
Globalizing Chinese Energy Finance through Policy Banks

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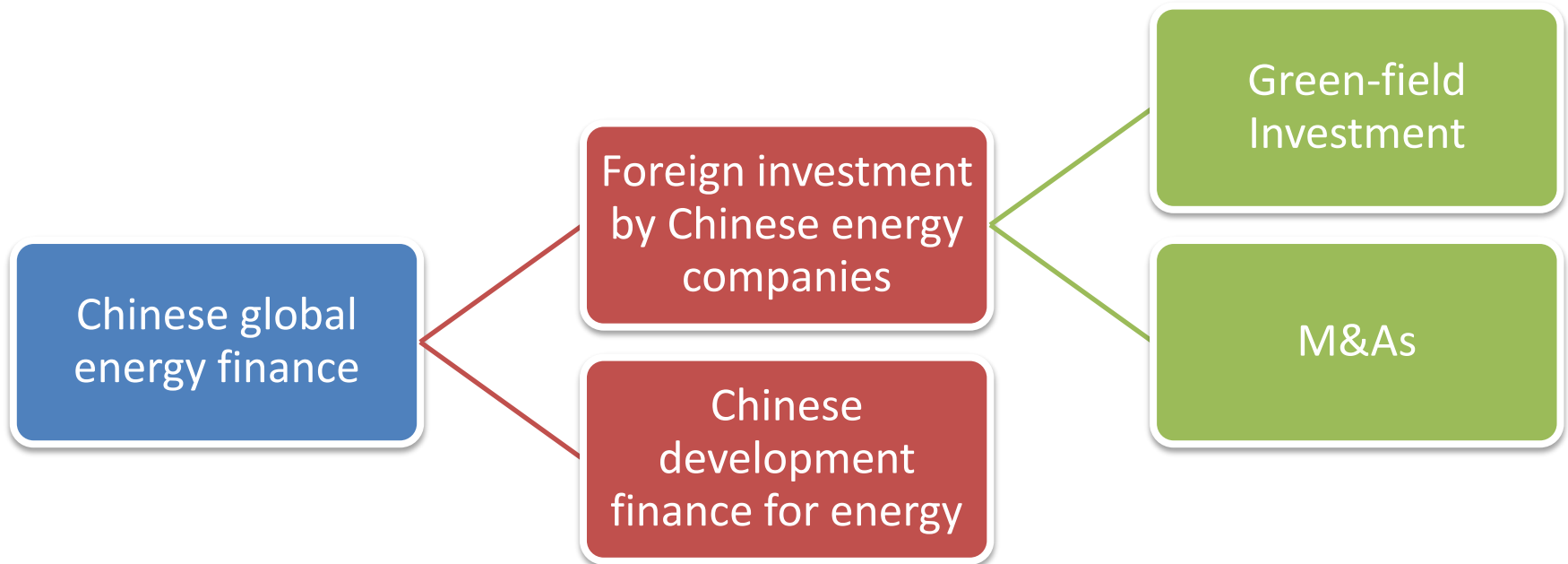


Outline

1. Research Question: How much has China globalized its energy finance and how has China globalized its energy finance?
1. Central finding: China has emerged to become the largest provider of development finance for energy in a short span of time primarily through its twin policy banks.



The globalization of Chinese energy finance



The globalization of Chinese energy investment

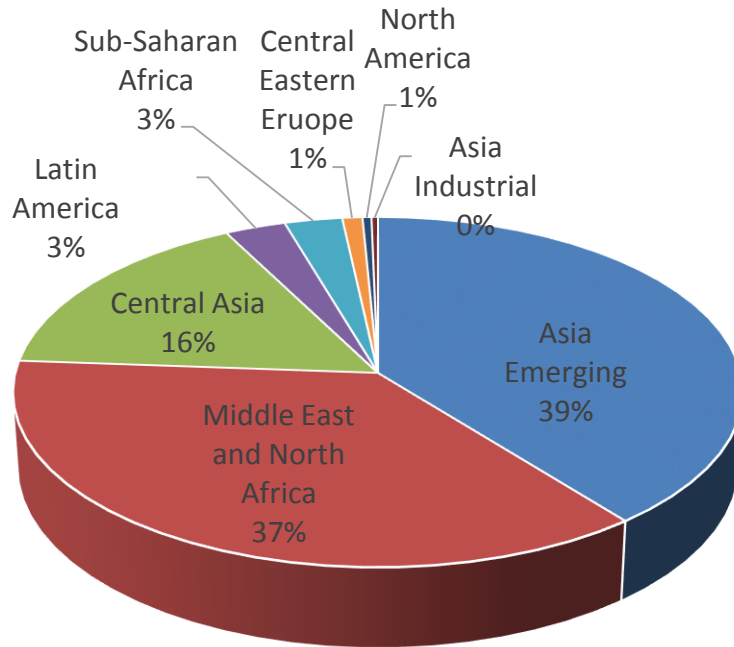
(in millions of US dollar)	2000-2007	2008-2015	Total	World Total	Chinese % in World Total
Greenfield	\$14,556	\$31,268	\$45,824	\$1,281,730	3.57%
M&A	\$31,922	\$180,220	\$212,228	\$5,999,193	3.54%
Total	\$46,478	\$211,488	\$257,966	\$7,280,923	3.54%

Source: author's calculations based on data drawn from the FDintelligence, a greenfield investment database, and the DealLogic, a M&A database.

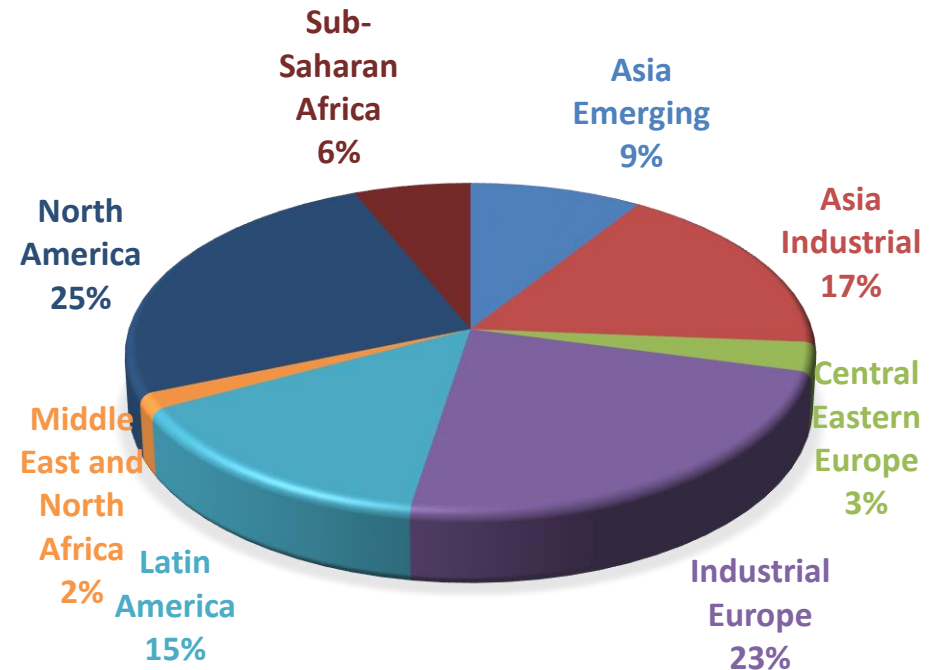


Distribution of Chinese energy investment

GREENFIELD INVESTMENT

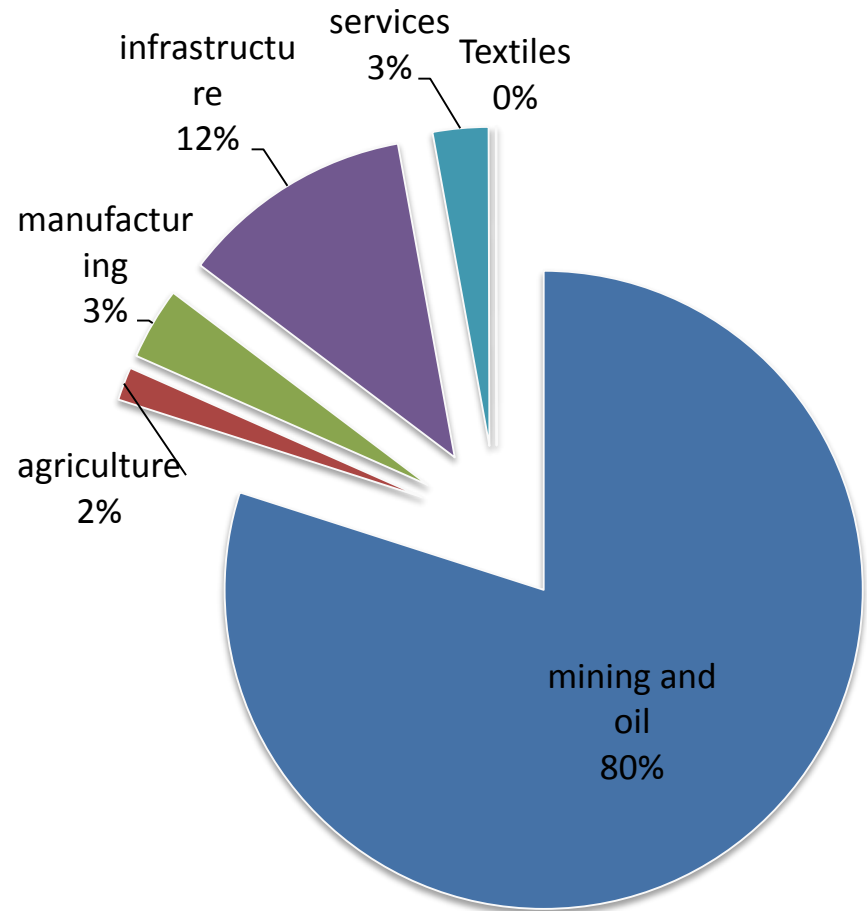


MERGERS AND ACQUISITIONS



Financing Chinese global energy investment (2002-2012)

	Amount (\$ million)	% of total
CDB	92,860	64.3%
CHEXIM	34,151	23.7%
BOC	12,310	8.5%
ICBC	770	0.5%
CCB	475	0.3%
Multiple	3,800	2.6%
Total	144,366	100.0%



Source: Gallagher and Irvin 2014



The globalization of Chinese development finance for energy

Global energy finance, 2007-2014 (Million\$)

Bank	Amount (Million U.S. Dollar)	Annual Average
World Bank	72,219	10,317
Asian Development Bank (ADB)	25,410	3,630
Inter-American Development Bank (IADB)	9,631	1,376
African Development Bank (ADB)	11,676	1,668
MDBs Total	118,936	16,991
CDB and CHEXIM	117,590	16,799

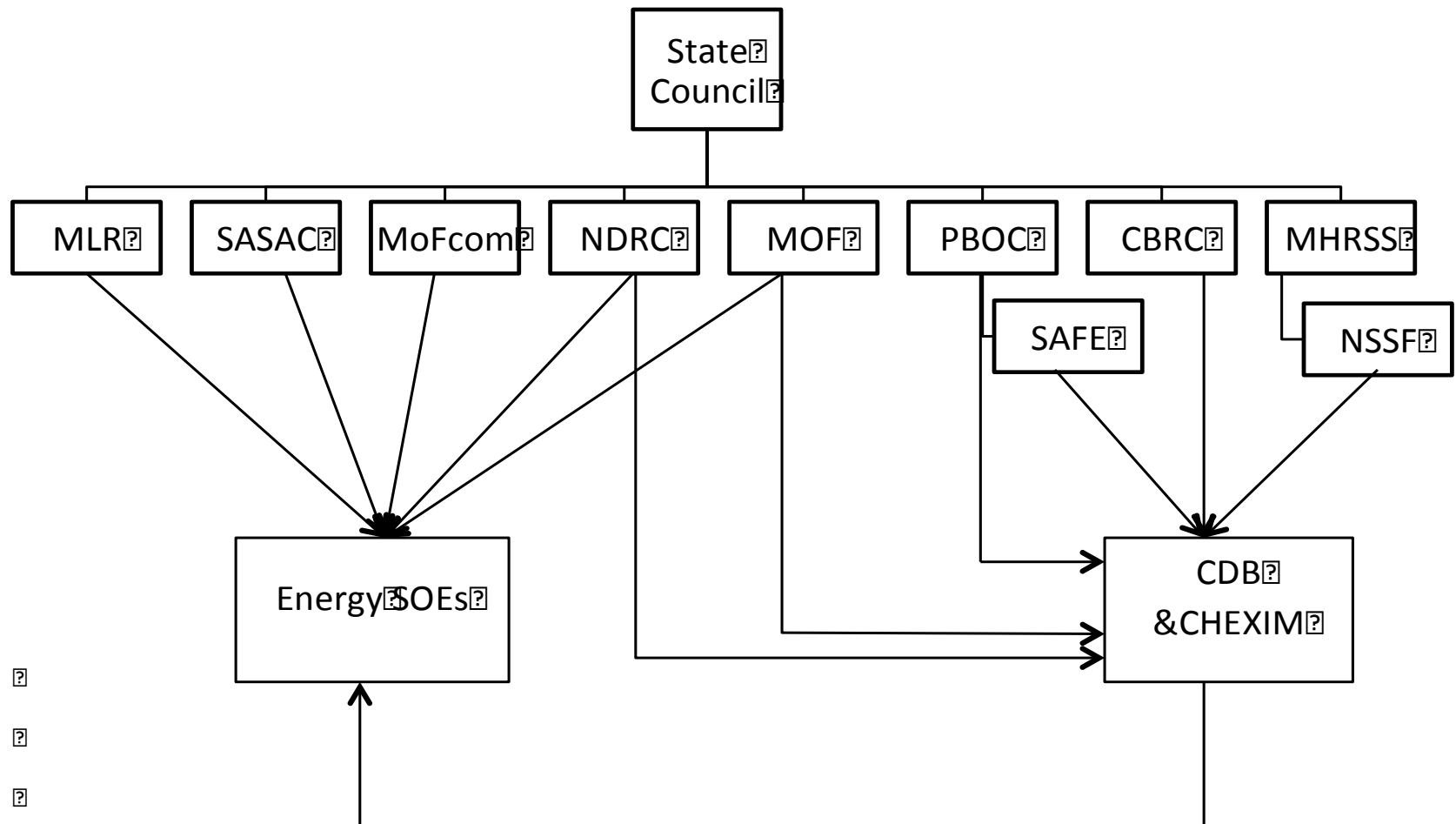
Geographical distribution of Chinese and World Bank energy finance, 2005-2014 (Million\$)

	CDB and CHEXIM	World Bank
Africa	17,883	18,063
Middle East & North Africa	366	5,121
South Asia	17,513	14,107
Latin America and Caribbean	33,232	9,672
Europe & Central Asia	42,889	17,317
East Asia & Pacific	15,907	13,565
Total	127,789	77,665

Source: Gallagher and Irwin, 2015; Gallagher, Kamal, and Wang, 2016; Brautigam 2015



The role of the state in integrating energy and finance



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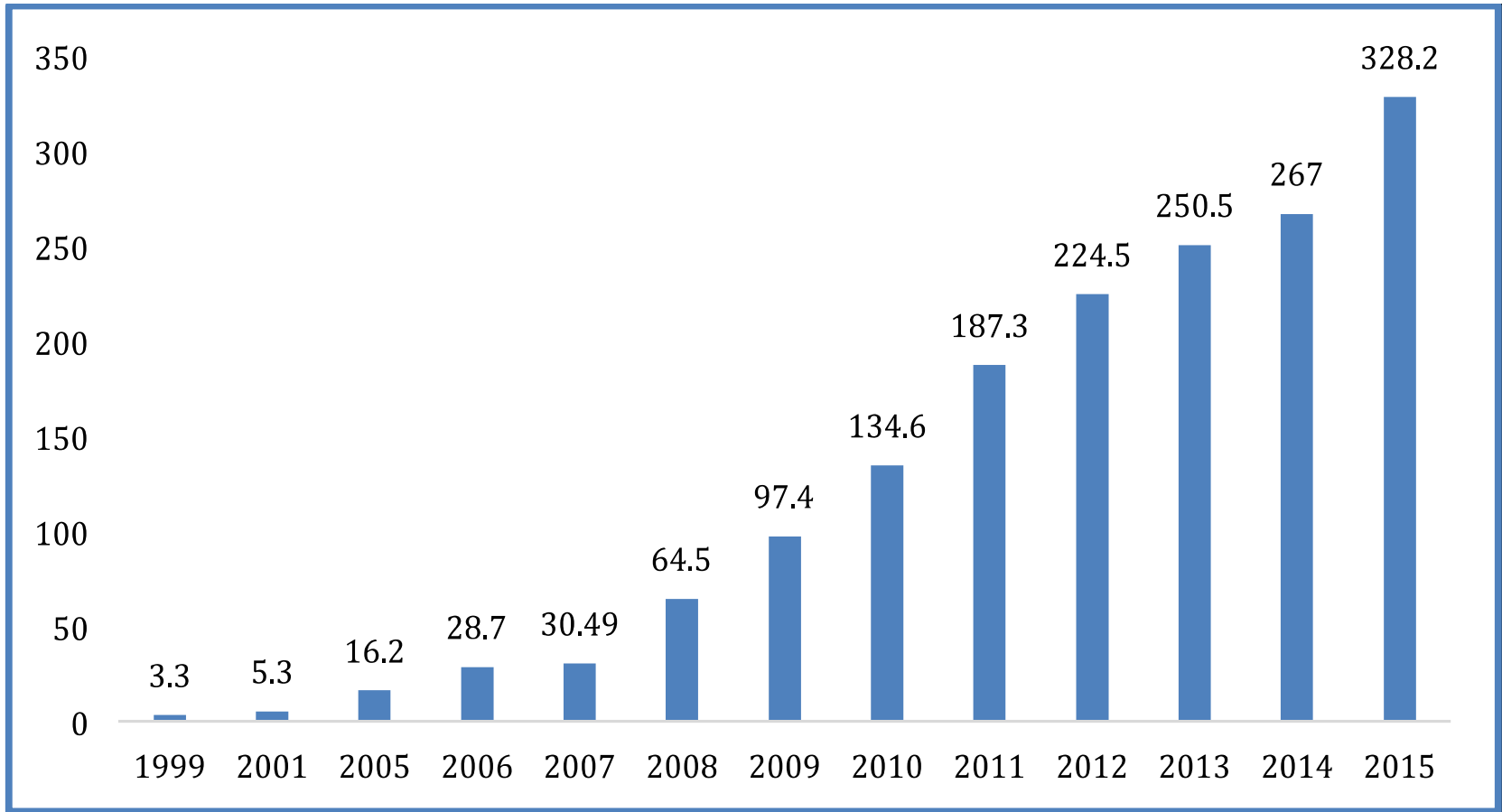
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Case study: the rise of CDB in global energy finance

CDB's foreign exchange loan balances (unit: US\$ billion)

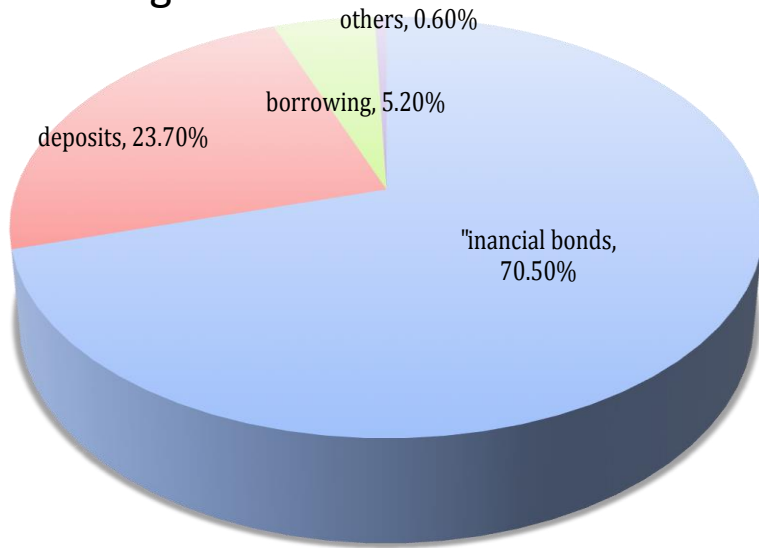


Source: CDB Yearbooks and the CDB Research Academy



Where does the CDB source its funding?

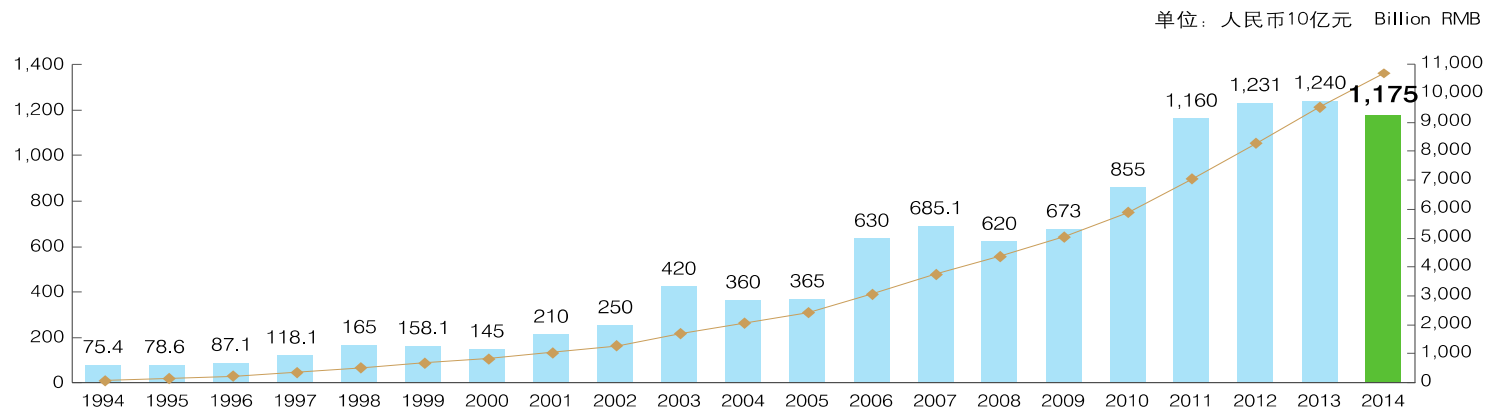
CDB's funding in 2014



CDB bonds/total bonds issued in China

2014	17.7%
2013	19.9%
2012	20.27%
2011	20.8%
2010	23.33%
2009	24.26%

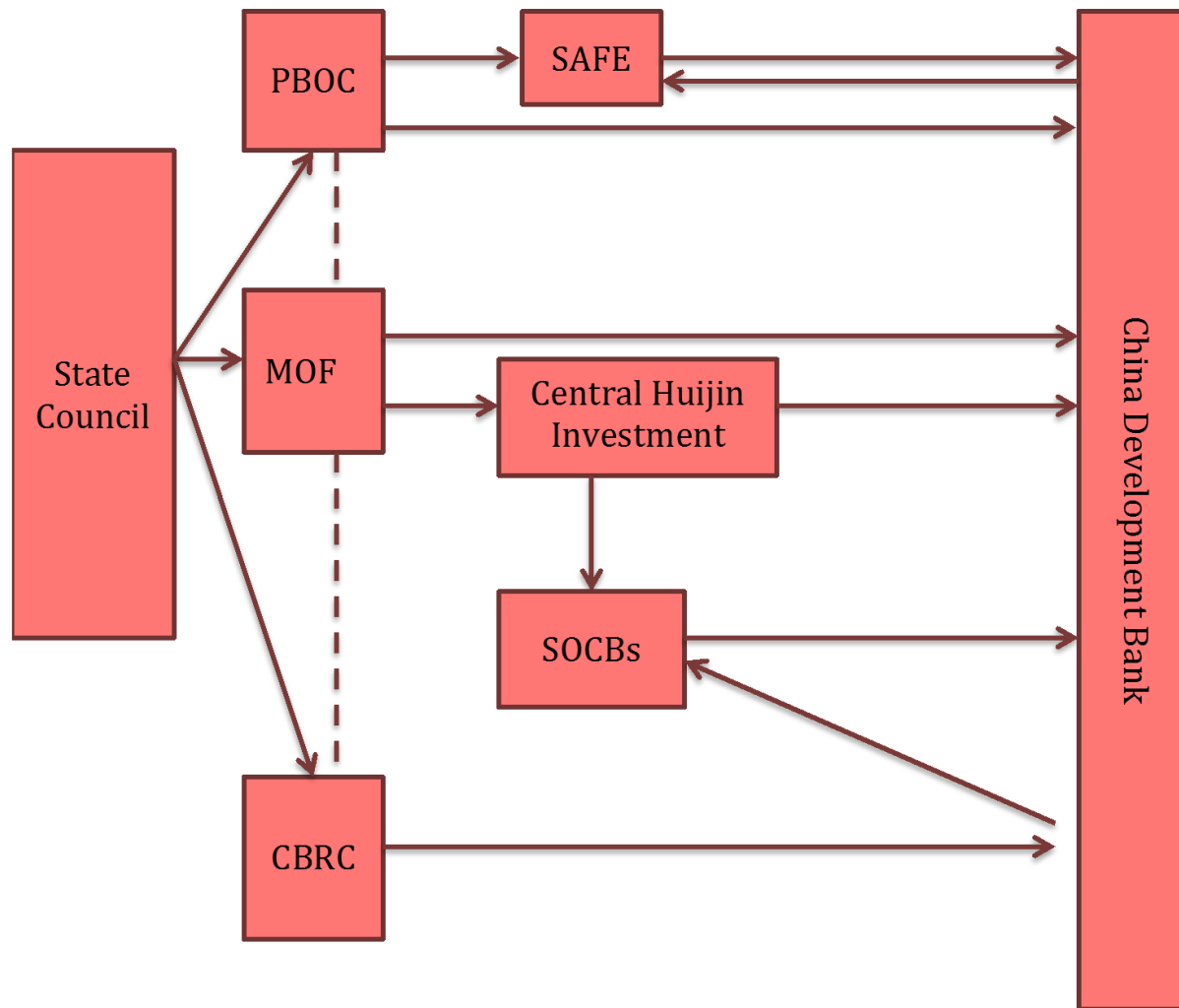
■ 发行量 (左轴) Debt Issued in Current Year (LHS) — 累计发行量 (右轴) Accumulative Debt Issued (RHS)



Sources: CDB Yearbook 2015, Goldman Sacks 2015

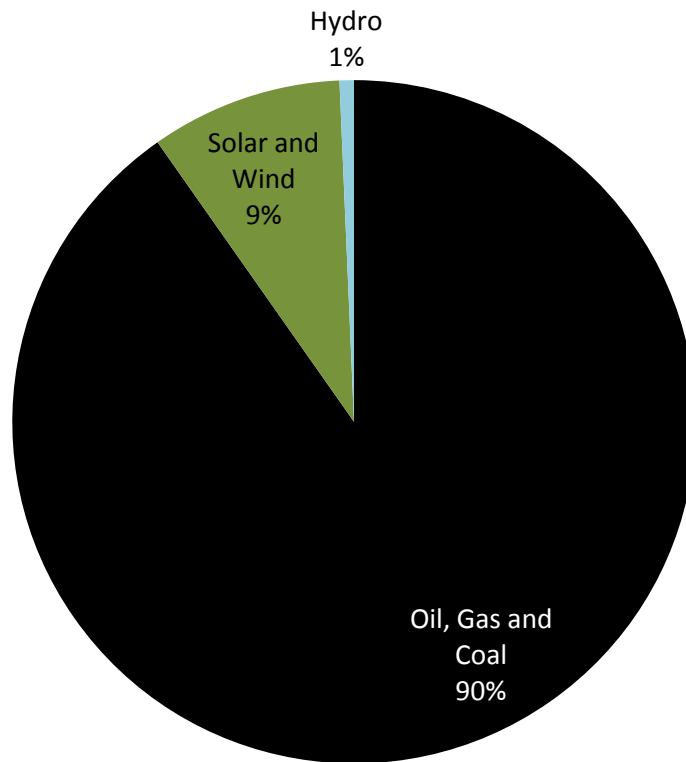


The role of state in mobilizing capital

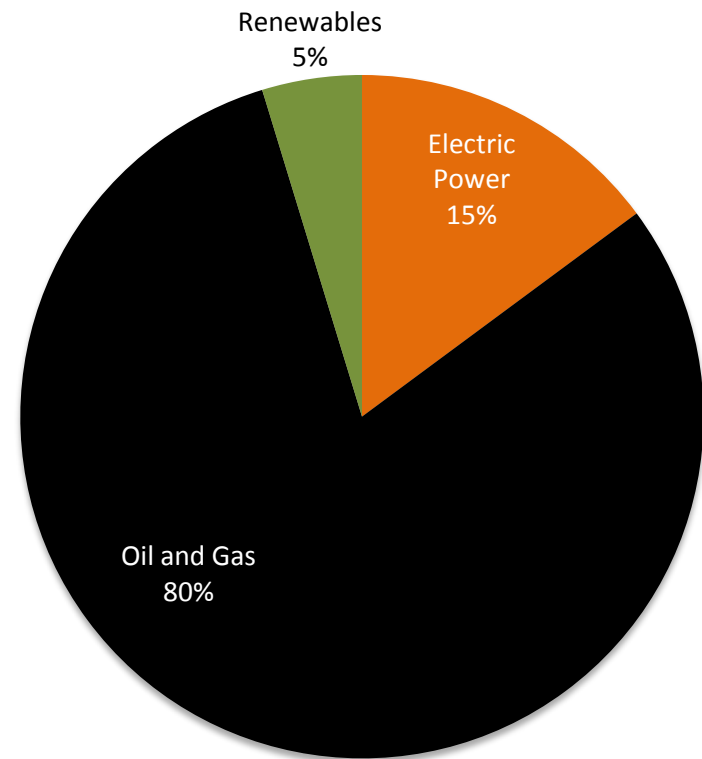


Climate implications of Chinese global energy finance

Sector Composition (Green Field)



Sector composition (M&As)



Source: authors' calculations based on the Fdintelligence (a greenfield database) and DealLogic (a M&A database)

