VALE COLUMBIA CENTER
ON SUSTAINABLE INTERNATIONAL INVESTMENT
A JOINT CENTER OF COLUMBIA LAW SCHOOL AND
THE EARTH INSTITUTE AT COLUMBIA UNIVERSITY

Columbia FDI Profiles

Country profiles of inward and outward foreign direct investment

issued by the Vale Columbia Center on Sustainable International Investment

October 18, 2010

Outward FDI from China and its policy context

by
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Since 2000, China's outward foreign direct investment (OFDI) has grown at an accelerating rate as a result of a switch in government policy to strong encouragement of Chinese enterprises to "go global." The bulk of this investment has been into the primary and tertiary sectors, with relatively little so far going into manufacturing. Most has gone to Asia, but Chinese investment is now spreading throughout the world. The precise geographical distribution is veiled, as much of it passes through tax havens. The Government has been slow to tackle administrative obstacles to Chinese companies wishing to invest abroad, but has recently begun to relax them. The global crisis has presented opportunities for Chinese multinationals, which were less seriously affected than their counterparts in the developed world, to raise their stake in the world economy.

Trends and developments

Country-level developments

China's OFDI stock reached US$ 246 billion by the end of 2009, well over eight times the US$ 28 billion recorded in 2000 and far above the negligible US$ 4 billion of 1990. China is a late developer in its outward investment, even among large emerging markets. Brazil had OFDI stock of US$ 41 billion in 1990, way ahead of China, but fell behind with only US$ 158 billion in 2009. China's OFDI stock also now exceeds that of Singapore, with US$ 213 billion. Russia's OFDI stock grew more rapidly than China's, reaching US$ 249 billion in 2009. China, though, did continue to outperform India, with its modest 2009 total IFDI stock of US$ 77 billion (annex table 1).

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China's OFDI was minimal during the first two decades of economic reform from end-1978 to 2000. At the turn of the century, government policy switched from mildly permissive to strongly encouraging.[1] Since then, OFDI flows from China have accelerated from less than US$ 1 billion a year in 2000 to US$ 57 billion in 2009 (annex table 2).

The bulk of China's OFDI – around thee-quarters of the total – goes into the tertiary sector: by the end of 2009, the main recipients of China's OFDI stock were financial services (19% of the total) and wholesale and retail trade (15%). The primary sector came second: in 2009, mining, quarrying and petroleum comprised 17% of total OFDI stock. Unlike in the case of China's inward direct investment, the secondary sector is a relatively minor component, making up only 5.5% of the OFDI stock in 2009 (annex table 3).

In recent years, the sectoral distribution of China's OFDI has remained stable. However, this stability may be illusory and it is likely to give way to major shifts in composition in coming years. OFDI in leasing and commercial services may have been initially undertaken in support of the country's rapid growth in merchandise trade. More recently, this service-sector investment may be supporting a move into extractive industries that has yet to be reflected in the drawing down of funds for massive energy and raw materials projects. In the future, Chinese firms may also diversify toward manufacturing to service global consumer goods markets more directly.

The bulk of China's OFDI goes to Asia, which accounted for US$ 186 billion (76%) of total OFDI stock in 2009. However, most (89%) of that stock actually went just to one destination, Hong Kong (China). Media attention worldwide has focused on Chinese OFDI in Africa, which has risen sharply but was still less than 4% of the country's global total OFDI in 2009 (annex table 4).

Some caution needs to be exercised in using official OFDI figures. To the extent that OFDI is used to inject funds into special purpose entities that then return the money to China as inward FDI (IFDI) to take advantage of fiscal incentives, i.e. "round-tripping", the official total may be an overestimate. Round-tripping should logically be diminishing since fiscal incentives were abolished at the beginning of 2008, but by its very nature as an illegal activity it is difficult to obtain hard evidence of the actual trend in round-tripping.

Conversely, there are equally strong reasons to suppose the official figures to be underestimates. While most OFDI is from state-owned enterprises (SOEs), a large and unknown proportion is from enterprises that are owned by non-state entities, i.e. privately- or collectively-owned. While SOEs are constrained to go through the official approval process and so be recorded as making OFDIs, non-state entities are more likely to evade approval. Where local OFDI approval is available, it may not always result in projects being included in national data.

The corporate players

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[1] See *Qiuzhi Xue and Bingjie Han,* "The role of government policies in promoting outward foreign direct investment from emerging markets: China's experience", in Karl P. Sauvant and Geraldine McAllister, with Wolfgang Maschek, eds., *Foreign Direct Investment from Emerging Markets: The Challenges Ahead* (New York: Palgrave, 2010).

According to the most recent Fudan-VCC survey of Chinese multinationals in 2007, the two largest Chinese MNEs were China International Trading and Investment Corporation (Citic), with foreign assets exceeding US$ 25 billion, and China Ocean Shipping (Group) Company (COSCO), with foreign assets of some US$ 21 billion. Both are well-established corporations that have built up an international presence over several decades as their core business. China's oil majors are also important overseas investors, including China National Petroleum Corporation (CNPC, which ranks 10th in the 2010 Fortune Global 500), with foreign assets of US$ 7 billion, Sinochem Group, with US$ 5 billion and China National Offshore Oil Corporation (CNOOC), with US$ 4 billion. Other mineral resource investors include two metallurgy MNEs: Sinosteel Corporation and China Minmetals Corporation, each with foreign assets of about US$ 2 billion. These acquisitions are part of a national strategy aimed at minimizing fluctuations in prices of essential inputs to domestic industry.

These MNEs can be expected to keep expanding as China continues to secure energy and raw material sources for its industrialization. Producers of consumer goods are also starting to become important as Chinese producers seek to penetrate foreign markets by mergers and acquisitions (M&As), to acquire brand names and market share, as in the case of Lenovo Group (with foreign assets of US$ 4 billion), which acquired IBM's personal computer division in 2005. Although Lenovo has used the acquisition to reinforce its position as market leader in China and has maintained a large share of the global PC market by continuing to manufacture the Thinkpad range,[2] it has not managed to develop innovative products capable of making a breakthrough to global market leadership. Shanghai Automotive Industry Corporation (SAIC), with foreign assets of US$ 2 billion, is also using cross-border acquisitions to broaden its product range and gain foreign market share. Having attained a strong position in the domestic Chinese market, consumer durables manufacturer Haier, with foreign assets of US$ 768 million, is seeking similar success in the global market (annex table 5). Haier in 2009 overtook Whirlpool (which it had already driven out of China in the 1990s, when Whirlpool closed its two factories there) in global refrigerator sales.[3] Haier has gone further than most Chinese MNEs in becoming truly global: 24 of its 29 factories and 4 of its 16 industrial parks are now outside China and it maintains 58,800 sales outlets in over 160 countries.[4]

Most M&A deals in 2007-2009 were in the energy and minerals sectors, but the largest transactions tended to be purchases of minority stakes in global financial institutions. For example, one of the country's largest steel producers, Shanghai Baosteel, acquired a 15% US$ 240.5 million stake in Aquila Resources in Australia in 2009 as part of a strategic co-operation agreement to expand Aquila's steel raw materials projects, including iron ore, coal and manganese,[5] while Yanzhou Coal Mining, in the same year, made a successful takeover bid for the Australian coal producer Felix Resources at a cost of US$ 2.8 billion. In 2008, the Chinese oil major Sinopec acquired the Canadian company Tanganyika Oil for US$ 2 billion. The largest deal was one that did not happen: in 2009, the Chinese aluminum producer

[2] Lenovo website: http://www.lenovo.com/.
[3] Alibaba News website: http://news.alibaba.com/.
[4] Haier China website: http://www.haier.com.
[5] "Aquila Resources clinches US$ 286m Baosteel investment," *The Australian*, August 28, 2009.

Chinalco abandoned a US$ 19.5 billion bid to raise its stake in Australia's Rio Tinto. In the financial sector, China Merchants Bank purchased Wing Lung Bank of Hong Kong (China) for nearly US$ 4.6 billion in 2008 (in two stages), while, in 2007, Ping An Insurance bought a 4.2% stake in Fortis of Belgium for US$ 2.7 billion to buy half of its asset management business (this is mentioned here because, although this is strictly speaking below the 10% criterion for classification as FDI, Ping An behaved as though it was an FDI operation and it was larger than many Chinese OFDI M&A deals). Also in 2007 the Industrial and Commercial Bank of China (ICBC), then the largest bank in the world by asset value, acquired a 20% stake in South Africa Standard Bank for US$ 5.6 billion.[6]

An important development was the creation of the China Investment Corporation (CIC), China's sovereign wealth fund (SWF), in 2007. In the first year of operation, CIC purchased a 9.9% stake in the US investment firm Blackstone for US$ 3 billion, and subsequently undertook to increase this to 12.5%, and also acquired a 9.9% holding in Morgan Stanley for US$ 5 billion. Widespread criticism of the Blackstone deal in China resulting from the fall in Blackstone's share price from US$ 31 at the time of purchase in May 2007 to below US$ 5 in early 2009[7] led to a pause for reappraisal of the SWF's investment strategy during 2008.[8] In 2009, CIC made several smaller purchases, mainly in the commodities industry: 8% of Australia's Goodman Group for US$ 396 million, 15% of the Noble Group of Hong Kong for US$ 854 million, 45% of Russia's Nobel Oil Group for US$ 400 million and 25% of South Gobi Energy Resources of Canada for US$ 500 million (annex table 6). These enabled it to make a return on investment of 11.7% in 2009.[9]

China's overseas greenfield investments are concentrated mainly in the energy, raw materials, automotive, and real estate sectors. A few energy projects are in renewable and alternative energy, a rapidly developing sector of China's economy; such investments include a US$ 271 million project in Malaysia in 2009 by State Grid (ranked 8th in the 2010 Fortune Global 500), a US$ 1.4 billion project in Singapore by China Huaneng and one worth US$ 300 in Cambodia by China Southern Power Grid in the same year. Another of China's largest state-owned companies, Sinopec (7th in the 2010 Fortune Global 500), made a US$ 220 million greenfield investment in Russia. There were also greenfield investments by provincial or municipal enterprises such as Tianjin Pipe, which invested US$ 1 billion in the United States in 2009, and Hebei Jingniu Group, which invested US$ 400 million in a ceramics and glass project in Zimbabwe in 2008 (annex table 7).

Effects of the current global crisis

With a relatively small exposure to the US subprime market, China was less affected by the subprime crisis and its aftermath than the developed economies. Gross domestic product growth slowed as the country's export markets suffered, but remained strong, supported by

[6] The Economist website: http://www.economist.com/.
[7] Detailed criticisms were voiced on the Chinese Internet, for example the blog article "Zhang Ming feels today is right but yesterday was wrong" (in Chinese), http://blog.ce.cn/, and acknowledged indirectly in official pronouncements, for example "China's CIC chief defends investments, Blackstone", *Reuters*, October 26, 2008.
[8] "China shuns investments in West's finance sector", *The New York Times*, December 3, 2008.
[9] "CIC reaps gains from rosy overseas investments", *China Daily*, July 30, 2010.

an early, large and fast-acting government stimulus package. With high cash reserves and ample support available from the Government, China's MNEs continued to expand their overseas acquisitions. In 2008, when global OFDI flows fell by 15%, Chinese OFDI flows more than doubled; in 2009, when global OFDI flows plummeted by 43%, OFDI from China edged up by 1%.[10] But for the failure of one large M&A transaction (the Chinalco-Rio Tinto deal, with an expected value of US$ 19.5 billion), the result would have been an increase in China's total OFDI of 36%.

The weakening of companies in the developed world as a result of the credit crunch, stagnation in their domestic consumer markets and impending cuts in public expenditure may present increasing opportunities for Chinese MNEs to expand further, acquiring inputs for industrialization while also gaining market share. With official foreign exchange reserves of US$ 2,454 billion at end-June 2010, China has ample financial resources to support a further acceleration of OFDI growth.

The policy scene

During the first three decades of economic reform, China's OFDI played a supporting role as trade expanded rapidly. From 1979 to 2000, the government actively promoted and facilitated inward FDI while its policy towards OFDI remained tentative. A few vehicles, notably China International Trust and Investment Corporation (CITIC) were set up early in the reform period for outward investment, but domestic enterprises were not actively encouraged to invest abroad. It was, indeed, only in the 1990s that more than one or two of China's domestic companies became large and successful enough to try their hand at being global players, especially after the government restructured and consolidated major industries such as oil and petrochemicals.[11] At the turn of the century, government policy switched to a policy of actively promoting OFDI. The new "go global" policy that was adopted from 2000 onward has several objectives, both macroeconomic, including reduction of excessive low-return foreign exchange reserves, and microeconomic, for example, improving the global competitiveness of China's large enterprises. Another major aim is the securing of future supplies of energy and raw materials for continuing industrialization.[12]

As with inward FDI projects, the government operates an examination and approval process through a system of catalogues of various levels of approval, from "prohibited" to "encouraged". Together with the procedures for obtaining approval to remit funds abroad for OFDI, this system constitutes a barrier to OFDI. Companies with an established presence overseas frequently prefer external financing so that they can bypass these cumbersome procedures. The Government is gradually streamlining the process.

The Chinese government has taken several important steps to support OFDI by domestic enterprises. An export credit insurance corporation, Sinosure, which has a mandate to support

[10] UNCTAD, *World Investment Report 2010: Investing in a Low Carbon Economy* (New York and Geneva: United Nations, 2010).
[11] Peter Nolan and Zhang Jin, "The challenge of globalization for large Chinese firms", in Peter Nolan, ed., *Transforming China: Globalization, Transition and Development* (London: Anthem Press, 2004).
[12] OECD, *Investment Policy Review of China: Encouraging Responsible Business Conduct* (Paris: OECD, 2008), chapter 3, "China's outward direct investment".

investment as well as trade, started operations at the end of 2001.[13] Government policy is to encourage banks to fund overseas acquisitions by Chinese MNEs. This policy has been strengthened during the global crisis: M&A financing rules promulgated by the China Banking Regulatory Commission (CBRC) in 2008 in line with the government's crisis-response stimulus package freed the commercial banks to make loans to fund the transaction price of M&A transactions, including cross-border M&As.[14] The establishment of the CIC (see above) is also a major component of the government's OFDI promotion strategy.

China has conducted active investment diplomacy since the early 1980s: it had signed 127 bilateral investment treaties (BITs) by June 1, 2010 and 112 double taxation agreements (DTTs) by June 1, 2009.[15] China is a member of the world's largest free trade area in terms of population and third largest in nominal GDP, the ASEAN–China Free Trade Area (AFTA), which was agreed in 2002 and came into effect on January 1, 2010.

During the global crisis, the Chinese Government has made numerous declarations against trade and investment protectionism.[16] As some Chinese acquisitions in recent years have failed because of opposition in host countries, even when they had been allowed by the host country authorities, China is concerned to stem what it sees as the rise of a protectionism that targets its investment abroad. China has participated in discussions on this in the G20.[17]

Conclusions

Driven mainly by government policy and funded by the country's massive reserves gained from trade and inward investment flows, China's OFDI will continue to grow rapidly and become more geographically and sectorally diverse. The current emphasis on OFDI in energy and raw materials and in the services will shift toward the development of manufacturing and services centers in overseas markets, timed to take advantage of favorable exchange rate and price movements. The increasing exposure of Chinese MNEs to international business practice will prompt them to seek further improvements in China's own institutional framework, which will be beneficial for both domestic and inward foreign direct investment.

Additional readings

Brown, Kerry, *The Rise of the Dragon: Inward and Outward Investment in China in the Reform Period* (Oxford: Chandos Publishing, 2008).

Buckley, Peter J., *Foreign Direct Investment, China and the World Economy* (Basingstoke and New York: Palgrave Macmillan, 2010).

[13] Sinosure website: http://www.sinosure.com.cn/.
[14] International Law Office website: http://www.internationallawoffice.com.
[15] UNCTAD Country-Specific lists of Bilateral Investment Treaties and Double Taxation Treaties http://www.unctad.org/.
[16] For example, in Premier Wen Jiabao's speech on "Four proposals to promote world harmony and prosperity", in which the second proposal is to "fight against trade and investment protectionism", published on September 10, 2009 on the Chinese Foreign Ministry website http://www.fmprc.gov.cn/.
[17] Vice-Premier Wang Qishan "G20 must look beyond the needs of the top 20", *The Sunday Times*, March 27, 2009; "From G8 to G20", *Beijing Review*, July 8, 2010.

Sauvant, Karl P., with Kristin Mendoza and Irmak Ince, eds., *The Rise of Transnational Corporations from Emerging Markets* (Cheltenham and Northampton, Mass.: Edward Elgar, 2008).

Useful websites

Invest in China (maintained by the Ministry of Commerce): http://www.fdi.gov.cn/.

Ministry of Commerce of the People's Republic of China: http://www.mofcom.gov.cn/.

People's Bank of China: http://www.pbc.gov.cn/.

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The Vale Columbia Center on Sustainable International Investment (VCC), led by Dr. Karl P. Sauvant, is a joint center of Columbia Law School and The Earth Institute at Columbia University. It seeks to be a leader on issues related to foreign direct investment (FDI) in the global economy. VCC focuses on the analysis and teaching of the implications of FDI for public policy and international investment law.

Statistical annex

Annex table 1. China: outward FDI stock, 1990-2009

(US$ billion)

Economy	1990	2000	2009
China	4 [a]	28 [a]	246
Memorandum: comparator economies			
Brazil	41	52	158
India	0	2	77
Russia	n.a.	20	249
Singapore	8	57	213

Source: UNCTAD's FDI/TNC database, available at:http://stats.unctad.org/fdi/ and Ministry of Commerce of the People's Republic of China, *2009 Statistical Bulletin of China's Outward Foreign Direct Investment* (Beijing: MOFCOM, 2010).

[a] Not including financial OFDI.

Annex table 2. China: outward FDI flows, 2000-2009

(US$ billion)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
China	0.9 [a]	6.9 [a]	2.7 [a]	2.9 [a]	5.5 [a]	12.3 [a]	21.2	26.5	55.9	56.5
Memorandum: comparator economies										
Brazil	2.3	-2.3	2.5	0.2	9.8	2.5	28.2	7.1	20.5	-10.1
India	0.5	1.4	1.1	1.3	2.2	3.0	14.3	17.2	18.5	14.9
Russia	3.2	2.5	3.5	0.7	13.8	12.8	23.2	45.9	56.1	46.1
Singapore	5.3	17.1	4.1	3.1	8.1	6.9	13.3	27.6	-8.5	6.0

Source: UNCTAD's FDI/TNC database, available at:http://stats.unctad.org/fdi/ and Ministry of Commerce, *2009 Statistical Bulletin of China's Outward Foreign Direct Investment* (Beijing: MOFCOM, 2010).

[a] Not including financial OFDI.

Annex table 3. China: distribution of outward FDI stock, by economic sector and industry, 2004, 2009

(US$ billion and percent of total outward stock)

Sector / industry	2004 [a]	2009
All sectors / industries	44.8 100%	245.8 100%
Primary	6.8 15.2%	42.6 17.3%
Agriculture, forestry, and fishing	0.8 1.8%	2.0 0.8%
Mining, quarrying and petroleum	6.0 13.4%	40.6 16.5%
Secondary	4.5 10.0%	13.6 5.5%
Manufacturing	4.5 10.0%	13.6 5.5%
Tertiary **of which:**	33.5 74.8%	189.6 77.1%
Leasing and commercial services	16.4 36.6%	7.3 3.0%
Financial services	n.a.	46.0 18.7%
Wholesale and retail	7.8 17.4%	35.7 14.5%
Transport, storage and postal services	4.6 10.3%	16.6 6.8%

Ministry of Commerce, *2009 Statistical Bulletin of China's Outward Foreign Direct Investment* (Beijing: MOFCOM, 2010).

[a] Not including financial OFDI..

Annex table 4. China: geographical distribution of outward FDI stock, 2000- 2009

(US$ billion)

Region/economy	2003 [a]	2009
World	**33.2**	**245.8**
Developed economies	n.a.	n.a.
Europe	0.5	8.7
European Union	n.a.	n.a.
Germany	n.a.	1.1
United Kingdom	n.a.	1.0
Netherlands	n.a.	0.3
North America	0.5	5.2
Canada	n.a.	1.7
United States	0.5	3.3
Other developed economies	n.a.	n.a.
Australia	0.4	5.9
Japan	n.a.	0.7
Developing economies	n.a.	n.a.
Africa	0.5	9.3
Asia	26.6	185.5
Hong Kong (China)	24.6	164.5
Singapore	0.2	4.9
Oceania	0.4	6.4
Latin America and Caribbean	4.6	30.6
Cayman Islands	3.7	13.6
British Virgin Islands	0.5	15.1
Transition economies	n.a.	n.a.
Russian Federation	n.a.	2.2

Source: Ministry of Commerce, *2009 Statistical Bulletin of China's Outward Foreign Direct Investment* (Beijing: MOFCOM, 2010).

[a] Not including financial OFDI.

Annex table 5. China: principal MNEs, ranked by foreign assets, 2007

(US$ million)

Rank	Name	Industry	Foreign assets
1	Citic Group	Diversified	25,514
2	China Ocean Shipping (Group) Company [COSCO]	Transport and storage	21,365
3	China State Construction Engineering Corporation	Construction and real estate	11,801
4	China National Petroleum Corporation [CNPC]	Oil and gas	6,814
5	China Shipping (Group) Company	Transport and storage	5,815
6	Sinochem Group	Oil and gas	4,812
7	China Huaneng Group	Power and power facilities	4,250
8	China National Offshore Oil Corporation [CNOOC]	Oil and gas	4,223
9	Lenovo Group	Computers and related products	4,030
10	Sinotrans Corporation	Transport and storage	3,196
11	Shanghai Automotive Industry Corporation (Group) [SAIC]	Automobiles	2,305
12	China Communications Construction Company Ltd.	Construction and real estate	2,134
13	Sinosteel corporation	Metal and metal products	2,130
14	Sinotruk	Heavy-duty trucks	1,870
15	China Minmetals Corporation	Metal and metal products	1,823
16	ZTE Corporation	Telecom products, services and solutions	1,740
17	Baosteel Group Corporation	Metal and metal products	1,077
18	Haier Group	Manufacturing	768
Total			**105,666**

Source: Fudan-VCC survey of Chinese multinationals, available at: www.vcc.columbia.edu.

Annex table 6. China: main M&A deals, by outward investing firm, 2007-2009

Year	Acquiring company	Target company	Target industry	Target economy	Shares acquired (%)	Transaction value (US$ million)
2009	China Investment Corp (CIC)	South Gobi Energy Resources	Mining	Canada	25.0	500
2009	China Investment Corp (CIC)	Nobel Oil Group	Oil and gas	Russia	45.0	300
2009	Fullbloom Investment Corp	KazMunaiGas Expl & Prodn JSC	Oil and gas	Kazakhstan	11.0	939
2009	China Investment Corp (CIC)	Noble Group Ltd	Investment	Hong Kong, China	15.0	854
2009	Shanghai Baosteel Group Corp	Aquila Resources Ltd	Mining	Australia	15.0	241
2009	Investor Group	Cathay Pacific Airways Ltd	Transportation	Hong Kong, China	14.5	948
2009	Yanzhou Coal Mining Co Ltd	Felix Resources Ltd	Mining	Australia	100.0	2,807
2009	China Investment Corp (CIC)	Goodman Group	Property development	Australia	8.0	396
2009	China CITIC Bank Corp Ltd	CITIC Intl Finl Hldg Ltd	Investment	Hong Kong, China	70.3	403
2009	WISCO	Consolidated Thompson Iron	Mining	Canada	19.9	240
2009	Hunan Hualing Iron & Steel Grp	Fortescue Metals Group Ltd	Mining	Australia	8.4	408
2009	Hunan Hualing Iron & Steel Grp	Fortescue Metals Group Ltd	Mining	Australia	9.8	409
2009	China Minmetals Nonferrous Met	OZ Minerals Ltd-certain assets	Mining	Australia	100.0	1,386
2009	Investor Group	OAO Mangistau MunaiGaz	Oil and gas	Kazakhstan	100.0	2,604
2009	ICBC	Seng Heng Bank	Finance and insurance	Macau, China	20.1	149
2008	CITIC Group Ltd	CITIC Pacific Ltd	Conglomerate	Hong Kong, China	39.9	1,500
2008	Sinopec	Tanganyika Oil Co Ltd	Oil and gas	Canada	100.0	2,029
2008	Investor Group	CIFA SpA	Machinery manufacturing	Italy	100.0	747
2008	Investor Group	CIFA SpA	Machinery manufacturing	Italy	100.0	784
2008	CITIC Group Ltd	CITIC Intl Finl Hldg Ltd	Investment	Hong Kong, China	15.2	855
2008	China Merchants Bank Co Ltd	Wing Lung Bank Ltd	Finance	Hong Kong, China	53.1	2,474
2008	China Merchants Bank Co Ltd	Wing Lung Bank Ltd	Finance	Hong Kong, China	44.7	2,082
2008	China Life Insurance Co Ltd	Visa Inc	Financial services	United States	n.a.	300

2008	Sinopec Intnl	AED Oil-Expl Permits (3)	Oil and gas	Australia	60.0	556
2008	Metallurgical Corp of China	Cape Lambert Iron Ore-Project	Mining	Australia	100.0	373
2008	SINOCHEM Petro Expl & Prodn	SOCO Yemen Pty Ltd	Oil and gas	Australia	100.0	465
2008	Sinosteel Corp	Midwest Corp Ltd	Mining	Australia	100.0	1,377
2008	Investor Group	Northern Peru Copper Corp	Mining	Canada	100.0	445
2008	ICBC	Standard Bank Group Ltd	Banking	South Africa	20.0	5,617
2008	ICBC	Seng Heng Bank	Finance and insurance	Macau, China	19.9	593
2007	SPC E&P (China) Pte Ltd	Sino-American Energy Corp	Mining	United States	100.0	223
2007	Ping An Ins (Grp) Co of China	Fortis SA/NV	Financial services	Belgium	4.2	2,672
2007	China Investment Corp (CIC)	Morgan Stanley	Financial services	United States	9.9	5,000
2007	Metallurgical Corp of China	Balmoral Iron Holdings Pty Ltd	Mining	Australia	20.0	348
2007	CDB	Barclays PLC	Banking	United Kingdom	3.1	2,980
2007	Xinjiang Zhongxin Resources	Mortuk Oilfield	Oil and gas	Pakistan	100.0	250
2007	Chalco	Peru Copper Inc	Mining	Canada	100.0	771
2007	China Investment Corp (CIC)	Blackstone Group LP	Investment advice	United States	9.9	3,000
2007	Cension Semiconductor Mfr Corp	Hiroshima Elpida-silicon wafer	Semiconductors manufacturing	Japan	100.0	310
2007	Sinochem Petro Expl & Prodn	New XCL-China LLC	Oil and gas	United States	100.0	228
2007	China Mobile Commun Corp	Paktel Ltd	Telecommunications	Pakistan	88.9	284
2007	CapitaRetail China Dvlp Fund	CapitaRetail China	Real estate investment trusts	Singapore	100.0	260
2007	Absolut Invest AG	Absolut Europe AG	Investment advice	Switzerland	87.1	288
2007	Suntech Power Holdings Co Ltd	MSK Corp	Semiconductors manufacturing	Japan	33.3	193
2007	Air China Ltd	CNAC	Transportation	Hong Kong, China	31.6	378

Source: Thomson ONE Banker. Thomson Reuters.

Annex table 7. China: main greenfield projects, by outward investing firm, 2008-2009

(US$ million)

Year	Investing company	Industry	Host economy	Investment value
2009	State Grid Corporation	Metals	Malaysia	240
2009	China Nonferrous Metals Mining (CNMC)	Metals	Zambia	400
2009	State Grid Corporation	Alternative/renewable energy	Malaysia	271
2009	China Petroleum and Chemical (Sinopec)	Coal, oil and natural gas	Russia	220
2009	China North Industries Group (NORINCO)	Building and construction materials	Russia	616
2009	China National Petroleum (CNPC)	Coal, oil and natural gas	Sudan	1,701
2009	China National Petroleum (CNPC)	Transportation	Myanmar	165.8
2009	A-Power Generation Systems	Engines and turbines	United States	300.4
2009	China Nonferrous Metal Industries Engineering and Construction (NFC)	Metals	Laos	500
2009	China Huaneng	Alternative/renewable energy	Singapore	1,431
2009	China Nonferrous Metals Mining (CNMC)	Metals	Zambia	204
2009	China Minmetals Group	Metals	Peru	254
2009	Sinosteel	Metals	South Africa	329
2009	SAIC Chery Automobile	Automotive OEM	Thailand	191
2009	SAIC Chery Automobile	Automotive OEM	Taiwan Province of China	238
2009	China National Petroleum (CNPC)	Coal, oil and natural gas	Costa Rica	1,000
2009	Dongfeng Motor	Automotive OEM	Turkey	250
2009	Yantai Shuchi Vehicle	Automotive OEM	Russia	202
2009	China Nonferrous Metals Mining (CNMC)	Metals	Zambia	179
2009	China Shenhua Energy Company	Coal, oil and natural gas	Indonesia	331
2009	China Metallurgical Group Corporation	Metals	Australia	159
2009	Anhui Jinghuai Automobile Group (JAC)	Automotive OEM	Brazil	299
2009	China Metallurgical Group Corporation	Metals	Afghanistan	2,900
2009	China National Petroleum (CNPC)	Coal, oil and natural gas	Chad	472
2009	Wuhan Iron and Steel Co., Ltd. (Wisco)	Metals	Brazil	4,000

2009	China Singyes Solar Technologies	Electronic components	Hong Kong, China	200
2009	SAIC Chery Automobile	Automotive OEM	Brazil	700
2009	SAIC Chery Automobile	Automotive OEM	Turkey	500
2009	Beijing Vantone Real Estate	Real estate	United States	189
2009	Xiyang Group	Metals	Dem Republic of Korea	173
2009	Sinosteel	Metals	India	517
2009	China Southern Power Grid	Alternative/renewable energy	Cambodia	300
2009	Chongqing Lifan Industry	Automotive OEM	Philippines	228.4
2009	China National Petroleum (CNPC)	Coal, oil and natural gas	Oman	1,656.80
2009	China National Petroleum (CNPC)	Coal, oil and natural gas	Iran	1,760.00
2009	Tianjin Pipe	Tools	United States	1,000
2008	China Union	Metals	Liberia	2,600
2008	Hebei Jingniu Group	Ceramics and glass	Zimbabwe	400
2008	Wuhan Iron and Steel Co., Ltd. (Wisco)	Metals	Australia	357
2008	Jiangxi Rare Earth and Rare Metals Tungsten Grouop	Metals	Philippines	394
2008	China Metallurgical Group Construction (CMCC)	Metals	Philippines	1,000
2008	Shenzhen Energy Group	Coal, oil and natural gas	Nigeria	2,400
2008	Changan Automobile Group	Automotive OEM	Mexico	307
2008	China National Petroleum (CNPC)	Coal, oil and natural gas	Chad	1,587
2008	Sinohydro	Alternative/renewable energy	Zambia	400
2008	China Petroleum and Chemical (Sinopec)	Coal, oil and natural gas	Iran	1,206
2008	Khai De International Group	Real estate	Vietnam	300
2008	Citic Group	Real estate	Angola	3,535
2008	Sunshine 100 Groupo	Real estate	Philippines	362
2008	Fujian Longlin Group	Building and construction materials	Philippines	300
2008	Zhonghao Overseas Construction Engineering Limited	Building and construction materials	Nigeria	362
2008	Shanghai Electric Power	Engines and turbines	India	3,000
2008	China Petroleum and Chemical (Sinopec)	Coal, oil and natural gas	Vietnam	4,500
2008	SAIC Chery Automobile	Automotive OEM	Argentina	500

2008	China Metallurgical Construction (CMCC)	Metals	Philippines	301
2008	China National Petroleum (CNPC)	Coal, oil and natural gas	Turkmenistan	414
2008	China Telecommunications	Communications	United States	500
2008	China National Petroleum (CNPC)	Coal, oil and natural gas	Niger	1,587
2008	China Petroleum and Chemical (Sinopec)	Coal, oil and natural gas	Saudi Arabia	1,657
2008	China National Petroleum (CNPC)	Coal, oil and natural gas	Venezuela	502
2008	Aluminium Corporation of China (Chalco)	Metals	Peru	2,150
2008	Datang International Power Generation	Alternative/renewable energy	Kazakhstan	860
2008	Jiangling Motors (JMC)	Automotive OEM	Algeria	287
2008	China National Petroleum (CNPC)	Coal, oil and natural gas	Syria	1,500
2008	Jiangxi Copper	Metals	Peru	1,400
2008	China Power Investment	Coal, oil and natural gas	Myanmar	670
2008	Xinxing Group	Metals	India	2,159
2008	Sinosteel	Metals	South Africa	440
2008	Bosai Minerals	Metals	Guyana	1,000
2008	Shanghai Union Technology	Electronic components	Portugal	327
2008	China National Petroleum (CNPC)	Coal, oil and natural gas	Turkmenistan	2,200

Source: fDi Intelligence, a service from the Financial Times Ltd.