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Workshop: Emerging vs Developed Markets new world equilibrium

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China Redefining EM – DM Dynamics

Agenda

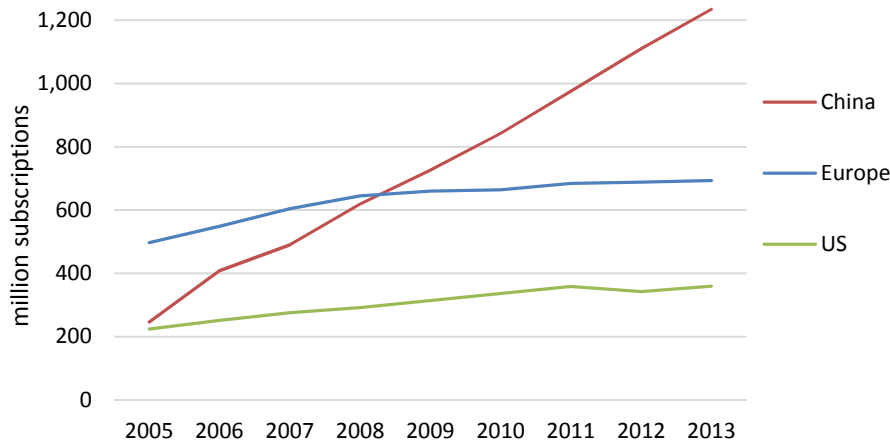
- China becomes one of the largest global markets
- Capital accumulation and surge of foreign investments
- China goes global - refocus on technology and Europe
- China on the other side of commodity pendulum

China Redefining EM – DM Dynamics

China – rise among the largest global markets

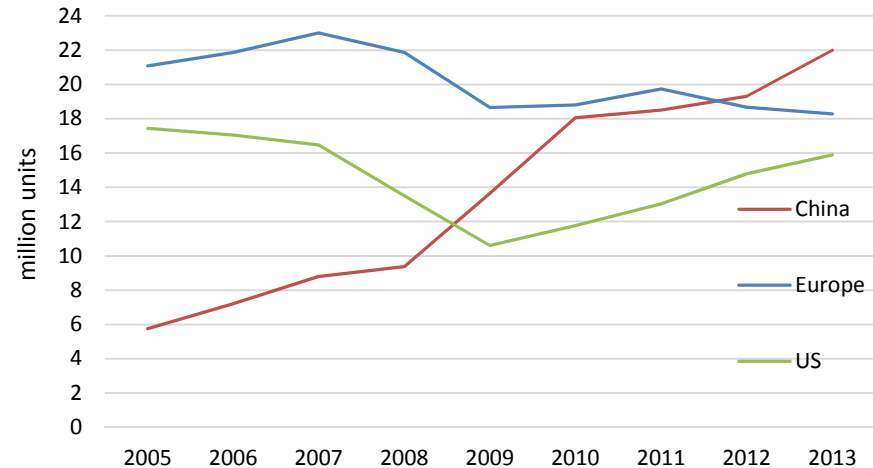
- 21.9 million cars sold in 2013
- Generated 22% of global electricity
- 1.2 billion mobile subscriptions
- USD 450 billion spent on healthcare
- Consumed 10% of global oil production
- Banking sector with EUR 18 trillion assets

Wireless Subscriptions



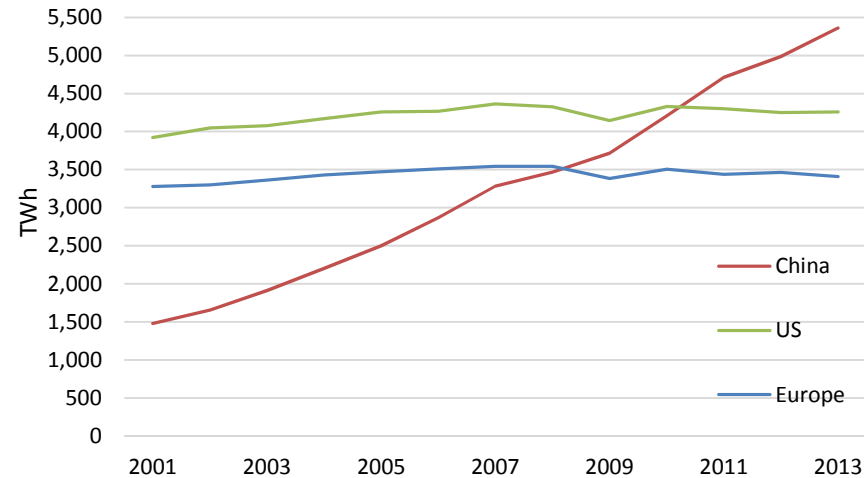
Source: Dagong Euorpe, Bloomberg

New Car Registrations



Source: Dagong Europe, OICA

Electricity Production



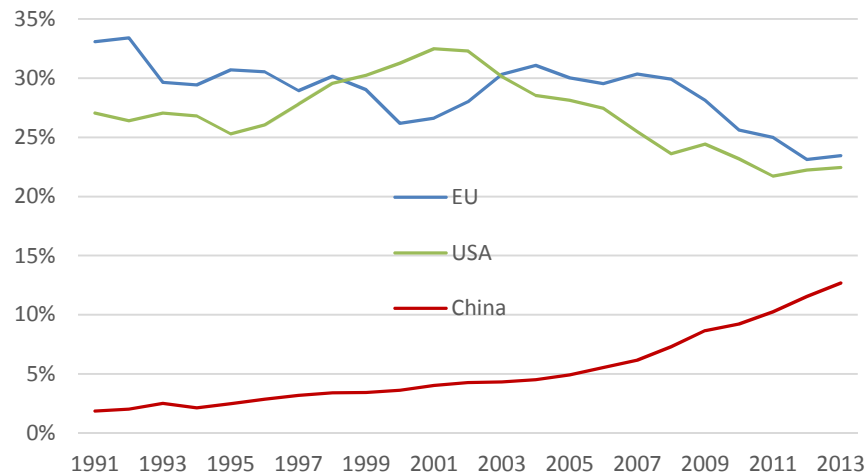
Source: Dagong Euorpe, EIA

China Redefining EM – DM Dynamics

China – export driven growth and capital accumulation

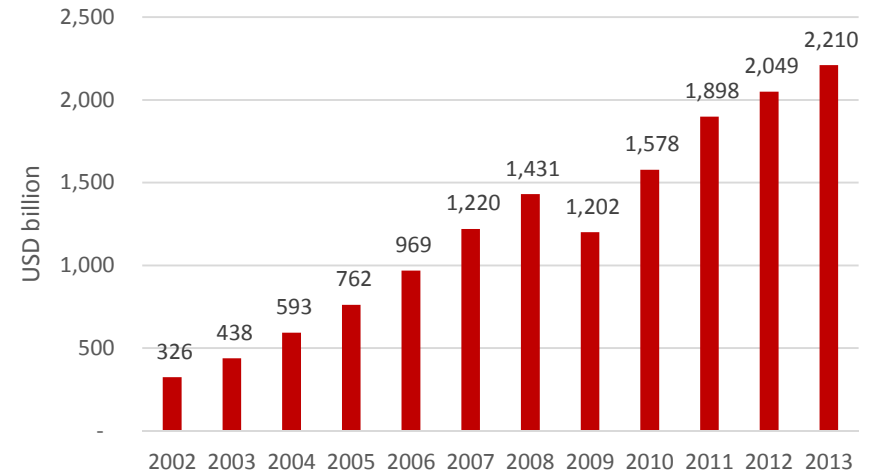
- China’s export grew from USD 326 billion to USD 2.2 trillion over the past decade
- FX reserves have reached USD 3.8 trillion
- China’s share on world’s GDP has grown from below 2% in 1990 to over 12% in 2013

Share on World's GDP



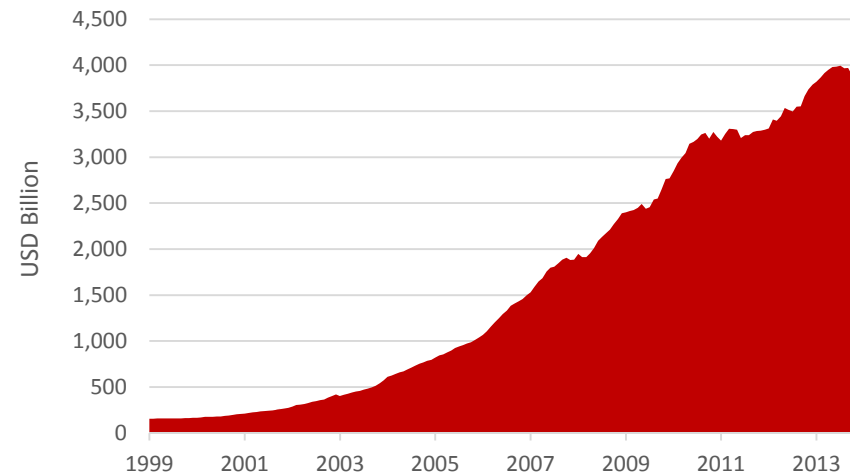
Source: Dagong Euorpe, IMF

China's Export



Source: Dagong Euorpe, China FDI Bulletin

China's FX Reserves



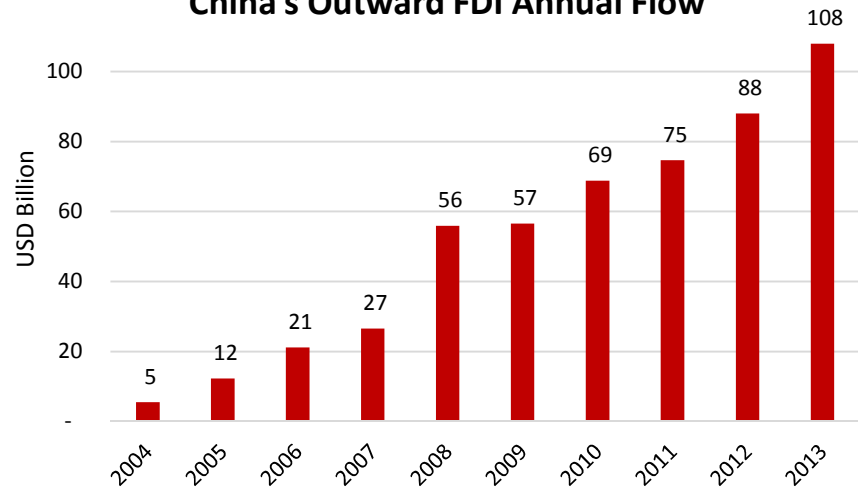
Source: Dagong Euorpe, PBOC

China Redefining EM – DM Dynamics

China Goes Global – 3rd largest foreign investor

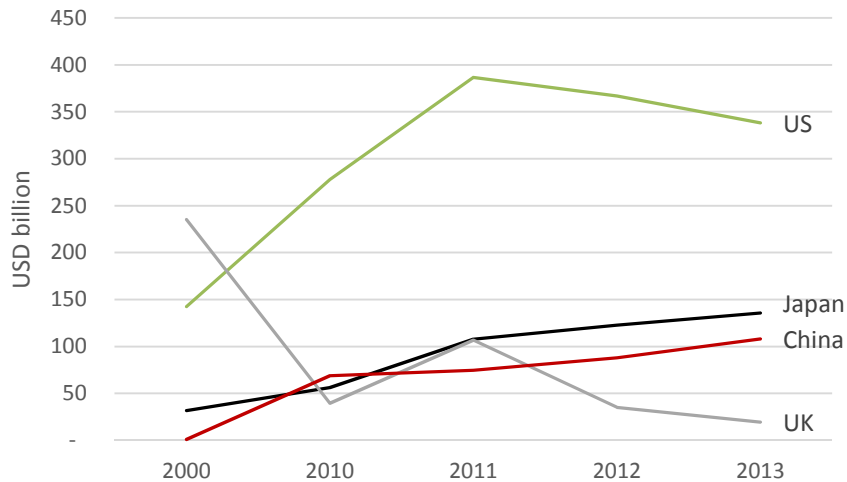
- USD 108 billion – China’s outward FDI in 2013
- 23% y-o-y increase in 2013
- China’s outward FDI grew at annual compound growth rate of 35% since 2003
- Shift from natural resources to technology
- Refocus to Europe

China’s Outward FDI Annual Flow



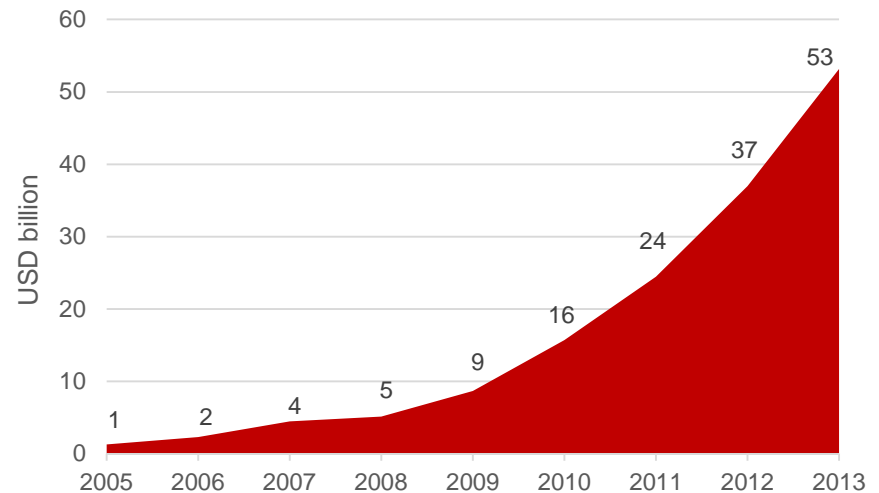
Source: Dagong Euorpe, China FDI Bulletin

Largest Foreign Investors



Source: Dagong Euorpe, UNCTAD

Stock of China’s FDIs in Europe



Source: Dagong Euorpe, China FDI Bulletin

China Redefining EM – DM Dynamics

China FDI to reach USD 1.25 trillion over the next decade

“Chinese offshore investment will reach USD 1.25 trillion over the next decade”, President Xi Jinping predicted on 9 November 2014 at the opening of the Asia-Pacific Economic Co-operation Summit in Beijing.

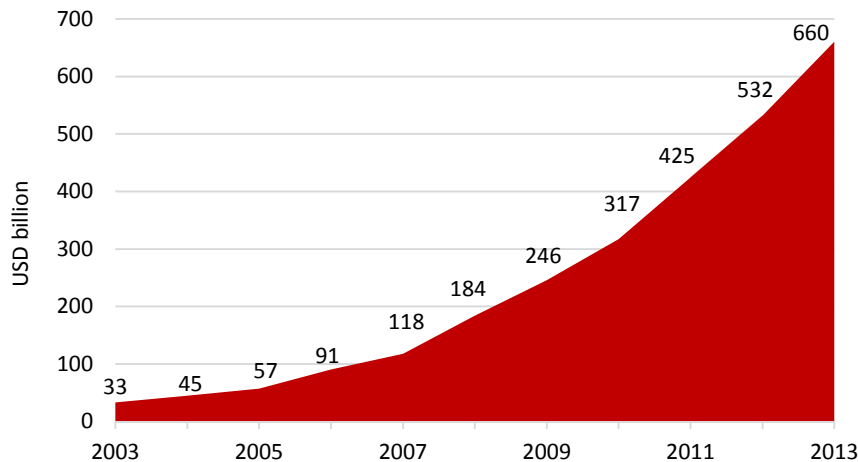
China’s FDI in 2013

- USD 108 billion invested in 2013
- USD 660 billion of total FDI stock in 2013

China FDI over the next decade

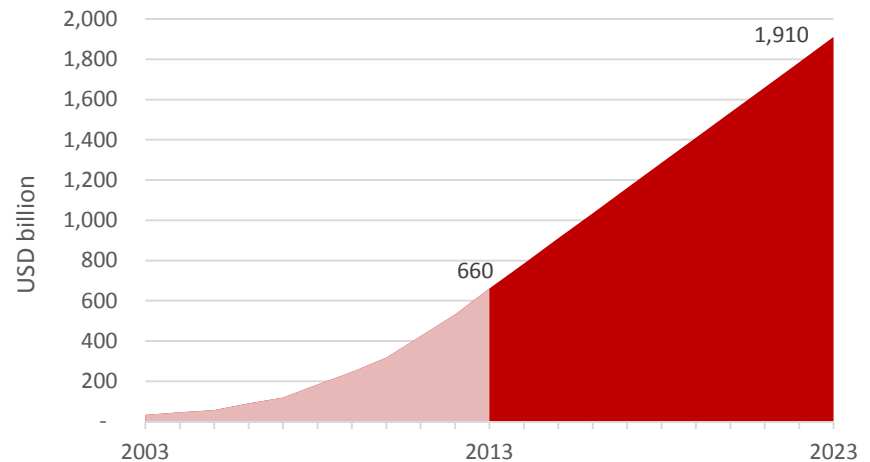
- USD 1.25 trillion expected to be invested offshore
- average annual FDI of USD 125 billion
- total FDI stock to reach USD 1.91 trillion by 2023

China’s Outward FDI Stock in 2013



Source: Dagong Euorpe, China FDI Bulletin

China’s Outward FDI Stock by 2024



Source: Dagong Euorpe, China FDI Bulletin

China Redefining EM – DM Dynamics

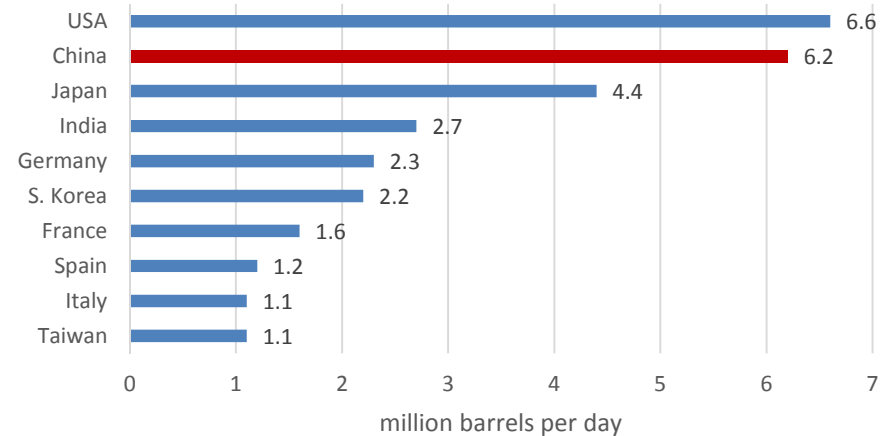
China on the Other Side of Commodity Pendulum

- the largest global energy consumer since 2010
- world's largest coal consumer, producer and importer
- 2nd largest oil consumer and net importer
- 3rd largest LNG importer
- 4th largest oil producer

Drop in Commodity Prices

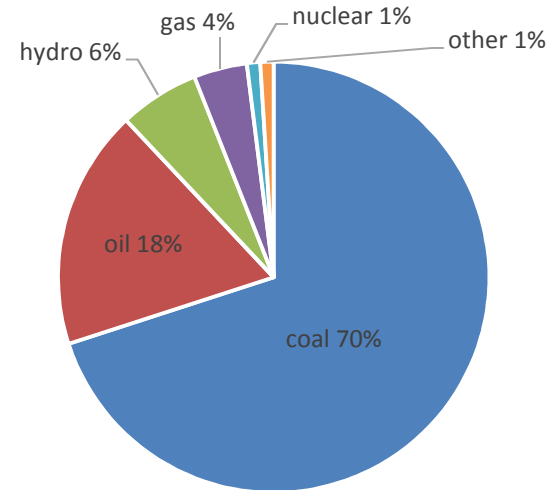
- USD 1.6 trillion of value shifted from oil-producing to oil-consuming countries
- China – the obvious direct beneficiary – net importer
- Indirect adverse impact through slower global growth

Top 10 Net Oil Importers in 2013



Source: Dagong Euorpe, EIA

China Energy Consumption by Type



Source: Dagong Euorpe, EIA

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