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## Small Firms Find Cash Lifeline in China

*After Halting Production, California RV Maker Gets Jump-Start From Big Investor Far From Home*

By **ANGUS LOTEN**

Two years ago, Brad Williams halted production at his 250-employee recreation-vehicle company and eventually laid off more than 200 workers, unable to find cash to keep his factory humming when sales slowed.



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David McNew for The Wall Street Journal

Brad Williams, left, is hiring 1,200 at MVP RV, thanks to a \$310 million investment from China. 'It's almost something out of a fairy tale,' he says.

"During the downturn, we went on the hunt for capital, but after 44 presentations we came up short," says Mr. Williams, 56 years old.

Today MVP RV Inc. is on the verge of hiring 1,200 workers and boosting production by some 30,000 motor homes to 40,000 this year. The difference is a \$310 million investment from a Chinese entrepreneur who sees Asia as an untapped market for American-made RVs.

"It's almost something out of a fairy tale," Mr. Williams says.

His Riverside, Calif., company is one of a growing number of small U.S. companies benefiting from a surge in foreign direct investment from China.

Once dominated by purchases of U.S. Treasury bonds, Chinese foreign investment is shifting to mergers and acquisitions, joint ventures and taking stakes in new businesses.

Private-sector Chinese businesses and investors put nearly \$5 billion into U.S. firms of all sizes last year, more than double the amount in 2009, according to the Rhodium Group, a New York research firm. That's a small fraction of the more than \$55 billion that has flowed from the U.S. to China, according to the U.S. Commerce Department.

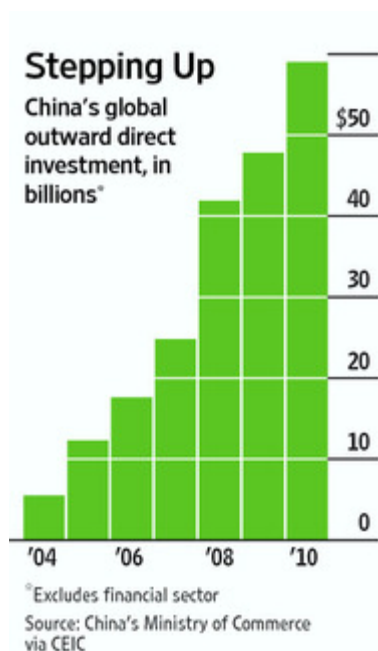
But the flow of private-sector investment toward the U.S. from China is expected to grow substantially, says Rhodium research director Thilo Hanemann.

It isn't clear how much of the Chinese investment funds go to small businesses. Many of the deals with small businesses are under \$10 million and involve Chinese investors looking for early-stage U.S. partners as an entree into the U.S. market and for exporting goods and services back to China, says Siva Yam, president of the U.S.-China Chamber of Commerce.

Recent deals have involved clean-energy, automotive, aerospace, information-technology and health-care industries, he says.

The White House, meanwhile, is encouraging small-business owners to seek global partnerships. Of the nearly 30 million small and midsize companies, only 1% currently sell goods abroad, trade figures show.

George Haley, a marketing professor at the University of New Haven in Connecticut, says although China investors provide welcome capital to U.S. companies, he worries that the ultimate goal in small-business investments is part of an effort by Beijing to relocate the companies to China and reap gains in technology, resources and jobs.



Mr. Williams, however, describes MVP RV's deal as a partnership, not a takeover. "We're not exporting jobs, we're exporting products. We're a homegrown company that happens to have a partner from China," he says.

His lifeline arose almost by accident. When sales were slow last year, Mr. Williams traveled with a team of MVP RV executives to Shenzhen, China, as part of plan to remake the company as an electric-car manufacturer. Talks with the Chinese electric-car company he'd gone to meet collapsed, but Mr. Williams was introduced to Winston Chung, whose company, Winston Global Energy, makes batteries for electric vehicles.

Over the course of several months, Mr. Chung became the majority shareholder in MVP RV in exchange for his \$310 million investment. Messrs. Williams and Chung hope to develop a battery-powered motor home for sale in the U.S. and export to China's rapidly expanding automotive market.

Mr. Williams says although Mr. Chung is a majority owner, the company was very clear throughout negotiations that the MVP RV team will be running the business. He would regret being perceived as having sold out the company and offshoring jobs. Mr. Williams adds, "That fear is unfounded. As American businesses, we should not be fearful of partnering with foreign investors. This is something we need to do."

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