



GROWING TOGETHER  
China and  
Los Angeles County



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GROWING TOGETHER

# China and Los Angeles County

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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 economic development 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 198,000 jobs, providing over \$12 billion in direct economic impact from salaries and over \$850 million in property and sales tax revenues to the County of Los Angeles. LAEDC is a private, non-profit 501(c)3 organization established in 1981.

### **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 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 entire region's economic vitality and quality of life.

### **Global Connections**

The World Trade Center 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 World Trade Center Los Angeles-Long Beach 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).



# Table of Contents

<b>Key Findings</b>		<b>iii</b>
<b>Executive Summary</b>		<b>1</b>
<b>Introduction</b>		<b>7</b>
<b>Section 1</b>	<b>Historical Ties</b>	<b>14</b>
<b>Section 2</b>	<b>Personal Ties</b>	<b>17</b>
	Educational Ties	17
	Cultural Ties	26
	Network Ties	31
<b>Section 3</b>	<b>The Chinese Economy</b>	<b>35</b>
<b>Section 4</b>	<b>Trade Ties</b>	<b>41</b>
	Los Angeles Customs District (LACD)	42
	Port of Los Angeles (POLA)	47
	Port of Long Beach (POLB)	49
	Los Angeles International Airport (LAX)	50
<b>Section 5</b>	<b>Investment Ties</b>	<b>56</b>
	Foreign Direct Investment (FDI)	56
	FDI into Los Angeles County	57
	FDI into China	73
	Venture Capital Firms	79
	Private Equity Firms	80
	Investment Banking Firms	81
<b>Section 6</b>	<b>Business Ties</b>	<b>82</b>
	Fortune 500 Companies	84
	Key Industry Cluster Companies	87
	Other L.A. County Firms	102
	Chinese Firms in L.A. County	103
<b>Section 7</b>	<b>The Future of the Relationship</b>	<b>112</b>
	Key Challenges	112
	Key Opportunities	114
<b>Section 8</b>	<b>Conclusion</b>	<b>118</b>
<b>Acknowledgements</b>		<b>121</b>
<b>Sources</b>		<b>122</b>
<b>Appendix</b>		<b>128</b>



# Key Findings

- **Investment** into Los Angeles County from China has doubled over the past 5 years, with China becoming one of Los Angeles County's top investors
- China and Los Angeles County continue to increase **business and commercial** ties and the opportunities for Los Angeles
- **Tourism** has nearly quadrupled over the past four years alone, from 158,000 Chinese tourists in 2009 to 570,000 in 2013, making China the top overseas market for Los Angeles tourism
- Los Angeles is America's top **international trade** gateway to China and China's top gateway to the U.S., handling nearly 45% of trade between the two countries
- China is the Los Angeles Customs District's (LACD's) **#1 partner** in international trade, accounting for nearly 60% of all activity at the San Pedro Bay ports
- LACD **exports** to China have increased from \$23 billion in 2009 to \$35 billion in 2013 – less waste and scrap and more consumer and knowledge-intensive goods
- Los Angeles County has the largest Chinese **population** of any county in the nation, and has grown from 360,000 in 2008 to 413,000 in 2012
- Los Angeles County has the largest number of Chinese **students** of any county in the nation, increasing from roughly 3,000 Chinese students studying in local universities in 2009 to roughly 10,000 in 2013
- Strong **cultural and network** ties are the foundation of the relationship
- **Future business** prospects may be found in clean tech, entertainment, aerospace, e-commerce, real estate/property development, tourism, logistics and electronics





# Executive Summary



In 2009, the LAEDC produced the first in a series of reports documenting how Los Angeles County's economy has grown as a result of certain key trading and investment relationships with major nations of the world. This series, entitled "Growing Together" began with a report that focused on the relationship between China and Los Angeles County. The LAEDC is now taking another close look at this long and mutually beneficial relationship by producing this second edition of *"Growing Together: China and Los Angeles County"* in order to provide updated information and insights on what has transpired over the past few years. The main objective is to properly assess, and identify strategies to efficiently maximize the benefits of this relationship.

Los Angeles County and China are two regions that have grown closer together by forging a more than 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 the Second Edition

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. 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 report takes a close look at the Chinese economy. Fourth, the analysis presents the economic links between the two with a focus on the critical trade links. Fifth, the report explains the significant role played by Foreign Direct Investment ("FDI") and cites some investment prospects for the future. Sixth, 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 L.A. 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.

<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).



## 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. 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 413,000 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-five 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 (with currently over 235,000 and this is expected to grow to over 365,000 by 2015), 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 such as the Cal State campuses also enroll many Chinese students and offer programs that train provincial government professionals. The report estimates that in total, roughly 10,000 Chinese students are currently attending universities in Los Angeles County and when including community colleges that number rises closer to 20,000. 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 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.

## The Chinese Economy

China has made many economic headlines since the first edition of this report was published in 2010. The Chinese economy surpassed the Japanese economy to become the second largest economy in the world in 2010 using market exchange rates. In addition, China will surpass the U.S. to become the largest economy in the world by the end of 2014 in purchasing power parity terms according to the World Bank International Comparison Program (ICP) or by 2016 or 2017 according to the International Monetary Fund (IMF).

The Chinese economy was able to avoid any substantial slowdown after the 2008 financial crisis by implementing the largest stimulus package in its history, consisting of both expansionary fiscal and monetary policies. The key development during this period was China's increased reliance upon fixed investment as a driving force for growth. Fixed investment (meaning in infrastructure, real estate and manufacturing) has been roughly 50% of China's GDP over the past few years. This is unprecedented in China's economic development.

Going forward China fully understands it must transition away from its export-oriented, investment driven, low-value added economic model to one based more on domestic consumption, high-value- added production and services. This is known as China's Great Rebalancing Act or the Great Transformation. In addition, the country began to take on substantial levels of debt that started during the stimulus period. Both of these developments (rebalancing and higher levels of debt) have caused a fundamental shift in the government's economic policies.



In 2011, China entered into its 12th 5-Year Plan (2011-2015), which mainly focuses on altering the overall economic model. The key objectives of the plan are expanding growth in the western regions, improving the environment and energy efficiency, growing domestic consumption, reducing inequality, and furthering scientific development.

The trajectory of the Chinese economy has become a hot topic in the past few years as the global economy has attempted to fully recover from the Great Recession. Some economists predicted a “hard landing” for China, while others like the LAEDC have correctly projected a “soft landing.”

Another key development for the Chinese economy has been the transfer of power from one government to the next which takes place every decade. The new government is led by President Xi Jinping who actually visited Los Angeles in February 2012 while he was still Vice President. President Xi Jinping stated that Los Angeles is the epicenter of the U.S.-China relationship. As this report attempts to demonstrate, no other region of the U.S. has a closer relationship with China.

China’s economic performance has suffered over the past two years, both as a result of internal factors and the global slowdown (especially the recession in Europe). The Chinese economy appeared to have turned the corner at the end of 2012, posting a growth rate of 7.9% in the fourth quarter, but GDP growth continued to decelerate into the 7.5% range in 2013. The country’s new leaders have attempted to address key concerns facing the Chinese economy including finding a balance between quantity and quality of growth. The slowdown has been detrimental to the global economy, particularly hitting those economies that have been most interconnected with the Chinese growth engine. A Chinese economic deceleration greatly impacts a wide range of industries and all of its trading partners. China is the first or second largest trading partner to roughly 80 countries, which account for nearly 60% of global GDP. It is the largest exporter in the world and the second largest importer. China has a significant impact on commodity markets as it has been the dominant player over the past 10 years.

The economic slowdown has also impacted the trading relationship between the Los Angeles Customs District (LACD) and China. China is the LACD’s top trading partner. Imports outnumber exports by roughly a 5:1 ratio, but this is expected to change in the coming years as China moves towards supplying less to the world (mainly due to higher wages) and consuming more. Our local ports will see more goods coming from Vietnam and elsewhere in Southeast Asia.

More exports will leave our ports as the Chinese middle class continues to expand (currently estimated to be roughly 350 to 400 million people and projected to increase to over 600 million by 2022). Over the past decade a large percentage of LACD exports to China have been driven by China’s huge appetite for raw materials and components as inputs to its manufacturing. With the slowdown in Chinese manufacturing, those LACD exports have been negatively impacted as all waste and scrap experienced declines the last two years. However, another trend has evolved as a higher proportion of our exports include consumer and capital goods. This is an important development and will present excellent opportunities for our regional exporters in the future. With China’s economy expected to grow by 7% to 7.5% in 2014 and the next few years, this should bode well for the U.S., California and Los Angeles County economies, most importantly as an expanding market for our exports (particularly where we have a comparative advantage meaning in knowledge-intensive goods and services). In addition, it is critical to understand that China’s income per capita growth figures are more relevant and significant to China’s future economic development than China’s GDP growth figures.

## Trade Ties

China has transformed its economy into the world’s fastest growing over the past thirty-five years since its adoption of its open door policy in 1979. 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-five 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 over 40% of total U.S. trade with China. Indeed, the ports of Los Angeles and Long Beach together handle nearly 37% of total trade between China and the U.S. In fact, roughly 60% of two-way trade volumes at the Port of LA and the Port of Long Beach and over 50% of the total two-way trade value at the Los Angeles Customs District (LACD) are related to trade with China.

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., the largest in the Western Hemisphere and the ninth busiest in the world (based on 2013 figures). Only Singapore, three China ports (Shanghai, Hong Kong and Shenzhen), the South Korean Port of Busan, and another three Chinese ports (Ningbo, Qingdao and Guangzhou) are ranked ahead of the San Pedro ports.

Trade between the U.S. and China increased during 2013 due to the continued economic recovery. China was the LACD's largest trading partner in 2013, with total two-way trade valued at \$221.4 billion (based on HS port-level data and includes general imports and exports). Total Chinese imports unloaded in the LACD were \$186.0 billion (#1), and total U.S. exports to China through the LACD came to \$35.4 billion (again #1). This gave the LACD a trade deficit with China of -\$150.6 billion (also #1). China's import-to-export ratio of 5.2 was by far the highest among the LACD's top trading partners.

China is the Los Angeles Metro area's #3 export market based on a study completed by the Brookings Institution called Export Nation. The L.A. Metro Area had exports equal to \$5.4 billion to China, which included \$3.7 billion in merchandise exports (goods) and \$1.7 billion in services. The top merchandise or goods exports were computers and electronics, transportation equipment, chemicals, machinery and food. The top services exports were royalties, travel & tourism, education, business services, and freight & port services. The overall top exports from the L.A. Metro Area to China were computers and electronics, transportation equipment, chemicals, royalties and travel & tourism.

**Tourism (classified as a services export):** In 2012, China became Los Angeles's top visitor overseas market when 470,000 Chinese tourists visited Los Angeles, an increase of nearly 40%. Then in 2013, Chinese tourists to Los Angeles reached 570,000, a jump of over 21% compared with the previous year. The number of Chinese tourists visiting Los Angeles was just 158,000 in 2009. China has gone from not being in the top 10 ranking of overseas visitors just a few years ago to the #1 source of overseas visitors to Los Angeles. As a direct result of this surge in Chinese tourism, areas like the San Gabriel Valley have been witnessing an economic transformation as tourism brings spending and attracts investment. Cities like San Gabriel and Monterey Park have benefitted greatly as it has sparked a boom in new development.

## 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 thirty-five years and has played an instrumental role along with international trade in propelling China's economy to becoming the second largest 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.

In a comprehensive multi-country study of foreign direct investment in Los Angeles County that was completed in 2008, the LAEDC identified 127 Chinese-owned business establishments in 2007-2008. Chinese investment into Los Angeles County has doubled since 2007-2008 to 254 establishments according to LAEDC research conducted in 2013-2014.

China is one of the ten largest sources of foreign-owned and -affiliated businesses in Los Angeles County, (estimated to be the eighth largest) based on a preliminary analysis of 2013 business data by the LAEDC. Out of a total of 254 establishments, the largest industry area for Chinese-owned companies is wholesale trade with 63 total establishments. This is followed by retail trade (51 total establishments) and transportation & warehousing (39 total establishments). Well known Chinese and Hong Kong companies with operations in Los Angeles County include the Bank of China, Industrial and Commercial Bank of China, Air China, China Southern Airlines, Cathay Pacific Airlines, China Telecom, China Mobile, China Unicom, COSCO Container Lines, China Shipping, and BYD.

The LAEDC and its WTC-LA subsidiary have played a pro-active and significant role in attracting this investment including conducting and publishing regular research on China and L.A. County, leading many trade and investment mission trips to China, hosting dozens of inbound delegations each year, signing and fulfilling many memoranda of understanding and mutual cooperation agreements with trade and investment promotion organizations throughout China, and opening an office in China to facilitate further trade and investment.



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 10 million people and over 300,000 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 and recent economic reforms. Importantly, setting up abroad allows companies to avoid the obstacles associated with trade disputes. Finally, the large Chinese population in Los Angeles County (the largest of any county in the U.S.) provides a “comfort factor” to Chinese business managers who must move to the area.

The LAEDC believes that future Chinese investments will be made in the real estate and property development area along with green/clean technology industries like electric vehicles and renewable energy (solar and wind). Also, high-tech consumer electronics will be another core area as this has been targeted by both the government and the private sector. Other key industries likely to attract investment range from e-commerce to the auto industry to construction and engineering to logistics to biotech. In addition, more and more Chinese investors are looking for opportunities to acquire start-ups with brand new technologies or collaborating with local universities as this has become a new focus for outbound Chinese investment.

The County of Los Angeles is aggressively pursuing foreign investment from China and has a very strong interest in attracting real estate/ property development and green/clean technology. The World Trade Center – Los Angeles (WTC-LA) strategy targets Chinese investment in property development, e-commerce, high-tech, 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 over the past few years and summarizes the results to date. The latest effort culminated in Shanghai Greenland’s \$1 billion mixed-use property development investment adjacent to L.A. Live that will include a hotel designed by LA-based architectural firm Gensler. 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 L.A. County, but with China operations closely tied to L.A. County offices. This list includes over 70 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. The 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 some (not all) key Chinese firms with a presence in Los Angeles County. There are over 40 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 the 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.

## The Future of the Relationship

The report next considers the factors that will influence what lies ahead for the relationship between China and Los Angeles County. The Chinese economy is expected to continue growing (albeit at a slower pace), which suggests that exports to China and FDI flows from China also will increase. The key issue going forward is not whether or not 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) but at what speed this takes place. Most China experts agree that it will not happen overnight. However, over the past few years we have already witnessed the impact of such a shift as China has become the Los Angeles Metropolitan Area’s third largest export market by demanding more of our key goods and services exports. It has already altered the direction and composition of goods moving through the Los Angeles Customs District as we are exporting more goods and services and less waste and scrap. The continuation of this trend 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 continuing to look 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 very 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 real estate/property development, green/clean tech, aerospace, entertainment, e-commerce, electronics, logistics and apparel industries. Near term, investment will most likely occur within real estate, electric automobiles, solar energy, e-commerce, 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.

The governments in both China and California attach great importance to promoting trade and investment cooperation between the two business communities. Chinese leader Xi Jinping visited the Los Angeles area twice in recent years (2012 and 2013), which also highlights the importance of the area in bilateral relations. The trade relationship was not only one of the focal points of President Xi's visits, but it also was considered as the propeller and stabilizer for China - U.S. bilateral relations. After President Xi's visit, California and China's Ministry of Commerce and six provinces established a Joint Working Group on Trade and Investment Cooperation. The Working Group, in partnership with the business

community and through various programs led by organizations like the LAEDC, will work to promote trade and investment, strengthen communications, enhance trust, boost economic growth and create jobs.

## Conclusions and Recommendations

This second edition 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. In addition, this report provides strong justification for classifying Los Angeles as the epicenter of the U.S.-China relationship.

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 as commerce between China and Los Angeles County does not happen in a vacuum.

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 continued economic rise and to fortify its position as the nation's leading gateway with China. This 2nd edition report concludes with recommendations for nurturing the existing relationship to ensure that future ties are stronger still.



# Introduction



Los Angeles County and China have grown both in absolute terms and in the interconnected nature of their economies by forging a more than 150-year relationship. The people of China and Los Angeles County have a very special bond due to this long shared history. China's impact on Los Angeles County can be felt both culturally 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 featured in this second edition.

## 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 places. 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 report takes a close look at the Chinese economy. Fourth, the analysis presents the economic links between the two with a focus on the critical trade links. Fifth, the report explains the significant role played by Foreign Direct Investment ("FDI") and cites some investment prospects for the future. Sixth, 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 L.A. 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.





## 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. China began to transform its economy in 1979 by gradually moving from a centrally planned system to a more liberalized economy, by making very large state investments in heavy industry & infrastructure and by 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. By 2000, China's economic output had quadrupled from its 1978 level. 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.

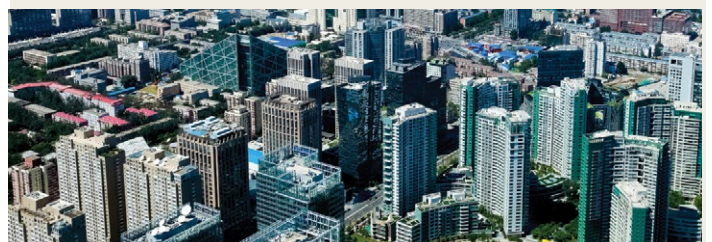
Many experts attribute China's remarkable growth rates mainly to its high investment rates. However, the impact of economic globalization cannot be understated as international trade and Foreign Direct Investment (FDI) have been significantly instrumental in China's economic development particularly over the past 10 years. Manufactured exports have contributed to China becoming the world's largest industrial producer and the biggest holder of foreign exchange reserves, which have grown to roughly \$4 trillion.

China has become the second largest economy in the world (measured in nominal GDP, based on official exchange rates), and it is expected (according to IMF estimates) to become the largest as soon as 2025 (based on market exchange rates). The key driving forces of this growth have been both government and foreign direct investment, labor and internal migration, and 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 dominated by state-owned enterprises to one now

fueled by private enterprises. State-owned enterprises now contribute approximately 30%-40% to China's GDP, although estimates vary. This is a truly extraordinary example of how much China has evolved over the past thirty-five years.

### 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** | Roughly 600 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** | 244 by 2020
- **Number of Internet users will surpass 800 million in the next 5-10 years**
- **Number of mobile phone subscribers** |  
one billion by 2020
- **China's e-commerce will reach 30 trillion yuan in 2020** | currently 1.3 trillion yuan







China’s economy is very closely interconnected to the U.S. economy as a direct result of the effects of economic globalization. American firms have invested heavily in China in order to benefit from the remarkable economic growth that has taken place and to reduce costs of production. China’s top trading partner is the U.S. and American consumers have had a major impact on China’s export-led growth. Moreover, 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

<b>Los Angeles County Ranked #1 in the U.S.:</b>	
■ County population	10 million
■ Asian population	roughly 1.5 million
■ Labor force	5.0 million
■ Professional/scientific/tech services employees	over 275,000
■ Asian-owned businesses	over 183,000
■ Total trade value L.A. Customs District	\$415 billion

America’s most populous county, Los Angeles County encompasses over 26% of California’s population. Los Angeles County would be the eighth largest state in the U.S. if it were a separate state. With a \$584 billion economy, Los Angeles County ranks among the world’s largest economies. In fact, Los Angeles County had the 21st largest economy in the world as of 2013 (measured in nominal GDP, based on official exchange rates). Its GDP was larger than Sweden, Norway, Poland, Belgium and Taiwan utilizing this methodology.

### L.A. Firsts: Some Things Born in the Los Angeles Area



- The Internet
- The Space Shuttle
- The Douglas DC-3, the first commercially viable passenger airplane
- Disney characters: Mickey Mouse & Donald Duck
- Barbie Doll
- The Modern T-shirt (for USC in 1932)
- The Fortune Cookie
- The Mars Exploration Rovers “Spirit” & “Opportunity”
- New VW Beetle
- Epogen/Neuprogen (Bio-Tech Blockbuster Drugs)
- The multi-channel recording process
- THX Sound System (for movie theaters)
- The Modern Theme Park – Disneyland
- Celebrity PR
- The Hula Hoop
- The Aeron Chair

The economy is 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 economic globalization, LA County has become the international trade capital of the U.S. Its 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 and the Western Hemisphere. It is the largest in the nation and in the Americas in both cargo tonnage and containers handled. In terms of total containers processed the port complex ranks ninth among the world’s largest ports. Los Angeles International Airport (LAX) is the largest origin and destination (non-connecting flights) airport in the world, and the sixth busiest in terms of passengers.



## 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	

The County has 120 institutions of higher learning including such world class research universities as Caltech, the University of Southern California (“USC”), and the University of California at Los Angeles (“UCLA”) as well as five campuses of the California State University (CSU) system. Feeding fresh ideas and talent into the business community these institutions have enabled Los Angeles County to become a leader in technology innovation and bio-medical research. These world renowned schools produce a continuous flow of creative talent that becomes part of the County’s dynamic workforce. The County has a superb support infrastructure for entrepreneurs, which includes renowned 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 was home to 143 venture capital investment deals and invested over \$2.2 billion in clean technologies in 2012 (latest data). It also ranks first in the nation in new energy patents. California once again led the nation in green investment in 2012 as it has for many years. 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.

While it is a major urban area, Los Angeles is competitive cost-wise. Los Angeles has a larger consular corps (99 nations are represented) than any other U.S. city outside of Washington D.C. and New York. In addition, more than 220 languages and cultures are 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 county in the U.S. (with 413,000) based on the most recent Census data.



## People's Republic of China







## Key Cities and Provinces in China:

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

<b>First Tier Cities</b>	
Shanghai (Municipality)	23.8 million
Beijing (Municipality)	21.1 million
Hong Kong (Special Administrative Region)	7.0 million
Chongqing (Municipality)	28.8 million
Tianjin (Municipality)	14.1 million
Guangzhou (Guangdong Province)	12.8 million
Shenzhen (Guangdong Province)	10.4 million
<b>Second Tier Cities</b>	
Chengdu (Sichuan Province)	14.2 million
Harbin (Heilongjiang Province)	10.6 million
Wuhan (Hubei Province)	10.0 million
Qingdao (Shandong Province)	8.7 million
Hangzhou (Zhejiang Province)	8.7 million
Xi'an (Shaanxi Province)	8.6 million
Dongguan (Guangdong Province)	8.2 million
Shenyang (Liaoning Province)	8.1 million
Shantou (Guangdong Province)	8.0 million
Nanjing (Jiangsu Province)	8.0 million
Fuzhou (Fujian Province)	7.1 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>10.0 million</b>
City of Los Angeles	3.9 million
Long Beach	470,000
Santa Clarita	209,000
Glendale	196,000
Lancaster	160,000
Palmdale	156,000
Pomona	152,000
Torrance	148,000
Pasadena	141,000
El Monte	115,000
Downey	114,000
Inglewood	112,000
West Covina	108,000
Norwalk	107,000
Burbank	106,000

*\* State of California, Department of Finance estimates as of January 1, 2014*





# Section 1 | Historical Ties



## From the Empress of China to Globalization

### 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 so the U.S. had to look to expand its number of trading partners.

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 time frames 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 by water or within hours by air.

## 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

The history of the Chinese in Southern California really began in the 1850s. In 1850, the U.S. Census reported that there were two Chinese residents in Los Angeles. 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 9th 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 Chiang 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 32nd 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 in 1959 the first Chinese-American judge, Delbert Wong, 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

■ *“In fact, the President of China Xi Jinping has called Los Angeles the epicenter of the U.S.-China relationship.”*

these events as trade and foreign direct investment have produced double digit economic growth rates. China passed Japan to become the second largest economy in the world in 2010 (based on \$US current prices). Los Angeles has become known as the “Capital of the Pacific Rim” while the Sino-Southern California relationship has evolved and grown. In fact, the President of China Xi Jinping has called Los Angeles the epicenter of the U.S.-China relationship. 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

#### 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 emphasized the importance of education throughout its long and dynamic history. As the country has opened up its society over the past thirty-five years and with the advent of globalization, many Chinese students have taken advantage of the opportunity to study abroad. Key enabling factors were the opportunities Chinese economic growth have created for families and also a change in U.S. visa policies that made it much easier for Chinese students to obtain F-1 student visas. These developments have triggered growth in this area, a trend that 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 2013. In 1988, China became the leading nation of origin for foreign students studying in the U.S. 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 243,623 (up from 106,564 in 2008-2009) students studying in American colleges and universities in the 2011-2012 academic year, an increase of 36,367 students (a 20% jump) from the previous



academic year. The total number of students has more than doubled since 2008-2009 and then quintupled since 1995. This has been extremely helpful for the U.S. economy and for U.S.-China relations. The economic impact to various regional economies across the U.S including the L.A. region includes tuition fees, living expenses and real estate investment by the parents of these students. In addition, 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. These schools graduate tens of thousands of students each year. By providing the right combination of educational curriculum, experienced faculty, and a broad selection of universities, L.A. County is the top choice for higher learning for international students (numbering between 20,000 to 30,000). In fact, there are roughly 10,000 Chinese students studying in Los Angeles County universities as of 2013, up roughly from 3,000 in 2009.

### 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 eleven consecutive years and will most likely maintain this ranking in the current academic year. In the academic year ("AY") 2013-2014, USC hosted 9,269 international students out of a total student body of over 33,000 students. The number of Chinese students enrolled at USC for AY 2013-2014 was 3,689. ***USC has the highest number of Chinese students of any university in the U.S.***

#### Chinese Students Enrolled at USC

Undergraduate Students	716
Graduate Students	2,935
Other	38
<b>Total Number of Chinese Students at USC</b>	<b>3,689</b>

Source: Office of the Provost, Global Initiatives Office

***Many observers including President Obama have said that no other relationship will be as critical as the American-Sino relationship in the 21st Century***

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. USC President C.L. Max Nikias has said, "A deep understanding of China will be a cornerstone of what will define excellence in the 21st 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 21st 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. It was the first American university to visit Beijing during the restoration of diplomatic ties between the two nations. Over the past thirty-six years USC has 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 Pacific Rim and make USC the first global American university. Under the leadership of former President Stephen B. Sample and current President Nikias, USC has moved up faster and higher in the national rankings than any other research university in the U.S. It has emphasized the geographical importance of Los Angeles within the Pacific Rim. In the 1990s, former President Sample spoke strongly about the emergence of the Pacific Rim, how it would be the most dominant economic region in the 21st Century, and how Southern California is the American gateway to this region of the world. In fact, former 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, former 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 45 universities from 16 countries in the Pacific Rim. The Association includes the following LA County and Chinese universities:

### Los Angeles County Member Universities

- University of Southern California (USC)
- University of California, Los Angeles (UCLA)
- California Institute of Technology (Caltech)

### Chinese Member Universities

- Fudan University
- Hong Kong University of Science & Technology
- 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. USC later 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's former 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."*

## USC 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 cultures 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, Pearl River Delta and in Shanghai. China represents the fifth largest country of USC alumni 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 20th 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 and a member of the USC Board of Trustees;
- 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 #6 in the nation in international student enrollment with a total of 6,703 in 2013-2014. The number of Chinese students enrolled at UCLA for AY 2013-2014 was 2,827. With 2,827 Chinese students, **UCLA has one of the highest number of Chinese students of any university in the U.S. 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.**

### Chinese Students Enrolled at UCLA

Undergraduate Students	1,849
Graduate Students	978
<b>Total Number of Chinese Students at UCLA</b>	<b>2,827</b>
<b>Total Number of Chinese-American Students at UCLA</b>	<b>5,004</b>

Source: Office of the Analysis and Information Management

## 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 by many publications and experts 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 project undertaken 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. 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 includes a useful U.S./China timeline that explores the key events in our over 200 year history.

Also, part of the U.S.-China Media Brief – 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 connected around the world 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, companies and foundations in over forty countries.

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 the 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 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 focuses on China's rise as a global power
- The 2008 Olympic Games serves 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 21st 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 University, Northridge

■ Total Number of Chinese Students:	450
■ Total Number of Chinese-American Students:	645
■ Asian American Studies	
■ China Institute	
■ Center for China Finance and Business Research	

### Pepperdine University

■ Total Number of Chinese Students:	246
■ Asian Studies Program	

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

■ Total Number of Chinese Students:	193
■ Total Number of Chinese Alumni living in China:	roughly 40-45
■ Chinese Language Studies	

### California Institute of Technology (Caltech)

■ Total Number of Chinese Students:	165
■ 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	

### California State University, Los Angeles

■ Total Number of Chinese Students:	133
■ Total Number of Chinese-American Students:	1,396
■ Chinese Program	
■ Chinese Studies Center	
■ Asian Pacific Business Institute	



## Other Local Universities with Educational Ties to China (continued)

### Loyola Marymount University (LMU)

■ Total Number of Chinese Students:	77
■ Total Number of Chinese Alumni:	362
■ 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	

### California State University, Long Beach

■ Total Number of Chinese Students:	69
■ Total Number of Chinese-American Students:	274
■ 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	

### Claremont Colleges

■ Total Number of Chinese Students:	39
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#### Pomona College

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

#### Scripps College

- Asian American Studies
- Asian Studies

### Occidental College

■ Total Number of Chinese Students:	10
■ Total Number of Chinese Alumni:	40
■ Asian Studies	
■ Chinese Language	
■ Study Abroad in China	
■ Beijing-Intensive Chinese Language	
■ Beijing   Chinese Studies	
■ Nanjing	
■ Hong Kong   Chinese University of Hong Kong U.S./China Program	

### California State University, Dominguez Hills

■ Total Number of Chinese Students:	2
■ Total Number of Chinese-American Students:	154
■ Total Number of Chinese Alumni:	50
■ Asian-Pacific Studies Program	

## Cal State Campuses and China

Multiple Cal State campuses across Los Angeles County offer training programs to provincial government officials and professionals in addition to the traditional programs mentioned above.



## 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, Los Angeles County 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 in 2012 was 413,000 (up from 360,000 in 2008) according to the latest American Community Survey (2012) 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 short 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)
- **Lancaster** | Huainan (prefecture-level city in central Anhui Province | became a sister city in 2010)
- **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)
- **Alhambra** | Rizhao (prefecture-level city in southeastern Shandong Province | became a sister city in 2011)
- **Monterey Park** | Quanzhou (prefecture-level city in southern Fujian Province | became a sister city in 1993)
- **Whittier** | Changshu (located in Jiangsu Province and is a county-level city under the jurisdiction of Suzhou | became a sister city in 1994)
- **Malibu** | Lijiang (prefecture-level city in the northwest of Yunnan Province | became a sister city in 2011)

## 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 (First Suburban Chinatown in the U.S.)**

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 (*based on findings from the LAEDC FDI database*).

### **Olympic Games**

The Olympic Games were held in Los Angeles in 1932 and 1984. Both were historic for the Chinese people, because of the significant milestones that occurred in these games. The 1932 Summer Olympic Games marked the first time a Chinese athlete competed in the Olympics. The first Chinese Olympic athlete was Changchun Liu. He was the **only** Chinese athlete present. Then, 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 is located in Hacienda Heights. The temple encompasses 15 acres and took 10 years to complete. Hsi Lai means "coming to the west", and its main mission is to spread the teachings of Buddhism to the west. The temple was designed using Ming and Qing dynasty architecture. The overall complex includes a pagoda, a main shrine building, a



bodhisattva 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. The Chinatown temple is the largest Chua Thien Hau Temple in Southern California. A Chua Thien Hau temple also exists in Monterey Park.

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 throughout 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
- At the following popular Lifestyle Malls:
  - The Grove
  - The Americana at Brand





## The Huntington-Chinese Gardens

The Huntington Library, Art Collections and Botanical Gardens complex 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. It is the first museum in Southern California that celebrates the Chinese-American experience and history.** It focuses on the history of Chinese immigration that began over 150 years ago (see *Historical Ties* section), and offers exhibits and educational programming which are structured to provide 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).

## 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

### International Daily News

- Launched in 1981 in Monterey Park

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

**An important aspect of the China-Los Angeles County relationship is related to having resources that make it easier to stay connected to China.** Chinese and Chinese-Americans have many opportunities to feel closely linked to what is happening in China. Here is a list of Chinese broadcasting on local Cable channels and satellite channels, radio stations, magazines and all other media outlets in Los Angeles County that bridge China and L.A. closer together:

**TV Stations** | G&E Studio, ICN, HTTP, KSCI (Channel 18), TVB USA/Jadeworld TV, Sky Link TV, TVB, TVB2, ATV Home Channel, BT, CCTV-4, CCTV-Entertainment, CCTV-Opera, China Movie Channel, CYRTV, Dragon TV, SETV, TVS, HTV, Jiangsu International Channel, PACVIA TV, Phoenix HK TV, Xiamen TV, Zhejiang TV, Sky Link TV, iCable, Channel V, and Tai Seng.

**Radio Stations** | KAZN AM 1300, KMRV AM 1430, KAHZ AM 1600

**Magazines** | EDI City Newsweek



## Chinese-American Newspapers in Los Angeles

### China Daily USA

China Daily is the largest English-language daily newspaper published in China. It was established in 1981 and has a circulation of over 500,000 in China and roughly 150,000 in the U.S. **China Daily USA was launched in 2009 and provides a window into China for North American readers.** The newspaper has branch offices in several foreign cities including six offices in the U.S., which include New York, Washington DC, San Francisco, Chicago, Houston and Los Angeles. It is very common to find in newsstands on many street corners in Downtown L.A.

### TCL 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. It was originally named Grauman's Chinese Theatre and renamed Mann's Chinese Theatre in 1973. Then in January 2013, the naming rights were acquired by TCL Corporation.

### 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.

### 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. Based in Pasadena the CITS USA office is the only branch in North America and it is based in Pasadena. It offers tour packages, ticket bookings, reservations and visa services.

## Los Angeles Tourism & Convention Board

The L.A. Tourism & Convention Board main objective is to augment L.A.'s visitor economy and all the individuals that are associated with it. Leisure and Hospitality is one of the most important industries in Los Angeles County. The Board concentrates on marketing Los Angeles as a prime destination for domestic and international tourists. Over the past five years we have seen significant growth in the number of Chinese tourists coming to Los Angeles. This has had a substantial beneficial impact on the Los Angeles County economy as China has become the top overseas market for visitation in Los Angeles with annual growth rates as high as 36% in recent years. In fact, the growth in Chinese tourism has propelled tourism into one of the Los Angeles Metro Area's top export sectors. (please see pg. 53 for more information on the Los Angeles Tourism and Convention Board's China offices/programs)

## International Visitors Council of Los Angeles (IVCLA)

The International Visitors Council of Los Angeles is a non-profit organization that aims to create international understanding and cooperation between the Los Angeles region and the world. Emerging international leaders who are selected by U.S. embassies are welcomed to Los Angeles by Citizen Diplomats who participate in meeting and cultural activities. The IVCLA has arranged exchange programs for visitors from over 100 countries since 1980. The IVCLA programs allow visitors to experience first-hand the way of life in the U.S. including our institutions, values and culture.





## Network Ties

The third very critical part of the personal ties that exist between the two regions includes the network ties. The network ties include very prominent national organizations that focus on increasing and promoting U.S.-China relations. In addition, the network ties include all of the Southern California and Los Angeles based Chinese organizations that serve as a bridge

*No other region of the U.S. offers more resources that Chinese and Chinese-Americans can leverage to further solidify the China-Los Angeles County relationship.*

between China and the Los Angeles region. No other region of the U.S. offers more resources that Chinese and Chinese-Americans can leverage to further solidify the China-Los Angeles County relationship. These organizations provide extremely beneficial services that lead to increased integration between China and Los Angeles County. All of these organizations will play a large role in determining how far we can take this relationship into the future.

## Nationally Based Associations and Organizations

### 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 nearly 60 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, Manila, Seoul, Sydney and Shanghai. Asia Society has two branches in California including San Francisco (Northern California) and Los Angeles (Southern California). Asia Society Southern California was established in 1985 and has grown substantially over the past thirty 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. It will be kicking off a series of conferences on the impact of the Asian economies on the U.S., the Pacific Cities Sustainability Initiative, and the LAsia 21 program designed to identify and promote up-and-coming Asian Pacific Islander leaders under the age of 40. The Asia Society has multiple initiatives related to China including:

#### Center on U.S.-China Relations

- Founded in 2006 by Arthur Ross
- Directed by Orville Schell

#### Chinese Language Initiatives

- Confucius Classrooms Network
- National Chinese Language Conference (2014 event was held in Los Angeles) Newsletter, Online Resources and Publications



## 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 and catalogs

## China-United States Exchange Foundation

The China-United States Exchange Foundation is a non-profit organization that was established in 2008 with the main objective of bringing the two nations closer together through expanding dialogue. The Foundation has created a large number of research initiatives related to economics, the environment, and education. The key areas of focus are climate change, energy security, food security, health issues, financial crimes and trade issues. **The Foundation recently published a report entitled “U.S.-China 2022: U.S.-China Economic Relations in the Next Ten Years”.** The report outlines areas of potential cooperation and identifies economic benefits that both sides may enjoy over the next eight years.

## 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, promoting 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:

- **Dominic Ng** | Chairman, President & CEO, East West Bank (and Chairman of the Committee of 100)
- **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
- **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.

### **Southern California Based Associations and Organizations**

#### **China Enterprise Council (CEC)**

China Enterprise Council is a non-profit organization that was established and registered in California in 1993. The main mission of the China Enterprise Council (CEC) is to bridge and promote US-China economic development and trade, and cooperation among US and China enterprises, to promote communications between Chinese enterprises and the U.S. government and industries and to protect Chinese enterprises' interests and rights. CEC helps Chinese enterprises enter into the U.S. market and develop business in the U.S. CEC has almost 100 members including state-owned enterprises, government representative offices, private enterprises as well as world-renowned enterprises; involved in financial, transportation, energy, telecommunications, construction,

trade, technology, law, tourism, real estate, education, hotel, financing and other areas. The CEC is based in Downtown Los Angeles.

#### **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.

#### **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, and educates the business community on the following issues – technology, e-commerce, real estate development and the Pacific-rim business climate.

#### **Chinese CEO Organization**

The Chinese CEO Organization was established in 1996 and includes Chinese business professionals from all commercial, trade and professional services areas. It was founded in order to promote economic ties between the U.S. and China, to create better relationships and 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 to support the Chinese business community and to promote dialogue on critical issues that are 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. Its 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.

### **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 | The Chinese Economy



### Past, Present and the Future

#### The Chinese Economy – Key Recent Developments

China has made many economic headlines since the first edition of this report was published in 2010. The Chinese economy surpassed the Japanese economy to become the second largest economy in the world in 2010, an achievement that has to be put into perspective. The Chinese economy experienced the strongest economic growth rates in all of history over a thirty year time period from 1980 to 2009. China's average annual growth rate was 10%. The real turning point for China was in 2001 as it became a member of the World Trade Organization (WTO). Since that time China's economy has more than tripled in size.

From 2001 to 2008, the Chinese economy was booming and it led to a surge in economic growth across the emerging world. Chinese exports were very strong during this period as demand from the U.S. was at an all time-high mainly stemming from an artificial period of consumption fueled on credit and a housing bubble, which led to the worst financial and economic crisis since the Great Depression. The

easy credit and boom years in the advanced economies were accompanied by stellar growth years in China, which fueled a commodity boom that contributed to significant growth in emerging economies such as Brazil and Indonesia just to name a few. However, all of this came to an abrupt end in the latter half of 2008 and into 2009 due to the global financial crisis and economic recession. Both the U.S. and Europe fell into an economic abyss and the emerging economies began to lead the way. At this point the Chinese government had to decide how best to supplement economic growth as exports would not be able to lead the way.

The Chinese economy was able to avoid any substantial slowdown after the 2008 financial crisis by implementing the largest stimulus package in its history, consisting of both expansionary fiscal and monetary policies. The stimulus package offset China's dismal export figures that were triggered by the dramatic collapse in world trade in 2008-2009. In 2009, China's real GDP grew by 8.7% as consumer spending, business investment and especially government investment all increased, even as the advanced economies and the global economy were deteriorating. China's total two-way trade with the world was over \$4 trillion in 2013 making it the





world's largest trading nation in goods. In fact, China is the first or second largest trading partner of nearly 80 countries, which account for nearly 60% of global GDP.

The key development during this period was China's increased reliance upon fixed investment as a driving force for growth. Fixed investment (meaning in infrastructure, real estate and manufacturing) has been roughly 50% of China's GDP over the past few years. This is unprecedented in China's economic development.

Going forward China fully understands it must transition away from its export-oriented, investment driven, low-value added economic model to one based more on domestic consumption, high-value-added production and services. This is known as China's *Great Rebalancing Act* or the *Great Transformation*. In addition, the country began to take on substantial levels of debt that started during the stimulus period. Both of these developments (rebalancing and higher levels of debt) have caused a fundamental shift in the government's economic policies.

In 2011, China entered into its 12th 5-Year Plan (2011-2015), which mainly focuses on altering the overall economic model. The key objectives of the plan are expanding growth in the western regions, improving the environment and energy efficiency, growing domestic consumption, reducing inequality, and furthering scientific development. This year (2014), marks the fourth year of the plan and it has made progress on most of these objectives. However, the environment and inequality are still big problems that are going to take time to properly address. Also, one of the key differences between the 11th and 12th plans is the GDP growth target, which has moved from 7.5% to 7.0%. Other key economic targets include increasing service sector contribution to GDP from 43% to 47%, increasing spending on research and development to 2.2% of GDP, and holding inflation at or below 4%. In addition, China is focusing on developing seven key industries which are new energy, energy conservation and environmental protection, biotechnology, new materials, new IT, high-end equipment manufacturing and clean energy vehicles. This will of course entail domestic investment in these areas as well as foreign direct investment.

The trajectory of the Chinese economy has become a hot topic in the past few years as the global economy has attempted to fully recover from the Great Recession. Some economists predicted a "hard landing" for China, while others like the LAEDC have correctly projected a "soft landing." China's recovery has happened against the backdrop of its attempt to move from an export-led model to a consumer based model. It is important to note that this transition will not happen overnight, and in fact, will directly translate into lower growth for a period of time, as has happened over the past two years.

*President Xi Jinping stated that Los Angeles is the epicenter of the U.S.-China relationship. As this report attempts to demonstrate, no other region of the U.S. has a closer relationship with China.*

Another key development for the Chinese economy has been the transfer of power from one government to the next which takes place every decade. The new government is led by President Xi Jinping who actually visited Los Angeles in February 2012 while he was still Vice President. President Xi Jinping stated that Los Angeles is the epicenter of the U.S.-China relationship. As this report attempts to demonstrate, no other region of the U.S. has a closer relationship with China.

China's economic performance has suffered over the past two years, both as a result of internal factors and the global slowdown (especially the recession in Europe). The Chinese economy appeared to have turned the corner at the end of 2012, posting a growth rate of 7.9% in the fourth quarter, but GDP growth continued to decelerate into the 7.5% range in 2013. The country's new leaders have attempted to address key concerns facing the Chinese economy including finding a balance between quantity and quality of growth. The slowdown has been detrimental to the global economy, particularly hitting those economies that have been most interconnected with the Chinese growth engine. A Chinese economic deceleration greatly impacts a wide range of industries and all of its trading partners. China is the first or second largest trading partner to roughly 80 countries,



which account for nearly 60% of global GDP. It is the largest exporter in the world and the second largest importer. China has a significant impact on commodity markets as it has been the dominant player over the past 10 years. There has been a dramatic decline in Chinese imports of raw materials, machinery, equipment, chemicals, and electronic components as the Chinese economic engine has decelerated.

*However, another trend has evolved as a higher proportion of our exports include consumer goods, capital goods and knowledge-intensive goods and services. This is an important development and will present excellent opportunities for our regional exporters in the future due to our comparative advantages in these specific areas.*

The economic slowdown has also impacted the trading relationship between the Los Angeles Customs District (LACD) and China. China is the LACD's top trading partner. Imports outnumber exports by a 5:1 ratio, but this is expected to change in the coming years as China moves towards supplying less to the world mainly due to rising wages in China and consuming more. Our local ports will see more goods coming from Vietnam and elsewhere in Southeast Asia. More exports will leave our ports as the Chinese middle class continues to expand. Over the past decade a large percentage of LACD exports to China have been driven by China's huge appetite for raw materials and components as inputs to its manufacturing. With the slowdown in Chinese manufacturing, those LACD exports have been negatively impacted as all waste and scrap experienced declines the last two years. However, another trend has evolved as a higher proportion of our exports include consumer goods, capital goods and knowledge-intensive goods and services. This is an important development and will present excellent opportunities for our regional exporters in the future due to our comparative advantages in these specific areas. With China's economy expected to grow by 7.3% in 2014 and the next few years, this should bode well for the U.S., California and Los Angeles County economies, most importantly as an expanding market for our exports.

## China's 12th Five-Year Plan

### Key Objectives:

- Develop Western Regions
- Environment
- Energy Efficiency
- Domestic Consumption
- Reduce Inequality
- Scientific Development

### Seven Key Industries:

- **New Energy** | solar, wind and nuclear | China is the largest investor in renewable energy globally
- **Energy Conservation and Environmental Protection** | energy reduction targets and reducing air, water and soil pollution
- **Biotechnology** | pharmaceuticals and medical devices
- **New Materials** | rare earths and high-end semiconductors
- **New IT** | broadband networks, internet security infrastructure, and network convergence
- **High-End Equipment Manufacturing** | aerospace and telecom equipment
- **Clean Energy Vehicles** | electric vehicles



### Third Plenum of the Central Committee of the Communist Party (November 2013)

The Chinese Communist Party's third plenum of the 18th Party Congress was the first key economic planning meeting under the new President Xi Jinping, and it sets the tone for the government's next five-year term. The main objective of the meeting was to forge consensus among the party elite and set a general tone for the country's development. This meeting sets the stage for China's economic future.

#### Key Recommendations of the Third Plenum Meeting:

- Achieve "decisive accomplishments" in major fields and build a sound, scientific, and effective institutional system in all sectors by 2020.
  - Economic reform is the key to comprehensive reforms. Streamline the relationship between the government and the market. The latter will play a decisive role in the allocation of resources.
  - Safeguard the authority of the constitution and law. Deepen law enforcement reform, guarantee the independent use of authority by the judiciary and prosecutors in accordance with the law; improve protection of human rights within the judicial system.
  - Establish open and transparent market rules; let the market play a major role in pricing. Establish a unified market for construction land in cities and the countryside; improve the financial system; deepen reform of science and technology sectors.
  - Set up a national security committee.
  - Set up a leading committee on comprehensive reforms at central level to take charge of the overall design of reforms, coordination, implementation and supervision.
  - Establish a comprehensive environmental protection regime, including better delineated property rights over natural resources and regulation of resource use; set up a charging mechanism for their use.
- Allow farmers to enjoy the same benefits of urbanization as urban residents. Grant farmers more property rights and push for equal resource allocation among urban and rural areas.
  - Maintain the dominance of public ownership while encouraging development of non-public sectors to spur the economy's vitality and creativity. Strengthen the protection of property rights, and make state-owned enterprises adhere to modern corporate practices.
  - Transform the role of government and deepen reforms of its administration. Improve the government's credibility by making it more law-based and service-oriented.
  - Clarify responsibilities within government; reform the tax system; improve the transparency of government budgets.
  - Open up market access, speed development of free-trade zones, and open up inland cities along the borders.
  - Build a strong army by cultivating its allegiance to the party, its combat capability, and morale.

In order to properly place this into context, the 1978 meeting led by then President Deng Xiaoping, resulted in significant economic reforms for China that ultimately resulted in China witnessing its strongest economic growth rates in history. The 1993 meeting led

*The forthcoming reforms that are expected to be put in place by President Xi Jinping could ultimately determine what the future of China will look like and hence, determine the future of the L.A. County-China relationship.*

to reforms that eventually enabled China to join the World Trade Organization (WTO) in 2001. That decision single-handedly transformed the Southern California international trade industry as it propelled our region into becoming the international trade capital of America. Chinese imports into our local ports have more than doubled over the past decade.



The Los Angeles region has become the gateway between the U.S. and China. The forthcoming reforms that are expected to be put in place by President Xi Jinping could ultimately determine what the future of China will look like and hence, determine the future of the L.A. County-China relationship.

### **Economic Free Trade Zone of Shanghai**

The Shanghai free trade zone is the first free trade zone in Mainland China and it is going to act as a pilot zone with the expectation for others in the coming year. This is a very important step for the Chinese government and part of the entire reform process that is taking place. The main goal is to allow China to begin the difficult transition of moving towards becoming a more liberalized free-market economy. Other cities and provinces including Guangdong and Tianjin are aiming to also establish free trade zones. The Shanghai free trade zone is currently 28.8 square kilometers and it includes the Waigaoqiao duty-free zone and the world's busiest port, the Yangshan port. The free trade zone may eventually encompass the entire Pudong district.

*The Shanghai free trade zone is the first free trade zone in Mainland China and it is going to act as a pilot zone with the expectation for others in the coming years.*

Another key reason for the creation of the free trade zone was to further develop Shanghai into becoming the financial center of China and Asia. In March 2014, the Shanghai Stock Exchange received approvals to establish an international trading center in the free-trade zone. This could lead the way to foreign firms having the opportunity to issue shares on Chinese exchanges. In addition, the Chinese government has stated that they would allow a trial period of a fully convertible renminbi capital account in the free-trade zone. The prospects for a lifting of controls that forbid foreign companies from raising capital through initial public offerings (IPOs) would be substantially increased if all of this transpires in the coming months.

### **Key Risks/Issues/Challenges facing the Chinese Economy**

The Chinese economy faces multiple internal and external risks in the short and long term. Any analysis of internal risks and obstacles ahead for the Chinese economy must begin with examining the problems that an unsustainable investment-driven growth model presents. The main problem has become overcapacity and reaching a level of diminishing marginal returns on investments. Overcapacity exists in real estate, infrastructure, and manufacturing. Its capital efficiency has fallen significantly as its incremental capital-to-output ratio has increased to 6.4 from 3.8 before the financial crisis. This represents the amount of capital needed to generate a unit of GDP. Overcapacity also exists in steel, aluminum and cement. It will be critical to address these three heavily polluting industries going forward in order to improve the pollution crisis facing China. Other key problems include deteriorating credit quality and weakening export markets. Inflation has also been a major issue over the past few years, especially food prices, and one cannot underestimate the potential impact this could have on social stability (just look at the uprisings over the past few years in the Middle East and North Africa and more recently in other emerging markets) and *harmony* which is so vital to the status quo in China. Maintaining harmony within society has been the key objective for the Chinese government in recent years. Corruption and a lack of transparency are significant challenges that China faces as well as income inequality and environmental issues (especially air and water quality). Another formidable challenge China faces in the coming years includes an ageing population and healthcare accessibility, quality, and costs.

China also faces critical external economic, financial and geopolitical risks. First, it has been greatly impacted by the European debt crisis and the resulting recessions. China is particularly heavily dependent upon demand from Europe as it is China's largest trading partner, but significant economic growth or substantial demand from Europe will not be happening any time soon. The other key market for Chinese goods is of course the U.S. Somewhat faster growth in the next two to three years (meaning 2014-2016) should be beneficial to China. Demand from emerging markets has also slowed down as these economies have been struggling of late for multiple reasons including as a result of the Chinese slowdown and demand for commodities.





China faces a couple of key geopolitical risks and challenges. First and foremost, instability in the Middle East and North Africa and the potential impact of higher oil prices poses risks to China given its heavy reliance upon Middle Eastern supply. Another key risk involves the various island disputes China has with countries like Japan, South Korea, the Philippines and Vietnam.

Of course, there are many unanswered questions related to future Chinese economic development. The biggest question going forward remains: Has the economic development model of large investments in industry that led to growth in manufacturing output that led to an explosion of export growth, and huge trade surpluses finally run its course? Over the past 50 years in the world, every single case of excessive investment in industry that led to growth in manufacturing output has ended with a hard landing, a financial crisis and/or a long period of low growth. Will it happen in China?

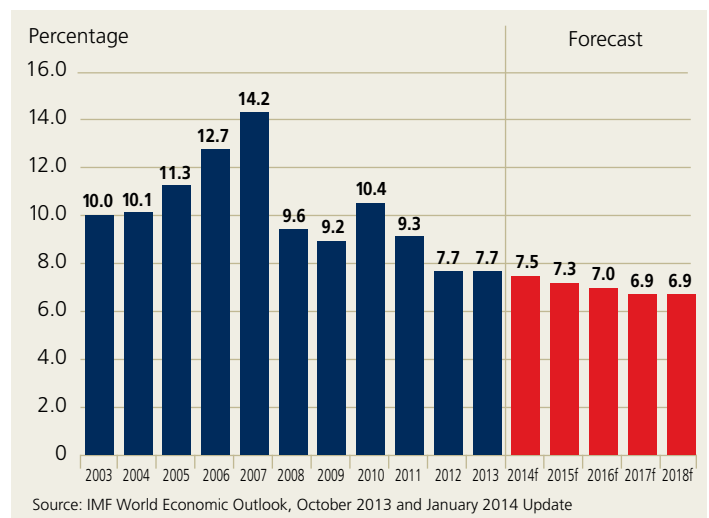
China has managed to avoid a hard landing over the past two years, but some key China experts are now projecting a crisis this year or in 2015. On the other hand, others are arguing that even though China cannot count on the advantages it had in the past (including cheap labor, an abundance of land, and past economic reforms), it can now create new competitive and comparative advantages and implement even more groundbreaking reforms (which they have already begun to do). Going forward China will need skilled workers, scientific and technological innovation, renewable energy, and additional substantial reforms (economic and financial). Where China is headed in the next few years will be based on whether or not much needed reforms come to fruition. China is unique, complex and unlike any other country in history, given its population size, history, and mixed economic system. The other key way China differentiates itself is that its government is quite influential and has the capacity to support the banking system and the real economy.

*As China continues to develop, L.A. County will be uniquely positioned to benefit from China's evolution. Over the past thirty-five years many doubters have continuously underestimated China's ability to sustain economic growth and one cannot discount the fact that China has always found a new way to produce the strongest most consistent economic growth in history.*

China must restructure its economy from its current development model, but it still has a long way to go to become an advanced economy. Moreover, it will have to avoid the "Middle Income

Trap" that so many other countries have faced. It also has many significant challenges in the long term, including corruption, an ageing population, environmental degradation, income inequality, sustainable energy resources and inflation (mainly food prices). As China continues to develop, L.A. County will be uniquely positioned to benefit from China's evolution. Over the past thirty-five years many doubters have continuously underestimated China's ability to sustain economic growth and one cannot discount the fact that China has always found a new way to produce the strongest most consistent economic growth in history.

### China Real GDP Growth



### Top Ten Largest Economies in China (based on 2013 figures)

1	Guangdong	\$1 trillion
2	Jiangsu	\$955 billion
3	Shandong	\$883 billion
4	Zhejiang	\$607 billion
	<b>Los Angeles County</b>	<b>\$584 billion</b>
5	Henan	\$519 billion
6	Hebei	\$457 billion
7	Liaoning	\$438 billion
8	Sichuan	\$424 billion
9	Hubei	\$398 billion
10	Hunan	\$396 billion



## Section 4 | Trade Ties



### China's Entryway into the United States

#### 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-five 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. As a result, total trade between the U.S. and China grew from \$1 billion to over \$500 billion. China ranked as the 32nd largest export market for the U.S. and the 57th largest source of U.S. imports in 1979. By 2008, China became the 2nd largest U.S. trading partner after Canada, the 3rd largest U.S. export market and the largest source of U.S. imports. As of 2013, this still holds true.

***Over the past thirty plus years, trade (goods only) between the two nations escalated from approximately \$4.8 billion to over \$562 billion. U.S. exports to China have grown from \$3.8 billion to \$122 billion in 2013. U.S. imports from China have risen from \$1 billion to over \$440 billion in 2013. Roughly 15% of all U.S. trade is now with China.***

The rapid increase in trade that has taken place over the past thirteen 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 particularly with 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 of China's surging economic development due to the state's beneficial geographical location. China was California's second largest export market in 2012, with exports to China at \$21.8 billion. In 2013, China became California's largest export market for the first time reaching \$24.1 billion.

### CA Exports – Top 5 Destinations from 2006-2013 Billions of \$

Country	2006	2007	2008	2008	2010	2011	2012	2013
China*	\$27.6	\$31.8	\$35.0	\$29.3	\$38.2	\$43.9	\$44.0	\$46.3
Japan	20.8	21.3	22.2	18.5	21.5	23.7	24.7	24.0
Mexico	17.7	17.2	18.5	15.6	18.5	20.9	22.1	22.6
South Korea	13.0	13.8	13.3	10.1	14.5	15.4	14.9	15.7
Taiwan	9.8	10.7	10.6	7.9	11.0	11.5	11.0	11.7

\*Includes Hong Kong and Macao

Source: USA Trade Online

### 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 \$415 billion in two-way trade values in 2013
- America's #1 Port – The Port of Los Angeles (POLA)
- America's #2 Port – The Port of Long Beach (POLB)
- Together the Ports of L.A. 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

### Top World Container Ports by Volume (2013)

■ Shanghai (China)	33.6 Million TEUs
■ Singapore	32.6 Million TEUs
■ Shenzhen (China)	23.3 Million TEUs
■ Hong Kong (China)	22.3 Million TEUs
■ Busan (South Korea)	17.7 Million TEUs
■ Ningbo-Zhoushan (China)	17.3 Million TEUs
■ Qingdao (China)	15.5 Million TEUs
■ Guangzhou Harbor (China)	15.3 Million TEUs
■ Los Angeles-Long Beach (combined)	14.6 Million 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 Asia, the Pacific Islands and elsewhere across the Pacific. Like the personal ties, 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 especially strong 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. In fact, over the past couple of years, the ports of Busan, Ningbo, Guangzhou, and Qingdao have surpassed the San Pedro ports in total container traffic. Based on 2013 figures, the San Pedro Bay ports are now the ninth busiest port complex in the world. This means that China now has 7 of the top 10 busiest ports in the world.

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 nearly 45% of trade between China and the U.S. Together, the Ports of Los Angeles and Long Beach handle nearly 37% of trade between China and the U.S. China (which for purposes of this report includes the Mainland, Hong**

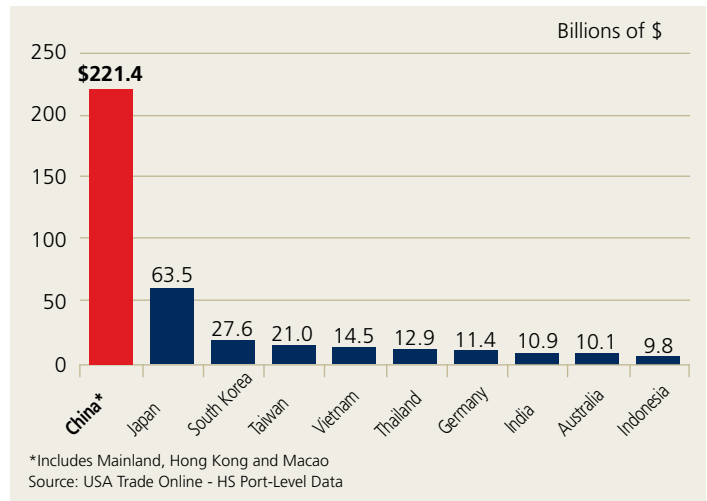


**Kong, and Macau) was once again the LACD's largest trading partner in 2013, with total two-way trade (general imports & exports) valued at \$221.4 billion, up by 4.5% from 2012.** Total Chinese imports unloaded in the LACD were \$186.0 billion (#1), while total U.S. exports to China through the LACD came to \$35.4 billion (again #1). This gave the LACD a trade deficit of -\$150.6 billion (also #1). China's import-to-export ratio of 5.25 was once again by far the highest among the LACD's top five trading partners, and slightly higher than the 2012 ratio of 5.2. The Los Angeles Customs District handled over \$487 billion worth of international trade (general imports and exports) in 2013 and China accounted for 45% of that total. In fact, roughly 60% of two-way trade volumes at the Port of LA and the Port of Long Beach are related to trade with China. (All trade figures are based on data from USA TradeOnline HS port-level general imports and exports.)

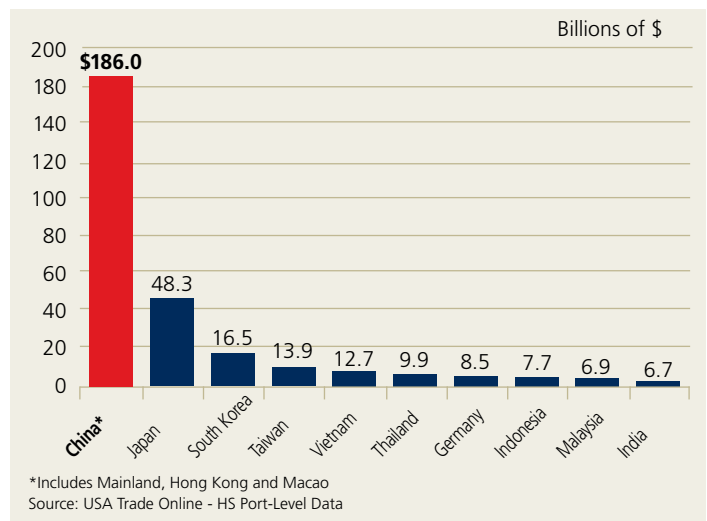
*Southern California has transformed itself into a formidable hub for logistics and transportation stemming from its trade links with Asia (primarily China) and the world. For this reason and owing to its many other long ties to China and its people, the Los Angeles County region has moved into an important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

International trade has become one of the most significant economic drivers for Southern California, creating hundreds of thousands of jobs. Based on recent estimates from the LAEDC, over 163,000 workers were employed in trade related industries (includes transportation, logistics, and distribution) in Los Angeles County alone. Southern California has transformed itself into a formidable hub for logistics and transportation stemming from its trade links with Asia (primarily China) 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.

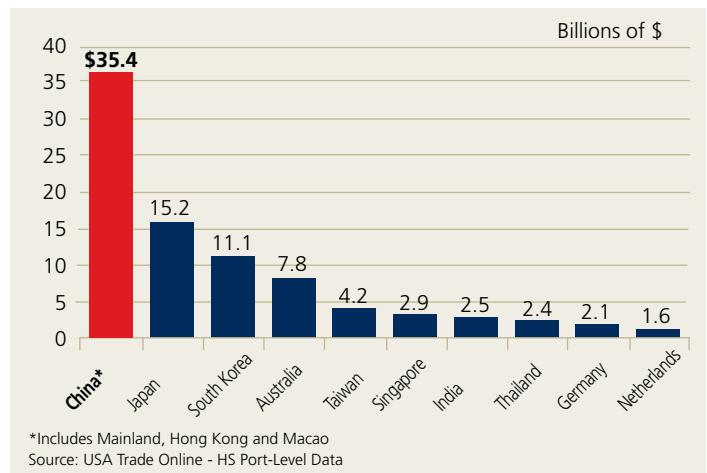
### 2013 LACD Top 10 Trading Partners



### 2013 LACD Top 10 Import Sources



### 2013 LACD Top 10 Export Destinations







## LACD Top Imports from China

In 2013, the list of China's major import product groups was again dominated by computers and peripherals and electronics equipment & components (mainly automatic data processing machines). The two major drivers of Chinese imports to the LACD were computer-related (both hardware and printers), and electronic products and components (dominated by flat-panel TVs). In response to U.S. economic growth, the value of imports from China unloaded in the LACD rose by 4.7% during 2013. Of the top 10 product groups (general imports) coming into the LACD, furniture posted the highest increase, climbing by 10.7%, due to the improvement in housing demand. Other noteworthy gains were seen in plastics (up 7.8%), auto parts (up 7.7%) and leather goods (up 7.7%). Growth in all of these product groups has been consistently strong over the past few years.

All major general import product groups experienced growth in 2013 with the exception of toys and games, which saw a drop of 3.4% (this was the straight consecutive year of losses – after two consecutive yearly nearly declines of 10%). There was only one shuffle in the rankings across the top 10 groups, but no change in the composition. Furniture surpassed toys and games and footwear to move into the #3 ranking. Overall, growth in Chinese imports is mainly attributable to the resurgence of consumer demand stimulated by the U.S. economic expansion.

## LACD Top 10 Imports from China

Commodity	2013 (millions of \$)	% of China Total
Computer, Peripherals, Machinery, Appliances, and Parts	\$41,794.1	25.5%
Electrical Equipment, TVs and Electronic Parts	\$40,556.0	21.8%
Furniture, Bedding, and Lamps	\$11,078.8	6.0%
Footwear and Footwear Parts	\$10,862.7	5.8%
Toys, Games, and Sports Equipment	\$9,849.4	5.3%
Apparel & Accessories (Knit Or Crochet)	\$9,170.2	4.9%
Apparel & Accessories (Not Knit Or Crochet)	\$8,198.9	4.4%
Plastics & Items Made of Plastic	\$5,935.9	3.2%
Motor Vehicles and Motor Vehicle Parts	\$5,022.2	2.7%
Leather Apparel, Handbags and Luggage	\$4,788.8	2.6%
<b>Total Top 10:</b>	<b>\$147,257.1</b>	<b>79.2%</b>

Source: USA Trade Online



## LACD Top Exports to China

It is especially noteworthy that LACD exports to China have grown by over 52% since 2009, setting export records at the Port of Los Angeles (POLA) in 2010 and 2011 in terms of both value and number of containers. Exports of containers had yet another record year in 2012 with a 3.4% increase, but LACD exports by value dropped by 2.1%, with declines in all waste and scrap categories including plastics, copper, wood, aluminum, rubber, iron, steel, paper, nickel and precious metals. In 2013, LACD exports to China rose by 2.3%, with increases in computers and machinery, vehicles and auto parts, medical instruments, precious stones, leather goods and food waste and animal feed.

A large percentage of LACD exports to China are driven by that nation's huge appetite for raw materials, components, and waste and scrap as inputs to its manufacturing sector activities. In 2012 and 2013, the Chinese economy experienced a slowdown, particularly in manufacturing, and LACD waste and scrap exports to China suffered as a result. At the same time, China has been looking more towards Australia and Brazil to meet many raw material requirements and also has increased component imports from other Asian nations. **However, on a positive note the percentage of total LACD exports that are related to just waste and scrap has been diminishing in recent years.**

Six of the top 10 LACD exports to China experienced an increase in 2013. The most significant jump occurred in food waste and animal feed, vehicles and auto parts, and leather goods. Of the top five LACD export product groups—machinery, electronic equipment and parts, plastic scrap, vehicles and copper—two actually witnessed declines in 2013. The biggest decline was seen in copper, which fell by 8.7% in 2013, while Chinese demand for plastic scrap dropped by 2.2%. In addition, the value of cotton exports fell by roughly 37% in 2013, mainly due to a drop in cotton prices which reached all-time highs in 2012.

Exports of optic, medical and surgical instruments increased by 3.5% in 2013, approaching \$1.7 billion, after growing by 18% in 2012. The biggest export story in 2013 was the entrance of food waste and animal feed into the top 10 LACD exports to China. LACD wood waste and scrap exports dropped out of the top ten rankings mainly due to the aforementioned drop in Chinese manufacturing. **LACD exports of consumer**

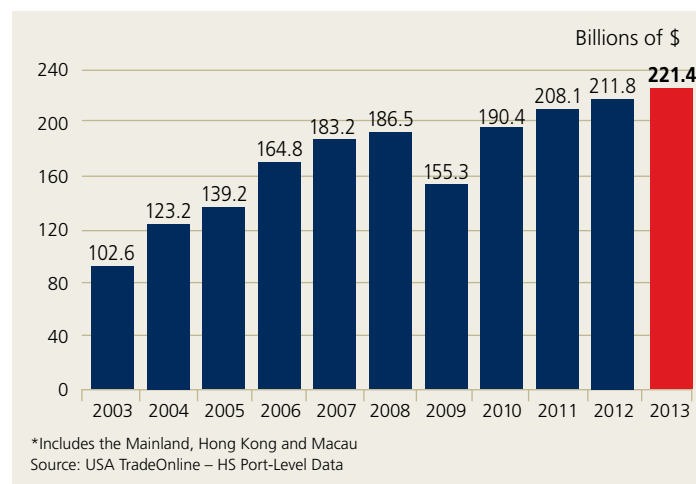
**goods to China continued to grow in 2013, as Chinese consumers increasingly flexed their economic muscles, a trend that should continue to gather momentum over the long term. This is very relevant to LACD exports as this new composition of LACD exports will play an instrumental role in future growth trends.**

## LACD Top 10 Exports to China

Commodity	2013 (millions of \$)	% of China Total
Computer, Peripherals, Machinery, Appliances, and Parts	\$4,707.5	8.2%
Electrical Equipment, TVs and Electronic Parts	\$3,841.9	6.7%
Plastics & Items Made of Plastic	\$2,750.3	4.8%
Motor Vehicles and Motor Vehicle Parts	\$2,289.3	4.0%
Copper and Items Made of Copper	\$1,754.7	3.1%
Medical, Surgical, and Dental Instruments	\$1,677.7	2.9%
Cotton and Cotton Yarn and Woven Fabrics	\$1,556.3	2.7%
Raw Hides, Skins, and Leather	\$1,230.8	2.1%
Natural Pearls, Precious Stones, and Metals	\$1,079.1	1.9%
Prepared Animal Feed	\$1,078.6	1.9%
<b>Total Top 10:</b>	<b>\$21,966.4</b>	<b>38.3%</b>

Source: USA Trade Online

## LACD 2-Way Trade with China\* 2003-2013





### The Los Angeles Customs District Top 10 Imports from China 2013 Detail

- 1 Computer Products & Machinery**
  - Automatic data processor machinery
  - Printer, copier & fax machinery
  - Printer & copier parts & accessories
- 2 Electrical Machinery & Equipment**
  - TV Receivers & Monitors
  - Reception apparatus for TVs
  - Voice/image/data machinery
  - Water, Space and Soil Heaters
  - TV & Digital Camera Recorders
  - Video tape
- 3 Furniture**
  - Seats & Parts
  - Wooden Furniture
  - Lamps & Lighting Fittings
- 4 Footwear**
  - Sneakers/Tennis Shoes
- 5 Toys**
  - Video game parts and accessories
- 6 Apparel (Knit)**
  - Sweaters
- 7 Apparel (Woven)**
  - Women's or girls' trousers
- 8 Plastics & plastic products**
  - Articles made of plastic
- 9 Vehicles and Parts**
  - Auto Parts
- 10 Leather Goods**
  - Travel Goods & Handbags

### The Los Angeles Customs District Top 10 Exports to China 2013 Detail

- 1 Computer Products & Machinery**
  - Taps and Valves for Pipes
  - Automatic data processing machinery
  - Pumps for Liquids
- 2 Electrical Machinery & Equipment**
  - Parts of phone sets
  - Electronic integrated circuits
  - Generators
- 3 Plastics & Plastic Products**
  - Polyesters
  - Polymers of Ethylene
  - Polymers of Vinyl Chloride
- 4 Vehicles & Parts**
  - Motor Homes & Parts
- 5 Copper & Copper Products**
  - Copper waste & scrap
- 6 Optical, Medical & Surgical Instruments**
  - Auto regulating instruments
  - Measurement parts & instruments
- 7 Cotton**
- 8 Leather Goods**
- 9 Precious Stones**
  - Waste and Scrap of Precious Metals
- 10 Food Industry Waste and Animal Feed**
  - Residues of Starch and Sugar



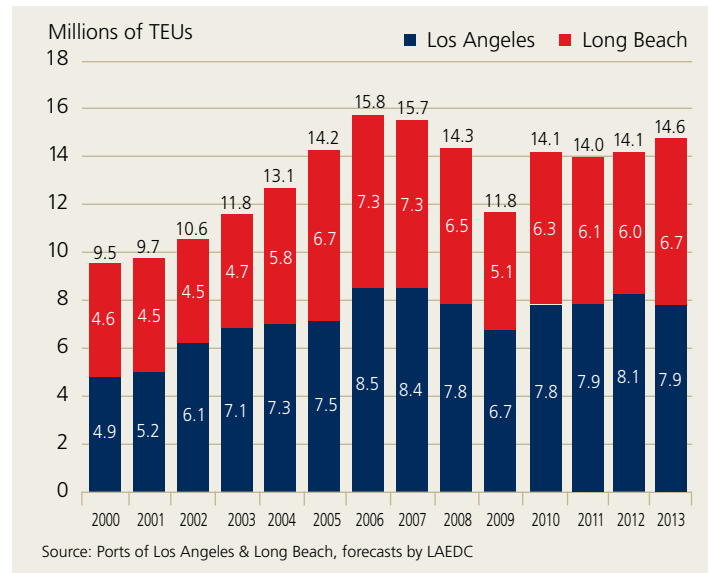
## The Port of Los Angeles (POLA)

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, 270 berths, 85 container cranes, 16 marinas and 23 cargo terminals, including dry and liquid bulk, container, breakbulk, automobiles and omni facilities. The Port is also home to the World Cruise Center at Berths 91-93, which has more than a dozen cruise lines throughout the year. During the 2013-2014 cruise season, six different cruise lines had regular ship calls including:

- Azamara Club Cruises
- Celebrity Cruises
- Crystal Cruises
- Disney Cruise Line
- Norwegian Cruise Line
- Princess Cruises

The Port of Los Angeles was the busiest port in the U.S. for the fourteenth consecutive year in 2013. Container volumes have more than doubled during the past decade; POLA is the 16th busiest port in the world and is part of the 9th busiest port complex in the world when combined with the adjacent Port of Long Beach based on the most recent rankings from 2013. POLA handled 7.9 million Twenty-Foot Equivalent Units (TEUs) in Calendar Year (CY) 2013. The total cargo value of trade in CY 2013 was \$284.5 billion. The total cargo tonnage for CY 2013 was 165.1 million metric revenue tons. The port saw 2,143 vessel arrivals in CY 2013, basically unchanged over the past few years. In addition, 169,107 automobiles were handled in 2013. Almost all of these measures experienced declines in 2013 as cargo shifted from POLA to the Port of Long Beach.

### Total TEUs Handled at the LA-LB Ports



### The Port of Los Angeles CY 2013 top 5 Imports by TEU's included | Total Import TEUs were 4.1 million in CY 2013. Of this number, the five largest categories were:

■ Furniture	400,879 TEUs
■ Auto Parts	342,977 TEUs
■ Apparel	336,702 TEUs
■ Electronic Products	217,617 TEUs
■ Footwear	167,143 TEUs

### The Port of Los Angeles CY 2013 top 5 Exports by TEU's included | Total Export TEUs at the Port of Los Angeles were 3.75 million in CY 2013. Of this number, the five largest categories were:

■ Paper, Paperboard and Wastepaper	293,523 TEUs
■ Animal Feeds	216,181 TEUs
■ Scrap Metal	124,786 TEUs
■ Fabric	83,544 TEUs
■ Soybeans	50,731 TEUs

Northeast and Southeast Asia account 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 (LACD) top four trading partners are China, Japan, South Korea and Taiwan. 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 2013 with a two-way trade total of \$136 billion, followed by Japan at a very distant second with a value of \$40 billion.





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

### Port of Los Angeles Top Imports from China

The top import commodity into the Port of Los Angeles from China in CY 2013 was electronic products valued at \$26.3 billion, followed by computers, machinery and parts which totaled \$23.4 billion. The next top three imports from China were footwear (\$8.8 billion), furniture (\$7.9 billion) and knit apparel (\$7.6 billion). Combined knit apparel and woven apparel would be the third largest import from China into the Port of Los Angeles. Rounding out the top ten were toys, woven apparel, plastics, autos and auto parts and leather goods.

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

Commodity	2013 (millions of \$)	% of China Total
1 Electrical Equipment, TVs and Electronic Parts	\$26,282.4	11.7%
2 Computers, Peripherals, Machinery, Alliances and Parts	\$23,384.7	10.4%
3 Footwear and Footwear Parts	\$8,829.0	3.9%
4 Furniture, Bedding, and Lamps	\$7,934.3	3.5%
5 Apparel and Accessories (Knit Or Crochet)	\$7,573.4	3.4%
6 Toys, Games, and Sports Equipment	\$7,074.2	3.1%
7 Apparel and Accessories (Knit Or Crochet)	\$6,530.5	2.9%
8 Plastics and Items Made of Plastic	\$4,196.8	1.9%
9 Motor Vehicles and Motor Vehicle Parts	\$3,802.4	1.7%
10 Leather Apparel, Handbags, and Luggage	\$3,501.4	1.6%
<b>Top Ten Total:</b>	<b>\$99,109.4</b>	<b>44.0%</b>

Source: USA Trade Online

### Port of Los Angeles Top Exports to China

On the export side, the top commodities sent out of the Port of Los Angeles to China in CY 2013 were computers & parts, plastics and plastic products and cotton. Computers & parts exports were valued at over \$1.4 billion. Plastics were valued at \$1.3 billion while cotton came in at nearly \$960 million. These three exports were followed in the rankings by copper & copper products, vehicles & parts, leather goods and food industry residues.

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

Commodity	2013 (millions of \$)	% of China Total
1 Computers, Peripherals, Machinery, Alliances and Parts	\$1,445.2	12.2%
2 Plastics and Items Made of Plastic	\$1,266.8	10.7%
3 Cotton and Cotton Yarn and Woven Fabric	\$958.5	8.1%
4 Copper and Items Made of Copper	\$666.0	5.6%
5 Motor Vehicles and Motor Vehicle Parts	\$614.0	5.2%
6 Raw Hides, Skins, and Leather	\$577.1	4.9%
7 Prepared Animal Feed	\$542.0	4.6%
8 Electrical Equipment, TVs and Electronic Parts	\$521.9	4.4%
9 Meats and Meat Products	\$493.5	4.2%
10 Wood Pulp (Waste & Scrap)	\$415.2	3.5%
<b>Top Ten Total:</b>	<b>\$7,500.2</b>	<b>63.1%</b>

Source: USA Trade Online





## 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 66 Post-panamex gantry cranes. The Port of Long Beach was the second busiest port in the U.S. in 2013. It is the 23rd busiest port in the world and part of the 9th busiest port complex when combined with the Port of Los Angeles (based on the most recent data from 2013). POLB handled 6.7 million Twenty-Foot Equivalent Units (TEUs) in 2013. The total cargo value was \$155 billion. The port serviced 5,000 vessels in 2013 and 75 million metric tons of cargo. On average, the Port of Long Beach handled the equivalent of over 18,350 TEUs each day during CY 2013.

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

- Crude Oil
- Electronics
- Plastics
- Furniture
- Clothing

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

- Petroleum Coke
- Petroleum Bulk
- Chemicals
- Waste Paper
- Foods

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

- Top trading partners by tonnage are:
  - China
  - Japan
  - Taiwan
  - Vietnam

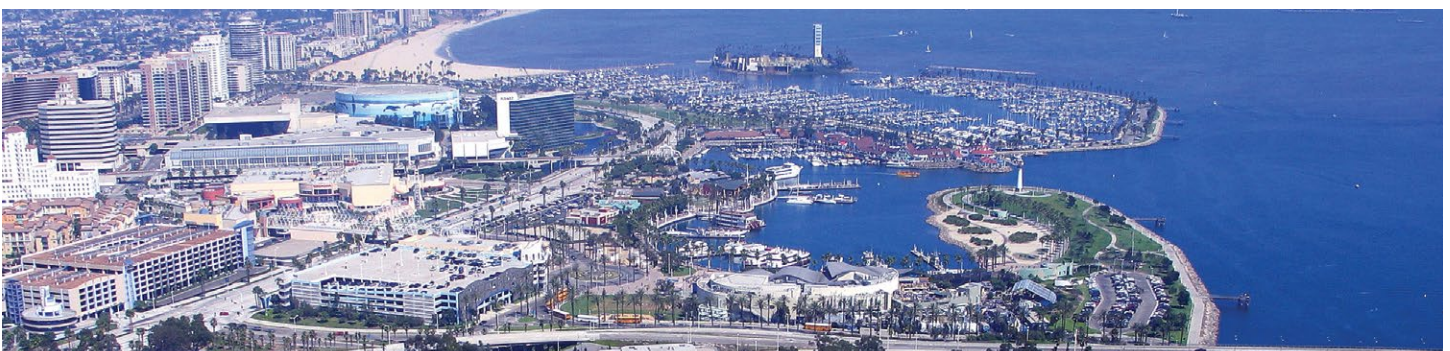
## Port of Long Beach Top Imports from China

The top import commodity from China in CY 2013 was computers, machinery and parts which totaled \$10.5 billion, followed by electronic products valued at \$8.4 billion. The next top three imports from China were furniture (\$3.1 billion), toys (\$2.5 billion) and footwear (\$1.9 billion). Rounding out the top ten were plastics, iron and steel products, apparel and autos and auto parts.

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

Commodity	2013 (millions of \$)	% of China Total
1 Computers, Peripherals, Machinery, Alliances and Parts	\$10,459.7	24.5%
2 Electrical Equipment, TVs and Electronic Parts	\$8,400.3	19.7%
3 Furniture, Bedding, and Lamps	\$3,092.6	7.2%
4 Toys, Games, and Sports Equipment	\$2,522.1	5.9%
5 Footwear and Footwear Parts	\$1,915.6	4.5%
6 Plastics and Items Made of Plastic	\$1,608.9	3.8%
7 Iron and Steel Products	\$1,256.7	2.9%
8 Apparel and Accessories (Knit Or Crochet)	\$1,235.7	2.9%
9 Motor Vehicles and Motor Vehicle Parts	\$1,201.1	2.8%
10 Apparel and Accessories (Not Knit Or Crochet)	\$1,174.4	2.8%
<b>Top Ten Total:</b>	<b>\$32,866.9</b>	<b>77.0%</b>

Source: USA Trade Online





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

### Port of Long Beach Top Exports to China

On the export side, the top commodities sent out of the Port of Long Beach to China in CY 2013 continued to be computers, machinery and parts followed by plastics and plastic products. Computer exports were valued at over \$1.9 billion while plastics came in at over \$1.4 billion. These two exports were followed in the rankings by vehicles & parts, copper and copper products, and electronics.

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

Commodity	2013 (millions of \$)	% of China Total
1 Computers, Peripherals, Machinery, Alliances and Parts	\$1,9058.3	12.1%
2 Plastics and Items Made of Plastic	\$1,397.3	8.8%
3 Motor Vehicles and Motor Vehicle Parts	\$1,339.4	8.5%
4 Copper and Items Made of Copper	\$1,061.2	6.7%
5 Electrical Equipment, TVs and Electronic Parts	\$828.3	5.2%
6 Fruits and Nuts	\$662.9	4.2%
7 Raw Hides, Skins, and Leather	\$651.6	4.1%
8 Cotton and Cotton Yarn and Woven Fabric	\$597.1	3.8%
9 Aluminum and Items Made of Aluminum	\$557.3	3.5%
10 Wood Pulp (Waste & Scraps) (Not Knit Or Crochet)	\$554.9	3.5%
<b>Top Ten Total:</b>	<b>\$9,558.4</b>	<b>60.4%</b>

Source: 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. LAX is also the world's busiest origin and destination airport. It offers 680 daily flights to 96 domestic cities and 910 weekly nonstop flights to 59 cities in 30 countries on 60 commercial air carriers, and serves every Asian and Pacific Rim airline including Air China, Cathay Pacific, China Eastern Airlines, and China Southern Airlines. LAX has become a pivotal distribution center for cargo to and from China and the rest of the Pacific Rim. LAX was the 14th busiest cargo airport in the world in 2013 as it handled over 1.7 million metric tons of air cargo. It was also the 6th busiest passenger airport in the world as it handled 66.6 million passengers in 2013. In addition, LAX was ranked 4th in the world in aircraft movements in 2013 with nearly 615,000 take-off and landings.

The top trading partner with LAX is the Asia-Pacific region. More than 1,000 flights arrive and depart LAX daily carrying air cargo. Of these over 50% are international. Eighty percent of the Los Angeles region's air cargo is handled at LAX with the balance being handled at other smaller regional airports around the region. LAX is responsible for more than \$85 billion in exports and imports.

### Los Angeles International Airport Top 5 Imports from China in 2013:

- Computer Equipment
- Cellular, Landline Phones and Equipment
- Apparel
- Medical Instruments
- Diamonds

### Los Angeles International Airport Top 5 Exports to China in 2013:

- Computer Chips
- Cellular, Landline Phones and Equipment
- Unmounted Diamonds
- Medical Instruments
- Aircraft and Aircraft Parts



## Los Angeles International Airport (LAX)

(continued)

### Los Angeles International Airport Top Import Sources in 2013 included:

■ China	<b>\$17.1 Billion</b>
■ India	\$3.5 Billion
■ Japan	\$2.9 Billion
■ Thailand	\$2.3 Billion
■ Germany	\$2.1 Billion

### Los Angeles International Airport Top Export Markets in 2013 included:

■ China	<b>\$7.4 Billion</b>
■ Japan	\$4.6 Billion
■ India	\$3.4 Billion
■ Germany	\$2.4 Billion
■ South Korea	\$2.3 Billion

### Los Angeles International Airport Top Trading Partners by Two-Way Value in 2013 included:

■ China	<b>\$24.5 Billion</b>
■ Japan	\$7.5 Billion
■ India	\$6.9 Billion



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

Commodity	2013 (millions of \$)	% of China Total
1 Computers, Peripherals, Machinery, Alliances and Parts	\$7,945.1	46.4%
2 Electrical Equipment, TVs and Electronic Parts	\$5,866.0	34.3%
3 Apparel and Accessories (Not Knit Or Crochet)	\$492.7	2.9%
4 Medical, Surgical, and Dental Instruments	\$448.3	2.6%
5 Apparel and Accessories (Knit Or Crochet)	\$359.9	2.1%
6 Natural Pearls, Precious Stones, and Metals	\$285.4	1.7%
7 Toys, Games, and Sports Equipment	\$251.7	1.5%
8 Leather Apparel, Handbags, and Luggage	\$213.4	1.2%
9 Plastics and Items Made of Plastic	\$129.2	0.8%
10 Footwear and Footwear Parts	\$118.0	0.7%
<b>Top Ten Total:</b>	<b>\$16,109.7</b>	<b>94.1%</b>

Source: USA Trade Online

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

Commodity	2013 (millions of \$)	% of China Total
1 Electrical Equipment, TVs and Electronic Parts	\$2,488.6	33.6%
2 Computers, Peripherals, Machinery, Alliances and Parts	\$1,329.9	18.0%
3 Natural Pearls, Precious Stones, and Metals	\$1,046.8	14.1%
4 Medical, Surgical, and Dental Instruments	\$1,021.2	13.8%
5 Aircraft, Spacecraft, and Parts	\$378.8	5.1%
6 Miscellaneous Chemical Products	\$139.6	1.9%
7 Plastics and Items Made of Plastic	\$86.1	1.2%
8 Motor Vehicles and Motor Vehicle Parts	\$80.7	1.1%
9 Pharmaceutical Products	\$76.6	1.0%
10 Essential Oils, Perfumes, and Cosmetics	\$56.7	0.8%
<b>Top Ten Total:</b>	<b>\$6,704.9</b>	<b>90.6%</b>

Source: USA Trade Online





## LAX and China:

*Air China, China Eastern Airlines, China Southern Airlines, and Cathay Pacific* collectively had a total of 42 weekly non-stop flights in 2013. These Chinese airlines represented 2.0% of the total international passengers in 2013. In addition, these four airlines plus Yangtze River Express Airlines represented 11% of the total international air freight. Nearly 1.4 million passengers departed or arrived via the four Chinese airlines in 2013. Cathay Pacific carried the largest number of passengers amongst all of the Chinese and Hong Kong airlines serving LAX, followed by Air China and China Southern Airlines. Cathay Pacific carried the largest amount of tonnage followed by China Cargo Airlines. Other airlines that provide one-stop flights between Los Angeles and China are Korean Air, Delta, and United as they provide weekly flights via Tokyo or San Francisco.

### Tourism

In 2012, China became Los Angeles's top visitor overseas market by attracting 470,000 people, an increase of nearly 40%. Then in 2013, Chinese tourists to Los Angeles reached 570,000, a jump of over 21% compared with the previous year.

The number of Chinese tourists visiting Los Angeles was just 158,000 in 2009. China has gone from not being in the top 10 ranking of overseas visitors just a few years ago to the #1 source of overseas visitors to Los Angeles. As a direct result of this surge in Chinese tourism, the San Gabriel Valley has been witnessing an economic transformation as tourism brings spending and attracts investment. Cities like San Gabriel have benefitted greatly as it has sparked a boom in new development. Chinese tourists are looking for authentic Chinese food and Chinese services. The real Chinatown or the classified "Suburban Chinatown" of Los Angeles is in the San Gabriel Valley and the region is providing those services that are in high demand by Chinese tourists. Most Chinese tourists will utilize San Gabriel Valley as a base for visiting all of the key main attractions throughout Southern California including Disneyland, shopping (Rodeo Drive, Beverly Center and South Coast Plaza) and casinos. The dramatic tourism growth has and will continue to translate into new commercial development including hotels, restaurants, shopping centers and luxury retail.

In fact, parts of San Gabriel Valley did not experience a recession during the Great Recession of 2008-2009 due to the influx of Chinese tourists and investment, particularly in real estate. Both residential and commercial real estate values have more than doubled over the past decade in parts of the San Gabriel Valley. In addition, this has a tremendous overall economic and fiscal impact to the cities in the San Gabriel Valley, Los Angeles County and to the State of California. For example, the increase in tourists leads to more spending and jobs associated with that spending and hotel development

translates into more transit occupancy tax revenues. This is just one more perfect example of how China's rise has positively benefitted the economic development of Los Angeles County.

The outlook for Chinese tourism growth is extremely promising. In fact, a recent analysis by CLSA Asia-Pacific Markets predicts that the number of Chinese visitors to the U.S. will triple from 1.5 million in 2012 to 5.7 million by 2020. This is excellent news for the hospitality and tourism industry in California and Los Angeles County. Nearly half of all Chinese traveling to the U.S. visits California and over 72% (based on 2013 figures) of those visiting California come to Los Angeles County. As a result, Los Angeles County could see anywhere from 1.5 million to 2.0 million Chinese visitors by 2020, a development that would benefit hotels, restaurants, cultural venues, tourist attractions, luxury brand retailers and of course the overall Los Angeles County economy.

#### Chinese Tourists

Number of Visitors (Thousands)



#### Chinese Spending

Spending (Millions)







The Los Angeles Tourism and Convention Board opened up a second office in China in 2013 in order to promote travel to Los Angeles and has the following China outreach programs:

## NiHao China

### ■ Training Program

- Training program to help LA-area hotels, attractions and other tourism industry businesses meet the cultural preferences of Chinese visitors

### ■ LA-Based Receptive and Tour Guide Designation and Training

- Training for tour guides to represent LA to Chinese tourists

### ■ Shop LA

- Builds awareness among Chinese visitors of LA as a shopping Mecca

### ■ Hello LA

- Promoting LA in China via a new Chinese-language website and a Chinese language version of LA's official Visitor Guide

### ■ Marketing Campaign in China

- Integrated consumer marketing campaign in China and a new comprehensive media campaign highlighting LA as a meetings and conventions destination

## World's Busiest Passenger Airports

Los Angeles International Airport (LAX) was the 6th busiest airport in the world in 2013, experiencing an increase of 4.7% in total passenger traffic. LAX was the third busiest airport in all of the U.S. in 2013. Atlanta's Hartsfield-Jackson International Airport remained the world's busiest passenger airport in 2013 with over 94 million passengers. Atlanta was once again followed by Beijing International Airport (PEK) as it reported an increase of 2.2% in passenger traffic in 2013. China also had three other airports ranked among the top 30 airports (Hong Kong International (HKG), Guangzhou Baiyun International Airport (CAN) and Shanghai Pudong International Airport (PVG). Hong Kong International had 59.6 million passengers (a 6.3% increase) while Guangzhou Baiyun International Airport served over 52.5 million passengers (an 8.6% increase) and Shanghai Pudong International served 47.2 million passengers in 2013 (a 5.2% increase over the year).

## 2013 World's Busiest Airports

Airports	# of Passengers (YTY % change)
Hartsfield-Jackson Atlanta	94.4 million (-1.13%)
<b>Beijing</b>	<b>83.7million (+2.2%)</b>
London Heathrow	72.3 million (+3.4%)
Tokyo Haneda	69.0 million (+2.6%)
Chicago O'Hare	66.9 million (+0.1%)
<b>Los Angeles International (LAX)</b>	<b>66.6 million (+4.75%)</b>
Dubai International	66.4 million (+15.2%)
Jakarta Soekamo-Hatta	62.1 million (+3.4%)
Paris Charles de Gaulle	62.0 million (+0.7%)
Dallas Fort/Worth	60.4 million (+3.2%)

Source: Airports Council International

## World's Busiest Cargo Airports

China possesses the busiest cargo airport in the world along with four other in the top 30. Hong Kong International Airport (HKG) was the world's busiest cargo airport with 4.2 million metric tons in 2013, reflecting its status as the aviation hub of Asia. Four other Chinese airports were ranked in the top 30 (including third ranked Shanghai Pudong International Airport (PVG), 13th ranked Beijing, 18th ranked Guangzhou, and 24th ranked Shenzhen). Los Angeles International Airport (LAX) remained the 14th busiest cargo airport recording 1.75 million metric tons in 2013 (a decline of 1.9% over the year). LAX was surpassed by Beijing Capital International Airport in 2012.

## 2013 World's Busiest Airports by Cargo Traffic

Airports	Tonnage
<b>Hong Kong</b>	<b>4,161,718</b>
Memphis	4,137,801
<b>Shanghai</b>	<b>2,928,527</b>
Seoul (Incheon)	2,464,384
Dubai	2,435,567
Anchorage, Alaska	2,421,145
Louisville	2,216,079
Frankfurt	2,094,453
Paris	2,069,200
Tokyo (Narita)	2,019,844
<b>Beijing (#13)</b>	<b>1,843,681</b>
<b>LAX (#14)</b>	<b>1,747,284</b>
<b>Guangzhou (#18)</b>	<b>1,309,746</b>

Source: Airports Council International



## PROFILE

### China Southern Airlines

China Southern Airlines is part of the China Southern Air Holding Company, which is a state-owned air transportation group. China Air Holding Company has eight member enterprises including China Southern Airlines, pilot training academies in Beijing and Australia and a flight simulator training center in Zhuhai. China Air Holding Company is also engaged in import and export trade, financial planning and wealth management, construction and development, media advertising and other industries. China Southern Air Holding Company has more than 70,000 employees.

China Southern Airlines is a public company listed on the New York and Hong Kong exchanges as well as on the Shanghai Stock Exchange. China Southern Airlines is a member of SkyTeam and headquartered in Guangzhou, Guangdong. China Southern has 22 sales offices in China and 56 sales offices worldwide, including Los Angeles. China Southern Airlines operates more than 500 passenger and cargo aircraft. China Southern has the largest fleet of any airline in Asia and the fifth largest in the world. China Southern was the first airline to operate both the Airbus 380 and the Boeing 787.

China Southern operates more than 1,930 daily flights to 190 destinations in 40 countries worldwide. Its global network spans 1,024 destinations to 187 countries. China Southern carried more than 90 million passengers in 2013, ranking it first in Asia and fifth in the world. It has been the largest Chinese airline for the past 34 years and is the fourth largest airline in the world in domestic passenger traffic.

As of December 2013, the airline had a perfect safety record of 11 million flying hours and carried close to 700 million passengers without an incident. China Southern Airlines has received the following honors or awards:

- Diamond Flight Safety Award by the Civil Aviation Administration of China (CAAC)
- Best Airline in China
- Five Star Diamond Award by the American Academy of the Hospitality Sciences
- Four-Star status from SKYTRAX
- Top 50 Most Admired Chinese Company by FORTUNE China Magazine

## PROFILE

### Air China

Air China is the flag carrier of the People's Republic of China. The company was founded in 1988 and is based out of Beijing International Airport. Air China is a member of the Star Alliance and was the official airline of the 2008 Beijing Olympic Games. Air China takes the responsibility of providing flights for Chinese national leaders visiting abroad and foreign leaders visiting China. Air China has several branch offices such as Zhejiang, Chongqing, Inner Mongolia, Tianjin, Shanghai, Hubei, and Guizhou besides its base in Southern China. The main subsidiaries of Air China are Air China Cargo, Air Macau, Shenzhen Airlines, Dalian Airlines and Beijing Airlines. In 2004, Air China was listed on the Hong Kong and London stock exchanges. Air China owns nearly 500 aircraft and operates over 280

passenger routes, including over 70 international routes, 15 regional routes and roughly 200 domestic routes, covering 29 countries and regions and 145 cities. In 2013, Air China carried 51 million domestic and international passengers with an average load factor of 81%.

Air China has received the following honors or awards:

- China's Top Ten International Brands by the Financial Times and McKinsey Consulting
- Top 25 Exemplary Brands of China by Brand China
- Chinese Brand Annual Award No.1 Air Service Sector
- Chinese Culture Brand Award
- Listed Among the Top 500 Global Brands



## Los Angeles Metro Area Exports to China

China is the Los Angeles Metro area's #3 export market based on a recent study completed by the Brookings Institution called *Export Nation*. The Brookings report defines the Los Angeles metro area as Los Angeles and Orange Counties. Brookings includes both goods and services data and the value of exports is estimated by production location and not based on the origin of movement data that the U.S. Census Bureau produces.

Based on this report, the L.A. Metro Area had exports equal to \$5.4 billion to China, which included \$3.7 billion in merchandise exports (goods) and \$1.7 billion in services. The top merchandise or goods exports were computers and electronics, transportation equipment, chemicals, machinery and food. The top services exports were royalties, travel & tourism, education, business services, and freight & port services. The overall top exports from the L.A. Metro Area to China were computers and electronics, transportation equipment, chemicals, royalties and travel & tourism.

The top goods exports category (computers and electronics) is mainly comprised of precision instruments and semiconductors due to the strong high-tech (knowledge-intensive) presence in Los Angeles County. It also highlights the linkages between our local high-tech industries with China's manufacturing prowess. The second largest goods export, transportation equipment, is primarily made-up of aircraft products and parts due to the strong aerospace presence in L.A. and Orange County. The area's top goods exports to China are directly related to L.A.'s competitive and comparative advantages in high-tech manufacturing as the manufacturing capital of America. Of the top five goods exports the L.A. Metro Area has witnessed the strongest growth in transportation equipment and machinery. On the services side of the equation, tourism, movie royalties, and business services (consulting) have experienced the most robust growth rates over the past few years.

### Top Goods Exports

- Precision Instruments and Semiconductors
- Aircraft Products and Parts
- Chemicals
- Machinery
- Food

### Top Services Exports

- Royalties from Movies
- Tourism
- Education
- Business Services (Consulting)
- Freight and Port Services



# Section 5 | Investment Ties



## Endless Opportunities

### 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. China has been investing in the U.S. in recent years, a trend that will continue, given the trade ties between the two nations.

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

The United States as a whole and California in particular have been successful in attracting FDI, but global competition for FDI is becoming more intense. When measured in terms of FDI stock, foreign companies’ share of their overseas affiliates’ net worth and debt owed to them by their affiliates, the United States led the world in 2012, with \$3.9 trillion (e.g., inward FDI stock in U.S. companies) followed by China.

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. Still, the advanced industrial nations account for the largest increases in world inward FDI stocks as a result of their sizable populations of affluent consumers and first-world legal and investment protections. With many countries developing explicit strategies to attract new FDI, advanced industrial nations (and regions within developed countries) cannot afford to 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. From 1999 to 2005, the level of gross property, plant, and equipment of all non-bank affiliates in California grew by 10.7% to \$124 billion, while the nationwide rate of growth was 20.6%.

Since 2006, the U.S. has been the largest recipient of FDI globally. In 2012, the U.S. attracted FDI inflows of \$166 billion. Since 2010, eleven countries (including Japan, Canada, Korea, Australia, the UK, Switzerland, Luxembourg, the Netherlands, Germany, France and Belgium) have accounted for more than 80% of new FDI. In 2011, value-added by majority-owned U.S. affiliates of foreign companies contributed nearly 5% of total U.S. private output.

These foreign companies were responsible for employing nearly 6 million people in the U.S. or just above 4% of private sector employment. Roughly 33% of these jobs are in the manufacturing sector. These jobs pay a higher wage than the U.S. average in both manufacturing and non-manufacturing jobs. In addition, these U.S. affiliates account for over 20% of total U.S. goods exports. FDI into the U.S. finances a number of physical assets, including production facilities, R&D facilities, sales offices, warehouses and service centers. Most importantly, FDI translates into a higher economic output, high-paying jobs, more exports, and R&D investment. Foreign companies are attracted to the U.S. for the following reasons:

- Largest economy in the world
- Open investment regime
- Skilled labor force
- Top research universities and strong community colleges
- Stable regulatory regime
- Solid infrastructure
- New sources of energy

## 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.

*“FDI strengthens the regional economy by bringing new technology, capital, skills, and international connections and by creating new jobs.”*

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.

Foreign-owned and -affiliated establishments account for 359,000 total jobs (both direct and indirect) and roughly \$17 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).





## Chinese FDI Outflows

Since China opened up its economy in 1979, it has since attracted large amounts of inward FDI, enabling the economy to flourish. More recently, China has become a significant source of outward FDI, particularly since 2004. In fact, over the last few years Chinese outward FDI has set new record highs globally and in the U.S. This trend will continue over the coming years as its economy continues onward to becoming the largest economy in the world.

China's outward FDI has grown steadily over the past 30 years. From 1982-1989, its FDI averaged around \$450 million a year, but then rose to exceed \$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 from \$5.5 billion to nearly \$80 billion in 2012.

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.

### Industries Chinese Companies are Investing in Overseas

Energy ■ Metals ■ Food ■ Real Estate

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 carefully navigate the political environments in these nations. The U.S. stands to benefit greatly, given that China likely faces fewer obstacles to entry in the U.S. as compared with other markets. With Los Angeles County having the largest Chinese community and the largest consumer market within the U.S., the likelihood of Chinese investment locally is high. 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. Mergers & acquisitions will likely increase as political sensitivities begin to diminish. Sovereign wealth funds likely will play an important role as China has accumulated \$4 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 earlier in the *Trade Ties* section, the Los Angeles Customs District's top trading partner is China. LAEDC research suggests that China ranks as one of the top ten leading sources of foreign direct investment into Los Angeles County. This ranking has moved up over the past few years and it 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)
- **Jiangsu Province** | 2nd largest economy in China | solar module manufacturing capital of China | includes the City of Nanjing
- **Shandong Province** | 3rd largest economy in China | includes Qingdao
- **Zhejiang Province** | 4th largest economy in China | includes Hangzhou | about the size of the LA County economy
- **Shanghai** | largest city in China (Yangtze River Delta), population of nearly 24 million, 12th largest economy in China
- **Beijing** | capital and second largest city in China, 13th largest economy in China



## Chinese FDI Outflows to the U.S.

### 2013 in Review

- **Total of 82 deals**
  - 44 acquisitions and 38 greenfield investments
  - Total value of \$14 billion
- **Double the amount of 2012**
  - Top 6 investments (accounted for more than 80% of total value)
- **Smithfield**
- **Nexen US**
- **Mississippi Lime JV**
- **Chase Manhattan Plaza**
- **GM Building**
- **Wolfcamp Shale**
- **Food, energy and real estate were the key sectors**
- **Private Chinese companies are leading the way**
  - Private firms were responsible for 87% of investments and 76% of total value
- **Having a greater economic impact**
- **Accounted for more than 70,000 full-time jobs**

### Chinese FDI Outflows to California (based on the Rhodium Group/Asia Society Report "Chinese Direct Investment in California")

China's outward FDI has grown dramatically from an annual average of below \$3 billion before 2005 to \$20 billion in 2006 and more than \$60 billion by 2010. The key turning point occurred in 2007.

Between 2003 and 2011, 417 Chinese deals were made in the U.S. worth a total of \$16.6 billion. They can be broken down into 261 Greenfield projects and 156 M&A's and a further broken down into M&A's accounting for 78% of the total value and Greenfield projects accounting for 22%. California has attracted the most deals with 121 out of the 417 -- about 33% of all Chinese investments in the U.S. However, California ranks fifth in total investment by value. The future for California and especially LA County should be very bright with respect to attracting more Chinese investment.

The Los Angeles Metro area which includes both LA and Orange County is the premier destination for Chinese investment by both number of deals and value according to the *Rhodium Group* report, which clearly demonstrates that L.A. County is the epicenter of Chinese FDI. The L.A. Metro Area recorded 69 deals from 2003 to 2011 accounting for over \$600 million in investments. The key development here was the acquisition of *Riot Games* in 2011 which was valued at \$250 million. The San Francisco MSA was ranked second and the San Jose MSA was third, with a combined total that was less than the L.A. Metro Area. Recognizing that investment does not occur in a vacuum historical and personal ties were key to attracting this investment.

The key industries attracting Chinese investment in California are software and IT services followed by green/clean tech, electronics, communications equipment and services, logistics due to our trade ties and all of the linkages including banking and legal services.

The overwhelming majority of Chinese firms invested in California are privately owned as almost 90% of total deals in California involve private or publicly listed Chinese enterprises. The potential for future growth is staggering as Chinese investment is still in its infant stages.

**Key Projections:** China's current FDI-to-GDP ratio of 5% would yield \$1 trillion in new outbound FDI through 2020 (or \$100 billion per year on average). However, if China's ratio rises to the transitional economy average of 15%, that would equate into \$3 trillion and the Rhodium Group report projects something in between so that translates into \$1 to 2 trillion by 2020. There is roughly \$10 to \$60 billion at stake in California and \$6-\$36 billion at stake for the Los Angeles Metro Area based on historical proportions.

### HIGH TECH: The Next Wave of Chinese Investment in America | Latest Rhodium Group Report on Chinese Investment in the U.S.

#### Key Findings:

- **China began to invest in the early 2000's**
  - first wave was mostly related to natural resources
  - however, in recent years it has been in other sectors such as technology and innovative intensive industries



### ■ First wave in the US was related to energy and real estate

- But now it is more about gaining access to technology and innovation | this is also a direct result of the shift related to the 12th 5-Year plan and how they are trying to move from being the world's factory to the world's innovative center

### ■ Patterns

- From trade facilitation and resource extraction to investment in high-tech manufacturing and advanced services
- From mostly electronic equipment, machinery, and auto parts to new energy, aviation and biotech
- California has received the most investment
- Mostly Chinese private enterprises

### ■ Motivations

- Initially trade facilitation mainly in the form of sales offices
- Then became more aimed at demonstrating capabilities and providing after-sales services
- Acquisition of technology, brands, distribution channels, and other strategic assets in order to improve long-term competitiveness
- Desire to increase the efficiency of their global operations by tapping into the talent base and advanced institutions in the U.S.

The report also addresses the impacts of this investment and whether or not the major concerns are truly an issue or just unproven accusations. It goes on to discuss the impediments that Chinese investors face when entering into the U.S. market. Finally, the report ends with specific recommendations for both U.S. and Chinese policy makers and businesses.

## FDI into Los Angeles County from China

In a comprehensive multi-country study of foreign direct investment in Los Angeles County that was completed in 2008, the LAEDC identified 127 Chinese-owned business establishments in 2007-2008. **Chinese investment into Los Angeles County has doubled since 2007-2008 to 254 establishments according to LAEDC research conducted in 2013-2014.**

*“This extraordinary growth is indicative of how much additional potential there is for Los Angeles over the coming years.”*

China is one of the ten largest sources (estimated to be our eighth largest investor) of foreign-owned and -affiliated businesses in Los Angeles County, based on a preliminary analysis of 2013 business data by the LAEDC. Out of a total of 254 establishments, the largest industry area for Chinese-owned companies is wholesale trade with 63 total establishments. This is followed by retail trade (51 total establishments) and transportation & warehousing (39 total establishments).

Based on LAEDC's previous analysis Chinese investment was expected to grow over the past five years or so. However, one could not have expected a growth rate of 100%. This extraordinary growth is indicative of how much additional potential there is for Los Angeles over the coming years. The LAEDC and its WTC-LA subsidiary have played a pro-active and significant role in attracting this investment including conducting and publishing regular research on China and L.A. County leading to many trade and investment mission trips to China, hosting dozens of inbound delegations each year, signing and fulfilling many memoranda of understanding and mutual cooperation agreements, with trade and investment promotion organizations throughout China, and opening an office in China to facilitate further trade and investment.

### Chinese-owned Establishments by Major Industry Sector

Sector	Total Establishments	% of Total
Wholesale Trade	63	24.8%
Retail Trade	51	20.0%
Transportation & Warehousing	39	15.4%
Other Sectors	101	39.8%
<b>Total</b>	<b>254</b>	<b>100.0%</b>

In retail trade, the major sub-sector is motion picture theaters (AMC movie theaters). In the transportation & warehousing industry sector, the major-sub sector is freight and passenger transportation (China Shipping, COSCO Container Lines, Air China, China Eastern, China Southern and Cathay Pacific). In addition to AMC and the major transportation companies,



major Chinese companies operating in Los Angeles County include Bank of China, China Mobile, China Television, BYD, China Telecom, Tech-Long, AVIC, Shenzhen New World Group and most recently Shanghai Greenland Group.

The City of Los Angeles and the City of Industry are both host to the largest number of Chinese-owned and -affiliated businesses, with 22 total establishments, followed by other key cities like the City of Alhambra, Torrance and Long Beach. ***The Los Angeles area has become one of the key commercial centers for several Chinese companies entering into the U.S. market and more than 40 cities in L.A. County enjoy a share of the investment from China.***

#### Chinese-Owned Establishments by City

City	Total Establishments	% of Total
Los Angeles	22	8.7%
City of Industry	22	8.7%
Alhambra	9	3.5%
Torrance	9	3.5%
Long Beach	8	3.1%
Other Cities	184	72.4%
<b>Total</b>	<b>254</b>	<b>100.0%</b>

Source: LAEDC

China's investment will have a real economic development impact due to increases in economic output, jobs, exports and research & development funding. It is noteworthy that the number of Chinese-owned establishments grew so strongly between 2007 and 2013, especially considering the occurrence of the Great Recession during the intervening years. The 2008 study estimated the economic impact of Chinese investment in the county. The 127 Chinese-owned establishments in the county created 2,700 direct jobs and 5,100 indirect jobs totaling 7,800 jobs, translating to a total of \$360 million in wages and salaries related to Chinese investment into Los Angeles County.

## Prospects for Chinese FDI in California and Los Angeles County

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).

As a part of the Chinese government's 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 has pledged to renew this strategy in the current 12th Five Year Plan which runs through 2015. These actions bode well for the U.S., California and Los Angeles County. It is also worth noting that it dovetails with the L.A. County's ***Strategic Plan for Economic Development*** (facilitated by the LAEDC in 2009) which contains a specific strategic objective to attract more foreign direct investment into the County during its five year implementation period that runs through 2014.

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 a few of the 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.

*“Los Angeles County possesses some undeniable assets that will attract Chinese investment into the County.”*

With its location, its large population and large economic base, 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 is the world class university and R&D talent pool populated by thousands of Chinese students. Other factors that should entice Chinese investors to L.A. 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 concerned investors. The key is to identify industry clusters in L.A. 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. Real estate and property development will be the other key area. Also, 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.

*“Chinese commercial real estate investment is expected to grow to significant levels in L.A. County in the coming years and has already started with Shenzhen New World’s acquisition of prime hotels in Downtown LA and Universal City, and Shanghai Greenland Group and Ocean Wide acquiring prime parcels in Downtown LA in 2014 for mixed use developments.”*

According to most observers, Chinese investment will come in the form of sales and service, distribution and assembly/manufacturing or factories. Investment will have to include sales and service offices in order to provide critical customer service. Distribution centers are expected to draw much attention by Chinese companies looking to expand into the U.S. 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 grow to significant levels in L.A. County in the



coming years and has already started with Shenzhen New World’s acquisition of prime hotels in Downtown LA and Universal City, and Shanghai Greenland Group and Ocean Wide acquiring prime parcels in Downtown LA in 2014 for mixed use developments.

Finally, the FDI will also come in the form of regional headquarters (U.S. or North American), which are already the case for multiple Chinese companies (mostly U.S. headquarters in LA County including some like BYD, TVB, and Phoenix Satellite Television Holdings).





## Key Reasons for Foreign Direct Investment (FDI)

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 is building an assembly plant in Los Angeles County in order to enter the local California and broader North American market.

Secondly, corporations around the world are always looking to find ways to become more efficient which often means placing production sites where 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 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.

## The Evolution of China's Outward FDI

China's first wave of outward investment mostly involved state-owned firms, and was centered around acquiring energy, minerals and land in developing countries in order to secure precious natural resources. This has changed over the past couple of years as new motives are driving Chinese outward investment. The Chinese government is now placing a greater emphasis upon ensuring high returns on investments rather than accumulating valuable resources. It has shifted its focus from developing countries to mature markets. State-owned enterprises are now keeping a close eye on investing in real estate and infrastructure in those advanced economies. In addition, private enterprises are attempting to establish themselves as global brands by acquiring established Western brands. Also, these private companies are attempting to acquire the necessary technology through outward investment in order to become globally competitive. We have witnessed this transformation over the past few years and are increasingly seeing this from Chinese firms. In fact, the share of Chinese outward investment into advanced economies has jumped from just 10% in 2002 to 66% in 2012. This trend will definitely continue in the coming years and the U.S., California, and Los Angeles County should all greatly benefit from these developments.



## PROFILE

### Profile: SelectUSA

SelectUSA is a government-wide initiative to encourage, facilitate, and accelerate business investment in the U.S. by both domestic and foreign firms to create jobs, spur economic growth, and promote American competitiveness. SelectUSA provides enhanced coordination to existing resources and functions within the U.S. Department of Commerce and across all federal departments and agencies with operations relevant to business investment. It works in partnership with state, regional, and local economic development organizations to promote and facilitate overall U.S. business attraction, retention, and reshoring. On its site, economic development agencies and businesses—foreign and domestic—will find the information they need to better understand the complete value proposition offered to firms locating in the United States. Steve Olson, former Executive Director of SelectUSA, has played an instrumental role in facilitating U.S. investments through his leadership. A partner with the global law firm of O’Melveny and Myers, Mr. Olson is currently on the Executive Committee of the Los Angeles County Economic Development Corporation (LAEDC) and is Co-Chair of LAEDC’s World Trade Committee.

In October 2013, SelectUSA held its first annual conference in Washington D.C. The two-day conference drew over 1,200 attendees from nearly 60 countries and economic development officials from 47 states. The California coalition

included Mr. Olson and LAEDC CEO Bill Allen who were focused on directing those investments to L.A. County.

### First-Ever U.S. Commercial Service SelectUSA Roadshow: China’s Pearl River Delta

The Pearl River Delta region includes the cities of Hong Kong, Shenzhen and Guangzhou. The region represents the largest economy in China with a GDP of over \$1.2 trillion. In fact, the region would be the 15th largest economy in the world. The Pearl River Delta is already the largest source of foreign direct investment (FDI) into the U.S. Thousands of Chinese companies are located in the Pearl River Delta and many of these enterprises are very interested in investing in the U.S. As a result, the U.S. Department of Commerce’s Commercial Service organized the Roadshow that took place from April 14-18, 2014. This opportunity allowed state Economic Development Offices (EDOs), regional EDOs (including the LAEDC/World Trade Center - Los Angeles) to meet with potential investors and companies. Participating delegates had the chance to have one-on-one meetings with potential investors, meet with Chinese government officials and take part in manufacturing tours in Shenzhen.

## Attracting FDI from China into LA County

### 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 - Los Angeles strategy involves 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.

The state and county are attempting to attract this type of investment through state and federal legislation that create incentives, access to various funding sources and valuable resources to increase reliance on clean technology and alternative/renewable energy sources. Examples are:

#### State Legislation

- **California Assembly Bill (AB) 32 | California Global Warming Solutions Act**
  - Reduce statewide greenhouse gas emissions to 1990 levels by the year 2020



- **Renewable Energy Requirements in California**
  - Requires California's electric utilities to increase their renewable procurement to 33% of their portfolio by 2020
- **Go Solar California Program**
  - Provides more than \$3.4 billion in incentives for solar-energy projects and aims to create 3,000 megawatts of new solar-produced electricity by 2016

#### **Federal/State Incentives**

- **Federal Income Tax Credit**
  - Up to \$7,500 for electric vehicles
- **California Rebates**
  - Up to \$2,500 for purchase or lease of plug-in hybrid electric vehicles
- **California Assembly Bill (AB) 118 | Clean Vehicle Rebate Program**

#### **Green Opportunities**

- California ranks as the 10th largest consumer of energy in the world
- The Ports of Los Angeles and Long Beach are mandating significant CO2 reductions
- City of Los Angeles | Green LA Initiatives
- The Antelope Valley | centrally located to the state's wind-generating capacity and output

#### **\$40 Billion Available for Los Angeles County Projects**

- **\$30+ Billion | Measure R: Funding LA County Transportation Projects**
- **\$5+ Billion | Modernizing LAX (\$1.9 Billion for International Terminal)**
- **\$4+ Billion | Projects for the Port of Long Beach**
- **\$1+ Billion | Projects for the Port of Los Angeles**

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 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



## Renewable Energy in China

Currently, renewable energy accounts for about 8% of China's current energy production. China's 12th Five Year Plan (12FYP) sets a goal of 11.4% of total primary energy from non-fossil sources by 2015, increasing to 15% by 2020. China has been making significant investments in renewable energy, investing over \$65 billion in 2012. If China can continue investing heavily in renewable energy and clean technologies, then it could help displace "dirty" fossil fuels, such as coal, and slow greenhouse gas and noxious emissions that are negatively impacting air quality and public health in China.

Some of the key renewable sectors in China include hydropower, wind, solar and biomass. Hydropower is the country's single largest renewable power source, providing about 18% of China's total electricity. China is currently the world's largest generator of hydropower with about a quarter of the world's total. China is also the world's biggest user of small-scale hydropower. Wind is the second leading source for renewable power in China. The Chinese market for wind power is growing very rapidly, currently the fastest in the world. Solar production from China accounted for nearly 30% of global solar PV supply in 2012. Biomass, such as wood, peat and energy crops, so far plays a relatively small role overall, but is important in providing heat, as well as conversion into biogas and liquid fuels. The Chinese government has plans for scaling up biomass use.

China has established a legal framework for promoting renewable energy, through its Renewable Energy Law, which promoted renewable energy combining mandated targets, market-based incentives, and direct subsidies. These types of policies, along with tax breaks, preferential loans, and other financial incentives that encourage investors to back renewable ventures help explain why China is making significant progress in renewable energy.

## US China Clean Tech Center

The U.S. China Clean Tech Center (UCCTC) provides U.S. clean technology firms a cost-effective and strategic launching pad to showcase products and services in China's leading markets for clean technology. UCCTC has locations in both the U.S. and China, with offices in Los Angeles, Beijing's Central Business District, and a U.S. Cleantech Products and Services Pavilion in the Tianjin TEDA Eco-Center. UCCTC is a U.S. Department of Commerce sponsored non-profit program of the Innovation Center of Energy and Transportation (iCET). UCCTC represents and promotes US-based clean technology product firms and its members. Benefits of UCCTC include deep ties in China in government and business; well-established local operations and staff in China; and direct sponsorship and support from both U.S. and Chinese governments.

Established in 1984, Tianjin Economic Development Area (TEDA) has become one of China's first state-level development zones with a focus on sustainable development. According to Business Wire, TEDA has ranked first nationwide for the twelfth consecutive year by China's National Ministry of Commerce for its excellent environment for economic and technological development. TEDA has developed the TEDA ECO Center. This is the first low-carbon economic, technological, innovation promotion center in China focused on international cooperation. Tianjin is the ideal launching pad for U.S. clean technology companies seeking to increase U.S. market share because other cities in the region and nation already come to the TEDA ECO Center to obtain cutting edge international clean technology. Therefore, UCCTC partnered with the TEDA ECO Center to establish the first U.S. Clean Tech Pavilion in China. The pavilion provides exhibition space/demo area for U.S. companies to demonstrate their products and services, sharply discounted classroom space for members to train customers or give technical presentations and also host matchmaking or B2B workshops.





## Attracting Los Angeles County Inward FDI from China | Other Key Sectors

The World Trade Center - Los Angeles strategy also targets attracting Chinese investment in the areas of property development, entertainment, logistics, e-commerce, and high-tech. The focus in the e-commerce and supply chain lies with business to consumer solutions. In addition, the focus on high-tech includes electronics and aerospace.

## Other Focus Areas for Attracting Chinese Investment

### EB-5 Program

Overseen by the U.S. Citizenship and Immigration Services (USCIS), the EB-5 program provides foreign nationals the opportunity to become conditional residents for a period of two years upon making an investment of \$1 million, or \$500,000 in a designed Targeted Employment Area, in a new commercial enterprise. Each unit of investment must create at least ten new, direct or indirect jobs for U.S. workers. Once the job creation requirement is met, the conditions are removed and investors may obtain permanent residency.

The EB-5 Program was introduced in 1990 but initially only attracted a relatively small number of immigrant investors. In 1993, the U.S. government modified it to include a Pilot Program under which the federal government could designate "Regional Centers" so that multiple immigrant investors could pool their funds into larger job-creating businesses in certain target regions and industries. Importantly, investors who apply through a USCIS-designated Regional Center have more flexibility in meeting the job creation requirements. More than 3,000 of the total 10,000 EB-5 Visas available annually are allocated to Regional Center-based investors. There are now over 400 Regional Centers in the United States, with many new applications pending.

On September 28, 2012, U.S. President Obama signed bipartisan legislation extending the EB-5 Regional Center Program for an additional three years. The legislation also removed the word "pilot" from Section 610 of Public Law 102-395 (Oct. 6, 1992) when describing the Program.

### Los Angeles County Regional Center

CanAm Enterprises promotes and administers private and government immigration-linked investment funds. In 2002, CanAm began to focus on the U.S. Immigrant Investor Program (EB-5) and has been the largest provider in the U.S. ever since, attracting more than \$1.5 billion. Designated by the U.S. Citizenship and Immigration Services (USCIS) in March of 2008, as the Los Angeles Film Regional Center, this new Center operated by Can Am Enterprises first targeted investments in the motion picture and television industry in Los Angeles County, California gaining hundreds of millions of dollars for them. In 2012, the USCIS approved an application from Can Am Enterprises and the LAEDC to amend the name and expand the Regional Center's target areas for the Los Angeles County Regional Center to encompass multiple industries, including agriculture and food processing; alternative energy; health services; higher education; motion pictures and television; technology; and transportation.

## LAEDC/WTCA Trade and Investment Missions

**For the past eight years, since 2006, the LAEDC and the WTC-LA have been very active in attracting Chinese foreign direct investment by participating in trade and investment missions throughout China.** Some examples over the past few years included these missions & meetings:

### 2008 China Trade and Investment Mission to Shanghai, Beijing, Tianjin, and Dalian

Los Angeles County was represented by the following delegation: (LA County Supervisor Michael D. Antonovich, and his Chief Deputy Kathryn Leibrich and Assistant Chief Deputy Lori Glasgow, LAEDC President & CEO Bill Allen, former World Trade Center Los Angeles (WTC LA) President Vance Baugham and Trade Managers Greg Moore and Lianne Chua, AECOM Vice Chairman, Corporate Development Ray Holdsworth, PricewaterhouseCoopers North American-Greater China Tax Practice Partner Alexander Pan, Squire Sanders & Dempsey Senior Advisor Chinese Business Affairs Bao Yongzhuo).



### 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 L.A. County operations
- 4 companies announced plans to open a new office in L.A. 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
  - 50 Chinese Companies Attended
- Guangdong Investment Seminar
  - Sponsored by the China Council for the Promotion of International Trade (CCPIT)
  - 60 Chinese Companies Attended
- 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 L.A. County offices (BYD and Shenzhen New World Investment)
  - 2 major Companies were attracted and will expand their L.A. 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 L.A. County
  - Both signed a partnership to create a gateway for Chinese Manufacturers to invest in China-Mart USA, a business platform in Los Angeles

### 2010 China Trade and Investment Mission to Guangzhou, Shenzhen, Shanghai, and Nanjing

- Individual Company Meetings
  - 6 Auto Companies
  - 1 Property Development and Real Estate Company
  - 1 Solar Company
- 2nd Annual China Renewable Energy Conference in Wuxi featured LAEDC President & CEO Bill Allen as a guest speaker
- Shanghai Government Officials

### 2011 China Trade and Investment Mission to Shanghai

- Individual Company Meetings
  - 1 Property Development Company
  - 1 Solar Company
  - 1 Auto Company
  - 1 Aerospace Company
- Investment Conference
- Knowledge and Innovation Community
- Signed a Memorandum of Understanding (MOU) with the Development Promotion Council for Yangtze River Area (Yangtze Council)

### March 2013 China Trade and Investment Mission to Shenzhen and Guangzhou

Los Angeles County was represented by the following delegation: LAEDC President & CEO Bill Allen, Mitchell Silberberg and Knupp Partner Lessing Gold, PricewaterhouseCoopers Tax Partner Deborah Lee, East West Bank Executive Vice President KY Cheng, former Executive Director, Corporate & Foundation Relations for USC Viterbi School of Engineering Angus McColl, CBRE Senior Vice President Dennis Zhang, and World Trade Center Los Angeles (WTC LA) staff Henry Wang and Ellen Tong.

- Individual Company Meetings
  - 1 Solar Company
  - 1 Auto Company
  - 1 Airline
  - 1 Electronics Company
  - 1 Green Energy Company
  - 1 Media Company
  - 1 Package Machinery Company
  - 1 Wireless Tech Company
  - 1 Construction Company



### April 2013 China Investment Attraction Mission to Beijing, Shanghai and Hangzhou with Governor Jerry Brown's Office

Los Angeles County was represented by the following delegation: LAEDC President & CEO Bill Allen, Deborah Lee from PricewaterhouseCoopers, Andrew Pan from East West Bank, LAEDC China Representative Henry Wang, and Steven Olson from O'Melveny & Myers.

- Signed an MOU with Ministry of Commerce and officials from Jiangsu, Inner Mongolia, Shanghai, Shandong, Guangdong, and Chongqing
- California Investment Forum with former U.S. Ambassador Gary Locke
- Ecocities Forum | Tsinghua University
- Lunch with members of American Chamber of Commerce Beijing
- Grand Opening of the California-China Office of Trade and Investment & California Investment Forum
- Toured Shanghai Tower (under construction) being designed by LA based architect Gensler.
- California Lifestyle Reception and Wine Maker's Dinner
- Zhangjiang Hi-Tech Park and Eco Park in Hangzhou

#### PROFILE

### California-China Provinces Trade and Investment Working Group

Then Vice President Xi Jinping and Governor Jerry Brown signed a memorandum of understanding in April 2013 in Beijing for China and California to form a Joint Working Group on trade and investment cooperation. The Joint Working Group is co-chaired by the Ministry of Commerce and the California Governor's Office of Business and Economic Development (Go-Biz). The Los Angeles Regional Export Council (LAREx) was selected as the Secretariat for Southern California and along with the LAEDC works very closely with the local Chinese government representatives. Also, a representative from the LAEDC/WTC-LA has visited all the participant provinces and municipalities. The China provinces include Jiangsu, Inner Mongolia, Shanghai, Shandong, Guangdong and Chongqing. The Joint Working Group meets regularly to work towards achieving the following objectives:

- Expand trade and investment cooperation
- Strengthen communication
- Enhance Trust
- Boost Economic Growth
- Create Jobs

### October 2013 China Trade and Investment Mission to Shanghai

Los Angeles County was represented by the following delegation: LAEDC President & CEO Bill Allen, Mitchell Silberberg and Knupp Partner Lessing Gold, and his assistant Sandra Gold, PricewaterhouseCoopers Tax Partner Deborah Lee, East West Bank Executive Vice President KY Cheng, former Executive Director, Corporate & Foundation Relations for USC Viterbi School of Engineering Angus McColl, CBRE Senior Vice President Dennis Zhang, and World Trade Center Los Angeles (WTC LA) staff, Lianne Chua and Henry Wang.

- Individual Company Meetings
  - 2 Property Development Companies (who subsequently announced major investments in Los Angeles County)
  - 1 Logistics and Supply Chain Company
  - 1 Electronics Company

#### PROFILE

### China-Mart USA | Pomona (formerly at LAX)

The China-Mart Los Angeles was the first of its kind in the entire United States. China Mart was initially located at the Los Angeles International Airport (LAX), as this wholesale and showroom facility was established to aid in the development of investment for Chinese manufacturers. China-Mart 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 is now located in Pomona. Chinese manufacturers have been able to sell in the U.S. market easily as a direct result of this resource.

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

- Marketing
- Warehousing and Logistics
- Financial
  - Banking
  - Capital Investment



## PROFILE

### China-Mart USA | Pomona (formerly at LAX) (continued)

At the end of 2012, China Mart decided to only focus on services and gave up its showroom facilities due to the evolution of its clients. It now only provides marketing, sales, warehousing and after sales-service through its partners for products that fit our expertise. China Mart has always wanted to help its foreign investors to transition most easily to the US, but there are many qualified providers that can provide the non-core services while we focus on the main goals.

### 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 Bill Allen, GKK Works 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 included: LA County Supervisor Mike Antonovich, LAEDC CEO Bill Allen, then World Trade Center Los Angeles (WTC LA) President Vance Baugham, GKK Works 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 with the Party Secretary of Liaoning Province and Mayor of Dalian
  - LA County Supervisor Mike Antonovich participated in one of the forum panels

### World Economic Forum Annual Meeting of the New Champions in Tianjin, China (2010)

Los Angeles County was represented by a delegation that included: LA County Supervisor Mike Antonovich, Mayor of Lancaster Rex Parris, Deputy Mayor of Lancaster Kit-Yee Szeto, City Manager of Lancaster Mark Bozigian, President & CEO of JM Eagle Walter Wang, President of Symtech Group Cole Harris, President of Power Wells Holdings Shirley Tai, Peter Shum of Belton Electronics, Executive VP of American WeiTaik Corporation Lu An, Chairman of U.S.V Tech Group Company Xu Zhangwo, former Chairman of the LAEDC Maura O'Connor, former CA Assembly Speaker and LAEDC Chair Robert Hertzberg (now Partner at Mayer Brown LLP), President and LAEDC CEO Bill Allen, former WTC LA President Vance Baugham, VP of Public Affairs of Southern California Edison Les Starck, VerdeXchange Managing Director David Abel, Partner at Mitchell Silberberg & Knupp Les Gold and Counsel Linda Lau, EVP of East West Bank KY Cheng, GM of Energy Efficient Energy Systems at AeroVironment Mike Bissonette, Director at Haig Barrett Mike Boehm, General Counsel at OASIS James Clark, Advisor for Jiang Qian & Associates Lucy Qian, and Lianne Chua and Henry Wang from the WTC Los Angeles staff.

- Activities:
  - China Renewable Energy Conference





## 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, optoelectronics, 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 in 2010, BYD teamed up with KB Homes in the city of Lancaster in L.A. County 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 entered 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. The firm launched its first all-electric vehicles in 2009. BYD Auto pursued the U.S. market aggressively by opening up its North American (NA) headquarters in downtown LA in 2011 and an assembly plant to assemble electric buses for public transit agencies in Lancaster in North Los Angeles County. BYD has chosen Los Angeles County due to its high population density, large passenger car and public transit 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.

BYD garnered international attention in 2008 when U.S. billionaire investor Warren Buffet's Berkshire Hathaway purchased 10% of company shares on the Hong Kong exchange. This event propelled BYD onto the global stage and laid the foundation for the company's expansion into the North American market and beyond. In addition to the operations in China and LA County, BYD has offices in Europe, Japan, South Korea, India, Taiwan, and other regions. BYD's vision is to become the world's leading manufacturer of telecommunication products, electronic products and vehicles.



## PROFILE

### Greenland Holdings Group

Established in 1992, Greenland Group is one of the biggest state-owned enterprises in Shanghai as well as a leading real estate company in China. Greenland Group deals with real estate development and operation as their core business, especially for extra-high buildings, large urban complexes, residence properties, hotels and high-speed rail station commercial centers. It also has affiliates such as Greenland Energy Group, Greenland Financial Investment Holdings Group, Greenland Business Group, Hotel Group, Construction Group and Automobile Service Group. Greenland Group ranks No.483 in the 2012 Fortune Global 500 list, 87th place among the Top 500 China enterprises and 1st place among the real estate companies. The brand “Greenland” has been certified as “Chinese Famous Brand” by State Bureau of Industrial and Commercial Administration.

In an effort to extend the China market abroad, the Greenland Group signed two recent agreements to acquire stakes in projects in both New York and California. The first of the two projects is a \$1 billion investment in a downtown Los Angeles project, which involved the acquisition of a stake in the project from a teacher’s pension fund, California State Teachers’ Retirement System. The 25,600 square-meter Metropolis project – on Eighth Street near the L.A. Live development – will have hotels, offices, apartments and luxury homes. Greenland Group has invested approximately \$150 million in purchasing the Metropolis Los Angeles project, which will consist of a high-rise hotel and a residential skyscraper in Downtown LA. The buildings are set to open by 2016.

More recently, Greenland Group acquired a majority stake in New York’s Atlantic Yards, the 22-acre residential and commercial real estate project in Brooklyn. The transaction is the largest of its kind by a Chinese developer in the U.S. By working with Forest City Ratner Companies to co-develop the project, Greenland will expedite the process of delivering 6,400 units of housing, including 2,250 units of affordable housing.

## PROFILE

### 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.

Shenzhen New World Investment Co. Ltd acquired the Los Angeles Marriott Downtown in 2010, upgraded the hotel to a five-star rating, and converted it to a Hyatt Regency. The purchase of the Los Angeles Marriott was the first California acquisition for Shenzhen New World Group. In addition, the Shenzhen New World Group acquired the Sheraton Universal in 2011 and invested \$25 million.



## 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 second largest. 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.

FDI into China dropped for the first time since the global financial crisis falling by 4% in 2012. However, it was still able to attract nearly \$112 billion which was just below 2011's record high of \$116 billion. FDI into the services sector was higher than the manufacturing industry for the second consecutive year, which is a positive development as China attempts to transition to becoming a less manufacturing-based economy. A drop in manufacturing investment was expected due to rising production costs and a weakening of export markets. Expectations are for the new government to implement capital account reforms which would have a significant impact on future FDI inflows. Since the end of 2001 when China joined the World Trade Organization FDI inflows have more than doubled. In fact, China now rivals the U.S. as the world's top FDI destination. The Chinese government has set a target of attracting roughly \$120 billion of FDI through 2015. Through the first half of 2013 China was the second leading recipient of FDI after the UK with \$67 billion, which was just slightly higher than the U.S. at \$66 billion.

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

### April 2014 | Rhodium Group/Asia Society High Tech: The Next Wave of Chinese Investment in America Report Release Event and Conference

The Asia Society and the Rhodium Group released a report that focuses on how Chinese investment is increasingly targeting U.S. high tech sectors. The new report was released at a conference in Downtown LA that brought together leading experts in China policy and FDI.

### October 2013 | Chinese Enterprise Council (CEC) Annual Meeting

The Seminar on U.S. States – China Provinces Economic and Trade Cooperation was held in Downtown LA. The seminar focused on building a platform for bilateral exchanges and cooperation between Chinese and California businesses. There were officials and business representatives from the Chinese Ministry of Commerce, the Inner Mongolia Autonomous Region, the State of California, and the Province of Guangdong. Both the Vice Minister of China's Ministry of Commerce and the Mayor of Los Angeles delivered remarks.

### October 2013 | CHINANOW | Finance and Supply Chain Summit

The summit which was held in Century City brought companies and experts from around the world to focus on investment, finance strategies and opportunities to navigate successful market entry and best practice between the U.S. and China markets. Top economists, legal experts, banking representatives and government officials from both the U.S. and China were in attendance. This summit provided invaluable insight on best practice regarding partnerships, investment vehicles, and strategies for entering into the Chinese market.

### June 2013 | China-U.S. Exchange Foundation | U.S.-China Economic Relations in the Next Ten Years Report Launch Event

The U.S.-China 2022 is sponsored by the China-U.S. Exchange Foundation, with the advice and participation of a diverse, high-level Steering Committee featuring elite business executives, former government officials, economists and representatives of non-governmental organizations from both China and the U.S. An Executive Committee was responsible for planning, organizing, and researching this report. The study outlines areas of potential cooperation, projects what can be achieved through continued economic relations, and charts a path that both countries can follow. This event at the Biltmore Hotel in Downtown LA was the West Coast Launch of the report.

### October 2012 | Rhodium Group/Asia Society Chinese Direct Investment in California Report Release Event and Conference

The Asia Society and the Rhodium Group released a report that assesses the patterns and impacts of Chinese direct investment



in California. The study provides policy and business leaders in the state with recommendations on how to attract further investment and maximize its benefits. The report builds upon a 2011 study titled “An American Open Door? Maximizing the Benefits of Chinese Direct Investment”, which analyzed investment flows from China into the U.S. more broadly. The new report was released at a conference in Downtown LA that brought together leading experts in China policy and FDI to help move California forward in this important economic development area.

### **April 2012 | 21st Annual Committee of 100 Conference**

The Committee of 100 held its 21st annual conference in Pasadena in 2012. The conference featured four roundtables on the current state of U.S.-China relations. The first roundtable examined the impact of 2012 political leadership transitions on U.S.-China relations. The second was focused on identifying key trends driving strategic philanthropy in the U.S. and China. The third explored key global forces, challenges and opportunities affecting investment between the U.S. and China. Finally, the fourth roundtable surveyed new frontiers in the global entertainment industry. The annual conference will next be held in Southern California in 2016.

### **February 2012 | Current Chinese President and Former Chinese VP Xi Jinping Visited L.A. | U.S.-China Economic and Trade Cooperation Forum**

The City of Los Angeles hosted the U.S.-China Economic and Trade Cooperation Forum in 2012, which was part of then Vice President Xi Jinping’s week-long visit to the U.S. The forum highlighted ways the U.S. and China can cooperate to establish a level playing field, generate economic growth and create good jobs. The former U.S. Secretary of Commerce John Bryson, former Under Secretary of Commerce for International Trade Francisco Sanchez, Governor Jerry Brown, former Mayor Antonio Villaraigosa, and the Chinese International Trade Representative and Vice Minister of Commerce Gao Hucheng gave addresses at the event.

The now President of China, Xi Jinping, delivered the keynote speech for the event. President Xi Jinping expressed the following points in his remarks: 1) economic and trade cooperation has become the brightest point of China-US relations; 2) being

mutually beneficial is the most distinctive characteristic of China-US economic and trade cooperation; and 3) structural complements are the biggest merit of China-US economic and trade cooperation. President Xi Jinping also made four recommendations: 1) seize market opportunities and promote balanced trade development; 2) build an enabling environment and enhance mutual investment; 3) expand cooperation areas and foster new economic and trade growth points; and 4) address challenges together and strengthen global governance cooperation.

### **California-China Trade & Investment Conference | 2009, 2010 and 2012**

The conferences were held in Los Angeles. The events were 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 events 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. The events 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.

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

For over 25 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 (including China) and business experts who provide current details about the shifting business and economic landscape occurring within the region.





## Los Angeles County Based Trade and Investment Organizations

### World Trade Center (WTC-LA) | Los Angeles

The World Trade Center - Los Angeles provides trade facilitation and investment attraction for the greater Los Angeles region. The WTC LA works to support the development of international trade and business opportunities for Southern California companies as the leading international 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 WTC LA is a subsidiary of the LAEDC.

### 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. The Department of Commerce's new initiative SelectUSA was created at the federal level to showcase the United States as the world's premier business location and to provide easy access to federal-level programs and services related to business investment. (Please see page 64 for a full profile of SelectUSA)

### Los Angeles Area Chamber of Commerce | Global Initiatives

The Los Angeles Area Chamber of Commerce through its Global Initiatives programs works to increase global trade 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.

### Los Angeles Regional Export Council (LARExC)

Former Mayor Antonio Villaraigosa launched the Los Angeles Regional Export Council in 2011. The Regional Export Council is a public-private partnership that includes government, business, and academic institutions. The Regional Export Council helps local businesses reach global markets by creating a one-stop export resource. The LA Regional Export Council works directly with the Chinese Consulate in Los Angeles. It was also designated by GO-Biz (California Governor's office of International Affairs and Business Development) in 2013 as the Southern California Secretariat for California- China Provinces Joint Working Group on Trade and Investment Cooperation.

### District Export Council of Southern California (DEC-SOCAL)

District Export Councils are organizations of leaders from the local business community, appointed by successive U.S. Secretaries of Commerce, whose knowledge of international business provides a source of professional advice for local firms. The export councils are closely affiliated with the U.S. Commerce Department's U.S. Export Assistance Centers. The overall mission of the District Export Councils is to contribute leadership and international trade expertise to complement the U.S. Commercial Service's export promotion efforts through counseling businesses. The District Export Council of Southern California provides assistance to local companies on how to export. The DEC-SOCAL organizes and sponsors export-related events and workshops throughout Southern California so local companies can gain the necessary knowledge on how to export their products and services.

### 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.

### California Centers for International Trade Development (CITD)

The California Centers for International Trade Development helps companies learn how to expand internationally, through matchmaking events, exporter and importer assistance, education, consulting, market research, and training. The CITD has three centers servicing Los Angeles County with offices in Santa Ana, Hawthorne, and Long Beach.

#### California-China Office of Trade and Investment (Shanghai)

The California-China Office of Trade and Investment is California's central vehicle for cultivating transpacific trade and investment relations between the state and the People's Republic of China, California's third largest trading partner. The office was officially opened by Governor Jerry Brown in Shanghai during his trade mission to China in April 2013. It is the state's first office in China since 2003. The office came back into existence due to AB 2012, which was authored by Assembly Speaker John A. Perez and was signed in October 2012 by the Governor. The bill allowed the Governor's Office of Business and Economic Development (GO-Biz) to establish a public-private partnership to create state trade and investment offices.

The Governor's Office of Business and Economic Development was created by Governor Brown to serve as California's single point of contact for economic development and job creation efforts. It offers a range of services to business owners including attraction, retention and expansion services, site selection, permit streamlining, clearing regulatory hurdles, small business assistance, international trade development, and assistance with state government.

Go-Biz led a statewide coalition of business groups to the first-ever SelectUSA investment summit in Washington DC in October 2013. The two-day conference drew over 1,200 attendees from nearly 60 countries, and economic development officials from 47 states. The California coalition members included the Los Angeles County Economic Development Corporation (LAEDC) and the Los Angeles Area Chamber of Commerce.

### California Center

The California Center in Shanghai opened on May 30, 2014 in order to maximize the benefits of the newly created economic free trade zone in Shanghai. The California Center provides California companies the ideal platform for companies to get California goods, products and services directly to buyers and wholesalers in China. It will act as a storefront as Chinese buyers will be able to see, touch and explore various California goods and services. The Center will also provide door to door services for shipping, customs clearance, and warehousing.

- Members will receive the following services:
  - Logistics services
  - Office services
  - Marketing services
  - Product traceability
  - Trade services
  - Investment services
  - Legal services

**The California Center will be a very valuable resource for Los Angeles County companies and will help create jobs and revenues for the county. The Center will boost exports to China, attract Chinese tourism and students and more foreign direct investment from China into our region.**

*"The California Center presents a unique opportunity for California businesses to come together in collaboration and present their valuable products and services under a unified and highly recognizable California umbrella, that the Chinese consumers want!"* said Margaret Wong, President/CEO of Golden California Inc./McWong and Partner of the California Center. The China based partner of the California Center is Mr. Edward Zhu, CEO of the Chic Group.



## Los Angeles County Based Chinese Government, Trade and Investment Organizations *(Please see Sources for Websites)*

### Consulate General of the People's Republic of China in Los Angeles

The Consulate General of the People's Republic of China 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. In addition to covering the Southern California region, the Consulate's service area includes Arizona, Hawaii, New Mexico and American Pacific islands. Ambassador Liu Jian became the Consul General in 2013.

### 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
- 2nd busiest port in China and ranked #3 in the world

### The Shanghai Foreign Investment 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
- 8th 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

## Economic Free Trade Zone of Shanghai

The Shanghai free trade zone is the first free trade zone in Mainland China and it is going to act as a pilot zone with the expectations for others in the coming years. This is a very important step for the Chinese government and part of the entire reform process that is taking place. The main goal is to allow China to begin the difficult transition of moving towards becoming a more liberalized free-market economy. Other cities and provinces including Guangdong and Tianjin are aiming to also establish free trade zones. The Shanghai free trade zone is currently 28.8 square kilometers and it includes the Waigaoqiao duty-free zone and the world's busiest port, the Yangshan port. The free trade zone may eventually encompass the entire Pudong district.

Another key reason for the creation of the free trade zone was to further develop Shanghai into becoming the financial center of China and Asia. In March 2014, the Shanghai Stock Exchange received approvals to establish an international trading center in the free-trade zone. This could lead the way to foreign firms having the opportunity to issue shares on Chinese exchanges. In addition, the Chinese government has stated that they would allow a trial period of a fully convertible renminbi capital account in the free-trade zone. The prospects for a lifting of controls that forbid foreign companies from raising capital through initial public offerings (IPOs) would be substantially increased if all of this transpires in the coming months.

## 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 region of Los Angeles County.

## 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.

## U.S.-China Guangdong Chamber of Commerce (USCGCC)

The U.S.-China Guangdong Chamber of Commerce main mission is to promote trade, investment and economic and technical cooperation between the U.S. and Guangdong. Also, the USGCC promotes the mutual understanding and friendship between the American people and the people of Guangdong. The USCGG takes the China Council for the Promotion of International Trade (CCPTI) Guangdong Sub-Council & China Chamber of International Commerce



(CCOIC) Guangdong Chamber of Commerce as its strategic cooperative partners in China. The USGCC and the LAEDC signed a MOU in November 2013. The USGCC is located in El Monte.

### Guangdong Economic and Trade Office (U.S.A.)

The Guangdong Economic and Trade Office opened in November 2013 at the same location as the U.S.-China Guangdong Chamber of Commerce in El Monte. The Guangdong Economic and Trade Office is responsible for foreign trade, economic cooperation, U.S. investment into Guangdong and outward investment from Guangdong to the U.S.

## 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 firm was established to invest on behalf of Disney, but has autonomy in overall investment strategies. It 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. In addition to its U.S. portfolio, Steamboat also has a China portfolio. Steamboat Ventures has an office in Shanghai and one in Hong Kong.

The Steamboat portfolio in China includes:

- **51Fanli.com (Shanghai)** | a leading consumer e-commerce and lead generation platform in China
- **56.com (Guangzhou)** | the leading online video sharing website in China | was acquired by Renren in September 2011
- **Bokecc (Beijing)** | a leading provider of outsourced IP video hosting and delivery solutions in China
- **Cocoa China (Beijing)** | a leading Apple iOs game developer and community in China
- **Gridsum (Beijing)** | a leading provider of web, video and search analytics solutions in China

- **Netmovie (Beijing)** | a leading aggregator and distributor of video on demand (VOD) content into internet cafes, households and mobile devices
- **Shangpin (Beijing)** | a leading social commerce company in China
- **Trooden (Beijing)** | leading developer and operator of mobile Massive Multiplayer Online Games in China
- **UUSee (Beijing)** | a leading Internet television and interactive video operator in China
- **Youxigu (Beijing)** | a leading browser-based web game developer and operator in China
- **Yoyi (Beijing)** | specializes in online rich-media advertising solutions that effectively and efficiently deliver advertisements to their targeted audience
- **YY.com (Guangzhou)** | one of the largest social media platforms 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 publicly traded (NYSE:OAK) 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 \$78 billion in assets under management and its preferred financing strategies are distress for control and buyouts. It specializes in less efficient markets and alternative investments, focusing 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

Since the end of 2009 China's sovereign wealth fund, China Investment Corporation (CIC), has invested with Oaktree Capital. Oaktree Capital has invested CIC's funds in distressed debt and other fixed-income assets. Oaktree has invested slowly in China and is not fully invested as yet.

### 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. While Clarity normally invests in companies within the U.S. and predominantly in Southern California, it also has a China affiliate called Kailai

Investments (formerly known as Clarity China Partners) that was founded in 2005. Kailai Investments makes investment through two China-based private equity funds. The firm has about US\$350 million under management, and Kailai [rak: is there a reason why this was in all caps, and why the entry below in the last bullet is also in all caps?] invests in growth-stage to mature businesses that are profitable or have significant underlying value and are positioned to capitalize on the growing domestic consumer demand in China. Kailai Investments has two offices in China: Beijing & Shanghai. Kailai invests in the following core areas: natural resources, renewable energy / cleantech, and consumer products and services.

### A Sample of Kailai Investments in China includes:

- **JA Solar (Hebei)** | a leading manufacturer of high-performance solar cells and modules. The company completed a \$225 million IPO in the U.S. on NASDAQ in February 2007.
- **Qinhe Energy (Shanxi)** | a leading owner and operator of anthracite mines (high-grade coal)
- **Ming Yang (Guangdong)** | a leading and fast-growing wind turbine manufacturer in China, focused on designing, manufacturing, selling and servicing megawatt-class wind turbines | the company completed a \$350 million IPO in the U.S. on the NYSE in October 2010
- **CYTS Holdings** | a real estate platform company with office, retail, and hotel properties across China
- **Allestari Nickel** | a collaboration with a private, Chinese non-ferrous mining company to invest in a large, laterite nickel ore mine in Indonesia
- **Dehong (Ningxia)** | one of the world's largest integrated cashmere producers, from raw cashmere to worsted yarn and high-end fabrics
- **Kailai Oil** | an oil & gas platform company with interests in various upstream and downstream oil & gas assets in Indonesia, including a mid-sized producing oilfield with considerable potential to ramp up production in the near term

### Ares Management

Ares Management is a publicly traded (NYSE:ARES) private equity and debt investing company that was established in 1997 and is headquartered in Century City. Ares has approximately 700 employees in over 15 offices in the U.S., Europe and Asia, including China. The company has



approximately \$74 billion in assets under management and manages four distinct integrated investment groups that invest in the tradable credit, direct lending, private equity and real estate markets. Ares has the ability to invest in all levels of a company's capital structure including senior debt to common equity.

**Ares Management has three offices in China (Hong Kong, Shanghai and Chengdu). Ares Management has four platforms that include the following:**

- **Tradable Credit** | Long-Only and Alternative Credit Strategies | Roughly \$28 billion
- **Direct Lending** | U.S. Direct Lending and Europe Direct Lending Strategies | Roughly \$27 billion
- **Private Equity** | U.S./Europe Flexible Capital and China Growth Capital Strategies | Roughly \$10 billion
- **Real Estate** | Real Estate Debt and Real Estate Equity Strategies | Roughly \$9 billion

## LA County Based Investment Banking Firms Active in China

### Houlihan Lokey

Houlihan Lokey was founded in 1972 in Los Angeles and is now 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 Fengfan Chemical Co.



## Section 6 | Business Ties



### Building New Bridges

Los Angeles County and China are enormous business markets. There are 18.2 million residents in the L.A.-five-county area (includes L.A. County, Orange County, Riverside County, San Bernardino County, and Ventura County) and 10 million people in Los Angeles County alone. Los Angeles County is so large that it would be the eighth largest state in the U.S. if it were a separate state and it would be the 21st largest economy in the world if it were a country.

Most people think of Los Angeles as a “two-legged economy” – movies and tourism. However, the reality is that L.A. County is one of the most diverse county economies in the nation with multiple industry clusters (both traded and local clusters). The area is “technology rich”, with companies such as Northrop Grumman, Boeing and SpaceX. 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 leading 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.

China represents a 1.3 billion consumer market and it became the second largest economy in the world in 2010. Economists from the World Bank have estimated that China could actually become the largest economy in the world by as early as the end of 2014 or by 2015 or 2016 based on projections from the IMF (both are based on using purchasing power parity exchange rates). The business opportunities are virtually limitless for international companies who are looking to invest or expand in China including those that are located right here in L.A. County. Many L.A. County based companies have already taken advantage of emerging market opportunities in China. Going forward other L.A. County based companies will look to explore significant opportunities in China. Both L.A. County and China represent excellent trade, investment, and capital opportunities for individuals and companies.



**Globalization and trade with China have significantly impacted the Los Angeles County economy. Manufacturing, tourism, education, and international trade in Southern California 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 economic globalization and of course China's role in that transformation particularly after it joined the World Trade Organization (WTO) in 2001. In fact, roughly 60% of two-way trade volumes at the Port of LA and the Port of Long Beach and roughly 45% of the total two-way trade value at the Los Angeles Customs District (LACD) are related to trade with China.** Los Angeles seaports and the airport are the primary portals to and from Southern California's thriving international trade community. The international trade community and trade and investment with China is supported by many organizations including the U.S. Commercial Service, the Southern California District Export Council, the Los Angeles Regional Export Council (LAREx), the LA Area Chamber of Commerce, the Foreign Trade Association of Southern California (FTA) and the World Trade Center – Los Angeles (WTC-LA) 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 and for that matter the entire Western Hemisphere. Los Angeles International Airport (LAX) is the largest origin and destination (non-connecting flights) airport in the world, and the sixth busiest in terms of total passenger volume. It is also the 14th busiest cargo airport in the world based on 2013 figures.

*“Los Angeles County could see anywhere from 1.5 to 2 million Chinese visitors by 2020, a development that would benefit hotels, restaurants, cultural venues, tourist attractions and luxury brand retailers.”*

The tourism industry has seen large growth rates over recent years. In 2013, 42.2 million people visited Los Angeles and produced over \$30 billion in economic benefits to LA County. In 2013, China remained in the top spot as Los Angeles County's number one overseas market. China sent 570,000 visitors to Los Angeles County last year, a jump of

over 21% compared with the previous year. In fact, the *Los Angeles Tourism and Convention Board* opened up a second office in China last year to promote travel to Los Angeles. A recent analysis by *CLSA Asia-Pacific Markets* predicts that the number of Chinese visitors to the U.S. will triple from 1.5 million in 2012 to 5.7 million by 2020. This is excellent news for the hospitality and tourism industry in California and Los Angeles County. Nearly half of all Chinese traveling to the U.S. visit California and over 72% (based on 2013 figures) of those visiting California come to Los Angeles County. As a result, Los Angeles County could see anywhere from 1.5 to 2 million Chinese visitors by 2020, a development that would benefit hotels, restaurants, cultural venues, tourist attractions and luxury brand retailers.

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*). ***In fact, the University of Southern California (USC) has the largest number of international students and the largest number of Chinese students of any university in the nation.***

Los Angeles County has long been a key destination for Foreign Direct Investment (FDI), and has really benefited during the last three decades as economic globalization advanced. FDI has strengthened the Los Angeles County economy by bringing new technology, capital, skills, international connections, research & development and of course by creating new high paying jobs. There are over 4,500 foreign-owned and affiliated business establishments in L.A. County with more than 250 from China. 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 roughly 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

#### 2013 Revenues | \$42.3 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 is one of the most active family entertainment companies in Mainland China and has all of its core lines of business in operation in Mainland China and Hong Kong. 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 1st English-language learning center) in Shanghai; ESPN – coverage of the Beijing Olympics, X Games, and NBA China; Disney films made in China, Disney food products, Hong Kong Disneyland, Penny's Bay, Lantau Island – Opened in 2005 and Shanghai Disneyland – Opening at the end of 2015. Hong Kong Disneyland has expanded with the opening of two more new theme lands in 2012 and 2013.

China is home to the innovative and fast-growing Disney English business that inspires Chinese children to speak to the world, now with more than 30 centers across the country and more than one million English language learning books sold. Every year, Disney Channel and its locally produced television content reaches 530 million viewers through over 40 major free-to-air and cable TV channels and subscription video-on-demand services (SVOD).

Disney has five offices in Shanghai, its head office among them, as well as in Beijing, Hong Kong, and Guangzhou. Many employees are also active VolunteARS who help contribute the thousands of hours the Company gives back to local Chinese communities every year through international charities like UNICEF and local non-profits like the Chinese Youth Development Foundation. Walt Disney Company is co-producing "Iron Man 3" with China's DMG Entertainment.

### DirecTV Group

*(Not present in China, but offers Chinese programming to L.A. County)*

#### 2013 Revenues | \$29.7 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 throughout North America 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

#### 2013 Revenues | \$11.8 Billion

Jacobs Engineering is the one of the largest public engineering and construction firms in the world with headquarters in Pasadena. Jacobs Engineering global network includes more than 250 offices in over 30 countries. They have operations in North America, South America, Europe, the Middle East, India, Australia, Africa, and Asia (including China) and employ 70,000 people. The company has offices in Shanghai, Hong Kong, Beijing and Nanjing. 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;** with Honeywell providing integrated project management team services for a new production project in Zhangjiagang City, Jiangsu Province; with Suzhou Han's Chemical Engineering Company which brought Jacobs' employee total to over 600 in China; with the Government of Hong Kong Special Administrative Region's Civil Engineering and Development Department to provide services for its Landslip Prevention and Mitigation Program; and with the Shell Hong Kong Limited contract to provide detailed design for its Transformer Oil Project located at its Tsing Yi installation in Hong Kong.





**Some other 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.

## Reliance Steel & Aluminum

**2013 Revenues | \$8.4 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. Everest Metals – Based in Suzhou, outside of Shanghai was 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 since 2007 produces ultra-high purity tubes, fittings and valves for the semiconductor, LCD and solar industries.

## PROFILE

### AECOM

**2013 Revenues | \$8.2 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 140 countries. AECOM has 45,000 employees worldwide including over 4,000 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 11 offices:** Beijing, Chongqing, Guangzhou, Nanchang, Hong Kong, Shenyang, Wuhan, Shanghai and three in Shenzhen.

### Some Major AECOM China Projects:

- Kai Tak Development, Hong Kong
- West Kowloon Terminus, Hong Kong
- Sha Tin Sewage Treatment Works, Hong Kong
- Ocean Park, Hong Kong
- Science Park Phase 2, Hong Kong
- Chongming South Channel Tunnel, Shanghai
- Grand Lisboa, Macau
- 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

## Dole Food Company

**2013 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. Shanghai Dole Food Company, Ltd is a subsidiary of Dole Food Company. Dole Food Company was bought out in 2013 by CEO and Chairman David Murdock, the company has been privately held in the past decade.

**Dole operations in China have included;** 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.



## Avery Dennison

### 2013 Revenues | \$6.8 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 more than 26,000 employees in more than 50 countries. The company makes self-adhesive materials, labels and tapes, office products, tags, retail systems and specialty chemicals. Operations in China include 45 office locations.

#### Including:

- 2 Corporate Office Locations
- 3 Graphics and Reflection Solutions Locations
- 5 Label and Packaging Materials Locations
- 1 Performance Tapes Location
- 33 Retail Branding and Information Solutions Locations
- 1 Vancive Medical Technologies Location

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

- Nearly 20 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

## PROFILE

### CBRE

#### 2013 Revenues | \$6.5 Billion

CBRE is the world's largest commercial real estate services company and has 44,000 employees (excluding affiliates) in 349 offices in 42 countries (excluding affiliates). CBRE 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.

CBRE 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, CBRE has expanded throughout China and has established itself as one of the top real estate service providers in China. The firm has 16 offices in cities across China including Beijing, Shanghai, Guangzhou, Chengdu, Chongqing, Tianjin, Hangzhou, Dalian, Qingdao, Wuhan, Shenyang, Shenzhen, Changsha, Macau and 2 in Hong Kong (including Asia Headquarters) 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.

### Mattel

#### 2013 Revenues | \$6.4 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 over 30 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.

## Live Nation Entertainment

### 2013 Revenues | \$5.8 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. Live Nation Concerts produces almost 23,000 shows annually for more than 3,000 artists globally. Artist Nation is the world's top artist management company, representing over 200 artists. These businesses power Live Nation Network, the leading provider of entertainment marketing solutions, enabling nearly 800 advertisers to tap into the 250 million consumers Live Nation delivers annually through its live event and digital platforms. 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 offices in Beijing and Shanghai.

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

### Financial Services – Banking

#### PROFILE

### East West Bank

East West Bank is a wholly owned subsidiary of East West Bancorp, which is a publicly owned company with over \$27.4 billion in assets and a market capitalization of over \$5 billion. East West Bancorp is traded on the Nasdaq under the symbol "EWBC". In fact, East West is one of the 30 largest public banks in the U.S. by market capitalization. For four consecutive years, East West Bank has been ranked in the Top 10 of the 100 Best Banks in America by Forbes. East West is a premier bank focused exclusively on the United States and Greater China markets and operates over 130 locations worldwide, including in the United States markets of California, New York, Georgia, Massachusetts, Nevada,

Texas and Washington. In Greater China, East West's presence includes a full service branch in Hong Kong and representative offices in Beijing, Chongqing, Shenzhen, Taipei and Xiamen. Through a wholly-owned subsidiary bank, East West's presence in Greater China also includes full service branches in Shanghai and Shantou and a representative office in Guangzhou.

Founded in 1973, East West Bank has turned from a traditional savings and loan financial institution into a full service commercial bank as of today. East West Bank is active in industries with cross-border opportunities, including agriculture, aviation, entertainment and media, high tech and real estate.

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. After the acquisition of United Commercial Bank in 2009, East West Bank (China) Ltd. was established and is headquartered in Shanghai with a branch in Shantou. In early 2014, East West Bank (China) Ltd. received regulatory approval from the China Banking Regulatory Commission to open a full-service branch in Shenzhen and a branch in the recently established China (Shanghai) Pilot Free Trade Zone. Both the Shenzhen and Shanghai locations are expected to open in late 2014.

### East West Bank Significant Milestones:

- **Market Capitalization of over \$5 Billion\***
  - Top 30 largest public banks in the U.S. by market capitalization
- **Total Assets of \$27.4 Billion \***
  - 2nd largest independent bank headquartered in Southern California
- **Ranked in the Top 10 of The 100 Best Banks in America**  
by Forbes for four consecutive years (2010-2013)
- **Ranked in the Top Performing Big Banks in the 2013 American Business Association Business Journal.**
- **Over 130 locations in both United States and Greater China**

\*As of 3/31/2014



## Cathay Bank

Cathay Bank is a subsidiary of Cathay General Bancorp. It is a publicly held bank with \$10.7 billion in assets. 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.

### Significant Cathay Bank Milestones:

- Opens in 1962 and opens 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.

## 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 19 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 roughly 6,300 offices in 75 countries and territories. HSBC was originally established as a trade finance bank 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.

### HSBC Significant LA County-China Milestones:

- Opens West Coast headquarters in downtown LA | 2005
- 19 branches in the LA County area
- Best Foreign Commercial Bank in China | 2008-2011, 2013 by FinanceAsia
- Best Foreign Retail Bank in China | 2008-2013 by The Asian Banker
- Best Trade Finance Provider in China | 2011 by Euromoney

## Wells Fargo

Wells Fargo was founded in 1852 and provides banking, insurance, investments, mortgage, and consumer and commercial finance through more than 9,000 locations, more than 12,500 ATMs, and online and mobile devices. Wells Fargo is the world's most valuable bank as of 2013 per its market capitalization. It has \$1.5 trillion in assets including \$1 trillion in deposits and one of the highest credit ratings among all banks. Wells Fargo was the first retail and wholesale online bank. One in five retail mortgages originate from Wells Fargo and it is the largest commercial lender in the U.S. In addition, it is the largest U.S. lender in the energy, agriculture and cleantech industries. Wells Fargo has more than 2650,000 team members in 36 countries (including China) across 90 businesses. It has been in China for over 30 years and has a wholesale branch in the Shanghai World Financial Center to serve U.S. customers expansion in China.

The bank has also been serving Chinese Americans for more than 150 years throughout California including Southern California and Los Angeles. Although Wells Fargo is headquartered in San Francisco it has been in Los Angeles since 1928 through its predecessor First Interstate. Also, it is a key player with respect to international trade between China and Los Angeles. Wells Fargo provides trade





finance, structured trade, trade services, and documentary preparations. It also provides banking services to the Los Angeles subsidiary of China's largest gaming company and provides banking services to a Chinese real estate company with the largest land acquisition in Los Angeles. Wells Fargo is the second largest bank in Los Angeles with a 16% market share in deposits.

### **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** | includes 19 offices in Beijing, Hong Kong, Shanghai, Chengdu, Chongqing, Dalian, Guangzhou, Hangzhou, Harbin, Hsinchu, Jinan, Macau, Nanjing, Shenzhen, Suzhou, Tainan, Tianjin, Wuhan and Xiamen.

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 nearly 13,500 individuals across China and provide services for a significant number 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:**

- 1st firm to sponsor a Hong Kong mainboard listing
- 1st to co-sponsor a Growth Enterprise Market (GEM) listing on the Hong Kong Stock Exchange

- 1st professional services firm to attain a seat on the Shanghai United Assets and Equity Exchange
- 1st 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.

#### **&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 16 offices in Beijing, Qingdao, Tianjin, Wuhan, Chengdu, Xiamen, Dalian, Guangzhou, Hong Kong, Macau, Shanghai, Shenzhen, Suzhou, Hangzhou, Nanjing, ShenYang**

#### **More information about E&Y in China:**

- Operating in China since 1981
- More than 9,000 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 16 offices in Beijing, Chongqing, Foshan, Qingdao, Chengdu, Guangzhou, Hong Kong, Macau, Shanghai, Shenzhen, Shenyang, Nanjing, Fuzhou, Hangzhou, Tianjin, and Xiamen*

### More information about KPMG in China:

- In 1992, KPMG became the 1st international accounting firm to be issued a joint venture license
- Hong Kong operations have existed for over 60 years
- Over 9,000 employees in China

## PricewaterhouseCoopers (PWC)

PricewaterhouseCoopers China, Hong Kong, Taiwan 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
- Around 700 partners and 17,000 employees in China, Hong Kong, Taiwan and Singapore

## 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 80 offices in 40 countries including China. Korn/Ferry has 3,700 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

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

### **Latham & Watkins**

Latham's Greater China Practice is comprised of the Hong Kong, Shanghai and Beijing 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 compliance

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.

The Beijing office opened in 2010 and represents Chinese companies in cross-border mergers and acquisitions, private equity, capital markets transactions and complex financing transactions.

**Latham received a number of commendations in China from Chambers Asia in 2013 in the following practice areas:**

- Banking and Finance
- Capital Markets
- Projects & Infrastructure

### **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 39 offices in 19 countries 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.

The Beijing office focuses on foreign direct investment and commercial operations. The Hong Kong office specializes in trust and tax planning, business transactions including mergers and acquisitions, private equity investments, and corporate and commercial law. Squire's Shanghai office

offers legal services in antimonopoly, competition, trade and regulatory including customs matters, corporate transactions, finance and governance.

## Sheppard Mullin

Sheppard Mullin has Asia/China practice offices located in Beijing and 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.

The firm opened its second China office in Beijing in 2011 to bring its total to 15 attorneys based in China. This was part of Sheppard Mullin's strategic growth plan for Asia. The firm has been awarded with many awards and recognitions in recent years for its China legal services.

## Loeb & Loeb

Loeb & Loeb was established in 1909 and the firm has played a substantial role in the development of Los Angeles. The firm was active in China for roughly 20 years before opening up a representative office in 2009 in Beijing. 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 firm offers all of its practice areas in the Beijing office. Loeb & Loeb also has an affiliate office in Hong Kong.



**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
- Shortlisted for China Law & Practice 2013 Private Equity Deal of the Year

**Morrison & Foerster**

Morrison & Foerster has over 1,000 attorneys working in 17 offices around the world including China. 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.

**Other notable China Practice achievements:**

- Remains the only firm ranked in Band 1 in Legal 500 for Technology across China
- Recognized by Chambers Asia, Legal 500 Asia-Pacific, PLC Cross Border's Private Equity Handbook, IFLR1000, Global Finance, AsiaLaw Leading Lawyers and Asian Counsel

**Bryan Cave**

Bryan Cave is a law firm in Santa Monica which has more than 1,100 lawyers in 25 offices worldwide including two offices in Hong Kong and Shanghai. Bryan Cave's China Practice Group

has offered legal services to Chinese and U.S. companies for nearly 15 years. The Practice's main operations are located in its Shanghai office, where it also has its International Consulting subsidiary. The consulting practice advises clients on WTO/FTA compliance and opportunities, customs compliance, audits, classification, valuation, transfer pricing, duty drawback, country of origin, free trade agreements tariff schemes and export control.

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. This affiliation allows Bryan Cave to work with Chinese lawyers to represent their clients before Chinese courts, which foreign law firms are forbidden to do by themselves. 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.

**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 additional China offices in Beijing (almost 20 attorneys) and Shanghai. 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: acquisition finance, asset finance, project finance, real estate finance, banking and finance, business ethics and anti-corruption, 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





## PROFILE

### 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 firm has 1,750 attorneys in 36 offices around the world.

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. The Shanghai office produces the *China Newsletter* which provides an overview of key developments in Chinese investment, labor, environmental, trade and anti-monopoly legislation.

### 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. In 1993, 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 nearly fifteen 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

#### Gensler

Gensler is a global design and architecture firm with 4,000 employees and 46 offices in North America, Latin America, Europe, the Middle East, and Asia Pacific. Its revenues were over \$800 million in 2013. The company has an established presence in China with offices in Beijing, Shanghai and Hong Kong. It has completed multiple projects in China and has many ongoing projects in the region. Their most notable project to date is the design of the Shanghai Tower, to be completed in 2014 and is expected to be the second tallest building in the world with 121 stories. Gensler also designed Duke Kunshan University in Kunshan, China, as part of a collaboration between Duke University, Wuhan University, and the municipal government of Kunshan.



### Prominent Gensler China Projects:

- **Yellow River Delta International Plaza** | Dongying
- **Chang Cheng Hui** | Wuhan
- **Vanguard Hangzhou Langxiang Commercial Project** | Zhejiang
- **Huzhou Commercial Project** | Zhejiang
- **Nan-Lin Outlet Center** | Shenzhen
- **1 + 8 City Plaza** | Wuhan
- **Jiang Xia CBD** | Wuhan

### Altoon Partners

Altoon & Porter was an architectural firm founded in 1984 by Ronald Altoon and James Porter. In 2012, Jim Porter retired and the firm was renamed Altoon Partners. The company specializes in master planning, urban design, interior architecture, environmental psychology, consulting and project/process visioning. Altoon Partners 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 Partners has one office in China – Shanghai. 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, architecture and interior projects.

### 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:

- **China Merchant Bank** | Chengdu
- **Peacock Square** | Beijing
- **Futian Mixed-Use Sports Complex** | Shenzhen
- **Sang Da Residential** | Shenzhen
- **Dalian Sports Center** | Dalian
- **Nanjing University Sports Stadium**
- **Haikou New District Master Plan**
- **Fu Yuan Plaza** | Changchun
- **Dalian Convention City**
- **San Xing Agricultural Bank** | Dalian
- **Tianjin Master Plan** | Tianjin
- **Xinghai Bay** – Dalian
- **Lot #3 Residential Project** | Wuhan
- **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 13,000 employees worldwide. Parsons has worked on projects in every state of the U.S. and in 29 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** | Guanzhou
- **Long Tan Hydropower Dam** | Tian'e
- **Infant Nutritional Wastewater Treatment Systems** | Suzhou
- **TEDA Soccer Stadium** | Tianjin

### Perkowitz + Ruth Architects

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, including an office in Shanghai (which opened in 2010).

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.

### Perkowitz + Ruth China Projects:

- **Yellow River Delta International Plaza** | Dongying
- **Chang Cheng Hui** – Wuhan
- **Vanguard Hangzhou Langxiang Commercial Project** | Zhejiang
- **Huzhou Commercial Project** | Zhejiang
- **Nan-Lin Outlet Center** | Shenzhen
- **1 + 8 City Plaza** | Wuhan
- **Jiang Xia CBD** | Wuhan

### 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 and large 'private label' product developers 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 on-site 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 Los Angeles in 2003 and in ten 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. The company also owns the internationally renowned couture design brand, Herve Leger. BCBG has stores located throughout the world and has a strong presence in China with fifteen store locations including: Chongqing, seven in Hong Kong, Shanghai, Chengdu, two in Beijing, Changsha, Hangzhou and Yiwu.

### Forever 21

Forever 21 is a \$3.7 billion 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. With over 30,000 employees worldwide, the company has stores throughout the U.S. and has locations in the Middle East and Asia (including China). Forever 21 has three stores in China with locations in Beijing, Shenzhen and Shanghai. Forever 21 is best known in the industry as the clothing company that offers the latest fashions at affordable prices.

### GUESS

GUESS is one of the most recognized apparel brands internationally 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, children's apparel, leather apparel, swimwear, fragrance, jewelry and other items.

- **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 even 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 own stores, department stores and boutiques in over 80 countries around the world including China. V.F. Corporation purchased the company in 2007, with operation remaining in Los Angeles. 7 for All Mankind operates 17 retail stores in China, including Hong Kong and 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. As of March 2013, True Religion operated 124 stores in the U.S. and 31 international stores, going public in 2003. In May 2013, True Religion entered into a merger agreement with TowerBrook Capital Partners.

### 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. In 1999, the company was 85% acquired by Liz Claiborne. 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. 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. As of February 2014, Fifth & Pacific



Companies, Inc. (formerly Liz Claiborne) completed the sale of Lucky Brand Dungarees, Inc. to Los Angeles private equity firm Leonard Green & Partners, L.P. (profile of firm is on page ??)

### **Topson Downs**

Founded in Downtown Los Angeles in 1971, Topson Downs has over 38 years in the fashion apparel industry. Gradually, Topson expanded into manufacturing worldwide. In the late seventies, Topson Downs expanded its production into Mexico. As a pioneer in outsourced shipping, Topson started a trend that has become mainstream in the garment industry. In the past five years, The Topson Downs Group has shipped over 100 million units. Brands include: Elwood, Bleulab, Love Fire, TT Collection, Tinseltown. Topson Downs currently has over 300 employees. The past decade has seen a major expansion era for Topson Downs. In 1998, Topson expanded into China and eventually opened a China design room. Starting with junior apparel, they have expanded their product line to include all categories of women's apparel.

### **Swatfame, Inc.**

Swatfame, Inc. is a family owned business, begun in Los Angeles, California in 1978. The company manufactures womens and juniors fashions, including the following brands: KUT from the Kloth, See Thru Soul, STS Blue, Whetherly, Speechless, Edyson, and CJ by Cookie Johnson. Swatfame, Inc. has 350 employees and manufacturers most of its product lines in China.

### **KWDZ Manufacturing, LLC**

KWDZ Manufacturing, LLC (d.b.a Knit Works/Design Zone and Beatees) manufactures clothing for children; with everything made overseas, mainly in China . The company was founded in 1982 and is based in Los Angeles, California. The business also now caters to the 'tween' market, creating fast fashion for girl's sizes 4-16. Brands are sold to department and specialty stores in the U.S. and internationally. KWDZ has approximately 270 employees.

### **Stony Apparel Corp.**

Stony Apparel Corp is a contemporary junior, girls, and plus size apparel company. Since its inception in 1996, they have shipped over a billion dollars in sales worldwide. Stony Apparel is home to some of the most successful brands

in junior and girls apparel currently at retail, including, "Eyeshadow", "Love on a Hanger", "Love and Let Love", "Eyelash Couture", "Eyeshadow girls", "Lipgloss" and "Great Escape" In addition to branded apparel, Stony Apparel is an industry leader in private brand design for recognizable brands in retail, such as, Forever 21, Wet Seal, Maurices and Target Stores. All of Stony's brands are designed 100% in Los Angeles. Stony Apparel also has an office in Shanghai. Stony Apparel Corp. employs over 200 people.

### **Self-Esteem Clothing**

All Access Apparel, Inc., DBA as Self Esteem, manufactures clothing line for teens. The company's clothing line includes fashion tops, active wear, footwear, and girls wear. All Access Apparel, Inc. was incorporated in 1997 and is based in Montebello, California; all clothing is imported. In 2003, the company expanded its line through licensing agreements to include junior and girl's footwear, junior sunglasses, sleepwear, daywear, intimates, hosiery, headwear, and cold weather accessories. Self Esteem is carried in over 3,000 retail stores across the country including major department stores, specialty chains and specialty boutiques. Self-Esteem Clothing has approximately 155 employees

### **Jerry Leigh Entertainment Apparel**

Jerry Leigh, established in 1962, is a family-owned clothing designer, manufacturer, and brand management company with a philosophy of designing fashion that reflects consumer's lifestyles, utilizing a wide range of brands and licenses. Jerry Leigh distributes to retailers at all tiers of distribution, from boutiques to mass market, and manufacturers apparel for everyone, from toddlers to adults. Brands include, Disney, Hasbro, Hello Kitty, Harajuku Lovers, Mattel, Coca-Cola, Ed Hardy, Star Wars, David Lerner, and many more. It offers its products online and through retailers in the United States and internationally. The company is based in Van Nuys, California with production facilities in Los Angeles; New York; Orlando; Guatemala; Mexico & Shanghai. The company has over 1,000 employees.

### **MGT Industries Inc.**

Established in 1983, MGT Industries, Inc. (dba. California Dynasty) is a supplier of branded and private label women's and children's sleepwear, loungewear & underwear. All of the company's production and sourcing are done in Asia. The company employs approximately 125 people.





## Entertainment

### Hollywood and China

China is now the second largest movie market after the U.S. At the time of the first publication of this report, Japan was the second largest movie market. Since 2003, China's box office receipts have grown by more than 25% annually. In 2013, China's box office receipts increased by 27%, reaching \$3.6 billion. China is projected to surpass the U.S. and become the world's largest movie market by 2020. In fact, DreamWorks Animation CEO Jeffrey Katzenberg said, "When you look out five to seven year from now, China will be the number one media market in the world."

As a result, Hollywood studios have been doing everything they can to enter into the market. However, that is not always that easy as China's State Administration of Radio Film and Television (SARFT) has had a quota system in place that restricts the amount of new releases in the country. In 2012, China relaxed that quota from 20 foreign movies to 34 and it also includes a provision that foreign companies can only keep 25% of any revenues. Over the last few years co-productions and joint ventures have become the strategy for entering the Chinese market for Hollywood studios.

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. DreamWorks is building a new \$350 million production studio in Shanghai

that will be called Oriental DreamWorks. DreamWorks has a 45% ownership stake in Oriental DreamWorks. The China partners of Oriental DreamWorks include Shanghai Media Group and Shanghai Alliance Investment. It is expected to release its first movie in 2016.

### 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. Celestial Pictures Limited joined Tiger Gate Entertainment in late 2011 and added Celestial Classic Movies and Celestial Movies to the company's channel lineup. Following the partnership, the company was renamed Celestial Tiger Entertainment. KIX HD was launched in November 2011 and Celestial Movies HD in March 2012 to select markets in Asia. A year after the initial launch, CTE closed 17 carriage deals with 13 platforms; as of January 2013, CTE TV coverage has grown with 24 carriage deals.

### 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. In 2008, the company partnered with Beijing-based Voole in order to make online movie rentals available in China.

Then in 2011, Warner Brothers expanded its presence in China by began to distribute movies with technology provider You On Demand Media. In 2013, Warner Brothers was the top-grossing Hollywood film studio in China. Warner Brothers also has a partnership with RatPac Entertainment in which one of the key objectives of the partnership includes producing movies in China due to the overall potential of the marketplace.

## Fox Studios

Fox studios, a unit of News Corporation has been very aggressive about establishing joint ventures with Chinese companies in recent years. Fox studios and Bona Film Group signed an agreement in September 2013 to co-produce and distribute Chinese language movies. Fox also owns 20% of Bona which is based in Beijing. Bona Film Group is China's second-largest independent movie production and distribution company.

## Viacom (Paramount Pictures)

Paramount Pictures "Transformers 4: Age of Extinction", which will be released in June 2014 was filmed in China and it has a China-based theme. The movie qualified as a Chinese and American co-production which means that it does not have to worry about the Chinese import quota on U.S. films. Also, Paramount signed a copyright deal with BesTV New Media, a subsidiary of Shanghai Media Group. BesTV will have the copyrights to Paramount movies.

In addition, Paramount Pictures and China Film Group Corporation have signed a deal to produce the new 3D sci-fi action film "Marco Polo". The movie will be produced by Par and Sino Partners Yuehua Entertainment, Phoenix Entertainment and Huahua Film & Media Culture. Production will start in October 2014.

## NBCUniversal

In 2012, NBC Universal signed a multi-year licensing deal with Youku Tudou, China's largest online video company with over 450 million monthly viewers. The deal allows Youku Tudou to provide 100 feature movies as premium paid content. Youku Tudou controls roughly 50% of the online video market in China.

## AEG

AEG is a subsidiary of Anschutz Company and it owns, controls or is affiliated with companies that have over 100 facilities around the world including two in China. AEG Live is the live-entertainment division of Los Angeles-based AEG and it developed L.A. Live, the 4 million square foot downtown L.A. sports, residential and entertainment district that includes the Nokia Theatre; Club Nokia; the Conga Room; the Grammy Museum; the Ritz-Carlton (including residences) and JW Marriott hotels and luxury condominiums; Regal Cinemas and entertainment venues, restaurants and office space. The AEG umbrella in China includes the Mercedes-Benz Arena in Shanghai and the MasterCard Center in Beijing. AEG also consults Chinese cities regarding the design and construction of arenas.

## Technology

### Robinson Helicopter

Robinson Helicopter Company was founded in 1973 by Frank Robinson and is based in Torrance. The company has 1,000 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 126 factory-authorized dealers and more than 400 service 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 nine dealer and services Centers in China: Zhengzhou (service), Henan (service), Sichuan (service), Changsha, Hunan (dealer and service), Guangzhou (service), Xian, Shaanxi (dealer and service), Nanjing (service), Shanghai (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 four distributor networks in Beijing and one in Hong Kong which service all of Mainland China. Trojan Battery Company is holding two events in Beijing and Shanghai in 2014 related to Electric Vehicles and Floor Machines.

## 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, and Jiangsu. Heraeus Group has 4 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.

### Obagi Medical Products

Obagi Medical Products was founded in 1988 by skin care experts and is now owned by Valeant Pharmaceuticals International, Inc. Obagi 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 has a distributor in Hong Kong called Neo Derm Group. The markets served by Obagi include dermatology, plastic surgery and aesthetic markets.

- **Skin Conditions Treated include:** photodamage, hyperpigmentation, senile lentigines, acne, sun damage, and rosacea
- **Obagi and the local Chinese community:** 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. Then in 2011, Spectrum opened up a new 30,000 square foot facility 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, including a five-star hotel. 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 nearly 50 countries with over 7,000 retail stores. The firm has offices in over 20 countries including China. Sunrider has 20 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 Present in China

### Nestlé USA

Nestlé USA is part of Nestlé S.A. of Switzerland, the world's largest food company. Nestlé 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.

#### 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

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

Nestlé Group operates 33 factories in China, China has become the company's second largest market by sales behind the U.S. In 2011, Nestlé bought a 60% stake in Chinese sweets and snack maker Hsu Fu Chi. In 2013, Nestlé opened two new factories in China – a coffee plant in Shandong and another food factory with Chinese partner Yinlu Foods Group.

## 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 nearly 1,500 employees worldwide and operates in 12 countries with 22 offices worldwide. 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.



## Some Key Chinese Companies Present in L.A. County

### 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.

### AVIC International Holding Company (previously China National Aero-Technology Import & Export Corporation - CATIC)

China National Aero-Technology Import & Export Corporation (CATIC) is a state-owned conglomerate that was founded in 1979 in Beijing. The company focuses primarily on manufacturing aviation products. In 2008, CATIC was renamed AVIC International. AVIC International is controlled by Aviation Industry Corporation of China (AVIC). AVIC International has over 110 branches in more than 50 countries worldwide, including its U.S. headquarters in the City of Industry. AVIC has more than 70,000 employees that provide assistance to customers in over 180 countries.

### 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 9th among the world's top 1,000 banks according to the Banker magazine. The Bank of China has over \$2 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

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

- **China Southern | China's largest airline, and the 4th largest in the world**
  - L.A. County office is located in Los Angeles
  - Main hub is located in Guangzhou
- **China Eastern**
  - L.A. County office is located in Pasadena
  - Main hub is located in Shanghai
- **Air China**
  - Opened its new U.S. headquarters office in El Segundo in March 2010
  - Air China's hub is located in Beijing
- **Cathay Pacific**
  - L.A. County office is located in El Segundo
  - Main hub is located in Hong Kong
- **Shanghai Airlines (Cargo Only)**
  - Shanghai Airlines is a subsidiary of China Eastern and their main hub is located in Shanghai





## China Mobile

China Telecommunications Corporation (China Telecom) is a state-owned enterprise telecom operator. China Telecom is ranked #182 on the 2013 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 150 million fixed line subscribers, over 180 million mobile subscribers and over 100 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.

### Key Facts:

- #1 Container fleet operator in China
- #6 Container fleet operator in the world
- #2 Dry bulk fleet in the world
- #1 Oil tanker fleet in China

## 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 530 vessels with a capacity of over 34 million tons. These include container vessels, oil tankers, tramps, passenger ships, car carriers and special cargo ships. The company has a fleet of over 150 full container vessels with a total operating capacity of over 600,000 TEU's.

## 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 #7 on the Fortune Global 500 2013 list. China State Power (USA) was formed in 2002 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 50 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 Alhambra.

## PROFILE

### 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. Shenzhen New World Investment Co. Ltd acquired the Los Angeles Marriott Downtown in 2010 and upgraded the hotel to a five-star rating, and converted it to a Hyatt Regency. The purchase of the Los Angeles Marriott was the first California acquisition for Shenzhen New World Group. In addition, the Shenzhen New World Group acquired the Sheraton Universal in 2011 and invested \$25 million.

## Commercial Aircraft Corporation of China

Commercial Aircraft Corporation of China (COMAC) is a Chinese state-owned aerospace manufacturer that started with ¥19 billion in paid-up capital when it was established in 2008. Based out of Shanghai, COMAC functions as the main vehicle in implementing large passenger aircraft programs in China. COMAC's mission is to produce homegrown jumbo jets and by 2020 to become the third major player in the worldwide commercial aircraft industry. In 2010, COMAC inaugurated a U.S. office in Los Angeles to better promote communication between COMAC and governmental agencies, as well as to build relationships with suppliers of their main components.



## PROFILE

### Dalian Wanda Group

Dalian Hexing Investment Co. is a holding company of the conglomerate Dalian Wanda Group, founded in 1988 as a residential real estate company. It has since expanded to cover four major segments: commercial property, luxury hotels, culture and tourism, and departmental stores. With \$48 billion in assets, the conglomerate boasts a portfolio of 81 plazas, 46 five-star hotels, 6,000 movie screens, 70 department stores and 76 karaoke centers. In 2012, the Dalian Wanda Group acquired AMC Entertainment Holdings for about \$2.6 billion to become one of the world's largest cinema operators and has plans to invest a further \$500 million to renovate the newly acquired chain.

### Industrial and Commercial Bank of China Ltd. (ICBC)

The Industrial and Commercial Bank of China (ICBC) is a Chinese state-owned commercial bank, the largest bank in the world by total assets and market capitalization. The Bank provides personal banking services, including personal deposits, personal loans, bank cards, credit cards, private banking, fund investment and personal financing services; corporate banking services, including corporate deposits, loans, international settlements, international financing, management of corporate annuity, assets custody, investment banking and trade financing services; electronic banking services, including online banking, telephone banking and mobile phone banking services, among others, as well as self-service banking business. The Industrial and Commercial Bank of China (USA) NA has a presence in, and serves, five different branch locations in the Los Angeles Greater Area and southern California.

### China Interocean Transports (CIT)

China Interocean Transport Inc. (CIT) is a full logistics service provider of international freight forwarding, NVOCC, contract logistics, American domestic transportation, and warehousing and distribution. Established in 1981, CIT is headquartered in Los Angeles and is a wholly-owned subsidiary of Sinotrans & CSC Holdings Co., a group of business in integrated

logistics, shipping, and the shipbuilding industry. Sinotrans & CSC provides international transportation by marine cargo, airplane, railway, and automobiles, and also includes ship manufacturing and repairing, port machinery production, and motor production.

### China Merchants Bank (Wing Lung Bank)

Wing Lung Bank, founded in 1933, is a wholly owned subsidiary of China Merchants Bank, and is among the oldest local Chinese banks in Hong Kong. Wing Lung Bank has altogether 52 banking offices operating in Hong Kong, Shenzhen, Shanghai, Macau, Guangzhou, Los Angeles, San Francisco and Cayman Islands, with a total staff of over 1,700. China Merchants Bank (CMB), established in 1987 and headquartered in Shenzhen, China, is the 6th largest commercial bank in China with over 1,000 banking business outlets and total assets exceeding \$660 billion by the end of 2013. With strong support from CMB, Wing Lung Bank will further enhance and strengthen its service to Sino-US customers. Wing Lung Bank US Operations are geographically diversified in California, New York, Texas and 10 other states. Wing Lung Bank provides all types of commercial banking services, including but not limited to commercial real estate loan, trade finance, corporate banking and working capital finance.

### China CITIC Bank

China CITIC Bank International is a Hong Kong-based full-service commercial bank that offers a broad spectrum of financial services spanning wealth management, personal banking, wholesale banking as well as global markets and treasury solutions. In the early 1980s the Bank established a presence in Los Angeles County that has expanded its capacity to provide a wide range of international banking and consultancy services to both U.S.-based companies with business activities or investments to China, and to Great China corporations with cross-border trade flows. The Bank is part of CITIC Group Corporation, a state-owned multinational financial and industrial conglomerate, and it is a subsidiary of CITIC International Financial Holdings.

### Guangzhou Tech-Long Packaging Machinery Co.

Guangzhou Tech-Long Packaging Machinery Co., Ltd. is located in the Guangzhou Economic Technological Development District which is the most dynamic commercial



area in south China today. Tech-Long occupies an area of 170,000sqm for its single body workshop which is the largest in the Chinese beverage packing machinery industry and is the leading manufacturing base for beverage packaging equipments in Asia. In 2011, Tech-Long established a wholly-owned subsidiary named TECHLONG INC in the Greater Los Angeles Area that sells liquid product packaging whole lines, stand-alone machines and accessories, as well related services.

### **Phoenix HK TV**

Phoenix Satellite Television Holdings Ltd or Phoenix Television is a Hong Kong-based Mandarin and Cantonese-language television broadcaster that serves the Chinese mainland and Hong Kong along with other markets with substantial Chinese viewers. It has six different television channels including Phoenix InfoNews Channel, Phoenix Chinese Channel, Phoenix Movies Channel, Phoenix Hong Kong Channel, etc. Phoenix Television provides news, information, entertainment programs. Phoenix is one of the few private broadcasters permitted to broadcast in mainland China. The company's head office is located in Tai Po, New Territories, Hong Kong, it also has correspondent's offices in Beijing, Shanghai and Shenzhen. The Shenzhen office is said to be responsible for one half of the TV programs' production.

Phoenix North America Chinese Channel is one of the six channels that Phoenix Television operates. It was launched on 1 January 2001 in order to serve Chinese viewers in North America, and it is the first Chinese language channel that is available across the continent. This channel now broadcasts on both EchoStar and DirectTV satellite systems and shares a similar programming with Phoenix Chinese News and Entertainment Channel. Some of its in-house programmes include "Phoenix North America News" and "Experience America".

### **Guangdong Phnix Eco-Energy Solution Ltd.**

Guangdong Phnix Eco-Energy Solutions was established in 2000 and provides heat pumps used mainly for swimming pools to oversea markets. Since 2000, Guangdong Phnix has grown to 700 employees and 60,000 square meters (196,850 square feet) of work space, and annual production volume 60,000 heat pumps. Some of the many products that Guangdong Phnix offers includes Air Source Heat Pumps, Water Source Heat Pumps, Hot Water Heat Pumps for sanitation, Swimming Pool Heat Pumps, and Solar Heating Systems, among others. The company is the biggest producer

and exporter in the world for swimming pool heat pumps, and one of the 3 biggest manufactories that specialize in producing house warming heat pumps in China. Guangdong Phnix established their U.S. operations in Pasadena, CA in 2012.

### **Landsea Group**

Landsea Holdings Corporation (Landsea Holdings), the U.S. division of China based Landsea Group Co. Ltd. (Landsea Group), is engaged in property development and operations with green technology. Landsea Group's existing business includes property investment, development and management in Hong Kong and in China. Landsea Group currently has projects in Nanjing, Shanghai, Hangzhou, Suzhou, Wuhan, Chengdu, Wuxi, Changzhou, Shaoxing and Zhangjiagang, with nearly 40 on-going property projects covering a total development area of approximately 6.7 million square meters. In 2013, Landsea established its U.S. division and currently has active projects in New Jersey, Greater Los Angeles and the San Francisco Bay Area.

Established in 2001, Landsea Group is one of China's top 100 enterprises in real estate and a leader in the field of "green" or "sustainable" property development. Landsea Group has implemented a long-term strategy of differentiation using green technology in its buildings. Although firmly focused on residential property development as its principal business, Landsea Group is also actively engaged in new technologies including green aged care, green construction technology and investment in green industries.

Landsea Group's total revenue in 2013 reached over RMB10 billion and its total assets exceeded RMB20 billion. In 2013, Landsea Group acquired a publicly traded company in Hong Kong and rebranded it as Landsea Green Properties Co. Ltd., which is traded on the Hong Kong stock exchange. Landsea Group is a founding member of the China Green Building Council, and is also a member of the German Sustainable Building Council and U.S. Green Building Council. Landsea Group has won the China's Top 100 Green Companies award and the Chinese real estate Golden Brick Prize – Annual Green Estate Award three times, and has also been awarded multiple national accolades, including the National Science and Technology Award for Excellent Homes, Huaxia Building Science and Technology Award (First Prize) and the Guangsha Award. Fourteen of the Group's residential projects were awarded the Green Three-Star Identification, the highest level of national green property design certification in China. Three of Landsea Group's projects are regarded as technological demonstration projects of the Ministry of Housing and Urban-





Rural Development of PRC. Landsea Group's green technology is supported by its research center, a Grade A design center, Shanghai Green Construction Technology Company and Landsea Europe R&D GmbH. With more than 130 patents in construction technology, Landsea Group distinguishes itself with unique technological advances in green construction. Landsea Group is widely recognized as the leading developer and builder of green properties.

## PROFILE

### Shanghai Greenland Holding Group

Established in 1992, Greenland Holding Group Co., Ltd ("Greenland") has become one of the largest state-owned enterprises in Shanghai as well as a leading comprehensive real estate enterprise in China. Greenland deals with real estate development and operation as its core business, especially for ultra-high-rise buildings, large urban complexes, residence properties, hotels and high-speed rail station commercial centers. Greenland also has other affiliates such as Greenland Energy Group, Greenland Financial Investment Holdings Group, Greenland Business Group, Hotel Group, Construction Group and Automobile Service Group. Greenland ranks No. 359 in the 2013 Fortune Global 500. The brand "Greenland" has been certified as "Chinese Famous Brand" by State Bureau of Industrial and Commercial Administration. Greenland is investing approximately USD 1 billion in the Metropolis Los Angeles project, which will consist of a high-rise hotel and 3 residential skyscrapers in Downtown LA. The first of the four buildings is set to open in 2016.

### Golden Dream Media and Communications (USA)

Golden Dreams USA is a corporation based in Los Angeles, CA. The organization's Experian file was established one year ago.

## Some Key Hong Kong Based Companies Present in L.A. County

### PROFILE

#### Orient Overseas Container Line (OOCL)

OOCL is one of the largest container transportation, logistics and terminal companies in the world with more than 280 offices in 55 countries around the world. The shipping and logistics service company provides roughly 80 services covering international trading markets with a fleet of more than 270 ships, including Grand Alliance member line vessels, feeder and OOCL-owned and operated vessels. OOCL has vessels of different classes with capacity varying from 2,500 TEUs to 13,000 TEUs. OOCL and its subsidiary, Long Beach Container Terminal (LBCT) signed a 40-year, \$4.6 billion lease with the Port of Long Beach as part of the Middle Harbor Project. It is the largest deal in history for any U.S. seaport. The nine-year project that commenced in 2011 will upgrade water access and storage areas, wharfs and add an expanded on-dock rail yard. The \$1.3 billion project will be very beneficial to the local economy as it will create thousands of jobs and will provide environmental benefits as well by reducing air pollution.

#### Middle Harbor Project Economic and Environmental Impact:

- Create 1,000 temporary construction jobs annually for over 9 years
- Create about 14,000 total permanent jobs in Southern California
- New efficiencies and new equipment will provide environmental benefits
- Provide new infrastructure to Piers E and F
- Reduce Traffic

### Kerry Logistics

Kerry Logistics is one of the leading logistics providers in Asia. The company is based in Hong Kong and has a network across six continents with over 400 service locations. Kerry Logistics has the largest distribution network and hub operations in China and the Southeast Asian region. The company's core businesses



are integrated logistics, freight forwarding, and supply chain solutions. Kerry logistics will top global companies in fashion, electronics, food, industrial science, autos, and healthcare. Kerry Logistics has an office in Long Beach.

### **Li & Fung LTD**

Li & Fung Limited is one of the leading supply chain managers of time-sensitive consumer goods for top retailers and brands around the world. The company utilizes a global network to focus on consumer goods design, development, sourcing and distribution. Li & Fung concentrates on product design, raw material sourcing, and production management. The company is based in Hong Kong and is listed on the Hong Kong Stock Exchange. Its key core business is garments, which encompasses fashion accessories, gifts, furnishings, handicrafts, home products, toys, sporting goods and travel goods. Li & Fung has an office and a distribution center in Los Angeles.

### **TVB (USA)**

TVB (USA) is a subsidiary of TVB Group, which is based in Hong Kong. TVB is the largest distributor of Chinese-language TV programs in the world. TVB (USA) was established in 1984 and is headquartered Norwalk. The company started by developing a Jade Channel on cable TV in order to target the Chinese community in the San Gabriel Valley. By 1991, the Jade Channel was also available in Northern California. Next, the Jade Channel Satellite Service was established in 1994 in order to offer Chinese programming across the U.S. Since 1994, the company has expanded to through cable systems, satellite platforms and telco TV platforms. TVB (USA) core objective is to bring China closer to Chinese American households in Los Angeles and across the U.S.

### **Sing Tao News Corporation**

The company was founded in Hong Kong in 1938. Sing Tao Daily is the leading Chinese newspaper serving the Chinese community worldwide. It opened up its first office overseas in San Francisco in 1975. It currently has 22 offices worldwide including an office in the City of Industry. Sing Tao also has radio operations and Sing Tao Chinese Radio has 85% of the market share and together with the newspaper it serves nearly 60% of all Chinese language households.

### **Phoenix Satellite Television Holdings**

Phoenix Satellite Television was established in 1996 and is based in Hong Kong. Phoenix TV has six channels including Phoenix Chinese Channel, Phoenix InfoNews Channel, Phoenix Movies Channel, Phoenix Hong Kong Channel, Phoenix North America Chinese Channel and Phoenix Chinese News and Entertainment Channel. It is broadcasted in 150 countries and regions around the world that reached 300 million people, including more than 150 million in Mainland China. Phoenix Satellite Television is the largest private-held TV company in China and is listed on the Hong Kong Stock Exchange. Phoenix Television has its U.S. head office in Irwindale.

### **K. Wah Group/Stanford Hotels Group**

K. Wah Group is a global conglomerate with over 20,000 employees worldwide that is involved in property development and investment, entertainment & leisure resorts, hospitality and construction materials. The company was founded in 1955 by Dr. Lui Che-woo in Hong Kong. It has a market presence in China (including Hong Kong and Macau), Southeast Asia and in the U.S. K. Wah Group has over 200 subsidiaries including the Stanford Hotels Corporation in the U.S. The Stanford Hotels Corporation falls under the Stanford Hotels Group which owns the Hilton Woodland Hills.

### **Great Eagle Group Holdings Limited/Langham Hotels and Resorts**

The Great Eagle Group is a property development and investment firm that was founded in 1963. The company is based in Hong Kong. The Great Eagle Group focuses on office, retail, residential and hotel properties in Asia, Australia, North American and Europe. The company invests in and manages hotel properties around the world under the Langham brand. In the U.S., the Great Eagle Group owns three office buildings and has hotel properties under the Langham brand in New York, Chicago, Boston, and in Pasadena.

### **The Hong Kong and Shanghai Hotels**

The Hong Kong and Shanghai Hotels is a holding company that is based in Hong Kong. The company is involved in property development, investment and management related to hotels, commercial real estate, and residential properties across Asia, the U.S. and Europe. Hong Kong and Shanghai Hotels owns three luxury hotels in the U.S. including the Peninsula brands in New York, Chicago and Beverly Hills.



### **Lee Kum Kee**

Lee Kum Kee was established in 1888 by its founder Mr. Lee Kum Sheung who invented oyster sauce in Guangdong Province. The company is based in Hong Kong and has production bases in Xinhui, Huangpu, Hong Kong, Malaysia and in the U.S. The U.S. base is in the City of Industry. The Lee Kum Kee Group produces over 220 choices of sauces and condiments that are sold in over 100 countries and regions across five continents. The company also develops Chinese herbal health products.

### **Ken Wah Bakery**

Ken Wah Bakery was founded in 1938 in Hong Kong by Mr. Wong Yip Wing. The company specializes in Chinese Bridal Cakes and Mooncakes. In 1985, the company opened up its first subsidiary in the U.S. in Monterey Park. Then in 1989 and in 1996, the Kee Wah Corporation opened up bakeries in San Gabriel and Rowland Heights respectively.

### **Café de Coral/Manchu Wok**

Café de Coral is the largest publicly traded Chinese fast food restaurant group. It is also Hong Kong's leader in specialty restaurants. The company has over 330 operating units in Hong Kong as well as around 140 operations in North America. Café de Coral owns the Manchu Wok brand, which is North America's biggest franchisor in the Chinese Quick Service Restaurant industry. Manchu Wok has a franchise location in Santa Monica.

### **Varitronix International**

The company manufactures small-to-medium liquid crystal displays (LCDs). Varitronix International was established in 1978 and has its headquarters in Hong Kong. Varitronix has over 4,000 employees worldwide. The major production bases are located in Heyuan in Guangdong Province and it has sales and marketing offices in Asia, North America and Europe. The company went public in 1991 and is listed on the Hong Kong Stock Exchange. The company has an office in the City of Industry.



# Section 7 | The Future of the Relationship



## What Lies Ahead

### 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 bright for the Chinese economy as it is expected to become the largest economy in the world between 2025 and 2030 depending upon the various forecasts or sooner based on utilizing purchasing power parity exchange rates. In fact, by that measure the World Bank and the International Monetary Fund (IMF) have projected that the Chinese economy will become the largest economy in the world in by the end of 2014 or by 2016-2017. The economic miracle that is China is projected to continue over the coming years and this will be especially beneficial to trade patterns and investment and capital flows between China and the U.S (especially in California and Los Angeles County). Most

importantly, the Chinese middle class is expected to grow from 300-400 million to 630 million in 2022 to roughly 800 million just a few years later.

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 appears to have a bright future as key emerging "Next Economy" growth industries have a solid foothold in the Los Angeles area. In addition, the existing well-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 and creative workforce, the busiest port complex in the U.S., an excellent higher education base and is technology rich. In addition, the L.A. regional economy represents the future of the U.S. economy as it is the hi-tech manufacturing capital of the nation as well





as the leading metro area exporter. Also, the green/cleantech sectors, tourism and education are well positioned here in L.A. County. 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 and related trade disputes between the two nations will continue to be among the thorniest issues going forward in the U.S.-China relationship. The relationship has been rocky at times and the U.S. government faces many political pressures to pursue a more aggressive policy towards Chinese goods entering the U.S.

In addition, Chinese companies have also had bad experiences over the past decade with their controversial attempts to invest in the U.S. (examples include Unocal, Whirlpool and Huawei) and disputes reached the local seaports when China Ocean Shipping Company was proposing to expand its terminal. Also, product safety issues have become a 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. The good news is that over the past couple of years we have seen positive changes on these matters as the U.S. has become more receptive to Chinese investment and the ports have been much more accommodating to Chinese shipping companies.

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.

Dispute and debate on the renminbi-dollar exchange rate is also among the hot topics in U.S.-China trade relations. Some in the U.S. Congress allege China as a currency “manipulator” and responsible for the growing U.S. trade deficit. This kind of voice has been very loud in years that the U.S. economy was not performing well or in election years. This debate may continue to surface in U.S.-China trade relations with the political and economic cycles.

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 as port activity has increased and further international trade related employment has grown.

Expectations are for trade volumes to continue to improve in 2014, 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 2015).

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, and the growing Chinese tourism to Los Angeles and California. In addition, Los Angeles County is a high-tech and innovative area with a very diverse and talented workforce.

China's first wave of outward investment mostly involved state-owned firms, and was centered around acquiring energy, minerals and land in developing countries in order to secure precious natural resources. This has changed over the past





couple of years as new motives are driving Chinese outward investment. The Chinese government is now placing a greater emphasis upon ensuring higher returns on investments rather than accumulating valuable resources. It has shifted its focus from developing countries to mature markets. State-owned enterprises are investing in real estate and infrastructure in those advanced economies. In addition, private enterprises are attempting to establish themselves as global brands by acquiring big name established Western brands. Also, these private companies are attempting to acquire the necessary technology through outward investment in order to become globally competitive. We have witnessed this transformation over the past few years and are increasingly seeing this from Chinese firms. In fact, the share of Chinese outward investment into advanced economies has jumped from just 10% in 2002 to 66% in 2012. This trend will definitely continue in the coming years and the U.S., California, Los Angeles County should all greatly benefit from these developments.

## 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. In the short term, the Chinese economy will still be dominated by exports as it will take time to make a significant transition to a consumer-based economy. 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 is very committed to 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 few years has created a sense of urgency within economic circles in China to move towards a more balanced approach. In fact, we have seen a tremendous expansion in Los Angeles Customs District (LACD) and LA Metro Area exports to China over the past few years. Data from the Brookings Institution demonstrates that China is our third largest export market after Canada and Mexico. The LA Metro Area (defined as L.A. County and Orange County) exported \$5.4 billion to China in 2010 (based on most recent data). LA Metro Area exports to China increased by 32% from 2008 to 2010. This dataset includes both goods and services. Also, this dataset is extremely valuable as it estimates the point of production,

which means that these exports are actually made in the LA Metro Area. The traditional dataset we have had to rely on in the past only includes exports based on the point of origin. That includes everything that goes through our customs district including what is produced here and what is not. The growth potential for exports to China in those areas where we have a comparative advantage (including aerospace related products, royalties from movies, and hi-tech machinery) is critical to understand going forward.

### Foreign Direct Investment

The overall outlook for foreign direct investment from China into Los Angeles County is very bright. In fact, the greatest economic opportunities for Los Angeles County are the significant flows of investment now arriving from China and what is projected to increase in the coming years. We have already witnessed this momentum in the past few years as investment from China has doubled in the number of business establishments. 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.)
- Largest County economy 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, real estate and property development, ecommerce, electronics, logistics and apparel. Near term, investment will most likely occur within electric automobiles, property development, solar energy, hi-tech electronics and textiles.



### Likely Nature of Chinese Investment to Be Comprised of the Following Functions:

- Sales and Service
- Distribution
- Manufacturing/Assembly
- Research & Development
- Regional Headquarters (already the case for many Chinese companies, mostly U.S. headquarters)

## Key Sectors for Investment

### Clean Tech and Renewable Energy

***“The Greening of the Los Angeles Economy” | 2011 Report Prepared by the LAEDC***

#### Why L.A. County should be at the forefront of the greening of the global economy:

- With a population of 10 million, Los Angeles County presents a large market for green goods and services and, by itself, can create enough demand to influence greening trends.
- The L.A. region’s general prosperity means that it is better positioned than many emerging economies to afford the often more expensive up-front costs associated with greening.
- The state of California places a high priority on “greening” relative to other regions. Several pieces of legislation, executive orders, and administrative rules from the past decade convey the State’s commitment to greening the economy (e.g., Assembly Bill (AB) 32, AB 811, AB 474, AB 939, and the Renewables Portfolio Standard, etc.).
- There is a broad commitment to green policies in the state as Californians have consistently supported efforts to clean up and protect the environment. Likewise, business leaders have typically shared those commitments and/or pursued greening for the potential cost savings.
- Key public and private sector leaders have identified the greening of the economy as a source of current and future employment.
- The breadth of Los Angeles County’s economy and its established role as an international trade hub ensures that just about every developing green trend will be relevant here.

With abundant sunshine and other natural resources, Los Angeles County and the rest of Southern California are making huge strides in developing, producing and utilizing renewable energy while promoting clean technology use by both businesses and households.

As a part of the region’s effort to reduce pollution, the region’s public utilities rely on “clean” energy sources for power generation, while at the same time creating incentives for utility customers to reduce their energy consumption through conservation and increased reliance on solutions that promote efficient energy use, such as energy-efficient appliances and low-wattage lighting in the home, and a wide variety of efficiency measures in business.

Clean sources of power in Southern California mainly include solar and wind. Public utilities and the state have offered financial incentives for homeowners and businesses to encourage the installation and use of solar power.

The Southern California region is a hotbed for venture capital of all types, ranking third for the three past years among the regions of the United States for venture funds received, based on research from Ernst & Young. California as a whole attracted \$2.8 billion in clean tech venture capital last year, 57% of the nationwide total. While Southern California received about a quarter of that total, it holds great potential going forward as utilities, employers, and government agencies turn increasingly to clean tech as a part of a regional effort to reduce pollution and conserve energy. In particular, the Ports of Los Angeles and Long Beach have implemented the San Pedro Bay Ports Clean Air Action Plan, the most comprehensive strategy to cut air pollution and reduce health risks ever produced for a global seaport complex. The ports have agreed to reduce pollution by at least 45 percent within five years. In addition, the ports are investing \$5.5 billion to upgrade and green the ports infrastructure. The two ports have been leaders in environmental remediation and are the greenest ports in the world.

#### Key Areas of Clean (Green) Tech/Renewable Energy in Los Angeles County

- Solar Energy
- Wind Power
- Electric Vehicles
- Water Management



## Climate Change/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 the Province of Jiangsu formed a partnership to deal with climate change at the former Governor Schwarzenegger's Global Climate Summit in Los Angeles (2009). In April 2013, during a six-day trade and investment mission trip to China Governor Brown signed environmental and climate change agreements with both Guangdong and Jiangsu provinces. Then in September 2013, China and California signed a Memorandum of Understanding (MOU) in a move to strengthen cooperation on lowering carbon dioxide emissions.

## Aerospace

Southern California may no longer be the focal point of the aerospace industry in the United States, but aerospace is still an extremely vital component of the regional economy. Southern California's aerospace firms continue to provide a significant number of high-paying jobs and are an important incubator for technological innovation. While complete airplanes may no longer be built from the ground up in the area once Boeing's C-17 plant ceases production in 2015, there is still a large base of subcontracting firms that produce everything from 747 fuselage panels to fasteners to aircraft seating and in-flight entertainment systems. The local aircraft industry mainly consists of subcontractors who manufacture parts and assemblies for a variety of aircraft, although final assembly of some aircraft still take place here, notably the Boeing C-17 and the Northrop Grumman Global Hawk unmanned vehicle.

Modern aircraft have become amazingly complex and require millions of individual parts as well as support systems to operate and maintain these vehicles. A significant proportion of aerospace electronic components and other parts for air and spacecraft are also produced in Southern California.

Southern California's aerospace industry is also a beneficiary of the growing importance of information in modern warfare systems (i.e. the rapid transfer of information between military units in the air, on the ground and at sea). The region's strong information technology base is attracting new opportunities for this growing segment of the industry.

Real Estate/Property Development

Los Angeles County is one of the most attractive areas of the U.S. for real estate investment. In fact, over the past few years many foreign investors (including South Korea's Hanjin International, Canada's Onni Group and Singapore's Overseas United Enterprises) have made significant property development investments in Los Angeles County including Chinese companies. These have included Shenzhen New World Group (Downtown Marriot and the Sheraton Universal), Greenland Group (Metropolis at L.A. Live) and Oceanwide Real Estate Group (Figueroa Central near L.A. Live).

## 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. With world class centers of excellence at LA County hospitals including Cedar Sinai, UCLA, USC, Children's, and the City of Hope, medical tourism presents a significant opportunity.

## Entertainment

With L.A. based global entertainment firms like Disney, DreamWorks and NBCUniversal investing billions in China and Chinese firms like Dalian Wanda acquiring AMC Theaters, TCL purchasing naming rights to the legendary Hollywood landmark "Grauman's Chinese Theater", and film makers in both countries increasingly collaborating on film making, financing, and distribution (please see Entertainment sub-section within the Business Ties section) this key creative sector is on growth trajectory for further two-way investment.

## 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 international trade and foreign direct investment flows between China and the U.S. (and particularly L.A. County) 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 both experience strong growth in the demand for international legal services (international trade practices – intellectual property rights, etc.), as well as consulting and accounting services.



## Materials & Machinery

Los Angeles County is the nation's number one manufacturing center and more Chinese manufacturers are expected to follow the successful lead of BYD to exploit the many advantages of L.A. County has as a manufacturing base.

## Construction & Engineering

As China continues to develop its infrastructure, the big firms in the County (like AECOM, Jacobs and Parsons) should see increased business opportunities.

## Creative Design

As China endeavors to develop globally competitive brands, products and services in key sectors (e.g. electronics, automotive and consumer goods), the need for LA County's creative design, marketing and communications expertise will increase.

## Exports

We must focus on our comparative advantages and maximize exports to China by identifying the goods and services that China will demand including the following:

- Precision Instruments and Semiconductors
- Aircraft Products and Parts
- Chemicals
- Royalties
- Tourism
- Machinery
- Food
- Education
- Business Services
- Port Services



## Section 8 | Conclusion



### Moving Forward

#### Special Relationship

This second edition of the Growing Together: China and Los Angeles County report has once again demonstrated that Los Angeles County has become the nation's leading gateway with China due to its unique historical, educational, cultural, economic, business, trade and investment 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 vast 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 no other state 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 Western Hemisphere) 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 ninth 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 thirty 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. In fact,





this development has already resulted in substantial economic benefits for Los Angeles County and it will continue to provide excellent opportunities in the coming years.

*“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. In fact, this development has already resulted in substantial economic benefits for Los Angeles County and it will continue to provide excellent opportunities in the coming years.”*

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, middle class and purchasing power. L.A. 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. Other 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.

## Significant 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 in the U.S., they will immigrate into the L.A. basin making the trans-Pacific bond even more unbreakable. The benefit of having so many Chinese students studying locally is that they will become alumni of our institutions with lifelong alumni networks connecting them to our region regardless of where they choose to live and work. 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. Significant short and long term potential exist 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 property development, cleantech, renewable energy, hi-tech and consumer electronics, automotive 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. and many Chinese auto manufacturers will be well advised to tap into that U.S. market knowledge and talent before introducing vehicles for sale in North America. 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 very 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 a few years ago in a cover story, the future of America is in California as the key green industries of the future are all very 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 continued 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 significant value to note some improvements that could be made in order to ensure the

*“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 continued economic rise and to fortify its position as the nation’s leading gateway with China.”*

relationship continues to flourish. **Los Angeles County’s future prosperity will surely be impacted by how well it manages its relations with China and the rest of Asia.**

## Recommendations

Here are some recommendations for nurturing the existing Los Angeles County-China relationship in order to ensure that future ties become even stronger:

- 1 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 U.S. or North American headquarters, manufacturing plants, distribution centers, etc.
- 2 Invest in improving the existing trade infrastructure (e.g. local seaports, airports, freeways and intermodal rail capacity to distribution centers). Implement strategies to ensure that the local ports do not lose market share to other U.S. and/or North American ports due to lower costs or faster times to market. 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. Focus on expanding two-way trade, formulating stronger relationships with our Chinese counterparts at the national and provincial levels, expanding outreach programs, and promoting our local seaports as a hub between China and
- 3 Attempt to better leverage the resources of the LAEDC and the World Trade Center Los Angeles (WTC-LA), 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.
- 4 Make full use of the “California -China Provinces Joint Working Group on Trade and Investment Cooperation” and help to substantiate its working mechanism through partnering with its Southern California Secretariat – LAREx and organizations like the LAEDC. Try to make better use of local connections and resources of neighboring counties to form a magnet to attract Chinese investors, while establishing stronger business connections with the Working Group’s Chinese member provinces whose aggregate GDP is twice as large as California’s.
- 5 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*).
- 6 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.
- 7 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 including cultural and medical tourism (*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.
- 8 Attempt to work with the local media to advocate for a more balanced reporting approach regarding the U.S.-China relationship. Absolutely critical to make everyone aware of the significance and overall impact of the relationship. As clearly demonstrated within this report, the rise of China has and will continue to have a tremendously beneficial impact on the economic development of Los Angeles County.



# Acknowledgements

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## **LAEDC and WTC-LA Staff**

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- Shenzhen New World Group (Profile in Investment Ties Section)
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- Bank of China
- China Mobile
- China Ocean Shipping Company, COSCO
- China Shipping North America (CSNA)
- China State Power (USA)
- China NetCom Operations Limited USA
- China America Electronics Corporation (CEIEC)
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- Dacheng Law Offices
- Dalu International
- GeneralTouch



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- Dalian Wanda Group
- Industrial and Commercial Bank of China Ltd. (ICBC)
- China Merchants Bank (Wing Lung Bank)
- China CITIC Bank
- Guangzhou Tech-Long Packaging Machinery Co.
- Phoenix HK TV
- Guangdong Phnix Eco-Energy Solution Ltd.
- Landsea Group
- Shanghai Greenland Holding Group
- Golden Dream Media and Communications (USA)
- China Southern Airlines
- China Eastern Airlines
- Air China
- Cathay Pacific

### **Hong Kong Companies with a presence in Los Angeles County:**

- Orient Overseas Container Line (OOCL)
- Kerry Logistics
- Li & Fung LTD
- TVB (USA)
- Sing Tao News Corporation
- Phoenix Satellite Television Holdings
- K.Wah Group/Stanford Hotels Group
- Great Eagle Group Holdings Limited/Langham Hotels and Resorts
- The Hong Kong and Shanghai Hotels
- Lee Kum Kee
- Ken Wah Bakery
- Café de Coral/Manchu Wok
- Varitronix International



# Appendix

## China at a Glance



- **4th largest country (in terms of territory)** in the world after Russia, Canada and U.S.
- **Population** | approximately 1.4 billion | largest in the world
- **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 Xi Jinping
- **Head of Government** | Premier Li Keqiang
- **New government took office in 2012**
- **12th 5-Year Plan ends in 2015 and the 13th 5-Year Plan starts in 2016**
- **Ambassador to the U.S.** | Cui Tiankai
- **Consulate General of the People's Republic of China in Los Angeles** | Consul General Liu Jian

## China's Economy at a Glance

- **China's GDP in 2013 was \$9.2 trillion (based on current exchange rates)**
- **Second largest economy in the world** | expected to surpass the U.S. to become the largest economy in the world by 2015 based on PPP\* exchange rates or by 2025 based on market exchange rates
- **China's growth averaged 10% a year from 1980 to 2009**
- **Largest trading nation in the world** \$400 billion when including Hong Kong
- **10 Main Ports** | Shanghai (#1 in China and #2 in the world, Hong Kong (#3 in China and #4 in the world), Shenzhen (#2 in China and #3 in the world), Guangzhou (#6), Ningbo (#4), Qingdao (#5), Tianjin (#7), Xiamen (#8), Dalian (#9) and Qinhuangdao (#10), and 6 of the top 10 in the world
- **No. 1 in inward FDI for developing nations** | 22nd year in a row
- **GDP composition by sector** | industry 44%, services 46%, and agriculture 10%
- **Total foreign exchange reserves held by China are \$4 trillion**
- **Total labor force is 798 million**
- **2014 Forbes Billionaire List** | 152 Chinese, second highest number after the U.S.
- **Per capita Income** | \$6,800 or \$9,800 in purchasing power parity (PPP)\*
- **Gross National Saving Rate** | 50% of GDP

*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.*





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