

The New York Times Interview Transcript

Peter Fuhrman, August 18 2017

Peter Fuhrman: “ This is the loudest yet of wake-up calls that the government holds the keys to the lockbox of the country’s wealth, public and private. It alone will have final say in how much money may leave China, and what it can be spent on.”

Peter Fuhrman: “Along with shutting off the spigot pouring money into recent hot areas of Chinese investment, like New York real estate and British soccer clubs, the government is also paternalistically warning all would-be cross-border investors to do their homework, flee from risk and on no account get fleeced by foreign sellers. Bad M&A is all but criminalized.”

Peter Fuhrman: “It’s a reaffirmation of a message that’s already come through loud and clear in the past months, both through government statements like this as well as practical steps the government has taken to slow the approval process and cast a wary eye on just about all pending offshore deals.”

Peter Fuhrman: “This signals a part-way return to bygone days when China’s overseas investment was mainly then-scarce dollars being spent by SOE giants in less-traveled parts of the globe buying up natural resources. We now know large chunks of money also went astray in places like Angola, for oil wells that never produced a single drop.”

Peter Fuhrman: “The good news for us and those we work with is, if read closely, we now have a clearly-stated rulebook on what kinds of deals can be done. Most favored are deals involving the broad swath of the developing world known as the One Belt One Road countries. But, also, for those who do want to invest in rich countries like the US with established rules of law and vibrant investment targets, China wants more money to flow into high-tech, to buying assets that will help China climb the rungs of the global supply chain. If – and it’s a big if -- the Trump Administration allows it, Chinese will become the most active investor into Silicon Valley and other centers of tech excellence in the US.”

Peter Fuhrman: “The interesting thing from an economic perspective is that China’s government created a private sector that has made hundreds of millions far more well-off than any of them dared dream a generation ago. But, the government still wants to have a say even in how some private wealth is spent. Even with \$3 trillion in the bank, they act like they’re down to their last dime. Lots and lots of seriously rich people take a similar approach with their kids. The motivations are identical, not to let affluence lead to waste and ruin.”