



The Top 20 Chinese Multinationals:

Changes and Continued Growth of Foreign Investment

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The Business School of Central University of Finance and Economics (CUFE) in Beijing, and the Columbia Center on Sustainable Investment (CCSI), a joint center of the Columbia Law School and the Earth Institute at Columbia University in New York, are releasing today the results of their research report profiling the top 20 Chinese multinational enterprises (MNEs), ranked in terms of foreign assets. The report is part of a long-term study of the rapid global expansion of MNEs from emerging markets. The research for this report covers the period from 2011 to 2013. The information of the top 20 Chinese MNEs is mainly drawn from the China Enterprise Confederation's (CEC) reports and the information from the Chinese Ministry of Commerce (MOFCOM), complemented by our additional research on individual companies from their official reports and websites. It provides detailed and comparative insights on companies that are not found in other publicly available sources.²

Highlights

In terms of foreign assets in 2013, the 20 largest Chinese MNEs together held a total of US\$ 664.876 billion assets overseas (Table 1). The ten largest Chinese MNEs were China National Petroleum Corporation (CNPC) (mining), China Petrochemical Corporation (Sinopec Group) (mining), China National Offshore Oil Corporation (CNOOC) (mining), CITIC Group (CITIC) (conglomerate), Sinochem Corporation (SINOCHEM) (manufacturing), China Ocean Shipping (Group) Company (COSCO) (transportation), Aluminum Corporation of China (CHINALCO) (mining), China Minmetals Corporation (CMC) (mining), China Poly Group Corporation (POLY) (conglomerate), and Zhejiang Geely Holding Group (Geely) (manufacturing). With the exception of Geely, which was privately held, all of the top ten companies were

¹The CUFE team that carried out this survey consisted of Xinjian Cui, Peng Shi and Wenrui Wang. The Report translation from Chinese to English was also supported by Mo Cui (UTM, Canada).

² Other researchers and organizations compile similar information, but report different data. The differences arise, in part, from the challenges associated with and methodologies employed in gathering this information from firms.

state-owned holding companies. Nine of these state-owned enterprises were formed through a series of mergers among smaller state-owned enterprises. The top 20 Chinese MNEs were operating in the energy, construction, transportation, chemical metallurgy, communications, and finance industries. Fifteen out of the top 20 companies were ranked among the Fortune Global 500 in 2013. China's top 20 multinationals have an average age of only 23.2 years, compared to an average age of 40-50 years for the majority of the Fortune Global 500.

Among the top 20 ranked Chinese MNEs, the largest three are all petrochemical companies, including China National Petroleum Corporation, China Petrochemical Corporation, and China National Offshore Oil Corporation. The total foreign assets of the top five multinational companies account for roughly two-thirds (67%) of the total assets of the top 20 multinational enterprises.

In 2013, the top 20 companies collectively accounted for US\$ 650.87 billion in foreign sales, held at least 555 overseas affiliates³ and employed 382,642 workers (including local and Chinese workers) overseas (Table 1).

In 2013, the total foreign assets of the top 20 Chinese MNEs increased by 19% over 2012. Motivations by these Chinese MNEs to increase overseas foreign direct investment (OFDI) included securing natural resources, developing and expanding potential new markets, and looking for advanced technologies and other strategic resources. With respect to natural resources, Chinese MNEs focused primarily on the petroleum and iron extraction industries. Both materials were perceived by the national government to be crucial for domestic natural resource security. ⁴ In comparison to many other large economies, which since 2009 may have seen reduced OFDI corresponding with the global financial crisis, Chinese OFDI continued to increase in the entire post-crisis period through 2013.

As shown in Annex Table 1, the leading industry group measured by total foreign assets among the top 20 Chinese MNEs was the extractive industries (including mining, oil, gas and refining) (61%). Six of these 20 firms were engaged in the extractive industries. The second largest industry measured by total foreign assets was manufacturing (13%), engaged in by five companies. In 3rd, 4th and 5th places were the transportation industry (8%), construction industry (6%), and the information technology services industry (less than 5%). The CITIC Group (8%) and China Poly Group Corporation (2%) each were engaged in a diverse range of businesses but primarily focused, respectively, on finance and international trade.

³ The actual number of affiliates is likely higher because some companies did not disclose such information.

⁴ See, for instance, Buckley, P. J., Clegg, L. J., Cross, A. R., Liu, X., Voss, H., & Zheng, P. (2007). The determinants of Chinese outward foreign direct investment. *Journal of international business studies*, *38*(4), 499-518; Deng, P. (2004). Outward investment by Chinese MNCs: Motivations and implications. *Business horizons*, *47*(3), 8-16.; Kolstad, I., & Wiig, A. (2012). What determines Chinese outward FDI?. *Journal of World Business*, *47*(1), 26-34.

Table 1- China: The top 20 non-financial multinationals, by foreign assets, 2013

1	Assets (US\$ million) 147,024 132,160 75,513 53,815 39,128 30,337
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Ltd 15 14 12 China Communications Construction Unlisted Construction Group Ltd (100%)	
Construction Group Ltd (100%)	
	12,854
12 15 13 China National Manufacturing Unlisted	12,527
Chemical Corporation (100%)	
14 17 14 The Power Construction Construction Unlisted	11,626
Corporation of China (100%)	
13 16 15 China Shipping (Group) Transportation Unlisted	11,491
Company (100%)	
29 28 16 China North Industries Manufacturing Unlisted	11,467
Group Corporation (100%)	11.205
18 19 17 China South Industries Manufacturing Unlisted	11,305
Group Corporation (100%)	10.007
21 24 18 HNA Group Transportation Unlisted (100%)	10,997
20 18 19 China United Network Information Technology Unlisted	10.470
Communications Group Services (98.44%)	
Co.,Ltd Services (98.44%)	10,478
24 13 20 Yankuang Group Mining Unlisted	10,478
Co.,Ltd. Willing Climsted (100%)	9,536

Source: China Top 500 Enterprises Development Report (2014) and their subsidiary companies' annual reports.

Profile of the Top 20 MNEs

Ranking changes over the past three years

As Table 1 demonstrates, the rankings of Chinese MNEs based on foreign assets have been fairly consistent from 2011 to 2013, particularly with respect to the top 10. There were, however, some notable changes including China National Offshore Oil Corporation's move number four to number three from 2012 to 2013, in which it surpassed the CITIC Group. China National Offshore Oil Corporation's growth in 2013 was due to its acquisition of 100% of the Canadian company, Nexen for US\$ 14.8 billion on February 26, 2013. This was the largest overseas acquisition performed by Chinese company during this report period.

Other notable moves included the China North Industries Group Corporation's leap from number 29 in 2011 to number 16 in 2013, and the HNA Group's expansion taking it from number 24 in 2012 to number 18 in 2013.

Main Industries

Extractive Industries

Controlling natural resources has become a key strategic interest of many Chinese MNEs. In 2013 alone, firms in the top 20 ranking purchased relevant assets in Asia, Europe, North America, South America, Africa and Australia. Some examples of these acquisitions include:

- China National Offshore Oil Corporation's February 26, 2013 acquisition of the Canadian company, Nick Anderson for US\$ 15.1 billion.
- China National Petroleum Corporation's March 2013 acquisition of a 20% equity stake in the key block, Mozambique No.4 district, operated by Ente Nazionale Idrocarburi, an Italian oil conglomerate. This US\$ 4.2 billion investment was the largest overseas natural gas field investment ever concluded by a Chinese MNE.
- China National Petroleum Corporation's September 7, 2013 announcement that it acquired an 8.33% equity stake in the Kashagan oil field of Kazakhstan KazMu-naiGaz for US\$ 5 billion.
- China National Petroleum Corporation's November 13, 2013 acquisition of Petrobras Energia Peru S.A., the Peruvian affiliate of Petrobras International Braspetro B.V, for US\$ 2.6 billion.
- China Petrochemical Corporation's purchase, through its subsidiary, China Petrochemical Corporation International Petroleum Exploration Company,

along with United States Chesapeake Energy Corporation, of a 50% equity stake in certain oil and gas assets in a Mississippi limestone reservoir owned by Chesapeake Energy Corporation, for US\$ 1.02 billion, pursuant to a February 23, 2013 agreement.

- China Petrochemical Corporation's August 30, 2013 acquisition of a 33% equity-stake of Apache Egypt's oil and gas business for approximately US\$ 3.1 billion in cash.
- Sinopec Kantons' April 2, 2013 acquisition of a 50% equity stake in Netherlands Vesta Terminals, an independently operated company offering its customers safe and reliable logistics services in the form of storage and transshipment, primarily for crude oil, refined petroleum products, bio fuels and petrochemicals. Sinopec Kantons is a subsidiary of China Petrochemical Corporation. This acquisition, which was intended to enhance management skills through the operation of overseas storage, was specifically focused on a European expansion of China Petrochemical Corporation's bulk liquid storage terminal business.
- CITIC Resources Holdings Limited's April 2, 2013 acquisition of 7% of the shares of Australia CMJV, a coal mining company, located in Queensland, for US\$ 101 million. CITIC Resources Holdings Limited is a subsidiary of CITIC Group,

Aluminum Corporation of China is another leading firm in these industries. Together with an Indonesian firm that controls bauxite mines, Aluminum Corporation of China owns Chalco Hong Kong Ltd., which is engaged in the exploration of aluminum ore and other minerals through a joint venture with Lao Services Ltd. In addition, Aluminum Corporation of China wholly owns Chindalco Mining International, a firm invested in PanAmerican Silver Corp's Toromocho project, located in central Peru at the Morococha mine. On December 10, 2013, pilot production tests began for the Toromocho project, which required a total capital expenditure of approximately US\$ 3.5 billion.

Manufacturing

During the period of this report, Chinese manufacturing companies were also active in overseas mergers and acquisitions, which were concentrated in natural resources (in order to protect the supply of raw materials) and proprietary technology (in order to improve Chinese MNE access to the advanced technologies in these sectors. Some notable mergers and acquisitions in the manufacturing sector included:

- China Sinochem's February 20, 2013 acquisition of 100% of the equity interests in Atlantis Norway Holdings Limited.
- China Agro-Chemical Company's October 17, 2013 acquisition of a 60% equity interest in an Israeli company, Maxim-Forrest. China Agro-Chemical Company is a subsidiary of the China National Chemical Corporation.

• Zhejiang Geely Holding Group's February 1, 2013 purchase of the core business and related assets of Manganese Bronze Holding, a taxi maker based in the United Kingdom that produced the London's iconic black cabs. Geely had previously purchased some of the shares of Manganese Bronze Holding, and purchased the remainder for US\$ 17.65 million on a cash-free, debt-free basis. Geely was expected to benefit from Manganese Bronze Holding's research and development related to low fuel consumption vehicles.

Other Industries

In addition to the extractive and manufacturing industries, a number of notable mergers and acquisitions took place in the transportation and telecommunications industries. HNA Group was active in several acquisitions during 2013. In February it acquired a 20% equity stake in Europe's third-largest hotel chain, the Spanish NH Hotels Group, for US\$ 322.76 million. In May, it acquired 80% of the equity of Australian Arena Aviation Academy (later renamed Australian International Aviation Academy), and in October it acquired the top trailer rental company in the Netherlands, TIP Trailer Service.

Geographic distribution and industry distribution of foreign subsidiaries

The geographic distribution of foreign subsidiaries of the 20 ranked Chinese MNEs varied by industry, with the majority of subsidiaries located in Asia (53%), followed by Africa (18%), and then Europe (11%) (Annex Table 2), which mirrored the overall pattern of Chinese OFDI as of 2013.⁵ Similarly, more than half of all foreign affiliates were located in Asia (56%), followed by Europe (12%), North America (12%) and Africa (12%) (Annex Table 2a). A much smaller number of overseas offices were located in Latin America (5%) and Oceania (3%) (Annex Table 2).

The foreign subsidiaries of the listed Chinese MNEs were concentrated in wholesale and retail trade (29%), manufacturing (22%), leasing and business services (13%), construction (8%) and the extractive industries (5.5%) (Annex Table 5).

Transnationality Index (TNI)

TNI is a measure of the extent of international activities of a firm, which is calculated as the average of the three ratios: the percentage of foreign to total assets, the percentage of foreign to total sales, and the percentage of foreign to total employment, Annex Table 1d sets forth detailed 2013 TNI data for China's top 20 multinationals. Zhejiang Geely Holding Group Co., Ltd., had the highest TNI at 68%, followed by Sinochem Corporation (59%) and China Ocean Shipping (Group) Corporation (44%).

⁵ See, e.g., MOFCOM (2014). Joint report on statistics of China's outbound FDI 2013 released. Beijing, China: MOFCOM, accessed at

http://english.mofcom.gov.cn/article/newsrelease/significantnews/201409/20140900727958.shtml.

Eight firms had a TNI in the range of 20% to 40%, while two ranked MNEs had a TNI below 10%: China Construction Company Limited (8%) and China United Network Communications Group Co., Ltd. (4%). The average TNI of the top 20 Chinese firms was roughly 24%.

To put Chinese MNEs into the international context, their degree of internationalization (measured by TNI) is behind other leading firms from both their own region and from other emerging markets in general. For instance, according to the United Nations Conference on Trade and Development's (UNCTAD's) ranking of the world's top non-financial MNEs in 2013, the top 10 Japanese MNEs had a TNI between 43% (Mitsubishi Corporation) and 74% (Honda Motor Co., Ltd), with an average of 60%. In a broader global context, the TNI for the top 20 developing- and transition market MNEs outside mainland China is between 20% (Korea-based Hanwha Corporation) and 100% (Hong Kong-based China Resources Power Holdings), with an average of 59%, according to UNCTAD's ranking of non-financial MNEs from developing- and transition economies for 2014.

Ownership and public status

Among the top 20 Chinese MNEs, the subsidiaries of all, with the exception of Zhejiang Geely Holding Group Co., Ltd., were listed on the Shanghai Stock Exchange (19 companies) and over half were also listed on Shenzhen Stock Exchange (11 companies) (Annex Table 3). Eighteen of them, including Geely, were listed on overseas exchanges, including the Hong Kong Stock Exchange (18), New York Stock Exchange (5), London Stock Exchange (1), Singapore Stock Exchange (1) and Australian Stock Exchange (1). The top 20 Chinese MNEs typically owned a group of subsidiaries, acting as a major holding company. Among the top 20 Chinese MNEs, all were state-owned enterprises (SOEs) other than Geely, which was a private enterprise. HNA Group and Yankuang Group were managed by local State Assets Supervision and Administration Committees (SASAC) (Hainan SASAC and Shandong SASAC, respectively) and CITIC Group was 100% owned and directed by the State Council. China United Network Communications Group Co., Ltd. was slightly less than fully state owned (98.44%). Other state-owned companies were held by the state through the SASAC.

Head office locations

Among the 20 multinationals, 17 were headquartered in Beijing and three in other Chinese cities (Hanzhou, Zhejiang; Haikou, Hainan; and Jining, Shandong).

⁶ UNCTAD, World Investment Report 2014, Annex Table 28. The world's top non-financial TNCs, ranked by foreign assets, 2013, available at unctad.org/Sections/dite_dir/docs/WIR2014/WIR14_tab28.xls

⁷ UNCTAD, World Investment Report 2016, Annex Table 25. The top 100 non-financial MNEs from developing and transition economies, ranked by foreign assets, available at http://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Annex-Tables.aspx..

Official language and nationality of the CEO and top management

Chinese was the official language at the headquarters of all firms. The nationalities of the top management teams were also, for the most part, Chinese. There was one non-Chinese top manager on the board of Zhejiang Geely Holding Group.

In comparison, with respect to subsidiaries of the top 20, there were a larger number of foreigners on corporate boards. For example, Chinalco Mining Corporation International, a subsidiary of Aluminum Corporation of China, included six foreigners on its board in 2012, up from three in 2011. While the primary language of the foreign affiliates of Chinese MNEs largely depended on the location of the affiliate, most used Chinese as the primary language while communicating with Chinese headquarters. The China-based headquarters of many MNEs also periodically sent Chinese managers or employees to work with non-Chinese management at overseas subsidiaries in order to facilitate communications and to help Chinese headquarters learn from management experiences overseas. For example, after China Sinochem Corporation established a subsidiary in Argentina, it sent four individuals to work with existing staff in Argentina.

Drivers of outward FDI

There were several motivating factors driving the OFDI of the top 20 Chinese firms, based on the literature. ⁸ First, Chinese MNEs sought to secure natural resources as part of a national development agenda aimed at sustaining economic growth. China is a large country with a large population and a relatively low amount of resources per capita, such as energy and other natural resources. As such, in order to fuel its rapid economic development, particularly over the past 20 years, China has been a net importer of resources. It is therefore unsurprising that the largest industries among the top 20 Chinese MNEs measured by foreign assets were petroleum products, chemicals and gas. China National Petroleum Corporation, China Petrochemical Corporation and China National Offshore Oil Corporation were actively investing in Africa and the Middle East to explore oil and gas resources. Chinese MNEs were also active elsewhere, with Aluminum Corporation of China investing US\$ 3.5 billion through its subsidiary, Mining Chinalco Peru's S.A. into the Toromocho copper project in central Peru. In addition, Yankuang Group, through its Australian subsidiary, Austar Coal Mine, acquired Southland Coal Mine in 2011 in order to explore and export coal.

The second factor driving OFDI was to expand into to new markets abroad. For example, on August 30, 2013, China Petrochemical Corporation announced the purchase of a 33% interest in the Apache Group's oil and gas business in Egypt for

⁸ See, for instance, Buckley, P. J., Clegg, L. J., Cross, A. R., Liu, X., Voss, H., & Zheng, P. (2007). The determinants of Chinese outward foreign direct investment. *Journal of international business studies*, *38*(4), 499-518; Deng, P. (2004). Outward investment by Chinese MNCs: Motivations and implications. *Business horizons*, *47*(3), 8-16.; Kolstad, I., & Wiig, A. (2012). What determines Chinese outward FDI?. *Journal of World Business*, *47*(1), 26-34.

approximately US\$ 3.1 billion in cash. This was the first time that China Petrochemical Corporation entered the local markets of Egyptian oil and gas resources (as opposed to resource-seeking for oil and gas resale back home to China).

The third factor driving OFDI was the acquisition of advanced technology and other strategic resources. Multinationals from China, due to a relatively low level of domestic technological development, have been motivated to obtain advanced technologies and strategic resources, including recognized brands and distribution channels, through the acquisition of companies or research institutions located in developed countries. For example, Sinopec Kantons Holdings Limited, a subsidiary of Sinopec Group, acquired Dutch Vesta Terminals on April 2, 2013, primarily to enhance its experience in overseas warehousing operations.

Changes in assets, sales, and employment during 2011-2013

The foreign assets of the largest 20 Chinese MNEs grew by 17% between 2011 and 2012 (Table 2; Annex Table 1a). Growth in foreign assets continued to expand at an even faster pace in 2013, growing by 19% over 2012. Total assets, in turn, grew by 13% in 2012 and by 14% in 2013. The respective differences between the growth rates of foreign assets and total assets for each year imply that the top 20 Chinese MNEs have accelerated their overseas investments at a greater pace than they have their domestic investments over the years covered by this report.

The growth rate of foreign sales in 2013 decreased compared to 2012 (Table 2; Annex Table 1b). The growth rate of foreign sales in 2012 was higher than the growth rate for total sales. In contrast, the growth rate of foreign sales in 2013 was lower than that of total sales.

The growth rates of foreign and total employment were lower in 2013 than in 2012, but it must be noted that the growth rate of foreign employment in 2012 was exceptionally high (41%) (Table 2; Annex Tables 1, 1c). This high rate can be attributed to several factors, including Power Construction Corporation of China's change in its overseas strategy, which saw an increase in the number of foreign employees in 2012 that was 34 times that of 2011. In addition, the number of employees of China National Offshore Oil Corporation and China North Industries Group Corporation also doubled over that same period. Notably, the ratio of foreign to total employees was consistently much lower than the proportion of overseas assets to total assets, and foreign sales to total sales, but companies with a higher proportion of foreign employment also had a higher proportion of foreign assets and sales.

Overall, trends of foreign assets, sales and employment from 2011 to 2013 were on an upward trajectory.

In comparison with the top 20 MNEs outside mainland China on UNCTAD's ranking

of "100 largest non-financial TNCs from developing and transition economies" for 2014, which collectively demonstrated approximately 44% foreign to total assets, 75% foreign to total sales, and 59% foreign to total employment, such ratios of the top 20 Chinese firms in our 2013 ranking together lag far behind at 24%, 36% and 8%, respectively (see Table 2). Consequently, there appears to be potential for Chinese firms to expand their foreign presence in the future.

Table 2. A Snapshot of the top 20 Chinese multinationals

2011-20	2011-2013 (US\$ 100 million and numbers of employees)										
				%	%	%					
Variable	2011	2012	2013	change	change	change					
v arrabic	2011	2012	2013	(2011-	(2012-	(2011-					
				2012)	2013)	2013)					
Assets											
Foreign	481367	561027	664876	17	19	38					
Total	2196856	2470690	2810873	12	14	28					
Share of foreign in total (%)	22	23	24								
Sales											
Foreign	527899	606552	650873	15	7	23					
Total	1539492	1693182	1822168	10	8	18					
Share of foreign in total (%)	34	36	36								
Employment											
Foreign	444	624	628	40.79	0.5	41.49					
Total	8340	8376	8242	0.42	-1.6	-1.18					
Share of foreign in total (%)	5	7	8								

Source: China Top 500 Enterprises Development Report (2014) and its subsidiary companies' annual reports.

Overview of Chinese foreign investment in 2011-2013

China's net OFDI flows for 2011-2013 reached US\$ 74.6 billion, US\$ 87.8 billion and US\$ 107.8 billion, respectively. This represents a year-on-year increase of 18% in 2012 and 23% in 2013.

Among these outflows, the value of foreign equity investments remained fairly consistent but the percentage decreased across these three years (2011: US\$ 31.4 billion (42%); 2012: US\$ 31.1 billion (35%); 2013: US\$ 30.7 billion (29%)). Reinvestments in earnings jumped significantly in volume in 2013 (2011: US\$ 24.5 (33%); 2012: US\$ 22.5 billion (26%); 2013: US\$ 38.3 billion (36%)). Other, non-specified, investment outflows also jumped significantly between 2011 and 2013 (2011: US\$ 18.8 billion (25%); 2012: US\$ 34.2 billion (39%); 2013: US\$ 38.8 billion (36%)).

⁹ UNCTAD, World Investment Report 2016, Annex Table 25. The top 100 non-financial MNEs from developing and transition economies, ranked by foreign assets, available at http://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Annex-Tables.aspx..

The number of Chinese investors and the number of countries in which they were investing also generally increased over this three-year period. The number of Chinese entities that had overseas affiliates jumped and then decreased again, but saw an overall increase (2011: 13,500; 2012: 16,000; 2013: 15,300). In contrast, the number of overseas affiliates of Chinese investors steadily increased (2011: 18,000; 2012: 22,000; 2013: 25,400), as did the number of countries in which Chinese enterprises were investing (2011: 177; 2012: 179; 2013: 184).

The historical accumulated OFDI net stock volume substantially increased from 2011-2013 (US\$ 424.8 billion; US\$ 531.94 billion; US\$ 660.48 billion). Of this stock, the amount invested in equity steady increased (2011: US\$ 141.84 billion (33.4%); 2012: US\$ 168.91 billion (31.8%); 2013: \$205.99 billion (31.2%)), as did the amount reinvested in earnings (2011: US\$ 170.65 billion (40.2%); 2012: US\$ 222.76 billion (41.9%); 2013: US\$ 263.35 billion (39.9%)) as well as the amount generically classified as "other investment" (2011: US\$ 112.29 billion (26.4%); 2012: US\$ 140.27 billion (26.3%); 2013: US\$ 191.14 billion (28.94%)) (Annex Tables 4, 4a and 4b).

The Big Picture

In 2013, China became the world's third largest outward investor and the largest outward investor among emerging markets measured in net flows (US\$ 101 billion). Chinese public policies toward OFDI have seen a gradual liberalization, moving from government policies of restricting OFDI, to enabling OFDI, to facilitating OFDI, and today, to encouraging OFDI. 11

One strategy through which China has sought to encourage investment (both inward and outward) has been through signing a network of investment treaties, agreements that are often concluded in order to, but that may actually have limited success in, increasing investment flows between partner countries. China presently boasts the world's second largest number of bilateral investment treaties (BITs) behind only Germany, including four BITs signed between 2011 and 2013 (Uzbekistan (2011); Democratic Republic of the Congo (2011); Canada (2012); Tanzania (2013)). In addition, China signed three other treaties with investment provisions during this time frame (Switzerland (2013); Iceland (2013); Japan-Korea trilateral agreement (2012)).

Notably, and in contrast to countries such as the United States, Japan, and Canada, China has not included liberalization commitments in its investment treaties through which China and its treaty counterparty (or parties) would each commit as a default

¹⁰ See UNCTAD Stats, http://unctadstat.unctad.org/wds/TableViewer/tableView.aspx, last accessed on July 29, 2016. These figures do not include Taiwan, Hong Kong SAR and Macau SAR.

¹¹ See Sauvant KP & Chen VZ. 2014. China's regulatory framework for outward foreign direct investment. *China Economic Journal*, *7*(1), 141-163.

rule to provide foreign investors the same rights as domestic investors to establish investments in any sector or activity (referred to as "pre-establishment" rights of "national treatment"). That, however, may change as the US and China are currently negotiating a BIT that has been reported to include such market access commitments.

While China's policies have grown more supportive of OFDI, there is still a mixed perception of and reception to Chinese investment in many of its host countries. On the one hand, many governments in the world support investment promotion missions to China with the aim of attracting Chinese investors. On the other hand, one can also find continued suspicion or critique of China's OFDI, reactions which seem to be driven by the leading role of Chinese central SOEs in OFDI and concerns about the conduct, motives and opacity of Chinese SOEs' operations. These negative responses to Chinese OFDI, however, may change if Chinese SOEs were to increase transparency in their corporate governance and emphasize efforts to align their interests with those of the host countries' and communities' local economies. In particular, Chinese SOEs may find greater acceptance if they were to disclose whether and to what extent the Chinese government's soft budget (e.g., guaranteed bailout of losses) and diplomatic ties (e.g., special favors and protections by host governments that have strategic foreign relations with China) play a role in their OFDI. 12 Further, the Chinese SOEs may benefit if the government were to introduce a series of policies that set forth and adequately plan for positive economic, social, and environmental benefits that Chinese SOEs can create in the host countries.¹³

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¹² For examples about diplomatic ties see, for instance, Duanmu, J. L. (2014). State-owned MNCs and host country expropriation risk: The role of home state soft power and economic gunboat diplomacy. *Journal of International Business Studies*, 45(8), 1044-1060. "There is growing perception among African and Latin American nations that Chinese state-owned firms are granted special favours and protections by various host governments that are unavailable to other MNCs."

¹³ See Sauvant KP & Chen VZ. 2014. China needs to complement its "going-out" policy with a "going-in" strategy. *Columbia FDI Perspectives, No. 121*. Retrieved from http://ccsi.columbia.edu/files/2013/10/No-121-Sauvant-and-Chen-FINAL.pdf.

Annex Table 1. China: The top 20 multinationals – Key variables, 2013 (US\$ million and number of persons)

D 1-1	N	Ass	sets	Sa	les	Emplo	TENIT (O/)	
Ranking	Name of company	foreign	total	foreign	total	foreign	total	TNI (%)
1	China National Petroleum Corporation	147,023.96	616,273.82	227,948.76	452,574.82	198.65	2,629.04	27
2	China Petrochemical Corporation	132,159.58	350,493.35	155,063.85	483,044.66	84.15	1,577.36	25
3	China National Offshore Oil Corporation	75,513.34	170,849.15	48,086.53	96,782.44	17.43	178.2	35
4	CITIC Group	53,815.37	705,223.55	11,298.63	61,521.17	98.35	288.96	20
5	Sinochem Group	39,127.88	52,121.41	62,612.26	76,580.69	15.54	80.87	59
6	China Ocean Shipping(Group) Company	30,337.15	56,067.86	19,537.03	27,032.00	7.77	121.88	44
7	Aluminum Corporation of China	27,415.32	76,479.05	2,021.56	45,829.71	1.52	288.02	14
8	China Minmetals Corporation	15,714.46	48,234.00	16,122.96	68,010.04	17.28	193.59	22
9	China Poly Group Corporation	14,803.03	74,682.41	4,225.92	21,617.66	13.65	74.94	19
10	Zhejiang Geely Holding Group	13,514.36	20,692.77	21,002.28	25,985.21	38.67	68.2	68
11	China State Construction Engineering Corporation Ltd	13,169.90	128,560.59	7,061.78	111,703.98	26.45	355.63	8
12	China Communications Construction Group Ltd	12,854.12	88,303.80	8,899.95	55,071.22	8.51	180.65	12
13	China National Chemical Corporation	12,526.70	44,696.59	12,073.56	40,026.28	14.24	180.43	22
14	The Power Construction Corporation of China	11,626.27	57,542.37	9,712.52	37,117.97	51.62	332.71	21
15	China Shipping (Group) Company	11,490.83	28,943.97	4,343.31	11,195.94	3.69	72.93	28
16	China North Industries Group Corporation	11,467.23	48,948.53	18,810.49	63,188.57	11.96	423.47	19
17	China South Industries Group Corporation	11,305.33	51,142.23	18,064.76	59,334.31	4.65	397.63	18
18	HNA Group	10,997.14	67,284.05	1,966.41	18,954.78	11.1	177.82	11
19	China United Network Communications Group Co.,Ltd	10,477.98	94,059.67	277.58	49,976.32	0.49	473.48	4
20	Yankuang Group Co.,Ltd.	9,536.14	30,273.42	1,742.44	16,620.19	1.88	145.93	14

Source: The development report of Chinese Top 500 operations (2014).

Annex Table 1a. China: Foreign and total assets of the top 20 multinationals, 2011-2013 (US\$ million)

Rank by foreign assets	Firms	20	11	201	2	2013		
Toreign assets		foreign	total	foreign	total	foreign	total	
1	China National Petroleum Corporation	109,322.75	496,625.54	134,518.69	559,205.56	147,023.96	616,273.82	
2	China Petrochemical Corporation	104,757.14	286,261.44	117,286.98	320,954.47	132,159.58	350,493.35	
3	China National Offshore Oil Corporation	33,426.18	117,852.39	39,969.31	134,182.49	75,513.34	170,849.15	
4	CITIC Group	45,741.04	537,494.92	48,853.04	584,837.09	53,815.37	705,223.55	
5	Sinochem Group	29,103.46	42,347.54	31,699.26	47,011.41	39,127.88	52,121.41	
6	China Ocean Shipping(Group) Company	27,219.98	53,917.83	30,746.04	57,352.66	30,337.15	56,067.86	
7	Aluminum Corporation of China	19,751.31	65,052.81	23,350.83	70,267.61	27,415.32	76,479.05	
8	China Minmetals Corporation	12,734.62	37,820.98	15,814.03	40,538.31	15,714.46	48,234.00	
9	China Poly Group Corporation	11,273.19	48,128.55	13,545.59	62,795.55	14,803.03	74,682.41	
10	Zhejiang Geely Holding Group	11,293.02	17,259.07	12,558.03	18,576.97	13,514.36	20,692.77	
11	China State Construction Engineering Corporation Ltd	8,603.47	85,024.92	11,907.52	107,844.24	13,169.90	128,560.59	
12	China Communications Construction Group Ltd	8,820.09	58,975.53	10,436.65	73,548.22	12,854.12	88,303.80	
13	China National Chemical Corporation	9,594.62	40,627.29	10,179.91	43,861.71	12,526.70	44,696.59	
14	The Power Construction Corporation of China	9,255.01	39,781.70	9,227.63	45,192.44	11,626.27	57,542.37	
15	China Shipping (Group) Company	9,335.60	26,412.37	9,814.19	28,836.63	11,490.83	28,943.97	
16	China North Industries Group Corporation	4,876.05	42,966.56	5,652.96	46,669.96	11,467.23	48,948.53	
17	China South Industries Group Corporation	7,596.15	42,825.10	9,070.51	45,716.43	11,305.33	51,142.23	
18	HNA Group	6,186.69	48,661.12	6,574.19	58,538.26	10,997.14	67,284.05	
19	China United Network Communications Group Co.,Ltd	6,695.34	85,903.88	9,178.28	94,485.98	10,477.98	94,059.67	
20	Yankuang Group Co.,Ltd.	5,780.90	22,916.93	10,643.11	30,274.02	9,536.14	30,273.42	
Total			481,366.60	2,196,856.46	561,026.75	2,470,690.00	664,876.09	

Source: The development report of Chinese Top 500 operations (2012-2014).

Annex Table 1b. China: Foreign and total sales of the top 20 multinationals, 2011-2013 (US\$ million)

Rank by foreign	Firms	20	011	20)12	2013		
assets	FIFTHS	foreign	total	foreign	total	foreign	total	
1	China National Petroleum Corporation	183330.74	390571.97	219537.56	440138.48	227948.76	452574.82	
2	China Petrochemical Corporation	118112.96	418565.33	145916.24	464270.28	155063.85	483044.66	
3	China National Offshore Oil Corporation	33105.93	80073.38	37089.59	86366.27	48086.53	96782.44	
4	CITIC Group	10049.60	52317.70	9885.17	57366.21	11298.63	61521.17	
5	Sinochem Corporation	62653.42	75276.50	60038.54	74326.07	62612.26	76580.69	
6	China ocean shipping (group) corp	19847.34	30535.19	20944.86	29737.06	19537.03	27032.00	
7	Aluminum Corporation of China	616.09	38003.21	1123.99	40174.45	2021.56	45829.71	
8	China Minmetals Corporation	15598.31	57800.30	14945.22	53611.71	16122.96	68010.04	
9	China poly group corporation	1910.76	11283.73	2950.24	16122.45	4225.92	21617.66	
10	Geely Holding Group	20955.00	24765.86	21203.90	25405.46	21002.28	25985.21	
11	China State Construction Engineering Corporation	4614.85	80613.86	5480.80	93759.34	7061.78	111703.98	
12	China Communication Construction Company Ltd.	6585.05	48446.01	7993.79	48981.48	8899.95	55071.22	
13	China National Chemical Corporation	7183.30	29379.66	7279.68	33081.49	12073.56	40026.28	
14	Power Construction Corporation of China	8448.76	29996.70	9683.10	33084.69	9712.52	37117.97	
15	China Shipping(Group) Company	4204.06	10384.89	4188.63	10841.02	4343.31	11195.94	
16	China North Industries Group Corporation	15600.37	51061.37	18714.00	60049.17	18810.49	63188.57	
17	China South Industries Group Corporation	12330.36	45765.46	16445.81	49638.39	18064.76	59334.31	
18	HNA Group	1032.71	15399.92	1270.48	17612.20	1966.41	18954.78	
19	China Unicom Corporation	180.48	35473.28	219.78	42166.09	277.58	49976.32	
20	Yanzhou Coal Mining Company Limited	1538.70	13778.19	1640.57	16449.83	1742.44	16620.19	
	Total	527898.79	1539492.50	606551.95	1693182.14	650872.57	1822167.95	

Source: The development report of Chinese Top 500 operations (2012-2014).

Annex Table 1c. China: Foreign and total employment of the top 20 multinationals, 2011-2013 (number of persons)

Rank by foreign assets	Firms		011	2	2012	2013	
for eight assets			total	foreign	total	foreign	total
1	China National Petroleum Corporation	95,690	1,668,072	104,319	1,656,465	121,116	1,602,898
2	China Petrochemical Corporation	40,936	1,021,979	52,171	1,015,039	51,306	961,703
3	China National Offshore Oil Corporation	2,311	98,400	4,778	102,500	10,626	108,646
4	CITIC Group	51,464	155,333	55,070	163,468	59,961	176,175
5	Sinochem Group	7,828	46,996	9,054	47,718	9,475	49,307
6	China Ocean Shipping(Group) Company	4,591	72,897	4,752	74,909	4,738	74,312
7	Aluminum Corporation of China	292	184,355	453	174,999	927	175,602
8	China Minmetals Corporation	7,315	115,137	7,325	116,230	10,536	118,030
9	China Poly Group Corporation	5,945	29,938	7,404	37,731	8,320	45,688
10	Zhejiang Geely Holding Group	19,800	37,800	20,530	40,500	23,579	41,579
11	China State Construction Engineering Corporation Ltd	7,190	188,480	9,088	203,761	16,124	216,824
12	China Communications Construction Group Ltd	2,974	96,300	4,398	103,371	5,187	110,140
13	China National Chemical Corporation	10,149	138,553	10,215	127,107	8,679	110,005
14	The Power Construction Corporation of China	2,128	200,309	75,000	207,526	31,475	202,850
15	China Shipping (Group) Company	2,248	45,729	2,172	45,570	2,248	44,462
16	China North Industries Group Corporation	2,992	279,563	5,961	260,021	7,294	258,186
17	China South Industries Group Corporation	1,866	228,245	2,256	237,021	2,836	242,430
18	HNA Group	2,943	79,969	4,199	104,205	6,767	108,416
19	China United Network Communications Group Co.,Ltd	240	299,818	259	292,651	300	288,679
20	Yankuang Group Co.,Ltd.	1,526	97,239	1,337	95,873	1,148	88,973
	Total	270,428	5,085,112	380,741	5,106,665	382,642	5,024,905

Source: The development report of Chinese Top 500 operations (2012, 2013, 2014).

Annex Table 1d. China: The top 20 multinationals – Detailed TNI Data, 2013

Rank by	Firms	Assets	Seals	Employment	TNI(%)
foreign assets	FILINS	(Foreign/Total)	(Foreign/Total)	(Foreign/Total)	1111(70)
1	China National Petroleum Corporation	23.90%	50.40%	7.60%	27.26
2	China Petrochemical Corporation	37.70%	32.10%	5.30%	25.05
3	China National Offshore Oil Corporation	44.20%	49.70%	9.80%	34.56
4	CITIC Group	7.60%	18.40%	34.00%	20.01
5	Sinochem Group	75.10%	81.80%	19.20%	58.68
6	China Ocean Shipping(Group) Company	54.10%	72.30%	6.40%	44.25
7	Aluminum Corporation of China	35.80%	4.40%	0.50%	13.6
8	China Minmetals Corporation	32.60%	23.70%	8.90%	21.74
9	China Poly Group Corporation	19.80%	19.50%	18.20%	19.19
10	Zhejiang Geely Holding Group	65.30%	80.80%	56.70%	67.61
11	China State Construction Engineering Corporation Ltd	10.20%	6.30%	7.40%	8
12	China Communications Construction Group Ltd	14.60%	16.20%	4.70%	11.81
13	China National Chemical Corporation	28.00%	30.20%	7.90%	22.03
14	The Power Construction Corporation of China	20.20%	26.20%	15.50%	20.63
15	China Shipping (Group) Company	39.70%	38.80%	5.10%	27.85
16	China North Industries Group Corporation	23.40%	29.80%	2.80%	18.68
17	China South Industries Group Corporation	22.10%	30.40%	1.20%	17.91
18	HNA Group	16.30%	10.40%	6.20%	10.98
19	China United Network Communications Group Co.,Ltd	11.10%	0.60%	0.10%	3.93
20	Yankuang Group Co.,Ltd.	31.50%	10.50%	1.30%	14.42

Source: The development report of Chinese Top 500 operations (2014)

Annex Table 2. China: The top 20 multinationals – Number of affiliates and Regionality Index (%), 2013

Rank by foreign	Firms		Asia		urope		America				ceania		Africa		Γotal
assets		No.	Index	No.	Index	No.	Index	No.	Index	No.	Index	No.	Index	No.	Index
1	China National Petroleum Corporation	12	46.20%	1	3.80%	1	3.80%	3	11.50%			9	34.60%	26	4.70%
2	China Petrochemical Corporation	27	46.60%	4	6.90%	3	5.20%	7	12.10%	1	1.70%	16	27.60%	58	10.50%
3	China National Offshore Oil Corporation	33	45.20%	5	6.80%	7	9.60%	6	8.20%	7	9.60%	15	20.50%	73	13.20%
4	CITIC Group	10	43.50%	1	4.30%	3	13.00%	3	13.00%	2	8.70%	4	17.40%	23	4.10%
5	Sinochem Group	9	39.10%	4	17.40%	2	8.70%	7	30.40%			1	4.30%	23	4.10%
6	China Ocean Shipping(Group) Company	143	73.00%	28	14.30%	6	3.10%	6	3.10%	8	4.10%	5	2.60%	196	35.30%
7	Aluminum Corporation of China						No accu	rate da	ata						
8	China Minmetals Corporation	6	24.00%	8	32.00%	5	20.00%	3	12.00%	2	8.00%	1	4.00%	25	4.50%
9	China Poly Group Corporation			•		•	No accu	rate da	ata	•					
10	Zhejiang Geely Holding Group						No accu	rate da	ata						
11	China State Construction Engineering Corporation Ltd	14	51.90%	1	3.70%	1	3.70%					11	40.70%	27	4.90%
12	China Communications Construction Group Ltd	8	61.50%	1	7.70%			1	7.70%			3	23.10%	13	2.30%
13	China National Chemical Corporation	1	20.00%	3	60.00%					1	20.00%			5	0.90%
14	The Power Construction Corporation of China	28	37.30%	4	5.30%	1	1.30%	9	12.00%	1	1.30%	32	42.70%	75	13.50%
15	China Shipping (Group) Company	3	42.90%	1	14.30%	1	14.30%	1	14.30%			1	14.30%	7	1.30%
16	China North Industries Group Corporation		•		•		No accu	rate da	nta				•		
17	China South Industries Group Corporation						No accu	rate da	ıta						
18	HNA Group	No accurate data													
19	China United Network Communications Group Co.,Ltd	1	50.00%	1	50.00%									2	0.40%
20	Yankuang Group Co.,Ltd.	1	50.00%							1	50.00%			2	0.40%
	Total	296	53.30%	62	11.20%	30	5.40%	46	8.30%	23	4.10%	98	17.70%	555	100%

Source: Official websites and Annual reports of every firm. Regional index is the percentage of number of affiliates in each region to the number of all foreign affiliates.

Annex Table 2a. China: Regional distribution of foreign enterprises, 2013

Total	Numbers	Proportion (%)
Asia	14,131	55.6
Europe	3,133	12.3
North America	3,073	12.1
Africa	2,955	11.6
Latin America	1,331	5.3
Oceania	790	3.1
Total	25,413	100

Source: Statistical Bulletin of China's out forward foreign direct investment (2013)

Annex Table 3. China: The top 20 multinationals – Stock exchange listings, 2013

Firms	Domestic	Foreign
China National Petroleum Corporation ^a	Shanghai Stock Exchange	The Stock Exchange of Hong Kong, New York Stock Exchange
China Petrochemical Corporation ^a	Shanghai Stock Exchange	The Stock Exchange of Hong Kong, New York Stock Exchange, London Stock Exchange
China National Offshore Oil Corporation ^a	Shanghai Stock Exchange	The Stock Exchange of Hong Kong, New York Stock Exchange
CITIC Group ^a	Shanghai Stock Exchange, Shenzhen Stock Exchange	The Stock Exchange of Hong Kong
Sinochem Corporation ^a	Shanghai Stock Exchange	The Stock Exchange of Hong Kong
China ocean shipping (group) Corp ^a	Shanghai Stock Exchange, Shenzhen Stock Exchange	The Stock Exchange of Hong Kong, Singapore Stock Exchange
Aluminum Corporation of China ^a Shanghai Stock Exchange, Shenzhen Stock Exchange		The Stock Exchange of Hong Kong
China Minmetals Corporation ^a	Shanghai Stock Exchange, Shenzhen Stock Exchange	The Stock Exchange of Hong Kong
China poly group corporation ^a	Shanghai Stock Exchange, Shenzhen Stock Exchange	The Stock Exchange of Hong Kong
Zhejiang Geely Holding Group		The Stock Exchange of Hong Kong
China State Construction Engineering Corporation ^a	Shanghai Stock Exchange, Shenzhen Stock Exchange	The Stock Exchange of Hong Kong
China Communication Construction Company Ltd. ^a	Shanghai Stock Exchange, Shenzhen Stock Exchange	The Stock Exchange of Hong Kong
China National Chemical Corporation ^a	Shanghai Stock Exchange, Shenzhen Stock Exchange	
Power Construction Corporation of China ^a	Shanghai Stock Exchange	
China Shipping(Group) Company ^a	Shanghai Stock Exchange	The Stock Exchange of Hong Kong
China North Industries Group Corporation ^a	Shanghai Stock Exchange, Shenzhen Stock Exchange	The Stock Exchange of Hong Kong
China South Industries Group Corporation ^a	Shanghai Stock Exchange, Shenzhen Stock Exchange	The Stock Exchange of Hong Kong

HNA Group ^a	Shanghai Stock Exchange, Shenzhen Stock Exchange	The Stock Exchange of Hong Kong
China Unicom Corporation ^a	Shanghai Stock Exchange	The Stock Exchange of Hong Kong, New York Stock Exchange
Yanzhou Coal Mining Company Limited ^a	Shanghai Stock Exchange	The Stock Exchange of Hong Kong, New York Stock Exchange, Australian Stock Exchange

Source: Each company's annual report and official website

^a The parent firm is not listed, but their subsidiary is listed.

Annex Table 4. Structure of China's outward FDI flows and stock, 2011 (US\$ billion)

In diagram/acta com:		flows	stock		
Indicator/category	Sum	Change (%)	Share (%)	Sum	Share (%)
Total	74.7	8.5	100.0	424.8	100.0
Financial outward	6.1	-29.7	8.1	67.4	15.9
Non-financial outward	68.6	14.0	91.9	357.4	84.1

Annex Table 4a. Structure of China's outward FDI flows and stock, 2012 (US\$ billion)

Indicator/actorory		flows	stock		
Indicator/category	Sum Change (%)		Share (%)	Sum	Share (%)
Total	87.8	17.6	100.0	513.9	100.0
Financial outward	10.1	65.9	11.5	96.5	18.1
Non-financial outward	77.7	13.3	88.5	435.5	81.9

Annex Table 4b. Structure of China's outward FDI flows and stock, 2013 (US\$ billion)

Indiantar/antagamy		flows	stock		
Indicator/category	Sum Change (%)		Share (%)	Sum	Share (%)
Total	107.8	22.8	100.0	660.5	100.0
Financial outward	15.1	50.0	14.0	117.1	17.7
Non-financial outward	92.7	19.3	86.0	543.4	82.3

Annex Table 5. China: Outward FDI by industry sector (US\$ million and percentages)

Industry	2009	2010	2011	2012	2013	Varying proportions % 2012-2013
Leasing and Business Services	20,473.78	30,280.70	25,597.26	26,740.80	27,056.17	1.18
Mining	13,343.09	5,714.86	14,445.95	13,543.80	24,807.79	83.17
Finance	8,733.74	8,627.39	6,070.50	10,070.84	15,105.32	49.99
Wholesale and Retail Trade	6,135.75	6,728.78	10,324.12	13,048.54	14,646.82	12.25
Manufacturing	2,240.97	4,664.17	7,041.18	8,667.41	7,197.15	-16.69
Real Estate	938.14	1,613.08	1,974.42	2,018.13	3,952.51	95.85
Total	51,885.56	57,649.08	65,473.54	74,109.64	92,785.89	25.2
The proportion of the top three industry %	81.4	80	75	68.9	68.9	

Source: Statistical Bulletin of China's outward foreign direct investment (2009-2013)

Annex Table 6. 2009-2013 Domestic investors accounted for by Registration Category circumstances

Industrial and commercial registration type	2009	2010	2011	2012	2013	Varying proportions % 2012-2013
limited liability company	57.7	57.1	60.4	62.5	66.1	0.06
State-owned enterprises	13.4	10.2	11.1	9.1	8.4	-0.08
Private	7.5	8.2	8.3	8.3	8	-0.04
Limited Liability Companies	7.2	7	7.7	7.4	7.1	-0.04
Joint-Stock Company	4.9	4.6	4	3.4	3.1	-0.09
Foreign-invested enterprises	3.1	3.2	3.6	3.4	3	-0.12
Hong Kong, Macao and Taiwan-invested enterprises	1.8	2	2.4	2.2	2	-0.09
Self-employed	no data	no data	0.8	1.6	0.7	-0.56
Collective management	1.2	1.1	1	0.8	0.6	-0.25
other	3.2	6.6	0.7	1.3	1	-0.23
total	100	100	100	100	100	0

Source: Statistical Bulletin of China's outward foreign direct investment (2009-2013)