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PENZA STATE UNIVERSITY

Institute of Economics and
Administration
Field of study
Master's degree programme

Department of Economic Theory and
International Relations
38.04.01 Economics
International Economics

GRADUATION THESIS

on

Joint Ventures: Global experience and Chinese Practice

Master's degree student

signature, date

Huang Tao

Academic adviser

signature, date

Dubina A.Sh.

Compliance supervisor

signature, date

Vlazneva S.A.

Reviewer

Doctor of Economic Sciences, Director of the
Penza Branch of the Financial University under
the Government of the Russian Federation

signature, date

Bondarenko V.V.

The thesis was approved for defence (record of the department meeting dated _____
no._____) _____

Head of the Department

signature, date

Rozhkova L.V.

The thesis was defended and marked _____ (record of the State Examination Board dated
_____ no._____) _____

Secretary of the SEB

signature, date

Rasskazova N. V.

Penza, 2021

FSBEI HE Penza State University
Institute of Economics and Administration
Department of Economic Theory and International Relations
Field of study 38.04.01 Economics,
Master's degree programme International Economics

APPROVED BY:
Head of the Department
Doctor of Social Sciences,
Associate Professor
Rozhkova L.V.

« _____ » _____ 20 ____

ASSIGNMENT
FOR THE GRADUATION THESIS OF

Master's degree student Huang Tao, group 19ЭЭМ2(a), full-time mode of study

- 1 The topic of the graduation thesis: "Joint Ventures: Global experience and Chinese Practice"
 - a. was approved by the university order
 - b. dated « ____ » _____ 20 ____ no. _____
- 2 The deadline for the Master's degree student to complete the graduation thesis is 11.06.2021.
- 3 The input data for the graduation thesis is the regulatory and legal framework, scientific literature and reference books, and Internet data.
- 4 The list of issues to be studied includes the Joint Ventures: Global experience and Chinese Practice.
- 5 The list of visuals contains tables and figures.
- 6 The date of setting the assignment is 29.11.2019.

Academic adviser _____ / Dubina A.Sh. /
(signature) (full name)

The assignment was accepted by Master's degree student _____ / Huang Tao /
(signature) (full name)

Schedule for completing the graduation thesis

No.	Content of the thesis	Deadline for completion	Due date, signature of the academic adviser
First year of study			
1	Analysis of scientific literature, choice and updating of the research topic	01.09.2019 – 28.11.2019	
2	Framing the scientific concept of research	29.11.2019 – 12.01.2020	
3	Devising the detailed plan of the first chapter and draft of the thesis	13.01.2020 – 23.02.2020	
4	Conducting theoretical research within the first chapter of the thesis	24.02.2020– 30.04.2020	
4	Substantiating the relevance, concept, and novelty of research	1.05.2020– 30.06.2020	
5	Preparing the first chapter of the thesis		
Second year of study			
6	Collection of statistical data and material for the thesis	01.09.2020 – 30.09.2020	
7	Studying new literature sources within the topic of the thesis	01.10.2020 – 31.10.2020	
8	Conducting research within the first and the second chapters of the thesis	01.11.2020 – 31.12.2020	
9	Preparing the second chapter of the thesis	1.01.2021 – 1.03.2021	
10	Preparing the third chapter of the thesis	2.03.2021 – 2.05.2021	
11	Preparing the introduction and conclusion	3.05.2021 – 16.05.2021	
12	Completing the graduation thesis	17.05.2021 – 30.05.2021	
13	Handing in the thesis for compliance control and antiplagiat	31.05.2021 – 9.06.2021	
14	Getting acquainted with the feedback and review	10.06.2021	
15	Presenting the written thesis	11.06.2021	

Academic adviser _____ / Dubina A.Sh./
(signature) (full name)

The assignment was accepted by Master's degree student _____ / Huang Tao /
(signature) (full name)

Summary

The graduation thesis comprises 71 pages, 3 chapters, 3 figures, 2 tables, 60 sources.

JOIN VENTURES, GLOBAL EXPERIENCE, CHINA, ECONOMIC

The target of research is to study the Joint Ventures: Global experience and Chinese Practice.

The purpose of the study is that, in the contemporary world, economic globalization has enabled the economic and trade of all countries in the world to be integrated. The continuous advancement of technology has provided a more effective platform for economic and trade. The methodological framework of the paper is formed by the complex of theoretical and practical methods such as used are literature research, qualitative analysis and comparative analysis. The following methods also widely used in this thesis: quantitative analysis; quantity research method; experience summary method and descriptive research. The results of the research can be used in the teaching of educational disciplines “World Economy”, “International Economic Relations”, “International Trade”.

The recommendations outlined in the work will be direct investment in Russia can be stimulated by the development of a systematic investment strategy by the Chinese government, while the Russian government takes measures to support Chinese enterprises in Russia.

The theoretical basis of the study was the fundamental research of the joint ventures in China. Mostly, it demonstrates the advantages and disadvantages of joint ventures in China. The second chapter mainly deals with the analysis of China's world Experience and practice. Firstly, analyze the current situation of China's with join ventures. Also, had researched the main factors affecting the activities of the joint venture Finally, discuss the importance of the role of the State in the activities of the joint venture. Firstly, discuss the adjustments China should make, then analyze the possible future the joint venture in China.

The target of research is opportunities to address the climate–trade dilemma in China

To Rector of Penza State University
A.D. Guliakov
from second-year Master's degree student
of full-time mode of study of the IE&A
Huang Tao

Statement

I, Huang Tao of the student, second-year Master's degree student of full-time mode of study in the field of study 38.04.01 Economics, Master's degree programme International Economics, hereby request to check using Antiplagiat System the independently written graduation thesis on "Joint Ventures: Global experience and Chinese Practice" for the amount of plagiarised components.

All direct borrowings from the printed and electronic sources, as well as from the previously defended graduation theses, candidate and doctor theses, have the corresponding references. I have read and understood the valid University Standard "Graduation thesis of students in higher educational programmes– Bachelor's degree programmes, Specialist's degree programmes and Master's degree programmes", according to which the detection of plagiarism is the reason for the denial of the graduation thesis defence and student's expulsion from the university.

« _____ » _____ 2021г. _____
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The graduation thesis was submitted for checking on « _____ » _____ 2021 г.

Academic adviser of the graduation thesis _____ Huang Tao

Protocol

for checking authenticity of the graduation thesis on “Joint Ventures: Global experience and Chinese Practice” submitted by Huang Tao, second-year Master’s degree student of full-time mode of study in the field of study 38.04.01 Economics, Master’s degree programme International Economics, using Antiplagiat System.

Academic adviser of the graduation thesis: Dubina A. Sh.

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Автор работы: Дубина Альбина Шагидулловна
Самоцитирование
рассчитано для:
Название работы: Joint.txt
Тип работы: Не указано
Подразделение: ПГУ

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Certificate

of testing and endorsing materials of the graduation thesis of
Huang Tao
on “Joint Ventures: Global experience and Chinese Practice”

The key results of research were presented at the scientific and practical conferences:

The following articles on the topic of the graduation thesis were published:

1. Dubina A.Sh. Joint Ventures in China /A.Sh. Dubina, Huang Tao// Intercultural communication in the modern world: collection of scientific articles of the VI International Scientific and Practical Conference. international students (Penza, February 17, 2021). - Penza: PSU Publishing House, 2021. - p.286-289

Academic adviser

Candidate of Sociological Sciences, Associate
Professor of the Department of Economic
Theory and International Relations of PSU

Dubina A.Sh.

Feedback

on the graduation thesis
of Master's degree student, group 1900M(a)2
Huang Tao
on "Joint Ventures: Global experience and Chinese Practice"

The graduation thesis completed by Huang Tao is devoted to Joint Ventures: Global experience and Chinese Practice.

The explored topic is relevant that is defined by economic globalization is the inevitable trend of Joint Ventures: Global experience and Chinese Practice. In today's world, many projects are too large for any one company to undertake as it may involve huge financial commitments. Joint ventures between corporations are a fact of modern business.

The representative nature of research is determined through processing and analysing a large amount of theoretical works, normative and legal documents governing the processes under study.

The thesis of Huang Tao consists of three chapters.

The first chapter explores the theoretical Basis of Research on Chinese Joint Ventures.

The second chapter focuses on Joint Ventures-World Experience and Chinese Practice.

The third chapter review countermeasures to analysis of Main Factors Affecting the Activities of Joint Ventures.

The content of the graduation thesis corresponds to its topic. The titles of the paragraphs are formulated precisely and given successively. The paragraphs accurately reflect the internal logic of the thesis.

The paper outlines the main changes in the ability cocreate and sustain collaborations is vital in companies obtaining a significant competitive advantage. But getting it right is as challenging as or even more challenging than managing a successful merger. It could result in to legal conflicts in the future if things start getting wrong.

The thesis analyses the problem posed through exploring literature sources and specifies the objectives of research nature.

In general, the structure and content of the paper testify to the professional competence of the author of the graduation thesis, his ability to independently address the objectives of research on the basis of knowledge obtained. The thesis contains conclusions and recommendations on using the results in scientific, educational and practical activities. The goal of research is achieved, the objectives are attained.

While writing the thesis, the Master's degree student demonstrates the ability to apply knowledge and skills within general cultural, general professional and professional competences in accordance with the types and tasks of professional activity: economic, calculation, analytical, research, and managerial.

The graduation thesis complies with the requirements of logic, reliability of factual material presentation; it contains independent conclusions and recommendations; it has a clear structure.

The paper is filled out in a quality manner; it is illustrated by graphic and tabular figures.

Comments on the dissertation include that the work pays little attention to the analysis of the current state in the context of the pandemic.

The graduation thesis is an independent work. Under the Order of the Ministry of Education and Science of the Russian Federation dated 29 June 2015 no. 636, paragraph 11.15 of the University Standard 2.12-2015, and paragraph 7.13 of University Standard 3.12-2018, the paper is checked for the amount of borrowings and found to meet the specified requirements. The graduation thesis of Huang Tao is an individual and logically completed research work related to the solution of topical issues within scientific, analytical, and academic activity

...

The paper fulfils all the requirements to the graduation thesis, the recommended grade is “_excellent_”, its author deserves the conferment of the degree of Master in the field of study 38.04.01 Economics, Master’s degree programme International Economics.

Academic adviser

Candidate of Sociological Sciences, Associate
Professor of the Department of Economic
Theory and International Relations of PSU

Dubina A.Sh.

I have read and understand the feedback _____

Review

on the graduation thesis of
Master's degree student of Penza State University
Huang Tao, group 19ЭЭМ(а)2

Topic of the Master's thesis: "Joint Ventures: Global experience and Chinese Practice"

The graduation thesis of Huang Tao is devoted to the topical issue of development of Joint Ventures: Global experience and Chinese Practice

The first chapter explores the theoretical Basis of Research on Chinese Joint Ventures.

The second chapter focuses on Joint Ventures-World Experience and Chinese Practice.

The third chapter reviews countermeasures to analysis of Main Factors Affecting the Activities of Joint Ventures.

The results of the research can be used in the teaching of educational disciplines "World Economy", "International Economic Relations", "International Trade".

The undoubted advantage of this work is its scientific novelty and the possibility of implementing the described approaches in everyday practice. The work is structured logically, all the materials are clearly presented.

The theoretical significance of this work consists in the systematization of information about studying the development of Joint Ventures in China, as well as the justification of reserves and directions for their further development. The practical significance of the work is expressed in the possibility of using the main provisions and results in the development of strategies for the development of foreign economic activity in tourism.

The author of the paper correctly covers the topic using modern Russian and foreign literature on economics, Internet sources, and statistical materials.

The graduation thesis is filled out in a quality manner; it contains diagrams, tables and figures, which are presented in the text itself, as well as in the annexes.

The graduation thesis is of research and analytical nature. The issues raised are considered in full. The paper is written at a high theoretical level. Careful work on every section of the topic is evident. Practical materials used are reliable, conclusions drawn are justified. The goal of work is achieved, the objectives are attained.

The recommended grade is "excellent".

In general, the graduation thesis is an individual and logically completed research; it meets the requirement of the Federal State Educational Standard of Higher Education (FSSES HE) in the field of study 38.04.01 Economics; its author deserves the conferment of the degree of Master within Master's degree programme International Economics.

Reviewer

Doctor of Economic Sciences, Director of the
Penza Branch of the Financial University under
the Government of the Russian Federation

Bondarenko V.V.

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Introduction

In today's world, many projects are too large for any one company to undertake as it may involve huge financial commitments. Joint ventures between corporations are a fact of modern business. Some Joint ventures are no more than fleeting encounters lasting only as long as it takes one partner to establish a presence in a new market while others are a prelude to a merger of the technologies and capabilities of two companies. Whatever may be the duration or the objectives of various Joint ventures, being a good partner has become an important asset for any corporation. In pursuit of profitable growth, many companies are forming joint ventures, often in collaborations with the cross-border partners. An alternative to a traditional merger or acquisition, a cross border joint venture has much to offer. This is particularly relevant in the global context where the ability cocreate and sustain collaborations is vital in companies obtaining a significant competitive advantage. But getting it right is as challenging as or even more challenging than managing a successful merger. It could result in to legal conflicts in the future if things start getting wrong.

In recent years, China has become a very popular market in the world and it has attracted a lot of foreign companies to expand their business in China. It has already been a trend in recent years to start to do business in China, be-because China offers great business atmosphere and the economy is dynamic growing fast year-by-year. There is also rapidly increasing in consumer wealth. The most obvious feature is the cost of employment is quite low, which is a very effective way to save the cost for companies running their business in China.

Within China, rapidly changing demographics, rising incomes, increased consumer

spending and an increasingly open business environment have all helped to make the Chinese market increasingly attractive to Western businesses across a variety of industries. Similarly, declining sales in their home markets has forced many US and European companies to relocate China firmly to the center of their long-term global growth strategies. However, how to make a well-prepared market entry strategy regarding to Chinese market is still a hot topic for many companies to consider before entering China.

The main purpose of this thesis is to study the main industrial distribution of international joint ventures, and at the same time analyze the development status and industrial distribution of Sino-foreign joint ventures in China through examples. Joint ventures are a product of increasingly fierce market competition. One party hopes to avoid market barriers and market protections encountered when entering the local market through cooperation with local companies. The other party hopes that through joint ventures with foreign shareholders, it can be at the technical and management level. As an important participant in the global trade market, the importance of joint ventures to the world trading system is self-evident.

Also, the aim of the thesis is to develop market entry strategies based on Chinese market. Basically, the thesis is focusing on the market research in China and the partnership seeking and cooperating.

The purpose of research is that, in the contemporary world, economic globalization has enabled the economic and trade of all countries in the world to be integrated. The continuous advancement of technology has provided a more effective platform for economic and trade. With the intensification of market competition, enterprises can maintain their own technology and cost advantages in the world. Reasonable allocation of resources within the

scope, to seize the consumer market, have chosen to establish joint ventures to face the ever-increasing market competition and market risks. In the past few decades, international joint ventures have been one of the main forms of foreign investment by multinational companies. Domestic enterprises have opened up the consumer market of other countries by co-investing with enterprises of other countries, sharing risks, and sharing technologies, while also being able to maintain their own technological leadership. The birth of joint ventures has promoted the rapid circulation of production factors among various economies, while also exacerbating trade risks. This article will explore the role of joint ventures in the world economic system and the role of joint ventures in the development of the world economy.

Under the background of economic globalization, with the advancement of science and technology and the improvement of trade level, the high-speed circulation of information and data has been promoted, so that managers can easily and quickly understand the market conditions around the world, timely adjust production strategies, coordinate production, and be reasonable and effective. At the same time, the flow rate of production factors accelerates, which promotes the transformation of production from the domestic regional division of labor to the international division of labor. After the Second World War, economic relations have become more and more important in the entire international relationship. Multinational companies that have realized the large-scale flow of production factors in order to pursue economies of scale and maximize profits, invest and build factories in other countries through multinational investment activities, and multinational companies use their own In exchange for the qualifications of entering the investment country's market and forming a new competitive advantage in the market, the investment country also hopes to improve its own industry's technical level and enhance its product competition by learning the advanced

technology and management models of multinational companies. force. Through this research, we can fully realize the importance of joint ventures to the development of the contemporary world economy. At the same time, we can also recognize the positive and negative impacts of joint ventures on the adjustment of world industrial structure.

The object of this research is Chinese Joint Ventures.

The subject of this thesis is current state and prospects of creation Joint Ventures in China.

The research purpose is to analyze the current state and development prospects of China's Joint Ventures. In order to achieve it we need to complete the following tasks:

- 1 review the history of the formation of joint ventures in China;
- 2 explore the functions and types of joint ventures;
- 3 present international experience;
- 4 to consider the problems and risks that arise when creating joint ventures.

The main research methods used are literature research, qualitative analysis and comparative analysis. And the following methods also widely used in this thesis: quantitative analysis; quantity research method; experience summary method and descriptive research. The information and data supporting this thesis come from two sources. One includes published journals, books, and newspapers. A significant amount of the published materials was collected electronically through online databases, university library services and other commercial databases. The second source of information comes from Chinese news media, databases, and official government websites.

The novelty of the work is to identify trends and prospects for the development of joint ventures with China, as well as strategies for strengthening China's relations with trade partners at the international level.

The theoretical and practical significance of the research is that the conclusions made in the thesis form the basis for further research of joint ventures in China. The results of the research can be used in the teaching of educational disciplines “World Economy”, “International Economic Relations”, “International Trade”.

The work structure is determined by the purpose and tasks decided in the work. The first chapter of this thesis focuses on theoretical foundations for the study of joint ventures in China. Mostly, it demonstrates the advantages and disadvantages of joint ventures in China. The second chapter mainly deals with the analysis of China's world Experience and practice. Firstly, analyze the current situation of China's with join ventures. Also, had researched the main factors affecting the activities of the joint venture Finally, discuss the importance of the role of the State in the activities of the joint venture. Firstly, discuss the adjustments China should make, then analyze the possible future the joint venture in China.

Chapter 1 Theoretical Basis of Research on Chinese Joint Ventures

1.1 Related concepts of joint ventures

A joint venture is a common method in international direct investment. It refers to investors from two or more countries or regions who invest in selected countries or regions and are established in accordance with the relevant legal organizations of the selected countries and regions to make profits. For the purpose of the enterprise [14, p. 39]. The partners of both parties are called "local partners" and "foreign partners" respectively. Joint ventures are jointly operated and managed by investors, and share risks and profits and losses in accordance with the proportion of equity investment.

On July 1, 1979, "The Fifth National People's Congress passed the Law of the People's Republic of China on Chinese-Foreign Joint Ventures", hereinafter referred to as the "Joint Venture Law", and came into effect on the same year, month and day [12]. This is the earliest foreign direct investment method prescribed by law and the main legal basis for Sino-foreign joint ventures. It has been revised twice since its promulgation. The "Joint Venture Law" defines "Sino-foreign joint ventures" as "for the purpose of expanding international economic cooperation and technological exchanges, foreign companies, enterprises and other economic organizations or individuals shall follow the principle of equality and mutual benefit, approved by the Chinese government, in the People's Republic of China. Domestic, a limited liability company established jointly with Chinese companies, enterprises and other economic organizations [3, p. 23]. The investment ratio of foreign joint venturers in the registered capital is generally not less than 25 %, and the parties to the joint venture shall be based on the registered capital Proportional sharing of profits and sharing of risks and losses. In addition, joint ventures can be divided into three methods: minority shareholding, peer shareholding and majority shareholding according to different investment ratios [14, p. 177].

Reasons for the birth of the joint venture

1 Win-win cooperation. The purpose of the establishment of a joint venture is to be able to jointly fund the cost of the project and reduce the existing risks.

The establishment of a joint venture can bring stable funds for the development of the

enterprise and ensure the smooth progress of the project. At the same time, the potential risks of the project will not be borne by one party alone, but shared by the capital involved in the construction of the joint venture, which can effectively reduce the risk of the project. Adverse effects.

2 Synergistic effect. The synergy between enterprises is another reason why entrepreneurs form joint ventures. Synergistic effect is the essential influence of endogenous complementary factors in the process of enterprise merger on the merged enterprise. The establishment of joint ventures between enterprises has a complementary relationship between each enterprise. The synergy effect can integrate the advantageous resources of each enterprise to the greatest extent, such as people, technology, consumer groups, factories or equipment, etc. The two enterprises coordinate through resources Improve the company's market competitiveness, reduce marketing costs, and the degree of coordination effect determines the size of the benefits that can be obtained between companies [25, p. 98].

3 Lower the barriers to market access. Entrepreneurs usually use joint ventures to enter markets and countries that are difficult for them to enter. The degree of market access depends on the degree of participation in the international economic system, and different countries have very different regulations on joint ventures. Under the background of economic globalization, with the advancement of science and technology and the improvement of trade level, the high-speed circulation of information and data has been promoted, so that managers can easily and quickly understand the market conditions around the world, timely adjust production strategies, coordinate production, and be reasonable and effective. At the same time, the flow of production factors is accelerating, which promotes the transformation of production from the domestic regional division of labor to the international division of labor. After the Second World War, economic relations have become more and more important in the entire international relationship. Multinational companies that have realized the large-scale flow of production factors in order to pursue economies of scale and maximize profits, invest and build factories in other countries through multinational investment activities, and multinational companies use their own In exchange for the qualifications to enter the investment country's market and form a new competitive advantage in the market, the investment country also hopes to improve the technical level of its own industry and enhance its product competition by learning the

advanced technology and management models of multinational companies force.

1.2 Characteristics of joint ventures

The capital is jointly invested by the joint venture parties, and the rights and responsibilities of each party are stipulated based on the subscription ratio. Both parties to the joint venture have the right to vote on the company's strategic decisions, and the division of responsibilities is determined by the proportion of the capital contributed by the two parties to the joint venture. The most fundamental aspect of a joint venture is cooperation. If the decision-making of the enterprise is made by a single party, the investors will not agree. All the investors hope that they have certain management and decision-making powers in their enterprises, so that they can mobilize the parties' Enthusiasm urges investors to strengthen cooperation in pursuit of greater economic profits, improve efficiency, and promote the development of enterprises.

Both parties to the joint venture calculate the investment ratio based on the unified currency value. The establishment of a joint venture has a strict investment ratio. When foreign capital enters the investment country's market, both parties need to use a unified currency to calculate the investment ratio of both parties, usually using US dollars as the unit of valuation. The two parties to the joint venture usually have certain technological advantages and consumer market advantages in their respective industries. The two parties establish joint ventures through joint capital contributions. However, due to the difference in currency exchange rates between countries, it is easy to cause an imbalance in the proportion of investment by the parties to the joint venture. When the amount of capital contributed by all parties is the same but the currency value is different, the share ratio held by each party has no reference significance, and financing cannot be carried out smoothly.

The joint venture parties share profits, distribute according to capital, and share risks [6, p. 79]. The two parties to the joint venture will distribute the profits according to the proportion of their investment and share the risks together. The rich return on investment is one of the fundamental reasons for the birth of a joint venture. The two parties of the joint venture have established a dominant position in the industry through the combination of technology and capital. The expansion of market share is accompanied by the increase in return on

investment. A profit distribution system that both parties are satisfied with will lead to the termination of the cooperation due to uneven distribution of benefits. This is a loss to both parties. Therefore, it is relatively reasonable to distribute the benefits according to the proportion of capital contributions. A joint venture is jointly managed and operated by both parties, both parties are corporate legal persons, and the investment risks are borne by both parties. This approach can reduce the huge risks brought by a single party to bear the investment, thereby enhancing the investment confidence of both parties.

The joint venture has relatively sufficient management rights, and the production and operation are jointly managed by the joint venture. The construction of joint ventures is a very effective measure for the country to promote economic development. In order to attract foreign investment, the country will introduce a series of preferential policies, such as tax rate system, land use rights, etc., to attract foreign businessmen to invest and build factories in the country. The government will not be too much. Intervene in the production and operation of joint ventures, give joint ventures more autonomy and looser market access thresholds, and promote the development of joint ventures in the country. The joint venture establishes the development path of the enterprise through joint investment and cooperative operation. Both investors have certain decision-making powers on the production and operation of the enterprise, but no single party can directly make decisions. Both parties need to negotiate and vote to make decisions. Both sides judge the pros and cons through analysis from their respective perspectives, learn from each other's strengths and make up for their weaknesses, and finally make a reasonable and effective decision.

1.2 Pros and cons of the company

Advantages of joint ventures. Use the sales channels of the joint venture partner to enter the local or international market of the joint venture partner, expand the market share of its own brand and increase its popularity. Due to the restrictions of market access principles, it is not unimpeded that foreign businessmen want to enter the consumer market of a country or region to sell their products. In order to protect local enterprises, the government will issue a series of policies to limit the scale of foreign investment to avoid. To seize the market share of local enterprises and thus cause harm to the development of local enterprises. The

establishment of joint ventures can effectively reduce the difficulty of entering the market. Joint ventures with local companies can produce their own products through local companies' factories and sell them through local companies' sales channels and marketing methods. Both parties to the joint venture will share the benefits and development from it. The parties to a joint venture can complement each other in terms of capital, technology, and operating capabilities to enhance the market competitiveness of the joint venture itself. From the perspective of both investors, it is a means to utilize foreign capital. In addition, if knowledge and patents can be used as equity, the relatively weaker party in R&D and technology in the joint venture can use knowledge and patents to improve its R&D capabilities and technological level. This type of joint venture only needs less. With cash investment, more advanced science and technology and management experience can be obtained, and since the joint venture is jointly funded, the joint venture will consume less management and capital resources than the sole proprietorship.

Joint ventures can learn from each other's management skills, gain experience in management and sales to meet changes in demand. The complementarities between joint ventures are multifaceted. Compared with enterprises in developing countries, enterprises in developed countries have better management models and more advanced production models. This joint venture model can promote the management level of enterprises in developing countries. If it is a joint venture between strong and powerful companies, the two parties can learn from each other's advanced management experience, learn from each other's strengths, and make progress together.

Can obtain tax relief benefits or other preferential benefits. A joint venture must be an enterprise established after the combination of foreign capital and local capital. Under the background of economic globalization, market competition is increasing. In order to promote the development of their own economy, all countries are actively attracting foreign investment through a series of preferential policies. (Tax incentives) and laws and regulations to attract foreign investment. For example, China implements low taxation policies for foreign-invested enterprises, and provides tax incentives for industries and regions that the state encourages investment. The income of foreign-invested enterprises is levied at a 33 % corporate income tax rate, but for enterprises established in special economic zones, national high-tech industrial zones, and national-level economic and

technological development zones, corporate income tax is levied at a 15 % tax rate. Enterprises established in provincial capital cities are subject to corporate income tax at a rate of 24 % [17, p. 126]. Foreign-invested enterprises can enjoy the treatment of a three-year half-year exemption of corporate income tax for two years from the profit-making year. Advanced technology enterprises established by foreign investment can enjoy two-year tax exemption and six-year half-year corporate income tax treatment [23]. For export-oriented enterprises, in addition to the above-mentioned two exemptions and three reductions in income tax, as long as the annual export value of the enterprise accounts for the enterprise income tax treatment. For more than 70% of the total sales, they can enjoy the half reduction of corporate income tax; foreign-invested enterprises purchasing domestic equipment within the total investment, if such imported equipment falls within the scope of the import tax exemption list, the corporate income tax can be deducted according to regulations [9, p. 152].

Reduce risks in international investment. Before investing, companies conduct on-site inspections, expert consultations and other methods to understand and comprehensively evaluate the economic development status, political stability of the country where the investment is located, and preferential policies for foreign investment. In order to enter the investment country's market, companies will implement a strategy of localization of overseas companies and strengthen their public relations strategies for the country where the investment is located [19]. A joint venture can obtain a certain domestic corporate identity, allowing the joint venture party to share part of the investment risk; investment in sensitive areas such as resource development can be invested in the form of debt according to the country's situation, and the income can be obtained through product sharing, avoiding the direct acquisition of controlling rights. Nationalization risk; if the investment subject has brand, technology, and management advantages, it can also take the form of franchising like McDonald's, so as to save money, avoid direct investment risks, and occupy the market. Studying and adapting to the local objective environmental conditions, and a better understanding of the economic, political, social, and cultural conditions of the investing country will help investors make correct decisions. Adopting a localization strategy in the operation of overseas companies, on the one hand, hire more local employees, which can not only promote local employment, but also take this opportunity to increase the influence

of your own brand. On the other hand, you need to purchase all kinds of local production needs. Raw materials, which can effectively reduce production costs. Overseas companies must pay attention to shaping their own good local "public image". A "good image" is the key to the success of the company's development. Companies with a "good image" have a high degree of credibility in the hearts of consumers and can attract with more consumers' attention, consumers can increase their propensity to consume the company when they choose the same type of products [11, p. 58]. At the same time, it can attract talents to the greatest extent and mobilize the enthusiasm of employees to the greatest extent. A clear public relations strategy for the country where the investment is located, understand the consumption tendencies and consumption habits of local consumers, create products that can attract local consumers, and actively integrate its own development into the economic development of the country where the investment is located, and strictly abide by the country where the investment is located. The market competition rules and laws and regulations promote the development of enterprises.

The concepts and business objectives of all investors are not necessarily the same. Because different countries and regions have different cultural concepts, laws and regulations also have certain differences, it is difficult for investors to unify opinions when establishing business philosophy and business objectives. Differences in business decisions and management methods are also prone to friction. There may be differences in intentions and sales intentions. The long and short interests of different investors may be difficult to unify. The purpose of the joint venture between the two parties of the joint venture is not the same. The foreign capital wants to use the local enterprise to enter the local market and expand its own commodity market, while the local enterprise uses the capital, technology and management methods of the foreign enterprise to promote the progress of its own technology and management level. To promote the development of the enterprise, the goals of the two parties are not unanimously agreed. Therefore, the company's development direction and strategy will cause differences due to different goals. The two parties to the joint venture do not understand each other's cultural concepts and practices due to different cultural concepts in the early stage of the cooperation. Way, causing some friction between the two sides.

Decrease of control rights. A joint venture is jointly funded and managed by the investors,

and the power is issued according to the proportion of the investment, so it is very different from a sole proprietorship. The two parties to the joint venture do not have separate decision-making powers. In the management and strategic decision-making of the joint venture, the party with the larger proportion of capital will have more say. Therefore, compared with the sole proprietorship, the investor of the joint venture cannot manage it alone. Companies, with regard to the reduction of corporate control rights, in terms of marketing and other aspects, due to their own financial strength and other advantages, foreign-funded companies are more inclined to market their own products and services to expand the consumer market when doing marketing. Consumers have a better choice. The lack of capital, technology and services in the competition between local companies and foreign companies has caused their own brands to gradually withdraw from the competitive market. At the same time, joint ventures are subject to interference from the joint venture in many matters. At the same time, the joint venture party has improved the technical level of its own company through technology sharing, learned more advanced corporate management methods, and easily become a competitor in the same industry.

Different corporate cultures may cause management difficulties. Both foreign investors and local investors have their own unique corporate cultures, and the division of labor is also different. The corporate cultures of the two parties are difficult to integrate, which reduces the motivation of employees. The management of a joint venture is usually composed of senior managers from both parties to make management and decision-making. People from different cultural backgrounds have significant cultural characteristics in their business management behaviors. They have different understandings of decision-making implementation and management systems. Contradictions and frictions will inevitably occur in the business process [12, p. 92]. It is difficult to achieve uniformity within the company. This is a huge challenge. The inability to effectively coordinate and communicate between departments causes inefficient operations within the enterprise and affects the economic benefits of the enterprise.

Chapter 2 Joint Ventures-World Experience and Chinese Practice

2.1 Status of international joint ventures

In the contemporary world, economic globalization has enabled the economic and trade of all countries in the world to be integrated. The continuous advancement of technology has provided a more effective platform for economic and trade. With the intensification of market competition, enterprises can maintain their own technology and cost advantages in the world. Reasonable allocation of resources within the scope, to seize the consumer market, have chosen to establish joint ventures to face the ever-increasing market competition and market risks. In the past few decades, international joint ventures have been one of the main forms of foreign investment by multinational companies. Domestic enterprises have opened up the consumer market of other countries by co-investing with enterprises of other countries, sharing risks, and sharing technology, while also being able to maintain their own technological leadership. status. The birth of joint ventures has promoted the rapid circulation of production factors among various economies, while also exacerbating trade risks. This article will explore the role of joint ventures in the world economic system and the role of joint ventures in the development of the world economy. Commercial vehicle leaders Daimler Trucks and Volvo Group officially announced the establishment of a new fuel cell joint venture cell centric, promising to accelerate the application of hydrogen fuel cells in long-distance trucks and other fields, the first in the industry [13, p. 78]. In April 2020, the Volvo Group and Daimler Trucks signed a non-binding preliminary agreement. The two parties agreed to establish a joint venture to develop and produce fuel cell systems for heavy vehicles. In November 2020, the two parties formally signed a binding agreement on the establishment of a joint venture project. In March 2021, the establishment of a fuel cell joint venture was completed.

In order to become the world's leading fuel cell system manufacturer, cell centric will build Europe's largest planned mass production fuel cell system and start operations in 2025. As part of the "European Green Agreement", cell centric aims to help achieve the goal of sustainable transportation and carbon neutrality by 2050, and will develop, produce and commercialize fuel cell systems for long-distance truck transportation and other applications

[14, p. 47]. The joint venture can draw on decades of expertise and development work of Daimler Trucks and Volvo Group. Pure electric and hydrogen fuel cell trucks will complement each other according to customers' usage. Battery power will be used for lighter weight and shorter distance fuels, while fuel cell power will be used for heavy loads and longer distances. The establishment of a joint venture can effectively reduce the development costs of the two companies and accelerate the promotion of fuel cell systems in the fields of heavy-duty transportation and demanding long-distance transportation. In the economic downturn, cooperation is particularly necessary in order to achieve the goals set in the "European Green Agreement" at an early date.

Volvo Group and Daimler Trucks have rich experience in technology research and development and large-scale production. Daimler has gained a lot of expertise in decades of fuel cell development work, which has provided the initial development of the joint venture. Strong guarantee. Due to the deep understanding of customer business, both companies are able to maximize customer value, and the joint venture will continue this tradition and strive to achieve a similar Volvo/Daimler position in the fuel cell market in the field of commercial vehicles.

Fuel cell drive is another important direction of the electrification transformation of the automobile industry. During the years of the rise of lithium batteries, the development of fuel cells has also been included in development plans by many countries and organizations. Daimler Trucks has developed in the fuel cell field for decades and has accumulated solid technical experience. Volvo Group is also a very well-known enterprise in the commercial vehicle field. It has advanced commercial vehicle technology and R&D platforms. The two parties established a joint venture. The creation of hydrogen fuel cells relies on the advanced technology and sufficient funds of both parties, as well as the relatively fixed and large consumer groups of both parties, to join forces to promote the development of hydrogen fuel cells. Hydrogen fuel cell electric trucks will become the key to achieving carbon dioxide neutral transportation. Combined with a pure battery drive, hydrogen fuel cell electric trucks allow us to provide customers with the best, truly local carbon dioxide neutral vehicles based on the application, which cannot be achieved by electric trucks alone.

Siemens recently signed an agreement with Valeo Group. The two parties will jointly form a joint venture engaged in the high-voltage powertrain business, and join forces to realize

the complementary advantages of business scope and product portfolio, thereby in the innovative and economical high-voltage components and systems business field Occupy a global leadership position [35, p. 127]. The joint venture will become a strong competitor in the fast-growing automotive electrification market, and is committed to providing innovative and economical high-voltage components and systems for electric vehicles for the global mass market. The two parties formed a joint venture company, each holding 50% of the equity it is mainly engaged in the high-voltage powertrain business of electric vehicles. The products of the joint venture can be installed in various electric vehicles-including hybrid, plug-in hybrid and all-electric vehicles. Based on the complementary business scope and product portfolio of the two parties, the joint venture will be able to obtain huge synergies in manufacturing and procurement, laying a solid foundation for ensuring sustained growth and profitability [36, p. 68]. In the next few years, the electric vehicle component market is expected to show a growth trend. By 2020, its compound annual growth rate will exceed 20%. According to the agreement, Siemens and Valeo will each hold 50 % of the shares of the joint venture company, and the two parties will jointly control the joint venture company based on the equity method, and will be responsible for their own profits and losses on the shares held by them [17, p. 78].

Valeo will inject 200 employees from the high-voltage power electronics business unit of its Powertrain Systems Group (PTS) into the joint venture, 90 of whom are located in France. For Siemens, its electric vehicle power transmission business unit deploys 500 employees for the joint venture, of which 370 are located in Germany and 130 are in China [18, p. 93]. The joint venture company will be solely responsible for the development, sales and production of high-voltage motors and power electronic products of 60 V and above required for electrified passenger cars and light commercial vehicles. The joint venture company can provide a wider range of product lines, from hybrid power transmission modules and solutions (including motors, range extenders, DC/DC converters, inverters and chargers) to fully electrified power systems.

Siemens and Valeo have a good complementary relationship in terms of product portfolio, expertise and business area layout. As a leading company in the field of automobile manufacturing, Valeo is familiar with the market and possesses strong technical expertise. Relying on its certified production lines in the automobile industry, Valeo provides global

customers with the most competitive and advanced high voltage in the powertrain field. electronic product. Siemens Electric Vehicle Division relies on the company's system design capabilities in electric power transmission, strong engineering capabilities, and rich empirical experience in traction motor products.

The headquarters of the joint venture company will be located in Erlangen, Germany, with a streamlined structure that can well adapt to the global market demand and the international competitive environment [23]. The joint venture company conducts business globally and plans a regional structure based on the principle of high efficiency to be close to major electric vehicle markets such as Europe and China. It is headquartered in Germany and has branches in France, Norway, Poland, Hungary and China. More than 700 employees of the joint venture will have the opportunity to participate in the process of building a global leader [20, p. 36]. It integrates part of the business of two excellent employers, Siemens and Valeo, and will become an employer company with steady development, firm direction and good reputation. As a high-tech company in the automotive industry, it will provide employees with attractive international career development opportunities in the field of electrification and digitalization.

On December 19, 2018, the two multinational giants, GSK and Pfizer, formally announced through the official website of their headquarters that GSK and Pfizer will merge their consumer healthcare businesses into a joint venture company. After the establishment of the joint venture, GSK will own 68% of the shares, and Pfizer will hold 32 % [21].

The joint venture company will be a leader in consumer healthcare segments such as pain relief, breathing, vitamin and mineral supply, digestive health, skin health over-the-counter drugs, and oral health. The newly established joint venture company will cover GSK's Semenda, Voltaren, Panadol (Bilitong), as well as many well-known brands that are very competitive in the consumer healthcare market, such as Pfizer's Sancun, Calci, and analgesic brands Advil [45].

In addition, from the perspective of the OTC global market, the newly established joint venture company is also expected to occupy the largest market share, reaching 7, 3 %, and will take the first place in key markets such as the United States, Western Europe, Central Europe, Eastern Europe, China, India, and Australia. The second market share. In contrast, its strongest competitor accounts for 4, 1 % of the global OTC market [23]. From the

perspective of GSK's 2017 performance, GSK's consumer healthcare business achieved operating income of 7,75 billion pounds (67.416 billion yuan), an increase of 8 %, and became the second fastest growing segment of GSK's three major businesses [24, p. 48].

2.2 Experience in setting up joint ventures in China

FAW-Volkswagen Automobile Co., Ltd. was established on February 6, 1991. It is a joint venture of China FAW Co., Ltd., Volkswagen AG, Audi AG and Volkswagen (China) Investment Co., Ltd. A large-scale passenger car manufacturer is the first modern passenger car manufacturer in China to start construction on an economic scale [13, p. 21]. FAW-Volkswagen Automotive Co., Ltd. was formally established on February 6, 1991. FAW-Volkswagen Automotive Co., Ltd. uses advanced technology and equipment to manufacture world-famous products-Jetta, Bora, Golf, Caddy, Audi series cars. Its completion has brought China's car industry into a new period of mass production. From the production of the first batch of Jetta cars in 1991, FAW-Volkswagen has grown from a company with a registered capital of only RMB 3,712 billion to a large-scale automobile company with RMB 27.6 billion [26, p. 215]. FAW-Volkswagen has paid taxes to the country up to More than 40 billion yuan. FAW-Volkswagen was formally established in 1991, and it has been 30 years since then. In these two decades of rapid development, FAW-Volkswagen has continued to grow, and has become one of the most famous domestic automobile brands with advanced car-making technology and good user reputation. On February 24, 1995, 300 Jetta vehicles exported by FAW-Volkswagen for the first time were shipped to Myanmar at Dalian Port [16]. FAW-Volkswagen has also officially stepped out of the country. After the car factory was fully put into production, on November 13, 1995, during the German Chancellor Kohl's visit to China, FAW, Volkswagen and Audi jointly initialed a contract in Beijing for the inclusion of Audi cars into FAW-Volkswagen production. On December 18, FAW, Volkswagen and Audi jointly revised and signed a joint venture contract, changing the shareholding structure to: FAW 60%, Volkswagen 30%, and Audi 10%. On the same day, the company signed the "Technology Transfer Agreement" with Audi, and Audi series products were officially incorporated into the company's production as contract products [28, p. 45]. FAW-Volkswagen has never stopped making technological innovations. The

time has entered the 21st century. On January 1, 2000, the Audi A6 sedan was officially launched on the market. In 2017, FAW-Volkswagen achieved sales of 2,000,376 vehicles, a year-on-year increase of 5.0 %, exceeding the annual sales target [29]. On May 9, 2020, FAW-Volkswagen disclosed the sales data for April. FAW-Volkswagen sold 165,714 vehicles in April, a year-on-year increase of 9.9%; cumulative sales in the first four months were 502,810 vehicles [30]. FAW-Volkswagen is one of the successful cases of joint ventures in China. China's automobile industry started relatively late. Compared with Volkswagen Group, China's automobile industry does not have its own technological accumulation, technical conditions are backward, and production and R&D platforms have stagnated. The industry is a very important industry sector in a country and is closely related to people's lives. China cannot only rely on imports. It is very important to establish an automobile industry with its own core technology and intellectual property rights. A joint venture with the Volkswagen Group is established and advanced through the Volkswagen Group. The advanced science and technology and more modern production lines have made the progress of China's auto industry obvious. Today, Chinese auto brands can compete with foreign auto brands in the domestic consumer market, and consumers' sense of identity with domestically-made cars is also increasing. Domestically-produced cars have also begun to enter the world and enter the world car market.

Guangqi Honda Automobile Co., Ltd. (formerly Guangzhou Honda Automobile Co., Ltd.; Guangqi Honda for short) was established on July 1, 1998. It is a joint venture company jointly funded by Guangzhou Automobile Group Corporation and Honda Motor Co., Ltd. of Japan. Both parties hold 50 % of the shares, and the cooperation period is 30 years [31, p. 78]. On July 19, 2007, Guangqi Honda established Guangqi Honda Automobile Research and Development Co., Ltd., which is the first domestic automobile research and development institution independently invested by a joint venture and operated as an independent legal entity. Independent vehicle development capabilities including vehicle trial production, actual vehicle testing, and component development. The establishment of Guangqi Honda Automobile Research and Development Co., Ltd. marks the official breakthrough of the joint venture's independent brand. It is of great significance for enhancing the independent research and development capabilities of China's automobile industry. It will also have a profound impact on the changes in China's automobile market

in the future. In the domestic car project, Guangqi Honda has embarked on a road of "market-oriented, low input, fast output, and rolling development". In the past ten years since its establishment, Guangqi Honda has used rolling development as a model to achieve a production capacity from 10,000 to 360,000), Fengfan (CITY) four major brands, product series covering all levels of high-end cars, mid-range cars, economy cars, MpV and so on. GAC Honda's production and sales have reached a new level in one year. As of December 2008, GAC Honda's cumulative production and sales have exceeded 1.5 million vehicles, making it the fifth passenger car in China with cumulative production and sales exceeding 1.5 million vehicles. Car companies [32].

Xi'an Janssen Pharmaceutical Co., Ltd. is China's largest joint venture pharmaceutical company and the largest subsidiary of Johnson & Johnson in China. It was established in 1985, headquartered in Beijing, and its production base is located in Xi'an. Xi'an Janssen Pharmaceutical Co., Ltd. is owned by Janssen, Belgium. A large-scale modern pharmaceutical company jointly established by Pharmaceutical Co., Ltd. and Shaanxi Provincial Pharmaceutical Corporation, Shaanxi Hanjiang Pharmaceutical Co., Ltd., China National Pharmaceutical Industry Corporation and China National Pharmaceutical Foreign Trade Corporation [33, p. 78]. With the support of the head office, Xi'an Janssen is looking to the future, relying on Johnson & Johnson's research and development system, and is committed to providing more innovative drugs for Chinese doctors and patients. The research and development areas involve: anti-fungal, anti-infection, cardiovascular system, contraception, skin Diseases, gastrointestinal diseases, hematology, immunology, neurology, oncology, pain management, psychiatry, urinary system and virology [34]. Plans to market products in more fields such as biologics, oncology, cardiovascular, rheumatism and urology, and continue to introduce new drugs. Xi'an Janssen produces 15 patented drugs involving mycology, gastroenterology, psychiatry, neurology and other fields. Xi'an Janssen Company abides by the principles of creed and is committed to the company's long-term development [35].

Since 1979, China has started with reforms and unswervingly expanded its opening to the outside world. From large-scale "bringing in" to striding "going out", China has made use of two markets and two resources to continuously improve its level of opening up. At the same time, the continuous adjustment of China's foreign investment strategy is also

consistent with the overall trend of China's economic development and the continuous expansion of China's opening to the outside world. In the early stage of reform and opening up, due to the low level of China's market-oriented economy and the slower pace of economic development, foreign capital did not have a good expectation and confidence in the advancement of China's economic market. China could only find another way to attract foreign capital. Use policy guidance to build joint ventures. The development of joint ventures in China has made us realize the characteristics and advantages of joint ventures. For foreign investors, joint ventures reduce or avoid political risks and investment risks. Joint ventures are Sino-foreign joint ventures. Compared with foreign investors, they can enjoy preferential treatment, especially preferential tax rates. Both parties share investment risks and increase foreign investment. Investment confidence in China. Foreign parties can learn about China's political, social, economic, and cultural conditions through local joint ventures, realize the localization of business strategies, and better promote the development of joint ventures in China. By creating products with higher quality and service than local products, we can gain the trust of consumers, understand consumer preferences, create products and services suitable for Chinese consumers, increase the business and management knowledge of joint ventures, and improve the business of enterprises. Credibility makes it easier to obtain the convenience of production factors such as financial credit, financing, material supply, and product sales through local channels.

For Chinese investors, joint ventures are an opportunity. Joint ventures can introduce advanced technology and equipment from foreign companies, develop new technologies, and promote the optimization and upgrading of corporate structure and technological innovation. At the same time, joint ventures can also improve the presence of Chinese products in the international market. Through the joint venture brand to enter the international market, use the international sales network of foreign investors to conduct sales promotion, establish a brand image, open up the international market, expand export earnings, learn advanced foreign management experience, and improve the management of domestic managers. The level of enterprise management has been greatly improved, the enthusiasm of employees has been reasonably mobilized, and production efficiency has been improved. However, a joint venture is a special form of enterprise with a relatively high level of internal conflict. Because the Chinese and foreign partners come from different

countries and regions, their social, political and legal systems are different, and consumers have different consumption habits, consumer preferences, and cultural backgrounds. The resulting business philosophy, management decision-making thinking, corporate behavior, and marketing methods are also very different. Therefore, management conflicts in the process of cooperation are inevitable. This can be confirmed from China's empirical data. Statistics show that less than 30 % of Chinese joint ventures cooperate smoothly with foreign parties, and 70 % of joint ventures have "marriage discord" for one reason or another. Foreign companies are tired of being forced to share operational control with inefficient Chinese state-owned companies. Therefore, more and more foreign companies abandon the joint venture model in favor of sole proprietorship. For example, in 1980, the Swiss Schindler Elevator Company established China's first industrial joint venture. In February 2002, it acquired its joint venture partners, making China Schindler Elevator Co., Ltd. with a long history become its wholly-owned subsidiary [36, p. 56]. On September 10, 2000, the Second Beijing Daily Chemical Factory officially announced to the outside world that it had reached an agreement with Procter & Gamble (China) Co., Ltd. to terminate the contract for the use of the "Panda" trademark in advance, and to withdraw the "Panda" that had been used as a joint venture for 6 years "Brand. Prior to this, in June 2000, this multinational company that had the right to use the "Panda" brand for 50 years had terminated its joint venture with Beijing Daily Chemical No. 2 Factory in advance-a joint venture became a wholly foreign-owned enterprise [18].

Since the reform and opening up, in order to accelerate economic and social development and promote the pace of China's modernization drive, China has implemented a major policy of attracting foreign investment. After more than 40 years of practical exploration, experience summary, and policy improvement, China has achieved great results in attracting foreign investment. According to preliminary estimates, by the end of 2019, foreign investors from more than 180 countries and regions around the world have invested in China with a cumulative amount of more than 2 trillion US dollars. The development of foreign-funded enterprises in China has deepened reforms, expanded opening up, accelerated the process of industrialization, strengthened international scientific and technological and cultural exchanges, created favorable international and domestic conditions, increased effective investment in China, promoted technological progress, implemented industrial

upgrades, and promoted the economy Growth, increase fiscal and tax revenue, and expand social employment, etc., have played an important role.

In the context of the downward global economic and financial cycle, China's new foreign investment totaled approximately US \$ 450 billion for three consecutive years from 2017 to 2019. For example, in 2018, the UK, Germany, and the US's investment in China increased by 150,1 %, 79,3 % and respectively. 7,7 %, making China the country that attracts the most foreign investment in the world [41, p. 89].

In recent years, the main directions of foreign investment in China have focused on high-end manufacturing and modern service industries. The main methods are sole proprietorship, joint ventures and joint construction, mergers and acquisitions and reorganizations, optimizing China's money supply and investment structure, and effectively preventing and controlling financial and debt risks. To promote supply-side structural reforms, improve the industry and market system, and increase the potential for economic development and foreign trade growth, which has had a positive impact.

The industrial projects invested by foreign-funded enterprises in China mainly use general trade and processing trade methods to provide supporting parts and final products for the international and domestic markets. The overall technology and technology are mature, especially localized joint venture projects and contract processing projects. The improvement of R&D, technology, technology, equipment, standards, and management of the supply chain, as well as driving related industries, accelerating the improvement of the industry and market system, and promoting the continuous and stable growth of import and export trade, has a positive effect. The modern service industry projects invested by foreign-funded enterprises in China mainly include finance, logistics, consulting, information, sports, entertainment, etc., which integrate international development trends and provide a useful reference for the transformation of China's traditional service industry.

China is the world's largest developing country and the second largest economy. It has abundant resource elements, a mature market system, complete supporting industries, huge development potential, and a constantly improving institutional structure and governance system. For foreign businessmen, investing and developing in China is based on business opportunities and business interests, and business judgments and business choices based on the market and factors. Monitoring shows that, as of April 14, 2020, nearly 9,000 key

foreign-funded enterprises in China have resumed work and production rates of more than 70 % [39].

There is reason to believe that an open, rule-of-law, stable, developed, and internationalized China provides global foreign investors with continuously attractive investment opportunities and business environment, and foreign-funded enterprises will move from success to excellence in the process of China's development.

In the initial stage of reform and opening up, foreign investment in China was mainly concentrated in labor-intensive manufacturing. In 2011, the proportion of foreign investment in the service industry exceeded that of the manufacturing industry for the first time. As shown in Figure 2.1, in 2019, with the exception of the tertiary industry, the number of foreign companies in the primary and secondary industries in China decreased compared with the previous year. Among them, the primary industry decreased by 52 and the secondary industry decreased by 5884. The tertiary industry increased by 39,987. The data shows that with the deepening of China's market opening, the level of economic development has been steadily improving, and the level of science and technology is also constantly improving. With the continuous advancement of market-oriented reforms, the country vigorously develops the tertiary industry to improve the quality of China's development. Although the development of industry has promoted the development of China's economy, it has also brought about serious environmental pollution problems. In order to create a sustainable ecological environment and energy-saving and environmentally friendly industries, China has introduced a series of policies to guide new industrial development directions. In recent years, the adjustment and upgrading of the industrial structure have achieved remarkable results, and the industrial direction of foreign investment in China is also shifting to the tertiary industry in large quantities (Figure 2.1). Since China's accession to the WTO in 2001, the actual amount of foreign investment in China has shown an overall growth trend. As shown in (Table 2.1), it has increased from 46.878 billion U.S. dollars in 2001 to 13,813.35 million U.S. dollars in 2019. The actual amount of foreign investment has increased from 2001 Of 46,878 million U.S. dollars will increase to 14.44 billion U.S. dollars in 2020. Affected by the 2008 financial crisis and other factors, the growth rate has fluctuated during the period, but the growth has gradually stabilized in recent years. In 2017 and 2018, foreign investment attracted remained at the

growth rate of 4% and 3%. After China's accession to world trade, China's economy has entered a stage of rapid development.

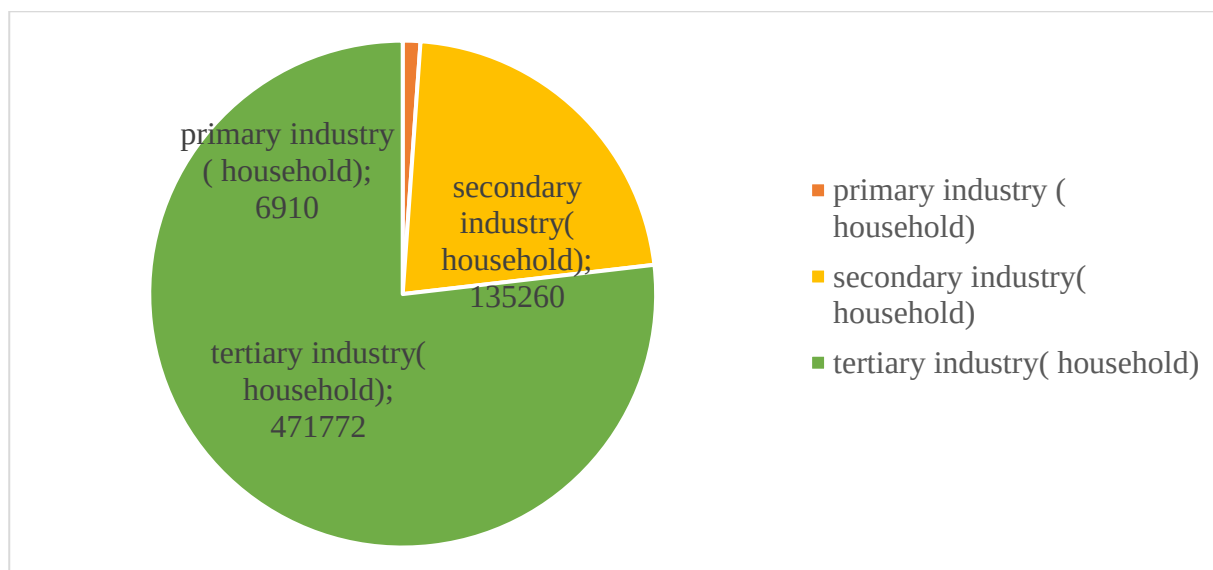


Figure 2.1 – Number of foreign-invested enterprises [40, p. 35]

Joining the WTO will give foreign businessmen national treatment, enabling foreign businessmen to enjoy the same rights as Chinese investors, encouraging more foreign businessmen to invest in China, and strengthening ties with the international market through the use of foreign capital, the introduction of high-tech and modern management experience. Help maintain the rapid growth of our country's economy.

Year	Actual utilization of foreign capital (million USD)	Actual utilization of foreign direct investment (million USD)
2006	6987600	6582100
2007	7833900	7476800
2008	9525300	9239500
2009	9180400	9003300

2010	10882100	10573500
2011	11769800	11601100
2012	11329400	11171600
2013	11872100	11758600
2015	12626700	12626700
2016	12600100	12600100
2016	11970500	11956200
2017	13103500	13103500
2018	13496600	13496600
2019	13813500	13813500
2020		14440000

Table 2.1 – Statistical Table of Actual Utilization of Foreign Investment and Actual Utilization of Foreign Direct Investment [41, p. 38]

As shown in Figure 2.2, the actual use of foreign capital and the actual use of foreign direct investment in China have been on an upward trend from 2001 to 2019. After China's accession to the World Trade Organization in 2001, the Chinese market further expanded and opened up. A large amount of foreign investment is introduced to promote economic growth. Until 2019, China is still increasing its market openness. China has the world's largest chemical industry market share, with a production capacity of 40% of the world, and has the world's largest middle-income group and strong consumption Market potential and consumer groups, a complete industrial system, a complete range of industries, and a complete infrastructure are the main reasons why China can continue to attract foreign investment.

With the rapid development of China's economy, the people's income level has been continuously improved, and the consumption power has also been rising. China's huge

population base has created the world's largest consumer market. After China's accession to the World Trade Organization, under the WTO framework, China's economy has accelerated its integration into the world financial market, and the circulation of goods has become more convenient and efficient. At the same time, it has also lowered the entry barrier for foreign capital to enter the Chinese market. China's huge consumer market and consumption potential have attracted the attention of a large number of foreign multinational companies.

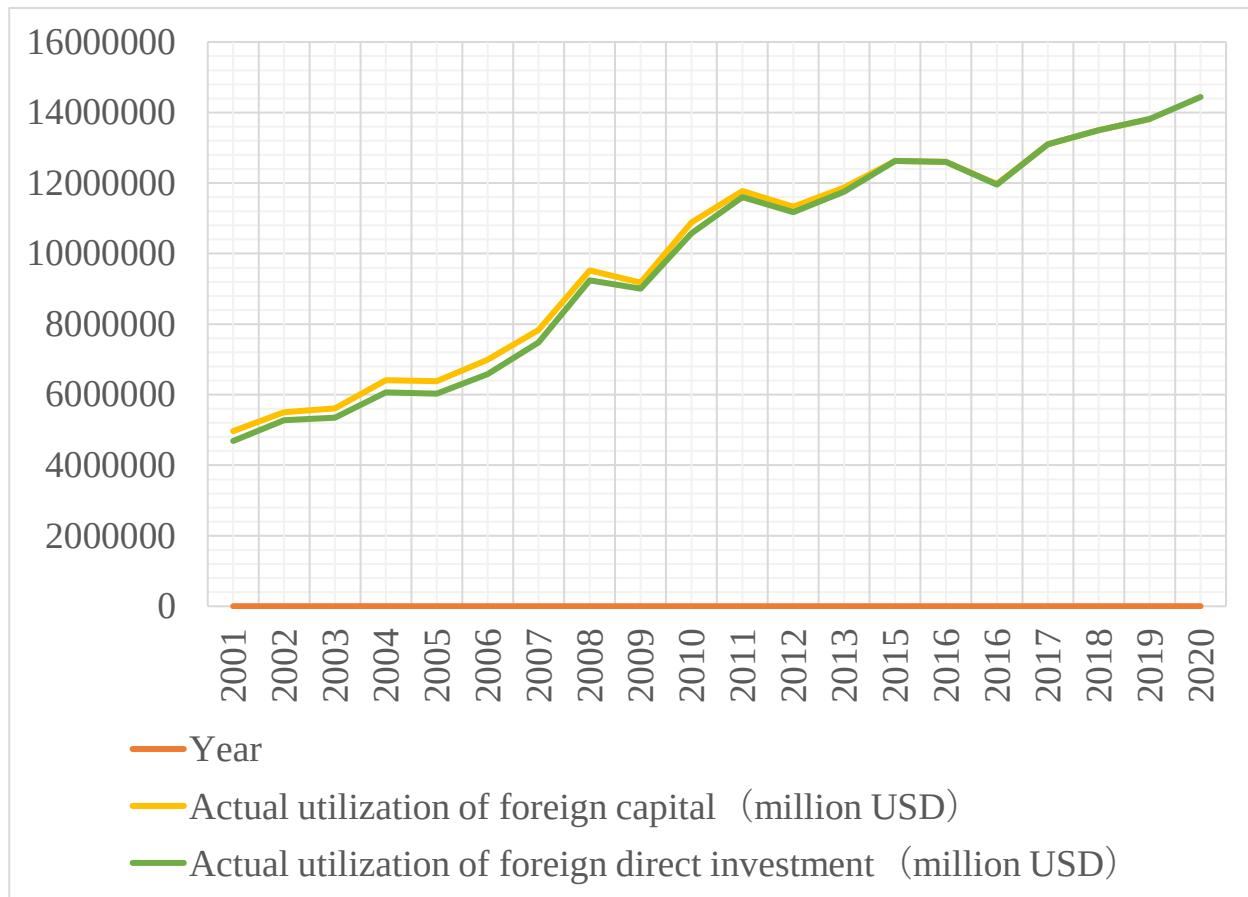


Figure 2.2 – Trend chart of actual utilization of foreign capital and actual utilization of foreign direct investment [32, p. 83]

From a global perspective, China's level of foreign capital inflows has remained a leader for many years. According to statistics from the United Nations Conference on Trade and Development (UNCTAD), from 1992 to 2018, China has become the developing country that has absorbed the most foreign capital for 27 consecutive years. Among them, in 2018, China continued to maintain its status as the second largest FDI inflow country in the world [43]. As shown in Figure 2.2, the number of foreign-invested registered companies in China has been rising rapidly since 2001, increasing from 202,306 in 2001. The number of

grandma's 627,223 households in 2019 increased by 424,917 households during the period. As shown in Figure 2.2, during the two periods of 2001-2005 and 2015-2019, the number of foreign-invested companies registered in China was rapidly increasing. During the period from 2001 to 2005, due to China's accession to the World Trade Organization, the Chinese market was opened to the world for the first time, and many foreign capitals poured into the Chinese market. During the period from 2015 to 2019, it was China's marketization. During the period of reform, China further increased the degree of market opening, optimized and upgraded its industrial structure, and a large number of emerging industrial enterprises entered the Chinese market to promote the transformation of China's economic structure.

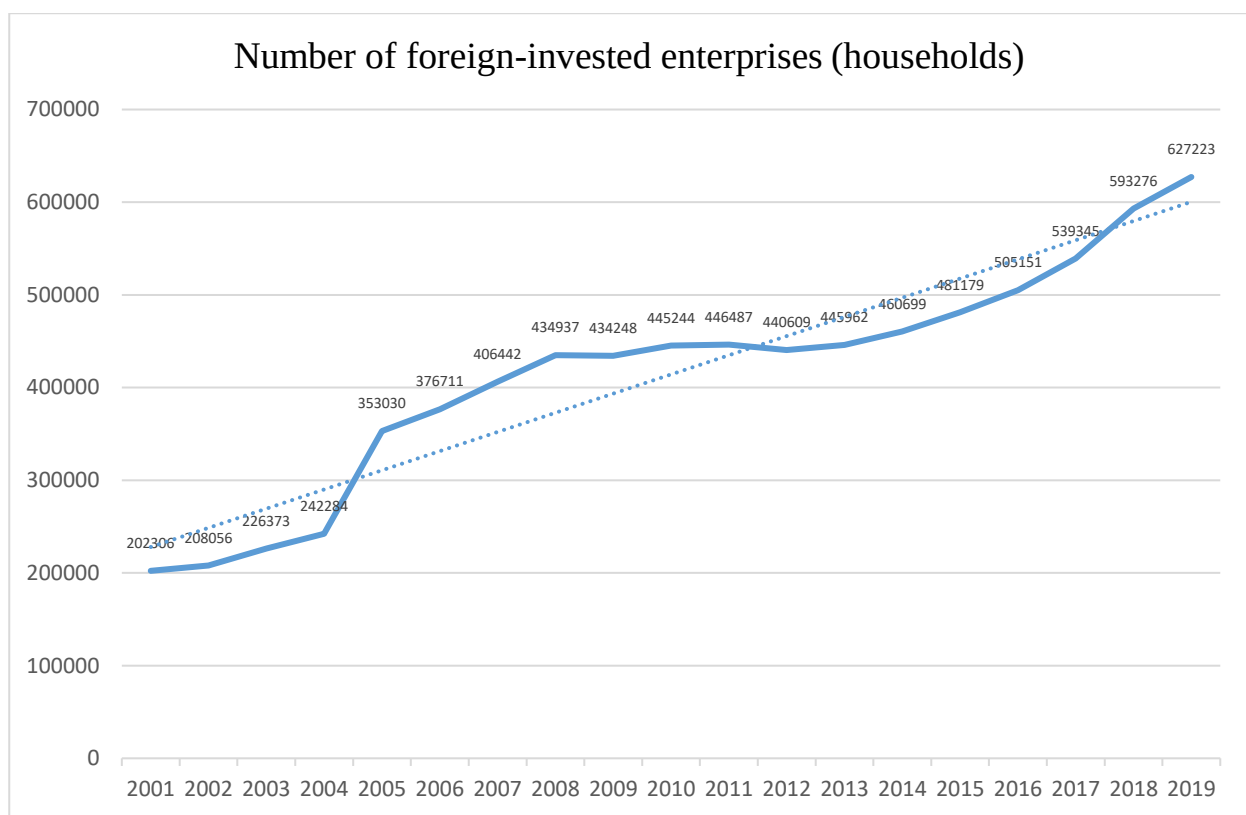


Figure 2.2 – Number of foreign-invested enterprises [14, p. 58]

The eastern region of China has always been a major concentration of foreign investment. According to data from the Ministry of Commerce, in 2017, the number of newly established foreign-invested enterprises and the actual use of foreign capital in eastern China accounted for 90,4 % and 87,5 %, respectively [45]. China actively encourages the transfer of foreign investment to the central and western regions. In June 2019, the National Development and Reform Commission and the Ministry of Commerce issued the "Catalogue of Industries Encouraging Foreign Investment (2019 Edition)" [46]. In the Midwestern Catalogue, items

such as labor-intensive, advanced and applicable technology industries and supporting facilities have been further added to further increase support for the Midwest to undertake the transfer of foreign-invested industries. With favorable national policies, the central and western regions have ushered in the opportunity to undertake the gradient transfer of eastern industries, and the area covered by foreign investment is also wider. In 2017, there were 1,672 newly established foreign-invested enterprises in central China, with actual use of foreign capital of 8.31 billion U.S. dollars, a year-on-year increase of more than 17 percentage points, and the growth rate was much higher than the national average of 4 % [47, p. 88]. The number of newly established foreign-invested enterprises in the western region reached 1,761, a sharp increase of 43,2 % year-on-year, and the vitality of market entities was stimulated.

The industrial projects invested by foreign-funded enterprises in China mainly use general trade and processing trade methods to provide supporting parts and final products for the international and domestic markets. The overall technology and technology are mature, especially localized joint venture projects and contract processing projects. The improvement of R&D, technology, technology, equipment, standards, and management of the supply chain, as well as driving related industries, accelerating the improvement of the industry and market system, and promoting the continuous and stable growth of import and export trade, has a positive effect. The modern service industry projects invested by foreign-funded enterprises in China mainly include finance, logistics, consulting, information, sports, entertainment, etc., which integrate international development trends and provide a useful reference for the transformation of China's traditional service industry.

2.3 The role of Sino-foreign joint ventures in China's economic development

Promote sustained and rapid economic growth. Before China joined the World Trade Organization, China's capital and technology were relatively short of production factors, and foreign direct investment met China's large demand for funds for economic construction. According to statistics, from 1978 to 2005, the total amount of foreign direct investment actually used in China has reached 622,401 billion U.S. dollars, and the stock of foreign capital is equivalent to 8,85 % of China's total fixed asset investment (7012,943 billion U.S.

dollars) in the same period. The average economic growth rate of 9,6 % plays an important role in promoting. Foreign direct investment not only increases China's capital stock, but also indirectly promotes the expansion of investment by Chinese companies. At the same time, it also promotes the increase of China's fiscal revenue. China's total foreign tax revenue has soared from 12,226 billion yuan in 1992 to 535,5 billion yuan in 2004. In particular, the total tax revenue from foreign direct investment enterprises accounted for more than 98 % of China's total foreign tax revenue [48, p. 35].

Promote the optimization and upgrading of the industrial structure. Before the reform and opening up, China has always relied on the primary industry as the main industry, supplemented by the secondary industry, and a large number of laborers have gathered in the primary industry. The labor-intensive industries are mainly labor-intensive industries, with low technological level, backward management methods, extremely unreasonable industrial structure, and industries with high pollution and high energy consumption hinder the development of China's economy. In the process of optimizing and upgrading China's industrial structure, foreign direct investment has played a certain role. According to statistics, nearly 70 % of foreign investment is invested in the secondary industry, nearly 30 % in the tertiary industry, and the proportion of investment in the primary industry is still less than 2% [39, p. 56]. This is generally in line with China's objective requirements for adjusting the industrial structure at this stage, thus promoting the development of China's secondary and tertiary industries (especially the manufacturing industry in the secondary industry and the real estate industry in the tertiary industry).

Promoted the rapid development of China's foreign trade. While foreign investment has grown rapidly, China's foreign trade has also grown rapidly. China's foreign trade increased from US \$ 20,64 billion in 1978 to US \$ 115,56 billion in 2004, an increase of 56 times, with an average annual growth rate of 16,74 % [20, p. 98]. The ranking of China's foreign trade in the world has also risen from 34th in 1978 to third in 2004, and its status as a major trading country has been established.

Improve the technological level of China's industry. Foreign direct investment directly or indirectly promotes the improvement of China's technological level. Since the reform and opening up, foreign direct investment has brought many more advanced and applicable technologies to China, which has promoted the upgrading of Chinese products and

technologies. Through joint ventures and cooperation with foreign companies, the technical level of many products in China has also been significantly improved. From the perspective of indirect effects, foreign direct investment enterprises use demonstration effects to encourage Chinese enterprises to import advanced technologies from abroad, or adopt more advanced technologies through independent innovation.

Increase total employment. In terms of the increase in the number of foreign investment in China's employment, from 1992 to 2004, the number of employees in foreign direct investment enterprises soared from 2.21 million to 10.33 million, and the proportion of employees in China rose from 1.49 % to 9.77 % [31, p. 125]. Foreign-invested enterprises have also indirectly created employment opportunities through forward and backward industrial linkages.

Promote the establishment and improvement of China's modern enterprise system. China's absorption and use of foreign direct investment, especially by absorbing investment from large-scale multinational companies in developed countries such as the European Union, the United States, and Japan, and learning from advanced management methods and systems, have promoted the establishment and improvement of the modern enterprise system of Chinese enterprises and promoted the state-owned enterprises Enterprise restructuring and improvement of corporate governance structure.

Form a monopoly on certain industries and markets, resulting in the loss of a large number of national brands. First, foreign businessmen are the first to establish large enterprises in China's infant industries. The second is that foreign businessmen implement monopoly in certain pillar industries and strategic industries with high profitability and broad market prospects in China. Foreign businessmen rely on the quality and service advantages of their branded products, combined with China's low-cost labor force advantage, and fiercely compete with Chinese domestic-funded enterprises to eliminate some Chinese national brand products, or acquire Chinese famous brand trademarks through joint ventures, leading to Chinese famous brands. The product disappeared from the market.

Weaken the independent innovation ability of Chinese enterprises. In the competition with multinational companies, Chinese companies are obviously at a disadvantage. The R&D investment of Chinese enterprises is insufficient, and the R&D expenses of enterprises only account for 0.39 % of sales revenue. Even the R&D expenses of high-tech enterprises only

account for 0,6 % of sales revenue [22, p. 89].

Many companies are still trapped in a vicious circle of introduction-backward-introductory-backward. Foreign direct investment is mainly through the implementation of localization strategies, low-price competitive sales, to defeat domestic enterprises; to prevent joint ventures from developing new products or new technologies, and compete with domestic enterprises for talents, which has weakened the independent research and development capabilities of domestic enterprises and domestic related units.

Through improper operation or transfer pricing, resulting in the loss of state-owned assets. In the process of joint ventures with state-owned enterprises or mergers and acquisitions of state-owned enterprises, foreign businessmen often underestimate state-owned assets, especially intangible assets such as the brand and goodwill of state-owned enterprises, thereby causing losses to state-owned assets. Moreover, many foreign-funded enterprises have problems of tax stealing, leakage, evasion, and tax fraud to varying degrees [33]. In particular, many foreign-invested companies evade taxes by transferring prices within multinational companies, causing a lot of tax losses to China every year.

Exacerbate the shortage of resources and deteriorate the ecological environment. Among China's foreign direct investment enterprises, some are high material consumption, high energy consumption, and high pollution enterprises, which have a greater negative impact on China's resource consumption and environmental damage. The establishment of these high material consumption, high energy consumption and high pollution enterprises in China by foreign investors is actually the transfer of certain high material consumption, high energy consumption and high pollution industries in developed and newly industrialized countries and regions to China, which not only exacerbates China's resource shortage, but also Deteriorating China's ecological and social environment, and also seriously endangering the health of employees and nearby residents, is not conducive to the sustainable development of China's economy.

Exacerbate the imbalance in China's regional economic development. The regional distribution of foreign direct investment in China has obvious non-equilibrium characteristics. Due to the uneven economic development in China, the economic development level of the east and the west is quite different. The level of economic level determines the market consumption power of a region, the vitality of the financial market,

the level of science and technology, and the level of education. The eastern coastal area has convenient transportation and flat terrain. A large number of population dramas are in the eastern coastal area. Due to the reform and opening up, a large amount of capital and talent flow to the eastern region, forming a large-scale urban agglomeration. Many top universities are gathered in the eastern region, which is the economy of the eastern region. The development of China has provided sufficient talents. The eastern region has developed maritime transport and numerous ports, providing convenient transportation conditions for foreign economic exchanges in the eastern region. The western region is located inland, with many mountainous areas, and there is a big gap between the convenience of transportation and the eastern region. As the population converges in the eastern region, a large number of people in the western region move to the eastern region, and educational resources are inclined to the eastern region, resulting in a larger number of universities in the western region. The loss of talents is serious. The western industry is dominated by the primary industry, and the economic development is slow. It is impossible to attract foreign investment to the western region.

Chapter 3 Analysis of Main Factors Affecting the Activities of Joint Ventures

3.1 The impact of the institutional environment on joint ventures

System is a concept in social science. To understand from the perspective of social science, a system generally refers to a social structure that regulates individual actions by rules or modes of operation. These rules contain social values, and their operation commends a social order [14, p. 56]. The institutional environment regulates how foreign capital enters the domestic market by shaping the entry standards of foreign-funded enterprises. The investment of foreign-invested enterprises in the domestic market can effectively promote economic development. However, the entry of foreign capital into the domestic market has advantages and disadvantages. The system can manage foreign capital more effectively. It can also help foreign-funded enterprises to better adapt to the domestic market. A good institutional environment can attract high-quality foreign-funded enterprises to invest in the country. At the same time, it can also promote healthy market competition between domestic enterprises and foreign investment and joint ventures, and promote the technological progress of domestic enterprises. And the optimization and upgrading of the structure will enhance the market competitiveness of domestic enterprises.

With the advancement of science and technology and the development of the world economy and trade, many companies, in order to seize the international market, enter the markets of other countries by setting up joint ventures with companies from other countries. In China, over 30 years of reform and opening up, a large number of foreign companies have poured into the Chinese market. Due to the uneven development of the regional institutional environment, the entry mode of foreign-funded enterprises has formed different standards in different regions. For example, the proportion of Sino-foreign joint ventures in some western provinces far exceeds the proportion of wholly foreign-owned enterprises. This difference in entry mode is directly related to the level of regional institutional development. In areas with a higher level of regional economic and social system development, with complete infrastructure, better education, more active financial markets, and better living standards, the local market can provide multi-faceted resources for the operation of foreign-funded enterprises. Economically developed areas are the main areas where the population is concentrated, and economic activities are more frequent. In order to maintain the development of the regional economy, local enterprises, governments and the public respect

the market mechanism, protect the rights and interests of enterprises, promote fair transactions in the market, market-oriented, and rationally allocate resources. Promote the rapid development of the local economy. In economically developed areas, a sound system promotes the transfer of technology and information, so that foreign-funded enterprises have more autonomy and can give full play to the vitality of foreign enterprises. In such areas, consumers have faster and more extensive access to real-time information. Service requirements are more stringent, and foreign-funded enterprises can obtain higher social support and recognition in such areas. At the same time, the wholly foreign-owned model can effectively protect its core rights and interests and attract more foreign-funded enterprises to invest locally. The advanced technology of foreign-funded enterprises can benefit local enterprises and economic development through "spillover effects" [40, p. 88]. Since the wholly foreign-owned model can effectively protect the core rights and interests of foreign-invested enterprises, most foreign-funded enterprises will choose to enter in the sole proprietorship model. On the contrary, areas with low levels of investment, economic development and system development lack the important resources needed by foreign-funded enterprises. On the one hand, the local government must introduce foreign capital to promote the development of the local economy. On the other hand, it needs to protect local enterprises and create Good market competition environment. Therefore, the local government will use the support of local enterprises as an excuse to require foreign-funded enterprises to cooperate with local enterprises to learn advanced science and technology and management experience of foreign-funded enterprises through the establishment of joint ventures. At the same time, they can also enhance the popularity and market of local enterprises through joint venture brands. Competitiveness. This kind of institutional environment will cause foreign-funded enterprises to transfer their core technologies to protect their core competitiveness, leading to the inability of long-term development of joint ventures and cooperative enterprises. Secondly, the "herd effect" leads foreign companies that subsequently enter the markets of other countries to learn from the entry mode of most local foreign companies to reduce the "newcomer disadvantage" [36]. When most foreign-funded enterprises in a certain area adopt the sole proprietorship model, it shows that the sole proprietorship model is highly recognized locally and has become a standard. When the vast majority of foreign-funded enterprises in a certain area adopt the Sino-foreign joint

venture model, this shows that the foreign-funded enterprise adopts an approach that caters to local requirements, and the joint venture model is more suitable for foreign-funded enterprises to carry out business activities in that place.

The institutional environment has advantages and disadvantages for joint ventures. If a region wants to attract foreign investment, an open, transparent and complete institutional system is a necessary condition. A good institutional environment can provide a good market environment for foreign-funded enterprises. A series of preferential policies can be introduced to provide a good institutional environment for joint ventures. Enhance the investment confidence of foreign-funded enterprises in the investing country and attract more foreign-funded enterprises to invest. On the contrary, without a good institutional environment, it is impossible to provide a good platform for market competition for joint ventures, and there is no guarantee that the local investment of foreign companies will not be affected by other factors. The institutional environment is a necessary guarantee for the smooth construction and development of joint ventures.

3.2 The reliance of joint ventures on marketization

Marketization is a mechanism that takes the market demand as the guidance and the survival of the fittest as a means in an open market to realize the full and reasonable allocation of resources and the goal of maximizing efficiency [37, p. 67]. The degree of marketization determines the market's acceptance of foreign companies. The market economy is an economic model that regulates and allocates resources through the market's own mechanism. Compared with the planned economy, the balance mechanism of the demand and supply of production factors is regulated by the market. This means that the market plays a decisive role in the allocation of factor resources. The market decides what to produce, how much to produce, how to produce, and for whom. A joint venture requires a highly market-oriented market environment in order to achieve the goals that both investors want to achieve through the establishment of a joint venture. The joint venture allocates resources through a reasonable market mechanism, and realizes the adjustment of resources through a relatively fair market free competition environment. The essence is the adjustment method of the law of value, among which the price mechanism is the most sensitive and

effective adjustment mechanism. First, the price mechanism can transmit information about the supply and demand status of the product market and the factor market through price changes, which is conducive to the flexible deployment of production factors for joint ventures for production, and consumers can also make corresponding countermeasures in time. Second, the price mechanism itself can also regulate the production and consumption of products. In addition, in the process of completing market transactions, the price mechanism also determines the income levels of factor providers and producers. Without a good degree of marketization, it will be difficult to establish a market system, and the market mechanism will not be able to play the role of the market mechanism. The decisive effect of the market in the allocation of resources will not be discussed. The advantages of joint ventures are due to the role of the market mechanism itself. It is not strong nor can it be effectively shown. Therefore, under the complete market mechanism, the market can make the commodity market and the production factor market reach the Pareto equilibrium state at the same time through the price mechanism, but this is the most ideal state. Taking into account the incompleteness of market competition, the market can only tend to move towards equilibrium. Within the industry, the optimization of the market level can improve the flow tendency of production factors in the industry through the price mechanism. Specifically, under the conditions of high degree of marketization, production factors will choose to flow from low-marginal revenue sectors to high-yield sectors due to different marginal revenues, and then achieve internal factor equilibrium. The products of joint ventures themselves are better than local products. Many competitive advantages, better technical level, better quality, better service and higher profits. A high degree of market liberalization can allow production factors to flow to joint ventures and provide sufficient production factors for joint ventures to expand production. On the contrary, the same effect will be achieved, that is, the degree of marketization will directly affect the income of the department through the price, and the high degree of marketization will increase the internal efficiency of the industry, thereby achieving the effect of upgrading the value of the industry [18]. Between different industries, the conduction effect of the market-oriented price mechanism will also promote the free flow of factors between industries. Joint ventures with advanced technology and management experience can obtain higher marginal benefits with better product quality and reputation. In this way, it can attract more technical talents and

laborers to increase its own talent pool. For example, laborers with lower marginal income in agriculture will flow to the secondary or tertiary industry under the attraction of high-yield industrial or service industries. The prerequisite for this is the high degree of freedom of marketization.

The market economy is essentially an economy in which the market determines the allocation of resources. The market determines the allocation of resources is a general law of the market economy and a basic requirement for the law of value to function. The enterprise is the main body of market allocation of resources. What to produce, how much to produce, how to produce and for whom are independently determined by the enterprise according to market needs; the price mechanism is the core of market allocation of resources, and the price formation mechanism is mainly based on market competition, so that the price fully reflects the supply and demand situation of resources; the market system is the basis for the market to allocate resources. The modern market system allows enterprises to operate independently and compete fairly, consumers freely choose and consume independently, and commodities and elements are freely flowed and exchanged on an equal footing; a perfect market order is the allocation of resources by the market. The government establishes fair, open and transparent market rules and implements unified market supervision. The market is the most effective form of resource allocation. Economic development is to improve the efficiency of resource allocation, produce as many products as possible with as few resources as possible, and obtain the greatest possible benefits. Both theory and practice have proved that the market is the most efficient form of resource allocation. First of all, the market can effectively process and transmit economic information, and it has advantaged that other mechanisms cannot match in processing and transmitting huge amounts of information about production and consumption, supply and demand. Secondly, the market can automatically coordinate the interest relationship, so that the interest relationship between the various economic activity subjects can be balanced through the market, thereby mobilizing the enthusiasm of all parties. Third, the market can effectively correct the imbalance between supply and demand, thus forming a long-term trend in which social labor is distributed in a reasonable proportion among various production sectors. In addition, the market can also encourage innovation and the survival of the fittest, which will help improve the quality and efficiency of economic development,

and promote changes in the quality, efficiency, and power of economic development.

3.3 The role of government intervention in joint venture activities

Luo Laidong believes that government intervention is the government's overall management of the national economy, and is the economic function of a national government, especially the central government [19, p. 70]. It is the country's overall adjustment and control of the social economy in order to promote market development and standardize market operations during economic operations. The process of macro-control is the state in accordance with a series of laws of the market economy to achieve a total balance and maintain a sustained, stable and coordinated economic growth, and the total monetary revenue and expenditure, the total fiscal revenue and expenditure, the total foreign exchange revenue and expenditure and the main materials Regulation and control of supply and demand. Qu Wenyan believes that the use of adjustment means and adjustment mechanisms to achieve the optimal allocation of resources provides a benign macro environment for the operation of the micro economy, so that the market economy can achieve normal operation and a balanced development process [20, p. 129].

The relationship between government and market has different situations in different social systems and different countries. The market plays a decisive role in the allocation of resources, not all of it. On the one hand, the role of the market mechanism is conditional, including the legal system, competition rules, macro-environment, social security, etc. These conditions cannot be formed by the market itself. On the other hand, the market economy has the problem of partial failure and the disadvantages of blindness, spontaneity and hysteresis, which are prone to problems such as polarization between the rich and the poor and economic fluctuations. The capitalist market economy is governed by the law of surplus value, which brings about the opposition between labor and capital, resulting in profound disadvantages such as the polarization between the rich and the poor, overproduction, economic virtualization, and prominent ecological crisis. The responsibilities and roles of the government are specifically manifested as: maintaining macroeconomic stability, strengthening and optimizing public services, ensuring fair competition, strengthening market supervision, maintaining market order, promoting sustainable development, promoting common prosperity, and making up for market failures. Fundamentally speaking,

to better play the role of the government is to focus on solving the problem of unbalanced and inadequate development based on the liberation and development of social productive forces, to better meet the people's growing needs for a better life, and to continuously promote the overall development and development of people. All people are prosperous together. Changing the concept of development and changing government functions are the key links to better play the role of the government. To correctly handle the relationship between the government and the market, we must firmly grasp the two key points of changing development concepts and changing government functions. These two aspects are interrelated: if a new development concept is not established, government inaction and disorder will inevitably occur, if the government functions are not changed, the new development concept will not be well implemented. Government departments at all levels must firmly establish new development concepts, strive to improve the ability and level of overall planning and implementation of the new development concepts, and focus their work on promoting innovative development, coordinated development, green development, open development, and shared development. At the same time, we must implement the new development concept to deepen the reform of the economic system, strive to build a government under the rule of law and a service-oriented government, further streamline administration and delegate power, greatly reduce the government's direct allocation of resources, and shift the focus of work to creating a fair competitive market environment and protecting the ecology Environment, support for innovation, etc., enhance the momentum and vitality of economic development.

The development direction and development strategy of China's economy are formulated by the central government and delegated to local governments for implementation. A stable and efficient development strategy has always been the policy that the Chinese government adheres to and implements. The makers of the development strategy must take the overall situation as the object of consideration, but the specific executor can only adjust the strategy in accordance with the characteristics of regional development. The result of not looking for the overall situation is that local governments actively intervene in the trajectory of the market economy in order to improve their competitiveness. Driven by interests, they will more or less violate the central government's positioning of the regional economic development, and the more they intervene. Excessive, the more likely it is to cause blind

investment, unfair resource allocation, backward industrial development methods, and serious unreasonable regional economic development. Joint ventures are established under the specific framework of the government. In order to promote the development of the regional economy and promote regional employment, the government has adopted preferential policies and lowered market access thresholds to attract foreign investment, and established joint ventures with local enterprises to establish technologically superior enterprises. Promote the development of local industries. From the perspective of the means and subjects of intervention, the methods of government intervention include economic, administrative, and legal methods [41]. Economically, the government promotes the development of joint ventures through preferential tax rates, tax reductions and exemptions, and fiscal subsidies. In terms of administrative methods, improve the efficiency of qualification certification and document approval for joint ventures, strengthen financial market construction, create a fair and reasonable market competition environment, and create a positive and healthy market environment for the development of joint ventures. In terms of legal methods, since the organizational structure and operation methods of joint ventures are different from those of local enterprises, laws and regulations on standardized operation of joint ventures have been introduced to promote the healthy and orderly development of joint ventures.

However, excessive government intervention in the development of joint ventures is detrimental to the long-term development of joint ventures. The original intention of government intervention is to correct the improper development of the market and make up for market failures, but once overcorrected, it will distort the direction of economic development. The effect of government intervention in the investment field is usually negative. Improper intervention methods or intervention levels will break the free-market competition mechanism and reduce the efficiency of market economy.

Conclusion

Under the background of economic globalization, with the advancement of science and technology and the improvement of trade level, the high-speed circulation of information and data has been promoted, so that managers can easily and quickly understand the market conditions around the world, timely adjust production strategies, coordinate production, and be reasonable and effective. At the same time, the flow of production factors is accelerating, which promotes the transformation of production from the domestic regional division of labor to the international division of labor. After the Second World War, economic relations have become more and more important in the entire international relationship. Multinational companies that have realized the large-scale flow of production factors in order to pursue economies of scale and maximize profits, invest and build factories in other countries through multinational investment activities, and multinational companies use their own In exchange for the qualifications to enter the investment country' s market and form a new competitive advantage in the market, the investment country also hopes to improve the technical level of its own industry and enhance its product competition by learning the advanced technology and management models of multinational companies. force.

Joint ventures are the product of increasingly fierce market competition. One party hopes to avoid market barriers and market protections encountered when entering the local market through cooperation with local companies. The other party hopes that through joint ventures with foreign shareholders, it can be at the technical and management level. Achieve breakthroughs in the above-mentioned industry and enhance its own market competitiveness. As an important participant in the global trade market, the importance of joint ventures to the world trading system is self-evident. In the development of joint ventures, brand, as an intangible asset, is a valuable asset of the enterprise. The shaping and cultivation of a successful brand is hard-won, and often requires the efforts of many people and the hard work of several generations. Through long-term efforts, companies with advanced technology, stable customer groups and good service experience have established their own brands in the consumer market through their own efforts, and have a high reputation and influence in the industry. This is the core foundation of the competitiveness of many multinational companies. However, when joint ventures with foreign parties, in order to introduce capital and technology, many companies will sell brands, business

reputation, raw material supply channels, product sales networks and other intangible assets at low prices or free of charge in exchange for the qualifications to enter the local consumer market. After the joint venture, the joint venture party uses the production capacity and sales channels of the famous brand of the superior company to promote its own products and launch its own brand. Due to its technical level, product quality and service experience, the joint venture has a great deal with the superior party of the two parties. The gap, after the introduction of the product, has caused a certain degree of damage to the reputation and value of the joint venture's own trademark. Similarly, many brands want to use the capital and technology of foreign brands to promote their own development. The result is counterproductive. Foreign brands have successfully entered the consumer market with the help of local brands, and gradually replaced local companies of the same type with their own technological advantages. Therefore, under the governance structure in which foreign parties occupy the dominant management control and local enterprises lose corporate control, such as joint ventures, independent brands will gradually be weakened or even disappear eventually. To establish a joint venture, both parties to the joint venture, as the dominant party, must have brand awareness, establish a correct sense of competition, abide by the local market competition rules, and jointly promote the development of the local economy. In contrast, the other party should actively learn the advanced science and technology and management strategies of foreign-funded enterprises, strive to enhance its own strength, and promote the development of local enterprises.

Among joint ventures, foreign companies in a controlling position generally reject the independent innovation of joint ventures, and this is clearly stipulated in the joint venture agreement. However, if local companies cannot provide the necessary protection for their own technologies, and if they lose controlling rights or control rights, they will also lose their ability to develop independently. Without these rights and abilities, all the technological achievements accumulated by the company's massive investment belong to others, or are sunk, resulting in independent innovation that can only be ordered by the foreign party, and even the survival and development must be controlled by the foreign party. Normally, after the joint venture, the original technical R&D team of the local enterprise is disintegrated, and the technical talents are severely drained. When the foreign party uses its

technological advantage to suppress the local enterprise, if the local enterprise fails to use the advantage of the joint venture to narrow the technological gap with the foreign business in a planned way, Can only do nothing when it fails to protect its own technology. In a joint venture, if the marketing channel is controlled by one party, but because they attach great importance to the management of marketing and marketing, most of them will use the carelessness and ignorance of the local enterprise to easily control the sales and promotion links of the joint venture, thereby controlling the two major parts of the enterprise. lifeline. Joint ventures have advantages and disadvantages for the economic development of the region or the country. Joint ventures can bring more economic vitality to the regional economy. The technological advantage of joint ventures is the biggest advantage for participating in local market competition, but the essence of joint ventures is Cooperation, correct evaluation of partners and maintaining good cooperative relations with partners are the most effective way to maintain the smooth progress of the cooperation between the two parties. If the managers of the two sides of the joint venture can work together, actively negotiate, communicate in time, and at the same time can carry out sincere cooperation, Joint ventures will be more efficient. The reciprocity of partners is very important in the operation of joint ventures, which is reflected in the business objectives and resource capabilities. If one party to the joint venture clearly feels that it has contributed more or does not agree with each other's goals, one party asks for profit and one party asks for product sales, which will eventually cause problems in the business's operation. Therefore, the managers of both parties of the joint venture and the managers of the new enterprise must agree on the goals of the joint venture and the resources to be provided. Attention must be paid to establishing good relationships between the managers of the joint ventures and the parent companies of the partners. Similarly, joint ventures also have a certain negative impact on the domestic economy. If a country wants to attract foreign investment, it must first create a market environment suitable for the development of joint ventures. The government's policy preference will give foreign-funded enterprises many advantages and conveniences, while local enterprises There is no such advantage. Too much government participation in market competition will restrict the development of enterprises. If the government does not intervene in the development of joint ventures, joint ventures with strong capital and advanced technology will put a lot of pressure on the development of

local enterprises of the same type. The brand advantage of foreign capital has brought more choices to local consumers. After consumers experience products with better quality, technology and services, their consumption tendency will be biased towards buying joint venture products, and the competitiveness of local brands will decline, Hindering the development of local enterprises.

Suggestions for the development of joint ventures. First, improve the local and central fiscal systems. Local governments rationally regulate and control fiscal budgets, intensify the supervision of fiscal budgets, and improve the tax burden of joint ventures. Local governments must promote open administrative affairs, create a good market environment and order, stabilize regional taxation policies, lower the entry barriers for foreign-funded enterprises, increase foreign investment confidence in the local area, and increase support for joint ventures. Fully optimize the business environment. High-quality investment has high requirements for the business environment, including intellectual property protection, brand operation, and simplification of procedures. Therefore, to improve the quality of foreign investment and make high-level foreign investment more willing to enter the domestic market, continuous improvement of the business environment is an inevitable requirement. It is necessary to accelerate the improvement of the foreign investment legal system, strengthen the protection of intellectual property rights in a targeted manner, and fully protect the legitimate rights and interests of foreign investment. Simplify administrative approval procedures and provide a better environment for enterprise innovation. In terms of the implementation of policy measures, the stability and continuity of the policy shall be maintained.

Pay attention to the introduction of high-quality foreign capital. As the world economy and trade move towards higher quality, the development opportunities for high-end manufacturing, new energy industries, information services and financial services and other high-tech service industries are increasing. Foreign capital hopes to have more opportunities to enter these areas of the investing country and is attracting foreign capital. At the time, it is necessary to actively introduce foreign-funded enterprises with low pollution and low energy consumption, focus on the market competitiveness of foreign-funded enterprises, and promote high-level and high-quality economic development. At the same time, for these industries to achieve a higher level of development, they also need sufficient international

competition. Through the market awareness, sales channels and customer groups of foreign brands, they actively promote their own products, actively integrate into the world trade system, participate in international competition, and compete with well-known brands. Enterprises participate in market competition together, learn and improve themselves in the competition.

At the same time, it is necessary to establish a relatively fair and reasonable market competition mechanism to provide policy support for local enterprises to avoid being in a disadvantaged position in market competition with foreign-funded enterprises. The original intention of establishing joint ventures is to use foreign capital and learn from and learn from foreign-funded enterprises. The technology and management experience to develop local enterprises, if only pay attention to the introduction of foreign capital without paying attention to the protection of local enterprises, this is very detrimental to the local industrial development and economic development.

Second, the regional government should promote institutional innovation. Promote the construction of a networked regional innovation system to realize resource sharing, flexible cooperation models, and reasonable distribution of benefits. Joint ventures do not need to establish a joint venture relationship with local enterprises to obtain the technology and knowledge required for business activities in the networked regional innovation system. Foreign businessmen can also promote their products through the sales channels of local enterprises, allowing joint ventures and foreign-funded enterprises to promote their products. Form healthy competition with local enterprises and promote the healthy development of the market economy. Improve the investment policy and guide foreign investment into more high value-added fields. To attract high-quality foreign investment, the supporting policies need to keep up. Corresponding policies should be continuously improved, investment liberalization and facilitation should be promoted, the transparency of policies and regulations should be continuously improved, and domestic and foreign enterprises should be treated equally. Accelerate the research and formulation of policies to encourage investment in industries such as strategic emerging industries, energy conservation and environmental protection industries, modern service industries, and modern agriculture that are compatible with the transformation and upgrading of the world economy. In terms of financial and tax policy incentives, appropriate support will be given

to foreign investment in high-tech and high-value-added service industries, and multinational companies investing in the establishment of regional headquarters in their own countries or regions.

Focus on the organic unity of the government and the market to promote reforms in related fields. Construct an economic system with effective market mechanisms, vigorous micro-subjects, and a degree of macro-control. On the one hand, it is necessary to further improve the modern market system by deepening the reform of the economic system, enhance the vitality of microeconomic entities, and give enterprises and individuals more vitality and space to develop the economy and create wealth. On the other hand, it is necessary to further promote the modernization of the national governance system and governance capabilities in the economic field through deepening economic system reforms, innovate and improve macro-control, give play to the strategic guiding role of the national development plan, and improve fiscal, currency, industrial, and regional economic policy coordination mechanisms. , To accelerate the establishment of a modern fiscal system, deepen the reform of interest rate and exchange rate marketization, and improve the two-pillar control framework of monetary policy and macro-prudential policy. To better play the role of the government, we must take the promotion of social fairness and justice and the improvement of people's livelihood and welfare as the starting point and end point, step up the construction of a system that has a major role in ensuring social fairness and justice, and firmly grasp the key points of improving the property rights system and the market-oriented allocation of factors. Straighten out the relationship between the government and the market, and actively guide private enterprises to use the property right market to combine private capital. In terms of promoting the market-oriented allocation of factors, break administrative monopoly, prevent market monopoly, and accelerate the reform of factor price marketization; deepen the reform of the investment and financing system and give play to the key role of investment in optimizing the supply structure; deepen the reform of the financial system and promote multi-level capital markets healthy growth. Practical development never ends, and theoretical innovation never stops. Based on the new era and new position, we will further handle the relationship between the government and the market, and promote the economic and social development of higher quality, more efficiency, fairer and more sustainable development.

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