Study on the Characteristics, Problems and Countermeasures of Cross-border M&A in China

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ABSTRACT
The policy of reform and opening up has achieved great success and brings out the sustainable and rapid economic growth in China. The implementation of foreign investment strategy is a significant step in the new phase of Chinese going-outside policy. Cross-border M&A is playing an important role in Chinese enterprises FDI.

The fifth M&A wave and the entry into WTO provide good opportunities for Chinese enterprises cross-border M&A. It is time for Chinese enterprises to invest outside in M&A way. Cross-border M&A is an important characteristic of the fifth M&A wave. With the fast and healthy development of Chinese economy, some of Chinese enterprises have had the ability to invest outside and anticipate in the strategic restructuring of the global resources, which have owned stronger technical competence, are familiar with the rules of international management and administration and are adaptive to the heated competition of international market. That is to say, the fifth M&A wave pushed Chinese enterprises cross-border M&A. Besides, after China entering into WTO, the other members of WTO will open their markets to China and provide the facilities of trade and investment, which will create a good environment for Chinese enterprises multinational investment.

The implementation of Chinese enterprises cross-border M&A strategy is the objective demand of the enterprises themselves development. It not only will help to increase the exportation of goods and services and form some excellent multinational company and famous brands through encouraging and supporting foreign investment of those enterprises with comparable advantage, but also may acquire the rare resources such as minerals, markets and technology etc. and strengthen the weak link of industrial chain after the implementation of strategic M&A. Thus, core competence will be cultivated and competitive edge will be enhanced. At the same time, it integrates Chinese economy into the world economy and enlarges the development space of Chinese enterprises.

The paper analyzes Chinese enterprises cross-border M&A, generalizes the happened cases of Chinese enterprises cross-border M&A in recent two or three years and summarizes their characteristics. Meanwhile, the paper also studies the existed problems of external and internal environment in Chinese enterprises cross-border M&A such aspects as related policy, rules and laws, finance, foreign exchange, management, talent etc. Some countermeasures have been put forward aiming at the mentioned problems, which will give help for Chinese enterprises to overcome those difficulties.