2014 Statistical Bulletin of China's Outward Foreign Direct Investment

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Contents

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1. Overview of China's Outward FDI in 2014

2.The Flows and Stock of China's Outward FDI

3. China's Outward FDI to World's Major Economies

4. Structure of China's Outward Foreign Direct Investors

5. Geographical and Industrial Distribution of China's FDI Enterprises

6. Statistics on China's Outward FDI

Table 1 China's Outward FDI Flows by Country and Region, 2006-2014

Table 2 China's Outward FDI Stock by Country and Region, 2006-2014

Table 3 Distribution Of China's Outward FDI Flows by Industry, 2006-2014

Table 4 Distribution Of China's Outward FDI Stock by Industry, 2006-2014

Table 5 China's Outward FDI Flows by Province, 2006-2014 (Non-Financial Part)

Table 6 China's Outward FDI Stock by Province, 2006-2014 (Non-Financial Part)

Table 7 China's Outward FDI Flows Into EU Countries, 2006-2014

Table 8 China's Outward FDI Stock Into EU Countries, 2006-2014

Table 9 China's Outward FDI Flows In ASEAN Countries,2006-2014

Table 10 China's Outward FDI Stocks In ASEAN Countries,2006-2014

Table 11 China's Outward FDI in Countries along the Belt and Road , 2014

Table 12 The Top 100 Non-Financial Chinese TNCs Ranked by Outward FDI Stock, 2014

Table 13 The Top 100 Non-Financial Chinese TNCs Ranked by Foreign Assets, 2014

Table 14 The Top 100 Non-Financial Chinese TNCs Ranked by Foreign Revenues, 2014

2014 Statistical Bulletin of China's Outward Foreign Direct Investment

2014 saw another episode of difficult and complicated recovery of global economy with a decline in global foreign direct investment. Facing the complex and volatile international situation, the Chinese government proactively promoted the establishment of "The Belt and Road Initiative", and continuously sped up the facilitation to outward foreign investment, increasing the inner motivation of Chinese enterprises to "go global". In 2014, with its outward foreign direct investment (FDI) reaching a historical record of $123.12 billion, China achieved the balance between outward and inward direct investment for the first time.

1. Overview of China's Outward FDI in 2014

1.1 China's outward FDI net flows (hereinafter referred to as 'flows') in 2014 reached $123.12 billion, increased by 14.2% compared to previous year. Among the flows, $55.73 billion was incremental equity investment, $44.4 billion was reinvested earnings and $22.99 billion was debt instrument investment, accounting for 45.3%, 36.1% and 18.6% of the total respectively.

By the end of 2014, 18,500 Chinese domestic investors had established 29,700 FDI enterprises (hereinafter referred to as 'overseas enterprises') in 186 countries (regions) globally . The total assets of overseas enterprises had been $3.1 trillion. The accumulated outward FDI net stock

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18,500 domestic investing entities refers to the quantity of domestic first-class investment entities (parent companies) .

FDI enterprises refers to foreign enterprises that directly owned or have 10% voting rights or equivalents controlled by domestic investors

FDI countries (regions) is accounted as the first countries (regions) invested by domestic investors.

(hereinafter referred to as 'stock') had reached $882.64 billion. Among the stock, $356.9 billion had been equity investment, $383.93 billion had been reinvestment of earnings and $141.81 had been debt instrument investment, accounting for 40.4%, 43.5% and 16.1% of the total respectively.

Chart 1 Structure of China's Outward FDI Flows and Stock, 2014

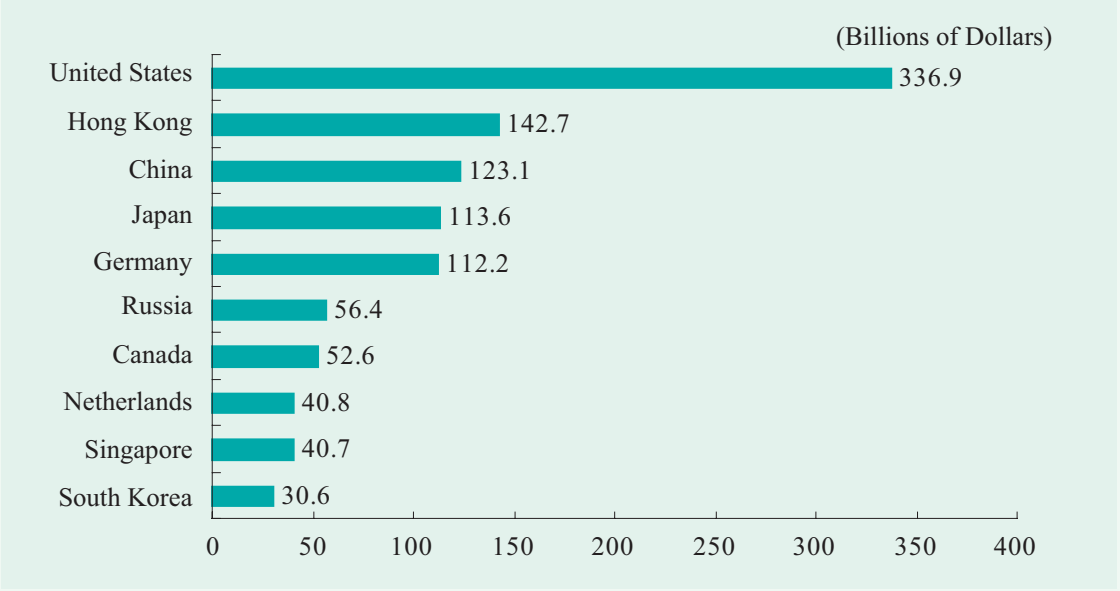
(Billions of Dollars)

Category	Flows			Stock	
	Amount	Year-on-Year Growth Rate (%)	Share (%)	Amount	Share (%)
Financial Sector	15.92	5.4	12.9	137.62	15.6
Non-financial Sector	107.20	15.6	87.1	745.02	84.4
Total	**123.12**	**14.2**	**100.0**	**882.64**	**100.0**

Note: 1. Financial sector refers to domestic investors' outward FDI in foreign financial sector, and non-financial sector refers to domestic investors' outward FDI in foreign non-financial sector.
2. Data on flows in non-financial sector and that in MOFCOM 2014 Express ($102.89 billion) mainly differed in the reinvested earnings.

The World Investment Report 2015 by UNCTAD showed that, global FDI outflows reached $1.35 trillion in 2014, and the stock had accumulated to $25.87 trillion by the end of 2014. Based on this report, China's outward FDI flows and stock in 2014 accounted for a share of 9.1% and 3.4% globally. China has ranked 3rd among all countries (regions) in terms of outward FDI flows for three consecutive years, with an increase of 1.5 percentage points, and 8th in terms of stock, compared to 11th in the previous year.

Figure 1 Outward FDI Flows of China and Other Major Countries (Regions),2014



mining, production and supply of electricity, heat, gas and water, construction, agriculture, forestry, animal husbandry and fishery, and real estate.

Pakistan received $1.014 billion, accounting for 0.8% of the total. The flows were mainly concentrated in information transmission / software and IT services, scientific research and technical services, manufacturing, and construction.

Chart 8 Top 20 Countries (Regions) as Destinations for China's Outward FDI Flows, 2014

(Billions of Dollars)

No.	Countries(Regions)	Flows	Share (%)
1	Hong Kong (China)	70.867	57.6
2	United States	7.596	6.2
3	Luxembourg	4.578	3.7
4	British Virgin Islands	4.570	3.7
5	Cayman Islands	4.192	3.4
6	Australia	4.049	3.3
7	Singapore	2.814	2.3
8	United Kingdom	1.499	1.2
9	Germany	1.439	1.2
10	Indonesia	1.272	1.0
11	Netherland	1.030	0.8
12	Laos	1.027	0.8
13	Pakistan	1.014	0.8
14	Canada	0.904	0.7
15	Thailand	0.839	0.7
16	Brazil	0.730	0.6
17	Bermuda	0.708	0.6
18	United Arab Emirates	0.705	0.6
19	Algeria	0.666	0.5
20	The Russian Federation	0.634	0.5
	Total	**111.133**	**90.3**

2.1.7 Flows to Africa and Latin America declined, while flows to other regions increased by double digits.

In 2014, China's outward FDI flows to Africa stood at $3.2 billion, with a year-on-year decrease of 5%, accounting for 2.6% of the total. The flows were mainly distributed in Algeria, Zambia, Kenya, Congo (Brazzaville), Nigeria, Central Africa, Sudan, Tanzania, and Egypt, etc. Investment flows to Africa were

Resident Services, Repairs and Other Services had received $9.04 billion, accounting for 1% of the total. Most of the stock was investment in other services and resident services.

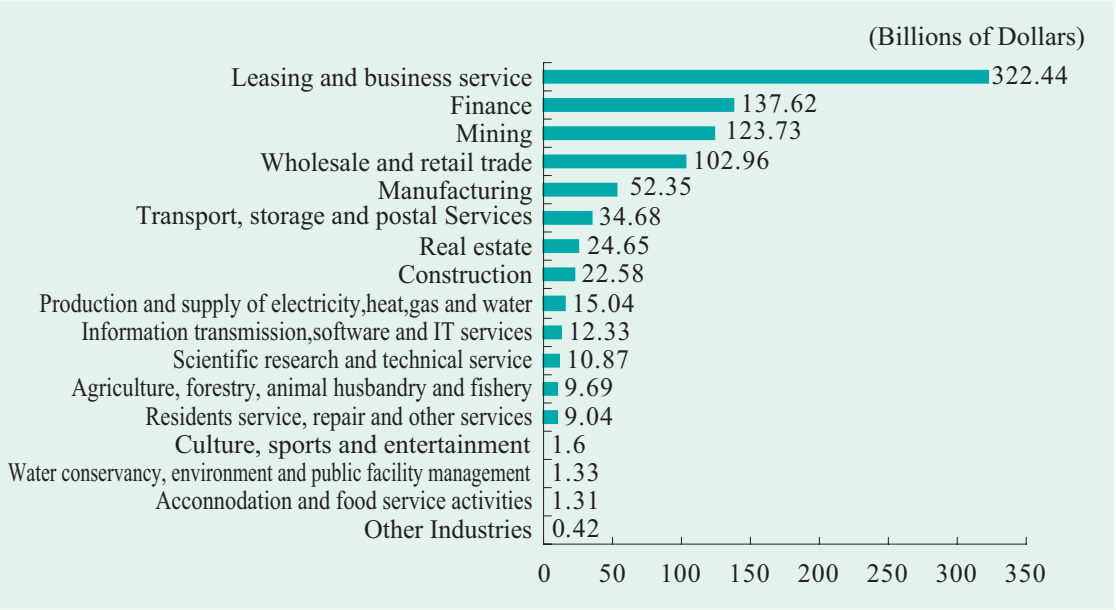
Culture, Sports and Entertainment had received $1.6 billion, accounting for 0.2% of the total.

Water Conservancy, Environment and Public Facility Management had received $1.33 billion, accounting for 0.2% of the total.

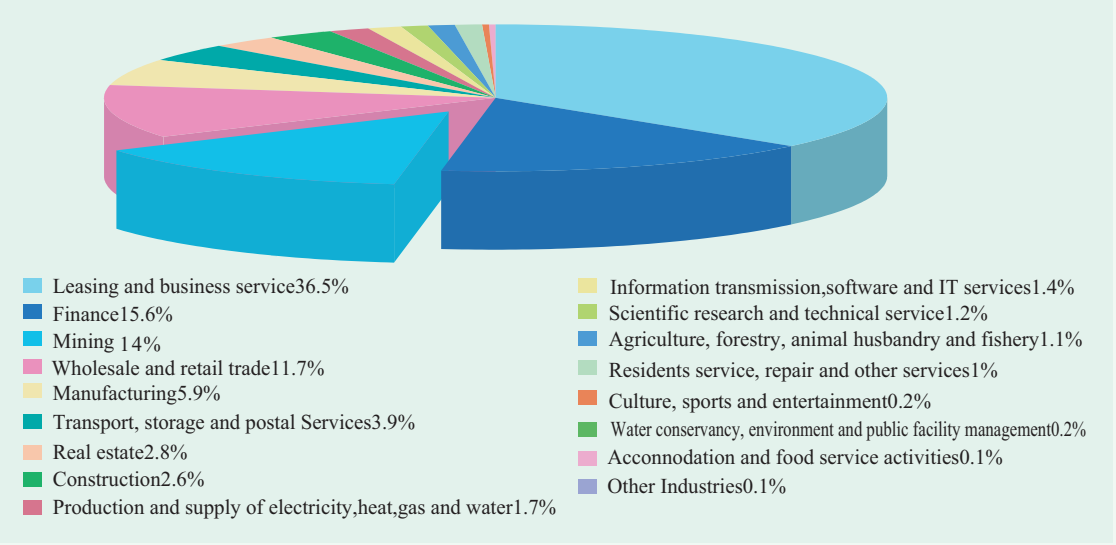
Hospitality and Catering had received $1.31 billion, accounting for 0.1% of the total.

Other industries had received $0.42 billion, accounting for 0.1% of the total.

Graph 14 Industrial Distribution of China's Outward FDI Stock, by the End of 2014



Graph 15 Industry Weightings of China's Outward FDI Stock,by the End of 2014



water had reached 1.9%, 1.7% and 1.4%, respectively.

By the end of 2014, China had established almost 2000 FDI enterprises in the European Union, and the enterprises had spread in 28 member countries and hired 73,900 local employees.

Chart 20 Industrial Distribution of China's Outward FDI to the European Union, 2014

(Millions of Dollars)

Industry	Flows	Share (%)	Stock	Share (%)
Leasing and Business Services	4,230.41	43.2	14,903.29	27.5
Finance	848.12	8.7	12,757.14	23.5
Manufacturing	1,285.84	13.1	8,774.39	16.2
Mining	872.78	8.9	5,102.05	9.4
Wholesale and Retail Trade	769.90	7.9	4,971.50	9.2
Real Estate	996.97	10.2	2,383.98	4.4
Transportation, Storage and Postal Service	44.55	0.5	1,247.16	2.3
Construction	40.74	0.4	1,015.09	1.9
Scientific Research and Technical Services	243.18	2.5	956.31	1.7
Production and Supply of Electricity, Heat, Gas and Water	39.48	0.4	752.12	1.4
Hospitality and Catering	28.84	0.3	364.93	0.7
Agriculture, Forestry, Animal Husbandry and Fishery	167.57	1.7	403.64	0.7
Resident Services, Repairs and Other Services	176.45	1.8	269.96	0.5
Education	1.00	–	96.96	0.2
Information Transmission, Software and IT Services	15.35	0.2	151.95	0.3
Culture, Sports and Entertainment	23.69	0.2	56.48	0.1
Others	2.29	–	3.45	–
Total	**9,787.16**	**100.0**	**54,210.40**	**100.0**

3.3 China's Outward FDI to ASEAN

In 2014, China's outward FDI flows to ASEAN stood at $7.809 billion, with a year-on-year increase of 7.5%, accounting for 6.3% of the total and 9.2% of its outward FDI flows to Asia; China's outward FDI stockin ASEAN had reached $47.633 billion, accounting for 5.4% of the total and 7.9% of its outward FDI in Asia. By the end of 2014, China had established more than 3,300 FDI enterprises and hired 159,500 local employees in ASEAN.

In 2014, the industrial structure of China's outward FDI to ASEAN was as follows: Manufacturing received $1.522 billion, with a year-on-year increase of 28% accounting for 19.5% of the total, and the flows

storage and postal service had received $1.468 billion, accounting for 3.1% of the total, and the stock had been mainly distributed in Singapore, Thailand, etc. Real estate had accounted for 2.4% of the total, and the stock had been mainly distributed in Singapore; the shares of scientific research and technical services, information transmission, software and IT services, resident services and other services, and hospitality and catering had reached 1.4%, 0.3%, 0.3% and 0.2%, respectively.

Chart 21 Industrial Distribution of China's Outward FDI to ASEAN, 2014

(Millions of Dollars)

Industry	Flows	Share (%)	Stock	Share (%)
Production and Supply of Electricity, Heat, Gas and Water	646.04	8.3	7,225.91	15.2
Mining	674.24	8.6	6,052.97	12.7
Leasing and Business Services	1,239.08	15.9	6,842.83	14.4
Manufacturing	1,522.13	19.5	6,132.66	12.9
Wholesale and Retail Trade	1,117.76	14.3	5,899.80	12.4
Finance	672.54	8.6	5,879.37	12.3
Construction	797.26	10.2	3,362.13	7.0
Agriculture, Forestry, Animal Husbandry and Fishery	783.46	10.0	2,444.19	5.1
Transportation, Storage and Postal Service	111.27	1.4	1,468.34	3.1
Real Estate	241.52	3.1	1,168.12	2.4
Scientific Research and Technical Services	22.97	0.3	662.25	1.4
Information Transmission, Software and IT Services	-84.81	-1.0	170.15	0.3
Resident Services, Repairs and Other Services	52.34	0.7	133.49	0.3
Hospitality and Catering	3.67	–	86.33	0.2
Culture, Sports and Entertainments	9.80	0.1	35.71	0.1
Water Conservancy, Environment and Public Facility Management	–	–	32.97	0.1
Educations	–	–	35.23	0.1
Others	–	–	0.08	–
Total	**7,809.27**	**100.0**	**47,632.53**	**100.0**