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MARCH 12, 2012 AT 8:57 AM

Gov. Rick Snyder woos Chinese to boost Michigan business

Gov sees stronger ties as key investment; others fear job losses

BY JACLYN TROP THE DETROIT NEWS 15 COMMENTS

The conflict between politicians and business leaders over Chinese investment in Michigan is increasing during this election season, but Gov. Rick Snyder is determined to court Chinese investors and win more business.

Snyder met with China's next president, Vice President Xi Jinping, in Iowa on Feb. 15, the governor's office said, even as some members of Michigan's congressional delegation spar over whether stronger ties with China mean fewer U.S. jobs. Chinese companies have 36 sites in Michigan with 1,731 employees, according to the Michigan Economic Development Corp.

"It's all about creating jobs for Michigan families and bright futures for our kids," Snyder said Friday in a statement.

"... We already have more than a thousand divisions, affiliates and subsidiaries of overseas companies right here. Anything we can do to enhance these investments and attract even more benefits the whole state. It makes us stronger both economically and culturally."

Former Republican U.S. Rep. Pete Hoekstra of Holland is still dealing with the fallout from his Senate primary campaign ad that sparked global outcry after airing during the Super Bowl.

The ad attacked incumbent Democrat U.S. Sen. Debbie Stabenow's support of increased federal spending that the ad said leads to more U.S. debt financed by China. But it used an Asian-American actress who spoke in broken English, prompting cries of prejudice.

The political battle over whether to welcome Chinese dollars here is deterring new investment that the state needs, said John Holsapple, founder of Ann Arbor-based Chinese consulting firm Sino Ambassadors.

"China today could be playing an enormous role in the state and we're scaring them away," Holsapple said.

"We need Chinese capital here. China could have such a tremendously positive impact in Michigan."

'A major player'

China investment

Michigan has attracted the seventh highest amount of Chinese direct investment since 2003.

Rank	State	Amount
1.	Texas	\$2.8B
2.	New York	\$2.7B
3.	Illinois	\$1.9B
4.	Virginia	\$1.8B
5.	California	\$1.5B
6.	Massachusetts	\$1.3B
7.	Michigan	\$637M
8.	Colorado	\$610M
9.	Delaware	\$455M
10.	Minnesota	\$390M

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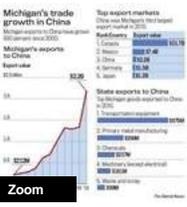
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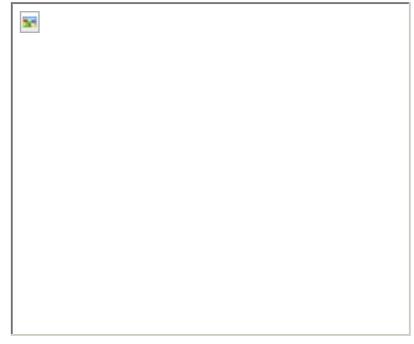
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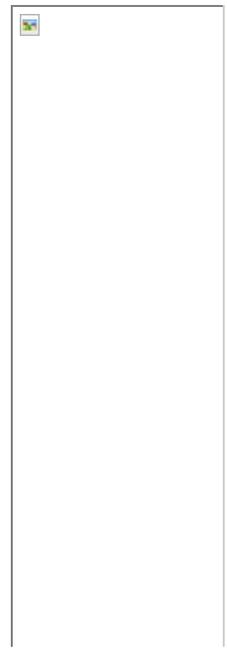
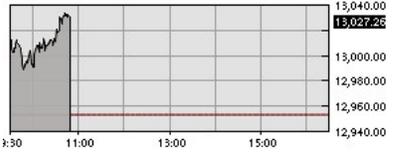
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But Chinese investment will continue to flow through Michigan's economy, other experts say.

"They're a major player from here on out," said Walsh College economics professor John Moore. "They're not going to go back."

The Chinese have directly invested \$637 million in Michigan since 2003, the seventh highest amount in the nation, according to the Rhodium Group LLC, a New York firm that monitors Chinese investments.

More investments could be coming. Sino Ambassadors signed an agreement Feb. 18 with Hua Gong Technologies, a multibillion-dollar Chinese technology conglomerate, to set up a \$500 million fund for Chinese companies to [invest](#) in U.S. technology firms, Holsapple said. The platform also would provide China with market access for U.S. firms.

In a bid for more Chinese business, Snyder joined Iowa Gov. Terry Branstad and Kansas Gov. Sam Brownback to greet Xi in Iowa, where the incoming Chinese president studied pig farming 30 years ago.

The meeting offered Snyder "bragging rights to continue to build the relationships to help put Michigan back to work," said Tom Watkins, the former state schools superintendent who is a Northville-based consultant who specializes on China.

China has become Michigan's third largest export market behind North American Free Trade Agreement partners Canada and Mexico. Since 2000, Michigan exports to China have grown 930 percent to \$2.2 billion in 2010, the latest year available, according to the U.S. Department of Commerce. The growth has pushed China past traditional export favorites such as Germany, where Snyder is headed on a weeklong European trade mission starting Saturday.

But China's trade deficit with the United States hit a record \$273 billion in 2011, the largest imbalance America has had with a single nation. U.S. exports to China are growing, but Chinese imports to America are increasing much faster.

Snyder's strides toward building contacts among Chinese politicians, investors and business people "set a positive tone in getting our business fundamentals right and making Michigan a hospitable place for people from around the globe to do business," Watkins said.

Competing with other states

Snyder traveled to China within his first six months of taking office. Former Gov. Jennifer Granholm did not visit the country during her eight-year tenure.

In fact, Granholm and Michigan Democrats ran ads against GOP gubernatorial challenger Dick DeVos in 2006 that accused him of cutting jobs in Michigan when he ran direct marketer Amway in Ada, Mich., and then located a factory in China.

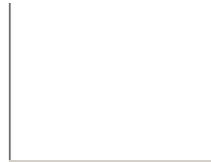
DeVos said then that the China factory helped to increase jobs in Michigan and that the Chinese government forces companies to locate in its country to sell products there.

The slow economy and the higher-than-national-average unemployment rate in Michigan should decrease the backlash against foreign investment in Michigan, Holsapple said.

Snyder is trying to compete with other states. Iowa's Branstad, who first met Xi in 1985 when he visited Iowa to study farming and hog raising methods, led a trade mission to China last year that led Chinese investors to buy \$4.3 billion worth of U.S. soybeans.

Toledo also has welcomed Chinese investment. A Chinese businessmen's group plans to develop land they purchased for millions of dollars along the Maumee riverfront.

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There remains resistance to China in the union movement, said Moore, of Walsh College. This despite the success, for example, of Chinese-backed Pacific Century Motors' purchase of the Nexteer Automotive steering maker in Saginaw from General Motors Co. in 2010 and work with the United Auto Workers.

"There is a 'buy American' mentality here because of organized labor," Moore said.

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