nation.

The UCLA Center for Chinese Studies offers the following programs -- Contemporary Studies, Literary and Cultural Studies, Historical Studies, Religious Studies & Ancient China

### ***Confucius Institute***

The main objective of the UCLA Confucius Institute (UCLA CI) has been to accentuate an already impressive structure of resources and programs that UCLA offers with regards to the development of Chinese educational, cultural and economic links to the Los Angeles region. The Institute promotes the Chinese language, culture and history by connecting

organizations and developing new initiatives. In addition, the UCLA CI provides study abroad opportunities, language training for businesses, training for language instructors, a support system for translation and programs in Chinese medicine.

### ***Other UCLA China Related Resources***

#### ***The Silk Road to the Future***

UCLA also participates in a project called the “Silk Road to the Future”, which enables American and Canadian students, staff and faculty to visit Beijing and establish relationships with their counterparts from Chinese universities. An organization called the Legends of China established this project in order to better prepare the U.S. and China for the 2008 Olympics. American students are able to experience Chinese culture firsthand and visit historical sites from the Forbidden City to the Great Wall of China. This extraordinary program has drawn over 10,000 goodwill Ambassadors of Peace from the U.S., Canada and China.

#### ***The China Law Association***

The UCLA China Law Association is an organization of students and lawyers who work with business people, academia and public policymakers whose primary objective is to further dialogue and education in Chinese law and areas of U.S. law and policies related to China such as international trade and intellectual property rights. The law association provides a great starting point to locate California attorneys who concentrate on Chinese law in addition to various Chinese scholars or institutions that provide Chinese expertise. The association actively traces the latest developments in Chinese law, politics and business.

#### **UCLA Study Abroad Opportunities in China**

##### *Anderson School of Business: Shanghai (Chinese in International Business)*

- Summer in Shanghai studying Chinese Language and Culture for Business
- Beginner and Advanced Courses
- Courses focus on China’s recent cultural, economic and political developments

##### *East Asian Studies: Beijing (Post-Olympics Beijing)*

- Program will focus on China’s rise as a global power
- The 2008 Olympic Games will serve as a Case Study
- Includes lectures, readings, discussions and field trips

##### *Sociology: Guangzhou (Transformation and Globalization in Urban China)*

- Five-week program encompassing an overview of post-1949 China

- Focus on economic, social and cultural changes in Guangzhou
- Applies sociological theories and qualitative models in order to provide a strong understanding of 21<sup>st</sup> Century China

*University of California Programs in China*

- Beijing Normal University – Full Year
- Economics and Business, Fudan University – Spring Semester
- Elementary Chinese, Beijing Normal University – Summer Program
- International Studies, Joint UC-Fudan University – Summer and Fall
- International Summer School, Peking University
- Language & Culture, Beijing Normal University – Summer Program
- Language & Culture, East China Normal University – Summer Program
- Peking University – Full Year
- Business, Hong Kong University of Science & Technology
- Chinese University of Hong Kong
- Engineering, Hong Kong University of Science & Technology
- Science, Hong Kong University of Science & Technology
- University of Hong Kong

### ***Other Local Universities with Educational Ties to China***

#### *California State Polytechnic University (Cal Poly Pomona)*

- **Total Number of Chinese Students: 247**
- **Total Number of Chinese Alumni living in China: 35**
- Chinese Language Studies

#### *California State University, Los Angeles*

- **Total Number of Chinese Students: 300**
- **Total Number of Chinese-American Students: 1,576**
- Chinese Program
- Chinese Studies Center
- Asian Pacific Business Institute

#### *Claremont Colleges*

- **Total Number of Chinese Students: 147**

##### *Pomona College*

- Asian Studies Program
- Pacific Basin Institute
- Pomona's Oldenborg Center
- Study Abroad in China

##### *Scripps College*

- Asian American Studies
- Asian Studies

#### *Pepperdine University*

- **Total Number of Chinese Students: 108**
- Asian Studies Program

#### *California Institute of Technology (Caltech)*

- **Total Number of Chinese Students: 105**
- **Total Number of Chinese Alumni: 155**
- Chinese Language Classes
- Caltech Industrial Relations Center offers an Executive Course on "Growing Your Business in China"
- Most famous Chinese alum – H.S. Tsien (Chinese Name – Xuesan Qian) – earned his doctorate from Caltech in 1939, a famous rocket scientist in the U.S., a founder of the Jet Propulsion Laboratory, and the Father of Chinese Rocketry

### ***Other Local Universities with Educational Ties to China (cont.)***

#### California State University, Long Beach

- **Total Number of Chinese Students: 55**
- **Total Number of Chinese-American Students: 1,043**
- **Total Number of Chinese Alumni: 317**
- Asian and Asian American Studies
- Chinese Studies
- Mandarin Chinese Intensive Immersion Language Program – Southern Consortium of California State Universities – Includes Summer Study Abroad in China
- Summer Study Abroad in China
- Fudan University in Shanghai

#### Loyola Marymount University (LMU)

- **Total Number of Chinese Students: 19**
- **Total Number of Chinese Alumni: 85**
- Asian & Pacific Studies
- Asian Pacific American Studies
- Mandarin Chinese Language & Literature
- Center for Asian Business
- Study Abroad in China
  - The Beijing Center for Chinese Studies
  - Chinese University of Hong Kong
- Chinese Visiting Scholar Program in Collaboration with Mount St. Mary's College Bridging Cultures: U.S./China Program

#### Occidental College

- **Total Number of Chinese Students: 10**
- **Total Number of Chinese Alumni: 36**
- Asian Studies
- Chinese Language
- Study Abroad in China
  - Beijing-Intensive Chinese Language
  - Beijing – Chinese Studies
  - Nanjing
  - Hong Kong – Chinese University of Hong Kong

#### California State University, Northridge

- **Total Number of Chinese-American Students: 387**
- Asian American Studies
- China Institute
- Center for China Finance and Business Research

### *Other Local Universities with Educational Ties to China (cont.)*

#### California State University, Dominguez Hills

- **Total Number of Chinese Students: 5**
- **Total Number of Chinese-American Students: 121**
- **Total Number of Chinese Alumni: 45**
- Asian-Pacific Studies Program

### **Cultural Ties**

China and the Los Angeles region are linked in many remarkable ways. In addition to the educational ties, the personal connections between the two regions include many significant cultural ties. First, the Los Angeles region is home to more people of Chinese descent than anywhere else in the United States. The total number of Chinese living within Los Angeles County was over 360,000 according to the latest American Community Survey (2008) published by the U.S. Census Bureau. The surrounding Counties also contain large numbers of Chinese-Americans (particularly in Orange County).

### **Sister Cities**

The following is a list of Chinese Sister Cities with Los Angeles County Cities:

- City of Los Angeles – Guangzhou – Formerly known as Canton (*refer to Historical Ties Section*) – Major International Trade Center for over 300 years – At the center of South China’s most important trade zone which includes Hong Kong and the Pearl River Delta – Known as China’s Southern Gateway to the World – Sister City Since 1981
- Long Beach – Qingdao (also known as Tsingtao, one of the fourteen open coastal cities and one of the eight cities authorized for international conferences in the country, in Eastern Shandong Province, population 8.5 million, one of the busiest ports in China and home to Haier – became a sister city in April 1985)
- Pasadena – Xicheng District, Beijing (located in the northwest of Beijing, largest portion of the old city of Beijing, central headquarters of the Chinese government are within this district – became a sister city in 1999)
- Culver City – Yanji (capital of the Yanbian Korean Autonomous Region in the Eastern Province of Jilin, majority of the population is Korean – became a sister city in 1993)

### Downtown Los Angeles Chinatown

The only officially recognized traditional Chinatown in LA County is located in downtown LA. It is Chinatown's second location as the first site was demolished to make way for Union Station. The Los Angeles Chinatown Business Council (LACBC) was established in 1999 in order to plan, manage and facilitate the rebirth of historic Chinatown as a multinational culturally defined, economically vibrant and socially engaging community. The Business District of Chinatown is twenty-four blocks and the population of Chinatown numbers approximately 15,000 people.

The LACBC is the managing entity of the Los Angeles Chinatown Business Improvement District (BID), which was approved by the Los Angeles City Council in August 2000. There are 18 board members on the LACBC, consisting of local businesses, property owners and other community based organizations all attempting to achieve the organization's mission. The organization works to promote Chinatown as a visitor destination which offers shopping and dining.

### Suburban Chinese Communities

There are at least four suburban Chinese communities (Monterey Park, Alhambra, San Gabriel, and Rosemead) located east of the downtown Chinatown, all within the San Gabriel Valley. Most ethnic Chinese actually frequent these suburban Chinese areas instead of the more tourist oriented downtown location. In fact, most Chinese and Chinese-Americans in the Los Angeles region live in the San Gabriel Valley. Their neighborhoods tend to be more suburban in style, but are easily identified by the prominent Chinese lettering on the store front signs.

Beginning in the 1970s, many Chinese began to settle in the San Gabriel Valley, initially in the City of Monterey Park. Then in the 1980's a second wave of Chinese and Chinese-Americans began to move into other San Gabriel Valley cities including Alhambra, San Gabriel and Rosemead. Alhambra and San Gabriel annually host a Chinese New Year parade and festival.

In addition, other cities in the San Gabriel Valley contain large and growing Chinese populations, including Arcadia, Temple City, Rowland Heights and Hacienda Heights. Outside the San Gabriel Valley but still in Los Angeles County, the cities of Artesia, Cerritos, Walnut and Diamond Bar are home to many Chinese-Americans. Many Chinese companies and import/export warehouses are located in the City of Industry.

### Olympic Games

The Olympic Games were held in Los Angeles in 1932 and 1984. Both were historic for the Chinese people. Many significant milestones occurred in these games. In the 1932 Summer Olympic Games, the very first Chinese athlete was Changchun Liu (also very

historic as he was the only Chinese athlete present). In addition, the 1984 Summer Olympic Games marked the very first gold medal for China as Haifeng Xu won the gold medal in Men's Shooting (50 m pistol). Mr. Xu was also the first torchbearer to bring the Olympic Torch into the Stadium at the 2008 Beijing Olympics Closing Ceremony. As a result, Los Angeles and China have a very special Olympic bond that was also evident during the first Olympic Games ever to be held in China. One of the most important stops for the Olympic torch in 2008 took place in Los Angeles.

#### [Los Angeles Chinese Cultural Center \(LACCC\)](#)

The Chinese Cultural Center was established in 2005 in Hollywood. The Center offers multiple cultural programs including language classes, music, cooking, art and folk dance to people as young as four years old. The LACCC is the only school to teach China's Pinyin (Alphabet) and simplified Chinese characters. The overall curriculum is activity based in order to provide students practical communication skills and a basic understanding of Chinese culture.

#### [Los Angeles Chinese Learning Center \(LACLCL\)](#)

The LACLCL is an organization that provides customized Chinese classes and online Chinese classes in Los Angeles and around the world. The LACLCL also provides Chinese language group classes in Alhambra. The organization offers classes on Chinese culture and business in addition to language classes. The organization's website also includes many links to many other services related to China.

#### [Temples](#)

Los Angeles County is home to the largest Chinese temple in the U.S. Hsi Lai Temple is the biggest Buddhist monastery in the U.S. and located in Hacienda Heights. The temple encompasses 15 acres and took 10 years to complete. His Lai means "coming to the west" and the main mission of the temple is to spread the teachings of Buddhism to the west. The temple was designed using Ming and Ching dynasty architecture. The overall complex includes a pagoda, a main shrine building, a bodhisattiva shrine, classrooms, a tea room garden, museum, cafeteria and gift shop. The temple offers classes on Buddhism, Chinese culture and language. In addition, the temple offers prayer services and mediation sessions.

Another very significant Chinese religious shrine exists in Chinatown Los Angeles. The Chua Thien Hau Temple is dedicated to the goddess Lin Meng. The mother temple is in the Fujian province of China. The temple is 6,000 square feet and opened in 2005. The current temple replaced a smaller temple located right next door. A Chua Thien Hau temple also exists in Monterey Park. The Chinatown temple is the largest Chua Thien Hau Temple in Southern California.

On the day before Chinese New Year, the Chinatown community comes together to bless the deities. The festivities include lion dancers and firecrackers. The 25 family associations headquartered in Chinatown attend the celebrations along with thousands from Los Angeles County. On the first day of the New Year and the first week of the New Year many come to receive a blessing for the New Year.

Los Angeles Chinatown has a total of six temples including: Chua Thien Hau Temple, Cambodian Ethnic Chinese Association Temple, Southern California Teo Chew Association Temple, Kong Chow Benevolent Association Temple, Lung Kong Tin Yee Association Temple and the Xuan Wu San Buddhist Association Temple

***Other Chinese New Year Celebrations Include:***

- Chinese New Year Spectacular at the Pasadena Civic Auditorium
- Chinese New Year Floral Street Fair & Lantern Festival in Monterey Park
- Golden Dragon Parade & Chinese New Year Festival in Chinatown
- The Chinese American Museum Lantern Festival at Olvera Street
- The Annual Lunar New Year Celebration at the LA Zoo

***The Huntington – Chinese Gardens***

The Huntington Library, Art Collections and Botanical Gardens was founded in 1919 by Henry E. Huntington. The Huntington is located in San Marino and is considered to be one of the world's leading cultural, research and educational centers. The Huntington Library has one of the most highly renowned research libraries specializing in British and American history and literature. The Botanical Gardens include various themed gardens including the Chinese Garden. It is the newest of only five Chinese classical gardens in the U.S. and is called the Garden of the Flowering Fragrance (Chinese Name – Liu Fang Yuan). The name was influenced by the famous Chinese poet Cao Zhi and by the famed Ming Dynasty painter Li Liufang. The garden was specifically designed to match the authenticity of a Chinese Garden, with typical Chinese-like woods, lake, architecture and rocks.

***Chinese-American Museum***

The Chinese American Museum was opened in 2003 and is located in the last surviving structure from the original Chinatown in Los Angeles. The museum is the first museum in Southern California that celebrates the Chinese-American experience and history. In fact, the museum focuses on the history of Chinese immigration that began over 150 years ago and since the 1860s in Los Angeles (*see Historical Ties section*). The museum offers exhibits and educational programming which are structured to provide the very

best in Chinese American history, culture and highlight the contributions made by Chinese Americans to the U.S. and Southern California.

Here are some of the main objectives of the Chinese American Museum – To house exhibits on Chinese Americans illustrating their rich culture and heritage, define and interpret their role in establishing the California community, provide educational programs to the visiting public and schools, collect and curate historical to contemporary arts, documents, images, and artifacts, and serve as a research center on the 150-year Chinese American experience in Southern California.

The museum is operated by the Friends of the Chinese American Museum (FCAM) and El Pueblo de Los Angeles Historical Monument (El Pueblo).

### *Cable TV/Satellite Channels, Radio Stations and Magazines in Chinese*

– KSCI (Channel 18), TVB USA/Jadeworld TV, Sky Link TV, TVB, TVB2, ATV Home Channel, BTV, CCTV-4, CCTV-Entertainment, CCTV-Opera, China Movie Channel, CYRTV, Dragon TV, SETV, TVS, HTV, Jiangsu International Channel, PACVIA TV, Phoenix, Xiamen TV, Zhejiang TV, Sky Link TV, iCable, Channel V, Tai Seng, KAZN AM 1300, KMRB AM 1430, KAHZ AM 1600, EDI City Newsweek and M-Weekly

### *Grauman's Chinese Theatre*

The Chinese Theatre is the most famous Hollywood theatre. It was opened in 1927, and authorization was obtained from the U.S. government to import bells, pagodas and other artifacts from China. Chinese artisans created many pieces within the theatre, and it was declared a historic-cultural landmark in 1968.

### *California Travel and Tourism Commission*

The California Travel and Tourism Commission was established in 1998 to work together with the State Division of Tourism to promote California as a travel destination. The organization helps implement the annual Marketing Plan and is made up of 37 members from the 12 regions within California. The Commission opened three locations in China over the past year. The offices were opened up in Beijing, Shanghai and Guangzhou in order to focus on the markets with the most growth potential.

### **Chinese Newspapers in Los Angeles**

#### ***Chinese Daily News (World Journal)***

- Largest Chinese newspaper in Los Angeles & North America
- Targets Mandarin speakers
- Founded in 1976

#### ***Sing Tao Daily***

- Second largest Chinese newspaper in Los Angeles
- Targets Cantonese speakers

#### ***The China Press***

- Third largest subscription based Chinese newspaper in Los Angeles. Most of the China Press's readership are recent immigrants from Mainland China. A relatively young Chinese newspaper in Los Angeles, it focuses its news content to those of mainland China

[China National Tourist Office, Los Angeles](#)

The China National Tourist Office is part of the China National Tourism Administration and has offices around the world. The China National Tourist Office has three offices in North America including New York, Toronto and Los Angeles. The China National Tourism Administration is based in Beijing and regulated by the State Council. The Los Angeles office's main duties are to promote travel to China.

[China International Travel Service \(CITS\) USA](#)

China International Travel Service is the biggest tour operator based outside of China. The CITS USA office is the only branch in North America and it is based in Pasadena. The Pasadena office offers tour packages, ticket bookings, reservations and visa services.

**Network Ties**[Asia Society](#)

Asia Society is a global institution committed to bringing the people and institutions of Asia and the U.S. closer together. The international organization has been in existence for over 50 years and has focused on programs and events in the areas of economics, politics, arts, culture and international relations. Asia Society has offices in California, New York, Texas, Washington D.C., Hong Kong, Mumbai, Philippines and Shanghai. Asia Society has two branches in California including San Francisco and Los Angeles. Asia Society Southern California has grown substantially over the past few years and will continue to play a pivotal role in fortifying ties between Asia and the Western U.S. Asia Society Southern California offers programs and events in business, entertainment, education and public policy throughout Southern California. The organization plays a leading role in promoting Southern California as the center for Asian and U.S. innovation.

***Asia Society Southern California Related Initiatives******Signature Initiatives*****Business Leadership Forum**

- Direct interaction between business leaders in U.S., China and India
- A platform for the exchange of ideas & a place to address key issues pertaining to U.S. & China economic relations

**After School Mandarin Language Program**

- Offered to Students from the Urban Entertainment Institute

***Education Initiatives*****International Studies School Network**

- First national network of urban secondary schools devoted to international studies & language
- Two schools in Los Angeles
- International Studies Learning Center and the Vaughn International Studies Academy

***Other China Programs & Events***

Film & food festivals, dinners, forums, lecture series, roundtable discussions, trade missions, language programs, book publishing, reports & catalogs

### *The Committee of 100*

The Committee of 100 was established in 1990 by a number of prominent Chinese-Americans including I.M. Pei and Yo-Yo Ma. The Committee is comprised of American citizens of Chinese descent. The mission of the organization is to encourage stronger relations between the U.S. and China and to encourage the full participation of Chinese-Americans in all aspects of American life. Members of the Committee have attained high positions in academics, government, business, law, science and the arts. The Committee of 100 has become one of the most prestigious organizations that promotes U.S.-China relations by supporting the exchange of ideas while maintaining respect for both cultures.

Key Initiatives and Events – Corporate Board Report Card, Higher Education Report Card, Asian Curriculum Partnership and Mentoring

#### *Some Prominent Members from Los Angeles County:*

- *Ronnie C. Chan – Chairman of Hang Lung Properties Limited*
- *Wing T. Chao – Vice Chairman, Asia Pacific Development, Walt Disney Parks & Resorts*
- *Dr. Alice S. Huang – Senior Faculty Associate in Biology, Caltech*
- *David Lee – Managing General Manager, Clarity Partners*
- *Dominic Ng – Chairman, President & CEO, East West Bank*
- *Edmond H. Pi – Associate Chair for Clinical Affairs and Professor of Clinical Psychiatry, Kern School of Medicine, USC*

### *The 1990 Institute*

The 1990 Institute started as a think tank focused on economic and social issues related to China. The Institute was formed in 1989 by academic, business and community leaders. The main objective of the Institute was to produce recommendations and solutions to the challenges facing China through books and issuing papers. In addition, the Institute sponsored conferences and forums on a number of issues. The Institute has become more than a traditional think tank in recent years by expanding its scope of projects.

Projects address issues in the following areas -- girl's education, cross-cultural communications, art and the environment, microfinance and bio-fuels.

The Institute attempts to improve the lives of Chinese citizens by concentrating on education, socioeconomic development, quality of life and advancing the relationship between the U.S. and China.

#### *American-Chinese CEO Society (ACCS)*

The ACCS is a group of U.S. and Chinese business leaders who are attempting to establish a strong friendship in order to solve key problems faced by both groups of executives. ACCS members include leading executives from a number of industries. The main mission of the organization is to promote trade, friendship and cultural awareness. The Society offers seminars, workshops, speaker engagements and trade missions to its members. The ACCS has development offices in Beijing and Shanghai and is also expanding in California. Membership is available to all CEO's and senior managers in both countries and final approval is granted by the Executive Committee.

#### *Asia Pacific-USA Chamber of Commerce (APUCC)*

The Asia Pacific-USA Chamber of Commerce is based in Pasadena and is an organization that promotes free trade and economic development between the U.S. and China. The APUCC helps American executives by offering various business services including workshops, executive briefings, cultural exchanges and trade missions. The organization concentrates on opportunities within telecommunications, entertainment, commercial real estate, financial services, banking, waste and energy infrastructure and supply chain management.

#### *Asian-American Economic Development Enterprises, Inc. (AAEDE)*

Asian American Economic Development Enterprises (AAEDE) was established in 1977 in order to help Chinese immigrants become better acquainted with their new home and to provide financial assistance. The AAEDE is located in Monterey Park. It has developed into a non-profit organization which promotes economic development for Asian-Americans. The organization offers workshops, seminars, small business assistance programs, access to funding, information support and an annual job fair. The major goals of the AAEDE are the Four E's: Employment, Education, Enterprise and Excellence.

#### *Asian Business Association (ABA)*

The Asian Business Association is an association that represents Asian American business owners' interests at the local, state and federal levels. Its five main objectives are to – (1) present the views of the business owners to government officials to promote their agenda, (2) educate members on impacts of government policies, (3) provide an environment for members to create business opportunities amongst each other, (4) bring the business community together, and (5) provide training.

[Asian Business League of Southern California \(ABL\)](#)

The Asian Business League was founded in 1984 in downtown Los Angeles. The main mission of the organization is to promote business opportunities for individuals throughout the Southland. The ABL provides educational programs to the Asian business community throughout Southern California. They educate the business community on the following issues – technology, e-commerce, real estate development and the Pacific-rim business climate.

[Asian Pacific American Legal Center of Southern California \(APALC\)](#)

The Asian Pacific American Legal Center of Southern California is the largest U.S. legal organization representing the Asian community. The organization was established in 1983 in order to provide legal services as well as civil rights advocacy. The main mission of the APALC is to offer legal services, protect civil rights and build relationships in order to improve the lives of Asian Pacific Americans throughout Southern California.

[Asian Pacific Community Fund \(APCF\)](#)

The Asian Pacific Community Fund is a group of community organizations that concentrate on improving the lives of Asians and Pacific Islanders throughout Los Angeles County. The organization was founded in 1980 and its main mission is to build healthy neighborhoods, develop leaders, create a stronger voice for the people and provide a better future for all. The APCF meets these goals by providing health services, after-school programs, housing, counseling, training, and employment and legal services.

[Asian Professional Exchange \(APEX\)](#)

The Asian Professional Exchange was founded in 1993 in order to advance professional development, community service and cultural awareness amongst the Asian Pacific community in Southern California. The main objectives of the organization are to provide an opportunity for Asian Pacific Americans to develop their full potential as corporate leaders, address key business issues, act as a support system and provide a forum for the exchange of ideas between Asian Pacific Americans.

[Asian Youth Center \(AYC\)](#)

The Asian Youth Center was established in 1989 as a United Way project in order to fill the void for Asian youth services. The AYC opened a center in San Gabriel in 1997 and an annex in 2003 that provides recreation areas for kids to play and learn.

### *Chinese CEO Organization*

The Chinese CEO Organization was established in 1996 and includes Chinese business professionals from all commercial, trade and professional services areas. The organization was founded in order to promote economic ties between the U.S. and China. Also, the Chinese CEO Organization was formed to create better relationships for members and to enhance business opportunities in both nations. The organization hosts various trade organizations and seminars on international trade, financial investment, law and business management.

### *Chinese Chamber of Commerce of Los Angeles*

The Chinese Chamber of Commerce of Los Angeles was formed in 1955 by a group of Chinese-American businessmen in order to strengthen the Chinese-American business community.

The Chamber's main objectives are first, to support the Chinese business community and to promote dialogue on critical issues relevant to both the Chinese-American and the entire Los Angeles business community. The Chamber works to improve relations by providing luncheons, workshops, seminars and cultural events.

### *Hong Kong Association of Southern California (HKASC)*

The Hong Kong Association of Southern California is a member organization of both the Federation of Hong Kong Business Associations Worldwide and the National U.S. Hong Kong Business Association. The HKASC main objective is to strengthen the business and economic relationship between Hong Kong and Southern California.

The Association meets this objective by providing members the following services: Networking; Programs that focus on key developments in Hong Kong and locally; and Information regarding the advantages of choosing Hong Kong as the entry point for Mainland China.

### *Los Angeles County Asian American Employees Association (LACAAEA)*

The Los Angeles County Asian American Employees Association is an employee organization that was established in the 1970s in order to empower the members of association. The Association works to improve the employment conditions of its members by providing them with information related to employee rights and by providing a forum for members to network.

*Pacific Council on International Policy (PCIP)*

The Pacific Council on International Policy was established in 1995 as a partnership with USC and the Council on Foreign Relations in order to provide the West Coast with a voice in international affairs. The organization is involved in resolving some of the world's most critical issues such as terrorism, globalization and global warming. The Council's members participate actively in the global debate through a network of global leaders, hosted public exchanges, research, publications and partnerships with key organizations from around the world.

*Pacific Rim Chamber of Commerce*

The Pacific Rim Chamber of Commerce membership includes entrepreneurs, executives and leaders active in Pacific Rim trade and business. The Chamber has offices in New York, Japan, South Korea, Shanghai, Beijing, Shenyang and Beverly Hills. The main mission of the Chamber is to promote and support business ties between the Pacific Rim nations and the rest of the world.

## Section 3: Trade Ties

### China's Entryway into the United States

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#### ***China in the World Economy – Recent Developments***

The global economic crisis caused a dramatic collapse in world trade and China's export-led growth model suffered greatly as a result. Despite the onset of the recent financial crisis, China, the world's third largest economy (measured in nominal GDP, based on official exchange rates) experienced a 9% increase in GDP during 2008. However, the Chinese economy faced a very gloomy economic environment in the second half of 2008, which ultimately prevented GDP from gaining the usual double-digit growth rates seen over recent years. China was greatly affected by plummeting export activity in the latter half of 2008 and early 2009 as the G-3 economies (U.S, European Union and Japan) significantly reduced consumption and business equipment spending. Other factors that contributed to the decline in Chinese GDP growth included a standstill in the housing construction industry-as the government attempted to prevent a real estate market meltdown-and a sharp deceleration of industrial production from a year-over growth rate of 18% to 5.7%.

During the first half of 2008, the Chinese Renminbi Yuan (CNY) continued the appreciation trend established in prior years. However, the Chinese currency was pegged back to the U.S. dollar in July 2008. The Yuan is allowed to float on the interbank market within a 0.5 percentage band against the parity rate, approximately 6.83 CNY per US dollar.

In November 2008 the Chinese government implemented a large stimulus package valued at CNY 4,000 billion (\$US 585 billion) in order to mitigate the slowdown in economic growth. The government also carried out a massive monetary stimulus program, which included lowering interest rates and reducing banks' required reserve ratios. Together the expansionary fiscal and monetary policies more than offset the dismal export figures. In 2009, China's real GDP grew by +6.1% over the year in the first quarter, +7.9% in the second quarter, +8.9% in the third quarter and +10.7% in the fourth quarter as consumer spending, business investment and especially government investment all increased. For the year, China's GDP rose by +8.7% in 2009, a remarkable accomplishment as the advanced economies were deteriorating. China's total two-way trade with the world was \$2.1 trillion in 2009. China has surpassed Japan in having the world's largest trade surplus and foreign currency reserves.

The Chinese economy is expected to grow by +10% this year, as the global economy slowly recovers and with China maintaining current stimulative economic policies. China's economic growth bodes well for the U.S., California and Los Angeles County economies, as an expanding market for exports.

**U.S. - China Trade**

China has transformed its economy into the world’s fastest growing over the past three decades primarily due to its openness to world trade. In particular, U.S.-China trade has increased dramatically over the last thirty years. Trade climbed rapidly after the two countries re-established diplomatic relations in 1979, signed a bilateral trade agreement and provided mutual most-favored-nation status in 1979-1980. In order to put things into perspective in 1979 total trade between the U.S. and China was \$1 billion and China ranked as the 32<sup>nd</sup> largest export market for the U.S. and the 57<sup>th</sup> largest source of U.S. imports. In 2008, China became the 2<sup>nd</sup> largest U.S. trading partner after Canada, the 3<sup>rd</sup> largest U.S. export market and the largest source of U.S. imports.

*Over the past thirty years, trade between the two nations escalated from approximately \$4.8 billion to \$366 billion. U.S. exports to China have grown from \$3.8 billion to nearly \$70 billion in 2009. U.S. imports from China have risen from \$1 billion to nearly \$297 billion in 2009. Roughly 14% of all U.S. global trade is now with China.*

The rapid increase in trade that has taken place over the past nine years is primarily because China entered the World Trade Organization (WTO) at the end of 2001. Entry led directly to comprehensive trade agreements. Bilateral trade relations between the U.S. and China have become strained over recent years due to the enormous U.S. trade deficit, currency issues, intellectual property rights and product safety issues. All of these issues have led to a surge in demand for legal services related to international trade between the two nations (*see the Business Ties – Law Firms section below for further detail*).

**California – China Trade**

California is the U.S. gateway to the Pacific Rim and the state has realized significant export growth to China. In the years to come, California’s prosperity will become more closely tied to international trade, China and the entire Asia-Pacific Region. No other state in the U.S. will gain more from this relationship.

California and Los Angeles County are uniquely positioned to take advantage

**CA Exports – Top 5 Destinations  
from 2002-2009**

*Billions of \$*

Country	2002	2003	2004	2005	2006	2007	2008	2009
Mexico	\$16.1	14.9	17.2	17.7	19.6	18.3	20.5	17.5
<b>China</b>	<b>\$8.2</b>	<b>9.6</b>	<b>11.9</b>	<b>12.8</b>	<b>14.8</b>	<b>15.5</b>	<b>16.8</b>	<b>15.6</b>
Canada	\$10.1	11.2	12.2	13.3	14.2	16.3	17.9	14.3
Japan	\$11.1	11.7	13.3	13.5	13.9	13.5	13.1	10.9
South Korea	\$4.7	4.8	5.9	6.3	7.0	7.4	7.7	5.9

Note: CA Exports to China more than doubled from 2002-2008  
Source: U.S. Census Bureau, USA Trade Online

of China's surging economic development as the state's geographical location has been extremely beneficial. China was California's second largest export market in 2009, with exports to China at \$15.6 billion. The state will continue to benefit in the future as China continues to be the fastest growing economy and the largest marketplace in the world. Both will continue to reap the benefits of increased trade between the two nations.

### **L.A. County is the International Trade Capital of America**

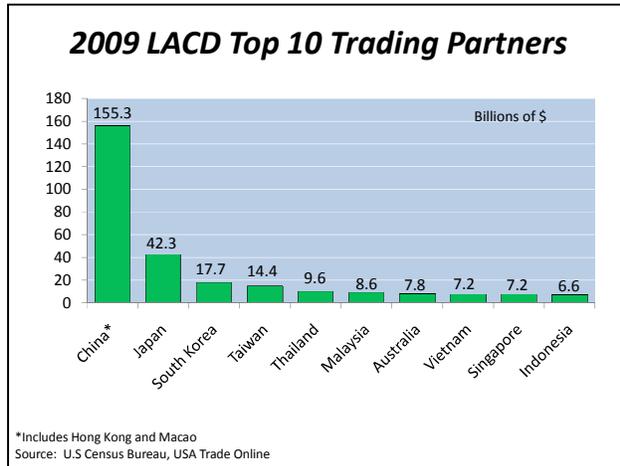
- America's #1 Gateway to the Global Economy
- America's #1 Gateway to Asia
- America's #1 Gateway to China
- America's #1 Customs District with \$283 billion in two-way trade values
- America's #1 Port – The Port of Los Angeles (POLA)
- America's #2 Port – The Port of Long Beach (POLB)
- Together the Ports of LA and Long Beach handle nearly 40% of all the waterborne containerized cargo coming into the U.S.
- Los Angeles International Airport (LAX) is one of the world's busiest origin and destination airports in the world

### **Top World Container Ports by Volume**

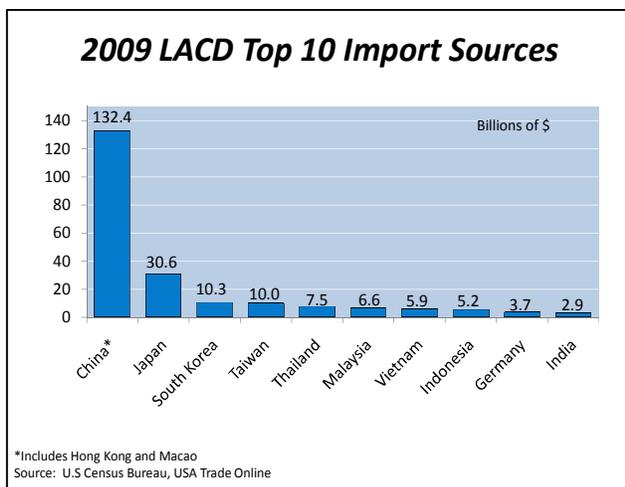
- Singapore – 25,866,400 TEUs
- Shanghai – 25,002,000 TEUs
- Hong Kong – 20,983,000 TEUs
- Shenzhen – 18,250,100 TEUs
- Busan (South Korea) – 11,954,861 TEUs
- Los Angeles-Long Beach (combined) – 11,816,591 TEUs

### **Los Angeles Customs District (LACD)**

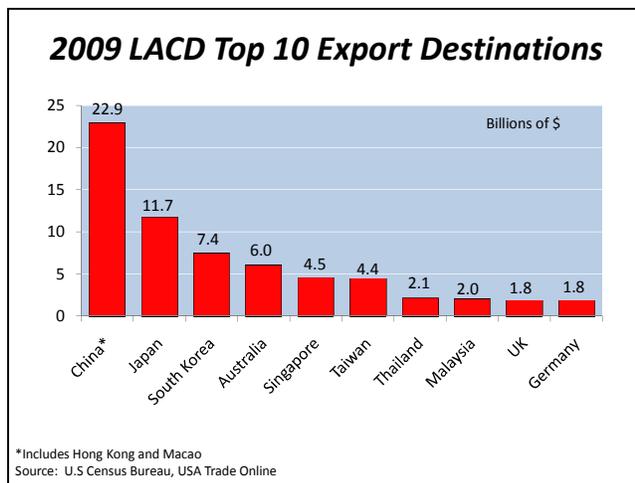
Los Angeles County has become the U.S. gateway to the Asian economies, as it evolved into a leader in international commerce and investment. In fact, Los Angeles has been referred to as the capital of the Pacific Rim due to its deep connections with the Asian continent. Like the personal ties between us, the economic ties between Southern California and China are unmatched by any other region of the United States. In particular, the international trade links between the Los Angeles Customs District (LACD) and China have revolutionized our economic connections in a way which has now created an unbreakable bond. The San Pedro port complex, which includes the Ports of Los Angeles and Long Beach, is the busiest port complex in the U.S. and the western hemisphere, and was the fifth busiest in the world until the downturn in 2009. Only Singapore, three China ports-Shanghai, Hong Kong, and Shenzhen-and the South Korean Port of Busan are ranked ahead of the San Pedro ports in total container traffic.



The Los Angeles region is the top beneficiary as the local ports are the focal point for U.S-China trade. Southern California has established very close economic ties with China. The Los Angeles Customs District handles 40% of trade between China and the U.S. Together, the Ports of Los Angeles and Long Beach handle nearly 36% of trade between China and the U.S. China (which for purposes of this report includes the Mainland, Hong Kong, and Macau) was



once again the LACD's largest trading partner in 2009, with total two-way trade (general imports & exports) valued at \$155.3 billion. Total Chinese imports unloaded in the LACD were \$132.4 billion (#1), while total U.S. exports to China through the LACD came to \$22.9 billion (again #1). This gave the LACD a trade deficit of -\$109.5 billion (also #1). China's import-to-export ratio of 5.8 was once again by far the highest among the LACD's top trading partners, slightly higher than the 2008 ratio of 5.5. The Los Angeles Customs District handles over \$340 billion worth of international trade and China accounted for 46% of that total.



International trade has become one of the most significant economic drivers for Southern California as it has created hundreds of thousands of jobs. In 2009, an estimated 482,500 workers were employed in trade sensitive industries in the Los Angeles region. This employment count includes not only longshore workers at the ports but also a wide array of other occupations that pay good

wages. These include vessel operation, services to vessels, cargo handling, surface transportation (rail and truck), air cargo, logistics services, trade finance, freight forwarding, customs brokers, distribution centers, insurance and law (the latter are necessary to interpret the growing roster of trade security regulations). Southern

California has transformed itself into a formidable hub for logistics and transportation stemming from its trade links with Asia and the world. For this reason and owing to its many other long ties to China and its people, the Los Angeles County region has moved into an important strategic position with regards to U.S.-China relations.

**LACD Imports**

The list of China’s major import product groups is dominated by consumer electronic equipment and nondurable consumer goods. One of the major drivers of imports continues to be electronic products and components (dominated by flat-panel TV demand). Due to the U.S. recession, the value of imports from China unloaded in the LACD tumbled by -16.1% during 2009. Iron and steel

**LACD Top 10 Imports from China**

Commodity	2009 (millions\$)	% of China Total
Electrical Equipment & Electronic Components	\$30,881.8	23.3%
Computer Machinery & Parts	\$26,577.5	20.1%
Toys	\$10,711.8	8.1%
Footwear	\$7,634.9	5.8%
Furniture	\$7,326.5	5.5%
Apparel (Woven)	\$6,593.8	4.9%
Apparel (Knit)	\$6,413.1	4.8%
Plastics & Plastic Products	\$3,857.8	2.9%
Leather Goods	\$2,963.0	2.2%
Iron & Steel Products	\$2,954.7	2.2%
<b>Total Top 10:</b>	<b>\$105,914.5</b>	<b>79.9%</b>

Source: U.S. Census Bureau, USA Trade Online

products experienced the largest decline with a -37.3% drop. Electrical equipment and electronic components saw a -16.3% plunge when compared to 2008, as the U.S. recession dramatically reduced consumer spending. All product groups experienced declines in 2009, including computer products & machinery (down by nearly -10% from 2008) and toys (dropping by nearly -21%). The overall decline in Chinese imports can be attributed to the U.S. recession and the deterioration in the labor market.

**LACD Exports**

**LACD Top 10 Exports to China**

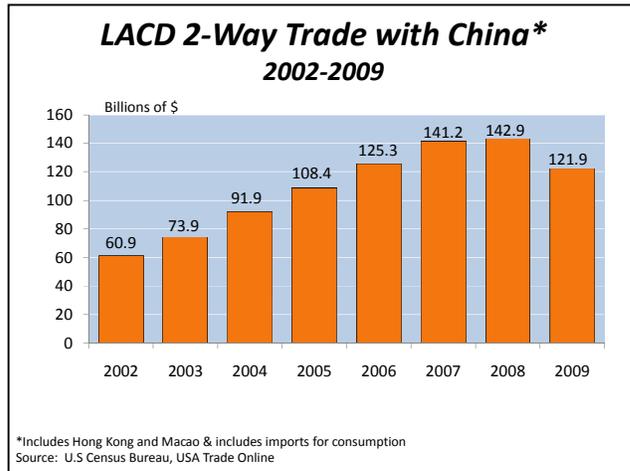
Commodity	2009 (millions\$)	% of China Total
Computer Machinery & Parts	\$3,186.2	13.9%
Electrical Equipment & Electronic Components	\$3,007.0	13.1%
Plastics & Plastic Products	\$2,522.5	11.0%
Vehicles & Auto Parts	\$1,394.2	6.1%
Optical Instruments	\$1,119.7	4.9%
Copper & Copper Products	\$966.9	4.2%
Iron & Steel	\$878.6	3.8%
Aluminum & Aluminum Products	\$712.3	3.1%
Paper & Pulp	\$702.4	3.1%
Cotton	\$686.7	3.0%
<b>Total Top 10:</b>	<b>\$15,207</b>	<b>66.5%</b>

Source: U.S. Census Bureau, USA Trade Online

Many of the LACD’s exports to China are driven by the nation’s huge appetite for raw materials and components as inputs to its growing manufacturing sector’s activities. However, the Chinese manufacturing sector slowed in early 2009. The largest LACD export product groups—computers, electronic parts, and plastic products—all confirm this trend. China became less dependent on almost all of these and the major products in 2009

when compared to 2008. The exception was vehicles and auto parts, where China surpassed the U.S. as the largest auto market in the world. Also, China looked more

towards Australia and Brazil to meet many raw material requirements and also increased component imports from other Asian nations. The demand for American cotton and textile fabrics witnessed the most significant deterioration when compared to 2008 as these exports plunged by nearly -52%. The second worst performance was in electronics; this category plummeted by roughly -41% in 2009.



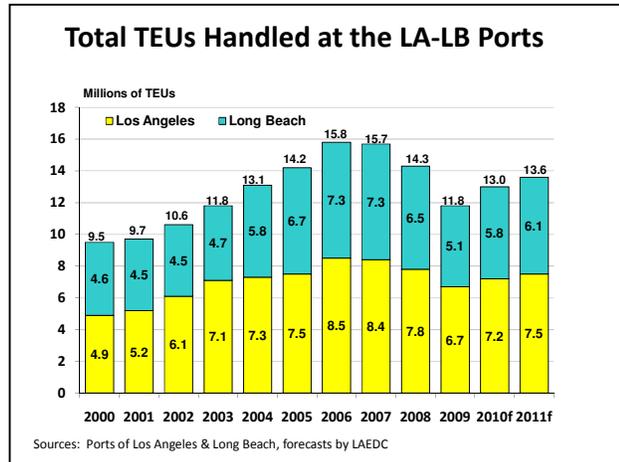
<b>The Los Angeles Customs District Top 10 Imports from China 2009 Detail</b>	
<b>Electronic Equipment</b>	<b>Computers &amp; Computer Parts</b>
<ul style="list-style-type: none"> <li>• Reception apparatus for TVs</li> <li>• Monitors</li> <li>• Voice/image/data machinery</li> <li>• Static converters &amp; power supplies</li> <li>• TV &amp; Digital Camera Recorders</li> <li>• Video tape</li> </ul>	<ul style="list-style-type: none"> <li>• Automatic data processor machinery</li> <li>• ADP machinery parts</li> <li>• Printer, copier &amp; fax machinery</li> <li>• Digital processing units</li> <li>• Printer &amp; copier parts &amp; accessories</li> </ul>
<b>Toys</b>	<b>Furniture</b>
<ul style="list-style-type: none"> <li>• Video game parts &amp; accessories</li> </ul>	<ul style="list-style-type: none"> <li>• Wooden furniture</li> </ul>
<b>Footwear</b>	<b>Apparel (Woven)</b>
<ul style="list-style-type: none"> <li>• Outer soles &amp; upper rubber or plastic</li> </ul>	<ul style="list-style-type: none"> <li>• Women's or girls' trousers</li> </ul>
<b>Apparel (Knit)</b>	<b>Plastics &amp; plastic products</b>
<ul style="list-style-type: none"> <li>• Cotton sweaters &amp; pullovers</li> </ul>	<ul style="list-style-type: none"> <li>• Articles made of plastic</li> </ul>
<b>Leather goods, Bags &amp; Cases</b>	<b>Iron &amp; Steel Products</b>
<ul style="list-style-type: none"> <li>• Musical instrument cases</li> </ul>	<ul style="list-style-type: none"> <li>• Articles made of iron or steel</li> </ul>

<b>The Los Angeles Customs District Top 10 Exports to China 2009 Detail</b>	
<b>Computer Products &amp; Machinery</b>	<b>Electrical Machinery &amp; Equipment</b>
<ul style="list-style-type: none"> <li>• Portable digital automatic data processing machinery</li> <li>• Machinery for Semiconductor devices</li> <li>• ADP machinery parts &amp; accessories</li> </ul>	<ul style="list-style-type: none"> <li>• Processors &amp; controllers</li> <li>• Electronic integrated circuits</li> <li>• Parts of phone sets</li> </ul>
<b>Plastics &amp; Plastic Products</b>	<b>Optical, Medical &amp; Surgical Instruments</b>
<ul style="list-style-type: none"> <li>• Plastic waste &amp; scrap</li> <li>• Polypropylene</li> <li>• Polyethylene</li> </ul>	<ul style="list-style-type: none"> <li>• Auto regulating instruments</li> <li>• Measurement parts &amp; instruments</li> </ul>
<b>Iron &amp; Steel</b>	<b>Vehicles &amp; Auto Parts</b>
<ul style="list-style-type: none"> <li>• Ferrous waste &amp; scrap</li> <li>• Alloy steel waste &amp; scrap</li> </ul>	<ul style="list-style-type: none"> <li>• Motor homes</li> </ul>
<b>Copper &amp; Copper Products</b>	<b>Aluminum &amp; Aluminum Products</b>
<ul style="list-style-type: none"> <li>• Copper waste &amp; scrap</li> </ul>	<ul style="list-style-type: none"> <li>• Aluminum waste &amp; scrap</li> </ul>
<b>Paper &amp; Pulp</b>	<b>Cotton</b>
<ul style="list-style-type: none"> <li>• Paper waste &amp; scrap</li> </ul>	

### *The Port of Los Angeles (POLA)*

The Port of Los Angeles (POLA) is located in San Pedro Bay and together with the Port of Long Beach makes up the San Pedro Bay port complex. POLA is located 20 miles south of downtown Los Angeles and is comprised of 7,500 acres, with 43 miles of waterfront and 27 cargo terminals, including dry and liquid bulk, container, breakbulk, automobiles and omni facilities. The Port is also home to the World Cruise

Center. The Port of Los Angeles was the busiest port in the U.S. for the tenth consecutive year in 2009. Container volumes have more than doubled during the past decade; POLA is the 16<sup>th</sup> busiest port in the world and is part of the 6<sup>th</sup> busiest port complex in the world when combined with the adjacent Port of Long Beach. POLA handled 6.7 million Twenty-Foot Equivalent Units (TEUs) in Calendar Year (CY) 2009. The total cargo value of trade in CY 2009 was \$195.7 billion. The total cargo tonnage for CY 2009 was 157.5 million metric revenue tons. The port saw 2,179 vessel arrivals in CY 2009, and 105,934 automobiles were handled that year.



**The Port of Los Angeles CY 2008 top 5 Imports by TEU's included -- Total Import TEUs were 4.2 million in CY 2008. Of this number, the most important products imported in containers were:**

- Furniture – 415,273 TEUs or 9.9%
- Apparel – 362,520 TEUs or 8.6%
- Auto Parts – 309,740 TEUs or 7.4%
- Electronic Products – 254,509 TEUs or 6.0%
- Footwear – 131,852 TEUs or 3.1%

**The Port of Los Angeles CY 2008 top 5 Exports by TEU's included -- Total Export TEUs at the Port of Los Angeles were 3.6 million in CY 2008. Of this number, the most important products exported in containers were:**

- Paper, Paperboard and Wastepaper – 234,360 TEUs or 6.4%
- Scrap Metal – 183,096 TEUs or 5.0%
- Fabrics & Raw Cotton – 117,486 TEUs or 3.2%
- Pet & Animal Feed – 77,748 TEUs or 2.1%
- Resins – 72,213 TEUs or 1.9%

The Far East accounts for almost all (**over 90%**) of the trade routes served by the Port of Los Angeles (POLA). This explains why the Los Angeles Customs District's (LACD) top five

### **Port of Los Angeles (POLA) Top 10 Imports from China**

Commodity	2009 (millions\$)	% of China Total
Electrical Equipment & Electronic Components	\$20,990.3	22.5%
Computer Machinery & Parts	\$16,700.9	17.9%
Toys	\$6,872.5	7.4%
Footwear	\$6,253.9	6.7%
Furniture	\$5,496.5	5.9%
Apparel (Knit)	\$5,336.3	5.7%
Apparel (Woven)	\$5,105.3	5.5%
Plastics & Plastic Products	\$2,778.8	3.0%
Vehicles & Auto Parts	\$2,251.4	2.4%
Iron & Steel Products	\$2,125.0	2.3%
<b>Top Ten Total:</b>	<b>\$73,910.9</b>	<b>79.2%</b>

Source: U.S. Census Bureau, USA Trade Online

### **Port of Los Angeles (POLA) Top 10 Exports to China**

Commodity	2009 (millions\$)	% of China Total
Plastics & Plastic Products	\$1,339.5	14.6%
Computers & Parts	\$1,172.2	12.8%
Iron & Steel	\$537.6	5.9%
Copper & Copper Products	\$464.3	5.1%
Cotton	\$456.3	4.6%
Electrical Equipment & Electronic Components	\$422.6	4.4%
Aluminum & Aluminum Products	\$406.1	4.2%
Wood Pulp	\$386.3	3.5%
Organic Chemicals	\$346.7	3.3%
Vehicles & Parts	\$323.9	2.2%
<b>Top Ten Total:</b>	<b>\$5,855.5</b>	<b>64.1%</b>

Source: U.S. Census Bureau, USA Trade Online

trading partners are China, Japan, South Korea, Taiwan and Thailand. The overwhelming majority of the total trade comes in the form of imports, mainly from China. In fact, China was the POLA's most important trading partner in 2009 with a two-way trade total of \$102.4 billion, followed by Japan at a very distant second with a value of \$26.9 billion.

### ***The Port of Long Beach (POLB)***

The Port of Long Beach (POLB) is located in San Pedro Bay adjacent to the Port of Los Angeles. POLB is located 20 miles south of downtown Los Angeles and is comprised of 3,200 acres with 10 piers, 80 berths and 71 Post-panamex gantry cranes. The Port of Long Beach was the second busiest port in the U.S. in 2009. It is the 18<sup>th</sup> busiest port in the world and part of the 6<sup>th</sup> busiest port complex when combined, the Port of Los Angeles. POLB handled 5.1 million Twenty-Foot Equivalent Units (TEUs) in 2009. The total cargo value in 2009 was \$68.6 billion. The port serviced 4,746 vessels in 2009 and more than 70 million metric tons of cargo. On average, the Port of Long Beach handled the equivalent of nearly 14,000 TEUs each day during CY 2009.

### **The Port of Long Beach top 5 Imports:**

- Crude Oil
- Electronics
- Plastics
- Furniture
- Clothing

### **The Port of Long Beach top 5 Exports:**

- Petroleum Coke
- Refined Petroleum
- Waste Paper
- Foods
- Chemicals

**The Port of Long Beach top Trading Partners:**

- Top trading partners by value are:
  - **China – 56.4% of Total**
  - Japan – 11.8%
  - South Korea – 9.8%
  - Australia – 4.9%
  - Taiwan – 3.5%

***Port of Long Beach Top Imports from China***

The top import commodity from China in CY 2009 was electronic products valued at \$6.4 billion, followed by computers, machinery and parts which totaled \$4.5 billion. The next three imports from China were toys (\$3.7 billion), furniture (\$1.8 billion) and footwear (\$1.3 billion). The most noteworthy change from 2008 was that computers surpassed toys as the second largest import commodity. Rounding out the top ten were apparel, plastics, iron and steel products and leather goods.

**Port of Long Beach (POLB)  
Top 10 Imports from China**

Commodity	2009 (millions\$)	% of China Total
Electrical Equipment & Electronic Components	\$6,407.5	22.7%
Computer Machinery & Parts	\$4,521.4	16.0%
Toys	\$3,686.5	13.0%
Furniture	\$1,816.9	6.4%
Footwear	\$1,302.9	4.6%
Apparel (Woven)	\$1,050.7	3.7%
Plastics & Plastic Products	\$1,016.4	3.6%
Iron & Steel Products	\$811.5	2.9%
Apparel (Knit)	\$780.2	2.8%
Leather Goods	\$775.6	2.7%
<b>Top Ten Total:</b>	<b>\$22,169.6</b>	<b>78.4%</b>

Source: U.S. Census Bureau, USA Trade Online

***Port of Long Beach Top Exports from China***

On the export side, the top commodities sent out of the Port of Long Beach to China in CY 2009 continued to be computers, machinery and parts followed by plastics and plastic products. Computer exports were valued at over \$1.2 billion while plastics came in at nearly \$1.2 billion. These two exports were followed in the rankings by vehicles & parts, electronics and copper & copper products. The most significant change with regards to the top exports to China was related to iron and steel, which moved from the #3 spot to #6 in overall exports to China, dropping by over -53% in CY 2009.

**Port of Long Beach (POLB)  
Top 10 Exports to China**

Commodity	2009 (millions\$)	% of China Total
Computers Machinery & Parts	\$1,221.1	14.6%
Plastics & Plastic Products	\$1,155.2	13.8%
Vehicles & Parts	\$555.6	6.6%
Electrical Equipment & Electronic Components	\$541.0	6.5%
Copper & Copper Products	\$481.9	5.7%
Iron & Steel	\$334.5	4.0%
Wood Pulp	\$316.0	3.8%
Aluminum & Aluminum Products	\$297.7	3.6%
Leather Products	\$287.7	3.4%
Rubber Products	\$275.1	3.3%
<b>Total Top 10:</b>	<b>\$5,465.8</b>	<b>65.5%</b>

Source: U.S. Census Bureau, USA Trade Online

**Los Angeles International Airport (LAX)**

Los Angeles World Airports is the airport oversight and operations department for the City of Los Angeles which owns and operates Los Angeles International Airport. LAX is another key link in LA County’s international trade as it handles high-value products such as medical instruments, electronics, and perishables. The international airport is served by 43 international carriers and all major air freight lines including the four major airlines (Cathay Pacific #7 of the top ten air freight carriers for 2009). LAX has become a pivotal distribution center for cargo from and to China and the rest of the Pacific Rim. LAX was the 13<sup>th</sup> busiest cargo airport in the world in 2009 (#13 in 2008 as well) as it handled 1.5 million metric tons of air cargo. In addition, it is the 7<sup>th</sup> busiest passenger airport in the world (was #6 in 2008) as it handled 56.5 million passengers in 2009 (over 3 million less than in 2008). LAX is also one of the world’s busiest origin and destination airports. The top trading partner with LAX is the Asia-Pacific region, with 582,283 tons of cargo annually valued at over \$45 billion. More than 1,000 flights arrive and depart LAX daily carrying air cargo. Of these over 50% are international. Nearly 80% of the Los Angeles region’s air cargo is handled at LAX. LAX is responsible for more than \$65 billion in exports and imports. The airport serves every Asian and Pacific Rim airline including Cathay Pacific, Air China, China Eastern and China Southern.

**Los Angeles International Airport Top 5 Imports in 2009:**

- Computer Equipment
- Electronics
- Pearls and Precious Stones
- Optical Instruments
- Apparel

**Los Angeles International Airport (LAX)  
Top 10 Imports from China**

Commodity	2009 (millions\$)	% China Total
Computer Machinery & Parts	\$5,350.1	49.4%
Electrical Equipment & Electronic Components	\$3,481.8	32.1%
Apparel (Woven)	\$435.6	4.0%
Apparel (Knit)	\$296.2	2.7%
Optical Instruments	\$233.9	2.2%
Pearls & Stones	\$196.0	1.8%
Toys & Games	\$152.5	1.4%
Not Elsewhere Specified	\$151.8	1.4%
Leather Art & Handbags	\$93.8	0.9%
Footwear	\$77.9	0.7%
<b>Total Top 10:</b>	<b>\$10,469.6</b>	<b>96.6%</b>

Source: U.S. Census Bureau, USA Trade Online

**Los Angeles International Airport Top 5 Exports in 2009:**

- Electronics
- Aircraft and Aircraft Parts
- Optical Instruments
- Computer Equipment
- Pharmaceutical Products

**Los Angeles International Airport (LAX)  
Top 10 Exports to China**

Commodity	2009 (millions\$)	% China Total
Electrical Equipment & Electronic Components	\$2,041.9	42.2%
Computers & Parts	\$791.6	16.4%
Optical Instruments	\$672.6	13.9%
Aircraft & Parts	\$361.5	7.5%
Pearls	\$278.9	5.8%
Dye & Paint	\$60.8	1.3%
Plastics & Plastic Products	\$57.6	1.2%
Chemical Products	\$55.8	1.2%
Toys	\$52.4	1.1%
Not Elsewhere Specified	\$44.8	0.9%
<b>Total Top 10:</b>	<b>\$4,417.9</b>	<b>91.4%</b>

Source: U.S. Census Bureau, USA Trade Online

**Los Angeles International Airport Top 5 Trading Partners by Two-Way Value in 2009 included:**

- 1) **China – 23.1% of Total**
- 2) Japan – 10.9%
- 3) Malaysia – 4.5%
- 4) South Korea – 4.5%
- 5) Taiwan – 4.2%

**LAX and China:**

*Air China, China Eastern Airlines, China Southern Airlines, and Cathay Pacific* – had a total of 58 weekly non-stop flights in 2009 and currently have 69 total weekly non-stop flights – These Chinese airlines represented 5.3% of the total international passengers in 2009 and 4.9% of the total international air freight – Nearly 800,000 passengers departed or arrived via the four Chinese airlines in 2009. Cathay Pacific carried the largest amount of passengers amongst all of the Chinese airlines serving LAX, followed by Air China and China Eastern Airlines. Cathay Pacific carried the largest amount of tonnage followed by Air China and China Eastern Airlines.

Other airlines that provide one-stop flights between Los Angeles and China are Delta and United – they provide a total of 41 weekly flights via Tokyo or San Francisco.

**World’s Busiest Passenger Airports**

Atlanta’s Hartsfield-Jackson International Airport remained the world’s busiest passenger airport in 2009 with nearly 88 million passengers. Atlanta was followed by London Heathrow (LHR) and then Beijing Capital International Airport (PEK) which jumped up five places on the overall rankings as it reported an increase of nearly 17% in passenger traffic in 2009 (highest growth rate of any airport). China also had two other airports ranked among the top 30 airports (Hong Kong International (HKG) and Guangzhou Baiyun International Airport (CAN)). Hong Kong International had 45.6 million passengers while Guangzhou Baiyun International Airport served over 37 million

passengers in 2009 (an almost 11% increase over the year). Los Angeles International Airport (LAX) was the 7<sup>th</sup> busiest airport in the

<b>Airport</b>	<b># of Passengers</b>
Atlanta Hartsfield-Jackson (ATL)	87,993,451
London Heathrow (LHR)	66,037,578
Beijing (PEK)	65,329,851
Chicago O’Hare (ORD)	64,397,891
Tokyo Haneda (HND)	61,903,656
Paris Charles de Gaulle (CDG)	57,884,954
LAX	56,518,605
Dallas Fort/Worth (DFW)	56,030,457
Frankfurt (FRA)	50,932,840
Denver (DEN)	50,167,485

Source: Airports Council International, 2009 preliminary figures

world in 2009, falling from its #6 ranking as LAX experienced a drop of -5.5% in total passenger traffic. LAX was the third busiest airport in all of the U.S. in 2009.

### ***World's Busiest Cargo Airports***

Memphis International Airport (MEM) was the world's busiest cargo airport in 2009, reflecting its status as the primary FedEx hub. MEM recorded 3.7 million metric tons in 2009. Two Chinese airports came in ranked second and third including Hong Kong International (HKG) and Shanghai Pudong International Airport (PVG). Los Angeles International Airport (LAX) remained the thirteenth busiest cargo airport recording 1.5 million metric tons in 2009 (a decline of -7.6% over the year). Beijing Capital International Airport came in just behind LAX as the 14<sup>th</sup> busiest cargo airport with 1.4 million metric tons. Two additional Chinese airports were among the top 30: Guangzhou Baiyun International Airport (CAN) at #21 and Shenzhen International Airport (SZX) at #27.

### ***World's Busiest Airports by Cargo Traffic***

<b>Airport</b>	<b>Tonnage</b>
Memphis, Tennessee	3,695,438
Hong Kong (#2)	3,660,901
Shanghai (#3)	2,602,916
Seoul (Incheon)	2,423,717
Anchorage, Alaska	2,339,831
Paris	2,280,050
Frankfurt	2,111,031
Tokyo (Narita)	2,100,448
Louisville, Kentucky	1,974,276
Singapore	1,883,894
Dubai	1,824,992
Miami	1,806,770
LAX (#13)	1,629,525
Beijing (#18)	1,365,768
Guangzhou (#26)	685,868

Source: Airports Council International, 2008 Final Figures

## Section 4: Investment Ties

### Unlimited Opportunities

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#### ***Foreign Direct Investment (FDI)***

The U.S. Bureau of Economic Analysis (BEA) defines foreign direct investment as “ownership or control, directly or indirectly, by one foreign person, or entity, of 10 percent or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise.” FDI is normally divided into two categories: 1) greenfield investment and 2) mergers and acquisitions. Greenfield investment involves the creation of new businesses and the development or expansion of production facilities. Mergers and acquisitions involve the purchase of existing enterprises.

Economic history has demonstrated that as nations develop and trade grows so does outward investment. Strong economic growth generates higher savings which allows nations to eventually become net outward investors. China has a high saving rate already and has amassed a large amount of reserves, suggesting that China will become a leading foreign direct investor. Investing in the U.S. should be expected, as the two nations have such close trade ties.

China opened up its economy in 1979. It has attracted large amounts of inward FDI as the economy has flourished. More recently, China has become a significant source of outward FDI, particularly since 2004. Although global FDI fell in 2008, Chinese outward FDI nearly doubled. This will likely continue over the coming years as its economy leads the global recovery.

China’s outward FDI became significant in the 1980s and 1990s. From 1982-1989, its FDI averaged around \$450 million a year and then over \$2 billion a year in the 1990s. In 2001, the Chinese government adopted a “go global” policy in order to develop its companies as international champions. That year, China’s outward FDI surged to nearly \$7 billion. Though this total fell in 2002 and 2003, growth made a strong comeback in 2004 as outward FDI reached \$5.5 billion. Since 2004, outward FDI has skyrocketed moving from \$5.5 billion to a staggering \$41 billion in 2008. In fact, if financial FDI was also included the 2008 level would be over \$52 billion, an amazing turnaround since 2000 when outward FDI was only \$1 billion. Preliminary data suggest that this overwhelming trend continued in 2009. Additionally, the trend is expected to continue, reaching \$72 billion in 2011.

The majority of China’s outward FDI has been focused on developing areas that have an abundance of natural resources, particularly oil. Asia, Latin America and most recently, Africa have attracted the most investment from China. However, China has begun to focus on the developed world as part of the “go global” strategy and understanding the

importance of penetrating more lucrative markets. The long-term prospects for FDI from China in the U.S. are very encouraging as investment flows are projected to grow in both absolute dollar terms and as a share of the nation's total global investments.

China faces two very important challenges with regards to penetrating developed country markets. First, China needs to build human resource capacity in these countries. Second, China must explore the political environments in these nations. The U.S. stands to benefit greatly from the fact that China should face the fewest obstacles upon entering into the U.S. The Los Angeles region has the largest Chinese community within the U.S. and this will increase the likelihood of Chinese investment. In addition, the region is leading the way in transforming itself into a "green economy". China has become very keen on green industries and should find many investment opportunities in Los Angeles County.

Chinese direct foreign investment into the U.S. has and will continue to come in the form of both greenfield investment and mergers & acquisitions. Separately, Chinese portfolio investment—which is distinct from FDI—will come through its sovereign wealth fund (China Investment Corporation). Currently, the majority of Chinese outward investment comes in the form of greenfield investment. We should expect to see an increase in mergers & acquisitions as the political sensitivities begin to diminish. Sovereign wealth funds likely will play an important role as China has accumulated nearly \$3 trillion in foreign reserves due to its huge trade surpluses. Even though these surpluses are expected to decline relative to pre-crisis levels, the Chinese have an overabundance of reserves that will most likely end up in the U.S. and other developed economies.

Currently, China's FDI in the U.S. is disproportionately small relative to the huge amount of its trade with the U.S. This will inevitably change in the coming years. The Los Angeles area has developed into China's gateway to the U.S. and the U.S.'s gateway to China. As highlighted above in *the Trade Ties section*, the Los Angeles Customs District's top trading partner is China. LAEDC research suggests that China ranks as the ninth leading source of foreign direct investment into Los Angeles County. This ranking will inevitably move higher in the coming years.

**Majority of Chinese Investment Originates from the Following Areas:**

- **Guangdong Province** – largest economy in China – includes Guangzhou (formerly Canton) and Shenzhen (Pearl River Delta) – slightly larger than the economy of Los Angeles County
- **Jiangsu Province** – 2<sup>nd</sup> largest economy in China – solar module manufacturing capital of China -- includes the City of Nanjing
- **Shandong Province** – 3<sup>rd</sup> largest economy in China – includes Qingdao
- **Zhejiang Province** – 4<sup>th</sup> largest economy in China – includes Hangzhou
- **Shanghai** – largest city in China (Yangtze River Delta), population of nearly 20 million, 8<sup>th</sup> largest economy in China
- **Beijing** – capital and second largest city in China, 13<sup>th</sup> largest economy in China

**FDI into the U.S and California**

The United States as a whole and California have generally been very successful in attracting FDI. However, the global competition for FDI is becoming more intense. In terms of FDI stock, foreign companies' share of their overseas affiliates' net worth plus debt owed to them by their affiliates, the United States led the world in 2006, with \$1.8 trillion (e.g., inward FDI stock in U.S. companies), followed by the United Kingdom (\$1.13 trillion), China (including Hong Kong) (\$1.06 trillion) and France (\$783 million). The European Union as a whole recorded \$5.4 trillion of inward FDI stock in 2006.

Other recent reports identify emerging countries like the BRIC group (Brazil, Russia, India, and China) plus Vietnam on par with North America and Europe for new foreign direct investment. Many developing countries have recorded impressive growth rates in inward FDI stock in recent years (e.g., a 91.5% increase for the BRIC countries from 2001 to 2005). Still, the advanced industrial nations account for the largest increases in world inward FDI stocks (especially the European Union) as a result of their sizable populations of affluent consumers and first-world legal and investment protections.

Many countries are developing explicit strategies to attract new FDI. The advanced industrial nations (and regions within developed countries) should not become complacent with their currently favorable positions.

In the United States, California remains the largest recipient of foreign direct investment (FDI) by all measures. However, faster growth in FDI is occurring elsewhere in the country. During the same period that the level of gross property, plant, and equipment of all non-bank affiliates in California grew by 10.7% to \$124 billion between 1999 and 2005, the nationwide rate of growth was 20.6%.

### ***FDI into Los Angeles County***

Throughout its history, Los Angeles has been a key destination for foreign direct investment. FDI strengthens the regional economy by bringing new technology, capital, skills, and international connections and by creating new jobs. While much is known about FDI at the national and state levels, there are no official government data publicly reported concerning FDI in Los Angeles County.

Los Angeles County is home to many recent and older foreign direct investments throughout its diversified industrial base. The County's sheer size (number one in the country for both population and the number of manufacturing employees) has led policymakers, business officials, and others to attribute to Los Angeles County a significant share of California's FDI in terms of establishments, employees, and wages, but the facts necessary to make precise calculations are not made readily available by state and federal statistical agencies.

Los Angeles County receives investment capital from countries all over the world. The LAEDC's FDI database compiled in 2008 includes 4,521 foreign-owned and -affiliated business establishments in total, of which 2,130 (or 47.1%) are primary locations and 2,391 (52.9%) are secondary locations. The County's 4,521 foreign-owned and -affiliated establishments represent slightly less than a third (32.4%) of the state's 13,969 foreign-owned establishments as last measured in 2002.

Almost half (or 48.5%) of the County's foreign-owned or -affiliated establishments have a parent company based in Europe. Another 1,948 establishments (43.1%) have an Asian parent company. Meanwhile, 335 establishments (7.4%) have a parent company in Canada or Mexico, 27 (0.6%) have a Middle Eastern or African parent company, and 17 (0.4%) have a parent company in Latin American and the Caribbean.

Japan is the leading source of FDI in Los Angeles County, as measured by number of businesses, with 1,413 total establishments or 31.3% of foreign-owned and -affiliated companies. The United Kingdom ranks second, with a total of 794 local establishments. They are followed at some distance by France and Germany, which have 360 and 334 local establishments respectively. Canada rounds out the top five, with 278 establishments in the County. The "second five" group of countries includes three from Europe—Switzerland, Italy, and the Netherlands, with a combined total of 515 establishments—and two from Asia (Taiwan and Australia, with 236 more establishments). Note that China combined with Hong Kong would rank number 9 with 127 total establishments, tied with Taiwan.

Los Angeles County's foreign-owned and -affiliated businesses are spread across several industry sectors. The largest concentration of FDI establishments is in retail trade (981 total establishments, or 21.7% of the all foreign-owned and affiliated establishments)

followed by wholesale trade (930 total establishments or 20.6%). The figures for wholesale trade category include import and export activities and reflect the fact that the County is home to the important Ports of Long Beach and Los Angeles. Manufacturing ranks number three, with 608 total establishments or 13.4% of the total. Many foreign-owned banking and insurance companies (481 establishments or 10.6% of the total) also are in Los Angeles County, attracted by its large ethnic population and business base and the opportunity to finance a huge volume of internationally oriented transactions.

The City of Los Angeles has the largest number of foreign-owned and -affiliated businesses, with 1,591 total establishments, followed by Torrance (310 total establishments), Long Beach (212 total establishments), Santa Monica (134 total establishments), Pasadena (127 total establishments), and City of Industry (118 total establishments).

In terms of foreign-owned and -affiliated establishments as a percentage of all establishments (domestic and foreign-owned) in a particular city, Carson and El Segundo are tied for the top spot (6.6%) followed by the City of Industry (5.2%), Compton (4.8%), Torrance (4.7%), and Santa Fe Springs (4.5%). The county-wide ratio is 1.8%.

Foreign-owned and -affiliated establishments account for 136,000 jobs and \$7.6 billion in wages in Los Angeles County. The average wage for employees of foreign-owned and -affiliated businesses (\$56,000) exceeds the County average wage for employees of all businesses (\$47,700).

In terms of both employment and wages in Los Angeles County, Europe is the largest contributor of foreign direct investment with 63,500 employees and \$3.7 billion in wages. Asia-Oceania is the second largest source with 62,000 employees and \$3.3 billion in wages in the County.

The industry with the largest number of foreign-owned and -affiliated businesses in the City of Los Angeles is retail trade (369 total establishments), followed by wholesale trade (226 total establishments), finance and insurance (223 total establishments), and manufacturing (178 total establishments). The make-up of retailing is quite eclectic, ranging from food stores to clothing and gas stations.

***Industries Chinese Companies are Investing in Overseas***

*Manufacturing  
Technology  
Wholesale & Retail*

Foreign-owned and -affiliated businesses in the City of Los Angeles account for 51,900 jobs and \$2.8 billion in wages. Japan is the largest source for jobs and wages (16,200 jobs and \$792 million respectively) followed by France (10,000 jobs and \$583 million) and the United Kingdom (7,200 jobs and \$422 million).

**FDI into Los Angeles County from China**

Mainland China and Hong Kong combined would rank as the ninth largest source of foreign-owned and -affiliated companies in Los Angeles County, with 116 primary locations and 11 secondary locations for a total of 127 establishments. The largest industry area for China including Hong Kong is wholesale trade (71 total establishments), followed by transportation and warehousing (28 total establishments).

Well known Chinese and Hong Kong companies with operations in Los Angeles County include the Bank of China, China Mobile, China Southern Airlines, Cathay Pacific Airlines, China Eastern, Air China, and COSCO Container Lines.

<b>Chinese-Owned Establishments by Major Industry Sector</b>				
<b>Sector</b>	Primary Locations	Secondary Locations	Total Establishments	% of Total
Wholesale Trade	69	2	71	59.5%
Transportation & Warehousing	19	9	28	16.4%
Other Sectors	28	0	28	24.1%
<b>Total</b>	<b>116</b>	<b>11</b>	<b>127</b>	<b>100.0%</b>

Source: Los Angeles County Economic Development Corporation (LAEDC) FDI Report

<b>Chinese-Owned Establishments by Detailed Industry</b>		
<b>Sector</b>	Total Establishments	% of Total
Merchant Wholesalers, Durable Goods	56	44.1%
Support Activities for Transportation	16	12.6%
Merchant Wholesalers, Nondurable Goods	15	11.8%
Other Industries	40	31.5%
<b>Total</b>	<b>127</b>	<b>100.0%</b>

Source: Los Angeles County Economic Development Corporation (LAEDC) FDI Report

The City of Los Angeles is host to the largest number of Chinese and Hong Kong-owned and -affiliated businesses (23 total establishments), followed by the City of Industry (21 total establishments).

<b>Chinese-Owned Establishments by City</b>		
<b>City</b>	Total Establishments	% of Total
Los Angeles	23	18.1%
City of Industry	21	16.5%
Other Cities	83	65.4%
<b>Total</b>	<b>127</b>	<b>100.0%</b>

Source: Los Angeles County Economic Development Corporation (LAEDC) FDI Report

Los Angeles County is home to 2,700 workers and \$158 million in wages from Chinese and Hong Kong-owned and -affiliated establishments. Transportation and warehousing is the largest sector (1,100 workers and \$62 million in wages) followed by wholesale trade (900 workers and \$49 million in wages).

<b>Employment and Wages of Chinese-owned Establishments by Major Industry Sector</b>				
<b>Sector</b>	<b>Employment</b>	<b>Wages (\$1,000s)</b>	<b>% of Total Employment</b>	<b>% of Total Wages</b>
Transportation & Warehousing	1,100	\$62,000	40.7%	39.2%
Wholesale Trade	900	\$49,000	33.3%	31.0%
Other Industries	700	\$47,000	25.9%	29.7%
<b>Total</b>	<b>2,700</b>	<b>\$158,000</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Los Angeles County Economic Development Corporation (LAEDC) FDI Report

The City of Los Angeles has the largest number of employees and wages from Chinese and Hong Kong-owned and -affiliated establishments with 600 jobs and \$32 million in wages.

<b>Employment and Wages of Chinese-owned Establishments by Cities in Los Angeles County</b>				
<b>City</b>	<b>Employment</b>	<b>Wages (\$1,000s)</b>	<b>% of Total Employment</b>	<b>% of Total Wages</b>
Los Angeles	600	\$32,000	22.2%	20.3%
Other Cities	2,100	\$126,000	77.8%	79.7%
<b>Total</b>	<b>2,700</b>	<b>\$158,000</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Los Angeles County Economic Development Corporation (LAEDC) FDI Report

Chinese companies have been and are currently investing in Asia, Latin America, Africa and North America. Future Chinese investment is expected to grow significantly in the U.S. (with a large percentage taking place in California and Los Angeles County). In addition, future investment flows are projected to occur in South Korea and Australia (which has important natural resources).

Since 2002, the Chinese government has made a conscious effort to “go global”. Small and mid-sized Chinese companies have been encouraged to expand abroad in order to become global brands capable of competing in the world economy. The Chinese government is expected to continue this program through 2010 and then renew the strategy once again in the Ministry of Commerce’s 12<sup>th</sup> Five Year Plan which will run from 2011-2015. These actions bode well for the U.S., California and Los Angeles County. It is also worth noting that the LAEDC in 2009 facilitated LA County’s creation of

its first ever consensus **Strategic Plan for Economic Development**, which contains a specific strategic objective to attract more foreign direct investment into the County during its five year implementation period from 2010-2014.

***Prominent Chinese Companies with a Presence in the U.S.***

Company
Lenovo (Computers) – Acquired IBM PC Division in 2005
SVA Group (Consumer Electronics and Computer Products)
GREE (Electric Appliances) – Just Acquired Volvo
ZTE (Telecom Equipment)
Galanz (Household Electric Appliances)
Kejian (Electronics)
Chery (Automobiles)
Geely (Automobiles)
Littleswan (Airconditioners)
Huawei (Telecom)
Haier (Home Appliances and Consumer Electronics)
Lifan (Motorcycles)
Konka (Consumer Electronics and Home Appliances)
Changhong (Consumer Electronics)
Midea (Home Appliances)

Chinese companies are looking to the U.S. as an attractive area for investment for many reasons. First, the U.S. is the largest domestic market in the world. Second, the U.S. market presents few challenges that are major issues in other worldwide markets. Third, the Chinese government provides many incentives and subsidies for companies looking to invest abroad as part of the “go global” campaign. Fourth, setting up abroad allows companies to avoid the obstacles associated with trade disputes. Finally, the Chinese have an abundance of U.S. dollars in reserves.

Most observers believe that California has the most to gain from this next wave of investment as Chinese companies are looking for

large markets. No other county in the U.S. has a larger consumer market than Los Angeles County which is obviously very good news for potential investment prospects. In addition, Los Angeles County possesses some undeniable assets that will attract Chinese investment into the County. The first relates to the overall transportation infrastructure, which includes the ports, rails, intermodal resources, established logistics and Los Angeles International Airport. The second reason why investment will be attracted to LA County is the world class university and R&D talent pool populated by thousands of Chinese students. Other factors that should entice Chinese investors to LA County include the largest established Chinese community in the U.S., the local Chinese language capabilities and the cultural ties. These should provide important comfort for leery investors. The key is to identify industry clusters in LA County that will attract future Chinese investment.

Informed observers believe investments will be made in the green/clean technology industries like electric vehicles, and renewable energy like solar & wind energy. High-tech consumer electronics and apparel will be other core areas, as these industries have been targeted by both the government and private sector in China. Other key industries that are very likely to attract Chinese investment include the auto industry, construction & engineering and infrastructure development. In addition, other FDI Prospects from China in LA County include: logistics, entertainment, furniture and biotech.

According to most observers, Chinese investment will come in the form of manufacturing or factories. Distribution centers also are expected to draw much attention by Chinese companies looking to expand into the U.S. Investment will have to include sales and service offices in order to provide critical customer service. FDI will come in the shape of research and development facilities in order to promote crucial innovation to remain competitive. Chinese commercial real estate investment is expected to be very significant in LA County in the coming years (has already started in many parts of LA County). Finally, the FDI will most likely come in the form of regional headquarters (U.S. or North American), which are already the case for many Chinese companies (mostly U.S. headquarters in LA County). The latest Chinese company to establish its North American headquarters is BYD, which will locate its office in downtown LA.

**Key Reasons for Foreign Direct Investment**

Based on economic theory, the key reasons why companies attempt to invest overseas are related to markets, efficiency and resources. First, firms participate in foreign direct investment in order to gain access to foreign markets. A perfect example of this occurs when a company tries to reduce costs by producing or assembling products inside a particular market or in close proximity to that target market. A relevant example for this report relates to the Chinese company BYD Auto, which has decided to build an assembly plant in Los Angeles County in order to enter the local California and entire North American market. Secondly, corporations around the world are always looking to find ways to become more efficient which often means placing production sites near the inputs to production (labor or capital) are the most cost-efficient. There are many examples of companies moving production sites to parts of the world where labor costs or factory costs are very low relative to the home country. This particular phenomenon has been very common over the past twenty years. China itself has been the recipient of this type of FDI.

Finally, companies invest in basic natural resources all over the world. Acquiring sources of energy and other essential commodities has always been one of the most critical objectives of nations attempting to develop economically. Throughout history all of the world's great economic powers (Britain and the U.S.) have been sustained by gaining access to resource-rich areas. Today we see this occurring all over again as the next emerging economic superpower, China, looks to secure its economic future by investing in the Middle East, Africa, Australia and South America. China has invested billions in oilfields, natural gas, coal, copper, zinc, iron ore, cotton and soybeans in countries like Brazil, Indonesia, Malaysia, Australia, Russia, Canada, Saudi Arabia, Iran and multiple countries in Africa.

Outward FDI from China has mainly been to Hong Kong. China has focused on three main industry groups: natural resources (mainly oil and gas), finance (banks and holding companies) and manufacturing (capital goods). In 2008, China completed investment deals with nearly 40 countries in 41 industries. China has been attempting to secure its energy supplies by acquiring oil and natural gas deposits. In addition, China has concentrated on the financial sector. It is absolutely essential for China to find new ways to fund trade financing and to facilitate further investment abroad.

Finally, China has also moved in the direction of manufacturing acquisitions as another key area of its outward direct investment. Manufacturing abroad allows Chinese companies to increase production efficiency and lessen the competition. Horizontal cross-border mergers and acquisitions involve companies in the same industry and fall into the markets and efficiency rationales for investing. Vertical integration entails purchasing producers of specialized machinery and equipment in order to avoid the costs of trade and to have access to resources (mainly machinery or technology) that they would not have at home. As China develops further it will continually need to gain more access to natural resources, capital inputs and technology.

### ***Los Angeles County FDI – Green/Clean Tech Industry Strategy***

The County of Los Angeles aggressively pursues foreign investment from China and has a very strong interest in attracting investment in the area of green/clean technology. The World Trade Center Association Los Angeles-Long Beach strategy targets attracting Chinese investment in the clean technology automotive industry and the alternative/renewable energy industry. The focus in the renewable energy industry lies with solar and wind. Some leading companies in China that are in these industries include:

<b>BYD</b> – Automotive (Electric Vehicles) & Solar	<b>ET Solar</b> – Solar Energy
<b>Suntech Power</b> – Solar Energy	<b>FAW</b> – Automotive (Electric Vehicles)
<b>JA Solar</b> – Solar Energy	<b>SAIC</b> – Automotive (Electric Vehicles)
<b>CATIC</b> – Wind Turbines	<b>Chery</b> – Automotive (Electric Vehicles)
<b>Cree</b> – LED Lighting	

The state and county are attempting to attract this type of investment on many fronts including state and federal legislation, incentives, access to various funding sources and valuable resources that will facilitate the overall process. Examples are:

#### State Legislation

- California Assembly Bill (AB) 32 – California Global Warming Solutions Act
- California Assembly Bill (AB) 811 – Energy Efficiency and Renewable Energy Financing Program
- The Green Building Initiative and the accompanying Green Building Action Plan
- California Assembly Bill (AB) 939 – The Integrated Waste Management Act

#### State Incentives

- California Solar Initiative
- California Assembly Bill (AB) 118 – Clean Vehicle Rebate Program

#### Green Opportunities

- California ranks as the 10<sup>th</sup> largest consumer of energy in the world
- The Ports of Los Angeles and Long Beach are mandating significant CO<sub>2</sub> reductions
- City of Los Angeles – Green LA Initiatives
- The Antelope Valley – centrally located to 95% of the state’s wind-generating capacity and output

Federal Funding for Renewable Energy

- \$2.5 Billion for applied research, development, demonstration and deployment of energy efficiency and renewable energy technologies
- \$1.25 Billion for wind, solar, water power, hydrogen, vehicles, industrial and building technologies
- \$1.25 Billion for competitive solicitation for a range of industrial and energy efficiency improvement projects
- \$4.5 Billion for developing the smart electricity grid
- \$30 Billion for investments in applied research, loan guarantees and grants to develop new technologies in partnership with industry, energy efficiency and conservation activities
- \$4.2 Billion to make Department of Defense facilities more energy efficient

\$50-\$70 Billion Available for Los Angeles County Projects

- \$40 Billion – Measure R: Funding LA County Transportation Projects
- \$10-13 Billion – Modernizing LAX
- \$3.5 Billion – Modernizing and Greening LA Community Colleges and Training Students
- \$7.0 Billion – Creating Smaller, Modern and Greener Schools
- \$9.95 Billion – Proposition 1A: High Speed Rail linking LA County to the rest of California
- Billions of Dollars to Upgrade and Green the Ports
- \$38.8 Billion for Regional Economic Recovery Work Plan in LA County

The federal government along with the state & county governments are trying to facilitate the investment process by providing access to various funding sources. The private sector also plays a key role as private equity and venture capital firms provide substantial opportunities. Other critical sources are federal stimulus funds, grants and guaranteed loans.

**Profile: SoCal Edison's Electric Vehicle ("EV") Technical Center - Pomona**

The Southern California Edison's ("SCE") EV Technical Center is one of only two U.S. Department of Energy test sites approved to test electric vehicle performance in fleet operations. The Center was established in 1993, and it provides an array of electric transportation services centering on solutions for automakers, battery manufacturers, government agencies, business and industrial fleet customers and residential customers.

The SCE EV Tech Center serves the following purposes:

- To help the SCE's Transportation Services Department manage the nation's largest and most successful fleet of pure battery-electric vehicles. To date, the EV fleet has logged more than 17 million tailpipe-emission-free miles;
- To evaluate various electric-drive technologies for uses in SCE's own fleet applications to meet federal and state regulations;
- To understand and help minimize potential impacts of large increases in the numbers of vehicles connecting to the grid. This includes helping customers shift charging to off-peak (low-energy-use) periods;
- To provide education and outreach on the safe, reliable and energy-efficient use of electric-drive technologies

The EV Center includes the following state-of-the-art Equipment:

- Electric vehicle testing and maintenance facilities
- "Garage of the Future" – capable of simulating volt charging, energy flow, energy storage, energy generation and meter control
- Charge testing and fast charge testing facilities
- Maintenance bay for hydrogen Internal Combustion Engine (ICE) and fuel cell EV prototypes
- Battery testing laboratory

**Profile: Chinese Renewable Energy Industry**

The solar/renewable energy industry in China has taken off over the past few years as Chinese investors have become acutely aware of the growth opportunities within this industry. The Chinese government has allocated \$350 billion Yuan out of its \$4 trillion Yuan government stimulus package to the renewable energy industry with a special focus on solar energy. Jiangsu Province is the world's largest manufacturer of solar panels. Suntech Power Holdings is China's leading solar panel manufacturer and the world's third leading manufacturer. Suntech Power Holdings plans on building assembly plants in the U.S.

### ***Trade and Investment Missions***

The LAEDC and the WTCA have been very active in attracting Chinese foreign direct investment by participating in trade and investment missions throughout China. Some examples from 2008 and 2009 included these missions & meetings:

#### ***2008 China Investment Trade Attraction Mission to Beijing and Tianjin***

Los Angeles County was represented by the following delegation: (LA County Supervisor Mike Antonovich, Los Angeles County Supervisor Antonovich's Chief Deputy Kathryn Lieblich and Assistant Chief Deputy Lori Glasgow, LAEDC CEO and President Bill Allen, World Trade Center Association (WTCA) President Vance Baugham and Trade Managers Greg Moore and Lianne Chua, PricewaterhouseCoopers North American-Greater China Tax Practice Partner Alexander Pan, Squire Sanders & Dempsey Senior Advisor Chinese Business Affairs Bao Yong Zhuo).

#### **Summary of the Mission Trip:**

- Had 18 individual appointments with FDI prospects
- Held 2 conferences with 120 attendees, resulting in 32 business assistance requests and 12 immediate FDI leads
- 2 companies announced plans to expand their LA County operations
- 4 companies announced plans to open a new office in LA County

#### ***2009 China Investment Attraction Mission to Shanghai, Guangzhou and Shenzhen***

#### **Summary of the Mission Trip:**

- Solar/Renewable Energy Green Tech Investment Conference – Shanghai
  - Sponsored by Shanghai Energy and Environment Exchange
  - Attracted 50 Companies
- Guangdong Investment Seminar
  - Sponsored by the China Council for the Promotion of International Trade (CCPIT)
  - Attracted 60 Companies
- Individual Company Meetings – Shanghai, Guangzhou and Shenzhen
  - 7 Manufacturing Companies
  - 5 Auto Companies
  - 1 Security Company
  - 1 Solar Company

## -- Results of the Events/Trip

- Over 30 New FDI Project Prospects Generated
- 2 industry leading Companies will open LA County offices (BYD and Shenzhen New World Investment)
- 2 major Companies were attracted and will expand their LA County operations (China Mobile and Hikvision)

## -- Signing Ceremony of China Mart USA and Yiwu Mart—Shenzhen

- Attended by over 1,000 people
- Local and National TV Coverage
- Welcomed and Recognized LA County
- Both signed a partnership to create a gateway for Chinese Manufacturers to invest in China-Mart USA, a business platform in Los Angeles

**Profile: China-Mart USA – City of Los Angeles**

The China-Mart Los Angeles is the first of its kind in the entire United States. Located at the Los Angeles International Airport (LAX), this wholesale and showroom facility was established to aid in the development of investment for Chinese manufacturers. China-Mart has created a marketing platform for Chinese manufacturers so they can generate their own U.S. customer base. The marketing and sales support is executed by experienced teams from both the China Mart and the Canton Fair, which is China's largest import and export fair. The China Mart USA in Los Angeles is officially supported by both the U.S. government and the Chinese government. Chinese manufacturers have been able to start selling in the U.S. market easily as a direct result of this resource.

*The China Mart provides key services to Chinese manufacturers such as:*

- Capital and Trade Financing support through PMF Bancorp
- Marketing Plan and Sales Programs
- Factory and Warehouse Location Assistance
- Logistical Partner Support
- Support in establishing an American based subsidiary

*World Economic Forum Annual Meeting of the New Champions in Tianjin, China (2008)*

Los Angeles County was represented by a delegation that included: LA County Supervisor Mike Antonovich, Los Angeles County Assistant Chief Deputy Lori Glasgow, LAEDC CEO and President Bill Allen, GKK Works President & CEO Praful Kulkarni, Symtech Group President Cole Harris, Tianjin Jiang Sheng Group Chairwoman Linda Du, Sino-American Expressway Scientific Technology Co., Ltd. and Allen Matkins Law Firm Lead Counsel Michael Murphy.

*World Economic Forum Annual Meeting of the New Champions in Dalian, China (2009)*

Los Angeles County was represented by a delegation that had a booth at the Dalian Expo Center, the delegation included: LA County Supervisor Mike Antonovich, LAEDC CEO and President Bill Allen, World Trade Center Association (WTCA) President Vance Baugham, GKK Works President & CEO Praful Kulkarni, JM Eagle President & CEO Walter Wang, Operation Hope Founder, Chairman and CEO John Bryant, Symtech Group President Cole Harris, Tianjin Jiang Sheng Group Chairwoman Linda Du and Visco Financial Insurance Services President & CEO Frank Visco.

*Activities:*

- 13 individual appointments with leading CEO's from around the globe seeking opportunities to invest in LA County
- Meeting met with the Party Secretary of Liaoning Province and Mayor of Dalian
- LA County Supervisor Mike Antonovich participated in one of the forum panels

**Profile: BYD Company Limited**

BYD Company Limited was established in Shenzhen, China in 1995 as a high-tech private enterprise. The company has production facilities in Beijing, Shanghai, Guangdong, Shanxi, Pingshan, Kuichong, Baolong, Huizhou, Xi'an and Ningbo. The firm has opened up locations in Hong Kong, Taiwan, Japan, South Korea, India, Europe and North America. BYD has two main divisions: IT (including a focus on solar energy) and automobiles. The company manufactures batteries, chargers, electro components, connectors, plastic casing, LCD, metal components and electronics, keypads, keyboards, FPC, microelectronics, LED products, opto-electronics, cell phone decoration, cell phone design and cell phone assemblies. The company is the world's leading rechargeable battery manufacturer and has leading cell phone companies as clients including Nokia, Motorola and Samsung. BYD has the largest market share of nickel batteries in the world. In addition, BYD has announced that it has teamed up with KB Homes in Lancaster to construct an environmentally-friendly prototype home utilizing BYD's solar and battery system. The new project is the first of its kind in the U.S.

In 2003, the company decided to enter into the auto industry by buying Tsinchuan Automobile Company Limited (currently BYD Auto Company Limited). The company has four main production bases in Beijing, Shenzhen, Shanghai and Xi'an. BYD Auto products include high-end to low-end cars, auto moldings, auto parts and electric cars. BYD Auto has a technical comparative advantage in both electric cars and rechargeable batteries. Over the last few years the company has focused on the development of drive engines for electric-hybrid vehicles. In 2009, the firm launched its first all-electric vehicles. Most recently, BYD Auto announced plans to pursue the U.S. market aggressively by opening up its North American (NA) headquarters in downtown LA and an assembly plant in Los Angeles County. BYD Auto will first establish its NA sales and marketing head office (with a warehouse) and then build a NA assembly center during the second stage of development. BYD has chosen Los Angeles County due to its high population density, large passenger car market, affluent customer base, air pollution problems and the importance the region places on new green technologies.

The company is also dedicated to developing green energy by focusing on solar energy. BYD has developed energy storage stations, solar power stations and other green energy projects. The company's key areas of research are battery energy storage systems, photovoltaic (PV) energy generation systems, high-duty electrical system design, smart battery management systems and smart control, communication and metering systems.

BYD places a heavy emphasis in China on research & development and education. The company has four research institutes including; the Central Research Institute, Electronics Research Institute, Electric Power Research Institute and the Auto Engineering Research Institute.

In 2008, BYD garnered international attention when U.S. billionaire investor Warren Buffet's Berkshire Hathaway purchased 10% of company shares on the Hong Kong exchange. This event has propelled BYD onto the global stage and laid the foundation for the company's expansion into the North American market and beyond. As of 2009 the company was exporting cars to Africa, South America and the Middle East. BYD's vision is to become the world's leading manufacturer of telecommunication products, electronic products and automobiles.

### ***FDI into China***

Foreign direct investment (FDI) into China has grown substantially over the past twenty years and has played an instrumental role, along with international trade, in propelling China's economy into the top three in the world. In fact, the growth of exports from China has been directly related to foreign-owned factories, and economic development has been stronger in regions that have had high proportions of FDI.

China has become the world's factory due to its huge influx of FDI. In 2007, foreign invested enterprises accounted for almost 60% of China's total exports. That same year, 37,871 foreign investment projects were approved. Utilized FDI (money actually invested in the non-financial sector) reached US\$74.8 billion, 13.6% higher than in 2006. Manufacturing and real estate attracted the biggest chunk of FDI. In 2007, they accounted for 54.6% and 22.9% of the total utilized FDI respectively. Investment directed to the manufacturing sector decreased by 4.6%, while investment directed to real estate more than doubled.

According to research conducted by the United Nations Conference on Trade and Development (UNCTAD) - World Investment Prospects Survey (2007-2009) - China ranked as the first choice for MNCs to invest in during the 2007-2009 period.

The total utilized non-financial FDI in 2008 was \$92.4 billion. In 1999, total non-financial FDI measured \$40.3 billion. FDI into China has more than doubled over the past ten years and increased by +24% from 2007 to 2008. China is the leader among all developing nations with regards to inward FDI. The overwhelming majority of FDI in China comes in the form of greenfield investment rather than takeover of existing enterprises.

Hong Kong remained at the top of the list in 2009 as the top source of FDI into China followed by the British Virgin Islands and Singapore. The U.S. ranked #7 on the list of top 10 regions of origin in 2009. The U.S. invested \$3.6 billion into China in 2009. The U.S. total amount of FDI into China equates into only 3.2% of the total FDI into China. In 2000, the U.S. total represented nearly 11%. Ever since 2000 that proportion has declined and has been in the 3% range over the past two years. Over the course of 2009, total FDI inflows declined every month up until August 2009 on a year-to-year basis. The month of August and September experienced +7% and +19% increases respectively as the global economy began to turn-up.

### ***Recent Los Angeles Area Events and Conferences Promoting Trade & Investment***

#### **California-China Trade & Investment Conference**

The conference was the first ever of its kind and was held in Los Angeles in May 2009. The event was jointly sponsored by the District Export Council and the American

Chinese CEO Society and supported by the U.S. Department of Commerce, U.S. Commercial Service. The event focused on attempting to improve commercial ties between California and China by exposing new markets. Featured speakers included the Chief Commercial Consul from the Consulate General of the People's Republic of China and the Assistant Deputy Secretary of Economic Development from the State of California. In addition, the event highlighted case histories that profiled companies who have been very successful in establishing business relationships within China. Also, the U.S. Commercial Service provided critical information regarding the various services that the U.S. government offers in order to build stronger U.S.-China trade relations.

Some of the Panels included Presentations from the following organizations -- *Princeton Asia Associates, MediaG3, Inc., Koo, Chow & Co. LLP, KPMG, LLP, City National Bank, Export Finance, U.S. Commercial Service, Export-Import Bank of America and the World Bank.*

### **Sino-Los Angeles County Investment & Green Business Conference**

This conference provided a platform for government officials, business leaders and academics from China and the U.S. to promote business opportunities for companies engaged in clean technology and other green businesses. The goal of the conference was to improve the environments of the U.S. and China by developing and implementing sustainable business solutions.

The event focused on the following:

- Cross-border merger & acquisitions: international operations of Chinese companies
- How Chinese companies invest in Los Angeles County
- Business opportunities from the experts in clean technology innovation and worldwide trends

The overall objective of the conference was to promote the products and services of Los Angeles County businesses. In addition, the conference attempted to aid businesses in establishing relationships for companies in China by utilizing the American International General Chamber of Commerce's network of contacts.

### **Asia-Pacific Outlook Conference (APBO)**

For the past twenty-three years, the USC Marshall School's Center for International Business and Research (CIBER) and the U.S. Commercial Service have held this conference to provide U.S. companies with the latest information on opportunities in Asian markets. The event discusses the business opportunities and challenges facing U.S. companies in the Asia-Pacific region. It allows companies to have direct access to U.S. Commercial Officers from embassies throughout the Pacific Rim and business

experts who provide current details about the shifting business and economic landscape occurring within the region.

***Los Angeles County Trade and Investment Organizations (Please see Appendix for U.S. Government Resources)***

**World Trade Center Association (WTCA) -- Los Angeles-Long Beach**

The World Trade Center Association Los Angeles–Long Beach pursues trade facilitation and investment attraction for the greater Los Angeles region. The WTCA LA-LB works to support the development of international trade and business opportunities for Southern California companies as the leading international trade association, trade service organization and trade resource in the Los Angeles region. It also promotes the Los Angeles region as a destination for foreign investment to a targeted international audience in order to attract a significant flow of investment to the region, thereby enhancing the region’s economy, employment and business opportunities for local firms. The WTCA LA-LB is a subsidiary of the LAEDC.

**Foreign Trade Association of Southern California (FTA)**

The Foreign Trade Association of Southern California (FTA) was established in 1919 in order to promote international business and support economic growth in Southern California and worldwide. The main objectives of the FTA are: to encourage interest in international trade and business, conduct high quality and timely meetings, provide educational courses, seminars and conferences for the purpose of encouraging and developing international trade, cooperate with its members in matters relating to the growth and development of international trade, and provide informational trade updates and services, programs, and newsletters to its members and to publish and distribute worldwide an annual roster and directory, listing all firms and individuals who are members of the FTA.

**Los Angeles Chamber of Commerce – Global Initiatives**

The Los Angeles Chamber of Commerce through its Global Initiatives programs works to move global trade forward in the LA region by assisting local businesses to increase their global reach by establishing relationships abroad. The Chamber’s key global initiatives related to world trade are *World Trade Week, the Americas Business Forum, Global Initiatives Council, Roundtable Discussions, Business Matchmaking & Trade Missions, Trade Briefings, Trade Commissioners Networking Group, Global Partnerships, Export Seminar Series and Certificates of Origin, Free Sale and Letters of Invitation.*

***U.S. Department of Commerce -- U.S. Commercial Service – Downtown & West Los Angeles U.S. Export Assistance Centers***

The U.S. Commercial Service of the U.S. Department of Commerce is a federal government agency whose main mission is to help small-to-medium sized Los Angeles manufacturing and service companies develop international markets. The experienced staff of International Trade Specialists focuses on identifying and evaluating international partners, developing market entry strategies, overcoming exporting challenges and navigating other export-related issues. The Downtown & West Los Angeles U.S. Commercial Service/Export Assistance Centers are part of an international network of 1700 international trade specialists throughout the world, with 165 offices in 82 countries.

***Los Angeles Based Chinese Government, Trade and Investment Organizations (Please see Sources for Websites)******The Consulate General of the People’s Republic of China in Los Angeles***

The Chinese Consulate in Los Angeles promotes cooperation and exchange between China and the Southern California region in the areas of commerce, culture, education and science & technology in addition to handling all official visa and passport responsibilities. The Consulate General plays a key role in all trade and investment developments between China and Los Angeles County.

***North American Representative Office of Shenzhen, People’s Republic of China (NAROS)***

NAROS is the official trade and investment promotion office of the Shenzhen City Government headquartered in Los Angeles (with other offices in Shenzhen, San Francisco and Chicago). The organization assists North American companies with direct investment, sourcing and outsourcing, and entry into the Shenzhen and Chinese markets at no cost. NAROS is sponsored by the Municipal Government of Shenzhen and the Shenzhen Bureau of Trade and Industry (SZBTI).

NAROS offers the following services and benefits related to investment & trade promotion:

Investment Promotion (Solutions and Investment Promotion Program)

- Market Research/Feasibility Study Assistance
- Partner Identification and Negotiation Support
- Site Selection and Fieldtrip Support
- Government Relations

## Trade Promotion (Sourcing from Shenzhen Program)

- Learn about consumer goods suppliers
- Better comprehend cultural, legal and financial rules and regulations
- Access to critical databases
- Field trips
- Establish relationships with suppliers
- Build Chinese government connections
- Reduced costs for setting up purchasing operations
- Gain a strategic position and assistance to fulfill due diligence

**Some important economic facts about Shenzhen, China:**

- *Ranked #3 on the Forbes List of Best Commercial Cities on the Chinese Mainland*
- *Established as a Special Economic Zone in 1980 – first and fastest growing Special Economic Zone in China*
- *“The Window” of China’s opening-up drive*
- *“Pilot Field” for the country’s economic restructuring*
- *From 1980 (when it was established as a Special Economic Zone) to 2003, GDP had an average annual growth of 33.3%*
- *One of the highest Per Capita GDP’s in Mainland China*
- *3<sup>rd</sup> busiest port in China and ranked #4 in the world*
- *Ranked #1 in the nation for 13 consecutive years – Export value of over \$80 Billion*

**Shanghai Foreign Investment Development Board**

The Shanghai Foreign Investment Board (FID) was formed in 1999 with the consent of the Shanghai Municipal Government. The Board is committed to promoting inward and outward investment between Shanghai and the world. The FID’s main functions include:

- Promoting the City’s investment environment and industrial development policy
- Coordination of municipal foreign investment promotion projects
- Organizing investment promotion activities
- Working with the counties and districts of Shanghai to lead promotion activities and training
- Establishment, operations and management of investment agencies around the world

The Shanghai FID has twelve overseas representative offices in the U.S., Japan, Europe and other regions of the world. The U.S. representative office is in Los Angeles and its responsibilities include:

- Supporting investment projects between Shanghai and the U.S.
- Organizing investment conferences around the U.S.
- Providing U.S. data regarding the economy, finance, trade and investment
- Promoting Shanghai and acting as a bridge between Shanghai and the U.S.

**Some important economic facts about Shanghai, China:**

- *Ranked #1 on the Forbes List of Best Commercial Cities on the Chinese Mainland*
- *Surpassed the size of Hong Kong's Economy in 2009*
- *8<sup>th</sup> largest Administrative Region Economy in China*
- *Largest Municipality Economy in China*
- *Ranked #1 in the nation – in Per Capita GDP in Mainland China*
- *Busiest port in China and ranked #2 in the world*

**China Jiangsu Provincial Economic and Trade Office**

The Jiangsu Provincial Department of Foreign Trade & Economic Cooperation (JSDOFTEC) is the regional branch of the China Ministry of Commerce in Jiangsu Province. The JSDOFTEC is responsible for foreign trade, economic cooperation, foreign investment into and outward investment from Jiangsu. The Chief Representative in the U.S. is located in the San Gabriel Valley.

**U.S.-Jiangsu China Solar Business Summit 2009**

The Summit provided an opportunity for businessmen, government officials and solar energy researchers to gain knowledge about China's renewable energy policy and to gain exposure to the province of Jiangsu, the solar cell capital of China. China has become the world's third biggest manufacturer of solar cells, and Jiangsu is home to Suntech Power Holdings and Trina Solar. The Los Angeles Summit included fifty delegates from nineteen of the leading solar companies in China. This was the largest Chinese solar delegation ever to visit the U.S.

Attendees were able to achieve the following:

- Educated on the Chinese New Energy Stimulus Plan and Jiangsu's provincial initiatives
- Established bilateral trade and investment relationships between Jiangsu Province and the U.S.
- Met with solar industry leaders from China
- Discussed solar energy policy issues and industry development
- Learned about new markets for technology and products
- Formulated potential energy policies

**July 2009** – The City of Los Angeles and the Province of Jiangsu signed the first Memorandum of Understanding (MOU) on solar energy cooperation between the U.S. and China just days after the U.S.-Jiangsu China Solar Business Summit. The MOU detailed how the two would strengthen cooperation between Los Angeles and Jiangsu’s energy industries. The effort will be comprised of expert exchange, respective market access and discussions on business expansion.

**October 2009** – The State of California and the Province of Jiangsu formed a partnership to deal with climate change at the Governor’s Global Climate Summit in Los Angeles. The Climate Summit attracted more than 1,200 attendees from more than 70 states, provinces and countries. The State of California and the City and County of Los Angeles continue to lead the way on climate change.

The agreement between the State and the Province would accomplish the following:

- Reduce greenhouse gas emissions
- Strengthen state and provincial government support for renewable energy
- Increase energy security
- Promote economic activity and advance environmental sustainability

#### **Hong Kong Trade Development Council (HKTDC)**

The HKTDC’s main objective is to build opportunities in international trade for Hong Kong companies. The Development Council focuses primarily on small and medium sized companies in Hong Kong.

The main duties of the Development Council are to:

- Develop and diversify markets for small and medium sized Hong Kong companies
- Promote Hong Kong products and services around the world
- Promote Hong Kong as an international business hub
- Advance Hong Kong’s position as the top international business city of China
- Advance Hong Kong’s position as a partner and supporter of free trade

The Development Council has 40 commercial offices around the world and three offices in the U.S. – Chicago, New York and Los Angeles. The HKTDC strongly supports the Hong Kong Business Associations around the world which have over 10,000 members. The Hong Kong Business Associations include the Hong Kong Business Association of Southern California located in Los Angeles.

### ***LA County Based Venture Capital Firms Active in China***

#### **Steamboat Ventures**

Steamboat Ventures was founded in 2000 in Burbank by John Ball as an independent venture capital firm affiliated with the Walt Disney Company. Steamboat has a traditional venture capital structure with Disney as the limited partner. The venture capital firm was established to invest on behalf of Disney, but does have autonomy in overall investment strategies. The company focuses on investing in young digital media and consumer technology companies, predominantly in the early to mid-stages of development. Steamboat normally invests between \$2-\$15 million in any one particular company and will not exceed \$20 million. The venture capital firm has a U.S. portfolio and a China portfolio. Steamboat Ventures has an office in Shanghai and one in Hong Kong.

Steamboat Portfolio in China:

- 56.com (Guangzhou) – the leading online video sharing website in China
- CTS Media (Shanghai) – provides in-stream video advertisements
- Duowan (Guangzhou) – leading independent online game portal in China
- Netmovie (Beijing) – a leading aggregator and distributor of video on demand (VOD) content
- Trodden (Beijing) – leading developer and operator of mobile Massive Multiplayer Online Games in China
- Use (Beijing) – leading Internet television and interactive video operator in China
- Youxigu (Beijing) – a leading browser-based web game developer and operator in China

#### **California Technology Ventures**

California Technology Ventures (CTV) is a venture capital firm located in Pasadena that invests in early-stage companies as well as more developed companies. Investments are normally within the \$250,000 to \$2 million range, not exceeding \$5 million for the life of the investment. The company has invested along the spectrum of start-ups to later stage companies.

CTV typically invests in two industry sectors – Information & Communications Technology and Life Sciences. Focus has included: computer hardware, telecom, electronics, semiconductors, software, systems, multimedia, the internet and bio-pharmaceuticals and medical devices

Investments in China include:

- China Genetics – operates a state-of-the-art dairy farm outside Beijing
- FirstDM.com – All4sales provides consumer and professional data in China from Beijing base. Company also provides database direct marketing services in China.

### ***LA County Based Private Equity Firms Active in China***

#### Oaktree Capital Management

Oaktree Capital Management is a private equity firm that was established in 1995 and is headquartered in downtown Los Angeles. Oaktree has over 580 employees in 16 offices in 9 countries including China. The company has approximately \$73 billion in assets under management and its preferred financing strategies are distress for control and buyouts. The firm specializes in less efficient markets and alternative investments.

Oaktree focuses on the following investment strategies: high yield debt, convertibles, distressed debt, private equity, real estate and listed equities.

Oaktree has three offices in China (Hong Kong Office established in 2005, Beijing Office opened in 2007, and Shanghai Office in 2007 resulting from Oaktree acquisition of Pangaea Capital Management) and focuses on four main investment strategies within China including:

- Convertibles – International Convertibles
- Private Equity – Asia Principal
- Real Estate – Asia Special Situations
- Listed Equities – Emerging Markets

China's sovereign wealth fund, China Investment Corporation (CIC) has committed to invest \$1 billion with Oaktree Capital at the end of 2009. Oaktree Capital is expected to invest CIC's funds in distressed debt and other fixed-income assets over the next few years.

#### Leonard Green & Partners

Leonard Green & Partners (LG&P) is a private equity firm that was founded by Leonard Green in 1989 in Los Angeles. LG&P invests in established companies that are leaders in their fields. The firm has roughly \$9 billion in capital under management and has invested in 45 companies over the past twenty years. The company does not have any investments in China. However, the firm does have an investment in AsianMedia Group (AMG). AMG is the leading diversified Asian-language media company in the U.S. and based in Los Angeles. AMG owns and operates International Media Group (IMG). IMG is made up of KSCI-TV Channel 18, which is a multi-lingual television station serving the

Los Angeles County market. KSCI-TV Channel 18, better known as LA 18, and is the leading Asian language television station in the U.S. and is the leader in serving the LA County Chinese, Korean, Filipino and Vietnamese communities. The station offers a variety of Chinese programming including travel, dramas and news. The 6PM evening news is the most watched Chinese newscast in Southern California.

### Clarity Partners

Clarity Partners is a private equity firm based in Beverly Hills which concentrates on investing in media, communications and business services firms. The firm not only provides equity capital but also strategy, technology, marketing, operating and financing services. Clarity usually invests in companies that have at least \$20 million in revenues and normally invests anywhere from \$15 to \$100 million. The company typically makes a \$40 million investment in growth equity, leveraged buyouts, divisional divestitures and recapitalizations. Clarity has over \$1 billion in assets under management. The firm does not make early stage investments. Clarity normally invests in companies within the U.S. and predominantly in Southern California. In addition, Clarity China targets companies within China. Clarity China normally invests \$10 million and more in Chinese companies or may participate in co-investments on larger transactions. It also concentrates on growth-stage to mature-stage companies throughout China. Clarity China has two offices in China: Beijing & Shanghai. Clarity China invests in the following core areas: Energy, High Tech, Aviation Services, Media, Telecom, Biotech, Financial Services and Retail. The Clarity China Portfolio currently includes the following industries: Solar Cell, Mining/Anthracite, Mining/Iron Ore, Wind Turbine, Media, Nickel, Real Estate and Healthcare.

### ***LA County Based Investment Banking Firms Active in China***

#### Houlihan Lokey

Houlihan Lokey is one of the leading international investment banks in the world. The company was established in 1970 by O. Kit Lokey and Richard Houlihan as a financial consulting firm. The firm has expanded its operations to 14 offices in 6 countries in the U.S., Europe and Asia. Houlihan Lokey established its presence in Hong Kong in 2007 and then opened an office in Beijing in 2008.

The company offers the following advisory services to clients -- corporate finance: mergers & acquisitions, financing, secondary advisory; financial advisory services: opinion services, transactions & valuation reporting services, portfolio valuation, advisory services, financial consulting; financial restructuring: distressed mergers & acquisition, special situations.

Greif & Co.

Greif & Co. is an investment banking firm founded in 1992 by Lloyd Grief in downtown Los Angeles. The firm specializes in providing corporate advisory services to entrepreneurial companies at every stage of development. The company conducts transactions in the U.S and worldwide. Greif & Co. has become one of the leading financial advisory firms on the West Coast.

Greif & Co. offers the following advisory services -- corporate finance activities: mergers & acquisitions, leveraged buyouts, private placements of equity and debt securities (venture capital, senior subordinated debt); financial advisory services: rendering business valuations, fairness opinions, and financial restructuring assistance.

Greif & Co. has a strong international presence. In fact, one third of all transactions involve foreign companies. The firm is a member of *Globalscope* - An alliance of 23 independent investment banks and advisory firms in 19 countries.

The firm's China transactions include:

- Gusmer Machinery Co. (Nanjing)
- Nanjing Shenbai Far East Chemical
- Wuhan Fengan Chemical Co.

## Section 5: Business Ties

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Los Angeles County is an enormous business market. There are 18.5 million residents in the five-county area and 10.4 million in Los Angeles County alone. Los Angeles County would be the eighth largest state in the U.S. if it were a separate state. Most people think of Los Angeles as the “three-legged economy” – aerospace, movies and tourism. The reality is there are 15 significant industry clusters in the County, with new ones in the process of emerging. The area is “technology rich”, with companies such as Lockheed Martin, Boeing and Northrop Grumman and it has over 30,000 people working in computer systems design and software publishing activities. In addition, Los Angeles County is the nation’s largest manufacturing hub and number one in apparel manufacturing employment. Los Angeles County is also a center for the design of autos, apparel, furniture and toys. Finally, Los Angeles County is both the international trade capital of America and the entertainment capital of the world.

Globalization has significantly impacted the Los Angeles County economy. Tourism, education, international trade and foreign direct investment (FDI) have all been transformed over the past 20 years. Los Angeles County has become the international trade capital of the U.S. as a direct result of globalization. Los Angeles seaports and the airport are the lifelines of Southern California’s thriving international trade community. The international trade community is supported by the Foreign Trade Association of Southern California (FTA) and the World Trade Center Association Los Angeles-Long Beach (WTCA) which, along with its parent corporation, the LAEDC, also leads the County’s FDI attraction efforts. Los Angeles County has two major seaports, Los Angeles and Long Beach, which combined make up the largest port complex in the nation. Los Angeles International Airport (LAX) is one of the largest origin and destination (non-connecting flights) airports in the world, and the seventh busiest in terms of total passenger volume. Also, LAX is one of the busiest cargo airports in the world.

The tourism industry has seen large growth rates over recent years. In 2008, almost 26 million overnight visitors came to Los Angeles and spent more than \$14 billion. Higher education has also been a beneficiary of globalization. There are 120 institutions of higher education in Los Angeles County and the major local universities have some of the highest international student enrollments in the nation (*please see the Educational Ties section*). Los Angeles County has always been a key destination for Foreign Direct Investment (FDI) through the years, but has really benefited during the last two decades as globalization advanced. FDI has strengthened the Los Angeles County economy over the past twenty years by bringing new technology, capital, skills, international connections and by creating new jobs. There are over 4,500 foreign-owned and affiliated business establishments. Nearly 360,000 direct and indirect employees owe their jobs to FDI in Los Angeles County. Total direct and indirect FDI employees now account for about 10% of all private-sector workers in Los Angeles County.

*This Section profiles companies with headquarters in Los Angeles County and a presence in China and some not based in Los Angeles County, but with China operations closely tied to the firm's Los Angeles County office. We also include some key Chinese companies with a presence in Los Angeles County.*

*{Note: This list is not exhaustive, though we have attempted to include as many qualifying firms as possible}*

### ***Fortune 500 Companies based in Los Angeles County and Active in China***

#### **Walt Disney**

*FY 2009 Revenues: \$36.1 Billion*

The Walt Disney Company was founded in 1923 in Los Angeles. It is headquartered in Burbank and is the largest international family entertainment and media enterprise in the world. The company has four business segments which include studio entertainment, parks and resorts, consumer products and media networks. Disney has the following presence in China; investments in Content Companies, Disney Consumer Products – Disney Princess, Disney Consumer Products – expanded retail distribution, key product lines and overall brand presence, Disney Home has opened in Shanghai, Disney Publishing Worldwide opened Disney English (its 1<sup>st</sup> English-language learning center) in Shanghai, ESPN – coverage of the Beijing Olympics, X Games, The Magazine and NBA China, Two Disney films made in China – The Magic Gourd and Touch of a Panda, Disney food products, Hong Kong Disneyland, Penny's Bay, Lantau Island – Opened in 2005 and Shanghai Disneyland – Opening in 2014.

#### **DirecTV Group** *(Not present in China, but offers Chinese programming to LA County)*

*FY 2009 Revenues: \$21.6 Billion*

DirecTV transmits digital satellite television and audio in the U.S. The company is based in El Segundo and has been in business since 1994. DirecTV offers the most HD channels in the business and continues to expand its capacity to remain the market leader. DirecTV allows its customers the option of international programming including Chinese channels.

DirecTV offers a variety of Cantonese channels to the Chinese and Chinese-American community in Los Angeles County including; TVB1, TVB2, TVBS, TVB Entertainment, CCTV-4, TVB8, CTI Zhong Tian, Phoenix North American Chinese Channel, Phoenix InfoNews, Tai Seng, Entertainment and Tai Seng Sat TV.

**Jacobs Engineering Group**

*FY 2009 Revenues: \$11.5 Billion*

Jacobs Engineering is the one of the largest public engineering and construction firms in the world with headquarters in Pasadena. The company has an office in Shanghai and one in Hong Kong. The firm concentrates on the following markets; aerospace and defense, automotive and industrial, buildings & infrastructure, chemicals and polymers, consumer and forest products, energy, environmental programs, oil and gas, pharmaceuticals and biotechnology, refining and technology.

Jacobs Engineering contracts in China include; Sulfur Recovery Project – Ningdong, Lingwu City, Ningxia Province; Sulfur Recovery Project – Tengzhou City, Shandong Province; and a Rail Project – Guangzhou-Shenzhen-Hong Kong Express Rail Link – Hong Kong section – West Kowloon to Huanggang.

**Dole Food Company**

*FY 2009 Revenues: \$6.8 Billion*

Dole's world headquarters are in Westlake Village. Dole Food Company is the world's biggest producer of fresh fruits and vegetables. Dole has 76,000 employees and operates in more than 90 countries including China. Dole sources citrus fruit and deciduous fruit and vegetables in China.

Dole operations in China include; a vegetable farm in Wendeng; ripening facilities in Shanghai, Beijing, Xiamen, Shenyang and in Dongguan City; regional offices in Shanghai and Hong Kong; vegetable facility in Qingdao; fruit ripening facility in Qingdao; distribution facility and a regional office in Hong Kong.

**AECOM**

*FY 2009 Revenues: \$6.2 Billion*

AECOM, one of the largest engineering design firms in the world, serves the transportation, facilities, environmental, energy, water and government markets. AECOM was established by the merger of six separate firms and was founded in 1990. Since 1990, the company has acquired more than 30 companies and become one of the biggest professional technical and management support services firms in the world. The company is based in downtown Los Angeles and operates in over 100 countries. AECOM has 45,000 employees worldwide including 4,200 in Asia. AECOM provides the following services: architecture, building engineering, design + planning, economics, energy, environment, geotechnical, government services, project and program management, transportation, urban development and water.

AECOM has a strong presence in China including the following 14 offices: two in Beijing, Chongqing, two in Guangzhou, two each in Hong Kong, and Nanchang, two in Shanghai and four in Shenzhen.

### **Avery Dennison**

*FY 2009 Revenues: \$5.9 Billion*

Avery Dennison Corporation was founded in 1935 and is headquartered in Pasadena. The company specializes in labeling solutions for all industries. Avery Dennison has over 30,000 employees in nearly 50 countries. The company makes self-adhesive materials, labels and tapes, office products, tags, retail systems and specialty chemicals. Operations in China include:

#### *Roll Materials China (Located in Shanghai)*

- 15 years in China
- Manufactures a number of Fasson products
- Manages sales and distribution offices across China

#### *Philip M. Neal Research Center (located in Kunshan)*

- Principal research facility in Asia
- Dedicated to research related to material sciences, polymers, precision coating and printing

#### *Self-Adhesive Converting College (located in Kunshan)*

- Training facility that provides training in label printing and converting technologies for partners and label printers across Asia
- Alumni of over 1000 students from countries throughout Asia

#### *Avery Dennison Foundation China*

- InvEnt Spirit of Invention Scholarships Awarded to 16 students from four universities in China including – Beijing Institute of Graphic Communications, East China University of Science and Technology, South China University of Technology and the University of Shanghai for Science and Technology

### **Major AECOM China Projects:**

- *Stonecutters Bridge and Sludge Treatment Facilities, Hong Kong*
- *Jing Ji Dameisha Sheraton Hotel, Shenzhen*
- *AIG Tower, Hong Kong and Sha Tin and Ma On Shan New Town, Hong Kong*
- *Jinji Lake Landscape Master Plan, Suzhou*
- *Shanghai Chemical Industry Park Natural Treatment System, Shanghai*
- *Science Park, Hong Kong*
- *Central-Wan Chai Bypass and Island Eastern Corridor Link, Hong Kong*

**Mattel**

*FY 2009 Revenues: \$5.4 Billion*

Mattel, headquartered in El Segundo is the world's biggest toy importing company and the largest toymaker in the U.S. The company was founded in 1945 and is most famous for its Barbie product line. Mattel manufactures toy products through facilities and third-party manufacturers located primarily in China. The company established itself in China 27 years ago and makes more than 65 percent of its products in China. In fact, over 80 percent of all toys sold in the U.S. are made in China.

Most of Mattel's Chinese manufacturing facilities, third-party manufacturers, office space, warehouse space and retail space are located in Hong Kong and in Guangdong Province. A Barbie Superstore opened in Shanghai in 2009.

**Reliance Steel & Aluminum**

*FY 2009 Revenues: \$5.3 Billion*

Reliance Steel & Aluminum was founded in 1939 and is headquartered in downtown Los Angeles. The company is the biggest metals service company in North America. Reliance Steel & Aluminum provides value-added metals processing services and distributes a full line of more than 100,000 metal products to over 125,000 customers in all kind of industries. Reliance Steel & Aluminum has two division locations in China including Everest Metals Co., Ltd. and Valex China Co., Ltd.

Some information regarding the two China locations:

***Everest Metals – Based in Suzhou, outside of Shanghai***

- Formed in 2001 to distribute aluminum products to the electronics industry
- Reliance completed acquisition of Everest Metals in 2006

***Valex China – Based in the Nanhui district of Shanghai***

- Valex Corp., a subsidiary of Reliance, and opened this facility in 2007
- Produces ultra-high purity tubes, fittings and valves for the semiconductor, LCD and solar industries

**Live Nation Entertainment**

*FY 2009 Revenues: \$4.2 Billion*

Live Nation is the world's largest live entertainment company and is headquartered in Beverly Hills. The company has five core businesses including: concert promotion & venue operations, e-commerce and artist management, sponsorship and ticketing solutions. In 2009, the firm sold 140 million tickets, promoted over 20,000 concerts,

partnered with 850 sponsors and averaged 25 million monthly users on its e-commerce sites. Live Nation Asia focuses on providing to its clients concert tickets and information about music artists. The Regional Head Office for Asia is located in Hong Kong and the company also has an office in Beijing.

### **CB Richard Ellis Group**

*FY 2009 Revenues: \$4.2 Billion*

CB Richard Ellis Group is the world's largest commercial real estate services company and has more than 30,000 employees in over 300 offices worldwide. CB Richard Ellis is headquartered in downtown Los Angeles.

The company offers the following services: strategic advice and execution for property sales and leasing, corporate services, property, facilities and project management, mortgage banking, appraisal and valuation, development services, investment management and research and consulting.

CB Richard Ellis started its first Chinese operations in Hong Kong in 1978. The company began working on the mainland in 1988 when it became the leasing consultant to Tower One of the China World Trade Center in Beijing. Since then, CB Richard Ellis has expanded throughout China and has established itself as one of the top real estate service providers in China. The firm has 15 offices in cities across China and 10 project offices. CB Richard Ellis has worked in over 80 cities in China. The company provides leasing, sales, valuation, investment, asset management, research and consulting services to its clients in China.

15 Offices in China:

- Beijing, 2 in Shanghai, Guangzhou, Chengdu, Chongqing, Tianjin, Hangzhou, Dalian, Qingdao, Wuhan, Shenyang, Shenzhen and 2 in Hong Kong

## ***Los Angeles County Key Industry Cluster Companies Active in China***

### **Financial Services – Banking**

#### **Cathay Bank**

Los Angeles based Cathay Bank was the first Chinese-American bank to open in California. Opening in the Chinatown section of downtown Los Angeles in 1962, it was unrivaled until the early 1970s. The bank has representative offices and full service locations in China including Shanghai and Hong Kong. The bank has benefited from the economic development of the Chinese-American community and as a direct result of the effects of financial globalization. A surge in international trade between the Asia-

Pacific region and the U.S. was the key factor that propelled Cathay Bank into one of the most efficient bank holding companies in the entire U.S. (ranked #9 on the 2008 most efficient bank holding company list by the American Banker Magazine)

### **Significant LA County-China Milestones:**

- ✓ *Opens in 1962 and opens in first branch in Monterey Park in 1979*
- ✓ *Establishes first overseas representative office in Hong Kong – 1985*
- ✓ *Establishes another office in Mainland China – 2002 in Shanghai*
- ✓ *First company founded by Chinese-Americans to be included in the S&P MidCap 400*
- ✓ *In 2007, Hong Kong office becomes a full service branch*

Cathay Bank offers a full line of international and domestic trade financing services including import and export letters of credit, commercial letters of credit, stand-by letters of credit, back-to-back letters of credit, transfer letters of credit, documentary collection services, accounts receivable and inventory financing, asset-based financing, remittance services, foreign exchange services, foreign currency time deposits and e-Cash management service.

### **East West Bank**

The growth of the LA-Chinese community in the 1970s translated into a greater need for financial institutions that cater to the Chinese-Americans, and East West Bank filled some of that need. East West Bank opened its first office in the Chinatown district of Los Angeles in 1973 as a traditional savings and loan financial institution. East West Bank was able to negotiate an exclusive deal with the 99 Ranch Market supermarkets (the largest Asian-focused chain of supermarkets on the West Coast). The exclusive ten-year agreement enabled East West Bank to provide retail banking services in 99 Ranch Market stores throughout California. The bank had over \$12 billion in assets as of the end of 2008.

East West Bank entered into the Chinese market by opening a representative office in Beijing in 2003 and a full-service branch in Hong Kong in 2007. The bank has to expand further in China by opening another representative office in Shanghai. These offices focus on the trade finance business with Chinese exporters and generate new export-import lending opportunities by establishing stronger relationships with Chinese financial institutions.

### Significant Milestones:

- ✓ *Opens in 1973 in LA Chinatown*
- ✓ *Establishes headquarters in Pasadena*
- ✓ *Establishes first overseas representative office in Beijing – 2003*
- ✓ *Establishes a full-service branch in China – 2005 in Hong Kong*
- ✓ *Establishes another representative office in Shanghai in 2007*
- ✓ *Acquisition of United Commercial Bank in late 2009*
  - *Became the second largest bank headquartered in California*
  - *The largest bank in the U.S. that concentrates on the Chinese-American community*
  - *Gained 63 U.S. branches, a branch in Hong Kong and a subsidiary in Shanghai*

### HSBC

HSBC, formerly known as Hong Kong and Shanghai Banking Corporation has been operating in the Los Angeles area market since 2005. The bank began its Hong Kong operations back in 1865 in order to finance the growing trade between Europe and China. HSBC has grown into the world's local bank. In March of 2005, HSBC opened its West Coast headquarters in downtown Los Angeles. The bank now has nine branches throughout Los Angeles County. HSBC markets itself in the international-trade-oriented Los Angeles County region as a financial institution that can offer import-export firms the use of its branches in Shanghai, Shenzhen and Los Angeles, along with the fact that it is one of the largest banks in the world. HSBC has over 10,000 offices in 82 countries and territories.

### Significant LA County-China Milestones:

- ✓ *Opens West Coast headquarters in downtown LA – 2005*
- ✓ *Nine branches in the LA County area*
- ✓ *Awarded Best Global Bank, Best Global Debt House and Best Bank in Hong Kong in 2009*

HSBC has a joint venture with the West Coast bank Wells Fargo & Co. called the **Trade Bank**, which allows Wells Fargo customers to access the bank's trade finance services. The venture has attracted a lot of business for the bank locally. HSBC began as a trade finance bank back in 1865 and continues to build on that tradition in the Los Angeles

region as globalization has launched Los Angeles into the busiest trade center in the U.S.

***Professional & Business Services – the Big Four Accounting Firms (Offer a large percentage of China Services from Los Angeles offices although firms are headquartered elsewhere)***

### **Deloitte & Touche**

Deloitte's Chinese Services Group (CSG) helps U.S. companies that are investing and operating in China by coordinating with Deloitte's member firms in China. The CSG also assists Chinese companies attempting to penetrate the U.S. market.

The CSG offers many services to both U.S. and Chinese companies. These include market entry, supply chain advisement, corporate finance/mergers & acquisitions and risk management.

*Deloitte Member Firms in China – include 9 offices in Beijing, Dalian, Guangzhou, Hong Kong, Macau, Nanjing, Shanghai, Shenzhen and Suzhou*

These member firms play an instrumental role in the Chinese professional business services industry. Deloitte was the first foreign accounting firm to open an office in China in 1917 (Shanghai). The firms employ over 8,000 individuals across China and provide services for 33% of the companies listed on the Hong Kong Stock Exchange. Also, Deloitte related firms assist more than 800 multi-national corporations throughout China. Deloitte has provided advisory services related to accounting and taxes to the Chinese government since 1993.

Deloitte China has accomplished some noteworthy firsts in China such as:

- 1<sup>st</sup> firm to sponsor a Hong Kong mainboard listing
- 1<sup>st</sup> to co-sponsor a Growth Enterprise Market (GEM) listing on the Hong Kong Stock Exchange
- 1<sup>st</sup> professional services firm to attain a seat on the Shanghai United Assets and Equity Exchange
- 1<sup>st</sup> to obtain licenses to serve as an investment advisor and dealer

Deloitte's China-Related Resources:

- Cross-Border Investment in China
- China Board Brief Series
- China Tax & Regulatory Environment
- China Insight via New Media
- China and Your Industry
- Chinese Companies Go Global

**Ernst & Young (E&Y)**

Ernst & Young offers Chinese and U.S. companies professional services via the China Overseas Investment Network (COIN). COIN is an extension of the existing China Business Group and now reaches over 40 countries and territories. The U.S. (Americas Area) COIN office is based in downtown Los Angeles and provides many vital services for both U.S. and Chinese companies attempting to invest in either country or expand within both countries.

E&Y offers the following services to clients in China and in the U.S.:

- Market Entry Strategic Analysis
- Transaction Advisory Services
- Performance Improvement
- Assurance Services
- IT Risk and Assurance
- Tax Advisory and Compliance Services
- Human Capital Advisory

*E&Y in China has 14 offices in Beijing, Chongqing, Qingdao, Tianjin, Wuhan, Chengdu, Xiamen, Dalian, Guangzhou, Hong Kong, Macau, Shanghai, Shenzhen and Suzhou*

More information about E&Y in China:

- Operating in China since 1981
- More than 8,500 employees in China
- Assisted many Chinese companies with their “go global” strategy
- Transaction advisor for more than 50 China outbound investment transactions around the world valued at over \$40 billion

**KPMG**

KPMG provides Tax Services to U.S. companies with operations in China and compliance & advisory services. Also, KPMG supplies trade and customs compliance services to U.S. companies. In addition, KPMG offers Chinese and U.S. companies professional services via the China Global Business Group. The China Global Business Group provides many vital services for U.S. and Chinese companies attempting to invest or expand in either country or both.

KPMG offers the following services to clients in China:

- Corporate Tax Compliance
- Corporate Tax Advisory
- Global Transfer Pricing Services
- Indirect Tax

- International Executive Services
- International Corporate Tax Services

The China Global Business Group provides the following services to Chinese and U.S. companies:

- Market Entry Feasibility Studies
- Investment Holding Structure
- Tax Planning and Compliance
- Merger and Acquisition
- Fund Raising
- Global Supply Chain Management
- Corporate Governance
- Business Performance Enhancement

KPMG's China Trade and Customs Advisory Services offers its clients compliance risk assessments, as business activities in China are governed by specific trade and customs regulations and procedures. Also, the Trade and Customs practice area offers assistance related to customs savings opportunities and action plans.

*KPMG in China – includes 12 offices in Beijing, Qingdao, Chengdu, Guangzhou, Hong Kong, Macau, Shanghai, Shenzhen, Shenyang, Nanjing, Fuzhou and Hangzhou*

More information about KPMG in China:

- In 1992, KPMG became the 1<sup>st</sup> international accounting firm to be issued a joint venture license
- Hong Kong operations have existed for over 60 years
- Over 7,000 employees in China

### **PricewaterhouseCoopers (PWC)**

PricewaterhouseCoopers China, Hong Kong and Singapore operate together. PWC offers a broad spectrum of services to U.S. and Chinese companies and organizations including tax and advisory services. The firm also offers industry specific services in order to provide organizations the most cutting-edge information.

PWC offers the following services to clients in China:

- Market Entry – Setting up in China – Pathfinder Service
- Corporate Finance/Mergers & Acquisitions
- Managing Tax Risk/Tax Planning
- Sustainability and Climate Change
- International Assignments
- China Customs and Trade

PWC in China – includes 14 offices in Beijing, Chongqing, Ningbo, Qingdao, Tianjin, Xiamen, Xi'an, Dalian, Guangzhou, Hong Kong, Macau, Nanjing, Shanghai, Shenzhen and Suzhou

PWC has received several distinguished awards in China such as:

- #1 firm for tax advice in Mainland China and Hong Kong
- China Tax Firm of the Year in 2008

### ***Other Professional & Business Services Firms with Los Angeles Headquarters***

#### **Korn/Ferry International**

Korn/Ferry International was founded in 1969. Headquartered in Los Angeles, Korn/Ferry has become the worldwide leader in executive recruitment and talent management. The company has established 90 offices in 40 countries including China. Korn/Ferry has over 2,000 employees worldwide including over 300 employees in four offices in China. Forbes recently ranked Korn/Ferry #1 in CEO recruiting effectiveness.

The company serves the following core industries: consumer, financial, healthcare, industrial, life sciences and technology

Korn/Ferry International in China:

- First multinational human capital consulting company to operate in China
- Entered China in 1978
- Four offices in China: Hong Kong, Beijing, Shanghai and Guangzhou

#### **Stonefield Josephson Inc.**

Stonefield Josephson is a Los Angeles based accounting and business advisory firm established in 1975. The firm has five offices in California and one in Hong Kong. In addition, the firm has an international network that spans the entire globe which includes the DFK International and Leading Edge Alliances.

The firm provides audit, tax and advisory services to the following key industries: apparel & retail, financial services, health care, manufacturing, media & technology and nonprofits

Stonefield Josephson China Specialty Practice services offered:

- Generally Accepted Accounting Principles (GAAP) audit/GAAP Conversion
- International Financial Reporting Standards (IFRS) audit/IFRS
- Securities and Exchange Commission (SEC) advisory service

- Due diligence
- Contract compliance/Royalty audit
- Internal audit
- SJ Connect service

### ***Professional & Business Services – Law Firms***

#### **Latham & Watkins**

Latham's Greater China Practice is comprised of the Hong Kong and Shanghai offices. The Hong Kong office opened in 1994 and just recently expanded to 20 lawyers. The new team is considered to be one of the finest corporate finance and M&A practices in all of China. Latham has the distinct honor of becoming one of a few top ranked law firms to offer U.S., Hong Kong and U.K. law advice in China as a result of the recent additions. The Hong Kong office provides legal services in the following practice areas:

project development and finance, mergers & acquisitions, debt and equity capital markets, leveraged finance, private equity, foreign direct investment (FDI) and financial regulatory

The Shanghai office began operations in 2005 and offers legal services in the following practice areas: project development and financing, capital markets, mergers & acquisitions, joint ventures, private equity and restructurings

Some recent achievements in China:

- Ranked #1 for Chinese IPO's in the U.S. between 2006 and 2008 – advised on 17 IPO's with a value of \$3.8 billion
- Awarded Project Finance Deal of the Year – for the \$4 billion Fujian Refining & Ethylene Project – this was the 1<sup>st</sup> refining and petrochemical project conducted with a foreign firm
- Part of the largest infrastructure investment in Asia for 2008 – Lion Power's acquisition of Senoko Power from Temasek

#### **O'Melveny & Myers**

O'Melveny & Myers was one of the first U.S. law firms to open an office in Beijing, China and now has the biggest China practice of any U.S. law firm. O'Melveny is considered to be one of the best international law firms in China and a reputation for understanding the local market. The firm has offices in Beijing, Hong Kong and Shanghai which are all interrelated allowing for great flexibility depending upon the project. Also, the three China offices are integrated with China practice groups within the U.S. and other areas around the world. O'Melveny has located most of the firms' China practice lawyers in China. The three offices offer diverse services based upon the specialized requirements

of each city. For example, the Beijing office handles any services related to government issues. The Hong Kong office serves the financial community, while the Shanghai office focuses on multinational corporations as it has become the commercial center of China.

Overall, the firm provides the following legal services throughout China:

- Private Equity, buyout and venture investments, foreign direct investment (FDI), corporate finance and securities offerings, mergers & acquisitions, distressed asset transactions, representations of foreign financial institutions in China, business tax, international arbitration, entertainment and media, intellectual property and technology, project development and infrastructure, trade law and policy, real estate, management and franchise contracts, China market entry and regulatory matters
- More than 100 professionals in China, including 16 partners
- Office in Shanghai is the largest and oldest among international law firms
- Shanghai office is also the largest O'Melveny office in Asia
- One of the first U.S. law firms to be licensed to practice in Hong Kong

### **Paul Hastings**

Paul Hastings has one of the leading Asia law practices groups. Paul Hastings has a China Practice with offices in Beijing, Hong Kong and Shanghai. The firm is one of the few to provide a Japan-China Practice based in both Beijing and Shanghai and has won ***Deal of the Year*** and ***Team of the Year*** awards. The Shanghai office is one of the biggest law practices in China.

The Beijing office provides a number of corporate business services including: foreign direct investment (FDI), mergers & acquisitions (M&A), banking, corporate finance, project finance, non-performing loans, insurance, intellectual property law, infrastructure, distribution and retail, international trade, alternative dispute resolution, real estate and employment.

The Hong Kong office offers the following practice groups: capital markets, private equity, banking and finance, M&A, project development and finance.

The Shanghai office specializes in the following practice groups: real estate investment and finance, corporate finance, capital markets, private equity and venture capital, foreign direct investment and joint ventures, labor, employment and immigration, litigation and arbitration and M&A.

### **Squire Sanders**

Squire Sanders was founded in 1890 in Cleveland, Ohio. In 2000, the firm expanded its operations, and the Los Angeles office became the key intermediary between its U.S.

clients and Asia. The firm specializes in the following industries: airlines, automotive, banking, health care, public and private finance, energy, media and entertainment, real estate, high technology and transportation. Although the firm was not established in Los Angeles County it does conduct a significant amount of its Asia business within the Los Angeles office. Squire Sanders has 32 offices worldwide including Los Angeles, Beijing, Shanghai and Hong Kong. The first office established in Asia was in Hong Kong in 1998. The first office in Mainland China came in 2000. In 2004, Squire Sanders added its third China office in Shanghai. All three China offices are closely tied to the Los Angeles office.

### **Sheppard Mullin**

Sheppard Mullin has an Asia practice located in Shanghai. The Shanghai office is the firm's first overseas office and functions as the central location for its operations in Hong Kong, Taiwan, Korea, Japan, Singapore and the Philippines. The professionals in the Shanghai office have experience in the corporate, commercial, trade and disputes areas.

The firm specializes in the following practice areas in China: international direct investment, emerging companies and venture capital, international dispute resolution, restructuring, intellectual property, antitrust and global trade.

The Global Trade Practice Group assists clients with: the Import/export restrictions, trade barriers, customs duties, trade regulations and dispute resolution and arbitration related to bilateral treaties and other agreements

### **Loeb & Loeb**

Loeb & Loeb's China Practice focuses on U.S. companies attempting to invest or expand in China and Chinese companies trying to enter the U.S. market. The firm specializes in the areas of corporate finance and mergers & acquisitions. More than 50 Chinese firms have utilized the firms' services in order to go public on U.S. exchanges. The firm has worked closely with private equity funds and investment banks. In addition, Loeb & Loeb has represented China based firms attempting to enter the Los Angeles or U.S. entertainment industry and U.S. based entertainment companies attempting to expand into China. The China Practice will soon open a new office in Beijing, its first in Asia. The firm will offer all of its practice areas in the new Beijing office.

China Practice services and specializations: initial and secondary public offerings, alternative public offerings, private equity and debt financings, M&A's, commercial and cross-border transactions, joint ventures, venture capital financing, entertainment financing, corporate finance, corporate governance, intellectual property, management compensation plans, labor and employment issues, outsourcing and franchising.

Major achievements with Chinese companies:

- In 2002, successfully helped complete a public flotation of its stock of American Oriental Bioengineering (AOBO)
- AOBO became the first Chinese issuer to list on the NYSE in 2006

### **Morrison & Foerster**

Morrison & Foerster established its China Practice Group in 1983, opening its first office in Hong Kong. The first office in Mainland China opened in 1998 in Beijing. The firm expanded its presence in China when it established a second office in Shanghai which opened in 2003.

The firm specializes in the following practice areas in China: mergers & acquisitions, securities offerings, private equity and venture capital, real estate, foreign direct investment and litigation.

Morrison & Foerster's major achievement in China was acting as international legal counsel to the Beijing Olympic Organizing Committee in 2008.

### **Bryan Cave**

Bryan Cave's China Practice Group has offered legal services to Chinese and U.S. companies for over ten years. The Practice's main operations are located in its Shanghai office. The firm also has a significant presence in other areas of China including Beijing, Hong Kong and Guangzhou, under its own license and in affiliation with a Chinese law firm called Alpha & Leader. The affiliation allows Bryan Cave to appear before Chinese courts, which foreign firms are forbidden to do. Each office has specific areas of specialization which encompass corporate finance, commercial, technology, regulatory and transaction matters.

The China Practice Group focuses on the following legal services: transactions, including technology transfer, trade & investment issues, mergers and acquisitions, corporate reorganizations and restructuring, banking transactions, labor and employment, venture capital, private equity and other fund work and real estate.

The International Trade Practice Group offers legal advisory services in the following areas: export controls, customs, economic sanctions, trade remedies, free trade agreements and the World Trade Organization (WTO), Anti-illicit trade measures and investigations, U.S. antiboycott regulations and the Foreign Corrupt Practices Act

**Fulbright & Jaworski**

Fulbright & Jaworski was one of the first foreign law firms to enter the Chinese market, establishing its first office in Hong Kong in 1990. Fulbright & Jaworski has an additional China office in Beijing. The attorneys at Fulbright & Jaworski work on wide range of matters for corporations, institutions, and private businesses.

The firm's core practice areas in China are the following: cross-border transactional and corporate practice, energy, infrastructure and project finance, arbitration and disputes, labor and employment, intellectual property and international trade.

Fulbright & Jaworski has received significant recognition for their work in China including:

- Ranked as a leading firm in Corporate/M&A Projects
- Ranked as a leading firm in Infrastructure & Energy
- Ranked as a leading firm in International Arbitration

**Greenberg Traurig**

Greenberg Traurig is headquartered in Miami and has its largest office in New York. However, the firm's China Practice is concentrated in its Santa Monica and Shanghai offices.

The Santa Monica and Shanghai offices offer the following services within the China Practice: foreign direct investment (FDI), mergers and acquisitions, financings and securitization activities, intellectual property, trade and government strategies, international dispute resolution, infrastructure and project finance, technology and telecommunications, export controls and business immigration issues.

**Law Offices of Frederick W. Hong**

The Frederick W. Hong Law Offices was founded in 1977 in Pasadena by Frederick W. Hong who was born and raised in Hong Kong. Mr. Hong came to the U.S. in 1968. The firm began its Chinese business development in the early 1980's. It was the first U.S. law firm licensed by the Ministry of Justice to open an office in Guangzhou. The firm expanded its Chinese operations by opening another office in Beijing in 2002. The China Practice also provides legal services in Shenyang via its Beijing office.

The firm's China Practice offers the following legal services: pre-investment planning & business negotiations, feasibility studies, due diligence, formation and structuring of joint ventures, real estate development and construction, securing permits and licenses,

corporate finance & commercial contracts, employment and labor law, dispute resolution & arbitration and government relations.

### **Law Offices of Steve Qi & Associates**

Steve Qi & Associates has become one of the most respected law firms serving the Chinese community in Los Angeles County. The firm has been operating out of Alhambra for over ten years and has strong ties to China. The firm's China Practice concentrates on commercial, corporate and financial matters. The major areas the firm focuses on are related to cross-border mergers and acquisitions.

Steve Qi & Associates has the following three areas in which it focuses on China: China practice, transnational business disputes & commercial transactions and antitrust.

The firm has recently established a close working relationship with one of China's largest law firms. The firm met with AllBright Law Offices in Shanghai in order to form closer ties with the Chinese law firm. AllBright is the largest law firm in Shanghai and second largest law firm in China. The firm has also played an instrumental role in improving overall business and economic ties with China in the Los Angeles area by sponsoring major trade and investment conferences. Steve Qi & Associates was a key sponsor of the first ever 2009 California-China Trade and Investment Conference.

### **Professional & Business Services – Architecture, Engineering, & Construction Firms**

#### **Altoon & Porter**

Altoon & Porter is an architectural firm founded in 1984 by Ronald Altoon and James Porter. The company specializes in master planning, urban design, interior architecture, environmental psychology, consulting and project/process visioning. Altoon & Porter works with developers, government agencies and consultants on sustainable design, the regeneration of urban centers, the balance between public places and private space, new technologies and establishing a better environment. The firm is headquartered in Los Angeles and it has worked on projects in nearly 40 countries around the world. Altoon & Porter has two offices in China including Shanghai and Hong Kong. The firm's China projects include: Nanjing Walsin Centro in Nanjing, Nanjing Walsin Centro located in Hexi (the future central business district of Nanjing), Marina City in Qingdao and Happy Valley in Guangzhou.

#### **Johnson Fain**

Over the past twenty years Johnson Fain has been serving clients in the U.S. and worldwide from its Los Angeles headquarters. The firm specializes in architecture, urban design and planning, interior design and management. Johnson Fain has established

itself as a leading international firm in China, working on a large number of high profile projects. These have included:

#### Urban Design & Planning Projects

- Beijing Central Business District
- 7 Mile Sea Wetland Restoration & Development Master Plan
- Dao Xiang Hu Resort & Conference Center
- De Yang City Bai Ma Guan Resort Area Master Plan
- Jiangwan New Town, Shanghai
- Jin Jiang River Corridor Master Plan, Chengdu
- LongQuan Yi District, Chengdu
- Beijing ZIS Campus Master Plan
- Fangshan University
- Guangzhou Development Area Plan
- LuZhou LangJiu Whiskey Town Master Plan
- Sheshan Shanghai Resort
- Xianlin University, Nanjing

#### Architecture Projects

- Beijing Century City, Beijing International Finance Center, Beijing World Trade Center, Beijing ZIS School, Guangzhou MP and Luxe Lakes

#### Interior Projects

- Guanling Residences

### **Langdon Wilson**

Founded in Los Angeles in 1951, Langdon Wilson has become an award winning global firm with a portfolio worth over \$12 billion in construction value. The firm has locations in Los Angeles, Orange County, Phoenix, Arizona, Kuwait and Beijing, China. Langdon Wilson provides planning, design, construction, project management and construction administration services to clients in the U.S., Mexico, Thailand, Korea, Spain, France, Germany, the Middle East and in China.

The firm works on the following types of projects: master planning and urban design, theme parks, resort developments, educational and high-tech facilities, conference centers, libraries, museums, hospitals, hotels, office buildings, sports complexes and health clubs and government facilities.

#### Projects in China:

- World Plaza – Shanghai
- Beijing Hi-Tech Convention Center – Beijing
- Shanghai Futures – Shanghai

**Nadel**

Nadel was founded in 1973 in Los Angeles and has offices in California, Nevada and Arizona. The firm also has affiliate offices in China and the Middle East. Nadel is one of the largest architectural firms in the world and has received more than 75 awards for design excellence.

The firm works on several types of building projects including: office projects, residential, retail, hotels & resorts and public and educational institutions

In addition, the firm offers these services: master planning, feasibility studies and sustainable design.

**Nadel projects in China:**

- *Futian Mixed-Use Sports Complex -- Shenzhen*
- *Sang Da Residential – Shenzhen*
- *Dalian Sports Center – Dalian*
- *San Xing Agricultural Bank – Dalian*
- *Tianjin Master Plan – Tianjin*
- *Hengxi Plaza – Beijing*
- *Nantian Shopping Park – Changzhou*

**Parsons**

Parsons Corporation is an engineering and construction firm that was founded in 1944 in Los Angeles by Ralph M. Parsons. The firm is one of the world's leading engineering firms and has more than 12,000 employees worldwide. Parsons has worked on projects in every state of the U.S. and in 25 countries including China. Its business clients include private enterprises as well as local, federal and regional government agencies.

The company specializes in the following markets: communications, education, energy, environment, facilities, government, healthcare, infrastructure, life sciences, transportation, vehicle inspection and water/wastewater.

**Examples of Projects in China:**

- *New Baiyun Airport – Guangzhou*
- *Long Tan Hydropower Dam – Tian'e*
- *Infant Nutritional Wastewater Treatment Systems – Suzhou*
- *TEDA Soccer Stadium – Tianjin*

**Perkowitz + Ruth Architects****Perkowitz + Ruth China Projects:**

- *Nan-Lin Outlet Center – Shenzhen*
- *1 + 8 City Plaza – Wuhan*
- *Jiang Xia CBD – Wuhan*

Perkowitz + Ruth Architects was established in 1979 in Long Beach. Currently, the firm has over 200 professionals with project experience throughout the U.S. and internationally.

The firm works on several types of building projects including: office projects, entertainment centers, hospitality destinations, urban design and development, town centers, mixed-use environments, civic projects and housing development.

In addition, the firm offers these services: feasibility studies, sustainable design, adaptive reuse, ADA compliance, facade renovations and rehabilitations.

### ***Tourism & Hospitality***

#### **Princess Cruises**

Princess Cruises is the third largest cruise line in the world. The company began operating in 1965 with a cruise to Mexico and is headquartered in Santa Clarita. Princess Cruises serves over 1.3 million passengers each year and owns 17 vessels. It offers 100 different itineraries, sails to all seven continents and goes to 350 ports. Destinations include Alaska, Asia (including China), Africa, Caribbean, India, Europe, South America, Panama Canal, Mexican Riviera, Australia/New Zealand, South Pacific, Hawaii, French Polynesia/Tahiti and Canada/New England.

- Cruises to and from China include: Southeast Asia & China Cruise and the China & Far East Cruise
- Ports of Call in China: Beijing (Embarkation Port), Shanghai, Dalian and Hong Kong

### ***Fashion Design & Production***

Los Angeles County is the apparel manufacturing capital of America and is home to many well-recognized designer labels including American Apparel, BCBGMAXAZRIA, Forever 21, Guess, Karen Kane, Seven for all Mankind and True Religion.

#### **American Apparel**

American Apparel is a clothing designer, manufacturer, distributor and retailer located in downtown Los Angeles. The company primarily offers t-shirts, denim, sweaters, jackets and other casual wear. All operations are located in the downtown Los Angeles headquarters including design, knitting, dyeing, cutting, sewing, marketing and distribution. American Apparel has the largest garment factory in the U.S. The company has over 10,000 employees with 5,000 in Los Angeles and has more than 260 retail stores in 19 countries. The company sells Made in USA clothing in China. This is truly revolutionary as “Made in China” accounts for 33% of all apparel sold in the U.S. while only 6% of all apparel sold in the U.S. is made in the U.S. The first American Apparel retail store opened in 2003 and in six years the company has expanded all over the world.

American Apparel expanded into the Chinese market in 2008 just before the Beijing Olympic Games. The first store was opened in Beijing followed by Shanghai and Shenzhen. American Apparel now has five store locations in China including two in Beijing, Shanghai, Shenzhen and Suzhou.

### **BCBGMAXAZRIA**

BCBG is a high-quality clothing company founded in 1989 by Max Azria and based in Los Angeles. BCBG are the letters representing the French phrase “bon chic, bon genre” meaning good style, good attitude. The first BCBG boutique was opened in Los Angeles in 1992. The clothing company produces women’s ready-to-wear and high-fashion collections for women. Products include evening dresses, denim, outerwear, footwear, swimwear, handbags and small leather goods. BCBG has launched new product categories for men in recent years. The company has stores located throughout the world and has a strong presence in China.

The company has fifteen store locations in China including: Chongqing, seven in Hong Kong, Shanghai, Chengdu, two in Beijing, Changsha, Hangzhou and Yiwu

### **Forever 21**

Forever 21 is a specialty retail clothing company founded in 1984 in downtown Los Angeles. The company was originally called Fashion 21 and then, once it expanded, it became Forever 21. Forever 21 product lines include tops, dresses, sweaters, outerwear, jeans, pants, intimates, shoes and accessories. The company has stores throughout the U.S. and has locations in the Middle East and Asia (including China). Forever 21 has a store location in Changshu, China. Forever 21 is best known in the industry as the clothing company that offers the latest fashions at affordable prices. Forever 21 was chosen as one of the top three teen shopping brands nationwide.

Forever 21 Brands, Trademarks and Flagship Stores (Pasadena and Cerritos) include: Love 21 and Faith 21, Boutique by Forever 21, Forever 21 Twist and Forever 21 Collection, Forever XXI.

### **GUESS**

GUESS is one of the top apparel companies and was founded in 1981. The company designs, markets, distributes and licenses apparel and is based in Los Angeles. GUESS product lines include denim and cotton clothing, jeans, pants, overalls, skirts, dresses, shorts, blouses, shirts, jackets and knitwear. They also approve licenses for types of accessories including eyewear, watches, handbags, footwear, kids’ apparel, leather apparel, swimwear, fragrance, jewelry and other items.

- GUESS trademarks include the following: GUESS, GUESS?, GUESS U.S.A., GUESS Jeans, Triangle Design, Question Mark, A stylized G, GUESS Kids, Baby GUESS, YES, G by GUESS, GUESS by MARCIANO, MARCIANO
- GUESS has forty store locations in China in the following cities: Macau, Hong Kong, Shanghai, Beijing, Nanjing, Guangzhou, Xian, Shenzhen, Guiyang, Chongqing, Wenzhou, Ningbo, Kunming, Dalian and Mongkok

### **7 For All Mankind**

7 for All Mankind was launched in 2000 in Los Angeles as a premium denim jean company and has expanded into other product lines. The company was extremely successful in its first year and its “Sevens” have become a favorite for Hollywood’s leading celebrities. 7 for All Mankind has branched out into women’s, men’s, kids, sportswear and handbag and footwear collections. 7 for All Mankind products are sold in its stores, department stores and boutiques in over 80 countries around the world including China. There are three Stores in China, two in Hong Kong and one in Hangzhou.

### **True Religion**

True Religion was founded in 2002 in Vernon as a premium denim jeans company and later developed into a sportswear company as well. The company is known throughout the world for its denim, knit and woven sportswear. Its sportswear includes t-shirts, western shirts, sweatshirts and sweatpants. In addition, True Religion has branched out into licensed products including footwear, headwear, handbags, swimwear, eyewear, hosiery, socks and fragrance. The company has also launched its own retail stores across the U.S. and throughout the world including China. There are two stores in China, in Beijing and Shanghai.

### **Karen Kane**

In 1979, Karen and Lonnie Kane established a specialty clothing company in the garage of their home, which has grown into a 150,000 square foot facility in Los Angeles. The company distributes clothing all over the world, mostly to major department stores. Karen Kane manufactures its clothing in both Los Angeles and China. The company does not sell its clothing in China.

### **Lucky Brand**

Lucky Brand was established in 1990 in Vernon as a jeans company by two friends, Gene Montesano and Barry Perlman. The company designs and manufactures denim jeans, sportswear, knits, wovens, outerwear, T-shirts, shoes and active wear. Lucky Brand also offers licensed products such as swimwear and accessories for both men and women.

Its jeans have become very popular amongst the Hollywood elite and for the past decade the company has sponsored the Santa Barbara International Film Festival. The company was 85% acquired by Liz Claiborne in 1999. Lucky Brand now has stores throughout the U.S, Canada, Middle East and Asia (including China). There are five stores in China, four in Hong Kong and one in Macau.

### **Entertainment**

Los Angeles County is the entertainment capital of the world. It is home to major studios such as Disney, Fox, Paramount, DreamWorks, Sony/Columbia, NBC/Universal, Warner Brothers and Lionsgate. Los Angeles County leads the world in producing and distributing popular movies, television programs, video games and recorded music and is home to the Oscars, Emmy and Grammy award shows. In addition to Disney, DreamWorks, Sony/Columbia and Warner Brothers have operations in China.

### **DreamWorks**

DreamWorks is a film studio that develops, produces and distributes films, video games and television programs and is headquartered in Universal City. The company was founded in 1994 by Steven Spielberg, Jeffrey Katzenberg and David Geffen. The animation arm of DreamWorks was spun-off into DreamWorks Animation SKG and its films are distributed worldwide (including China) by Paramount. The recent animated films Kung Fu Panda and Kung Fu Panda 2 were huge successes and set in ancient China.

### **Lionsgate**

Lionsgate Entertainment Corporation is one of the leading independent filmed entertainment studios. The company has established a presence in motion pictures, television programming, home entertainment, family entertainment, video-on demand and digital distribution of content. Lionsgate owns one of the largest libraries in the entertainment industry with nearly 12,000 titles. Lionsgate includes Tiger Gate Entertainment which is headquartered in Hong Kong. Tiger Gate is launching new pay-TV channels across Asia and the world. Tiger Gate produces and distributes original new feature films and TV series. It also distributes Lionsgate's content to all media in Asia. Tiger Gate was launched in Hong Kong and Singapore and it plans to expand to Thailand, Vietnam, the Philippines, Malaysia and Brunei by the end of 2011. Tiger Gate plans to move into Mainland China eventually.

### **Sony/Columbia**

Sony Pictures Entertainment's global operations include: motion picture production and distribution, television production and distribution, digital content creation and distribution, worldwide channel investments, home entertainment acquisition and distribution, operation of studio facilities, development of new entertainment products,

services and technologies, and distribution of filmed entertainment in more than 130 countries including China. Sony Pictures is headquartered in Culver City. Sony Pictures Entertainment international motion picture operations include Columbia Film Production Asia in Hong Kong. Sony Pictures Television includes the branded distribution channels AXN and AXN Beyond which were established in 2008 in Hong Kong. Animax Asia is another Sony channel shown in Hong Kong.

### **Warner Brothers**

Warner Brothers Entertainment Inc. also known as Warner Brothers is a film and television entertainment company based in Burbank. The company is a subsidiary of Time Warner and owns multiple subsidiaries including Interactive, New Line Cinema, The WB and DC Comics. Warner Brothers was the first foreign media company to invest its expertise and capital in the Chinese cinema industry through its business unit Warner Brothers International Cinemas in 2002. However, in 2006 Warner Brothers pulled out of China due to regulatory changes. In 2008, the company partnered with Beijing-based Voole in order to make online movie rentals available in China.

### **Live Nation**

Live Nation is world's largest live entertainment company. The company has five core businesses including: concert promotion & venue operations, e-commerce and artist management, sponsorship and ticketing solutions. In 2009 the firm sold 140 million tickets, promoted over 20,000 concerts, partnered with 850 sponsors and averaged 25 million monthly users on its e-commerce sites. Live Nation Asia focuses on providing its clients concert tickets and information about music artists. The Regional Head Office for Asia is located in Hong Kong and the company also has an office in Beijing.

### **Technology**

#### **Robinson Helicopter**

Robinson Helicopter Company was founded in 1973 by Frank Robinson and is based in Torrance. The company has 1,200 employees and is the leading producer of helicopters in North America. Robinson Helicopter also repairs older aircraft and provides training to flight instructors and technicians. The company has 110 factory-authorized dealers and 290 services centers in 50 countries including China. Its Torrance Airport factory performs all operations including welding, machining, assembly, painting and flight testing. In June 2002, the first Robinson Helicopter was delivered to China. There are three dealer and services Centers in China: Henan (service), Dingling (service) and Beijing (dealer and service).

#### **Trojan Battery**

Trojan Battery Company was established in 1925 in the Los Angeles area and moved to its current headquarters in Santa Fe Springs in the 1960s. The company is the world's leading manufacturer of deep cycle battery technology. Trojan batteries are used to power golf carts, utility vehicles, aerial work platforms, floor machines, heavy duty and commercial trucks, marine/recreational vehicles and for renewable energy. The company has an office in Hong Kong and has two distributor networks in Hong Kong which service Hong Kong and all of Mainland China.

### **Heraeus Metal Processing**

Heraeus Group is a global precious metals and technology company based in Germany with offices worldwide. The main business segments of Heraeus are precious metals, sensors, dental and medical products, quartz glass and specialty lighting sources. Heraeus has eleven locations in the U.S. including only one in California. The California location is Heraeus Metal Processing and it is based in Santa Fe Springs. Heraeus Metal Processing falls under the Precious Metals (W.C. Heraeus) business segment of the company. The Precious Metals division processes gold, silver, platinum and special metals in order to produce industrial products for the telecom, IT, energy, environmental and health care industries. Heraeus Metal Processing conducts a significant amount of business with Heraeus Precious Metals (W.C. Heraeus) in Mainland China and Hong Kong. Heraeus Precious Metals is located in Hong Kong, Shanghai, Zhaoyuan, Changshu, Jiangsu, Baotou (Inner Mongolia) and Dengkou County (Inner Mongolia). Heraeus Group has a total of 16 locations in Mainland China and Hong Kong.

### **Bio-Medical**

#### ***AXM Pharma***

AXM Pharma is a pharmaceutical and nutraceutical company that produces, markets and distributes over-the-counter and prescription generic injectables, capsules, tablets, liquids and medicated skin products in China. The company is based in Diamond Bar and conducts business in China through a wholly-owned subsidiary called AXM Pharma (Shenyang). AXM Shenyang also has licenses to produce, market and distribute drug products, herbal remedies and vitamins in China. In 2004, AXM Pharma established a plant in Shenyang that produces tubes for ointments, tablets and capsules. The plant also has laboratory and administration facilities. The factory is located in a special economic zone that was established by the Chinese government in 1988 to promote high-tech industries in the Northeastern part of China.

### **Obaqi Medical Products**

Obagi Medical Products is involved in the development, manufacturing and marketing of prescription skin care products. The company is based in Long Beach and is the top provider of topical aesthetic and skin care systems in the physician-dispensed market. The products are mainly used to prevent skin problems in adults. Obagi has greatly expanded its operations across the globe and now has distribution partners in more than 42 countries including China. The company signed new distribution agreements in China during 2008. The markets served by Obagi include dermatology, plastic surgery and aesthetic markets.

- Skin Conditions Treated include: photodamage, hyperpigmentation, senile lentiginos, acne, sun damage, and rosacea
- China Obagi: satellite clinic Located in San Gabriel that caters to the large Chinese community in the San Gabriel Valley

### **Spectrum Chemicals & Laboratory Products**

Spectrum is a manufacturer and distributor of high quality chemicals, safety products and lab equipment based in Gardena. The company has laboratories in California, New Jersey and Shanghai, China. Spectrum also has a corporate office in Shanghai. Spectrum started its China operations in 2003 and then expanded in 2005 with the construction of the full-service laboratory in Shanghai.

Spectrum China Analytical Services include: reliable in-country professional testing services, comprehensive analytical testing facility, serving pharma, biotech and FDA-regulated industries, experienced analysts and management, finished product testing and special testing and audit and inspection services.

The benefits of having a laboratory in China include eliminating regulatory red tape, customs delays, reducing costs and a single source for testing.

### **Sunrider**

Sunrider is a wholesale distributor/franchiser and commercial real estate company with thousands of franchise stores worldwide and with hotels in Beijing. The company is headquartered in Torrance and was founded by Dr. Tei-Fu Chen and Dr. Oi-Lin Chen who immigrated to the U.S. in the 1970s. The firm manufactures health, beauty, food, and household products at four manufacturing facilities located around the world. Sunrider conducts business in over 40 countries with over 7,000 retail stores. The firm has offices in over 20 countries including China. Sunrider has 17 branch offices, one manufacturing center and two flagship stores in Mainland China including Guangzhou, Jinan, Shenyang, Zhejiang, Tianjin, Shanghai, Harbin, Sichuan, Zhongshan, Zhengzhou, Shijiazhuang,

Fuzhou, Kunshan, Yuzhong, Changchun, Urumqi, Xi'an, Guangzhou, Beijing and Nanjing. Sunrider also has a store in Hong Kong and one in Macau.

### ***Other Los Angeles County Based Firms Active in China***

#### **Nestle USA**

Nestlé USA is part of Nestlé S.A. of Switzerland, the world's largest food company. Nestle USA is headquartered in Glendale. Nestlé USA has 26 manufacturing facilities, 22 distribution centers and more than 21,000 employees in California, Connecticut, New Jersey and Missouri.

Some of Nestlé USA famous brands include Lean Cuisine, Stouffer's, Taster's Choice, Libby's, Carnation, Nesquik and Lean Pockets

#### **Nestlé Group in China:**

- Invested over RMB 7 billion in the last 20 yrs
- Some significant milestones in China
  - ✓ 1920 – Nestle Products established in Hong Kong
  - ✓ 1987 – First joint-venture company Nestle Shuangcheng
  - ✓ 1996 – China headquarters opened in Beijing
  - ✓ 2001 – Opened R&D center in Shanghai
  - ✓ 2008 – Opened Research center in Beijing

#### **Pelican Products**

Pelican Products is a manufacturing firm located in Torrance founded in 1978 by Dave Parker. The firm manufactures advanced lighting systems, rugged protector cases and shipping containers. Pelican has six manufacturing plants, six distribution centers and sales offices around the globe including China.

The company distributes its products in over 50 countries and provides:

- Multilingual product packaging and sales staff
- International power supplies
- Specification data in English and metric measurements
- Strong packaging for export shipping

Pelican China has a Pelican Products China Representative Office in Shanghai.

#### **Megatoys**

Megatoys is a worldwide toy manufacturing, import/export and wholesale company which is headquartered in downtown Los Angeles. The company specializes in toy cars, learning toys, dolls & play sets, outdoor toys, bargain toys, dinosaurs, kid's furniture and

novelty toys. The company has a sales office in Hong Kong which focuses on international customers. Megatoys caters to wholesale businesses, retail chains, independent stores and consumers directly. Peter and Charlie Woo are the President and CEO of the firm and they have played an instrumental role in the development of the Los Angeles toy district. Megatoys products are manufactured in China.

### **International Lease Finance Corporation**

International Lease Finance Corporation (ILFC) began operating in 1973 and focuses on the leasing and sales of aircraft to airlines around the world. The firm offers the following services: fleet planning and rationalization, revenue and route analysis and product support programs. ILFC works on all aspects of traditional leases including structured financings. The company has a fleet numbering close to 1000 aircraft. The company has leased or sold aircraft to the following airlines/customers in China: *Air China, China Eastern, China Eastern Yunnan, China Postal Airlines, China Southern, China United, Chongqing, Hainan Airlines, Lucky Air, Okay Airlines, Shanghai Airlines, Shenzhen, Sichuan and Xiamen.*

### **Key Chinese Firms with a Presence in Los Angeles County**

#### **Alpha & Leader**

Late in 2007, the Chinese law firm Alpha & Leader opened a fully operational U.S. office in Malibu. The firm had a presence in the U.S. since 2003 through its affiliation with the USA China Law Group, part of the Allan Law Group in Malibu. The firm opted to establish an office within the Allan Law Group due to the increase in international trade between China and the U.S. Alpha & Leader understood that the best place to locate their U.S. office would be in Los Angeles as the Ports of Los Angeles and Long Beach have become the central hub for U.S.-China trade.

Alpha & Leader is the top law firm in China with regards to non-performing loan transactions which are the most common vehicle for investing in China. Non-performing loans are made by state-owned banks to state-owned enterprises and this is the typical type of transaction in China. Alpha & Leader is headquartered in Guangzhou and has offices in Beijing, Shanghai and a representative office in Hong Kong. The firm has worked closely with other international law firms in China including Paul Hastings and Greenberg Traurig. In the case of Greenberg Traurig, the firm sponsored Alpha & Leader attorneys to work in the Los Angeles office. In addition, the firm has an alliance with Bryan Cave which allows the two firms to refer clients to each other.

Other Chinese law firms are sure to expand into the U.S. as the two nations become more and more economically and financially interconnected. As international trade and foreign direct investment flows continue to experience high growth rates the logical aftermath will be more Chinese law firms moving into the U.S. and particularly moving

into the Los Angeles area. Chinese firms establishing a presence in the U.S. will occur in the Los Angeles area due to its proximity to China, trade ties, cultural ties and business ties, as highlighted within this report.

### **Amoi Electronics**

Amoi Electronics is a consumer electronics company based in the Fujian Province of China. The company primarily develops, manufactures and distributes digital mobile communication products, consumer electronic products and computer products. Amoi's main products are mobile phones, LCD TV's, DVD players, speakers and computers. The company also focuses on other areas such as processing imported materials and assembling imported parts. Amoi Electronics is based in the City of Industry, where it markets and distributes its products.

### **Bank of China**

The Bank of China is one of the four big state-owned banks in China and was established in 1912. The Bank is the top ranking international trade finance bank in China and has the largest international presence of the top four Chinese banks. The Bank is involved in commercial banking including corporate and retail banking, investment banking and insurance. The Bank of China offers financial services to individuals, corporations and institutions worldwide.

The Bank of China has played a vital role in China's financial and economic history. The Bank of China actually served as the country's central bank from 1912-1949. The Bank of China has two branches in New York and a branch in downtown Los Angeles. The LA branch focuses on all areas of international trade finance and settlement. In addition, the LA branch provides asset-based lending, term loans and commercial real estate loans. The bank has been ranked as high as 18<sup>th</sup> among the world's top 1,000 banks according to the Banker magazine. The Bank of China has over \$1 trillion in assets.

The LA branch offers a full line of commercial banking, international banking and trade financing services including the following: import and export letters of credit, stand-by letter of credit, documentary collection and discounting, asset-based lending, term loans, commercial real estate loans and loan syndications.

### **Significant China Milestones:**

- ✓ *Named Best Bank in China, Best Domestic Bank in China, Best Foreign Exchange Bank in China, Best Trade Finance Bank in China and the Best Cash Management Bank in China*
- ✓ *Sole banking partner of the 2008 Beijing Olympics*

**CCIC**

CCIC North America is a trade-service company that specializes in survey and inspection. The North American headquarters are in West Covina. The company provides the following services related to the international trade industry:

- Inspection and survey upon importing and exporting cargo (China and Ports of Los Angeles and Long Beach)
- Witness and consulting services related to import & export trading, inspection and survey fields
- Focus on the inspection of recycling scrap, mechanical and electrical products and agricultural products

**Chinese Airlines with international offices in Los Angeles County:**

- China Southern – China’s largest airline
- China Eastern
- Air China – opened its new U.S. headquarters office in El Segundo (LA County) in March 2010
- Shanghai Airlines

**China Mobile**

China Mobile Limited is a publicly-listed state-owned enterprise based in Hong Kong. The company was established in 2000 as a result of the 1999 break-up of China Telecom. China Mobile is the largest provider of mobile voice and multimedia services in the world. The company is listed on both the Hong Kong Stock Exchange (HKEX) and the New York Stock Exchange (NYSE). China Mobile opened their first North American office in downtown Los Angeles in 2007. The downtown LA location is the North American headquarters of China Mobile.

**China Telecom**

China Telecommunications Corporation (China Telecom) is a state-owned enterprise telecom operator. China Telecom is ranked #263 on the 2009 Fortune Global 500 list. The company’s main line of business is fixed-line telephone services. In addition, the telecom giant provides mobile services along with internet connection and application services. The company has over 200 million fixed line subscribers, close to 40 million mobile subscribers and almost 50 million broadband customers. China Telecom has a representative office in downtown Los Angeles.

**China Ocean Shipping (Group) Company (COSCO)**

China Ocean Shipping Company better known as COSCO is one of the world's largest multinational enterprises and specializes in global shipping, logistics and shipbuilding and repairing. The company owns or operates over 800 vessels with an annual shipping volume of over 400 million tons. COSCO sails to over 1,500 ports in 160 countries and territories. COSCO has an office in the city of Long Beach.

**China Shipping North America (CSNA)**

China Shipping North America Holding was established in 2000 and is a wholly owned subsidiary of China Shipping Group (CSG). CSNA Holding focuses on service planning, key vendor contract control, auditing and business development. The general agent for CSNA Holding is its wholly owned company, CSNA Agency. CSNA Agency has offices in seven U.S. cities including Long Beach. The parent company CSG has a fleet of over 400 vessels

with a capacity of over 20 million tons. These include container vessels, oil tankers, tramps, passenger ships, car carriers and special cargo ships. The company has a fleet of 132 full container vessels with a total operating capacity of nearly 500,000 TEU's.

**Key Facts:**

- #1 Container fleet operator in China*
- #7 Container fleet operator in the world*
- #1 Dry bulk fleet in the world*
- #1 Oil tanker fleet in China*

**China National Aero-Technology Import & Export Corporation (CATIC)**

China National Aero-Technology Import & Export Corporation is a state-owned conglomerate that was founded in 1979 in Beijing. The company focuses primarily on manufacturing aviation products. CATIC has seven specialized companies and ten regional subsidiaries in China and 56 branches worldwide including its U.S. headquarters in the City of Industry.

Specialized companies and regional subsidiaries focus on the following non-aviation businesses: trade, industry, commerce, finance, real estate, hotel and real estate management, public tendering, machinery procurement, civil construction and logistics.

**China State Power (USA)**

China State Power (USA) is a subsidiary of State Grid Corporation of China. State Grid Corporation of China was formed by integrating multiple companies and institutions formerly owned by State Power Corporation of China (SP). State Grid is the largest electric power transmission and distribution company in China and the world. State Grid is ranked #15 on the Fortune Global 500 2009 list. China State Power (USA) was formed

in 2001 in order to penetrate the U.S. market. The U.S. headquarters are based in Pasadena.

### **China Netcom (USA) Operations Limited (CNC)**

China Network Communications Group Corporation (CNC) provides data network solutions and telecom services in China, across Asia and to North America and Europe. CNC is one of the largest telecommunication carriers in China and operates one of the biggest facilities based networks in China. The company provides telecom, IT and broadband services to companies, carriers, service providers and VAR's worldwide. China Netcom (USA) Operations Limited is a wholly owned subsidiary of CNC that offers international private line services from the U.S. to China, direct connectivity to China Netcom's domestic China IP network and MPLS/VPN services. The U.S. headquarters are in downtown Los Angeles.

### **China America Electronics Corporation**

China National Electronics Import & Export Corporation (CEIEC) was established in 1980 as a national foreign trader. Over the past thirty years the company has expanded into many businesses and is now involved in overseas engineering, tendering, defense electronics and the ship business. Since 2001, CEIEC has been active in engineering design, equipment procurement and integration, project construction and management. The company has been involved in over 2000 tendering projects. In addition, the CEIEC imports and exports electronics related to national defense system design and integration. Also, China National manufactures ships and marine operations. The CEIEC's world trade network company in North America is called the China America Electronics Corporation and is based in La Verne.

### **Chinatex Grains & Oil (USA)**

Chinatex Corporation was founded in 1951 as a state-owned enterprise in Beijing. The company engages in the trading, research & development and production of raw materials, textiles and garments. Chinatex has more than 30 subsidiaries and over 40 manufacturing plants. The company's core business is divided into three areas:

- Raw Materials and Cotton Spinning
- Textile Production and Trade
- Oil and Oilseeds

Chinatex Grains & Oils Import & Export Corporation is a subsidiary of Chinatex and the U.S. headquarters are in the City of Industry. The company has established a presence in the U.S. and Brazil in order to expand its soybean import business. The oilseeds business involves the trading, logistics and processing of bulky agricultural products such as soybeans, rapeseeds and corn.

**China Television Corporation**

China Television Corporation was formed in 2007. The company has three core areas of business including TV channels, advertising and mobile and internet TV. The company owns part of the Happy Study Channel in China, which is supported by the Ministry of Education. China Television has its U.S. headquarters in Pasadena.

China Television's three main objectives are to:

- Become the premier distance learning medium for educational and vocational institutions
- Accumulate television media assets
- Build additional thematic channels focusing on entertainment, sports, art and culture

**China Interocean Transport**

China Interocean Transport was established in 1981 as a subsidiary of the China National Foreign Trade Transportation Corporation. China Interocean is a full-service transportation company that provides commercial and non-commercial shipping by sea and air between the U.S and China. It also provides inland transportation within the U.S. and China. The company has U.S. offices in New York, San Francisco, Chicago and representative offices in Beijing, Shanghai and Wuhan. The company is headquartered in Inglewood.

**China First Capital**

China First Capital is a boutique investment bank serving China's middle market private Small and Medium Enterprises (SMEs) that was started by Peter Fuhman. Mr. Fuhman was an executive in the entertainment, finance and computer software industries in Los Angeles before starting China First Capital. The firm mainly specializes in capital-raising, strategic mergers and acquisitions, and other financial transactions. China First Capital is the only international investment bank that focuses on China's privately owned SMEs. China First Capital is headquartered in Shenzhen, China and has offices in Hong Kong and in Los Angeles. According to the founder of China First Capital, Shenzhen and California have the following similarities – both places were built by and are still magnets for entrepreneurs, and California has produced Google and HP, while Shenzhen has produced Huawei and ZTE.

**Dacheng Law Offices**

Dacheng Law Offices was established in 1992 and is the largest domestic Chinese law firm. It also is the largest law firm in all of Asia with over 800 attorneys and partners with a total of 28 offices. The law firm has over 1,300 employees and is located in 23

countries around the world including an office in Los Angeles. Core practice areas include corporate, FDI, capital markets, M&A, restructuring, finance, mining and energy, real estate, intellectual property, construction, litigation, criminal defense, telecom, labor, tax and international trade.

### **Dalu International**

Dalu Industrial Investment Group was established in 1993 and is located in the Nanjing Jiangning District National-level High-Tech Development Zone. The Dalu Group is a private high-tech company that focuses on high-tech development applications, investment and industrialization in domestic and global markets. Dalu International (USA) was established in 2005 in downtown Los Angeles. The company is developing and promoting high-tech products in the following areas:

- Power system measure and control
- Environmental protection
- Information technology
- Biotech

The Dalu Group has developed seven industrial platforms including: Dalu Technology, Dalu Information, Dalu Biology, Dalu Energy, Dalu Investment & Finance, Dalu Modern Service and Dalu International

### **GeneralTouch**

GeneralTouch is one of the world's leading touch solution providers. The company was established in 2000 in Chengdu, China. GeneralTouch manufactures touch screens, touch monitor products and digital signage solutions. The company has already become the touch screen leader in China and is positioning itself to be the top in the industry worldwide. GeneralTouch Technology U.S.A. has its headquarters in Arcadia. General Touch's main products include touch screens, touch monitors, controllers and accessories.

### **Hangzhou Hikvision Digital Technology Company**

Hikvision was established in 2001 in Hangzhou, China and is the leading supplier of digital video surveillance products. Hikvision has a complete video surveillance product line including compression cards, DVR's, digital video servers, IP cameras and IP speed domes. The company also has the most advanced technology based on its patented algorithms. Hikvision provides security for retail, airports, railways, banks and stadiums (including the 2008 Beijing Olympics). Hikvision has 1,700 employees located around the world. The company has been selected by Deloitte & Touche as one of the Top 50 High-Tech Fast Growing Enterprises in China. Hikvision's U.S. headquarters are located in Walnut.

**Hongdou Group USA**

The Hongdou Group is a company based in the Jiangsu Province with 10 subsidiaries, 85 manufacturing plants and two branch offices in the U.S. Hongdou Group is involved in five different core areas: vehicles, clothing, rubber, real estate and bio-pharmaceuticals. The company is the second largest garment manufacturer in China and one of the best known exporting companies in the country. The Hongdou brand is one of the best known brands in China.

Hongdou products include jackets, t-shirts, underwear and pants, car oil tanks, rubber tires, motorcycles and electronic bicycles.

Hongdou Group USA has two branch offices overseas and both are in the U.S. The U.S. headquarters is located in the City of Los Angeles.

**Shenzhen New World Group**

Shenzhen New World Group Company LTD is a privately held firm based in Shenzhen, China. The company operates primarily as a commercial and residential real estate developer. In addition, Shenzhen New World Group has operations in retail, trade, product exhibition, hotel management, information technology, newspapers and restaurants through thirteen wholly owned subsidiary companies. Some of the key subsidiary companies are the Metro Grand Hotel, New World Department Store, Shenzhen New World Property Management Co. Ltd, Shenzhen New World Construction Engineering Co. Ltd, Shenzhen New World Investment Co. Ltd, Shenzhen New World Real Estate Development Co. Ltd and the New World International Textile Fashion Mart Co. Ltd. The Shenzhen New World Investment Co. Ltd acquired the Los Angeles Marriott Downtown and plans to upgrade the hotel to a five-star rating. The purchase of the Los Angeles Marriott is the first California acquisition for Shenzhen New World Group.

### ***Results of the 2009 American Chamber of Commerce in Shanghai China Business Report Survey***

- Profitability of U.S. Companies in China
  - 66% said their operating margins in 2009 were equal to or better than in 2008
  - 65% said they are “profitable” or “very profitable” in 2009
  - 58% said they had increased their China investment in 2009 from 2008
  - 41% reported higher China operating margins than worldwide margins, up from 33% last year
- 60% reported the economic & financial crisis had a bigger impact on global operations than China, while only 19% said that the impact was greater in China
- Respondents who are in China primarily to produce goods and services for the China market jumped to 59% from 39% last year, by far the largest increase since 2006
- At the same time, those in China primarily to export to the U.S. market dropped to 16% in 2009 from 21% in 2008
- Companies that focused on the China market were less likely to be negatively impacted by the global downturn
- 74% rank China as a top-three investment priority, 20% rank it #1
- Short Term Business Outlook
  - 82% forecast 2010 revenues to be higher than 2009
  - 64% have plans to increase China investment in 2010 and only 5 percent are planning to decrease investment
- Long Term Business Outlook
  - 90% were optimistic or slightly optimistic about the five-year outlook, compared to 81% in 2008

## **Section 6: What Lies Ahead**

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### ***Key Challenges***

#### ***Global Economy***

The global economy will be a significant concern facing both China and Los Angeles County. In the medium to long term macro-economic growth trends and financial stability will also determine the amount of trade and investment between the U.S. (California and Los Angeles County) and China. The future seems to be extremely bright for the Chinese economy as it is expected to become the second largest economy in the world by 2010 and perhaps surpass the U.S. as the largest economy in the world between 2025 and 2030 depending upon the various forecasts. The economic miracle that is China is projected to continue over the coming years and this will be especially beneficial to trade patterns and capital flows between China and the U.S (especially in California and Los Angeles County).

One of the key questions and challenges remains whether or not China will resolve its economic imbalances. China's lack of domestic consumption spending, particularly for U.S. made products, will be a fundamental challenge going forward. Exports from Los Angeles County could ultimately be the prime beneficiary of a surge in Chinese consumer spending. The Los Angeles County economy also has a bright future as key growth industries have a solid foothold in the Los Angeles area. In addition, the existing diversified economy in Los Angeles County should continue to reap the benefits of increasing globalization. As demonstrated in this report, Los Angeles County has a very large market, a well-trained workforce, the busiest port complex in the U.S., an excellent higher education base and is technology rich. All of these elements should add up to a very strong economy in the years ahead and allow Los Angeles County to further solidify its overall ties with China.

#### ***Trade Issues***

The U.S. trade imbalance with China will continue to be one of the thorniest issues going forward in the U.S.-China relationship. One of the most important issues involves the road ahead with regards to trade disputes. The U.S. and China have had a rocky relationship at times and the U.S. government faces many political pressures to pursue a more aggressive policy towards Chinese goods entering the U.S. American exporters have been at a great disadvantage over recent years as Chinese goods have been so inexpensive and that China has developed into the world's factory. Disputes began to escalate over the past five years and have taken place with regards to textiles, clothing, semiconductors, auto parts, furniture, televisions and most recently tires, chicken and automotive products.

In addition, Chinese companies have also had bad experiences over the past six years with their controversial attempts to acquire Unocal and Whirlpool. The disputes reached the local ports when China Ocean Shipping Company was proposing to expand its terminal. Also, product safety issues have become a very big concern over the last few years and could have a substantial impact on import growth at the local ports. Minimizing the number of new trade disputes will go a long way in encouraging growth of Los Angeles and China trade patterns.

Protection of intellectual property rights (IPRs) is another concern with regard to trade disputes and international commerce in China. Trademark, copyright and patent infringement is a serious problem in China, though some improvements in Chinese law in recent years have been encouraging.

Probably the most important and critical issue related to trade disputes between the U.S. and China has had to do with the renminbi-dollar exchange rate. Of course, this rate affects all U.S. imports from China and all U.S. exports to China. In addition, it impacts the global economy to the extent that trade and capital flows are dependent on the exchange rate. This issue has become a hot topic in Washington D.C. as the U.S. government is extremely concerned about the U.S. trade deficit, especially with China, and the overall U.S. global current account deficit. This contentious issue will surely continue to dominate U.S.-China trade relations and ultimately will be important to Los Angeles County-China trade flows.

Late 2008 and 2009 were tumultuous periods for the local ports as the collapse in world trade greatly impacted the overall volume of activity and the trade related employment. Trade volumes at both ports fell sharply as did international trade sensitive employment. The five-county Southern California area international trade employment fell from a peak of 562,400 jobs in 2007 to 482,500 jobs in 2009. The number of group dock workers (those who load and unload containers) has declined from 195 in 2007 to roughly 85 (a drop of over -56%). In addition, the local ports are dealing with an ever increasing competitive environment as other North American ports attempt to draw shippers away from the San Pedro Complex. Environmental standards have pushed up fees and the ports have gained a negative reputation for red tape over the past few years. In fact, some shipping companies have decided to go elsewhere to ports such as Prince Rupert (British Columbia), Canada. There have been some positive developments of late, the decline in activity late in 2009 were less severe than in 2008, and exports have increased in early 2010 as port activity increases further international trade related employment will also grow.

Expectations are for trade volumes to continue to improve in 2010, but the local ports still face many challenges ahead including increased competition from the west and east coast ports (which could become even more problematic after the widening of the Panama Canal is completed in 2014).

All of these trade issues can be managed by federal, state, and local officials supporting sensible policies that promote free trade and economic development. Many of these issues are in the hands of the federal government. However, state and local officials could play an instrumental role in increasing trade between the U.S. and China by pursuing the following policies:

- Tax Incentives
- Enterprise Zones
- Trade Infrastructure Spending – Ports, Airport, Railways, Intermodal
- Trade Financing Support
- Port Marketing

### **Increasing Foreign Direct Investment from China**

Another key challenge related to investment involves attracting foreign direct investment from China in the coming years as a method of enhancing economic development in Los Angeles County. The biggest challenge will be competing for new investment from China as China focuses on investing in Asia, Latin America and Africa to secure natural resources for its future economic growth. However, China should begin to increase investments in California due to its strong economic ties with the state and the state's focus on the green industries of the future. The good news is that Los Angeles County should capture much of that investment due to its strong trade and personal ties with China. In addition, Los Angeles County is a high-tech and innovative area with a very talented workforce.

Important Development – China's shift in policy focus from "Made in China" to "Created in China" and how that will impact economic ties – Chinese government views science as critical to China's modernization, and the latest policy resulting from the Third Session of the Eleventh National People's Congress calls for government spending on science and technology to grow by 8 percent to 163 billion yuan (\$24 billion) in 2010.

### **Key Opportunities**

#### **Trade**

The outlook for international trade calls for increased volumes between California and China. The Chinese government is pursuing macroeconomic policies that will encourage domestic consumption as it looks to resolve existing economic imbalances. On the other hand, the government also has announced that it will continue to pursue policies that allow it to regain the export-led growth rates that were so negatively impacted by the global recession. As a result, trade patterns should improve in the short term. In the medium to long term the greatest opportunities in Los Angeles County-China trade would seem to be the growth potential for Los Angeles Customs District exports to China. China seems to be serious about creating stronger domestic spending within the

economy in order to move away from such strong dependence upon export-led growth. The experience of the past years has created a sense of urgency within economic circles in China to move towards a more balanced approach.

### **Foreign Direct Investment**

The overall outlook for foreign direct investment from China into Los Angeles County is extremely bright. In fact, one could argue that the greatest opportunities for Los Angeles County are the significant flows of investment arriving from China in the coming years. Most importantly, Chinese companies are especially attracted to the Los Angeles area as the County has the highest population of Chinese-Americans in the U.S along with the broad economic base and necessary business infrastructure to enable profitable returns on Chinese investment.

In particular, Los Angeles County offers Chinese companies the following:

- A huge market (highest population of any County in the U.S.)
- A well-educated and trained workforce (excellent higher education institutions)
- Outstanding trade infrastructure (ports, railways, freeways and airport)
- Excellent access to national and international markets
- Technology rich area
- First-rate apparel, auto and engineering design
- Nation's largest manufacturing base
- Competitive costs
- Great weather all year round

As previously mentioned in the *Investment Ties section* of this report, the greatest opportunities are in the green/clean tech industries, electronics, logistics and apparel. Near term, investment will most likely occur within electric automobiles, solar energy, hi-tech electronics and textiles.

### **Likely Nature of Chinese Investment to Be Comprised of the Following Functions:**

- Manufacturing
- Distribution
- Sales & Service
- Research & Development
- Regional Headquarters (already the case for many Chinese companies, mostly U.S. headquarters)

**Other Significant Opportunities:**

- Renewable Energy (Green Technology) – in addition to solar energy, there will be opportunities for growth in wind power
- Global Warming – Los Angeles County can provide valuable leadership on this subject leveraging the landmark California Global Warming Solutions Act (AB 32) (the first-in-the-world comprehensive program of regulatory and market mechanisms to achieve real, quantifiable, cost-effective reductions of greenhouse gases), the State of California and Province of Jiangsu formed a partnership to deal with climate change at the Governor’s Global Climate Summit in Los Angeles (2009).
- Bio-tech and Healthcare – California and Los Angeles County are at the forefront of bio-technology – Los Angeles County is home to some of the top bio-tech firms in the world and employs more people in the medical devices field than any other county in the U.S.
- Banking and Financial Services – as trade continues to flourish between China and the U.S., China and Los Angeles County will experience strong growth in the demand for trade financing
- Professional and Business Services – as investment comes to Los Angeles County from China and investment continues to flow to China and as international trade and foreign direct investment flows continue to experience high growth rates, the logical aftermath will be more Chinese law firms moving into the U.S. and particularly moving into the Los Angeles area. China and Los Angeles County will experience strong growth in the demand for international legal services (international trade practices – intellectual property rights, etc.), consulting and accounting.
- Materials & Machinery – Los Angeles County is the nation’s number one manufacturing center
- Construction & Engineering – as China continues to develop its infrastructure, the big firms in the County should see increased business opportunities
- Creative Design – as China expands its consumer goods and brand consciousness, automotive industry and other key global sectors, the need for LA County’s creative design expertise will increase

## Section 7: Conclusion

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### *Special Relationship*

This report has demonstrated that Los Angeles County has become the nation's leading gateway with China due to its unique historical, educational, cultural, economic and business ties. Los Angeles County's personal ties with China have flourished since the 1800's and reached new heights since the opening up of China in 1979. China's economic rise has transformed the global economic landscape and China's economic development has created unlimited opportunities for both countries. The key development that solidified the unbreakable bond between China and Los Angeles County was globalization – the spread of trade, capital flows and people around the world – which began in the 1990s and has brought the world closer together. This is clearly evident in the growing numbers of students studying abroad. The U.S. is the leading destination for Chinese students and of all the states in the U.S.; no other has attracted more international and Chinese students than California. As the leading gateway to the Pacific Rim, Los Angeles has emerged as the natural center of Chinese-American educational and cultural exchanges. Two of LA County's world renowned universities (USC and UCLA) have the highest combined number of Chinese students in the nation.

The entry of China into the World Trade Organization in 2001 strengthened the economic and trade ties between the two areas. The Ports of Los Angeles and Long Beach have become the busiest ports in the U.S. and the largest recipients of U.S. imports and Chinese exports. In fact, as a direct result of huge trade flows from China, the San Pedro Bay Port Complex has become the sixth busiest in the world. Los Angeles County is truly the international trade capital of the U.S. and the gateway to the Pacific Rim.

Direct investment from the U.S. to China has grown strongly over the past twenty years as U.S. companies built plants and factories in order to take advantage of China's lower manufacturing costs. Many firms in the Los Angeles County area have profited from these investments and are keeping a close eye out for new opportunities. In turn, Los Angeles County has been very active as it works to bring new foreign direct investment from China in order to create new jobs and new revenue sources in Los Angeles County. China's government has encouraged its companies to "go global" and in the coming years they will pursue the mergers and acquisitions, strategic partnerships and equity investments that allow them to develop global brands and distribution networks and access new markets and technology. This development definitely presents an excellent opportunity for Los Angeles County.

Business ties between Los Angeles County and China have benefited greatly from China's economic miracle and ever growing financial globalization as increased capital

flows have changed global commerce. In addition, multinational corporations have altered international business patterns along with international relations. Fortune 500 companies have expanded their global operations since the 1990s as globalization has evolved. China has been by far the most attractive market as it experienced unrivaled average double digit growth rates over the past decade. The opportunities seem to be boundless in China for American businesses with China's huge population, growing income and purchasing power. LA County based Fortune 500 companies such as *Walt Disney, Jacobs Engineering, Reliance Steel & Aluminum, Dole Food, Avery Dennison, Mattel, AECOM* and *CB Richard Ellis* are reaping the benefits and will continue to do so as the emerging middle class expands in China. Local companies representing many of Los Angeles County's key industry clusters already have a strong presence in China, and others will want to tap into China in the near future.

### ***Unlimited Potential***

Los Angeles County and China have developed a dynamic and mutually beneficial relationship that has just skimmed the surface of its true potential. The sky is truly the limit when discussing Los Angeles County-China relations as the two areas are bound by strong personal and economic ties. Los Angeles County is home to more Chinese-Americans than any other area in the U.S. and the local universities are home to more Chinese students than any other region in the U.S. As more and more Chinese decide to pursue studies, they will immigrate into the LA basin and open more businesses making the trans-Pacific bond become even more unbreakable. The benefit of having so many Chinese students studying locally is that they will become alumni. As future business and government leaders, they will either remain in the Los Angeles area or go back to China. Either way the local community will benefit greatly from this development as future cross-border business opportunities will flourish.

The Los Angeles Customs District (LACD) has established itself as the entry point for Chinese goods into the U.S. China is the top trading partner of the LACD. Investment likely will follow trade as it has in the past. The trade ties between Los Angeles and China are very well known and long established. The most immediate and long term potential lays in the area of foreign direct investment from China especially in the core LA County industry clusters. In particular, the key industries expected to draw the most attention are the automotive, renewable energy, hi-tech and consumer electronics and bio-tech areas. Automotive design will surely command much interest from China as Los Angeles County is the automotive design capital of the U.S. In addition, solar energy should attract a significant amount of investment from Chinese solar companies as they seek sites for manufacturing plants in the U.S., they will find value in the talented workforce that has made Los Angeles County the manufacturing capital of America.

In conclusion, the future is extremely bright for the Los Angeles County-China relationship. Los Angeles County will continue to play a vital role in the California economy and for that matter in the U.S. and global economies. As *Time* magazine

pointed out in an October 2009 cover story, the future of America is in California as the key green industries of the future are all extremely well positioned in the Golden State. The world will continue to look to China as the global economic engine that propels the global economy forward. Together Los Angeles County and China can take the lead on the most pressing global issues such as renewable energy and climate change. Innovation and new technologies will come out of Los Angeles area research universities and Chinese universities as both places continue to produce some of the brightest talent. Los Angeles County is in a very favorable position to benefit from China's economic rise and to fortify its position as the nation's leading gateway with China.

However, as important as it is to highlight the future prospects of the relationship, it is also of value to note some improvements that could be made in order to ensure the relationship moves in the right direction. Los Angeles County's future prosperity will surely be impacted by how well it manages its relations with China and the rest of Asia. Here are some recommendations for nurturing the existing Los Angeles County-China relationship in order to ensure that future ties become even stronger:

- Promote and market Los Angeles County as an extremely attractive location for Chinese foreign direct investment – emphasize all the elements highlighted within this report in order to make it very clear why LA County provides significant overall value and return on investment. Focus on attracting Chinese companies that are looking to locate their North American or U.S. headquarters, manufacturing plants, distribution centers, etc.
- Invest in improving the existing trade infrastructure (local ports, freeways, intermodal rail capacity to distribution centers, other rail capacity and LAX). Implement strategies to ensure that the local ports do not lose market share to other North American ports due to lower costs or in anticipation of the Panama Canal 2014 expansion; the local ports need to dispel all congestion myths, bottleneck issues and business unfriendly perceptions. Apply pressure at the local, state and federal levels to adopt policies that support free trade and funding for trade promotion programs via the U.S. Commerce Department
- Attempt to better leverage the resources of the World Trade Center Association Los Angeles-Long Beach (WTCA), the Chinese Consulate General and other China related organizations to increase the level of interaction between U.S. and Chinese companies – focus on business development exchanges and foreign direct investment prospects
- Focus on increasing the number of Chinese language programs within Los Angeles County primary and secondary schools, community colleges and universities as well as other Los Angeles County organizations and associations such as those mentioned within this report (*please see the Personal Ties section*)

- Work with federal legislators to support immigration and visa policies that allow for easy access to the U.S. for students, scientists, researchers, investors and other professionals from China
- Promote Los Angeles County to Chinese students and tourists – attempt to attract Chinese high school students via exchange programs; also college students, graduate students and those looking to learn English at various institutions – develop a marketing campaign to attract Chinese tourists to Los Angeles County emphasizing all the region has to offer to them (*as mentioned in the Personal Ties section*) and create cultural activities to strengthen the longstanding ties between China and the people of Los Angeles County
- Establish a presence in China for LA County through a representative office that will support trade and investment opportunities as well as market LA County and its competitive advantages over other North American regions

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- CCIC North America
- China Southern Airlines
- China Eastern Airlines
- Air China
- Cathay Pacific
- China Mobile
- China Telecom
- China Ocean Shipping Company, COSCO
- China Shipping North America (CSNA)
- China National Aero-Technology Import & Export Corporation, CATIC
- China State Power (USA)
- China NetCom USA
- China National Electronics Import & Export Corporation (CEIEC)
- Chinatex Corporation
- China Television Corporation
- China Interocean Transport Inc.
- China First Capital
- Dacheng Law Offices
- Dalu International
- General Touch
- HIKVision
- Hongdou Group
- Shenzhen New World Group

# *Appendix*

### Provincial Map of China



### Map of China's Ports



### Map of China --- GDP Per Capita



Red = over USD 10,000  
Dark Green = USD 5,000-10,000  
Light Green = USD 3,200-5,000  
Yellow = USD 2,000-3,200  
Pink = under USD 2,000

### **Some Final Interesting Facts about China:**

- Over 37% of the U.S. total value of trade with China is handled at the Ports of LA and LB
- More than 40% of U.S. imports from China come through the Ports of LA and LB
- Nearly 50% of total U.S. imports through the Los Angeles Customs District are from China
- Over 53% of total imports at the Port of Long Beach are from China
- About 52% of total imports at the Port of Los Angeles are from China
- About 24% of total imports at LAX are from China
- Government passed a \$586 billion stimulus package in November 2008 – which is nearly 15% of total GDP – stimulus package spread out over 2009 and 2010
- Most popular NBA jersey in China belongs to Kobe Bryant of the Los Angeles Lakers

### **More on China's Economy**

- China owns \$800 billion of American government debt
- China has the biggest trade surplus and the largest foreign currency reserves
- Gross Fixed Investment accounts for nearly 41% of total GDP
- Fixed investment was up by 53% in 2009
- Exports are about 40% of China's total GDP
- Private consumption accounts for about 36% of total GDP
- China's GDP accounted for 6.4% of total global GDP in 2008
- China is producing as much steel as the next eight producers combined
- China is producing more cement than the rest of the world
- China is the largest consumer of steel, zinc, copper and iron ore
- China is the world's second largest consumer of oil
- China is the world's biggest market for cars, refrigerators, washing machines and desktop computers
- China is expected to become #1 automobile producer in 2010

## Some Government Resources

### General Information Sites

- [The State Department](#) - State Department website
- [The Library of Congress Guide](#) - Online access to past bills, treaties, and resolutions
- [U.S. Government Printing Office](#) - Directory of Government documents
- [U.S. Patent and Trademark Office](#) - Patents, Trademarks, Forms, order copies
- [Public Diplomacy Calendar](#) - International Events Calendar
- [U.S. Customs and Border Protection](#) - Import/Export, Travel Info, Enforcement Activities
- [Websites of U.S. Embassies, Consulates, and Diplomatic Missions](#)
- [International Chamber of Commerce](#)

### General Export Counseling

- [Office of the U.S. Trade Representative](#) - Office of the United States Trade Representative
- [U.S. Trade & Development Agency \(USTDA\)](#) - USTDA's mission is to advance economic development and U.S. commercial interests in developing and middle-income countries
- [U.S. Agency for International Development](#)
- [U.S. Department of Commerce](#)
- [U.S. Commercial Service](#) - Specialized services for exporting U.S. products or importing from U.S.
- [Export.gov](#) - Comprehensive federal export assistance program, *Helping U.S. companies export*
- [International Trade Administration](#) - Monitors, analyzes and provides information on industries
- [Small Business Administration \(SBA\)](#) - Finance counseling and information for small businesses
- [Manufacturing and Services Division](#) - U.S. industry's global competitiveness through critical analysis of domestic regulations, legislation, trade policy development, and negotiation
- [Overseas Private Investment Corporation](#) - Supports U.S. businesses that invest in developing countries and emerging market economies