China’s outward FDI and internationalization of Chinese Companies

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Trends in Global FDI flows

Graph showing trends in global FDI flows from 2005 to 2018, with projections for 2016-2018. The graph indicates a peak in 2013 and a decline thereafter. The data is segmented by world total, developed economies, and transition economies.
Regional landscape of FDI flows

<table>
<thead>
<tr>
<th>Region</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>272</td>
<td>566</td>
<td>533</td>
</tr>
<tr>
<td>Developing Asia</td>
<td>460</td>
<td>524</td>
<td>443</td>
</tr>
<tr>
<td>North America</td>
<td>231</td>
<td>390</td>
<td>425</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>170</td>
<td>165</td>
<td>142</td>
</tr>
<tr>
<td>Other developed economies</td>
<td>60</td>
<td>28</td>
<td>75</td>
</tr>
<tr>
<td>Transition economies</td>
<td>57</td>
<td>38</td>
<td>68</td>
</tr>
<tr>
<td>Africa</td>
<td>71</td>
<td>61</td>
<td>59</td>
</tr>
</tbody>
</table>
Top ten recipient and source countries in 2016

**Inflows**

<table>
<thead>
<tr>
<th>Country</th>
<th>Inflows</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States (1)</td>
<td>391</td>
</tr>
<tr>
<td>United Kingdom (14)</td>
<td>254</td>
</tr>
<tr>
<td>China (4)</td>
<td>134</td>
</tr>
<tr>
<td>Hong Kong, China (3)</td>
<td>108</td>
</tr>
<tr>
<td>Netherlands (7)</td>
<td>92</td>
</tr>
<tr>
<td>Singapore (5)</td>
<td>62</td>
</tr>
<tr>
<td>Brazil (8)</td>
<td>59</td>
</tr>
<tr>
<td>Australia (16)</td>
<td>48</td>
</tr>
<tr>
<td>India (10)</td>
<td>44</td>
</tr>
<tr>
<td>Russian Federation (25)</td>
<td>38</td>
</tr>
<tr>
<td>Canada (11)</td>
<td>34</td>
</tr>
<tr>
<td>Belgium (15)</td>
<td>33</td>
</tr>
<tr>
<td>Italy (17)</td>
<td>29</td>
</tr>
<tr>
<td>France (9)</td>
<td>28</td>
</tr>
<tr>
<td>Luxembourg (21)</td>
<td>27</td>
</tr>
<tr>
<td>Mexico (13)</td>
<td>27</td>
</tr>
<tr>
<td>Ireland (2)</td>
<td>22</td>
</tr>
<tr>
<td>Sweden (38)</td>
<td>20</td>
</tr>
<tr>
<td>Spain (24)</td>
<td>19</td>
</tr>
<tr>
<td>Angola (20)</td>
<td>14</td>
</tr>
</tbody>
</table>

**Outflows**

<table>
<thead>
<tr>
<th>Country</th>
<th>Outflows</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States (1)</td>
<td>299</td>
</tr>
<tr>
<td>China (5)</td>
<td>128</td>
</tr>
<tr>
<td>Netherlands (3)</td>
<td>138</td>
</tr>
<tr>
<td>Japan (4)</td>
<td>145</td>
</tr>
<tr>
<td>Canada (9)</td>
<td>66</td>
</tr>
<tr>
<td>Hong Kong, China (8)</td>
<td>62</td>
</tr>
<tr>
<td>France (12)</td>
<td>57</td>
</tr>
<tr>
<td>Ireland (2)</td>
<td>46</td>
</tr>
<tr>
<td>Spain (11)</td>
<td>42</td>
</tr>
<tr>
<td>Germany (7)</td>
<td>35</td>
</tr>
<tr>
<td>Luxembourg (10)</td>
<td>32</td>
</tr>
<tr>
<td>Switzerland (6)</td>
<td>31</td>
</tr>
<tr>
<td>Republic of Korea (17)</td>
<td>27</td>
</tr>
<tr>
<td>Russian Federation (15)</td>
<td>27</td>
</tr>
<tr>
<td>Singapore (13)</td>
<td>24</td>
</tr>
<tr>
<td>Sweden (21)</td>
<td>23</td>
</tr>
<tr>
<td>Italy (18)</td>
<td>23</td>
</tr>
<tr>
<td>Finland (186)</td>
<td>23</td>
</tr>
<tr>
<td>Belgium (14)</td>
<td>18</td>
</tr>
<tr>
<td>Taiwan Province of China (22)</td>
<td>18</td>
</tr>
</tbody>
</table>

*(x) = 2015 ranking*
Top 10 recipient and source countries in stock

Inflows stock (100 mn USD) 流入存量

United States
Hong Kong, China
China
UK
Singapore
Canada
Ireland
Netherlands
Switzerland
Germany

Inflows stock (100 mn USD)流出存量

United States
Hong Kong, China
UK
Japan
Germany
China
France
Netherlands
Canada
Switzerland

中国占全球 5%

中国占全球 4.9%
China: 3rd largest recipient & 2nd largest investor in 2016

Inflows & outflows
($100 mn)
中国吸引外资和对外投资流量
(亿美元)

Net Inflows
($100 mn USD)
外资净流入
(亿美元)

截至2016年底，中国吸引外资存量1.35万亿美元；对外投资存量1.28万亿美元
China’s outward FDI entering a new phase of rapid growth

China’s outward FDI accelerate significantly and is becoming an important driver of the upgrading of the Chinese economy.
A new phase of outward FDI: key drivers & salient features

• From natural resources driven to technology and market driven
• From service driven to integrated value chain driven
• From one wheel driven (SoEs) to two wheels driven (SoEs + Private)
• Entry mode: rising importance of M&As, but still an important green field investor
• Target market: mainly in developing countries but increased investment in developed economies
**Internationalization of Chinese companies: a long way to go**

<table>
<thead>
<tr>
<th>Foreign assets</th>
<th>TNI</th>
<th>Corporation</th>
<th>TNI</th>
</tr>
</thead>
<tbody>
<tr>
<td>44</td>
<td>99</td>
<td>China National Offshore Oil Corp (CNOOC)</td>
<td>23,8</td>
</tr>
<tr>
<td>81</td>
<td>85</td>
<td>China COSCO Shipping Corp Ltd</td>
<td>49,8</td>
</tr>
</tbody>
</table>

**Chinese companies in world’s top 100 non-financial MNEs, ranked by assets**

<table>
<thead>
<tr>
<th>Foreign assets</th>
<th>TNI</th>
<th>Corporation</th>
<th>TNI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>87</td>
<td>China National Offshore Oil Corp (CNOOC)</td>
<td>23,8</td>
</tr>
<tr>
<td>6</td>
<td>55</td>
<td>China COSCO Shipping Corp Ltd</td>
<td>49,8</td>
</tr>
<tr>
<td>8</td>
<td>89</td>
<td>China Minmetals Corp</td>
<td>20,9</td>
</tr>
<tr>
<td>13</td>
<td>95</td>
<td>China State Construction Engineering Corp Ltd (CSCEC)</td>
<td>12,6</td>
</tr>
<tr>
<td>17</td>
<td>72</td>
<td>Tencent Holdings Limited</td>
<td>36,1</td>
</tr>
<tr>
<td>19</td>
<td>63</td>
<td>China National Chemical Corporation (ChemChina)</td>
<td>46,3</td>
</tr>
<tr>
<td>22</td>
<td>99</td>
<td>China National Petroleum Corp (CNPC)</td>
<td>3,4</td>
</tr>
<tr>
<td>23</td>
<td>94</td>
<td>Sinopec - China Petrochemical Corporation</td>
<td>12,9</td>
</tr>
<tr>
<td>24</td>
<td>50</td>
<td>Legend Holdings Corporation</td>
<td>52,7</td>
</tr>
<tr>
<td>32</td>
<td>79</td>
<td>Fosun International Limited</td>
<td>30,7</td>
</tr>
<tr>
<td>33</td>
<td>47</td>
<td>Lenovo Group Ltd</td>
<td>55,8</td>
</tr>
<tr>
<td>34</td>
<td>70</td>
<td>Sinochem Group</td>
<td>39,9</td>
</tr>
<tr>
<td>43</td>
<td>92</td>
<td>Dalian Wanda Group</td>
<td>18,7</td>
</tr>
<tr>
<td>56</td>
<td>100</td>
<td>China Mobile Limited</td>
<td>3,3</td>
</tr>
<tr>
<td>65</td>
<td>81</td>
<td>China Electronic Information Industry Group Co., Ltd. (CEC)</td>
<td>26,8</td>
</tr>
<tr>
<td>66</td>
<td>90</td>
<td>Cofco Corp</td>
<td>20,7</td>
</tr>
<tr>
<td>80</td>
<td>96</td>
<td>China Communications Construction Company Ltd</td>
<td>10,4</td>
</tr>
<tr>
<td>99</td>
<td>98</td>
<td>HNA Group Co Ltd</td>
<td>5,0</td>
</tr>
</tbody>
</table>
Key challenges and the way forward

Policy level measures: a national outward FDI strategy

Enterprise level measures: smart internationalization strategy

Challenges
- Risk management
- Perception
- Talent
- Internal development external services
- Capacity building support
- CSR, localization
- Transparency
- Market intelligence
- Smart market entry strategy
- Protectionism

High-level FDI

IIAs, Investment Insurance regime
Division on Investment and Enterprise, UNCTAD

The focal point of the UN on global FDI and policy issues

- 2 flagship products:
  - World Investment Report
  - World Investment Forum

- 6 key areas of work:
  - Global FDI trends and database
  - Investment policy coordination (including IIAs)
  - Investment promotion and facilitation
  - Enterprise development
  - Responsible investment (CSR, sustainable stock exchanges)
  - Accounting and reporting principles
Thank you!

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中国企业国际化的推动因素

长期趋势性因素（企业层面）：决定中国对外投资将持续快速增长

- 市场导致型投资：国内市场日趋饱和；出口导向型黄金时期已经结束
- 技术导向型投资：从技术跟随向技术创新转变的需要
- 效率导向型投资：生产要素价格上升推动劳动密集型出口企业走出去
- 资源导向型投资：自然资源、人力资源、其他资源（如基础设施）

短期/中期因素：中短期可能起推动或抑制作用

- 国内流动性充足
- 国内外资产价格
- 汇率因素