



B&R Initiative and its Insurance

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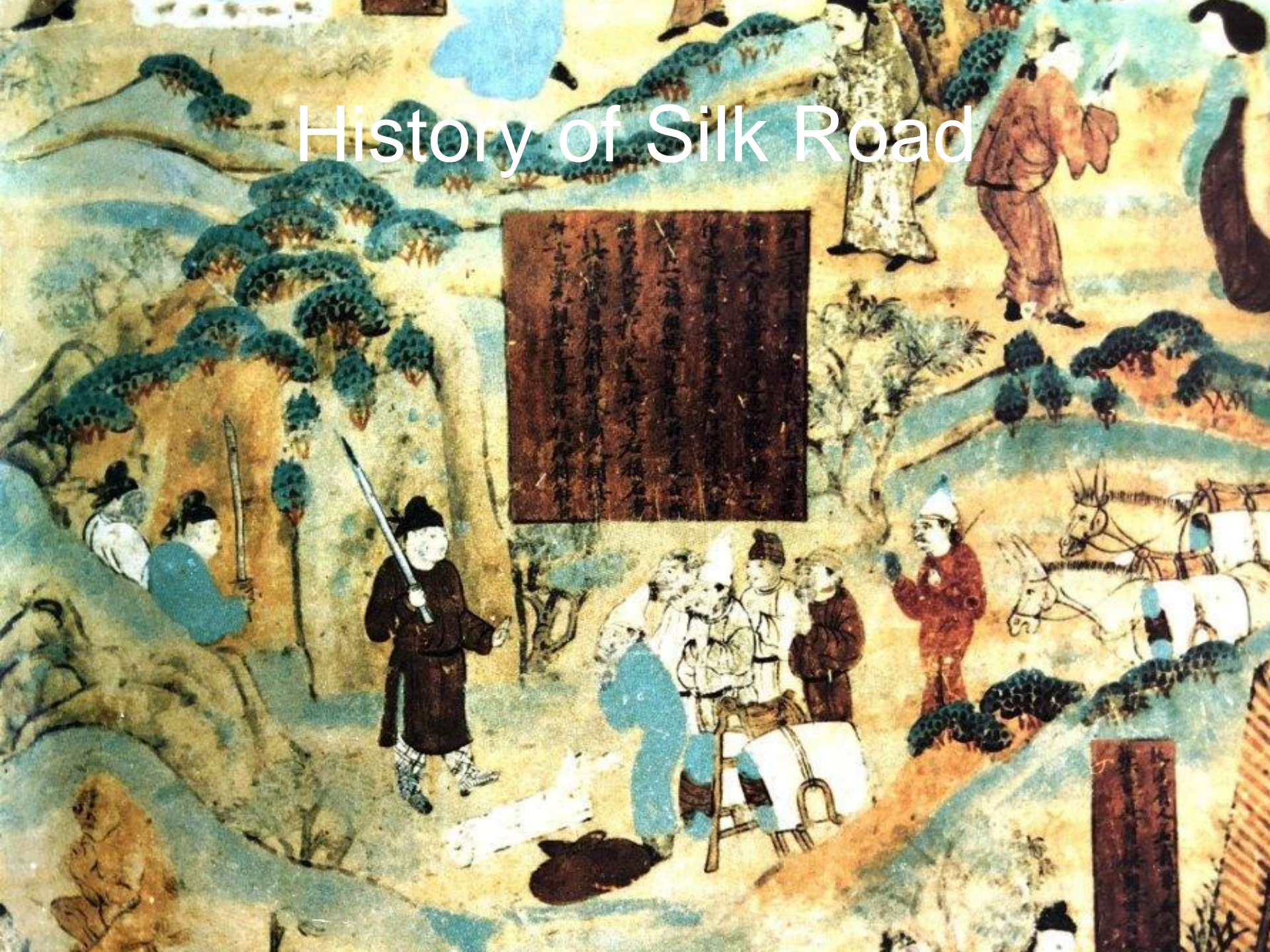
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History of Silk Road



Background of BRI

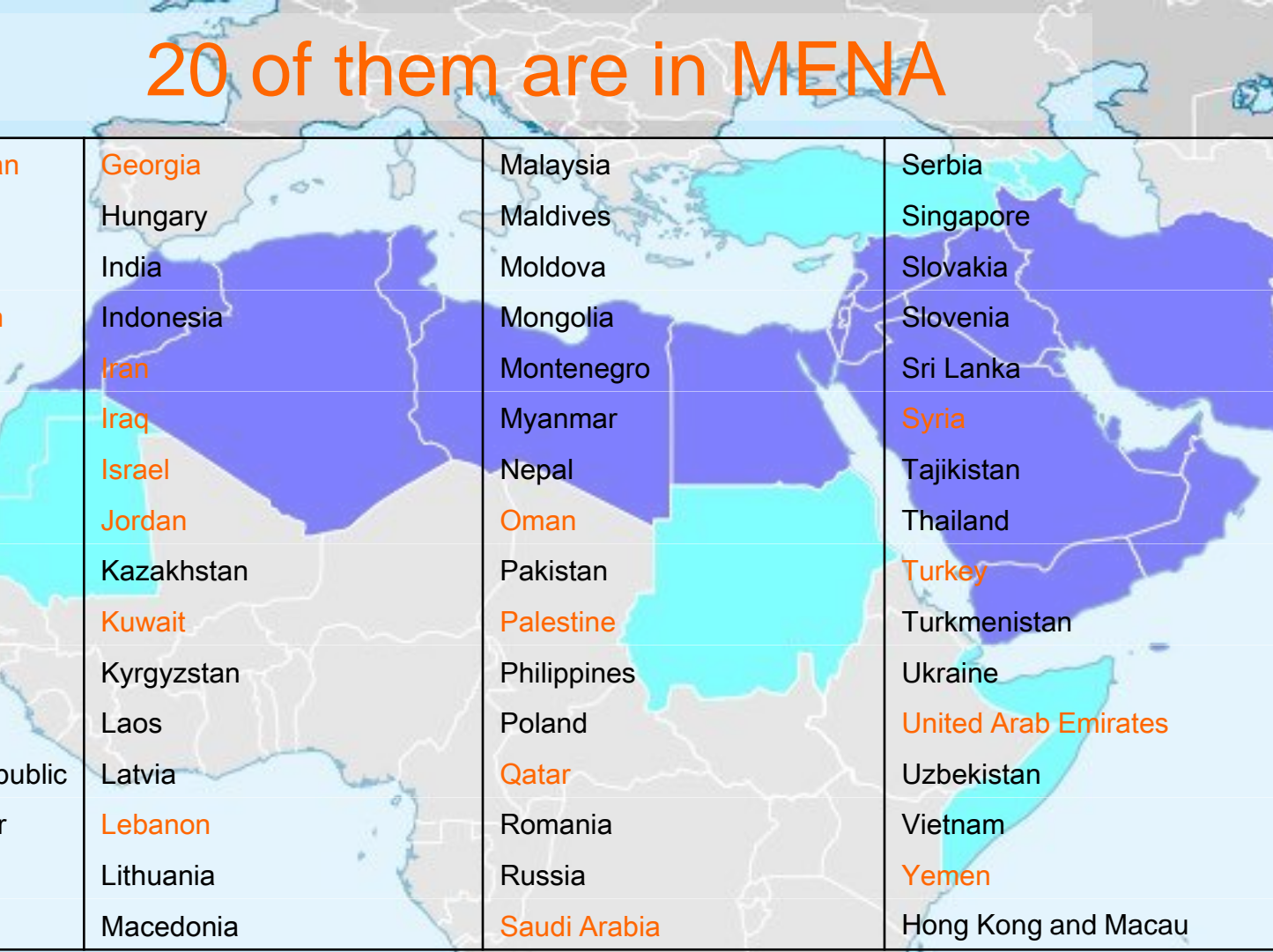
The **Belt and Road Initiative (BRI)**, also known as the **One Belt One Road (OBOR)**, is the short form of the **Silk Road Economic Belt** and the **21st-century Maritime Silk Road**.

The Chinese government calls the initiative “a bid to enhance regional connectivity and embrace a brighter future” and building a **community of a shared future for mankind**.



65 B&R Countries and Regions Listed in 2017

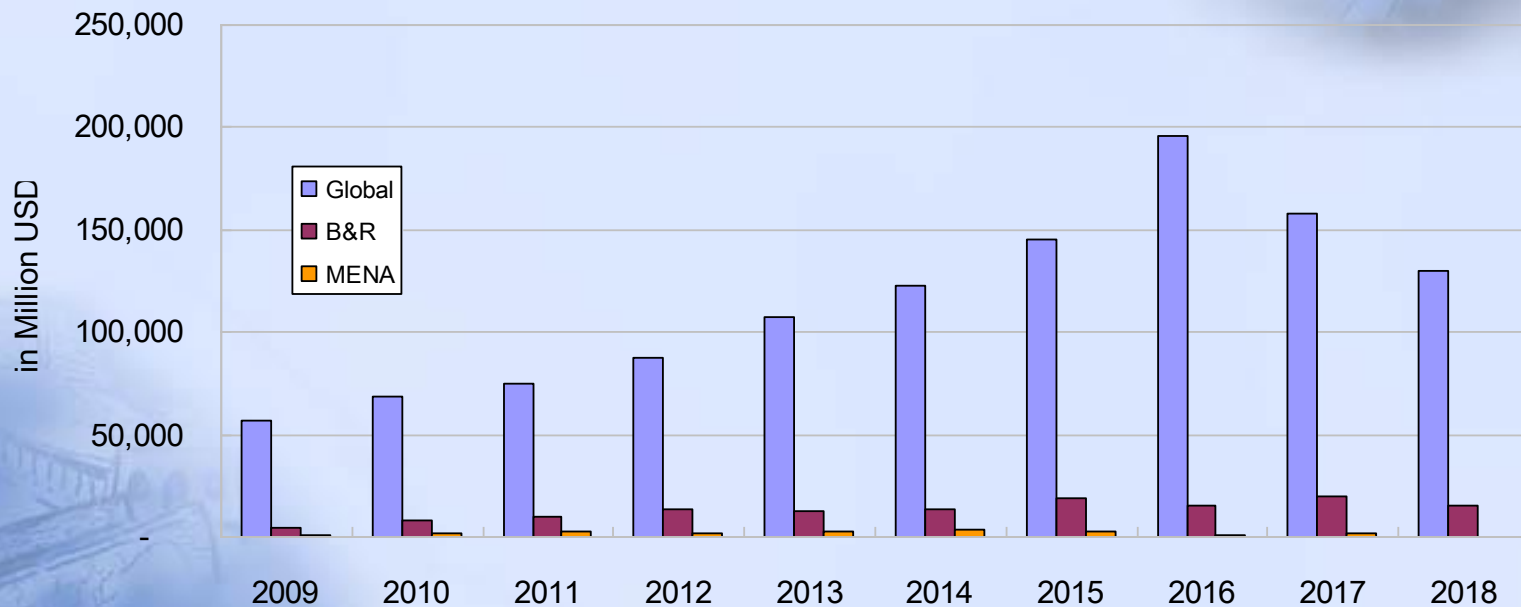
20 of them are in MENA



Afghanistan	Georgia	Malaysia	Serbia
Albania	Hungary	Maldives	Singapore
Armenia	India	Moldova	Slovakia
Azerbaijan	Indonesia	Mongolia	Slovenia
Bahrain	Iran	Montenegro	Sri Lanka
Belarus	Iraq	Myanmar	Syria
Bengal	Israel	Nepal	Tajikistan
Bosnia	Jordan	Oman	Thailand
Brunei	Kazakhstan	Pakistan	Turkey
Bulgaria	Kuwait	Palestine	Turkmenistan
Cambodia	Kyrgyzstan	Philippines	Ukraine
Croatia	Laos	Poland	United Arab Emirates
Czech Republic	Latvia	Qatar	Uzbekistan
East Timor	Lebanon	Romania	Vietnam
Egypt	Lithuania	Russia	Yemen
Estonia	Macedonia	Saudi Arabia	Hong Kong and Macau

China's Foreign Direct Investment

China's FDI Flow



Region	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Global	56,529	68,811	74,654	87,804	107,844	123,120	145,667	196,149	158,288	129,800
B&R	4,528	7,743	9,929	13,322	12,634	13,656	18,929	15,340	20,175	15,600
MENA	1,204	1,634	2,966	1,867	3,141	3,427	2,765	1,285	1,801	

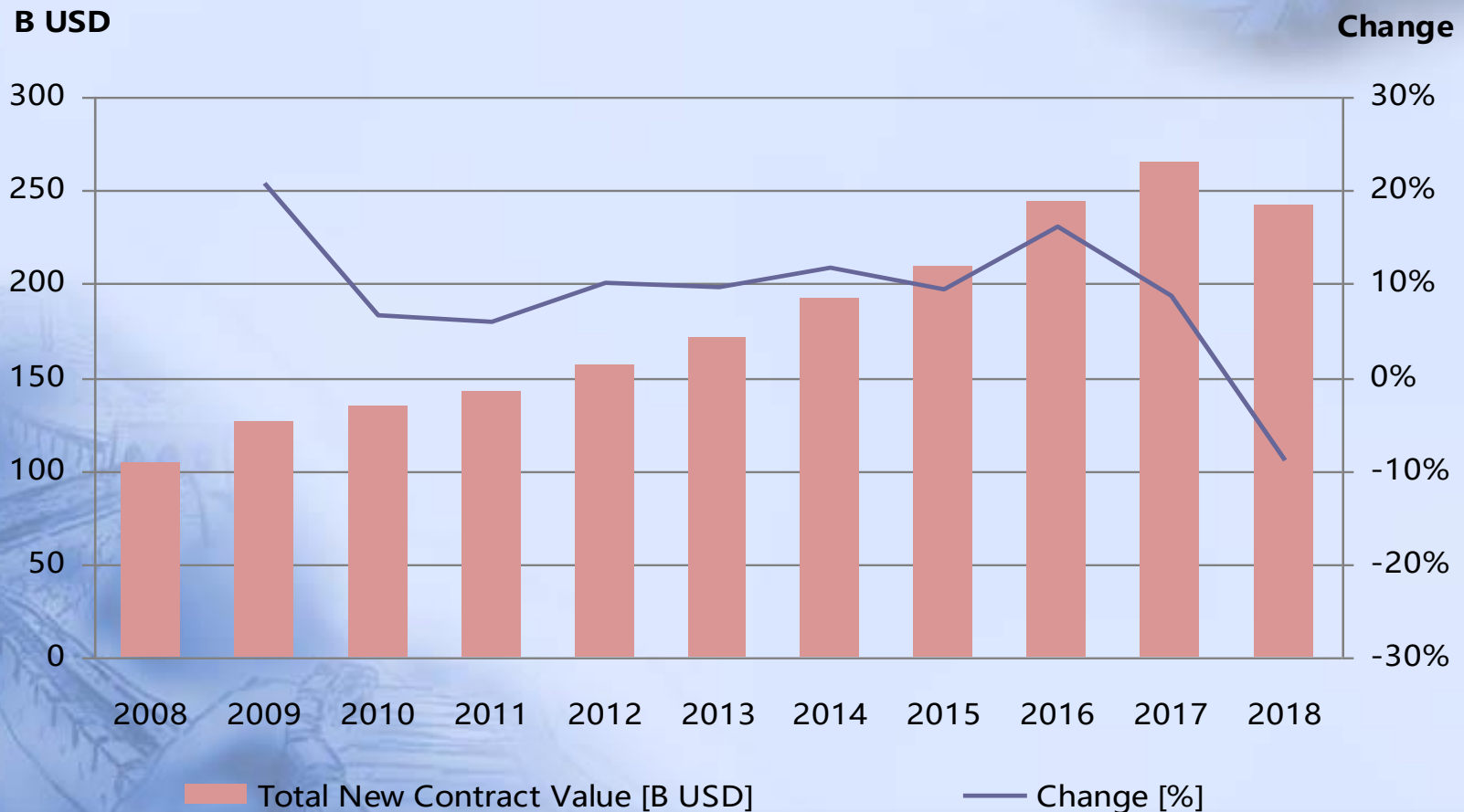
China's Foreign Direct Investment

Top 10 Countries/Regions of Chinese FDI Flow in 2017 in M USD

Rand	Global List	B&R List	MENA List
1	Hong Kong, China 91,153	Singapore 6,320	United Arab Emirates 661
2	The British Virgin Islands 19,301	Kazakhstan 2,070	Cyprus 603
3	Switzerland 7,514	Malaysia 1,722	Sudan 255
4	United States 6,425	Indonesia 1,682	Turkey 191
5	Singapore 6,320	Russia 1,548	Ethiopia 181
6	Australia 4,242	Laos 1,220	Kuwait 175
7	Germany 2,716	Thailand 1,058	Israel 147
8	Kazakhstan 2,070	Vietnam 764	Djibouti 105
9	United Kingdom 2,066	Cambodia 744	Egypt 93
10	Malaysia 1,722	Pakistan 678	Morocco 60

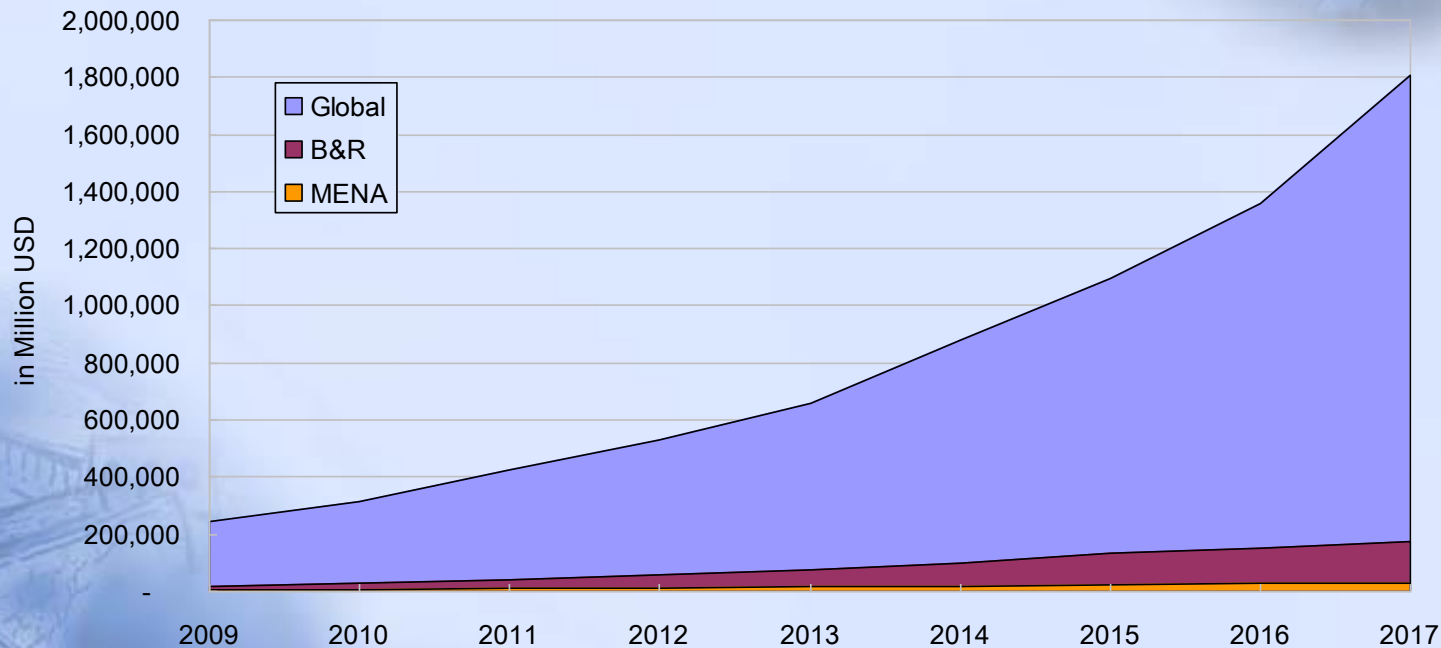
China's Foreign Direct Investment

China's Overseas New Construction Contract Value



China's Foreign Direct Investment

China's FDI Stock



Region	2009	2010	2011	2012	2013	2014	2015	2016	2017
Global	245,755	317,211	424,781	531,941	660,478	882,642	1,097,865	1,357,390	1,809,037
B&R	20,403	29,512	41,898	57,862	75,204	96,650	135,744	149,993	172,883
MENA	4,574	6,724	9,937	11,774	14,776	18,978	22,751	28,301	29,893

China's Foreign Direct Investment

Top 10 Countries/Regions of Chinese FDI Stock
at the End of 2017 in M USD

Rand	Global List		B&R List		MENA List	
1	Hong Kong, China	981,266	Singapore	44,568	United Arab Emirates	5,373
2	Cayman Islands	249,682	Montenegro	18,529	Israel	4,149
3	British Virgin Islands	122,061	Russia	13,872	Iran	3,624
4	USA	67,381	Indonesia	10,539	Saudi Arabia	2,038
5	Singapore	44,568	Kazakhstan	7,561	Ethiopia	1,976
6	Australia	36,175	Laos	6,655	Algeria	1,834
7	UK	20,318	Pakistan	5,716	Turkey	1,301
8	Netherlands	18,529	Myanmar	5,525	Sudan	1,202
9	Luxembourg	13,936	Cambodia	5,449	Qatar	1,105
10	Russia	13,872	United Arab Emirates	5,373	Kuwait	936

Insurance for B&R Projects



Merowe Dam Project

The worldwide longest dam, reaching 9700m

- Contract value: ca 2,945 MUSD
- Funders:
 - China Export and Import Bank (608 MUSD)
 - other 6 banks
- Contractor:
 - China Electric Power Construction Group (civil works)
 - German Lahmeyer Intern'l (planning, project management)
 - French Alstom (hydro turbo-generators)
 - China Harbin Power Group (T&D lines)
- Construction period: 5 years
- Completion: March 3, 2009
- The first commercial insurance for China's Interest Aboard
- Insurer: Huatai (for Chinese contractors only)

Risks exposing to B&R Investments

Political

In 2005 - 2014, 25% Chinese overseas investment accounted for failed due to political reasons like government intervention or political turmoil in the host country and government changes. Sometimes, too close to one local party causes also difficulties to investment.

Economical

It mainly includes local weak and unstable economic structure, large exchange rate fluctuations, low sovereign credit rating and poor solvency. Inadequate feasibility studies tend to ignore risks in this area.

In the 2015 China Foreign Investment Project, 16% were due to direct or indirect legal reasons, such as legal changes, loss of legal protection or judicial corruption, resulting in the termination or failure of investment.

NH

The Silk Road is along the Himalayan-Mediterranean seismic belt. There are earthquakes and typhoons along the Maritime Silk Road. It is a region with frequent natural disasters and very difficult geological conditions.

Social

Some countries along the Belt and Road have frequent religious and cultural conflicts, social unrest, government corruption and are lack of a complete security system. Some countries are also affected by terrorism.

Insurance for B&R Projects

Annually 2 – 3 Billion USD premium generated by China's FDI projects

Swiss Re's estimation:

27 Billion USD premium generated by B&R projects during 2016–2030

Distribution: 40% to local (Re-)insurers, 60% to Chinese (Re-)insurers.

China Re's estimation:

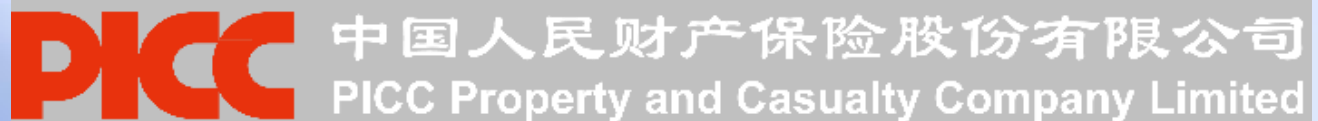
TSI 13-15 Trillion USD for construction and property insurance for the China's Interests Aboard during 2016 – 2021.

Insurance for B&R Projects

Factors influencing the (Re-)insurance of China's FDI projects:

- Local regulation rules
- Services in Chinese language
- Providing special insurance requirement like surety policy
- Policy terms and conditions and premium rate
- Attitude and ways of claim settlement

Some potential Chinese business partners:



Outlook of B&R or China's FDI

- Forthcoming Reform Politics in China
- Political Stability in China
- Political and Economical Relations between China and Rest of the World

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Thanks for Your Attention!