

Facts confirm success of Belt and Road Initiative

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The hard facts attest to China's Belt and Road Initiative resulting in better-than-expected achievements in the past three years, said Shen Danyang, Ministry of Commerce spokesman.

Since 2013 when President Xi Jinping first proposed the initiative, trade volume between China and economies along the trading routes amounted to \$3 trillion, total investment reached \$50 bil-

lion, and newly signed contracts exceeded \$304.9 billion, Shen said.

China has signed approximately 50 government-level cooperation agreements with these economies and established 56 economic and trade cooperation zones, Shen added.

Shen made the remarks at a news conference on Monday when the Beijing-based China Bond Rating Co Ltd and the Chinese Academy of Social Sciences released a blue book of outbound investment and risks,

with this year's emphasis on summarizing overseas investment along the Belt and Road countries and regions.

According to the annual report, China's outbound investment in those regions is expected to maintain rapid growth this year, with capital primarily flowing into sectors that meet the destinations' socioeconomic development demand.

Findings show that since 2015, energy, transportation and information technology are the top three

fields attracting Chinese investors, the majority of whom come from Beijing, Shanghai, Guangdong and Zhejiang provinces.

The report shows the top three destinations receiving most investment are Southeast Asia, the Middle East and South Asia. Of the two commonly used modes, average investment scales of projects by mergers and acquisitions turn out bigger than those through greenfield investment.

Greenfield investment refers to a form of foreign direct investment

where a parent company builds its operations in a foreign country from the ground up.

However, when seeking cross-border investment opportunities, Chinese companies are exposed to greater unexpected legal and cultural obstacles, the report said.

Risks in host countries, such as changing local policies and fluctuations in exchange rates, play decisive roles in investors' sustainable development and profitability, Feng Guanghua, chairman of the China Bond Rating Co Ltd,

said at the news conference.

Despite the odds, homegrown companies will fulfill the goal of investing abroad by thorough preliminary investigation and prudent risk management, Shen said.

"Chinese companies need to join forces in overseas expansion, and beef up their respective advantages. They should keep away from vicious competition," he added, referring specially to a previous irrational investment frenzy.

What's news



GOVT AND POLICIES

Q1 automobile sales best since 2014

Mainland auto sales grew 7 percent in the first quarter, China's automakers association said on Tuesday. It said the strongest January-March period since 2014 set up the world's biggest auto market for a better-than-expected year. Many in the industry had feared that sales would be weak in the first three months, after the government rolled back a tax cut on small engine cars on Jan 1, contributing to expectations for a slowdown in 2017 sales. But first-quarter growth outpaced the China Association of Automobile Manufacturer's prediction in January that auto sales would grow 5 percent in 2017, and the market is expected to improve further as the year progresses. Vehicle sales rose 4 percent year-on-year in March to 2.5 million vehicles, the association told a news conference in Beijing. The purchase tax for cars with engines of 1.6 liters or below climbed to 7.5 percent this year from 5 percent in 2016, after the government stepped in to stimulate slumping sales.

Fitch warns about commercial bank risk

After a decade of expansion, China's city commercial banks have become more important but are a growing source of risk, global ratings agency Fitch said on Monday. "Like mid-tier banks, city commercial banks have shifted more assets toward non-loan financial products to enhance yield, but their on-balance-sheet investment exposure is rising more quickly than that of peers," according to a recent Fitch report. Large holdings in non-loan financial products, mostly from non-bank financial institutions, imply increasing exposure to spillover and contagion risks, it said.

Bank skips open market operations again

China's central bank on Tuesday again skipped open market operations of reverse repos, siphoning liquidity from the market. This was the 12th consecutive trading day that the People's Bank of China halted the open market operations of reverse repos, a process where it purchases securities from commer-

Major opening



Muhtar Kent, chairman and chief executive officer of the Coca-Cola Co, presents a plaque to Luan Xiuju, CEO of COFCO Coca-Cola Beverages, at the opening ceremony of the biggest Coca-Cola bottling plant in Central China on Tuesday in Changsha, capital of Hunan province. PROVIDED TO CHINA DAILY

cial banks with an agreement to sell them back in the future. "Although general liquidity level in the banking system fell slightly because of factors such as the looming tax payments, it is still at a relatively high level," the PBOC said in a statement. The move meant a net cash withdraw of 20 billion yuan (\$2.9 billion) from the market as previous reverse repos matured on Tuesday.



COMPANIES AND MARKETS

Yuan strengthens against US dollar

The central parity rate of the renminbi, or the yuan, strengthened 85 basis points to 6.8957 against the US dollar on Tuesday, according to the China Foreign Exchange Trade System. In China's spot foreign

exchange market, the yuan is allowed to rise or fall by 2 percent from the central parity rate each trading day. The central parity rate of the yuan against the US dollar is based on a weighted average of prices offered by market makers before the opening of the interbank market each business day.

Uber pilot service approved in Vietnam

Vientam's Ministry of Transport has given ride hailing app company Uber a nod to implement a pilot service in the country, Uber Vietnam said on Tuesday. Uber's proposal to conduct a pilot program in Vietnam was earlier rejected twice by the transport ministry, the first time in November 2015 and the other in February 2017. Deputy Minister of Transport Vu Hong Truong was quoted by the Thanh Nien newspaper as saying Uber had met all the legal requirements set by the ministry. However, Uber still needs to seek municipal authorities' approval to have its operations legally licensed, Truong said.



AROUND THE WORLD

IMF highlights growth in emerging economies

The International Monetary Fund on Monday emphasized the importance of sustaining growth in emerging markets and developing economies, especially during more testing periods. In its flagship World Economic Outlook report, the IMF said that they could face less supportive external conditions going forward than they experienced for long stretches in the post-2000 period. The IMF study found these economies had become increasingly vulnerable to terms of trade, external demand and external financial conditions, as they have integrated into the global economy. According to the study, emerging markets and developing economies are likely to

experience a weaker growth than in the past, due to the slow economic recovery from the global financial crisis, increasing the risk of protectionism in advanced economies and the tightening of monetary policy in the United States.

South Korea maintains rising trend in exports

South Korea's exports kept growing in the first 10 days of April, thanks to solid demand for locally-made semiconductors, customs data showed on Tuesday. Exports, which account for about half of the export-driven economy, amounted to \$11.2 billion in the April 1-10 period, up 6.1 percent from the same period of last year, according to the Korea Customs Service. The country's exports kept growing for five months through March, earlier figures showed.

Bulgarian foreign trade deficit doubles

Bulgaria's foreign trade deficit totaled \$57.1 million lev (\$465.8

million) in the first two months of 2017, more than twice as much as the same period a year ago, official data revealed on Monday. The total value of all exported goods from Bulgaria amounted to 7.787 billion lev in the January-February period, a 12.7-percent increase compared to the same period of 2016, the National Statistical Institute reported. Meanwhile, the country's imports rose by 18.5 percent year-on-year to 8.644 billion lev. Bulgaria's foreign trade deficit stood at 387.6 million lev in the January-February 2016 period and 4.9 billion lev for the whole 2016.

Hanoi targets \$26b in footwear exports

Vietnam aims to earn up to \$26 billion from leather and footwear exports by 2020, according to the country's Ministry of Industry and Trade. A revised ministry plan for the leather and footwear industry development to 2025 — including a vision through to 2035 — stated that the industry should develop at a high speed to maintain its position as one of the country's key export industries, the local Thoi Bao Kinh Te Viet Nam (Vietnam Economic Times) reported on Monday. Under the plan, the value of the sector's annual production is expected to grow by 11.62 percent in the 2016-20 period, 8.87 percent in the 2021-25 period and 6.04 percent in the 2026-35 period.

Aussie biz conditions great, survey finds

Business conditions in Australia are the strongest they have been since the 2008 global financial crisis, National Australia Bank's monthly business survey revealed on Tuesday. According to the survey, conditions for doing business rose five points in March to be at +14, despite overall business sentiment easing by one point and business confidence easing one point to +6. According to NAB Chief Economist, Alan Oster, the results come as a surprise, especially considering the destruction caused by Tropical Cyclone Debbie throughout the states of New South Wales and Queensland earlier this month. "The bounce in business conditions this month came as a bit of a surprise, especially the big improvement in Queensland, in light of the disruptions from Cyclone Debbie in late March," Oster said.

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