

## Belt and Road as an Opportunity for Sino-European Economic Cooperation



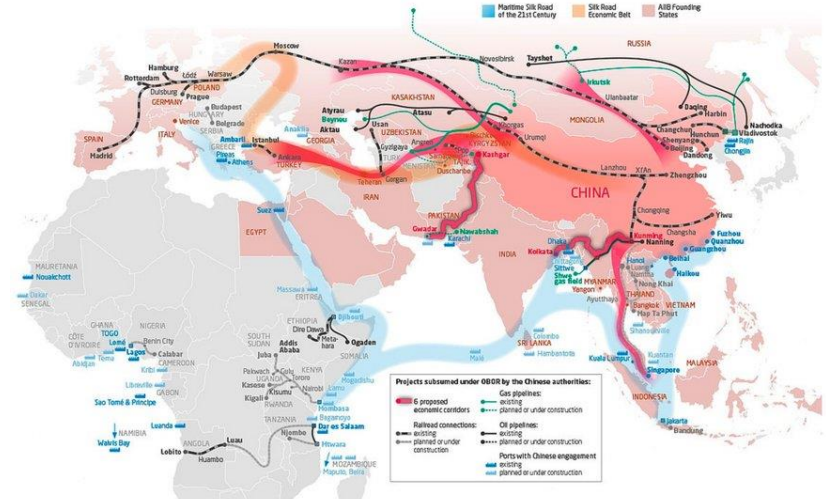


BRI in Europa / Tim Wenniges / Südwestmetall

- Cooperation
- Chances and Challenges
- What do we need now?

# Overview of the Belt and Road Initiative in Europe

- The Belt and Road initiative was announced by President Xi in 2013. According to the number from the Chinese Foreign Ministry, until April 2019, 125 countries and 29 international organizations had already signed the cooperation agreements.
- It includes efforts to strengthen hard infrastructure, soft infrastructure, and cultural ties. As of October 2019, the plan touches 138 countries with a combined Gross Domestic Product of \$29 trillion and some 4.6 billion people. It aims to achieve **Win-Win (Gong Ying)** results and common development.



# The Participant in BRI



Combined population of all countries involved in BRI



BRI touches 62 percent of the world's population



Combined GDP of all countries involved



Trade between China and BRI countries between 2014-2016



The less developed BRI partners have an average yearly income of \$6,312.

**\$26 trillion**

Estimated cost of infrastructure needs

**\$1 trillion**

Amount China has pledged

The estimated cost of infrastructure needs in the developing parts of the Asia-Pacific through 2030 is \$26 trillion. China has pledged \$1 trillion.

The Federal Republic of Germany has already invested about 4.5 billion US dollars in the beginning in the AIIB for the BRI projects and thus be the fourth largest shareholder after China, India and Russia.

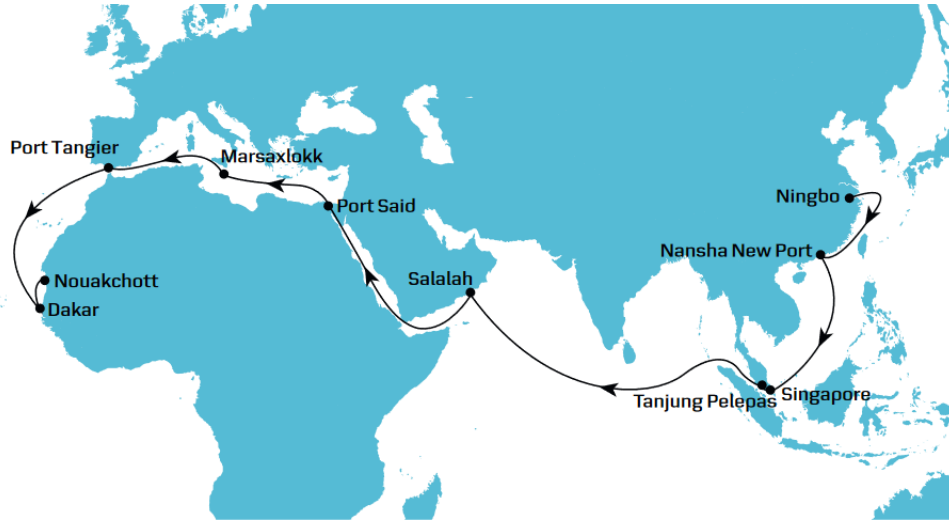
## Die 10 größten chinesischen Investoren in Europa

Investor	Summe In Mrd. USD	Investiert In (Auswahl)
<b>ChemChina</b>	53,4	Adisseo, KraussMaffei, Pirelli, Syngenta
<b>China Investment Corporation (CIC)</b>	26,3	Eutelsat, National Grid, Thames Water
<b>Ping An</b>	15,5	HSBC, Fortis, Llyod's Building
<b>Geely Auto</b>	11,2	Daimler, Saxo Bank, Volvo, LEVC
<b>Tencent</b>	9,1	Supercell, Ubisoft
<b>Sinopec</b>	8,9	Addax Petroleum, Mercuria, Talisman Energy
<b>HNA</b>	8,6	Deutsche Bank, NH Hotels, Swissport International
<b>China Western Power</b>	8,1	JL Goslar
<b>Bohai Leasing</b>	7,6	Avolon
<b>Chinese Ocean Shipping Company (COSCO)</b>	6,5	Euromax Terminal Rotterdam, Noatum Ports, Piraeus Port

Gezählt sind chinesischen Investitionen seit 2009 für jeweils mindestens 100 Millionen US-Dollar.

Tabelle: Investigate Europe / David Meidinger, Tagesspiegel Innovation Lab • Quelle: American Enterprise Institute, Institut d. dt. Wirtschaft, Schweizer Handelsregister, Unternehmensangaben

# Port Said East



# Piräus

The transport company Cosco from China has acquired 67 percent of the shares from the port of Piraeus for almost 450 million euros.

Here, the largest container port of the Mediterranean is to be created.



# Yiwu–London Railway Line

The Yiwu – London Railway Line is a freight railway route from Yiwu, China, to London, United Kingdom, covering a distance of roughly 12,000 km (7,500 miles).

The 12'000-kilometer route passes through Warsaw - Moscow - Yekaterinburg - Astana - Almaty - Khorgos - Xian to trade center Yiwu, 300 km south of Shanghai.

The journey lasts for **18 days**.

This makes it the **second longest** railway freight route in the world after the Yiwu-Madrid railway line, which spans 12,874 km (8,000 miles).





# Cooperation between China und Germany

Allianz has received the approval from the China Banking and Insurance Regulatory Commission (CBIRC) to commence operation of China's first fully foreign-owned insurance holding company. With this, Allianz will strengthen its proposition in the country and position the business to capitalize on the fastest growing economy in the world.



Siemens AG and State Power Investment Corporation Limited (SPIC) signed a comprehensive Strategic Partnership Framework Agreement (SPFA). This follows a Technology Collaboration Agreement on heavy-duty gas turbines between Siemens AG and China United Heavy-duty Gas Turbine Company (UGTC).



The ALBA Group concluded a strategic cooperation agreement with Shenzhen Energy Group to establish a joint venture to cooperate in the use and prevention of waste in Shenzhen.

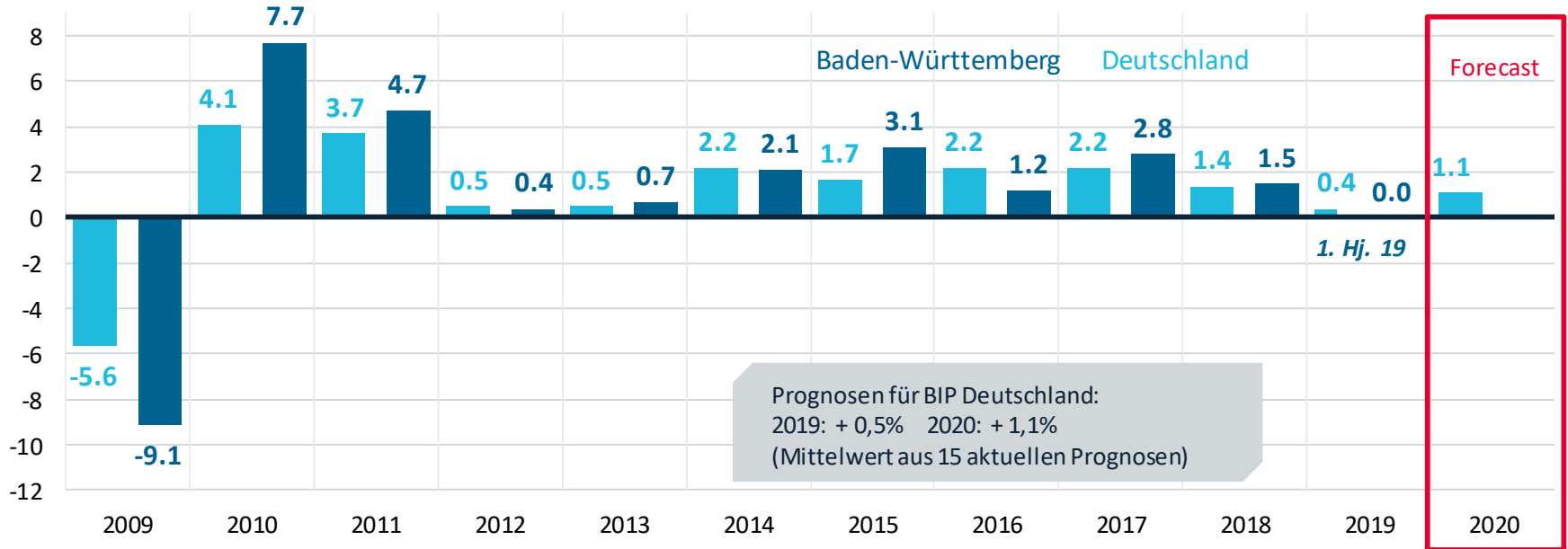


# Challenges



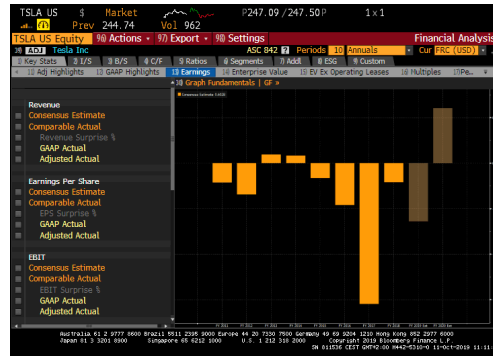
# Forecast GDP Germany – realistic after all?

Veränderung gegenüber Vorjahr  
(in %)



# Automotive Sector – Some Thoughts

Tesla:



Daimler:



# Challenge

## Trade war with US burdens car industry

Especially in the automotive and mechanical engineering sectors - the traditionally strong sectors of the German economy - the success forecasts have declined significantly. For the coming year, 69 percent of carmakers see a deterioration in the development of their industry, followed by 39 percent of manufacturers of machinery and industrial equipment. Chinese auto association CAAM announced that China's car sales fell 4 percent in October from the same month last year.

# German Business in China: Business Confidence Survey 2019/20

From 29 July to 12 September 2019, 526 German companies participated in this year's Business Climate Survey of the German Chamber of Commerce in China.

For Germany as an export-oriented economy in particular, open markets and a rules-based trade system are cornerstones of its companies' worldwide success. Against this backdrop, and in times of uncertainty, German companies are eager to see more signals from the Chinese government showing its commitment to deepen and thoroughly implement necessary economic reform and opening-up measures.

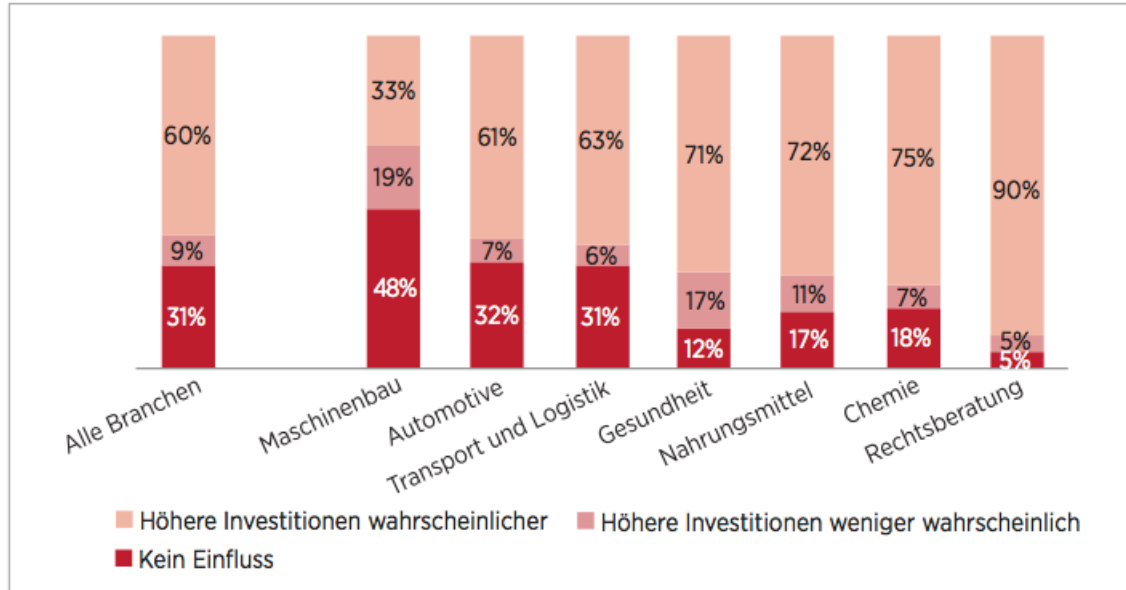




## Investment Growth Needs Improved Market Access

The list of disadvantages for German companies, most of which come from SMEs (small and medium-sized) German companies, ranges from selective licensing, disproportionate tendering procedures to the lack of participation in the development of industry standards. Insufficient lead times in the implementation of new regulations are also complained about.

### Wie würden sich die Investitionsentscheidungen Ihres Unternehmens ändern, wenn der Marktzugang für ausländische Firmen in China verbessert würde?

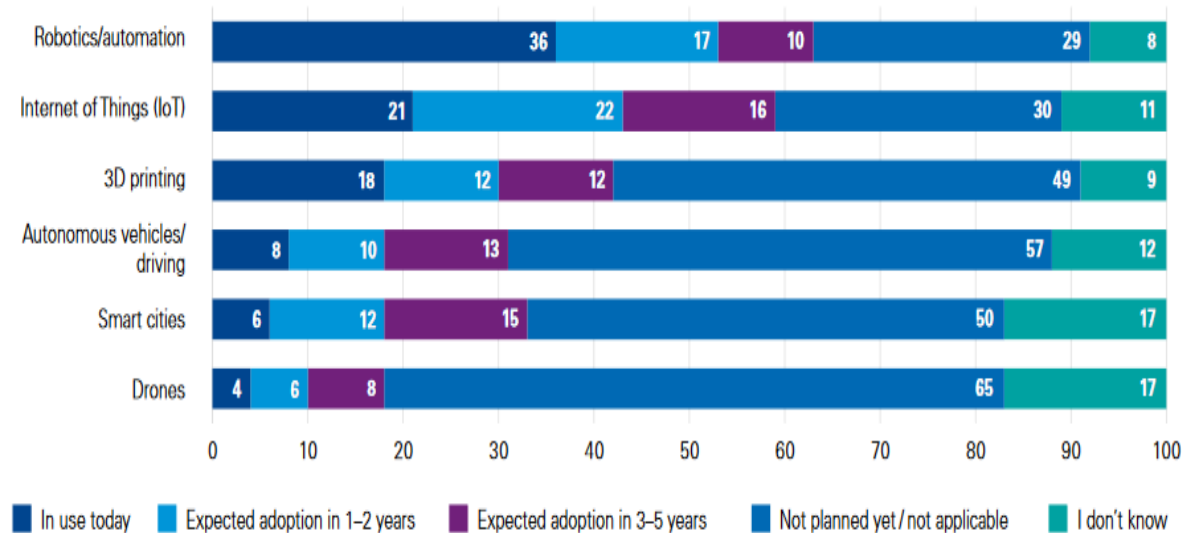


Quelle: European Union Chamber of Commerce in China, Roland Berger Strategy Consultants

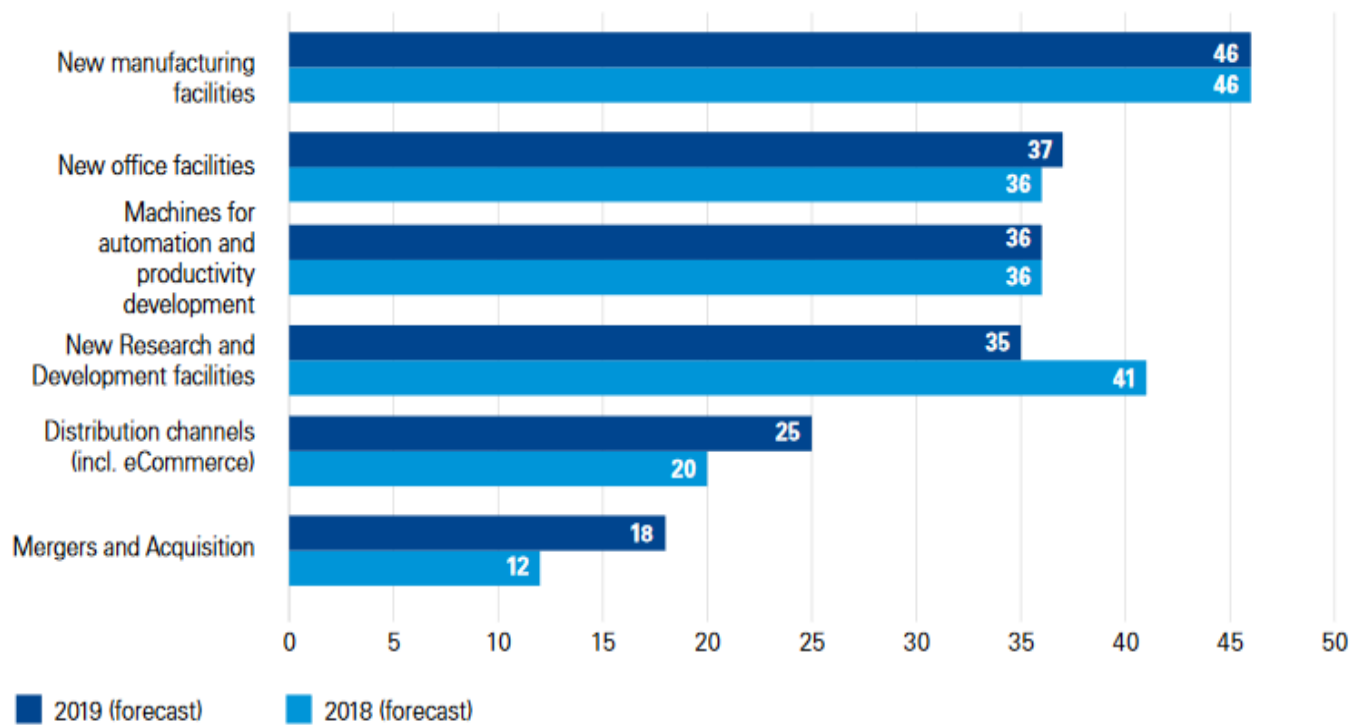
## More competition in the digital sector - a Chance for German Companies

Two-thirds of German companies see business opportunities in areas such as digitization, e-commerce or artificial intelligence so as not to lose touch. For about 47 percent of German companies estimate that their Chinese competitors will be leaders in these fields

**Fig. 36: What applies to your company in China regarding the following digital innovations? (n=468)**

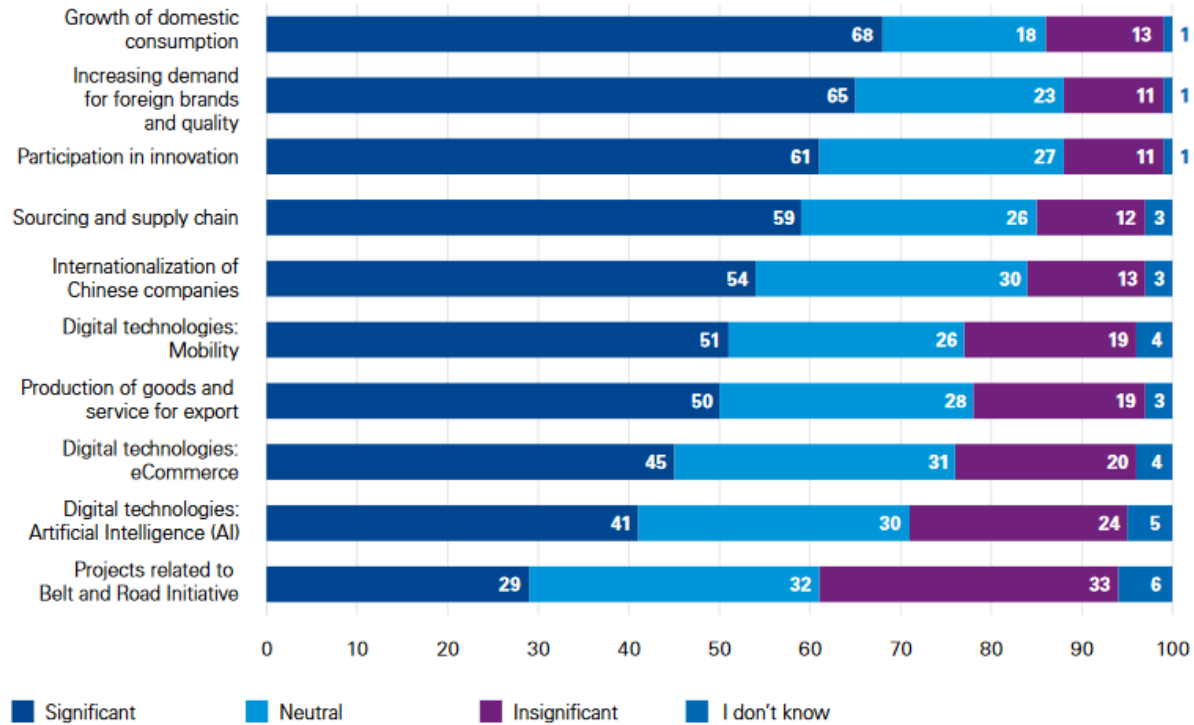


Figures in percent

**Fig. 15: In which areas are you planning to expand your investment in China within the next two years?**

Figures in percent. Please note: Multiple answers possible

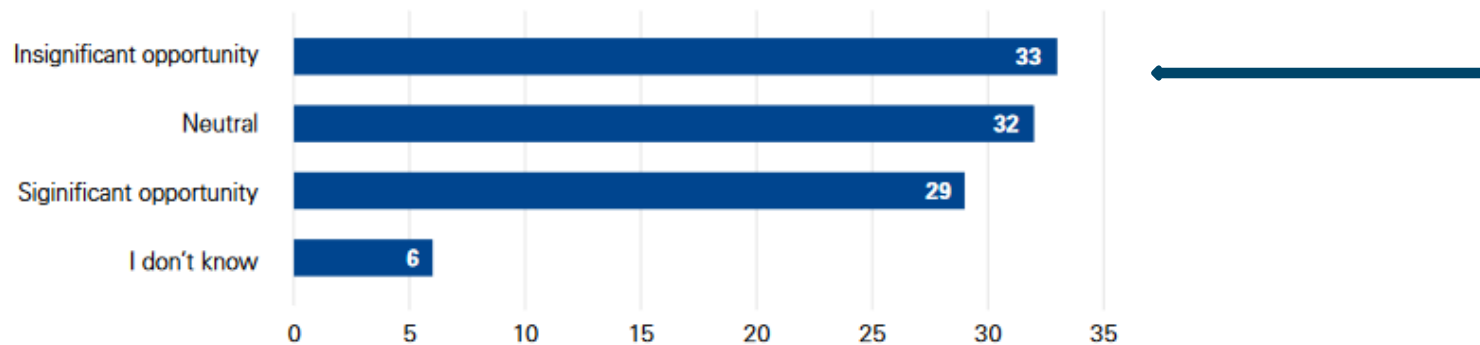
**Fig. 12: Please rate the following opportunities for your company's China business. (n=512)**



Figures in percent

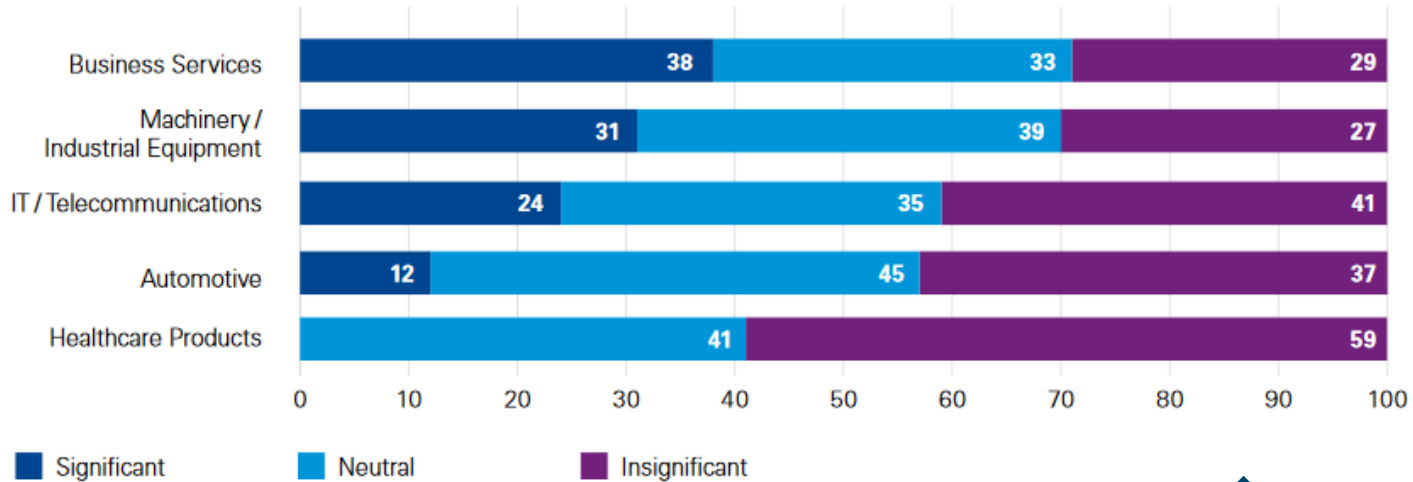


**Fig. 45: In what way do you view the Belt and Road Initiative as an opportunity for your company's China business? (n=512)**



*Figures in percent*

**Fig. 46: Industry-related assessment: Do you see Belt and Road initiative as an opportunity for your company's China business?**



Figures in percent

Please note: Deviations from 100 percent are due to rounding differences



# Conclusion

- **We are in the middle of a massive structural change in the whole industry,**
- **Trade conflicts and regional conflicts are a burden for brave decisions**
  
- **European-Chinese Collaboration is a huge chance for opening and creating new markets, technologies and economic strategic alliances**
- **The role of SoEs and Private Companies is a chance for more and better reforms in the EU and China**
- **Europe AND China have to explain WHAT they are looking for, HOW they want to reach their goals and with WHOM they want to collaborate.**
- **We need „simple rules in turbulent times“. These are: Openness, Reciprocity, Rule of Law and over all – mutual trust.**
- **We need better platforms for entrepreneurs from China and Europe as well as for political decision makers**