Commerzbank White Paper: The Belt & Road Initiative - Changing the behaviour and perceptions of corporate China

- BRI is redefining the targets and scope of Chinese outbound M&A and transforming how investments are being financed
- Commerzbank estimates that there were 450 Chinese acquisitions into Western Europe in 2016-2017, and 300 into the 74 BRI countries, valued at US$120 billion and US$60 billion, respectively
- M&A between China and Western Europe is expected to increase over the next few years, and Foreign Direct Investment (FDI) from China into BRI countries is predicted to reach US$25 billion by 2020
- Roland Boehm, Divisional Board Member, Corporates International: “In the future, Chinese corporates will continue to expand and diversify their financing, export, risk management and foreign acquisition activities.”

Shanghai – Commerzbank today published a new white paper which examines how China’s Belt & Road Initiative (BRI) is influencing trends in Chinese outbound Mergers & Acquisitions (M&A), exports, financing and risk management. In particular, the corporate profile and financing requirements of Chinese companies is being transformed as a result of BRI, with increasingly sophisticated requirements for cross-border and financing solutions relating to key BRI corridors.

The white paper provides Commerzbank’s insights on how Chinese companies are fast learning how to overcome new challenges as they increasingly partner with foreign companies and become more adventurous when making BRI-related investments.

Commerzbank contends that BRI is helping to influence how Chinese companies talk to governments, engage with local investors, regulators and populations, learn about cultural obstacles, raise funds from international investors, attract partners and with a view to improving their global standing.

In Europe, for example, Chinese companies are helping to change perceptions by clearly outlining their intentions to protect jobs and safeguard technology. Meanwhile, in sub-investment grade markets, and regionally along the BRI route, local regulations can be difficult to navigate and non-payment risks are higher,
creating a need for local expertise in order to better understand the environment and the appropriate hedging products to mitigate risks. Companies are now more aware of consolidated hedging at the group level to control investment risks overseas.

Perpetuating this is the experience of European companies and financial institutions, which are being increasingly utilised by Chinese companies as they scout projects, negotiate deals and build relationships that are accelerating the evolution of Corporate China.

The white paper also looks at the unprecedented opportunities presented by BRI to increase Environmental, Social and Governance (ESG) awareness in China, including financing tools - such as green bonds, green loans and climate bonds - and is hastening the arrival of more standardised global standards when it comes to what constitutes green financing. This comes against the backdrop of Chinese companies meeting the infrastructure needs of various non-investment grade countries that generally rely on non-renewable fuels such as coal. Managing this balancing act could be a pivotal moment for ESG.

Nick Johnston, Regional Board Member, Asia, commented: “Corporate China has undergone a significant transformation process at a considerable pace over the last 20 years. As this white paper from Commerzbank shows, we expect The Belt & Road Initiative will support efforts to promote this development to the next level.”

Roland Boehm, Divisional Board Member, Corporates International said: “In the future, Chinese corporates will continue to expand and diversify their financing, export, risk management and foreign acquisition activities. International banks with deep knowledge of regional markets and industry sectors, as well as capital market and international trade expertise, are playing a vital role in supporting this ongoing process.”

To read the full white paper please click [here](#).

****

**Press contact**
Claire Tappenden
+44 (0)20 7475 5161
Claire.Tappenden@Commerzbank.com
*****

About Commerzbank
Commerzbank is a leading international commercial bank with branches and offices in almost 50 countries. In the two business segments Private and Small Business Customers and Corporate Clients, the Bank offers a comprehensive portfolio of financial services which is precisely aligned its clients’ needs. Commerzbank finances approximately 30% of Germany’s foreign trade and is the leading finance provider for corporate clients in Germany. Due to its in-depth sector know-how in the German economy, the Bank is a leading provider of capital market products. Its subsidiaries Comdirect in Germany and mBank in Poland are two of the world’s most innovative online banks. With approximately 1,000 branches, Commerzbank has one of the densest branch networks among German private banks. In total, Commerzbank serves more than 18 million private and small business customers, as well as more than 60,000 corporate clients, multinationals, financial service providers, and institutional clients. The Bank, which was founded in 1870, is represented at all the world's major stock exchanges. In 2017, it generated gross revenues of €9.2 billion with approximately 49,300 employees.