

The Critical Government Role in Attracting Foreign Investment for Domestic Brand Development

———*China's Self-owned Automobile Brand Inspiration*

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Brief

- ❑ Chinese government's considerable contribution to automobile industry development
 - ❑ the restriction of Chinese government's leading role
 - ❑ South Korean domestic auto brands development inspiration
 - ❑ Chinese government's role in attracting foreign investment for domestic automobile brand development
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I. Government's Considerable Contribution to Automobile Industry Development

□ Rapid development of China's automobile industry

The foreign direct investment that China attracted hit a high history record, reaching 124 billion U.S in 2011. Foreign capital has become the most dynamic part of China's economy.

Two phases of China's auto industry development :

- ◆ *self-development stage*
 - ◆ *the introduction of foreign investment stage*
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I. Government's Considerable Contribution to Automobile Industry Development

- The role of foreign investment in China's automobile industry development
 - ◆ improve technology and management level
 - ◆ the formation of large-scale production systems
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II. the Restriction of Government's Leading Role

- Spillover effects of foreign capital hasn't reached expectation

The target of "market for technology" hasn't achieved. The opening up policy of China's auto industry "only formed of manufacturing capacity, yet no independent research and design capability took shape."

II. the Restriction of Government's Leading Role

□ Crowding-out effects of foreign capital

Strict government control and restriction of private capital entry artificially create a high degree of market concentration.

The lack of independent research and development, inadequate establishment of intellectual property rights-oriented and encouragement eventually result in Guangzhou Automobile, SAIC have few intellectual property brand cars available in the market.

Chinese Government Policy

- the State Council promulgated "automobile industry restructuring and revitalization plan" in January 2009
 - In 2010, the Ministry of Industry stated "China's self-owned brand cars shall account for 50% in domestic consumption market in 2015" .
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III. South Korean Domestic Auto Brands Development Inspiration

- ❑ Leading and protective role of South Korean government
 - ❑ Solid innovation capability of South Korean automobile enterprise
 - ❑ Create “proud of domestic car” public opinion atmosphere
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Enlightenment

- ❑ the leading role of Government in developing domestic automobile brand
 - ❑ the dominant role of enterprises in enhancing domestic brand competitiveness
 - ❑ Strong domestic brand consumption awareness of the public
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IV. Chinese Government Role in Attracting Foreign Investment for Domestic Automobile Brand Development

- ❑ Improve relevant foreign investment entry legislation and regulation
 - ❑ Enhance fiscal and tax policy support
 - ❑ Strengthen the public opinion towards domestic auto brand
 - ❑ Create and cultivate a domestic brand development mechanism
 - ❑ Reinforce core competitiveness of the corporates and domestic brands
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Thank You



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