Promote Investments to Meet Energy Needs in Asia: The Case of China

Han WANG

February 8, 2016 Stockholm
Based on personal research
Outline

• General Situation in China’s Energy Sector
• China’s investment abroad and FDI in China
• International Energy Investment Demand (Asia)
• Energy Investment that China Interested in
• What Can We Do
• General Situation in China’s Energy Sector
• China’s investment abroad and FDI in China
• International Energy Investment Demand (Asia)
• Energy Investment that China Interested in
• What Can We Do
Electricity (2014)

- **Installed capacity**: 1.36 Tera watt
  - Themal power: 900 GW, 67%
  - Hydropower: 300 GW, 23%
  - Wind power: 90GW, 7%
  - Solar power: 30GW, 2.3%
  - Nuclear power: 19GW, 1.5%
  - Biomass power: 10GW, 0.8%
• **Generating capacity:** 5.5 Tera kwh
  - Themal power: 75%
  - Hydropower: 19.28%
  - Wind power: 2.284%
  - Nucear power: 0.0047%
  - Solar power: 0.0042%
Oil (2014)

Output: 263.52 million tons of standard coal

Import: 308.37 million tons

Apparent Consumption: 518 million tons

Dependency on foreign oil: 59.5%
Gas (2014)

Output: 130.8 bcm

Apparent consumption: 181.6 bcm

Dependency on foreign gas: over 30%
One Belt One Road
One Belt One Road

Silk Road Economic Belt

Photo: ST
What is the One Belt One Road initiative?

The Silk Road is the oldest overland trade route in the world, dating back to 500 B.C. Chinese President Xi Jinping is bringing it to the 20th century in the form of the One Belt One Road Initiative which will begin in Xi’an, China.

When President Xi Jinping visited Kazakhstan and Indonesia in September 2013, he promoted for the first time, with various other countries, the "Silk Road Economic Belt" and the "21st Century Maritime Silk Road".
Who is involved in OBOR?

- 65 countries are involved in OBOR.
- Asia 43, East Europe 16, CIS 4, Africa 1:
  - Southeast Asia (11): Indonesia, Malaysia, Philippines, Singapore, Thailand, Brunei, Vietnam, Laos, Myanmar, Cambodia, east Timor;
  - South Asia (7): Nippur, Bhutan, India, Pakistan, Bangladesh, Sri Lanka, Maldives;
  - Central Asia (6): Kazakhstan, Turkmenistan, Kyrgyzstan, Uzbekistan, Tajikistan, Afghanistan;
  - West Asia (18): Iran, Iraq, Georgia, Armenia, Azerbaijan, Turkey, Syria, Jordan, Israel, Saudi Arabic, Bahrain, Qatar, Yemen, Oman, the United Arab Emirates, Kuwait, Lebanon;
  - East Europe (16): Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Romania, Poland, Serbia, Slovakia, Slovenia;
  - CIS (4): Russia, Belarus, Ukraine, Moldova;
  - Mongolia, Egypt
Opportunity for energy cooperation?

- Energy is the priority of OBOR construction
Energy Resource Distribution in China

• General Situation in China’s Energy Sector
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<table>
<thead>
<tr>
<th>Data</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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<tbody>
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<td>Energy Industry Investment</td>
<td>308,959</td>
<td>329,223</td>
<td>364,283</td>
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<tr>
<td>Oil and Gas exploration Industry Investment</td>
<td>41,828</td>
<td>43,171</td>
<td>43,950</td>
<td>54,580</td>
<td>57,472</td>
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<td>&quot;Electricity, Steam, Hot water product and Supply Industry</td>
<td>183,991</td>
<td>183,541</td>
<td>207,894</td>
<td>241,951</td>
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<td>Gas production and Supply Industry Investment</td>
<td>13,771</td>
<td>17,777</td>
<td>22,924</td>
<td>31,575</td>
<td>32,025</td>
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<tr>
<td>Coal mining Industry Investment</td>
<td>54,067</td>
<td>70,104</td>
<td>76,718</td>
<td>74,465</td>
<td>66,887</td>
</tr>
</tbody>
</table>
The data showed a rising trend
Chinese GNI has increased from 5816254 billion Euro in 2010 to 9057763 billion Euro in 2014.

Chinese GDP has increased from 5841471 billion Euro from 2011 to 9087696 billion Euro in 2014.
# Total Energy Production in China

<table>
<thead>
<tr>
<th>Data</th>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total energy production (million tons of standard coal)</td>
<td></td>
<td>312124.75</td>
<td>340177.51</td>
<td>351040.75</td>
<td>358783.76</td>
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<tr>
<td>Total coal production (million tons of standard coal)</td>
<td></td>
<td>227437.66</td>
<td>247393.89</td>
<td>253863.72</td>
<td>257040.00</td>
<td>263520.00</td>
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<tr>
<td>Crude oil production (million tons of standard coal)</td>
<td></td>
<td>29097.77</td>
<td>28936.82</td>
<td>29534.47</td>
<td>30260.00</td>
<td>30240.00</td>
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<tr>
<td>Total natural gas production (million tons of standard coal)</td>
<td></td>
<td>12470.47</td>
<td>13673.44</td>
<td>14269.46</td>
<td>15640.00</td>
<td>17280.00</td>
</tr>
<tr>
<td>Hydropower, nuclear power, wind power production (million tons of standard coal)</td>
<td></td>
<td>27910.10</td>
<td>27982.86</td>
<td>34180.34</td>
<td>37060.00</td>
<td>49320.00</td>
</tr>
<tr>
<td>Coke production (Million tons)</td>
<td></td>
<td>36457.83</td>
<td>40933.00</td>
<td>44323.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crude oil production (Million tons)</td>
<td></td>
<td>20301.40</td>
<td>20287.60</td>
<td>20700.00</td>
<td></td>
<td></td>
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<tr>
<td>Gasoline production (Million tons)</td>
<td></td>
<td>7360.47</td>
<td>7917.90</td>
<td>8975.60</td>
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<td></td>
</tr>
<tr>
<td>Kerosene production (Million tons)</td>
<td></td>
<td>1924.39</td>
<td>1932.40</td>
<td>2131.40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diesel production (Million tons)</td>
<td></td>
<td>14924.38</td>
<td>15689.70</td>
<td>17063.70</td>
<td></td>
<td></td>
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<tr>
<td>Fuel oil production (Million tons)</td>
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<td>2536.97</td>
<td>2301.80</td>
<td>1929.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural gas production (Million cubic meters)</td>
<td></td>
<td>948.48</td>
<td>1026.90</td>
<td>1072.20</td>
<td></td>
<td></td>
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<tr>
<td>generating capacity (Million kilowatt hours)</td>
<td></td>
<td>42071.60</td>
<td>47130.20</td>
<td>49377.70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hydraulic power generation capacity (Million kilowatt hours)</td>
<td></td>
<td>7221.72</td>
<td>6989.50</td>
<td>8608.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thermal power generation (Million kilowatt hours)</td>
<td></td>
<td>33319.28</td>
<td>38337.00</td>
<td>38554.50</td>
<td></td>
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</tr>
</tbody>
</table>
### The Percentage of Energy Production /GDP in China

<table>
<thead>
<tr>
<th>Data (%)</th>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total energy production (million tons of standard coal) /GDP</td>
<td></td>
<td>58.44%</td>
<td>63.69%</td>
<td>65.72%</td>
<td>61.02%</td>
<td>56.59%</td>
</tr>
<tr>
<td>Total coal production (million tons of standard coal) /GDP</td>
<td></td>
<td>42.58%</td>
<td>46.32%</td>
<td>47.53%</td>
<td>43.71%</td>
<td>-</td>
</tr>
<tr>
<td>Crude oil production (million tons of standard coal) /GDP</td>
<td></td>
<td>5.45%</td>
<td>5.42%</td>
<td>5.53%</td>
<td>5.15%</td>
<td>-</td>
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<tr>
<td>Total natural gas production (million tons of standard coal) /GDP</td>
<td></td>
<td>2.33%</td>
<td>2.56%</td>
<td>2.67%</td>
<td>2.66%</td>
<td>-</td>
</tr>
<tr>
<td>Hydropower, nuclear power, wind power production (million tons of standard coal) /GDP</td>
<td></td>
<td>5.23%</td>
<td>5.24%</td>
<td>6.40%</td>
<td>6.30%</td>
<td>-</td>
</tr>
<tr>
<td>Coke production (Million tons) /GDP</td>
<td></td>
<td>6.83%</td>
<td>7.66%</td>
<td>8.30%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Crude oil production (Million tons) /GDP</td>
<td></td>
<td>3.80%</td>
<td>3.80%</td>
<td>3.88%</td>
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<td>-</td>
</tr>
<tr>
<td>Gasoline production (Million tons) /GDP</td>
<td></td>
<td>1.38%</td>
<td>1.48%</td>
<td>1.68%</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Kerosene production (Million tons) /GDP</td>
<td></td>
<td>0.36%</td>
<td>0.36%</td>
<td>0.40%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Diesel production (Million tons) /GDP</td>
<td></td>
<td>2.79%</td>
<td>2.94%</td>
<td>3.19%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fuel oil production (Million tons) /GDP</td>
<td></td>
<td>0.47%</td>
<td>0.43%</td>
<td>0.36%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Natural gas production (Million cubic meters) /GDP</td>
<td></td>
<td>0.18%</td>
<td>0.19%</td>
<td>0.20%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>generating capacity (Million kilowatt hours) /GDP</td>
<td></td>
<td>7.88%</td>
<td>8.82%</td>
<td>9.24%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hydraulic power generation capacity (Million kilowatt hours) /GDP</td>
<td></td>
<td>1.35%</td>
<td>1.31%</td>
<td>1.61%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Thermal power generation (Million kilowatt hours) /GDP</td>
<td></td>
<td>6.24%</td>
<td>7.18%</td>
<td>7.22%</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Chinese Overseas Direct Investment

- Chinese overseas direct investment reaches 123.12 billion dollar in 2014.
- Chinese total overseas investment stock reaches 822.64 billion dollar at the end of 2014.
Distribution of Chinese ODI flows and stocks according to MOFCOM (2013)

Asia 68%
USD 76 Bn

Europe 8%
USD 6.0 Bn

North America 4%
USD 4.9 Bn

Africa 4%
USD 3.4 Bn

LAC 13%
USD 14.4 Bn

Oceania 3%
USD 3.7 Bn

Source: MOFCOM, NBS, SAFE and BBVA Research; Note: The bubbles are indicative and do not exactly represent the size of ODI flows and stocks.
Chinese Overseas Direct Investment Flow in Asia (billion dollar)
Chinese Overseas Direct Investment Stock in Asia (billion dollar)

Chinese Overseas Direct Investment Stock the mentioned year
Chinese Overseas Direct Investment Stock in Asia
Chinese Overseas Accumulated Direct Investment in Energy Sector (billion dollar)
Foreign Direct Investment in China

<table>
<thead>
<tr>
<th>Foreign Direct Investment</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDI Inward Flow (billion USD)</td>
<td>113,294</td>
<td>117,590</td>
<td>119,705</td>
</tr>
<tr>
<td>FDI Stock (billion USD)</td>
<td>832,882</td>
<td>956,793</td>
<td>1.085,293</td>
</tr>
<tr>
<td>Number of Greenfield Investments</td>
<td>1.152</td>
<td>1.104</td>
<td>1.037</td>
</tr>
<tr>
<td>FDI Inwards (in % of GFCF)</td>
<td>3,2</td>
<td>2,9</td>
<td>2,7</td>
</tr>
<tr>
<td>FDI Stock (in % of GDP)</td>
<td>9,9</td>
<td>10,1</td>
<td>10,5</td>
</tr>
</tbody>
</table>

Source: UNCTAD-2014
GFCF: growth fixed capital formation
Annual FDI in China (billion dollar)

Source: www.fdi.gov.cn
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World Energy Investment Demand

- More than $1600 billion is invested each year in world’s energy, almost $1000 billion of current energy supply investment is for primary fuel supply, mainly for oil and natural gas, around $650 billion is in the power sector.

- Over the period to 2035, the investment required each year to meet the world’s energy needs rises towards $2000 billion.

- Over the period to 2035, cumulative global investment will be more than $48 trillion.

(Source: IEA special report on investment of the World Energy Outlook series.)
Primary Energy Demand by Source

(source: http://adb.org/sites/default/files/pub/2013/energy-outlook.pdf)
Energy Demand Growth by Type and by Region

- Renewables: 32.5 Mtoe
- District Heating: 93.5 Mtoe
- Electricity: 522.0 Mtoe
- Gas: 217.5 Mtoe
- Oil: 145.5 Mtoe
- Coal: 8.7 Mtoe
Energy Investment Needs in Asia

- Overall FDI into Singapore, Indonesia, Malaysia, the Philippines, Thailand and Vietnam rose to $128 billion in 2014.

(source: IEA World Energy Investment Outlook 2014)
# Primary Energy Demand in Southeast Asia (Mtoe)

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td><strong>Fossil fuels</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coal</td>
<td>13</td>
<td>91</td>
<td>151</td>
<td>309</td>
<td>15%</td>
<td>29%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Gas</td>
<td>30</td>
<td>133</td>
<td>149</td>
<td>220</td>
<td>22%</td>
<td>21%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Oil</td>
<td>89</td>
<td>213</td>
<td>247</td>
<td>309</td>
<td>36%</td>
<td>29%</td>
<td>1.4%</td>
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<tr>
<td><strong>Nuclear</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Renewables</strong></td>
<td>102</td>
<td>156</td>
<td>169</td>
<td>223</td>
<td>26%</td>
<td>21%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Hydro</td>
<td>2</td>
<td>9</td>
<td>10</td>
<td>22</td>
<td>2%</td>
<td>2%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Bioenergy</td>
<td>93</td>
<td>122</td>
<td>127</td>
<td>134</td>
<td>21%</td>
<td>13%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Other**</td>
<td>7</td>
<td>25</td>
<td>32</td>
<td>67</td>
<td>4%</td>
<td>6%</td>
<td>3.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>233</td>
<td>594</td>
<td>716</td>
<td>1070</td>
<td>100%</td>
<td>100%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

*Compound average annual growth rate
**Includes Solar PV, wind and geothermal

(Source: IEA Southeast Asia Outlook 2015)
### Asia's Energy Demand

**Asia will more than double its energy consumption over the next 20 years.**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>51%</strong></td>
<td>Of world's energy consumption will come from Asia by 2035</td>
</tr>
<tr>
<td><strong>36%</strong></td>
<td>Of world's wind power is produced in Asia</td>
</tr>
<tr>
<td><strong>35%</strong></td>
<td>Of global hydroelectric consumed by Asia</td>
</tr>
<tr>
<td><strong>19%</strong></td>
<td>Of Asia's electricity will be generated from renewables by 2020</td>
</tr>
<tr>
<td><strong>6%</strong></td>
<td>Of world's biofuel is produced in Asia</td>
</tr>
<tr>
<td><strong>3%</strong></td>
<td>Rise in average energy demand in Asian countries per year</td>
</tr>
</tbody>
</table>

(Source: Government websites of Asian countries)
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China had 1115 trillion cubic feet (31 trillion cubic meters, EIA) of recoverable shale gas. The production of shale gas in China is 200 million cubic meters (7.1 billion cubic feet) in 2013, less than 0.2% of China’s total natural gas production. (By 2020, gas dependency will go up to 40-50.)

Shale gas is seen as a way to reduce or eliminate dependence on imported gas.
• Challenges (Opportunities) to develop efficient shale gas extraction:
  ➢ Complex geology and terrain (much more complex than USA)
  ➢ Water resources shortage
  ➢ Immature expertise, etc.

• The government encourage prospecting and exploitation of shale and provide subsidies to boost shale gas development.
Carbon capture and storage (CCS) (or carbon capture and sequestration) is the process of capturing waste carbon dioxide (CO₂) from large point sources, such as fossil fuel power plants, transporting it to a storage site, and depositing it where it will not enter the atmosphere, normally an underground geological formation. The aim is to prevent the release of large quantities of CO₂ into the atmosphere.

- Coal based industry creates big demand for CCS technology in China.
- The Chinese government invested RMB 600-700 million for CCS R&D during the 12th Five-Year Plan with an industry matching fund of around two billion. For the 13th Five-Year Plan, more investments for CCS technology development are needed.
Clean Utilization of Coal

- High-efficient and clean exploitation and utilize of coal.
- Advanced technology for Improving the quality of coal, clean briquette and high concentration coal water slurry.
- Coal-fired Power Generation with Ultra-low Emissions, Expedite the Upgrade and Transformation of Active Coal-fired Units.
- The energy conservation and emissions reduction in thermal power.
Energy Efficiency

• Current Situation of China: The energy consumption intensity of GDP of China in 2000 was 0.89kgoe/$US, 3.34 times of world average level and 4.63 times of OECD average with low energy efficiency. The specific energy consumption for most energy intensive products are as 20-50% higher than that of the industrial countries.
• Target of China

- During the period of 13\textsuperscript{th} Five Year Plan, China should reach the international commitment low-carbon target of from 2005 to 2020, reducing 40 to 45 percent of emissions per unit of GDP and lay the foundation of achieving the medium and long term low-carbon development target that come up in “U.S. –China Joint Announcement on Climate Change”, which said China will reach the peak of carbon emission around 2030. China should also make remarkable results on environmental indicators such as the control of air pollution.

- Technology and investment for enhancing energy efficiency in industries is needed in China. (China already introduced fund and policy measures in energy efficiency field)
Oil and Gas

- Construction and management of oil (gas) pipelines, oil (gas) depots and petroleum wharf (Future reform of oil and gas pipeline will introduce mixed ownership, it is a good opportunity for foreign capital in China).
- Development and application of new technologies that can increase the recovery factor of crude oil (in the form of engineering service).
- Development and application of new technologies for prospecting and exploitation of petroleum, such as geophysical prospecting, well drilling, well-loggning and downhole operation, etc.
- Manufacturing of oil exploration, drilling, gathering and transportation equipment.
- Prospecting and exploitation of petroleum, natural gas (unconventional oil resources such as oil shale, oil sand, shale gas and coal bed gas) and utilization of coalbed.

(Catalogue for the Guidance of Foreign Investment Industries (Amended in 2015))
Renewable Energy

• The renewable energy in China is still in an investing stage, which needs great financial support.
• Government encourage developing alternative energy actively.
• Also encourage the optimization of energy structure, develop clean energy such as renewable energy actively.

(Energy Development Strategic Action Plan 2014-2020)
Hydropower

- There is still market space of hydropower exploitation (e.g. yaluzangbu, jinsha, nu). Though investment in hydropower don't have windfall profits, its return is stable and sustainable.
- Manufacturing of key auxiliary equipment for hydro-power generating units.
- Construction and management of hydropower stations with the main purpose of power generating.

(Catalogue for the Guidance of Foreign Investment Industries (Amended in 2015))
Wind power

- China encourages foreign companies to invest in Chinese wind power generation. However, use of wind energy in China has not always kept up with the remarkable construction of wind power capacity in the country.
- (total investment and accumulated investment in wind power in 2030 will be 298.2 and 1777.3 billion RMB respectively; total investment and accumulated investment in wind power in 2050 will be 427.6 and 12096.2 billion RMB respectively)
Solar power

- The government encourage solar energy equipment manufacture and manufacturing of solar air conditioning, heating system, solar dryer (Catalogue for the Guidance of Foreign Investment Industries (Amended in 2015))

### Utilization of Solar Power in China

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</thead>
<tbody>
<tr>
<td></td>
<td>3.1</td>
<td>9.6</td>
<td>22.6</td>
<td>27.3</td>
<td>32.5</td>
<td>44.5</td>
<td>55.6</td>
</tr>
</tbody>
</table>
Biomass and Biofuel

• Chinese biomass energy enterprises are growing rapidly and desiring for new technology and management experiences. The growing space of biomass energy market is still big. How to use the biomass in a more sustainable and high-efficient way has become a hot issue in society.

• Until 2015, the utilization of biomass in China is over 50 million tons of standard coal.

Manufacturing of biomass drying pyrolysis system, biomass, gasification unit.
(Catalogue for the Guidance of Foreign Investment Industries (Amended in 2015))
Energy Investment Interest of Asia

- Modern energy infrastructure
- Clean energy investment
• General Situation in China’s Energy Sector
• China’s investment abroad and FDI in China
• International Energy Investment Demand (especially Asia)
• Energy Investment that China Interested in
• What Can We Do
Asian Infrastructure Investment Bank (AIIB)

History
Chinese President Xi Jinping and Premier Li Keqiang announced the AIIB initiative during their respective visits to Southeast Asian countries in October 2013. The Bank was envisaged to promote interconnectivity and economic integration in the region and cooperate with existing multilateral development banks.

Member and its distribution
Asia(31): Azerbaijan, Bangladesh, Cambodia, Brunei Darussalam, China, Georgia, India, Indonesia, Iran, Israel, Jordan, Kazakhstan, Republic of Korea, Kyrgyz Republic, Lao PDR, Maldives, Mongolia, Myanmar, Nepal, Oman, Pakistan, Russia, Saudi Arabia, Singapore, Tajikistan, Turkey, the United Arab Emirates, Uzbekistan, Vietnam, Qatar, Sri Lanka
Europe(15): Austria, Finland, France, Germany, Iceland, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom
Africa(1): Egypt
Oceania(2): Australia, New Zealand
South America(1): Brazil
Purpose

• Foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors.

• Promote regional cooperation and partnership in addressing development challenges by working in close collaboration with other multilateral and bilateral development institutions.

Function

• Promoting public and private investment in the Asia region for development, in particular for infrastructure and other productive sectors.

• Utilizing the resources at its disposal for financing such development in the region.

• Encouraging private investment that contributes to economic development in the Asia region, in particular in infrastructure and other productive sectors, and supplementing private investment when private capital is not available on reasonable terms and conditions.
**Financing recipients**
- Member countries or agencies and entities or enterprises in member territories.
- International or regional agencies or entities concerned with the economic development of the region.
- Recipients located outside the region that contributes to the economic development of the Asia region.

**Capital raise**
- Capital subscribed by members.
- Issuance of bonds in financial markets.
- Inter-bank market transactions and other financial instruments.
- Borrowing or other means, in member countries or elsewhere, in accordance with relevant legal provisions. The AIIB will seek to obtain the highest credit rating possible to facilitate borrowing in capital markets.

**Capital base**
- The authorized capital stock of the AIIB will be US$100 billion, divided into 1 million shares having a par value of US$100,000 each.
- The original authorized capital stock will be divided into 20% paid-in shares and 80% callable shares. The authorized capital stock of the Bank may be increased by the Board of Governors.
Thank You for Your Attention

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YEAR OF MONKEY