About this publication

This brief is produced by the Griffith Asia Institute (GAI) at Griffith University, Brisbane, Australia. The brief aims to provide a vehicle for publishing preliminary results on topics related to Chinese engagement in Asia and Pacific to encourage discussion and debate. The findings, interpretations, and conclusions expressed in this paper are entirely those of the author(s) and should not be attributed in any manner to Griffith University, its affiliated organisations, or to members of its Board of Executive Directors.

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Cover picture: Image by Asian Development Bank on flickr, showing village of Weepatando in Indonesia (https://www.flickr.com/photos/asiandevelopmentbank/14454539704)

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Acronyms and abbreviations

AEI	American Enterprise Institute
AIIB	Asian Infrastructure Investment Bank
Antam	PT Aneka Tambang Tbk
Baowu	China Baowu Steel
BRI	China Belt Road Initiative
CATL	Contemporary Amperex Technology
CCCC	China Communications Construction Company
CHEC	China Harbour Engineering Company
CHP-2	Combined Heat and Power Plant 2
CNEC	China National Chemical Engineering Corporation
CPEC	China Pakistan Economic Corridor
EBRD	European Bank for Reconstruction and Development
FDI	Foreign direct investments
FHEA	Fellow of Higher Education Academy
FISF	Fanhai International School of Finance
GAI	Griffith Asia Institute
GCGIT	China Global Investment Tracker
Power China	Power Construction Corp
Sinopec	China Petroleum and Chemical
SMU	Singapore Management University
TISCO	Taiyuan Iron & Steel Group
UNCTAD	United Nations Conference on Trade and Development
USD	United States Dollar
Xinhai	Shandong Xinhai Technology

Content

Key findings

China's Asia-Pacific engagement through construction and non-financial investments has picked up in 2023 with about 94 deals worth USD 37 billion compared to about USD 29 billion in 2022;

As a consequence, cumulative engagement in Asia and Pacific over the past ten years reached USD 530 billion in 2023, with about USD 245 billion in construction contracts, and USD 285 billion in non-financial investments;

China's energy related engagement in 2023 were the greenest in absolute terms in any period since 2013 reaching USD 3.1 billion. However, significant fossil fuel engagement outstripped China's green energy engagement in the region in 2023;

In 2023, the technology (+305 per cent) and metals and mining (+149 per cent) sectors were the biggest winners, where metals and mining are particularly relevant to the green transition (e.g., lithium) and batteries for electric vehicles;

Engagement related to batteries alone reached about USD 3.7 billion;

Within Asia, particularly Southeast Asia is the most important partner for China as the largest recipient of Chinese engagement, with strong growth in Central Asia;

6 countries saw a 100 per cent drop in engagement, including Philippines, Mongolia, Myanmar, Papua

China’s finance and investments in Asia and Pacific

China’s cumulative engagement in Asia and Pacific over the past ten years reached USD 530 billion in 2023, about USD 245 billion in construction contracts, and USD 285 billion in non-financial

Figure 3: Deal size of Chinese engagement in Asia and Pacific 2013-2023: left, for construction projects; right investments

Regional and country analysis of Chinese Asia-Pacific engagement

Southeast Asia is the largest recipient of China's engagement with strong growth also in Central Asia.

Chinese Asia-Pacific engagement was not evenly

Sector trends of China's engagement

In 2023, particularly the technology (+305 per cent) and metals and mining (+149 per cent) grew compared to 2022.

The focus of China's Asia-Pacific engagement continued to be on infrastructure, particularly in energy (29 per cent) and transport (16 per cent). This represents a significant shift from 2022, where transport constituted 25 per cent. The technology sector overtook the transport sector, constituting 22 per cent of Chinese Asia-Pacific engagement. China's metals and mining investment reached 14.5 per cent of total engagement, up from 8 per cent in 2022.

Real estate saw significant drops to 4 per cent, from 11.7 per cent in 2022 (see Figure 6).

About technology: in 2023, we summarised all electric vehicle and car-related investments into technology, which were previously partly located in the transport sector.

Finance, utilities and health sectors saw significant drops as well.

Figure 6: Chinese Asian engagement in different sectors 2013-2023

When looking at China's engagement strategy in these sectors distinguished by construction and investment, it reveals shifting trends.

Investment with equity shares and thus higher risk within the Chinese organisations becomes an increasingly important strategy particularly in mining, technology, and transport.

Meanwhile, there is a parallel trend in the increasing importance of construction contracts, typically funded through loans from Chinese financial institutions or contractors, with projects

Figure 7: Chinese Asian engagement in different sectors through construction and investment since 2013 (left) and in 2023 (right)

One important growth sector is technology which reached over USD7.8 billion engagement in Asian and Pacific countries with a focus on battery, car parts, EV manufacturing, as well as telecoms (see Figure 8).

Some noteworthy engagements include investments into electric vehicles, such as battery production with Zhejiang Huayou Cobalt in collaboration with LG in South Korea[7] and with Ford and PT Vale in Indonesia [8]; EV car manufacturing with Zhejiang Hezhong's in Thailand[9], with Victory Gia[redacted]g

Another important growth area of strategic importance is China's engagement in metals and mining reaching USD 5.3 billion. Engagement in the sector has grown by 130 per cent compared to 2022 and reached the highest level since 2020. However, there remains a significant gap from the levels observed in 2018/2019. Nevertheless, the first half of 2023 witnessed a sharp increase, even surpassing the total annual amount in 2021 and 2022 combined.

The minerals and metals are particularly relevant to

Energy-related engagement in the Asia-Pacific at low levels but with green growth including transmission

China's energy-related engagement in 2023 was the greenest since 2013: in 2023, China's green (solar, wind) energy engagement was about USD 3.5 billion, about 31 per cent of energy engagement, plus an additional 11 per cent (USD 1.2 billion) into hydropower. However, China's oil-related engagement in Asia Pacific outstripped green energy engagement by about USD 4.7 billion, amongst other due to a USD 4.5 billion refinery facility in Sri Lanka..

Starting with our China BRI Investment report 2023[20], we included energy-related transmission engagement.

Chinese engagement related to the energy sector constitutes the largest share of China's engagement in Asia-Pacific. In 2023, total engagement in the energy sector surpassed USD 11 billion—which is a swift recovery from the decline observed in 2022.

A particular development is increased green energy (solar, wind and biomass) engagement, which reached records of USD 3.1 billion (this number does not include Chinese export of solar equipment).

Also, engagement in distribution systems (e.g., substations, power lines) initiated in Laos in 2023. This pertains to the implementation of a 200-kilometer-long transmission corridor stretching from Laos to Cambodia, valued at USD 150 million and undertaken by the Yunnan Energy Investment Company[21] (see Figure 10).

Figure 10: Chinese total energy engagement in Asia and Pacific 2013-2023

Coal

Following China's announcement in September 2021 to not to build new coal fired power plants, select new coal-fired power projects seem to progress.

In January 2024, a new 380 MW coal-fired power plant unit, Labota No. 7 built by Chinese companies, started operation[22], the Pakistan government approved a 300 MW of coal fired power in Gwadar,ad:[redacted]

been announced, which is why this project is not included in the 2023 H1 dataset.

Oil and gas

Oil and gas engagement fell slightly to USD6.5 billion (57 per cent of Chinese overseas energy engagement), USD 1.8 billion in gas and USD 4.7 billion in oil.

A major deal was the USD 4.5 billion engagement by Sinopec in Sri Lanka to build an oil refinery, which was approved in November 2023.[26]

Rumours of an 8 GW gas power plant in Yakutia, Russian Far East, with China's Power China from June 2023 have not yet been confirmed.[27]

At the same time, Asia-Pacific partners invested in China to support oil development, such as Sime Darby Oils International Limited collaborates with Guangxi Beibu Gulf Port Group to build a trading and distribution centre for refined palm oil and shortening in Qinzhou, Guangxi Zhuang Autonomous Region.

Green energy/hydropower

China's total engagement in green energy (solar and wind) and hydropower amounted to about USD 4.3 billion in 2023. This compares to USD 3.9 billion in 2022 (see Figure 10).

Looking at investment only, Chinese green energy (solar/wind) decreased to USD 550 million from USD 800 million in 2022, while hydropower investment fell to zero in 2023 from USD 620 million in 2022.

Meanwhile, construction projects related to green energy (including hydropower) increased from USD 2.4 billion in 2022 to USD 3.8 billion in 2023.

2.sdf Figure 11: Chinese energy engagement through investment and construction in the Asia

Figure 12: Energy engagement across the supply chain

Energy engagement in different countries

Analysing Chinese energy engagement in different Asia-Pacific countries, we find that, Sri Lanka took the top spot (USD 4.6 billion) due to Sinopec's engagement in building an oil refinery.

Kazakhstan, Uzbekistan and Lao PDR also saw the energy engagement over USD 1 billion. However, their energy investment varies significant across sectors. Kazakhstan invested heavily in brown energy (USD 1.8 billion) whereas Uzbekistan (USD 1.3 billion) and Lao PDR (USD 1.1 billion) engaged significantly in green energy (solar/wind) in 2023 (see Figure 13).

Overall, the most important partners for China's Asia-Pacific energy engagement since 2013 is Pakistan, which has received USD 28 billion through investment and construction contracts (most of which in hydropower and coal). Pakistan is followed by Indonesia and Australia.

An interesting case for China's energy investment is Uzbekistan: after a cancelled coal-fired power plant in 2021, Uzbekistan saw strong engagement in green energy through a 400 MW solar photoelectric plant in the Andijan region and Uzbekistan's first green hydrogen project undertaken by Power China in 2023.[28]

Figure 13: Chinese energy engagement in the Asia-Pacific by country in 2023

Transport engagement in the Asia-Pacific

Transport-related engagement is key to providing the means to trade between China and the Asia-Pacific countries—where trade is a core component of the region. Accordingly, China has invested in and constructed projects in road, rail, aviation, shipping, and logistics across the region. However, there has been a decline in overall transport engagement (see Figure 14).

Aviation: Two projects were announced, including the construction of underground tunnels for

Singapore Changi Airport by Shanghai Tunnel Engineering,[29] and the upgrade of the runway of Honiara Airport in Solomon Island by China Railway Construction[30].

Rail: Total rail engagement was worth USD 860 million, with CCCC securing contracts for the design and construction of the King Albert Park station and the Clementi station in Singapore, valued at USD 700 million.[31]

Road-transport: China continues to engage in road construction projects across many countries worth USD 3.2 billion. Examples include a toll road in Cambodia worth about USD 1.6 billion. [32]

Ports: Some shipping and port-related projects investments were announced in 2023, such as the contract of China Harbour Engineering Company (CHEC) with Kampot Logistics and Port Company to construct a multi-purpose seaport in southwestern Cambodia's Kampot province.[33]

Figure 14: Chinese engagement in Asia and Pacific transport infrastructure 2013-2023

Major players in Asia-Pacific investments

Table 1: Major Players in Chinese Asia-Pacific investments in 2023 (parent companies)

China's Asia-Pacific investments in a global comparison

Foreign direct investments (FDI) to developing countries fell to USD 841 billion in 2023, a drop of 9 per cent, according to UNCTAD's Global Investment Trends Monitor, published in January 2024.[34]

Particularly developing countries in Asia saw a steep decline of FDI, registering a 12 per cent drop. FDI into Africa and Latin America, meanwhile, remained more stable.

In Asia, developing economies remained

Figure 15: FDI

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Notes and references

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