

Tanjangco, Beatrice; Cao, Yue; Nadin, Rebecca; Calabrese, Linda; Borodyna, Olena

## Research Report

# Pulse 1: Covid-19 and economic crisis - China's recovery and international response

ODI Economic Pulse series

## Provided in Cooperation with:

Overseas Development Institute (ODI), London

*Suggested Citation:* Tanjangco, Beatrice; Cao, Yue; Nadin, Rebecca; Calabrese, Linda; Borodyna, Olena (2020) : Pulse 1: Covid-19 and economic crisis - China's recovery and international response, ODI Economic Pulse series, Overseas Development Institute (ODI), London

This Version is available at:

<https://hdl.handle.net/10419/251139>

### Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

### Terms of use:

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*



<https://creativecommons.org/licenses/by-nc-nd/4.0/>

**ODI Economic Pulse series**

**China's outward investment and Covid-19:  
emerging trends for developing countries**

# **Pulse 1: Covid-19 and economic crisis – China's recovery and international response**

Beatrice Tanjangco, Yue Cao, Rebecca Nadin,  
Linda Calabrese and Olena Borodyna

November 2020



Readers are encouraged to reproduce material for their own publications, as long as they are not being sold commercially. ODI requests due acknowledgement and a copy of the publication. For online use, we ask readers to link to the original resource on the ODI website. The views presented in this paper are those of the author(s) and do not necessarily represent the views of ODI or our partners.

This report has been funded by the UK Foreign, Commonwealth and Development Office (FCDO). Views expressed do not necessarily reflect FCDO's official policies.

This work is licensed under CC BY-NC-ND 4.0.

Cover photo: Construction project by Chinese company Coastal Steel Industries, Dar es Salaam, Tanzania. EQRoy/Shutterstock



---

# Contents

---

<b>List of tables and figures</b>	<b>4</b>
<b>Acronyms and abbreviations</b>	<b>5</b>
<b>Executive summary</b>	<b>6</b>
<b>Introduction to the Economic Pulse series</b>	<b>8</b>
<b>1 Introduction to Pulse 1</b>	<b>9</b>
<b>2 Understanding the pre-Covid-19 economic baseline: 2019</b>	<b>10</b>
<b>3 The impact of Covid-19 on the Chinese economy</b>	<b>12</b>
<b>4 China's international economic response</b>	<b>15</b>
4.1 Project-level data	15
<b>5 China's overseas activities: changing trends and signals</b>	<b>19</b>
<b>6 Policy developments</b>	<b>23</b>
6.1 Overseas investments	23
6.2 Stepping up bilateral engagement to bolster economic ties	23
6.3 New growth areas: middle- and low-income countries	25
<b>7 Debt updates and developments</b>	<b>27</b>
<b>8 What to watch</b>	<b>38</b>
<b>References</b>	<b>40</b>
<b>Annex 1 Constraints and limitations</b>	<b>33</b>
<b>Annex 2 Data sources</b>	<b>35</b>

---

# List of tables and figures

## Tables

<b>Table 1</b>	Heat map of China's economic health and consumer sentiment	<b>13</b>
<b>Table 2</b>	Heat map of China's investment appetite	<b>16</b>
<b>Table 3</b>	Reported developments in China's debt negotiations, 2020	<b>28</b>
<b>Table A1</b>	Macroeconomic indicators	<b>36</b>

## Figures

<b>Figure 1</b>	NFODI and new engineering contracts, 2015–2020	<b>17</b>
<b>Figure 2</b>	Value of exports and IHS Markit Purchasing Managers Index	<b>18</b>
<b>Figure 3</b>	Number and value of FDI and M&A transactions, 2020	<b>20</b>
<b>Figure 4</b>	Number and value of engineering service contracts, 2020	<b>20</b>
<b>Figure 5</b>	Committed Chinese power-plant investments and engineering contracts, January–September 2020	<b>21</b>
<b>Figure 6</b>	Investments and engineering service contracts by region, 2020	<b>22</b>
<b>Figure 7</b>	China's economic engagement with destination countries, January–September 2020	<b>22</b>
<b>Figure 8</b>	Phone calls between Xi Jinping and other heads of state, January–September 2020	<b>24</b>

---

# Acronyms and abbreviations

<b>ADB</b>	Asian Development Bank
<b>AFP</b>	Agence France-Presse
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>bp</b>	basis points
<b>BRI</b>	Belt and Road Initiative
<b>CDB</b>	China Development Bank
<b>CEPR</b>	Centre for Economic Policy Research
<b>CSIS</b>	Centre for Strategy & International Studies
<b>DCS</b>	dual circulation strategy
<b>DSSI</b>	Debt Service Suspension Initiative
<b>EPC</b>	engineering, procurement and construction
<b>FDI</b>	foreign direct investment
<b>FOCAC</b>	Forum on China–Africa Cooperation
<b>GDP</b>	gross domestic product
<b>ICT</b>	information and communications technology
<b>IMF</b>	International Monetary Fund
<b>ITC</b>	International Trade Centre
<b>LPR</b>	loan prime rate
<b>M&amp;A</b>	mergers and acquisitions
<b>MW</b>	megawatt
<b>NBS</b>	National Bureau of Statistics
<b>NFODI</b>	non-financial outward direct investment
<b>NPC</b>	National People's Congress
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PBoC</b>	People's Bank of China
<b>PIIE</b>	Peterson Institute for International Economics
<b>PMI</b>	Purchasing Managers Index
<b>RMB</b>	Renminbi (Chinese yuan)
<b>RRR</b>	reserve requirement ratio
<b>SCO</b>	Shanghai Cooperation Organization
<b>SOE</b>	state-owned enterprise
<b>TSF</b>	total social financing
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>US</b>	United States
<b>VAT</b>	value-added tax
<b>WITS</b>	World Integrated Trade Service
<b>WTO</b>	World Trade Organization

---

# Executive summary

- The Covid-19 pandemic has prompted governments around the world to change their economic and political priorities and China is no exception. Its shifting priorities will have implications for its engagement in developing economies. ODI's Economic Pulse series reviews Chinese macroeconomic indicators, project-level data, policy announcements and debt negotiations to forge a holistic view of the country's international economic response.
- China's investment appetite during the pandemic has been sluggish, but positive signs are starting to emerge. Non-financial outward direct investment (NFODI) has increased for Belt and Road Initiative (BRI) countries, despite a decrease in overall NFODI, and the domestic production of industrial inputs has started to recover. If this results in a return to overproduction, it may incentivise greater financing for Chinese-funded infrastructure projects abroad, albeit with a lag.
- The total number of outward investment deals announced and signed (both greenfield and mergers and acquisitions) declined in the first half of 2020, but recovered somewhat in the third quarter. Energy-related investments and construction contracts remain dominated by coal, but there are more solar and wind projects than before. Since the start of the pandemic, overseas economic activity has declined in volume terms and shifted away from Europe towards Asian and African countries. This may be down to Beijing's efforts to court low- and middle-income country partnerships. Overall, the drop in economic activity can be attributed to the pandemic, though overseas investments were already declining beforehand.
- On the policy front, the Chinese government provided prompt support to domestic companies operating overseas and to BRI projects after the Covid-19 outbreak. China Development Bank (CDB) said it would cut interest rates on both foreign-exchange and Renminbi (RMB) borrowings, offer liquidity support to enterprises so that they could quickly resume their activities, delay loan repayments for struggling companies, speed up the approval of financing packages and facilitate foreign-exchange services for 'high-quality' BRI projects and companies, which may explain why NFODI to BRI countries grew despite the year-on-year drop in total NFODI.
- Short term, foreign investment and service exports are unlikely to return to pre-pandemic levels; these were already slowing in Africa and Latin America in the wake of international criticism and because of Beijing's desire to improve the quality of its projects and lending. China's attention will now focus on renegotiating its loans to low- and middle-income countries. It has signed up to the G20 Debt Service Suspension Initiative and official statements have mentioned debt-suspension agreements and the waiver of interest-free loans due to mature by end 2020 for a number of African countries.
- China is also looking to strengthen ties with its neighbours and BRI partners amid turbulent relationships with the major advanced economies. Between January and September 2020, bilateral engagements were predominantly with Asian heads of state. Health security and vaccines have been key areas of interest and cooperation, but there has also been an emphasis on the benefits of deeper economic and security ties and advancing planned regional economic corridors.
- Beijing wants green energy, the digital economy, 5G and smart cities to play a major

---

role in China's post-pandemic cooperation with middle- and low-income countries. It is also looking for high-quality agricultural products from countries in Asia, Africa and Latin America that are less affected or unaffected by Covid-19.

- **What to watch:** Our Economic Pulse team believes developing countries should keep a close eye on the following areas:
  - how China navigates its economic recovery;
  - adjustments to Chinese infrastructure projects abroad, particularly in BRI countries;

- Beijing's implementation of its 'dual circulation' economic strategy and its implications for outward investment and trade;
- the potential rebranding of China's engagement in low- and middle-income countries to 'high-quality' BRI, with a focus on green energy, information and communications technology (ICT) and digital infrastructure;
- debt renegotiation with low- and middle-income countries;
- an explicit 're-emphasis' on the concept of security development.



---

# Introduction to the Economic Pulse series

The global Covid-19 pandemic has led to changes in countries' economic priorities and political agendas. As the pandemic continues to overwhelm communities around the world, many governments are facing the challenge of providing their citizens with sufficient health, social and economic support to get through the crisis. This has diverted government resources and policy priorities from pre-pandemic objectives to new focus areas for both the public and private sectors. China is no exception. The first country affected by Covid-19, how it acts domestically and internationally from here will be shaped by internal political and economic priorities, both existing and nascent. As China's economy responds to the Covid-19 trade, investment and fiscal shock, these priorities will shape its engagement in developing countries.

**ODI's Economic Pulse series will collect and analyse information on Chinese economic activity in developing countries**, identifying emerging policy signals and trade and investment trends that will be of fundamental relevance to the socioeconomic development planning of low- and middle-income countries. While expert analysis and data on China's economic outlook are readily available, they are often difficult to collate and consolidate, especially disaggregated or high-frequency data. Moreover, data on China's economic and investment activities abroad are often opaque and difficult to interpret more generally.

The Economic Pulse series aims to address this gap by collating and interpreting up-to-date information on and analysis of Chinese economic

activity (trade, aid, financial and investment) as it relates to developing countries. The report will be updated every six weeks to March 2021, tracing emerging Chinese investment and policy priorities, identifying preferred areas or sectors of outward investment and flagging both risks and opportunities for developing countries.

When we talk about China's international economic response, we mean economic activities taking place outside China. This includes outward direct investment, labour dispatched abroad, credit to other countries, foreign aid, exports and imports to and from other countries, and any debt relief. While the tracker focuses on activities in low- and middle-income countries, we also provide information on high-income economies, where appropriate, for comparative purposes and to highlight trends. A complete analysis, however, requires a thorough understanding of the domestic situation in China, as these developments help us to understand what drives engagement abroad.

**With the information we have gathered, we aim to give partners in developing countries an idea of China's current activity, as well as a heads up on future trends they can factor into their development strategies.** The Economic Pulse series will, therefore, provide developing-country partners with a comprehensive evidence base to inform their strategic thinking on development needs in terms of Chinese aid, trade and investment.

Pulse 1 covers developments from January to October 2020.<sup>1</sup> Where mentioned, quarters refer to the calendar year.

---

<sup>1</sup> Macroeconomic indicators are to September because of the lag in data releases.

---

# 1 Introduction to Pulse 1

**Pulse 1: Covid-19 and economic crisis – China’s recovery and international response** explores China’s international economic response to Covid-19 and analyses its international engagement, especially in developing countries, in light of the shifts in the global economic and political landscape. While our review of China’s economic response will have an international focus due to the nature of the macroeconomic data, project-level data and a policy review will drill down into the effects of that response on developing countries.

Chapter 2 is an overview of China’s pre-Covid-19 economic landscape to establish a baseline for comparison. This will help readers understand China’s priorities prior to Covid-19, and may also inform future areas of policy focus as the country moves towards recovery. Chapter 3 explores Covid-19’s impact on China’s economy and its response to the economic challenges presented by the pandemic. Domestic developments can spill over into other countries and inform China’s foreign activity, so we analyse China’s domestic situation in the context of what it might mean for its engagement with developing countries.

For example, depressed domestic demand could result in fewer imports from developing countries or fewer investments abroad.

We then examine in Chapter 4 indicators that hint at China’s appetite for outward investment, to give developing countries an idea of whether the pandemic has affected China’s willingness to invest abroad, or whether domestic issues may have curbed its enthusiasm. In Chapter 5, we review project-level data to give nuance to the aggregate statistics, identifying potential trends in the industries and countries targeted by Chinese state-owned enterprises (SOEs) and private businesses operating overseas. We subsequently consider in Chapter 6 policy developments that signal in which areas China will expand or continue to support. These will be key signals for developing countries in terms of understanding how China’s engagement with them may change. Chapter 7 on debt negotiations provides supplementary information on China’s current debt-relief arrangements with developing countries. Lastly, Chapter 8 on ‘what to watch’ outlines key post-Covid-19 economic areas and trends in China’s economic activity that developing countries should monitor.

---

## 2 Understanding the pre-Covid-19 economic baseline: 2019

This chapter outlines the state of the Chinese economy prior to Covid-19 to establish a baseline for comparison with this pandemic year and to show how China's priorities have shifted. This baseline will help readers to understand the shifts in the country's areas of interest following the Covid-19 shock, and whether there is capacity to return to former areas of focus.

**Before the pandemic, China was facing external headwinds from trade tensions with the United States amid anaemic global demand.**

Trade tensions between the US and China had escalated in 2019, leading to the bilateral imposition of punitive tariffs, with mutual tariff increases following in June–September 2019. Although the countries signed the Phase One trade agreement at the end of 2019, tariff levels remained high (PIIE, 2020). Meanwhile, slower economic growth in China's other major trading partners threatened to reduce demand for its goods and damp down exports at a time when sales to the US were becoming less competitive because of the tariff barriers. By the end of 2019, trade flows were subdued. Chinese merchandise exports for 2019 slipped 0.51% from 2018, while merchandise exports to the US slumped

12.5% year on year.<sup>2</sup> NFODI declined 3.6% from 2018 (see the table in Chapter 3). Notably, this came on the heels of a 2017 tightening of controls on outward investment to reduce capital flight and to rationalise and improve the quality of outbound investments (UNCTAD, 2017).

**China continued to push the BRI**, however, its ambitious 2013 infrastructure and connectivity programme of infrastructure development and investment initiatives stretching from East Asia to Europe. While outbound investments were subject to guidelines and controls, investments along the BRI were encouraged.<sup>3</sup> In line with this, NFODI to BRI countries grew 9.3% in 2019 (see the table in Chapter 3).<sup>4</sup> And while Chinese trade was generally more subdued in 2019, trade with BRI countries grew 10.8% on the year.<sup>5</sup>

Chinese investments in Africa and Latin America, in contrast, had been slowing even before the pandemic, after peaking in 2015–2016, due to a mixture of international criticism and Beijing's desire to improve the quality of its projects and lending. Data on lending from the China-Africa Research Initiative and The Dialogue show loans to African countries falling from a peak of \$29.4 billion in 2016 to \$8.9

---

2 Authors' calculations based on merchandise export free-on-board data from the General Administration of Customs.

3 The guiding opinions issued by China encouraged, restricted, or banned certain outbound investments. Projects in the encouraged category include those related to BRI. Please see State Council of the People's Republic of China (2017) and Law Library of Congress (2017).

4 We caveat in the following chapter that, while the official NFODI data show robust growth, other indicators, such as engineering contracts, suggest that this might not always be the case.

5 General Administration of Customs data (Xinhua, 2020a).

---

billion in 2018, while loans to Latin American countries also slowed, from \$21.5 billion in 2015 to \$1.1 billion in 2019.<sup>6</sup>

**On the domestic front, growth moderated as China worked to rebalance its economy from fast-paced, investment- and export-led growth to consumption- and services-based growth.**

At the start of the year, Beijing announced a subtle lowering of its growth target to 6.0–6.5% for 2019 from ‘around 6.5%’ in 2018. This acknowledged the country’s maturing economy and expectation of slower growth as it moved to a more sustainable, consumption-driven growth trajectory. As expected with this managed slowdown, Chinese real gross domestic product (GDP) expanded 6.1% on an annual basis in 2019, its slowest rate in 30 years.<sup>7</sup> Private consumption was a significant growth driver, though it also softened markedly, in part due to rising household debt servicing, moderating wage growth, fewer jobs in the industrial and manufacturing sectors and policy uncertainty, which boosted the savings rate (World Bank, 2019). Investments as a driver of domestic growth also slowed as expected, as financing conditions tightened in the face of the government’s de-risking efforts.<sup>8</sup>

As outlined at the Second Session of the 13th National People’s Congress (NPC) of the People’s

Republic of China in March 2019, policy-makers pursued proactive fiscal policy with greater intensity (State Council of the People’s Republic of China, 2019). This benefitted the business sector (targeted fiscal support for small businesses and manufacturers via value-added tax (VAT) reform, tax cuts and reduced contributions to social insurance schemes), households (an increase in the personal income-tax threshold from RMB 3,500 to RMB 5,000 and additional deductibles) (IMF, 2019) and local government (special bond issuance to catalyse local investment to fund key projects) (State Council of the People’s Republic of China, 2019).

**In all, China ended 2019 and entered 2020 with heightened awareness of external risks and the need to pursue structural economic reforms.**

The annual Central Economic Work Conference in December 2019 set the 2020 economic agenda. In a speech, President Xi Jinping said China was in the middle of implementing structural changes to its growth model and was looking at new growth drivers (Xinhua, 2019a). The same speech acknowledged the slowing global economy and global turbulence at the time, while noting the need to participate in multilateral and bilateral free trade agreements to improve foreign trade and diversify markets (Xinhua, 2019b).

---

6 See the <https://chinaafricaloandata.org/> and [https://www.thedialogue.org/map\\_list/](https://www.thedialogue.org/map_list/) financial databases.

7 Since 1990, when GDP grew 3.9% year-on-year (World Bank, 2020a).

8 Deleveraging was first mentioned at the 2015 Central Economic Work Conference, where a supply-side reform strategy was proposed (Xinhua, 2015). It was less of a focus in 2019 because of escalating trade tensions and moderating growth.

---

# 3 The impact of Covid-19 on the Chinese economy

Having outlined China's economic status prior to Covid-19, we can better contextualise both the impact of the pandemic and China's resulting actions.

**In this chapter, we discuss the impact of the pandemic on the Chinese economy and how policy-makers have responded, shedding light on China's recovery and engagement with the rest of the world.** As economies liberalise trade, domestic developments can spill over, affecting partner countries. For example, on the supply side, the closure of Chinese factories has had negative repercussions for many developing countries that are part of Chinese value chains. On the demand side, China's role as a consumer is also important; collapsing domestic demand feeds into imports, adversely affecting countries that rely on exports to China.

**The economic impact on China was most severe in the first few months of 2020.** As virus containment measures saw a suspension of economic activity, real GDP contracted 6.8% on an annual basis in the first quarter, its first such contraction since 1992. Merchandise exports plummeted 40.4% on the year in February and fell again by 6.8% in March due to temporary factory closures. The unemployment rate<sup>9</sup> reached 6.2% in February, a full percentage point higher than at the end of 2019 (see Table 1).<sup>10</sup> This unprecedented slowdown and further economic repercussions of China's virus containment measures were at the forefront of

the political agenda. Indeed, the Third Session of the 13th NPC did not announce an economic growth target for 2020, instead introducing a Covid-19 stimulus package.

**The fiscal package in response to the pandemic focused heavily on supporting firms and stimulating domestic investment.** The government announced a Covid-19 fiscal stimulus package during the Third Session of the 13th NPC on May 22 (State Council of the People's Republic of China). Notably, the package focused on local-government spending on infrastructure and softening the impact of the pandemic on businesses, with only indirect support for households. The government likely assumed enterprises would be more effective at supporting their workers than direct transfers to stimulate household consumption (CSIS, 2020). In total, the 2020 package amounted to RMB 3.6 trillion, slightly less than the RMB 4 trillion introduced after the 2008 financial crisis (Batson, 2008).

The package issued RMB 1.6 trillion more in special local-government bonds than in 2019 (for a 2020 total of RMB 3.75 trillion), underscoring a shift in priorities. The 2020 bonds prioritise new infrastructure and urbanisation initiatives, with a view to stimulating consumption and enabling structural adjustments to the economy. The special bonds issued in 2019, in contrast, were to 'defuse local governments' debt risk' (State Council of the People's Republic of China, 2019).

---

9 This is China's surveyed unemployment rate in urban areas, taken from the National Bureau of Statistics (NBS).

10 Notably, merchandise imports only declined in April and May (Table 1), led by a decline in motor vehicle imports and subdued oil prices (OECD, 2020).



**Table 1 Heat map of China's economic health and consumer sentiment**

	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20
Indicators	% year-on-year change, unless otherwise specified											
GDP growth (%)	6.0	6.0	6.0	-6.8	-6.8	-6.8	3.2	3.2	3.2	4.9	4.9	4.9
Unemployment rate (%)	5.1	5.1	5.2	5.3	6.2	5.9	6.0	5.9	5.7	5.7	5.6	5.4
Consumer price index (100 = prior year)	103.8	104.5	104.5	105.4	105.2	104.3	103.3	102.4	102.5	102.7	102.4	101.7
Government revenue (year to date)	3.8	3.8	3.8		-9.9	-14.3	-14.5	-13.6	10.8	-8.7	-7.5	-6.4
Government expenditure (year to date)	8.7	7.7	8.1		-2.9	-5.7	-2.7	-2.9	-5.8	-3.2	-2.1	-1.9
Merchandise exports	-2.0	-2.7	7.7	-2.5	-40.4	-6.8	3.5	-3.3	0.3	7.3	9.5	9.9
Merchandise imports	-6.8	0.4	16.4	-12.0	8.8	-0.5	-13.8	-16.4	3.3	-0.9	-2.0	13.6
Consumer confidence (index)	124.3	124.6	126.6	126.4	118.9	122.2	116.4	115.8	112.6	117.2	116.4	120.5

Notes: Grey-shaded boxes indicate no available data.<sup>11</sup>

Source: CEIC Data, National Bureau of Statistics of China

Furthermore, RMB 2 trillion will be transferred to local governments to support their fight against the pandemic.<sup>12</sup> This will be funded by allowing the deficit-to-GDP ratio to expand to more than 3.6% (above the long-standing ceiling of 3%), adding RMB 1 trillion to the budget deficit and issuing RMB 1 trillion in special Covid-19 bonds, enabling local governments to channel funds to where they are most needed.

Beyond the additional RMB 3.6 trillion, the package announced tax cuts, reduced fees and other fiscal measures that are expected to lower the burden on firms by RMB 2.5 trillion.

**The economy is recovering slowly as containment measures are relaxed.** Real GDP grew 3.2% and 4.9% year on year in the second and third quarters of 2020, respectively (see Table 1). The declines in government revenues and spending were more modest and merchandise export growth ticked up. In September, the unemployment rate returned to near pre-pandemic levels, holding steady at 5.4%, though this was high to begin with.<sup>13</sup> In contrast, consumer sentiment was lacklustre compared with pre-pandemic levels (see Table 1). The recovery appears to be fuelled by increases in public investment and exports, as private

11 While January and February trade data are usually released as a cumulative estimate, we use the monthly breakdown of January and February for the heatmap to be consistent with other variable datapoints. Separate data was available on the customs website on 12 Jun. However, China Customs replaced the tables on its website in July and currently separate January and February 2020 data are not available in open source.

12 According to the speech, these funds 'should be primarily used to ensure employment, meet basic living needs, and protect market entities. This includes giving support to cut taxes and fees, reduce rents and interest on loans, and increase consumption and investment' (State Council of the People's Republic of China, 2020).

13 The surveyed unemployment rate was 5.2% in December 2019, but from 2002 to 2017 it hovered just above 4%.

---

investment and consumption continue to lag. This is partly down to the fiscal prioritisation of the recovery package, which lacked a social safety net for affected households.

**The budget deficit is set to remain large, as government revenue remains low and below pre-pandemic levels,** but this should not be a problem given low debt-to-GDP levels. Year-to-date total government revenue has not improved on the year since February, with expenditure also in decline, albeit to a lesser extent (see Table 1). In light of these depressed revenues and additional expenditures, including the fiscal stimulus package partially funded by the deficit, the International Monetary Fund (IMF) expects China to post a full-year general government deficit-to-GDP ratio of 11.9%, and for it to remain in double digits until 2023 (IMF, 2020a). Fortunately, as the public debt-to-GDP ratio in 2019 was 38.5% (China People's Daily, 2020a), unlike most advanced and emerging economies China's debt profile is sustainable, even with such expansionary fiscal policies. Foregoing the fiscal deficit cap of 3% also gives China additional breathing room, should the deficit stay wider for longer.

**On the monetary policy front, the central bank took a more accommodative stance, injecting**

**liquidity into the system.** The People's Bank of China (PBoC) responded to the pandemic with several instruments to ensure ample liquidity in the system: using open market operations, cutting lending rates to commercial banks and reducing the reserve requirement ratio.<sup>14</sup> These measures should make credit more readily available and entice investors to borrow, further stimulating the economy. New total social financing (TSF), a broad measure of liquidity and credit, hit a record RMB 5.15 trillion in March and has stayed high (Hua and Yao, 2020).<sup>15</sup>

In summary, Covid-19 has diverted China's economic outlook from its 2019 trajectory and baseline search for higher-quality growth; policy-makers are now prioritising economic recovery. The fiscal package only targets household consumption indirectly, while the extra liquidity and additional borrowing for local governments suggest that the government may have to put its deleveraging plans on hold while it focuses on getting growth back on track. This refocusing on recovery may have positive implications for developing countries, particularly those dependent on the reopening of firms in China, on Chinese firms getting access to credit to invest, and Chinese consumer demand for goods.

---

14 In February, the PBoC cut the one-year loan prime rate (LPR) by 10 basis points (bp) and the five-year LPR by 5bp. It lowered them again in April, by 20bp and 10bp, respectively. It made 50bp and 100bp cuts to the RRR for loans to SMEs in March, with further cuts of 50bp in both April and May.

15 TSF was up RMB 3.6 trillion and RMB 3.5 trillion in August and September, respectively, before slowing in October due to seasonal factors and a slowdown in government bond issuance (Reuters, 2020a).

---

# 4 China's international economic response

Having analysed China's pre-Covid baseline and its shifting priorities, we will now consider its international economic response to Covid-19 and provide some insight into how China can be expected to engage with developing countries in future. This section comprises four parts; (1) macroeconomic indicators to gauge China's investment appetite; (2) project-level data to understand which sectors and countries Chinese investors are focusing on post-Covid-19; (3) analysis of recent policies to understand which sectors China is interested in and (4) developments in China's debt negotiations. 'Economic response' is defined as outward direct investments, foreign dispatched labour, credit to other countries, foreign aid and exports and imports to and from other countries, as well as any debt relief.

**Macroeconomic indicators put China's international economic response in context, can signal trends in its investment appetite and provide an overview of where it stands on the global stage.** In this section, we look at indicators such as NFODI, dispatched persons abroad and industrial inputs to help gauge any increase or decrease in Chinese economic activity abroad. While there are no disaggregated data

on target developing countries, the aggregate data can suggest whether there is demand for investments abroad, with implications for developing countries. We also take into account real and external indicators that point to domestic developments in China that may affect other countries.

## 4.1 Project-level data

**Ministry of Commerce NFODI data show approved outward foreign direct investment declining from 2019, but growing for BRI countries.**<sup>16</sup> According to the Ministry of Commerce, China's NFODI from January to September was \$78.88 billion, down 2.6% from \$80.99 billion the previous year. The decline coincides with China's tightening of controls on outward investment in 2017 to reduce risk (UNCTAD, 2017). Guidelines were issued to rationalise and improve outward investment and to restrict investments in certain industries and encourage others, such as those along the BRI route.<sup>17</sup> As such, NFODI for BRI countries surged 29.7% year on year over the same period (see Table 2). Data from China's State Administration of Foreign Exchange, which

---

16 The NFODI data track approvals of outward foreign direct investments, not actual money flows. The Ministry of Commerce provides aggregate data for between 57 and 65 BRI countries, depending on the month, but does not provide a detailed breakdown of which BRI countries are receiving it. Project data can be extrapolated to help paint a picture of country-level trends.

17 The guiding opinions released by China either encouraged, restricted, or banned certain outbound investments. Restricted investments included those in countries with no diplomatic relationship with China; those that do not meet the environmental protection, energy consumption and safety standards of the destination country; and the establishment of equity investment funds or platforms without specific industrial projects abroad (such as those encouraged under the BRI initiative). For more, see State Council of the People's Republic of China (2017) and Law Library of Congress (2017).

**Table 2 Heat map of China's investment appetite**

	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20
Indicators	% year-on-year change, unless otherwise specified											
Outward investment, non-financial, year to date	1.0	-5.5	-3.6	-9.5	-1.0	-3.9	-3.1	-5.3	-4.3	-5.5	-5.2	-2.6
Outward investment, non-financial (BRI), year to date	-3.7	-1.4	-9.3	19.5	18.3	11.7	13.4	16.0	19.4	28.9	31.5	29.7
Dispatched persons abroad, year to date	0.3	-2.0	-0.9	-44.1	-42.6	-42.3	-46.4	-42.5	-43.4	-40.0	-43.7	-41.6
Industry inputs – cement	-0.9	9.6	8.4			17.7	4.7	9.6	9.0	3.8	7.0	7.2
Industry inputs – pig iron	-3.2	1.6	6.1			1.2	3.1	7.1	9.3	14.3	10.4	12.6
Industry inputs – crude steel	-1.2	3.4	10.7			-1.7	0.0	3.6	4.6	9.5	8.7	11.8
Industry inputs – steel products	4.7	10.4	11.4			1.0	4.9	6.6	8.2	10.5	12.0	13.1
Industry inputs – aluminium alloy	19.7	20.3	30.0			5.5	19.1	14.3	14.2	-0.5	3.0	5.3

Notes: Grey-shaded boxes indicate no available data.

Source: CEIC Data, National Bureau of Statistics of China, Ministry of Commerce

tracks aggregate foreign direct investment (FDI) stocks on a quarterly and annual basis,<sup>18</sup> shows a similar trend, with the FDI stock declining \$5 billion from \$2.094 trillion in Q4 2019 (September–December) to \$2.089 trillion in Q1 (January–March) 2020, then rebounding by \$35.1 billion to \$2.124 trillion in Q2 (April–June) 2020 (up 42% versus Q2 2019). Thus, while China's appetite for outward investment has declined moderately overall, there is still strong interest in certain regions, such as the BRI countries.

**Supplementary data on projects, such as engineering contracts, show the resilience of Chinese overseas economic activity.** Similar to NFODI, which declined as a whole, the value of total completed engineering contracts from January to September declined 10.6% on the year, probably due to project implementation

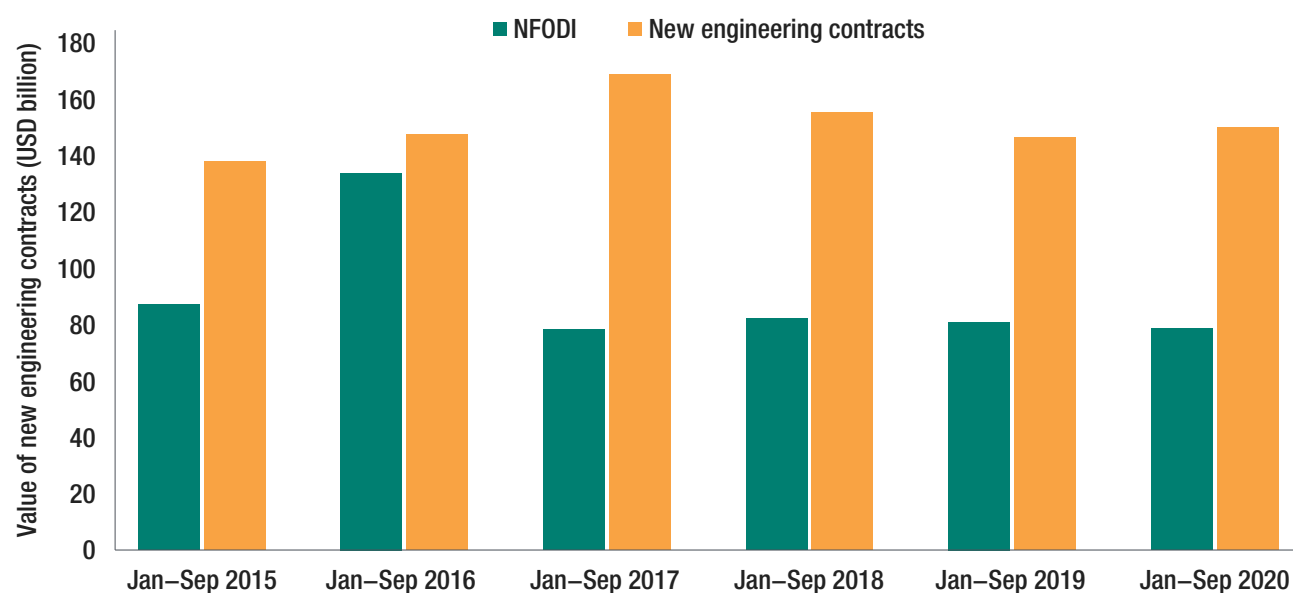
delays caused by Covid-19. However, the value of newly signed engineering contracts actually increased 2.4% over the same period (Ministry of Commerce, 2020). Figure 1 shows the value of NFODI dipping slightly and new engineering contracts remaining stable from previous years.

**Fewer workers were dispatched abroad in the first nine months of 2020 due to Covid-19 travel restrictions, hampering the implementation of overseas investments.** Dispatched persons abroad can be viewed as a proxy for Chinese investment implementation, as foreign investment contracts often involve sending workers overseas. Year-to-date data from the Ministry of Commerce show a significant decline in dispatched foreign labour,<sup>19</sup> with figures generally down more than 40% on the same month the previous year (see Table 2). The drop is unsurprising given the travel constraints

18 Note that there may be a lag between the aggregate money flows reported and the investments to which they are linked, making it harder to judge trends over timeframes of less than a year.

19 Data are the total of foreign workers dispatched under contracted projects and under labour cooperation abroad.

**Figure 1 NFODI and new engineering contracts, 2015–2020**



Source: Ministry of Commerce

and border closures by countries around the world, many of which are still in the first or second wave of infection (WTO, 2020). It will have affected the implementation of outward investments if the labour force required to complete projects was not easily replaceable.

**The production of industrial inputs<sup>20</sup> declined early in the year, but picked up at the end of the second and beginning of the third quarters (June–August), boding well for future overseas infrastructure financing.** China’s production of construction materials has been tied to the availability of government finance for exports and foreign infrastructure projects, on the premise that Chinese government financing facilitates the overproduction of industrial inputs to be sold to foreign buyers and used in infrastructure projects abroad.<sup>21</sup> Data suggest the production of industrial inputs, such as cement, iron, steel and aluminium, generally declined or slowed around March and April, just as the pandemic had started to spread

around the world. However, more recent figures suggest this turned around quickly. Except for aluminium alloys, the production of industrial inputs had picked up by the third quarter thanks to the resumption of construction projects. If this results in a return to overproduction, it may incentivise more financing for Chinese-financed infrastructure projects abroad, albeit with a lag.

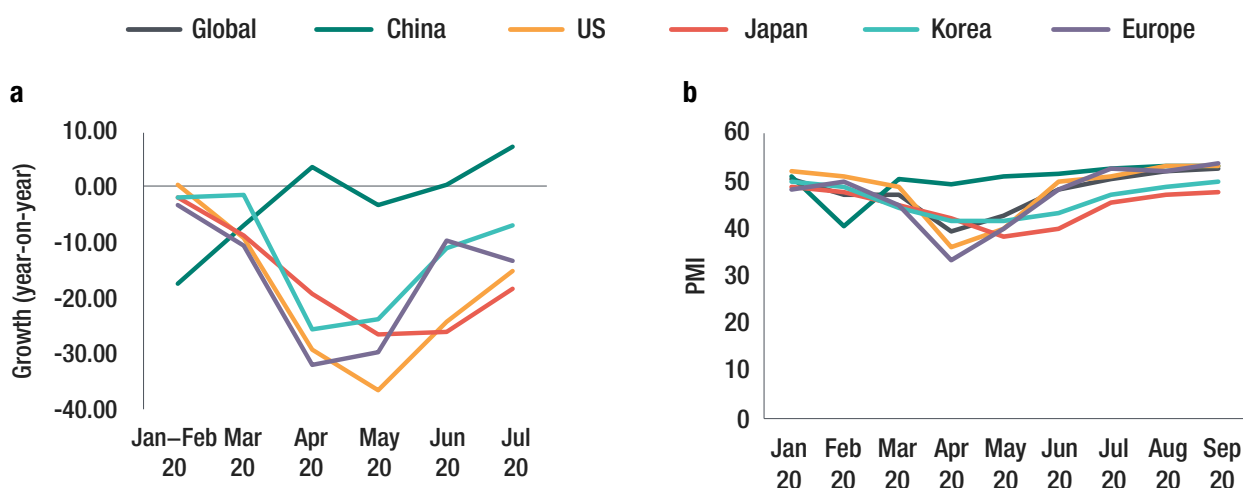
**In general, improvements in the Chinese economy are a good sign for countries that rely on China as an export market.** As the epicentre of the virus, China was the first country to feel the economic impacts of lockdown, but it may also be the first to recover. Indeed, looking at global trade data, exports from China fell by around 17% on the year in January and February 2020, but began to show signs of growth in the second quarter, when other countries were only starting to see significant declines (Figure 2a). The impact on the industrial sector was similar, in that China saw

20 Industrial inputs refer to construction materials used in infrastructure projects, such as steel, iron, cement and aluminium.

21 Dreher et al. (2017) link domestic industrial overproduction to Chinese government financing for foreign infrastructure projects. Dreher et al. (2019) believe the production of raw materials is linked to the availability of Chinese government financing of foreign projects. To offset overproduction, China subsidises overseas infrastructure projects, often conditional on purchasing Chinese industrial inputs. Stimulating demand abroad can thus help reduce domestic overcapacity.



**Figure 2 Value of exports and IHS Markit Purchasing Managers Index**



Source: International Trade Centre (ITC) Trade Map data. Data for China for January and February from the National Bureau of Statistics of China (NBS). For comparison purposes, trade data from comparator countries were combined for January and February. PMI data from IHS Markit/CEIC

much of its contraction one quarter ahead of other countries (Figure 2b).<sup>22</sup>

Consequently, the IMF expects China to be the only economy to grow in 2020, expanding 1.9% on the year (IMF, 2020d).<sup>23</sup> As China's import demand recovers, this could help neighbouring countries that rely on exports to China. It should also boost sales of intermediate goods that feed into China's industrial complex.

Moreover, improvements in the Chinese economy are also generally good for commodity exporters (Roache, 2012).<sup>24</sup> China imports a large proportion of the world's commodities,<sup>25</sup> so improvements in Chinese demand can be good for commodity prices and commodity exporters. African countries, in particular, are among the most exposed to commodity-price fluctuations (Mendez-Parra, 2020).

22 The Caixin/Markit Purchasing Managers Index (PMI) provides an independent overview of the manufacturing sector. It surveys executives from more than 500 manufacturing firms and is a composite index of five individual indices: new orders, output, employment, suppliers' delivery times and stock of items purchased. The PMI collapsed to 40.3 in February, the lowest point recorded since the survey's inception in 2004. PMI readings above 50 signify expansion, while readings below 50 signal a contraction. A reading significantly below 50 implies a large contraction (Caixin, n.d.).

23 This is in line with the World Bank's October 2020 Outlook forecast of 2% growth (World Bank, 2020b) and the Asian Development Bank's forecast of 1.8% growth in its updated September outlook (ADB, 2020).

24 Shifts in the Chinese economy can affect commodity prices. Roache finds that 'shocks to aggregate activity in China have a significant and persistent short-run impact on the price of oil and some base metals'.

25 In 2018, China imported 16.3% of the world's fuels. Its import share of fuels from the Middle East and North Africa was 78% (WITS, n.d.).

---

# 5 China's overseas activities: changing trends and signals

**Project-level data help to discern changing trends in and signals from China's overseas activities.** They add nuance to the aggregate statistics and information on the industries and countries targeted by Chinese SOEs and private enterprises operating overseas, providing a 'real-time' picture of activities.<sup>26</sup> In this chapter, we present two types of data: (1) Chinese companies' overseas investments (both FDI and mergers and acquisitions) and (2) engineering service contracts won by Chinese companies. These do not include information on Chinese loans (while these are useful for understanding Chinese engagement overseas, there is no source that tracks these data in real time). Combined, the two data sources serve as a proxy of overall Chinese engagement in a destination country.

**The number of Chinese investment deals signed and announced for all countries (greenfield and mergers and acquisitions) declined in Q1 and Q2 2020 (January–June) and picked up slightly in Q3 (July–September).** The value of investments was similar in the first two quarters, but declined in Q3. This can be explained by a plethora of small-value investments, especially in the manufacturing sector, in Q1, but fewer, larger investments in late Q2 (in an Indian automotive plant) and Q3 (in a plasma fraction plant and dye and paint manufacturing plant in Bangladesh).

It is possible that smaller project negotiations stalled due the higher transaction costs brought

about by Covid-19, that only bigger-value project negotiations were concluded. In any case, the largest transactions by value continued to be in the energy sector. In February, PowerChina International announced the development of the \$1.4 billion, 840 Megawatt (MW) Ayago hydropower plant on the river Nile in Uganda, while in April, China Gezhouba Group and RioZim Energy announced the \$3 billion 4x700 MW Sengwa thermal power plant in Zimbabwe (Figure 3).

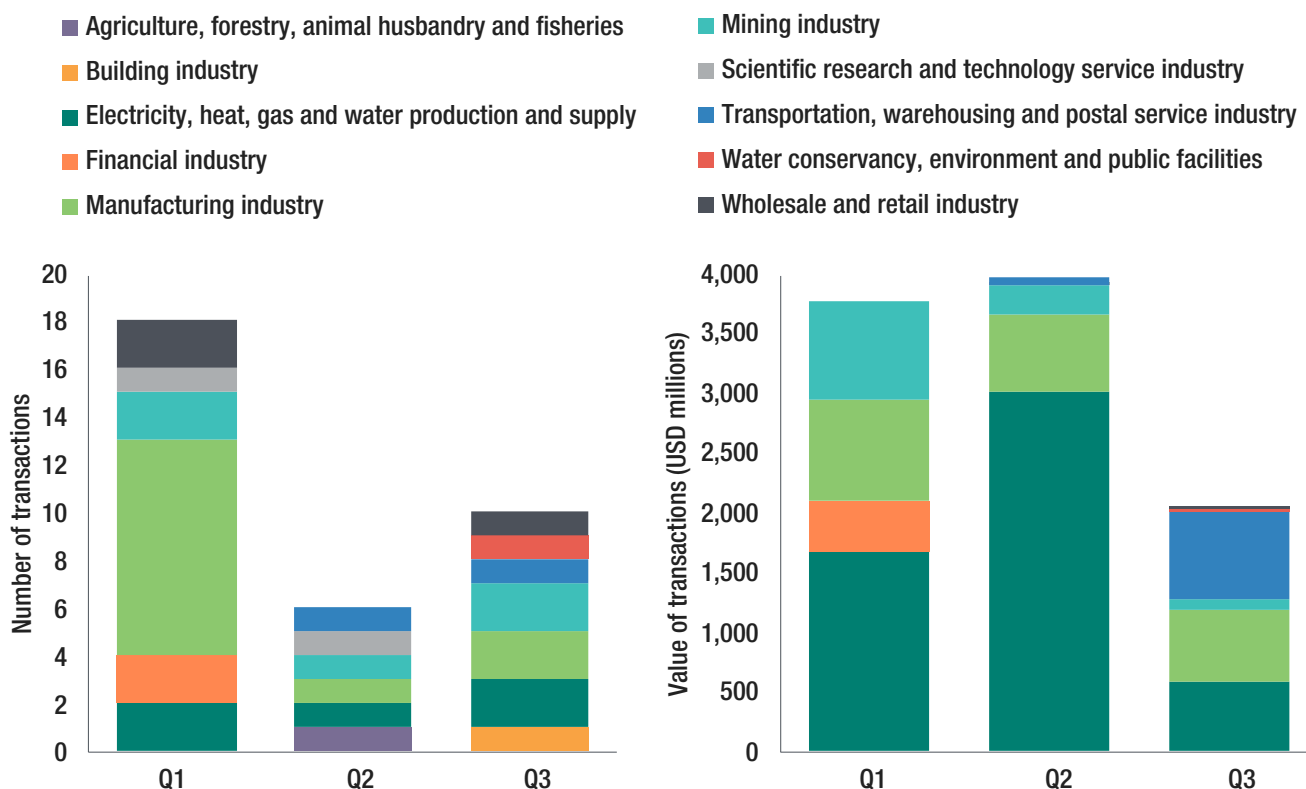
**Most of the engineering, construction and service contracts won by Chinese companies remained concentrated in the energy, transportation and public-utility sectors.** Based on RWR Advisory data, the overall number of contracts fell between Q1 and Q3 2020, but the value of contracts remained constant, after doubling in Q2 thanks to several large-scale solar and hydropower engineering, procurement and construction (EPC) projects in Thailand, Pakistan and Indonesia. This contrasts somewhat with the official data from the Ministry of Commerce, which shows a decline in the value of contracts from Q1 (\$55.4 billion) to Q2 (\$51.8 billion) and Q3 (\$43 billion). Most of the services exported in Q3 related to building roads, subways, airports, bridges, railways and rapid transit systems (Figure 4).

**Investments and engineering contracts for energy projects remain dominated by coal, but there has been an increase in solar and wind**

---

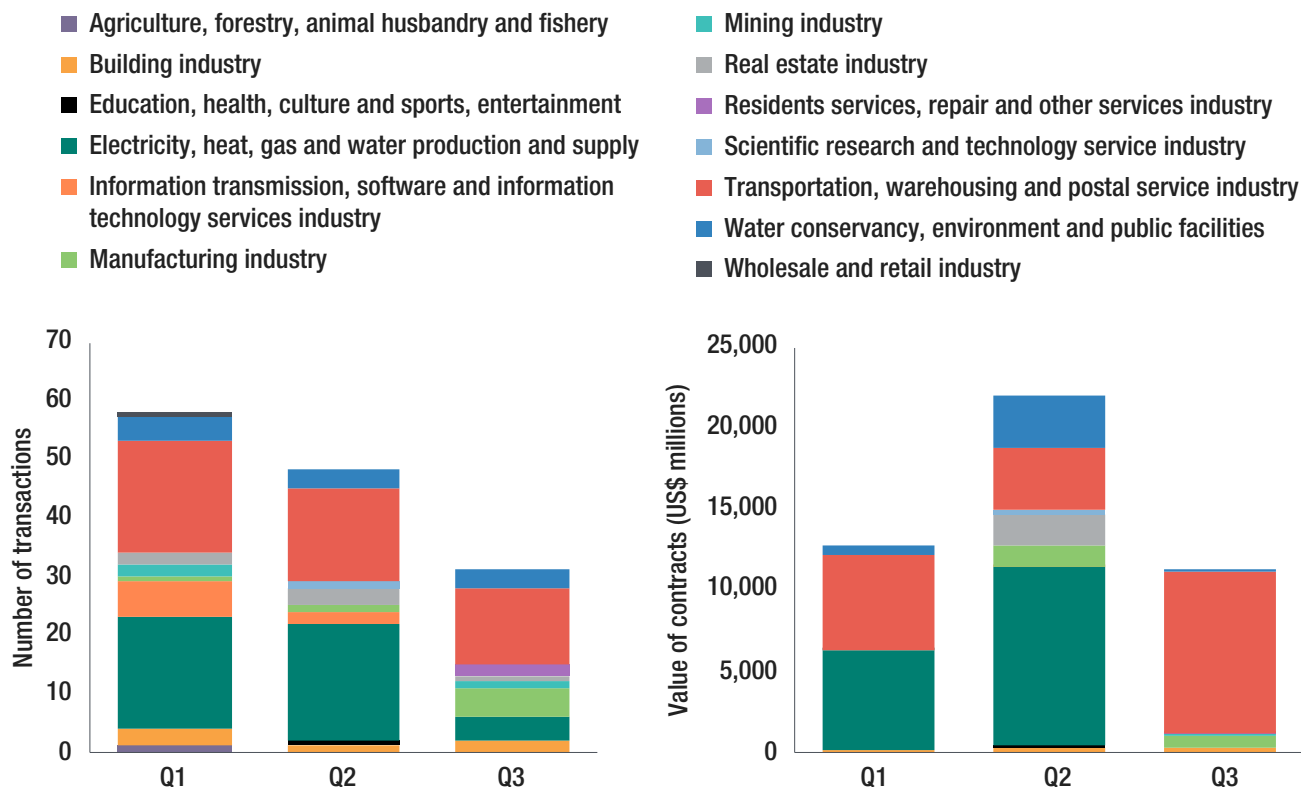
26 As China does not publish official disaggregated data for overseas economic activities, the analysis in this chapter utilises the RWR Advisory database of Chinese foreign direct and portfolio investments and engineering and construction contracts. Please see Annex 1 for more on the limitations of this database.

**Figure 3 Number and value of FDI and M&A transactions, 2020**



Source: RWR Advisory

**Figure 4 Number and value of engineering service contracts, 2020**



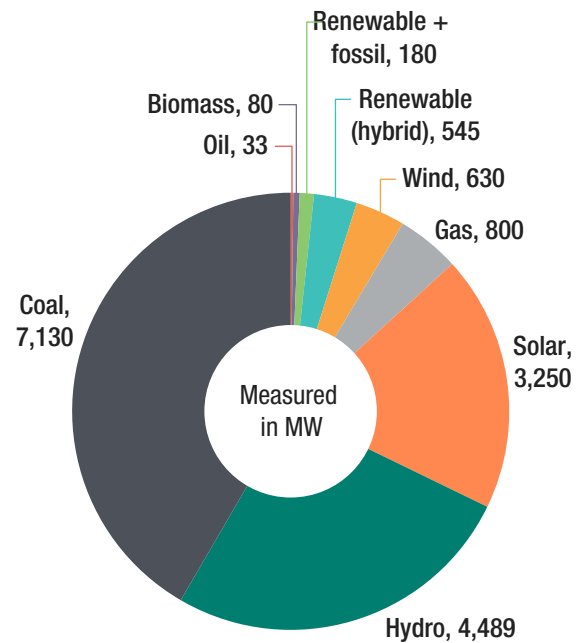
Source: RWR Advisory

projects. Between Q1 and Q3, coal technology dominated energy-project commitments, at more than 7,000 MW of the capacity announced (42% of the total), followed by hydropower, at close to 4,500 MW (26% of the total) (Figure 5).

This is in line with past trends in China's global energy investments, where coal accounted for 39% of total built capacity (46,345 MW) and hydropower made up 27% of total built capacity (31,692 MW) between 2000 and 2019 (Boston University, n.d.). There are signs that commitments to build solar and wind projects have increased in 2020 (3,250 MW, or 26% of total commitments) compared with historical trends (12,501 MW, or 10% of total built capacity in 2000–2019) (ibid.), though this are nowhere near the level required to meet global energy demand and does not counteract the continued investments in coal power which is precipitating the global climate crisis.

Overall, while decreasing in volume, China's overseas economic activity (FDI investments and contracts) have also shifted away from European destinations towards Asian and African countries since the start of the pandemic. The number of project commitments declined from Q1 to Q3, while Q2 saw a jump in the value of economic activities in Asia and a comparable reduction in European countries compared with Q1. Activities targeting African countries increased both in number and value between Q1 and Q3 (Figures 6 and 7). Economic engagement with North America remains subdued due to geopolitical tensions and the ongoing 'trade war' with the

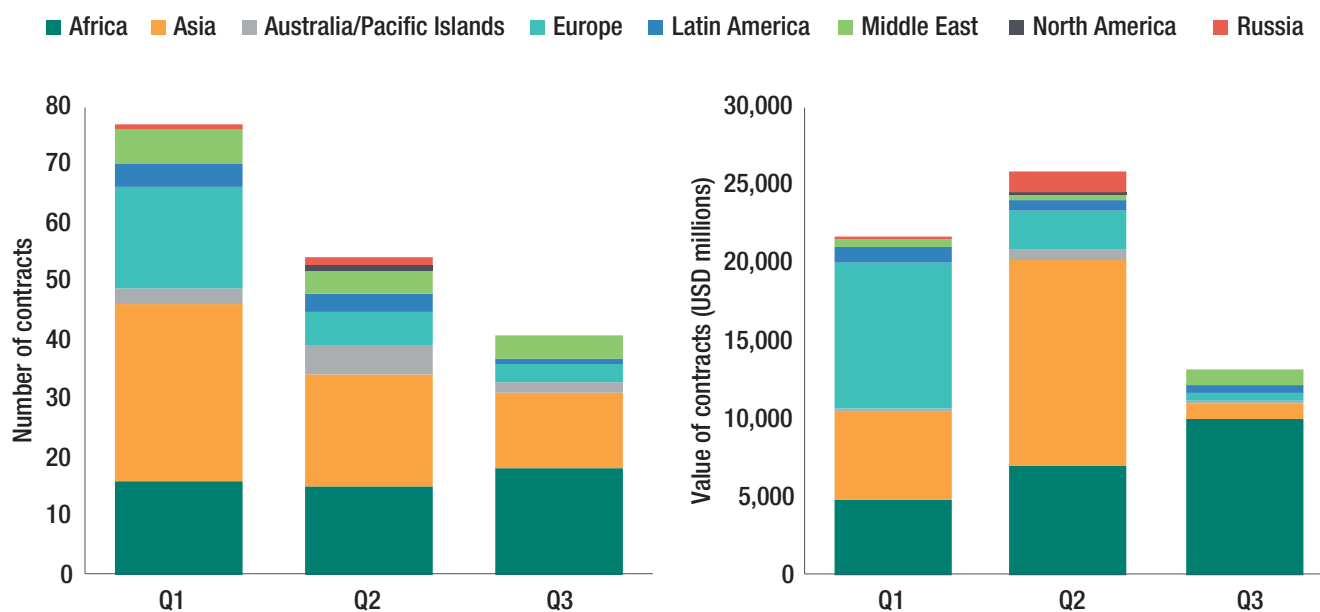
**Figure 5 Committed Chinese power-plant investments and engineering contracts, January–September 2020**



Source: RWR Advisory

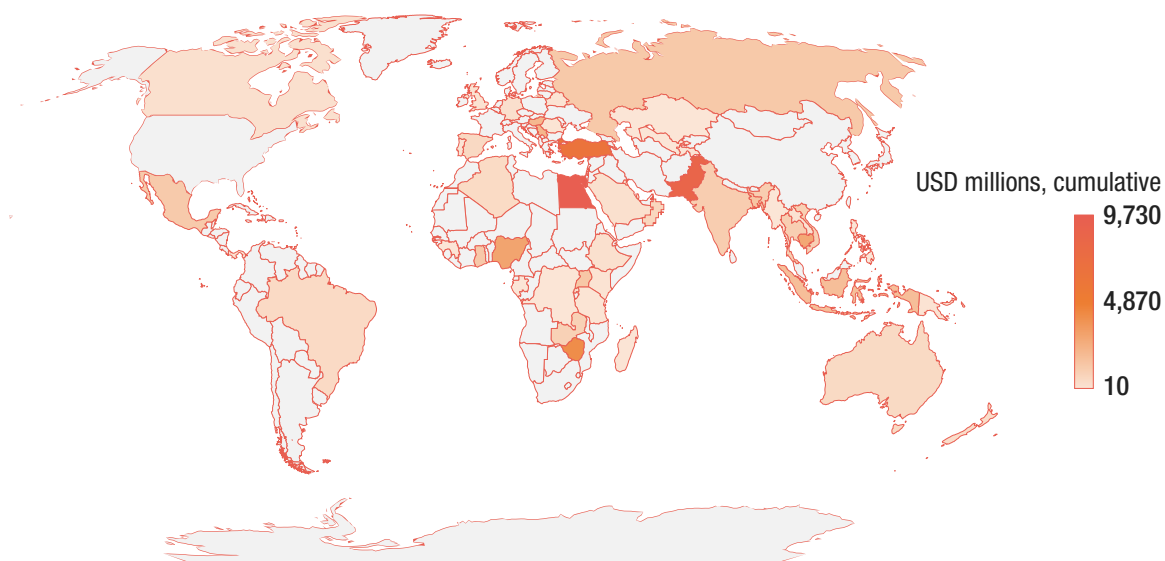
US. The overall decrease in economic activity can be attributed to the Covid-19 pandemic, though overseas investments were already declining prior to the pandemic due to international criticism of certain BRI projects. The shift away from Europe towards Asia and Africa since the beginning of the pandemic may be explained by Beijing's efforts to court low- and middle-income countries, as we will see in the next chapter.

**Figure 6 Investments and engineering service contracts by region, 2020**



Source: RWR Advisory

**Figure 7 China's economic engagement with destination countries, January–September 2020**



Note: Data include the \$ million values of Chinese companies' investments and engineering service contracts won, as a proxy for China's economic engagement in destination countries.

Source: RWR Advisory



---

# 6 Policy developments

**This chapter explores recent policy developments that may signal the areas or sectors in which Chinese policy-makers are interested and how China is engaging in other countries in light of the pandemic.** Tracking policy developments can help developing countries to assess which areas are being supported by the government and which are likely to receive the most attention.

## 6.1 Overseas investments

**The Chinese government provided prompt support to domestic companies operating overseas and to BRI projects after the outbreak of Covid-19.** In a joint Ministry of Commerce and CDB circular in February, the latter committed to lower interest rates on both foreign exchange and RMB borrowing, provide liquidity support for enterprises so that they could quickly resume activities, delay the repayment of loans for struggling companies, speed up the approval of financing packages and facilitate foreign-exchange services for ‘high-quality’ BRI projects and companies (Ministry of Commerce and CDB, 2020). This may help to explain why NFODI to BRI countries increased even though total NFODI dropped year on year (see Table 2), why service exports have remained fairly buoyant over the past three quarters (see Figure 4).

**In the near term, however, foreign investments and service exports are unlikely to return to pre-pandemic levels.** Having peaked in 2015–2016, investments in Africa and Latin America were

already slowing before the pandemic, due to a mixture of international criticism and Beijing’s desire to improve the quality of projects and lending (Kratz et al., 2020; China–Africa Research Initiative, n.d.). As low- and middle-income countries face mounting debt problems due to Covid-19, China’s attention in the short term will be on dealing with debt renegotiations (as we will discuss in the next section). Surging debt, moreover, may also accelerate the shift in the type of overseas project we are seeing from China. The old ‘EPC + Chinese finance’ model, whereby the interests of Chinese companies and local elites take precedence over the good of the borrowing country, which bears a disproportionate amount of the project failure risk, will become even more unsustainable amid countries’ reduced capacity to take on debt and risk.<sup>27</sup> In future Economic Pulse reports, we will try to assess whether this shift is taking place.

## 6.2 Stepping up bilateral engagement to bolster economic ties

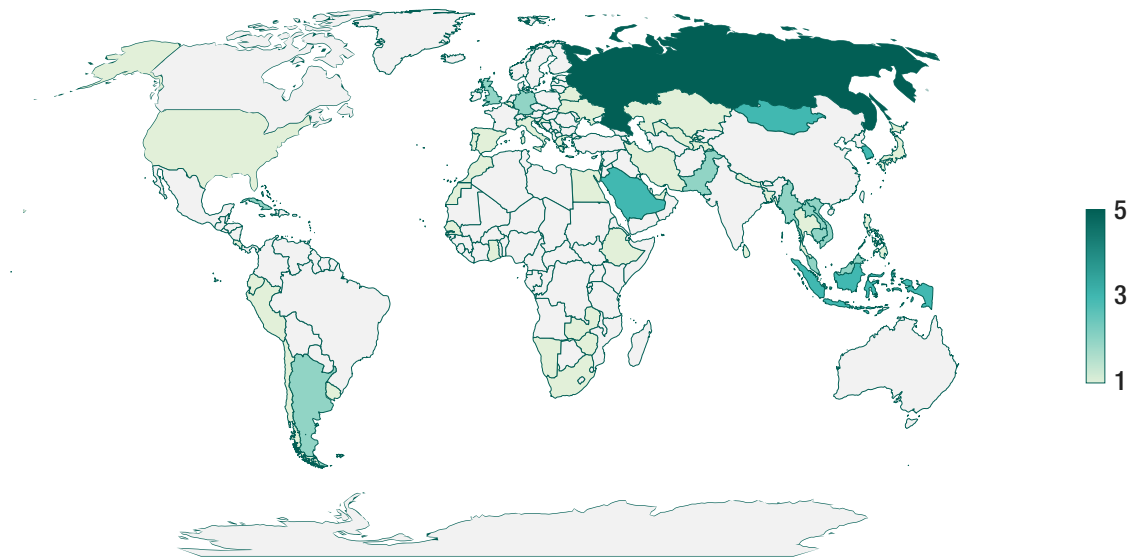
**China is concentrating on strengthening ties with its neighbours and BRI partners amid turbulent relationships with the major advanced economies.** Between January and September 2020, President Xi Jinping engaged with most of Asia’s heads of state, making 31 bilateral calls (see Figure 8).<sup>28</sup> Notably, Myanmar and Nepal are the only two states he has visited in person, despite the pandemic,

---

27 Ma Tianjie (2020) describes how many BRI projects are initiated ‘bottom up’ by either local elites or Chinese contractor companies with mostly their self-interest in mind, with Chinese leaders having no incentive in spending political capital to keep projects aligned with a ‘grand BRI strategy’. Ma Tianjie (2019) illustrates the case study of a renewable energy project in Zambia and why risks are disproportionately borne by the borrowing country even if the project aligns with development objectives and can potentially be beneficial if everything goes well.

28 President Xi Jinping made 31 calls with heads of states in Asia, 16 in Europe, 10 in the Middle East, 9 in Latin America, 8 in Africa, 5 in Russia, 2 in Australia and the Pacific and 1 with the US in Q1–Q3 (January–September), according to China’s People’s Daily and China Vitae data, <http://jhsjk.people.cn/> and <https://www.chinavitae.com/>.

**Figure 8 Phone calls between Xi Jinping and other heads of state, January–September 2020**



Source: Authors, based on data from China People's Daily and China Vitae

while Pakistan and Mongolia were the only two foreign heads of state to travel to Beijing. This probably attests to the importance that China attaches to these countries (they are also among the countries in which China has substantial economic engagement).<sup>29</sup>

**The focus of these bilateral engagements has been health security and vaccine cooperation, but there has also been an emphasis on the benefits of deeper economic and security ties and advancing planned regional economic corridors:**

- Covid-19 offers China the perfect leverage for advancing its foreign policy and building international goodwill: the cross-border nature of the virus lends itself to Beijing's rhetoric of 'building a community with a shared future for mankind' by fighting a common enemy. President Xi has used the term 'construction of a health community' in many bilateral calls and, notably, at the multilateral Extraordinary China–Africa Summit On Solidarity Against Covid-19 in

June 2020, where he committed to deliver the vaccine to African countries first, once ready (FOCAC, 2020).

- China has shifted from 'mask diplomacy' to 'vaccine diplomacy' by focusing on BRI partners and strategic countries in Asia, Africa and Latin America, after receiving push-back from high-income countries, which questioned whether access to medical goods at the onset of the pandemic had been granted based more on political goodwill than humanitarian grounds.<sup>30</sup> Chinese state-owned pharmaceutical companies are conducting Phase 3 vaccine trials in 18 developing countries,<sup>31</sup> including many with which Xi Jinping has engaged personally since the start of the year. Arrangements are being made for them to gain priority access to the vaccines once they are ready. Indonesia and Singapore have created fast-track channels for personnel to travel and collaborate on vaccine development and health cooperation (China People's Daily,

<sup>29</sup> Calculated using imports from China as share of total imports, FDI from China as share of total FDI and external debt to China as share of total external debt (Council on Foreign Relations, 2019).

<sup>30</sup> There is now some evidence this was the case; see Fuchs et al. (2020).

<sup>31</sup> Including the United Arab Emirates, Bahrain, Saudi Arabia, Peru, Brazil, Mexico, Pakistan, Indonesia, Bangladesh, Russia, Turkey and Serbia (Watanabe and Hadano, 2020).

2020e; 2020f). One possible model for production and procurement comes from Indonesia, where state-owned Bio Farma is testing Chinese company Sinovac Biotech's vaccine, which will be produced locally in large quantities if successful (Tan and Maulia, 2020).

- Association of Southeast Asian Nations (ASEAN) countries signalled their willingness to accelerate the construction of major projects – such as the Vientiane–Boten Railway, the Sino-Thai Railway, the Jakarta–Bandung High-Speed Rail Link and the China–Malaysia East Coast Rail Link – and to stabilise regional supply chains following a string of high-level diplomatic visits. Overall, China's economic relations with ASEAN countries seem to have strengthened during the pandemic, with China's investment in ASEAN growing 53% year on year in the first half of 2020 and the region becoming China's largest trading partner (Xinhua, 2020b).

## 6.3 New growth areas: middle- and low-income countries

Beijing wants green energy, the digital economy, 5G and smart cities to play a major role in China's new post-pandemic cooperation with middle- and low-income countries, in line with its 'high-quality development' domestically and 'high-quality BRI' internationally.

### 6.3.1 Green energy

- President Xi announced this at the China–Africa Summit in June (FOCAC, 2020), but it is too early to tell what its effects on the real economy will be. For instance, project-level data in Africa show that business (both investments and service contracts) continued as usual in January–September, led by the transport, energy (mostly fossil) and manufacturing sectors. Greenfield investments and contracts to build coal power plants accounted for the biggest share of overall energy announcements in Africa (3,850 MW), followed by hydropower

(918 MW), wind (600 MW), solar power (300 MW) and oil (33 MW).

- That said, green BRI investments may pick up in the medium term, spurred on by President Xi's pledge at the 75th United Nations General Assembly in September that China would achieve carbon neutrality by 2060 (China People's Daily, 2020g). A few weeks after the announcement, five key ministries and regulators jointly issued guidance to promote climate investment domestically and overseas (Ministry of Ecology and Environment et al., 2020). The document, while not legally binding, is still significant, in that it is issued by some of the country's most influential ministries and mentions the regulation of overseas investments in line with climate targets for the first time ever in a Chinese policy document. This is in stark contrast to all of China's prior green policies, which required projects to adopt host-country standards and principles. The document is set to be followed up by a more comprehensive document on green development guidance for BRI projects, which should give a clear signal as to which projects align with the policy and which do not (Wang, 2020).

### 6.3.2 Push for digital cooperation and governance

- China seems to be accelerating digital cooperation with its neighbours and BRI partners, thanks to problems in advanced markets and opportunities created by the Covid-19 pandemic. The scope of cooperation is broad, encompassing infrastructure (network equipment, cables and 5G), data and research centres, large e-commerce, mobile payment deals and smart-city projects. Government support to speed up the growth of cross-border e-commerce was underscored in Premier Li Keqiang's government work report at the 13th NPC in May, after a host of policies had been rolled out in previous months to create pilot zones (currently 105, covering almost all Chinese provinces), reduce taxes and ease restrictions (Zhang, 2020; State

Council of the People's Republic of China, 2020). Following his ASEAN visits, Foreign Minister Wang observed that 2020 was the year of Sino-ASEAN digital cooperation, while next year would mark a year of cooperation on sustainable development, both offering opportunities to cooperate in smart manufacturing, 5G, big data and smart cities (Xinhua, 2020b). Cooperation on digitalisation and e-commerce was a topic in President Xi's calls with the heads of state of Kazakhstan, Tajikistan, Thailand and Uruguay (China People's Daily, 2020h; 2020i; 2020j; 2020k). It also featured during China's bilateral meetings with Pakistan and Turkey (Ministry of Commerce, 2020; Chinese Embassy in Pakistan, 2020). The Fujian provincial government, meanwhile, held a conference in Egypt to share China's experience of digital technology for epidemic prevention and control (Chinese Embassy in Egypt, 2020).

- It is no secret that China is vying for leadership in global digital governance. China has long sought to cooperate on emerging technologies with developing economies, with Chinese technology companies setting up operations in low-income countries some time ago (Huawei, for instance, set up operations in Cambodia as early as 1999).<sup>32</sup> More recently, it has positioned its overseas digital development as a way of advancing the UN Sustainable Development Goals by promoting the 'Digital Silk Road' as a development concept in its own right. It appears that several UN agencies are now using the term, this does not and should not constitute formal recognition by the UN (Arcesati, 2020), and is also spurring concerns of digital authoritarianism (Elder et al., 2020). To this end, China proposed a Global Initiative on Data Security at the first International Seminar on Global Digital Governance, it held in Beijing in September. It contained

eight principles aimed at assuaging security concerns about Chinese investment in digital infrastructure. In his keynote speech, Foreign Minister Wang expressed hope that the initiative would 'serve as a basis for international rule-making on data security and mark the start of a global process in this area' (Ministry of Foreign Affairs, 2020a).

### 6.3.3 Prioritising agricultural products and free trade

**China's search for high-quality agricultural products from countries in Asia, Africa and Latin America seems unaffected by Covid-19.**

Agricultural exports to China from Latin American countries, including Brazil, Argentina, Uruguay and Ecuador, grew significantly in the two years prior to the pandemic, owing in part to an outbreak of African Swine Fever, which reduced China's pig stock by more than 100 million head, in addition to partial trade restrictions with the US (Mu and Wei, 2020). In his bilateral calls with heads of state in September, President Xi welcomed more high-quality agricultural and animal husbandry products and high value-added product imports from Argentina and Uruguay, invited the latter to play an active role in promoting further free trade between China and Mercosur (China People's Daily, 2020k; 2020l). When signing a free trade agreement with Cambodia in September and granting the Laos People's Democratic Republic zero tariffs for 97% of its products, China signalled its willingness to upgrade the China-ASEAN Free Trade Area agreement and sign a regional comprehensive economic partnership agreement in 2020, in addition to its commitment to import more high-quality agricultural products from the region, such as rice, palm oil and tropical fruits from the region (Ministry of Foreign Affairs, 2020b). Similar trends can be observed in agricultural trade flows with African countries, which increased significantly, from \$650 million in 2000 to \$6.92 billion in 2018 (Xinhua, 2019c).

32 ODI report to be published in 2021.

---

# 7 Debt updates and developments

Here, we summarise recent reports on **negotiations over debt owed to China**. Many countries have had to divert scarce funds to address the health and economic issues brought on by the pandemic, leaving them unable to fulfil their debt-servicing obligations. China holds a large amount of developing-economy debt, necessitating wide-ranging negotiations with distressed countries.

**China committed to participate in the G20 Debt Service Suspension Initiative (DSSI)**. The DSSI allows bilateral official creditors to suspend the debt-service payments of 73 eligible low- and middle-income countries, should they request it (IMF, 2020b). This gives countries the chance to reallocate debt payments to their Covid-19 response. However, there is some friction with the World Bank over China's failure to classify its state-backed banks as official lenders – more specifically, CDB – exempting them from inclusion in the DSSI (World Bank, 2020c). Chinese officials have reportedly responded by saying the CDB is a commercial bank and, thus, does not fall under the definition of an official bilateral creditor, as it lends more on commercial than on concessional terms (Brautigam, 2020; Morris et al., 2020).

**Official statements mention debt-suspension agreements with 11 African countries and the waiver of interest-free-loans due to mature by**

**end 2020 for 15 African countries**. A Ministry of Foreign Affairs press conference on 12 October 2020 and an interview with the Chinese Embassy in South Africa on 23 October 2020 both state that (Ministry of Foreign Affairs, 2020c; 2020d):

“At present, the Export-Import Bank of China, as an official bilateral creditor, has signed debt-suspension agreements with 11 African countries. Other non-official creditors have also reached a consensus on debt relief with some African countries with reference to the DSSI. China will also waive interest-free loans due to mature by the end of 2020 for 15 African countries, and continue to push the international community, especially the G20, to further extend the duration of debt suspension.”

**Official Chinese outlets do not specify the countries China is working with, but various media reports confirm that China is working with a number of countries to address their debt issues**. The information in Table 3 was drawn from various media reports and presents a broad picture of the current debt negotiations to which China is a party.



**Table 3 Reported developments in China's debt negotiations, 2020**

Countries that are in default	
Zambia	On 28 October, Zambia reached a deal to defer debt repayments due this month to CDB (Mfula, 2020), after failing to service its debts to private creditors, missing a coupon payment of \$42.5 million on one of its Eurobonds and suffering a ratings downgrade to 'Selective Default' from ratings agency Standard & Poor's (Reuters, 2020b). Zambia also announced earlier in the month that it would resist pressure to make payments of arrears a condition of debt-relief talks with China. A <i>Financial Times</i> article cited the Zambian Finance Ministry as saying that 'while some official institutions have asked Zambia to pay arrears as a precondition to granting DSSI treatment, Zambia is insisting that Chinese official creditors apply the same DSSI treatment of arrears as is granted by all Paris Club [Western] creditors' (Cotterill et al., 2020).
Countries that are participating in DSSI	
Maldives	The President of the Maldives announced in March that he had written to the Chinese president requesting debt relief. In April, the country's finance minister reportedly sought to freeze loan repayments worth MVR 4 billion under the DSSI, to which China subsequently agreed. It was reported in September that the Maldives and China were in discussions to defer payments on commercial loans. The report also noted that China had agreed to defer payments on some loans until December 2020 under the DSSI (Maldives Insider, 2020; Sun Online, 2020).
Angola	In September, Angola was reportedly close to finalising a number of deals to restructure debt held by Chinese state banks and agencies. Angola owes more than \$20 billion to China, most of it to CDB, followed by the Export-Import Bank of China (Strohecker, 2020). IHS Markit, meanwhile, reported that Angola agreed on debt deferment terms with China at the end of August, to obtain disbursements from the IMF (IHS Markit, 2020).
Papua New Guinea	In August, the communications minister reportedly sought to have a \$53 million loan funded by the Export-Import Bank of China cancelled on the basis that the Huawei data centre built with the loan left the government vulnerable to cyber attack. There have been no reports of a response from China (Grigg, 2020). A June request for funds under the IMF Rapid Credit Facility noted that the authorities were considering requesting debt relief from the DSSI. The impact would supposedly be limited, with at most \$55.6 million in debt servicing due in 2020 (IMF, 2020c).
Tonga	In July, Tonga asked for debt-restructuring aid from China. The country is scheduled to start small principal repayments this year, increasing in 2023–2024. The country currently owes \$108 million to China, or around a quarter of its GDP. Tonga has reportedly asked China to cancel its debt, but China has yet to respond (Barrett, 2020).
Kyrgyzstan	In April, the deputy prime minister of Kyrgyzstan said China and the Export-Import Bank of China (Exim) had responded positively to its requests to restructure debt worth \$2 billion (AFP, 2020).
Countries eligible for DSSI, but not participating	
Lao People's Democratic Republic	In September, it was reported that the Lao People's Democratic Republic faced liquidity problems and had approached China about a possible debt restructuring. The country's foreign-exchange reserves reportedly fell below \$1 billion, leaving the country with insufficient funds to cover its annual debt obligations. Fitch Ratings recently downgraded the country to B- and Moody's Investor Services downgraded its issuer rating from B3 to Caa2. Other types of deal may be struck, however. It was reported in September that a Lao electric power company had struck a deal akin to a debt-for-equity swap, whereby China could recover its losses through fees generated from the electric grid (Lintner, 2020).
Kenya	The China-Africa project reported in July that bilateral debt-relief talks between Kenya and China had stalled as Kenya weighed up the DSSI offer of debt relief. The Kenyan government initially opted out of the DSSI programme and pursued bilateral talks with China. As of the time of writing, however, there were no official reports of Kenya's participation in the DSSI (Reed, 2020).
Countries that are not eligible for DSSI	
Zimbabwe	Countries with arrears with either the IMF or the World Bank are ineligible for the DSSI, thereby excluding Zimbabwe. News reports from January 2020 note that President Emmerson Mnangagwa's request for a bailout was declined but Beijing would be open to extending loans under the BRI and the Forum on China Cooperation (Zimbabwe Independent, 2020).

Source: World Bank, 2020d

---

# 8 What to watch

This chapter flags key focus areas and trends to watch over the next quarter.

How China manages its economic recovery, particularly whether it plans to provide more fiscal stimulus and/or keep monetary policy accommodative. With a slow recovery underway, policy-makers may want to rein in and revise fiscal and monetary policy, to resume their drive towards structural reform and the containment of financial risks. How China manages its recovery will determine which sectors receive the most relief and support in the near term. These are pockets of growth that may be relevant to developing economies with certain links to the Chinese economy. Moreover, keeping particular policies in place, including its current monetary policy stance, will determine whether certain industries will have continued access to credit. In general, China's economic recovery and resurgence of domestic demand is significant for developing economies who rely on China as an export market. Commodity exporters, in particular, are poised to benefit.

1. **Fiscal policy:** As China moves forward with its plan to shift to a consumption-driven economy, will there be additional fiscal relief packages, where will the support go? For example, if China focuses on recovery by continuing to stimulate businesses and infrastructure investments, this would benefit developing countries with strong ties to those industries receiving support. As China's industries get a boost, so too will their production lines, benefiting developing countries that export intermediate goods.
2. **Monetary policy:** Should a recovery manifest sooner and stronger than expected, will the

PBoC shift from its more accommodative monetary-policy stance and revert to containing credit growth? Should monetary policy remain accommodative, companies with better access to credit would also have more opportunities for investment, either domestically or overseas.

## Adjustments to Chinese infrastructure projects abroad, particularly in the BRI regions.

Reportedly robust growth in infrastructure projects in BRI countries in the first 10 months of 2020 bucks the trend in overall NFODI, signalling there is appetite for investment in regions less affected by the pandemic, where there are no major trade tensions or investment restrictions. While a return to pre-pandemic levels of investment is unlikely, there are signs that activities in targeted sectors and regions may increase (Dreher et al., 2017).<sup>33</sup>

To ensure growth in these activities, Beijing, for its part, recognises the need to sensibly manage debt renegotiations with several of these partner countries and improve the sustainability of its investments (though it is acknowledged that many of these projects feature different multinational actors and funding sources, so are not only dependent on the Chinese government and public and private company decisions). Increasing the sustainability of investments will require it to rapidly move away from the types of project where risks are borne excessively by recipient countries that may not be best placed to manage them (Ma, 2019). It will also need to bring BRI policy and regulatory frameworks more closely in line with international standards to ensure projects' environmental, social and economic sustainability. As mentioned, there

---

<sup>33</sup> Dreher et al. posit that China's production overcapacity of industrial inputs is linked to increasing infrastructure projects abroad.

---

are signs that some of this is already happening, though the problem is always the speed at which such changes occur. Monitoring is imperative.

**Beijing's implementation of the dual circulation strategy (DCS) and its implications for outward investment and trade.** First floated at a May Politburo meeting, China's dual circulation economic strategy will underpin its future growth model. It consists of a 'domestic circulation' aspect to reinforce China's domestic production and consumption markets, while keeping the country open to the world through an 'international circulation' element. Official details are scant, but the policy has generated intense debate, both domestically and internationally, as to what it will mean in practice.

Some believe it will involve a more inward-looking China that creates self-reliant and controllable supply chains to spur domestic consumption and growth, which engages with foreign firms only to increase their dependence on the Chinese market as a way of deterring foreign powers from exerting pressure (see, for instance, *The Economist*, 2020). Beijing strongly opposes this view and is seeking to reassure country partners about its continued commitment to openness and globalisation (*China People's Daily*, 2020c; 2020d). How the DCS is implemented will determine the reconfiguration of China's international supply chains, trade and investment patterns, the effects of which may not yet be apparent. This may well result in new winners and losers among those engaging with China. The DCS is set to form a core component of China's 14th Five-Year Plan, to be released in March 2021. As we near that date, we will produce more details and analysis of the DCS, which we will capture in future issues.

**The potential rebranding of China's engagement with low- and middle-income countries around 'high-quality' BRI, with a focus on green energy, ICT and digital infrastructure.** The renewed push on ICT and digital infrastructure comes as no surprise, as China started investing in these sectors in African countries as early as 2006. However, a recent increase in focus on science, innovation

and technology as a driver of growth is expected to spur exponential growth, both domestically and along the BRI, in e-commerce, cloud computing, digital finance (fintech), communications infrastructure, smart cities, industrial internet, medical technology and digital supply chains. It will be important for developing countries to understand the long-term development, security and financial risks and opportunities involved. In terms of green energy, it will be important to watch the role that China seeks to play as either a financier, technology provider or knowledge broker in a post-Covid-19 green recovery.

**Debt renegotiation with low- and middle-income countries.** Unlike past sovereign debt crises facing low- and middle-income countries, China is a major bilateral creditor in the current debt crisis caused by Covid-19 (Huang and Brautigam, 2020). As discussed, China has committed to the DSSI, but is also conducting bilateral negotiations with debtor countries behind closed doors, prompting questions as to whether the lack of transparency may lead countries with similar issues to end up with different debt outcomes.<sup>34</sup> A recent academic article published on the One Belt One Road 100 Forum (a forum for government officials, scholars, entrepreneurs and specialists to incubate ideas and broker knowledge to support the BRI) may shed some light on China's preference for bilateral negotiations: it seems to view the current international architecture for debt management (the Paris Club, the IMF and the World Bank) as a political arena dominated by high-income economies in which there is little room for China to push for reform (*The Paper*, 2020). At the same time, negotiations are underway for an internationally coordinated framework beyond the DSSI, which seeks to involve both official bilateral creditors and more private creditors, which the G20 group of countries is calling the Common Framework For Future Debt Treatments Beyond the DSSI. This would include China. A coordinated approach with buy-in from all creditors will be important for the orderly resolution of the

---

34 See Gardner et al. (2020) for an example of how China could approach its debt renegotiations differently.

---

current debt crisis. Future editions of Economic Pulse will track how these issues develop.

**An explicit ‘re’-emphasis on the security development concept.** Beijing has long recognised that China’s increasing overseas economic assets make it vulnerable to traditional and non-traditional security threats alongside financial and reputational risks. Over the past few years China has deployed military and security assistance including training and hardware (reconnaissance drones, facial recognition technology, armoured vehicles)<sup>35</sup> to a number of African and Asian countries it has strategic partnerships with as part of its security engagement (primarily under the heading of counter-terrorism and piracy). The geostrategic benefit of China’s expanding logistics footprint via BRI infrastructure projects such as seaports is also well documented (Devermont and Chiang, 2019).

The security-development concept is not new, with China’s leaders frequently stating ‘security is the prerequisite for development and development is the guarantee of security’,<sup>36</sup> to justify both domestic and foreign policy measures and strategies. The re-emphasis on the ‘security development concept’ as a core development principle might see the scope of some of these strategic partnership arrangements widening to incorporate Beijing’s ever-growing definition of what constitutes a threat to ‘national security’. The 19th Communist Party of China Central Committee communique calling for ‘*resolutely safeguarding*

*national sovereignty, security, and development interests ... improve the strategic ability to defend national sovereignty, security, and development interests*’, certainly indicates that might be the case.<sup>37</sup>

Recent state visits to Myanmar and Nepal by President Xi Jinping and recent visits to Beijing by the heads of state of Pakistan and Mongolia recent travel to Beijing also indicate a desire to enhance strategic relations. With rising tensions with the US and India and competition for natural resources, especially in terms of rare earths, China might seek to further deepen its already strong economic engagement<sup>38</sup> and protect its existing assets in these and other countries. Chinese state media also emphasised that the first multilateral summit President Xi prioritised attending post-5th plenary session was the 20th Council of Heads of State meeting, at the Eurasian regional-focused Shanghai Cooperation Organization (SCO).<sup>39</sup> The upcoming China-SCO Forum on the Digital Economy was also announced, where the focus will be on norm-making for global digital governance.

How and on what terms China seeks to strengthen bilateral relations with priority countries and regional geo-economic institutions such as the SCO, to ensure its ‘security and development concept’, will potentially further increase the geopolitical significance of a number of developing countries to China and have implications for the reform of existing multilateral governance frameworks of which China is already a member.

---

35 <https://www.globaltimes.cn/content/1206522.shtml>; <https://www.globaltimes.cn/content/1097747.shtml>; <https://www.globaltimes.cn/content/1204522.shtml>; <https://www.defenceweek.co.za/featured/nigerian-military-receives-tanks-artillery-from-china/>

36 <https://news.sina.com.cn/c/2020-10-30/doc-iiznctkc8543199.shtml>

37 <https://news.sina.com.cn/c/2020-10-30/doc-iiznctkc8543199.shtml>

38 Measured as imports from China as share of total, FDI from China as share of total, and external debt to China as share of total. Council on Foreign Relations Belt and Road Tracker, see <https://www.cfr.org/article/belt-and-road-tracker>

39 The SCO currently comprises eight Member States (China, India, Kazakhstan, Kyrgyzstan, Russia, Pakistan, Tajikistan and Uzbekistan), four Observer States interested in acceding to full membership (Afghanistan, Belarus, Iran and Mongolia) and six Dialogue Partners (Armenia, Azerbaijan, Cambodia, Nepal, Sri Lanka and Turkey).

---

## References

- ADB – Asian Development Bank (2020) ‘Asian development outlook update: wellness in worrying times’. Mandaluyong, Metro Manila: ADB ([www.adb.org/what-we-do/economic-forecasts/september-2020](http://www.adb.org/what-we-do/economic-forecasts/september-2020)).
- AFP – Agence France Presse (2020) ‘Kyrgyzstan says negotiating debt restructuring with China’. Barron’s, 29 April ([www.barrons.com/news/kyrgyzstan-says-negotiating-debt-restructuring-with-china-01588170303](http://www.barrons.com/news/kyrgyzstan-says-negotiating-debt-restructuring-with-china-01588170303)).
- Arcesati, R. (2020) ‘The Digital Silk Road is a development issue’. Mercator Institute for Chinese Studies, 28 April (<https://merics.org/en/analysis/digital-silk-road-development-issue>).
- Barrett, J. (2020) ‘Tonga asks China to restructure heavy debt load’. Reuters, 23 July ([www.reuters.com/article/us-pacific-tonga-debt/tonga-asks-china-to-restructure-heavy-debt-load-idUSKCN24O0IF](http://www.reuters.com/article/us-pacific-tonga-debt/tonga-asks-china-to-restructure-heavy-debt-load-idUSKCN24O0IF)).
- Batson, A. (2008) ‘China sets big stimulus plan in bid to jump-start growth’. The Wall Street Journal, 10 November ([www.wsj.com/articles/SB122623724868611327](http://www.wsj.com/articles/SB122623724868611327)).
- Boston University (n.d.) ‘China’s global power database’. Electronic database. Boston MA: Boston University Global Development Policy Center ([www.bu.edu/cgp/](http://www.bu.edu/cgp/)).
- Brautigam, D. (2020) ‘China, the World Bank, and African debt: a war of words’. The Diplomat, 17 August (<https://thediplomat.com/2020/08/china-the-world-bank-and-african-debt-a-war-of-words/>).
- Caixin (n.d.) ‘Caixin manufacturing PMI’. Webpage. Beijing: Caixin. ([www.caixinglobal.com/caixin-manufacturing-pmi/](http://www.caixinglobal.com/caixin-manufacturing-pmi/)).
- China Africa Project (2020) ‘Kenya-China debt relief talks stall’. Blog. China Africa Project, 10 July (<https://chinaafricaproject.com/2020/07/10/kenya-china-debt-relief-talks-stall/>).
- China Africa Research Initiative (n.d.) ‘Chinese loans to Africa database’. Electronic database. Washington DC: Johns Hopkins University School of Advanced International Studies (<https://chinaafricaloandata.org/>).
- China People’s Daily (2020a) ‘Ministry of Finance: The current level of government debt risk in our country is generally controllable’ (Chinese). China People’s Daily, 3 April (<http://finance.people.com.cn/n1/2020/0403/c1004-31660932.html>).
- China People’s Daily (2020b) ‘Foreign media reporters ask pointed questions at the first press conference of the CPC Central Committee’ (Chinese). China People’s Daily, 30 October (<https://news.sina.com.cn/c/2020-10-30/doc-iiznctkc8543199.shtml>).
- China People’s Daily (2020c) ‘Speech by Xi Jinping at the 2020 China International Trade in Services Global Summit’ (Chinese). China People’s Daily, 5 September (<http://jhsjk.people.cn/article/31850371>).
- China People’s Daily (2020d) ‘Communiqué of the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China’ (Chinese). China People’s Daily, 29 October (<http://jhsjk.people.cn/article/31911510>).
- China People’s Daily (2020e) ‘Xi Jinping talks on the phone with Indonesian President Joko’ (Chinese). China People’s Daily, 1 September (<http://jhsjk.people.cn/article/31843863>).
- China People’s Daily (2020f) ‘Xi Jinping speaks on the phone with Singaporean Prime Minister Lee Hsien Loong’ (Chinese). China People’s Daily, 15 July (<http://jhsjk.people.cn/article/31783604>).
- China People’s Daily (2020g) ‘Speech by Xi Jinping at the General Debate of the 75th UN General Assembly’ (Chinese). China People’s Daily, 22 September (<http://jhsjk.people.cn/article/31871327>).
- China People’s Daily (2020h) ‘Xi Jinping talks on the phone with President Tokayev of Kazakhstan’ (Chinese). China People’s Daily, 25 March (<http://jhsjk.people.cn/article/31646799>).

- China People's Daily (2020i) 'Xi Jinping speaks on the phone with President Rahmon of Tajikistan' (Chinese). China People's Daily, 17 June (<http://jhsjk.people.cn/article/31749186>).
- China People's Daily (2020j) 'Xi Jinping speaks on the phone with Thai Prime Minister Prayut' (Chinese). China People's Daily, 15 July (<http://jhsjk.people.cn/article/31783605>).
- China People's Daily (2020k) 'Xi Jinping talks on the phone with Uruguayan President Lacalle' (Chinese). China People's Daily, 10 September (<http://jhsjk.people.cn/article/31855799>).
- China People's Daily (2020l) 'Xi Jinping talks on the phone with Argentinian President Fernández' (Chinese). China People's Daily, 30 September (<http://jhsjk.people.cn/article/31880357>).
- Chinese Embassy in Egypt (2020) 'Fujian–Egypt digital education cloud matching conference successfully held' (Chinese). Embassy of the People's Republic of China in the Arab Republic of Egypt, 3 October (<http://eg.china-embassy.org/chn/zagx/t1821755.htm>).
- Cotterill, J., Wheatley, J. and Stubbington, T. (2020) 'Zambia resists Chinese pressure on arrears'. Financial Times, 13 October ([www.ft.com/content/aa43fb1c-8f44-495a-a9b5-69a00c7db4a9](http://www.ft.com/content/aa43fb1c-8f44-495a-a9b5-69a00c7db4a9)).
- Council on Foreign Relations (2019) 'Belt and Road Tracker'. Interactive report. New York: Greenberg Center for GeoEconomic Studies, Council on Foreign Relations ([www.cfr.org/article/belt-and-road-tracker](http://www.cfr.org/article/belt-and-road-tracker)).
- CSIS – Center for Strategy & International Studies (2020) 'Is reform on the horizon for China's weak social safety net?' Blog. Washington DC: CSIS ([www.csis.org/blogs/new-perspectives-asia/reform-horizon-chinas-weak-social-safety-net](http://www.csis.org/blogs/new-perspectives-asia/reform-horizon-chinas-weak-social-safety-net)).
- Devermont, J. and Chiang, C. (2019) 'Assessing the risks of Chinese investments in sub-Saharan African ports'. Washington DC: CSIS ([www.csis.org/analysis/assessing-risks-chinese-investments-sub-saharan-african-port](http://www.csis.org/analysis/assessing-risks-chinese-investments-sub-saharan-african-port)).
- Dreher, A., Fuchs, A., Parks, B. et al. (2017) *Aid, China, and growth: evidence from a new global development finance dataset*. AidData Working Paper No. 46. Williamsburg VA: AidData at William & Mary ([www.aiddata.org/publications/aid-china-and-growth-evidence-from-a-new-global-development-finance-dataset](http://www.aiddata.org/publications/aid-china-and-growth-evidence-from-a-new-global-development-finance-dataset)).
- Dreher, A., Fuchs, A., Hodler, R. et al. (2019) *Is favoritism a threat to Chinese aid effectiveness? A subnational analysis of Chinese development projects*. Kiel Working Paper No. 2134. Kiel, Germany: Kiel Institute for the World Economy ([www.aiddata.org/publications/is-favoritism-a-threat-to-chinese-aid-effectiveness-a-subnational-analysis-of-chinese-development-projects](http://www.aiddata.org/publications/is-favoritism-a-threat-to-chinese-aid-effectiveness-a-subnational-analysis-of-chinese-development-projects)).
- Eder, T.S., Arcesati, R. and Mardell, J. (2020) 'Networking the "Belt and Road" – the future is digital'. Mercator Institute for China Studies, 28 August (<https://merics.org/en/analysis/networking-belt-and-road-future-digital>).
- Embassy of the People's Republic of China in the Islamic Republic of Pakistan (2020) 'Ambassador Yao Jing attended the video seminar on "New opportunities and challenges for China-Pakistan cooperation in the post-epidemic era"' (Chinese). Embassy of the People's Republic of China in the Islamic Republic of Pakistan, 22 July (<http://pk.chineseembassy.org/chn/zbqx/t1799905.htm>).
- FOCAC – Forum on China–Africa Cooperation (2020) 'Xi Jinping chairs the extraordinary China–Africa summit on solidarity against COVID-19 and gives a keynote speech'. FOCAC, 22 June ([www.focac.org/eng/ttxsyt/t1790867.htm](http://www.focac.org/eng/ttxsyt/t1790867.htm)).
- Fuchs, A., Kaplan, L., Kis-Katos, K. et al. (2020) 'China's mask diplomacy: political and business ties facilitate access to critical medical goods during the coronavirus pandemic'. VoxEU, Center for Economic Policy Research (CEPR) (<https://voxeu.org/article/china-s-mask-diplomacy>).
- Gardner, A., Lin, J., Morris, S. and Parks, B. (2020) *Bargaining with Beijing: a tale of two borrowers*. Washington DC: Center for Global Development ([www.cgdev.org/publication/bargaining-beijing-tale-two-borrowers](http://www.cgdev.org/publication/bargaining-beijing-tale-two-borrowers)).
- Grigg, A. (2020) 'Debt-trap diplomacy: PNG wants Huawei loan cancelled'. Australian Financial Review, 12 August ([www.afr.com/companies/telecommunications/debt-trap-diplomacy-png-wants-huawei-loan-cancelled-20200811-p55kmr](http://www.afr.com/companies/telecommunications/debt-trap-diplomacy-png-wants-huawei-loan-cancelled-20200811-p55kmr)).



- 
- He, M. and He, L.W. (2020) 'Coronavirus pandemic disrupts global meat supply'. *Diálogo Chino*, 10 June (<https://dialogochino.net/en/agriculture/35847-coronavirus-disrupts-global-meat-supply/>).
- Hongyang, Z. (2019) 'Understanding the international mobility of Chinese temporary workers' *The World Economy* 42: 738–758 (<https://doi.org/10.1111/twec.12733>).
- Hua, J. and Yao, K. (2020) 'China March loans surge to \$405 billion as coronavirus stimulus kicks in'. Reuters, 10 April ([www.reuters.com/article/us-china-economy-loans-idUSKCN21S0VY](http://www.reuters.com/article/us-china-economy-loans-idUSKCN21S0VY)).
- Huang, Y. and Brautigam, D. (2020) 'Putting a dollar amount on China's loans to the developing world'. *The Diplomat*, 24 June (<https://thediplomat.com/2020/06/putting-a-dollar-amount-on-chinas-loans-to-the-developing-world/>).
- IHS Markit (2020) 'Creditor response in sub-Saharan Africa'. IHS Markit, 11 September (<https://ihsmarkit.com/research-analysis/creditor-response-in-subsaharan-africa.html>).
- IMF – International Monetary Fund (2019) *People's Republic of China: 2019 Article IV Consultation*. IMF Country Report No. 19/266. Washington DC: IMF ([www.imf.org/en/Publications/CR/Issues/2019/08/08/Peoples-Republic-of-China-2019-Article-IV-Consultation-Press-Release-Staff-Report-Staff-48576](http://www.imf.org/en/Publications/CR/Issues/2019/08/08/Peoples-Republic-of-China-2019-Article-IV-Consultation-Press-Release-Staff-Report-Staff-48576)).
- IMF (2020a) *Fiscal monitor: policies for the recovery*. Report. Washington DC: IMF ([www.imf.org/en/Publications/FM/Issues/2020/09/30/october-2020-fiscal-monitor](http://www.imf.org/en/Publications/FM/Issues/2020/09/30/october-2020-fiscal-monitor)).
- IMF (2020b) 'The G20 Debt Service Suspension Initiative (DSSI) and the IMF's role in this initiative'. Questions and answers on foreign debt issues, 21 October. Washington DC: IMF ([www.imf.org/en/About/FAQ/sovereign-debt#s2q1](http://www.imf.org/en/About/FAQ/sovereign-debt#s2q1)).
- IMF (2020c) 'Papua New Guinea: request for disbursement under the Rapid Credit Facility'. Press release, staff report and statement by the Executive Director for Papua New Guinea. Washington DC: IMF ([www.imf.org/en/Publications/CR/Issues/2020/06/26/Papua-New-Guinea-Request-for-Disbursement-under-the-Rapid-Credit-Facility-Press-Release-49536](http://www.imf.org/en/Publications/CR/Issues/2020/06/26/Papua-New-Guinea-Request-for-Disbursement-under-the-Rapid-Credit-Facility-Press-Release-49536)).
- IMF (2020d) 'World economic outlook, October 2020: a long and difficult ascent'. Washington DC: IMF ([www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020](http://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020)).
- Kratz, A., Rosen, D.H. and Mingey, M. (2020) 'Booster or brake? COVID and the Belt and Road Initiative'. Blog. Rhodium Group (<https://rhg.com/research/booster-or-brake-covid-and-the-belt-and-road-initiative/>).
- Law Library of Congress (2017) 'China: new rules on overseas investment released'. *Global Legal Monitor*, 7 September ([www.loc.gov/law/foreign-news/article/china-new-rules-on-overseas-investment-released/](http://www.loc.gov/law/foreign-news/article/china-new-rules-on-overseas-investment-released/)).
- Lintner, B. (2020) 'Laos the latest China debt trap victim'. *Asia Times*, 14 September (<https://asiatimes.com/2020/09/laos-the-latest-china-debt-trap-victim/>).
- Ma, T. (2019) 'Between the lines: new reports offer a peek into Chinese policy banks'. Panda Paw Dragon Claw, 2 December (<https://pandapawdragonclaw.blog/2019/12/02/between-the-lines-new-reports-offer-a-peek-into-chinese-policy-banks/>).
- Ma, T. (2020) 'How one think tank represents evolving thinking on BRI infrastructure investments'. Panda Paw Dragon Claw, 19 October (<https://pandapawdragonclaw.blog/2020/10/19/how-one-think-tank-represents-evolving-thinking-on-bri-infrastructure-investments/>).
- Maldives Insider (2020) 'China says Maldives debt payments paused after G20 deal'. Maldives Promotion House, 9 June (<https://maldives.net.mv/38909/china-says-maldives-debt-payments-paused-after-g20-deal/>).
- Mendez-Parra, M. (2020) *Trade and the coronavirus: Africa's commodity exports expected to fall dramatically*. Supporting Economic Transformation (SET) report. London: ODI (<https://set.odi.org/trade-and-the-coronavirus-africas-commodity-exports/>).
- Mfula, C. (2020) 'Zambia wins deferral on China Development Bank loan repayments'. Reuters, 28 October ([www.reuters.com/article/zambia-debt/update-3-zambia-wins-deferral-on-china-development-bank-loan-repayments-idUKL8N2HJ2UK](http://www.reuters.com/article/zambia-debt/update-3-zambia-wins-deferral-on-china-development-bank-loan-repayments-idUKL8N2HJ2UK)).

- Ministry of Commerce (2020) ‘Concise statistics on our country’s foreign engineering contracts from January to September 2020’ (Chinese). Ministry of Commerce of the People’s Republic of China, 28 October. ([www.mofcom.gov.cn/article/tongjiziliao/dgz/202010/20201003011286.shtml](http://www.mofcom.gov.cn/article/tongjiziliao/dgz/202010/20201003011286.shtml)).
- Ministry of Commerce and China Development Bank (CDB) (2020) ‘Work notice on giving full play to the role of development finance in supporting high-quality joint construction of the “Belt and Road”’ (Chinese). State Government of the People’s Republic of China, 3 February ([www.gov.cn/zhengce/zhengceku/2020-04/08/content\\_5500262.htm](http://www.gov.cn/zhengce/zhengceku/2020-04/08/content_5500262.htm)).
- Ministry of Commerce, Economic and Commercial Office in Turkey (2020) ‘Chinese Trade Minister Zhong Shan and Trade Minister Ruhsar Pekcan met by teleconference’ (Turkish). Ministry of Commerce, 18 September (<http://tr2.mofcom.gov.cn/article/bilateralvisits/202009/20200903002121.shtml>).
- Ministry of Ecology and Environment, National Development and Reform Commission, People’s Bank of China, China Banking and Insurance Regulatory Commission and China Securities Regulatory Commission (2020) ‘China issues guidance policy for climate investment and finance’. Press release. Beijing: Ministry of Ecology and Environment of the People’s Republic of China (<https://mp.weixin.qq.com/s/McjDVDO-iU5RWEkqlYWWUA>).
- Ministry of Foreign Affairs (2020a) ‘Upholding multilateralism, fairness and justice and promoting mutually beneficial cooperation’. Keynote speech by State Councillor and Foreign Minister Wang Yi at the International Seminar on Global Digital Governance, Beijing, 8 September ([www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/wjbz\\_663308/2461\\_663310/t1812950.shtml](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/wjbz_663308/2461_663310/t1812950.shtml)).
- Ministry of Foreign Affairs (2020b) ‘Embarking on a new journey of neighbourly diplomacy in the post-epidemic period’ (Chinese). Ministry of Foreign Affairs of the People’s Republic of China, 16 October ([www.fmprc.gov.cn/web/wjbz\\_673089/zyjh\\_673099/t1824664.shtml](http://www.fmprc.gov.cn/web/wjbz_673089/zyjh_673099/t1824664.shtml)).
- Ministry of Foreign Affairs (2020c) ‘Foreign Ministry spokesperson Zhao Lijian’s Regular Press Conference on October 12, 2020’. Ministry of Foreign Affairs of the People’s Republic of China ([www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/t1823343.shtml](http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1823343.shtml)).
- Ministry of Foreign Affairs (2020d) ‘Interview to the African news agency by H.E. Ambassador-designate of China to South Africa Chen Xiaodong’. Chinese Embassy in South Africa, 23 October ([www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zwjg\\_665342/zwbd\\_665378/t1826225.shtml](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zwjg_665342/zwbd_665378/t1826225.shtml)).
- Morgan, P. and Yu. Z. (2019) ‘Tracing the legacy: China’s historical aid and contemporary investment in Africa’ *International Studies Quarterly* 63(3): 558-573 (<https://doi.org/10.1093/isq/sqz021>).
- Morris, S., Parks, B. and Gardner, A. (2020) ‘Chinese and World Bank lending terms: a systematic comparison across 157 countries and 15 years’. CGD Policy Paper 170. Washington DC: Center for Global Development ([www.cgdev.org/sites/default/files/chinese-and-world-bank-lending-terms-systematic-comparison.pdf](http://www.cgdev.org/sites/default/files/chinese-and-world-bank-lending-terms-systematic-comparison.pdf)).
- Mu, H. and Wei, L.H. (2020) ‘Coronavirus pandemic disrupts global meat supply’. Dialogo Chino, 14 June (<https://dialogochino.net/en/agriculture/35847-coronavirus-disrupts-global-meat-supply/>).
- OECD – Organisation for Economic Co-operation and Development (2020) ‘International trade outlook points to sharp deterioration in April’ *International Trade Pulse*, 14 May. Paris: OECD (<https://www.oecd.org/sdd/its/international-trade-pulse-oecd-updated-may-2020.htm>).
- PIIE – Peterson Institute for International Economics (2020) ‘US-China trade war tariffs: an up-to-date chart’. Blog. PIIE ([www.piie.com/research/piie-charts/us-china-trade-war-tariffs-date-chart](http://www.piie.com/research/piie-charts/us-china-trade-war-tariffs-date-chart)).
- Reed, J. (2020) ‘Laos faces sovereign default as Forex reserves dip below \$1bn’. Financial Times, 3 September ([www.ft.com/content/dc3f5981-4fd9-4e3a-9824-5b9ddf70735e](http://www.ft.com/content/dc3f5981-4fd9-4e3a-9824-5b9ddf70735e)).
- Reuters (2020a) ‘China outstanding total social financing rises 13.5% y/y at end-Sept’. Reuters, 14 October (<https://www.reuters.com/article/china-economy-social-financing-idUSB9N2D400E>).
- Reuters (2020b) ‘S&P cuts Zambia credit rating to “selective default”’. Reuters, 22 October ([www.reuters.com/article/zambia-bonds-ratings-idUSL8N2HD2GE](http://www.reuters.com/article/zambia-bonds-ratings-idUSL8N2HD2GE)).
- Roache, S.K. (2012) *China’s impact on world commodity markets*. IMF Working Paper No. 12/115. Washington DC: IMF (<https://ssrn.com/abstract=2127010>).

- Schwarzenberg, A.B. (2020) *Tracking China's global economic activities: data challenges and issues for congress*. Congressional Research Service Report R46302. Washington DC: Congressional Research Service (<https://crsreports.congress.gov/product/details?prodcode=R46302>).
- State Council of the People's Republic of China (2017) 'Notice of guiding opinions on the direction of investment' (Chinese). Ministry of Foreign Affairs of the People's Bank of China ([www.gov.cn/zhengce/content/2017-08/18/content\\_5218665.htm](http://www.gov.cn/zhengce/content/2017-08/18/content_5218665.htm)).
- State Council of the People's Republic of China (2019) 'Report of the work of the government'. Presentation by Premier Li Keqiang to the Second Session of the 13th National People's Congress of the People's Republic of China, March ([http://english.www.gov.cn/premier/speeches/2019/03/16/content\\_281476565265580.htm](http://english.www.gov.cn/premier/speeches/2019/03/16/content_281476565265580.htm)).
- State Council of the People's Republic of China (2020) 'Report on the work of the government'. Presentation by Premier Li Keqiang to the Third Session of the 13th National People's Congress of the People's Republic of China, 22 May ([https://s.wsj.net/public/resources/documents/2020%20NPC%20Work%20Report%20EN.pdf?mod=article\\_inline](https://s.wsj.net/public/resources/documents/2020%20NPC%20Work%20Report%20EN.pdf?mod=article_inline)).
- Strohecker, K. (2020) 'Angola closing in on China debt relief deals – senior government official'. Reuters, 18 September (<https://es.reuters.com/article/idAFKBN2692A3-OZATP>).
- Sun Online (2020) 'Maldives, China engaged in discussions on deferment of commercial loans'. Sun Media Group, 20 September (<https://en.sun.mv/63028>).
- Tan, C.K. and Maulia, E. (2020) 'Red pill? Behind China's COVID-19 vaccine diplomacy'. Nikkei Asia, 4 November (<https://asia.nikkei.com/Spotlight/The-Big-Story/Red-Pill-Behind-China-s-COVID-19-vaccine-diplomacy>).
- The Economist (2020) 'China's "dual-circulation" strategy means relying less on foreigners'. The Economist, 7 November ([www.economist.com/china/2020/11/07/chinas-dual-circulation-strategy-means-relying-less-on-foreigners](http://www.economist.com/china/2020/11/07/chinas-dual-circulation-strategy-means-relying-less-on-foreigners)).
- The Paper (2020) 'Wang Jinqiang and Huang Meibo: Sino-US global sovereign debt governance game and countermeasure analysis' (Chinese). The Paper, 11 April ([www.thepaper.cn/newsDetail\\_forward\\_9844193](http://www.thepaper.cn/newsDetail_forward_9844193)).
- UNCTAD – United Nations Conference on Trade and Development (2017) 'China issues a code of conduct for overseas investment operations of private enterprises'. Blog. Geneva: UNCTAD (<https://investmentpolicy.unctad.org/investment-policy-monitor/measures/3254/china-issues-a-code-of-conduct-for-overseas-investment-operations-of-private-enterprises>).
- Wang, C.N. (2020) 'Interpretation of the "Guidance on promoting investment and financing to address climate change" for the Belt and Road Initiative (BRI)'. Green Belt and Road Initiative Centre, 27 October (<https://green-bri.org/interpretation-of-the-guidance-on-promoting-investment-and-financing-to-address-climate-change-for-the-belt-and-road-initiative-bri>).
- Watanabe, S. and Hadano, T. (2020) 'China expands testing to 18 nations in vaccine charm offensive'. Nikkei Asia, 18 September (<https://asia.nikkei.com/Spotlight/Coronavirus/China-expands-testing-to-18-nations-in-vaccine-charm-offensive>).
- WITS – World Integrated Trade Service (n.d.) 'China fuels imports by country and region in us\$ thousand 2018'. Electronic dataset. Washington DC: World Bank Group ([https://wits.worldbank.org/CountryProfile/en/Country/CHN/Year/2018/TradeFlow/Import/Partner/all/Product/27-27\\_Fuels](https://wits.worldbank.org/CountryProfile/en/Country/CHN/Year/2018/TradeFlow/Import/Partner/all/Product/27-27_Fuels)).
- World Bank (2019) *Cyclical risks and structural imperatives: China economic update – December 2019*. Washington DC: World Bank Group (<http://pubdocs.worldbank.org/en/241891576716685045/ceu-dec-2019-en.pdf>).
- World Bank (2020a) 'GDP growth (annual %) – China'. Electronic dataset. Washington DC: World Bank (<https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=CN>).
- World Bank (2020b) *From containment to recovery: economic update for East Asia and the Pacific, October 2020*. Washington DC: World Bank ([www.worldbank.org/en/region/eap/publication/east-asia-pacific-economic-update](http://www.worldbank.org/en/region/eap/publication/east-asia-pacific-economic-update)).

- 
- World Bank (2020c) 'World Bank Group President David Malpass: remarks for G20 finance ministers and central bank governors meeting'. Statement. World Bank, 18 July ([www.worldbank.org/en/news/statement/2020/07/18/world-bank-group-president-david-malpass-remarks-at-the-g20-finance-ministers-and-central-bank-governors-meeting](http://www.worldbank.org/en/news/statement/2020/07/18/world-bank-group-president-david-malpass-remarks-at-the-g20-finance-ministers-and-central-bank-governors-meeting)).
- World Bank (2020d) 'COVID 19: Debt Service Suspension Initiative'. Electronic database. Washington DC: World Bank ([www.worldbank.org/en/topic/debt/brief/covid-19-debt-service-suspension-initiative](http://www.worldbank.org/en/topic/debt/brief/covid-19-debt-service-suspension-initiative)).
- WTO – World Trade Organization (2020) 'Cross-border mobility, COVID-19 and global trade'. Information note. Geneva: WTO ([www.wto.org/english/tratop\\_e/covid19\\_e/mobility\\_report\\_e.pdf](http://www.wto.org/english/tratop_e/covid19_e/mobility_report_e.pdf)).
- Xinhua (2015) 'Xi makes an important speech at the Central Economic Work Conference' (Chinese). Xinhua, 21 December (<http://news.sina.com.cn/c/sz/2015-12-21/doc-afxmttme6064887.shtml>).
- Xinhua (2019a) 'China holds key economic meeting to plan for 2020'. Xinhua, 14 December (<http://en.people.cn/n3/2019/1214/c90000-9640554.html>).
- Xinhua (2019b) 'Central Economic Work Conference held in Beijing; Xi Jinping and Li Keqiang make key speeches; Li Zhanshu, Wang Yang, Wang Huning, Zhao Leji, and Han Zheng attend the meeting' (Chinese). Xinhua, 12 December ([www.xinhuanet.com/politics/leaders/2019-12/12/c\\_1125340392.htm](http://www.xinhuanet.com/politics/leaders/2019-12/12/c_1125340392.htm)).
- Xinhua (2019c) 'China, Africa see robust growth in agricultural trade'. Xinhua, 9 December ([www.xinhuanet.com/english/2019-12/09/c\\_138618246.htm#:~:text=By%20the%20end%20of%202018,million%20yuan%20each%2C%20he%20said](http://www.xinhuanet.com/english/2019-12/09/c_138618246.htm#:~:text=By%20the%20end%20of%202018,million%20yuan%20each%2C%20he%20said)).
- Xinhua (2020a) 'China's trade with BRI countries booms in 2019'. Xinhua, 14 January ([www.xinhuanet.com/english/2020-01/14/c\\_138704581.htm](http://www.xinhuanet.com/english/2020-01/14/c_138704581.htm)).
- Xinhua (2020b) 'Embarking on a new journey of neighbourly diplomacy in the post-epidemic period: State Councillor and Foreign Minister Wang Yi gives an exclusive interview to Xinhua News Agency reporters' (Chinese). Xinhua, 16 October ([www.fmprc.gov.cn/web/wjzbz\\_673089/zyjh\\_673099/t1824664.shtml](http://www.fmprc.gov.cn/web/wjzbz_673089/zyjh_673099/t1824664.shtml)).
- Xinhua (2020c) 'Communique of 5th plenary session of 19th CPC Central Committee released'. China Daily, 29 October ([www.chinadaily.com.cn/a/202010/29/WS5f9a8f79a31024ad0ba81f81.html](http://www.chinadaily.com.cn/a/202010/29/WS5f9a8f79a31024ad0ba81f81.html)).
- Zhang, Z. (2020) 'An introduction to China's cross-border e-commerce pilot zones and pilot cities'. China Briefing. Dezan Shira & Associates ([www.china-briefing.com/news/cross-border-e-commerce-china-introduction-cbec-pilot-zones-pilot-cities/](http://www.china-briefing.com/news/cross-border-e-commerce-china-introduction-cbec-pilot-zones-pilot-cities/)).
- Zimbabwe Independent (2020) 'No bailout: China tells Zim govt'. Zimbabwe Independent, 17 January ([www.theindependent.co.zw/2020/01/17/no-bailout-china-tells-zim-govt/](http://www.theindependent.co.zw/2020/01/17/no-bailout-china-tells-zim-govt/)).

---

# Annex 1 Constraints and limitations

## 1. Exploration of alternative data sources

- a. The team initially explored project-level data from multiple sources, but there were inconsistencies arising from self-reporting. The team would need more time to conduct manual due diligence to ensure data accuracy.
- b. Chinese outward direct investment data from official sources only disaggregate at country and industry level on an annual basis. There are no monthly indicators with this level of detail and the latest data are for 2019, prior to the pandemic.
- c. Other databases, such as the Partnership for Investment and Growth in Africa, were consulted, but differences in scope of data collected prevented their use.
- d. Loan, trade and investment data from reputable sources were often aggregated at an annual level and only available up to a certain year. For example, data from the China-Africa Research Initiative at Johns Hopkins are reported on an annual basis and currently available for 2000 to 2018.
- e. Other official sources, such as the Organisation for Economic Co-operation and Development's International Direct Investment Statistics Yearbook, the International Trade Centre Investment Map, the IMF's Coordinated Direct Investment Survey and the United Nations Conference for Trade and Development's FDI online database, had certain drawbacks. Data are often collected on an annual basis, insufficiently broken down (inward and outward flows are aggregated and not split by country), limited in terms

of country coverage, or published with a considerable lag (only up to 2018 or 2019).

## 2. Caveat to the RWR Belt and Road Monitor

- a. The research team consulted several databases tracking Chinese overseas economic activity, weighing the strengths, weaknesses and limitations of each (Schwarzenberg, 2020). The RWR Advisory Belt and Road Monitor database was selected due to the frequency of its updates (bi-weekly), which offered the necessary granularity of data to probe changing trends in China's overseas activities. Similar to other databases of its kind, the RWR collects this information mainly from media reports, company press releases and other online sources, making a light-touch effort to verify its accuracy and consistency over time. As the large body of literature on Chinese overseas economic activity suggests, many of these announcements never materialise into actual investments or funding, amounts may change or RWR may miss some projects. Thus, while useful as an indicator of investment appetite and 'real-time' trends in Chinese overseas corporate activity, the monetary value of the investments and contracts in the database should be viewed with caution. Moreover, the aggregate value of projects does not add up to the official outward investment and engineering contract data issued by China's Ministry of Commerce for obvious reasons. Not all activities reported in the database feature contract values, particularly in the case of activities

---

in the education, health, culture, sports and entertainment sectors, where activities are reported as ‘collaboration or cooperation’, making it hard to discern whether it is FDI,

a portfolio investment, a service contract or a grant. Thus, these activities are likely underreported in the aggregate estimates we present in this tracker.

# Annex 2 Data sources

**Table A1 Macroeconomic indicators**

Indicator	Source	Notes	Link
GDP growth	NBS and CEIC	Data are pulled from the CEIC database and cross-checked with the NBS for consistency.	<a href="https://data.stats.gov.cn/english/easyquery.htm?cn=A01">https://data.stats.gov.cn/english/easyquery.htm?cn=A01</a>
Unemployment rate (%)	NBS and CEIC	Data are pulled from the CEIC database and cross-checked with the NBS for consistency. We use the NBS urban surveyed unemployment rate.	<a href="https://data.stats.gov.cn/english/easyquery.htm?cn=A01">https://data.stats.gov.cn/english/easyquery.htm?cn=A01</a>
Consumer price index (100 = prior year)	NBS and CEIC	Data are pulled from the CEIC database and cross-checked with the NBS for consistency.	<a href="https://data.stats.gov.cn/english/easyquery.htm?cn=A01">https://data.stats.gov.cn/english/easyquery.htm?cn=A01</a>
Government revenue, year to date	NBS and CEIC	Data are pulled from the CEIC database and cross-checked with the NBS for consistency.	<a href="https://data.stats.gov.cn/english/easyquery.htm?cn=A01">https://data.stats.gov.cn/english/easyquery.htm?cn=A01</a>
Government expenditure, year to date	NBS and CEIC	Data are pulled from the CEIC database and cross-checked with the NBS for consistency.	<a href="https://data.stats.gov.cn/english/easyquery.htm?cn=A01">https://data.stats.gov.cn/english/easyquery.htm?cn=A01</a>
Merchandise exports	General Administration of Customs and CEIC	Data are pulled from the CEIC database and cross-checked with the General Administration of Customs for consistency. Separate data for January and February were publicly available in June but as of July were not. While January and February trade data are usually released as a cumulative estimate, we use the monthly breakdown of January and February for the heatmap to be consistent with other variable datapoints.	<a href="http://data.mofcom.gov.cn/hwmy/imexComType.shtml">http://data.mofcom.gov.cn/hwmy/imexComType.shtml</a>
Merchandise imports	General Administration of Customs and CEIC	Data are pulled from the CEIC database and cross-checked with the General Administration of Customs for consistency. Separate data for January and February were publicly available in June but as of July were not. While January and February trade data are usually released as a cumulative estimate, we use the monthly breakdown of January and February for the heatmap to be consistent with other variable datapoints.	<a href="http://data.mofcom.gov.cn/hwmy/imexComType.shtml">http://data.mofcom.gov.cn/hwmy/imexComType.shtml</a>
Consumer confidence (index)	CEIC	The team uses the NBS consumer confidence index pulled from the CEIC database. The index is drawn from a survey by the NBS China Economic Monitoring & Analysis Center. The index ranges from 0 to 200, where 0 is extremely pessimistic and 200 is extremely optimistic. 100 is the critical value in between.	<a href="https://www.ceicdata.com/en/china/consumer-survey-national-bureau-of-statistics/consumer-confidence-index">https://www.ceicdata.com/en/china/consumer-survey-national-bureau-of-statistics/consumer-confidence-index</a>
Outward investment: non-financial, year to date	Ministry of Commerce and CEIC	Data are pulled from the CEIC database cross-checked with the Ministry of Commerce for consistency.	<a href="http://data.mofcom.gov.cn/tzhz/fordirinvest.shtml">http://data.mofcom.gov.cn/tzhz/fordirinvest.shtml</a>



Indicator	Source	Notes	Link
Outward investment: non-financial (BRI), year to date	Ministry of Commerce and CEIC	Data are pulled from the CEIC database cross-checked with the Ministry of Commerce for consistency.	<a href="http://fec.mofcom.gov.cn/article/fwtydy/tjsj/">http://fec.mofcom.gov.cn/article/fwtydy/tjsj/</a>
Dispatched persons abroad, year to date	Ministry of Commerce and CEIC	Data are pulled from the CEIC database cross-checked with the Ministry of Commerce for consistency.	<a href="http://data.mofcom.gov.cn/tzhz/fordirinvest.shtml">http://data.mofcom.gov.cn/tzhz/fordirinvest.shtml</a>
Industry inputs: cement	NBS and CEIC	Data are pulled from the CEIC database and cross-checked with the NBS for consistency.	<a href="https://data.stats.gov.cn/english/easyquery.htm?cn=A01">https://data.stats.gov.cn/english/easyquery.htm?cn=A01</a>
Industry inputs: pig iron	NBS and CEIC	Data are pulled from the CEIC database and cross-checked with the NBS for consistency.	<a href="https://data.stats.gov.cn/english/easyquery.htm?cn=A01">https://data.stats.gov.cn/english/easyquery.htm?cn=A01</a>
Industry inputs: crude steel	NBS and CEIC	Data are pulled from the CEIC database and cross-checked with the NBS for consistency.	<a href="https://data.stats.gov.cn/english/easyquery.htm?cn=A01">https://data.stats.gov.cn/english/easyquery.htm?cn=A01</a>
Industrial inputs: steel products	NBS and CEIC	Data are pulled from the CEIC database and cross-checked with the NBS for consistency.	<a href="https://data.stats.gov.cn/english/easyquery.htm?cn=A01">https://data.stats.gov.cn/english/easyquery.htm?cn=A01</a>
Industry inputs: aluminium alloy	NBS and CEIC	Data are pulled from the CEIC database and cross-checked with the NBS for consistency.	<a href="https://data.stats.gov.cn/english/easyquery.htm?cn=A01">https://data.stats.gov.cn/english/easyquery.htm?cn=A01</a>
Country trade data	ITC trade map	Downloaded from the ITC website in \$ thousands. Because data were pulled at the month level, data for January and February were not available for China. These were then taken from the General Administration of Customs. To ensure accuracy, data from other months were cross-checked for consistency and these matched the ITC database.	<a href="https://www.trademap.org/Index.aspx?AspxAutoDetectCookieSupport=1">https://www.trademap.org/Index.aspx?AspxAutoDetectCookieSupport=1</a>
IHS Caixin Purchasing Managers' Index (PMI)	IHS Caixin PMI and CEIC	PMI readings above 50 signify an expansion while readings below 50 signal a contraction. This means a reading significantly below 50 implies a large contraction.	<a href="https://www.markiteconomics.com/Public/Release/PressReleases">https://www.markiteconomics.com/Public/Release/PressReleases</a>



---

ODI is an independent, global think tank, working for a sustainable and peaceful world in which every person thrives. We harness the power of evidence and ideas through research and partnership to confront challenges, develop solutions, and create change.

---

**ODI**  
203 Blackfriars Road  
London SE1 8NJ

+44 (0)20 7922 0300  
[info@odi.org](mailto:info@odi.org)

[odi.org](http://odi.org)  
[odi.org/facebook](https://odi.org/facebook)  
[odi.org/twitter](https://odi.org/twitter)