



BRI Pulse

China Inbound Investment Q1 2019

While China's recently passed Foreign Investment the Law does not take effect until January 2020 and while the USA and China trade negotiations continue, China continues to open up as evidenced by following Q1 announced transactions and pledges by European and Gulf based companies.

Saudi Arabia

- Saudi Aramco agreed to form a JV with Chinese conglomerate Norinco to develop a \$10 billion refining and petrochemicals complex in the city of Panjin, in the northeast province of Liaoning, able to produce 300,000 bpd of oil.
- It also signed a MoU to acquire 9% of Zhejiang Petrochemical to secure a stake in a 800,000 bpd refinery and petrochemicals complex in Zhoushan, south of Shanghai, as well as a deal with Zhejiang Energy to build a large scale retail network in the next five years.

Qatar

- Qatar Airways acquired a 5% stake in China Southern Airlines. It now holds 613.36 million shares of CSA, of which 183 million are listed in Hong Kong.

France

- In renewables, a €1 billion contract was signed for EDF to build an offshore wind farm in China while in financials Eurazeo announced that was selected by CIC and BNP Paribas to manage a €1.0-€1.5 billion fund dedicated to French and European companies seeking to expand in China.

Italy

- CDP and Snam signed a MoU with the Silk Road Fund (SRF). CDP and the SRF will focus on opportunities in support of Italian and Chinese enterprises while Snam and the SRF will consider possible JVs in support of the growth of the gas and biomethane sectors. Bank of China signed a financing MoU with Eni, which is a minority shareholder in an important Nigerian LNG supplier.
- In industrials, Danieli, one of the world's top three companies in the steel industry, announced that its partnership with China has led to recent large international client gains while Ansaldo Energia signed a deal with China United Gas Turbine Company (UGTC) for technology cooperation in heavy duty gas turbines.
- In financials, Intesa Sanpaolo signed a MoU with Qingdao to develop wealth management services selling its own products to local clients through a wholly-owned subsidiary.

Netherlands

- In March, the Board of Bank of Beijing (BOB) approved establishing a 3 billion yuan (\$448 million) JV with ING Bank (ING). When approved, the JV will become the first bank in China with a foreign majority shareholder (ING 51%). After the establishment of the JV, BoB plans to leverage ING Bank's historical digital banking expertise.

Switzerland/USA

- In February, Huatai Insurance Group became the first domestic Chinese financial services holding company to convert to a Sino-foreign equity JV, following approval from CBIRC. As a first step towards majority control, Chubb, the world's largest publicly traded P/C insurer, increased its stake in Huatai to 26.2% from 20% (Chubb has owned this stake since 2005).

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