

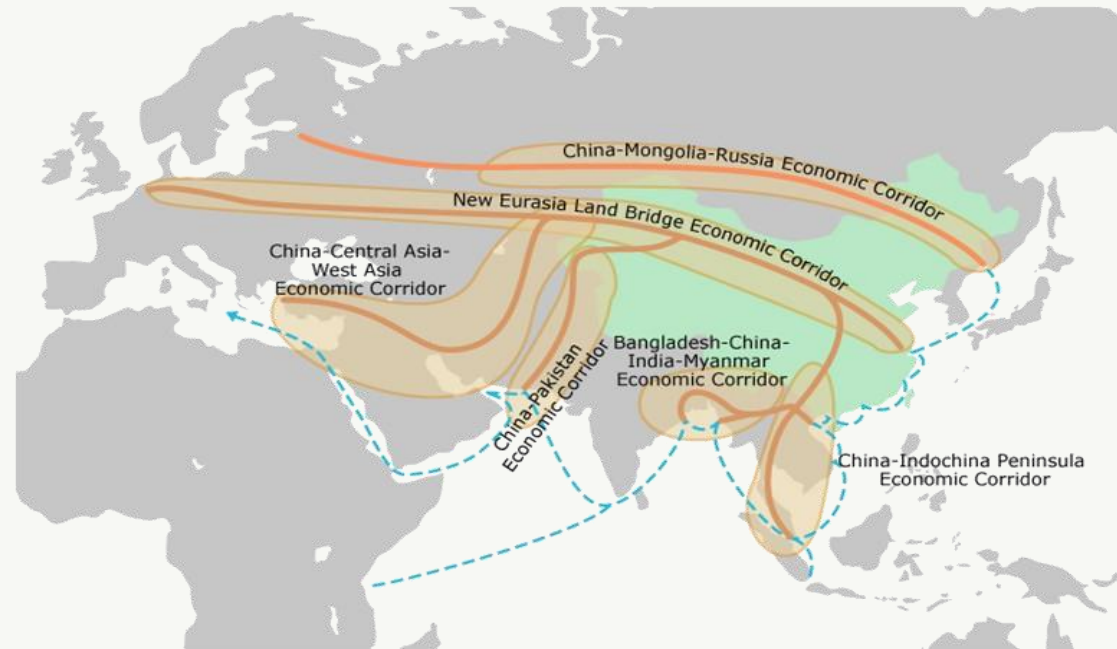
OBOR Financing

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Large region with huge infrastructure needs

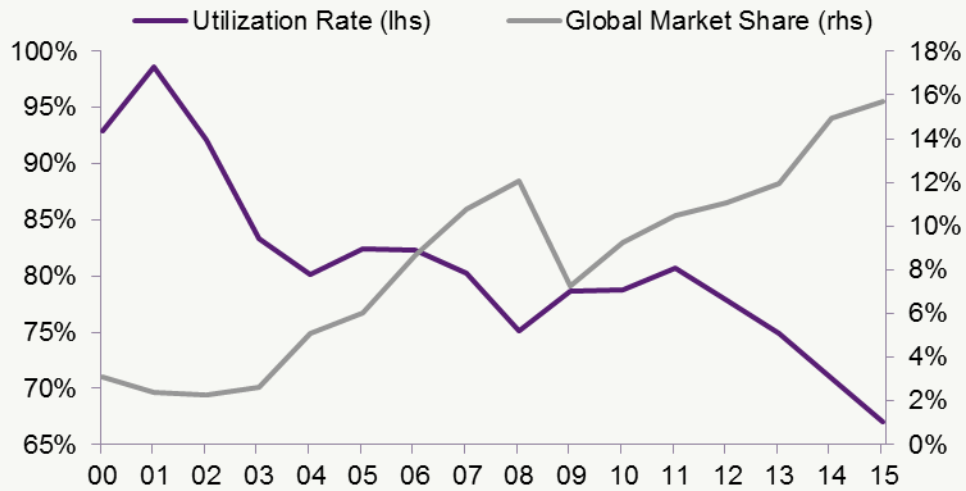
The Belt and Road Initiative: Six Economic Corridors Spanning Asia, Europe and Africa



Key figures of B&R countries	Value	Why is this important?
Total population	4.4 billions	63% of world population
Total GDP	USD 21 trillion	29% of global economy

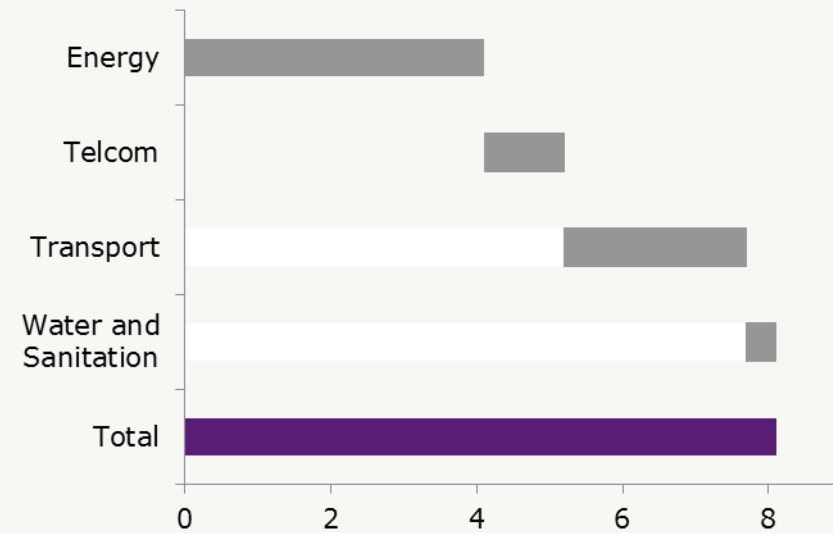
China has overcapacity problem, and the world needs transport infrastructure

China: Crude Steel Utilization Rate and Global Market Share (%)



Source: China Iron and Steel Association, UNCTAD, Bloomberg, Natixis

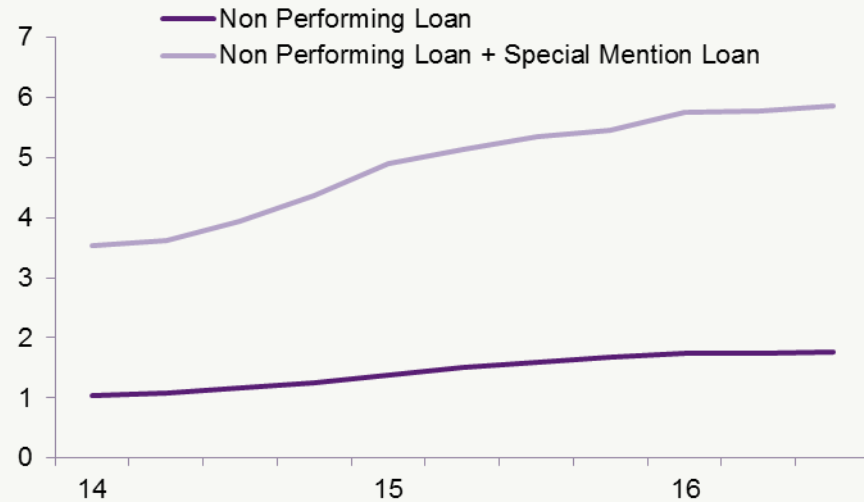
8 trillion USD investment is needed to 2020



Source: Natixis, ADB

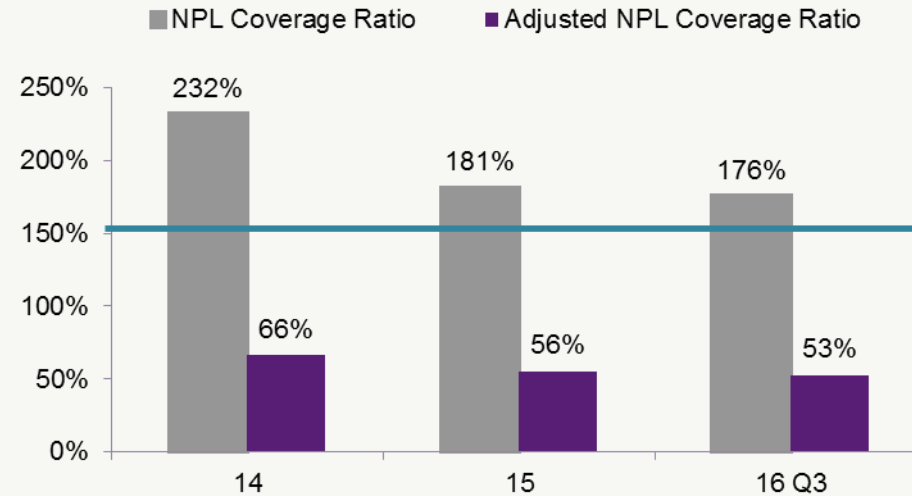
But not sustainable given the worsening asset quality of Chinese banks

Stressed Loan Ratio (%)



Source: Natixis, CEIC

NPL Coverage Ratio (%)



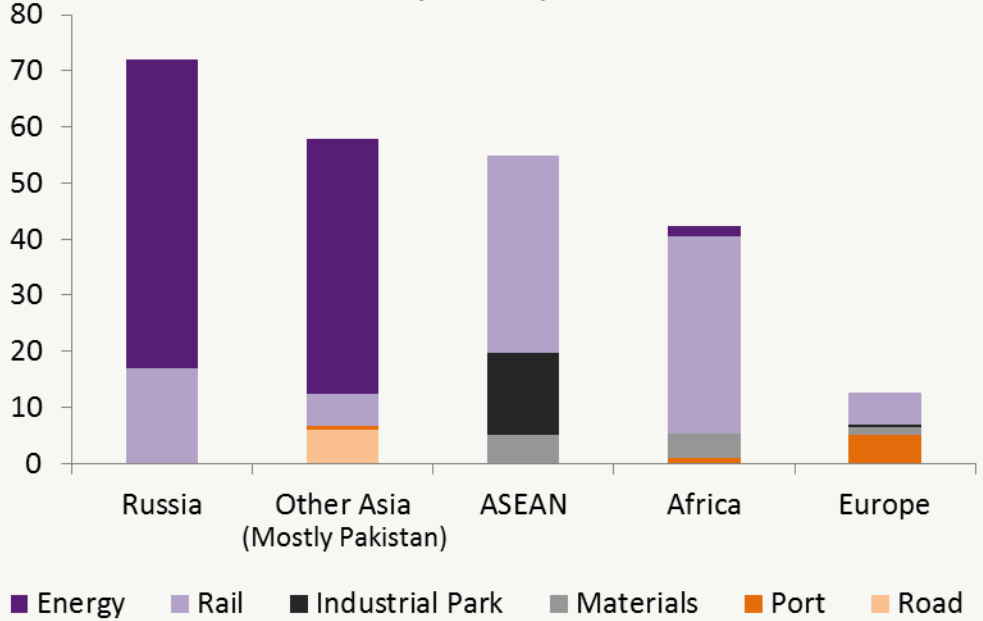
Source: Natixis, CEIC, WIND

Related research:

[China Banking Monitor 2016: From lending to investing in order to survive](#)

The investment is happening, especially in rail and energy and Russia and Pakistan

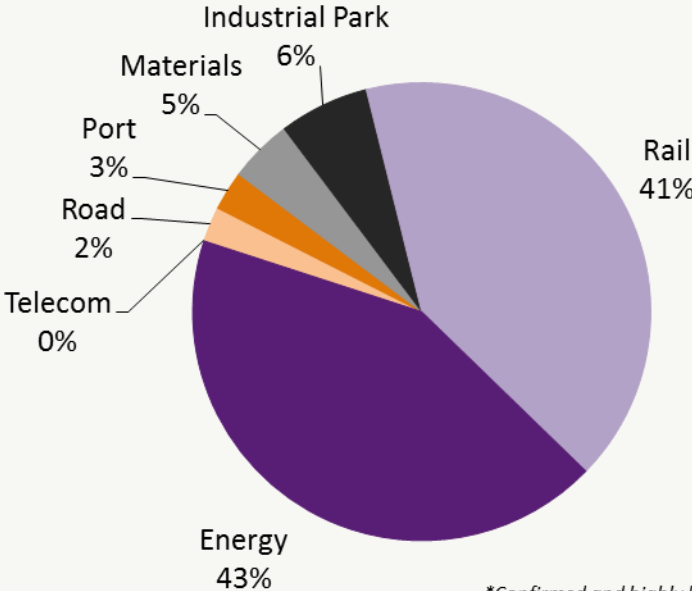
Belt & Road Investments by Country (USD bn)



Source: Natixis

*Confirmed and highly likely projects included.

Belt & Road Investments by Industry



Source: Natixis

*Confirmed and highly likely projects included.

How much investment needed?



How to finance this huge investment effort?

Key funding source so far not multilaterals but Chinese banks

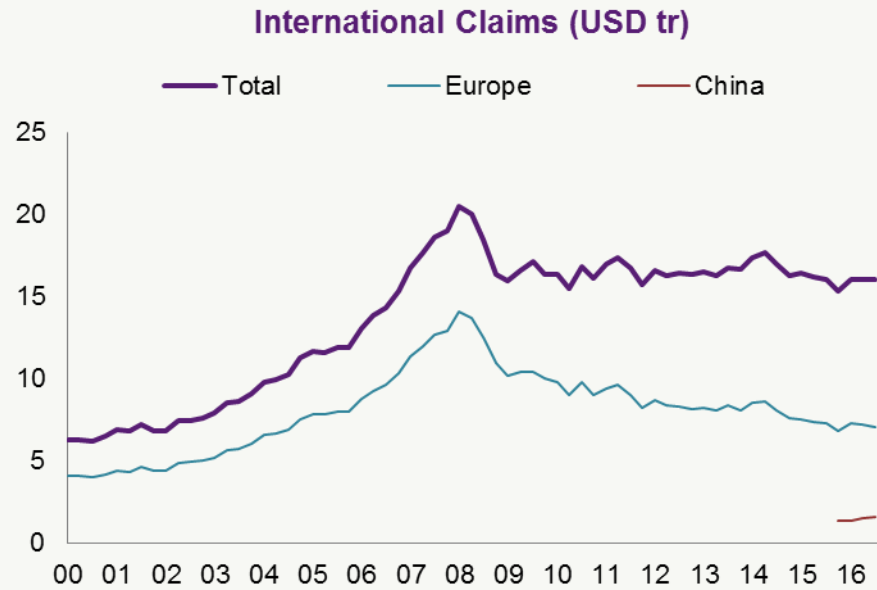
Table: China lending to the world

		Announced	Potential	Notes
China Banks		-	At least 137 USDbn*	<i>Total cross border lending as much as 1,574 USDbn (at least 9% in OBOR)</i>
Development Bank (China Development Bank/EXIM)		-	415 USDbn*	<i>Based on actual lending to LatAm by China Development banks (125 USD bn) and the relative share of LatAm versus OBOR in cross-border lending</i>
Bank of China		20 USDbn	-	
	Capital	Announced	Disbursed	Notes
Multilateral banks	240 USDbn	17 - 23 USDbn	> 3.1 USDbn	
Asian Infrastructure Investment Bank (AIIB)	100 USDbn	10 - 14 USDbn	1.7 USDbn	
New Development Bank (NDB)	100 USDbn	5 - 7 USDbn	1.4 USDbn	
Silk Road Fund	40 USDbn	2 USDbn	-	

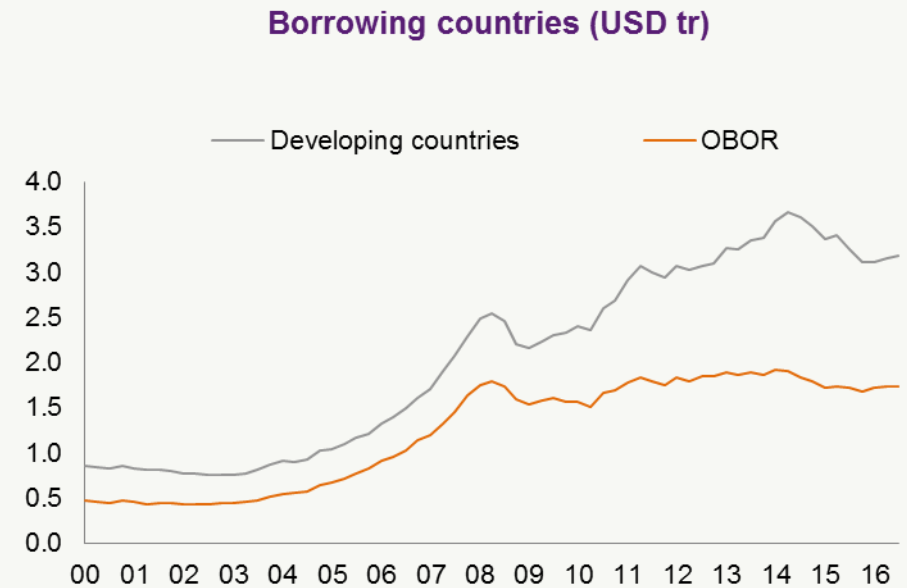
Source: Natixis * Estimated from the proportion of cross border lending (excluding Europe) to OBOR / Total lending

European banks are a relevant part of the equation

Largest creditors globally but also for OBOR so far



Source: Natixis, BIS NB Locational statistics used for China, available from 2015 Q4



Source: Natixis, BIS

