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Outward FDI from China and its policy context, 2012

by
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China's outward foreign direct investment (OFDI) has continued to grow despite the uncertain global climate emerging from the recent crises. The latest Five Year Plan, which came into effect in 2011, strengthens the commitment to promote the "going global" policy. While the country's OFDI continues to go into tertiary and primary sectors, there are signs of gradual sectoral diversification. Asia, especially Hong Kong (China), remains the largest recipient of Chinese investment, with OFDI in smaller targets, including Europe, growing more rapidly. The Caribbean offshore tax havens continue to receive large amounts of Chinese OFDI l. Local authorities in China are increasingly doing their bit to foster investment abroad. Unless there are any major adverse changes in domestic and external conditions, China's OFDI is likely to continue expanding and diversifying.

Trends and developments

Country-level developments

China's OFDI stock reached US$ 298 billion by the end of 2010, well over ten times the US$ 28 billion recorded in 2000 and far above the negligible US$ 4 billion of 1990 (annex table 1).[1] 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$ 181 billion in 2010. China's OFDI stock is now level with that of Singapore, with US$ 300 billion in 2010. Russia's OFDI stock grew more rapidly than

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[1] The historical background and the longer-term development of outward FDI from China were analyzed in a previous *Columbia FDI Profile:* see Ken Davies, "Outward FDI in China and its policy context," *Columbia FDI Profiles*, October 18, 2010, available at: www.vcc.columbia.edu.) This article is an update of that *Profile* and extends the analysis to developments with respect to OFDI in 2010.

China's, reaching US$ 434 billion in 2010. China, though, did continue to outperform India, with its modest 2010 total OFDI stock of US$ 92 billion.

Having grown rapidly since the adoption of the "go global" policy at the turn of the century, China's FDI outflows have continued to rise in recent years despite the global financial and economic crises and the worldwide plunge in FDI flows. After a massive 132% increase from US$ 22.5 billion in 2007 to US$ 52.2 billion in 2008 (annex table 2) (when global OFDI flows fell by 12%),[2] there was a further increase, although lower, of 8.2% in 2009 to US$ 56.5 billion (as global OFDI flows fell by a further 38%).[3] As global OFDI flows edged up to US$ 1.3 trillion in 2010,[4] China's rose impressively by 20% over those of 2009, to US$ 68 billion in 2010 (annex table 2).

Over 79% of China's OFDI stock was recorded in 2010 as being invested in the tertiary sector, the main sub-sectors being leasing and commercial services (31% of total OFDI stock), financial services (13%) and wholesale and retail trade (13%) (annex table 3). The primary sector came second, with 15% of the total: in 2010, mining, quarrying and petroleum comprised 14% of total OFDI stock. Unlike in the case of China's inward direct investment, OFDI in the secondary sector is a relatively minor component of China's OFDI, making up only 6% of the OFDI stock in 2010.

This picture appears to be changing, however, as China's OFDI becomes more sectorally diversified. This is suggested by the OFDI flow statistics: in 2010, FDI outflows into mining, quarrying and petroleum fell by 57% from those in 2009, while those into manufacturing rose by 108%.[5] There is, however, one caveat: since investments, especially those in natural resources, tend to be large and therefore greatly affected by timing, the flow figures are a less reliable guide to changes in sectoral distribution than are figures on stocks.

However, even the sectoral distribution as shown by FDI stock data may be misleading. For instance, it is possible that some proportion of the investment in tertiary sub-sectors such as financial services and leasing and commercial services may ultimately be destined for use in manufacturing. One possible indication of this is the sectoral distribution of Chinese enterprises investing overseas, which gives a different picture, even taking into account varying average sizes of investment in the different sectors. In 2010, the largest proportion of outward-investing enterprises (29%) undertook outward investment in manufacturing, with wholesale and retail (23%) coming second and leasing and commercial services (13%) third.[6] Moreover, even if the larger proportion of enterprises with OFDI in manufacturing has no implications for the value of FDI in manufacturing and its share in total Chinese OFDI (as would be the case if the average value of investments in manufacturing is correspondingly lower than that of those in the primary sector or services), it may have implications for other

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[2] UNCTAD FDI Statistics website: http://unctadstat.unctad.org/.
[3] Global FDI flow data are from UNCTAD FDI Statistics website: http://unctadstat.unctad.org/.
[4] Ibid.
[5] Ministry of Commerce, China, *2010 Statistical Bulletin of China's Outward Foreign Direct Investment* (Beijing: MOFCOM, 2011).
[6] Ibid.

variables, such as the share of manufacturing in Chinese MNEs' overseas employment or their share of exports from overseas affiliates.

As noted in the first *Columbia FDI Profile* on OFDI from China[7] the sectoral distribution of China's OFDI has remained stable in recent years, but this stability may be illusory and it is likely to give way to major shifts in composition in coming years. In the future, Chinese firms may also diversify toward manufacturing to service global consumer goods markets more directly, as may be indicated by the distribution of overseas-investing Chinese firms discussed above. Recent investments in services, especially in banking, will have a strong catalyzing effect, facilitating both the further expansion and the sectoral diversification of China's FDI.

It is also difficult to build a reliable picture of the geographical distribution of China's OFDI stock from official statistics because (like China's IFDI) much of it is routed via Hong Kong (China), and the Caribbean tax havens. The largest proportion of this OFDI – 72% of the total, amounting to US$ 228 billion as at end-2010 – is reported as going to Asia (annex table 4). The bulk of this went to Hong Kong (China) (US$ 199 billion, or 87% of OFDI to Asia and 63% of the global total). The second largest proportion of OFDI stock from China is in Latin America and the Caribbean (US$ 44 billion, 14% of the global total), but the overwhelming majority of this goes to just two tax havens, the British Virgin Islands and the Cayman Islands, which together have Chinese OFDI stock of US$ 40.5 billion (92% of the Latin American share) (annex table 4).

Only US$ 30 billion of China's OFDI stock is located in developed economies (annex table 4), but this is growing rapidly. Although Europe has absorbed less than US$ 16 billion (5% of China's global stock in 2010), it received 6% in 2009 and 10% in 2010 of China's global FDI outflows.[8] In 2010, the flow of Chinese OFDI to Europe doubled over that in 2009**.**[9] The largest developed-economy recipient of China's OFDI stock was Australia, with US$ 8 billion, 3% of the global total, by end-2010. The OFDI stock in Africa reached US$ 13 billion in 2010, 4% of the global total (annex table 4). Much of the OFDI to both Africa and Australia has been in the natural resources sector. China's OFDI stock in most regions has grown extremely fast: for example, in Greater Oceania it was over 13 times bigger in 2010 than it had been in 2005,[10] while in Europe it was 12 times larger and in Africa eight times bigger.

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 use the money for inward FDI (IFDI) in China to take advantage of fiscal incentives, i.e. to the extent there is "round-tripping", the official total may be overestimated. Round-tripping should logically be

[7] Davies, *op. cit*.
[8] Ministry of Commerce, China, 2011, *op. cit.*
[9] Ibid.
[10] Ibid.

diminishing since fiscal incentives were abolished at the beginning of 2008,[11] but by its very nature as an illegal activity it is difficult to obtain hard evidence of the actual trend in round-tripping. One reason for the continuation of round-tripping is the practice of setting up Chinese holding companies in, for example, the Cayman Islands and British Virgin Islands, not only to channel Chinese capital back into China but also to raise external capital in New York for investment wherever profitable, including in China. Companies already established outside the jurisdiction of the Chinese Government, initially for tax-avoidance purposes, may find it convenient to continue basing their operations abroad, for example, in Hong Kong (China), where the institutional framework for investment is more advanced than in mainland China.

Conversely, there are equally strong reasons to suppose the official figures to be underestimates. According to official figures, most OFDI is from state-owned enterprises (SOEs).[12] In 2010, SOEs accounted for 66% of OFDI stock, a fall of three percentage points compared with 2009.[13] Although these statistics show that private sector OFDI is gradually increasing, they may underestimate its size. Non-state entities may find it easier to evade the approval process by using funds accumulated overseas. Also, local governments may be using their increased powers of approval and supervision of OFDI projects more leniently than does the central Government, leading to further under-counting of OFDI.

The corporate players

According to the most recent Fudan-VCC survey of Chinese multinational enterprises (MNEs) published at the end of 2010, China International Trading and Investment Corporation (CITIC), with foreign assets exceeding US$ 44 billion, had become the largest overseas investor by 2008 (annex table 5). In second place was China Ocean Shipping (Group) Company (COSCO), whose foreign assets had stagnated over the year at US$ 20 billion. Both CITIC and COSCO are well-established corporations that have built up an international presence over several decades as their core business. The third largest OFDI provider in 2008 was the China State Construction Engineering Corporation, with foreign assets of nearly US$ 14 billion. Another major construction investor abroad is the China Railway Construction Corporation, in 11th place with foreign assets of US$ 3 billion in 2008. Oil companies are well represented in the top seven outward-investing enterprises, with China National Petroleum Corporation (CNPC) ranking fourth in terms of global assets (US$ 9.4 billion) in 2008, Sinochem Corporation fifth (US$ 6.4 billion) and China National Offshore Oil Corporation (CNOOC) seventh (US$ 5.2 billion).

These MNEs can be expected to keep expanding their OFDI as China continues to secure access to energy and raw material sources abroad for its industrialization. Chinese producers of consumer goods are also starting to become important as outward investors as they seek to

[11] For a description and analysis of the 2008 unification of business tax rates for domestic and foreign enterprises by the author of this Profile, see OECD, *2008 OECD Investment Policy Review of China: Encouraging Responsible Business Conduct* (Paris: OECD, 2008), chapter 1, section 3, pp. 19-23.
[12] Ministry of Commerce, China, 2011, *op. cit.*
[13] Ibid.

penetrate foreign markets through mergers and acquisitions (M&As) to acquire brand names and market share, as in the case of Lenovo Group, with foreign assets of US$ 2.7 billion in 2008 (annex table 5), which acquired IBM's personal computer division in 2005. Lenovo's foreign assets had declined markedly since 2007, when they amounted to US$ 4.0 billion,[14] probably because of market conditions in North America. Shanghai Automotive Industry Corporation (SAIC), with foreign assets of US$ 2.3 billion in 2008, is also using cross-border acquisitions to broaden its product range[15] and gain foreign market share. Having attained a strong position in the domestic Chinese market, consumer durables manufacturer Haier, with foreign assets of US$ 784 million in 2008, has also been seeking similar success in the global market for well over a decade (Haier's first investment in the United States was in 1999). There have been several major acquisitions in the automobile industry, including Geely's takeover of Volvo in 2010, following on the heels of the purchase of the remnants of Austin Rover by Shanghai Automotive Industry Corporation (SAIC), which had foreign assets of US$ 2.4 billion in 2008 (annex table 5).

Most M&A deals by Chinese MNEs in 2008-2010 (annex table 6) remained, as in 2007-2009,[16] in the energy and minerals sectors. The largest deal in the oil sector was the Sinopec Group's purchase of a 40% share of Spanish firm Repsol's Brazilian subsidiary, for US$ 7.1 billion in 2010. In the same year, Sinopec bought a 9% share in Syncrude Canada, for US$ 4.7 billion and CNOOC bought half of Argentine firm Bridas for US$ 3.1 billion. Yanzhou Coal acquired Felix Resources in Australia for US$ 2.8 billion in 2010. Once again, there were some purchases of minority stakes in global financial institutions, notably a US$ 1.4 billion acquisition in 2010 of 27% of ICBC (Asia) in Hong Kong, China (annex table 6).

Although not in the list of the top 18 Chinese MNEs listed in annex table 5 (as it is not an MNE in the sense of an enterprise comprising a parent enterprise and its foreign affiliate(s) in which the former controls the assets of and has a lasting interest in the management of the latter, and it tends to avoid acquiring 10% or more of an overseas company – the ownership threshold that is considered to allow such control and lasting interest in management), the China Investment Corporation (CIC), China's sovereign wealth fund, is also an important outward investor. For example, in 2012 it purchased 8.7% of Thames Water, the United Kingdom's largest water company and in 2011 it was announced that CIC is investing US$ 4 billion in GDF Suez' gas exploration unit in the Caribbean.

As noted in the previous *Columbia FDI Profile* on China's OFDI in which greenfield investments announced were reported through 2009, [17] China's overseas greenfield investments are concentrated mainly in the energy, raw materials, automotive, and real estate sectors. That continued to be the case in 2010, when the top 10 greenfield investments

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[14] Davies, *op. cit.,* annex table 5.

[15] For example with its acquisition of MG cars from MG Rover and the subsequent reopening of the closed Longbridge plant to produce MG sports cars there in 2011 for sale in Europe (Sky News website, http://news.sky.com/home/business/article/15971486, retrieved on March 2, 2012).

[16] Davies, *op. cit.,* annex table 6.

[17] Davies, *op. cit.*

announced were almost all in fuels and metals (annex table 7). These included investments in Cuba by CNPC (one of US$ 1.4 billion and another of US$ 4.5 billion), and three in Nigeria by the China State Construction and Engineering Corporation (CSCED), of US$ 19 billion each.

Effects of the recent global crises

China has energetically bucked the global trend not only by maintaining rapid domestic economic growth during the recent global financial and economic crisis but also by continuing to expand its outward investment. Funds have clearly been available. Chinese enterprises have been making money overseas: in 2010, 35% of the country's OFDI was in the form of re-invested earnings.[18] The policy thrust, consisting of frequently repeated official exhortations to Chinese companies to "go global" and now encapsulated in a policy of the Ministry of Commerce to bring OFDI into approximate equivalence with IFDI, which is more important than in other countries, has been reinforced.[19] And with prices of raw materials and other assets falling worldwide, the crisis has provided an opportunity to snap up bargains.

However, the outlook for the Chinese economy is by no means one of unmitigated optimism. The stimulus package implemented by the Chinese Government that saved the economy from succumbing to the effects of the 2008 financial crash has left problems in its wake that need to be tackled if growth is to be sustained, including asset-price inflation and non-performing loans. The Government must also continue taking measures to protect the economy in 2012 from the possible effect on its major markets of continued uncertainty, most recently deepened by the European sovereign debt crisis that erupted in 2011. If the measures are successful, the economy is likely to have a soft landing, with GDP growth moderating to well below the 10% achieved in recent years, but above the 7% required in order for the many coming into the labor force to be able to find employment.

All these factors are likely to cause a continuing upsurge in China's outward investment. Preliminary estimates based on data for the first eleven months of 2011 suggest that there was a further rise in OFDI. Non-financial OFDI totaled US$ 60.1 billion in 2011, an increase of 1.8% on 2010.[20] As it increases, China's OFDI will also diversify further, both geographically and sectorally. This developing pattern will be affected not only by home country policies and host country economic conditions but also by the policy response to Chinese investment in target countries. As China's OFDI has grown, reactions to it have varied from welcoming to blocking.[21] Public unease about Chinese OFDI in countries such as the United States and Australia has been more muted since the onset of the economic crisis, but persists nevertheless. It does not appear to have deterred Chinese investors from seeking acquisition targets in those countries and may actually have motivated competing recipient

[18] Ministry of Commerce, China, 2011, *op. cit.*
[19] For details of the evolution of this policy from the 1980s to the 2000s, see OECD, *op. cit,* pp. 82-85.
[20] Ministry of Commerce, China, Invest in China website: www.fdi.gov.cn.
[21] See for example, OECD, *op. cit.,* passim.

countries, such as Germany, to profit from it by adopting a more welcome stance to Chinese OFDI. There is much that Chinese enterprises and the Chinese Government can do to reduce obstacles to its trade and investment expansion, for example to enhance their reputation by improving performance on fronts such as product safety and observance of core labor standards.

The policy scene

The Chinese Government's policies to encourage enterprises to "go global" that were described in the first *Columbia FDI Profile* on China's OFDI have been maintained unchanged.[22] The 12th Five Year Plan (now officially called "Guidance", since central planning was officially abolished in the 1990s), which covers the period 2011-2015, continues to stress the importance of "going global". In the past year, a new goal has been set: to achieve "balance" between outward and inward FDI, meaning that there will be progress toward OFDI equaling IFDI by 2015.[23] While IFDI will continue to grow, it will have to do so more slowly than OFDI. The main effort is therefore likely to be on promoting outward investment.

This will mean continuing to streamline the approval process for outward FDI and strengthening support for it by official bodies such as the Export-Import Bank of China and the export credit insurance corporation, Sinosure. It may also mean further relaxation of restrictions on local (i.e. provincial and municipal) approval of outward investment projects to projects valued below a certain level, which was increased in 2009 to those of less than US$ 100 million.[24] Provinces have in recent years been actively promoting outward investment policies suited to their specific circumstances and are likely to become important factors facilitating a further acceleration of OFDI from China.

While the Government's policy stance toward OFDI is generally encouraging, it also includes an element of examination and approval before an OFDI project commences and of supervision thereafter to discourage projects that the authorities may consider undesirable or likely to fail.

Conclusions

China's mushrooming OFDI survived the recent global crises and can be expected to continue expanding rapidly and become more geographically and sectorally diverse. The pace and composition of this expansion will depend on both domestic and external conditions. At this stage, a crucial factor will be the willingness and ability of Chinese enterprises to build their reputations, both individually and collectively. As noted in the previous *Columbia FDI*

[22] Davies, *op. cit.*
[23] Minister of Commerce Chen Deming stated on 7 March 2011 that the plan is steadily to reach a balance between OFDI and IFDI (*i.e.* a 1:1 ratio) within approximately 5-10 years. (Xinhua News Agency report, 7 March 2011 retrieved from www.news.cn.)
[24] *Circular of MOFCOM on delegation of the authority to examine and approve the establishment of investment companies by foreign investors*, Shang Zi Han (2009) No.8, 6 March 2009, retrieved from MOFCOM web site www.fdi.gov.cn.

Profile on outward FDI from China,[25] 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 investment and inward and outward FDI.

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).

OECD, *OECD Investment Policy Review of China: Encouraging Responsible Business Conduct* (Paris: OECD, 2008).

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), available at: http://www.fdi.gov.cn/.

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

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

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The Vale Columbia Center on Sustainable International Investment (VCC –www.vcc.columbia.edu), led by Lisa Sachs, is a joint center of Columbia Law School and The Earth Institute at Columbia University. It seeks to be a

[25] Davies, op. cit.

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, 1990-2010

(US$ billion)

Economy	1990	2000	2010
China	4 [a]	28 [a]	298
Memorandum: comparator economies			
Russia	n.a.	20	434
Singapore	8	57	300
Brazil	41	52	181
India	0	2	92

Source: UNCTAD's FDI/TNC database, available at:http://stats.unctad.org/fdi/.

[a] Not including financial OFDI, that is, OFDI in financial services**.**

Annex table 2. China: outward FDI flows, 2000-2010

(US$ billion)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
China	0.9 [a]	6.9 [a]	2.5 [a]	2.9 [a]	5.5 [a]	12.3 [a]	21.2	22.5	52.2	56.5	68.0
Memorandum: comparator economies											
Brazil	2.3	-2.3	2.5	0.2	9.8	2.5	28.2	7.1	20.5	-10.1	11.5
India	0.5	1.4	1.7	1.9	2.2	3.0	14.3	17.2	19.4	15.9	14.6
Russia	3.2	2.5	3.5	9.7	13.8	12.8	23.2	45.9	55.6	43.7	51.7
Singapore	5.9	20.0	2.3	2.7	10.8	11.2	18.8	32.7	-0.3	18.5	19.7

Source: UNCTAD's FDI/TNC database, available at:http://stats.unctad.org/fdi/.

[a] Not including financial OFDI, that is, OFDI in financial services.

Annex table 3. China: distribution of outward FDI stock, by economic sector and industry, 2004, 2010

(US$ billion and percent of total outward stock)

Sector / industry	2004 [a]	2010
All sectors / industries	44.8 100%	316.5 100%
Primary	6.8 15.2%	47.3 14.9%
Agriculture, forestry, and fishing	0.8 1.8%	2.6 0.8%
Mining, quarrying and petroleum	6.0 13.4%	44.7 14.1%
Secondary	4.5 10.0%	17.8 5.6%
Manufacturing	4.5 10.0%	17.8 5.6%
Construction	n.a.	6.2 2.0%
Services	33.5 74.8%	251.4 79.4%
Leasing and commercial services	16.4 36.6%	97.3 30.7%
Financial services	n.a.	55.3 13.3%
Wholesale and retail	7.8 17.4%	42.0 13.2%
Transport, storage and postal services	4.6 10.3%	23.2 7.3%
Information transmission, computer services and software	n.a.	8.4 2.7%
Real estate	n.a.	7.3 2.3%
Scientific research, technology services and geological prospecting	n.a.	4.0 1.3%
Electricity, gas and water production and supply	n.a.	3.4 1.1%
Residential services	n.a.	3.2 1.0%
Water conservancy, environment and public management services	n.a.	1.1 0.3%

Source: Ministry of Commerce, China, *2010 Statistical Bulletin of China's Outward Foreign Direct Investment* (Beijing: MOFCOM, 2011). Data for total OFDI stock in the table represent the sum of stocks in the sectors/industries shown, which include only those with OFDI stock over US$ 1 billion in 2010 and thus differ slightly, in the case of 2010, from that in the source cited (US$ 317.2 million). Percentages calculated by author.

[a] Not including financial OFDI, that is OFDI in financial services.

Note: Total OFDI stock in 2010 shown in this table, as well as in the MOFCOM source cited differ somewhat from that reported by UNCTAD (annex table 1 above).

Annex table 4. China: geographical distribution of outward FDI stock, 2000- 2010

(US$ billion)

Region/economy	**2003** [a]	**2010**
World	**33.2**	**317.2**
Developed economies	n.a.	29.7
Europe	0.5	15.7
European Union	n.a.	12.5
Germany	n.a.	1.5
Netherlands	n.a.	0.5
United Kingdom	n.a.	1.4
North America	0.5	7.8
Canada	n.a.	2.6
United States	0.5	4.9
Other developed economies	n.a.	n.a.
Australia	0.4	7.9
Japan	n.a.	1.1
Developing economies	n.a.	n.a.
Africa	0.5	13.0
Asia	26.6	228.1
Hong Kong (China)	24.6	199.1
Singapore	0.2	6.1
Oceania	0.4	8.6
Latin America and Caribbean	4.6	43.9
British Virgin Islands	0.5	23.2
Cayman Islands	3.7	17.3
Transition economies	n.a.	n.a.
Russia	n.a.	2.8

Source: Ministry of Commerce, China, *2010 Statistical Bulletin of China's Outward Foreign Direct Investment* (Beijing: MOFCOM, 2011).

[a] Not including financial OFDI, that is, OFDI in financial services.

Annex table 5. China: principal MNEs, ranked by foreign assets, 2008

Rank	Name	Industry	Foreign assets (US$ million)
1	Citic Group	Diversified	43,750
2	China Ocean Shipping (Group) Company [COSCO]	Transport and storage	20,345
3	China State Construction Engineering Corporation	Construction and real estate	13,923
4	China National Petroleum Corporation [CNPC]	Oil and gas	9,409
5	Sinochem Corporation	Oil and gas	6,409
6	China Shipping (Group) Company	Transport and storage	5,962
7	China National Offshore Oil Corporation [CNOOC]	Oil and gas	5,247
8	China Communications Construction Company Ltd.	Construction and real estate	4,010
9	Beijing Enterprises Holdings	Diversifie	3,662
10	Sinosteel corporation	Metal and metal products	3,514
11	China Railway Construction Corporation	Construction	3,146
12	ZTE Corporation	Telecom products, services and solutions	3,143
13	Sinotrans & CSC Group	Transport and storage	2,813
14	Lenovo Group	Computers and related products	2,732
15	Shanghai Automotive Industry Corporation (Group) [SAIC]	Automobiles	2,317
16	China Minmetals Corporation	Metals and metal products	1,694
17	China Baosteel Group	Metals and metal products	1,091
18	Haier Group	Household electrical appliances	784
Total			**133,949**

Source: School of Management at Fudan and Vale Columbia Center on Sustainable International Investment, "Chinese multinationals gain further momentum," Report dated December 9, 2010, of the results of the Fudan-VCC survey of Chinese multinationals, 2008, available at: www.vcc.columbia.edu.

Annex table 6. China: main M&A cross-border deals completed, by outward investing firm, 2008-2010

Year	Acquiring company	Target company	Target industry	Target economy	Shares acquired (%)	Transaction value (US$ million)
2010	Sinopec Group	Repsol YPF Brasil SA	Crude petroleum and natural gas	Brazil	40.0	7,111
2010	Sinopec Intl.	Syncrude Canada Ltd.	Crude petroleum and natural gas	Canada	9.0	4,650
2010	CNOOC Ltd.	Bridas Corp.	Crude petroleum and natural gas	Argentina	50.0	3,100
2010	PetroChina Intl Invest Co. Ltd.	Athabasca Oil Sands – Assets	Crude petroleum and natural gas	Canada	60.0	1,737
2010	China Investment Corp. (CIC)	AES Corp.	Management investment offices	United States	15.8	1,581
2010	Zhejiang Geely Hldg Grp Co. Ltd.	Volvo Personvagnar AB	Motor vehicles and passenger car bodies	Sweden	100.0	1,500
2010	ICBC	ICBC (Asia)	Banking	Hong Kong, (China)	27.2	1,395
2010	CNOOC International Ltd.	Chesapeake Oil, Gas Asts. TX	Crude petroleum and natural gas	United States	33.3	1,080
2010	China Investment Corp. (CIC)	Penn West Energy Trust – Asts	Management investment offices	Canada	45.0	800
2010	CRCC-Tongguan Invest Co. Ltd.	Corriente Resources Inc.	Offices of holding companies	Canada	100.0	550
2009	Yanzhou Coal Mining Co Ltd	Felix Resources Ltd	Mining	Australia	100.0	2,807
2009	Investor Group	OAO Mangistau MunaiGaz	Oil and gas	Kazakhstan	100.0	2,604
2009	China Minmetals Nonferrous Met	OZ Minerals Ltd-certain assets	Mining	Australia	100.0	1,386
2009	Investor Group	Cathay Pacific Airways Ltd	Transportation	Hong Kong, (China)	14.5	948
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	China Investment Corp (CIC)	South Gobi Energy Resources	Mining	Canada	25.0	500
2009	Hunan Hualing Iron & Steel Group	Fortescue Metals Group Ltd	Mining	Australia	8.4	408
2009	Hunan Hualing Iron & Steel Group	Fortescue Metals Group Ltd	Mining	Australia	9.8	409
2009	CITIC International Financial Holding	China CITIC Bank Corporation Ltd	Investment	Hong Kong, (China)	70.3	403

	Ltd					
2008	ICBC	Standard Bank Group Ltd	Banking	South Africa	20.0	5,617
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	Sinopec	Tanganyika Oil Co. Ltd.	Oil and gas	Canada	100.0	2,029
2008	CITIC Group Ltd	CITIC Pacific Ltd	Conglomerate	Hong Kong, (China)	39.9	1,500
2008	Sinosteel Corp	Midwest Corp Ltd.	Mining	Australia	100.0	1,377
2008	CITIC Group Ltd	CITIC Intl Finl Hldg Ltd	Investors	Hong Kong, (China)	15.2	855
2008	Investor Group	CIFA SpA	Machinery manufacturing	Italy	100.0	784
2008	Investor Group	CIFA SpA	Machinery manufacturing	Italy	100.0	747
2008	ICBC	Seng Heng Bank	Finance and insurance	Macau, (China)	19.9	593

Source: The author, based on Thomson ONE Banker. Thomson Reuters.

Annex table 7. China: main greenfield projects announced, by outward investing firm, 2008-2010

Year	Investing company	Industry	Host economy	Investment value (US$ million)
2010	China National Petroleum (CNPC)	Coal, oil and natural gas	Cuba	4,500
2010	Jinchuan	Metals	Indonesia	2,000
2010	Rongsheng Chemical Fiber	Coal, oil and natural gas	Egypt	2,000
2010	China State Construction Engineering Corporation (CSCEC)	Coal, oil and natural gas	Nigeria	1,913
2010	China State Construction Engineering Corporation (CSCEC)	Coal, oil and natural gas	Nigeria	1,913
2010	China State Construction Engineering Corporation (CSCEC)	Coal, oil and natural gas	Nigeria	1,913
2010	China National Petroleum (CNPC)	Coal, oil and natural gas	Cuba	1,300
2010	State Grid Corporation	Metals	Russia	730
2010	China Huadian Corporation	Coal, oil and natural gas	Russia	700
2010	Haier Group	Consumer electronics	India	678
2009	Wuhan Iron and Steel Co., Ltd. (Wisco)	Metals	Brazil	4,000
2009	China Metallurgical Group Corporation	Metals	Afghanistan	2,900
2009	China National Petroleum (CNPC)	Coal, oil and natural gas	Iran	1,760
2009	China National Petroleum (CNPC)	Coal, oil and natural gas	Sudan	1,701
2009	China National Petroleum (CNPC)	Coal, oil and natural gas	Oman	1,657
2009	China Huaneng	Alternative/renewable energy	Singapore	1,431
2009	Tianjin Pipe	Tools	United States	1,000
2009	China National Petroleum (CNPC)	Coal, oil and natural gas	Costa Rica	1,000
2009	SAIC Chery Automobile	Automotive OEM	Brazil	700
2009	China North Industries Group (NORINCO)	Building and construction materials	Russia	616
2008	China Petroleum and Chemical (Sinopec)	Coal, oil and natural gas	Vietnam	4,500
2008	Citic Group	Real estate	Angola	3,535
2008	Shanghai Electric Power	Engines and turbines	India	3,000
2008	China Union	Metals	Liberia	2,600
2008	Shenzhen Energy Group	Coal, oil and natural gas	Nigeria	2,400
2008	China National Petroleum (CNPC)	Coal, oil and natural gas	Turkmenistan	2,200
2008	Xinxing Group	Metals	India	2,159
2008	Aluminium Corporation of China (Chalco)	Metals	Peru	2,150
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	Chad	1,587
2008	China National Petroleum (CNPC)	Coal, oil and natural gas	Niger	1,587

Source: The author, based on fDi Intelligence, a service from the Financial Times Ltd.