TARTU ÜLIKOOL

CHINA AS THE GLOBAL INVESTOR

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Baltic-China
Annual Business Conference
波罗的海－中国商务年会

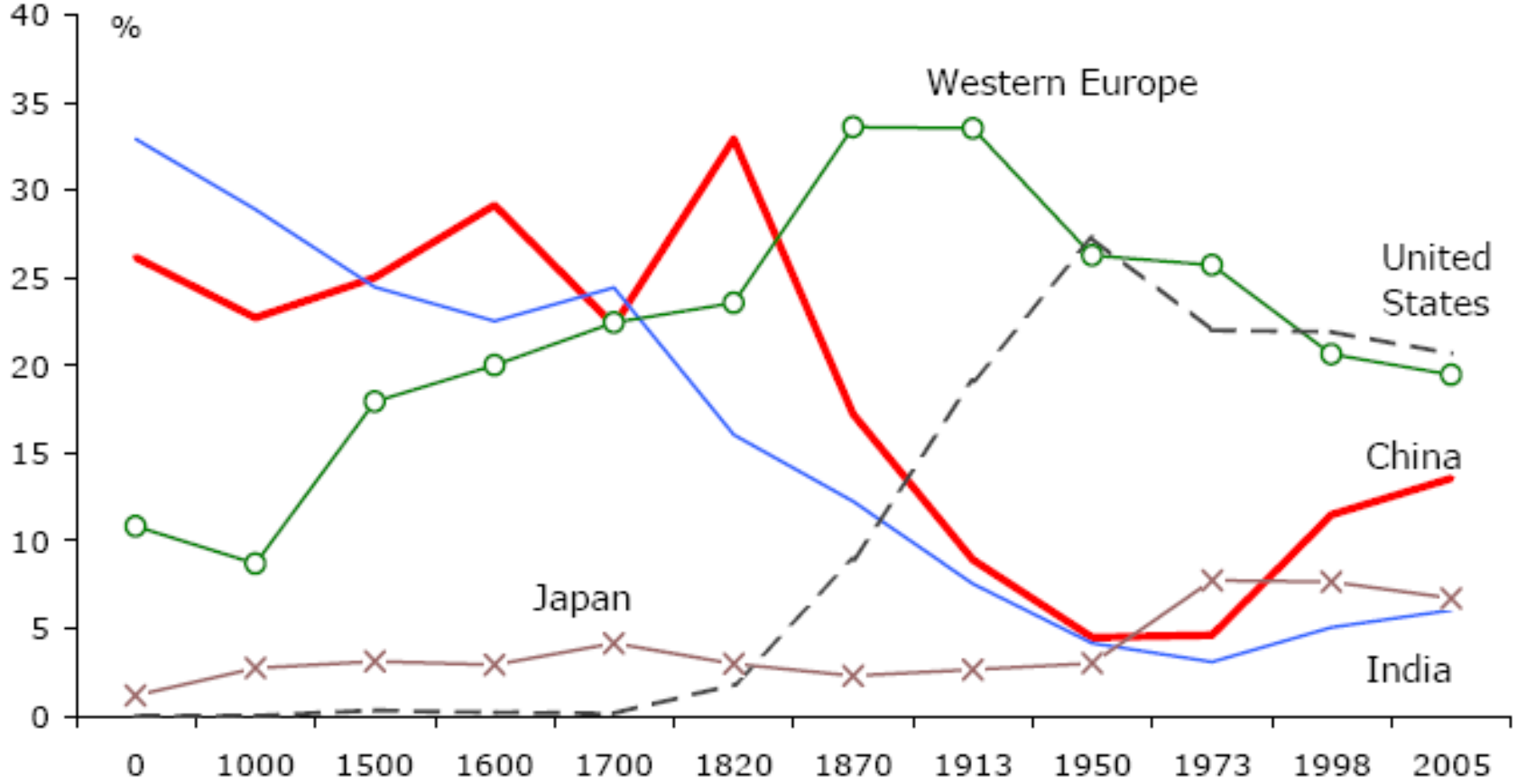
Tallinn, 8.06.2015

Potential role of Asian emerging economies

- **Foreign trade partner**
- **Target market of investments**
- **SOURCE OF FOREIGN DIRECT INVESTMENTS**
- **Source of talents**
- **Research and development cooperation partner**

Return of Asia to the world economy

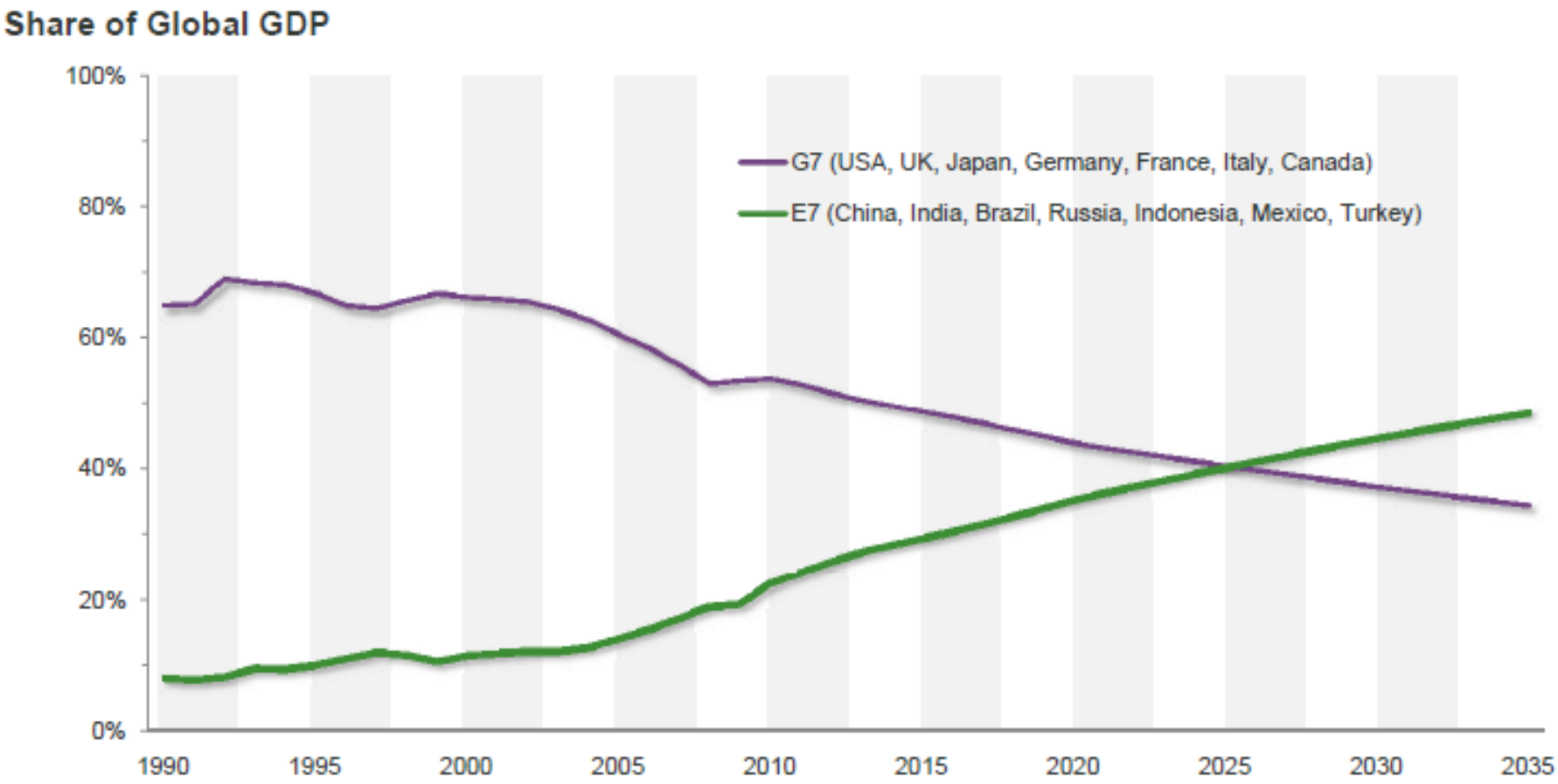
Shares of countries from the world total GDP (%))



Sources: Angus Maddison, *The World Economy: A Millennial Perspective*, OECD Development Centre, 2001; IMF, *World Economic Outlook* Database, 2005.

Source: Maddison, IMF

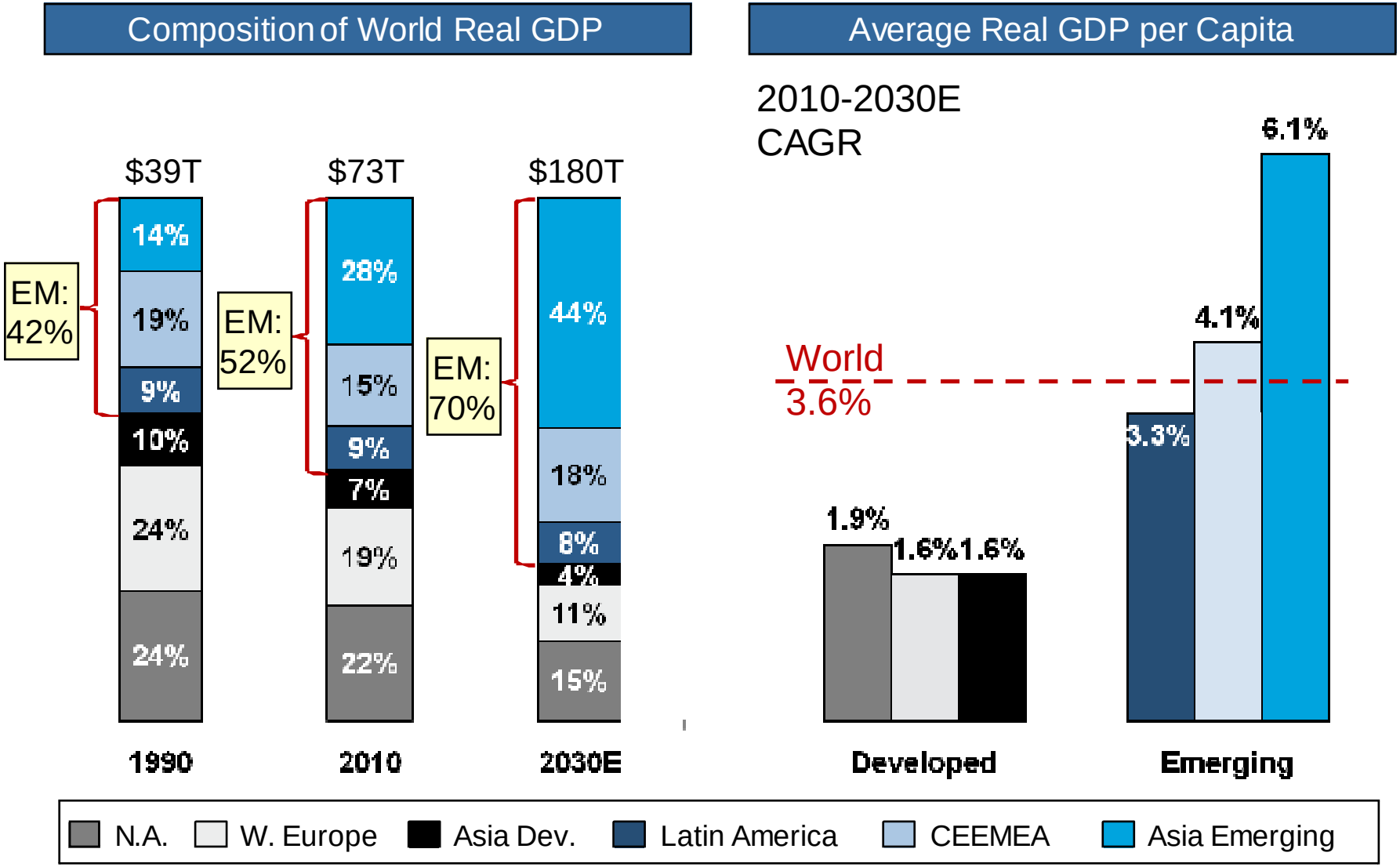
21. Century is changing the balance of power



Source: Oxford Economics/nVision

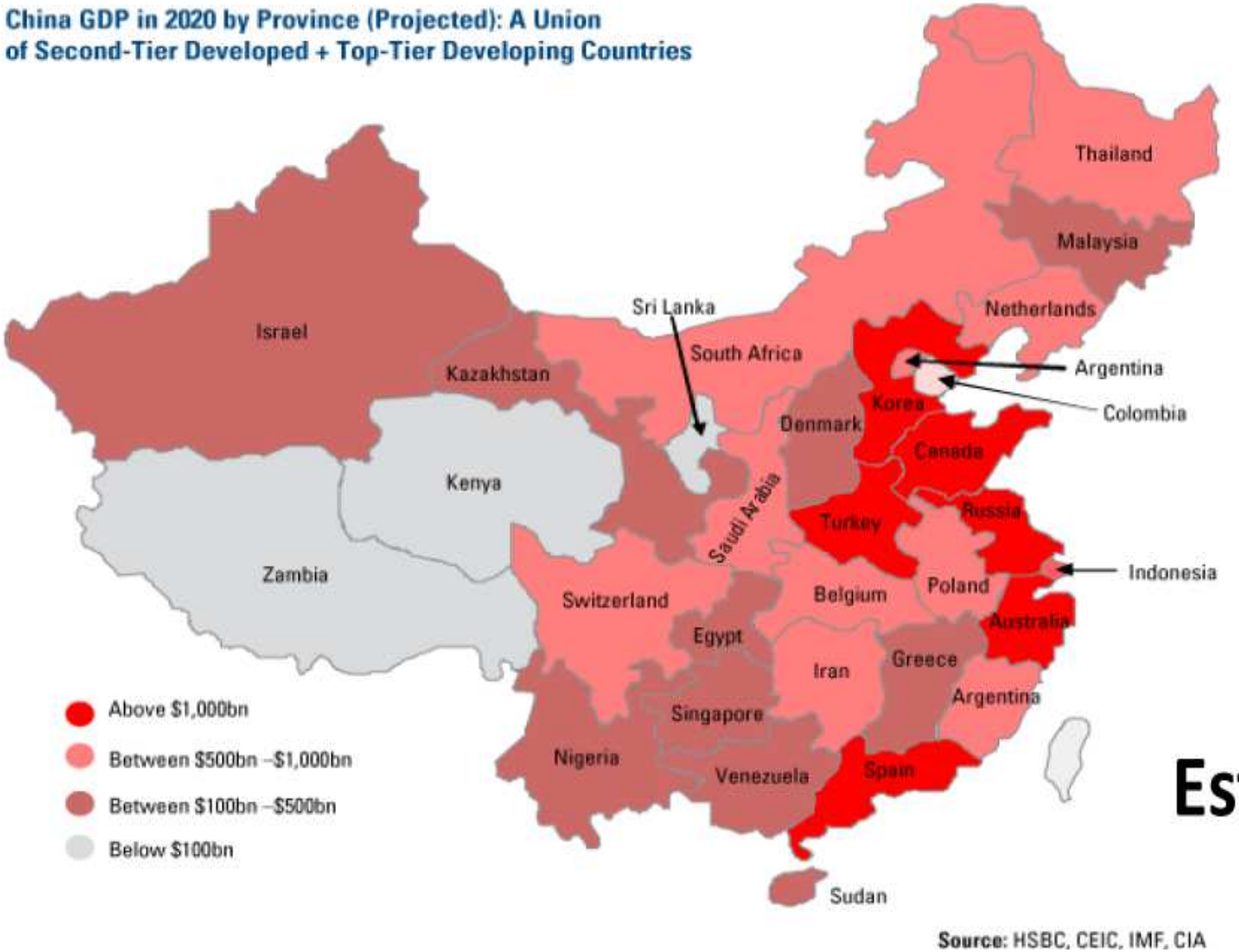
Tärkavate majanduste osakaal maailmamajanduses kasvab kiiresti

The role of emerging markets is increasing rapidly



Source: Citi Investment Research & Analysis report "Global Growth Generators," February 2011.
Note: Asia Developed is comprised of Japan, Australia and New Zealand.

GDP of China's Provinces

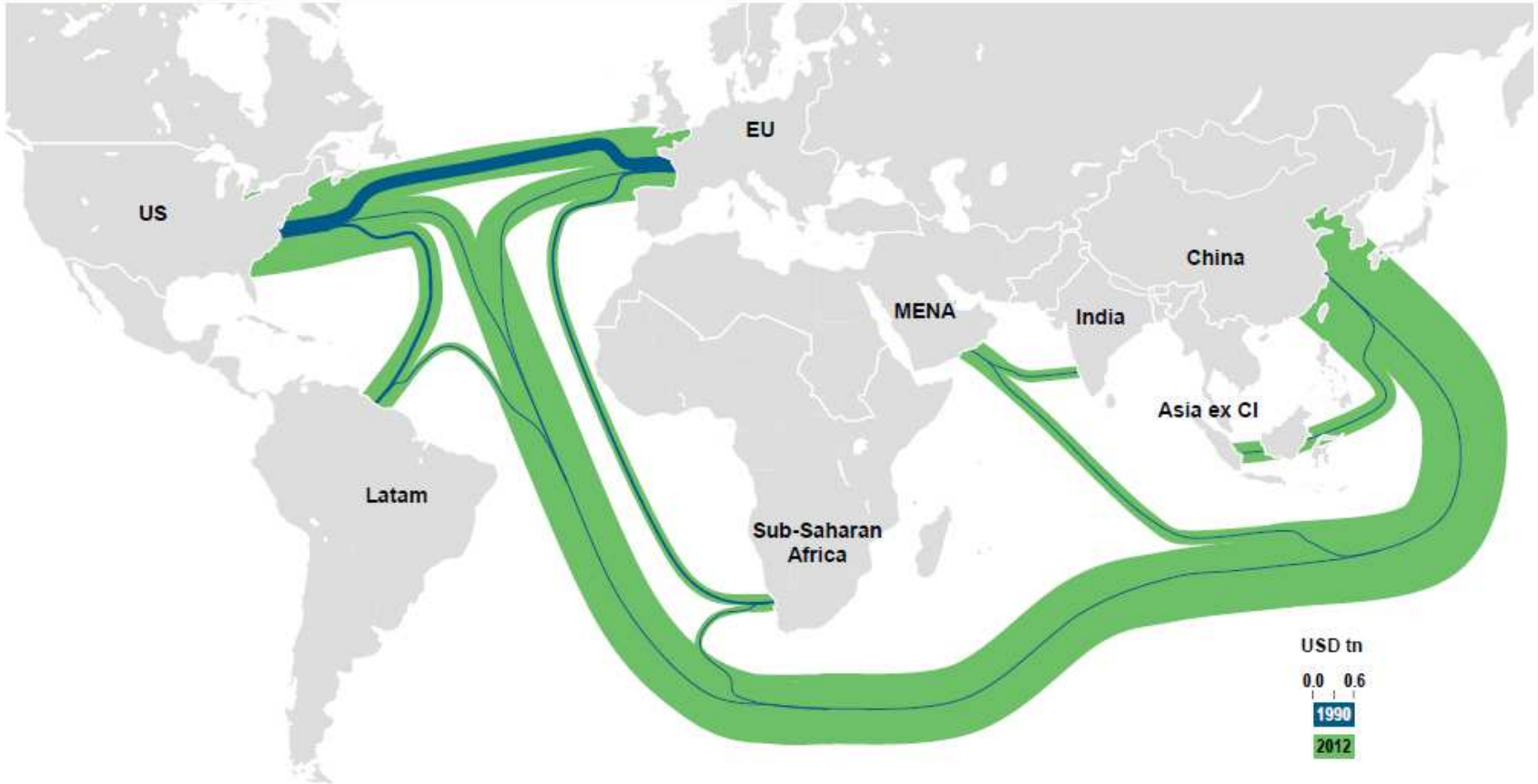


Estimated 2020

China is becoming the major player of foreign trade

Figure 3: China has emerged as a mega-trader

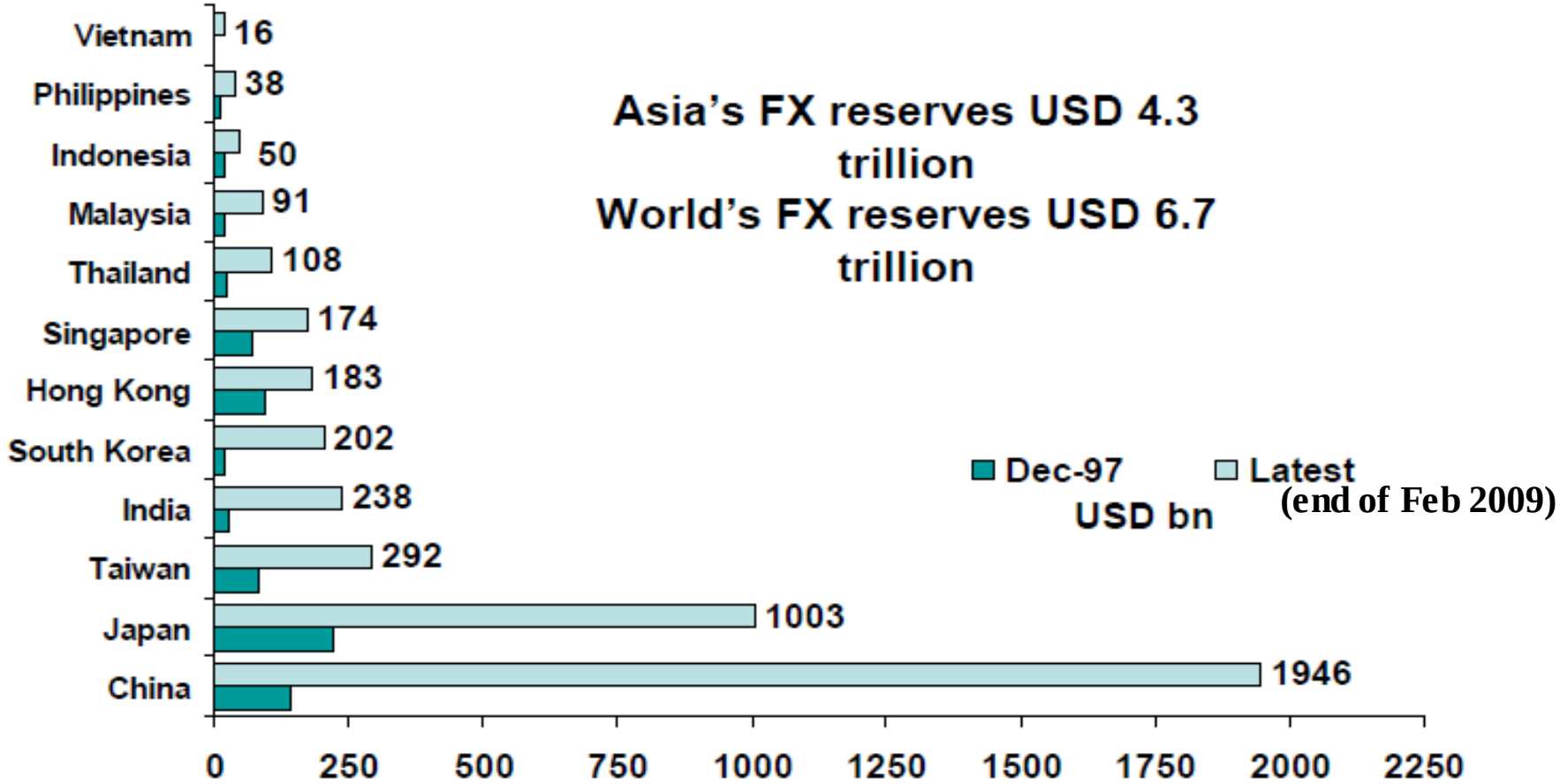
Exports, major trade corridors, 1990 and 2012



Source: IMF DOTS, Standard Chartered Research

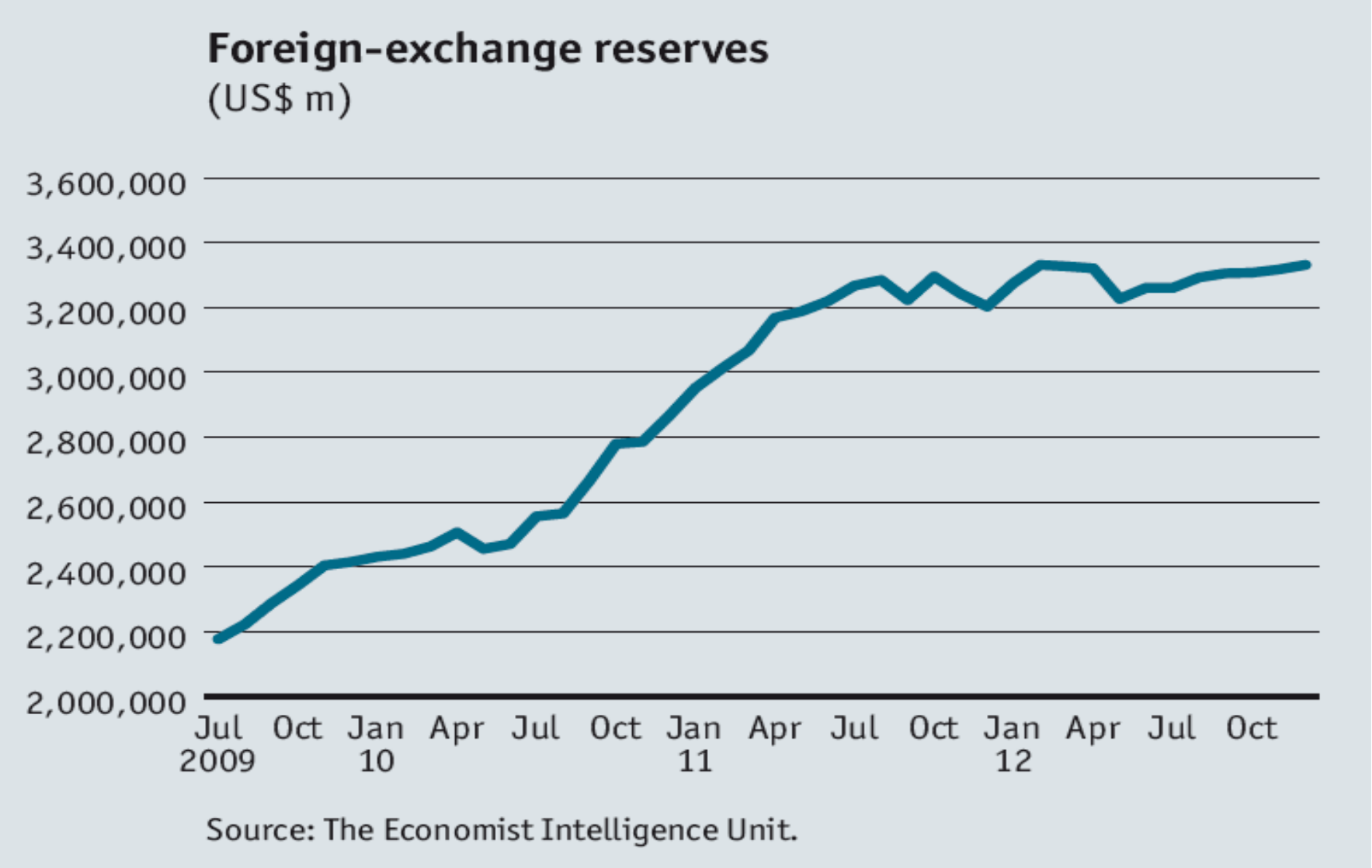
Two thirds of world foreign exchange reserves in Asia

Reserves of CHINA by the end of 2010 around 2.8 trillions USD
End of 2011 ca 3.5 trillions and end of 2013 ca 4 trillions US



Source: Bloomberg , Credit Suisse

China foreign reserves 2009-2012



Who has capital to invest?

Country	Top 10 Largest Sovereign Wealth Funds	Assets under Management
U.A.E.	Abu Dhabi Investment Authority	$627 bil.
Norway	Government Pension Fund Global	$461 bil.
Saudi Arabia	Saudi Arabian Monetary Agency	$429 bil.
China	China Investment Corp	$300 bil.
Hong Kong	Hong Kong Monetary Authority	$277 bil.
Kuwait	Kuwait Investment Authority	$277 bil.
Canada	La Caisse de dépôt et placement du Québec	$197 bil.
Singapore	Government of Singapore Investment Corp	$185 bil.
Singapore	Temasek Holdings	$133 bil.
China	The National Council for Social Security	$114 bil.

	Central Bank	Official international Reserves (2011)
1	China	$3,197 bil.
2	Japan	$1,138 bil.
3	Russia	$ 531 bil.
4	Saudi Arabia	$ 497 bil.
5	Taiwan	$ 400 bil.
6	Brazil	$ 351 bil.
7	India	$ 318 bil.
8	South Korea	$ 311 bil.
9	Switzerland	$ 289 bil.
10	Hong Kong	$ 277 bil.
17	U.S.A.	$ 143 bil.

Source: CNBC, Sept 2010

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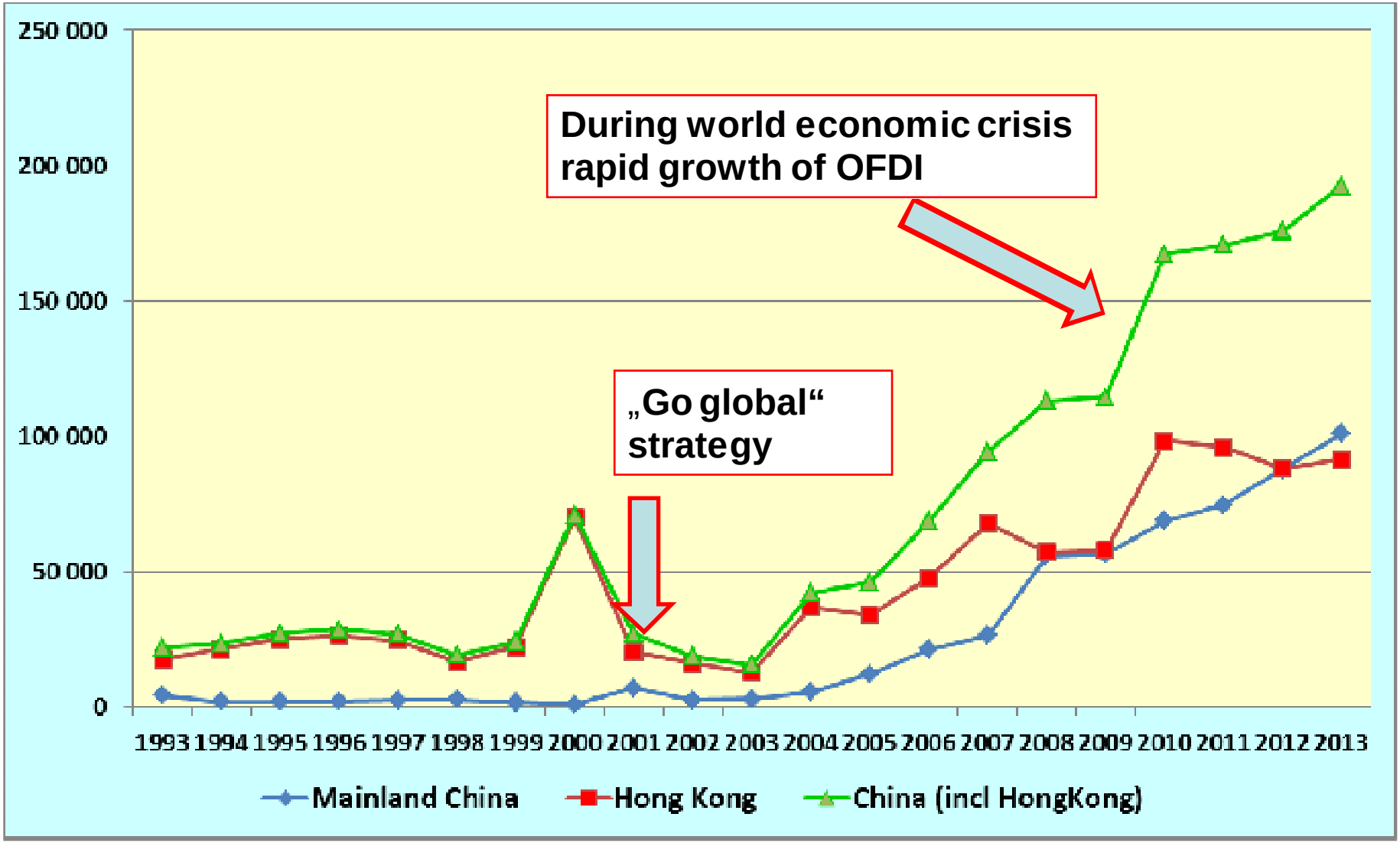
Financier to the world?

- China is the biggest saving nation
- The **domestic financial assets of China were $17.4 trillions and this is third after USA and Japan**
- China Outward FDI stock increased by 44% compared with 2007.
- **Since 2009 China is investing into Latin America more than Inter-American Development Bank and World Bank.**
- China stock of outward foreign direct investments was $477 billions by the end of 2011

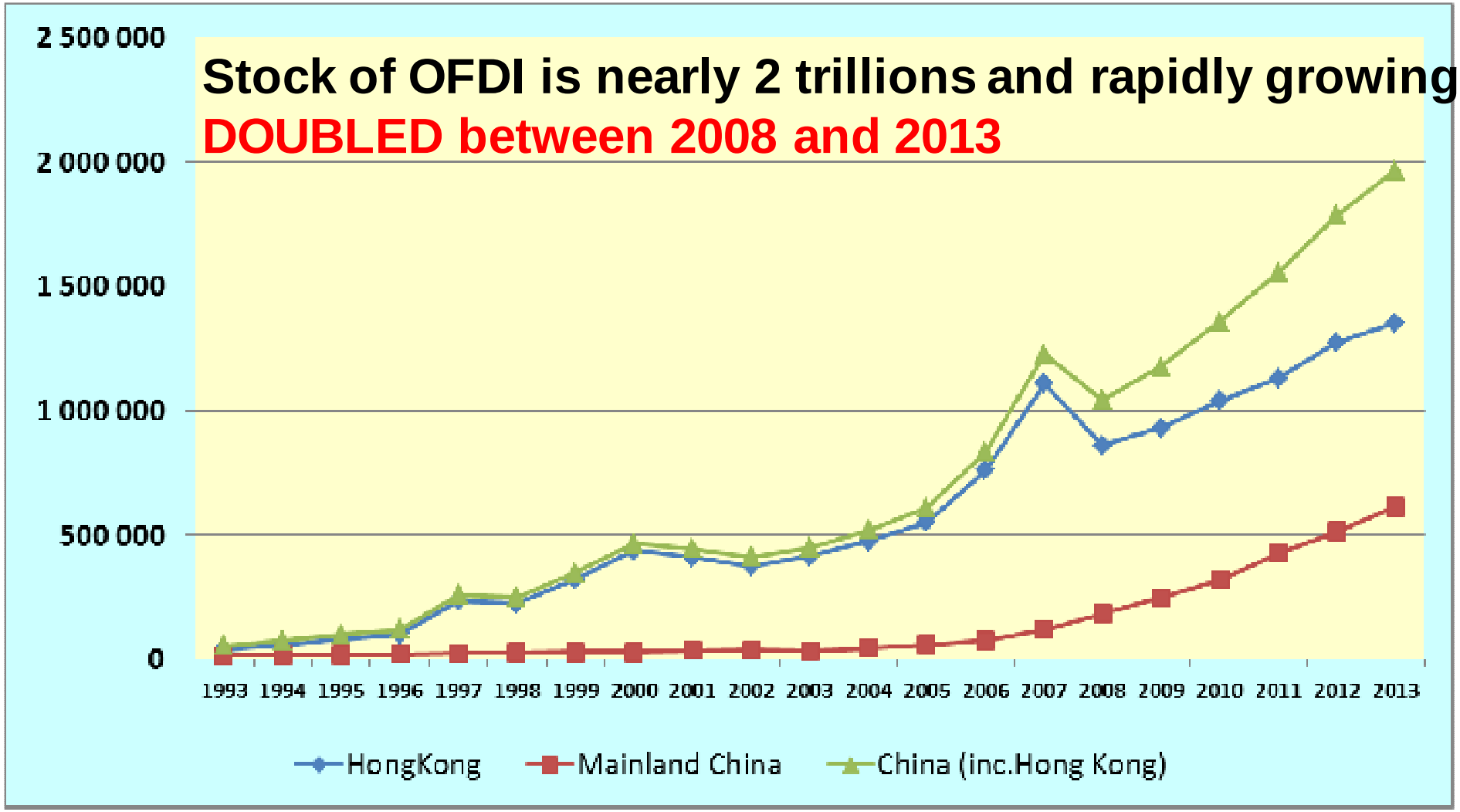
China outward FDI flows 1993-2013

(mill. USD, current prices, current exchange rates)



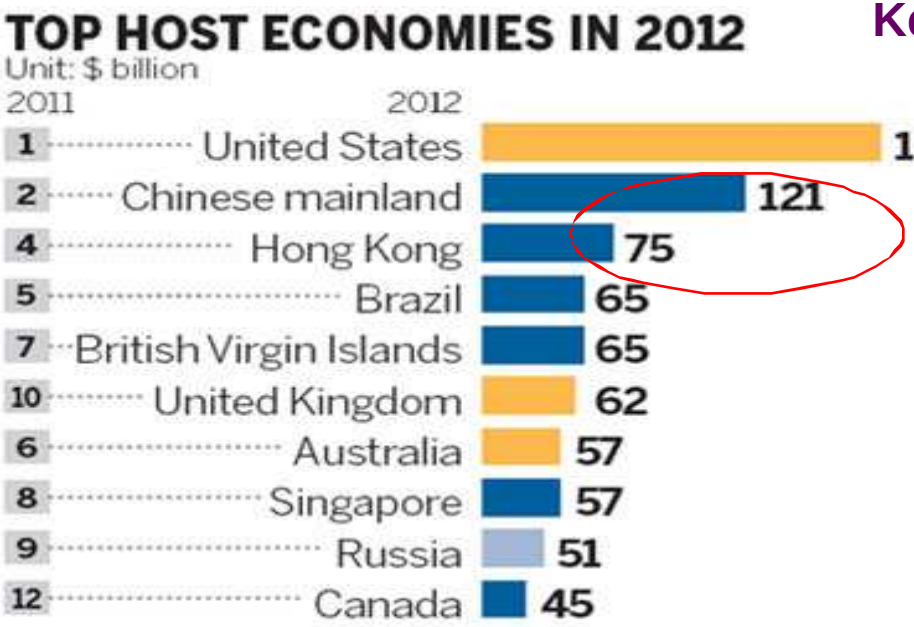
China outward FDI stock 1993-2013

(mill. USD, current prices, current exchange rates)

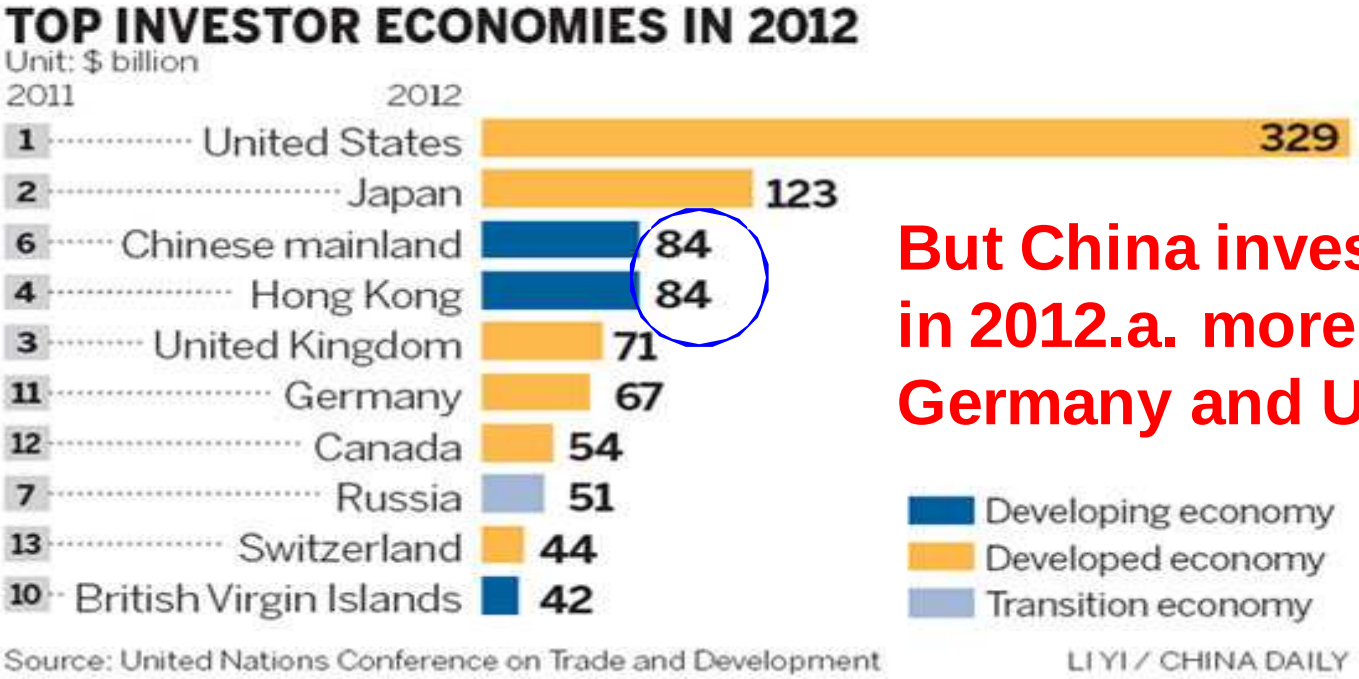


Source: calculated from UNCTAD, 2015

Kellel on raha investeeringuteks?

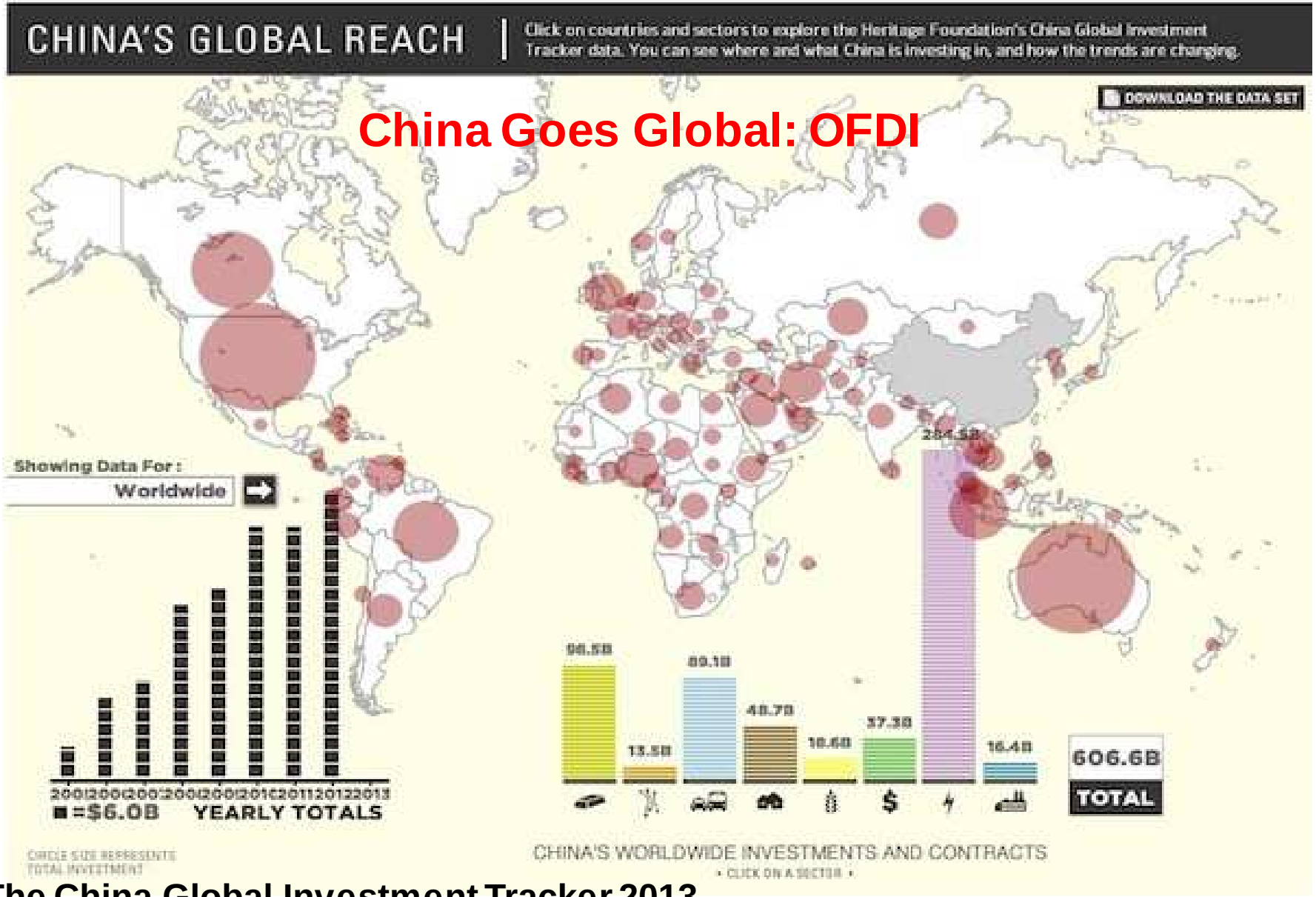


Hiina with Hong Kong is the biggest receiver of the foreign direct investments



But China invested outward in 2012.a. more than Germany and UK together

Kuhu Hiina investeerib?



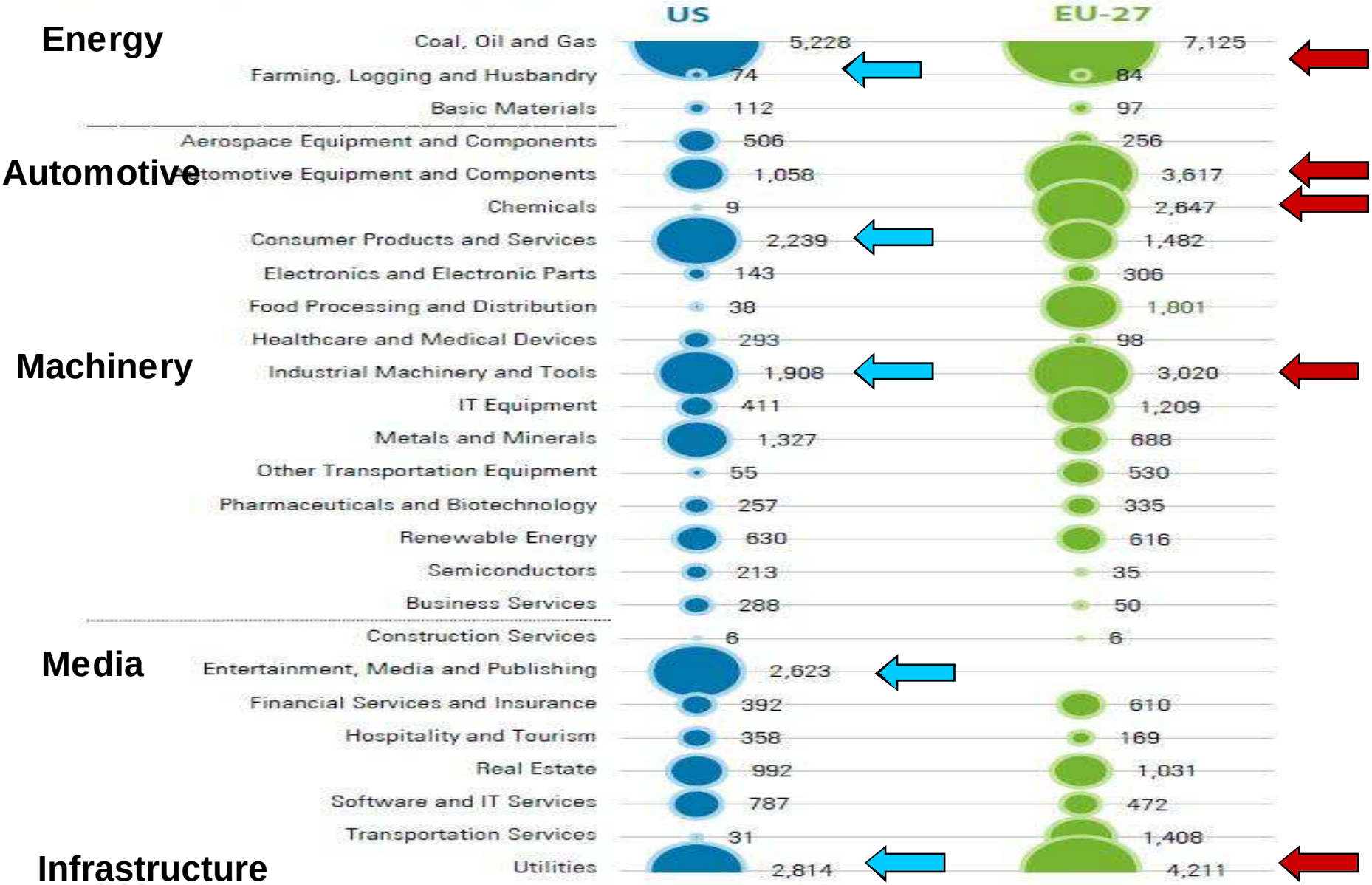
The China Global Investment Tracker 2013

http://www.heritage.org/research/projects/china-global-investment-tracker-interactive-map

Which are target sectors?

Figure 2: Chinese FDI in the US vs. EU by Industry, 2000-2012

Aggregate investment flows, USD million



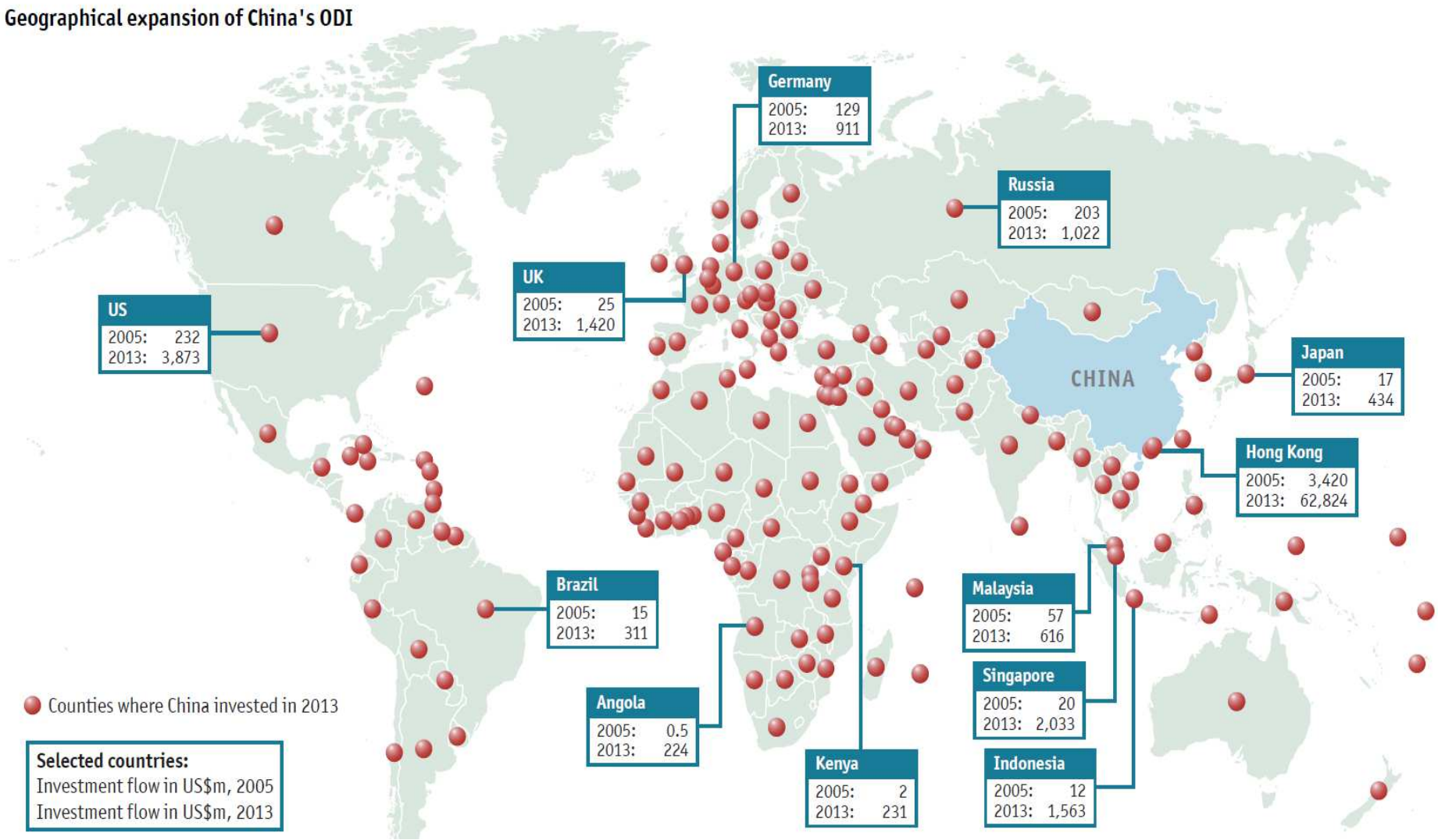
Source: Rhodium Group; includes outlays on greenfield projects and completed acquisitions with a final stake of 10% or more.

Classification of biggest Chinese MNC by industry types

Industry type	Industries included	Foreign assets (USD million)	Number of firms	Companies
Labor-intensive	Transport and storage ,construction, real estate	50,199	6	China Ocean Shipping (Group) Company, China State Construction Engineering Corporation, China Shipping (Group) Company, China Communications Construction Co. , China Railway Construction Corporation Ltd, Sinotrans & CSC Group
Natural resource-related	Oil and gas, metal and metal products	27,364	6	China National Petroleum Corporation, Sinochem Corp. China National Offshore Oil Corp. Sinosteel Corporation China Minmetals Corp Shanghai Baosteel Group
Manufacturing	Computers and related products, automobiles, household electric appliance, telecom products	8,975	4	ZTE Corp., Lenovo Group, Shanghai Automotive Industry Corporation (Group), Haier Group
Diversified	Project construction, banking, energy and mining, wholesaling, etc.	47,411	2	CITIC Group, Beijing Enterprises Holdings Ltd.

Source: FUDAN-VCC survey of Chinese multinationals, 2010.

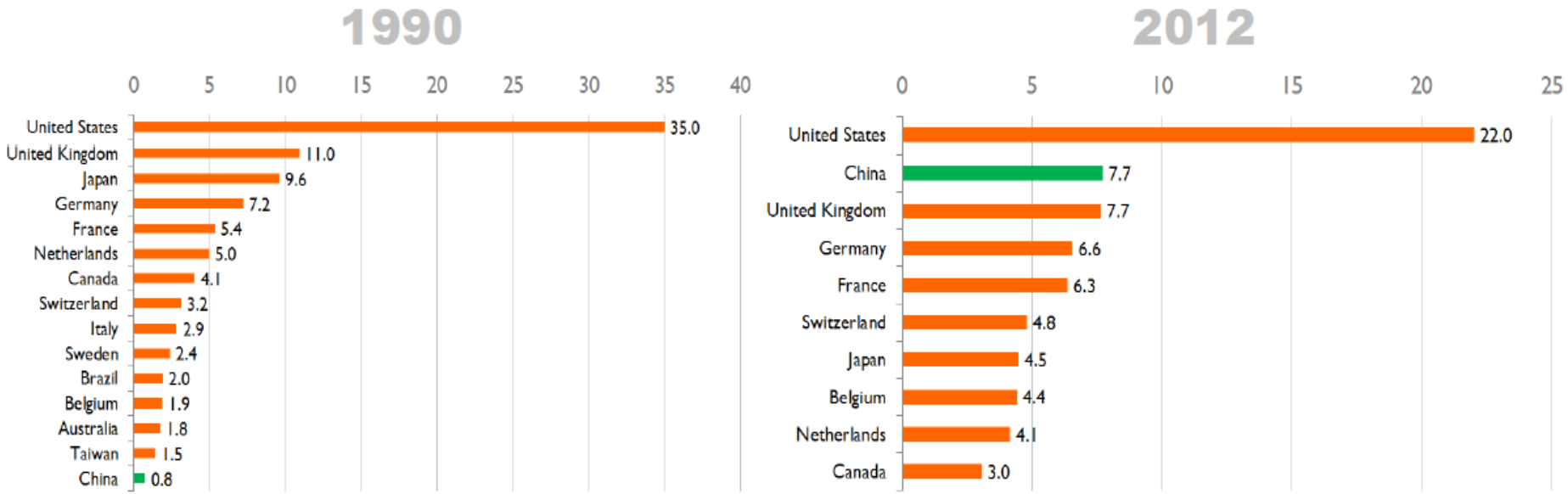
China outward FDI in 2005 and 2013



Source: The Economist Intelligence Unit 2013

China rising in *relative* terms – contributing larger share of larger pie

Outward FDI stock of top investing countries as percentage of total global OFDI (1990, 2012)



Total global OFDI ($2.1 trillion) **Total global OFDI ($23.6trillion)**

Source: UNCTAD. extracted16.08.2013
China includes Hong Kong and Macau

Types of Chinese investments abroad

1

Portfolio investment

- Liquid investment
- China holds $1.3trln T-bills
- Total reserves $3.4trln

2

'Retail' investment

- Owned by immigrants
- Small scale
- Not tracked by investment agencies

3

Real estate investment

- High net-worth individuals
- Residence permit, passport key drivers

4

Foreign direct investment

- Purpose is control of Dutch enterprise
- Encouraged by investment agencies

Source: Financial Times, US Gov Treasury

Source: O.Akemu, W.Deng. Chinese investment in the Netherlands.Patterns and drivers.2013

Why firms from China are investing abroad?

Access to markets, new technologies and raw materials

Reasons for Investing Overseas	% of Companies Surveyed
Increasing Market Share	25.4
Learning or Introducing Advanced Foreign Technology	11.2
Acquiring Information	10.8
Acquiring Advanced Foreign Technology	10.3
Diversifying Operating Risks	8.9
Purchase Local Raw Materials and Export to China	7.8
Local R&D	6.9
Lowering Cost of Raw Materials	6.8
Others	6.7

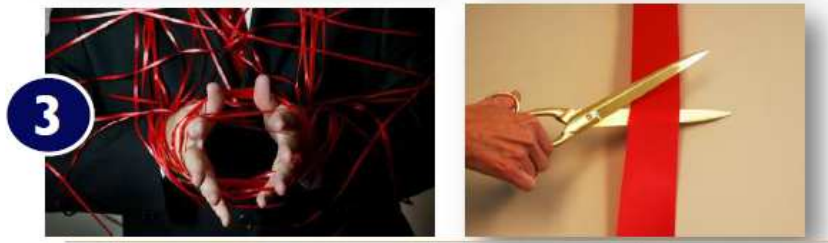
Motivating factors of Chinese outward investments

1 **Industry upgrade**

Firms improve technology, capabilities by acquiring high-end companies

2 **Boost domestic consumption**

Firms acquire brands to differentiate products



3 **Reduced restrictions on FDI**

SMEs become bolder, better organised to venture abroad

4 **Resource scarcity**

Demand for (new, clean?) energy. Active government support

Motivating factors of Chinese outward investments in Europe (example of Netherlands)

		Local market	International market
Differentiation	Technology	NAVINFO, 青年汽车 YOUNGMAN Internationalise to gain technology, but focus largely on Chinese market	XCMG, CIMC 中集 Internationalise to gain technology, develop innovative capability, open channel to 'sophisticated' European market.
Differentiation	Linkages with other firms		中国恒天集团有限公司 CHINA HI-TECH GROUP CORPORATION Internationalise as part of diversification strategy
Differentiation	Build relationship (brand, marketing)	光明食品(集团)有限公司 BRIGHT FOOD (GROUP) CO., LTD., FOSUN 复星 Chinese consumers more 'demanding'. Firms internationalise to acquire established brands principally for Chinese market	HUAWEI, BYD Acquire, build own brand internationally. Move beyond being 'Chinese' company
Cost	Price	 Many Chinese companies compete here	NORCO, HIKVISION Internationalise to NL to sell essentially same product as in China. Many SMEs do same

Market focus

Table 1b. The regional destinations of nine of the 18 companies, 2008

Name	Industry	Americas	Asia	Africa	Oceania	Europe
Shanghai Automotive Industry Corp.	Automobiles	none	yes	none	n.a.	n.a.
Haier Group	Household electric appliances	yes	yes	none	yes	yes
China National Offshore Oil Corp.	Petroleum expl./ref./distr.	yes	yes	yes	yes	none
Shanghai Baosteel Group	Metals and metal products	yes	yes	none	yes	yes
Sinosteel Corporation	Metals and metal products	yes	yes	yes	yes	yes
China Shipping (Group) Company	Transport and storage	yes	yes	yes	yes	yes
Sinotrans & CSC Group	Transport and storage	yes	yes	none	yes	yes
China Ocean Shipping (Group) Company	Transport and storage	yes	yes	yes	yes	yes
China State Construction Engineering Corp.	Construction and real estate	none	yes	none	yes	yes

Source: Fudan-VCC surveys of Chinese multinationals, 2010.

Chinese outward foreign direct investments by economic sectors in 2004 and 2010

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%

Active in sectors from automotive to travel

Automotive	Communication equipment	Conglomerates
Dairy products	Financial services	Industrial computer systems
Medical devices	Mining & construction machinery	Telecommunication equipment
Toys, juvenile vehicles	Transportation equipment	Travel

What is the role of Chinese OFDI in Europe?

The debate continues...

Fuelling Europe or on a shopping spree?

Source: O.Akemu, W.Deng. Chinese investment in the Netherlands.Patterns and drivers.2013

EU and US are turning into major recipients of China's OFDI

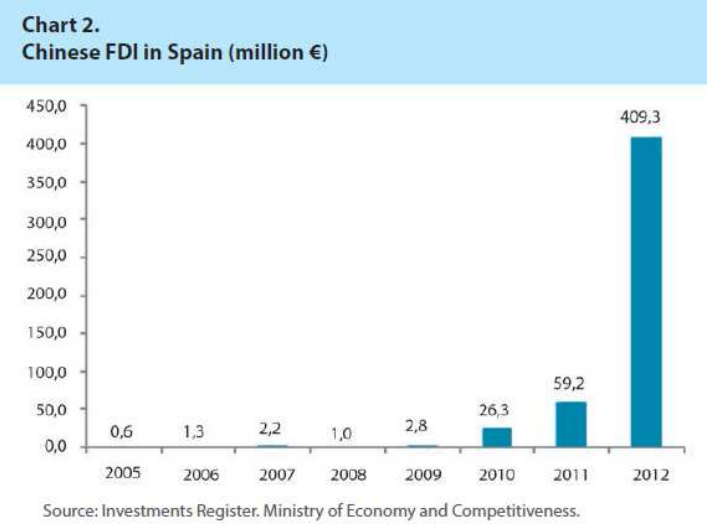
- **global financial crisis** - External capital was welcomed to stimulate the recovery in Europe and USA
- **Chinese OFDI flows started slowly - still diminutive but with the strong growth trajectories**
- **Two motives strong**:

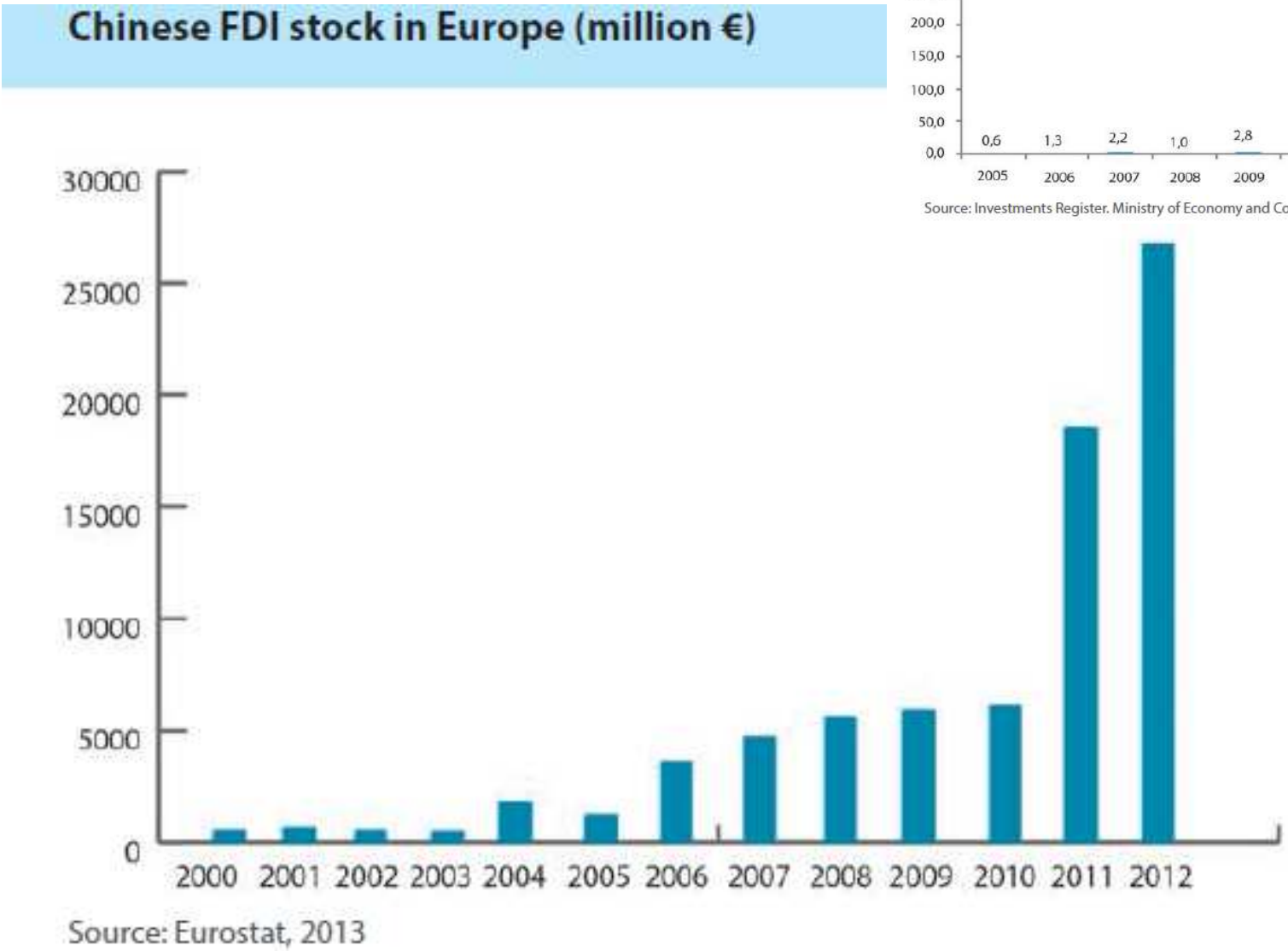
  a) market access

  b) acquiring strategic assets (e.g. technology, managerial know-how,brands)

  through M&As.

Rapid growth of outward FDI during economic crisis





EU and US are turning into major recipients of China's OFDI

- **According to an Ernst & Young (2014) survey, Chinese investors bought 120 companies and shareholdings in Europe in 2013.**
- **This number was 119 in 2012**
- **Initially the majority of M&A deals were small/medium-size**
- **gradually large M&A deals growing in number**.They are likely to grow larger.
- Chinese MNCs and business enterprises are *inter alia* trying to improve their competitiveness in the global and domestic markets

Huang, P. C. 2014. "Chinese Prefer Buying German, British Companies". Xinhua News, Beijing. http://www.globaltimes.cn/content/840457.shtml. February 1.

Table 4.
Chinese investment in the European Union by country

	FDI STOCK (USD MILLION)	NUMBER OF GREENFIELD PROJECTS	NUMBER OF ACQUISITIONS
GERMANY	2401	321	66
FRANCE	3724	53	33
UNITED KINGDOM	2531	124	60
ITALY	449	36	25
SPAIN	389	38	6
NETHERLANDS	665	33	20
SWEDEN	1531	19	12
POLAND	201	26	3
BELGIUM	141	20	7
AUSTRIA	25	9	5
DENMARK	49	8	5
GREECE	5	n/a	1
FINLAND	31	n/a	5
PORTUGAL	33	n/a	4
IRELAND	157	10	2
CZECH REPUBLIC	69	13	3
ROMANIA	126	26	1
HUNGARY	475	22	5
SLOVAK REPUBLIC	26	n/a	0
LUXEMBOURG	7082	n/a	1
CROATIA	8	n/a	1
BULGARIA	73	13	2
SLOVENIA	5	n/a	0
LITHUANIA	4	n/a	0
LATVIA	1	n/a	1
CYPRUS	0	n/a	1
ESTONIA	7	n/a	1

Source: MOFCOM, Bloomberg July 2013

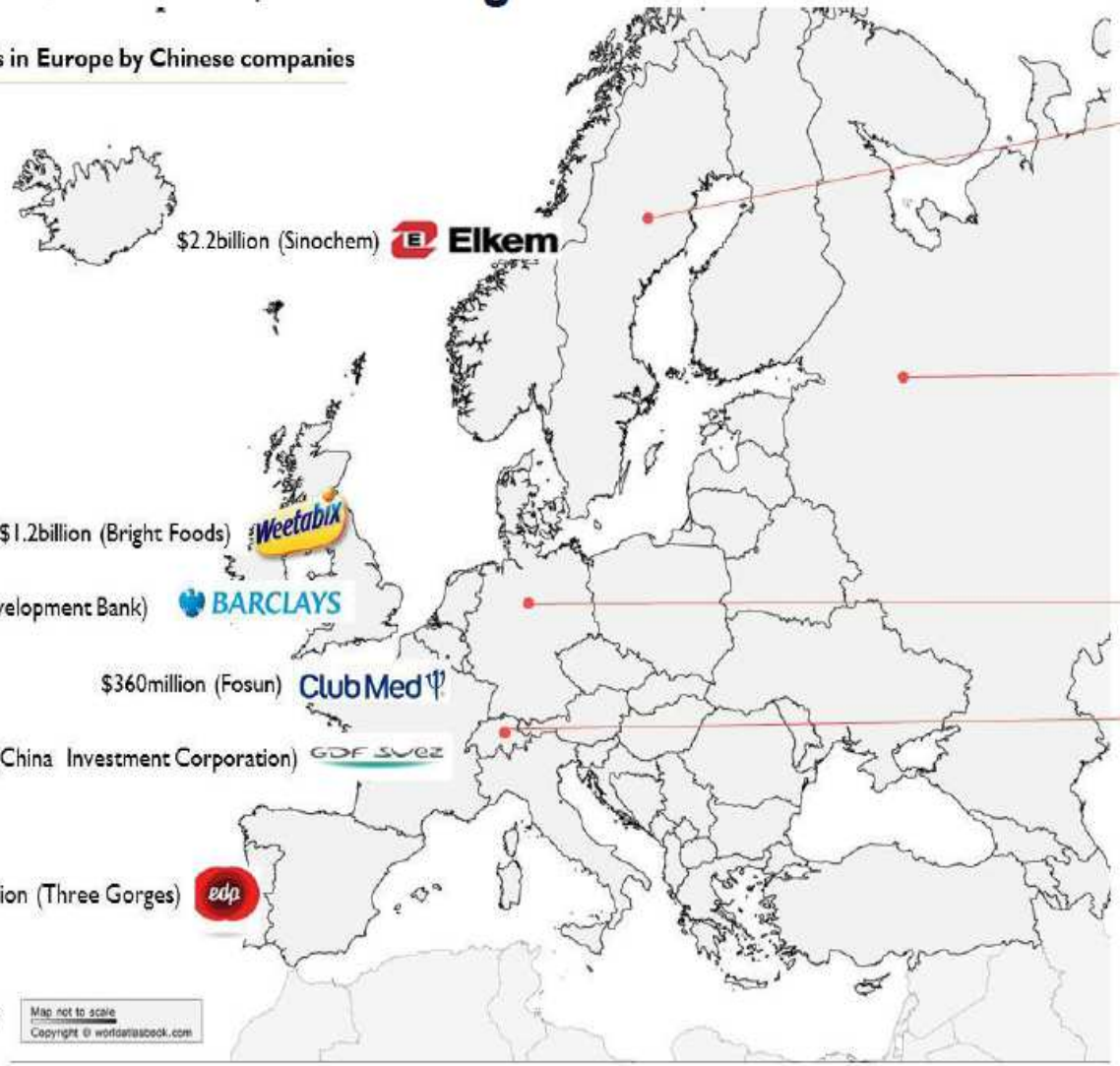
Mergers and acquisitions of Chinese multinationals in 2010

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

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

Where *some* of the $2trillion goes

High-profile M&A's in Europe by Chinese companies



Source: The Heritage Foundation; Reuters.com

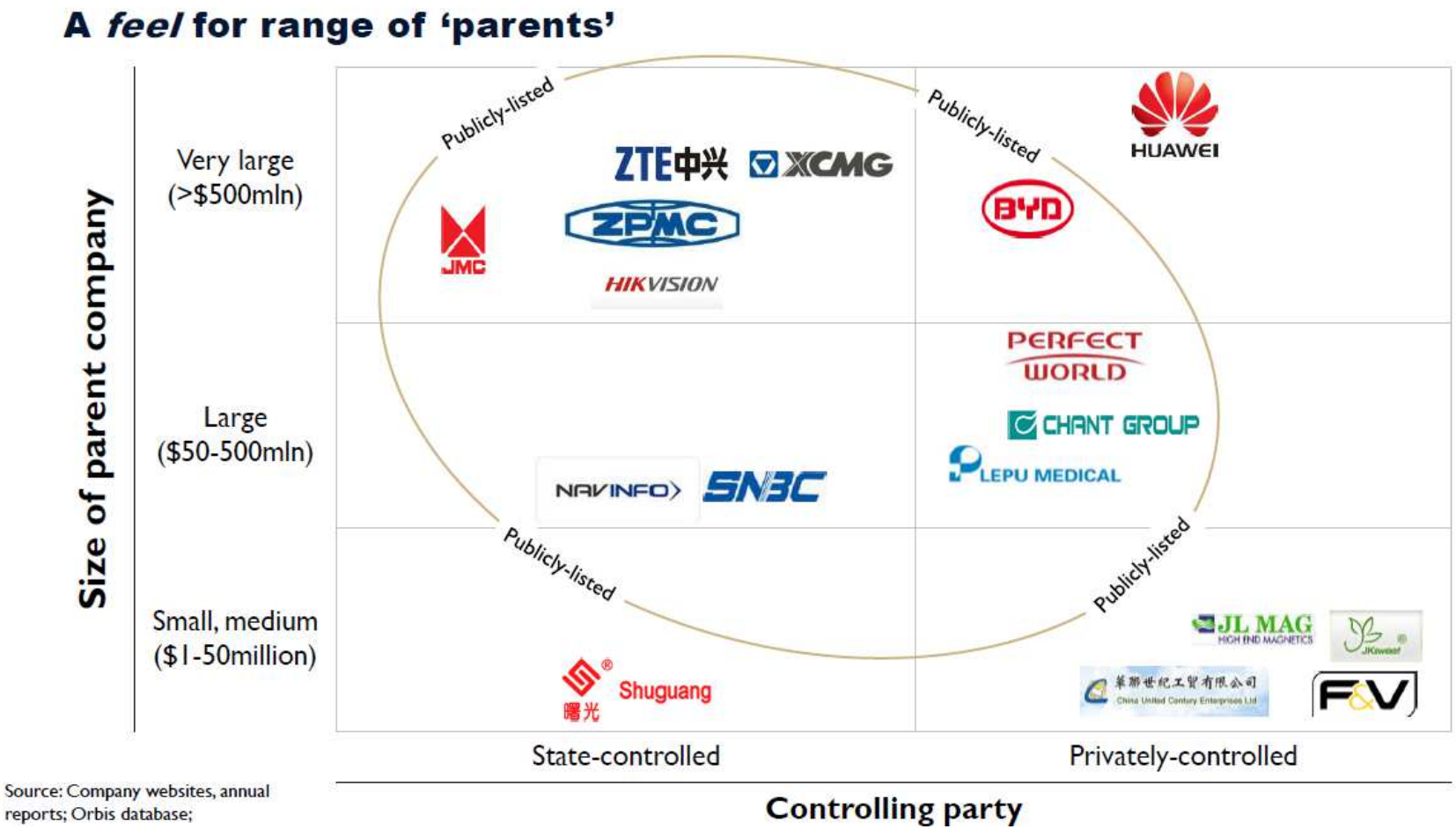
Motivating factors - CASE of Spain

Chart 4.
Reasons for Chinese firms to invest in Spain

Source: Own research. Minimum score = 0; maximum score = 5

Source: China investment in Europe, ESADE, 2014

Classification of Chinese firms investing abroad by their size and ownership



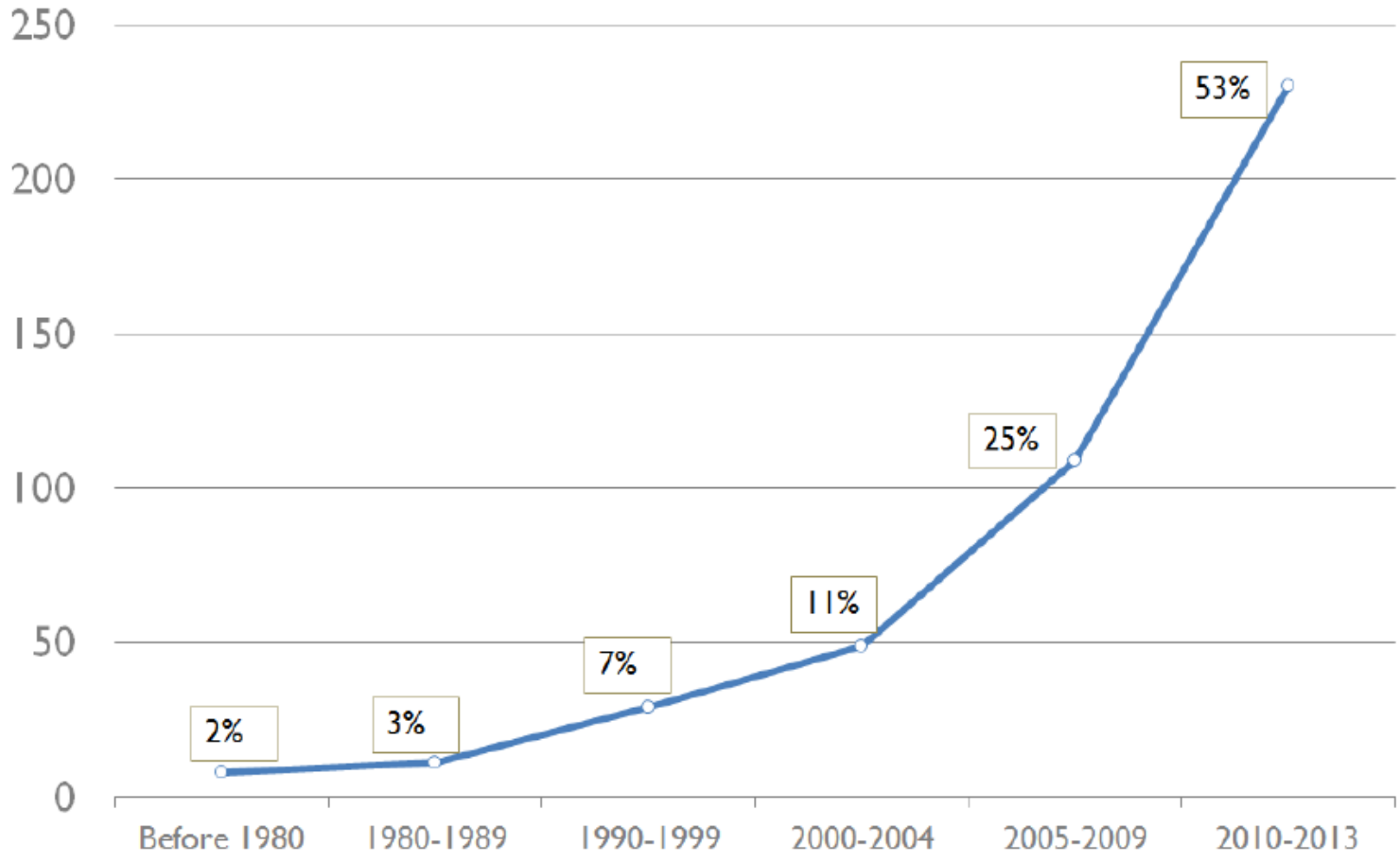
Source: Company websites, annual reports; Orbis database;

Examples taken from Netherlands case

Chinese investors are young

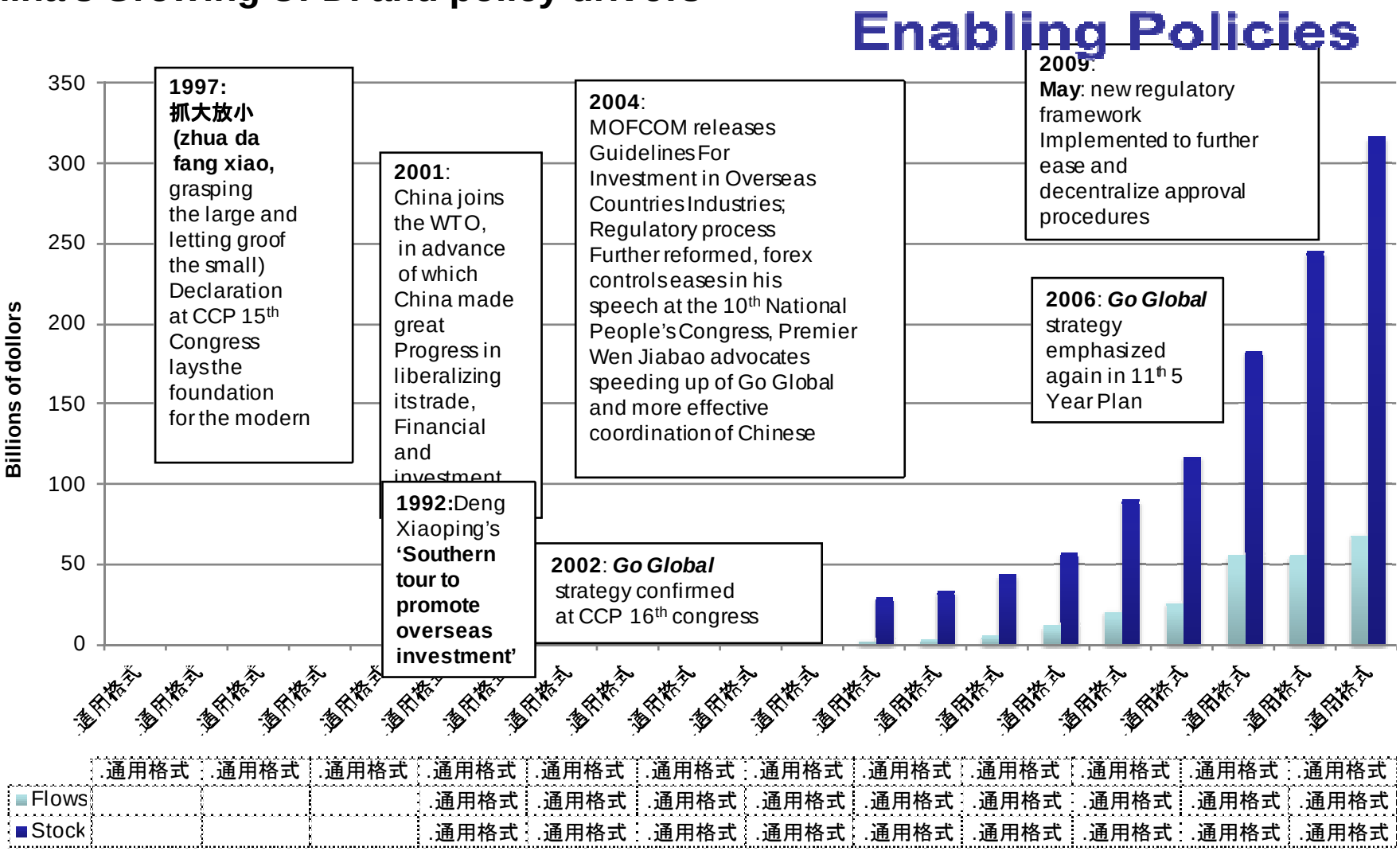
53% of Chinese firms less than 5 years old

Number of Chinese subsidiaries established in Netherlands per five-year period between 1980 and 2013



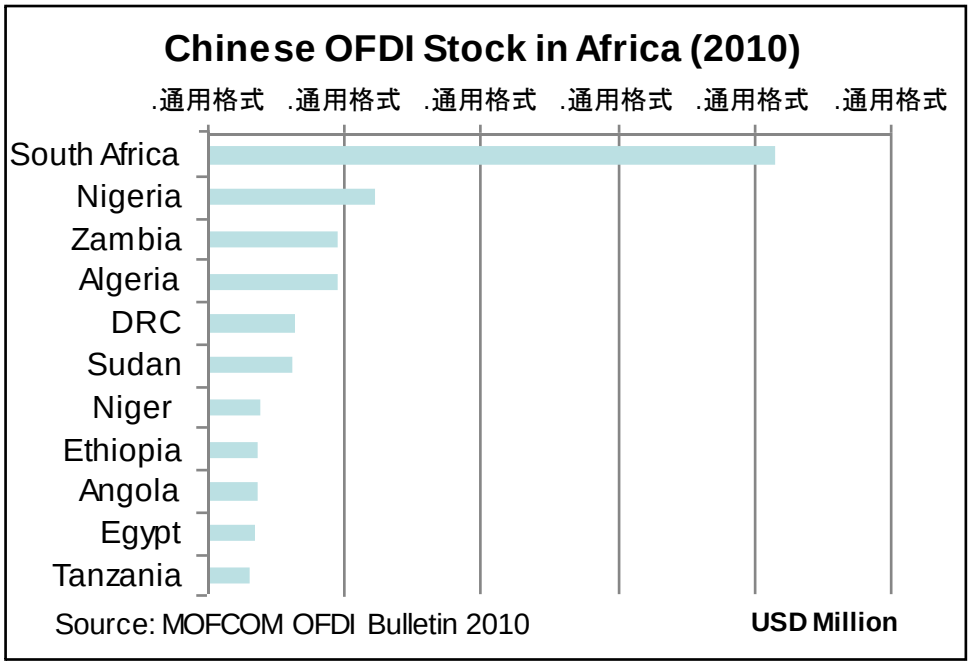
Source: own analysis of 441 NL firms with Chinese ultimate owners in Orbis database

China's Growing OFDI and policy drivers



In 2001, China's tenth Five-Year Plan (2001-2005) formalized the directive for Chinese companies to "Go Global," a strategy to gain access to needed resources, stimulate the export of goods, and grow China's multinational businesses and brands. Beijing has provided diplomatic support, favorable tax exemptions, insurance, and, critically, access to low-cost finance.

Growing Investment and Trade in Africa



China's investment position in Africa is accelerating rapidly, rising from an OFDI stock of less than $500 million in 2003 to $13.04 billion in 2010.[17] Reportedly more than 7,900 Chinese enterprises are now established in Africa, with businesses ranging from home appliances, textiles, clothing, infrastructure, power generation, and natural resource extraction.[18] Returns on investment by Chinese companies in Africa are reportedly higher than in other developing countries: from 24%-30% compared to between 16%-18%, according to the Ministry of Foreign Affairs.[19]

Africa as a region has increased its rather minor share of China's total trade from 2% in 2001 to 4.5% in 2011.[20] While China's volume of trade with other regions is far more significant, the opposite is true for many African countries: China has become Africa's largest export destination and the second largest source of imported goods. South Africa recently announced that it would prioritize China and India as these countries are now its biggest export markets.[21]

Greenfield investments made by Chinese multinationals in 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

Location of headquarters of Chinese biggest multinationals

Source: FUDAN-VCC survey of Chinese multinationals, 2010.

Beijing

1.CITIC Group
2. China Ocean Shipping Group Company
3. China State Construction Engineering Corp
4. China National Petroleum Corporation
5. Sinochem Group
7. China National Offshore Oil Corp
8.China Communication Construction Company Ltd.
9. Beijing Enterprises Holdings Ltd.
10. Sinosteel Corporation
11. China Railway Construction Corporation Ltd
13.Sinotrans & CSC Group
14. Lenovo
16. China Minmetals Corp.

Shanghai

6.China Shipping(Group) Company
15.Shanghai Automotive Industry Corporation(Group)
17. Baosteel Group Corporation

Shandong

18.Haier Group

Guangdong

12.ZTE Corp.

Greenfield investments made by Chinese multinationals in 2008-2009

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.

Mergers and acquisitions of Chinese multinationals in 2009

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

Mergers and acquisitions of Chinese multinationals in 2008

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

SASAC

国务院国有资产监督管理委员会
State-owned Assets Supervision and Administration Commission of the State Council

- 2012 a new policy – **actvities of state owned firms abroad support the achievment of the goals of China socio-economic developmen**t and facilitate structural change of Chinese economy
  - State owned firms must inform SASAC about their **internal rules about managing foreign direct investments, management teams and their areas of responsibility**, **how investment decisions are made, how risks are evaluated and audited etc.**
  - New rule – **state owned firms are not allowed to invest outside of their main business activites**

VERY STRONG GOVERNMENTAL SUPERVISORY SYSTEM IS IN PLACE NOW

Foreign direct investments by the state owned multinationals

- **50 biggest state owned MNCs controlled in 2010 assets around 2 trillion USD or around 10% of world FDI stock**
- **Out of 200 biggest non-financial MNC-s 49 were state owned**
  - 23% of them had state ownership above 50%
  - 20 located their headquarters in developed countries (US$1.4 trillions of foreign assets)
  - 29 located their headquarters in emerging markets (US$0.4 trillions of foreign assets)
- These numbers are much bigger if we consider Sovereign Wealth Funds (SWFs)
  - **STATE OWNED MNCs ARE GROWING PLAYERS IN THE FIELD OF FOREIGN DIRECT INVESTMENTS**

Table 1. Non-financial MNEs with 50% or more government ownership stake, 2010[a]

SOE	Economy	Industry	Total assets (Millions)	Foreign assets (Millions)	Total revenues (Millions)	Foreign revenues (Millions)	Total employment (Number)	Foreign employment (Number)	Government stake
Électricité de France	France	Utilities	321,431	165,413	86,311	33,737	158,842	54,924	84.51% French State
Vattenfall AB	Sweden	Electricity, gas and water	80,694	54,013	29,632	22,606	40,363	30,994	100% Swedish State
Statoil ASA	Norway	Natural resources	109,728	50,927	87,144	19,315	30,344	11,506	67% Norwegian State
CITIC	China	Diversified	315,433	43,814	30,605	10,878	125,215	25,285	100% Chinese State
Petroliam NasionalBerhad (Petronas)	Malaysia	Natural resources	145,099	38,787	76,822	34,817	40,992	8,198	100% Malaysian State
Japan Tobacco Inc.	Japan	Food/processing	43,108	31,475	72,273	30,943	48,472	23,902	50% Japanese State
China Ocean Shipping	China	Transportation, shipping and storage	36,287	28,092	27,908	18,354	71,584	4,207	100% Chinese State
Singapore Telecommunications Ltd	Singapore	Telecommunications	27,151	22,557	11,814	7,616	23,000	10,417	54.46% Singaporean State
Qatar Telecom	Qatar	Telecommunications	23,335	18,355	6,600	5,054	1,900	1,495	55% Qatar State
Petroleo Brasileiro SA	Brazil	Natural resources	200,270	14,914	115,892	28,709	76,919	7,967	66% Brazilian State
Abu Dhabi National Energy Company	United Arab Emirates	Utilities	25,009	14,282	4,590	3,086	3,654	2,819	100% UAE
Petróleos de Venezuela SA	Venezuela	Natural resources	149,601	11,983	74,996	32,576	91,949	5,159	100% Venezuelan State
China National Petroleum	China	Natural resources	325,327	11,594	178,343	4,732	1,585,000	29,877	100% Chinese State
Oil and Natural Gas Corporation	India	Natural resources	37,223	10,447	21,445	2,912	32,826	3,896	74.14% Indian State
DP World Limited	United Arab Emirates	Transport and storage	18,961	9,238	2,929	1,181	30,000	14,617	80.45% Government of Dubai

Axiata	Malaysia	Telecommunications	10,847	8,958	3,719	1,936	25,000	21,250	97.72% Malaysian State
Sinochem Group	China	Natural resources	25,132	8,124	35,577	27,492	42,282	225	100% Chinese State
China Resources Enterprises	Hong Kong, China	Natural resources	9,731	7,805	8,273	7,387	152,000	144,400	51.38% Chinese State
China National Offshore Oil Corp.	China	Natural resources	75,913	6,648	30,680	4,898	51,000	1,739	100% Chinese State
Sime Darby Berhad	Malaysia	Diversified	10,061	4,307	8,827	6,065	100,000	25,432	51.93% Malaysian State
China Railway Construction Corporation	China	Construction	41,444	3,580	50,501	3,265	209,103	20,426	100% Chinese State
China Minmetals Corp.	China	Natural resources	18,889	2,352	24,956	3,994	100,656	12,535	100% Chinese State
Neptune Orient Lines Ltd.	Singapore	Transportation and storage	5,341	2,192	6,516	4,915	11,498	3,608	68% Singaporean State
TOTAL			2,056,015	569,857	996,353	316,468	3,052,599	464,878	

Source: The authors, based on UNCTAD, *World Investment Report 2011: Non-Equity Modes of International Production and Development* (Geneva: UNCTAD, 2011), annual reports, financial registration documents, company corporate websites, and Thomson Worldscope database.

[a] Whenever available, the table reflects the government's share of voting rights. However, due to lack of information, the table uses in some cases shares in capital or other variables as reported by the companies (sometimes, however, it is unclear what variables are being used). Note, moreover, that recent information (especially on MNEs based in emerging markets) could not be obtained for all of the 200 firms contained in the sample, particularly as far as indirect ownership is concerned. Thus, there may be additional firms among the 200 that should be included in table 1 and/or table 2. Moreover, as a rule only state ownership stakes by the government of the country in which a MNE is based are reported here (and not ownership shares of foreign government entities, e. g. via SWFs). In some cases, government ownership may be temporary, and in some cases, the data refer to earlier or later years.

Biggest Chinese multinationals in 2008

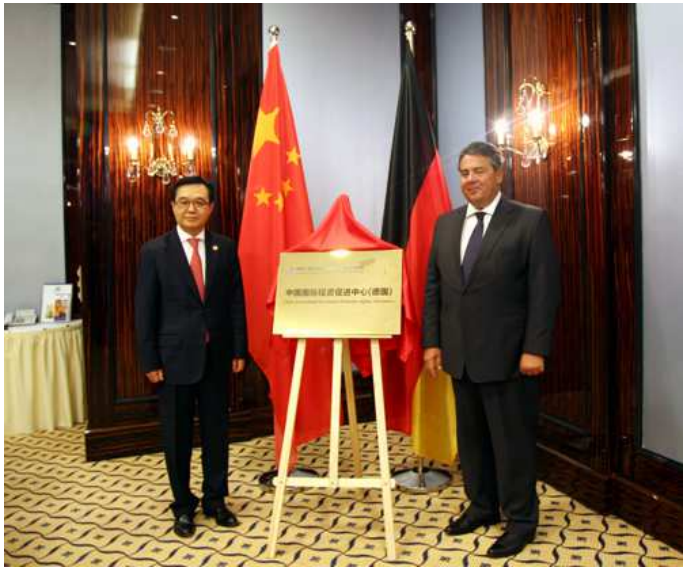
Rank	Name	Industry	Assets		Sales		Employment	
			Foreign	Total	Foreign	Total	Foreign	Total
1	CITIC Group	Diversified	43 750	238 725	5 427	22 230	18 305	90 650
2	China Ocean Shipping (Group) Company	Transport and storage	20 345	33 483	12 080	25 762	4 581	67 643
3	China State Construction Engineering Corp.	Construction and real estate	13 923	29 019	5 482	27 994	30 448	129 068
4	China National Petroleum Corporation	Petroleum expl./ref./distr.	9 409	264 016	4 384	165 224	20 489	1 086 966
5	Sinochem Corp.	Petroleum expl./ref./distr.	6 409	19 825	34 218	44 280	225	26 632
6	China Shipping (Group) Company	Transport and storage	5 962	15 227	5 763	10 116	3 223	45 598
7	China National Offshore Oil Corp.	Petroleum expl./ref./distr.	5 247	59 917	4 475	28 028	1 739	51 000
8	China Communications Construction Co.	Construction and real estate	4 010	31 911	5 599	25 740	1 703	93 019
9	Beijing Enterprises Holdings Ltd.	Diversified	3 662	6 670	2 524	2 530	28 260	37 000
10	Sinosteel Corporation	Metals and metal products	3 514	13 419	4 541	22 757	5 539	42 363
11	China Railway Construction Corporation	Construction	3 146	32 204	2 475	31 571	18 613	190 545
12	ZTE Corp.	Telecom equipment and networking solutions	3 143	7 642	3 860	6 373	19 031	61 350
13	Sinotrans & CSC Group	Transport and storage	2 813	7 152	609	8 793	389	48 405
14	Lenovo Group **Private**	computers and related activities	2 732	6 308	8 467	14 901	5 201	22 511
15	Shanghai Automotive Industry Corp.	Automobiles	2 317	21 731	2 214	22 138	7 179	82 336
16	China Minmetals Corp.	Metals and metal products	1 694	12 454	3 986	25 045	909	52 345
17	Shanghai Baosteel Group	Metals and metal products	1 091	51 838	4 890	36 300	216	128 408
18	Haier Group **Private**	household electric appliance	784	9 432	1 108	2 400	5 889	60 657
Total			133 949	860 973	112 101	522 182	171 939	2 316 496

Invest in China

"go global" policy is administered by
the Department of Outward Investment and Economic Co-operation of MOFCOM

- **China International Investment Promotion Agency**
- http://www.fdi.gov.cn/1800000121_10000041_8.html
- **Outward investment project database**

The China International Investment Promotion Agency in Germany was inaugurated in the German capital of Berlin on October 10, 2014



Project Description

Project Basic Info.

Mark as important: 0 Time(s)
Browse：328 Time(s)

Project Name	A German Manufacturer of Aviettes
Date	2015-3-13
Project Type	Equity investment projects
Investment Mode	Other
Industry	Manufacturing, railway, ship, aviation and aerospace, and other transportation equipment manufacturing
Location	Germany
Project Advantages	

Estimated Investment

Total amount of project capitals	450 Ten thousand U.S. dollars
Total amount of investment to be attracted	450 Ten thousand U.S. dollars

ıs

Description of project contents

The target company is a German group that manufactures aviettes and helicopters and consists of two companies. Their products include: ?two-seat one-engine movement-purpose plane ?450-kilogram two-seat helicopters ?five-seat helicopters ?The group possesses technological knowledge about manufacturing aviettes, which has been recognized in the industry. Due to problems in financing, the group is on the verge of bankruptcy. It can be purchased at a relative low price (4.5 million EUR is possible).

Project Description

Mark as important: 0 Time(s)
Browse：513 Time(s)

Project Name	National Network of electric energy
Date	2013-12-5
Project Type	Equity investment projects
Investment Mode	joint,cooperation,Other
Industry	electricity, heat, gas and water production and supply
Location	Africa,Guinea Bissau

Estimated Investment

Total amount of project capitals	3314 Ten thousand U.S. dollars
Total amount of investment to be attracted	3314 Ten thousand U.S. dollars

Project description

Description of environment protection	
Description of investor conditions	Public-Private or Cooperation between China and Guinea-Bissau
Description of project contents	Build a national network transportation of electrical power supply. 33146162,00 USD.

Bilateral investment treaties – China and Europe

The "go global" policy is maintained and strengthened by an increasingly active investment diplomacy

China has signed treaties of this kind with 26 European countries: Austria (in force since 1986), Belgium and Luxembourg (2009), Bulgaria (2006), Cyprus (2002), the Czech Republic (2006), Denmark (1985), Estonia (1994), Finland (2006), France (2010), Germany (2005), Greece (1993), Hungary (1993), Italy (1987), Latvia (1997), Lithuania (1997), Malta (2009), the Netherlands (2004), Poland (1989), Portugal (2008), Romania (2009), Slovakia (2007), Slovenia (1995), Spain (1987), Sweden (2010) and the United Kingdom (1986).

How Chinese governmental institutions approve outward foreign direct investment proposals

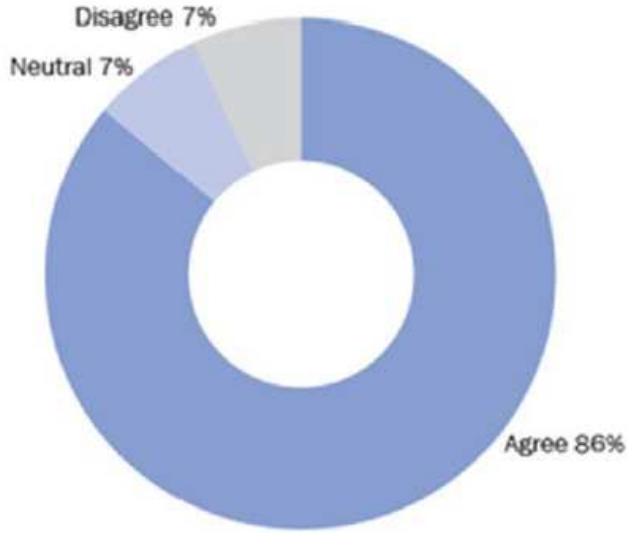
Ownership identity	Industry	Proposed investment by Chinese investor(s) (Millions of dollars)	Approval agencies and processes Days of approval processes are provided if specified in the regulatory documents for approval; "Approval" if an approval is required but the days of approval processes are not specified; "Informed" if no approval is needed but a report is required.							
			MOFCOM			NDRC		SASAC	PBC	Industry regulator (CBRC/CSRC/CIRC)
			Provincial	Central	Embassy or consulate office (Consultation only)	Provincial	Central			
central SOEs	Natural resources (and, for NDRC only, transport and infrastructure)	≥300		≤20 days	≤10 days		≤30 days	≤20 days		
		100 ~ 300					Informed			
		30 ~ 100								
		10 ~ 30								
		<10								
	Others excluding financial services	≥100			≤10 days		≤30 days			
		30 ~ 100					Informed			
		10 ~ 30								
		<10		≤3 days						
	Financial services	≥100					≤30 days		Approval	Approval
		<100					Informed			
sub-national SOEs and non-SOEs	Natural resources (and, for NDRC only, transport and infrastructure)	≥300	≤10 days	≤20 days	≤10 days		≤30 days			
		100 ~ 300					Informed			
		30 ~ 100	≤20 days			Approval				
		10 ~ 30								
		<10								
	Others excluding financial services	≥100	≤10 days	≤20 days	≤10 days		≤30 days			
		30 ~ 100	≤20 days			Approval	Informed			
		10 ~ 30								
		<10	≤3 days							
	Financial services	≥100	≤10 days	≤20 days	≤10 days		≤30 days		Approval	Approval
		10 ~ 100				Approval	Informed			
		<10								

Sauvant, K.P., and Chen, V.Z. (2012). *The salient features and drivers of Chinese outward FDI.* Paper presented at Crawford School at Australia National University.

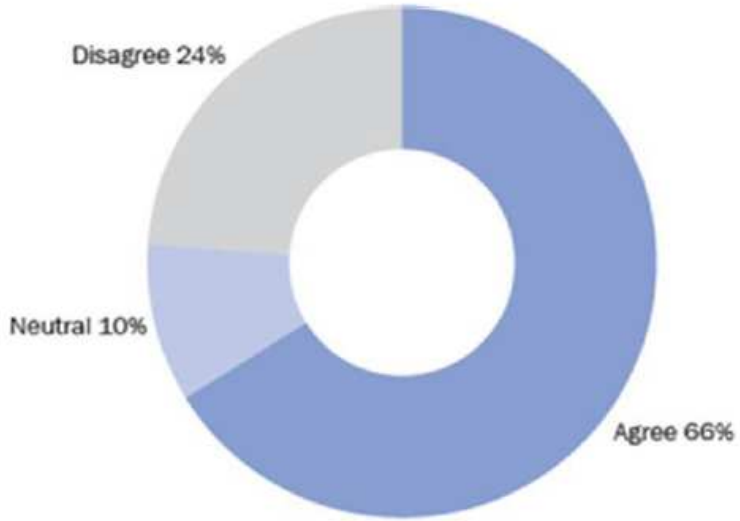
Will trend continue? 100 Chinese executives share thoughts

Expansion plans abroad by Chinese companies

My company will extend its overall presence abroad in the next 10 years



My company will extend its R&D presence abroad in the next 10 years



Source: 2012 China Innovation Survey by Booz, BenCham, CEIBS and Wenzhou Chamber of Commerce (page 8)

Opportunities for Estonia in this framework?

- China and other Asian countries **as markets**
- **Entrepreneurs from China and other Asian countries as the potential investors into Estonia**
- Prerequisite – activities leading to the better understanding Asian markets and investors

  (language- and cultural studies, students exchange, cooperation with Chinese universities …)
- **Analysis of interests of investors from Asia** – what could be interesting for them (in three dimensions – market/location, resources, knowledge)
- **Analysis of interests of public sector of China and other Asian countries** – which services do they need (e.g. e-government solutions)

Example - Jilin province opened in 2013 a trade office for Nordic and East European regions in Tallinn

- **Investment and cooperation treaty between Enterprise Estonia and Jilin Province New Energy Investment Co. Ltd. Plan to invest around 130 million euros into renewable energy projects**

A U K E

Aasia Uuringute Keskus Eestis

Asia Research Centre in Estonia - establ.2014 www.auke.ee

by initiative of Estonian Ministry of Education and Research

Three founders: Tallinn University, University of Tartu, Tallinn University of Technology

Network of universities, governmental institutions, private sector in order to advance Estonian activites in Asia

E.g. coordinate activities in:

- **research (economics, politics, migration, innovation…)**
- **teaching (joint master programme, special courses …)**
- **inviting doctoral students, postdoctoral researchers and professors from Asia**
- **organising cooperation with Estonian/foreign governmental institutions and business sector**

TALLINNA ÜLIKOOL TARTU ÜLIKOOL TALLINNA TEHNIKAÜLIKOOL