



Foreword

2018 marked the fifth year since President Xi Jinping first put forward the Belt and Road Initiative (BRI). The Initiative has transformed from a strategic vision into practical action during these remarkable five years.

There have been an increasing number of participating countries and expanding global cooperation under the BRI framework, along with China's growing global influence. By the end of 2018, China had signed BRI cooperation agreements with 122 countries and 29 international organizations. According to the Big Data Report of the Belt and Road (2018) published by the National Information Center, public opinion towards the Initiative has also evolved from suspicion and hesitance to advocacy and willingness to participate, marked by an increase in positive attitude towards the BRI from 16.5% in 2013 to 23.7% by the end of 2017.

In 2018, China made strides towards the five BRI policy goals, which are achieving policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bonds. By hosting the successful Boao Forum, Shanghai Cooperation Organisation Summit 2018, Forum on China-Africa Cooperation (FOCAC) and China

International Import Exposition (CIIE), China has deepened its ties with partners about the globe in trade and economic development. President Xi Jinping has reiterated at these events that countries should enhance cooperation to jointly build a community of common destiny for all mankind, and the Belt and Road Initiative is critical to realizing this grand vision. It will take joint efforts and mutual understanding to overcome the challenges ahead.

Chinese investors face risks in the BRI countries, most of which are developing nations with relatively underdeveloped transportation and telecommunication infrastructures. Moreover, as BRI countries span Asia, Europe, Africa, Oceania and beyond, there are substantial cross-regional differences in political, social and legal environments, as well as diverse resource endowments and industrial development statuses. Some countries are experiencing political instability, ethnic or religious conflicts and even extremism and terrorism. Therefore, investors need to carefully evaluate opportunities and identify risks before investing in overseas markets to improve returns and operational sustainability.

Deloitte has researched this topic under the guidance of the Shanghai

Municipal Commission of Commerce, releasing the Belt and Road Country Investment Index Report series to provide a rigorous framework for evaluating the attractiveness of investing in each BRI country. Based on extensive data collection and in-depth analysis, we evaluated BRI countries' (including key African nations) macroeconomic attractiveness and risks, and identified key industries with high growth potential, to help Chinese enterprises better understand each jurisdiction's investment environment.

The Belt and Road Country Investment Index Report 2017 attracted attention from and was highly appreciated by a wide range of audiences. In 2018, China's economic reforms and rising outbound investment prompted us to establish a sound framework to facilitate decision making for institutional and corporate investors. This 2018 report refines the evaluation framework and indicators on the basis of the previous report, and covers 80 countries—adding New Zealand, East Timor, Panama and Madagascar, which recently joined the Initiative—to present the latest trends and dynamics of the Belt and Road Initiative as a whole and each participating country.



Table of Contents

Section I: Belt and Road Initiative Trends in 2018	1
1. Belt and Road Initiative in 2018: Achievements and Status Quo	1
2. Belt and Road Initiative progress and milestones in 2018	5
1) China has deepened trade ties, improved cooperation mechanisms and expanded areas of cooperation with BRI countries	5
2) BRI countries: rising investment attractiveness and overall risks	8
3) Macroeconomic attractiveness of Southeast Asian countries has grown remarkably	9
4) Investment risks have increased in Southeast Asian, Central Asian and Middle Eastern countries	9
5) China playing a more important role in facilitating BRI countries' economic development	9
Section II: Research Methodology	11
1. Objectives and principles of the research	11
2. Summary of BRI countries	12
3. Investment Attractiveness Evaluation Framework	13
1) Macroeconomic attractiveness assessment	13
2) Risk assessment	13
3) Key industries assessment	14
Section III: BRI countries Investment Attractiveness Analysis	16
1. Investment attractiveness analysis	16
1) Macroeconomic attractiveness index	18
2) Investment risk index	19
2. Regional Trends	20
1) Southeast Asia	20
2) Eastern Europe	21
3) Commonwealth of Independent Countries	22

4) Africa	23
5) Middle East	24
6) Central Asia	25
3. Key Industries Assessment	26
1) Manufacturing	26
2) IT	27
3) Transportation	28
4) Energy	29
5) Agriculture	30

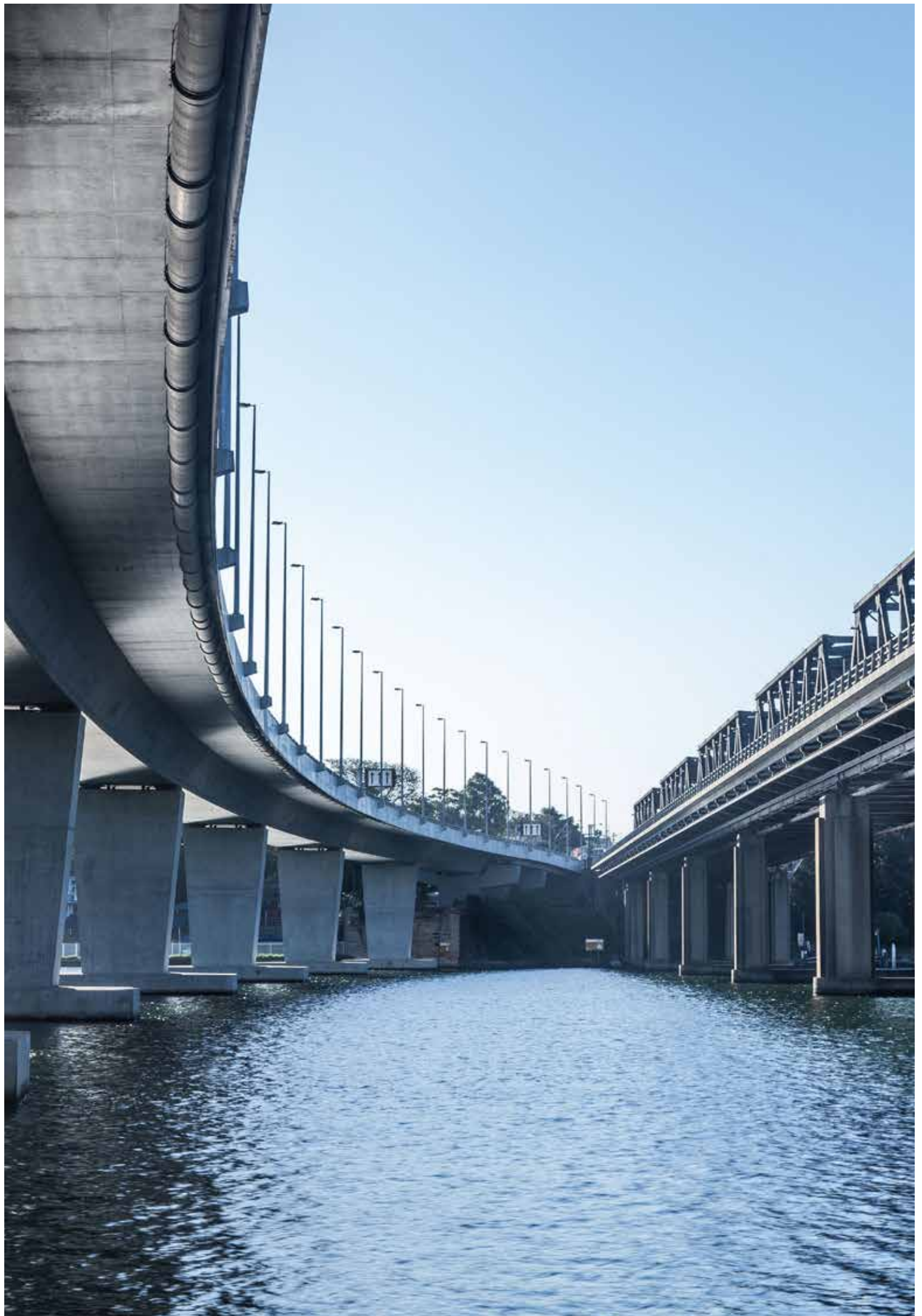
Section IV: BRI countries Investment Index–Country Analysis **32**

1. Southeast Asia	32
1) Singapore	32
2) Philippines	35
3) Laos	38
4) Nepal	41
5) Malaysia	43
6) Brunei	45
7) India	47
8) Bhutan	49
9) Thailand	51
10) Indonesia	53
11) Pakistan	55
12) Vietnam	57
13) Myanmar	59
14) Bangladesh	62
15) Sri Lanka	64
16) Cambodia	66
17) Maldives	68
18) East Timor (Timor-Leste)	70
2. Central Asia	72
1) Mongolia	72
2) Kazakhstan	75

3) Turkmenistan	77
4) Uzbekistan	79
5) Kyrgyzstan	81
6) Tajikistan	83
7) Afghanistan	85
3. Middle East	87
1) Israel	87
2) Oman	90
3) Qatar	92
4) Yemen	94
5) United Arab Emirates	96
6) Lebanon	98
7) Saudi Arabia	100
8) Jordan	102
9) Kuwait	104
10) Iraq	106
11) Iran	108
12) Syria	110
13) Bahrain	112
4. Commonwealth of Independent States (CIS)	114
1) Russia	114
2) Belarus	117
3) Ukraine	119
4) Azerbaijan	121
5) Georgia	123
6) Armenia	125
7) Moldova	127
5. Eastern Europe	129
1) Slovenia	129
2) Turkey	131
3) Croatia	133
4) Estonia	135

5) Romania	137
6) Serbia	139
7) Bulgaria	141
8) Slovakia	143
9) Macedonia	145
10) Hungary	148
11) Latvia	151
12) Montenegro	153
13) The Czech Republic	155
14) Lithuania	157
15) Albania	160
16) Bosnia	162
17) Cyprus	164
18) Greece	166
19) Poland	168
6. Africa	171
1) Ethiopia	171
2) Egypt	175
3) South Africa	178
4) Kenya	181
5) Nigeria	184
6) Angola	187
7) Morocco	189
8) Algeria	191
9) Ghana	193
10) Sudan	195
11) Tanzania	197
12) Congo (Democratic Republic)	199
13) Tunisia	201
14) Madagascar	203

7. Oceania	205
1) New Zealand	205
8. Central America	207
1) Panama	207
Appendix 1: BRI Countries Investment Index Evaluation Framework	210
Appendix 2: List of Data Sources	214
Appendix 3: Abbreviations and Explanations	216
Closing Remarks	217



Section I: Belt and Road Initiative Trends in 2018

2018 marked the fifth year of the implementation of the **Belt and Road Initiative**. The BRI has transitioned from a government-led strategy focusing on publicizing its ideology and propositions, featuring investment by state-owned enterprises, towards a more collaborative initiative exploring international cooperation mechanisms for BRI countries that jointly promote trade and investment, and involving more diverse participants. An increasing number of multinational companies and private enterprises have joined the BRI.



1. Belt and Road Initiative in 2018: Achievements and Status Quo

The BRI had several fruitful achievements in 2018. As China shifted its policy focus from Going Out to two-way communication and cooperation with other countries, President Xi Jinping reiterated at the Boao Forum, Shanghai Cooperation Organisation Summit 2018, FOCAC (the Forum on China-Africa Cooperation) and other events that China would adhere to a collaborative strategy that strengthens cooperation, sustains common development and promotes a more open, balanced and mutually beneficial approach to globalization. Participating countries have committed to build the Belt and Road jointly with China.

Figure 1: President Xi Jinping's speeches on the BRI in 2018

Five years ago, I put forward the Belt and Road Initiative. Since then, more than 80 countries and international organizations have signed cooperation agreements with China. The BRI may be China's idea, but its opportunities and outcomes are going to benefit the world. China has no geopolitical calculations, seeks no exclusionary blocs and imposes no business deals on others. It must be pointed out that as the BRI is a new initiative, it is perfectly natural for there to be different views. As long as the parties embrace the principle of extensive consultation, joint contribution and shared benefits, we can surely enhance cooperation and resolve differences. This way, we can make the BRI the broadest platform for international cooperation in keeping with the trend of economic globalization and to the greater benefit of all our peoples.

— April 10, 2018, President Xi's Speech at the Boao Forum Opening Plenary

The Belt and Road is an economic cooperation initiative, not a geopolitical or military alliance. It is an open and inclusive process, and not about creating exclusive circles or a 'China club'. We do not exclude others on the basis of ideological differences or play the 'zero-sum game'. We welcome all countries that are willing to participate in the initiative.

— August 27, 2018, President Xi's Speech at the Forum on the Five-Year Anniversary of the Belt and Road

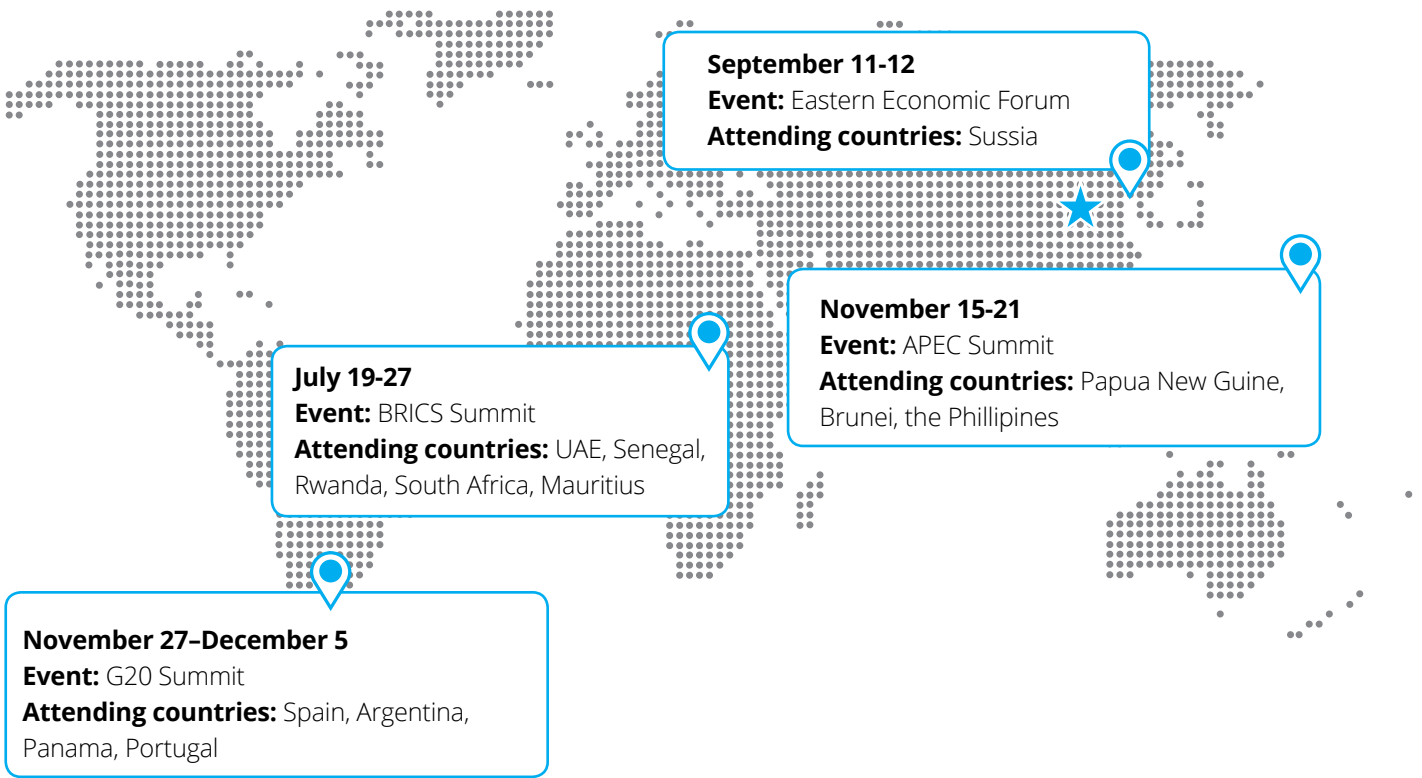
To respond to the call of the times, China will get actively involved in global governance and stay committed to the vision of consultation, cooperation and benefit for all in global governance. China has all along played its part in promoting world peace and development and upholding the international order. We call for increasing the representation and voice of developing countries in international affairs and support efforts to strengthen the South, a weak link in the global governance system, as well as efforts to create synergy in South-South cooperation. We will continue efforts to make the global governance system better represent the will and interests of the majority of countries, especially developing countries.

Let us build a China-Africa community with a shared future that pursues win-win cooperation. We can both seize the opportunity created by the complementarity between our respective development strategies and the major opportunities presented by the Belt and Road Initiative. We need to see to it that the Belt and Road Initiative and the AU Agenda 2063, the UN 2030 Agenda for Sustainable Development and the development programs of African countries better complement each other. With these efforts, we can expand areas of cooperation, unlock new cooperation potential, consolidate our traditional areas of cooperation, and foster new highlights of cooperation in the new economy.

— September 3, 2018, President Xi's Speech at the FOCAC Opening Ceremony

President Xi has attended four high-profile BRI-themed international conferences across 13 Asian, African and Latin American countries.

Figure 2: Summary of international events President Xi attended in 2018



China launched a series of policies and measures to further open up its economy in 2018, including:

- 17 trade agreements with 25 countries and regions, with ongoing negotiations on new trade agreements with 28 countries;
- 4 customs duty reductions lowering overall tax rate from 9.8% to 7.5%;
- 23 policies and measures promulgated to utilize foreign investment, expand areas of China's economy open to foreign entry and simplify business registration for foreign-invested enterprises;
- 35 cross-border e-commerce pilot zones and the extension of zones into inland areas;
- 28 cooperation zones in 24 BRI countries, with total investment reaching USD29 billion and creating more than USD2 billion for local governments.

Figure 3: Summary of China's Open Economy Policies China (2017/18)

Year	Policy	Highlight
2018	<i>Special Administrative Measures on Access to Foreign Investment 2018 (Negative List)</i>	<ul style="list-style-type: none"> Remove 10 clauses and 27 measures from the previous Negative List to relax or remove restrictions on foreign investment in services and manufacturing Further open up the economy in coastal and inland regions to foreign investors
2018	Guidelines for Compliance and Management of Enterprises' Overseas Operations	<ul style="list-style-type: none"> Require all outbound trade, investment and EPC (engineering-procurement-construction) activities to comply fully with regulations
2017	Measures for the Administration of Overseas Investment of Enterprises	<ul style="list-style-type: none"> Further streamline administration and delegate power to lower levels Improve the regulatory procedure for Chinese outbound investment; National Development and Reform Commission (NDRC) responsible for guiding and facilitating enterprises' investment overseas
2017	Guiding Opinions on Further Guidance and Standardization of Overseas Investment	<ul style="list-style-type: none"> Change mode of approval and registration of outbound investments to encourage development + negative list approach Categorize outbound investment as encouraged, restricted or prohibited
2017	Guiding Opinions on Strengthening Credit System in Outward Economic Cooperation	<ul style="list-style-type: none"> Accelerate construction of credit records related to foreign economic cooperation Promote credit information sharing applications Establish joint punishment mechanism for bad credit Regulate the behavior of foreign economic cooperation participants
2017	Opinions on Promoting the Construction of the Silk Road Economic Belt Innovation-Driven Pilot Zone	<ul style="list-style-type: none"> Step up support for innovative talents Improve title evaluation system for science and technology personnel Support commercialization of research findings
2017	Notice for Promoting International Trade on Launching a Special Campaign to Support Small and Medium-sized Enterprises to Participate in the Belt and Road Initiative	<ul style="list-style-type: none"> Support SMEs' engagement in trade and investment in BRI countries Provide high-quality services to SMEs Enhance competitiveness of Chinese SMEs on the international stage
2017	Vision for Maritime Cooperation under the Belt and Road Initiative	<ul style="list-style-type: none"> Enhance cooperation on marine resource exploration and utilization Promote maritime connectivity by improving shipping service networks among BRI countries, and jointly establishing international and regional shipping centers

Compared to 2017, China's non-financial investment in and trade volume with BRI countries increased by 9% and 13%, respectively, in 2018.

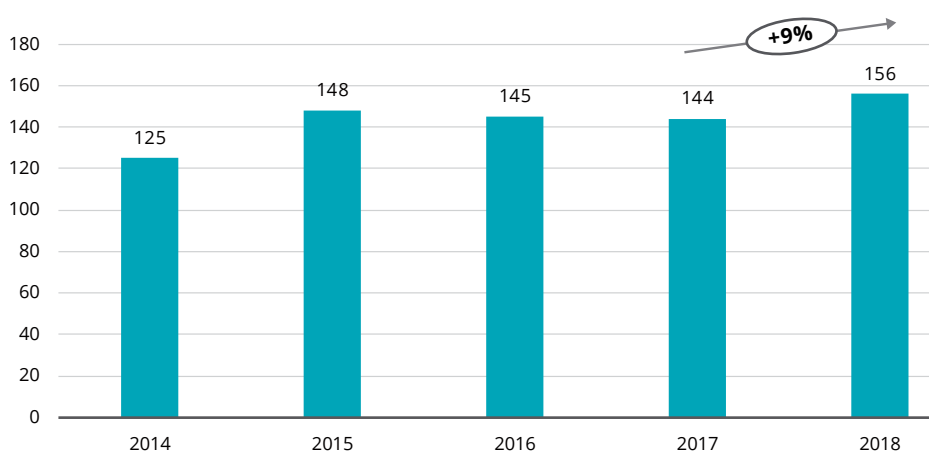
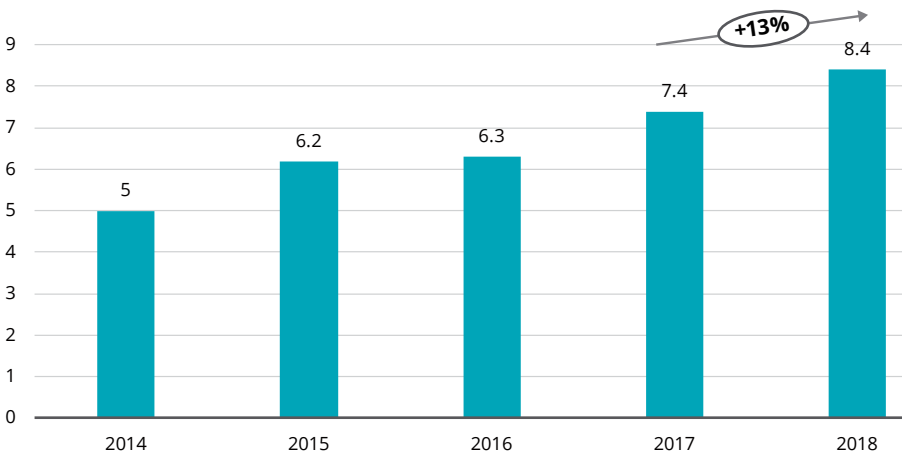
Figure 4: Non-financial investment by Chinese enterprises in BRI countries (2014-2018)
Unit: Billion USD

Figure 5: China's total trade volume with BRI countries (2014-2018)

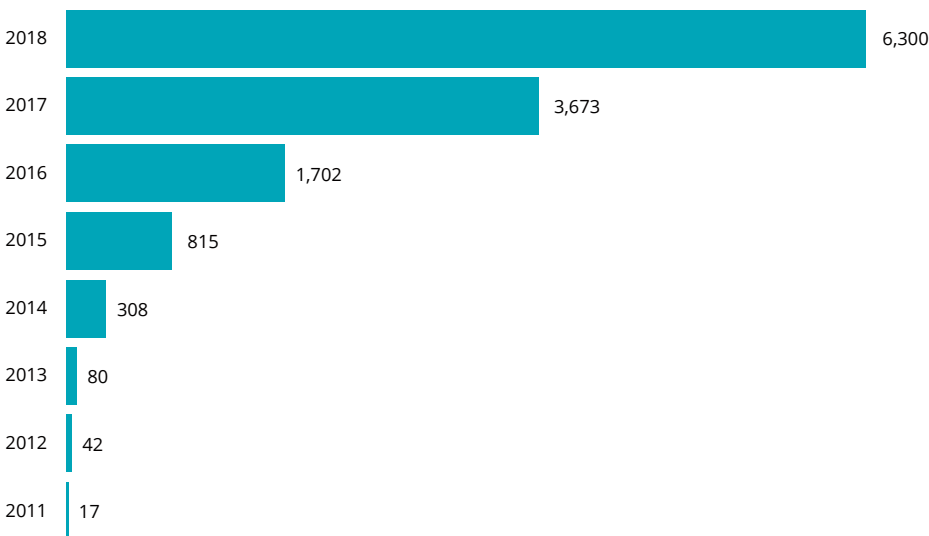
Unit: Trillion RMB



China Railway Express carried 6,300 TEUs in 2018, achieving YoY (year-on-year) growth of 72% and reaching the goal of reaching 5,000 TEUs annually set out in the China Railway Express Construction Development Plan 2016-2020 two years ahead of schedule.

Figure 6: China Railway Express Annual TEUs (2011-2018)

Unit: TEU



- China Railway Express (CR Express) is an important rail freight solution connecting the Eurasia corridor. It had reached 1,000 TEUs by March 2018. The CR Express has undergone rapid development in recent years—the time taken to reach 1,000 TEUs fell from 256 days in 2016 to 133 days in 2017 and only 88 days in 2018.
- CR Express has expanded its network, adding 13 cities in China and 8 cities in 2 European countries, reaching a total of 49 cities in 15 European countries. Returned trains now account for 71% of departed trains. Quality indicators including containerization and goal realization rates have hit record highs.



2. Belt and Road Initiative progress and milestones in 2018

1) China has deepened trade ties, improved cooperation mechanisms and expanded areas of cooperation with BRI countries

First, more international actors have acknowledged and participated in building the Belt and Road Initiative. Since its debut in 2013,

The BRI has provided a novel and innovative framework for realizing coordinated global governance and building a community of common destiny for all mankind, receiving more endorsement and support from countries and international organizations. More countries have joined the BRI Friends Circle—122 countries have signed cooperation

agreement with China as of the end of 2018, over 60 of them joining during the year. Most countries have continued to support the BRI in the midst of global political and economic turbulence. Our report focuses on 80 BRI countries that have signed agreements and deepened cooperation with China.

Figure 7: Countries that have signed BRI cooperation agreements with China (as at the end of 2018)

Asia (35)			Europe (24)			Africa (37)			Oceania (9)		South America (7)	Central America (3)	Caribbean (5)
South Korea	Nepal	Azerbaijan	Russia	Lithuania	Sultan	Gabon	Burundi	New Zealand	Chile	Costa Rica	Dominican		
Mongolia	Maldives	Georgia	Austria	Slovenia	South Africa	Namibia	Cape Verde	Papua new guinea	Guyana	Panama	Trinidad and Tobago		
Singapore	United Arab Emirates	Armenia	Greece	Hungary	Senegal	Mauritania	Uganda	Samoa	Bolivia	Salvador	Antigua and Barbuda		
East Timor	Kuwait	Kazakhstan	poland	Macedonia	sierra leone	Angola	Gambia	Niue	Uruguay		Dominica		
Malaysia	Turkey	Kyrgyzstan	Serbia	Romania	Cote d'Ivoire	Djibouti	Togo	Fiji	Venezuela		Grenada		
Myanmar	Qatar	Tajikistan	Czech REP.	Latvia	Somalia	Ethiopia	Rwanda	Micronesia	Suriname				
Cambodia	Oman	Uzbekistan	Bulgaria	Ukraine	Cameroon	Kenya	Morocco	Cook Islands	Ecuador				
Vietnam	Lebanon	Indonesia	Slovakia	Belarus	South Sudan	Nigeria	Madagascar	Tonga					
Laos	Saudi Arabia	Philippines	Albania	Moldova	Seychelles	Chad	Tunisia	Vanuatu					
Brunei	Bahrain		Croatia	Malta	Guinea	Congo	Libya						
Pakistan	Iran		Bosnia	Portugal	Ghana	Zimbabwe	Egypt						
Sri Lanka	Iraq		Montenegro		Zambia	Algeria							
Bangladesh	Afghanistan		Estonia		Mozambique	Tanzania							

■ Covered in report ■ Not covered in report
 Countries that have not initiated concrete cooperation with China are not covered in this report.

Developed countries including Great Britain have embraced the BRI. Faisal Rashid, Chair of the All-Party Parliamentary Group for BRI and the China-Pakistan Economic Corridor views BRI as a great opportunity

for post-Brexit Britain to identify development opportunities. Leading companies including British Petroleum and British Telecom have established joint ventures and initiated cooperation with Chinese enterprises in BRI regions.

Figure 8: Comment by Chair of British All-Party Parliamentary Group for BRI and the China-Pakistan Economic Corridor



I identify the BRI opportunity as massive ... post-Brexit Britain should explore the potential opportunities it can bring. The best thing about the initiative is connectivity across different parts of the world. Connectivity is key for trade, for social and cultural cohesion.

BRI is absolutely a brilliant idea, especially its connectivity, as many countries would benefit from it. However, we need more clarity on how that idea gets delivered.

—Faisal Rashid, Chair of All-Party Parliamentary Group for BRI and the China-Pakistan Economic Corridor

Southeast Asian and African countries are among the most active participants in the BRI. President Xi has revealed that China will provide USD60 billion to FOCAC countries in the next three years. Macky Sall, President of Senegal, commented that Africa needs investment for development in this new era. Africa will not be disturbed by any noise, and will firmly facilitate mutual support and assistance with China to jointly build the BRI. Hage Geingob, President of Namibia, said the BRI plays a vital role in connecting countries across Asia, Africa and Europe, and in facilitating industrialization in Africa.

Second, China has deepened trade ties and expanded areas of cooperation with BRI countries. China is engaging actively with BRI countries in communication and cooperation in non-economic sectors such as science and technology, education, culture and public health to improve cross-regional policy coordination and foster people-to-people bonds. For example, 30 countries had provided visa exemptions or visa-on-arrival services for Chinese citizens by the end of 2018. China has established 1,023 pairs of Friendship Cities across 61 BRI countries as of April 2018.

Third, China has improved cooperation mechanisms with BRI countries. The trade and economic cooperation mechanism under the BRI framework has been upgraded to render institutional protection for BRI implementation. Some remarkable advances include setting up Unimpeded Trade Working Groups with Thailand and Kenya and Investment Cooperation Working Groups with Kuwait and Jordan under the framework of the Bilateral Economic and Trade Commission and Joint Committee of Economy, as well as building services trade cooperation mechanisms with seven countries. In addition, China has taken several measures to strengthen economic cooperation with BRI countries, including signing new FTAs (Free Trade Agreements), reducing tariffs, promulgating pro-FDI (foreign direct investment) policies, strengthening cross-border e-commerce, and promoting overseas economic cooperation. These measures are expected to further boost China's trade with BRI partners.

2) BRI countries: rising investment attractiveness and overall risks

Our research for the BRI Investment Index Report 2018 found that BRI countries exhibit both rising investment attractiveness and risks.

Analysts were optimistic on the global economic outlook in 2017 as current and projected growth rates rose. According to the IMF (International Monetary Fund), global economic growth averaged 3.6% in 2017, the most expansive growth for a decade. Throughout 2018, many BRI countries enhanced their economic openness and capacity through pro-FDI policies and strengthening trade ties with other countries.

In the meantime, the global political and economic landscapes have become increasingly complicated. BRI countries—most of which are emerging economies—have riskier investment environments than those of developed countries. These risks range from threats to economic stability due to insufficiently diversified industrial structures, political risks due to geopolitical dynamics, changes in authority and religious conflicts, as well as government credibility risks due to high public debt and poor repayment ability. According to the 2017 Global Political Security Risk Tracker by the Phoenix Think Tank, 8 of the top 10 countries with high political and security risks are BRI countries: the Philippines, Afghanistan, Iraq, Syria, Pakistan, Congo, Sudan and Nigeria.



3) Macroeconomic attractiveness of Southeast Asian countries has grown remarkably

The average macroeconomic attractiveness of SEA (Southeast Asian) BRI countries has increased sharply. Among these countries, Indonesia, Brunei, Cambodia and Thailand have exhibited the most outstanding improvements in attractiveness, driven by growth in FDI and domestic capital investment.

SEA countries recorded their highest-ever private equity fund investment of USD23.5 billion in 2017. A report by the Singapore Venture Capital & Private Equity Association shows PE deal value in Southeast Asia surged from USD9.2 billion in 2014 to USD15.5 billion in 2017. Multinational companies are also actively entering the region, seeking to invest in companies with diversified business lines, high penetration rates and high growth potential in the regional market.

4) Investment risks have increased in Southeast Asian, Central Asian and Middle Eastern countries

The investment risks of BRI countries in Southeast Asia, Central Asia and the Middle East have escalated for various reasons.

Risks in Southeast Asia and Central Asia mainly stem from political instability and foreign exchange fluctuations. Sri Lanka, Thailand, the Maldives, Laos and the Philippines have experienced shocks to political stability, including religious conflicts and constitutional amendments. Pakistan, Malaysia, Nepal had large fluctuations in foreign exchange rates, which posed major threat to foreign investors.

Risks in Middle Eastern countries came from security threats including wars and terrorism. Afghanistan, Tunisia, Lebanon, Iran and other countries are in the midst of repeated terrorist attacks, political unrest and domestic protests, signaling high security risks that severely have

jeopardized their attractiveness to foreign investors.

5) China playing a more important role in facilitating BRI countries' economic development

China has become a prominent growth facilitator in more BRI countries. In 2018, Chinese investors have facilitated infrastructure developments, supporting key local industries to drive industrial upgrading and economic growth across BRI regions.

First, China has stepped up infrastructure investment in developing countries, including by improving transport and logistics infrastructure in Vietnam, the Philippines, South Africa and Kenya, laying a solid foundation for trade and other economic activities.

Second, China has become more active in facilitating key industries in BRI countries, including:

- Agriculture: 23 international joint agricultural experiment platforms established, including the China-Kazakhstan Joint Agricultural Science Lab, China-Uzbekistan Joint Cotton Lab and China-Pakistan Hybrid Rice R&D center
- Industrial parks: China has set up industrial parks in Belarus, the Philippines, Serbia, Ethiopia and other countries to promote local economic growth
- IT (information technology): China, alongside Egypt, Laos, Saudi Arabia, Serbia, Thailand, Turkey, the UAE and other countries, created the **Initiative on Belt and Road Digital Economy Cooperation**, which focuses on the connectivity and development of digital infrastructure
- Energy: In October 2018, China signed the Belt and Road Energy Partnership Declaration with 17 countries including Algeria, Azerbaijan, Afghanistan and Bolivia, to enhance international cooperation and development in the energy sector.



Section II: Research Methodology

This report follows the research framework of the 2017 report, forming its analysis from extensive desktop research and meticulous data collection from databases, government publications, scholarly articles and industry reports. We have summarized 2018's key achievements and the ongoing trends in China's cooperation with BRI countries. Moreover, we have adjusted select indicators in the previous evaluation framework of country-specific investment attractiveness to capture BRI countries' economic development prospects, investment risks and industry-based attractiveness more objectively, helping investors better understand the opportunities and threats in BRI countries and regions.



1. Objectives and principles of the research

The Belt and Road Initiative will remain an important guiding framework for China's

outbound trade and international cooperation, helping it build an open economy at all levels. President Xi has urged Shanghai to leverage its Free Trade Zone (Shanghai FTZ) to build a pioneering BRI services center that facilitates Chinese companies' expansion into overseas markets. This will drive Shanghai to further upgrade its services, providing capacity for an ever more open economy. On a national level, Shanghai plays a major role in building the coordinated development model between China's Eastern, Central and Western regions, which together facilitates China's integration into the global economy.

In response to the goals and requirements set out by the central government, and to carry forward the spirit of the Belt and Road Forum for International Cooperation, Shanghai Municipal Government set up the Office of the Leading Group on Building the Belt and Road Initiative and released the Shanghai Action Plan for Serving the Nation to Build the Belt and Road Initiative in

October 2017. The Plan specifies six special actions: removing trade and investment barriers; advancing financial openness; strengthening connectivity; enhancing cooperation in technology and innovation; advancing social and cultural communications; and building think tanks. Moreover, the Plan seeks to strengthen institutional protections, integrate policy resources, enhance monitoring and preventative measures and the implementation mechanism of BRI, as well as effectively mobilize social resources to assure Shanghai's critical role in building the BRI.

With the Shanghai Municipal Government's strong support, Shanghai-based enterprises have actively responded to and connected with BRI strategic deployments, making remarkable progress in trade investment, contracting projects and economic and trade mechanisms. According to the Shanghai Municipal Commission for Commerce, Shanghai contributed trade volume of USD329.9 billion to BRI countries between January and June 2018, achieving a YoY increase of 2.5% and accounting for 20.4% of the city's total trade volume. BRI countries' FDI in Shanghai reached USD496 million, an increase of 25.4% and accounting for 5.8% of the city's total FDI. Registered non-financial direct investment in BRI countries reached USD1.79 billion, accounting for 29.2%

of the total. Newly signed EPC contracts amounted to USD4.69 billion, up 188.97% and accounting for 74.82% of the city's total, with completions of USD1.848 billion accounting for 66.1% of the total. Completed EPC projects generated revenue of USD1.85 billion and contributed 29.2% of the municipal total. In addition, Shanghai has built a multi-tiered global investment and trade network through 23 memoranda of economic and trade partnership with 18 countries across Asia, Europe, Oceania and Central America. In recent years, the Shanghai Foreign Investment Promotion Center has also signed 29 memoranda of cooperation with investment promotion agencies in Liverpool, Montreal and Dubai, as well as the Japan-China Economic and Trade Center, the World Trade Center of India and other institutions. The Shanghai Municipal Commission of Commerce's economic and trade partner network now covers all the major BRI countries.

When the Shanghai Municipal Commission of Commerce initiated its extensive research on the BRI, Deloitte was invited to compile the BRI countries Investment Index Report 2018 under the Commission's guidance. This 2018 report presents the latest investment trends in BRI countries, identifies opportunities and risks along the BRI, and re-computes the Investment Attractiveness Index to quantify the opportunities and risks on a country-by-country basis. Based on an updated evaluation framework and indicators, the Index takes into account each country's growth prospects, overall investment risks and the attractiveness of key industries, helping enterprises make rational investment decisions. The three guiding principles in the Investment Attractiveness Index's design are:

- **A forward-looking approach:** the Index takes into account BRI countries' past and current economic performance, growth prospect as well as the key drivers of the national economy and industries in the short/ long term.
- **Comprehensive evaluation:** the Index takes into account cross-regional differences in macroeconomic environment and resource endowment. We believe enterprises need to assess target countries' macro environment (including economic development prospects, political stability, security and systematic risks) but also the micro environment in target industries. We have therefore broke the investment attractiveness analysis into three sections: macroeconomic attractiveness, risk assessment and key industries. We selected industries that exhibit high investment potential in the next 3-5 years and are compatible with or complementary to Chinese enterprises' competitive advantage.
- **Comparable indicators:** The Index aims to help enterprises screen and select top regions and countries as investment destinations based on quantitative measurement. For this purpose, the research team made all indicators comparable across countries through meticulous data cleaning and standardization.



2. Summary of BRI countries

The national analysis section of this report covers 80 countries (target countries),

including 18 Southeast Asian countries, 7 Central Asian countries, 13 Middle Eastern countries¹, 7 CIS (Commonwealth of Independent States) countries, 8 Eastern European countries, 14 African countries², 1 Central American country and 1 Oceanian country. With reference to the list of countries in the Big Data Report of the Belt and Road (2018) published by the National Information Center, we added New Zealand, East Timor, Panama and Madagascar, which signed BRI cooperation memoranda with China between 2017-2018.

Below is a detailed list of countries covered in this report:

Region	Countries
Southeast Asia (18)	Singapore, the Philippines, Laos, Nepal, Malaysia, Brunei, India, Bhutan, Thailand, Indonesia, Pakistan, Vietnam, Myanmar, Bangladesh, Sri Lanka, Cambodia, Maldives, East Timor
Central Asia (7)	Mongolia, Kazakhstan, Turkmenistan, Uzbekistan, Kyrgyzstan, Tajikistan, Afghanistan
Middle East (13)	Israel, Oman, Qatar, Yemen, United Arab Emirates, Lebanon, Saudi Arabia, Jordan, Kuwait, Iraq, Iran, Syria, Bahrain
Commonwealth of Independent States (CIS) (7)	Russia, Belarus, Ukraine, Azerbaijan, Georgia, Armenia, Moldova
Eastern Europe (19)	Slovenia, Turkey, Croatia, Estonia, Romania, Serbia, Bulgaria, Slovakia, Macedonia, Hungary, Latvia, Montenegro, Czech Republic, Lithuania, Albania, Bosnia and Herzegovina, Cyprus, Greece, Poland
Africa (14)	Ethiopia, Egypt, Kenya, South Africa, Nigeria, Angola, Morocco, Algeria, Ghana, Sudan, Tanzania, Congo, Tunisia, Madagascar
Central America (1)	Panama
Oceania (1)	New Zealand

1. There is very limited publicly available information on Palestine in credible databases. We did not include Palestine in the country analysis for this reason.

2. See Appendix 2 for the selection criteria for African countries.



3. Investment Attractiveness Evaluation Framework

This report follows the macroeconomic evaluation

framework and indicators of the 2017 edition.

1) Macroeconomic attractiveness assessment

The macroeconomic attractiveness system covers 6 primary indicators and 19 secondary indicators. The weight assigned to each indicator in computing the index differs based on the indicator's importance in overall assessment. Specifically, the 6 primary indicators include size of economy, investment, consumption and demand, labor supply and cost, tax burden and capital supply. The assumptions and selection criteria for the 19 secondary indicators are as follows:

- **Size of economy:** 4 secondary indicators, namely GDP (gross domestic product), per capita GDP, historical GDP growth (recent 5-year average), and projected GDP growth. It is assumed that higher GDP and GDP growth means better economic performance and greater investment attractiveness.
- **Investment:** 2 secondary indicators—FDI and domestic fixed asset investment. In general, large-scale FDI and fixed asset investment implies a positive economic outlook, higher expected return on investment and lower investment risks, which would attract foreign investors.
- **Consumption and demand:** Consumption and demand at home and abroad are two of the forces driving economic growth. Domestic consumption, import and export volume are proxies for consumption and demand. This report includes 6 secondary indicators: domestic income, HCFE (household final consumption expenditure), Gini

coefficient, imports/exports as a proportion of GDP, and inflation. It is assumed that higher consumption and demand drives economic growth, and stronger purchasing power drives more balanced economic growth, creating business opportunities and attracting more investment.

- **Labor supply and cost:** 3 secondary indicators—labor force population, labor cost and education level of the labor force. Chinese enterprises need to consider whether a host country has sufficient human capital to support its operations over the long term. A large, well-educated and low-cost labor force helps enterprises control labor costs, expand capacity and improve operational efficiency. In particular, the education and skills proficiency of labor is critical for enterprises seeking investments in technology-intensive industries such as IT and high-end manufacturing.
- **Tax burden:** approximated by overall tax level. A lower tax burden allows enterprises to have stable cash flow and makes a country attractive.
- **Money supply:** secondary indicators including M2 supply as a percentage of GDP, M2 supply growth rate and the interest rate difference between savings and loans. These indicators represent a country's potential purchasing power, and imply the ease of obtaining local financing in a host country.

2) Risk assessment

The risk assessment framework covers 5 primary indicators and 15 secondary indicators: financial risk, political risk, government sovereign risk, business environment risk, and foreign exchange risk. The weight assigned to each secondary indicator varies.

The assumptions and selection criteria of the 15 secondary indicators are as follows:

- **Financial risks:** 4 secondary indicators—bank systematic risk, internal liability, external debt level, and size of foreign exchange reserves. We assume a sound and stable financial system, a reasonable level of debt and sufficient exchange reserves contribute to a stable financial environment, which greatly enhance a country's investment attractiveness.
- **Political risks:** 2 secondary indicators: political stability and soundness of the legal environment. Political unrest, domestic conflicts and defects in the legal system pose substantial threats to foreign enterprises' operations in a host country.
- **Government sovereign risk:** 3 secondary indicators—sovereign credit rating, government debt as a percentage of GDP, and fiscal balance (surplus or deficit). Governments with higher sovereign ratings, reasonable levels of debt and fiscal sustainability are assumed to be more stable and credible, which is conducive to stable government-enterprise relations.
- **Business environment risk:** 4 secondary indicators: ease of market entry for foreign investors, ease of contract enforcement, cost of business registration, and government efficiency are adopted to assess ease of business entry and setup and a government's ability to provide public services efficiently.
- **Foreign exchange risk:** 2 secondary indicators—foreign exchange rate fluctuations in the local currency and foreign exchange freedom. The above indicators affect foreign enterprises' future returns on investment and their ability to transfer returns. Large or frequent exchange rate fluctuations will reduce profits, and stricter foreign exchange controls increase the difficulty of converting profits into investors' home country currency.

3) Key industries assessment

This report continues to focus on the 5 key industries identified in the 2017 report, namely:

- **Energy:** Some BRI countries are rich in energy resources, but lack sufficient funding and technologies to use these resources efficiently. China has relatively advanced resource utilization technology but has been dependent on imported oil and gas. As China's expects growing energy demand to fuel urbanization and industry development, it needs to expand the sources of energy imports. Chinese skills and funds could be complementary to the energy sector in some BRI countries.
- **Transportation:** Development of this sector facilitates the integration of regional transport systems, which supports China's trade, communication and cooperation with BRI countries and realizes the BRI's goal of facilities connectivity.
- **Manufacturing:** Some BRI countries have low labor costs, which are conducive to developing labor-intensive manufacturing and exporting low-value added product, but are relatively underdeveloped in manufacturing. They need skilled labor and technology to upgrade manufacturing industry.
- **IT:** China can collaborate on building transnational ICT networks such as cable networks to improve bi-or multi-lateral ICT connectivity.
- **Agriculture:** Chinese investors can promote the development of agriculture, enhance food security and boost living standards at home and in BRI countries through transferring agricultural technology, investing in agricultural commodities and deepening trade in agriculture with BRI trade partners.

The selection of the five industries was based on two considerations.

First, the industry assessment framework incorporates a country's macroeconomic performance and the performance of specific industries. The assessment framework only takes into account the most relevant indicators due to data accessibility issues and a lack of comparability between some indicators. Second, according to the NDRC's Catalogue of Sensitive Industries for Overseas Investment (Revision 2018), restricted industries for foreign investment include: production and maintenance of weapons, exploration of transnational water resources, media and press, real estate, hotels, studios, culture and entertainment, sports clubs and equity funds or investment platforms without actual projects in overseas markets. Our industry analysis excludes these sensitive (restricted) industries.

The 2018 report follows the key industry assessment framework in the previous edition, and fine-tuning secondary and tertiary indicators used to evaluate the manufacturing sector. The report evaluates the key industries in each target country and provides suggestion on investing in selected industries with high growth potential.

The assumptions and criteria for assessing industry growth potential are set out below (for indicator details, see Appendix 1):

- **Energy:** dimensions include the scale and maturity of the local electricity market as well as energy reserves. First, we assume more electricity consumption is associated with greater demand for energy and implies strong investment potential in this sector. Second, we believe China can establish partnerships with natural resource abundant BRI countries on energy exploration, utilization and export-import. Moreover, the greater its use of natural resources, the more active an energy market is.

- **IT:** dimensions include the scale and maturity of the IT sector, market penetration of IT services and scale of IT infrastructure. We assume a larger, more developed IT with a high technology adoption rate among local residents and sound infrastructure are conducive to foreign investment
- **Transportation:** dimensions include core transport infrastructure such as railway, logistics and ports. We use traffic mileage and transportation volume as proxies for the size of a country's transportation sector. We assume that the larger the sector, the more potential investment opportunities it presents, and that a sound logistics system implies a more developed transportation sector.
- **Manufacturing:** the scale of a manufacturing sector, labor force and labor cost affect its attractiveness to foreign investment. Countries with lower labor costs and large manufacturing sectors are more likely to attract foreign investment. The 2018 report replaces the average income indicator with labor force population, since the latter better represents the labor resources required to support manufacturing development.
- **Agriculture:** dimensions include agricultural resources, agricultural productivity and volume of agricultural output. We assume countries with ample resources, higher productivity and higher output value in agriculture attract more foreign investment.



Section III: BRI countries Investment Attractiveness Analysis

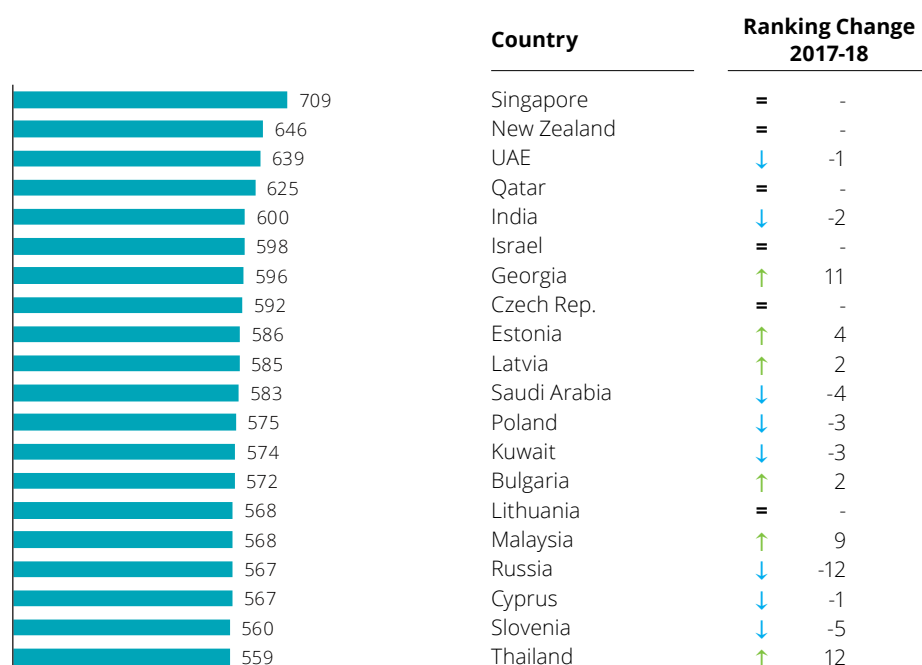


1. Investment attractiveness analysis

The Investment Attractiveness Index is computed based on the Macroeconomic Attractiveness Index and the Risk Index.

The following 20 countries (Tier 1 countries) show the highest investment attractiveness. They include 8 Eastern European countries, 5 Middle Eastern countries, 4 Southeast Asian countries, 2 CIS countries and 1 Oceanian country.

Figure 9: The 20 Countries with Highest Overall Investment Attractiveness and Ranking Changes (2017-2018)



The tier 2 countries (ranked 21st to 50th) are Indonesia, Oman, Romania, Croatia, Slovakia, Panama, Brunei, Hungary, Bahrain, Cambodia, Vietnam, Armenia, Macedonia, Kazakhstan, Mongolia, Maldives, Jordan, Turkey, Philippines, Montenegro, Albania, Kyrgyzstan, South Africa, Serbia, Bosnia and Herzegovina, Moldova, Azerbaijan, Kenya, Morocco and Nepal.

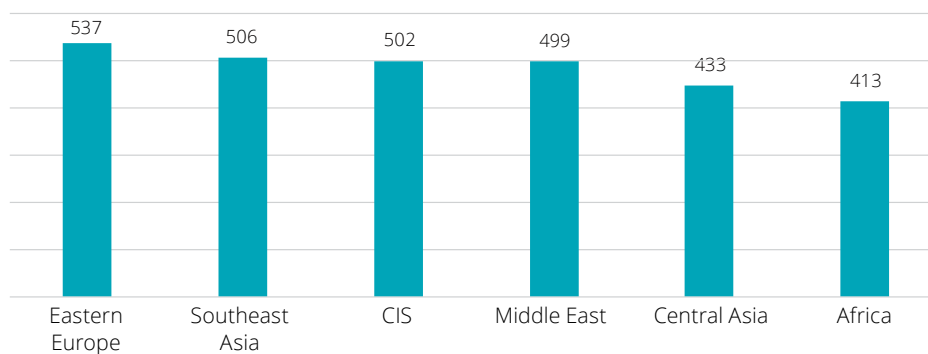
The Tier 3 countries (ranked 51st to 80th) are Turkmenistan, Lebanon, Laos, Greece, Ghana, Belarus, Bhutan, Bangladesh, Tanzania, Myanmar, Iran,

Nigeria, Ethiopia, Egypt, Pakistan, Madagascar, Uzbekistan, Ukraine, Sri Lanka, East Timor, Algeria, Iraq, Tunisia, Tajikistan, Sudan, Congo, Yemen, Angola, Syria and Afghanistan.

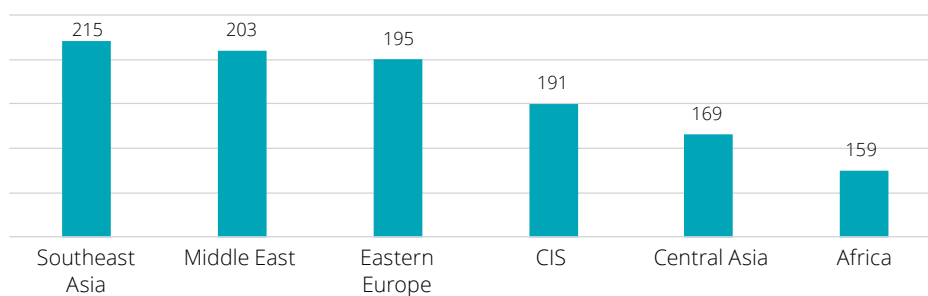
Overall, Eastern Europe, Southeast Asia and the Middle East are the key investment destinations and we expect robust economic growth in these regions. Among BRI countries, Eastern European and Southeast Asian nations, on average, have better institutions and infrastructure to underpin economic development. Some Middle Eastern countries

have abundant energy resources and sufficient public funds for development, and their governments have promulgated supportive policies to develop local industries. Although these countries have favorable investment environments and optimistic economic outlooks, political turmoil in the region could hinder their growth the future.

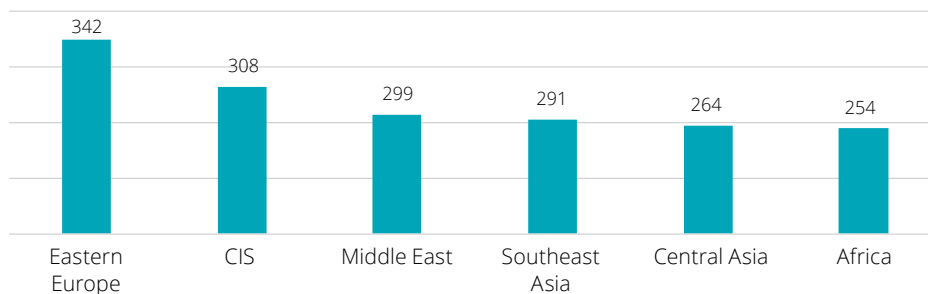
Figure 10: Average score for three indices by region
Overall investment attractiveness index - regional average (2018)



Macroeconomic attractiveness index - regional average (2018)



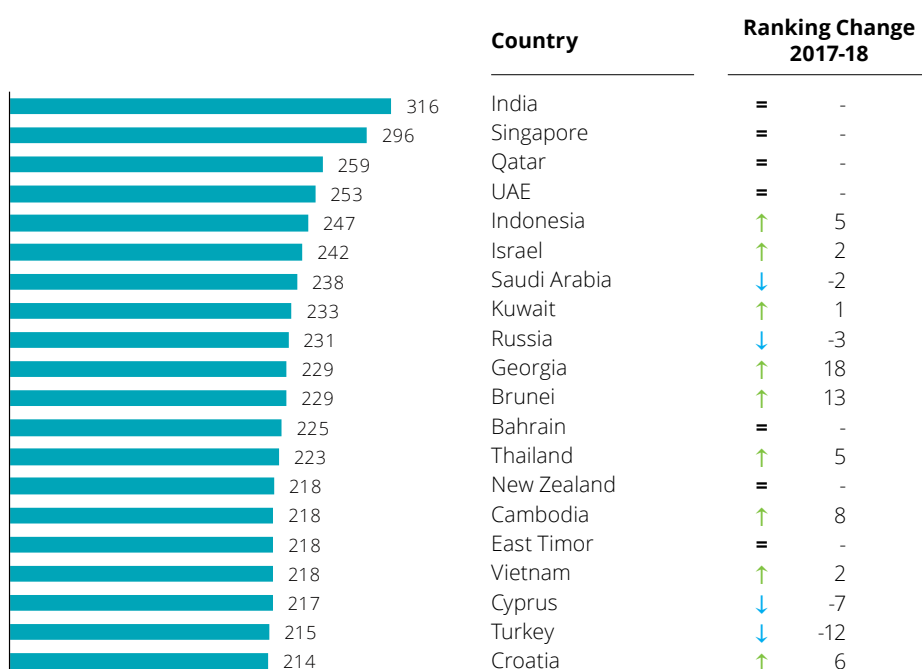
Investment risk index - regional average (2018)



1) Macroeconomic attractiveness index

The following 20 countries (Tier 1 countries) show the highest macroeconomic attractiveness.

Figure 11: Macroeconomic attractiveness: top 20 countries and ranking changes (2018)



The average score of the top 20 countries increased, indicating a higher overall macroeconomic performance. The ranking of the top 4 countries is unchanged. Since 2017, the Maldives, Malaysia, Hungary, Iran, Poland and Slovenia have dropped out of the top 20 list, and Georgia, Brunei, Cambodia, Croatia, East Timor and New Zealand have entered it, of which East Timor and New Zealand are new BRI countries for 2018. The investment attractiveness of the rising stars increased for various reasons:

Georgia has promoted economic development through trade expansion. The free trade agreement between Georgia and China came into force on 1 January 2018. Under the agreement, the two countries removed tariffs on the vast majority of goods (97% of Chinese goods and 94% of Georgian goods), and improved rules on intellectual property rights, environmental protection, e-commerce and competition, to promote economic development and bilateral trade.

The Brunei Government has actively participated in international forums and cooperation agreements. Brunei joined the RCEP (Regional Comprehensive Economic Partnership), a proposed FTA that held its first Ministers' Meeting in November 2017, and reached the Regional Comprehensive Economic Partnership Agreement. The RCEP aims to establish a regional free trade zone. Brunei is expected to benefit from this through faster economic growth. Estimates suggest the RCEP will contribute 5.8% of Brunei's GDP.

Cambodia has also deepened cooperation with China and benefited from the Belt and Road Initiative. After visiting Beijing in December 2017, Cambodian Prime Minister Hun Sen signed a USD7 billion investment contract with China, covering a wide range of industries including finance, infrastructure and tourism and creating upward momentum for the Cambodian economy in 2018.

The Croatian government achieved a fiscal surplus with a reasonable level of debt in 2017. Croatia has stable economic growth and high scores in import and export volume, tourism development and aviation.

China's Ministry of Foreign Affairs warned citizens of travel dangers during the Maldives' 45-day state of emergency, which was prompted by domestic political turmoil, hurting the country's tourism industry.

Iran's economy has been damaged by US sanctions. The United States withdrew from a comprehensive agreement on Iranian nuclear development in 2018 and resumed unilateral sanctions on Iran's energy and financial sectors, leading to a constant devaluation of the Iranian currency.

Although Poland and Slovenia experienced no major social or economic turbulence in 2018, they fell out of the top 20 because they were outranked by other outperformers.

2) Investment risk index

The top 20 countries, apart from New Zealand and Singapore, which have the lowest overall risk, show similar risk levels. These countries have sound legal frameworks, stable political environments as well as clear and transparent foreign investment regulations.

In comparison, Afghanistan, Iraq, Syria, Sudan, Congo and Ukraine saw rising risk of doing business due to political instability.

The top five countries with the lowest investment risk remained stable. However, the ranking of each country dropped one place as New Zealand joined the list for 2018. Since 2017, Russia, Saudi Arabia, Kuwait and Croatia have dropped out of the top 20, and New Zealand, Malaysia, Panama and Cyprus have entered it.

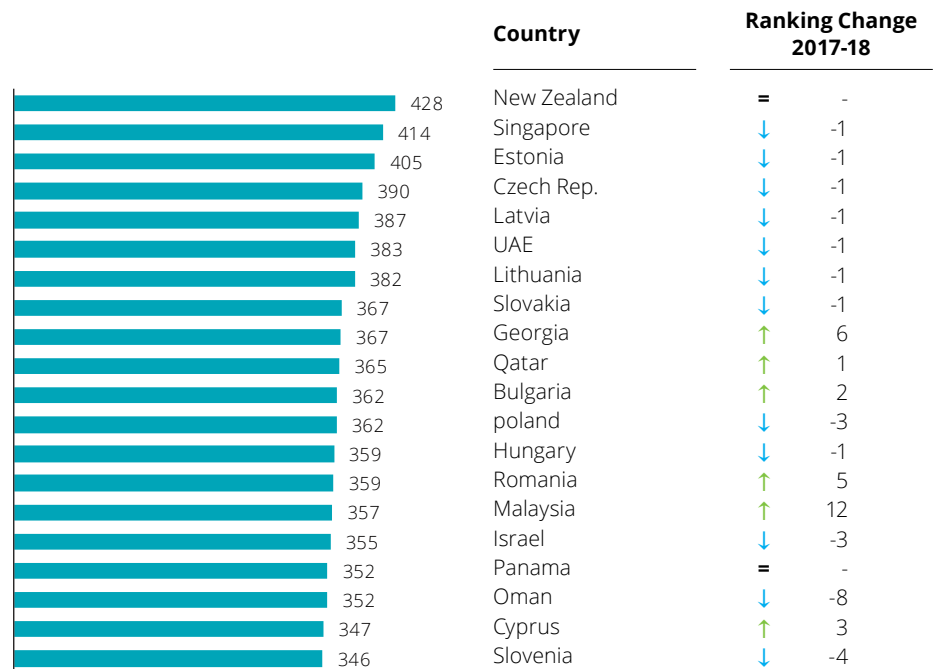
Saudi Arabia faced a series of domestic and foreign policy challenges in 2017/18, including the failed blockade of Qatar, house arrest of Lebanese Prime Minister Saad al-Hariri, diplomatic row with Canada over human rights issues, and the disastrous war in Yemen, marking a shift towards a tougher stance on the global stage. Domestically, the government introduced several reforms, including allowing women to drive, but also silenced critics through assassination, abduction or confiscation of property.

Kuwait's and Croatia's scores were roughly the same as last year's as the two countries did not experience significant shocks to their stability. Their rankings dropped as they were outperformed by other countries.

There were 24 terrorist attacks in Russia in 2017, posing a substantial threat to Russia's national security. Moreover, Russia's currency oscillated wildly in 2018, with the ruble dropping 21.1% versus . According to The Economist, the ruble is expected to further depreciate by 11% between 2018 and 2022, which will bring risks to investors.

New Zealand is a new country in this report, added because its government signed a Belt and Road

Figure 12: risk: 20 countries with the lowest risks and ranking changes (2018)



Cooperation agreement with China in March 2017. The country has the lowest overall investment risk among BRI countries due to its outstanding political stability, social security, and economic performance, the soundness of its legal system, as well as the transparency and efficiency of government services. Panama is another new country. It has low financial, political and government sovereignty risks.

China established diplomatic relations with Panama in June 2017 and Xi Jinping visited there for the first time in November 2018. Panama was the first Latin American country to sign a memorandum of cooperation on the BRI.

Cyprus's debt crisis has been mitigated in the past year and its overall investment risk decreased, mainly as

a result of a decline in bad loans. In 2018, the Ministry of Finance of Cyprus issued the Economic Stabilization Plan 2018-2021, which prioritized bad loans in the banking sector on its policy agenda, and will tackle the issue—which hinders healthy growth—with three pillar strategies to reduce the amount of undesirable loans by 40%.

Dagong Global Credit Rating has raised the outlook for Malaysia's federal sovereign credit rating from negative to stable, while maintaining the country's domestic and foreign currency sovereign credit rating at A+. Malaysia's overall business environment score rose by 2.57 from last year with its global ranking surging to 15. The government's administrative efficiency improved sharply in 2017/18, driven by red tape cuts in the electricity and construction sectors, and property development applications.



2. Regional Trends

1) Southeast Asia

The Tier 1 countries are Singapore, India, Malaysia and Thailand, of which Singapore and India show the highest investment attractiveness, albeit for different reasons: Singapore has a highly developed market economy, sound legal system, FDI-friendly business environment and a well-educated labor force, whereas India has a sizable labor force that includes both high-skill technicians and relatively low-skill, low-cost labor.

The Tier 2 countries are Indonesia, Brunei, Cambodia, Vietnam, the Maldives, Philippines and Nepal.

Figure 13: Regional distribution of investment potential – Southeast Asia (2018)



Malaysia's investment attractiveness has grown constantly in recent years. Malaysia's imports and exports as a share of GDP reached 136% in 2018. This strong export performance has driven economic growth and contributed to a rosy economic outlook. After Malaysia incorporated an Industry 4.0 development strategy into its economic transformation blueprint, demand for local industry upgrading increased, evidenced by a 13% increase in total fixed asset investment from 2016.

Brunei's total FDI increased sharply from last year. In 2017, Hengyi, a joint venture company co-formed by China's Zhejiang Hengyi company and its Bruneian partner, announced investment in building an Industries' Crude Oil Refinery and Aromatics Cracker Complex on Pulau Muara Besar, which will turn the island into a world-class oil processing center

to ensure Brunei's self-sufficiency in refined products and boost spinoffs for further high value-added, downstream industries. This is a key BRI project and one of the largest single FDIs in Brunei. The Brunei government has stepped up efforts to attract foreign investment and build a diversified economy through a series of internal government reforms, including establishing a new one-stop service platform, cutting red tapes in business creation and enhancing the transparency of credit ratings.

Thailand's FDI in 2017 reached about USD8 billion, an increase by 163% from 2016. China is the second largest foreign investor in Thailand. In 2018, Thailand made investment more convenient by introducing fixed business registration fees, optimizing electricity account application procedures, increasing the

transparency of utility price changes, improving online tax platforms, and introducing new systems to increase customs clearance efficiency.

Indonesia had an FDI boom in 2017, with an increase of 418% from 2016. The country has become increasingly favored by foreign investors for its outstanding advantages in low-cost labor force and robust economic growth. In recent years, the Indonesian government has made business environment more investor-friendly through tax incentives and supportive policies such as the negative list for investment and other incentive policies to promote the development of capital- and labor-intensive industries.

Pakistan's imports have hit new highs but exports have remained sluggish, creating a widening trade deficit and depreciation of the local currency.

In response, the central bank of Pakistan sought to implement a managed floating exchange rate system, but the strategy has yet to see the desired results, so the current account deficit has continued to expand.

Rising prices of imported products to the Maldives have increased its inflation rate, with growth rising from 0.5% to 2.7% in 2017, with a negative impact on its overall macroeconomics.

Nepal's economy is still in recovery. Struck by an earthquake on 25 April 2015, Nepal has since spent over USD10 billion—nearly half its GDP—on reconstruction.

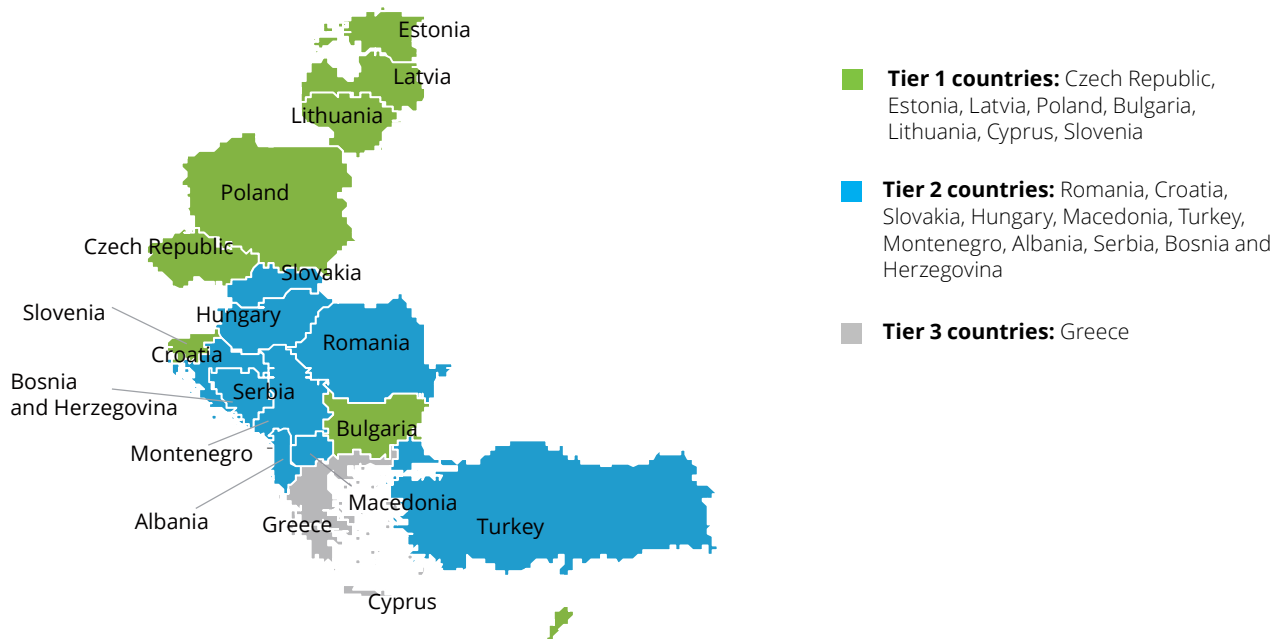
Political instability in Sri Lanka has weakened the country's investment attractiveness. The announcement of the dissolution of Parliament by the President of Sri Lanka in 2018 led to a seven week political crisis, which raised ongoing concerns about the political situation and resulted in the devaluation of the Sri Lankan rupee as well as a large surge in consumer prices. According to Nomura Securities, Sri Lanka can expect greater exchange rate risk and is highly vulnerable to an exchange rate crisis in the coming year.

including the Czech Republic, Estonia, Latvia and Poland. Serbia, Bosnia and Herzegovina and Greece are less attractive investment destinations. As an integral part of the Belt and Road, Eastern European countries have the geographical advantage of connecting Asia and Europe, making them important gateways for enterprises seeking entry into European markets.

2) Eastern Europe

Eastern European shows strong investment attractiveness as a region. It has eight Tier 1 countries,

Figure 14: Regional distribution of investment potential – Eastern Europe (2018)



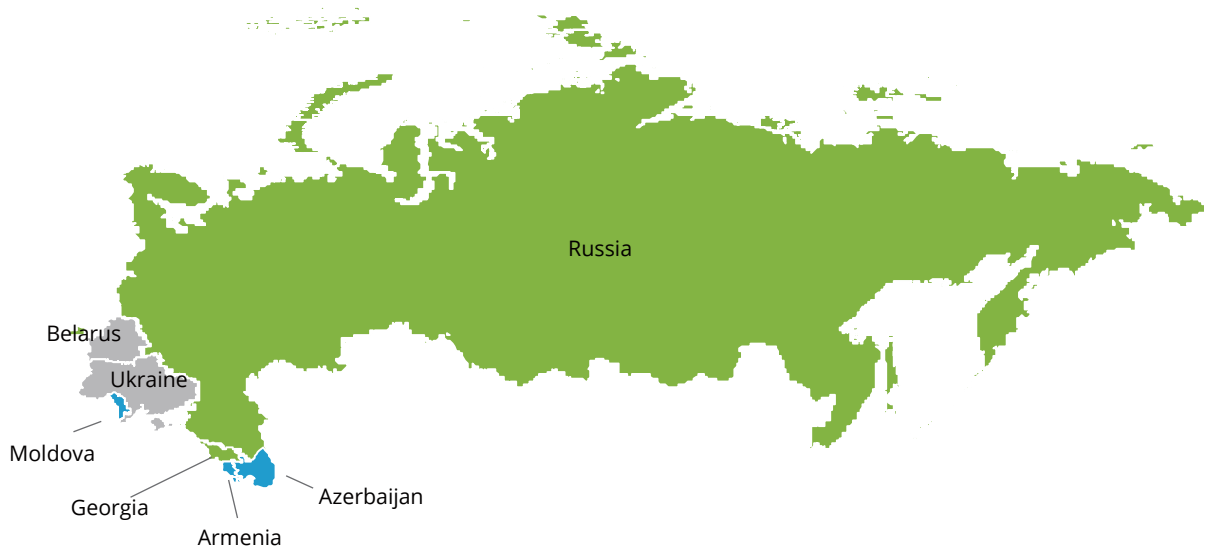
Hungary's investment attractiveness is moderate. With higher tax rates and the introduction of special taxes on foreign companies hampering its investment attractiveness, the country experienced a net direct investment outflow in 2017/18, amid further negative shocks to the country's security, political and legal environment.

Greece's public debt as a share of GDP increased to 184% in 2017. Its exorbitant debt level is likely to constrain economic growth.

3) Commonwealth of Independent Countries

This region's Tier 1 countries include Georgia and Russia. Russia has a mature manufacturing sector with advanced technology in oil and gas, mining, processing precious stones and metals, and aircraft building, but its light manufacturing sector is less competitive. Three CIS countries fall into Tier 2 and Belarus and Ukraine are lagging behind in the region. CIS countries in general have well-developed infrastructure, which is conducive to foreign investment, but most countries other than Russia are small economies with limited international trade.

Figure 15: Regional distribution of investment potential – CIS (2018)



■ **Tier 1 countries:** Georgia, Russia
 ■ **Tier 2 countries:** Armenia, Moldova, Azerbaijan
 ■ **Tier 3 countries:** Belarus, Ukraine



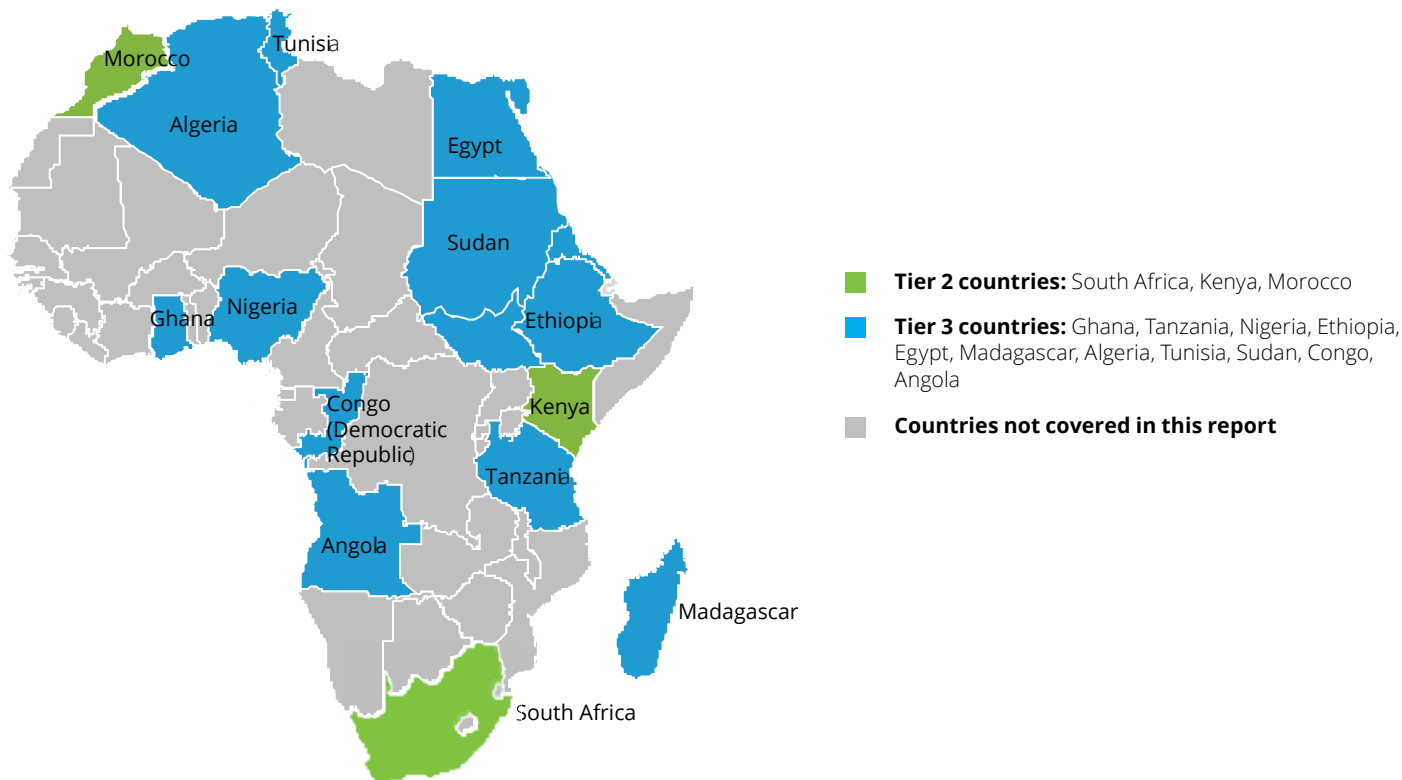
4) Africa

African countries show lower overall investment attractiveness among BRI countries. Most countries except for South Africa, Kenya and Morocco are in Tier 3. This is because a majority of African countries have

underdeveloped industrial bases and infrastructure, high political and security risks and a dependence on foreign aid. Another prominent issue is that the size and skill levels of local labor forces cannot effectively support the development of high-end

industries. However, the strength of African countries lies in their abundance of natural resources and relatively low labor cost, which are advantages for investing in labor-intensive, low-end industries.

Figure 16: Regional distribution of investment potential – Africa (2018)



Ghana's investment attractiveness has risen. The country saw a 41% increase in fixed asset investment in 2017. The local government has approved nine offshore oil exploration blocks for commercial purposes in 2019 and 2020. With rising oil prices, higher production, and new deals driving an oil boom in Ghana, we expect high economic growth in the country.

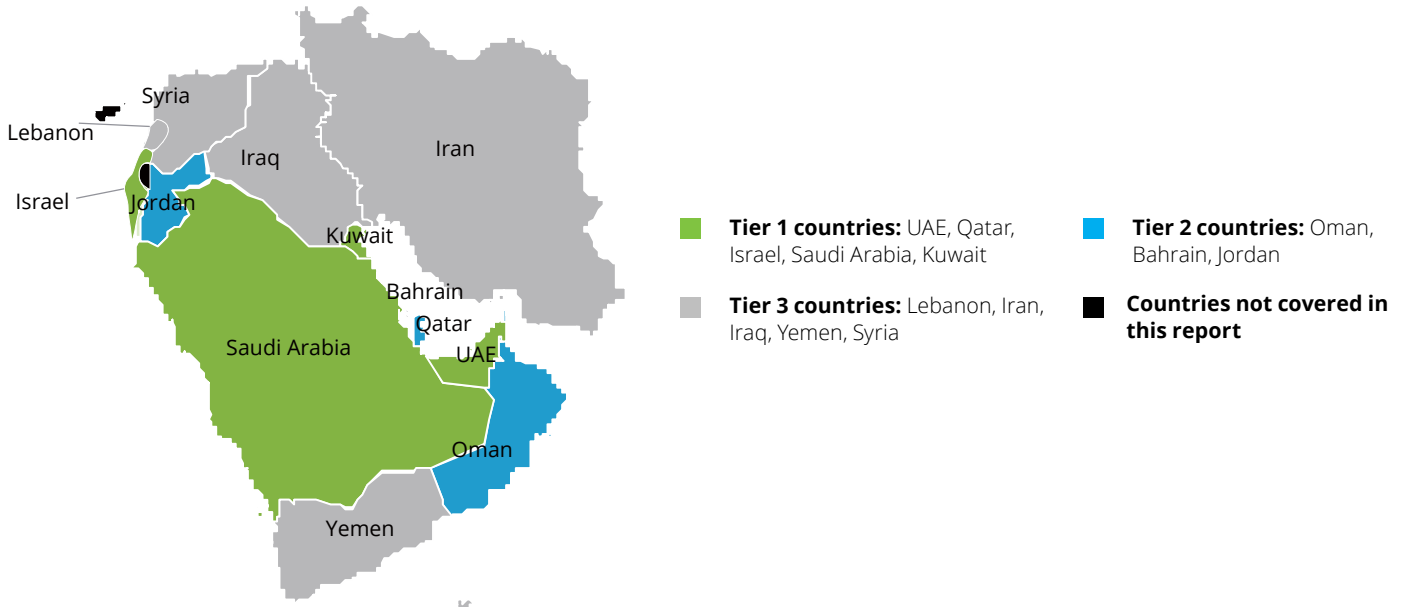
Egypt introduced a floating exchange rate system in 2017, but its currency depreciation was sharper than expected. As a result, domestic inflation rose to 30%, up 114% YoY.

Tunisia's security environment was aggravated by domestic political turmoil, strikes and protests and terrorist attacks in 2017. Sluggish economic growth has resulted in high unemployment and sparked protests.

5) Middle East

The United Arab Emirates, Qatar, Israel, Saudi Arabia and Kuwait are among the Tier 1 countries, showing high investment attractiveness. Most countries in this region have rich energy resources, robust economic performance and supportive government policies for industrial development. The investment attractiveness of Iraq, Yemen and Syria have plummeted due to civil unrest and wars that have increased political and security risks.

Figure 17: Regional distribution of investment potential – Middle East (2018)



US-Iran relations have continued to deteriorate under the Trump administration. The United States has withdrawn from the nuclear deal and re-imposed sanctions on Iran's energy and financial sectors in May 2018, leading to a constant devaluation of the rial against USD and slowing economic growth in Iran. Unemployment is high as the job market continues to shrink.

Influenced by continuing instability in the Middle East and Syria's civil war, the Lebanese economy remained sluggish, reflected by shrinking foreign investment and domestic fixed asset investment. A surge in the number of Syrian refugees in Lebanon has intensified inflationary pressures on the local economy and the public services system.

6) Central Asia

Kazakhstan, Mongolia and Kyrgyzstan are in Tier 2. Their investment attractiveness derives from abundant energy resources, developed animal husbandry industries, low tax burdens, and increasing financial openness. Although other Central Asian countries lag behind

in economic development and infrastructure construction and maintain more control over FDI, they show investment potential in energy and transportation given their strategic geographic locations, energy reserves and longstanding trade ties with China.

Figure 18: Regional distribution of investment potential – Central Asia (2018)



Kyrgyzstan has gradually recovered from regional crises including the Ukraine conflict, oil price declines, Western countries' sanctions on Russia and the steep devaluation of the Kazakhstani tenge. The KGS-USD exchange rate remains stable.

Prolonged political unrest in Afghanistan has led to a volatile security environment. The local government has not established a sound policy framework to protect the interests of foreign investors. Political risk in Afghanistan heightened in 2017 as the Taliban continued to press offensives in the region and posed risks to business operations.

Taliban militant groups are active and are seriously threatening to carry out production and operation activities.

The May bombing in downtown Kabul, Afghanistan's capital, was the deadliest attack in 16 years. A Taliban suicide attacker detonated a car bomb in western Kabul in May, killing up to 35 people and wounding more than 40 in what was the worst attack in 16 years.

The Mongolian government plunged into an external debt crisis in 2017 as it recorded government debt equivalent to 252% of the country's GDP. Facing a USD580 million debt, mainly to foreign creditors, the government implemented a series of reforms to mitigate the issue, but their efficacy is uncertain. Moody's upgraded the Government of Mongolia's long-term issuer rating and senior unsecured rating to B3 from Caa1 in early 2018.



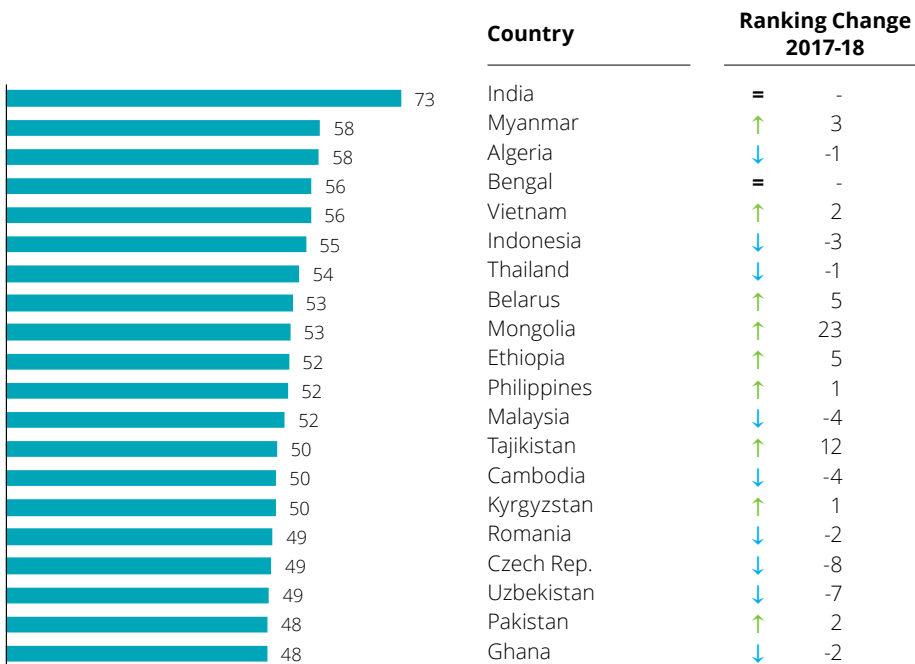
3. Key Industries Assessment

This section assesses investment attractiveness from an industry perspective by analyzing the investment potential of the five key industries—manufacturing, IT, transportation, energy and agriculture—in each country.

1) Manufacturing

Some of the target countries have relatively underdeveloped manufacturing technology and low labor costs, which implies opportunities for Chinese enterprises to invest in industry upgrading. Among the top 20 countries, the attractiveness of India's manufacturing sector has risen sharply for these very reasons. In addition, most countries with high investment potential in manufacturing are concentrated in Southeast Asia, mainly because of sizable and relatively low-cost labor forces in most countries.

Figure 19: Manufacturing investment attractiveness - top 20 countries and ranking changes (2018)



The ranking of the top 20 countries remained largely stable except for Mongolia and Kyrgyzstan. Myanmar ranked 2nd, driven by the government's increasing efforts to attract FDI and a rapidly developing manufacturing sector.

Mongolia has adjusted its industry structure since 2017 by reducing its dependency on mining and promoting the development of its manufacturing sector. The country recorded 22.8% growth in manufacturing value-added, the highest growth among BRI countries.

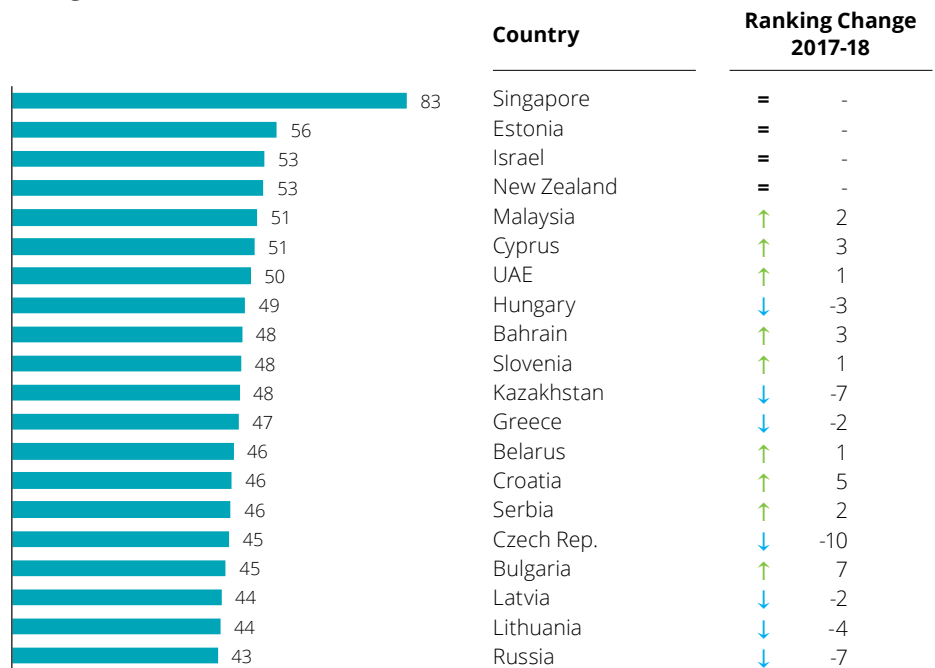
Tajikistan's manufacturing value added grew 13.8% in 2017. The China-Tajikistan collaborative lead smelting plan was put into operation, and the China-Tajikistan Industrial Park, both opened officially in 2018.

Myanmar achieved 9.3% growth in manufacturing value added in 2017. The country has embarked on 136 manufacturing projects in 2017/18.

2) IT

IT is a technology- and capital-intensive industry that requires high-skill labor. Among BRI countries, Singapore, Israel, New Zealand and Estonia have well-developed industrial bases, fast developing technology resources, and relatively skilled labor forces that are conducive to further development of IT. Meanwhile, Malaysia and Cyprus have well developed tourism sectors that create demand for tourist-oriented information services, but they need to improve their IT infrastructure, products and services, which would create considerable investment opportunities in the IT sector.

Figure 20: IT investment attractiveness - top 20 countries and ranking changes (2018)



The ranking of the top 20 countries was largely stable. The rankings of Bulgaria and Serbia improved remarkably.

The Bulgarian IT posted double-digit growth in 2017/18, five times the increase in national GDP growth. The government clearly stated in its latest Medium-and-Long-Term Development Plan 2020 that it will enhance innovation and high technology investment and promote development of the IT.

The Serbian government is also committed to promoting the national IT. It has improved laws and regulations pertaining to the information and communication industry, and promoted the application of intelligent digitalization in e-commerce and public services. Moreover, Serbia has relaxed restrictions on foreign investment in information and communications infrastructure, including digital television and broadband networks.

3) Transportation

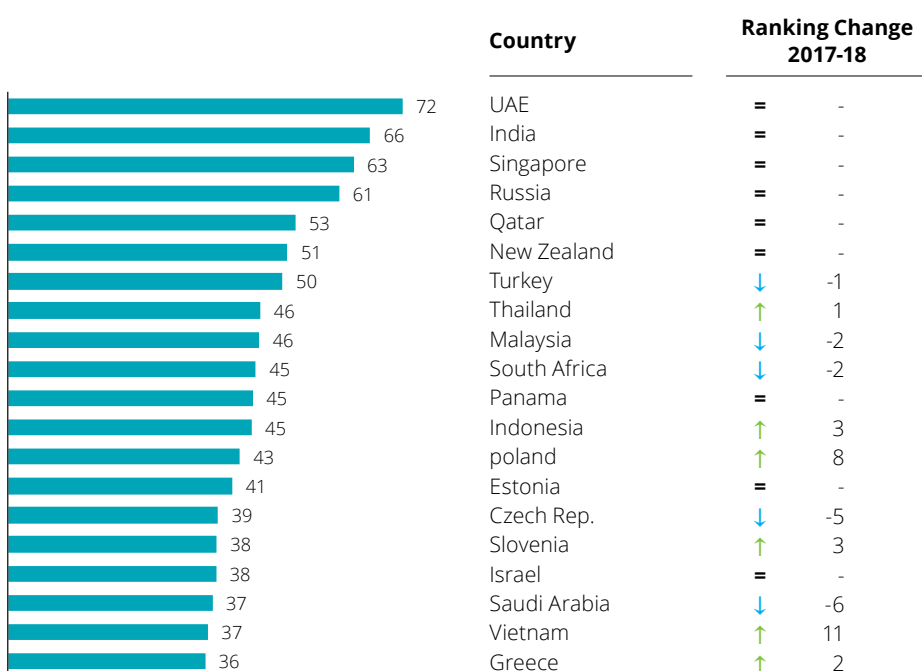
The transportation industry is a core component of infrastructure. Investment in transportation along the BRI helps build integrated regional networks to underpin China's deepening economic and trade cooperation with BRI countries. The UAE, India, Singapore and Russia top BRI countries' transportation attractiveness ranking. Qatar, New Zealand and Turkey have also showed

considerable investment potential in this sector. These countries have developed sound, nation-wide transportation infrastructure and accelerated integration with the rest of their regions through government policy support.

These countries already have the foundations for transport construction, and their future overall development potential is promising,

which will contribute to further transportation network integration in future. Countries with high-potential transportation industries are mainly in Southeast Asia (e.g. Malaysia and Singapore) and Eastern Europe (such as the Czech Republic and Hungary), partly because of their respective strategic locations in the maritime silk road and close to the Eurasia gateway.

Figure 21: Transportation investment attractiveness - top 20 countries and ranking changes (2018)



The rankings of Vietnam, Poland and Indonesia have improved remarkably.

The Vietnamese government has vigorously promoted transport network construction. Thirty-four transportation projects were completed and put into operation in 2017/18. The China-Vietnam road-rail freight transportation route completed its first trial cargo delivery in September 2018.

In 2018, Poland National Rail Freight and China signed a rail freight transport memorandum

of understanding on international logistics and supply chain cooperation. Poland has also accelerated infrastructure modernization, with air cargo freight up 43% in 2017 and rail cargo volumes continuing their uptrend.

Indonesia launched a Five-Year Plan in 2017 to promote infrastructure construction. The Patimban Deep Sea Port in Subang, West Java is under construction and completion is expected in 2019. The country's port infrastructure index increased by 11% over 2016/17.

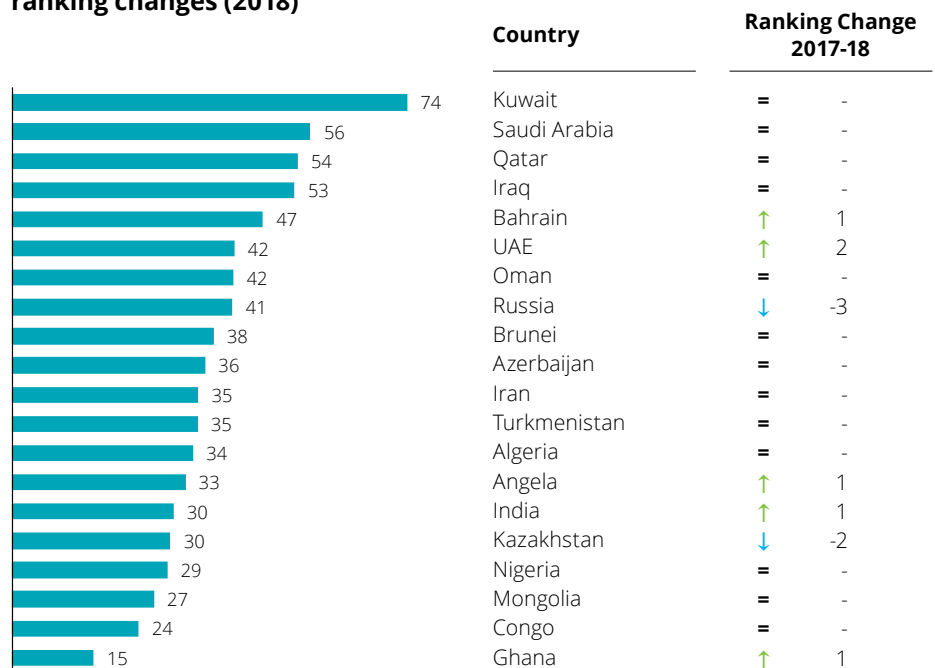
4) Energy

Most BRI countries are rich in energy resources but generally lack sufficient funds and technologies to use these resources efficiently. China had relatively advanced resource utilization technology but is dependent on imported oil and gas. As China's expects growing energy demand to fuel urbanization and industry development, it needs to expand its sources of energy

imports. Chinese skills and funds could complement the energy sector in some BRI countries.

Countries with high energy investment potential are mostly in the oil-abundant Middle East. Central Asian and African countries also have rich oil and gas endowments. In addition, Russia ranks among the countries with the highest energy investment attractiveness.

Figure 22: Energy investment attractiveness - top 20 countries and ranking changes (2018)



The ranking of the top 20 countries remains largely stable due to minimal changes in their energy resources over the year. Kuwait, Saudi Arabia and Qatar remain the top three countries.

Kuwait plans to invest USD11.6 billion in developing renewable energy. According to the Kuwait 2035 Plan, Kuwait will generate twice as much electricity from renewable energy in 2030 as it did in 2016.

Saudi Arabia launched Saudi Vision 2030 in 2016, a blueprint setting out long-term goals and expectations, including plans to vigorously develop new energy sources, double gas production by 2030 and generate 10% of the country's total electricity from renewable sources by 2023.

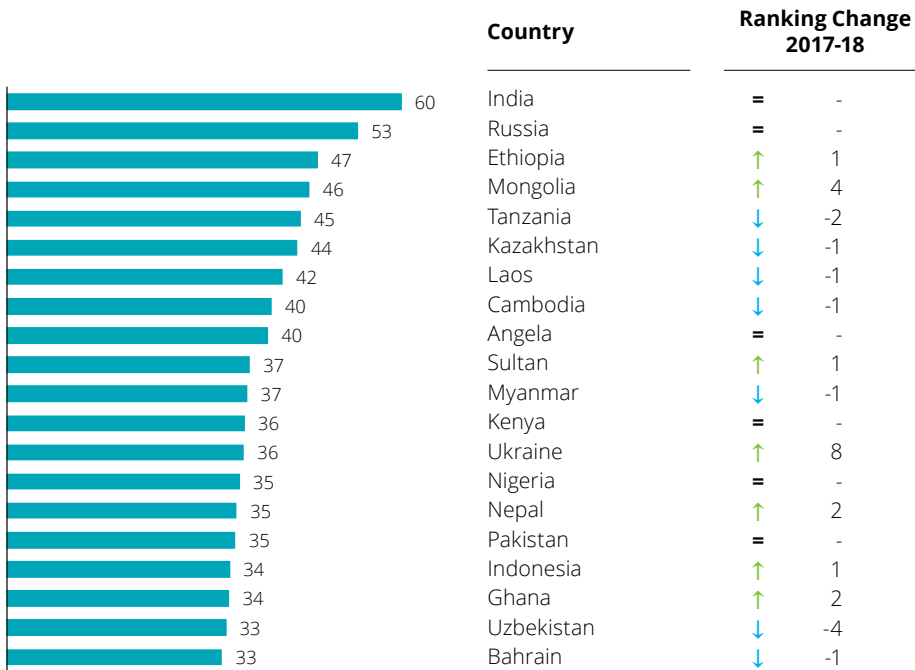
In 2018, Qatar's LNG (liquefied natural gas) giants Qatargas and RasGas merged to form a new Qatargas, now the world's largest LNG producer. In addition, Qatar plans to raise its LNG export capacity from 77 million tons to 110 million tons by 2024.

5) Agriculture

Agriculture is the pillar industry of most BRI countries, especially those in Southeast Asia, Africa and Central Asia. Investing in the agriculture sector in target countries helps complete China's agriculture production value chain, expand its external food supply channels, and optimize agricultural resource allocation.

India and Russia have the most attractive agriculture sectors among BRI countries. Ethiopia, Mongolia and Tanzania rank among the leaders in agriculture investment attractiveness.

Figure 23: Agriculture investment attractiveness - top 20 countries and ranking changes (2018)



The ranking of the top 20 countries with the most attractive agriculture sector remained stable, except for Ukraine and Mongolia.

Ukraine's crop production index rose 21% from 2016. Its enterprises in agriculture, forestry and fishery reached a profitability of 22.7% in 2017, well above Ukraine's overall economic profitability of 8.9%. During 2017/18, the Ukrainian government promoted development of the

agricultural machinery and high value-added food industries to drive economic growth.

Mongolia has a fast-developing agriculture sector. Government subsidies for agriculture rose to 75%. By the end of 2017, the total number of livestock in Mongolia had reached its highest-ever level, and the country's crop production index was up 56% from 2016.

Statement of Cash Flows for the Group

	2023	2022
Operating activities		
Cash income/expense from result	36,982	28,570
Change in inventories and short-term accounts	-1,383	761
Increase in provisions	242	-2,991
Increase in trade accounts payable and other	-4,662	24,662
Change in non fund assets	2,092	4,944
Items from debt consolidation	9,781	5,644
Items from deferred taxes	2,804	-11,843
Losses from disposals of fixed assets	374	-422
Provision/amortization & impairment	17,460	432
Effect of exchange rate changes on cash and cash equivalents	19,257	20,220
Total cash-flow	8,835	8,835
Investing activities		
Acquisitions of tangible and intangible fixed assets	-13,544	-24,234
Acquisitions of intangible and intangible	-944	112
Long-term receivables	-14,385	-23,912
Receivables	1,165	-1,169
Other	-233	0
Other	-1,059	-162
Other	-15,202	-10,522
Other	-17,659	-11,857
Financing activities		
Increase in financial liabilities	13,811	-11,100
Other	15,132	26,000
Other	228	0
Other	29,171	0
Total cash-flow	13,811	13,811
Change in funds		
Cash and cash equivalents at the beginning of the year	29,171	15,360
Effects of exchange rate changes on cash and cash equivalents	228	0
Cash and cash equivalents at the end of the year	13,811	15,360



GT

12,200

version dit

ions due to first c

ditions

rite-ups

Dispor

Reci

Ba

202

0

-96

0

1,757

0

1,248

1,030

1,253

1,025

Section IV: BRI countries Investment Index – Country Analysis



1. Southeast Asia

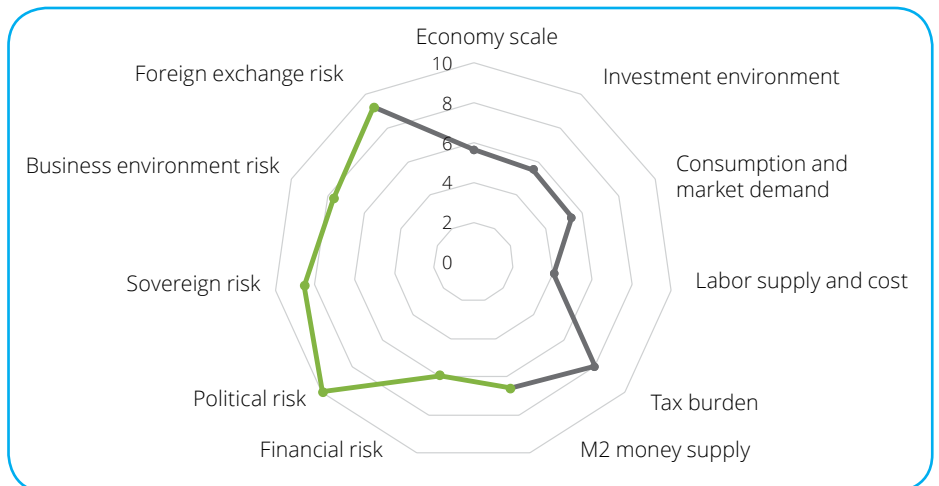
1) Singapore

(1) Investment Advice

Overall, investing in Singapore is attractive. It has a high attractiveness score, especially in the scale of its economy, consumption and market demand, and investment environment. Singapore also has low investment

risk, especially due to its stable political environment and sound legal system. However, Singapore lacks natural and human resources. Therefore, we recommend investors avoid resource and labor-intensive industries, and focus on unique and superior industries including IT and transport infrastructure.

Figure 24: Singapore Investment Attractiveness Score



(2) Country Profile

Singapore is located in the Malay Peninsula, adjacent to the Straits of Malacca, with a land area of 719.1 km² and a coastline of more than 200 km. It has a tropical maritime climate, with high temperatures, humidity and rain all year round. There is no significant change in temperature throughout the year, and the annual average temperature is between 23-35 °C. The country has a beautiful environment and is known as The Garden City.

Singapore is an immigrant country that advocates multiculturalism. The total population of the country is 5.61 million, most of whom are Chinese, with the rest Malays, Indians and other

rases. The official languages are English, Malay, Chinese and Tamil. Singapore also has many religions, and the state implements a policy of religious freedom and promotes the inclusive spirit of religious culture.

Singapore has a well-developed market economy and is one of the Four Asian Dragons, acting as an international financial center and Asian shipping center. Singapore is very active on the international stage. It is not only one of the ASEAN (Association of Southeast Asian Nations) members, but is also a member of the WTO (World Trade Organization), the Commonwealth and APEC (Asia Pacific Economic Cooperation).

(3) Macroeconomic attractiveness³

From an economic development perspective, Singapore's score is quite high and its economic level is advanced. In 2017, Singapore's GDP was USD323.9 billion, and per capita GDP was as high as USD58,000. Historically, GDP has grown at an average annual rate of 3%-4%. It is expected that Singapore's GDP will maintain steady growth of 2%-3% in the next three years. However, due to its small population, its GDP scale is relatively small, so volume is slightly lower than those of other target countries.

The investment score is high because of its friendly foreign investment environment. Singapore's foreign investment level is among the highest in the world, and the highest in the BRI countries. In 2017, FDI reached USD63.6 billion.

Singapore's consumption and demand score is also high. Based on its strategic position as a center of trade and shipping, Singapore's economic development is driven by foreign trade. In 2017, imports and exports accounted for 322.4% of GDP, and the value of trade was more than USD1 trillion. The national per capita income level is quite high, at USD55,000. Its Gini coefficient is 0.46. After factoring in government transfer payments and taxation, the Gini coefficient reaches 0.4, indicating a narrow wealth gap. The inflation coefficient is low, and CPI growth in 2017 was 0.6%, conducive to residents' consumption. Overall, Singapore's consumption environment is superior, but its smaller population size restricts the scale of total consumption demand.

Its labor supply and cost, Singapore's score is quite high, ranking among the top BRI countries, mainly due to the high quality of local education. Singapore has a well-developed education system, a superior group of higher education institutions, and strong scientific research, so is able to cultivate high-level talent. The unemployment rate in Singapore is stable at 1.8%, and the labor force is fully employed. However, Singapore has a small labor force and lacks labor resources for the long term. The national labor force was 3.31 million in 2017. Overall in Singapore's labor market, its high-quality talent is more suitable for investments in finance and high-tech industries.

Its tax scores is high, implying Singapore's tax burden is quite light. Based on World Bank statistics, the total tax rate on commercial profits is 20.6%, which is better than most BRI countries.

Singapore's M2 money supply score is moderate. Singapore is in a mid-level position among BRI countries. Money supply is favorable, with M2 accounting for 129.7% of GDP and growing at about 3.2%. The interest rate difference between loans and deposits is 5.1%. Overall, Singapore's money market is quite stable.

(4) Risk Indicators

Overall, Singapore has low investment risk.

Financial risk is low. Its banking industry risk index is the lowest among BRI countries, mainly because of the high degree of financial marketization

3. Note: The scores of secondary-level indicators (such as money supply) indicated by the spider map icons in this report are obtained from a weighted sum of the third-level indicators (M2 scale, M2 growth rate, etc.), and standardized by 0-10, with 10 indicating the best performance, and 0 indicating the worst performance. For example, the secondary-level indicator weight of economic scale is 100. If the weighted total score of a country's third-level economic scale indicators is 80, then its graphic score is $80/100 \times 10 = 8$. However, there is no difference between the weightings of secondary-level indicators.

in Singapore. The credits provided by Singapore's domestic financial institutions accounts for 140.8% of GDP and foreign exchange reserves are USD288 billion. Due to the high degree of financial openness in Singapore, the ratio of external debt to GDP is also high, at 448.6%.

Political risk is low. In political stability and legal environment, Singapore's score is the highest among BRI countries. This is due to Singapore's sound legal system and mature political management system.

Sovereign risk is low. According to the latest Moody's sovereign credit rating, Singapore is rated Aaa, the highest possible credit rating. Singapore's public debt is quite high, accounting for 110% of GDP. However, considering developed countries' debt levels are generally higher than those of emerging markets, and Singapore's overall economic situation is positive and its repayment ability strong, debt risk is quite small.

Business environment risk is low. Singapore has a relaxed business environment for local and foreign institutions, and has a comparative advantage in corporate income tax and entry barriers. The entry difficulty score for foreigners is the second lowest in the world. Singapore has demonstrated excellent standards in all areas. The cost of establishing a company is equivalent to just 0.4% of per capita national income. The government strongly supports foreign greenfield investments and M&A investments, among other channels, and related processes and regulations are sound. On the whole, Singapore has one of the best foreign investment environments among BRI countries and indeed the world.

Foreign exchange risk is relatively minimal. The SGD-USD exchange rate is quite stable, and exchange rate

fluctuations in 2017/18 were negligible. The exchange system for the Singapore dollar and foreign currencies is very liberal. According the Chinn-Ito Financial Openness Index, Singapore's foreign exchange freedom index is 1.0, ranking first among BRI countries. As a mature global financial center, Singapore's financial system and management are paragons for the whole international market.

(5) Key Industries

Among the key BRI industries, Singapore's IT, transportation and manufacturing industry are developing well, whereas agriculture and energy are relatively weak.

IT: Singapore's IT is well-developed with a high degree of digital product penetration. The network penetration rate is as high as 84.5%, with a wide spread of comprehensive IT and solid industry foundations. High-tech products account for 48.8% of GDP. The government's Smart Nation 2025 program is dedicated to developing a smart country driven by IT.

Transportation: Singapore has a developed transportation industry with convenient facilities. It is an essential international transit hub and aviation center connecting Asia, Europe, Africa and Oceania. In 2017, the passenger volume of Changi International Airport was 62.22 million passengers, cargo volume was 2.13 million tons, and the number of aircraft exceeded 370,000. Singapore is also one of the busiest ports among major global and Asian transit hubs, with more than 200 routes connecting over 600 ports about the world. The port handled 630 million tons of freight and 36.67 million standard containers in 2017. Singapore's domestic railway is developed; as of the end of 2017, total railway length was 228.4 km, including 199.6 km of subways and 28.8 km of light railways.

Manufacturing: Manufacturing is an important part of the Singapore economy, accounting for 18% of GDP. In 2017, affected by strong demand for global semiconductors and related equipment, Singapore's electronics industry grew strongly with a production value of SGD124.85 billion, 40.9% of total manufacturing output. In 2018, British home appliance manufacturer Dyson announced plans to establish an electric car manufacturing plant in Singapore by 2020, expecting to launch its first electric car in 2021.

Energy: Singapore has limited land area, few resources and a lack of energy resources. Recently, Singapore has relied on the locational advantages in the Strait's oil channel to vigorously develop its refining industry. In 2006, China Petroleum International (Singapore) Co. and Singapore Xinlong Group built Huanyu Oil Depot, including 73 tanks with total storage capacity of 2.28 million cubic meters and 12 berths ranging from 5,000 tons to 300,000 tons on Jurong Island. In September 2014, Singapore built the first underground oil storage facility in Southeast Asia on Jurong Island.

Agriculture: Limited by its restricted land and water resources, 90% of Singapore's agricultural products are imported. Agriculture accounts for a relatively small proportion of the economy. In response to this, Singapore has adopted a typical urban agriculture model, focusing on the development of modern, intensive agro-technology parks. There are six agro-technology parks in Singapore, which are dedicated to increasing agricultural output by applying cutting-edge technologies.

2) Philippines

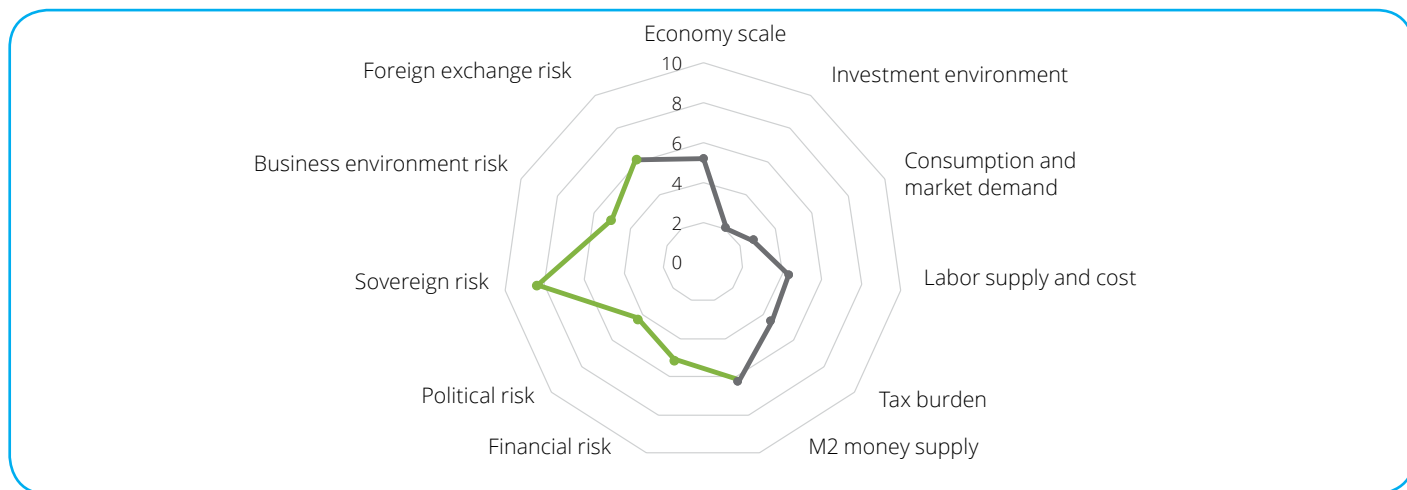
(1) Investment Advice

Overall, investing in the Philippines is moderately attractive. The Philippines has a high macroeconomic attractiveness score and performs well on the scale of its economy, labor

supply and cost, although there is still room to improve its tax burden. Its investment risk score is moderate. Scores for business environment risk and political risk are low. The favorable factors in the Philippines include obvious advantages in

human resources, broad prospects for domestic demand, abundant resources and energy, and preferential tariffs from Europe and the United States. Investors should focus on areas such as manufacturing, agriculture and the IT.

Figure 25: Philippines Investment Attractiveness Score



(2) Country Profile

The Philippines is located in Southeast Asia. The North is opposite Taiwan across the Baha Channel. The south and southwest is opposite Indonesia and Malaysia, separated by Sulawesi and the Balabac. The West is adjacent to the South China Sea, and the east coast is linked to the Pacific Ocean. The Philippines covers an area of about 300,000 km² and has more than 7,000 large and small islands (including 11 major islands including Luzon Island, Medan Island and Samar Island, accounting for 96% of the country's total area and a coastline of 18,533 km). The landforms of the Philippines are complex and diverse, with mountains, plains, plateaus, canyons, lakes, rivers, volcanoes, grasslands and forests. Mountain areas account for two-thirds of its total area. The Philippines has a tropical rainforest climate with high temperatures and humidity, as well as typhoons. The annual average temperature is about 27 °C.

The total population of the Philippines is 110 million (2018), of which 85% are Malays. Other groups include Tagalog, Yilo and international immigrants. The Philippines' national language is Filipino, based on Tagalog, and the official language is English.

(3) Macroeconomic attractiveness

The Philippine economy is generally well-developed and ranks high among BRI countries. Its scale, its score is quite high. With a GDP of USD313.6 billion, the average annual growth rate over the past five years has been over 6%. It is expected to maintain an average annual growth rate of 6.5%, and its total economic volume is comparable to that of Singapore. However, due to the large population of the Philippines, per capita GDP in 2018 was only USD3,198.

The investment environment indicator score is high. In 2017, total FDI was USD10.1 billion, and investment in fixed assets was about USD89.6 billion.

Its consumption and market demand, its score is mid-range. The Philippines is an export-oriented economy and has a strong dependence on Western countries, especially the United States. In 2017, total import and export volume accounted for 71.8% of GDP. The Philippines has the world 12th largest population, with average annual population growth of nearly 1.9%, the fastest population growth rate in Asia. Residents have strong willingness to consume. In 2017, household consumption expenditure was USD230.4 billion, 73% of GDP. (The population distribution in the Philippines is very uneven due to regional development differences. Cities with higher population density such as Manila are the main drivers of domestic demand.) In the past year, the inflation index of the Philippines has grown healthily, at 2.9%. In summary, the prospects for the consumer market in the Philippines are considerable.

As for labor supply and cost indicators score is comparatively high. The Philippines has a large, cheap and highly educated workforce. Some 80% of the population are fluent in English, with a literacy rate of 94.6%, which is among the best in Asia. In 2017, the Philippines had a working population of about 45 million and the unemployment rate was 1.9%, both in a reasonable range. The labor market has rich supply and its talent is obvious. It can not only meet the needs of labor-intensive industries, but also attract high-end industries.

The tax burden score is quite low. Based on World Bank statistics, the tax rate on commercial profits is about 42.9%, which can be considered a tax burden. However, for exporting industries, there is still a great attraction to investing in the Philippines: the United States and the European Union give corresponding preferential tariff treatments to Philippine exports. In particular, since 2015 the EU has granted GSP+ treatment to the Philippines, allowing more than 6,000 products to be exported to the EU with zero tariffs.

Its M2 money supply indicators score is quite high. Philippines' M2 accounts for 79% of GDP, growing at about 11.4%. The national interest rate difference between loans and deposits is 3.8%. The Philippines is relatively friendly to foreign investment.

(4) Risk Indicators

Financial risks are moderate. The Philippine Bank's risk assessment is at 0.4. Credit provided by domestic Philippine financial institutions accounts for 66.3% of GDP. Its foreign debt to GDP ratio is 22.1%, and foreign exchange reserves are about USD77.9 billion.

Political risk are comparatively high: the Philippines' political stability and legal environment scores are low. On one hand, in 2018, 22 judges of the Philippine Constitutional Advisory Committee passed the final version of the draft Federal Constitution, which proposed to change the Philippine polity from a single presidential system to a federal system. On the other hand, friction between the Philippine government and anti-government armed forces has escalated, and the number of casualties in conflicts in some areas has risen.

Sovereign risk is generally low-to-medium. Moody's, the Philippines' national sovereign credit rating is Baa2, and its outlook is stable. Public debt accounted for 33.2% of GDP, and its fiscal balance deficit was 2.2%.

Business environment risk is medium to high, which is an improvement from the previous year. The Philippines has imposed restrictions on foreign-funded public utilities, natural resource development and land ownership, as well as on the proportion of shares foreigners can hold in companies in other industries. Due to redundant tax categories, high tax rates, high electricity prices and monopoly of raw materials, establishing and operating foreign-funded enterprises is relatively costly. Meanwhile, administrative efficiency is not high, with cumbersome procedures. It can take 962 days for legal proceedings to fulfill. In 2018, the Philippines strengthened compliance reviews of cross-border trade, including increased import inspections, which will extend import time. At the same time, the Philippines launched the Ease of Doing Business and Efficient Government Service Delivery Act of 2018 (Ease of Doing Business Act), aiming to improve the business environment, including streamlining the company's post-registration process (including tax registration and social security registration), protecting the rights of minority shareholders and improving the risk management process for building construction.

Foreign exchange risk is moderate. The exchange rate between the local currency and the is quite stable, however the degree of foreign exchange freedom is relatively poor. According to The Chinn-Ito Financial Openness Index, freedom of foreign exchange in the Philippines is 0.5.

(5) Key Industries

Due to the abundant labor resources of the Philippines and its natural environment suitable for agricultural development, manufacturing, IT and agriculture are key industries with high investment attraction in the country.

Manufacturing: Ramon Lopez, the Secretary of the Department of Trade and Industry, stated at the end of 2016 that manufacturing is gradually becoming the main growth driver of the Philippines' economy and is expected to replace labor exports as the country's main income source. The manufacturing industry is growing faster than the service industry. In 2017, the average manufacturing growth rate was 8.6%. Finished products are mainly light industrial products such as electronics and food, accounting for nearly 60% of the output of the manufacturing industry. The Philippine IPP (Investment Priority Plan) 2017-2019 removed regional restrictions on subsidies for some industries and further promoted the development of manufacturing. In the old version, only the agricultural processing industry in Mindoro, the Muslim Autonomous Region of Mindanao, and Palawan enjoyed subsidies. This type of regional restriction was eliminated in the new investment priority plan.

IT: This is the primary income source for the Philippines. The fast-growing IT can be attributed to the hundreds of new companies in the country. The main drivers are business process outsourcing, software development, internet services, communications and educational institutions. In 2017, the proportion of high-tech products to industrial products exported by the Philippines was 55.1%, second only to Singapore and Malaysia in BRI Southeast Asian countries.

Agriculture: Forestry and fisheries play an important role in the Philippine economy. Seventy percent of the population live in rural areas. Two-thirds of them depend on agriculture for their livelihoods, and half of the workforce is engaged in agricultural activities. The Philippines has about 1,244 km² of agricultural land, with cultivated land area of about 5.6 million hectares, and agricultural output value accounts for about 9.7% of GDP. The main exports are coconut oil, bananas, fish and shrimp, sugar and its products, and unprocessed tobacco.

Transportation infrastructure: This is a high potential industry for the country. After President Duterte took office, he approved the Philippine Development Plan 2017-2022. Infrastructure investment is estimated to reach 7.4% of GDP by 2022. The government recently announced 75 flagship projects to be carried out or completed by 2022, covering railways, bridges, airports and dams. The Philippines will also work closely with China to start construction of the Kaliva Dam and the Chico River Water Conservancy Project.

3) Laos

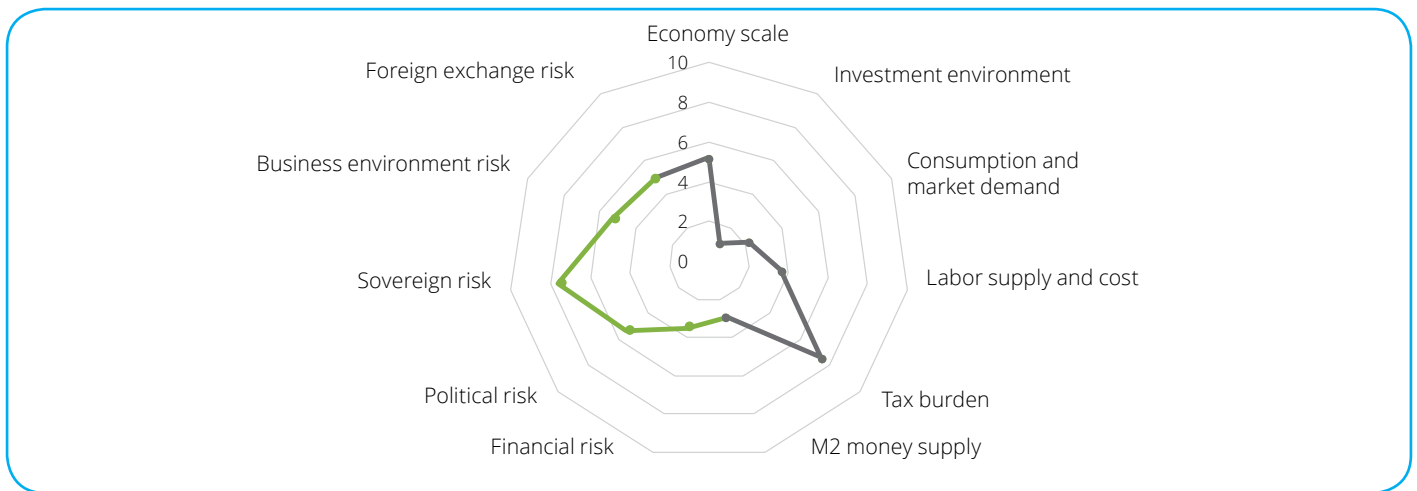
(1) Investment Advice

Laos's Investment Attractiveness Score is low. Macroeconomic attractiveness scored moderately, performing well

in scale of economy and tax burden, but poorly in M2 money supply, consumption and market demand. Investment risk index score is moderate, but financial risk is high and

the business environment score is low. We recommend investors pay keen attention to opportunities in Laos' agriculture sector for its abundant agricultural resources.

Figure 26: Laos Investment Attractiveness Score



(2) Country Profile

Laos is the only landlocked country in the northern part of the Indo-China Peninsula. It borders China to the north, Cambodia to the south, Vietnam to the east, Myanmar to the northwest, and Thailand to the southwest, with a land area of 237,000 km². Laos has a tropical and subtropical monsoon climate with an average annual temperature of about 26°C.

Laos has a population of 6.8 million and is a multi-ethnic, small country. There are 49 ethnic groups in Laos, mainly the Lao-tai group (about 60% of the national population), the Menggao ethnic group, the Sino-Tibetan language group and the Miao-Yao language group. Most Laotians follow Hinayana Buddhism. Buddhists account for approximately 65% of the total population.

Laos abolished its monarchy in 1975, establishing the Lao People's Democratic Republic, officially joined ASEAN in 1997, entered the WTO in 2013, and held the ASEAN presidency in 2016.

(3) Macroeconomic attractiveness

The macroeconomic indicator score is low. The modern exploitation of colonialism in Laos, coupled with its domestic feudal system, the shackles of religious forces and lengthy wars, have seriously hampered economic development.

Laos' scale of economy score is low. Laos had low GDP, reaching USD16.8 billion in 2017, and per capita GDP of only USD2,457, which is only a quarter of China's. In recent years, Laos has been politically stable and its economy has developed rapidly. It has maintained a rapid growth rate of 7% per year. GDP growth is expected will remain at about 7% in the next few years. By 2020, per capita GDP could reach USD3,200. The economy has strong development potential.

The investment environment score is comparatively low, and investment attraction is not advantageous compared to other BRI countries, mainly because of poor infrastructure

that weakens the enthusiasm of foreign investors. However, the Laotian government has increased infrastructure investment over recent years. In 2017, fixed asset investment increased 13% from 2016. At the same time, it has encouraged foreign investment cooperation. In 2017, foreign investment increased by 60% from 2016, and the investment environment is gradually improving.

Consumption and market demand scores are low. Household final consumption expenditure accounts for 65% of GDP, and household consumption expenditure per capita is higher than those of Myanmar and Cambodia. However, due to its limited population, overall household consumption expenditure is lower than those of neighboring countries. The Gini coefficient is 0.5, higher than in China and most Asian countries, indicating a large gap between rich and poor. Imports and exports account for 75.8% of GDP. Laos has a persistent trade deficit, mainly due

to the lack of advanced domestic technology and talent. Exports rely heavily on primary products and resource-based products (low technical complexity), and the main imports are fuel, vehicles, various spare parts and machinery. The inflation rate of 2017 was 0.8%, a sharp drop from previous years', in fact the lowest for nine years, mainly due to policies to attract foreign investment and exchange rate controls.

Labor supply and cost scores are low, positioning Laos at the lower-middle level among Southeast Asian countries. The main reasons are labor shortages and low levels of national education. According to the World Bank, as of the end of 2017, Laos had a labor force of 3.68 million. Only 17.4% of people in higher education age groups in Laos have received higher education. Labor resources are insufficient, and the national education level is low. Therefore, labor quality is generally low, with quantity and quality failing to meet overall market needs.

Tax burden score is quite high. Laos has a reasonable tax burden. World Bank statistics show that the total tax rate on commercial profits is about 24.1%.

M2 money supply score is low, ranking last among BRI countries. Laos' M2 level only accounts for 18% of GDP, and M2 growth declined in 2017. Laos encourages the use of its national currency, the kip, but the kip and the Thai baht can be exchanged and used in the market.

(4) Risk Indicators

Financial risks are higher than in other countries in Southeast Asia, including Myanmar and Cambodia. Laos' banking risk index is 0.6. Banking business in Laos is relatively narrow, and its development is lagging. Support for investment is quite limited. Laos is one of the heavily indebted poor countries identified by the International Monetary Fund. The government's fiscal revenue and solvency are limited. In addition, foreign exchange reserves are low, at only USD1.06 billion, and external payment capacity is weak.

Political risk is moderate. Laos implements a socialist system. The People's Revolutionary Party is the only political party in Laos. The political situation is quite stable, and there should be no threats of instability that might endanger it in the short term.

Sovereign debt risk is moderate. Moody's, Standard & Poor's and Fitch do not assign a sovereign credit rating to Laos. According to National Risk Analysis 2018, Laos has a mid-high national risk rating and a moderate sovereign credit risk rating. Public debt accounts for 64.7% of GDP and it has a fiscal deficit of 5.6%.

Business environment risk is moderately high, but the overall business environment has improved from previous year. In 2018, the country mainly improved customs clearance processes. Laos performed worse than surrounding Southeast Asian countries in ease of foreign companies entering the market, difficulty in fulfilling contracts, establishment costs and government efficiency. The average time required to enforce a contract exceeds 828 days; it takes 174 days to establish a new enterprise, and the cost of establishing a new enterprise is equivalent to about 6.6% of per capita gross national income.

Foreign exchange risk is high. The main reason is a low degree of freedom of foreign exchange. The Chinn-Ito Financial Openness Index gives Laos a score of 0.2, similar to Thailand and Sri Lanka. Laos has a managed float exchange rate mechanism that sets a reference exchange rate each day, allowing commercial banks and foreign exchange administrations to float within $\pm 0.3\%$. In the past few years, the exchange rates of the Laotian currency have shown a steady uptrend, and there is no large risk of foreign exchange fluctuations.

(5) Key Industries

Laos scores highly in agricultural investment, but lower in the manufacturing, IT, transportation, and energy industries.

Agriculture: Investment prospects are bright. Laos has good agricultural resources and has three major positive characteristics: First, it has abundant arable land, at about 8 million hectares, with agricultural land of about 4.7 million hectares, and the soil is fertile. Second, the population density is low, with only 27 people per km². Third, excellent climatic conditions, adequate sunshine and abundant rainfall, which are extremely suitable for the cultivation of food, cash crops and tropical fruits. Laos' main crops include rice, corn, potatoes, coffee, tobacco, peanuts and cotton.

Agriculture is a key area in which the Laos government encourages foreign investment and promotes cooperation with China. China has advantages in agricultural capital, technology, and management, as well as a large domestic consumer market. China and Laos have strong synergies in agriculture. In recent years, China and Laos have continued to deepen cooperation in this sector. For example, the Sino-Lao Joint Statement

signed in 2016 said the two countries should increase communication and focus on promoting trade cooperation in pollution-free agricultural products, crop breeding, agricultural machinery and biomass energy research and development. In addition, the China-Laos railway has driven agricultural cooperation and the construction of agricultural parks along its route, including the Yunnan-Udomi Agricultural Science and Technology Demonstration Park and the Chongqing (Laos) Agricultural Comprehensive Park. Grain crop mechanized planting, green organic agricultural products, wood processing and renewable biogas energy have strong investment and cooperation potential.

Manufacturing: This has some potential future room. Current manufacturing value added is low. Recently, exports of semi-finished electronics, telecommunications and electrical equipment products from Laos have increased, and key manufacturing industries such as garment plants and electronic equipment assembly companies have set up production bases in Laos. Driven by exports of electronics, telecommunications and electrical equipment manufactured in special economic zones such as the Savan-Seno Special Economic Zone, Vientiane Industrial and Trade Park, the total value of manufacturing exports has nearly tripled in the past five years, from USD270 million to USD780 million. Meanwhile, the establishment of the AEC (ASEAN Economic Community) in 2015 strongly promoted regional integration, providing Laos with more opportunities to participate in the regional manufacturing chain, creating possibilities for production diversification. The manufacturing industry is expected to improve continuously.

Energy: The market has great potential. The energy industry score for 2018 is lower than for 2017, mainly due to a slowdown caused by the collapse of the Xe-Pian Xe-Namnoy power plant's saddle dam. Laos has abundant water resources. There are more than 20 rivers totaling more than 200 km in the country, with more than 60 power-rich hydropower stations. The Mekong River, an important river in Southeast Asia, exceeds 1,900 km. In recent years, many Chinese companies have invested in hydropower projects in Laos. For example, China Heavy Machinery Co. has built the Nan Ngum 3 hydropower station in Laos with an installed capacity of 480 MW and a contract value of USD1.29 billion.

Transportation infrastructure:

There are plenty of development opportunities here. Laos is a landlocked country with poor infrastructure, especially in highways and railways. It only has 3.5 km in railways. The 414 km China-Laos Railway will be completed by 2020.

4) Nepal

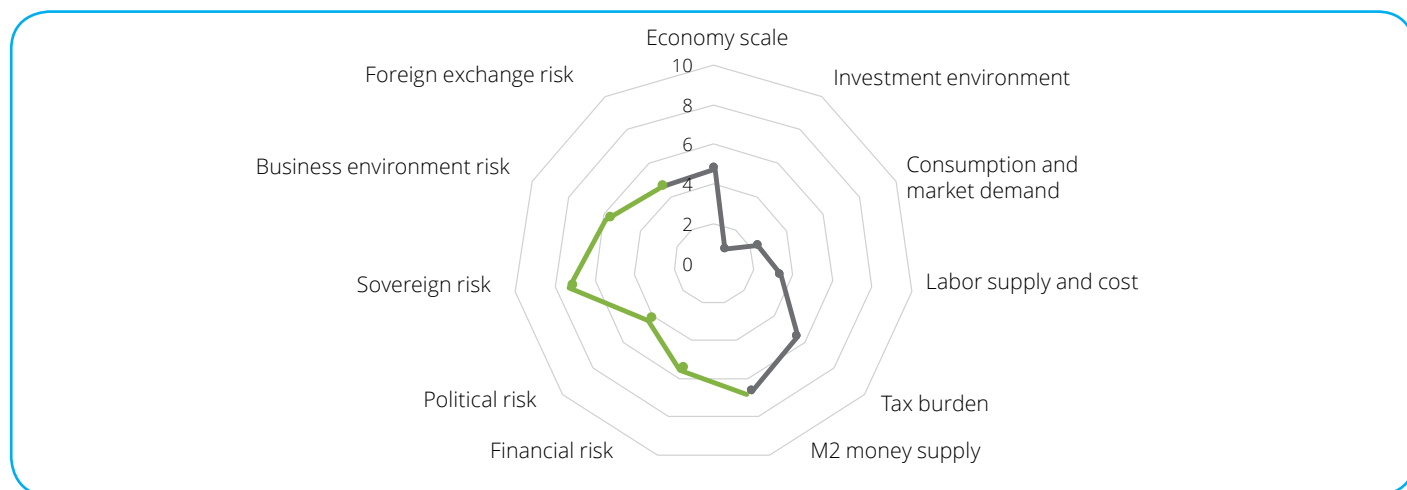
(1) Investment Advice

Overall, Nepal's investment landscape is less attractive than average. Its macroeconomic attractiveness score is generally low. Its investment risk

index score is low so risk is high. Nepal is an agriculture-dependent country, but its agricultural technology is not advanced. We recommend investors consider investing in agricultural technology imports to

Nepal. Meanwhile, transportation infrastructure has some space for development, therefore infrastructure investment in Nepal's transportation sector has room for expansion.

Figure 27: Nepal Investment Attractiveness Score



(2) Country Profile

Nepal is a landlocked country in mountainous regions of South Asia, covering about 147,000 km². It is located in the southern foothills of the Himalayas, bordering China's Tibet to the north and India to the east, west and south. There are a huge number of mountains in Nepal, earning it the moniker Mountain Country since ancient times. Mount Everest (called Sagarmatha in Nepal) is on the Sino-Nepalese border, highest in the north and lowest in the south. Nepal's height differences are a rare phenomenon. Nepal is divided into three climatic regions: the northern high mountainous temperate zone, the central temperate zone and the southern subtropical zone. The lowest temperature in winter is -41 °C and the highest temperature in summer can be 45 °C.

The total population of Nepal is 29.3 million. Nepal is a multi-ethnic country with more than 30 ethnic groups including Nival, Gurung and Rye. It also has more than 90 languages,

including Nepali, the national language, and English among the elite. More than 85% of Nepal residents follow Hinduism, and a small number of residents follow Buddhism, Islam and other religions.

Nepal is one of the least developed countries, according to the United Nations. It joined the WTO in 2004 and is a founding member of SAFTA (the South Asian Free Trade Area) and BIMSTEC (the Bay of Bengal Multi-sector Economic and Technical Cooperation Initiative). A huge earthquake hit Nepal on 25 April 2015, devastating the country's economy.

(3) Macroeconomic attractiveness

Nepal's score for economic scale is low and the macroeconomic level is weak. Nepal is one of the 48 least developed countries as identified by the UN. Its GDP in 2017 was USD24.08 billion, with per capita GDP of USD849. The Nepalese economy relies heavily on external funds, and one-third of the state's budget comes from foreign donations and loans. In the past

few years, Nepal's economic growth rate has been 7%-8%, and growth is expected to reach 5.3% per year in the next three years.

The investment environment score is low, mainly because Nepal's infrastructure is very undeveloped and there is insufficient investment in fixed assets. In addition, a 10-year civil war has had a far-reaching impact on the domestic environment and has greatly weakened its attractiveness for foreign investors. India is the largest source of FDI in Nepal, but China is catching up.

In consumption and market demand, its scores are relatively low. Nepal's overall price level is low. As a landlocked country, its trade deficit is huge, and manufactured goods are heavily dependent on imports. The main imported products include fuel, machinery and automobiles, mostly from India and China. Its scores in labor supply and cost are low. On the whole, Nepal has a large pool of labor and low labor prices. The labor force is mainly farmers and urban poor who are engaged in heavy physical labor.

According to the World Bank, the unemployment rate was 2.7% in 2017. The number of unemployed people in Nepal decreased from 2016. There are not many local job opportunities. As a result, labor exports to foreign countries increase rapidly each year, and the main importing country is India.

Its tax burden score is mid-range-low and Nepal has a high tax burden. Based on World Bank statistics, the total tax rate on commercial profits is about 36.7%.

Its M2 money supply score is mid-range. Nepal's money supply is positive, with M2 accounting for 104.1% of GDP, and its growth rate is about 12.0%. The national interest rate difference between loans and deposits is moderate at 5.8%.

(4) Risk Indicators

Financial risks are moderately low, but are some of the highest among Southeast Asian countries. The 2017 Banking Risk Assessment Index is 0.4, lower than most Southeast Asian countries, including Thailand and the Philippines. In 2017, the credits provided by Nepal's domestic financial institutions accounted for 85.7% of GDP. Foreign debt accounted for 17.2% of GDP (a new low since 2006), and total foreign exchange reserves were about USD9.3 billion.

Political risk is high. Nepal abolished its monarchy and implemented a multi-party, republican system in 2008. The political situation is quite turbulent, and the security situation relatively unstable. In many areas, including the capital, there were frequent demonstrations and strikes, which sometimes escalated into riots. Its political risks mainly come from party struggles, ethnic and religious contradictions and terrorist activities.

Sovereign risk is high. Moody's, Standard & Poor's and Fitch have no Nepal sovereign credit rating. According to National Risk Analysis 2018, Nepal has a quite high national risk and sovereign credit risk.

Business environment risk is low and has improved since the previous year. In 2017/18, Nepal sought to improve the business environment through amending its labor law, modifying employment rules, trial periods, introducing an overtime mechanism, sick leave, and maternity leave. The main purpose was to protect the rights of informal workers who account for 96% of local workers. To attract more foreign investment, the Nepalese government is committed to improving the investment environment, legal system and regulations, enhancing the transparency of laws, and implementing preferential investment policies.

Foreign exchange risk is moderately high. The Nepalese currency is the Nepalese rupee (NPR) and has low freedom of foreign exchange. Maintaining a fixed exchange rate with the Indian rupee, exchange rate depreciation risk mainly arises from fluctuations of the Indian rupee against the US dollar.

(5) Key Industries

In the five key industries mentioned in the BRI, Nepal has a quite high agricultural score, while a low score in manufacturing, energy, IT, and transportation infrastructure.

Agriculture: The agricultural population accounts for about 80% of the total population, and agriculture is Nepal's most important industry. The country has limited but fertile farmland: southern Nepal is a fertile alluvial plain with dense forests and vast grasslands, and is an important

agricultural economic zone in Nepal. According to Nepal's economic overview for the 2017/18 fiscal year, the agricultural growth in 2017-18 fiscal year was 2.9%, accounting for 29.2% of GDP.

Energy: Nepal's electricity supply is very tight, and only 40% of the country's population can access electricity. However, Nepal has abundant hydropower resources and advantageous terrain, indicating future potential in hydropower development and huge market prospects. It is estimated that Nepal's hydropower reserves are 83 million kilowatts, of which 43 million kilowatts can be used to develop hydropower, yet the current development rate is less than 2%. There are more than 10 large-scale hydropower projects under construction in Nepal with total capacity of more than 1,000 MW. Among them, the Upper Tamakoshi Hydropower plant developed by China Hydropower Construction Group International Engineering Co. has installed capacity of 450MW.

Transportation infrastructure:

Nepal's infrastructure is very underdeveloped. There is currently no railway in the country. The government is actively investing in transportation construction including roads and railways, implying potential development in the future. In April 2016, the Nepalese government announced its strategic plan for the development of transportation facilities for the next five fiscal years (2016/17 to 2020/2021), with the goal of building interconnected transport networks. In 2018, China and Nepal signed a cooperation agreement to build a railway on the border between the two countries that will connect Lhasa in Tibet and Kathmandu, the capital of Nepal. It is expected to be completed in 2022. The Nepal section will start construction in 2020.

5) Malaysia

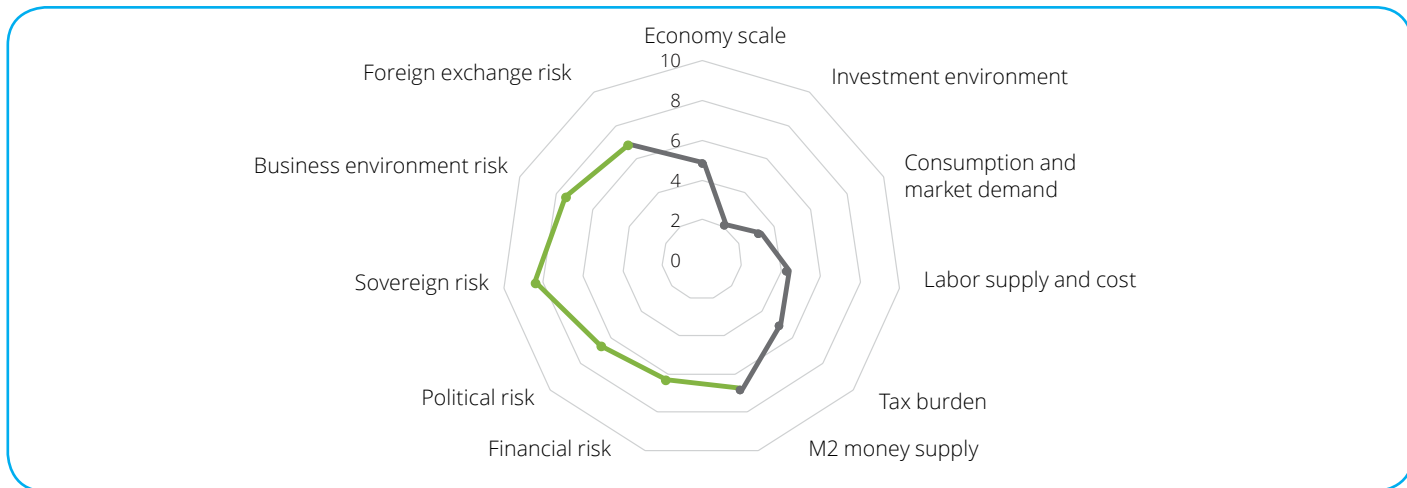
(1) Investment Advice

Overall, investing in Malaysia is attractive. Its macroeconomic attractiveness score is high with strong indicators in investment environment

and M2 money supply. However there are tax burdens. Its investment risk index has a high score, indicating low risk and a good business environment. Malaysia is one of the most attractive countries in Southeast Asia, with an

advantageous geographical location, abundant oil resources, bright economic growth prospects, high quality and low cost human resources. There is a wealth of investable areas. We would focus on IT, manufacturing and transportation infrastructure.

Figure 28: Malaysia Investment Attractiveness Score



(2) Country Profile

Located in Southeast Asia, Malaysia is positioned between the Pacific Ocean and the Indian Ocean. It is divided into east and west regions by the South China Sea. West Malaysia is located in the southern Malay Peninsula, bordering Thailand to the north, Singapore across the Johor Strait to the south, the South China Sea to the east and the Malacca Strait in the west. East Malaysia is located in the northern region of Kalimantan, adjacent to Indonesia, the Philippines and Brunei. With a land area of about 330,000 km² and a coastline of 4,192 km, Malaysia has a tropical rainforest and tropical monsoon climate. It is hot and rainy all year round, with no obvious four seasons. The temperature differences during the year are extremely small. The average temperature is 31-33°C in the daytime and 23-28°C at night.

Malaysia is a multi-ethnic country with a population of 31.62 million, of which Malays account for 61.5%, Chinese

21% and Indians 6.3%. Due to its long-term common life of multi-ethnic people, multiculturalism is established. Malay is the national language, English the common language, and Chinese is also widely used. Islam is the national religion of Malaysia.

Malaysia is a founding member of the WTO and ASEAN. It is also a member of IORA (the Indian Ocean Rim Association), APEC, the Commonwealth, the Non-Aligned Movement and the Organization of the Islamic Conference.

(3) Macroeconomic attractiveness

In macroeconomic terms, Malaysia's economic development is in good shape. After decades of development, Malaysia entered the rankings of middle-income countries in the 1970s. In 2017, Malaysia's GDP was USD314.7 billion, with an annual growth rate of 5.9% and per capita GDP of USD9,951. The economic base is generally solid and expected to grow at a rate of 4.2% in the next three years.

Its investment environment score is high, although the volume of FDI needs to be increased. In 2017, Malaysia's FDI was only USD9.5 billion, accounting for 3% of GDP.

Its consumption and market demand scores are relatively low, mainly due to its low per capita national income, and the limited volume of imports and exports. Malaysia's Gini coefficient is 0.39, and the wealth distribution gap is low among Southeast Asian countries. In 2017, the inflation rate in Malaysia was 3.9%. After sales and service tax was restored in 2018, the inflation rate increased.

In labor supply and cost, its score are high. In recent years, the labor market in Malaysia has been stable. In 2016, the labor force was about 12.78 million. With a high quality, low wage cost workforce, Malaysia has strong relative advantages in labor resources.

Its tax burden score is comparatively high, implying a reasonable tax burden in Malaysia. According to World Bank figures, total tax on commercial profits is about 34.1%.

M2 money supply score is high, suggesting a stable money market. M2 money supply accounts for 133.9% of GDP, growing at 14.6%, and the deposit to loan spread is 2%, conducive to the release effective investment demand.

(4) Risk Indicators

Political risk is moderate. Malaysia is a federal state with a constitutional monarchy, with little political turmoil and harmonious ethnic relationships among its three races.

Sovereign risk is low. As of June 2017, Moody's has a sovereign credit rating of A3 on Malaysia, with a stable outlook.

Business environment risk is low. The Malaysian government has been actively creating a positive business environment, providing full legal protection to foreign interests. Besides, its unique geographical position near the Straits of Malacca, connecting ASEAN, India, and the Middle East, are conducive to attracting and encouraging overseas investors to invest in manufacturing and related service industries. The average time required to enforce a contract exceeds 425 days, new enterprise establishment cost is equivalent to 11.6% of per capita gross national income, and handling government-related matters takes up about 9.8% of senior management's work time.

Foreign exchange risk is low. The Malaysian currency is the Malaysian ringgit (MYR) and the government implements a managed floating exchange rate system. Its foreign exchange controls are moderate, creating an open environment for foreign investment.

(5) Key Industries

Overall scores of several industries are high, especially in IT, manufacturing and transportation infrastructure, which warrant attention.

IT: This is mainly driven by the high proportion of high-tech products to manufacturing exports, at 43%. Electronic and electrical products exports were MYR343 billion in 2017, making it the largest export category and a key investment area for foreign manufacturers.

Manufacturing: Manufacturing is one of the main drivers of Malaysia's economy. The main sectors include electronics, petroleum, machinery, steel, chemicals and automobile manufacturing. In 2017, manufacturing value added accounted for 22.3% of GDP, ranking high among BRI countries. In 2017, manufacturing growth was 6%, higher than the GDP growth rate. At the same time, the minimum wage level for labor in Malaysia is quite moderate, with low labor costs making investment attractive. In manufacturing, foreign investors have since June 2003 been able to hold 100% of the equity in new projects. China was Malaysia's largest source of manufacturing sector foreign investment in 2017,

with an investment of MYR3.9 billion (USD980 million) China has been the largest source of foreign investment in Malaysia for two consecutive years. China's invested projects, including the Two Countries, Twin Park project, Xinyi Glass, Qibin Glass, the CRRC ASEAN Manufacturing Center and Shandong Yanyin Spinning Mill, are progressing smoothly.

Transportation infrastructure:

Malaysia's 2017 Logistics Performance Evaluation Index and Port Infrastructure Quality Index rank are among the best of the BRI countries. Malaysia's existing infrastructure can serve all types of investors. At the same time, the government's future infrastructure plan provides an opportunity for foreign investment and contracts in infrastructure. The 11th Malaysia Plan (2016-2020) includes numerous initiatives for economic and social development over the next five years. Strengthening infrastructure and supporting economic expansion is one of its six strategies. Chinese investments in the plan warrant attention. The Malaysian East Coast Railway, which is being built by China Jiaotong Construction, officially started construction in September 2017. It is the largest railway construction project in Malaysia and an important element of BRI infrastructure construction.

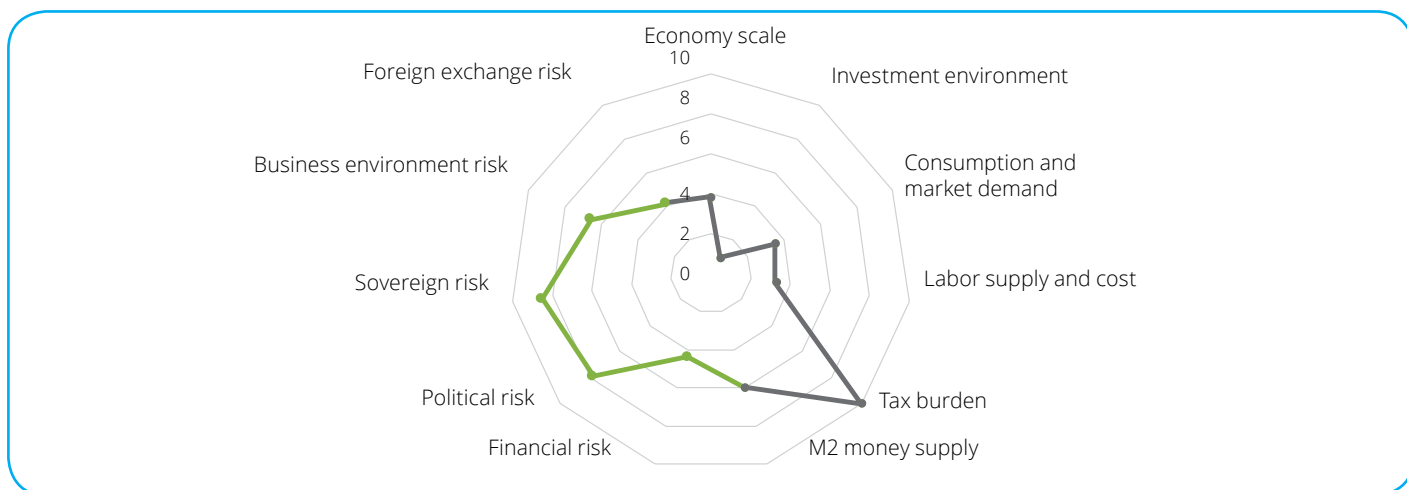
Energy: Malaysia's has abundant oil and natural gas reserves, as well as iron, gold, tungsten, coal and minerals. The Chinese-invested Shandong Hengyuan Group acquired Shell Malaysia Refinery Project and OM Materials Co. Ferroalloy Plant Phase I expansion projects are progressing smoothly.

6) Brunei

(1) Investment Advice

Brunei's investment landscape is not very attractive. Its macroeconomic attractiveness score is low, with small economic scale, insufficient labor and limited investment. Investment risk is moderate. Brunei is an oil and gas exporter. We recommend Chinese companies focus on investment opportunities in the energy sector in Brunei.

Figure 29: Brunei Investment Attractiveness Score



(2) Country Profile

Brunei's full name is Brunei Darussalam, and it is also known as the Brunei Islamic Monarchy. It is located in the northwestern Kalimantan Island, bordering the South China Sea to the north and Malaysia to the east, south, and west. The boundary line between Malaysia and Brunei is 381 km. Brunei has a small land area of about 5,765 km² and a coastline of about 162 km. It has 33 islands, with high terrain in the east and swamps in the west. Brunei has a tropical rainforest climate with high temperatures and rain most of the year. The year is divided into two seasons: dry and rainy. The temperature range in Brunei is 24-33°C, with an average temperature of 28°C.

The population of Brunei is small at about 430,000 in 2017. Malays account for 66%, Chinese for 10%, and other ethnic and foreign populations for 24%. Malay is the national language, the commonly-used language is English, and Chinese is also widely used. Brunei is an Islamic

country with a unique religious culture and customs. Brunei joined ASEAN in 1984, becoming its sixth member. It also joined the WTO in 1995.

Brunei has abundant oil and gas resources. However, other mineral resources are scarcer. Forestry resources are abundant, with a forest coverage rate of over 70%.

(3) Macroeconomic attractiveness

Brunei's macroeconomic attractiveness is quite low, mainly due to the small scale of its economy, slow growth and its investment status.

The score for scale of economy is low. In 2017, Brunei's GDP was USD12.1 billion, up 1.3% from 2016 (GDP growth contracted from 2013-16). It is expected to grow at 1%-1.5% in the next three years, with no large fluctuations. Oil and gas are the mainstay of Brunei's economy, with production accounting for about 53% of GDP. The contraction in GDP growth of recent years was mainly due to declines in oil and gas production.

To realize its national economic transformation, Brunei decided to build a refinery and chemical integration base and transform crude oil processing into higher value-added products such as gasoline, diesel and kerosene. However, more than 90% of Brunei's crude oil comes from the sea, and it would be difficult to lay a submarine pipeline that meets refining needs with the current construction technology available in Brunei. China intends to work with Brunei to help it achieve industrial transformation through technology exports.

Its investment score is low. In 2017, FDI was only USD470 million, or just 3.9% of GDP. Fixed asset investment was only USD4.85 billion.

Brunei has quite high consumption and market demand scores. Its per capita GDP ranks among the highest in the world. In 2017, per capita GDP was about USD28,000, 4.3 times Thailand's and 2.8 times Malaysia's. Its Gini coefficient is 0.34, and wealth distribution is generally even. Inflation

is low, having remained below 1% for many years. In 2017, Brunei's import and export volume accounted for 85% of its GDP, mainly from industrial equipment, agricultural products and necessities.

Its tax indicator score is high. Based on World Bank data, the total tax on commercial profits is about 8%, making it the lowest tax-paying jurisdiction among BRI countries.

Brunei's labor supply and cost score is low. The shortage of local labor resources in Brunei is mainly due to its limited population. In 2017, the labor force of Brunei was 230,000, and the proportion of foreign workers was high. According to statistics from the Brunei Labor Bureau, the proportion of foreign workers in 2014 was 27.5%. The unemployment rate in Brunei in 2017 was quite high at 7.1%, mainly because of the heavy losses of state-owned oil and gas enterprises, which employ the most people. This led to a rising youth unemployment rate.

(4) Risk Indicators

Financial risk is moderate. Its Banking Risk Assessment Index is 0.4, which is higher than more developed Southeast Asian countries'. Brunei's external debt accounts for a low proportion of GDP, at 2.4%, and overall risk is controllable.

Political risk is low. Brunei has a reputation as a peaceful state, with a stable political situation and safe living environment.

Sovereign risk is low. Brunei's sovereign credit rating is Aa2, and the ratio of public debt to GDP is low. However, due to its fiscal deficit, there are still certain risks, although they are controllable overall.

Business environment risk is low, with a strong ranking among BRI countries. Brunei's infrastructure is highly developed and broad radiation to neighboring countries. The government welcomes and encourages foreign investment, and attempts to create a positive business and investment environment. The average time required to enforce a contract is 540 days. New enterprise establishment costs are equivalent to only 1.2% of per capita gross national income. Senior management spend about 10% of their working hours dealing with regulatory matters. In 2018, Brunei improved its business environment by simplifying the establishment process, accelerating the application process for housing power supply, and improving the transparency of credit rating information.

Foreign exchange risk is low. The Brunei currency is the Brunei dollar. According to the currency swap agreement between Brunei and the Singapore government, the Singapore dollar and Brunei dollar are in circulation at BND1:SGD1.

(5) Key Industries

Among the five BRI key industries, energy, transportation infrastructure and IT have high scores, agriculture's score is moderate, and manufacturing's score is low.

Energy: According to the BP Statistical Review of World Energy 2018, Brunei has proven oil reserves of 1.1 billion barrels and 300 billion cubic meters as at the end of 2017, both accounting for 0.1% of the global total. In 2017, Brunei produced 113,000 barrels of oil a day. The Brunei government is exploring new oil and gas areas, and has adopted a control policy over exploitation. In 2018, the energy industry score rose

66% compared from 2017's level. At the same time, excessive reliance on oil and gas resources has led to a single economic structure in Brunei. In recent years, Brunei has been attracting foreign investment, actively promoting industrial transformation, and vigorously supporting the development of non-oil and gas fields. However, the results are ambiguous, with no significant growth yet evident.

Transportation infrastructure:

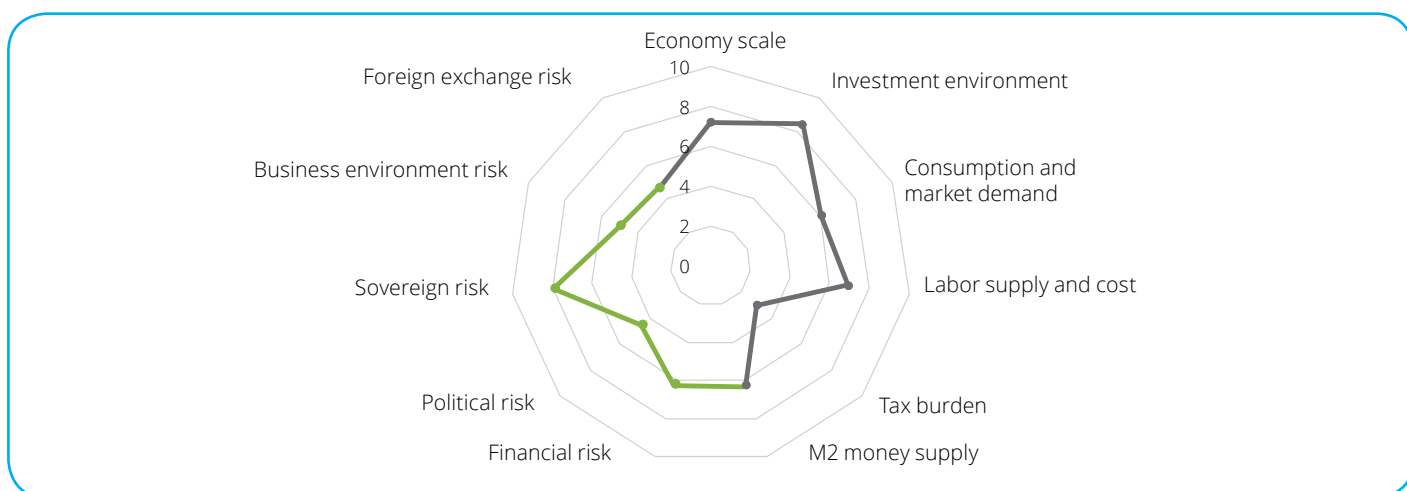
As a transportation hub in Southeast Asia, Brunei has convenient ports and developed land transport. It is one of the countries with the highest proportion of private vehicles in Southeast Asia. Recently, government has continued to attach great importance to infrastructure construction and development, and connections with neighboring countries. There is an expressway under construction, and bidding on some other large-scale infrastructure projects has begun. In 2014, the Brunei government issued the Land Transport Master Plan for Brunei Darussalam, signaling it will develop interconnections with neighboring countries, improve infrastructure and develop public transport. In June 2016, the 18.6 km Trisai-Lumu Expressway, built by a Chinese company in Brunei, was opened to traffic. The bridge connecting Pulau Muara Besar with Brunei's mainland was built by the China Harbor Company. This was completed on May 18 2018 and is of great significance to Brunei's efforts to attract investment.

7) India

(1) Investment Advice

In general, investment in India is very attractive. Its macroeconomic attractiveness score is high, and all indicators are excellent except for tax burden. Its investment risk index score is low and the business environment is poor. Chinese enterprises should invest mainly in labor-intensive and service-oriented industries, focusing on agriculture, energy and IT.

Figure 30: India Investment Attractiveness Score



(2) Country Profile

India is one of the four ancient civilizations of the world and the largest country in South Asia, with its area of 2.98 million km² (excluding the China-India border and zone controlled by Kashmir), also ranking seventh in the world. The northeastern part borders China, Nepal and Bhutan, the east is bordered by Myanmar, the southeast is adjacent to Sri Lanka across the sea, and the northwest is bordered by Pakistan. The country is also bordered by Bengal Bay to the east and the Arabian Sea to the west, with an 8,000km coastline. India has a tropical monsoon climate, although temperatures vary with altitude. The year can be divided into cool (October to March), summer (April to June) and rainy seasons (July to September).

According to the World Bank, India's total population in 2017 was about 1.33 billion, ranking second worldwide. India is a multi-ethnic, multi-religious country with more than 100 ethnic groups, of which the Hindu population

accounts for 46%. The world's major religions all have believers in India, of which Hindus and Muslims account for 80% and 14% respectively. Hindi is the most widely spoken language in the country, used by about 30% of the population; followed by English, which is a national lingua franca, primarily in political and business activities.

(3) Macroeconomic attractiveness

India's scale of economy is high. It is one of the fastest growing countries in Asia, and the world. In 2017, GDP reached USD2,600.8 billion, increasing by 7.3%. It is expected to maintain economic growth of over 7% in the next three years.

Investment is attractive with quite high score. In 2017, India's FDI reached USD40 billion, second only to Singapore among BRI countries. In 2017, its fixed asset investment was more than USD800 billion, again ranking first among BRI countries and about 2.5 times the second-ranked nation, Indonesia.

Its consumer and market demand score is high, mainly thanks to India's large population base and high final household consumption expenditure. This means the domestic consumer market demand is very strong. India's Gini coefficient is 0.42, and the distribution of wealth still needs further improvement. The inflation rate in 2017 was 3.3% and certain inflation risks.

Its labor supply and cost score is comparatively high. The main reasons are its large amount of cheap labor, making India a large labor exporter. In 2017, the local labor force reached 530 million. However, in contrast to its rapid recent economic development, India still lacks high-quality talent and skilled workers.

Its tax burden score is low. India is among the countries with the highest tax burdens in the world. Total tax on commercial profits is 52.1%, a quite high level among BRI countries.

Its M3 money supply score is quite high. The ratio of M2 to GDP is 76%, and the growth rate remains at about 10%.

(4) Risk Indicators

Financial risks are low. The ratio of foreign debt to GDP is less than 10%, and foreign exchange reserves are abundant. India's main financial risks are in the banking industry, with a risk assessment index of 0.5. In 2018, due to the problems with the banking mechanism, India experienced a non-performing loan and bad debt crisis.

Political risk is high. India is a gathering place for all religions, including Islam, Hinduism, Christianity, Buddhism and Judaism. Differences in religious beliefs have led to frequent sectarian conflicts, especially between Islam and Hinduism. Terrorism and separatism in India has led to decades of extreme violence from the northeastern part of the country to the Indian-controlled Kashmir region. In addition, social security in some areas is poor with high crime rates, especially in the northwest, northeast and east. Sovereign risk is low. Moody's latest sovereign credit rating for India is Baa2. The ratio of public debt to GDP decreased in 2017 from the previous year. Although a fiscal deficit exists, the overall risk is relatively low.

India's business environment risk is high. Forcing the fulfillment of contracts takes more than 1,400 days, and the cost of new businesses has reached the equivalent of 14.4% of per capita national income. However, the business environment has improved significantly in 2018. The main reasons are: the Indian government has significantly shortened import and export filing processes; optimized the access process for building construction; reduced electricity

prices; strengthened the credit system; replaced multiple indirect taxes with a single indirect GST (Goods and Services Tax) and simplified the tax system; and enacted the bill to regulate weekend labor, overtime and annual leave.

Exchange rate risk is high. Indian currency is the Indian rupee and it is based on a single exchange rate system. India's foreign exchange management system is still relatively strict, with many restrictions on foreign currency exchange, remittances and account opening.

(5) Key Industries

Among the five BRI key industries, energy, agriculture and IT industries scored highly, and the manufacturing and transportation infrastructure ratings were moderate.

Agriculture: India is one of the world's largest grain producers, with one-tenth of the world's arable land (160 million hectares and 0.2 hectares per capita). Rural residents account for 72% of the total population. The main food crops are rice and wheat. The main commercial crops are oil, cotton, jute, sugar cane, coffee, tea and rubber. The government supports agriculture by improving water resource management efficiency, irrigation systems and fertilizer use. The government is also increasing investment in agricultural technology research and development, continues to promote the reform of land property rights, and improve logistics systems, to provide more market opportunities for small farmers and increase financial support for agriculture.

Energy: India has abundant mineral resources, including bauxite reserves that rank fifth in the world. Mica exports account for 60% of the global total, but important strategic resources, such as oil and natural gas, are relatively scarce. The draft of the 13th Five Year Plan sets out a clear strategy for developing renewable energy. The draft sets a goal of increasing renewable energy installed capacity to 175 GW by 2022 (including 100 GW of solar energy and 60 GW of wind power). This means India's solar capacity will increase by 10-fold over 5 years, the average annual growth rate will be about 60%, and wind power capacity will double.

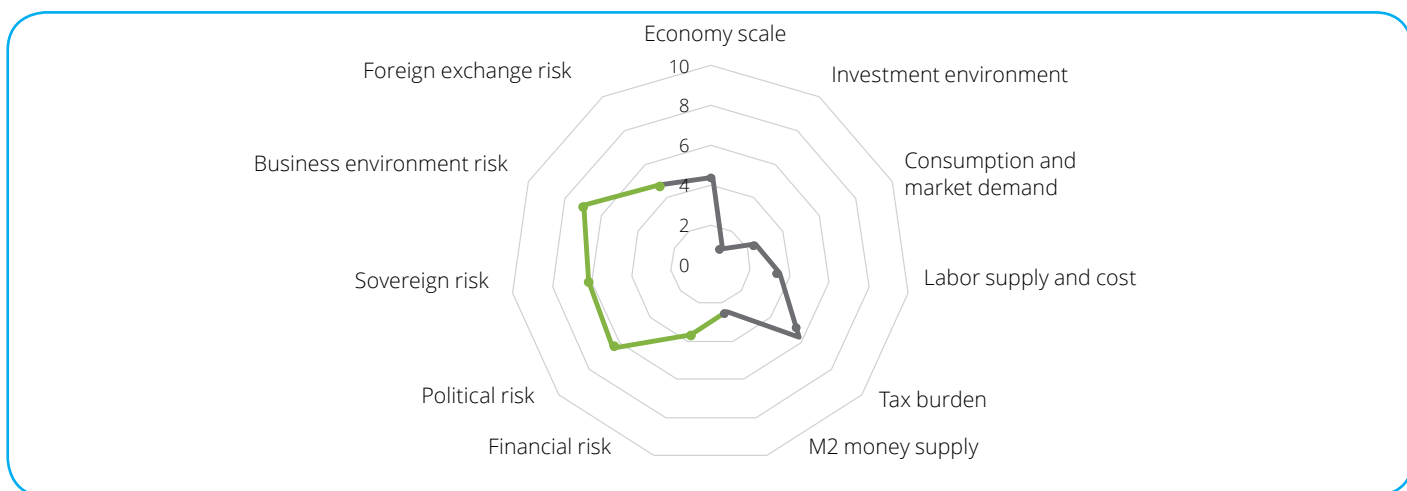
IT: India's IT has obvious advantages and it has become the world's second largest software producer, after only the United States. Recently, with the development of the software service industry, several well-known software service cities such as Bangalore, Chennai, Hyderabad, Mumbai, Pune and Delhi have been formed. In addition, the number of internet users in India has developed rapidly. As of the first quarter of 2017, the total number of internet users in India was 460 million, of which more than 80% of online activity was through mobile phones. Tariffs are relatively low because of the competition between state-owned, private and foreign-funded operators. Services such as mobile banking and agricultural short messages have emerged. There is huge potential for expansion, especially of 3G services and mobile services in rural areas, and gradually popularizing 4G services. Currently, Indian telecom operators provide 4G services in 15 cities.

8) Bhutan

(1) Investment Advice

Bhutan's macroeconomic attractiveness score is low, especially its investment and money supply. Its investment risk score is low, and financial, sovereignty and foreign exchange risk are high. Bhutan's transport situation is poor, but it has certain development potential, and investors can pay more attention to opportunities in this field.

Figure 31: Bhutan Investment Attractiveness Score



(2) Country Profile

Bhutan, located in the foothills of the Himalayas, is known as the Kingdom of Bhutan. It is a small inland country with a border with China to the north and India to the south. It is the least populous country in South Asia and its economy is less developed than others. The land area of Bhutan is approximately 38,000 km².

In 2017, Bhutan had a population of 810,000, 50% of which are Bhutanese, with 35% from the Nepalese ethnic group. Dzongkha is the official language and Tibetan Buddhism is the state religion. The Nepalese ethnic group follows Hinduism. Bhutan is a member of the South Asian Association for Regional Cooperation and the Bay of BIMSTEC and is preparing to join the WTO.

(3) Macroeconomic attractiveness

Bhutan's overall investment appeal is weak.

Its economy scale score is moderate. Bhutan is one of the least developed countries in the world. It opened to the outside world late and this, combined with constrained national conditions, means economic development has been slow. In 2017, GDP was about USD2.53 billion and per capita GDP was about USD3,131.

Its investment attractiveness score is low. In 2017, FDI was almost zero.

Its consumption and market demand, its score is relatively low. Bhutan's urbanization level is low and purchasing power is weak. In 2017, national per capita income was USD2,660. Household final consumption expenditure is low, accounting for 53% of GDP, far lower than in other Southeast Asian countries.

Its labor supply and cost is also low. The labor pool is not large, with only 400,000 individuals in 2017. Most of these are farmers with little formal education, so they cannot work in technical jobs.

Its taxation score is moderate. Bhutan's general tax rate on commercial profits is 35.3%.

Its money supply score is low as well. The ratio of M2 to GDP is much lower than that of other Southeast Asian countries (4.4%). Indeed, M2 growth contracted in 2017.

(4) Risk Indicators

Financial risk is high. Its banking industry risk assessment index is at 0.6, the highest risk among Southeast Asian countries and ranking first alongside Pakistan. Foreign exchange reserves are USD1.1 billion.

Political risk is low. In 2008, Bhutan was converted from a pure monarchy to a constitutional monarchy and it has since maintained close ties with India. Due to its relations with India, Bhutan and China have not yet established formal diplomatic relations and are engaged in territorial disputes. However, relations between the two countries are generally stable and active. Settlement of the border issue will inevitably lead to more communication and the gradual improvement of bilateral relations, as well as more transactions in business and trade.

Sovereign risk is high. Bhutan's sovereign credit rating is B3, indicating high sovereign risk. As of 2017, public debt accounted for 106% of GDP, and there are various risks.

Business environment risk is low. In Bhutan, the registration period for new businesses is just 12 days, and the cost is equivalent to only 3.5% of national income per capita.

Foreign exchange risk is high. The Bhutan ngultrum is fixed to the Indian Rupee, which is also a legal currency in Bhutan. This means foreign exchange risk is similar to that of the Indian rupee. The International Monetary Fund has pointed out that Bhutan's economy is overly dependent on India, presenting certain risks.

(5) Key Industries

Among the five BRI key industries, Bhutan's energy, agriculture, manufacturing and IT industries have moderate scores, while the transportation infrastructure industry has a lower score.

Agriculture: Agriculture and forestry are the pillar industries of Bhutan, supporting more than 90% of the country's population and accounting for 15.7% of GDP. Economic activity is dominated by land farming and aquaculture. About one-third of Bhutan's land is covered by forests, making timber production another important industry in the country.

Energy: Bhutan has sufficient mineral reserves, including dolomite, limestone, marble, graphite, gypsum, coal, lead, copper and zinc. Water resources are abundant, contributing to power reserves of about 30,000 megawatts. Hydropower is a big contributor to the economy (20% of GDP, 30% of exports, and 40% of national fiscal revenue). Almost all of Bhutan's exports are to India, with hydroelectric power representing about 50%. In recent years, Bhutan has sold hydroelectric power to India to boost GDP growth. However, its important energy reserves, such as oil and natural gas, are very small, so the country lacks strategic resources advantages.

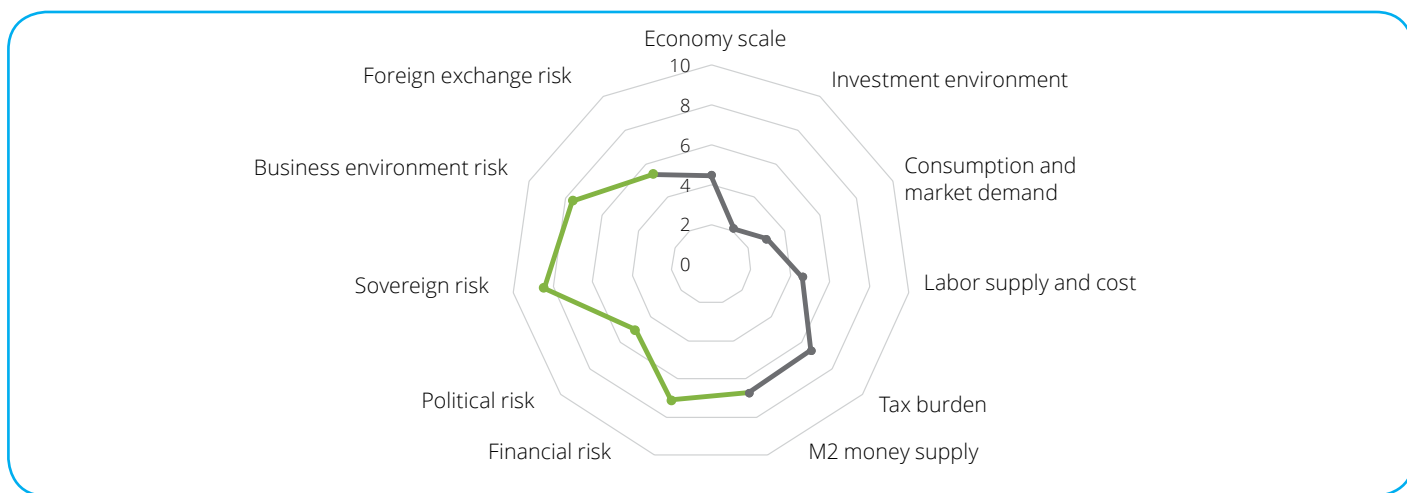
Transportation infrastructure: Due to Bhutan's location in mountainous areas, with deep, horizontal rivers, traffic is extremely inconvenient. At present, the road transport network is basically formed, but air transportation is still relatively undeveloped. In recent years, with the assistance of India, Bhutan has begun to construct a second international airport, Gelephu International Airport, and repaved Paro International Airport. As for highways, the Indian Border Road Building Group has refurbished National Road 31 from Gelephu to Samto Bali. The Bhutanese government also built the Devon-Minjiang road. The transportation industry is expected to have development potential in the future.

9) Thailand

(1) Investment Advice

Overall, Thailand's investment landscape is attractive. Its macroeconomic attractiveness score is quite high, and investment, labor supply and cost and money supply are all excellent. Its investment risk score is high, so risk is quite low, and the business environment is friendly. On the whole, Thailand's agriculture, transportation and manufacturing attractiveness indexes are high, and we recommend Chinese enterprises focus on them.

Figure 32: Thailand Investment Attractiveness Score



(2) Country Profile

Thailand is located in south-central parts of the Indo-China Peninsula. It is bordered by Cambodia, Laos, Myanmar, and Malaysia. It faces the Gulf of Thailand (Pacific) to the southeast and the Andaman Sea (Indian Ocean) to the southwest. It has a tropical monsoon climate and is divided into three seasons—hot, rainy and cool, with an average annual temperature of 27°C. Thailand has a land area of 513,000 km².

In 2017, the total population was 68.31 million. There are more than 30 ethnic groups across the country. The Thai people are the main ethnic group, accounting for 40% of the population. The rest are Laos, Chinese, Malay, Khmer, and mountain peoples. Thai is the national language and the dialect of central Bangkok is the standard form. The official languages are Thai and English, with the Chaozhou and Hainan dialects and Cantonese commonly used, as are

Malay and Khmer. More than 90% of people follow Buddhism, while Malays follows Islam, with a few people following Protestantism, Catholicism, Hinduism and Sikhism.

(3) Macroeconomic attractiveness

Thailand's scale of economy score is mid-range. In 2017, GDP was about USD455.3 billion, and its per capita GDP was USD6,595. The GDP growth rate in the next three years is expected to be the same as before (about 3.8%).

Thailand scores highly in investment indicators. In 2017, FDI in Thailand was about USD8 billion, up 163% from 2016. China is Thailand's second largest foreign investor. Thailand's fixed asset investment in 2017 was approximately USD115 billion.

Thailand also scores highly in consumption and market demand. With recent economic growth economy, living standards have increased. For example, minimum wages for workers and officials have been raised several times. Per capita

national income increased by 6% in 2017, reaching USD5,950. Education, health, and social welfare status continue to improve, and household consumption continues to increase. In 2017, household consumption rose 8% from 2016. Meanwhile, due to Thailand's large population, domestic consumer demand can be expected to develop further. Inflation has been low and stable.

In labor supply and cost, Thailand's score is high, mainly due to its ample labor pool. Thailand's working population in 2017 was 39.26 million people. The overall unemployment rate is low, staying below 2%. The labor force is well-educated, and education expenditure is 20% of GDP.

Thailand also scores highly in tax indicators. Based on World Bank data, the general tax rate on commercial profits is 35.9%, an advantageous level among BRI countries, albeit not superior to other Southeast Asian countries.

Its money supply score is also high. In 2017, Thailand's M2 accounted for 124.3% of GDP, and M2 grew 5% from 2016.

(4) Risk Indicators

Financial risk is low. Thailand's bank risk assessment index registers at 0.4, low among Southeast Asian countries and second only to Singapore and Malaysia. The credits provided by domestic financial institutions are equivalent to 165% of GDP and the foreign debt to GDP ratio is 29.7%.

Political risk is moderate. Thailand's political stability score is at a mid-low level, but its legal environment score is higher. After the promulgation of a new constitution in 2017, the rights and freedoms of political parties have been greatly reduced. Maneuvering between political parties and military groups followed. Large-scale political gatherings and demonstrations could occur, affecting stability. Religious contradictions are also a serious challenge. Tensions between the Thammayut and Mahanikai Buddhist orders, as well as supporters and opponents of Wat Phra Dhammaka, are ongoing.

Sovereign risk is low. Moody's rates Thailand's sovereign credit Baa1. Its public debt to GDP ratio is 39.4%, which is low level among BRI countries. There is a fiscal deficit, albeit accounting for less than 2.5% of GDP, so the risk is controllable.

Thailand's business environment risk is low. The new enterprise establishment cycle is only 4.5 days, and the cost is equivalent to just 3.1% of per capita gross national income. In 2018, Thailand further improved its business environment by introducing fixed registration fees, optimizing electricity account procedures, increasing the transparency of electricity price fluctuations, strengthening corporate online tax payment platforms, and

introducing new systems to increase customs clearance efficiency.

Foreign exchange risk is moderate. The Thai baht's exchange rate fluctuations are reasonable, but foreign exchange freedom is not very high. According to the Chinn-Ito Financial Openness Index, Thailand's financial openness is just 0.2.

(5) Key industries

Among the five key BRI industries, Thailand has high scores in agriculture, transportation infrastructure, manufacturing and IT, and a moderate score in energy.

Agriculture: This is Thailand's pillar industry. Thailand's national arable land area is about 15 million hectares, accounting for 31% of total land area. Agricultural output accounts for more than 10% of GDP. Agricultural products are one of Thailand's important export commodities, including rice, rubber, cassava, corn, sugar cane and tropical fruits. Thailand is the world's largest producer and exporter of rubber, as well as a major source of cassava and rice. The annual output of rubber is about 4.5 million tons, accounting for one-third of the world's total. Most of the rubber produced is exported (ThB500 billion/USD16.2 billion in 2017) and annual export volume accounts for 40%-45% of total global exports. Thailand's cassava production ranks third in the world, with 60% of it exported. In 2017, rice exports reached their highest ever level (11.25 million tons), up 14.8% YoY. Thailand is proposing to transform basic agriculture into value-added agriculture, and this is expected to create many new markets.

Manufacturing: Manufacturing as a percentage of GDP is about 27.5%. The main sectors include automotive assembly, electronics, plastics, textiles, food processing, toys, building materials, and petrochemicals. These

brilliant exports are mainly driven by the high level of education in Thailand, and its skilled and productive workers. Overall, these factors offset the adverse effects of quite high salaries and have found favor among foreign investors. The Thai authorities have taken several measures to open up markets and promote free trade, further optimizing prospects for local manufacturing. Particularly noteworthy measures include improving local workers' skills, supporting technology transfer and promoting innovation.

Transportation infrastructure:

Thailand has relatively well developed transportation, mainly highways and aviation. The total length of national highways is about 51,537 km. All its prefectures and counties are connected by roads. There are a total of 74 airports in Thailand. Suvarnabhumi International Airport replaced the original Don Mueang International Airport as an important air transportation hub in Southeast Asia. Moreover, Thai shipping lines can reach China, Japan, the United States, Europe and Singapore. There are 122 ports across the country, and the quality of port infrastructure is among the best among BRI countries.

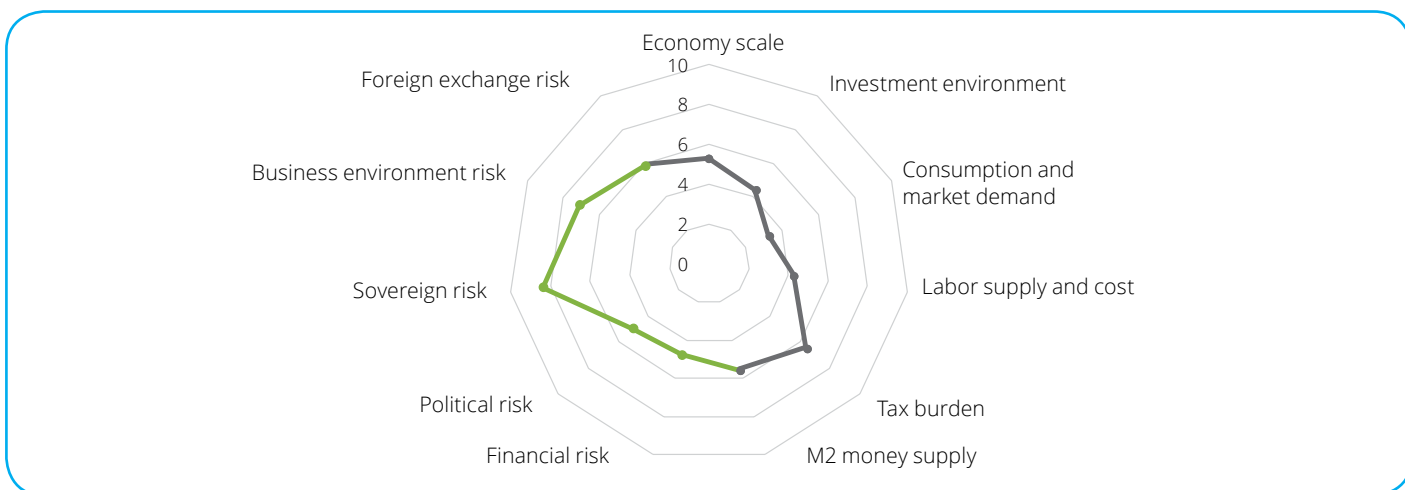
Thailand's railway development is slightly less developed. In February 2017, the Ministry of Transport set a five-year development target, with plans to build 112 bridges, tunnels and 14 stations, thereby increasing train passengers by 60%. In December 2014, China and Thailand signed the Memorandum of Understanding on Railway Infrastructure Development Cooperation. The project was designed and built using Chinese standards and was implemented in two phases. On December 21 2017, the first phase of the Sino-Thai Rail project, the Bangkok-to-Kele section, officially started construction. As of November 2018, 40% of this first section has been completed.

10) Indonesia

(1) Investment Advice

Indonesia's investment attractiveness score is quite high, performing well in scale of economy and consumption and market demand. Investment risks are moderate and there some political and foreign exchange risks. We recommend Chinese enterprises invest in manufacturing and transportation infrastructure projects of a certain size.

Figure 33: Investment Attractiveness Score Indonesia



(2) Country Profile

Located in Southeast Asia and traversing the equator, Indonesia connects Asia and Oceania, facing Papua New Guinea, East Timor, Malaysia, and Thailand, Singapore, the Philippines, Australia and other countries across the sea. Indonesia is the largest archipelago in the world and is part of the Malay Islands, consisting of approximately 17,508 islands. Its land area is approximately 1.9 million km² and marine area 3.17 million km².

Indonesia is the fourth most populous country in the world (260 million as of 2017). There are hundreds of ethnic groups in the country, of which the Javanese population accounts for 45%. There are more than 200 languages, and the official language is Indonesian. About 87% of the population follows Islam, making them the largest Muslim population in the world.

Indonesia is rich in natural resources and is known as a tropical island paradise. It is productive in agricultural and forestry products such as palm

oil and rubber, which rank first and second in the world respectively. Oil and gas resources are also abundant. There are 66 oil and gas basins with oil reserves of 9.7 billion barrels (1.31 billion tons).

Indonesia is the largest economy in ASEAN.

(3) Macroeconomic attractiveness

Scale of economy score is comparatively high. Among South and Southeast Asian countries, Indonesia's economy is second only to India (GDP was about USD1,015.5 billion and per capita GDP approximately USD3,847 in 2017). Its economy is stable and growing quickly. In 2017, GDP increased by 5% from 2016. The growth rate is expected to remain at 5.1% for the next three years.

Indonesia's investment indicator score is high. FDI and fixed asset investments in Indonesia reached USD21.5 billion and USD337.1 billion in 2017.

Its consumption and market demand score is also high. As the largest

economy and population in ASEAN, and with leading national consumption among BRI countries, Indonesia's domestic demand is huge, and future development prospects are bright, with great investment potential. Due to the frequent depreciation of the local currency (the Indonesian rupiah/IDR), its consumer market has been threatened by inflation, which reached 3.8% in 2017.

Labor supply and cost score is also quite high. Indonesia has an ample labor force. The working population (130 million in 2017) is second only to India's among BRI countries. The unemployment rate is high, reaching 4.3% in 2017. The workforce is less educated than elsewhere, making Indonesia more suitable for investment in labor-intensive industries.

Its tax burden score is high. Based on World Bank data, the average tax rate on commercial profits is 30.1%.

The money supply score is low. M2 accounts for only 39.9% of GDP, and its growth rate is about 8.3%.

(4) Risk Indicators

Financial risk is moderate, with a bank risk assessment index of 0.5. Foreign debt is 33.9% of GDP, and foreign exchange reserves are about USD117.9 billion.

Political risk is quite high. Political stability is mid-range, and the legal environment score is at mid-low. Frequent regulatory changes have led to more risks for foreign companies investing locally.

Indonesia's sovereign risk is low. Moody's gave Indonesia a sovereign credit rating of Baa2 in 2017, improved from 2016. Increased debt repayment ability, controllable short-term inflationary pressure, and relatively easy monetary policy helped the credit system strengthen its support to the real economy. Moreover, the capital adequacy ratio and profitability of the banking system have remained at a quite high level. The economy has also been growing quickly in the short term and has large potential in the medium and long term. Finally, although the short-term fiscal deficit has expanded slightly, repayment sources are stable and secure.

Indonesia's business environment risk is low. The average contract enforcement time is 403 days, new enterprise registration takes 19 days, and new enterprise establishment cost is equivalent to the equivalent of 6.1% of per capita gross national income. The business environment improved hugely in 2018 from the previous two years, mainly reflected in the integration of social security accounts, faster land dispute resolution, and more transparent credit data.

Foreign exchange risk is high. Due to the large fluctuations between the Indonesian rupiah and USD, combined with its limited freedom of foreign exchange, Indonesia has a large foreign exchange risk. According to The Chinn-Ito Financial Openness Index, Indonesia's openness is 0.4.

(5) Key Industries

Indonesia's transportation and manufacturing industry scores highly, but its agricultural, IT and energy industry scores are quite low.

Transportation infrastructure:

This is an area of government focus, yet there is a substantial funding gap, creating large potential. At present, roads and waterways are the main transport modes in Indonesia, of which roads carry nearly 90% of passenger traffic and 50% of freight traffic. Air transport has developed rapidly in recent years with mature airlines. However, due to Indonesia's large number of islands, railway facilities are relatively underdeveloped, covering only Java and Sumatra. In recent years, China and Indonesia have cooperated frequently on transport infrastructure. For instance, the Yawan High-speed Railway, a key project jointly undertaken by China and Indonesia, has obtained all construction licenses. The Indonesian government strongly encourages foreign investment in infrastructure. In the 2017 national budget, infrastructure projects were allocated IDR337 trillion (mostly for transport facilities). In addition, the government has formulated the 2015-2019 Medium-Term Construction Development Plan, focusing on infrastructure construction projects in 12 areas including highways, railways, airport expansion and construction, ports and express bus lines.

Chinese companies' direct investment into Indonesia has grown rapidly in recent years. In March 2017, Indonesian Foreign Ministry spokesman Almanata Nasir stated that Indonesia was looking forward to cooperating with China in infrastructure and energy, especially attempting to link China's BRI with Indonesia's Global Ocean Pivot strategy. The government's positive attitude will further optimize the environment for China's investment in Indonesia. In addition, Indonesia's Ministry Of Finance predicts the country's infrastructure construction will require approximately USD424.5 billion in 2015-2020. This funding gap will provide investment opportunities for Chinese enterprises.

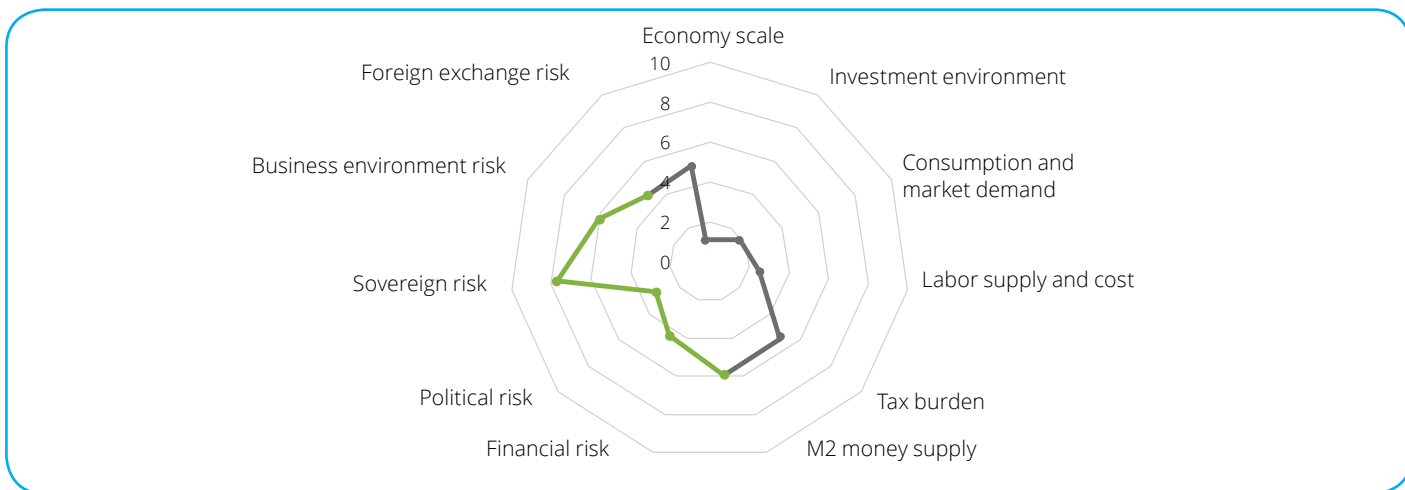
Manufacturing: As a rapidly developing industry, Indonesia's manufacturing contributed 22% of GDP, the highest among ASEAN countries. This is due mostly to the low-cost labor force, with about 12% of labor engaged in manufacturing. The textile industry is an important industry in Indonesia. Indonesia has become one of the world's top 10 textile producing and exporting countries. The textile industry has formed a complete industrial chain of fiber-making, spinning, weaving, dyeing and finishing, and garment manufacturing. It accounts for about 15% of manufacturing industry employment. The Indonesian manufacturing index shows manufacturing industry is still in the expansion stage, and has large investment opportunities.

11) Pakistan

(1) Investment Advice

In general, Pakistan's investment landscape is less attractive than others. Its macroeconomic attractiveness score is moderate, while its investment risk score is low, due to high political, sovereign and business environment risks. We recommend Chinese-funded enterprises focus on agriculture and manufacturing, and seek to avoid risks caused by political instability and terrorist threats.

Figure 34: Pakistan Investment Attractiveness Score



(2) Country Profile

Pakistan is located in the northwestern South Asian sub-continent, bordering India to the east, China to the northeast, Afghanistan to the northwest, Iran to the west, and the Arabian Sea to the south. The coastline is 840 km long. Except for its tropical climate in the south, the rest of the country is subtropical. The south is muggy with a long rainy season, influenced by the monsoon, while the north is dry and cold, with some places having snow all year round. The annual average temperature is 27°C. Pakistan has a land area of approximately 800,000 km² (excluding Pakistan-controlled Kashmir).

Pakistan is the sixth largest country in the world, with a total population of 200 million. It is a multi-ethnic country, with Punjabi accounting for 63% of the population. Urdu is the national language and English is the official language. More than 95% of residents follow Islam (the state religion), and a few follow Christianity, Hinduism, and Sikhism.

Pakistan is rich in coal. According to estimates by the Geological Survey of Pakistan, coal reserves are about 185 billion tons, of which 184 billion tons are in Sindh (99.5% of the national total).

(3) Macroeconomic attractiveness

As for the scale of Pakistan's economy score is quite high. Despite Pakistan's huge economic base, nearly one-third of residents cannot be certain of basic living needs. Pakistan's GDP in 2017 was USD305 billion and its per capita GDP was about USD1,548. Local poverty has persisted for a long time. The GDP growth rate is expected to be 5.4% in the next three years.

Its investment, it is moderately attractive. Pakistan's investment attractiveness is in the mid-low group of South and Southeast Asian countries. In 2017, FDI was USD2.8 billion. Fixed asset investment was about USD42 billion.

Pakistan has a medium consumption and market demand score. Final

household consumption expenditure in 2017 was approximately USD249.9 billion. Total imports and exports accounted for 25.1% of GDP and inflation was 4.0%. Its tax score is moderate. According to the World Bank, the total tax rate on commercial profits in Pakistan is 34.1%.

Its score on labor supply and cost is comparatively low. Although the volume of the Pakistani workforce is huge (71.52 million in 2017), and the unemployment rate is quite low (about 4.2%), most individuals can only participate in low-tech production due to their lack of education.

Money supply has a medium score. In 2017, M2 accounted for 57.2% of GDP, and its growth rate was about 9.9%.

(4) Risk Indicators

Financial risks, especially banking industry risk, are high. Pakistan's banking risk assessment is at 0.6. Pakistan's largest bank was suspected of money laundering and fined USD230 million by US regulators in

2017. The ratio of foreign debt to GDP is 37.2%, and total foreign exchange reserves are about USD6.64 billion.

Political risks are high. Pakistan's political stability and legal environment both score weakly because of its longstanding political turbulence. Furthermore, conflict between Pakistan and India has not been resolved, resulting in recurring military friction. In addition, there are many loopholes in the local legal system.

Sovereign risks are high. The country is continuously threatened by terrorist attacks, domestic political and geopolitical risks. Moody's rates Pakistan B3. With public debts accounting for 68.7% of GDP, the country faces a fiscal deficit and financial pressure.

Business environment risk is high. The average time required to enforce a contract is approximately 1,072 days, the registration period for new enterprises is 16.5 days, and the establishment cost of new enterprises is equivalent to about 6.8% of per capita gross national income. In 2018, the government vigorously improved the business environment by promoting an online, one-stop registration platform, automating asset registration flows, introducing restructuring and improving the business environment for debtors.

Foreign exchange risk is high. In 2018, the local currency depreciated sharply against the US dollar. Combined with insufficient foreign exchange reserves, depreciation pressure of local currency will remain. Freedom of foreign exchange is not high. In the Chinn-Ito Financial Openness Index, Pakistan's openness scores 0.2.

(5) Key Industries

Among key BRI industries, Pakistan's agriculture and manufacturing sectors are developing well, transportation scores moderately, however the IT and energy industry scores are lower.

Manufacturing: This industry shows steady growth and great potential for exports to China. Manufacturing, mainly textiles, machinery, automotive and handcrafts, is the backbone of Pakistan's economy, contributing 13.6% of GDP in the 2017/18 fiscal year. In scale-oriented products output, the market share of seven large industries—textiles, food, coke and petroleum products, steel, automobiles, fertilizers and medicines—remains at about 55%. Among these, the agriculture-reliant textiles industry is the most essential. It has formed a complete industrial chain, from raw cotton, ginning, spinning, weaving, printing and dyeing to garment manufacturing, contributing nearly a quarter of industrial added value, creating jobs for 40% of the industrial labor force and representing 60% of exports. In 2017/18, textile exports grew by about 8.7% YoY to USD13.53 billion. Cotton yarn, textiles, medical equipment, leather, dried fruit and rice are the main products in Pakistan's exports to China.

Agriculture: This is the area with steady development and great investment potential. Agriculture is a pillar industry in Pakistan. During 2017/18, agricultural output increased by 3.8%, accounting for 24% of GDP, and about 42.3% of the labor force is engaged in agriculture. The main crops are cotton, sugar cane, rice, wheat and corn. Other important products include fruits, vegetables, milk, beef, and mutton. Pakistan's 2017 census shows domestic population's growth reached 2.4%, stimulating demand for agricultural products and creating investment opportunities.

Agricultural cooperation is vital to China-Pakistan economic and trade relations. Recently, agricultural technology cooperation has strengthened, proven by the expanding trade volume of agricultural products. Agricultural authorities on

both sides have signed a agreements and memorandums of understanding to collaborate on agricultural information exchange and training, product processing, animal and plant quarantining, agricultural machinery production and maintenance, pesticide management, and agricultural products trade. The two countries have cooperated not only on hybrid rice, tea, high-quality corn and cotton varieties, but also on agricultural machinery and pesticides.

In October 2018, Pakistan's Ministry of Planning, Development and Reform and National Food Security and Research stated that China and Pakistan will further strengthen Chinese investment in Pakistan's agricultural sector under CPEC (the China-Pakistan Economic Corridor), promoting exports of Pakistani agricultural products to China and other countries through joint ventures, value chain integration and cold-chain management, as well as brand marketing. Both countries can apply their own comparative advantages to deepen investment cooperation, and cooperate on agricultural science and personnel training.

Transportation infrastructure:

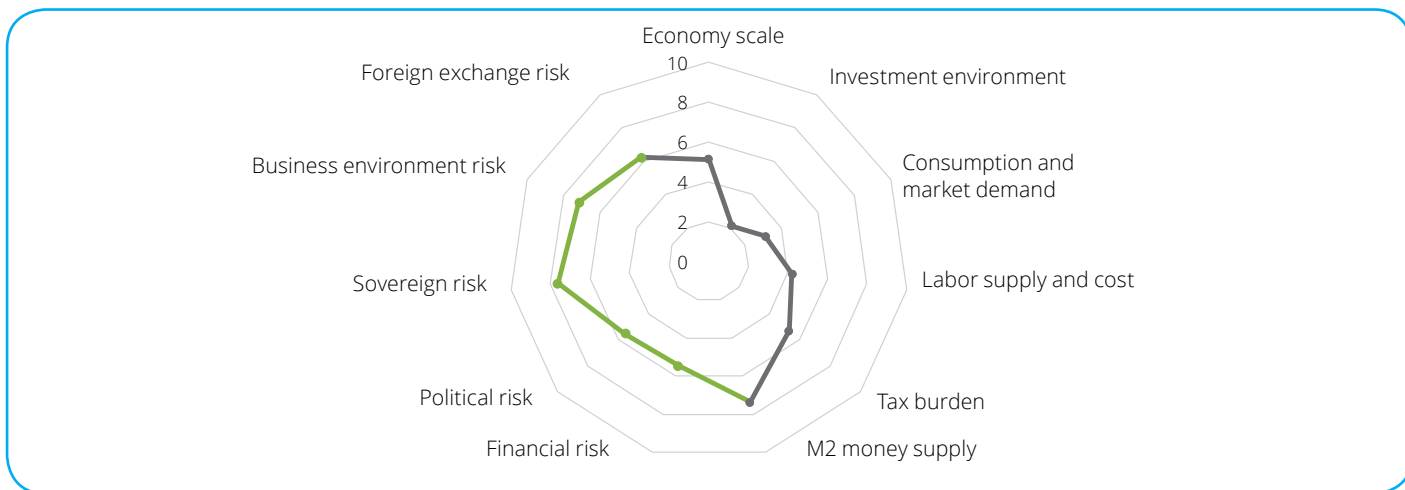
This is the key area of collaboration between China and Pakistan, with broad investment prospects. The transportation network in Pakistan is dominated by highways (260,000 km), accounting for 90% of total passenger traffic, and 96% of total freight volume. China and Pakistan are now promoting 1+4 cooperation, in which transport infrastructure is a key area. Paving construction on the largest CPEC project, the Peshawar-Karachi Motorway (Sukkur-Multan section) has started. The expressway will be 1,152 km long and greatly reduce traffic time between the two cities. It will link other parts of Pakistan and neighboring countries through subsequent extensions.

12) Vietnam

(1) Investment Advice

Overall, Vietnam's investment landscape is attractive. Its macroeconomic attractiveness score and investment risk index are good, and risks are low in politics, government sovereignty and business environment. We recommend Chinese-funded enterprises focus on agriculture and manufacturing, and seek to avoid the risks caused by political instability and terrorist threats.

Figure 35: Vietnam Investment Attractiveness Score



(2) Country Profile

Vietnam is located in the eastern part of the Indo-China Peninsula, bordering China to the north, Laos and Cambodia to the west, and the South China Sea to the east and south. The territory of Vietnam is narrow and long, about 329,000 km². The coastline is more than 3,260 km long. Due to its location in the south of the Tropic of Cancer, it has a tropical monsoon climate and is hot and rainy. The North has distinctive seasons, with annual average temperatures ranging from 23-25°C. The South has dry (October to April) and rainy seasons (May to September). The average annual temperature in most areas is 26-27°C.

The population of Vietnam ranks 13th in the world and 3rd in Southeast Asia (93.7 million in 2017 and a 1.1% increase YoY). Vietnam is a multi-ethnic country with the Jing people as its main populace. There are 54 ethnic groups (the Jing people account for 86% of the total population). The main language is Vietnamese. The main religions are Buddhism, Catholicism, Hoahaoism

and Caodaism. Vietnam is a socialist country and the Communist Party is the only legal ruling party.

(3) Macroeconomic attractiveness

The scale of the economy is highly rated, mainly due to its high economic volume among Southeast Asian countries and the steady growth rate in recent years. GDP was approximately USD223.8 billion in 2017, but limited by the large population base, per capita GDP was not high (USD2,342). GDP is expected to grow by 6.4% annually in the next three years.

Vietnam's investment indicators score highly, behind only India, Singapore and Indonesia across South and Southeast Asia. In 2017, FDI was USD14.1 billion. Fixed asset investment was about USD58.3 billion.

Vietnam's mid-range score in consumption and market demand is caused by low per capita national income and a large wealth gap. In 2017, per capita national income was

USD2,160 and the Gini coefficient was 0.46.

Its positive performance in labor supply and cost is mainly driven by abundant labor resources (a workforce of 58 million in 2017). The overall education level is quite high, resulting in high-quality human resources relative to other Southeast Asian countries.

Vietnam's tax score is mid-low. Based on World Bank data, the total tax rate on commercial profits in Vietnam is 37.8%.

Its money supply score is high. In 2017, M2 accounted for 155.3% of GDP, and its growth rate was about 11%.

(4) Risk Indicators

Financial risks are low. The main risks are banking industry risk and insufficient foreign exchange reserves. The banking risk assessment is at 0.5, and total foreign exchange reserves are about USD63 billion. Foreign debt accounts for 37% of GDP.

Political risk is moderate. Vietnam is a one-party state with a stable political environment. The legal environment is rated medium-low.

Sovereign risk is also moderate. In 2017, Moody's upgraded Vietnam's sovereign credit rating to Ba3. Moody's believes its economic growth potential is in large part driven by improving resources and capital utilization rate. Government bonds have a long tenor, and are gradually easing Vietnam's dependence on foreign currency debt. The local bond structure also limits the impact of financial shocks. The ratio of public debt to GDP is 60.7%, and there is a fiscal deficit, but it is controllable.

Business environment risk is low. The average time required to enforce a contract is about 400 days, and the cost of establishing a new business is about 5.9% of per capita gross national income. In 2018, the government introduced online business registration to reduce the cost of business registration, simplified the tax payment process and optimized contract execution.

Foreign exchange risk is low. The exchange rate between the local currency and USD is quite stable, and the degree of foreign exchange freedom is moderate. In the Chinn-Ito Financial Openness Index, Vietnam scores 0.4.

(5) Key Industries

Among the key BRI industries, Vietnam's manufacturing, transportation infrastructure and IT sectors have developed well, however agriculture and energy have lower scores.

Manufacturing: Vietnam is a global investment hotspot with rapid development and strong exports. Due to its low labor costs and raw material prices, and substantial demographic dividend, the manufacturing industry is promising, expected to become

one of the 15 most manufacturing-competitive countries in the world by 2020. Vietnam has become popular among global manufacturers, attracting well-known companies including Microsoft, Samsung, LG, Intel, Nokia and Fuji Xerox to build manufacturing plants there. Benefiting from a large amount of FDI, the manufacturing industry has experienced a significant trend in recent years of transforming from labor-intensive basic industries to electronic products and machinery processing. These have become pillar industries of the Vietnamese economy. Meanwhile, export-oriented manufacturing performed strongly, with major commodities shifting from textiles to high value-added electronic products and machinery. In 2018, high-tech product exports, which accounted for a third of total exports, increased 33% year-on-year.

Transportation infrastructure:

Domestic transportation infrastructure is underdeveloped, and there are investment opportunities. According to a Vietnamese government report in 2018, due to insufficient national budget, the railway transportation sector is seriously lagging behind. All its strategic development targets for railway development in 2008-2018 have not been realized. Current funds can only maintain the current status and daily operations. Insufficient funds are creating opportunities for overseas investment. At the same time, the government has strengthened its emphasis on transportation infrastructure. In 2018, it will focus on promoting transport infrastructure construction. The ministries of industry, trade, transportation and others will speed up the construction of key infrastructure and energy projects, and accelerate the development of high-speed railway lines, as well as some parts of the eastern section of the North-South Expressway. In addition, cooperation between China

and Vietnam has accelerated recently. For example, in 2018, Yunnan Province and Laojie, Laizhou, Hejiang, Haiphong and Xuanguang provinces held an international road transport event in Dali. They said they will deepen collaboration and achieve further development.

IT: This industry is developing rapidly, with policy support, and it has extensive investment prospects. According to statistics from the Ministry of Information and Communications, as of November 2018, the software industry achieved USD4 billion in turnover, and IT service industry turnover was close to USD5.2 billion. Software and IT services exports reached USD3.5 billion and USD4.2 billion respectively. Recently, the export volume of the mobile phones and spare parts industry has been high, with an average annual growth rate of 20% to 50%. China is the main importer and exporter for these products.

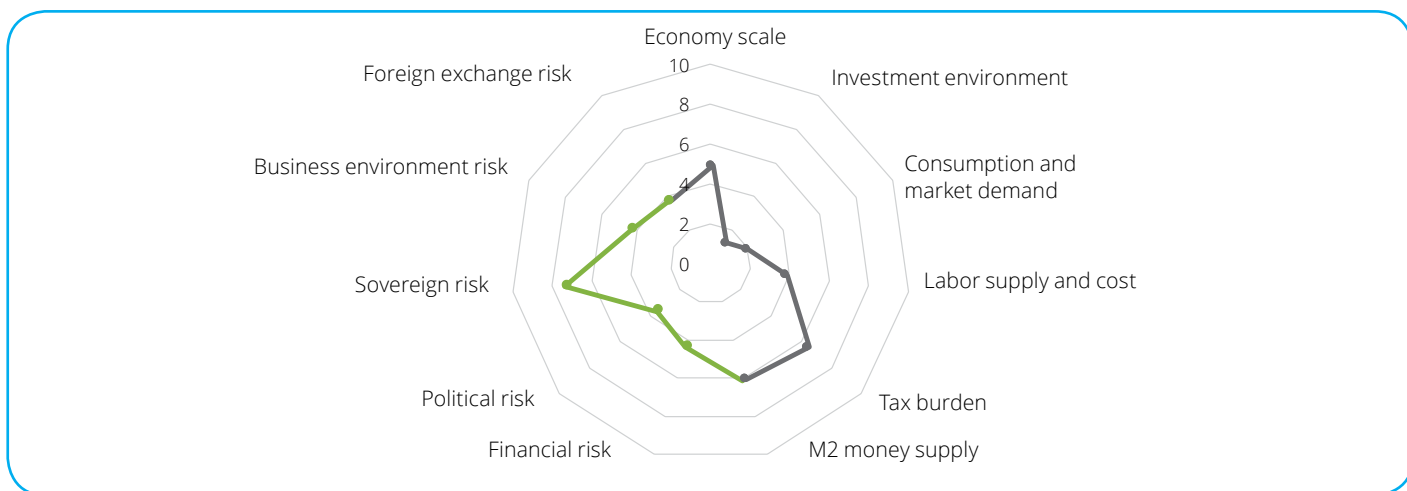
Vietnam will focus on building this industry over the following decades. The government has introduced the IT Industry Development Plan 2020 and Vision 2025. These programs mainly support development of IT industrial products, focusing on products for national institutions, education, agriculture, and rural use. It will also invest in hardware research, design, manufacturing, and production, as well as development of the ultra-micro circuit, electronic product, semiconductor, and other auxiliary industries. Most of Vietnam's IT enterprises are small and mid-sized, lacking international competitiveness and high-quality talent. This will limit industry development. Against the background of rapid development and strengthened policy support, Chinese-funded enterprises have extensive investment opportunities.

13) Myanmar

(1) Investment Advice

Overall, Myanmar's investment landscape is less attractive than others. Its macroeconomic attractiveness score is at the mid-level among BRI countries, with consumption and market demand especially weak. Investment risk is high, especially due to its politics and foreign exchange landscape. Moreover, the business environment is poor. Due to its unique political situation and the complexity of ethnic conflicts in Myanmar, institutions interested in investing in the country should pay attention to winning support from local people in addition to obtaining government and legal approvals. Therefore, we recommend that Chinese enterprises manage public relations in Myanmar and establish a positive reputation. Investors are advised to focus on manufacturing and agriculture.

Figure 36: Myanmar Investment Attractiveness Score



(2) Country Profile

Myanmar is a member of ASEAN located in the western part of the Indo-China Peninsula. The northeast is adjacent to China, the northwest is connected with India and Bangladesh, the southeast is bordered by Laos and Thailand, and the southwest borders the Bay of Bengal and the Andaman Sea. The coastline is 3,200 km long. It has a tropical monsoon climate with an average annual temperature of 27°C. Its land area is about 677,000 km².

The total population is 53.37 million (2017) with 135 ethnic groups (65% of the population is from the Myanmar ethnic group). All the ethnic minorities have their own languages. More than 85% of people follow Buddhism, and about 8% follow Islam.

Myanmar's mineral resources are mainly tin, tungsten, zinc, aluminum, antimony, manganese, gold and silver, and its gemstones and jade are of global repute.

(3) Macroeconomic attractiveness

Its scale of economy score is high, mainly thanks to a stable GDP growth rate (6.8% in 2017 from 2016). The growth rate is expected to maintain at more than 6% in the coming three years. In 2017, Myanmar's GDP was about USD67.1 billion, and its per capita GDP was about USD1,257.

The score of investment indicators is high. FDI has been increasing in the past two years. FDI increased by than 40% in 2017, reaching USD4.68 billion. China is the largest investor in Myanmar. Investment in fixed assets is quite stable (USD22.1 billion in 2017).

Its consumption and market demand score is quite low, mainly due to low per capita income. Local consumption power is weak, even though prices are cheap. In 2017, the per capita national income was only USD1,210. However, the Gini coefficient in Myanmar is very high, at 0.53. The wealth gap is huge, with most of national life still poor.

In 2017, Myanmar's price index rose 4.6% from 2016, and it has fluctuated wildly. In 2018, there was heavy inflation due to the appreciation of the US dollar, an unstable national economy and high production costs.

Myanmar's labor supply and cost score is mid-range. In 2017, the labor force in Myanmar was about 25.75 million. The unemployment rate has remained at about 0.8%, and labor supply is quite sufficient. However, the local labor force is not involved in high-tech work because of an underdeveloped education system and rudimentary teaching facilities, and especially a lack of higher and professional education.

Its tax indicators score is high. Based on World Bank data, total tax on commercial profits is 31.2%, low among Southeast Asian countries.

Its money supply score is moderate. In 2017, M2 accounted for 52.78% of GDP, and its growth rate was about 20.5%.

(4) Risk Indicators

Financial risks are high, mainly because of high risk in the banking industry. The banking industry risk assessment index is at 0.5. Foreign debts to GDP is 42.5%, and foreign exchange reserves are about USD8.5 billion.

Political risk is high. First, Myanmar's central and local policies are inconsistent and can arouse uncertainty. Secondly, Myanmar has one of the most complex ethnic makeups among Asian countries. There are many ethnic contradictions and regional separatist forces. Due to the decentralization of central government, some areas are restive. Many areas, including Kachin State and Shan State in the north, have exercised autonomy. Military conflicts are common, the political situation is unstable, and the security environment is poor.

Sovereign risk is moderate. Moody's does not rate Myanmar's sovereign credit. Lianhe Credit Rating first rated Myanmar's sovereign and foreign currency credit as BBi+ in 2019. In 2018, New Century Reviews rated Myanmar's long-term foreign currency credit and long-term local currency credit as BBg, with a stable overview. The main considerations are as follows: Since the newly elected government came to power, Myanmar's political situation has stabilized; but the economy of Myanmar is relatively small. As European and American countries gradually loosened economic sanctions on Myanmar, the economy has maintained rapid

development, with growing foreign trade and investments; the Myanmar government has a limited amount of debt, and creditor countries and international organizations have repeatedly reduced or restructured its debts, making debt repayment pressure quite light.

Business environment risk is high. The average time required to enforce a contract is approximately 1,160 days. The new business registration period is 14 days, and the new enterprise establishment cost is equivalent to about 24.8% of per capita gross national income. In 2018, the business environment improved from the previous two years, mainly due to reduced registration costs, the optimization of electricity regulations and more transparent electricity tariffs.

Foreign exchange risk is high. The exchange rate between the local currency and USD has fluctuated sharply. In recent years, it has been affected by the appreciation of the US dollar, with Myanmar's currency continuing to depreciate. The Bank of Myanmar intends to stabilize the currency and prices by opening exchange business to private banks and restricting local dollar use. Whether this policy is effective or will need to be verified in time. Additionally, foreign exchange is not very liberal. The Chinn-Ito Financial Openness Index gives Myanmar a score of zero.

(5) Key Industries

Among the key BRI industries, Myanmar's manufacturing and agriculture development is rated more highly than its energy, IT and transportation sectors.

Manufacturing: This industry is developing rapidly and attracting foreign investment. Myanmar's modern industrial base is weak. Existing manufacturers are mostly small value-added machinery industries, such as textiles, printing and dyeing, rice milling and wood processing, as well as sugar, paper, fertilizer and pharmaceutical industries. The food and beverage industry accounts for 85% of such industries and focuses on agricultural products such as rice, cooking oil, sugar and salt. These products are mainly for local consumption. Myanmar's garment industry is the main representative of local manufacturing, not only as the pillar industry promoting economic development, but also as the main employment source. Since 2011, the garment manufacturing industry has developed rapidly. The industry earned USD1.6 billion in the first 11 months of 2017, and is expected to create nearly 1.5 million jobs by 2020, bringing in USD8-10 billion in foreign exchange earnings.

In recent years, Myanmar's manufacturing industry has focused on internationalization, attracting investment with its large domestic demand market and low labor costs. The Myanmar Investment Commission emphasizes the development of import substitutes and resource-processed exports. Investors are welcome to invest in manufacturing machinery and equipment, steel, telecommunications equipment, plastics and other import substitutes. The government passed the Special Economic Zone Law in early 2014, which allows wholly-owned foreign

companies to operate, grants tax-free concessions to specific industries for 5-7 years, and opens land access in the zone for 50 years. According to industry analysis, future investment opportunities will be concentrated in the garment and footwear industries, as well as related industries that are in line with domestic demand, such as food processing, construction, electric motor equipment and automobile and motorcycle parts.

According to Ministry of Commerce, the Myanmar Investment Commission approved 222 foreign investment projects in 2017/18, attracting USD5.72 billion. Manufacturing attracts over 30% of the total foreign investment, ranking first (136 projects and USD1.76 billion). The transportation and communications industry has attracted USD900 million, the energy industry USD400 million and agriculture USD100 million. China is the second largest foreign investor in Myanmar (USD1.4 billion).

Agriculture: Myanmar is rich in agricultural resources, with arable land area of 10.77 million hectares and per capita arable land area of 0.2 hectares. Forest areas cover 3,013.4 hectares, with a 46.1% coverage rate. Most areas have tropical monsoon climates with numerous lakes and rivers,

providing abundant water resources that support growing various crops. Agricultural output accounts for nearly 40% of GDP. The main crops include rice, wheat, corn and peanuts.

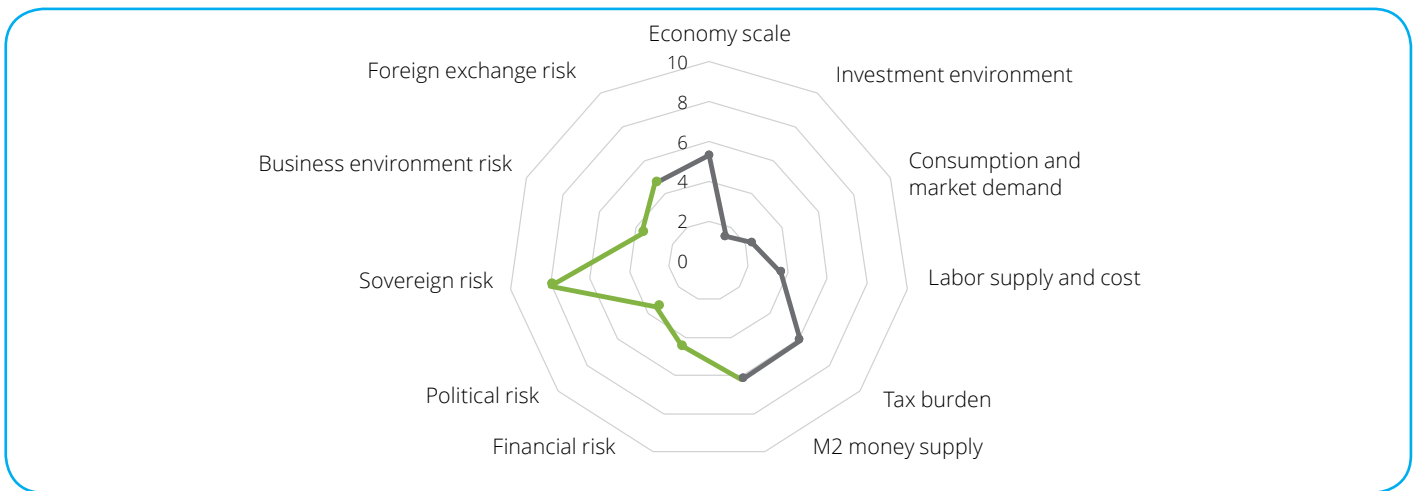
China-Myanmar agricultural trade is quite small, at only 0.3% of China's total agricultural trade. China-Myanmar agricultural trade has strong complementarity, however. China mainly exports primary processed products to Myanmar and imports aquatic products and raw materials such as nuts, fruits, dried beans and oilseeds. In addition, Myanmar's agricultural production technology is underdeveloped, with low-qualified employees. In response to this situation, China and Myanmar have strengthened cooperation on the exchange of crop varieties, breeding, cultivation, and personnel training in recent years. The Myanmar government also revised the Foreign Investment Law in 2016 to attract investment in agriculture. Specific measures include eased entry limits for the rubber and seed sectors. Foreigners do not need to collaborate with local enterprises to enter the production and distribution of hybrid seeds, high-yield or local seeds, or the manufacture of rubber and rubber products.

14) Bangladesh

(1) Investment Advice

Overall, Bangladesh's investment environment is less attractive than others. Its macroeconomic attractiveness score is mid-range, but consumption and market demand are weak. Investment risk is high, especially due to its high political risk and poor business environment. We recommend investors focus on labor-intensive industries such as manufacturing and agriculture.

Figure 37: Bangladesh Investment Attractiveness Score



(2) Country Profile

Bangladesh borders India and Myanmar, the Bay of Bengal to the south and several enclaves to the north. It has a land area of 148,000 km² and a coastline of 550 km. Plains comprise 85% of its land area, and the southeast and northeast are hilly. Most land is below 12 meters above sea level. Bangladesh has a subtropical monsoon climate, which is hot and humid. The annual average temperature is 26.5°C. The lowest temperature in winter is 4°C, the highest temperature in summer is 45°C, and the average temperature in the rainy season is 30°C.

In 2017, Bangladesh had a total population of about 160 million and high population density. Bengalis are the main ethnic group (98%), living alongside more than 20 minorities. The state religion is Islam, with Muslims making up 88% of the total population. Bengali is the national language and English is the official language.

Natural resources are abundant, including natural gas, coal, silt and forestry resources. The main industrial pillar is agriculture, and the overall economic development level is low.

(3) Macroeconomic attractiveness

Bangladesh's economic scale score is moderate, mainly due to rapid and stable growth of GDP. In 2017, GDP increased by 7.3% from 2016, and it is expected to maintain growth of more than 7% in the next three years. In 2017, GDP was USD249.7 billion. However, per capita GDP is low (only USD1,517 in 2017).

Its investment score is mid-range. The amount of FDI is relatively low, reaching USD2.2 billion in 2017 and accounting for only 0.9% of GDP. This is due to Bangladesh's late implementation of market economy principles, immature investment environment and a lack of related policy support. International aid is the main source of funds for domestic projects, including aid from Japan, the United States, Canada, the World Bank and Asian Development Bank. Fixed asset investment is substantial (USD84.2 billion in 2017).

Its consumption and market demand score is quite low. Constrained by low national income (per capita income of USD1,470 in 2017), Bangladesh's overall consumption level is insubstantial. Furthermore, its Gini coefficient is quite high, at 0.45, implying a wide national wealth gap. In 2017, the price index rose 5.7% from 2016.

Its labor supply and cost score is mid-range, and low among Southeast Asian⁴ countries. Bangladesh has sufficient labor resources but their level of education is limited. In 2017, the national labor force was 67.9 million, accounting for 41.2% of the total population. The labor force is fully employed and the labor market is healthy and stable. However, education is not yet widespread, with an adult literacy rate of 25%, falling to just 16% among women.

Tax indicators have a medium rating. According to the World Bank, the total tax rate on commercial profits is 33.4%.

Bangladesh's money supply score is moderate. In 2017, M2 accounted for 65.7% of GDP, and its growth rate was about 14%. The money market is quite stable.

(4) Risk Indicators

Overall risk is high in Bangladesh.

Financial risks are high, especially in the banking industry. Its banking industry risk assessment index is at 0.6, higher than most Southeast Asian countries. The Agricultural Bank of Bangladesh experienced frequent credit card defaults in 2018. The overall NPL (non-performing loan) ratio rose from 8.4% in 2016 to 10.4% in 2018. In addition, the quality of state-owned banks' assets is concerning, with their average NPL ratio having reached 26%.

Political risk is high. Bangladesh is a multi-party political system with fierce competition between the two major political parties. Especially in the 2018 general election, political struggles have caused social tensions, including production and personal safety threats from strikes and marches. Bangladesh is also threatened by terrorist attacks.

Sovereign risk is low. In 2018, the world's three major rating agencies released sovereign credit ratings for Bangladesh, with Moody's and S&P respectively awarding Bangladesh Ba3 and BB- ratings for nine consecutive years, and Fitch giving it a BB rating for five consecutive years, indicating a steady, stable economy.

The business environment is high risk. The business environment improved in 2018, yet is still underdeveloped among BRI countries. The average time required to enforce a contract is approximately 1,442 days, the new enterprise registration period is 19.5 days, and the establishment cost is equivalent to approximately 21.2% of per capita gross national income.

Foreign exchange risk is high. Its foreign exchange controls are extremely strict, and all importers are required to conduct foreign exchange transactions through banks authorized by the Central Bank of Bangladesh. The Bangladeshi currency, the taka, is facing depreciation risk. During 2017/18, it depreciated against USD by 4%. The main reason is the huge current account deficit in balance of payments. In addition, Bangladesh's financial openness is low, with the Chinn-Ito Financial Openness Index putting it at only 0.2.

(5) Key Industries

Thanks to low labor costs, labor-intensive light industries such as clothing and leather have developed well. Among the key BRI industries, Bangladesh has higher scores in the manufacturing and agriculture sectors, while energy, IT and transportation industry have lower ratings.

Manufacturing: This is Bangladesh's most important industry. The clothing industry is a pillar industry in Bangladesh. In the 2016/17 fiscal year, garment exports amounted to USD28.15 billion, accounting for more than 80% of total exports. The main export destinations were Europe, the United States and Japan. In addition, the cable manufacturing industry is growing rapidly, with an average annual growth rate of 15%-20%. At present, about 70 companies are engaged in cable manufacturing. In 2017, the cable manufacturing market was BDT60 billion, double its size ten years earlier.

Agriculture: With cultivated land of 77.642 million hectares, agriculture plays an important role in the Bangladeshi economy. Bangladesh is the world's second-largest jute producer, with an annual output of more than 1 million tons, of which 65% is for domestic production and the rest for export. Jute is the second

largest export product. In September 2017, the government decided to increase the export subsidy rate on jute products from 7.5% to 10% in the 2017/18 fiscal year to encourage exports.

The overall level of agricultural mechanization in Bangladesh is low. In recent years, the Ministry of Agriculture has implemented projects to improve the mechanization level, such as the national agricultural mechanization project to provide subsidies for the use of agricultural machinery and equipment. In addition, the government plans to reduce import tariffs on agricultural machinery and equipment components, enabling the establishment of agricultural machinery production and assembly plants in Bangladesh, and introducing foreign investment in agricultural machinery industry in an economic development zone.

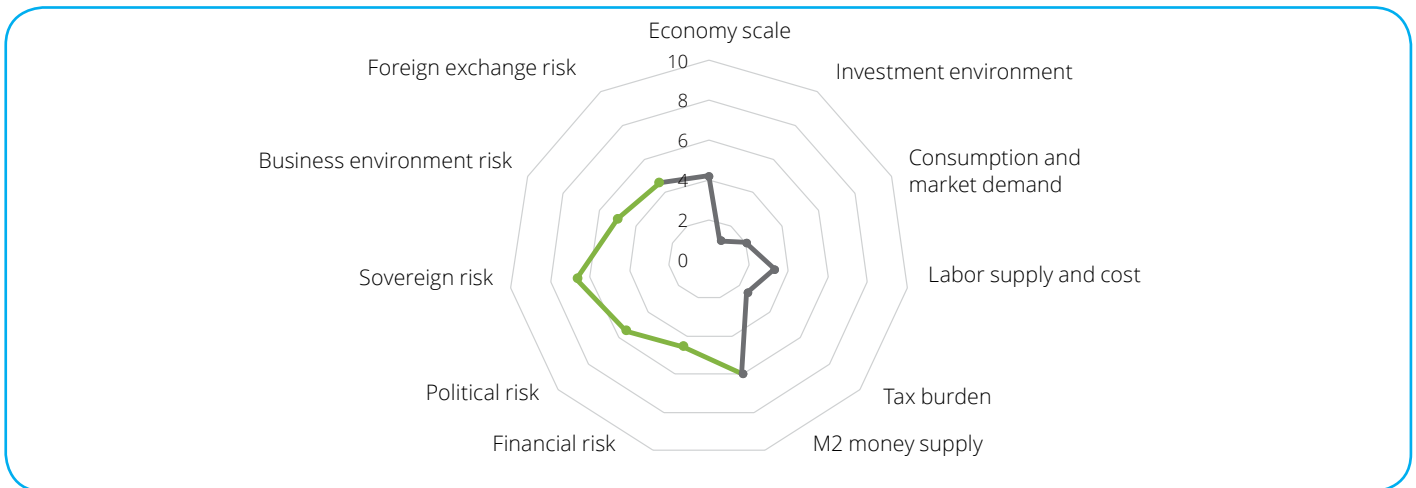
Energy: The BRI will assist the development of Bangladesh's energy industry. Some 75% of Bangladesh's electricity comes from natural gas power generation, with coal-fired power generation less than 30%. Energy China NEPC has been contracted to construct two 660,000 kW supercritical coal-fired power stations in Pajala. It is estimated that the coal power generation rate will increase to 50% through this project.

15) Sri Lanka

(1) Investment Advice

Overall, Sri Lanka's investment landscape is less attractive than others. Its macroeconomic attractiveness score is low, as are consumption and market demand, and its tax burden is high. Investment risk is high and the business environment is poor. On the whole, Sri Lanka's manufacturing and transport infrastructure are highly attractive, and we recommend Chinese companies focus on them.

Figure 38: Sri Lanka Investment Attractiveness Score



(2) Country Profile

Sri Lanka is an island country in the south Indian Ocean, facing India across the Strait of Palk in the northwest. It is close to the equator, and has no distinctive four seasons, only a rainy and dry season. The country has a tropical monsoon climate, with an average annual temperature of 28°C, and Sri Lanka is known as the Pearl of the Indian Ocean. The country covers 66,000 km².

The total population in 2017 was 21.44 million, mainly Sinhalese, who accounted for 74.9%, alongside Tamil (15.4%), Moor (9.2%), and other ethnicities (0.5%). Sinhalese and Tamil are its official and national languages, and the upper echelons of society use English. Residents have diverse religious beliefs: 70.2% follow Buddhism, 12.6% follow Hinduism, 9.7% Islam, and 7.4% Christianity.

Sri Lanka has fertile land and excellent climatic conditions. It is rich in tropical economic crops and has

good conditions for developing an agricultural economy. Sri Lanka is dominated by the plantation economy, with tea, rubber, coconut and rice the main crops. Its industrial base is weak, and agricultural products and garment processing industries are the mainstream. The country was early among Southern Asian countries in implementing economic liberalization. In 1978, it implemented an open economic policy, vigorously attracting foreign investment, promoting privatization and gradually forming a market economy.

(3) Macroeconomic attractiveness

Sri Lanka's scale of economy score is moderate. In 2017, GDP was USD87.36 billion and per capita GDP reached USD4,074. Economic growth is stable, and GDP is expected to continue to grow at about 4% in the next three years.

Its investment indicators score is also moderate. There is still room for growth in FDI. In 2017, FDI was

USD1.37 billion, up 53% from 2016, but only 1.6% of GDP.

Sri Lanka's consumption and market demand score is low, mainly due to low per capita income and high inflation. Sri Lanka's per capita national income is USD3,850. However, prices rose 7.7% in 2017 from the previous year, high inflation for a Southeast Asian⁵ country.

Its labor supply and cost score is also moderate. The main reasons include a limited number of working people. The working population was 8.76 million in 2017, accounting for only 41% of the total population. Sri Lanka's aging population is a problem, and the number of males of working age is declining. Education in Sri Lanka is generally good, with 83% of the population receiving an education past high school and a 92.8% literacy rate.

Tax burden score is poor. Sri Lanka's overall tax level is 55%, and it has the highest tax among Southeast Asian countries.

5. As per Chinese-language version of this report

Sri Lanka's money supply score is mid-range. In 2017, M2 accounted for about 43% of GDP, with an annual growth rate of 17.5% and loose money supply.

(4) Risk Indicators

Financial risk is moderate. The banking industry risk assessment index is at 0.5, and the external debt to GDP ratio is 62.6%.

Political risk is high. Similar to many other South Asian countries, Sri Lanka's political ecology is unstable and there has been a recent regime change. In 2018, the President announced the dissolution of parliament, with the country falling into a seven-week political crisis.

Sovereign risk is high. The three major international credit rating agencies (Fitch, Standard & Poor's, and Moody's) successively lowered Sri Lanka's sovereign credit rating in 2018. Moody's adjusted it to B1, mainly due to political turmoil caused by parliament's dissolution. Sri Lanka's government debt level is high, but has declined in recent years. Its overall external debt level is acceptable and repayment risk is controllable.

Business environment risk is high. It takes as long as 1,318 days to enforce a contract. Other indicators are relatively good. For example, the new enterprise registration period is nine days, and establishment cost is equivalent to 9.4% of per capita gross national income. In 2018, the government improved the business environment through a series of measures, including launching a one-stop construction permit, simplifying registration of fixed assets, introducing an online tax payment platform, and launching pre-trial meetings to strengthen implementation of legal contracts.

Foreign exchange risk is high. The national currency is the Sri Lankan rupee, which has continued to depreciate since a change of government in 2015. The country also regulates foreign exchange. According to the latest research report (2018) from Nomura Securities Japan, Sri Lanka faces high exchange rate risks and is highly vulnerable to an exchange rate crisis in the coming year. In addition, the Sri Lankan rupee is not freely exchangeable with foreign currencies. Its Chinn-Ito Financial Openness Index score is low at only 0.2.

(5) Key Industries

In the key BRI industries, Sri Lanka's manufacturing and transportation industry score relatively well, with energy, agriculture, and IT relatively low-scoring.

Manufacturing: Due to a lack of resources, capital-intensive industries have not yet formed. Sri Lanka is in the initial stage of labor-intensive manufacturing, with mainly light industry, including pillar industries such as construction, food manufacturing, textiles and clothing. Among these, the textile and garment industry is the most important, and also the largest export-oriented industry in Sri Lanka. In 2017, textile and apparel exports reached USD5.03 billion, accounting for 58.9% of the country's foreign trade exports.

Transportation infrastructure: Sri Lanka's transportation industry is quite developed. It has about 1,439 km of railways, air cargo volume of about 400 million tons, and air passenger traffic of about 53.425 million passengers. Sri Lanka has undertaken extensive cooperation with China to promote transport development. In 2017, Dongfang Electric Corporation reached a cooperation agreement to export 90 diesel units to Sri Lanka. These trains, with modern control

systems, advanced bogie technology, new air conditioning and passenger information systems, will operate in the high mountains of Sri Lanka, improving traffic conditions. In air transportation, the main element of the Bandaranaike International Airport Runway Project, built by International Engineering Corporation, was completed in 2017 and has improved aviation facilities. In water transport, China and Sri Lanka have jointly developed Hambantota Port. Phase I and Phase II have been completed, making it the second largest port in Sri Lanka, with container, dry bulk, ro-ro and oil terminals.

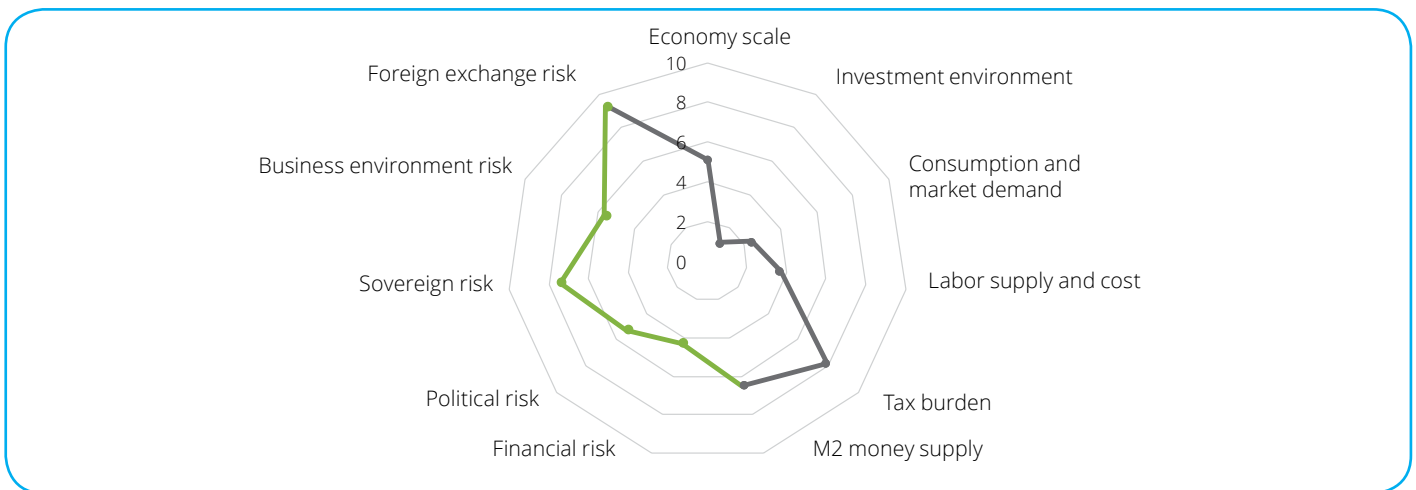
Energy: To improve its relatively underdeveloped energy industry, the Sri Lanka state electricity utility developed the LCLTGEP (Least Cost Long Term Generation Expansion Plan) 2018-2037, which aims to use the most sustainable technologies to ensure low-cost electricity supply that meets expected electricity demand increases. In addition, Sri Lanka will vigorously develop renewable energy, especially solar energy, which will become one of the main sources of power generation. The cabinet has approved the construction of a hybrid energy industrial park in Pooneryn in the north of the country, including construction of an 800 MW solar power plant and a 240 MW wind power plant.

16) Cambodia

(1) Investment Advice

Overall, Cambodia's investment attractiveness is quite strong. Its macroeconomic attractiveness score is high, with large economic scale, but consumption and market demand is somewhat lacking. Investment risk is low. Labor-intensive manufacturing and agriculture are the key industries worth focusing on.

Figure 39: Cambodia Investment Attractiveness Score



(2) Country Profile

Cambodia is bordered by Thailand, Laos and Vietnam and is in the Indo-China Peninsula of Southeast Asia. The coastline of Cambodia is about 460 km long and it has a land area of 181,000 km². The country has a tropical monsoon climate divided into two seasons (rainy season: May to October; dry season: November to April). The annual average temperature is 24°C.

Cambodia had a population of about 16 million in 2017. The geographical distribution of the population is extremely uneven. Residents are mainly concentrated in the Central Plains. There are more than 20 ethnic groups in Cambodia, of which Khmer is a major ethnic group (80% of the population). Cambodian Khmer is the lingua franca, with English and French as official languages. Buddhism is the state religion, followed by 93% of residents, and ethnic minorities follow Islam.

Cambodia is rich in forests and fishery resources. It is a traditional agricultural country with a weak industrial base, a low level of economic development and many poor people. The Cambodian government has implemented a free market economy open to the outside world, promoting privatization and trade liberalization. Economic development and poverty eradication are considered top priorities. There are about 700,000 Chinese in Cambodia. Cambodia is rich in precious wood such as teak, ironwood, red sandalwood and ebony, and has various bamboos. Its timber reserves are about 1.1 billion m³. Its forest coverage rate is 61.4%, mainly in eastern, northern and western mountainous areas.

(3) Macroeconomic attractiveness

Its scale of economy score is favorable. Overall economic volume is small, but due to stable and rapid growth of GDP, it has economic development potential. In 2017, GDP was USD22.16 billion, an increase of 7.1% from 2016.

GDP is expected to continue to grow at about 6.8% in the next three years. However, most of the Cambodian population lives in poverty, with per capita GDP of only USD1,384.

Its investment score is low. Cambodia attracted FDI of USD2.79 billion in 2017. In recent years, FDI has mainly come from China, Japan, Thailand and South Korea. The real estate industry was one of the biggest beneficiaries in 2018. Fixed asset investment, at USD5.62 billion and accounting for 25% of GDP, lags behind other Southeast Asian countries.

Its consumption and market demand score is relatively low. The local manufacturing industry is underdeveloped. Most commodities are imported, so prices are high. Moreover, per capita national income is low, leading to a lack of purchasing power. In 2017, per capita national income was only USD1,230. Total import and export volume accounted for as much as 125% of GDP in 2017, showing high dependence on trade.

Cambodia's labor supply and cost score is medium. In 2017, the labor force was 9.49 million people, and the unemployment rate was merely 0.2%, but the labor force is generally under educated.

Its tax score is high. Cambodia's total tax rate is 21.7%, second only to Brunei and Singapore in Southeast Asia, making it very attractive to investors.

Money supply scores comparatively highly. In 2017, M2 accounted for about 88% of GDP, with an annual growth rate of 12% and ample money supply.

(4) Risk Indicators

Financial risk is moderate. Banking industry risk is quite high. The risk assessment index for the banking industry is at 0.6, largely caused by excessive lending growth. The ratio of credits provided by financial institutions to GDP increased from 58.8% in 2016 to 74.4% in 2017.

Political risk is moderate. The democratic system in Cambodia is quite stable.

Sovereign risk is moderate. Moody's credit rating for Cambodia is B2. Moody's has stated that the existence of high debt, falling growth rates and rising interest rates are risks to Cambodia, weakening debt affordability and sustainability.

Business environment risk is high. The registration period for new enterprises in Cambodia is 99 days, and the cost of establishing new enterprises is equivalent to 47.4% of national per capita income. Cambodia's business environment is not as advanced as other BRI countries'.

Foreign exchange risk is low. Due to unregulated foreign exchange in Cambodia, and the dual currency policy (USD and the riel), its exchange rate is very stable. Cambodia is the third largest USD user in the world, with a high degree of freedom in foreign exchange. According to the Chinn-Ito Financial Openness Index of 0.7, financial openness is high.

(5) Key Industries

Among the key BRI industries, Cambodia's manufacturing and agriculture are relatively strong, while energy, transportation infrastructure and IT are quite weak.

Manufacturing: The Cambodian manufacturing industry has two pillars: garment and footwear, and construction. In the garment and footwear industry, Cambodia uses preferential policies fully, such as the GSP (Generalized System of Preferences) provided by 28 countries including the United States, every member of the European Union, and Japan. It has attracted foreign investment by virtue of its low cost of labor. In 2016, clothing and footwear exports totaled USD7.3 billion (78% of national exports). In the construction industry, according to the Ministry of Land Management, Urban Planning and Construction, there were 3,052 construction projects in progress in 2017, with a construction area of 10.746 million km² and total investment of USD6.43 billion, a YoY increase of 22.3%. From 2000 to the first half of 2017, 18 countries invested in 309 construction projects in Cambodia (13.23 million km², with total investment of USD4.7 billion).

Agriculture: Cambodia is rich in agricultural resources and agriculture plays a pivotal role in the national economy. In 2017, rice planting area was 3.191 million hectares, and paddy output was nearly 105.22 million tons. The government attaches great importance to rice production and exports. Rice exports were 636,000 tons in 2017, an increase of 17%. However, infrastructure and technology are underdeveloped, with funding and talent scarce. The Cambodian government has listed agriculture as a development priority and is striving to improve agricultural technology and its investment environment.

Transportation infrastructure:

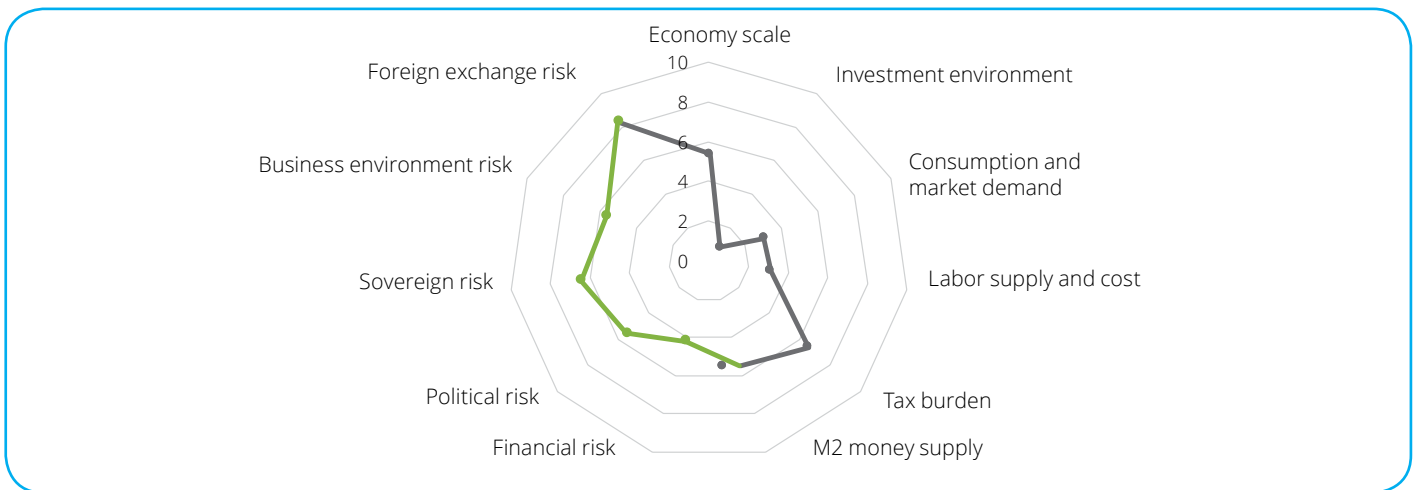
Performance is relatively weak, but there is investment potential. The Chinese government has provided Cambodian the government with aid and concessional loans worth about USD2.581 billion for the construction of roads, bridges and other facilities to help Cambodia improve its underdeveloped traffic conditions. There is considerable space for future cooperation between China and Cambodia.

17) Maldives

(1) Investment Advice

Overall, investment in the Maldives is moderately attractive. Its macroeconomic attractiveness score is decent, but there are some shortcomings in investment and labor. Investment risk is moderate and there is some sovereign and business environment risk. We suggest looking at investments in the transportation infrastructure and IT industries.

Figure 40: The Maldives Investment Attractiveness Score



(2) Country Profile

The Maldives is an archipelago country in the Indian Ocean. It is about 600 km from southern India and about 750 km from southwest Sri Lanka. The total area of the country is 90,000 km² (including its territorial sea area), and the land area is 298 km². The Maldives spans the equator and has typical tropical characteristics. Most areas have a tropical monsoon climate. The southern part has a tropical rainforest climate, which is hot, humid and rainy all year round. There are no four seasons, and the annual average temperature is about 28°C.

The total population of the Maldives is about 440,000 people (2017), all of which are Maldivian. The official language is Dhivehi and the upper class uses English. Sunni Islam is the state religion.

Maldives has plentiful marine resources. Tourism, fishery and shipping are the three pillar industries. The country emphasizes the development of a diversified and sustainable national economy and

the implementation of small-scale, open economic policies. Additionally, due to environmental protection and its efficient use of existing resources, the country actively absorbs foreign funds and assistance, accelerating its economic development.

(3) Macroeconomic attractiveness

The Maldives has a favorable macro economy.

Its scale of economy score is quite high. Although the overall economy is small (USD4.87 billion in 2017), per capita GDP was as high as USD11,151 and GDP is growing rapidly. Recently, the economic growth rate has reached more than 6%. In 2017, Maldives' GDP growth reached 6.9%, and it is expected to maintain growth of about 7%.

Its investment score is low, mainly due to a low level of FDI and fixed asset investment. In 2017, FDI in the Maldives was USD580 million, accounting for 12% of GDP; fixed asset investment was USD1.3 billion, accounting for 26.7% of GDP.

The Maldives' consumption and market demand score is better. Per capita national income is quite high, at USD9,760 in 2017, creating consumption potential. Even though the local population is small, the Maldives is able to rely on tourism to attract consumption by many foreign tourists.

Its labor supply and cost score is low because of the limited population of the Maldives. The labor force in 2017 was only 230,000, and the level of education level is limited.

Tax score is high. The overall tax level in the Maldives is 30.2%.

Its money supply score is mid-range. In 2017, M2 to GDP ratio was 42.8%, maintaining a growth rate of 10%. Funds are relatively loose.

(4) Risk Indicators

Financial risks are high, mainly driven by risks in the banking industry. The banking industry risk assessment index is at 0.6. In 2017, the ratio of foreign debt to GDP was 22.8%.

Political risk is moderate. The Maldives is deeply affected by terrorist activities, and the resulting frequent violence has caused an unstable security situation. Meanwhile the Maldives is in the early stages of constitutional and democratization reforms, and policy changes have been frequent. However, compared with other Southeast Asian⁶ countries, risks are still controllable.

Sovereign risk is high, mainly due to a serious debt problem. The fiscal deficit rate (the ratio of fiscal deficit to GDP) reached 15% in 2018. Moody's sovereign credit rating for the Maldives is B2.

The business environment risk is high. The business environment improved slightly in 2018 from 2017. The average time required to enforce a contract is 760 days, the new business registration period is 12 days, and establishment cost is equivalent to about 4% of per capita gross national income.

Foreign exchange risk is low. The local legal currency, the rufiyaa, is stable against USD. Moreover, the country's investment profits and income are freely remitted, and the financial openness is quite high, with a Chinn-Ito index of 0.8.

(5) Key Industries

Among the key BRI industries, transportation infrastructure and IT are relatively strong, while agriculture, manufacturing and energy are quite weak.

Transportation infrastructure:

Thanks to rapid development of tourism, the Maldivian transportation industry has developed quickly. The industry is dominated by shipping, with a total of 10,647 registered vessels. The international shipping industry mainly operates from Hong Kong to the Persian Gulf and the Red Sea. The civil aviation industry has developed rapidly in recent years. There are four international airports and six domestic airports in the country. As for highways, China has built a 15km island-connected highway in the Laamu Atoll in the south, as well as the China-Maldives Friendship Bridge connecting Malé, Hulhule and Hulhumalé.

IT: The Maldives attaches great importance to developing telecoms, and it is developing rapidly. The main residential islands and tourist islands have network coverage. The per capita possession of mobile devices is as high as 189.9 per 100 people. The network penetration rate is about 59.1%.

Energy: The government recently received financial support for the relatively underdeveloped energy sector and plans to invest USD140 million in renewable energy development, of which USD95.5 million has been obtained from the Strategic Climate Fund, World Bank, Asian Development Bank, Indian Development Bank, and The Japan Bank for International Cooperation. The remaining USD42.5 million is intended to be introduced to private capital investment and operated under BOT (build-operate-transfer). Bidding is ongoing. The field involves solar energy, wind energy, garbage disposal and bioenergy.

Manufacturing: Manufacturing is relatively underdeveloped. Housing tensions have become increasingly prominent. With the support of the Chinese government, the Maldives is committed to solving this problem, having signed up to new large projects: China State Construction Engineering Corporation undertook the construction of a Maldivian social housing project; China Machinery Engineering Corporation undertook the construction of Phase III of 1,500 unit housing project; and First Construction Engineering Limited of China Construction Third Engineering Bureau undertook the construction of 3,800 residences at Hulhumale Phase II.

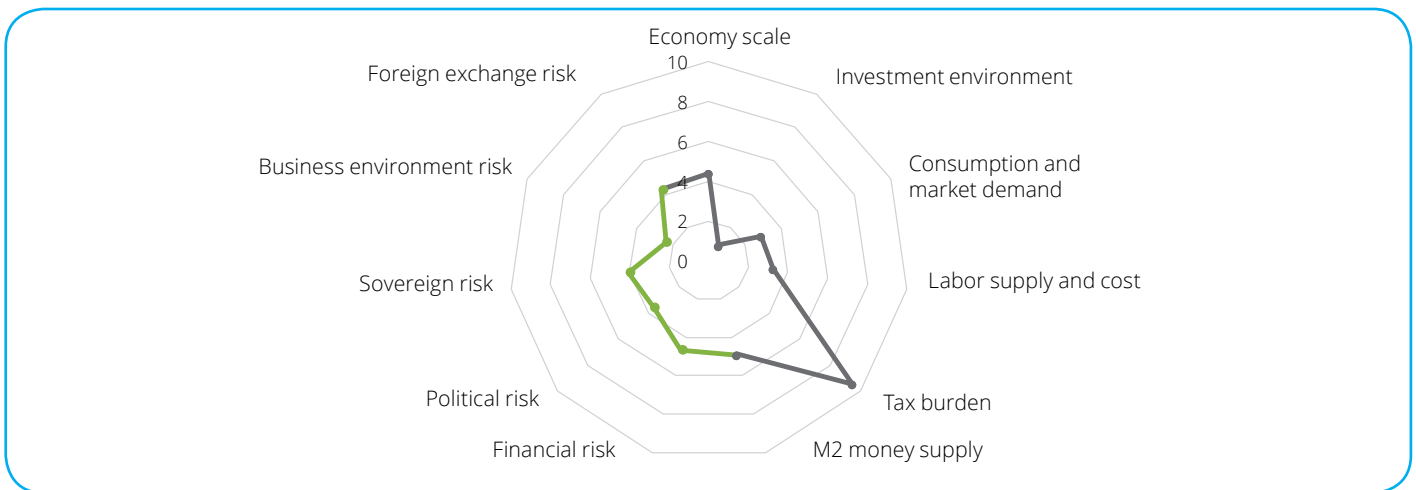
6. As per Chinese-language version of this report

18) East Timor (Timor-Leste)

(1) Investment Advice

Overall, investing in East Timor is not particularly attractive. The macroeconomic attractiveness score is mid-range, with weak investment and money supply. Investment risk is high. Therefore, Chinese companies are recommended to focus on the energy and transportation industries.

Figure 41: East Timor Investment Attractiveness Score



(2) Country Profile

East Timor is located at the easternmost point of Nusa Tenggara in Southeast Asia. It comprises the eastern half of the island of Timor, the west Oekusi area, the nearby islands of Atauro and Jaco, and an exclave on the northwestern side of the island surrounded by Indonesian West Timor. Australia is the country's southern neighbor, separated by the Timor Sea. The country is 14,874 km² and the coastline is 735 km. It is a mountainous country with plains and valleys along its coast. Most areas have a tropical rainforest climate. The plains and valleys have a savanna climate. The average annual temperature is 26°C.

The total population of East Timor is approximately 1.32 million: 99.6% are Catholics, 0.1% Muslim, and 0.2% follow other religions. Some 78% are indigenous (mixed ethnicity of the Papua tribe and Malay or Polynesians), 20% are Indonesian and 2% are Chinese. The East Timorese Chinese are the smallest Chinese group in Southeast Asia and are mainly concentrated in the capital Dili.

The official languages are Tetum and Portuguese; the working languages are Indonesian and English. Tetum is a lingua franca and a major national language.

East Timor joined ASEAN in 2017.

(3) Macroeconomic attractiveness

Its scale of economy score is mid-range. GDP was USD2.95 billion in 2017, up 3.9% from 2016. Per capita GDP is low (USD1,299 in 2017, excluding oil).

East Timor's investment score is quite low. The country is less attractive to foreign investment than several others. In 2017, FDI in East Timor was only USD10 million, accounting for 0.3% of GDP.

Its consumption and market demand score is mid-range, subject to factors including population size and per capita income. Local consumer demand potential is small. Import and export volume accounts for 118% of GDP, with stable import demand and few exports. The main imported products are refined oil, automobiles, food,

machinery and accessories, electrical products, beverages, optical and photographic equipment.

Its labor supply and costs score is comparatively low, because of a lack of local labor and low level of education. This means there is a limited number of skilled personnel. The working population was 290,000 in 2017. The secondary school enrollment rate was only 55.8% and the adult literacy rate was 64.1%.

The tax burden score is high. The commercial profit tax rate is 11.2%, second only to Brunei among BRI countries, making it one of the most tax-friendly countries.

M2 money supply score is low. In 2017, M2 accounted for only 28% of GDP, far lower than in most Southeast Asian countries.

(4) Risk Indicators

Financial risks are low. East Timor's financial markets are immature. Commercial banks have nearly no deposits, and there is no securities market.

Political risk is high. First, the post-independence East Timor region has serious contradictions, social turmoil, and social turmoil rooted in a deep divide between East and West Timorese. Second, the political parties struggle and authorities' legitimacy is poor. The main political parties are each supported by armies and have engaged in large-scale armed conflict with each other. They do not recognize each other and are fighting for political power. Also, the influence of other countries makes it difficult to achieve true independence. After independence, East Timor has sought to survive while being caught between Indonesia and Australia. The issue of East Timor is expected to cause further problems between these two countries.

Sovereign credit risk is high. According to The Strategic National Risk Assessment 2018, East Timor is rated CC, representing high sovereign risk. The main culprit is East Timor's fiscal deficit, the fourth highest in the world.

The business environment is highly risky. East Timor's business environment risk ranks worst among BRI countries, mainly due to its long contract implementation period (1,285 days), lengthy building license acquisition (207 days) period, and expensive electricity (equivalent to 1,170% of per capita national income). The business environment in the country did not improve much in 2018.

Foreign exchange risk is low. East Timor generally issues and uses domestic coins equivalent to USD, so exchange rate risk is low. In addition, East Timor has no formal foreign exchange controls, so funds can be freely remitted to and from the country. Financial openness is high.

(5) Key Industries

Among the key BRI industries, the energy industry in East Timor is the most worthy of attention, followed

by transportation infrastructure. The rest is relatively underdeveloped. The economy is dominated by agriculture and there are no industrial or manufacturing foundations.

Energy: East Timor's natural resource use accounted for 20.2% of GDP in 2017, ranking top among BRI countries. This is mainly due to its rich oil and gas resources. The Timor Sea has abundant oil and natural gas resources, with proven oil reserves of about 190 million tons (about 5 billion barrels) and natural gas of about 700 billion cubic meters. More than 80% of fiscal revenue comes from oil and gas. As of the end of 2017, the Timor-Leste Petroleum Fund had reached approximately USD16.8 billion. However, the construction of a planned southern oil city still has a long way to go, and the industrial system is still under developed. The energy industry has opportunities and challenges for foreign investors.

Transportation infrastructure:

With East Timor's overall infrastructure construction still at the initial stage, there are plenty of investment opportunities. The country plans to increase investment and reform in infrastructure construction over the next two decades with a planned investment of USD10 billion, in accordance with the Timor-Leste Strategic Development Plan 2011-2030. According to the East Timor Investment Guide 2017, the key support areas include road network construction and upgrading. State-owned Chinese enterprises are mainly engaged in engineering projects in East Timor. Chinese companies signed seven new contracts in 2017 worth USD325 million. The major projects include a new container terminal project in Tibar Bay, road upgrades and maintenance from Baucau to Lautem, and other maintenance projects. Infrastructure will continue to warrant attention from investors.



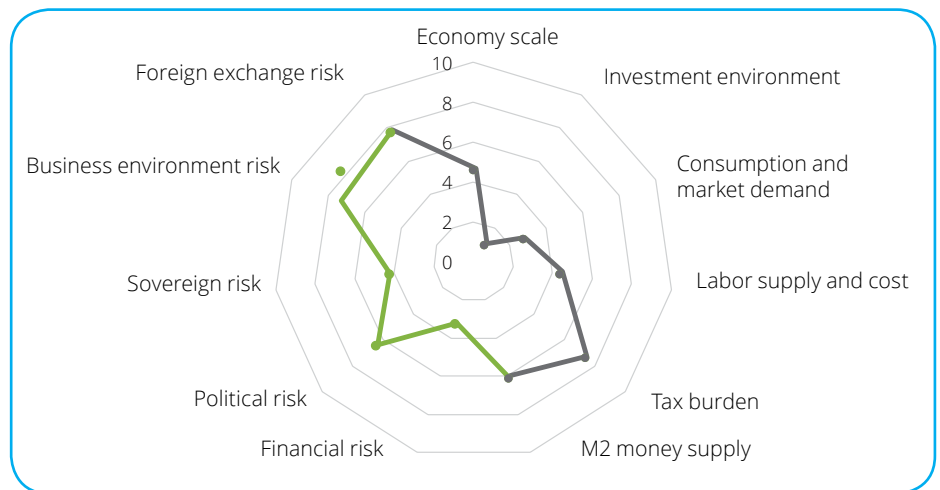
2. Central Asia

1) Mongolia

(1) Investment Advice

The overall investment landscape in Mongolia is quite modest. Its Macroeconomic Indicators score highly, especially in labor supply and cost. However the investment environment is flawed. Financial and sovereign risks are high. Mongolia is rich in mineral resources. We recommend investors focus on energy, manufacturing and agriculture.

Figure 42: Mongolia Investment Attractiveness Score



(2) Country Profile

Mongolia is a landlocked country in central Asia with a land area of 1.566 million km². It borders China to the east, south, and west, and the north is adjacent to Russia. Mongolia has a temperate monsoon climate with little and uneven precipitation. The temperature change between day and night can be substantial. Forest covers 18.3 million hectares and the forest coverage rate is 8.2%.

With a total population of about 3.12 million (2017), Mongolia has one of the smallest population densities in the world. The Khalkha account for about 80% of the population, and the rest consists of ethnic minorities including Kazakhs. The official language is Khalkha Mongol, and residents mainly follow Lamaism.

Mongolia is rich in minerals and forest resources. It has proven reserves of more than 80 kinds of minerals including copper, molybdenum, gold, coal and petroleum. Among these, the Erdenet copper-molybdenum

deposit has been listed as one of the world's top 10 copper-molybdenum deposits, ranking first in Asia. Its economic development relies on natural resources, with agriculture, animal husbandry, mining and related industries the main sectors.

Mongolia implemented planned economics from 1947 to 1990 and transitioned to a market economy from 1991. In July 1997, the government adopted the Privatization Plan for State-Owned Assets (1997-2000), which promotes the private sector to play a leading role in the national economy.

(3) Macroeconomic attractiveness

Its overall investment score is high.

Its economic scale score is quite high. GDP in 2017 was USD11.43 billion, or USD3,717.5 per capita. The GDP growth rate reached 5.3%, and is expected to maintain at about 5% in the next three years. Mongolia has better growth prospects than many other countries in Central Asia. Total import and export volume accounted for 117% of GDP, indicating high dependence on foreign trade.

The investment score is low. In 2017, FDI in Mongolia was about USD490 million, and domestic fixed asset investment was USD2.67 billion.

Mongolia's consumption and market demand score is low. The population of Mongolia is the smallest among Central Asian countries, limiting consumption scale. The Gini coefficient is 0.3, indicating relatively even distribution of national wealth. The inflation coefficient is mid-high, with CPI growth in 2017 of 4%.

Its labor supply and costs score is quite high. The labor force in 2017 was 1.3 million, and unemployment rate was high at about 6.7%. The education rate and education level of the labor force are quite high.

Its tax burden score is moderate. Mongolia has the lightest tax burden among Central Asian countries. Based on World Bank statistics, the overall tax rate is about 24.7%.

Its money supply score is medium. Mongolia's money supply is stable, with broad money supply accounting for 56.9% of GDP and growing at about 30.5%. The interest rate difference between loans and deposits is 7.1%.

(4) Risk Indicators

Overall investment risk in Mongolia is high.

Financial risks are high. The Mongolian Banking Industry Risk Index is high, at 10.2. Credits provided by domestic financial institutions account for 65.5% of GDP. Due to the weak private economy and small domestic financial market, the financial gap to economic development is mainly closed through government borrowing and FDI. External debt is therefore heavy, accounting for 252% of GDP. Its foreign exchange reserves have been affected since 2012 by declining mineral product prices reducing Mongolia's export revenue. The foreign exchange reserves shrank from USD3.63 billion in 2012 to USD1.04 billion in 2017, which also weakened Mongolia's solvency.

Political risk is low. The domestic political situation is stable, with Mongolia applying the principle of unicameralism. Every new government must re-examine the unimplemented proposals of the previous government, leading to certain risks. The legal environment in Mongolia is challenging.

Sovereign risk is high. In 2017, the Mongolian government faced a debt crisis and had to pay back USD580 million in bonds issued by the Trade and Development Bank of Mongolia. Public debt accounts for 252% of GDP. The country has even needed to mobilize people to donate materials to help pay off debts. Due to concerns

about its solvency, Moody's put Mongolia on its observation list for downgrades in 2017. In 2018, due to the release of external pressures, and the government's increasing ability to control commodity fluctuations through reforms, Moody's upgraded its rating to B3. Future GDP growth prospects appear stable and the outlook is positive.

Business environment risk is low. Ease of entry for foreigners to enter the Mongolian market is mid-range. Contract performance is excellent, with the average time required to enforce a contract approximately 374 days. The establishment cost of enterprises is relatively low, equivalent to 1.3% of per capita national income. The government's administrative efficiency score is low.

Foreign exchange risk is low. The Mongolian currency is the tugrik, and its exchange rate fluctuations were small in 2017/18 at only 0.1%. However, its Chinn-Ito Financial Openness Index reached 0.8, and such high financial openness and freedom of foreign exchange could increase foreign exchange risk.

(5) Key Industries

In the key BRI Industries, Mongolia's energy industry is relatively strong, with manufacturing and agriculture are also worth attention.

Energy: In 2017, Mongolia's natural resources accounted for 24% of GDP, ranking top among BRI countries. This is mainly due to its rich mineral resources. The economy depends on mining because of the country's abundant mineral resources, with some large ore reserves are in world-leading positions. Current proven reserves are about 162 billion tons of coal, 36 million tons of copper, 2 billion tons of iron, 200 million tons of phosphorus, 3,000 tons of gold, and 1.5 billion barrels of oil. The output value of the mining industry was MNT9.4 trillion (USD3.57 billion) in 2017, up 32.8% YoY and accounting for 72.5% of total industrial value.

Mineral products accounted for 62.7% of total exports. However, because of its lack of professional geological exploration teams, and outdated technical equipment, the exploration level is generally low, and foreign investment is required. In 2018, China participated in the Mongolia Power Plant #2 expansion project and Changhungtana 4x150MW coal-fired power station. Also, China signed a framework agreement with Mongolia to increase production capacity and investment cooperation. Under the framework and the China-Mongolia mineral energy cooperation committee, both sides will strength cooperation in mineral development and processing, manufacturing, transportation, energy, and agricultural product processing.

Manufacturing: In 2017, Mongolia's manufacturing industry grew 20%, ranking first among BRI countries. To adapt to international market changes, Mongolia began to adjust its economic structure according to its actual situation and strengthen the development of manufacturing. At present, domestic manufacturing is still in its infancy, dominated by livestock products and basic mineral processing. Meanwhile, the minimum wage level is relatively moderate, and labor costs are quite low. The future development should be decent.

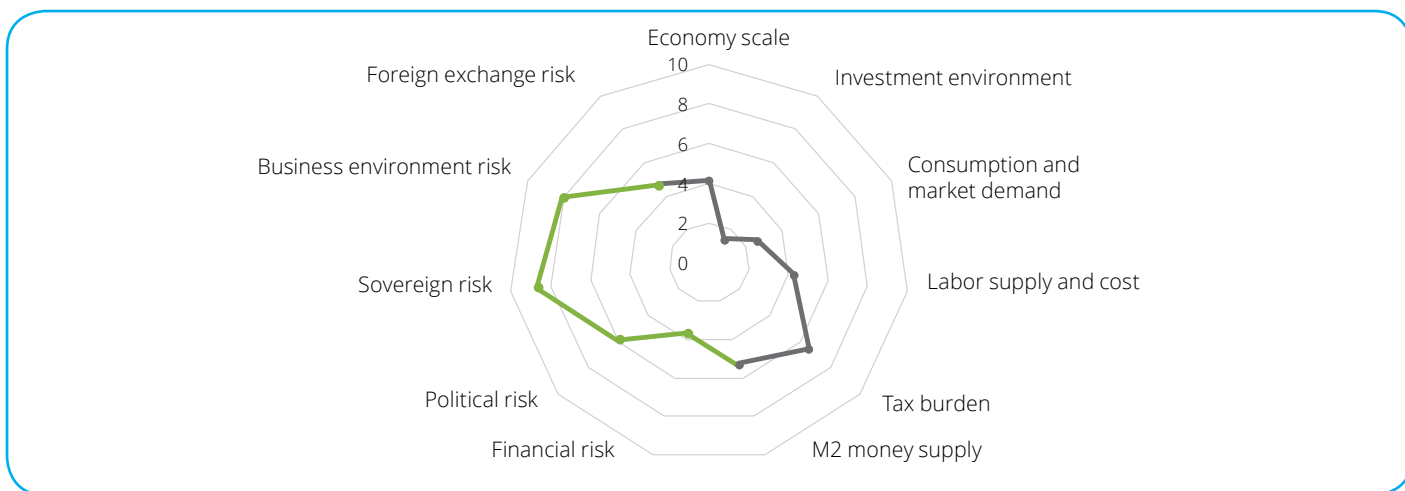
Agriculture: Mongolia's has 11,109.2 km² of agricultural land, and its animal husbandry production index reached 149.6 in 2017, in the top echelons among BRI countries. Animal husbandry is a traditional industry in Mongolia and the foundation of its economy. In 2017, the number of livestock continued to grow, reaching a new record (approximately 66.2 million heads at the end of 2017, up 7.6% YoY). In February 2017, Mongolia passed the amendments to its Corporate Income Tax Law and decided to implement tax incentives for some agricultural sectors. Overall, the current processing technology for livestock products is still relatively underdeveloped. There could be large investment opportunities for Chinese enterprises in animal products processing and agricultural machinery.

2) Kazakhstan

(1) Investment Advice

Overall, Kazakhstan's investment landscape is attractive. Its macroeconomic indicators score is high, but there are some problems with money supply. Investment risk is low: the business environment is good, but financial and foreign exchange risks are high. Based on Kazakhstan's resource and land advantages, we recommend considering investment in energy and agriculture. In addition, according to government planning, the IT is a potential investment target.

Figure 43: Kazakhstan Investment Attractiveness Score



(2) Country Profile

Kazakhstan is located in Central Asia, bordering the Caspian Sea to the west, Russia to the north, China to the east, and Uzbekistan, Turkmenistan and Kyrgyzstan to the south. With a land area of 2.72 million km², it is the largest landlocked country in the world. Kazakhstan belongs in the North Temperate Zone, with a typical continental climate: huge temperature difference between winter and summer, dry air and scarce precipitation in most areas.

The total population of Kazakhstan is 18.04 million (2017). Kazakhs are the main ethnic group. Kazakh and Russian are the official languages.

Kazakhstan is rich in natural resources such as oil, natural gas, coal and non-ferrous metals. It is a major exporter of oil and natural gas to the world. Its agricultural foundations are superior, with excellent ecological conditions and vast pastures suitable for animal husbandry. In addition, Kazakhstan is a

member of Eurasian Economic Union and has signed an agreement to link with China's BRI.

(3) Macroeconomic Indicators

Its economic scale score is low. In 2017, Kazakhstan's GDP was USD162.89 billion, and per capita GDP was about USD9,030. The GDP growth rate is expected to be 2.9% in future, slower than other Central Asian countries.

Its investment score is high. In 2017, the net FDI inflows were about USD4.65 billion. It performed well in Central Asia, well ahead of Mongolia, Turkmenistan and Kyrgyzstan.

Its consumption and market demand score is mid-range. The per capita national income of Kazakhstan is about USD7,970, much higher than those of other central Asian countries. As a result, households have higher final consumption expenditure (USD84.61 billion in 2017). The Gini coefficient is 0.3, implying generally even wealth

distribution. Imports and exports account for about 60% of GDP. The latest round of economic sanctions against Russia by the United States has brought shocks to Kazakhstani economy, weakening the local currency. Inflation is as much as 7.4%, a high level among BRI countries.

Its labor supply and cost score is high. The national labor force in Kazakhstan is about 9.26 million and the unemployment rate is 5.1%. The level of education is in the top class among BRI countries, albeit below Mongolia's.

Tax score is high. The overall tax rate is 29%. The corporate tax burden is relatively small.

Its money supply score is low. In 2017, Kazakhstan's broad money supply was small at only 37% of GDP, having fallen from the previous year. Currently, Kazakhstan's deposit and loan interest rate difference is 4.9%, mid-level among BRI countries.

(4) Risk Indicators

Financial risks are low. The credit scale of Kazakhstan's domestic financial institutions accounts for about 41% of GDP. Foreign exchange reserves are high, totaling USD30.9 billion. External debt accounts for about 98% of GDP.

Political risk is low. Kazakhstan scores mid-high in political stability and legal environment.

Sovereign risk is low. Moody's latest ratings, Kazakhstan's sovereign state has a credit rating of Baa3, which is at the upper-middle level. Although the country has a fiscal deficit, the ratio of public debt to GDP is much lower than that of other Central Asian countries at only 17.7%.

Business environment risk is low. Kazakhstan has a leading score. There is little difficulty in foreigners entering the local market, contract fulfillment or the cost of establishing an enterprise, but government's efficiency is low. In the past year, Kazakhstan has adopted a series of measures to improve the business environment, including the use of electronic customs declaration system ASTANTA-1IS, reducing customs administrative expenses to improve the convenience of cross-border trade, reducing the time it takes to register for VAT, and pushing corporations to disclose transparency reports.

Foreign exchange risk is high. The exchange rate between the local currency and the US dollar is quite stable, and the fluctuation in 2017/18 was only 0.06%. However, the Chinn-Ito index shows freedom of foreign exchange is low, with a score of only 0.2.

(5) Key Industries

Among the key BRI industries, Kazakhstan's energy, IT and agriculture sectors are worthy of attention.

Energy: Kazakhstan is rich in natural resources. In 2017, it extracted 79.323 million tons of oil, 13.269 million tons of liquid natural gas, and 52.93 billion cubic meters of gaseous natural gas. Oil exports accounted for 60.7% of its total exports in 2017. China's three major oil companies (CNPC, Sinopec, and CNOOC) have already entered oil exploration. The country's oil processing industry has also developed rapidly in recent years, with output value growing from USD6.8 billion in 2001 to USD28.09 billion in 2017. According to the Kazakhstan Strategic Plan to 2020, it plans to expand pipeline construction and increase oil export capacity from 28 million tons to 52 million tons.

Kazakhstan's electricity industry has developed rapidly in recent years, and its self-sufficiency has greatly improved. In 2017, per capita electricity consumption reached 5,133 kWh, ranking among the top BRI countries. It is also very rich in solid mineral resources such as copper, zinc, aluminum and other non-ferrous metals. The Sino-Kazakhstan oil pipeline project, Karazhanbas oilfield project, Sino-Kazakhstan uranium mining project, Luteniqi hydropower project and other projects are progressing smoothly. In 2018, China announced it would jointly develop the Rakushechnoye oil and gas field with Kazakhstan and signed a number of agreements on cooperation in oil and gas, hydropower and wind power. Prospects are promising.

Agriculture: Kazakhstan has a vast territory and a continental climate, which is highly suitable for agricultural development. In 2017, agricultural land reached 21,699.2 km², and the crop production index reached 167.2, ranking among the top BRI countries. Total grain output was 20.09 million tons in 2017, of which wheat accounted for about 90%. In addition, the country has a pool of quality labor. There are some opportunities to invest in large-scale mechanized modern agriculture. In recent years, to promote a diversified economy, the government has hoped that foreign investors will shift from single type investments in energy to primary areas such as agriculture. In 2018, Chinese enterprises and Kazakhstan signed agreements on beef cattle breeding, agricultural irrigation and wheat processing factory construction projects. Future cooperation potential is quite strong.

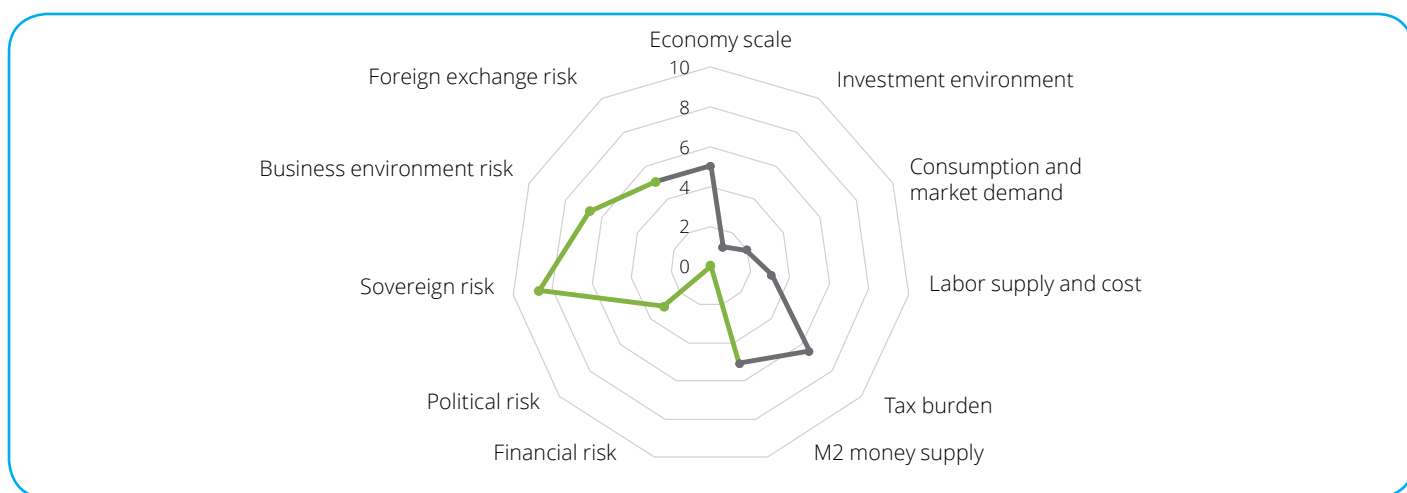
IT: Basic mobile and network penetration, and density of secure network servers, are high. According to the industrial plan for 2016-2020, Kazakhstan will build infrastructure with modern optical fiber and wireless transmission multimedia technology by 2020. The government has also proposed the Digital Kazakhstan plan for 2017-2020. It will promote the development of e-commerce and the digitalization of government service systems. Chinese companies such as Huawei have already started cooperation with Kazakhstan Electric on 4G infrastructure. The overall situation and government policies are beneficial for further development of this industry. Chinese enterprises can use their development experience in the IT to deepen cooperation with Kazakhstan.

3) Turkmenistan

(1) Investment Advice

Overall, Turkmenistan's investment environment is not very attractive. Its macroeconomic indicators are low and risks are high, mainly political risks. The country is rich in energy resources and the energy sector is a traditionally advantageous one, with large investment and cooperation opportunities. The textile industry has developed rapidly of late. Benefitting from advantages in labor cost, there are some investment opportunities in manufacturing industry. However, the local legal environment is quite flawed, and current law imposes restrictions and regulations on foreign shareholdings and local labor employment ratios, which warrant caution.

Figure 44: Turkmenistan Investment Attractiveness Score



(2) Country Profile

Turkmenistan is located in the southwestern Central Asia, on the eastern coast of the Caspian Sea, with a land area of 491,000 km². About 80% of the territory is covered by desert. The country is a typical temperate continental climate with large temperature differences between day and night, winter and summer seasons, and a dry climate.

The population is 5.76 million (2017). Its ethnic composition is diverse: the main ethnic group are Turkmen, accounting for 95% of the population, and the remaining 5% is composed of Uzbek, Russia, Kazakhstan, Armenia, Tatar, Azerbaijan and other ethnic groups. The official language is Turkmen, and Russian is the lingua franca. Most residents follow Islam (Sunni), with Russian and Armenian residents following Orthodox Christianity.

Turkmenistan is rich in oil, gas and mineral resources, mainly oil, natural gas, metabolite, iodine and non-ferrous metals. Its prospective oil and natural gas reserves are 12 billion tons and 50 trillion cubic meters, respectively, and natural gas reserves rank fourth in the world. Oil and gas is a pillar industry in Turkmenistan. In agriculture, the main crops are cotton and wheat.

(3) Macroeconomic Indicators

Its economic scale score is high. GDP in 2017 was USD37.93 billion, and per capita GDP was about USD6,587. Historical GDP growth is 6.5%, second only to Tajikistan in central Asia. According to IMF World Economic Report, Turkmenistan's economic growth was 6.2% in 2018 and 5.6% in 2019, the highest in Central Asia.

Its investment score is mid-range. In 2017, FDI was USD2.31 billion, and fixed assets investment reached

USD21.11 billion. Turkmenistan's investment scale ranks second in Central Asia, second only to Kazakhstan, but it is mid-level among BRI countries.

Consumption and market demand score relatively low. Per capita national income is about USD6,380, second only to Kazakhstan in Central Asia. However, the final consumption expenditure of the Turkmen population is about USD18.96 billion, a quite low level among BRI countries. The Gini coefficient is as high as 0.5, indicating a large gap in national income. Imports and exports accounts for about 54% of GDP, so the country is not very dependent on trade. Inflation rate is high at 8%.

Its labor security and costs score is low. In 2017, there were 2.65 million working people, and the unemployment rate was 3.3%, much lower than other Central Asian

countries. However, the average level of education is low, with only 7.9% of the population receiving a higher education.

The tax burden score is high. Turkmenistan's tax system is based on value-added tax and income tax, collected via a national unified tax system. The main taxes include value-added tax, consumption tax, mineral use tax, property tax, corporate profit (income) tax, personal income tax and local charges. The total tax rate is 30%, a moderately low level.

(4) Risk Indicators

Financial risks are low. Turkmenistan's external debt is the smallest of all BRI countries', accounting for only 1.2% of GDP. Foreign exchange reserves are USD13.62 billion.

Political risk is high. Turkmenistan scores quite high in political stability, but the social and legal environment is imperfect and a major risk point for corporate investment.

Sovereign risk is low. Moody's rates Turkmenistan's sovereign state at Baa1, which is superior to other countries in the region, although the country has a fiscal deficit.

Business environment risk is moderate. The average time required for the enforcement of a contract is about 910 days, and the cost of establishing a new enterprise is equivalent to 0.4% of gross national income per capita.

Foreign exchange risk is moderate. The exchange rate between the local currency and the US dollar is quite stable. In addition, the country's Chinn-Ito financial openness score is only 0.2, a moderately low level in Central Asia. Foreign exchange can be transferred in and out freely, but is strictly regulated by the government. Foreign

companies registered in Turkmenistan can open foreign exchange accounts at Turkmenistan banks, but they are not allowed to withdraw large amounts of cash. Money can only be transferred by bank when paying in US dollars. There is no need to pay special taxes on remitted foreign exchange. Turkmenistan has no restrictions on the number of dollars foreigners can bring into the country, but a customs declaration is required.

(5) Key Industries

In the key BRI areas, Turkmenistan has good investment potential in energy and manufacturing.

Energy: Turkmenistan's oil exports accounted for 90.3% of merchandise exports in 2017, ranking in the top five among BRI countries. The country is rich in energy resources, with proven reserves of about 2.9 trillion cubic meters of natural gas and prospective reserves of about 26.2 trillion cubic meters, ranking fourth in the world and accounting for about 12.7% of the world's total reserves. Proven oil reserves are 100 million tons and prospective reserves are 20.8 billion tons.

Turkmenistan is China's largest natural gas supplier in Central Asia and the starting point of the Central Asia–China Gas Pipeline. Significant progress has been made in interconnected construction. According to the National Social and Economic Development Outline 2011-2030, Turkmenistan will continue to expand its energy export market, increase its existing pipeline export capacity, and promote TAPI natural gas pipelines and trans-Caspian natural gas pipelines. As pioneers in natural gas pipeline construction, Chinese companies continue to be optimistic about their future investment potential. Chinese projects such as the China-Turkmenistan Natural Gas Pipeline

Project, local oil well repair and drilling projects, and export oil and gas equipment projects have been carried out smoothly. However, the current law does not allow foreign parties to take control of joint ventures, and since 2017 the foreign to domestic labor force employment ratio has been limited to 1:9, which could be a concern.

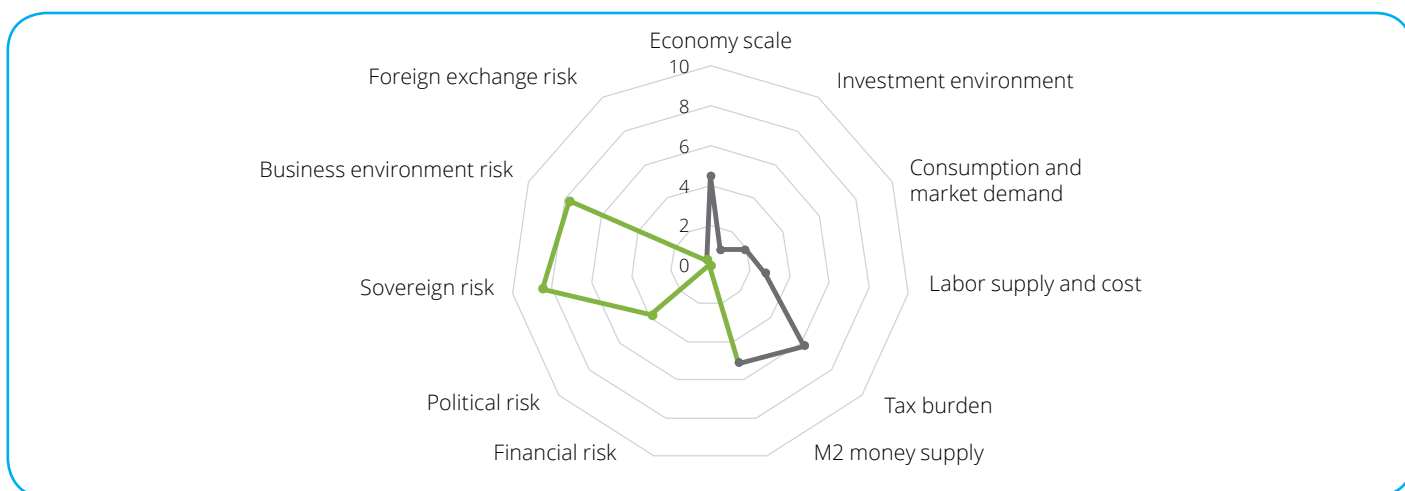
Manufacturing: In 2017, manufacturing value added accounted for 38% of GDP, a sharp increase from the previous year and ranking among the top BRI countries. This is mainly due to improvements in textile industry manufacturing in recent years. Cotton is the main commercial crop in Turkmenistan (production: 1.1 million tons in 2017). The textile industry has continuously introduced international advanced technology from Japan and Europe, and its product quality has reached international standards. According to the Textile Industry Development Plan 2020, the country will expand textile exports and build a batch of modern textile enterprises with an investment of at least USD2 billion. Meanwhile, the moderate wage level of the labor force creates a cost advantage. The industry as a whole has room for development.

4) Uzbekistan

(1) Investment Advice

Overall, Uzbekistan's investment attractiveness is low. Its economy is not favorable, and investment risk is high. Uzbekistan has advantages in agricultural production, and agricultural cooperation with China continue to deepen, resulting in considerable investment prospects. The country is rich in energy resources, and power production is its dominant industry. Recently, the development of renewable energy has accelerated, indicating large space for investment cooperation. In 2017, the country canceled foreign exchange controls, bringing significant benefits to investors. However, investors should pay attention to the imperfect local legal environment and related business risks.

Figure 45: Uzbekistan Investment Attractiveness Score



(2) Country Profile

Uzbekistan is located in the hinterlands of Central Asia. Its five neighboring countries have no seaports. Its land area is 449,000 km². The north of the country borders Kazakhstan, the east and southeast are connected to Kyrgyzstan and Tajikistan, the west is adjacent to Turkmenistan, and the south is bordered by Afghanistan. Uzbekistan has an arid, continental climate.

Uzbekistan has a population of 32.39 million. There are more than 130 ethnic groups. In addition to the Uzbek population, which accounts for 80% of people, and 5.5% of the population who are Russian, the other major ethnic groups include the Tajik, Kazakh, Karakalpak, Tartar, Kyrgyz, and Korean. Most residents follow Islam (Sunni), and the rest follow Orthodox Christianity. The official language is Uzbek and the common language is Russian.

Uzbekistan is rich in resources and has proven nearly 100 mineral products (gold reserves of 3,350 tons: 4th in the world; oil reserves of 590 million tons; natural gas of 2.1 trillion cubic meters; coal reserves of 1.83 billion tons; uranium reserves of 186,000 tons: 7th in the world). Mineral deposits of copper and tungsten are also quite abundant, as are the country's non-metallic mineral resources, including potash, rock salt, sulfate, fluorite and kaolin. The pillar industries are the four golds : gold, platinum (cotton), black gold (oil), and blue gold (natural gas).

(3) Macroeconomic attractiveness

Uzbekistan's overall investment attraction is low.

Its scale of economy score is high. In 2017, GDP was USD49.68 billion, and per capita GDP was about USD1,534. The historical GDP growth rate is 5.3%, and growth is expected to remain steady at about 5%.

Uzbekistan's investment score is low. In 2017, foreign investment was only USD100 million, and fixed-asset investment was about USD11.2 billion, less than in most BRI countries and countries in the region.

Consumption and market demand score is also low. The Gini coefficient is 0.4, implying a large national income gap. Per capita national income is about USD2,000, which is low among Central Asian countries. However, final household consumption expenditure is USD31.76 billion, which is second only to Kazakhstan in the region. In addition, imports and exports accounts for about 69% of GDP, quite low. On September 5 2017, the government announced it would achieve foreign exchange liberalization through an almost 100% depreciation of its currency (UZS), causing substantial inflation. The annual inflation rate reached 13%, the highest among Central Asian countries.

Labor supply and cost score is low. The national labor force is about 15.51 million and the unemployment rate is 6.9%. The level of education is low, about the same as Yemen among Central Asian countries.

The tax burden score is moderate. The overall tax rate is about 32%, and the corporate tax burden is higher than in other Central Asian countries.

(4) Risk Indicators

Financial risks are low. Credits of domestic financial institutions account for about 14% of GDP. External debt accounts for 39.7% of GDP. Foreign exchange reserve are USD15 billion.

Political risk is quite high. According to the World Bank, Uzbekistan's politics is generally unstable and the legal environment is imperfect. The 2017 regime transfer was stable, and the risks of war and armed conflict are low. The threat of terrorism is also low, and border conflicts have been initially resolved, but the drug threat remains high.

Sovereign risk is low. According to the latest Moody's rating, Uzbekistan's sovereign debt is rated Ba2, which is at a mid-high level. Government debt as a percentage of GDP is only 14.4%.

Business environment risk is low. Uzbekistan's local market is somewhat difficult for foreigners to enter. The establishment cost is quite low, and the cost of establishing new enterprises is equivalent to about 3.1% of per capita gross national income. Contract performance is excellent, with an average mandatory contract time of 225 days, the lowest among Central Asian countries. However, administrative efficiency is quite low. In the past year, the country has taken measures to increase commercial attractiveness, including: strengthening protection measures for minor investors, reducing taxation by increasing tax categories (new

classification allows small businesses to pay single and fixed rates, but not less than 65% of the minimum wage standard for employees), cutting export processing time by introducing an electronic filing and payment system, and improving the convenience of cross-border trade.

Foreign exchange risk is moderate, mainly because of the high risk of exchange rate fluctuations. Uzbekistan's currency is the som. In 2017, the government depreciated the som by nearly 100%, resulting in a large fluctuation in its exchange rate with USD. Since September 2017, Uzbekistan has eliminated foreign exchange controls, and all legal and natural persons are free to exchange foreign currency. Freedom of foreign exchange has improved.

(5) Key Industries

Among the five BRI key industries, agriculture, manufacturing and energy are the key developed industries in Uzbekistan.

Agriculture: Uzbekistan is a traditional agricultural country. It is self-sufficient in food and has good agricultural foundations. It is the main food, fruit and vegetable production base of the Commonwealth of Independent States. In 2017, agricultural output accounted for 16.1% of GDP. Due to a lack of funds and underdeveloped technology, its agricultural products are generally characterized by low processing levels and added value. The country relied on the Republican Fund of Irrigated Lands Ameliorative Improvement to adopt a series of modern measures in agricultural production, renovation and new water supply and drainage systems. China is set to become the largest importer of Uzbekistan's agricultural products. According to statistics from the National Statistical Committee of Uzbekistan, the trade volume between the two countries increased by 35.2% last year, exceeding UD6.4 billion.

Manufacturing: The share of industry in the national economy has increased YoY. While stabilizing agricultural production, the government has also focused on accelerating the pace of industrial development and shifting from a traditional agrarian country to one with equal emphasis on industry and agriculture. In 2017, industrial output value was UZ\$74.9 trillion (USD8.74 billion), a YoY increase of 4.6% and accounting for 30% of GDP.

Energy: Uzbekistan is a power exporting country with installed capacity of 14,000 megawatts, of which hydropower represents 1,854 megawatts and thermal power 12,000 megawatts, using 50% of the complete sets of power generation equipment in Central Asia. Production fully meets the needs of the national economy and residents. In 2017, Uzbekistan Energy produced 60.09 billion kWh of electricity. According to its Renewable Energy Development Program 2017-2021, Uzbekistan plans to implement 81 renewable energy projects costing USD5.3 billion, and the proportion of renewable energy will increase from 2016's 12.7% to 19.5%.

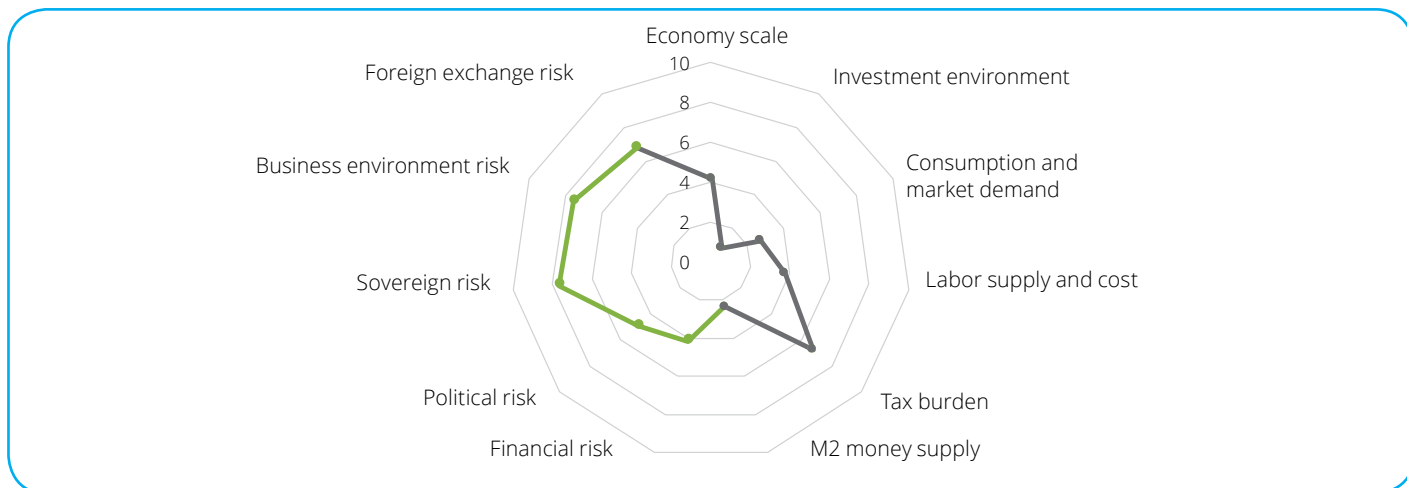
In addition to the abovementioned key industries, Uzbekistan's transportation infrastructure also has superior development potential. Currently, infrastructure is relatively underdeveloped. With steady growth of the economy, the government will increase infrastructure construction, including road construction, renovation and supporting facilities, railway electrification and network construction. Electrification mileage will reach 2,000 km.

5) Kyrgyzstan

(1) Investment Advice

Overall, Kyrgyzstan's investment attractiveness is moderate. Macroeconomic attractiveness is weak while investment risk is low. Kyrgyzstan has favorable agricultural foundations and has deepened its cooperation with China in recent years. The investment prospects of this industry are positive. In addition, transportation infrastructure is ripe for improvement. This industry is expected to become an investment hot spot, driven by local policies. Investors should pay attention to the imperfect legal environment and unstable politics.

Figure 46: Kyrgyzstan Investment Attractiveness Score



(2) Country Profile

Kyrgyzstan is located in Eurasia with a land area of about 200,000 km². The north is adjacent to Kazakhstan, the south is connected to Tajikistan, the southwest is bordered by Uzbekistan, and the east is bordered by China.

Kyrgyzstan has a total population of 6.78 million, with more than 80 ethnic groups, of which the Kyrgyz account for 72.8%, Uzbeks 14.5%, with the rest Russian, Donggan, Uyghur, Tajik and Turkish. More than 70% of the residents follow Sunni Islam. The official language is Russian.

Kyrgyzstan is rich in water, coal and mineral resources. The dominant minerals with proven reserves are gold, tungsten, tin, aluminum, mercury, antimony and iron. According to the Geological Survey of Kyrgyzstan in 2013, proven reserves are 565.8 tons of gold, 117,000 tons of tungsten, 52,000 tons of rare earth, and 35,000 tons of aluminum. Proven reserves

of oil are about 100 million tons with natural gas of 7.26 billion cubic meters.

Kyrgyzstan is a member of the Eurasian Economic Union. The alliance was established in 2015. Its current members, Russia, Kazakhstan, Belarus, Kyrgyzstan and Armenia, are important partners in the BRI. In May 2018, the Ministry of Commerce of China, the Eurasian Economic Commission and representatives of member states signed an agreement on economic and trade cooperation between the Eurasian Economic Union and its member states, and the People's Republic of China. They agreed to further simplify customs clearance procedures and reduce trade costs through cooperation and information exchange.

(3) Macroeconomic attractiveness

Kyrgyzstan's overall investment landscape is not attractive.

Its scale of economy score is low. GDP in 2017 was USD7.56 billion, and per capita GDP was only USD1,220. However, the GDP growth rate is stable, with a historical growth rate of about 4.6%. GDP growth is expected to remain at about 4.6%, and the economy should develop steadily.

Its investment score is low. In 2017, FDI was almost zero, and fixed asset investment was USD2.43 billion, lower than that of countries in the same region and other BRI countries.

The score for consumption and market demand is low. Per capita national income is about USD1,130, ranking 73rd among BRI countries and higher only than Tajikistan in the same region. Final household consumption expenditure is lower than in most BRI countries, at about USD6.14 billion. The Gini coefficient is 0.3, indicating a narrow national income gap. In addition, total import and export volume accounted for about 102.2% of

GDP, implying that the country relies heavily on foreign trade. The inflation rate is moderate and reached 3.6% in 2017.

Kazakhstan's labor supply and cost score is moderate. The national labor force is about 2.63 million, and the unemployment rate is high, at about 7.4%. The level of education is close to Kazakhstan's, with about 47.6% of the population attending higher education.

Tax burden score is high. The overall tax rate is about 29%, a low corporate tax burden.

Its money supply score is low. In 2017, Kyrgyzstan's broad money supply was only 5.1% of GDP, a sharp drop of 85% from the previous year. In addition, the deposit and loan interest rate difference is as high as 17.1%.

(4) Risk Indicators

Financial risks are quite high. Its banking industry risk index is the highest in the region, reaching 16.7%. The proportion of domestic financial institutions' credit to GDP is about 20.5%. In 2017, external debt accounted for 104.7% of GDP. Multilateral debts were mainly from the World Bank, Asian Development Bank and International Monetary Fund. Bilateral debt mainly included loans from China, Russia and Japan. Foreign exchange reserves in 2017 totaled USD1.94 billion.

Political risk is high. According to the World Bank's assessment, Kyrgyzstan has low scores in political stability and legal environment. In politics, the 4-7 revolution broke out in 2010, causing political turmoil. However, since President Atambayev took office at the end of 2011, the situation has generally stabilized. The legal system needs to be improved. At present,

law enforcement standards are variable. Foreign investment projects are subject to various inspections, and some officials are still corrupt, negatively affecting the investment environment.

Sovereign risk is low. According to the latest Moody's rating, the sovereign credit rating of Kyrgyzstan is Ba2. Public debt accounts for 58.1% of GDP. The government is in deficit. The official 2018/19 budget hearing announced that the government will continue to maintain its fiscal deficit in the next three years.

Business environment risk is low. It is easy for foreigners to enter the local market. Kyrgyzstan has excellent scores in cost of establishment and contract performance, but the government is quite inefficient. It has recently taken measures to reduce the difficulty of contract performance, including introducing pre-trial meetings on contract disputes through voluntary mediation. The average time contract enforcement time in 2017 was about 410 days, and the cost of establishing a new business is equivalent to about 1.9% of per capita gross national income.

Foreign exchange risk is low. The country has a floating exchange rate system. In 2017, the exchange rate between the som and USD was quite stable. Foreign exchange management is relatively loose, and its Chinn-Ito Financial Openness Index is at 0.5, indicating high exchange freedom. The Foreign Exchange Trading Act stipulates that all individuals, institutions and groups can convert som freely at commercial banks, financial institutions and exchange points without any formalities or restrictions. Citizens and foreigners can freely carry and exchange currency, enter the country through prescribed procedures, and remit without restrictions.

(5) Key Industries

Kyrgyzstan has no significant advantages in the five key industries. Only agriculture has a higher level of development relative to other domestic industries. However, based on its current underdeveloped infrastructure and the government's plans for industry, transport could become a promising industry.

Agriculture: Agriculture is the main pillar of the economy. In 2017, due to the rapid development of planting and animal husbandry, increased output from agriculture, forestry, animal husbandry and fishery accounted for about 12.8% of GDP. China and Kyrgyzstan have cooperation in agriculture. The Ministry of Economic Affairs of Kyrgyzstan and the 'Asian Star' Agricultural Industry Cooperation Zone developed by Chinese enterprises signed a cooperation memorandum, under which they will establish a partnership with the to promote food and goods export to China.

Transportation infrastructure:

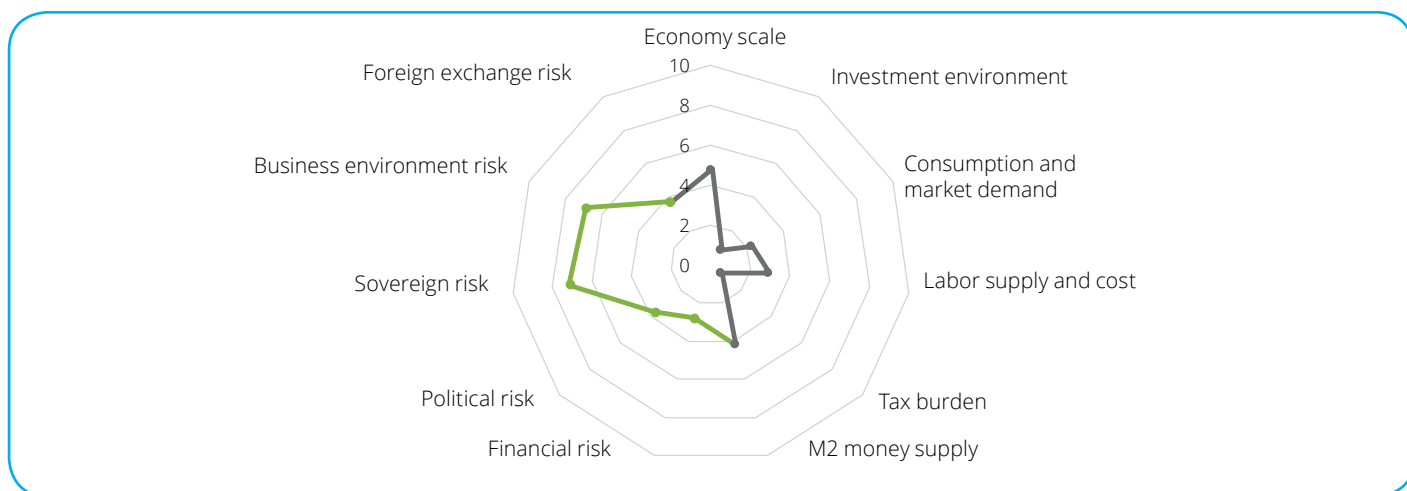
At present, most of Kyrgyzstan's infrastructure (roads, airways and railway) is in disrepair and cannot withstand increasing passenger traffic demands of 10% per year. Due to its own economic difficulties, Kyrgyzstan relies mainly on foreign aid or international organizations for assistance, loans and various investments to rectify this. The country welcomes foreign investors' participation in local infrastructure construction. The local government's current plans include the proposed restoration of five roads and maintenance of existing roads, under CAREC (the Central Asia Regional Economic Cooperation) program. They also plan to repair weak layers on over 300 km of pavement, and built a new 170-mile long beltway in Batken.

6) Tajikistan

(1) Investment Advice

Overall, investment in Tajikistan is not very attractive. Macroeconomic attractiveness is low and the risks are high. The economic base is weak and investment highlights are rare. Tajikistan invests heavily in transportation infrastructure. Chinese enterprises might pay close attention to this field.

Figure 47: Tajikistan Investment Attractiveness Score



(2) Country Profile

Tajikistan is in southeastern Central Asia. In 1991, after the disintegration of the former Soviet Union, it became a sovereign state. With a land area of 143,000 km², it is the smallest country in Central Asia. The west and the north are bordered by Uzbekistan and Kyrgyzstan respectively, and it is connected with Sinkiang in the east and Afghanistan in the south. The country is mountainous, representing 93% of land area. It is known as the Country of Mountains.

Tajikistan has a population of 8.92 million and 86 ethnic groups. The main ethnic group is the Tajik, which accounts for 80% of the population. The remaining ethnic groups include Uzbek, Russia, Tartar and Kyrgyz. About 86% of residents follow Islam (mostly Sunni). The national language is Tajik and the common language is Russian.

Tajikistan is rich in water resources, with approximately half the Central Asian total, and its reserves rank 8th in the world. Per capita water

reserves rank 1st in the world, but the development volume is less than 10%. Tajikistan also has abundant mineral resources, mainly non-ferrous metals (lead, zinc, tungsten, antimony and mercury), rare metals, coal, and rock salt, as well as oil, natural gas, rich uranium and various building materials. Its lead and zinc mines rank 1st in Central Asia, but they are under developed, leaving great potential.

(3) Macroeconomic attractiveness

The overall investment landscape in Tajikistan is not that attractive.

The political situation is stable. In recent years, economic growth has been generally stable, but the industrial structure is concentrated in a single area and the aggregate economy is small, which limits the investment scope of the Tajik government to some extent.

Its scale of economy score is mid-range. According to World Bank statistics, Tajikistan's GDP in 2017 was approximately USD7.15 billion. Per capita GDP is only USD801, the lowest

among the five countries in Central Asia. Recently, the economy has maintained stable development, with an average GDP growth rate of about 5%. It is predicted that GDP will grow steadily at 5.3%.

Its consumption and market demand score is low. Tajikistan's per capita national income is low (about USD990), as is total household final consumption expenditure (USD5.9 billion). In 2017/18, the annual inflation rate reached 6%.

The investment score is relatively low. The economy is small and its development depends largely on the international community. According to the World Bank, Tajikistan attracted FDI of about USD110 million in 2017, of which nearly 80% came from China (47%) and Russia (31%). Foreign capital is mainly invested in the mining, processing, transportation and production of precious metals. Domestic fixed asset investment is relatively low (only USD220 million in 2017).

Its labor supply and costs score is comparatively low. Tajikistan has about 3.49 million working-age people, accounting for nearly 40% of the population. However, the quality of the labor force is generally not high. Due to limited local employment opportunities, the unemployment rate is as high as 10.3%, much higher than in most of BRI countries.

The tax burden score is low. The total tax rate is 67.3%, and the pressure on enterprises is high.

Tajikistan's money supply score is low. In 2017, broad money supply was small, accounting for only 29.5% of GDP, but growth was rapid (21.8%). The deposit and loan interest rate difference is significant, as high as 26.1%.

(4) Risk Indicators

Financial risks are high. The banking sector is highly risky, with domestic institutions providing only 15.8% of credit, indicating the financial system relies on offshore financial institutions. Foreign exchange reserves are only USD490 million.

Political risk is high. According to the World Bank, Tajikistan has low political stability. Current political risks mainly come from domestic security deterioration brought about by turbulence in Afghanistan, as well as tensions between large foreign countries and the objectives of regional interest groups. Tajikistan is the only one of the five Central Asian countries to have erupted into civil war. Despite national reconciliation, conflicts between regional political groups have not been fundamentally resolved. The legal environment is weaker than in most BRI countries, mainly because the legal system is not perfect. It is unstable and changeable, and therefore fails to provide a stable investment environment for foreigners.

Sovereign risk is high. In the latest Moody's ratings, Tajikistan is at B3, lower than its neighbors. The key issue is persistently high domestic external debt. In 2017, public debt accounted for 85.6% of GDP. Multilateral debts are mainly owed to the Asian Development Bank and IMF. Bilateral external debts are mainly with China. Debt has been used mainly for road construction, infrastructure and food imports. The government is in fiscal deficit.

The business environment risk is high. Tajikistan scores poorly in entry difficulty for foreigners, contract performance, corporate establishment costs, and government efficiency. The average time to enforce contracts in 2017 was about 430 days, and the cost of establishing a new business is equivalent to about 18% of per capita gross national income. In recent years, Tajikistan has been committed to improving its business environment and focusing on economic and trade relations with Uzbekistan. For example, in 2018 it signed 27 cooperation documents covering economics, trade, investment, transportation, hydraulic engineering, tourism and security, including the simplification of customs clearance procedures for trade with Uzbekistan.

Foreign exchange risk is high, mainly due to exchange rate fluctuations. In recent years, the exchange rate of the Tajikistan somoni against USD fluctuated sharply and continuously, falling to TKS9.2:USD1. The reasons include large demand for US dollars among corporations, and the reduction of national foreign exchange sources (including labor migration). The decrease in the exchange rate has led to more speculative sentiment among ordinary people. Some banks have a shortage of dollars.

The somoni is freely-convertible. Under the law, investors have the right to open local and foreign currency accounts. After tax is paid, they have the right to convert the national currency into other currencies. Similarly, they can subscribe to other foreign currencies to pay overseas businesses. Investors and foreign workers have the right to remit foreign currency income and wages from legal investments and operating profits abroad without paying special taxes. The entry and exit of cash of more than USD3,000 need to be declared.

(5) Key Industries

The five key industries are relatively underdeveloped in Tajikistan. Transportation infrastructure has some potential. The government has been restored, improved and rebuilt with the help from the international community. Recently, infrastructure has been greatly improved.

Transportation infrastructure:

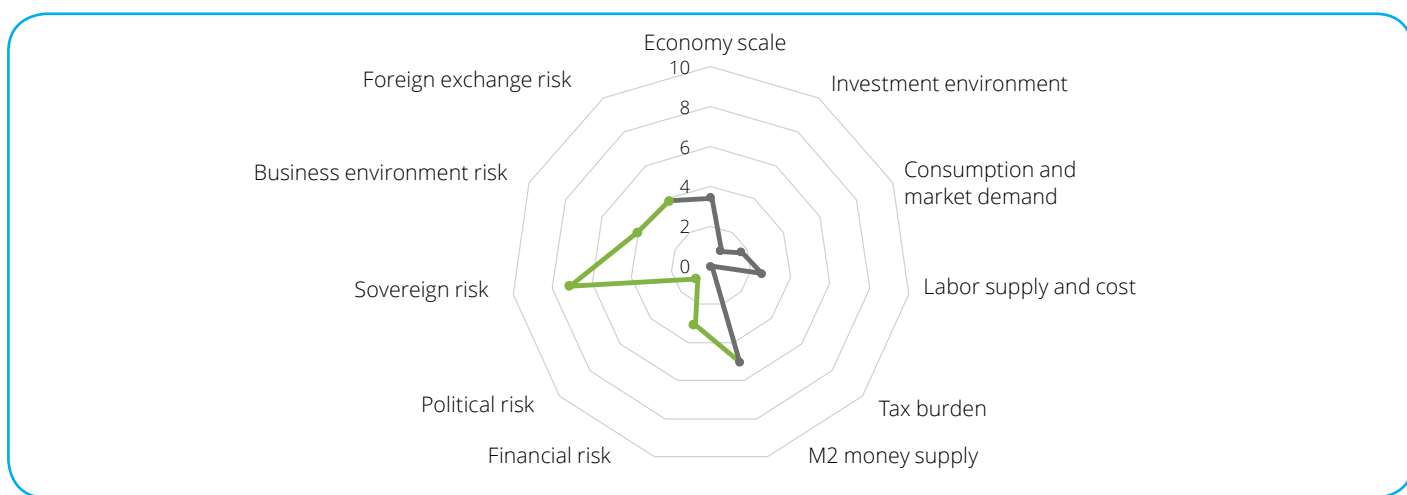
Tajikistan has poor travel conditions. Local routes are mainly highways. There are only three railway lines, in the north, south and south. They are non-connected with one another but link to the Commonwealth of the Independent States and neighboring countries through Uzbekistan. Since independence, Tajikistan has invested in the construction of 2,100 km of international roads and more than 1,000 km of domestic roads. The government has said that with the construction of international highways, it will link with China, Afghanistan and Kyrgyzstan, break traffic congestion and achieve national strategic goals. Tajikistan built about 200 km of roads and 45 bridges in 2018. Fourteen national transportation investment projects are being implemented with a total value of TJS7.5 billion (USD794.5 million).

7) Afghanistan

(1) Investment Advice

Investment in Afghanistan is not that attractive. Its macroeconomic attractiveness is low and risks are high. Infrastructure has been damaged by war. The government has focused on improving transportation infrastructure, creating investment opportunities. However, the political situation remains turbulent and the security environment is poor. Therefore, infrastructure projects in Afghanistan are very risky for most Chinese contractors and are unlikely to realize high profits in the short term. Additionally, although the country has sufficient natural resources, its lack of infrastructure and labor has increased the difficulty of mining and utilization.

Figure 48: Afghanistan Investment Attractiveness Score



(2) Country Profile

As a central Asian, landlocked country, Afghanistan is at the intersection of West, South and Central Asia. It borders China to the northeast, Turkmenistan, Uzbekistan and Tajikistan to the north, Pakistan to the east and south, and Iran to the west. The territory is about 648,000 km². Afghanistan is located in the subtropical climatic zone, but because of its distance from ocean and high altitudes, the continental climate is characterized by dry weather and little precipitation, with cold winters and hot summers.

Afghanistan has a population of 35.53 million (2017). There are 30 ethnic groups. In addition to the Pashtun, there are Tajik, Uzbek, and Turkmen. Residents generally follow Islam, accounting for about 99% of the total population. The official languages are Pashto and Dari.

Years of war have brought deep fissures to Afghan society. Afghanistan receives more international assistance

than any other country. In 2015, it was recognized by the IMF and World Bank as one of the HIPC (heavily indebted poor countries). According to data released by the UNHCR (United Nations High Commissioner for Refugees) and Ministry of Refugees and Repatriation, there were 9.3 million humanitarian workers in Afghanistan in 2016, accounting for about a third of the total population. The local people lack housing, food, water, medical resources, access to education, and employment opportunities.

(3) Macroeconomic attractiveness

The overall investment attraction of Afghanistan is low.

Its scale of economy score is low. Afghanistan is one of the least developed countries in the world and relies heavily on foreign aid. World Bank statistics show Afghanistan's GDP in 2017 was USD19.54 billion, but per capita GDP was only USD550, the lowest in the target countries. About 40% of the population is still below the

absolute poverty line. In recent years, domestic price levels have fluctuated sharply. The main reasons include the withdrawal of United States and NATO forces, the depreciation of the afghani against the US dollar, and border conflicts. Foreign trade has consistently had huge deficits. This situation is unlikely to change in the short term. Annual export volume accounts for only about 4%-7% of total trade. Exports include only dozens of primary products such as handmade blankets, dried fruits and cotton.

Its investment score is low. In 2017, cumulative FDI was only USD50 million, and fixed assets investment was USD3.71 billion. Both are the lowest among BRI countries.

Its consumer and market demand score is low. Per capita national income is only USD560, and final household consumption is USD15.7 billion.

Afghanistan's labor supply and costs score is low. Although it has a large

workforce, their education level is low. In 2017, only 11% of citizens received higher education. Since 2014, the withdrawal of US and NATO troops from Afghanistan and reductions in aid from the international community have led to a sharp increase in unemployment. The current unemployment rate is about 9%.

Its tax burden score is quite low. Afghan companies have high tax burdens, with a total tax rate of 71.4%. There are nine types of tax in the country, among which the income tax rate is up to 20%, corporate income tax 20%, and capital gain tax 20%.

Its money supply score is also low. Broad money supply in 2017 accounted for 34.5% of GDP, an increase of 4.1%.

(4) Risk Indicators

Long-term political unrest in Afghanistan has led to instability in its social and public security environment. Moreover the government's measures to encourage and safeguard foreign investment are not sound. In general, Afghanistan has significantly higher risks in the finance, politics, sovereignty, business environment, and foreign exchange than other countries, with political risks particularly prominent.

Financial risks are high. The Afghan banking industry is highly risky and highly dependent on foreign institutions to provide credit. However, external debt is only 12.9% of GDP. The reason is that since about 60% of Afghanistan's budget comes from international aid, the size and conditions of its debt are restricted by international organizations such as the IMF. Additionally, foreign exchange reserves are small at USD7.5 billion.

Political risk is high. Afghanistan has low levels of political stability and a challenging legal environment. Its high political risk mainly comes from the ineffective operation of government forces against Taliban militants, with losses of territorial control. In

addition, the Islamic State penetrated Afghanistan and continually launched terrorist attacks. Overall, the security situation in Afghanistan has deteriorated since the withdrawal of NATO troops in 2014.

Sovereign risk is high. Due to the heavy debt burden, pressure on debt repayment is substantial. In April 2015, Afghanistan was recognized by the IMF and World Bank as an HIPC. Afghanistan is not rated by international rating agencies. The National Risk Analysis Report issued by the China Export & Credit Insurance Corporation gave a sovereign credit rating of B3 to Afghanistan. The government is in fiscal deficit.

Business environment risk is high. The cost of establishing an enterprise is mid-high, equivalent to about 6.4% of per capita gross national income. Market entry by foreigners and contract implementation are much harder than in most BRI countries. The average time to enforce a contract in 2017 was approximately 1,642 days. Corporate executives spend 10% of their working time on government regulatory issues. In addition, the local government is inefficient. In 2017, Afghanistan adopted approaches to improve the business environment, including new tax management and legal manuals, clarifying tax audit rules and guidelines, automatic submission of tax returns to improve convenience, broadening access to corporate credit, and strengthening minority investor protections.

Foreign exchange risk is high, mainly because of large exchange rate fluctuations and low openness. In 2017, the exchange rate of the afghani against USD fluctuated significantly. The country implements the principle of national treatment for foreign investment, and foreign exchange control is strict. Foreign investors can open foreign currency accounts, remit personal and company legal income through local banks and handle foreign trade payment settlements. The country's Chinn-Ito score is 0.

(5) Key Industries

As a result of a more than 30-year war in Afghanistan, the economic base is poor. Transportation, communications, industry, education and agricultural infrastructure have been severely damaged, and the scores of several industries are low.

Agriculture: Agriculture and animal husbandry is an important pillar of the Afghan national economy. People involved in agriculture and livestock account for 85% of the total population. Agricultural farming techniques are similar to those of China in the 1960s-70s, lacking modern, high-tech facilities. There is insufficient local food and international assistance or imports are needed to address food shortages every year.

IT: Years of war have caused the industrial base of Afghanistan to collapse. The country largely focuses on light industry and handicrafts. The communications industry had a low starting point, but has developed rapidly and become a major foreign investment attraction. It is now the main pillar of Afghanistan's industrial and economic development, and one of the most profitable areas of government.

Transportation infrastructure:

Most facilities have been destroyed due to years of war. Facilities such as roads, railways and air transport are gravely inadequate. Afghanistan is vigorously promoting the construction of the Five Nations Railway: China-Kyrgyzstan-Tajikistan-Afghanistan-Iran; Three Nations Railway: Tajikistan-Afghanistan-Turkmenistan; and the Kandahar-Quetta and Jalalabad-Peshawar railways between Afghanistan and Pakistan. Afghanistan plans to build 1,425 km of railways by 2020 and complete a technical survey of a further 2,025 km. By 2030, Afghanistan will have built 3,000-3,500 km of railways. By then, 70% of the traffic problems in Afghanistan should be resolved.

3. Middle East

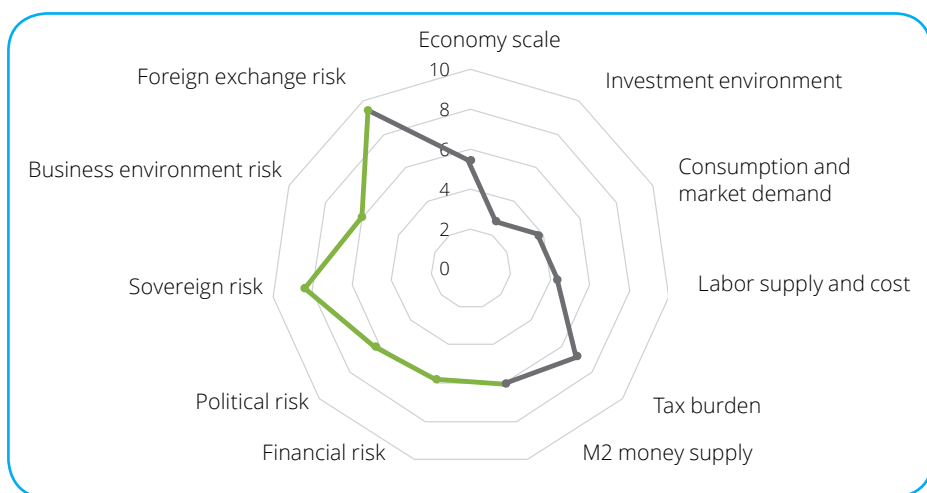
1) Israel

(1) Investment Advice

Investment in Israel is very attractive. The country has a favorable macroeconomic environment and low investment risk. Israel's high-tech industry is developed, with many start-ups, R&D and innovation capabilities that are prominent internationally. In addition, its transportation infrastructure is well

developed and it has cooperated with Chinese contractors. Overall, China's processing and manufacturing capacity is strong, so mutually complementary advantages, bilateral trade and investment prospects are very broad. Chinese companies are advised to pay close attention to Israel's high-tech sector, intelligence-intensive industries, as well as investment, contracting and cooperation opportunities in transport infrastructure.

Figure 49: Israel Investment Attractiveness Score



(2) Country Profile

Israel is located in Western Asia, bordering Lebanon to the north, Syria to the northeast, Jordan to the east, Egypt to the southwest, the Mediterranean Sea to the west, and the Gulf of Aqaba to the south. As a result of ongoing territorial disputes between Israel and the Arab States, Israel now has an area of about 25,000 km² where it has de facto control. Its national territory is narrow, only 135 kilometers from east to west at its widest point, and about 470 kilometers long with a coastline of 198 kilometers. Israel is dominated by a Mediterranean climate, with hot and dry summers and mild, humid winters.

There are only two distinct seasons each year: dry summer from April to October, and rainy winter

from November to March. The total population of Israel is about 8.71 million. The population is predominantly Jewish, accounting for about 75% of the total population and about 44% of the total number of Jewish people worldwide; Arabs account for about 21% of the population. The local population mainly follows Judaism, with some followers of Islam and Christianity.

The official languages are Hebrew and Arabic, and English is also common. Israel is at the junction of Asia, Europe and Africa, and has experienced many migratory flows, creating a combination of many cultures and religions.



Israel is a member of the WTO and the OECD (Organization for Economic Cooperation and Development).

(3) Macroeconomic Indicators

Its scale of economy score is high. Israel's economy is well developed, mainly due to high GDP per capita, with GDP of about USD350.9 billion in 2017 and GDP per capita of USD40,000.

Israel's GDP grew by 3.3% in 2017 from 2016 and is expected to grow at about 3% in future. Its investment score is high. Israel is highly modernized, with extensive science and technology assets and is attractive to foreign investors. FDI amounted to USD18.2 billion in 2017, an increase of 53% over 2016 and ranking first among Middle Eastern countries.

Fixed asset investment amounted to USD78.1 billion in 2017, an increase of 21% from 2016. Its consumption and demand score is high. Israel has a small total population but a high per capita national income, reaching USD37,000 in 2017, second only to Qatar and the United Arab Emirates in the Middle East.

At the same time, as a result of the Israeli government's measures to reduce the cost of living, consumer price inflation is low, at only 0.2% in 2017. Its labor security and cost score is higher. The high quality of the labor force is one of Israel's most remarkable advantages, with more than a quarter of the local working population having a university degree and more than one-tenth having a university degree or above. Among industrialized countries, the level of education of Israelis' level of education is the third highest in the world after the United States and the Netherlands respectively.

As a result, Israel's labor security and cost scores are high among BRI countries.

The tax score is also high. The tax burden is low, with total tax on commercial profits of about 26.2%, according to the World Bank. Its capital supply score is high too, with broad money supply accounting for 86.2% of GDP and growing at about 5.3%. Overall, the money market is stable.

(4) Risk Indicators

Overall investment risk in Israel is low. Financial risk is also low. The Israel banking risk assessment index is at 0.3, low among BRI countries. Israel's foreign exchange market, with its strong economy and global integration, can cope with substantial foreign exchange trading without damage to its financial markets, with total foreign exchange reserves of about USD115.3 billion.

Credit provided by Israel's domestic financial institutions is equivalent to 79.7% of GDP, and external debt as a share of GDP is 24.3%.

Its political risk score is low. Israel's political stability index is at minus 0.9. because of religious, territorial and other legacy issues, Israel suffers from tension with surrounding Arab countries, raising the risk of terrorist attacks and some risk of political instability.

However, the Israeli legal system is well formed, with its legal environment index in a leading position among BRI countries.

Sovereign risk is low. Moody's rates Israel's sovereign credit at A1, a high rating.

Public debt as a share of GDP is 63.6%, with a small fiscal deficit, 2.7% of GDP.

Business environment risk is low. Israel has the highest level of economic development, freedom of information and overall development in the Middle East. Despite its scarcity of natural resources, Israel's inclusive approach and investment rapport creates a good business environment, making foreign access to the local market relatively easy. However, contract enforcement difficulty is high, taking an average of up to 975 days, and the inefficiency of the government increases the risk of doing business.

In 2018 Israel made improvements in the following areas: speeding up access to tax clearance certificates, increasing the transparency of land registries and making property registration less difficult; improving regulations on weekly working hours, overtime and maternity leave.

Foreign exchange risk is low. Israel's currency, the new shekel (NIS) has a relatively smooth relationship with USD.

Israel has a high degree of freedom of foreign exchange, with a Chinn-Ito index of 1.0.

(5) Key Industries

In the five key BRI industries, Israel has high ratings in IT and transportation infrastructure, moderate scores in energy industry and agriculture, and a low rating in manufacturing.

IT: Israel's high-tech development leads the world, with strong academic infrastructure, rich military and civil research and development experience, and strong support from government and private enterprises. It is the world's third largest investor in high-tech R&D as a proportion of GDP, after Japan and Switzerland. Thanks to Israel's high-tech ingenuity, its highly developed information and communications industry is one of the country's leading sectors, with a complete industry chain, from electronic components to final equipment and services.

A large number of emerging IT start-ups have brought a wealth of venture capital investment opportunities to Israel, with many becoming the world's leading companies in their fields.

Transportation infrastructure:

Israel has developed transport infrastructure. It has convenient transportation, mainly via land, including more than 18,000 kilometers of roads, as well as more than 1,340 kilometers of railways. In November 2017, China Railway Construction Turkey Group, Shenzhen Metro Group, and Israel's largest bus operator, the Tel Aviv Bus Company, worked together on a winning bid for the Red Line light rail operation and maintenance contract. In February 2018, a joint venture between a wholly-owned subsidiary of China Railway and a group under the Central Railway Electrification Bureau won a general contract project for the Tel Aviv light rail line.

Energy: Israel's natural resources are relatively scarce. Its main resources are potassium salt, magnesium, bromine and other minerals from the Dead Sea. Meeting energy needs is highly dependent on imports. Israel has consistently made advances in energy efficiency and new energy R&D. More than 100 companies in Israel have mature technologies for the development and utilization of renewable energy, involving solar, wind, geothermal, biofuels, wave energy, nuclear and other forms of energy. It has a leading position in solar energy, geothermal technology and other areas, playing an important role in driving humanity away from its overdependence on carbon-based fuels.

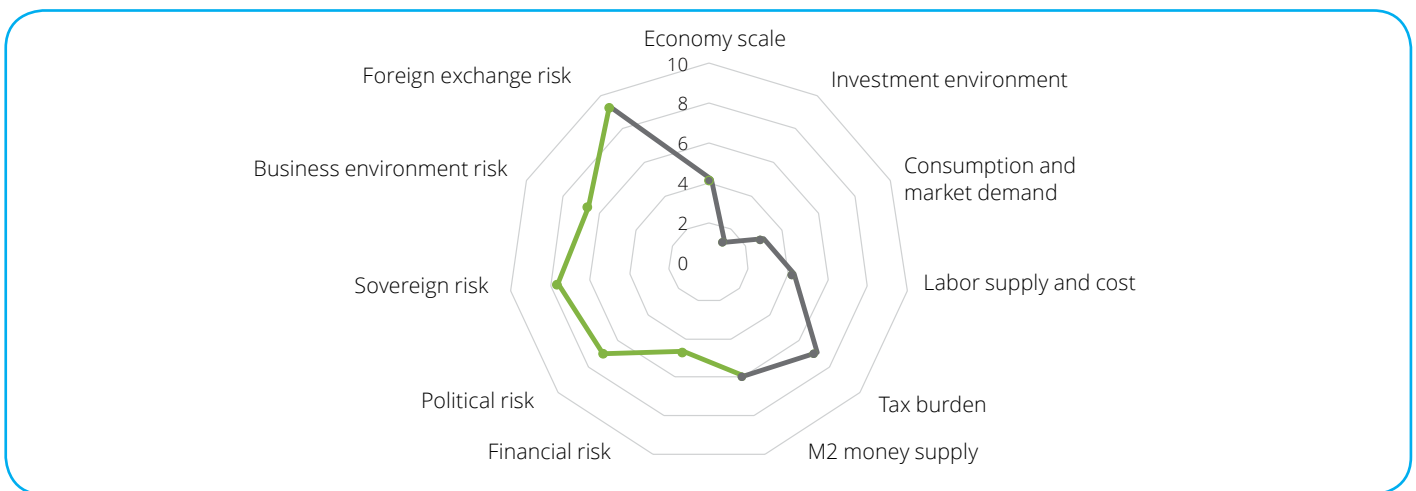
The outlook for Israel's energy sector is positive.

2) Oman

(1) Investment Advice

Investment in Oman is relatively attractive as its economy is quite strong and investment risk is low. Investing in its dominant industries, such as oil and gas, is a more robust option. The government of Oman attaches particular importance to environmental and construction safety issues and has developed stringent environmental laws. Therefore, when Chinese enterprises invest in the oil and gas industry, they should fully grasp the characteristics of the market environment and industry rules. In addition to the energy sector, companies are advised to focus on key areas of Oman's transformation, including transport infrastructure, manufacturing, logistics and other non-oil and gas industries.

Figure 50: Oman Investment Attractiveness Score



(2) Country Profile

Oman has one of the longest histories in the Arabian Peninsula. Located at the southeast end of the Peninsula, bordering the Gulf of Oman and the Arabian Sea, it is a main transit point for crude oil, as well as a commercial hub connecting the Middle East, India, Africa and Europe, with substantial location advantages. Oman has a coastline of 1,700 kilometers and covers an area of approximately 400,000 km². Oman, with the exception of its Northeastern Mountains, has a tropical desert climate, with hot and humid summers in the coastal areas and hot and dry inland areas, while some mountainous areas are cooler.

There are two seasons in Oman, the hot season from May to October, with temperatures as high as 40°C; and the cool season from November to April, with an average temperature of about 24°C. Oman, with a total population of 4.64 million, is overwhelmingly Arab, with Indians, Bangladeshis, Palestinians

and Filipinos making up the majority of the expatriate population.

The local official language is Arabic, and English is universal. Oman joined the WTO in 2000. It is a member of the customs union of the GCC (Gulf Cooperation Council).

Oman is also a founding member of the Indian Ocean Group and an Arab Free trade area.

(3) Macroeconomic Indicators

On the macroeconomic front, Oman scores quite low. Oman's GDP was about USD72.6 billion in 2017, with a historical growth rate of 0.3%, largely due to declines in international oil prices. Future GDP growth is expected to be about 5%. The Omani people have a good standard of living, with per capita GDP of about USD16,000, one of the highest among Arab countries. Oman is a typical resource-exporting country, with the crude oil and natural gas industry the backbone of the

national economy at about 30% of GDP. Export earnings account for nearly 70% of government revenue.

Oman has a moderate investment rating. In 2017, Oman absorbed USD2.9 billion in FDI and invested USD21.5 billion in fixed assets, mid-range among BRI countries.

Its consumption and demand score is moderate. National income per capita is high, at about USD14,000, with household final consumption of about USD2.8 billion showing residents have a quite low propensity to consume. The inflation rate last year was about 1.6%.

Oman's total imports and exports accounted for 98.9% of GDP. Its Gini coefficient is 0.5. Its labor security and cost indicator scores are high.

Oman's level of access to higher education is 47%.

Its tax score is high, with a low tax burden. According to the World Bank,

total tax on commercial profits in Oman is about 27.4%.

Its capital supply score is moderate, with broad money supply accounting for 57.6% of GDP and growing at about 4.2%.

(4) Risk Indicators

Overall, investment risk in Oman is low. Financial risks are moderate. Oman's banking risk assessment index is at 0.4, low among BRI countries.

Oman has high foreign exchange reserves of about USD17.5 billion, but its external debt as a share of GDP is 67%, pushing up foreign debt risk.

Political risk is low, with a political stability index score of 0.7. Oman's political situation is stable, society is orderly, and the legal system is sound

Its legal environment index is at -0.4, quite high among BRI countries.

Moody's gives Oman's sovereign credit a Baa3 rating.

Public debt as a share of GDP is 50.8%, and the fiscal deficit is 12.6%.

The business environment is moderately risky. Enterprise establishment cost is equivalent to 3.7% of national per capita income, and the average time required to enforce a contract is 598 days, mid-range among BRI countries.

Foreign exchange risk is low. The local currency of Oman is the Omani real. It is fully convertible, with a Chinn-Ito score of 1.0.

(5) Key Industries

Among the five BRI key industries, Oman has high scores in energy, manufacturing and transportation, and moderate ratings in agriculture and IT.

Energy: Oil and gas is the pillar industry of Oman, dominating the

national economy and being the main source of national revenue. In 2017, oil and gas industry output was USD21.89 billion, accounting for 29.3% of GDP. Oil production was 350 million barrels, with output value of USD18.35 billion and export volume of 290 million barrels, of which 77% was sold to China. Natural gas production was 40.91 billion cubic meters with output value of USD3.54 billion.

To meet potential demand for natural gas from domestic electricity production and industrial enterprises, and cope with supply shortages that can occur at any time, the Omani government is stepping up efforts to develop the upstream natural gas industry and encourage local and foreign companies to undertake oil and gas exploration, production, gas-based projects and support services.

Transportation infrastructure:

Oman's infrastructure is well developed. Transport costs are low and it is a very important strategic road hub and port. Road transport is the most important and convenient mode of transport in Oman and, as at the end of 2017, the total length of Omani tarmac was 62,000 kilometers. The road from the capital Muscat to Salala in the south is more than 1,000 kilometers long and is the longest road in Oman. Oman has no railways, with railway networks connecting Kuwait, Bahrain, Saudi Arabia, Qatar, the United Arab Emirates and Oman having been planned for a long time.

Oman is conducting an assessment of a planned tender for consultancy services on a domestic mineral railway project, and plans to build a 625-kilometer railway line connecting limestone and gypsum-rich mining areas including Shuwaymiyah and Manji to the port of Du Qom. In the next phase, connections between another wealthy area, Thamrait, and Salala are envisioned as part of the Omani national railway network.

3) Qatar

(1) Investment Advice

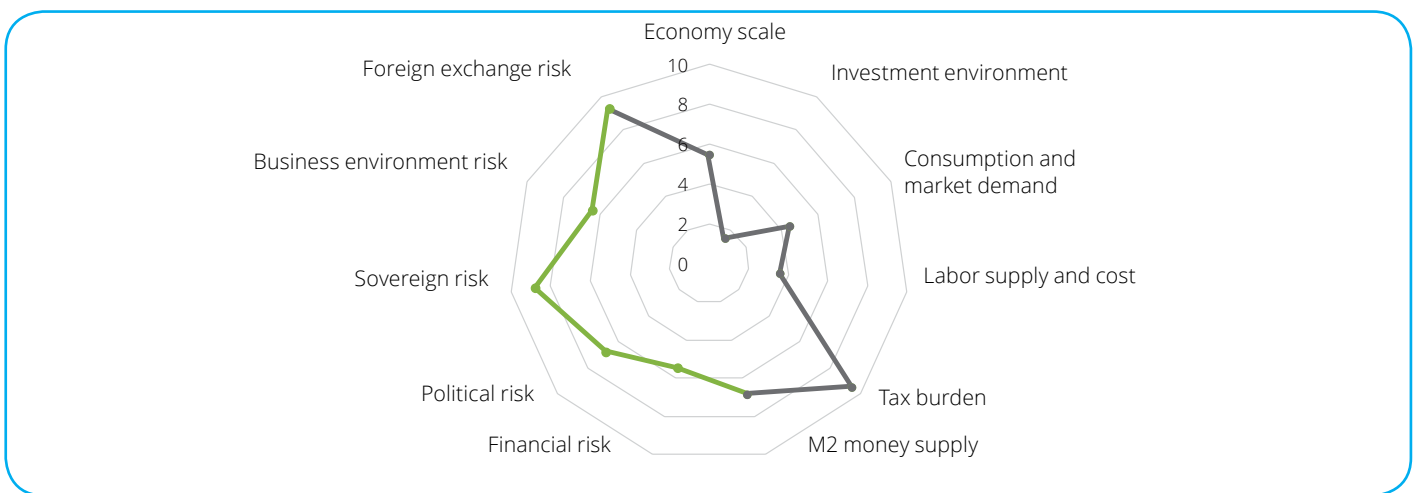
On the whole, investment in Qatar is very attractive. Its economy is more attractive than those of most BRI countries and investment risk is small. Qatar's energy sector is its dominant industry, and Chinese companies

should pay attention to investment opportunities in this area. In addition, there is substantial investment potential in the infrastructure sector.

Bidding competition for the contracting market in Qatar is very fierce, with the participation of large

global contractors. Because of Qatar's low economic dependence on China and China's quite high demand for its energy resources, Chinese companies face greater competition than elsewhere when developing markets in Qatar.

Figure 51: Qatar Investment Attractiveness Score



(2) Country Profile

Qatar is an Arab country in Western Asia, on the western south coast of the Persian Gulf at the Qatar Pen. It has a southern land border with Saudi Arabia and sea to the east, north and west. Its coastline is 563 kilometers long, with land area of 11,521 km². Qatar has a tropical desert climate with two seasons, summer and winter.

Summer is from May to October, and the weather is hot and humid, with temperatures from 25-46°C and sometimes reaching more than 50°C. Winter is from November to April, with cool and dry weather and temperatures of 10-30°C.

Qatar had a total population of 2.64 million in 2017, of which approximately 15% are Qatari citizens. The expatriate population accounts for about 85% and is mainly from South and Southeast Asian countries such as India, Bangladesh, Nepal and the

Philippines, as well as Arab countries such as Egypt, Jordan, Lebanon and Syria.

Arabic is the official local language.

Qatar is a member of the WTO, the Gulf Arab Cooperation Council and the Organization of Petroleum Exporting Countries.

(3) Macroeconomic Indicators

On the macroeconomic front, Qatar has a very high rating. According to the World Bank, Qatar's GDP was about USD177.6 billion in 2017, with an economic growth rate of 2.7%. Oil and gas and the petrochemicals industry associated with it have long accounted for more than 50% of Qatar's GDP.

The rapid development of the oil and gas industry has led to high economic growth in Qatar, making it the world's fastest growing economy with the highest per capita GDP, at about

USD63,000 in 2017. Its investment rating is high. FDI amounted to USD990 million in 2017, quite low.

Fixed asset investment is extremely high, however, at about USD88.7 billion. Qatar has a high rating in consumption and demand. National income per capita is USD60,000, the Gini coefficient is 0.4 and inflation rate is as low as 0.4%.

That said, household final consumption expenditure and imports and exports as a proportion of GDP are mid-range, with room for improvement.

Qatar has a moderate rating in labor security and costs. Labor supply is strained because of the small population base. More than 90% of Qatari nationals serve in government departments or state-owned enterprises, hence the need to introduce a large amount of foreign talent and ordinary labor.

Qatar's unemployment rate remains low, at about 0.1% in 2017.

Its tax score is high. Based on World Bank statistics, tax on commercial profits is 11.3%, a small corporate tax burden.

Qatar has a high money supply rating, with broad money supply as a share of GDP at 99.3%, a growth rate of 21.3% and adequate capital supply. Its deposit-loan interest rate difference is only 1.8%.

(4) Risk Indicators

Overall, Qatar has low investment risk. Financial risk is also low. Qatar's banking risk assessment index is at 0.5, at a good level among the BRI countries. Qatar has a high foreign exchange reserves of about USD24 billion.

However, external debt as a share of GDP is 84.6%, so foreign debt risk is higher. Political risk is low. Qatar is a constitutional monarchy with political stability and good social security, and there are no anti-government forces.

Its political stability index is at 0.6, with a legal environment score of 0.4, both in the upper echelons among BRI countries.

Sovereign risk is low. Moody's gives Qatar a sovereign credit rating of Aa3.

Public debt as a share of GDP is 54.4%, with a fiscal deficit of -6.2%.

Business environment risk is high. Qatar has a good degree of marketization, but foreign entry into the market is challenging, the

government is not efficient, and contract execution is highly difficult. The average contract enforcement takes about 570 days and the government efficiency score is only 0.7.

In 2018, Qatar made improvements by eliminating the minimum margin requirement, which makes the establishment of enterprises more convenient, and improving access to loan information.

Foreign exchange risk is low. The Qatari currency is the riyal, and it uses a fixed rate of 3.6:1 to USD.

In addition, Qatar has adopted a free exchange system, with no controls, and its Chinn-Ito score is 1.0.

(5) Key Industries

Among the five BRI key industries, Qatar's energy, transportation, manufacturing and IT score highly. Its agricultural score is moderate.

Energy: Qatar's resources are mainly oil and gas. Its main products are liquefied natural gas, crude oil, condensate oil, gasoline, polyvinyl chloride, liquefied propane, urea and methanol, with the vast majority of production for export. Qatar Petroleum Corporation completed the merger and reorganization of Qatar Gas and RasGas on 1 January, 2018, creating a new QatarGas. After the merger, QatarGas will exclusively manage annual liquefied natural gas exports of 77 million tons.

While Qatar is now seeking economic transformation, oil and gas-dependent industries remain its mainstay.

Transportation infrastructure:

Qatar has relatively complete and modern infrastructure including roads, airports and ports. Qatar has a total road length of 9,830 km, of which 1,580 km are trunk roads and 8,250 km are feeder roads, forming the framework for a nation-wide road network. Qatar has high-grade roads to Saudi Arabia, which can be used to ultimately reach the UAE.

Qatar Air's cargo volume increased from 1.52 million tons in 2015 to 1.7 million tons in 2016, up 11.8% YoY, making it the third largest international air cargo company in the world.

Qatar's main ports are Hamad, Doha, Lafan and Messeyide. Hamad was officially opened on 5 September 2017, with an area of more than 28.5 km² and capacity for 7.5 million standard containers. Total investment was USD2 billion, and several elements of the port were built by China Harbor Engineering.

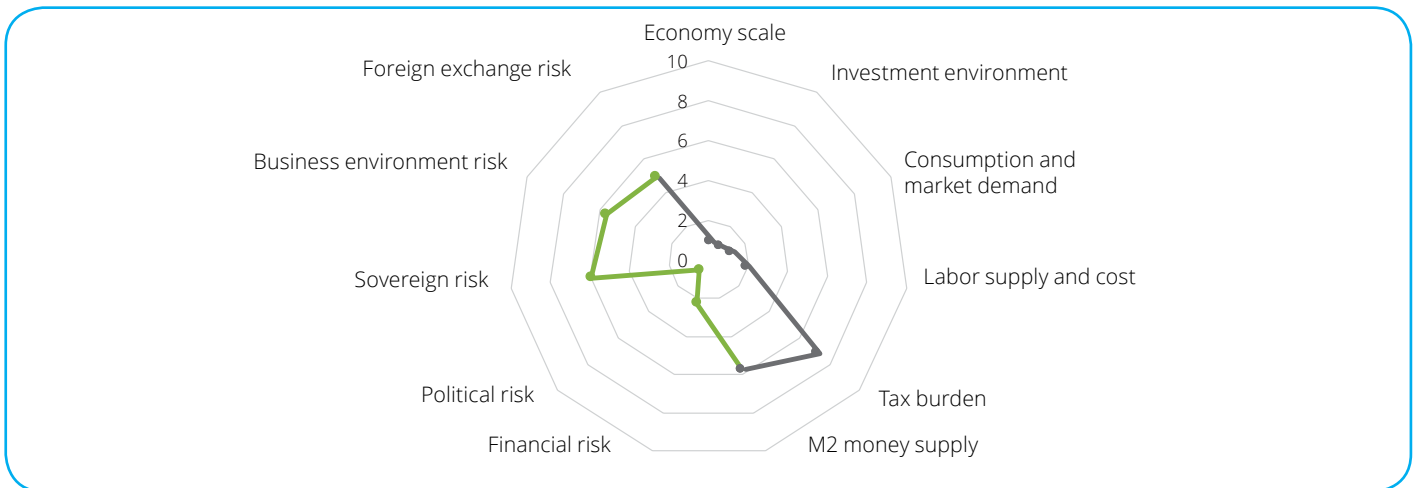
A new direct route between Hamad and Shanghai, the China Gulf Express Line (Shanghai-Hamad), opened on 17 September 2017. The route is operated by Yangming Shipping Company once a week, with 6,000 containers of capacity, and visits Ningbo, Kaohsiung, Xiamen and Shekou in China, as well as Malaysia's Klang, before reaching Hamad.

4) Yemen

(1) Investment Advice

Yemen's investment landscape is less attractive than most BRI countries' due to an unappealing macroeconomic environment and high investment risk. Yemen is very rich in oil and gas resources, but is not a member of any oil organization, so production is highly autonomous. This means it has high investment appeal, but enterprises need to pay special attention to the continued political turmoil in Yemen when investing, as overseas operations could involve great security risks.

Figure 52: Yemen Investment Attractiveness Score



(2) Country Profile

Yemen is in the southwestern Arabian Peninsula, adjacent to Saudi Arabia to the north, Oman to the east and bordering the Red Sea, Gulf of Aden and the Arabian Sea, making it an important strategic location. Yemen has a land area of 555,000 km² and 2,200 kilometers of coastline.

The mountainous and highland regions of Yemen have a milder climate and sit alongside hot and dry desert areas. The average annual maximum temperature is 39°C and the minimum is 8°C. Yemen is the most populous country in the Arabian Peninsula, with a total population of about 28.25 million.

The majority of inhabitants are Arabs, the official language is Arabic and the state religion is Islam. Yemen has a history of more than 3,000 years of written records and is one of the cradles of civilization in the Arab world, with a brilliant history. Yemen joined the WTO in 2014 and is a member

of the Greater Arab Free Trade area. Since 2015, the country has been mired in a complex civil war, with rebel Houthis fighting government forces backed by a Saudi Arabia-led coalition and Islamic State and Al Qaeda taking advantage of the conflict.

The long civil war has led to famine and a humanitarian crisis in Yemen.

(3) Macroeconomic Indicators

On the macroeconomic front, Yemen's score is extremely low. Yemen's economic development is largely dependent on oil export revenues. Since 2010, affected by the international financial crisis and falling oil prices, Yemen's oil export earnings have fallen sharply and economic growth has slowed. The Yemeni economy deteriorated further in 2015 as a result of the escalation of the internal conflict. Yemen's GDP was about USD31.3 billion in 2017, having been shrinking at a rate of about 6%. GDP growth is expected to be about 3%.

Yemen is one of the least developed countries in the global economy, with poor living standards and about USD,1000 in GDP per capita.

Its investment rating is low. FDI in 2017 was USD270 million and investment in fixed assets reached USD4.47 billion, a low level among BRI countries.

Yemen has a low consumption and demand rating. National income per capita is about USD935, household final consumption spending is about USD2.8 billion, indicating quite a low propensity to consume. In recent years, as a result of the tense internal situation in Yemen, oil and gas pipelines have been repeatedly damaged by terrorists, resulting in a shortage of fuel and electricity. Prices have also risen, with inflation in 2017 about 24.7%, and there has been a severe currency devaluation.

Yemen's total imports and exports account for 14.3% of GDP and it has a Gini coefficient of 0.4. Its labor security and cost indicators are very low. Yemen has a small labor force, and although the minimum wage is very low, it is not suitable for investment in labor-intensive industries.

Yemen also has a low level of education, with a gross tertiary enrolment ratio of only 9.8% in 2017. Its unemployment rate is 14.2%.

Yemen's tax index score is high, with tax on commercial profits of about 26.6%, according to the World Bank.

It has a low supply of funds score, with broad money supply accounting for 35% of GDP and growing at about 16.4%.

(4) Risk Indicators

Yemen has high investment and financial risks higher. Its banking risk assessment score is 0.9, low among BRI countries. Foreign exchange reserves are low at only USD1.98 billion.

External debt as a share of GDP is 34.4%, so external debt risk is moderate.

The political stakes are extremely high. The Yemeni government is in a transition period, with social instability and several security challenges. Its political stability index is at -3.0, and the legal environment index is at -1.5.

Sovereignty debt risk is high. Moody's gives Yemen a sovereign credit rating of Caa1.

Public debt as a share of GDP is 71%, with a fiscal deficit of -6.9%.

The business environment risk is high. Tribal politics and culture prevail in Yemen. Tribes, as a relatively closed system, with Islamic rules and tribal practices, are very different from modern societies ruled by law. Therefore, foreign investors need to not only to communicate with the central government and departments in Yemen, but also coordinate with local governments and tribal forces, making it extremely difficult for foreign businesses to enter the market.

The government is inefficient, with a score of 1.9. The average time required to enforce contracts is about 645 days, and the cost of setting up new enterprises is equivalent to 118% of gross national income per capita.

Foreign exchange risk is high. The Yemeni currency is the dinar, with an exchange rate of 0.6% against USD in 2017/18.

Yemen has adopted a system of free exchange, with relatively lax foreign exchange controls and a Chinn-Ito index of 1.0.

(5) Key Industries

Yemen's energy industry and agriculture score moderately, with low ratings for IT, manufacturing and transportation.

Energy: Yemen is a typical resource-based country, with oil and gas as its important natural resources. Recoverable proven oil reserves are about 4 billion barrels, with proven natural gas reserves of about 18.5 trillion cubic feet. Yemen is very rich in non-oil resources, including metal ores, mainly gold, silver, lead and zinc.

Yemen's oil and gas industry has an open-door policy that allows international investors to legally engage in oil and gas exploration and exploitation after signing a corresponding production sharing agreement with the Ministry of Oil and Mines through a block bidding exercise.

Agriculture: Yemen's main agricultural products are cereals, fruits, vegetables, pulses, curry (an anesthetic extracted from khat), coffee, cotton, dairy products, livestock, poultry and fish. After oil and gas, fishery is an important industry in Yemen's national economy. Yemen has more than 2,000 kilometers of coastline and is rich in offshore aquatic resources, with nearly 300 species and 1.6 million tons of potential. The current annual catch is about 100,000 tons.

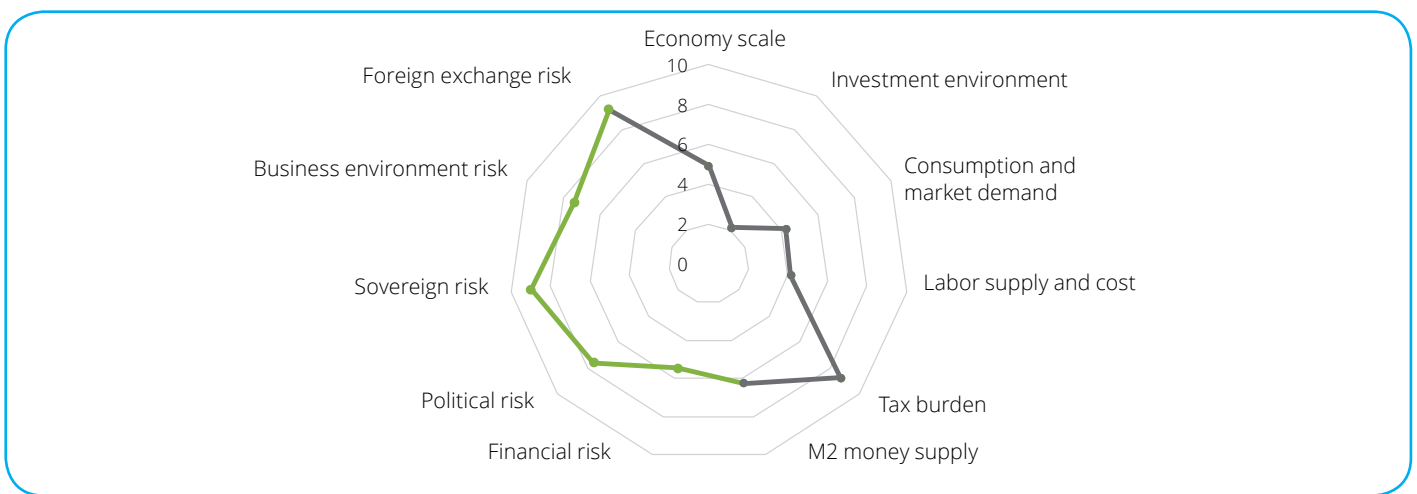
In addition to local consumption, Yemeni seafood is mainly exported to Saudi Arabia, Italy, France, Jordan, Switzerland, Canada, China, Singapore, Hong Kong, China, Egypt, the United Arab Emirates and the United States.

5) United Arab Emirates

(1) Investment Advice

Investment in the UAE is generally attractive. The macroeconomic environment is attractive and investment risk is low. Chinese companies are advised to focus on investment opportunities in the UAE energy industry and, in addition to traditional petrochemicals sector, focus on investment opportunities in high-tech markets such as renewable energy and nuclear power. In addition, the UAE's manufacturing sector (especially aluminum, textiles and apparel) and IT have stable production bases and market demand, resulting in huge investment space. At the same time, Chinese companies need to be aware that because the UAE economy is highly open, they will face fierce competition with European and American companies during the bidding phase of a UAE project.

Figure 53: UAE Investment Attractiveness Score



(2) Country Profile

The United Arab Emirates, or UAE, is a federal state of the seven emirates of Abu Dhabi, Dubai, Sharjah, Ra's Al Khaymah, Al Fujayrah, Umm Al Quwain and Ajman. The capital is Abu Dhabi. The UAE is in the eastern Arabian Peninsula, bordering the Persian Gulf to the north, with a coastline of 734 km. The west and south border Saudi Arabia, the east and northeast are adjacent to Oman and the northwest is adjacent to Qatar.

The UAE has a total area of about 83,000 km². As of 2017, the UAE had a population of 9.4 million, with Arabs accounting for 87% and other ethnic groups accounting for 13%. The national population accounted for about 11.5% and the expatriate population about 88.5%. The foreign population is mainly from India, Pakistan, Egypt, Syria and Palestine. Most of the residents follow Islam. The official language is Arabic and English is widely spoken.

The United Arab Emirates joined the WTO in 1996 and is a member of the GCC member States, the Greater Arab Free Trade Area, the IMF, OPEC, the IAEA (International Atomic Energy Agency), the Asian Infrastructure Investment Bank and other international multilateral organizations.

(3) Macroeconomic Indicators

The UAE has among the highest levels of economic openness in the Middle East and Gulf states, with higher scores in macroeconomic indicators.

With its stable political situation, relaxed business environment and developed infrastructure, the UAE has become a haven for regional capital flows and logistics, and is an important trade, finance and logistics hub in the Middle East and the Gulf.

Its scale of economy score is high. The UAE's GDP was about USD382.6 billion in 2017, up 1% from a year earlier, and

USD63,249 per capita, at the forefront among the BRI countries.

GDP is expected to grow at an average annual rate of about 3%.

Its investment indicators score are also high. In 2017, the UAE absorbed foreign capital flows of USD10.4 billion, an increase of 8% YoY, with fixed asset investment of USD100.7 billion.

Its consumption and demand score is high, too. The UAE's foreign trade is highly prosperous, with total imports and exports accounting for 172.8% of GDP in 2017. With steady economic growth in recent years, national income per capita amounted to USD39,130 in 2017, and household final consumption expenditure amounted to USD133.6 billion, accounting for about 74% of total social final consumption.

Prices have remained stable in recent years, with inflation of 2% in 2017.

Its labor security and cost indicators score highly. The UAE had a population of 6.5 million in 2017, of which foreign workers dominated, accounting for 90% of the total. The unemployment rate was 1.7% in 2017 and is within reasonable limits.

However, education in the overall labor market is low, limiting the development of high-end industries.

Its tax burden scores well. To encourage foreign investment, the UAE taxes lightly, creating one of the most preferential tax environments among BRI countries. Based on World Bank statistics, the country's total tax level on commercial profits is 15.9%.

Capital supply indicators also rate highly. In 2017, broad money supply accounted for 91% of GDP, and was growing at about 4.1%. The domestic deposit and loan interest rate difference is 3.5% and the money market is stable.

(4) Risk Indicators

Overall, investment risk in the UAE is low, as is financial risk.

In 2017, the credit provided by domestic UAE financial institutions was 10.8% of GDP, and it had foreign exchange reserves of USD89.79 billion, at the forefront of BRI countries.

Political risk is low. The UAE has a stable political situation and good social security. Especially since the outbreak of the international financial crisis and regional turmoil, the UAE has become a safe haven for regional capital flows and logistics, and its regional trade, finance and logistics hub has strengthened its position.

Sovereign risk is low. Moody's has a stable outlook on the UAE's sovereign credit, with a rating of Aa2.

Public debt is low, accounting for only 20.8% of GDP in 2017.

Business environment risk is also low. The UAE's scores for contract performance and ease of business entrance rank near the top among BRI countries, although the cost of setting up a business is equivalent to 22.8% of national per capita income, slightly high.

Government efficiency is high and the overall business environment is good.

There is low foreign exchange risk. The UAE implements an open monetary policy with a very high degree of freedom of foreign exchange.

The exchange rate of the national currency, the dirham, has remained stable.

(5) Key Industries

Among the five BRI key industries, energy, manufacturing, IT and transportation industry score highly, and the agricultural score is low.

Energy: The most important resources in the UAE are oil and gas, with proven oil reserves of 97.8 billion barrels (about 13.3 billion tons) and proven natural gas reserves of about 6.1 trillion cubic meters. Oil and gas production occupies a key position in the UAE economy. There are successful Chinese investment cases in the petrochemicals industry, including Sinopec's involvement in the UAQ gas field project. The project has cumulative investment of about USD100 million, with an expected peak daily gas supply of 80 million cubic feet and a life of 25 years.

Manufacturing: Aluminum refining is one of the main non-oil industries in the UAE. In June 2013, the UAE's two aluminum giants, DUBAL (Dubai Aluminum) and EMAL (Emirates Aluminum), announced their merger to create a company with combined assets of AED55 billion (about USD15 billion), becoming the world's fourth largest aluminum company.

In plastics, November 2019 saw the UAE's ADNOC and Denmark's Borealis establish the world's sixth largest polyolefin company (Borouge). By the end of 2017, the company had reached 4.5 million tons of production, making it the world's largest single-site, integrated polyolefin production base.

The textiles and garments industry accounts for 10% of the UAE's gross domestic product and is the second largest export.

IT: UAE network infrastructure construction is quite advanced, and telecommunications network maturity is high. As of the end of July 2017, the total number of subscriptions to UAE Telecom services (including mobile, landline and internet businesses) amounted to 23.36 million, according to the UAE Telecommunications Authority. The UAE has a high degree of internet use per capita, ranking first among Middle Eastern countries. According to a study published by the World Economic Forum in 2016, the UAE's telecommunications network ranks 26th out of 139 countries and first its region.

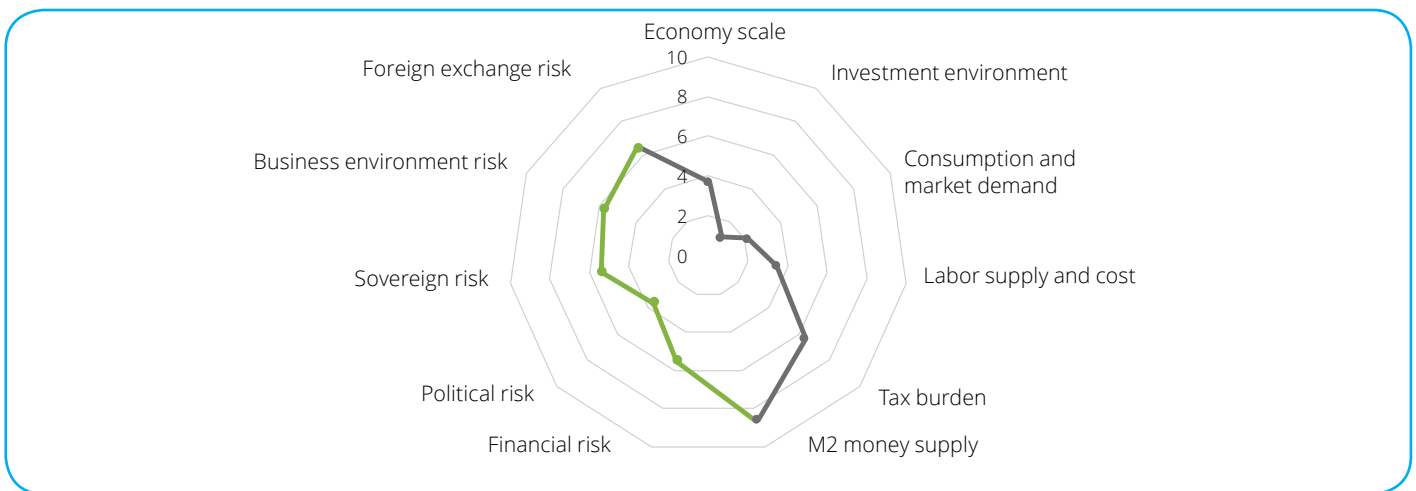
In communications, China's Huawei and ZTE have become major communications equipment suppliers to the UAE, and their successful investments have earned a good reputation locally for Chinese companies, creating an opportunity for other Chinese companies with technological advantages to invest in relevant fields in the UAE.

6) Lebanon

(1) Investment Advice

Overall, investment in Lebanon is less attractive than elsewhere, with moderate macroeconomic attractiveness but substantial investment risk. Lebanon has worked in recent years to improve local infrastructure, but the government's financial resources have been unable to support the implementation of large-scale projects, creating large funding and technology gaps. We recommend Chinese companies pay attention to investment opportunities in Lebanon's infrastructure sector, particularly transport infrastructure. In addition, enterprises interested in investing in Lebanon need to pay attention to the complex local political environment, frequent local conflicts, and tensions between some neighboring countries, ensuring strong risk assessment, market research and security precautions.

Figure 54: Lebanon Investment Attractiveness Score



(2) Country Profile

Lebanon is in Southwestern Asia, on the eastern coast of the Mediterranean, adjacent to Syria to the north and east and bordering Israel to the south.

The land area is about 10,000 km² and the coastline is 220 km long. Lebanon had a population of 6.08 million in 2017, and main ethnic group is the Lebanese, accounting for 95%, with Armenians accounting for about 4%. Arabic is the official language and French and English are common. Some 60% of the population follow Islam and 40% are Christian.

Lebanon is a member of the WTO and the Greater Arab Free Trade area. Its unique geographical location and historical evolution, as well as modern French rule and other factors, have created a blend of traditional Lebanese Arab culture and modern Western culture, become a conduit for

East-West communication. Lebanon's services are well developed, with finance, tourism, trade and remittances the four pillars of its economy. The Lebanese appreciation of doing business is deeply rooted and the private economy is well developed.

Lebanese businesspeople are strong in trade, keen to engage as agents and intermediaries across the world, with many of them active in the Middle East, Africa, South America and elsewhere.

(3) Macroeconomic Indicators

Lebanon's macroeconomic indicators are mid-range among BRI countries. Its scale of economy score is low. Lebanon GDP was about USD53.6 billion in 2017, up about 1.5%, but its economy is smaller than many BRI countries. However, because of its small population, GDP per capita reached USD8,808 in 2017, ranking highly.

The main drivers of Lebanon's economic growth are finance, real estate and tourism.

However, owing to instability in the region in recent years, the Syrian refugee issue and resulting resource constraints and social security challenges, the Lebanese economy faces multiple challenges.

Its investment indicators scored moderately, with USD9.85 billion invested in fixed assets in 2017, quite low.

Its consumption and demand ranking is low. Imports and exports as a share of GDP in 2017 were 67.9%. Household final consumption expenditure in 2017 was USD46.9 billion and the Gini coefficient was 0.6, representing a large income gap among residents.

The cost of living is generally high due to a dependence on consumer goods imports in the Lebanese market, with high housing prices in the capital, Beirut, and even greater use of transportation and public facilities there than in New York.

Its labor security and cost is mid-range among BRI countries. Lebanon attaches importance to education, and the overall quality of education and literacy are high. It has more high-quality professionals than other Middle Eastern countries, but has a serious brain drain, with many people traveling to the Gulf countries for employment.

It had a labor force of only 2.23 million in 2017, absorbing a group of Syrian refugees, with a high unemployment rate of 6.7%.

Its tax index score is better. The total tax on commercial profits in Lebanon is 31.1%. However, for foreign investment, Lebanon provides tax incentives and exemptions based on the type of investment and its location. The tax concessions are greater in IT, telecommunications and media, tourism, agriculture, industrial projects.

Its capital supply scores are high. Lebanon's broad money supply level in 2017 accounted for 258% of GDP, the highest among BRI countries, with a domestic deposit and loan interest rate difference of about 1.2%, conducive to the release of investment demand.

(4) Risk Indicators

Overall investment risk in Lebanon is high. Financial risk is low.

Its domestic financial institutions provided credit worth 198.3% of GDP in 2017, and external debt as a share of GDP was only 54.5%.

There is high political risk in Lebanon, with low scores in political stability and legal environment. Lebanon has

a unique political system based on sectarian decentralization, and religion has a very important influence on political and social life.

Due to religious, political and historical factors, and the overall situation in the Middle East, including conflict among major powers, having a substantial impact on the political situation in Lebanon, Lebanese party relations are complex, government turnover is frequent, and the legal system needs to be improved.

As of 2018, S&P rates Lebanon's sovereign credit at B3. Lebanon is a moderately middle-income country, but as a result of prolonged war and severe damage to infrastructure, post-war reconstruction has put a large debt burden on the government and a fiscal deficit has been in place for years. Lebanon's public debt as a share of GDP reached 156.1% in 2017, and the fiscal deficit was USD9.7 billion.

The business environment is highly risky, and the 2017 government efficiency score is -0.5, low among BRI countries. Enterprise establishment cost is equivalent to about 40% of national per capita income, and contract enforcement takes about 721 days.

Foreign exchange risk is moderate. Foreign exchange freedom is better than elsewhere, with the Lebanese pound having remained stable for a long time, and circulated simultaneously with USD. Lebanon is the financial center of the Middle East, and its banking sector leads the region.

This relatively open and stable financial market has created a decent financial environment for foreign investment.

(5) Key Industries

Among the five BRI key industries, Lebanon's transportation and IT

sectors have moderate ratings, and the scores for energy, agriculture and manufacturing are low, with no outstanding performance among the five industries.

The Lebanese economy is dominated by services, which account for about 70% of GDP. Major industries include the financial sector, real estate and tourism.

Lebanon's 15-year civil war and the Israeli-Palestinian conflict, which erupted in the summer of 2006, have caused enormous damage to Lebanon's infrastructure. The government lacks sufficient funds to improve local infrastructure, so large infrastructure construction is more dependent on foreign loans and aid. With the stabilization of the domestic political situation, to improve infrastructure development the Lebanese Development and Reconstruction Commission, together with government departments, has launched a series of infrastructure projects to provide opportunities for Chinese investors and contractors interested in participating in the development and reconstruction of Lebanon.

Following the adoption of the PPP (Public-Private Partnership) Act in September 2017, the government launched a large-scale investment plan to boost Lebanon's infrastructure capacity. Involving transportation, energy, telecommunications, water treatment and multiple other fields, with a total of more than 200 projects, the project aims to raise USD16 billion in three phases over 12 years. At the CEDRE conference in Paris in April 2018, Lebanon raised USD11 billion in financial assistance from the international community. More than 60% of the projects will be completed through PPP.

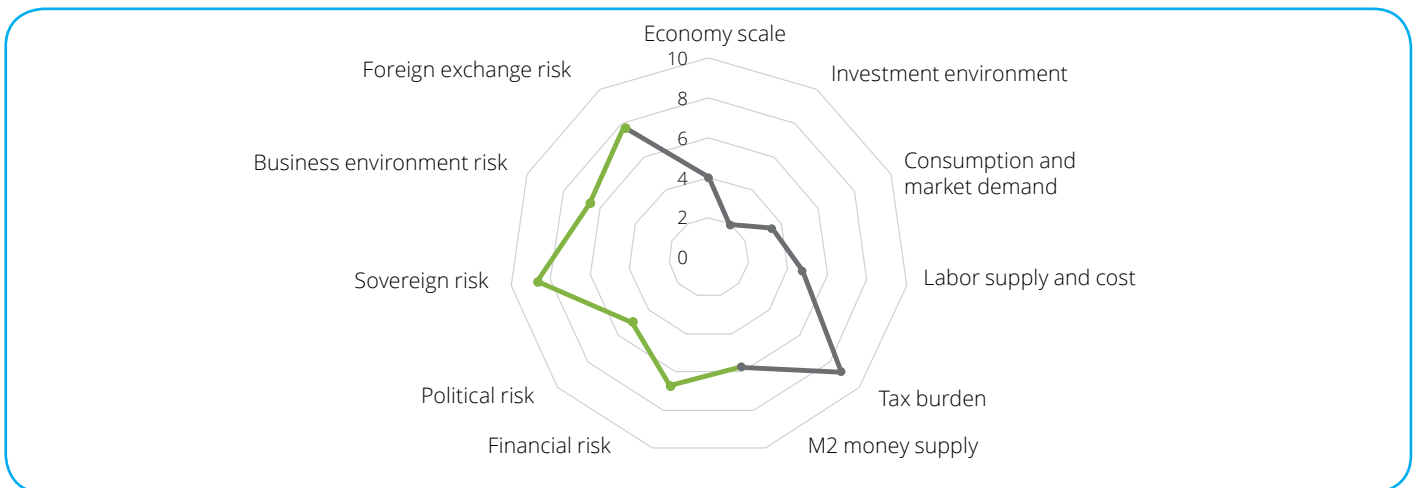
Lebanon has large space for infrastructure investment.

7) Saudi Arabia

(1) Investment Advice

Saudi Arabia has high investment and macroeconomic attractiveness, with relatively low investment risk. It is actively seeking transformational development, with enormous investment potential in traditional energy and emerging areas (such as electricity, electromechanical equipment, heavy industry and electronics).

Figure 55: Saudi Arabia Investment Attractiveness Score



(2) Country Profile

The Kingdom of Saudi Arabia is located in the Arabian Peninsula, east of the Persian Gulf and west of the Red Sea, bordering Jordan, Iraq, Kuwait, the United Arab Emirates, Oman and Yemen. Located at the intersection of the three continents of Asia, Africa and Europe, the land area is 2.25 million km². The western plateau of Saudi Arabia has a Mediterranean climate, while the rest of the region is subtropical desert.

Summer is hot and dry, and the maximum temperature can reach more than 50°C. The winter climate is mild. Saudi Arabia has a total population of 32.94 million, of whom about 67% are Saudi citizens.

The state religion is Islam and the official language is Arabic.

Saudi Arabia, the largest economy and consumer market in the Middle East, is the birthplace of Islam and a member of the WTO, OPEC and the Group of 20.

(3) Macroeconomic Indicators

On the macroeconomic side, Saudi Arabia has a lower rating. According to the World Bank, Saudi GDP was about USD686.7 billion in 2017, with a historical growth rate of 0.9%, and future GDP growth is expected to be about 2%.

Saudi Arabia's GDP per capita was about USD20,000 in 2017.

Its investment rating is high Saudi Arabia. FDI was USD1.42 billion in 2017, and fixed asset investment was about USD160 billion.

In consumption and demand, Saudi Arabia rates highly. National income per capita is high at about USD20,000; household final consumption expenditure in 2017 was USD283.6 billion and consumer demand was robust. There was deflation of -0.8% in 2017, which could become a trend.

In addition, Gini coefficient, imports and exports as a proportion of GDP, and other indicators, are mid-range among BRI countries.

Saudi Arabia has a high rating in labor security and costs.

The government emphasizes national science and technology development, investing heavily in higher education. Gross enrollment ratio of tertiary education reached 73.7% in 2017.

Saudi Arabia's total labor force in 2017 was 1.4 million, with an unemployment rate of 5.4%.

Its tax burden score is high, with total tax on commercial profits of 15.7%.

Saudi Arabia has a low rating in supply of funds, with broad money supply as a share of GDP only 70.3% and growing at just 0.2%. Its deposit and loan interest rate gap is large at 5.7%.

(4) Risk Indicators

Overall, Saudi Arabia has relatively low investment and financial risk. The banking risk assessment index is at 0.4, among the best BRI countries. Saudi Arabia has high foreign exchange reserves of about USD506.4 billion.

Its external debt as a share of GDP is 27.6% and its external debt risk is low.

Political risk is moderate. Saudi Arabia's political stability index is at -0.6, the legal environment index is 0, both mid-level among BRI countries.

Moody's raised Saudi Arabia's sovereign credit rating to A1 in 2017, as public debt to GDP declined to just 20.7%. However, Saudi Arabia has a fiscal deficit of 8.8%, underperforming other BRI countries.

Business environment risk is quite high. Government efficiency, enterprise establishment cost and contract fulfillment difficulty score moderately, but foreign investor entry into the market is quite difficult.

Saudi Arabia made improvements in 2018 in the following areas: improving the quality of services through compensatory incentive schemes, and ensuring the reliability of electricity supply; enhancing the protection of small and medium-sized investors; and making imports and exports easier by enabling new electronic single windows and extending customs opening hours.

Contract execution difficulty has eased.

Foreign exchange risk is low. The Saudi Arabian rial can be freely converted with USD at a stable exchange rate of about 3.8:1. As well as the free exchange system, the government does not apply foreign exchange controls, and Saudi Arabia's Chinn-Ito index is at 1.0.

(5) Key Industries

Among the five BRI key Industries, Saudi Arabia's scores are high in energy and transportation, moderate in IT and agriculture, and low in manufacturing.

Energy: Saudi Arabia, known as the Oil Kingdom, is rich in oil and gas resources, with proven oil reserves of 264.2 billion barrels, close to a fourth of the global total (1.1477 trillion barrels). Proven natural gas reserves are 235 trillion cubic feet, ranking fourth in the world. In addition, there are a wealth of mineral resources, including gold, copper, iron, tin, aluminum, zinc and phosphate.

The oil and petrochemicals industry is the lifeblood of Saudi Arabia, accounting for 75% of the country's revenue and 45% of GDP.

In 2017, the Saudi petroleum and petrochemicals industry contributed SAR732.9 billion (USD195.4 billion), or 28% of GDP. The main products are crude oil and petrochemical products, with current year exports of USD170.2 billion (including oil and refined products).

Petrochemical refining is one of the key areas of development in Saudi Arabia. Although Saudi Arabia has the world's largest reserves of oil, its oil processing capacity is weak. This, alongside China's wealth of oil refining experience and mature technology, means there is great potential for cooperation.

Transportation infrastructure:

The government of Saudi Arabia strongly supports the construction of transport infrastructure. In 2016, the Arab states of the Persian Gulf set out plans for USD2,400 trillion in railway project contracts, within which Saudi Arabia planned the largest number of projects and the highest investment. So far, Saudi railway projects have reached nearly USD130 billion in value, accounting for about 50% of total contracts under multi-state program. The Riyadh Metro project has a total cost of USD22.5 billion. Six subway lines are under construction, and progress has reached 48%, with the

project expected to complete and be handed over within two years. The Mecca Metro project is an important part of the JPTP (Jeddah Public Transport Project), with investment expected to be as high as USD5 billion and design work now 30% complete.

The Ministry of Transport of Saudi Arabia intends to increase the contribution of the private sector to the development of railway operations to 50%, encouraging participation in large-scale transport projects such as the Riyadh Metro.

IT: According to statistics released by the communications agency, Saudi Arabia had more than 53 million mobile subscribers at the end of 2017, with a penetration rate of 171%; fixed telephone communication subscribers had reached 4.63 million, an increase of 9% with a 16% penetration rate. However, network construction in Saudi Arabia is not very advanced, creating a huge demand gap.

Saudi Arabia is one of the most competitive telecoms markets in the region, with annual revenue of about USD18.35 billion, ranking 14th in the world and 1st in the Middle East. With the ongoing implementation of the Saudi Smart City plan, Saudi Unicom's development project continues to grow, and the telecommunications industry will demand more technology and investment in future.

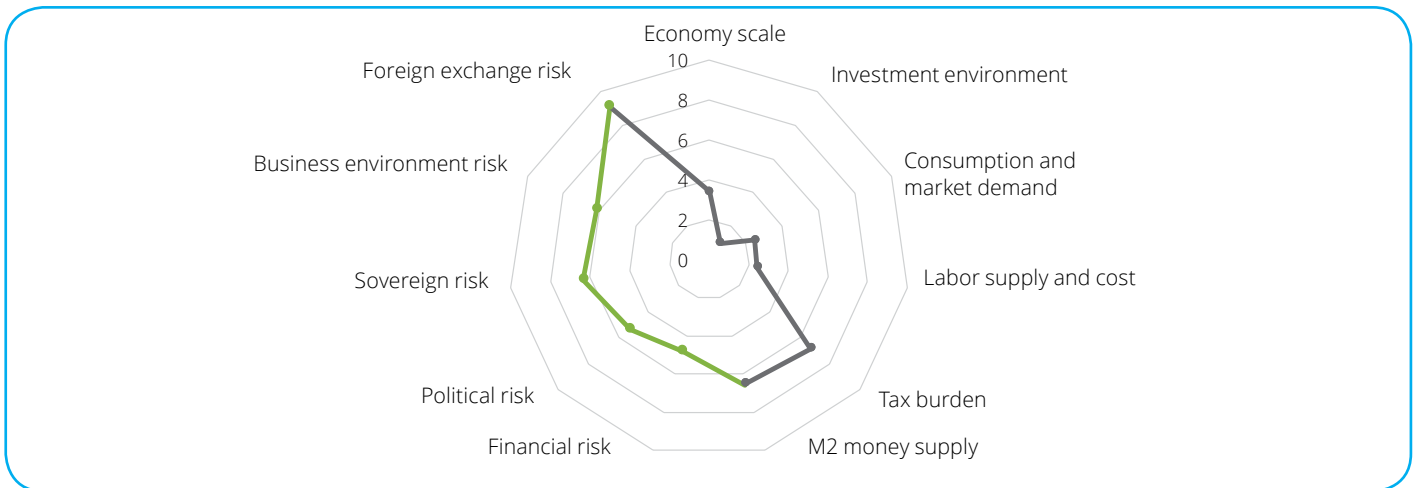
Saudi Arabia has issued full business licenses for foreign investment for two Chinese enterprises, Huawei and ZTE. In recent years, Huawei's branch in Saudi Arabia has grown rapidly to become its largest overseas branch, fully demonstrating Saudi Arabia's huge investment potential in this market.

8) Jordan

(1) Investment Advice

Investment in Jordan is quite attractive. Its scale of economy score is low, but so is investment risk. There are no significant investment highlights, but the local government's focus on building transport networks, involving subways, airports, ports and many other areas, is expected to enhance demand for transport-related investment and technical assistance (cooperation), with greater investment space for Chinese companies with experience in overseas infrastructure.

Figure 56: Jordan Investment Attractiveness Score



(2) Country Profile

Located in Western Asia, in the northwest Arabian Peninsula, Jordan is ideally located at the crossroads of trade routes linking Asia and Europe. Western Jordan is close to Israel and Palestine, the north is connected to Syria, the northeast borders Iraq, and the south-east and south are connected to Saudi Arabia. The southwest adjoins the Red Sea. Jordan's territory covers 89,000 km².

The Western highlands of Jordan have a mild, subtropical Mediterranean climate with an average temperature of 7-14°C in January, 26-33°C in July and deserts to the east and southeast. Jordan had a population of about 9.7 million in 2017, 98% of whom are Arabs, with a small number of Circassians, Turkmen and Armenians.

The state religion is Islam. The official language is Arabic, and English is widely spoken.

(3) Macroeconomic Indicators

Jordan has a low macroeconomic rating. GDP was about USD40.1 billion in 2017, with a historical growth rate of 2% and expected GDP growth of about 2.5%, according to the World Bank. Jordan's GDP per capita was about USD4,130 in 2017.

Because of Jordan's lack of agricultural land and water resources, most of the necessities of life need are dependent on imports, so it has a huge trade deficit and prices are vulnerable to sharp fluctuations. Most of Jordan's exports are of resources such as phosphate and uranium deposits. It has a low level of strategic resource reserves.

The growing problem of local government debt, coupled with the proliferation of refugees, has increased the economic burden on Jordan.

Jordan has a low investment score. FDI was USD2.03 billion in 2017, and fixed asset investment was USD8.5 billion.

More than half its foreign investment comes from Arab countries, followed by European and American nations. Industry, transportation and tourism are the main investment areas.

Jordan has a low consumption and demand rating. GDP per capita was only USD3,980 in 2017, and household final consumption expenditure was USD31.6 billion. Inflation was 3.3% in 2017, with imports and exports accounting for 93% of GDP.

Its Gini coefficient is 0.4, mid-range among BRI countries.

Jordan has a very low labor security and costs rating. The total labor force was only 2.5 million in 2017 and the unemployment rate was as high as 14.7%.

The level of education in 2017 was 34.3% and the quality of the labor force was not high.

Jordan scored moderately in tax burden. According to World Bank statistics, total tax on commercial profits is 28.6%.

Jordan's supply of funds rating is higher, but the supply of funds is insufficient. Broad money supply as a share of GDP is 121%, but it shrank by 0.7% in 2017. Its deposit and loan interest rate gap is large at 4.9%.

(4) Risk Indicators

Overall, investment and financial risks in Jordan are moderate.

Jordan's banking risk assessment is at 0.5, with foreign exchange reserves of about USD15.4 billion and external debt as a share of GDP at 74.3%, mid-low among BRI countries.

Political risk is moderate. Jordan's political stability Index is at -0.5, and the legal environment index is at 0.1.

Unrest in the Middle East, particularly the years of war in Syria and Iraq, the spread of al-Qaeda and Islamic State, the growing influx of Syrian refugees and increased security pressure on Jordan, have led to longstanding political instability in Jordan.

Moody's rated Jordan's sovereign credit at B1 in 2017, with public debt accounting for 93.5% of GDP and a fiscal surplus of 6.6%, poor performance compared to other BRI countries.

Business environment risk is high. Jordan's government efficiency score is moderate, but it is difficult for foreign investors to enter the market, and contract performance is a challenge, with 642 days the average time required to enforce a contract and a high cost of establishing an enterprise.

Jordan made improvements in 2018 in the following areas: improved access to loan information; enhanced protection for small and medium-sized investors, including through improved corporate transparency; easier tax payments through the introduction of an online filing system; and improved contract execution.

Foreign exchange risk is low foreign. The local currency of Jordan is the Jordanian dinar, which is freely convertible with major international common currencies such as USD, GBP, and EUR. Its Chinn-Ito index is at 1.0. Exchange rate fluctuations are relatively small.

Jordan has pegged its currency to USD since 1995, and although it did not implement a fixed exchange rate system, the dinar has remained at 1:1.4 against USD.

(5) Key Industries

Jordan's agriculture and transportation industry score moderately, with manufacturing, IT and energy posting low ratings. Overall, Jordan is weak in the five key BRI industries, but according to Jordan's Vision 2025 plan and the Jordanian Economic Growth plan 2018-2022, its government intends to vigorously promote development in various sectors, including transportation, telecommunications and construction. The transportation and telecommunications sector is expected to grow by 12% in the next five years, with construction growing 15%.

As a result, Jordan has some potential for development in infrastructure.

Transportation infrastructure:

Jordan's key construction and planning objectives are to improve and upgrade the basic transport network, improve the efficiency of land transport, and build Akaba Port into a logistics hub for Iraq and Syria, with major projects including New Town construction, the Amman Metro, a rapid transit system, the National Railway, three major airports, and Aqaba Xingang.

During 2018-2022, Jordan's total investment in transport is expected to reach JOD2.7 billion (USD3.81 billion).

IT: Telecommunications is Jordan's third largest industry, and the market is quite open, with two mobile operators and one integrated operator. According to the Jordan Bureau of Statistics, in 2016 Jordan had 39 telephones per thousand people and 69.2% of households with access to network services. Jordan's ICT (information and communications technology) industry accounted for 12% of GDP in 2017, according to the Jordan Communications Technology Association. At present, Jordanian ICT companies invest four times the average investment among Middle East countries, and the industry attracts average annual investment of USD1.5 billion, creating 84,000 jobs.

Jordan's total investment in telecommunications is expected to reach JOD430 million in 2018-2022, mainly comprised of government investment, covering 11 projects with a focus on digital Jordan, e-Government and network information security.

9) Kuwait

(1) Investment Advice

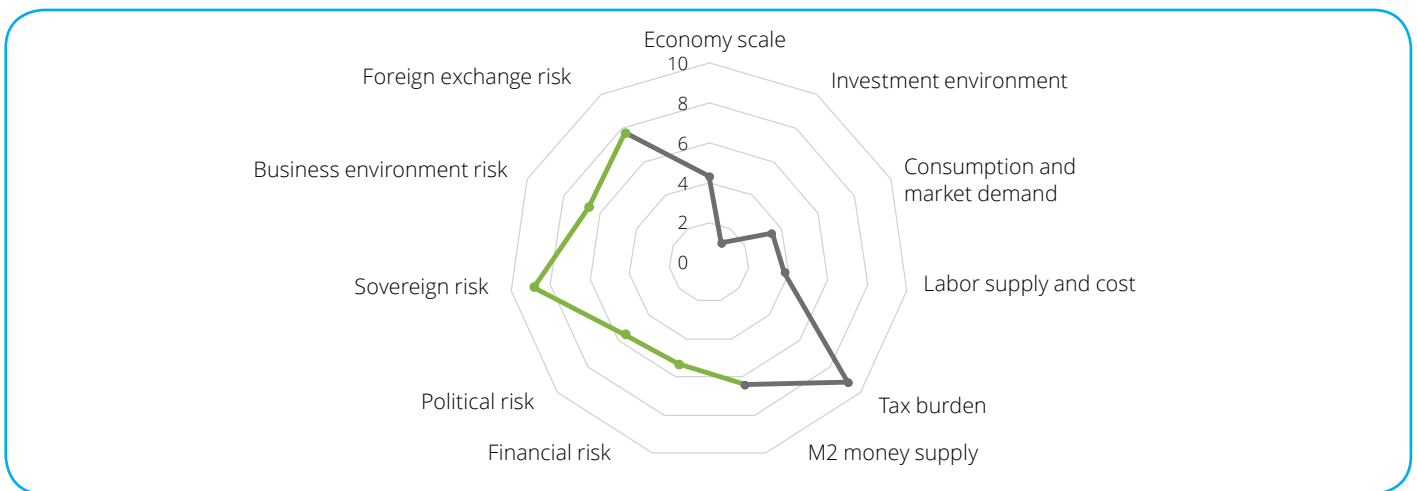
Investment in Kuwait is attractive, with strong economic attractiveness and low investment risk.

Kuwait's energy industry (especially oil, gas) is its traditionally dominant,

and Chinese investors should keep an eye on it. At the same time, the government has vigorously promoted the construction of municipal and transport infrastructure, and encouraged foreign investors to participate, releasing positive signals to contracted enterprises with

extensive overseas construction experience. In addition, the government emphasizes the development of a diversified economy and focuses on the development of finance, trade, tourism and other industries, within which Chinese enterprises can also pay attention to investment opportunities.

Figure 57: Kuwait Investment Attractiveness Score



(2) Country Profile

Kuwait is in Western Asia, northeast of the Arabian Peninsula, on the northwest side of the Persian Gulf, bordering Iraq to the west and north, Saudi Arabia to the south, the Persian Gulf to the east and facing Iran across the sea. Kuwait covers an area of approximately 18,000 km² (including the north-east corner of the Arabian Peninsula and the islands of Bubitin and Feleke). Kuwait has a tropical desert climate with long, hot summers, reaching 51°C in the shade at its hottest, and 80°C in direct sunlight. Winter is wet, rainy, and short.

The average temperatures in January and July are 12°C and 34°C, respectively. Kuwait has a population of about 4.14 million, of which Kuwaitis account for about 30%, with about 70% expatriates.

Kuwait takes Islam as the state religion and Arabic as its official language. The capital of Kuwait, Kuwait City, on the south bank of the Gulf of Kuwait, is the most important deep-water port on the east coast of the Arabian Peninsula and is the political, economic and cultural center of the country.

Kuwait is a member of the WTO and the GCC, and its overseas markets are dominated by its trading partners, namely the Arab states of the Persian Gulf and the Arab States of Africa.

(3) Macroeconomic Indicators

Kuwait has a moderate macroeconomic rating. According to the World Bank, Kuwait's GDP was about USD120.1 billion in 2017, with a historical growth rate of 2.9%. Future GDP growth is expected to be about 5.3%. GDP per capita was about USD29,000 in 2017.

Foreign trade occupies an important position in the Kuwaiti economy. The main export commodities are petroleum and chemical products, with oil exports accounting for 95% of total exports.

Imported goods include machinery, transport equipment, industrial products and food.

Kuwait has a moderate investment rating. FDI is minimal, at USD110 million in 2017, but investment in fixed assets is higher, at about USD42.5 billion.

It scores higher in consumption and demand, with high per capita income, at USD31,000 in 2017, and moderate household consumer spending of USD52 billion.

Its inflation rate in 2017 was 2.2%, and imports and exports accounted for 98% of GDP, quite high among BRI countries.

Kuwait has a low rating in labor security and costs. The total labor force was 2.27 million in 2017 and the unemployment rate was 2%. Kuwait's gross tertiary enrolment was 29.2% in 2017 and the quality of the labor force was quite low.

Kuwait scores well on tax, with a light tax burden of about 13% on commercial profits, according to the World Bank. This indicator is superior to those of most target countries.

Kuwait scores well in supply of funds. General money supply as a share of GDP is 102%, the growth rate is 3.8% and the supply of funds is good. Its deposit and loan interest rate difference is moderate at 3.1%.

(4) Risk Indicators

Overall, investment and financial risks in Kuwait are low. Kuwait's banking risk assessment index is at 0.4, with foreign exchange reserves of about USD33.1 billion and external debt as a share of GDP at 41.3%. Kuwait's financial sector is well developed, and some banks have expanded their operations to other Gulf and Middle Eastern countries. The National Bank of Kuwait operates in Lebanon, Jordan, Iraq, Egypt, Bahrain, Saudi Arabia, the United Arab Emirates and Turkey.

Political risk is moderate. Kuwait's political stability index is at -0.04 and the legal environment index is at -0.06. Kuwait's politics are largely stable. Kuwait is the hereditary Emirate of the monarch and the Emir is head of state and supreme commander of the armed forces. In 2013, the Emir announced the maintenance of the

current system, the consolidation of their status and royal power, the adoption of a series of measures to resolve social contradictions, maintain political stability and achieve the healthy functioning of society.

Government sovereignty risk is low. Moody's gave Kuwait a sovereign credit rating of Aa2 in 2017, with public debt accounting for 33% of GDP and a deficit of 7.2%.

The business environment is somewhat risky. Its government efficiency and contract fulfillment scores are moderate, foreign market entry is quite difficult, but the enterprise establishment cost is low.

Foreign exchange risk is low. The local currency of Kuwait is the dinar, which is freely convertible. Its Chinn-Ito score is 0.7. Statistics from the Central Bank of Kuwait show the Kuwaiti dinar strengthened slightly against USD in 2017.

The Kuwaiti currency has been pegged to a basket of currencies, reducing its exchange rate fluctuations.

(5) Key Industries

In the five BRI key industries, Kuwait has high scores in energy and manufacturing, and moderate ratings in transportation, agriculture and IT.

Energy: Kuwait is rich in oil and gas reserves. It has proven oil reserves of 104.9 billion barrels, ranking 5th in the world. Natural gas reserves are 1.8 trillion cubic meters, ranking 19th in the world. The oil and gas industry is the main pillar of Kuwait's national economy. At constant prices, the oil and gas industries accounted for KWD21.46 billion (about USD70.73 billion) in 2017, accounting for 54% of GDP.

According to the United Nations Conference on Trade and Statistics, Kuwait exported USD30.56 billion in oil, petroleum products and related raw materials in 2017.

Transportation infrastructure:

Kuwait's transport infrastructure is relatively complete, and well developed, but with economic advances, population growth, local transportation, housing and medical problems are becoming increasingly prominent.

The government is stepping up efforts to implement infrastructure projects, including several urban road construction and renovation projects that will be or are being implemented; 60 wharf construction projects in the Kuwait Silk City Plan, with the port package now under construction. In 2016, Kuwait established an inter-ministerial coordination committee to promote the construction of development planning projects, including the Northern Five Islands project.

In recent years, as international oil prices have continued to fall, the Government of Kuwait has introduced PPP to expand project financing channels, encouraging projects to be implemented using PPP models and foreign investors to participate in construction.

10) Iraq

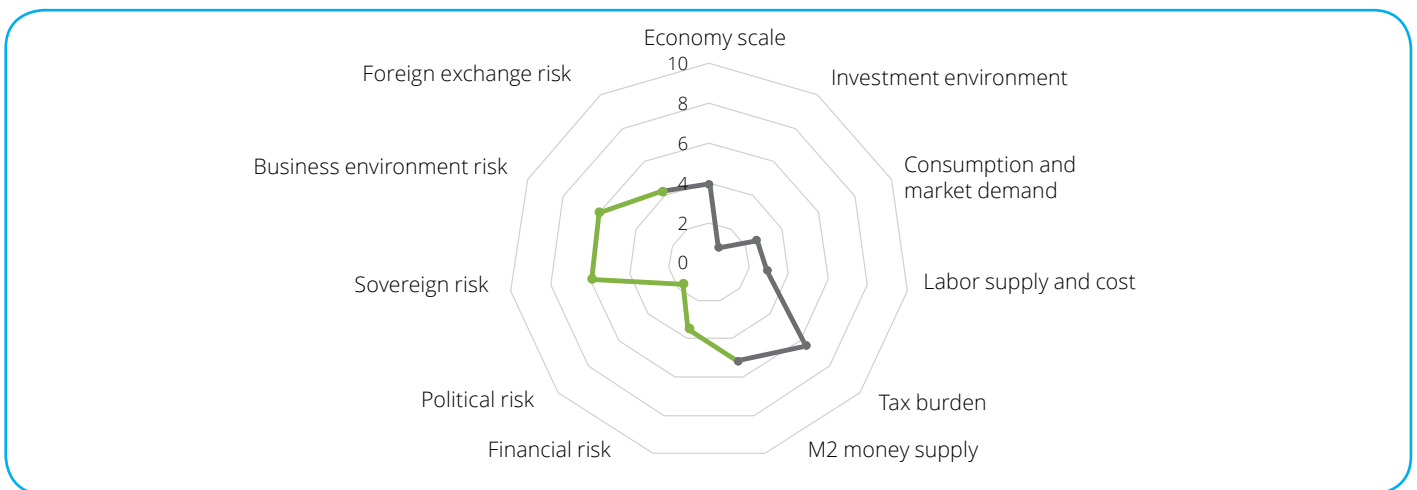
(1) Investment Advice

Overall, investment in Iraq is not very attractive, as the country has low economic attractiveness and high

investment risk. Its oil and natural gas resources are abundant, with related industries quite developed, creating high investment value in the energy sector.

However, Iraq's infrastructure construction lags behind, investment risk is high and multiple factors cause instability in the business environment, so Chinese enterprises need to make prudent investment decisions.

Figure 58: Iraq Investment Attractiveness Score



(2) Country Profile

Iraq is in Southwestern Asia, to the north of Turkey, east of Iran, west of Syria and Jordan, south of Saudi Arabia and Kuwait, and southeast of the Persian Gulf. Iraq's territory covers an area of about 438,000 km². The coastline is 60 km long and its territorial sea is 12 nautical miles wide.

The mountainous regions of northeastern Iraq have a Mediterranean climate. The rest of the region is tropical desert.

As of the end of 2017, the total population of Iraq was 38.27 million, of which Arabs accounted for 78%. The official languages are Arabic and Kurdish, with 95% of the country following Islam and a few following Christianity or Judaism.

Iraq's geographical conditions are superior, with very rich oil and natural gas resources making the oil industry the main pillar of the economy. With 142.5 billion barrels of proven oil reserves, it accounts for about 9% of the world's total reserves and ranks 5th in the world.

Its natural gas proven reserves of 3.2 trillion cubic meters account for 1.7% of the world's total, ranking 12th in the world.

(3) Macroeconomic Indicators

Iraq's economic score is low. Several major wars in recent years have had a huge impact on Iraq's economy. After the war in Iraq, the task of economic reconstruction was heavy. However, progress in economic reconstruction has been slow owing to the precarious security situation and grave damage to infrastructure. Iraq's GDP in 2018 was USD225.91 billion, and GDP per capita was about USD5,000.

Iraq's GDP is growing at a rate of 2.1%, and is forecast to grow by 6.3% over the next three years.

Its investment score is low.

OFDI (outbound foreign direct investment) in 2018 was USD5.02 billion, contributing to a net outflow of foreign investment; the amount invested in fixed assets was larger, at about USD51.37 billion.

Iraq's consumption and demand ratings are moderate. Total imports and exports accounted for 76% of GDP in 2017. National per capita income is USD4,630. Household final consumer spending is higher, at about USD119.5 billion. The Gini coefficient is 0.5.

Inflation is low, at 0.2% .

Iraq's labor security and costs score is low. Low levels of education and high unemployment remain a problem in Iraq, with an unemployment rate of about 8.2% in 2018.

Its tax score is moderate, as Iraq has a moderate tax burden, with total tax on for commercial profits of about 30.8%, according to World Bank statistics. Its financial supply index score is low. Broad money supply, which accounts for only 40.8% of GDP, is growing at 2.6%. The domestic deposit and loan interest rate difference is 9%.

Overall, money supply is quite tight.

(4) Risk Indicators

Iraq's overall risk assessment index is low and investment risk is high. Financial risks are also high, with a banking risk index score of 0.6. Credit provided by Iraq's domestic financial institutions is low as a proportion of GDP, at just 18.2%. Iraq's external debt as a share of GDP is also low, at 32.5% .

Foreign exchange reserves are decent, totaling USD54.06 billion. But political risk is high. Government stability and legal system development both have low scores.

There are growing sectarian and ethnic divisions in Iraq, with weak central government and tensions with local Kurdish local governments creating heightend political risk, and a serious security threat.

Moody's rates Iraq's sovereign credit at Caa1. The Iraqi government is in a tight financial situation, affected by falling international oil prices. Iraq's national fiscal deficit accounted for 11% of GDP in 2018, with government debt as a share of GDP at about 5.3%.

Given Iraq's abundant oil resources, its long-term solvency is relatively secure. Its business environment score is low, mainly due to difficulty for foreign investors entering the local market and the high cost of setting up an enterprise. Contract performance is moderately difficult in Iraq and the government is somewhat efficient.

Foreign exchange risk is high. The local currency, the dinar, is quite stable versus USD, with effectively no change in exchange rate in 2017/18.

However, foreign exchange freedom between dinars and other currencies is very low, with a Chinn-Ito forex openness score of zero.

(5) Key Industries

Among the five BRI key Industries, Iraq's energy sector scores highly, but the scores for IT, transportation, agriculture and manufacturing are low.

Energy: Iraq's has very rich mineral resources, especially oil and gas reserves, with the oil and gas industry having consistently dominated the national economy. Iraq's crude oil reserves are second only to Saudi Arabia's and Iran's, ranking third in the world and accounting for 9.6% of global reserves. It has proven natural gas recoverable reserves of 3.2 trillion cubic meters, accounting for 2.4% of the world's total. The oil and gas industry is one of the few valuable areas of investment in Iraq. The Iraqi National Investment Commission's reconstruction and investment plan, released in January 2018, proposed 11 oil projects, including five refinery plants, five oil storage areas and a seawater supply project, as well as 30 fertilizer, cement, chemicals, glass and other industry projects.

Agriculture: Iraq's agricultural score is weaker than other BRI countries, but it still occupies an important position in the national economy. Arable land accounts for 27.6% of Iraq's total land area, and agricultural land is heavily dependent on surface water, mainly concentrated in the lands between Dijlah, Nahr and Al Furat. Irrigated agriculture in these lands has a history of thousands of years. The main agricultural products are wheat, rye, barley, rice, cotton, tobacco, temperate fruits and dates. The agricultural population accounts for one-third of the total population, although Iraq is not self-sufficient in food. The January 2018 Iraq Reconstruction & Investment plan proposed 88 projects to promote the resumption of agricultural development, so there may be some development space and investment attraction in future.

11) Iran

(1) Investment Advice

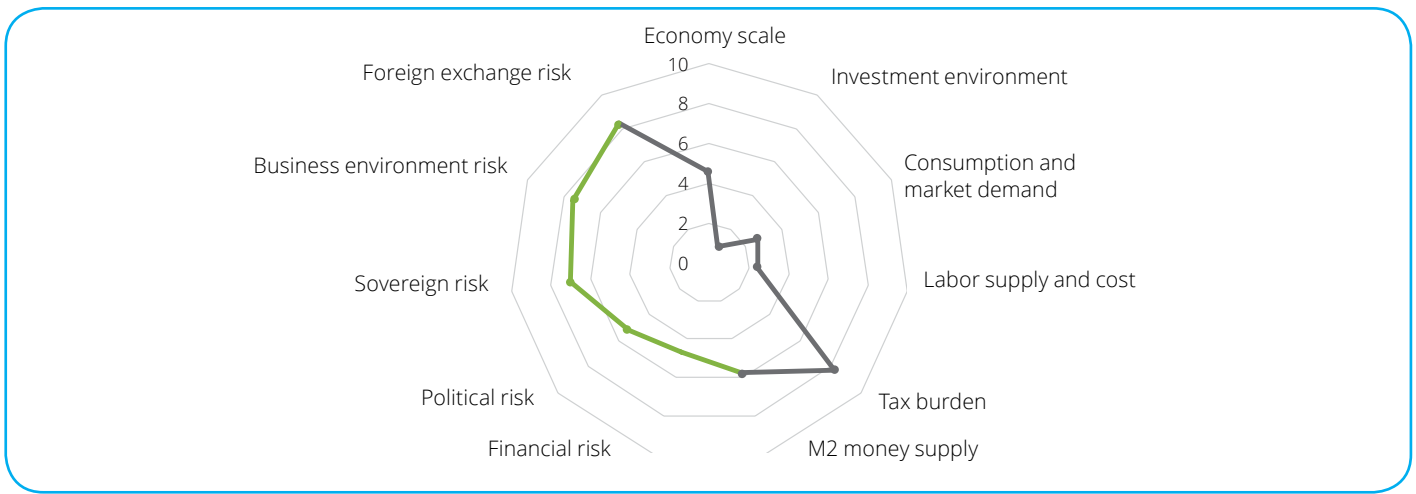
An excellent geographical location and abundant natural resources are key factors in attracting foreign investment to Iran. Iran's oil and gas, agriculture, transportation and other industries have investment space for Chinese companies. Given the

participation of Chinese enterprises in several infrastructure projects in Iran (the Tehran Metro project was completed by Chinese enterprises), it has established a good reputation in the local infrastructure industry, and prospects for future cooperation between Chinese contractors in Iranian public transport infrastructure

are considerable.

Chinese companies need to carefully consider investment opportunities in related industries as a result of the US withdrawal from the Iran nuclear deal and the resumption of sanctions on Iranian energy, shipbuilding, shipping and banking.

Figure 59: Iran Investment Attractiveness Score



(2) Country Profile

The Islamic Republic of Iran, formerly Persia, is an ancient civilization with a history of more than 5,000 years. Located in Western Asia, Iran is a Middle Eastern country. It borders Pakistan and Afghanistan to the east, Turkmenistan to the northeast, Azerbaijan and the Caspian sea to the north, Turkey and Iraq to the west, and the Persian Gulf to the south. The land area is 1,648,195 km². The climate has four distinct seasons.

Iran has a population of about 82 million, the second largest in the Middle East after Egypt, of which the Persians account for 66%, Azerbaijanis 25% and Kurds 5%, with Arabs, Turkmen and other ethnic minorities. The official language of Iran is Persian and Islam is the state religion.

Iran is rich in oil, gas and coal. It accounts for just 1% of the world's population, yet has 7% of the world's natural resource reserves.

In 2017, with the help of the Iranian nuclear agreement, the development of key industries in Iran maintained growth momentum, with special industries like agriculture achieving some development.

(3) Macroeconomic Indicators

Iran's economic scale is low. Iran's GDP in 2018 was USD452 billion, with GDP per capita of about USD6,450.

Iran's historical GDP growth rate is about 3.8%, and GDP is expected to contract by 2.5% over the next three years.

Its investment score is high. Iran's FDI amounted to about USD5.02 billion in 2018 and investment in fixed assets was USD80.59 billion.

Its consumption and demand score is low, with total imports and exports declining in 2018 to account for 48.8% of GDP. The per capita income of the

population is moderate, at USD5,430, but its Gini coefficient is at 0.5, indicating a widening income gap.

Inflation was high, at 10%. Iran's high score in labor security and cost indicators is mainly due to the large size of its working population and their high level of education. The quality of Iran's labor force has increased significantly in recent years, with abundant labor resources and a workforce of 2.8 million, but high unemployment remains a major challenge. According to the World Bank, the national unemployment rate in Iran was 12.4% in 2018.

Its tax index score is low, Iran's tax burden is quite heavy, according to World Bank statistics, with total tax on commercial profits at 44.7%.

Its capital supply score is high, as Iran's money supply situation has improved, with broad money supply at 94.3% of GDP and growing at about 22%.

The difference between domestic deposit and loan interest rates is 3%.

(4) Risk Indicators

Iran has a lower overall risk assessment index and high investment risk.

Financial risks are moderate. Iran's banking risk index is high at 0.7%. Credit provided by Iran's domestic financial institutions was 77.6% of GDP. Iran's external debt as a share of GDP is only 2.1%. Foreign exchange reserves are plentiful, totaling USD132.6 billion.

Political risk is high. As a result of its rivalry with the United States, Iran has long been subject to economic and financial sanctions, resulting in numerous challenges to Iran's economic development. Since the conclusion of the Iran nuclear agreement in 2015, the Iranian sanctions predicament had eased, with relations with Western countries gradually improving, positive developments in the internal and external political and economic environment, and endogenous development momentum emerging. However, the Trump administration re-imposed sanctions on Iran in 2018, a move that sparked mass protests in Iran and heightened political risks.

Iran is a country where church and state are unified, the crime rate is quite low, and public security is generally good. However, there have been frequent terrorist attacks in Iran since 2017, as well as robberies and thefts.

Moody's rates Iran sovereign debt at Ba2. Iran has low public debt, accounting for 30.8% of GDP.

Its low business environment score is mainly due to difficulty for foreign investors entering the local market and the high cost of setting up an enterprise. Contract enforcement is less problematic, and government efficiency been improved by optimizing tax and cross-border trading systems.

Foreign exchange risk is high. The Iranian currency is the rial, and in recent years it has shown a continuing downtrend versus USD. After the Iran nuclear deal was reached in 2015, the rial remained relatively strong, with a narrowing margin of devaluation, but it was quite volatile, with a fluctuation of 0.2% in 2018. Iran's Money Banking Act does not specify whether rials are freely convertible, but the general population can go to local banks to freely exchange it. The Iranian rial has a Chinn-Ito forex openness score of 0.3.

(5) Key Industries

In the five key BRI industries, Iran has a high rating in energy, moderate scores in agriculture, IT and transportation, and a low score in manufacturing.

Energy: Iran is rich in oil and gas resources, with natural gas and petroleum proven reserves ranking 1st and 4th in the world, respectively. Relying on superior natural resource endowments, Iran's petrochemical industry is booming, and petrochemical exports account for about one-third of Iran's non-oil trade exports.

In 2017 the Iranian government continued to increase crude oil production and stabilize crude oil exports as the main thrust of economic policy, exporting a total of 780 million barrels of crude oil from March 2017 to March 2018, with an average daily export of 2.62 million barrels. In the petrochemicals industry, production of Iranian petrochemical products reached 54 million tons from March 2017 to March 2018, and exports of petrochemical products hit 22 million tons (USD12 billion), increases of 6% and 20% respectively.

Iran's Sixth Five-year Social and Economic Development Plan (March 2016-March 2021) has an average annual economic growth target of 8%, and Iran plans to raise oil production to 4.7 million barrels/day, attract USD30.05 trillion of foreign investment, and continue to push privatization.

Agriculture: Iran is a traditional agricultural and animal husbandry country, rich in agricultural resources, with arable land of more than 52 million hectares, accounting for more than 30% of its land area. The agricultural population accounts for 43% of the total, and agriculture accounts for about 12% of Iran's gross domestic product. Agriculture and agricultural trade, and other non-oil trade, hold an important position in the national economy.

Iran's main agricultural products include wheat, rice, barley, cotton, tea, beet, fruit, dried fruit, dairy products, caviar and wool. However, the degree of agricultural mechanization is low.

In recent years, the Iraqi government has attached great importance to and vigorously developed agriculture, achieving 90% self-sufficiency in food production. In 2017, Iranian saffron, nuts, caviar and other special cash crop exports continued to grow.

From March to July 2017, Iran exported USD92.36 million of saffron to 54 countries, an increase of 35.4% YoY. In the same period, Iranian nut exports reached 132,000 tons, up 9%, and it ranked second in the pistachio export market, while caviar exports reached USD1.39 million, an increase of 22% year-on-year.

Transportation infrastructure:

Iran's infrastructure development is not high, but the government is stepping up efforts to support transport development. The Iranian Ministry of Roads and Urban development is speeding up the promotion of several highway projects, including the 121 kilometer Tehran-Shomal Freeway (section 1 was 83% completed by April 2017), and it is expected that Iran will have more than 7,000 km of high-speed mileage by 2021.

According to Iran's 20 Year National Vision (2005-2025), its total length of railways will reach 25,000 km.

12) Syria

(1) Investment Advice

Overall, investment in Syria is less attractive than elsewhere, as its economy is small and investment risk is high.

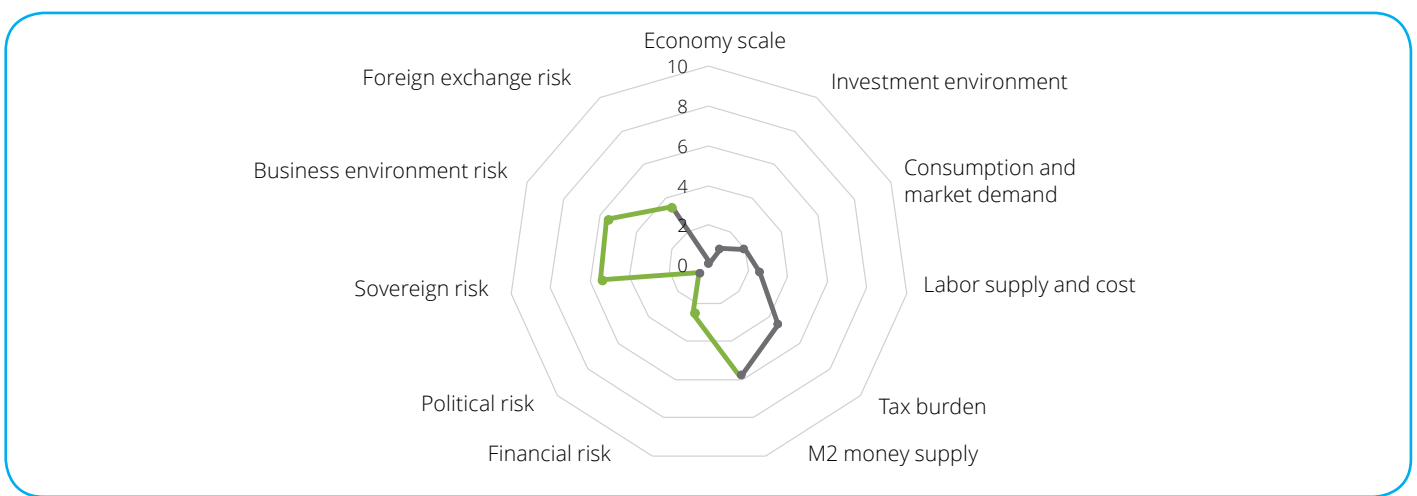
Although Syria's manufacturing, agricultural and energy industries have sustainable foundations and potential, and the government has introduced

support policies, Chinese companies are not advised to invest because of continuing turmoil and high security risks since the outbreak of the Syrian Civil War in 2011.

Syria's economy has gradually recovered in recent years and it has sought to strengthen economic and trade relations with China. The president of the Syrian-Chinese

Business Council said in 2017 the BRI would bring new trading opportunities to China and Syria, and that the Syrian business community looked forward to working with China in areas such as infrastructure construction, oil and gas development, the food industry and new energy. Chinese companies should focus on related investment opportunities, he added.

Figure 60: Syria Investment Attractiveness Score



(2) Country Profile

Syria is located in Southwestern Asia, at the eastern end of the Mediterranean Sea. It is bordered by Turkey to the north, Lebanon to the west, Israel to the southwest, Iraq to the east, and Jordan to the south, and is opposite the Mediterranean island of Cyprus. Its land area is approximately 185,000 km² (including the Golan Heights) and the coastline is 183 kilometers long.

Syria is wet in winter and dry and hot in summer. According to World Bank data, as of the end of 2017, Syria has a population of about 18.27 million, of which Arabs account for more than 80%, with other ethnic groups including Kurds, Armenians, Turkmen and others. Arabic is the national language. English and French are commonly heard.

Some 85% of the population follow Islam and 14% follow Christianity. Syria's main mineral resources include oil, natural gas, phosphate, rock salt and asphalt. It has proven oil reserves of 2.5 billion tons, natural gas reserves of 300 billion cubic meters, and phosphate reserves of 1.8 billion tons. Before the 2011 civil war, Syria's two pillar industries were agriculture and oil, accounting for about half of GDP. After the Syrian Civil War war broke out, these two major industries were hit hard.

(3) Macroeconomic Indicators

Before the war, Syria had investment appeal, with a strategic location, economic reform, and good relationships with Arab countries and foreign companies. However, after the turmoil in 2011, the West and the Arab League imposed sanctions on Syria, and Syria faced multiple pressures including currency devaluation, rising

prices and high unemployment that damaged the economy.

Syria's economic statistics have been weak in recent years as a result of the ongoing war. Its size of economy score is low, with GDP in 2018 of USD45 billion or only USD25,000 per capita. GDP has been falling at an average annual rate of 11%, and is expected to continue to contract at about 4%.

Its investment score is low. Syria's fixed asset investment in 2018 was about USD2.84 billion.

It has low ratings in consumption and demand. Household final consumer spending is low at just USD12.61 billion. Its Gini coefficient is 0.4. Syria's limited imports and exports account for 39.4% of GDP. According to the World Bank, inflation was 9.8% in 2018, high among BRI countries.

Syria's consumption and demand score is low. Since the war, the standard of living has been low, the domestic economy stagnant and the labor market depressed, with a national labor force of 4.78 million in 2018. Unemployment is high at 14.9%.

Its tax score is low. Syria has a heavy tax burden, with total tax on commercial profits of about 42.7%, according to World Bank statistics.

(4) Risk Indicators

Overall investment and financial risks in Syria are high. Syria's banking risk index is high at 0.9. Domestic financial institutions provide credit worth only 36.2% of GDP, and Syria has low foreign exchange reserves of just USD1.04 billion. External debt as a share of GDP is low, at about 24%.

Political risk is very high. Syria's political stability and legal environment have the lowest ratings among BRI countries. After Syria's independence, it has faced a complex domestic situation and become involved in international disputes.

In 2011, escalating tensions between the Syrian government and the opposition eventually turned into an armed conflict. ISIS (Islamic State) and al-Qaeda subsequently intervened, and sectarian clashes became more pronounced. Since 2012, many Syrians have become international refugees to escape the war. The situation remains chaotic, with large swathes of land once controlled by the extremist forces of ISIS.

Moody's rates Syria at Caa3. According to statistics, Syria's national fiscal deficit accounted for 18.6% of GDP in 2018, and government debt as a share of GDP was as high as 107.7%. Syria is influenced by domestic unrest and economic sanctions, and debt servicing risk is high.

The business environment is highly risky. It is difficult for foreign investors to enter the local market, hard to enforce contracts, and expensive to establish an enterprise.

Syria has high foreign exchange risk. The Syrian pound is not freely convertible, and as a result of the country's volatile political and economic situation, it continues to depreciate against USD.

(5) Key Industries

Syria has a high score in manufacturing, with low scores in agriculture, IT, transportation infrastructure and energy.

Syria's agriculture, industry and services accounted for 20%, 19.6% and 60.4% of GDP, respectively, in 2017.

Agriculture: The war led to a sharp reduction in production, but there has been a gradual recovery. Syria is a big agricultural country in the Middle East, with agriculture occupying an important position in the national economy. Rich in a variety of food crops, the armed conflict had destroyed large amounts of farmland

and agricultural infrastructure, and many agricultural populations have left their homes, with agricultural output had shrinking considerably.

The war has caused up to USD16 billion in losses to Syrian agriculture. Between 2011 and 2016, more than half of the rural population left their land, prompting a sharp drop in household livestock ownership.

A lack of agricultural infrastructure, such as irrigation systems. However, the focus of post-war agricultural reconstruction on basic agricultural materials such as fertilizers, seeds and veterinary drugs, credit, processing and marketing, and the rehabilitation of agricultural infrastructure, show the industry has some investment space.

Energy: Syria has rich resources, but in recent years has had a large reduction in production. Syria is in the world's richest oil and gas region, and rich in these resources. However, since 2011, the US, European Union, Arab League and others have implemented sanctions on Syrian oil, including the most important energy enterprise, Syrian Petroleum Corporation, with the aim of enabling European oil companies to abandon most of their operations in Syria, thereby restricting oil revenues that are vital to Assad's government. land.

13) Bahrain

(1) Investment Advice

On the whole, Bahrain's investment landscape is more attractive than those of most BRI countries. The country has a favorable macroeconomic environment and low investment risk. Bahrain's economic scale, political stability and business environment are good. As the financial center of the Gulf region,

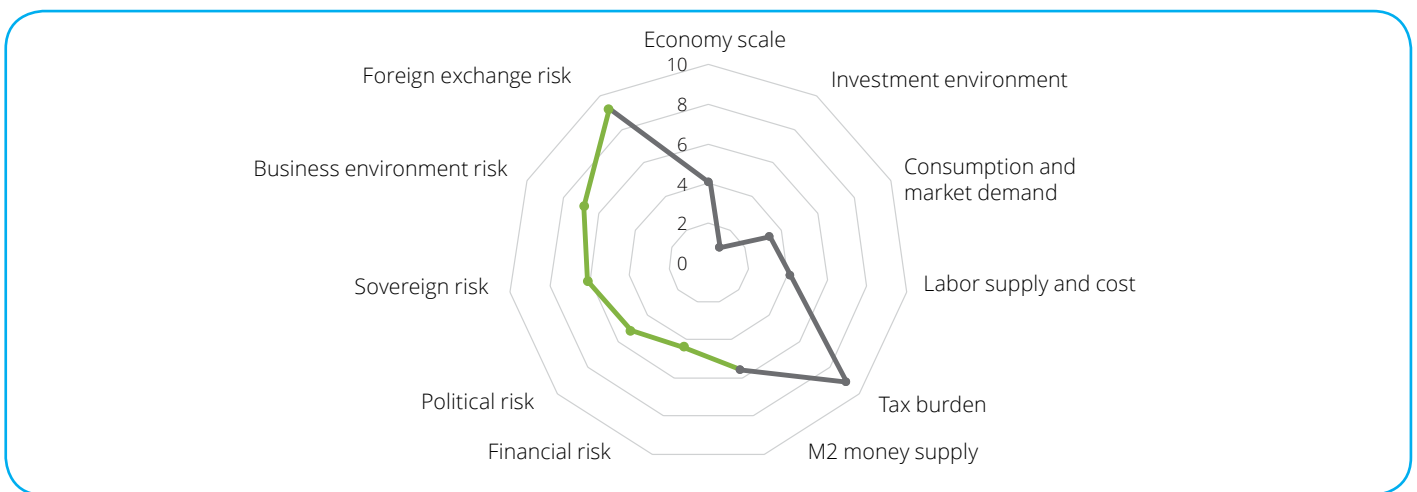
Bahrain's financial market is open and standardized, conducive to the enterprises' overseas operations.

In addition to the traditionally dominant industrial energy industry, the diversification of Bahrain's economic structure has expanded the space for bilateral investment cooperation, especially in information and communication,

machine manufacturing, engineering contracting and infrastructure. Pipeline construction related to the energy industry also has investment potential.

In view of China's comparative advantages in infrastructure construction and processing and manufacturing, cooperation is expected to continue to deepen.

Figure 61: Bahrain Investment Attractiveness Score



(2) Country Profile

Bahrain is an island nation in the Persian Gulf connected to Saudi Arabia by the 25-kilometer-long King Hurd Bridge.

Bahrain is the smallest of the six Member States of the GCC, with a total land area of approximately 767 km², consisting of 36 islands of varying sizes, the largest of which is the island of Bahrain. Bahrain had a population of 1.5 million in 2017 and more than 50% of inhabitants are non local, mainly Indians, Pakistanis, Bangladeshis and Filipinos. Some 85% of the population follow Islam. The official language is Arabic, and English is widely spoken.

Bahrain was the first oil-extracting country in the Gulf region, and the oil and gas industry is the strategic pillar of its economy.

In recent years, Bahrain has begun to develop into a diversified economy, establishing an oil refining, petrochemical and aluminum products industry, vigorously developing the financial sector and becoming a regional banking and financial center.

(3) Macroeconomic Indicators

Bahrain's economic development score is moderate. Bahrain's GDP in 2018 was USD35.31 billion, and GDP per capita was USD24,000.

Bahrain's historical GDP growth is about 3-4% a year, and Bahrain's GDP is expected to continue to grow at

a steady rate of 1-2% over the next three years.

Its investment score is low. In 2018 Bahrain's OFDI was only USD520 million, and fixed asset investment was just USD8.56 billion.

Its consumption and demand rating is high, with imports and exports accounting for 139.4% of GDP in 2018. The level of national income per capita is also high, at USD21,000 in 2018. Bahrain's Gini coefficient is 0.4. Inflation is low, at 1.4%, conducive to domestic consumption.

Its high labor security and cost score is mainly due to high levels of education and low unemployment rates. According to the government, Bahrain has the highest comprehensive quality

workforce in the GCC countries. Bahrain's local labor force is mostly fluent in Arabic and English, generally has a high level of education, and can obtain a large number of labor skills and employment training opportunities from the government. The unemployment rate in Bahrain was as low as 1.2% in 2018 and the labor force was fully employed. However, Bahrain has a small working population of only 920,000, and will lack long-human resources in the long run.

Its tax score is high and the tax burden is small. Based on World Bank statistics, total tax on commercial profits is 13.8%, better than most BRI countries.

Its capital supply score is low, with general money supply accounting for 66.9% of GDP in 2018, down 13.4% from a year earlier, and the difference between domestic deposit and loan interest rates is 3%.

(4) Risk Indicators

Overall, Bahrain currently has moderate investment and financial risks. Banking risk is at 0.5. Bahrain's domestic financial institutions provide credit equivalent to 90.9% of GDP, a high rate, and external debt as a share of GDP is also high, at 112.5%. Its total foreign exchange reserves are USD4.66 billion, smaller than those of other BRI countries.

Political risk is moderate. Bahrain is in a more unstable political situation than usual, but its legal environment score is high and public order is good.

Sovereign credit risk is high. Moody's rates Bahrain at B2. Bahrain has high public debt, accounting for 98.6% of GDP, and falling oil prices have led to a sharp drop in total exports. In addition, government revenues have fallen and

its fiscal deficit has climbed, accounting for about 10.3% of GDP in 2018.

The business environment is moderately risky. Bahrain focuses on protecting small and mid-sized investors by increasing shareholder equity and its participation in major decision-making. Bahrain has improved cross-border investment efficiency through a range of measures, including process optimization.

Bahrain has small foreign exchange risk. The legal tender of Bahrain is the Bahraini dinar, which is freely convertible. Bahrain has adopted a linked exchange rate system between the dinar and USD dollar since 2001, and the exchange rate is stable at BHD1 to USD2.7.

(5) Key Industries

Bahrain has high scores for energy, IT and manufacturing, with low scores for transport and agriculture.

Energy: Oil and gas is Bahrain's most important natural resource, and the oil and gas industry is the backbone of its economy, with energy pipeline construction bringing investment opportunities. It has proven reserves of 20.55 million tons of oil and 118.2 billion cubic meters of natural gas. In 2017 it extracted 200,000 barrels of oil, mostly for oil refining. Daily average natural gas extraction is 2 billion cubic feet, mainly for power generation, water desalination and chemical products.

In 2015, the oil and gas industry accounted for 19.7% of GDP, ranking first in output value. Due to low oil prices in recent years and strict management by the Bahraini government, we would not recommend investing in the oil industry.

At the same time, because Bahrain is short of natural gas and it needs to be imported from countries such as Russia, the construction of related pipelines (including a new oil pipeline from Saudi Arabia to Bahrain, an LNG receiving terminal, and the construction of a railway bridge linking Bahrain to Saudi Arabia) has created opportunities for investment.

Manufacturing: An important industry in the national economy. Smelting and petrochemicals is an important industrial sector in Bahrain, and the Bahrain Aluminum Plant is one of the top 10 aluminum plants in the world.

Manufacturing output as a share of GDP reached 14.6% in 2015.

Transportation infrastructure:

Infrastructure is quite complete and the government encourages foreign investment. It intends to upgrade infrastructure including airports, roads and railways, expanding existing airports to improve the passenger capacity and repairing and rehabilitating roads.

Because of financial constraints, the government struggles to support infrastructure projects with large investments on its own, so welcomes the participation of foreign investors and private capital in local infrastructure investment, presenting medium term opportunities. Bahrain's ambassador to China has said energy-intensive and manufacturing companies have a clear advantage when investing in Bahrain.

The government welcomes foreign investment in transport infrastructure (railways, subways, ports, and airport construction), renewable energy (solar and wind power), mineral development and smelting (aluminum smelting and manufacturing, cables and steel mills) and food processing.



4. Commonwealth of Independent States (CIS)

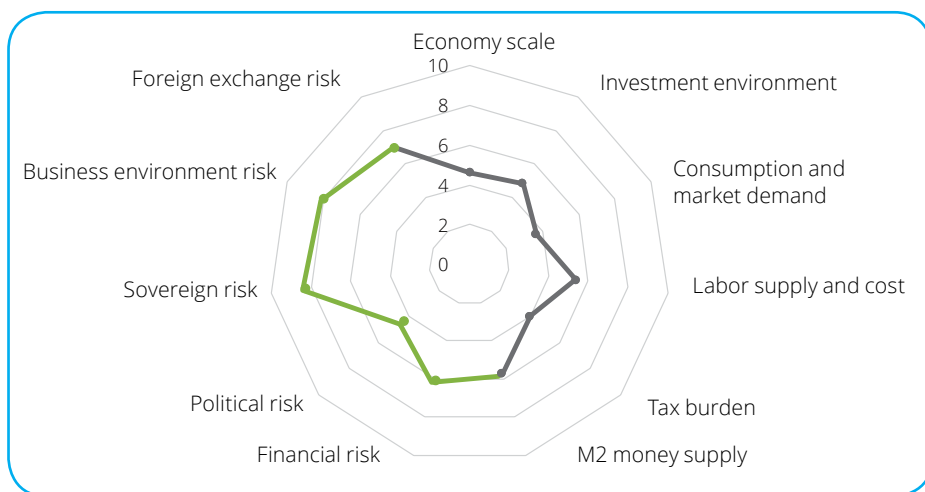
1) Russia

(1) Investment Advice

Russia has quite high investment attractiveness with considerable macroeconomic appeal and moderate investment risks. The Russian market has great potential, and its transportation, energy and heavy industries all have large investment space. The energy sector is a key investment area for Chinese companies in Russia.

Among non-energy sectors, Russia's heavy industry is growing steadily, and light industry, which is diverse, has the potential to increase further and replace imports, making it suitable for Chinese companies to invest in. Chinese companies can also focus on investment opportunities in transportation, including vehicle and aerospace manufacturing and transportation hub construction.

Figure 62: Russia Investment Attractiveness Score



(2) Country Profile

The Russian Federation (Russia) is a presidential federal state composed of 22 autonomous republics, 46 cantons, nine krai, four autonomous regions, one autonomous prefecture and three federal municipalities. Russia straddles Eurasia, with its territory including eastern parts of Europe and northern parts of Asia, having an area of about 17.1 million km², making it the vastest country in the world.

Russian terrain is complex and diverse. The west is mostly vast plain, with highlands and mountains in the east. Russia spans multiple climatic zones, but most of them are temperate, subtropical continental climates;

winter is long and cold, summer is short and cool, spring and autumn are short. Annual precipitation ranges from 200mm-3,000 mm, with snow falling almost throughout the winter.

Russia, with a total population of about 140 million, of whom about 78% are Russian, is a multi-ethnic country with 194 ethnic groups. Russian is the official language, although republics have the right to set their own official languages and use them with Russian in their territories.

The main religion is Russian Orthodoxy, followed by Islam.

As the political and economic core of the former Soviet Union's largest republic, Russia is rich in resources, has developed science and technology, stable economic development, and continues to play an important role in international affairs since independence. Russia is one of the five permanent members of the United Nations Security Council and has a veto over Security Council bills. Russia is one of the BRICS countries.

(3) Macroeconomic Indicators

Due to the size of the Russian economy, its macroeconomic score is quite high. Russia's GDP of about USD1.5775 trillion in 2017, up 1.5% YoY, has emerged from a recession and is expected to continue to grow at about 1.7%.

Russia's GDP per capita is about USD11,000 and is mid-range. Its investment score is higher, with FDI reaching USD28 billion and investment of more than USD340 billion in fixed assets.

Its consumption and demand score is high. Russia's per capita national income amounted to USD9,230, with household final consumer spending of USD826.4 billion, in the higher echelons of spending power. Inflation last year was 3.7%, a healthy level.

Russia's total imports and exports account for 46.7% of GDP, indicating that its economy is relatively less dependent on trade.

Its labor security and cost indicators are at a high level among BRI countries. Russia has about 75 million working people, or about 50% of the population. The unemployment rate was stable at about 5% in 2017, roughly the same as in 2016. An influx of foreign labor has played a key role in optimizing the structure of the Russian labor market. As of the end of 2016, 9.6 million foreign workers have emigrated in Russia, 85% of them from CIS countries.

Its tax index score is low. Russia's tax burden is heavy, according to World Bank statistics, with tax on commercial profits of 46.3%, high among BRI countries.

Capital supply is moderate. Russia's money supply level is quite low, with broad money supply at 46.2% of GDP, a mid-low level, and growth of about 10.5%.

Overall, the money market is quite stable.

(4) Risk Indicators

Russia's financial risk is low. External debt as a share of GDP is moderate at about 30.4%, and foreign exchange reserves are strong, having reached USD466.9 billion. Its banking risk score is 0.5.

In June 2017, Russia's central bank strengthened its banking consolidation mechanism, a move set to further strengthen management of the sector and continue to root out unqualified financial institutions, although banking risks still need to be reduced further.

Russia has high political risk. Its political stability index is at -0.7, and the legal environment index is at -0.5, both low. The main political risks to investments in Russia are: changing policies and regulations, with a lack of continuity in national laws and government regulations. Foreign investment policy is not consistent enough, related laws are imperfect, and the overall legal environment needs to be improved; the problem of political corruption, which is deeply rooted in Russia, and the lack of efficiency of government policies, which adds substantial uncertainty to investors; and the problem of social and environmental security in Russia, with triads and other criminal organizations increasingly rampant.

Companies and personnel from overseas engaged in business activities are vulnerable to interference from security issues, and personal and property safety needs to be guaranteed.

Russia has low sovereign risk. In 2018, Moody's maintained a Ba1 rating on Russia's sovereign credit, which looks stable.

Public debt as a share of GDP is about 17.7%, and although there is a fiscal deficit, the risk is low overall.

Russia's business environment risk is also relatively low. The cost of setting up a business is equivalent to only 1.1% of national income per capita. Russia ranks 31st worldwide in ease of entry for foreign investors. In 2018 Russia sped up the process of enterprise access to building permits, improved the cost and efficiency of enterprises' access to electricity, and reduced the tax costs of enterprises by allowing higher depreciation rates on fixed assets. Cross-border trade has been made easier through measures such as improved online customs clearance and automated customs clearance.

Russia has quite high foreign exchange risk. The ruble has depreciated, mainly because of large fluctuations in its exchange rate against USD 2017.

(5) Key Industries

Russia scores highly in transportation, agriculture and energy, but its manufacturing and IT scores are low.

In early 2018, the Russian Ministry of Industry and Trade reported that, thanks to state financial support, Russia's industrial manufacturing industry is emerging from its crisis of 2014/15, with every manufacturing sector except metallurgy showing growth.

Machinery, auto manufacturing and heavy manufacturing have been the fastest growing industries over the last three years.

Transportation infrastructure:

Russia's vast territory, complex and changeable geographical environment, mean overall road traffic is quite underdeveloped. Domestic railway and aviation and water transport have decent foundations, but most of it was built during the Soviet period so is quite old.

The Russian government is investing heavily in the development of transport infrastructure and has made this area a priority task for the country for the next 15 years.

At a transport sector conference in 2018, President Vladimir Putin said Russia would further develop large transport hubs in the Baltic Sea, Black Sea, the Pacific and the Arctic, while strengthening river transportation infrastructure, hydrological technology facilities and deepening waterways to improve inland waterway cargo traffic, especially for large cargo and overweight goods.

Energy: Russia is rich in several natural resources, has large reserves and a high degree of self-sufficiency. Russia is also one of the world's largest oil and gas exporters. Proven reserves of petroleum are 10.9 billion tons, accounting for 13% of the global total. It has 48 trillion cubic meters of natural gas reserves, 35% of the world's total and ranking 1st in the world.

Manufacturing: State financial support has created a good situation for growth in heavy and light industry. Russia has a strong industrial base, mainly in machinery, steel, metallurgy, petroleum, natural gas, coal, forestry and chemicals, with a well developed wood and wood processing industry.

On the whole, Russia's heavy industry is well developed and light industry is developing slowly. This situation has improved in recent years with the significant growth of light industry.

In August 2017, initiatives to develop of light industry were supported by Putin, and the total amount of financial support provided by the Industrial Development Fund for light industry, including concessional loans and loan discounts, has reached RUB3 billion (USD47.1 million). In 2017, Russian light industry growth reached 7%, with a market size of RUB2.5 trillion, and will have maintained this growth trend in 2018.

In the past three years, Russia has accelerated construction of synthetic fiber fabric enterprises, mainly sportswear producers, with the domestic share of special clothing reaching 98%.

In heavy industry, the Russian government in December 2018 allocated RUB16.8 billion of supplementary funds for development. The machine tool industry has grown at a rapid rate of 10-15%.

2) Belarus

(1) Investment Advice

Belarus has weak investment attractiveness. Its macroeconomic indicators are lower and investment risk is slightly higher than in most BRI countries.

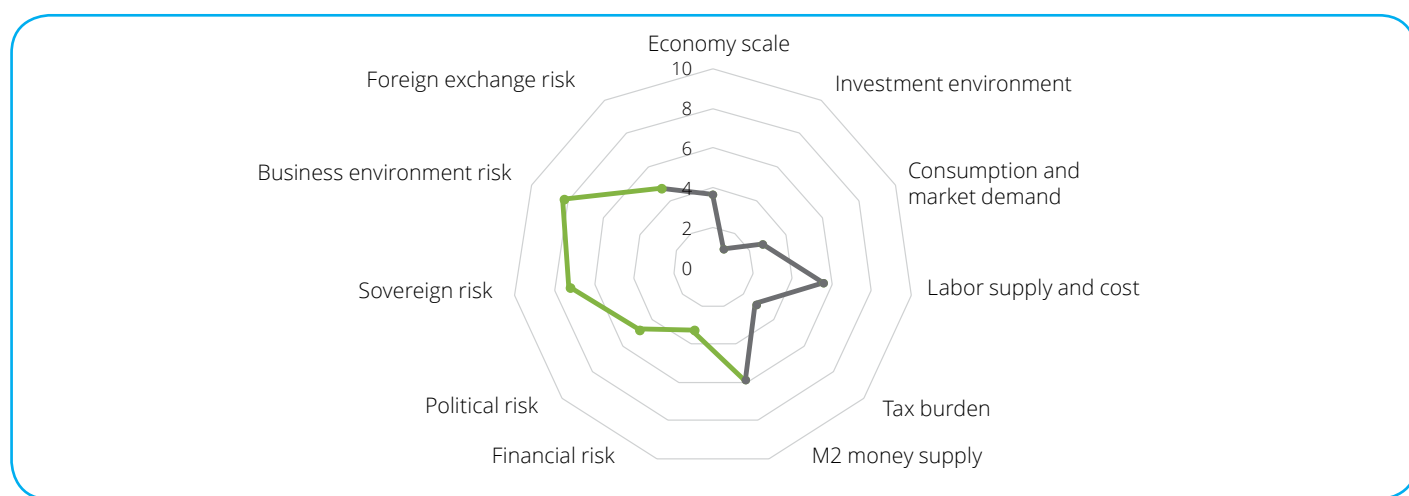
Belarus is focusing on the development of high-end manufacturing and high-tech industries, as well as

IT, represented by electronic manufacturing, which has a similar place in China's national strategy. The two countries can be expected to further deepen bilateral investment and cooperation by relying on their respective accumulation of innovation and R&D results that complement each other.

Chinese enterprises should pay

attention to traditional IT, machinery manufacturing and chemicals, and related enterprises may consider investing directly in Belarus to set up factories. We also suggest China's high-tech enterprises pay attention to Belarus's fine chemicals, biomedicine, new materials and other fields, using the preferential policies of industrial parks and local enterprises to cooperate.

Figure 63: Belarus Investment Attractiveness Score



(2) Country Profile

Belarus is a landlocked country bordering Russia, Latvia, Lithuania, Poland and Ukraine. Due to its strategic location, Belarus has become an important commercial transport route in Eurasia.

Its land area is about 208,000 km². With a population of about 9.492 million (2018), there are more than 140 nationalities. About 80% of the population is native Belarusian, with the main ethnic minorities Russians, Poles and Ukrainians, in descending order.

Belarusian and Russian are the official languages of Belarus. English is the main foreign language, but the proportion of Belarusian officials and the general public that can speak English is not high. More than 70% of the population follow the Orthodox

Church, and parts of the northwest practice mixed Catholicism and Orthodoxy denominations.

The capital, Minsk, is the political, economic, scientific, technological and cultural center of Belarus and is home to CIS headquarters.

(3) Macroeconomic Indicators

Belarus's macroeconomic score is quite low. GDP was about USD54 billion in 2017, with growth of around 2.4%. Belarus has GDP per capita of about USD5,727, at a low global level. GDP growth in Belarus is expected to sustain at about 2.7%.

Belarus has a low investment score. FDI is less than USD1.3 billion and fixed asset investment is only USD15.7 billion, both of which are low among BRI countries.

Its consumption and demand score is moderate. Belarus has per capita national income of about USD5,280, household final consumption expenditure of about USD30 billion and a lower propensity to consume. The inflation rate in the last year was about 6%.

Belarus's imports and exports account for 134.1% of GDP and it has a Gini coefficient of 0.4.

Its labor security and cost indicator is at a high level. Belarus has a working population of about 5 million, accounting for about 50% of the total population. The unemployment rate is only 0.5% and is among the best worldwide. The proportion of people in higher education has reached 85%, a high level.

Belarus has a low tax burden score. Its tax burden is heavy, with total tax on commercial profits at 53.3%, higher than the vast majority of BRI countries.

Its capital supply index is mid-range among BRI countries. Belarus has a low level of money supply, at 37.8% of GDP, but its growth rate is high, about 17.4%.

(4) Risk Indicators

Belarus has high financial risk. Its banking risk assessment score is 0.7, a high level among BRI countries. Belarus has a low foreign exchange reserves of about USD4.8 billion. Its external debt as a share of GDP is 67%, with a relatively high risk level.

Political risk is moderate. Belarus's social and political environment is stable, and the legal and regulatory systems are well formed. Its political stability index is at 0.03, mid-range, and the legal system is quite well formed but still has room for improvement.

Sovereign risk is moderate. Moody's has assigned Belarus a B3 rating with a stable outlook. Its public debt as a share of GDP is 56.7%, and the fiscal surplus is 0.5%, quite stable.

Doing business in Belarus is low risk, with a welcoming attitude towards foreign investment to promote economic development. It lowered the threshold for enterprise registration and testing in 2018, and optimized the application process for enterprises to obtain construction permits. Belarus ranks 37th in ease of entry for foreign investors.

The average time taken to enforce a contract is only 275 days, and business establishment costs are equivalent to only 0.5% of gross national income, but the government efficiency index is somewhat low at -0.3.

Foreign exchange risk is high. The Belarusian ruble is pegged to a variety of foreign currencies and is freely convertible. However, the exchange rate oscillates wildly and there is high devaluation risk.

(5) Key Industries

Belarus scores highly in manufacturing and IT and low in agriculture, transportation and energy.

Manufacturing: The industrial base is decent, with a focus on developing high-end manufacturing. Belarus was one of the former Soviet Union's industrial hubs. The industrial sector is well established and the dominant industries include machinery manufacturing, chemicals and petrochemicals, and electronics, some of which are world-leading. Machinery manufacturing is the pillar industry.

Economic and trade cooperation between China and Belarus has deepened in recent years. For example, Geely Automobile, a Chinese carmaker, set up a Belarusian joint venture and a local plant to produce cars for sale to the Russian market. Belarus and China have created a platform for economic and scientific and technological cooperation, including an industrial park that provides preferential tax, land, leasing, corporate loan financing measures, including one of the most preferential tax policies among CIS countries.

In recent years, Belarus has accelerated the development of high-tech industries, focusing on the development of fine chemicals, biomedicine, new materials and other emerging fields.

IT: Belarus's electronic manufacturing industry is a world leader and a national key development industry. Belarus's microelectronics and integrated circuit manufacturing industry is highly developed, and it has strong R&D capabilities and the world's leading equipment producer. Electronics and information technology has been another key development industry in Belarus over recent years.

Transportation infrastructure:

Belarus's transport foundations are solid, with remarkable investment potential. Its transport infrastructure includes a broad network of road, rail and air routes. The passage of two pan-European corridors through Belarus is an important component of the European transport system.

In a 30 year national strategy for social and economic stability, the government of Belarus proposed that in the next five years it would focus on the development of a major highway network, strong road network, railway infrastructure and airport upgrades.

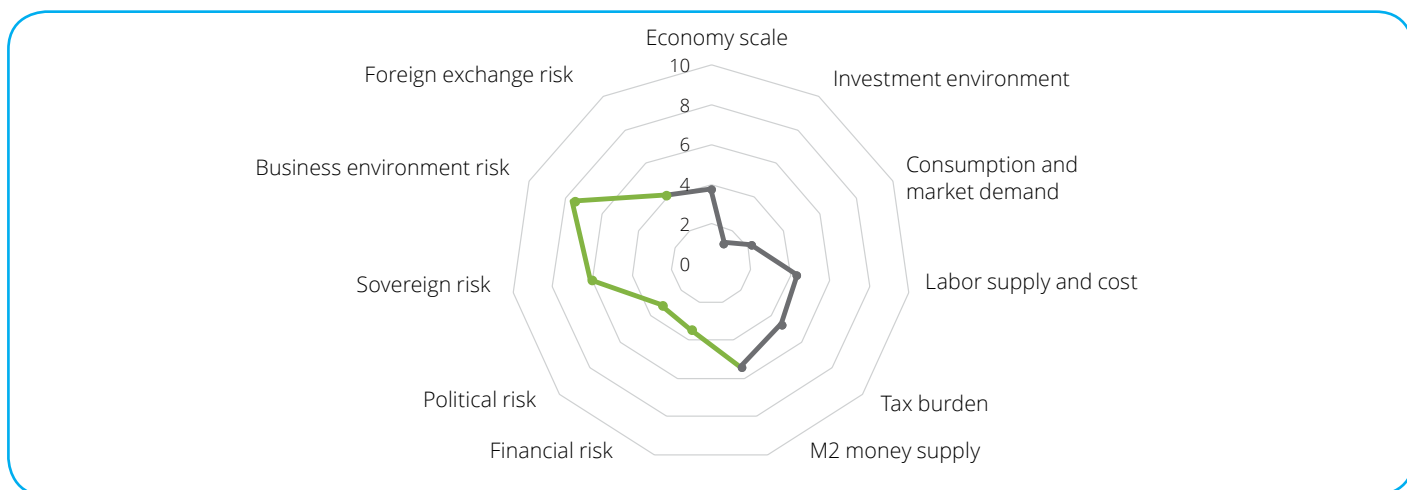
Given China's extensive experience in infrastructure construction, Belarus's transport needs should present good investment opportunities for Chinese companies.

3) Ukraine

(1) Investment Advice

Investment in Ukraine is relatively unattractive. Its economy is quite strong but investment risk is high. Ukraine's economy is growing slowly but it has a plentiful workforce. Investment risk is quite high, the political situation is variable, and the overall business environment needs to be improved. Ukraine still has great potential for development in the transportation and energy, and its unique agricultural development conditions and growth in IT outsourcing are also worthy of investors' attention.

Figure 64: Ukraine Investment Attractiveness Score



(2) Country Profile

Ukraine is in Eastern Europe, near the Black Sea and the north Azores. It borders Russia to the east and northeast, Belarus to the north, Poland, Slovakia and Hungary to the west and Romania and Moldova to the south.

It has a land area of 604,000 km² and a population of about 45 million. Ukraine is 1,316 km long from north to south and 893 km from east to west. Its largest mountainous region is the Western Carpathians, within which the highest peak is Gorvillia at 2,061 meters. The longest river, the Dnieper, originates in Russia and flows 981 km through Ukraine.

The population of Ukraine in 2017 was 45 million. Ukraine is a multi-ethnic country, with more than 110 ethnic groups, the Ukrainian ethnic group is the largest at 72% of the population and the Russian minority accounts for 22%. The official language is Ukrainian and Russian is widely used. Its main religions are Orthodoxy and Catholicism.

Ukraine has a temperate continental climate. The average temperature in January is -7.4°C and the average monthly temperature is 19.6°C. Neighbouring Crimea has a Mediterranean subtropical climate.

(3) Macroeconomic Indicators

Ukraine has a low economic environment score. GDP in 2017 was USD112.15 billion, or USD2,639 per capita. Ukraine's economy grew at 2.5% the previous year, and is expected to grow at 3.1%.

The main factors restricting Ukraine's economic growth include political instability, Russian military intervention, and a non-diversified industry structure that depends on producing low value-added products.

Its investment environment score is moderate. Total FDI is only USD2.8 billion, with investment in fixed assets of USD22.5 billion, mid-range among BRI countries.

Its consumption and demand score is low. Ukraine's per capita national income is USD2,390, household final consumer spending is only USD74.6 billion, and consumption capacity and willingness are weak. Inflation in Ukraine reached 14% in 2017.

Its labor security and cost score is high. Mainly because of its large labor force, of about 20 million people, and its high quality, with 73.6% of people having undertaken higher education. Its total number of IT professionals ranks fifth in the world. Its unemployment rate is about 9%, mid-range.

Its tax scores are quite low and the tax burden is high. Based on World Bank statistics, total tax on commercial profits is about 41.7%.

Ukraine's capital supply score is also rather low. M2 accounts for 40.5% of GDP and is growing at an average rate of about 9.6%. The two indicators are quite low among BRI countries.

(4) Risk Indicators

Financial risks are high. Its 2017 banking risk index was at 0.7, high among the CIS countries, and in 2017 financial institutions provided credit equivalent to 65.7% of GDP.

External debt accounts for up to 86.1% of GDP and total foreign exchange reserves are about USD17.2 billion.

Ukraine has high political risk. The domestic situation is temporarily stable, but it has not fundamentally escaped the power game. Ukraine's political system is still in transition, with fierce struggle between various political forces. A political crisis erupted in 2013 as a result of a change of government, and the volatile political situation has added uncertainty to investment. Ukraine's political stability index is at -1.9, and the legal environment index is at -0.3.

Sovereign risk is high. Moody's gives Ukraine a sovereign credit rating of Caa2, quite a low rating. Public debt as a share of GDP is as high as 83.5%, and the fiscal deficit has reached 3.2%.

Business environment risk is low. In 2017, Ukraine improved protections for some investors, simplified cross-border trade processes for auto parts and contract performance, but there is insufficient support for foreign investment, with imperfect and ineffective policies, so the overall environment still needs to be improved.

Ukraine contract enforcement period is about 378 days and the cost of business establishment is equivalent for 0.6% of national income, both mid-range, although the government efficiency index is low at 0.5.

Foreign exchange risk is high. However, Ukraine's exchange rate with USD has remained quite stable, with fluctuations of about 0.02 over the past year.

(5) Key Industries

Ukraine's manufacturing, IT and agriculture have quite high scores, with energy and transportation scoring lower.

Manufacturing: The main industrial sectors are coal, steel, machinery manufacturing, electricity, defense, aviation manufacturing and shipbuilding. Ukraine is the world's 10th largest steel-producing country (2016), with steel industry exports accounting for about 80% of total production.

IT: IT services are growing rapidly and are becoming more important in the export structure of Ukraine. Ukraine is the world's fifth largest exporter of IT services, as well as the biggest market for software development programming and IT outsourcing services in Central and Eastern Europe. In recent years, the market has grown by an average of 19% a year, with turnover of USD1.1 billion and 127,000 professionals at the end of 2017.

Ukraine's IT industry exports 80% of services overseas and has become its second largest service export industry, with substantial investment potential.

Agriculture: Ukraine is rich in cultivated land resources. Its fertile soil, adequate water resources, and highly developed agriculture make it the world's third largest food exporter. Its main crops include cereals, oil crops, sugar crops and potatoes. Ukrainian crop production is 1.5-2 times its domestic demand, so it is self-sufficient, with the surplus exported to the European Union, Asia and North Africa.

However, the low utilization rate in Ukrainian agriculture, lack of deep processing capacity for agricultural products, low value added, and underdeveloped infrastructure such as agricultural products warehousing and logistics, create risks for foreign investors while also providing opportunities to fill market gaps.

Energy: Rich in mineral resources. Ukraine has identified more than 80 potentially mineable resources, mainly coal, iron, manganese, nickel, titanium, mercury, graphite, refractory soil and stone. Oil and gas resources are scarce.

Transportation infrastructure: Ukraine has good infrastructure and a mature transport industry. Ukraine has formed a complete transport system comprising roads, railways, rivers, sea, air and pipelines.

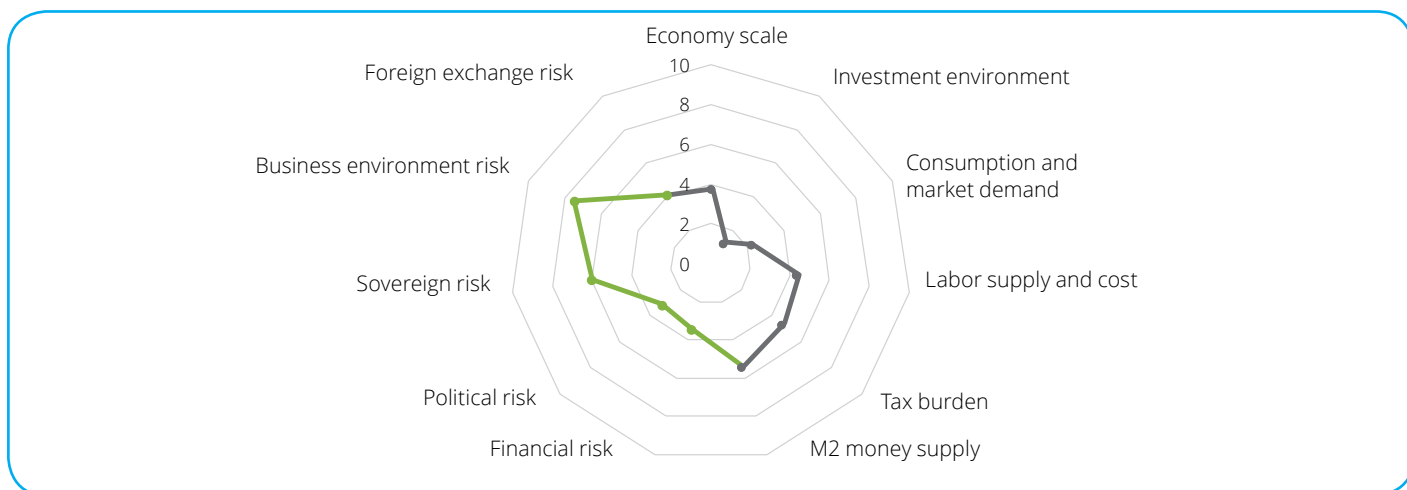
Developing transport infrastructure is a key government task, with specific plans including an investment of UAH30 billion (USD117.2 million) in renovation of national roads and UAH130-150 billion to develop railways that will also improve railway its port capacity. A rapid railway system from Borispol International Airport to Kiev is backed by Chinese loans. The government welcomes foreign enterprises' bids for local infrastructure investment and construction, which have strong investment potential.

4) Azerbaijan

(1) Investment Advice

Investment in Azerbaijan is generally attractive. Overall macroeconomic attractiveness is mid-to-low, and the economy is quite underdeveloped. Investment risk is medium and financial risk is high. Azerbaijan is encouraging foreign investment in non-oil sectors, and investors should focus on opportunities in infrastructure upgrading and IT.

Figure 65: Azerbaijan Investment Attractiveness Score



(2) Country Profile

The Republic of Azerbaijan is at the edge of Eurasia, bordering Russia to the north, Iran to the south, Georgia and Armenia to the West. It is part of the Silk Road.

Its land area is 87,000 km², with a total population of about 9.86 million in 2017. The Caspian sea is to the east of Azerbaijan and close to the capital, Baku.

Azerbaijan has a diverse climate, dry in central areas and the east, with abundant rainfall in the southeast. The temperature averages 4°C in January and 27.3°C in July. The northern and western mountainous areas are cooler, with average temperatures of 12°C in summer and 9°C in winter.

Azerbaijan is a multi-ethnic country, with 43 ethnic groups. Azerbaijanis account for 90.6%, Lezgans 2.2%, Russians 1.8%, Armenians 1.5% and the Taresh 1%.

The official language is Azerbaijani, with Russian the major non-official language, and the population mainly follows Islam (Shia).

(3) Macroeconomic Indicators

Azerbaijan has a low level of economic development. With GDP of USD40 billion in 2017, it is growing at just 0.1%. However, because of its small population, per capita GDP is mid-range, at about USD4,131. According to the World Bank, GDP growth could reach 2.8%.

Its level of investment is moderate. FDI volume was USD2.87 billion in 2017, and the amount invested in fixed assets was USD7.22 billion.

Its consumption and demand score is low. Per capita national income is USD4,080 and household final consumption expenditure is USD23.47 billion, both low among BRI countries. Azerbaijan has a Gini coefficient of 0.4, which is mid-range, and imports and exports account for 90.6% of GDP. The inflation rate was 12.9%, a high level. Its security and cost score is moderate. The labor market in Azerbaijan is stable, with a Labor force of about 5.04 million people in 2017, but the quality of human resources is low, with only 29.7% having attended higher education.

The tax index score is low. Based on World Bank statistics, total tax on commercial profits is about 40.8%, a heavy tax burden.

(4) Risk Indicators

Its money supply score is low. M2 as a share of GDP is only 32.4% and it is growing at about 9%.

Azerbaijan has a high financial risk. Its bank risk assessment score is at 0.7, with a low level of foreign exchange reserves at about USD44 billion, although its external debt is small, accounting for only 32.6% of GDP.

Political risk is high. Although Azerbaijan pursues balanced diplomacy, because of its abundant resources it has long been regarded as a key country in Europe's battle with Russia over alleged Russian energy blackmail. There is fierce competition between Russia and the United States over Azerbaijan.

Its political stability and legal environment indexes are at -0.8 and -0.3, respectively, both below mid-range.

Sovereign risk is moderate. Moody's gives Azerbaijan a credit rating of Ba2, with a quite stable outlook. Public debt as a share of GDP is 41.1%, the fiscal deficit is about 1.4%, mid-level.

The risk of doing business in Azerbaijan is low. It ranks 25th in ease of entry for foreign investors, contract enforcement takes about 277 days, and the cost of setting up a business is equivalent to about 1.3% of national income, all strong figures.

However, government is somewhat inefficient, with a score of -0.2, mid-low range.

Foreign exchange risk is low. The Azerbaijani state currency is the manat, and exchange rate fluctuations are limited. Its Chinn-Ito score is 0.5, representing high financial openness and foreign exchange freedom.

(5) Key Industries

Azerbaijan's scores highly in energy, IT and manufacturing, but low in transportation infrastructure and agriculture.

Energy: Azerbaijan is rich in oil and gas resources. Proven oil reserves are 2 billion tons, with geological reserves of about 4 billion tons, and proven natural gas reserves are 2.6 trillion cubic meters with a potential total of 6 trillion cubic meters. Oil and gas exploitation is its pillar industry. There are also metal deposits in Azerbaijan, including iron, molybdenum, copper and gold.

Azerbaijan's industrial structure is highly dependent on energy exports, with oil and gas accounting for 43.4% of total GDP.

IT: The government is focused on IT industry layout. In 2008, Azerbaijan formally proposed the Trans-Eurasian Information Superhighway, a 11,000 km fiber-optic information superhighway across Azerbaijan, Kazakhstan, Russia, Ukraine and China. Azerbaijan signed a memorandum of understanding with China Telecom in 2013 to jointly develop this project.

In accordance with the 2015-2020 Industrial Development Plan of the Republic of Azerbaijan, the government will focus on promoting the introduction of domestic and foreign investment in non-hydrocarbon industries, as well as the establishment of industrial parks, science and technology parks and industrial zones.

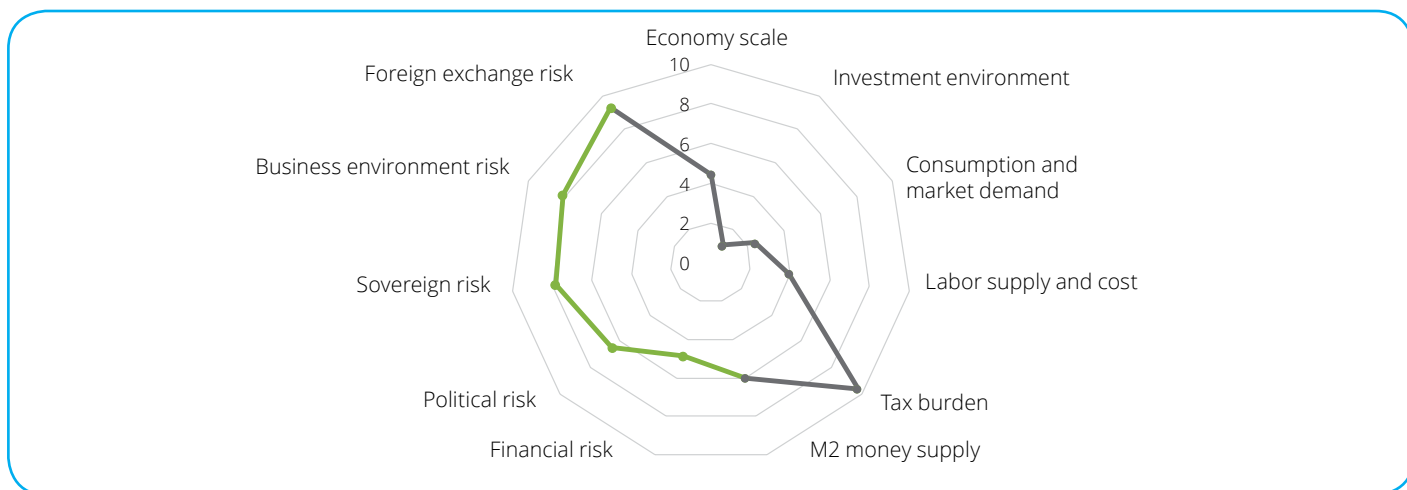
The Strategic Roadmap for Azerbaijan's National Economic Development, introduced in 2016, covers the oil and gas industry, agriculture, heavy industry, logistics, trade, financial services, telecommunications and other sectors. In addition to oil and gas and other traditionally advantageous industries, all the BRI key industries show substantial investment potential.

5) Georgia

(1) Investment Advice

Georgia is quite attractive for investment, with mid-range macroeconomic attractiveness, a small population and a small domestic market. Investment risk is low with a sound infrastructure and legal business environment. The country has strong potential for deepening economic cooperation and trade with China. Chinese enterprises can consider investment opportunities in water resources, transport upgrading and tourism.

Figure 66: Georgia Investment Attractiveness Score



(2) Country Profile

Georgia is in the midwest of the South Caucasus, with Russia to the north and Azerbaijan and Armenia to the south. Georgia's total land area is 70,000 km², and it is part of the ancient Silk Road and modern Asia-Europe corridor.

Georgia has four distinct seasons and a pleasant climate. It is rich in wine and mineral water, with many tourist resorts, and has been called 'God's Garden'.

Most of Georgia is occupied by alpine areas with plentiful sunshine, averaging 2,500 hours a year. The average annual temperature is about 15.8°C.

The total population of Georgia in 2017 was 3.72 million. The official language is Georgian, and Russian is the most common second language. Residents are highly proficient in Russian, but English is gradually becoming popular among government officials and young people.

Georgia is a multi-ethnic country, with Georgians accounting for 83.8% of the total population, Azerbaijanis 6.5%, Armenians 5.7%, ethnic Russians 1.5% and other nationalities 2.5%. Georgia is a member of the WTO and is actively developing relations with international organizations such as the European Union, IMF, the World Bank, Asian Development Bank and Asian Infrastructure Investment Bank.

In March 2017, the European Union granted visa-free access to Georgian citizens, allowing them to enter Schengen Zone countries without a visa for short stays.

(3) Macroeconomic Indicators

Its scale of economy score is low, mainly due to its limited land area and small population.

Georgia had GDP of USD15 billion in 2017, or GDP per capita of USD4,057. The economy was relatively undeveloped. With the easing of its conflict with Russia, and Georgia's active move towards the European

Union, Georgia's economic situation has gradually improved. In recent years, it has worked to establish a free market economy, vigorously promoting economic reform, further reducing various taxes and tariffs, speeding up structural adjustment and privatization, and attracting foreign investment.

According to World Bank data, Georgia's GDP is growing at a rate of about 4.8% and growth will remain at about 4.9% in the future.

Its investment indicators score is low. Its FDI of USD1.83 billion, and fixed asset investment of about USD5 billion, are low among BRI countries.

Its consumption and demand score is also low. Per capita national income is USD3,780, household final consumer spending is USD9.4 billion and the purchasing power of its residents is low.

Its labor security and cost score is moderate. Georgia has an adequate labor force, with a working population of 2.03 million, of which about 74.3% have attended higher education. However, due to the lack of job supply, unemployment is high at 11.6%.

Its capital supply score is moderate. M2 accounts for 48.6% of GDP, with a growth rate of 14.7%, both mid-range.

(4) Risk Indicators

Georgia's financial risk is low, and its financial sector policies are relaxed. In recent years a large amount of capital has been invested in local banks, spurring rapid development. Its 2017 banking risk assessment index score is 0.3, a decent level.

External debt is at low level, accounting for 115.3% of GDP, but foreign exchange reserves are slightly less than USD2.76 billion.

Political risk is low, Georgia's basic foreign policy is to strengthen regional cooperation while taking into account the development of relations with Eastern European countries. Its priority is to mediate conflicts, and it attaches great importance to the development of friendly and cooperative relations with neighboring countries such as Azerbaijan, Armenia, Turkey and Ukraine. After parliamentary elections in October 2012, the government advocated improved relations with Russia.

Its political stability and legal environment indexes are at 0.4 and 1.0 respectively, both mid-high.

Its sovereign risk is moderate, with a Ba3 rating and stable outlook from Moody's. Its public debt as a share of GDP is 42.7% and its fiscal deficit is -3.9%, mid-range.

Business environment risk is low. After years of reform, Georgia now has a better legal and business environment

and a clean government. According to the World Bank's Doing Business Report 2018, Georgia's business environment ranks 6th out of 190 countries and regions of the world. Its contract enforcement period is 285 days and the cost of setting up a business is equivalent to 2.2% of national income, both strong.

However, Georgia's government efficiency needs to be improved, as the index is at only 0.6.

Georgia has low foreign exchange risk and a stable exchange rate. Its Chinn-Ito score is 1, with high degrees of financial openness and foreign exchange freedom.

(5) Key Industries

Georgia scores highest in manufacturing and energy.

Manufacturing: In 2017, Georgia's manufacturing output was USD1.4 billion, accounting for 9.3% of GDP. It attracted a total of USD74.71 million in foreign investment, accounting for 4% of foreign investment that year.

Energy: Georgia has among the most abundant water resources per capita in the world, with 319 rivers. Its theoretical reserves of hydropower are 15.6 million kilowatts a year, but development and utilization is low.

The main mineral resources are iron, manganese, copper, lead and zinc, with the world-renowned Chiatura manganese mine having proven reserves of 230 million tons, of which about 160-170 million tons can be mined.

In 2017, energy attracted the 4th largest amount of investment into Georgia, accounting for about 10% of foreign investment that year.

Transportation infrastructure:

Georgia's transportation is convenient, with its geographical advantage obvious

as an important oil transit hub on the Black Sea.

Transport has become a pillar industry of Georgia's economy, contributing more than 10% of GDP. In 2017, Georgian transport and communications was the largest area of foreign investment, with its USD530 million accounting for 28.3% of total foreign investment.

In addition, Georgia has received loans and assistance in recent years to vigorously develop domestic transport facilities, including EUR150 million (USD168.2 million) from the European Investment Bank in 2016, of which EUR100 million euros will be used for municipal construction and development and UER49.45 million will support highway construction.

It has also received USD140 million in loans from the World Bank for the rehabilitation and reconstruction of the E60 Expressway in Georgia; and USD 110 million from the Asian Infrastructure Bank in 2017 to support construction of the Batumi Bypass.

In 2016, the government launched a plan to develop a strong, democratic and united Georgia, giving transport and logistics, infrastructure, the energy industry and the rational management of environmental and natural resources priority. It will improve the existing transport system by accelerating the development of transport infrastructure, multimodal transport and logistics centers.

Overall, the government encourages foreign investment in infrastructure projects such as roads, ports, pipelines, telecommunications facilities, manufacturing, energy facilities (especially hydropower and new or revamped transmission networks), agriculture and tourism, with the aim of promoting economic development and increasing employment.

6) Armenia

(1) Investment Advice

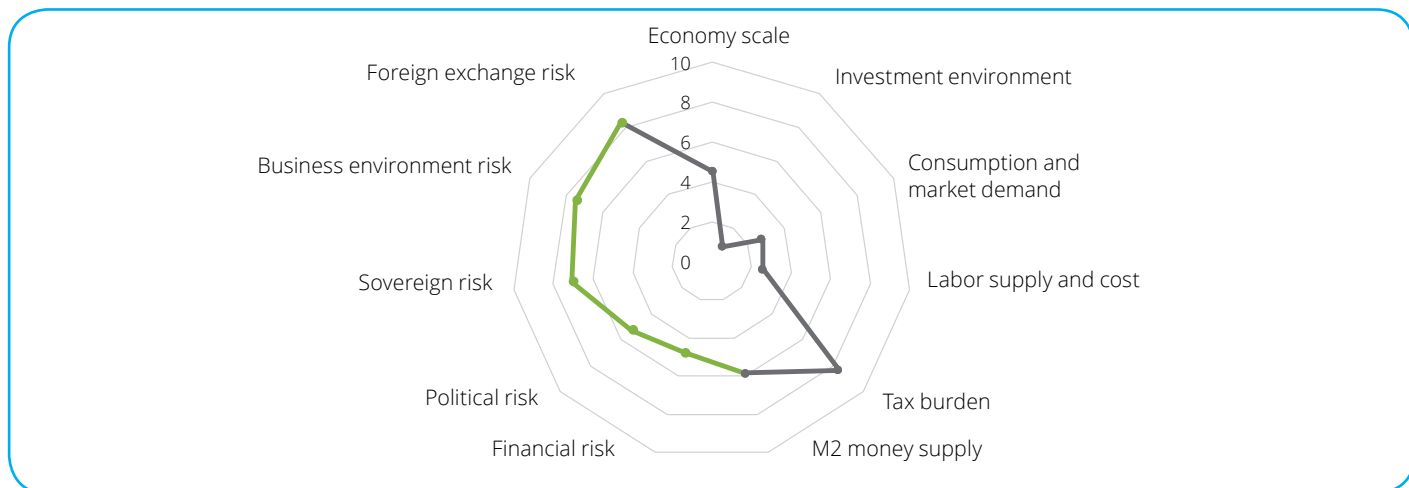
Armenia's investment environment is moderately attractive. The country's economy is lagging behind others and the economic growth rate is heavily influenced by Russia due to a small

domestic market. Armenia's energy scarcity implies substantial difficulty in developing energy-driven industries.

Overall investment risk is moderate, but the country is facing an economic blockade by Azerbaijan and Turkey,

which poses considerable risks and political uncertainties to foreign investors. Investors can consider opportunities in manufacturing industries such as metalworking.

Figure 67: Armenia Investment Attractiveness Score



(2) Country Profile

Armenia is a landlocked country on the border of Europe and Asia, with Turkey to the west, Iran to the south, Georgia to the north and Azerbaijan to the east. Its land area is about 30,000 km², and 90% of its territory is at an altitude of more than 1,000 meters. Its climate varies with the terrain, from dry subtropical conditions to sharp cold. Average temperatures range from 2°C to 12°C in January and 24°C to 26°C in July, with the average annual precipitation of 200mm-800mm.

The total population of Armenia in 2017 was 2.93 million. It is a multi-ethnic state, with the Armenian population accounting for about 96%.

The official language is Armenian. The country promotes freedom of religious belief, although 94% of the population follows Christianity. Because it is largely underdeveloped, Armenia has a low level of urbanization.

The level of education in Armenia is low, it has insufficient workers and those it does have tend to be low-skilled, so human capital is relatively underdeveloped.

In October 2014, Armenia signed up to Treaty on the Eurasian Economic Union. The Eurasian Economic Union was officially launched on 1 January 2015 and Armenia became its 4th member the following day.

(3) Macroeconomic Indicators

Armenia has a low economic score. According to the Armenian National Bureau of Statistics, GDP in 2017 was USD11.54 billion, or USD3,936 per capita. The growth rate of Armenia's economy declined in 2016, with real GDP growth just 0.2%, affected by the Russian economic downturn.

Since 2017, as the Russian economy has stabilized, Armenia's economy has recovered and its GDP growth reached 7.5% in 2017.

Investment is low. The country attracted only USD250 million in FDI and fixed asset investment was just USD2.1 billion.

Its consumption and demand score is moderate as Armenia's has low per capita national income at only USD3,990, and low household final consumption expenditure of USD8.92 billion, indicating low consumption capacity.

Its inflation rate is only 1%, indicating stable consumer prices.

Armenia's labor security and cost score is low. As a result of a lack of economic underdevelopment and prolonged exposure to blockades by neighboring countries including Azerbaijan and Turkey, outflows of labor are severe and the labor force is insufficient, with only 1.42 million working people in 2017. Education is underdeveloped and the quality of labor is low. Unemployment is as high as 18%.

Its tax score is high. The country has low taxes, with a commercial profit tax rate of 18.5%. In general, the Armenian tax system is beneficial to investors, with the vast majority of taxes are levied nationally. VAT is the largest tax at about one-third of the country's budget revenue. Profit tax is the second largest, accounting for about 15% of revenue.

Armenia has a low funding score. Money supply is inadequate, with M2 accounting for only 46.3% of GDP, albeit with steady growth of about 18.4%.

(4) Risk Indicators

Armenia has moderate financial risks. Its external debt as a share of GDP is 89.7%, which is reasonable, but foreign exchange reserves are only USD2 billion.

Armenian's banking risk score is 0.4, mid-range.

Political risk is moderate. Armenia pursues a balanced foreign policy with a focus on Russia. It is striving to consolidate strategic alliances with Russia and actively develop relations with the US and the EU.

Armenia, with no diplomatic relations with its neighbors Azerbaijan and Turkey, has actively developed good-neighborly and cooperative relations with Georgia and Iran, deepened ties with countries in Eastern Europe and the Middle East, and actively participated in multilateral organizations including the CIS, OSCE (Organization for Security and Co-operation in Europe), the Council of Europe and the Black Sea Economic Cooperation Organization.

Sovereign risk is moderate. Moody's assessment gives Armenia a B1 rating, which looks stable. Public debt as a share of GDP is 58.3%, and the fiscal deficit is about 3.4%.

Risk of doing business is low, with Armenia ranking 41st in ease of foreign investor entry. To create a favorable business investment environment for foreign investors, the government has continuously deepened reforms, promoting investment facilities, simplifying customs clearance tax procedures, improving the efficiency of government work, promoting the steady development of foreign trade and improving the economic environment.

The Armenian contract enforcement period 570 days, the cost of business establishment is equivalent to 0.8% of national income, at the mid to upper level among BRI countries.

Armenia has high economic freedom, small foreign exchange risk. The local currency is the Armenian dram and the exchange rate is stable. Its Chinn-Ito score is 0.8, high among BRI countries.

(5) Key Industries

Armenia's manufacturing industry is mature, with energy, agriculture and other sectors underdeveloped.

Manufacturing: Growth is rapid. Armenia has a decent industrial base and non-ferrous metal resources, suitable for the development of non-ferrous metal smelting and supporting industries.

In 2017, Armenia's industrial output value was about USD3.44 billion, an increase of 12.6% YoY, with manufacturing output of about USD2.15 billion, an increase of 15.7% YoY. The highest output industries are metalworking, food processing and tobacco products processing, non-metallic products and jewelry processing. Beverage industry output value is growing rapidly at over 30% YoY.

Energy: Armenia's energy scarcity, especially the low strategic energy reserves such as oil and gas, makes it difficult to develop energy-led industries.

Agriculture: Armenia belongs to the Highland countries, with an average elevation of 1,800 meters, a small number of mountains and underdeveloped agriculture.

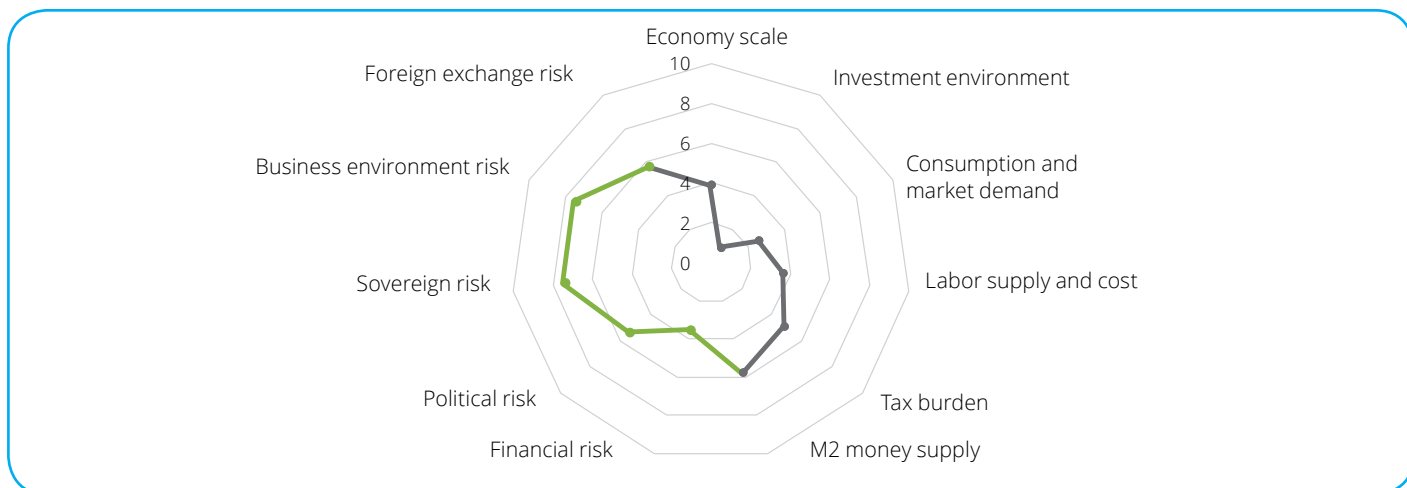
According to the 2017-2022 development plan formulated by its government, Armenia will focus on developing the digital economy, high and new technology, energy, mining, agriculture, tourism and infrastructure.

7) Moldova

(1) Investment Advice

Moldova's has low overall investment attractiveness. The economy is underdeveloped and investment risk is mid-range. Transportation, logistics and other infrastructure is relatively underdeveloped, creating some investment opportunities. It has a developed agriculture industry, and investors should pay attention to the country's planting, food processing and wine industries. In addition, Moldova and China have strong trade ties in culture and medicine, and Moldova's government has provided strong policy support to drive the development of these two industries.

Figure 68: Moldova Investment Attractiveness Score



(2) Country Profile

Located in Eastern Europe, Moldova is bordered to the west and southwest by Romania and to the north, south, and east by Ukraine. Most of its territory lies between the area's two main rivers, the Nistru and the Prut. The Nistru forms a small part of Moldova's border with Ukraine in the northeast and southeast, but flows mainly through the eastern part of the country, separating Bessarabia and Transnistria. The Prut forms Moldova's entire western boundary with Romania. Groundwater resources are abundant and forest covers 9% of national territory.

Moldova has a total population of about 3.558 million, of which Moldovans account for 75.8%, Ukrainians 8.4%, Russians 5.9% and Bulgarians 1.9%. Moldovan is the only official language, and Russian is most people's second language.

Some 98% of Moldovans are Orthodox Christians and 1.5% practice Judaism. Moldova has actively developed relations with the US and EU countries, and has made integration into Europe and the EU a priority objective of its internal and foreign affairs. It also attaches importance to the development of relations with Russia and the CIS countries.

Moldova has joined the UN, the World Bank, the IMF, IAEA, OSCE, Council of Europe, EBRD (European Bank for Reconstruction and Development), NATO Cooperation Council and Black Sea Economic Cooperation Organization.

(3) Macroeconomic Indicators

Moldova has a relatively low level of economic development. Since independence, the Moldovan economy has gone from severe recession to a return to growth to economic fluctuations, and the economic situation has been greatly influenced by climate, politics and agriculture.

Its GDP of USD8.1 billion, or just USD2,289 per capita, is low.

Moldova's investment score is low and it absorbs relatively little foreign capital. Because it is an IMF controlled state, the Moldovan government's acceptance of foreign investment is subject to many restrictions. It mainly accepts aid in the form of low-interest concessional loans from international financial organizations such as the IMF, World Bank and EBRD, and investment in Moldova is mainly through purchasing shares in privatized enterprises.

In 2017, Moldova absorbed USD160 million in foreign investment and invested USD2.1 billion in fixed assets.

Its consumption and demand indicators are low. National income per capita is only USD2,200 and household final consumption spending is just USD6 billion.

Moldova's inflation is quite high, at 6.5%.

Its labor security and cost score is moderate. With a low level of domestic employment due to limited job opportunities, the majority of Moldova's labor force seek employment abroad. Private enterprises and small businesses are the main generators of new employment opportunities. High business operating costs due to numerous administrative barriers are the main reason for the low level of domestic employment. These costs reduce the expected return on business activities and affect the formation and growth of enterprises. Moldova lacks senior blue-collar and skilled technicians due to severe brain drain. The brain drain, especially among those with higher educations, was aggravated by the liberalization of EU visa restrictions in April 2014.

Moldova has a high tax burden. The total tax rate on commercial profits is 40.5%, high among BRI countries.

Capital supply is moderate. M2 as a share of GDP is 51.2% and expected to grow at 9.2%.

(4) Risk Indicators

Moldova has quite high financial risk.

Its banking risk score is 0.6, quite high. External debt as a proportion of GDP is low, but foreign exchange reserves only about USD2.1 billion.

Moldova has moderate political risks, with a stable political situation, decent social security and few extreme incidents involving foreigners. Its political stability index is at -0.2 and legal environment index scores -0.04, mid-range. Moldova has established a parliamentary democratic system with a separation of powers, having basic political stability and good social order.

Sovereign debt risk is moderate. Moody's assigns Moldova a B3 sovereign credit rating. Public debt accounts for about 40.5% of GDP and the fiscal deficit is 0.8%, with a manageable level of risk.

Risk of doing business in Moldova is also moderate. It is quite easy for foreign capital to enter the market and the cost of business establishment is low, at equivalent to 5% of national income. However, local regulations and contract performance are challenging, with the latter taking about 585 days.

Moldova has moderate foreign exchange risk and a low exchange rate against USD. Foreign exchange freedom is moderate to low. The government has stringent regulations on foreign currency exchange, remittances and account opening.

(5) Key Industries

Moldova's manufacturing and IT industries have high scores and are mature. Natural resources are quite scarce, with a lack of coal, iron, oil and natural gas and other energy resources and bulk minerals, but Moldova has abundant non-metallic ores, mainly marble, gypsum, limestone, sand, diatomite and clay. It is particularly rich in high-quality clay, an important raw material for bricks, pottery and porcelain.

Manufacturing: Moldovan industry is mainly invested in or collectively controlled by foreign, private sector investors and consists of agricultural product processing, tobacco and cigarettes, textiles and clothing, leather processing and footwear (mainly EU orders). The total value of industrial production in 2017 was about USD2.62 billion, an increase of 7.8% YoY.

Agriculture: With strong foundations, agriculture is the backbone of the country's economy, and focuses on attracting foreign investment. Moldova's fertile land, characterized by black calcium soil, accounts for three-fourths of its land area, with per capita arable land of 7.5 acres.

The country's main cash crops are corn, sunflowers and tobacco, and its grape growing and brewing industries are particularly well developed. Its major processed agricultural products are wine, beet sugar, chocolate, fruit and vegetables and tobacco, most of which are exported to the CIS.

Moldova's total agricultural production was USD1.6 billion in 2017, up 8.6% YoY and representing 17.6% of GDP.

Moldova's key investment areas include agriculture (especially harvesting, storage and processing), power engineering, power grid construction, water supply and pollution management system construction, as well as railways, roads and other transport infrastructure construction.

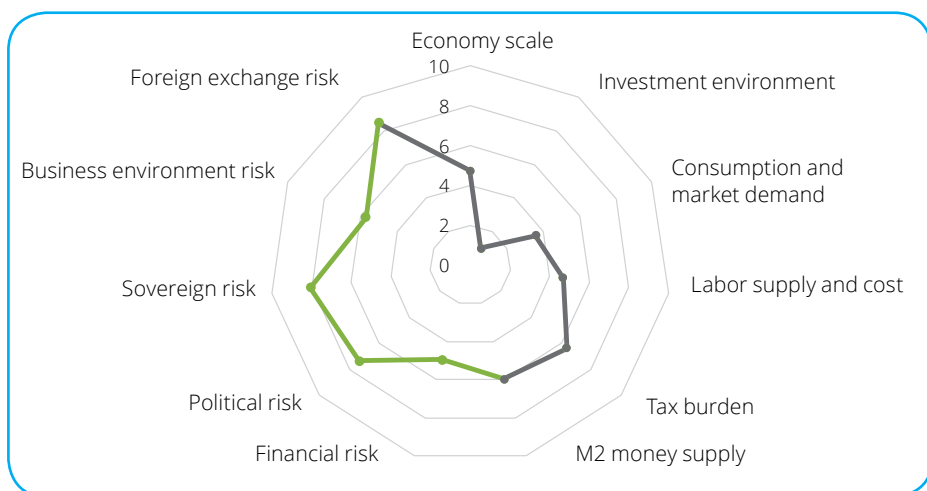
5. Eastern Europe

1) Slovenia

(1) Investment Advice

Overall, investment in Slovenia is quite attractive. Its macroeconomic attractiveness is high, with strong consumer demand and good labor quality. Investment risk and sovereign risk are low and should be stable. Slovenia has fully adopted the EU's trade policy, and the government gives substantial preferential treatment to foreign investment. Investors should focus on Slovenia's well-established machinery manufacturing and rapidly developing IT service industries.

Figure 69: Slovenia Investment Attractiveness Score



(2) Country Profile

The republic of Slovenia covers 20,273 km². It is a small country in southern central Europe, adjacent to the Alps, with Italy to the west, the Adriatic Sea to the southwest, Croatia to the east and south, Hungary to the northeast and Austria to the north.

Its national average altitude is 557 meters. The highest peak is Triglav at 2,864 meters. Slovenia's forest coverage rate is 66%, ranking 3rd in Europe, with rich forest resources. In addition, the country has 5,593 km² of grasslands, 363 km² of orchards and 216 km² of vineyards.

The population is about 2.07 million. The main ethnic group is Slovenian, accounting for about 83% of the population. Ethnic minorities include Croats, Serbs, Bosnians, Hungarians, and Italians. The official language is Slovenian. Most people can also speak

English, German or Italian. Hungarian and Italian are official languages in some border towns. Slovenia is predominantly Catholic, with a small population of Orthodox Christians and Muslims.

Slovenia is a founding member of the WTO, and its economy is highly export-oriented.

(3) Macroeconomic Indicators

Slovenia has a high level of economic development, with a GDP of USD48.7 billion in 2017 and per capita GDP of USD23,597, much higher than those of other new EU members. Slovenia's economy is highly export-oriented and exports are the main driver of economic development. Due to its small size, the domestic economy is heavily influenced by global conditions, especially in the European economy.



Its investment environment score is low. FDI was USD1.08 billion and fixed asset investment was only USD10.6 billion in 2017.

Its consumption and market demand score is high. Slovenia's per capita national income of USD22,000 is higher than those of most countries in Eastern Europe. Inflation has been steady at 1.3%. However, household final consumer spending is medium-low at USD25.74 billion.

Its labor supply and cost score is quite high. The labor force is high quality, with good technical knowledge and high proficiency. Average productivity is close to that of western European countries. Labor cost is lower than in western and northern Europe, and mid-range for the continent as a whole. The unemployment rate was 6.2% in 2017.

Its tax burden score is moderate. According to World Bank statistics, total tax on business profits is about 31%.

Its money supply score is moderate. M2 accounts for 103.4% of GDP. The interest rate difference between domestic deposits and loans is 2.5%.

(4) Risk Indicators

Financial risk is modest. The banking sector risk index is at 0.3, with domestic financial institution credit accounting for 68% of GDP. External debt is 96% of GDP and is under control. However, reserves are only USD870 million.

Political risk is quite low. Its political stability and legal environment indexes are at 0.9 and 0.6. After Slovenia became independent, it sought friendly cooperation with its neighbors and was committed to maintaining stability in southeast Europe. On the whole, Slovenia has no serious disputes with neighboring countries. Many cooperation projects are being or will be carried out, with bilateral

and multilateral relations continuing to deepen.

Sovereign risk is low. In 2017, Moody's rated Slovenia Baa1. Public debt is low at 73.9% of GDP and the deficit is about 0.7%.

The business environment is moderately risky, with a contract enforcement period of 1,160 days, longer than in most BRI countries. However, the cost of setting up a business is extremely low and its government efficiency index is high among BRI countries. The World Bank ranks Slovenia 40th out of 190 countries and regions in ease for foreign investors to enter local market.

Its foreign exchange risk score is quite high. The exchange rate is stable and freedom of foreign exchange is reasonably good, with a Chinn-Ito score of 0.7.

(5) Key Industries

Slovenia scores high in manufacturing, transportation and IT, and low in agriculture and energy. Since Slovenia joined the EU in 2004, the government has been actively pursuing free trade policies, focusing on EU and central European markets. Automobile products manufacturing, metal processing, chemical and pharmaceuticals, electronics, telecommunications, other services and tourism have comparative advantages.

Manufacturing: Slovenia has solid foundations and significant advantages in processing industry. Manufacturing accounted for 20% of GDP in 2014, ranking 2nd.

Chemicals, electronic equipment, machinery manufacturing, transportation and metal manufacturing are the five major industries. Electronics, wood processing, food, non-metallic mineral processing, non-ferrous metal and

printing are at a quite high level. The automobile and metal processing industries have a long history. Electrical and electronic products (including electric motors, household appliances, telecommunications equipment, and electronic instruments), automotive products and medicine have substantial shares in EU export markets.

Transportation infrastructure:

Slovenia has complete infrastructure and broad space for growth. Its road, rail, air and water transportation networks are complete, covering the whole country. Two pan-European transport corridors (Barcelona-Kyiv Salzburg-Salonika) converge in Ljubljana, the capital of Slovenia.

Road density is higher than the EU average, with passenger and freight road traffic accounting for more than 60% of total traffic.

In shipping, the throughput of containers and other goods at the port of Koper has increased at an annual rate of 13% in recent years and reached 20.71 million tons in 2015. Its average annual growth rate in business with Asia is more than 50%. Koper is set to further enhance its position as a national hub in southern Europe and the former Yugoslavia.

IT: Slovenia prioritizes IT development. The main products are telecommunications equipment and services, IT services, software, hardware, equipment and network services. In recent years, exports of IT and services have been growing rapidly, mainly destined for European and central Asian countries and the US.

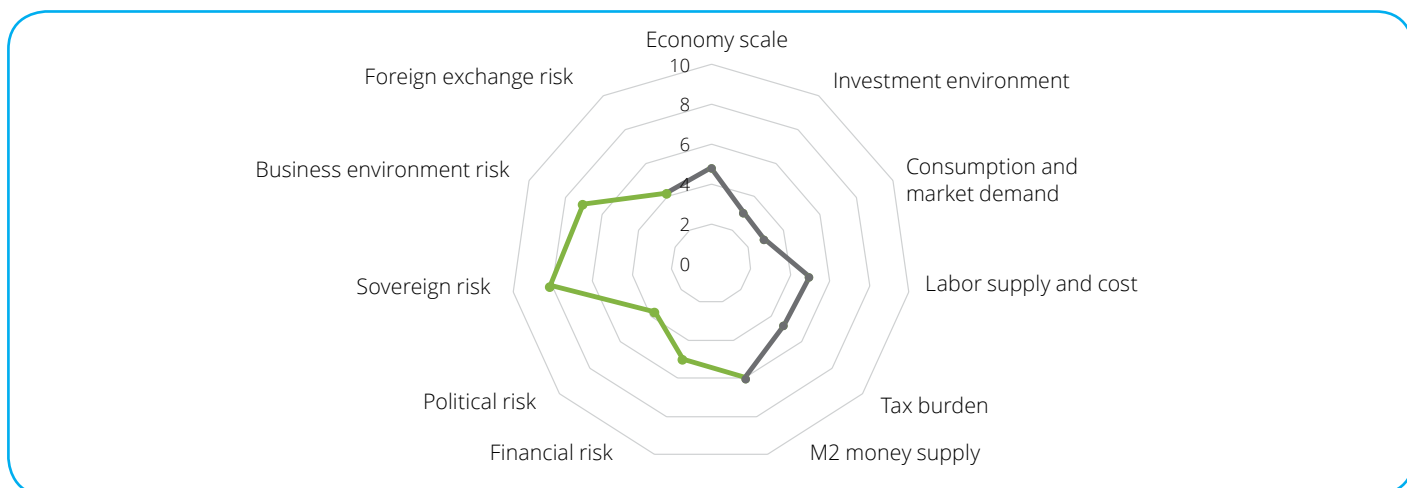
Under Slovenia's 2015-2020 internationalization plan, total foreign investment will increase from USD10.5 billion to USD 15 billion, and China will be an important market. Bilateral trade and investment relations are expected to strengthen further.

2) Turkey

(1) Investment Advice

Overall, Turkey has moderate investment attractiveness. Its macroeconomic attractiveness is high, with a large scale economy and ample and high-quality labor. Investment risk is high, as the challenging legal system and uncertainty of regime change challenge business and investment. The manufacturing industry, especially automobiles and textiles, is quite developed. Meanwhile, Turkey is focused on transforming its transport infrastructure, which should create some investment opportunities. Chinese companies should focus on the abovementioned areas.

Figure 70: Turkey Investment Attractiveness Score



(2) Country Profile

The Republic of Turkey connects Europe and Asia, bordering the Black Sea to the north and the Mediterranean to the south, Syria and Iraq to the southeast, the Aegean Sea, Greece and Bulgaria to the west, and Georgia, Armenia, Azerbaijan and Iran to the east. Turkey has an extremely important geographical location and is of geopolitical strategic significance. Its total area is 784,000 km².

The western and southern coastal regions of Turkey have a typical Mediterranean climate, with hot and dry summers and mild, rainy winters. The annual average temperature is 16-22°C.

Turkey has a total population of 80.75 million, with Turks accounting for more than 80%, and Kurds about 15%. The official language is Turkish, with ethnic minorities using Kurdish, Arabic, Armenian and Greek. Popular foreign languages include English, French, German, and Spanish. In recent years, with the rapid development of

China-Turkey strategic cooperation, especially in economics and trade, Chinese has become one of the major foreign languages.

(3) Macroeconomic Indicators

Turkey has a high scale of economy score. The economy has developed rapidly in the past decade, with GDP growth of 7.4% in 2017, when total GDP reached USD851.5 billion and GDP per capita reached USD15,000. With its rapid growth and promising prospects, Turkey has become one of the biggest emerging economies after China, Russia, India, Brazil and South Africa.

Turkey has a high investment environment score. In 2017, FDI was USD10.9 billion, of which 65% came from the EU, with the largest five inflows going to insurance, transportation and warehousing, manufacturing, and energy and construction, according to the central bank. Fixed asset investment was USD226.8 billion.

In consumption and market demand, Turkey's score is moderate. Due to a large population base, Turkey's per capita national income is about USD11,000, mid-range. However, as local people have strong spending power and advanced consumption ideas, final household consumption expenditure is USD502.7 billion, taking the lead among countries in Eastern Europe.

The inflation rate reached 11.1% in 2017, the first time in the past six years it has exceeded double digits. The Turkish government says it will undertake reforms to lower the cost of key commodities such as food, control inflation and boost consumer confidence.

Turkey scores highly in labor supply and cost. Turkey has an adequate supply of labor, with a large proportion of young people and well-qualified labor force. It is experiencing a demographic dividend.

Turkey has a low tax score. Turkey has a heavy tax burden. According to World Bank statistics, tax on commercial profits is 40.9%, high among BRI countries.

Its money supply score is modest. Turkey's M2 level is low, accounting for only 54.3% of GDP. But the M2 growth rate was quite high in 2017, reaching 16.3%. The difference in interest rates between deposits and loans is 3.3%, mid-range among BRI countries.

(4) Risk Indicators

Turkey has low financial risk. The banking industry risk indicator is at 0.5, still under control. Foreign debt is relatively small, accounting for about 62.7% of GDP. Foreign exchange reserves are about USD98.4 billion, quite high among countries in Eastern Europe.

Political risk is high. Since 2016, the political environment has been more complicated because of a change in central government, an attempted military coup, a referendum on constitutional law, and the deterioration of security. The political stability index is at -1.8, and its legal environment scores 0.04, low among BRI countries.

Sovereign risk is moderate. Moody's sovereign credit rating for Turkey is Ba3 as of 2017. Turkey's public debt accounts for only 27.9% of GDP, indicating relatively low debt pressure. The fiscal deficit is 2%, mid-range among countries in Eastern Europe.

Business environment risk is low. Turkey ranks 43rd in ease for foreign businesses to enter the local market, with a contract fulfillment period of 609 days. Its company establishment cost is relatively low, equivalent to 10.6% of national income. The government efficiency index is at 0.1.

Foreign exchange risk is moderate. Turkish lira exchange rate volatility versus USD has been at 0.3%. Freedom of foreign exchange is high.

(5) Key Industries

Turkey scores highly in transportation infrastructure and manufacturing.

Manufacturing: Turkey's dominant industries are diversified, with the textile and garment industry leading the world, and the automobile industry developing rapidly. In light industry, Turkey is the 5th largest textile exporter and the 7th largest garment exporter in the world. There are about 56,000 enterprises and more than 2 million workers engaged in the industry, with output value accounting for about 7% of GDP. Turkey's textile technology is advanced, and its featured products include carpets, home textile products, fur and leather products.

In heavy industry, Turkey has the 7th largest automobile industry in Europe, after Germany, France, Spain, the United Kingdom, Russia and Italy. The automotive industry in Turkey has developed rapidly in recent years. When the government encouraging vehicle manufacturing and local production, several leading automakers including Fiat, Renault, Mercedes-Benz and Ford have set up factories in Turkey and carried out technical cooperation with local parts factories. At present, there are 15 large automobile manufacturers in Turkey, which have created more than 50,000 jobs. In 2016, automobile production ranked 1st in Europe, export volume increased by 15%, and exports reached USD21.1 billion. Automobile products have been the largest export product in Turkey for 11 consecutive years. The automotive industry is gradually replacing the textile industry as the leading industry in the country.

In addition, Turkey is one of the world's leading producers and exporters of building materials. Its chemicals and machinery manufacturing technical content and R&D levels are high.

Transportation infrastructure:

Transportation infrastructure is a key development area, with broad investment prospects.

At present, the total length of the railway system in Turkey is 8,400 km; only about one seventh of the road system has pavement, and automobile transport still dominates. International and domestic shipping relies on the ports of Istanbul, Izmir and Mersin.

The local government is carrying out a series of transportation construction projects including road, railway, aviation and maritime transportation. These projects involve the construction of 1,775 kilometers of expressways and more than 15,000 kilometers of other roads, the development of a high-speed railway network through a PPP model, as well as investments of USD940 million in terminal projects at five international airports and EUR22.15 billion to build a third airport in Istanbul. Turkey's booming transportation infrastructure should create investment opportunities.

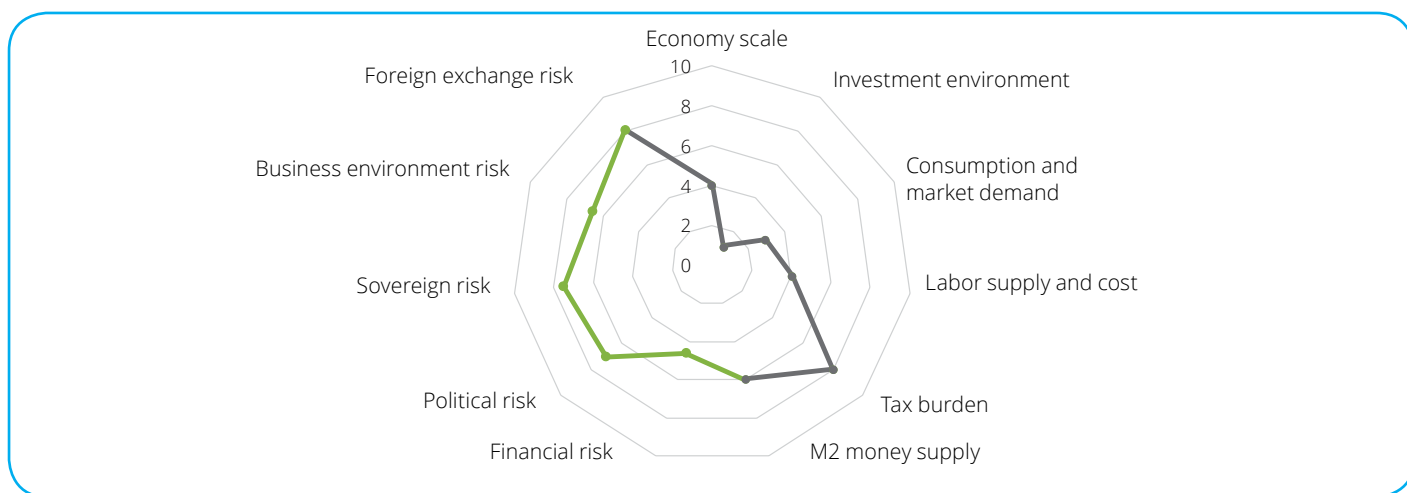
Agriculture: Turkey has good natural conditions and abundant agricultural and forestry resources. Turkey has the 7th largest agriculture production area in the world, with good foundations and gradual increases in mechanization over recent years. Agriculture accounts for about 6% of GDP. About a quarter of the domestic labor force is engaged in agriculture. Products with higher yields include tobacco, cotton, rice, olives, sugar beets, and livestock, of which cotton and tobacco are important export commodities. In addition, the forest area of Turkey is about 220,000 km², and its wood processing industry is developed.

3) Croatia

(1) Investment Advice

Overall, Croatia's investment attractiveness is high. Its macroeconomic indicators are quite strong, with a relatively low tax burden. Investment risk is low and the political environment is quite stable. Its relatively complete infrastructure and systems create a favorable environment for foreign investment, and its good geographical location and membership of the EU have increased investment. Given the high quality and high cost of the Croatian workforce, investment in labor-intensive industries should be avoided. Croatia has broad development opportunities in new energy and power, and huge demand for transport upgrading and transformation, which investors can focus on.

Figure 71: Croatia Investment Attractiveness Score



(2) Country Profile

Croatia is in south-central Europe, adjacent to Serbia, Bosnia and Herzegovina, bordering Montenegro to the east, Hungary to the north, Slovenia to the northwest and the Adriatic Sea to the south. With a land area of 56,594 km² and a national forest coverage rate of 40%, Croatia has abundant forest and water resources. Croatia has a temperate continental climate with four distinct seasons and mild summers. The average temperature in July is 18-22°C. The winter is cold, with temperatures below 0°C.

The total population of Croatia is 4.13 million. Croats are the main ethnic group, accounting for 90.4% of the total population. Serbs are the largest minority, accounting for 4.5% of Croatia's population. The official language is Croatian and English is widely spoken. There are also many German and Italian speakers

Croatia separated from Yugoslavia in 1991 and joined the EU in 2013.

(3) Macroeconomic Indicators

Croatia's scale of economy score is quite low. After the economic crisis in 2008, Croatia's economy fell into recession and only began to recover in 2015. The recovery in secondary and tertiary industries is clear. Its GDP of USD55.2 billion and per capita GDP of USD13,000 in 2017 indicate relatively good economic conditions.

Croatia's investment environment score is mid-range. Limited by its small area and population, Croatia has a small domestic market. In 2017, Croatia received USD2.04 billion of FDI, relatively little. Foreign capital has gone mainly to the financial, retail and wholesale, real estate, telecommunications and chemicals industries.

Its consumption and market demand score is high. Although, per capita national income is about USD13,000, and final household consumption expenditure is only USD31.6 billion, indicating people have little willingness to spend, inflation is just 1.1%.

Croatia has a moderate labor supply and cost score. Due to its small population, Croatia does not have a significant labor force advantage. With a relatively advanced education system and generally high level of education, labor force quality is high. Although wages in Croatia are not high in Europe, they are much higher than those in Southeast Asia, giving it only a slight labor cost advantage in global terms. Unemployment in Croatia is at 9.1%, low in Eastern Europe.

Croatia has a low tax burden, with a total tax rate of 20.5% on business profits, according to World Bank statistics.

Croatia has a moderate score in money supply. Money supply is reasonable, with M2 accounting for 71.3% of GDP, but growth at only 3.8%. The interest rate spread between domestic deposits and loans is low at 3.5%.

(4) Risk Indicators

Financial risk is modest. Croatia's banking industry assessment index is at 0.5, quite stable. Foreign debt is low, at 74.8% of GDP. Foreign exchange reserves are modest, at about USD14.31 billion.

Political risk is low. With political parties gradually maturing, Croatia's political situation is quite stable. After Croatia joined the EU, policies and laws emphasized full integration with the EU and its market scope expanded.

The country has a sound institutional environment, with high policy transparency and low trade and investment risk. Its political stability index is at 0.8 and its legal environment scores 0.4, at the mid-upper level.

Sovereign risk is moderate. Moody's gives Croatia's a sovereign credit rating of Ba2, with a stable outlook. Since the Andrej Plenković government was formed in 2016, with the goal of achieving sustainable growth, it has strived to improve the investment and business environment, maintaining fiscal and financial stability, increasing investment in energy, transportation, tourism and agriculture, improving economic competitiveness, enhancing public and judicial management, and expanding foreign economic and trade cooperation. The ratio of public debt to GDP is 79.6%, and Croatia has a fiscal deficit of about 0.5%, both quite high.

Its business environment risk is mid-range. According to the World Bank, Croatia ranks 58th out of 190 countries and regions in ease of doing business. Its contract fulfillment period of 650 days and government efficiency index of 0.6 are mid-range. The cost of setting up a business is equivalent to 6.6% of national income. Croatia has simplified asset transactions by digitizing land registration certificates.

Foreign exchange risk is low. The local currency is stable against USD and freedom of foreign exchange is reasonable. According to Croatian foreign exchange law, foreign enterprises registered in Croatia can open foreign exchange accounts at local banks for import and export settlements. Foreign exchange to and from Croatia must be declared. There is no special tax on foreign currency transferred to Croatia.

(5) Key Industries

Among the key BRI industries, Croatia's IT and transportation infrastructure are quite well developed, while agriculture, energy industry and manufacturing are somewhat weak.

IT: Croatia is highly digitalized. The internet penetration rate is 72.7%. High-tech exports account for 11.6% of GDP. The number of telephone devices per 100 people is 34.1. In 2014, Ericsson signed a five-year management service agreement with Croatia Telecom. Ericsson will help Croatia Telecom improve its network quality and operational efficiency, as well as be responsible for construction and maintenance of its telecom infrastructure.

Transportation infrastructure:

Croatia's location next to the ocean means it has complete port facilities. In addition, Croatia has excellent road and railway networks, and convenient transportation overall.

The government of Croatia and the IBRD (International Bank for Reconstruction and Development) have launched a project to improve links between Rijeka port and international roads and railways, and to expand the market of the port. The government also plans to modernize and upgrade the railway from Rijeka to the Hungarian border to improve the speed and capacity of trains. In addition, in 2018 a consortium of Chinese enterprises led by China Road And Bridge Corporation began construction of the first phase of the Pereshats Bridge and its connecting routes.

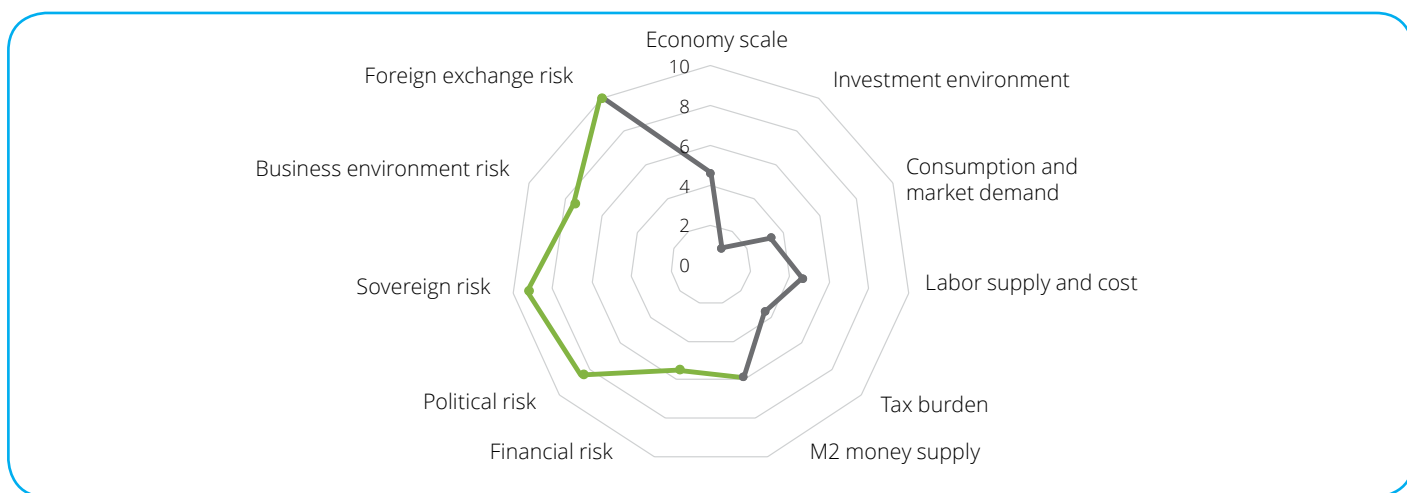
Energy: Croatia currently imports about 45% of its electricity. In recent years, the Croatian government has actively encouraged the development of renewable energy. At the end of 2018, the wind power project in Senj Croatia, partly financed by a Chinese company, Northern International Investments, started construction. The project, with a total installed capacity of 156 megawatts, is expected to generate a total of 530 million kilowatt hours of electricity annually.

4) Estonia

(1) Investment Advice

Overall, investment attractiveness is high. Estonia has a low macroeconomic attractiveness and low investment risk overall. The core attractions of international investment in Estonia include sound infrastructure, a stable political environment and sound market mechanisms. Estonia is rich in forest and oil shale resources, which are of great strategic value. Its superior geographical location and solid transportation foundations benefit the development of logistics industry development. Estonia has a high-quality labor force and advanced information and communication technology. Its manufacturing industry has developed rapidly in recent years, and there are some investment opportunities in high-tech industries.

Figure 72: Estonia Investment Attractiveness Score



(2) Country Profile

The republic of Estonia, with Latvia and Lithuania to the south, is one of the three Baltic States. Estonia is on the eastern shore of the Baltic Sea and southern shore of the Gulf of Finland, bordering the Gulf of Riga to the southwest, Latvia and Russia to the south and east. The total land area is 45,227 km², with low-lying territory. The average elevation is 50 meters and the highest point is Dome Mountain, 318 meters above sea level. The coastline is 3,794 kilometers long, with 2,355 islands.

Estonia has a maritime climate affected by the ocean. Spring is cool and rainy; summer and autumn are warm and humid; winter is cold and snowy. The average annual temperature is 7°C. In January and February, the average temperature is -5.5°C. In July the average temperature is 17.5°C.

Estonia has a total population of 1.32 million and has 11 main ethnic groups. The five largest ethnic groups are Estonians, Russians, Ukrainians, Belarusians and Finns. Ethnic Estonians account for 68.7% of the country's population. Estonian is the official language, with English and Russian are also widely used. Estonians have a high level of foreign language ability, most residents speak at least one, and young people often master 2-3 foreign languages, including English, Russian, Finnish and Swedish.

Estonia is a member of the EU and NATO and attaches great importance to the maintaining traditional friendships with Baltic and Nordic countries. It also strives to promote and strengthen regional cooperation and actively participates in international affairs. It supports relations between EU and partner countries in Eastern Europe, as well as promotes free trade agreements

between the EU and the United States and other trading powers.

(3) Macroeconomic Indicators

The scale of the Estonian economy is moderate. It has been affected by fluctuations in global economic conditions several times in the 21st century, particularly the European debt crisis in 2012. Estonian GDP growth started to drop rapidly in 2011 from 8.3%. In 2017, Estonia's GDP reached USD25.92 billion, up 4.8% YoY, with per capita GDP of nearly USD20,000.

Estonia's investment environment score is quite low. FDI was only USD1.56 billion and fixed asset investment was about USD7.07 billion in 2017, underdeveloped compared to some countries in Eastern Europe.

Its consumption and market demand scores are also moderate. The level of per capita national income is reasonable. However, limited

by a small domestic population base, household final consumption expenditure is low. The ratio of imports and exports to GDP is 151.5%, indicating a high degree of the trade dependence. However, with the development of the Estonian economy, further expansion of domestic demand is possible. Inflation is 3.4%, under control.

Its labor supply and cost, Estonia also posts a moderate score. Estonia has a small population. However, the workforce is highly educated and demand high wages, and cheap labor is in short supply. This makes Estonia more suitable for developing technology-intensive industries. Unemployment is 5.6%, within normal levels.

Its tax burden is low. According to World Bank statistics, total tax on business profits is 48.7%.

Estonia has a relatively low money supply score. Although money supply is not abundant, with M2 accounting for only 51.6% of GDP, it is growing at 10.2%. The interest rate difference between domestic deposits and loans is moderate at 3.7%.

(4) Risk Indicators

Estonia has low financial risk. The banking system is sound. The government attaches great importance to controlling its fiscal deficit and has conservative fiscal policy. The risk index of the banking sector is 0.2. External debt is low, accounting for 82.2% of GDP. However, foreign exchange reserves are relatively low at only USD490 million in 2017.

Estonia has a stable political situation, with a sound legal system, strict judiciary and clean officials. Its political stability and legal environment indexes are at 0.7 and 1.6, both high.

Sovereign risk is low. Moody's gives Estonia's a sovereign credit rating of A1, with a stable outlook. Estonia does

not issue national debt. Public debt is only 8.8% of GDP and its fiscal deficit is about 0.2%.

Its business environment score is high. Estonia ranks 16th in ease of market entry. The contract enforcement period is 455 days and it costs the equivalent of 1.1% of national income to set up an enterprise.

Estonia has low foreign exchange risk. There is little exchange rate volatility between the euro and other currencies, and freedom of foreign exchange is high. Estonia has no controls on foreign exchange or restrictions on international payments. Any currency, regardless of the amount, can be freely exchanged and remitted. However, for large inward and outward remittances, an anti-money laundering declaration form should be filled according to EU regulations. Under Estonian law, foreign companies are free to open foreign exchange accounts in the country and can remit operating profits after paying taxes.

(5) Key Industries

Among the BRI key industries, Estonian IT, transportation infrastructure and energy are quite well developed, with manufacturing and agriculture relatively weak.

IT: Estonian IT is advanced, leading in the EU, with communication infrastructure and application technology leading the world. In 2017, the added value of the information and communications industry grew by 15.6% to EUR1.23 billion. The Estonian government attaches great importance to broadband internet and third-generation mobile phone services. The internet penetration rate is up to 87.2%, and the mobile devices have reached 144.6 per 100 people. In recent years, the Estonian government has been committed to realizing the complete digitization of government operations to simplify administrative procedures and improve transparency.

Transportation infrastructure:

Transportation plays an important role in the development of the national economy. Estonia has developed road and rail facilities, convenient for passenger and freight transport, and high-quality port infrastructure. From 2014 to 2020, the Estonian government plans to invest EUR290 million in Tallinn port infrastructure to further improve handling and carrying capacity.

The Estonian government, together with the Latvian and Lithuanian governments, plans to build a high-speed railway from Tallinn, capital of Estonia, via Latvia and Lithuania, to Warsaw, capital of Poland. This project is an important part of EU transport network planning. The Estonian and Finnish governments are discussing the construction of an undersea tunnel from Tallinn to Helsinki, which is scheduled to open in about 2035.

Energy: Estonia is rich in electricity, with per capita consumption of 6,518 KWH. Estonia, along with Lithuania and Latvia, is considering integrating its national grid system with the Europe's.

Estonia is rich in oil shale, which generates more than 90% of the electricity. By 2020, Estonia will have built a shale oil plant with annual processing capacity of 4 million tons to ensure fuel supplies.

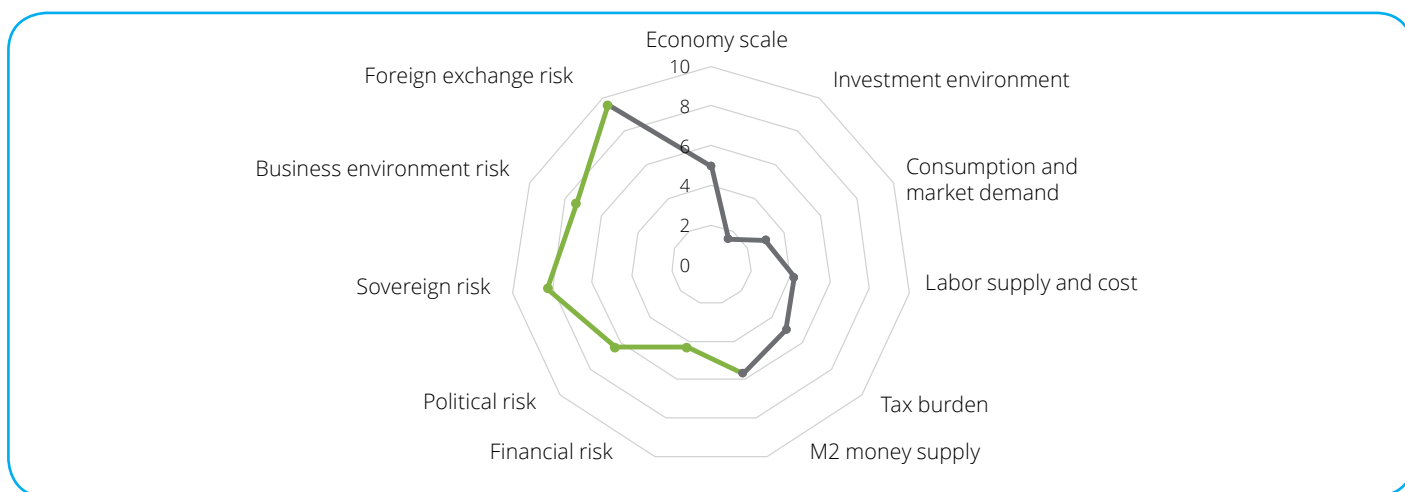
Manufacturing: Since Estonia has no natural resources, such as iron ore, non-ferrous metals or coal, it has no upstream industries like steel and non-ferrous metals. This means manufacturing development is relatively low among BRI countries. However, in recent years, manufacturing has grown rapidly. During 2017, manufacturing grew at its fastest pace in nearly three years, with value-added increasing by 3.9%, mainly due to increased production of wood products, food, metal products and electrical equipment.

5) Romania

(1) Investment Advice

Overall, Romania's investment attractiveness is high. Its macroeconomic attractiveness is moderate. In recent years, the economy has been improving. However, the domestic consumption market is relatively small. Labor force quality is high but is suffering from a serious brain drain. Overall investment risk is low and the business environment is friendly. Investors should focus on transportation infrastructure upgrades and opportunities in energy development.

Figure 73: Romania Investment Attractiveness Score



(2) Country Profile

Romania lies northeast of the Balkans in southeast Europe. It borders Ukraine and Moldova to the north and northeast, Bulgaria to the south, Serbia and Hungary to the southwest and northwest, and the Black Sea to the southeast. The country covers an area of 238,000 km². The terrain is diverse, with plains, mountains and hills each covering one third of the territory. Romania has a typical temperate continental climate, with the average annual temperature about 10°C.

Romania has a population of 19.59 million, of which 88.6% are Romanian, 6.5% Hungarian, 3.2% Roma, 0.2% Germanic and Ukrainian, and the rest Russian, Turkish and Tartar. Some 86.5% of the population follow the Eastern Orthodox Church, 4.6% follow Catholicism Church, 3.2% Protestantism and 0.8% Greek Catholicism. The official language is Romanian, and Hungarian is quite widely spoken. English and French are also used.

Romania says it pursues a foreign policy of friendship and peace, advocating extensive opening-up to safeguard and develop its own interests. Romania prioritizes Europe and the United States, takes into account neighboring countries, and attaches importance to other major nations. It joined NATO in 2004 and the EU in 2007. Romania has diplomatic relations with 187 countries.

(3) Macroeconomic Indicators

Romania's macroeconomy is quite attractive, having developed rapidly in recent years. In 2017, Romania's GDP was about USD211.8, with a growth rate of 7.2%. Romania is the fastest growing country in the EU. In 2017, GDP per capita reached USD11,000. According to the World Bank's forecast, Romania's economy will continue to improve, with estimated GDP growth of 4.2%.

Romania's investment environment scores are high. FDI totaled USD5.95 billion and fixed asset investment was USD52.59 billion in 2017. The government attaches great importance to introducing foreign investment and seeking development of local industries.

Its consumption and market demand score is moderate. Romania's small size labor force exodus make the domestic market small. Per capita national income is about USD10,000 and household final consumption expenditure is USD132.52 billion. It has a Gini coefficient of 0.35, indicating a small wealth gap. Imports and exports account for about 84.9% of GDP, a small proportion. Inflation is low at 1.3%.

Its labor supply and cost score is high. Romania has 8.72 million workers, with a healthy unemployment rate of 4.6%. The quality of its labor force is quite high, with obvious foreign language advantages. There are many universities in Romania. Many graduates enter the labor market every year. Technical education is developed. Its IT and software talent are renowned at home and abroad. Labor cost is quite low among EU members. However, due to a low level of urbanization, many workers move to other countries in Europe to seek work opportunities while few high-quality workers stay at home.

The tax burden is quite heavy. According to World Bank statistics, total tax on business profits is about 40%, a high level among BRI countries.

Its money supply score is low. M2 only accounts for 40.7% of GDP and the growth rate is 10.7%, indicating insufficient currency circulation. The interest rate difference between domestic deposits and loans is 4.6%.

(4) Risk Indicators

Romania's financial risk is moderate. Its banking sector risk index is at 0.5, and foreign exchange reserves are USD40.15 billion. External debt is low at 50.5% of GDP.

Political risk is relatively low. Romania's political stability index is at 0.06 and the legal environment index is at 0.5. The democratic system has been constantly improved and the political situation is quite stable. After Romania joined the EU, it revised laws to keep in line with those of the EU. In recent years, the crime rate has been decreasing and it has become one of the safest European countries, with good security.

Sovereign risk is low. Moody's gives Romania a sovereign credit rating of Baa3, with a stable outlook. The ratio of public debt to GDP is 40.1% and the fiscal deficit is -3.1%.

Its business environment risk is reasonable. Romania ranks 52nd in ease of domestic market entry, with a contract enforcement period of 512 days and a government efficiency index of -0.2, both above mid-range. The cost of setting up a business is equivalent to only 0.4% of national income, one of the lowest among BRI countries.

Romania has low foreign exchange risk. The local currency is the leu, which is freely convertible. Its Chinn-Ito score is 1, ranking among the top BRI countries. Romania has liberalized long-term foreign exchange circulation under its capital account. Residents and non-residents can freely conduct foreign exchange business under current and capital accounts, although the state bank has some with special provisions. The RON-USD exchange rate continued to stabilize in 2017.

(5) Key Industries

Among the key BRI industries, IT, transportation infrastructure and manufacturing are relatively well developed, while energy and agriculture are quite weak.

IT: The IT sector is advanced. High-tech accounts for 8.5% of total exports. The Romanian government is developing 4G networks. It has issued 4G licenses to major operators and piloted 4G services in some areas to expand coverage. In 2017, Huawei set up a global service center in Romania. The software industry is also developed. Romania's Bitdefender is one of the world's premier antivirus companies.

Transportation infrastructure:

Romania has 10,774 kilometers of railways. In 2017, railway cargo volume totaled 56.08 million tons. Its logistics performance index is high. However, Romania's transport infrastructure is relatively poor compared to the rest of the EU. In 2015, according to EU guidance, Romania introduced a transport plan with total investment of EUR43.6 billion EUR, covering road, rail, water transport and aviation.

Manufacturing: Industry is the pillar of Romania's national economy. Manufacturing industry development is advanced, with added value of 20.9%. In recent years, manufacturing has developed rapidly, with a growth rate of 9.1%, within which the pharmaceuticals sector has a low debt ratio, positive profit margin and is particularly well developed.

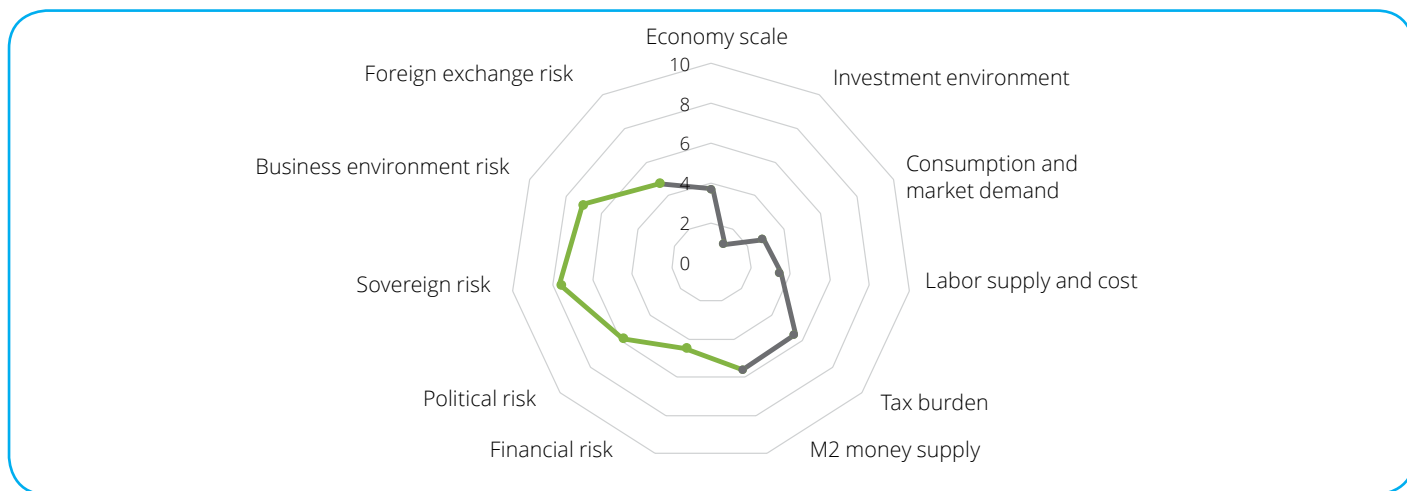
Energy: Romania has the fourth largest oil reserves in Europe. However, according to the strategy released by its energy ministry, oil production will decline from 2030 to 2050. Romania has relatively abundant electricity resources, with per capita electricity consumption of about 2,242kwh. The government is committed to the construction of energy infrastructure. It has cooperated with China General Nuclear Power Group on development of the Cernavoda nuclear power station, and with China Huaxin Energy to develop the Rovinari coal-fired power station, the only foreign-funded oil and gas project in the Balkans.

6) Serbia

(1) Investment Advice

Overall, Serbia's investment attractiveness is moderate. Serbia's overall macroeconomic attractiveness score is low, and it has a cheap but insufficient labor force. Overall investment risk is moderate, with political stability and the financial environment performing quite well. Its IT and automobile industries have development prospects and investment value. The infrastructure market has huge demand, with broad prospects for cooperation.

Figure 74: Serbia Investment Attractiveness Score



(2) Country Profile

Serbia is a landlocked country in Southeast Europe and the Central Balkans. It covers an area of 77,000 km² (excluding Kosovo) and its capital is Belgrade. Serbia borders Montenegro, Bosnia and Herzegovina, Croatia, Hungary, Romania, Bulgaria, Macedonia and Albania. Its northern regions include parts of the Pannonian plain, which is near the Danube and the autonomous Vojvodina region. With its flat terrain and fertile soil, it is known as a major grain region.

Northern Serbia has a temperate continental climate and the south enjoys a Mediterranean climate. Serbia has four distinct seasons. The summer is hot, with an average temperature of 25-28°C. It is pleasant in spring and autumn, with an average temperature of 15°C. In winter, the average temperature is 0-5°C.

Serbia is a multi-ethnic country with a total population of 7.02 million. Ethnic Serbians make up 83.3%, and the rest are Hungarian, Bosnian Croat, Romanian and Slovakian. The official language is Serbian. English is spoken by 40% of the population. Many residents can speak German or Russian. The majority of the population is Christian Orthodox, with Roman Catholic and Islamic minorities.

(3) Macroeconomic Indicators

Its macroeconomic attractiveness is low. The economy has been in recovery since 2009, when it contracted sharply due to the global financial crisis. In 2012 and 2014, due to the impact of extreme climate conditions, the economy declined again. In 2017, Serbia's GDP was USD41.4 billion, or about USD5,900 per capita. According to the World Bank, Serbia's GDP will grow at 3.3% a year.

Its investment environment score is modest. FDI reached USD2.88 billion and fixed asset investment USD9.23 billion in 2017, mid-range among BRI countries.

Its consumption and market demand score is also moderate. Its small population base and challenging economy mean domestic demand is insufficient. In 2017, Serbia's per capita national income was USD5,180 and final household consumption expenditure was USD29.79 billion. Inflation is at a healthy level of 1.1%.

In labor supply and cost, Serbia again has a moderate score. It has an insufficient labor force, at about 3.11 million people. The labor force's level of education is low and unemployment is high, at 13.1% in 2017.

Its tax score is again moderate. Serbia has a relatively low tax rate for Eastern Europe and offers investment tax incentives. The total tax rate on business profits is 36.6%.

Its money supply score is quite low. The ratio of M2 to GDP in Serbia is 50.9% and M2 growth is at 3.5%. The interest rate difference between deposits and loans is 5.4%.

(4) Risk Indicators

Serbia's financial risk is modest. Since 2001, when Serbia entered a stage of economic recovery and transformation, the financial environment has improved significantly and the privatization of banks has achieved remarkable results. Since 2016, the Serbian government, EBRD and the European Investment Bank have issued several commercial loans for small and medium-sized enterprises to encourage private entrepreneurship, achieving good results. Serbia's banking sector risk index is at 0.4. External debt is 62.1% of GDP. Foreign exchange reserves are USD12.15 billion.

Political risk is low. With a stable political situation, sound social security, weakening ethnic conflicts, economic development has become the mainstream. Serbia's political stability index is at 0.1 and the legal environment index is at 0.01, both mid-range.

Sovereign risk is moderate. Moody's gives Serbia sovereign credit a Ba3 rating, with a stable outlook. In 2017, the ratio of public debt to GDP in Serbia continued to decline to 67.9% and the fiscal deficit was about -1.7%.

Business environment risk is below average. The Serbian government encourages foreign investment, seeking to create jobs, reform and revise investment regulations, develop infrastructure and labor-intensive industries, and strengthen the construction of free trade zones and national industrial parks. Serbia ranks 48th in ease of entry into the local market, with a contract enforcement period of 635 days. The cost of setting

up a business is low, equivalent to 2.2% of national income. Government efficiency is at 0.2, mid-range.

Foreign exchange risk is moderate. Exchange volatility between the dinar, Serbia's currency, and USD is small. According to foreign exchange law, foreign enterprises registered in Serbia can open foreign exchange accounts at domestic and foreign banks for import and export settlement, business operations and investment.

(5) Key Industries

Among the key BRI industries, Serbia is quite strong in IT and manufacturing, and relatively weak in the transportation infrastructure, energy and agriculture.

IT: Serbia's information and communication technology industry has comparative advantages and more than 1,600 companies, with about 14,000 employees. High-tech exports accounted for about 9.9% of total exports. Microsoft has a research and development center in Serbia with more than 130 technicians. In recent years, the Serbian government has vigorously promoted the development of the information and communications industry by improving laws and regulations, and implementing intelligent information programs such as e-commerce, e-government, e-finance and e-health. In addition, to attract more foreign investment, Serbia is further opening its information and communications markets including digital TV, cable and wireless broadband network infrastructure to foreign investors.

Manufacturing: The automobile industry used to be one of the biggest industries in Serbia. In 2008, the Serbian government again listed the automobile industry as a key economic development industry, welcoming Italy's Fiat group to a new factory on which the country's automobile

industry hub is being rebuilt. In 2017, Chinese auto parts maker Meda Group invested EUR60 million to build a plant in Serbia.

Transportation infrastructure:

Due to war and other issues, Serbia's transport infrastructure is relatively underdeveloped and in urgent need of improvement. The Serbian government has conducted extensive cooperation with Chinese enterprises.

Its key railway projects include the Belgrade-Stara Pazova section of the Belgrade-Budapest Railway, built by China Communications Construction Co. and China Railway International Co.

Its key highway projects include the first phase of the E763 expressway, contracted to Shandong Expressway Group, and the second phase of the same expressway, contracted to China Communications Construction Co.

In water transportation, the Morava Canal development project is a key project in improving Serbia's water transportation capacity.

Energy: As domestic generating capacity cannot meet its economic and social development needs, Serbia needs to import power. To improve its power supply level, in 2017 Serbia's state power company cooperated with China Mechanical Equipment Engineering Co. to develop the largest power project in Serbia to date, the second phase of Kostolac power station's 350MW coal-fired power unit.

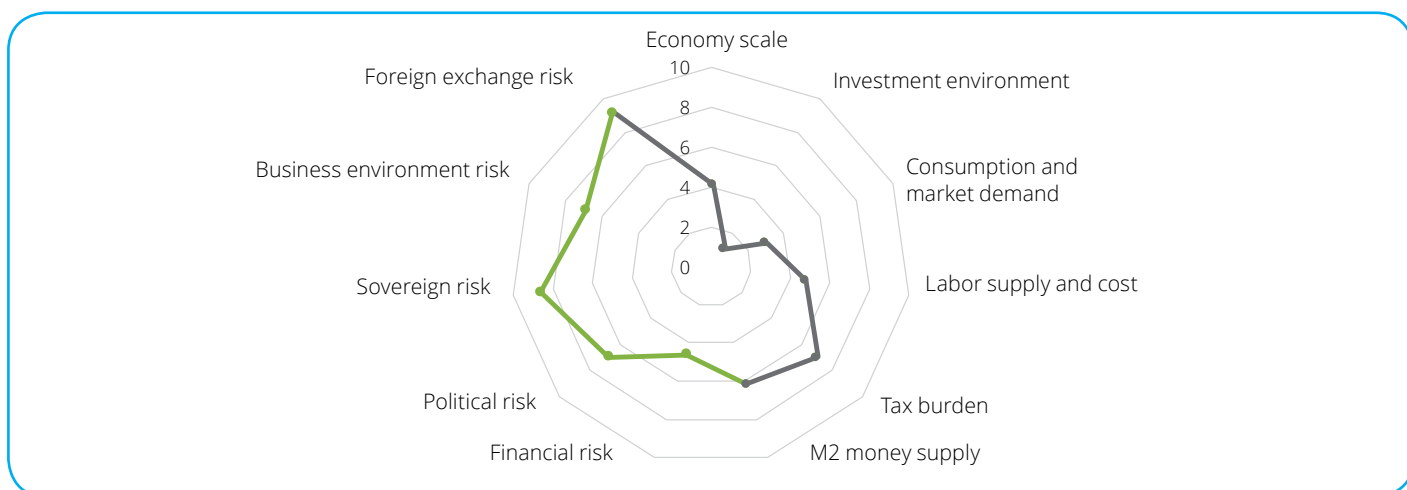
Hydropower and green energy are also key areas promoted by the Serbian government. Its major hydropower projects include the Bistrica pumped storage power station, the third phase of the Iron Gates power station, and a stepped hydropower station project on the Ibar River.

7) Bulgaria

(1) Investment Advice

Overall, Bulgaria's investment attractiveness is high. Its macroeconomy is decent, although domestic demand is quite narrow. The workforce is less competitive than those elsewhere. Investment risk and political risk are low while financial risk is moderate. Investors should focus on new energy development, IT development and infrastructure upgrading.

Figure 75: Bulgaria Investment Attractiveness Score



(2) Country Profile

The republic of Bulgaria is in the southeast of the Balkan Peninsula of Southeast Europe, bordering Romania, Serbia, Macedonia, Greece and Turkey, and the Black Sea to the east. Bulgaria has an area of 110,000 km². Bulgaria is endowed with unique natural conditions, with mountains, hills, plains and other landforms, lakes, rivers and abundant agricultural and tourism resources. Its forest area is 3.88 million hectares, accounting for about 35% of total territory. Bulgaria is located in the southernmost temperate zone of the northern hemisphere, with a continental climate in the north and Mediterranean climate in the south. Average annual temperature is 10.5°C.

Bulgaria has a total population of 7.08 million, of which 84% are Bulgarian, 9% Turkish, 5% Romany and 2% from other ethnicities (including Macedonian and Armenians). Bulgarian is the official and common language. Turkish is the main minority language. Residents mainly follow Orthodox Christianity, and a few follow Islam.

Bulgaria prioritizes relations with Europe, the US and other Western developed countries, as well as participating actively in regional cooperation, attaching importance to good-neighborliness and friendship. Bulgaria carries out diversified diplomacy, having developed friendly relations with CIS, Asian, Middle Eastern and North African countries.

Bulgaria has established diplomatic relations with more than 140 countries. It joined NATO in March 2004 and the EU in January 2007.

(3) Macroeconomic Indicators

Bulgaria's macroeconomic attractiveness score is low. The economy is export-oriented, small and highly dependent on external markets. Its economic development relies heavily on the large EU countries. In 2017, the Bulgarian economy maintained a steady recovery, with GDP reaching USD58.2 billion or USD 8,228 per capita. GDP is expected to grow at 3.6%.

Its investment environment score is moderate. FDI in 2017 was low at USD2.18 billion and fixed asset investment was USD12.64 billion.

Its consumption and market demand scores are also moderate. Per capita national income is USD7,860, and household final consumption expenditure is USD35.3 billion, both low. Its Gini coefficient of 0.37 indicates a small gap between rich and poor. Imports and exports account for 131% of GDP, and are mainly traded among EU countries. Its inflation rate is low at 2.1%.

Bulgaria scores highly in labor supply and cost. It has a workforce of 3.21 million with a high level of education. The unemployment was 4.9% in 2017.

Tax burden is small. Tax on Bulgarian commercial profits is 27.7%, lower than in most BRI countries.

Bulgaria's monetary supply score is moderate. M2 is at 84.5% of GDP and growing at 7.7%, mid-low range. The interest rate difference between deposits and loans is 5.4%, high among BRI countries.

(4) Risk Indicators

Bulgaria's financial risk is modest. The banking sector risk index is at 0.4. Foreign debt is relatively small, accounting for only 60.1% of GDP. Foreign exchange reserves are USD24.32 billion.

Political risk is low. Its political stability and legal environment indexes are at 0.4 and 0.6, indicating that the political environment is quite stable.

Sovereign risk is low. Moody' rates Serbia's sovereign credit at Baa2, with a positive outlook. Public debt is 24.1% of GDP, indicating little pressure. In recent years, Bulgaria has been known for having sound macroeconomic policies among countries in Central and Eastern Europe, with a surplus of 0.8%.

Business environment risk is quite small. Bulgaria ranks 59th out of 190 countries and regions in ease of domestic market entry. It takes 564 days to enforce a contract and the cost of setting up a business is low, equivalent to 1.1% of national income. Government efficiency is good, with a score of 0.3, mid-range in Eastern Europe.

Foreign exchange risk is low. The legal tender of Bulgaria is the lev. In the past three years, the lev has been fixed to EUR. Exchange rates are stable. The lev is freely convertible and Bulgaria's Chinn-Ito index is at 1.

(5) Key Industries

Among the key BRI industries, Bulgaria is relatively strong in IT and transportation infrastructure, but quite weak in manufacturing, energy and agriculture.

IT: IT is developing rapidly. The internet penetration rate is about 59.8%. Individual user and business e-government user penetration rates have reached 20.7% and 71% respectively. IT is growing fast, having enjoyed double-digit growth for several years and accounting for about 2.3% of GDP.

Multinational IT companies in Bulgaria include Cisco, VMWARE and Microsoft. The software industry is the most attractive and innovative sector in Bulgaria. In 2017, Huawei and Vivacom signed a strategic cooperation agreement to jointly develop cloud technology for Bulgarian enterprises and government. ZTE will launch a smart city project integrating offices and housing in Sofia, the capital of Bulgaria.

Transportation infrastructure:

Port infrastructure is high quality and logistics is developed. Some 60% of Bulgaria's imports and exports are transported by sea. Thus ports play an important role in Bulgaria's transportation infrastructure. In 2016, the throughput of Bulgarian ports was 30.053 million tons.

In pipeline transport, Bulgaria and Greece are building a natural gas pipeline between them. To diversify natural gas supply, Bulgaria plans to participate in the construction of a new LNG terminal at the Aegean port of Alexandria, Greece, which will supply LNG to Bulgaria from the US, Qatar and Algeria.

Energy: The Bulgarian government plans to vigorously develop energy projects. In addition to the planned construction of large thermal power stations, the Belene and Kozloduy Unit 7 nuclear power projects are moving forward. In addition, according to the requirements of the EU, Bulgaria is actively promoting the development of solar, wind and other clean energy.

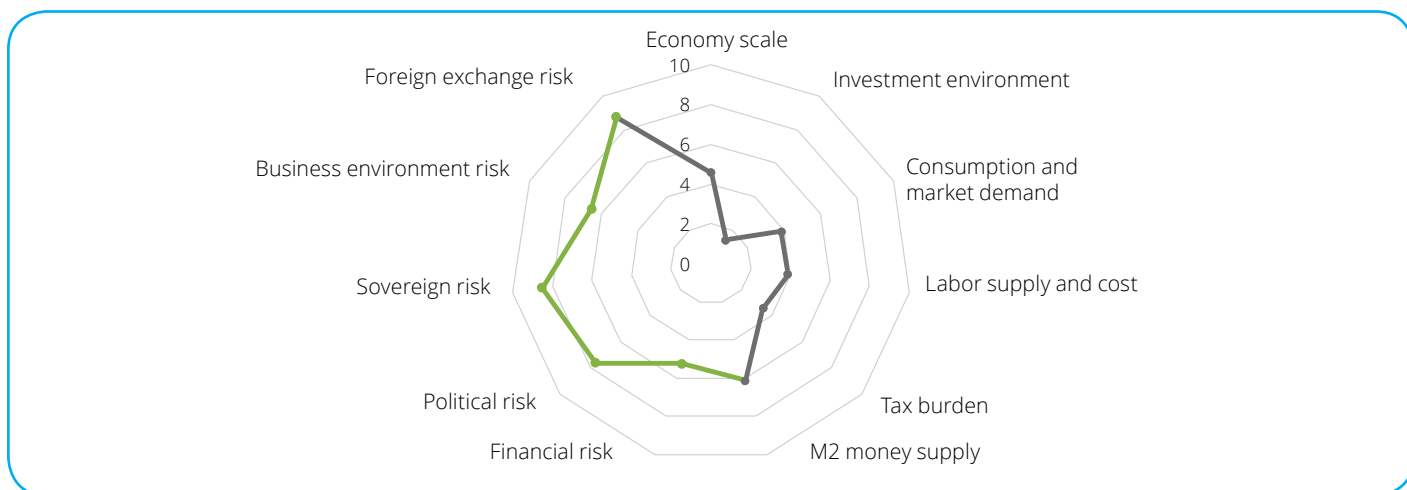
Agriculture: In 2017, agriculture accounted for 3% of Bulgaria's GDP. In recent years, the Bulgarian government has focused on cooperation and communication with other countries. In May 2017, the first agricultural cooperation demonstration zone between China and Central and Eastern European was established in Bulgaria. In November the same year, the first e-commerce logistics center for agricultural products between China and Central and Eastern Europe was built in Plovdiv. SR to here.

8) Slovakia

(1) Investment Advice

Overall, the investment attractiveness of Slovakia is quite high. Macroeconomic attractiveness is above average. In recent years, the economy has been growing rapidly, with great potential. But the tax burden is heavy. Investment risk is low. Business environment risk is moderate, with investment environment improved in recent years. In the electronics industry, investors can focus on the automobile industry and the upgrading of transportation infrastructure.

Figure 76: Slovakia Investment Attractiveness Score



(2) Country Profile

The Slovak republic, bordering the Czech Republic to the northwest, Poland to the north, Ukraine to the east, Hungary to the south, and Austria to the southwest, is a landlocked country in Central Europe. Slovakia has a temperate climate that transits from ocean to continental weather, with four seasons and annual average temperature of 9.8°C.

Slovakia has a population of 5.44 million. The main ethnic groups in Slovakia are Slovaks, representing 81.3% of the population, 8.4% are Hungarians, 2% are Romany, and the rest are Ukrainian, German and Russian. Slovak is the official language. The main foreign languages are English, German and Russian, and the main minority language is Hungarian. Slovaks mainly follow Roman Catholicism and a minority follow Slovak evangelism and Orthodox Christianity.

Slovakia is active in diplomacy. Slovakia has developed good-neighborly and

friendly relations with members of the EU and NATO. It attaches importance to retaining relations with large countries. Slovakia actively promotes regional cooperation and participates in international affairs. Slovakia became an independent and sovereign state on 1 January, 1993, and joined NATO and the EU in 2004. From 2006 to 2007, Slovakia was a non-permanent member of the UN Security Council. Slovakia became a party to the Schengen Agreement in 2007. It joined the euro in 2009.

(3) Macroeconomic Indicators

Slovakia's scale of economy score is quite high. It has been one of the fastest growing countries in EU over the past decade. In recent years, a large number of foreign enterprises have invested in Slovakia. Pillar industries such as automobiles and electronics dominated by foreign enterprises have become drivers of rapid growth. Driven by foreign investment, exports and domestic demand, the economy is growing rapidly. In 2017, GDP grew to

USD95.77 billion, up 3.4%, with per capita GDP of USD18,000.

In investment environment, Slovakia scores quite highly, with FDI of USD5.92 billion and fixed asset investment of USD22.97 billion.

Slovakia also scores quite highly in consumption and market demand. Per capita national income has reached USD17,000, and household final consumption expenditure USD52.39 billion, indicating residents' strong purchasing power and willingness to consume. Import and export trade is relatively developed, accounting for 189.1% of GDP. Inflation is healthy at 1.3%.

Its labor supply and cost score is high. With a total labor population of 2.74 million and high-quality labor resources, Slovakia ranks highest among Central and Eastern European countries in labor productivity and labor cost ratio. The unemployment rate was 7.2% in 2017.

Slovakia has a heavy tax burden, with a total tax rate of 49.7% on business profits, according to World Bank statistics, which is higher than those of most countries in Eastern Europe.

Its money supply score is modest. M2 accounts for 70.5% of GDP, with a growth rate of 6.1%. The interest rate difference between loans and deposits is 2.2%, indicating a stable money market.

(4) Risk Indicators

Financial risk is relatively low and the degree of financial openness is quite high. Major commercial banks have been held by large international companies. There are 15 commercial banks and 13 foreign bank branches, with a banking risk assessment index of 0.3. External debt is moderate, at 111% of GDP. Foreign exchange reserves are USD2.88 billion. Slovakia is one of the few countries in Central and Eastern European that has joined the eurozone. In general, the financial market is quite stable and the banking industry has good prospects.

Political risk is relatively low. Slovakia is now politically stable. The government attaches great importance to economic diplomacy, with the primary task of promoting exports and FDI, and strengthening economic and trade cooperation between Slovak and regions outside Europe, especially the emerging economies represented by BRICS. China-Slovakia relations have been developing smoothly in recent years. The current government is friendly to China and willing to conduct pragmatic cooperation with China. The government stability index is at 0.9 and the legal environment index is at 0.8, both high.

Sovereign risk is low. Moody's gives Slovakia's a sovereign credit rating of A2 with a positive outlook. The ratio of public debt to GDP is 49.6%, which is reasonable. Slovakia has a deficit of 1.5%.

Business environment risk is moderate. In the Doing Business Report released by the World Bank, Slovakia is 42nd out of 190 economies in ease of domestic market entry. Setting up business is cheap, equivalent to only 1% of national income. However, the contract enforcement period is 775 days, and government efficiency is at 0.8, somewhat low. The Slovak government has started improving the efficiency of contract performance, mainly through process informatization.

Foreign exchange risk is low. After joining the EU, the financial environment of Slovakia has been greatly improved and foreign exchange controls have been gradually eased, creating a good financial environment for foreign investors. Slovak foreign exchange law stipulates that foreign enterprises registered in Slovakia can open foreign exchange accounts at Slovak banks for import and export settlement. The import and export of foreign exchange needs to be declared. There is no special tax on foreign currency transferred out of Slovakia.

(5) Key Industries

Among the BRI key industries, Slovakia is relatively strong in IT and manufacturing, and relatively weak in transportation infrastructure, energy and agriculture.

IT: The information and communication industry in Slovakia developed early and is mature. The internet penetration rate is as high as 80.5%. High-tech represents 9.9% of exports. The internet is widely used in government affairs, trade, transportation, finance and other fields. As an important partner in the development of the digital economy in Slovakia, Huawei has been developing in Slovakia for nearly 10 years and is the most important communications equipment supplier in Slovakia.

Manufacturing: Manufacturing is an important part of Slovakia's national economy. The added value of the manufacturing sector has increased by 3.4% to 20.1%. The automobile industry is one of the pillar industries of Slovakia, with an important strategic position. In 2017, Slovak automobile manufacturing accounted for 44% of total manufacturing output. Volkswagen, PSA Peugeot Citroen and KIA have invested in Slovakia.

The electronics industry is another important industry. In recent years, with the support of the government, multinational companies such as Samsung and Sony have entered Slovakia. The growth of the electronics industry has accelerated. In addition, the development of the Slovak automobile industry has led to the development of automotive related electronic products such as on-board communications and entertainment equipment.

Transportation infrastructure:

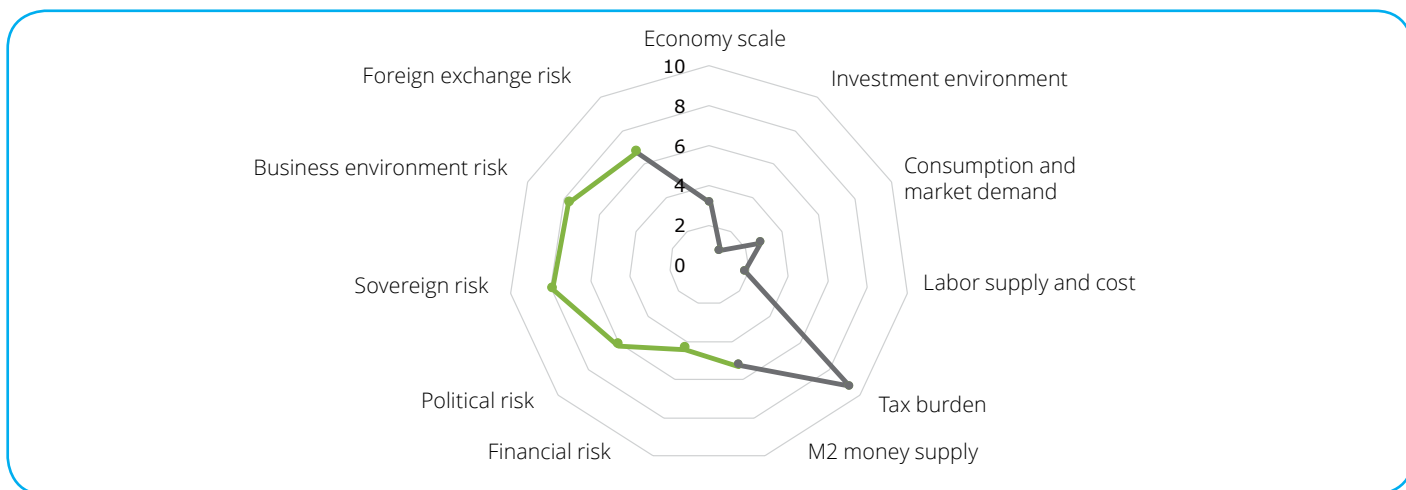
Slovakia, in the heart of Europe, is at the intersection of European transport routes. However, the development of transport is affected by its mountainous terrain. According to the EU's integration strategy, Slovakia has invested heavily in transport infrastructure to better integrate into Europe's overall transport network. Key upcoming projects include the reconstruction of the Dobra wide and narrow rail transit station on the Uzbekistan border, and multimodal transport stations at Leo Podov and the capital Bratislava. Long-term key projects include a wide-gauge railway and the Zhilina to Katowicz expressway.

9) Macedonia

(1) Investment Advice

Overall, Macedonia's investment attractiveness is modest. The economy is in recovery. The labor market is difficult but the tax burden is small. Investment risk is medium, with a sound business environment but high foreign exchange risk. Investors should focus on power infrastructure construction and transportation upgrading.

Figure 77: Macedonia Investment Attractiveness Score



(2) Country Profile

The Republic of Macedonia is a landlocked country in the middle of the Balkans in Southeastern Europe, bordering Bulgaria to the east, Serbia to the north, Albania to the west and Greece to the south. Macedonia covers an area of 26,000 km², with mostly mountainous terrain. Macedonia has a temperate continental climate. In most agricultural areas, the highest temperature in summer reaches 40°C, and the lowest temperature in winter is -30°C. There is a large temperature difference between day and night because of the mountain climate.

Macedonia has a population of 2.08 million. The main ethnic groups are Macedonians, Albanians, Turks, Romany and Serbs. Macedonian is the official language and Albanian is one of the main languages. Many Macedonians speak English, French, German, Russian, Italian or another European language. Some 67% of the population are Orthodox Christians, 30% follow Islam and 3% follow other religions.

Macedonia has established diplomatic relations with 167 countries. It became a member of the UN in 1993 and joined the Council of Europe in September 1995. In addition, Macedonia is a member of Central European Initiative, Southeast Europe Cooperation Process, Central European Free Trade Agreement, EBRD, UN FAO (Food and Agriculture Organization, IAEA, IBRD, IFC (International Finance Corporation), IMF, Interpol, the International Olympic Committee, the International Organization for Migration (observer status), ISO (the International Organization for Standardization), OSCE, the United Nations Conference on Trade and Development, the United Nations Educational, Scientific And Cultural Organization, the World Health Organization and many other international organizations.

(3) Macroeconomic Indicators

Its economy of scale score is quite low. Macedonia used to be a republic of Yugoslavia. It is economically underdeveloped and has been stagnant

since independence due to internal and external instability. Although the economy began to recover gradually in 2002, Macedonia is still one of the poorest countries in Europe. In 2017, Macedonia experienced political turmoil and a sharp drop in investment, which led to a contraction of the economy. GDP is USD11.28 billion, with a growth rate of 0.3%, and per capita GDP is USD5,414. In recent years, Macedonia has actively implemented reforms and made great efforts to develop its economy. The economy is expected to recover and develop, with growth recovering to 2.2%, the same level as in some previous years.

In investment environment, Macedonia has a low score, with FDI of USD380 million and fixed asset investment of USD4.13 billion, both quite low.

In consumption and market demand, Macedonia also scores low. Macedonia has a small population, a low level of economic development and insufficient domestic demand. Per capita national income is only USD4,880 and final household consumption expenditure is USD7.43 billion, indicating low purchasing power and consumption propensity.

Imports and exports, mainly among EU countries, are 124.5% of GDP. In 2017, the 28 countries in the EU accounted for 81% of exports and Western Balkan countries 11.7%. In imports, the 28 countries of the EU accounted for 62.9% and Western Balkan countries accounted for 9.6%.

Its labor supply and cost score is low. Macedonia has a small labor force of 960,000, less than 46% of the population, but labor cost is low. In 2017, the unemployment rate in Macedonia dropped to about 22.3%, reflecting a large amount of unused human capital and a serious shortage of jobs.

Its tax burden is less heavy. The overall tax rate on business profits is 13%, low in Europe and the world.

Its money supply score is low. M2 accounts for 48.7% of GDP, with a contraction in the past year, indicating insufficient money supply. The interest rate difference between domestic deposits and loans is 4.4%, a high level.

(4) Risk Indicators

Financial risk is moderate. The risk index of the banking industry is at 0.5, quite stable. External debt accounts for 79.6% of GDP, relatively little. Foreign exchange reserves are low at USD2.48 billion.

Political risk is moderate. In recent years, Macedonia's domestic political situation has been stable. Although a large number of Middle Eastern refugees passed through Macedonia in 2015, their status is complex. Overall, Macedonia's public security was quite stable in 2017, with a political stability score of -0.3 and legal environment scoring 0.5.

Sovereign risk is moderate. Moody's gives Macedonia's sovereign credit a Ba1 rating, with a stable outlook. Public debt is relatively small at 41.5% of GDP. The fiscal deficit is 3%, still under control.

Business environment risk is low. According to the World Bank, Macedonia ranks 10th out of 190 countries and regions in ease of market access. Its business establishment cost and government efficiency scores are quite high. However, contract implementation requires an average of 634 days.

Foreign exchange risk is quite high. Macedonia's currency is not freely convertible in foreign exchange markets, and can only be exchanged for foreign currency through the official foreign exchange market, including banks and savings institutions, and foreign currency exchange offices. For a long time, the National Bank of Macedonia has implemented an exchange rate system linked to the euro. The Macedonian denar has been stable at MKD61.5:EUR1 for 15 years. Its exchange rate against USD has fluctuated greatly due to quantitative easing and raised interest rates in the United States.

(5) Key Industries

Among the BRI key industries, Macedonia is quite strong in transportation infrastructure and IT, and weak in manufacturing, energy industry and agriculture.

Transportation infrastructure: Air transport in Macedonia has developed rapidly in recent years. In 2016, Skopje Airport and Ohrid Airport carried a total of 1.794 million passengers, up 15% YoY. In 2016, the cargo volume of Skopje Airport was approximately 3,090 tons, up 10% YoY.

In recent years, Macedonia has been committed to the development of road and rail traffic. The Macedonian National Railway Company used the EBRD to purchase six EMUs and four electric locomotives from China in 2014 and 2017. In recent years, the Macedonian government has been committed to constructing national high-speed and local expressways to promote domestic transport interconnection. Key projects include a highway being built by China Hydropower Construction Group International Engineering Co.

IT: IT in Macedonia has a high level of development. The network penetration rate is 72.2%. Mobile communication signals cover 99% of the country's population and have been upgraded to 4G.

Macedonia focused on development of the digital economy. The use of electronic signatures came into effect in 2001. To meet the needs of government, individuals and businesses, Macedonia has established a certification center.

Energy: Macedonia's energy industry is relatively underdeveloped. Oil and natural gas are dependent on imports. With insufficient power supply, Macedonia's domestic electricity production can only meet 60%-70% of demand. The Macedonian government attaches great importance to the development of natural gas energy and actively promotes the construction of domestic natural gas distribution systems.

In addition to the existing natural gas pipeline from the border of Galicia to Kriva Palanka, two pipelines, Stip-Negotino and Skopje-Tetovo, are being planned. Natural gas pipelines from Tetovo to Gostivar and Kicevo, and from Negotino to Prilep, will also be built.

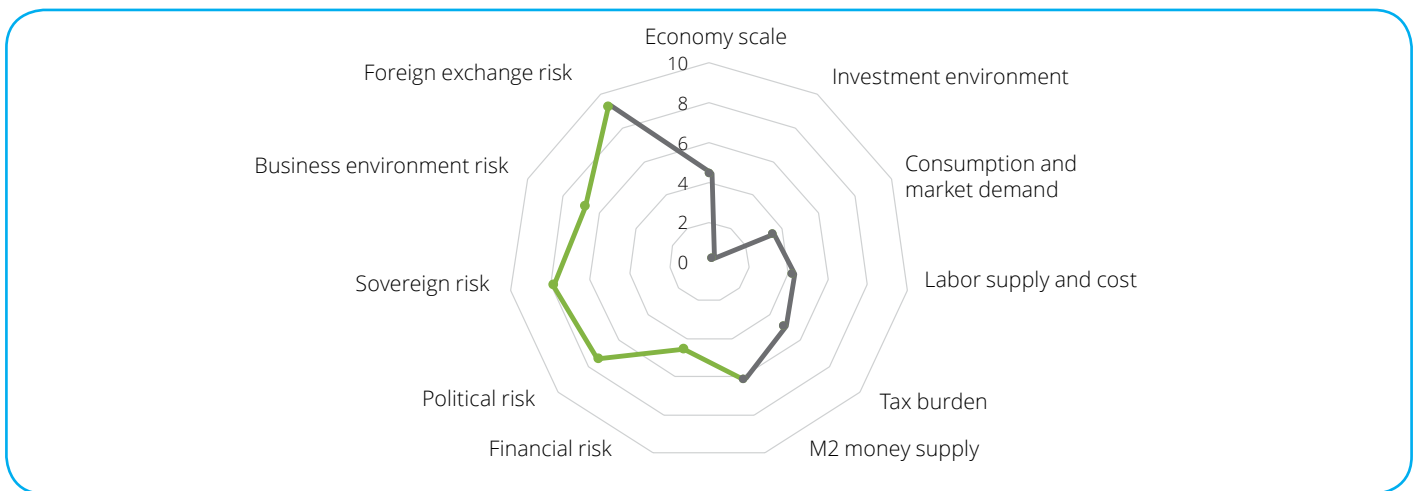
Macedonia is striving to actively upgrade its energy transmission system and plans to build a transmission line project with Albania. It also plans to build power generation projects, with key projects including the Cebren-Galiste Hydropower Station and a large number of small and medium-sized hydropower facilities, as well as power plants that integrate cycle gas and thermal power generation in the capital Skopje.

10) Hungary

(1) Investment Advice

Overall, Hungary's investment attractiveness is quite high. Hungary has moderate macroeconomic attractiveness, with a high level of economic development and competitive advantages in labor force. Overall investment risk is low, with low business environment and foreign exchange risk. The upgrading and transformation of its automobile industry, IT and transportation infrastructure warrant investors' attention.

Figure 78: Hungary Investment Attractiveness Score



(2) Country Profile

Hungary is in Central Europe, bordering Ukraine and Romania to the east, Serbia, Croatia and Slovenia to the south, Austria to the west and Slovakia to the north. It covers an area of 93,000 km² with a border of 2,246 kilometers. The Danube and its tributary Tisa River run through the whole territory. Influenced by a continental climate, Hungary has an annual average temperature of 10.8°C.

Hungary has a total population of 9.78 million. The dominant ethnicity is Hungarian (Mazars), accounting for about 90% of the population. Ethnic minorities include Slovaks, Romanians, Croatian, Serbian, Slovenian and German. Hungarian is the official language. English and German are also very popular. Some 66.2% of Hungarians follow Catholicism and 17.9% Protestantism.

Hungary's diplomatic objectives and tasks are to ensure national security, serve domestic economic development and improve people's livelihood; respond effectively to the challenges of globalization; strengthen cooperation between Central Europe and actively participate in the construction of European integration; and strengthen the unity of Hungarians by focusing on promoting pragmatic cooperation with the United States, EU, Russia, China and its neighbors, which are listed as five priority regions. Hungary became a member of the EU in 2004.

(3) Macroeconomic Indicators

Its scale of economy score is moderate. Hungary's development is mid-range, with per capita GDP exceeding USD14,000 and a level of economic development at the forefront of Central and Eastern Europe. In 2017, the economy grew by nearly 4% and GDP totaled USD139.14 billion. Growth is expected to remain at about 3.8%.

Its investment environment score is relatively low. Hungary has had a net outflow of investment in recent years, but the situation has improved over the past two years. Fixed asset investment of USD38.68 billion is also quite low. Its consumption and market demand score is high. Located in the heart of Europe, Hungary covers a market of 250 million people and is able to enter the EU market of 500 million people. Domestic demand is high, with per capita national income of USD13,000 and final household consumption expenditure of USD68.97 billion. Its Gini coefficient is 31.6, indicating a small gap between rich and poor. Import and export trade is developed, accounting for 172.4% of GDP. Inflation is quite healthy at 2.3%.

Its labor supply and cost score is high. According to statistics from the Hungarian Investment Promotion Agency, labor cost per unit of GDP in Hungary is the lowest in Central

and Eastern Europe, and the average wage is about one third lower than that of Western European countries. About two-thirds of Hungary's working population has received secondary educations, technical training or vocational educations. There is a particular abundance of talent who have received higher educations in engineering, IT, pharmacy, economics, mathematics, physics and other professional spheres. In addition, Hungary's labor force is also competitive because of its employee-friendly labor law, high English proficiency and long working hours (second only to the United States). Hungary has the third highest employment rate in Europe, after Germany and the Czech Republic, with an unemployment rate of 3.7% in 2017.

Its tax score is relatively low. According to the World Bank, total tax on commercial profits is about 40.3%, indicting a heavy tax burden.

Its money supply score is moderate. M2 accounts for 60% of GDP, with a growth rate of 7.8%. The interest rate difference between deposits and loans is 1.3%, high-mid level.

(4) Risk Indicators

Hungary has moderate financial risk. According to the National Bank Act, the main objective of the Hungarian Central Bank is to maintain price stability. Base interest rates are set each month by the Monetary Policy Council. Since the implementation of privatization in 1990, more than two-thirds of Hungarian banks have become controlled by foreign capital. Some 80% of total banking sector assets and 85% market share are held by the 10 largest commercial banks. Banks have no special restrictions on opening accounts for foreign enterprises, but they attach great importance to anti-money laundering. Hungary's foreign debt level is low, constituting 93.4% of GDP, and its foreign exchange reserves are USD31.37 billion.

Political risk is quite low. The Hungarian government implements a multi-party parliamentary democracy and the separation of legislative, administrative and judicial powers. In recent years, Hungary's political situation has remained stable. After joining the EU in 2004, Hungary implemented a trade tariff policy consistent with the EU, and legal and regulatory systems have been constantly improved. The political stability index is at 0.8 and the legal environment index is at 0.7, both quite high.

Sovereign risk is moderate. Moody's rates Hungary's sovereign credit rating at Baa3 with a stable outlook. Public debt makes up a comparatively small proportion of GDP, at about 71.3%. Hungary has a fiscal deficit of 2.1% of GDP.

Its business environment risk score is moderate. According to the World Bank, Hungary ranks 53th out of 190 countries and regions in ease of access. Contract fulfillment takes about 605 days. Its government efficiency index is low at 0.5. However, the cost of business establishment is low, equivalent to 4.9% of national income, which is conducive to enterprises entering the local market.

Foreign exchange risk is low. The legal currency is the forint, which can be converted freely. The government promulgated a decree to abolish all foreign exchange controls, consistent with EU regulations, and allows the free flow of capital. Companies and individuals can freely own foreign exchange. The HUF:USD exchange rate is becalmed.

(5) Key Industries

Among the key BRI industries, Hungary is developing well in IT, transportation infrastructure and manufacturing, but is relatively weak in energy and agriculture.

IT: Hungary's communication infrastructure is well developed, with a network penetration rate as high as 79.3%. Hungary's telecommunications market is completely liberalized, and foreign-funded enterprises occupy a dominant position within it. About half the fixed line telephone market is controlled by Deutsche Telecom and its subsidiary, Hungary Telecom. The mobile market is controlled by Deutsche Telecom, Norway and Vodafone. Hungary pays great attention to the development of 5G technology. In 2017, the 5G Alliance was established to support 5G development and applications.

Transportation infrastructure:

Hungary has a superior geographical position and prominent geographical advantages. It is one of the transport network hubs of Europe. According to the requirements of the EU, Hungary has formulated an infrastructure development plan for 2014-2020, focusing on promoting the construction and upgrading of railways and expressways.

The main projects include rebuilding the main trunk lines of Pan-European corridors IV, V and V/b, developing combined railway transportation and logistics center services, and establishing safe railway information, passenger information and ticketing systems. Its logistics performance index is as high as 3.4, indicating the high development level of the logistics industry. Hungary attaches great importance to logistics infrastructure and promotes the construction of multimodal transport logistics centers, including the construction of a Sino-European logistics park in cooperation with China.

Manufacturing: Hungarian manufacturing occupies an important position in the national economy. The added value of manufacturing is as high as 19.9%, with growth about 5% in recent years.

Automotives is the pillar industry. In 2015, the output value of the automotive industry reached USD28 billion, accounting for 31% of manufacturing output value. Due to Hungary's well developed local supplier system, superior geographical location and abundant human resources, its automotive industry is very attractive to foreign investors. At present, 14 of the world's 20 leading automobile suppliers have set up in Hungary, and their production scale is expanding. In addition, the automotive component chain is relatively complete. Fifteen of the world's 20 largest suppliers of components are stationed in Hungary, including Bosch, Japan's Takata, and Hankook Tires.

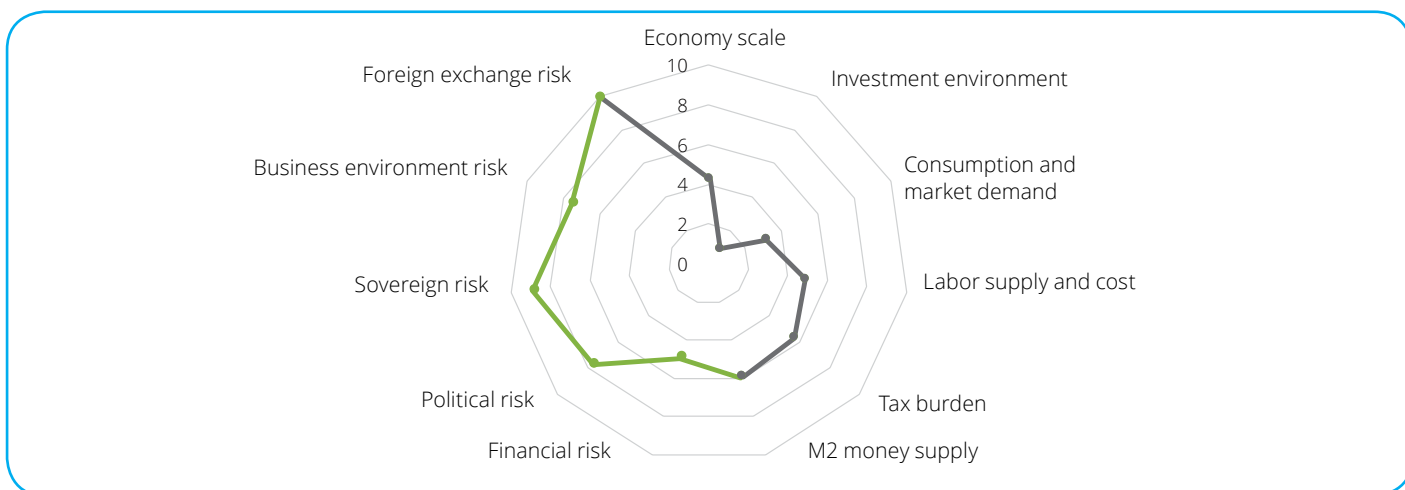
Energy: The Hungarian government aims to diversify energy input channels and attract foreign capital to invest in energy projects. During the Shanghai Import Expo in 2018, China Electricity Construction International Corporation and Turkey's Polat Group signed a memorandum of cooperation on Hungary's 750MW photovoltaic power generation project.

11) Latvia

(1) Investment Advice

Overall, Latvia's investment attractiveness is high. Macroeconomic attractiveness is moderate. The economy is small but the quality of the labor force is high. Investment risk is low, with well formed financial and legal systems, so the business environment is good. Investors should focus on railway and port infrastructure, power facilities, IT upgrading and forestry processing.

Figure 79: Latvia Investment Attractiveness Score



(2) Country Profile

Latvia is in Northeast of Europe, bordering the Baltic Sea to the West, and Russia and Belarus to the east. It is one of the three Baltic countries alongside Estonia and Lithuania . Its superior geographical location makes it an important logistics center connecting the EU and CIS. Latvia has an intermediate subclimate ranging from ocean to continental conditions. The total land area is 64,589 km², with a population of 1.94 million as of 2017. The country has indigenous Latvians, and the descendants of Nordic, German, Russian and Polish people. It has diversified cultural characteristics. Some 61.1% of the population are Latvian and 26.2% Russian. The official language is Latvian, and Russian is very popular. Latvian and English are mainly used on official occasions. Local residents mainly follow Christian Lutheranism, Roman Catholicism and the Eastern Orthodox Church and Baptism. Latvia is a member of the EU and APEC, and is a Schengen Agreement country.

The four main drivers of Latvia's economy are agriculture, chemicals, logistics and wood processing. Forestry, wood processing and furniture manufacturing occupy a particularly important position. Other well-known industries include textiles, food processing, machinery production and green technology.

(3) Macroeconomic Indicators

The overall investment attractiveness of Latvia is moderate among the BRI countries.

Its scale of economy score is moderate. GDP in 2017 was USD30.26 billion, indicating a quite small economy, but growth reached 4.6%, ranking at the forefront of EU countries. GDP is expected to continue to grow at about 3%.

Its investment environment score is quite low. In 2017, fixed asset investment was only USD7.8 billion, while FDI was also small at only USD1.14 billion.

Its consumption and market demand score is high. Although its economic volume is small, per capita GDP reached USD15,594 in 2017, ranking among the top BRI countries. Latvia's Gini coefficient of 34.5 indicates balanced distribution of national income. Total imports and exports accounted for 122.3% of GDP. Trade was relatively active and inflation was a healthy 2.9% in 2017.

Its labor supply and cost score is high. Citizens' education level is at the forefront among BRI countries, and the quality of the workforce is quite high. Unemployment fell to 8.6% in 2017. However, the problems of population loss and labor cost increases have arisen in recent years.

Its tax burden score is moderate. Latvia's tax burden is reasonable. According to World Bank statistics, total tax on commercial profits is about 36%.

Its money supply score is quite low. The interest rate difference between domestic deposits and loans was 2.5% in 2017, within a reasonable range. However, M2 accounted for only 43.4% of GDP, indicating a low level of money supply.

(4) Risk Indicators

Overall, Latvia has a low investment risk.

Financial risk is low. The Latvian banking industry has been experiencing a credit contraction. Since 2016, the government has stepped up efforts to combat money laundering, and banking sector indicators have gradually improved. The banking risk index is at 0.4, and the ratio of credit provided by domestic financial institutions is 76%, good performance among BRI countries.

Political risk is low. Latvia is a member of the EU. In recent years, the political situation has been stable and public security has been sound. The legal environment score was 1.2 in 2017, ranking among the top BRI countries.

Sovereign risk is also low. Moody's maintains an A3 rating on Latvia's sovereign credit, with a stable outlook. Government debt accounts for only 33.2% of GDP, indicating low risk.

Latvia's business environment risk score is high. According to the World Bank, Latvia ranks 19th out of 190 countries and regions in ease of market access. Foreign enterprises and local enterprises are treated equally. In ease of entering the market, laws and regulations, Latvia scores highly. The cost of establishing an enterprise is equivalent to only 1.6% of national per capita income.

Foreign exchange risk is at the lowest level among BRI countries. As a member of the EU, Latvia uses the euro. The exchange rate is stable, and the degree of exchange freedom is high. With relatively free foreign exchange management, domestic after-tax investment profits are free to enter and exit Latvia.

(5) Key Industries

Among the five BRI key industries, Latvia is developing well in IT, transportation infrastructure and manufacturing, but it is relatively weak in energy and agriculture.

IT: Latvia's IT has quite a high level of development, with a network penetration rate of 79.8% and high-tech export ratio of 13.2%. Latvia attaches great importance to the application and development of 5G technology. In 2018, Bite, the third largest mobile operator in Latvia, signed a memorandum of understanding with China's Huawei on 5G network infrastructure construction in Latvia, including the construction of a 5G base station in Riga in 2019 and the development of narrowband Internet of Things.

Transportation infrastructure:

Latvia is at the crossroads of Russia and Western and Nordic Europe, containing Riga International Airport, the largest airport on the Baltic Sea. Based on its superior geographical location and good infrastructure, Latvia plays an important role in cargo transportation via Baltic Sea and Central and Eastern Europe. The transshipment industry is the second largest sector of Latvia's national economy. Latvia's port infrastructure is high quality. There are 10 ports in the country, and three are international ice-free

ports. The government attaches great importance to port renovation. Riga Free Port plans to complete about EUR1.1 billion of infrastructure development and renovation projects between 2010 and 2020.

Latvia is also one of the three major participants in the Baltic Railway Project (the Baltic Railway is 265 km long in Latvia, 213 km long in Estonia and 392 km in Lithuania). Due to the low level of railway electrification in Latvia, the government expects to spend USD1.3 billion on railway electrification projects.

Manufacturing: Manufacturing is an important part of Latvia's national economy. In recent years, manufacturing has developed rapidly, with a growth rate of 8.1%. Forestry, wood processing and furniture manufacturing occupy an important position in manufacturing. In 2017, Latvia exported EUR2.22 billion of forest products, accounting for 19.5% of the country's total exports.

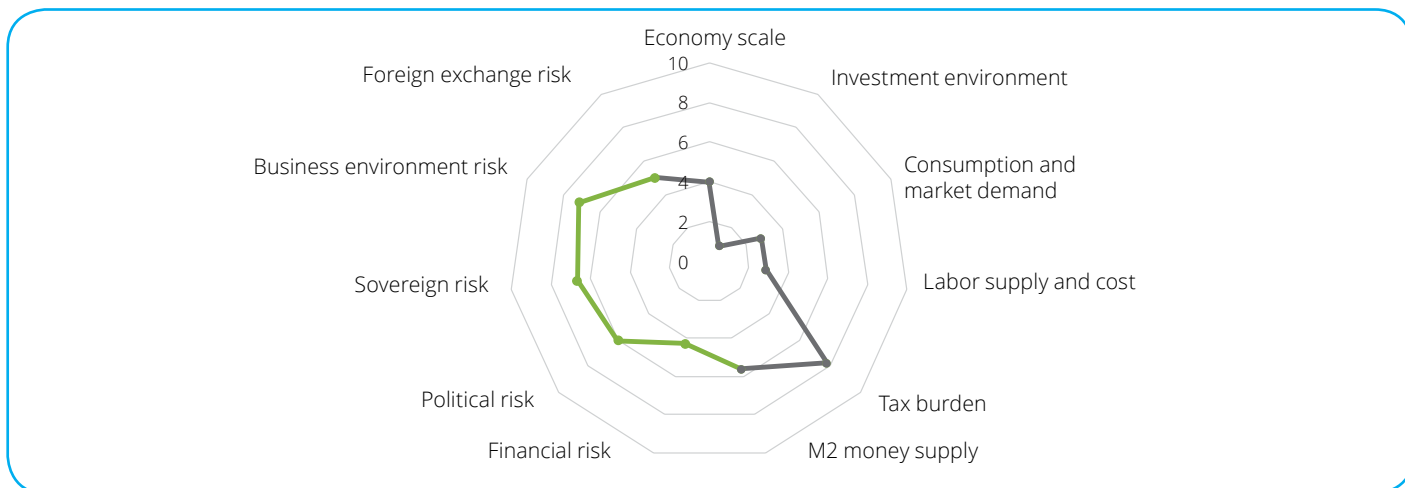
Energy: Latvia's domestic electricity supply is insufficient and it depends on imports. Latvia's power grid is currently part of Russia's UPS IPS system. For this reason, the EU is investing under the Baltic Energy Market Integration Plan to enable the three Baltic countries to access Nordic and Eastern European power grids.

12) Montenegro

(1) Investment Advice

Overall, Montenegro's has moderate investment attractiveness. Its macroeconomic indicators are not strong, with a small economy and scarce labor force. Investment risk is also moderate. In recent years, society has gradually stabilized and financial risk has improved. Investors should focus on the transformation of the Heishan Highway system and energy development.

Figure 80: Montenegro Investment Attractiveness Score



(2) Country Profile

Montenegro is a small mountainous country in the Southern Balkans, on the eastern shore of the Adriatic Sea, bordering Serbia to the northeast, Albania in the southeast, Bosnia and Herzegovina to the northwest, Croatia and the Adriatic Sea to the southwest. Montenegro has a temperate continental climate, with a Mediterranean climate in coastal regions and a harsh climate in its higher regions.

The country covers 14,000 km². As of 2017, the total population is 620,000, of which 43% are Montenegrans and 32% Serbians. Montenegro was part of the former Yugoslavia. The official language is Montenegrin, but historically Montenegro has used Serbian. Montenegro is a member of NATO and a candidate for the EU.

Montenegro's economic base is weak. Tourism and the aluminum industry are its economic pillars.

(3) Macroeconomic Indicators

Montenegro's overall investment attractiveness is mid-range.

Montenegro economy is quite small, limited by the size of its population. GDP in 2017 was USD4.8 billion, with a growth rate of 4.4%. In 2017, per capita GDP was USD7,782.8, ranking among the top BRI countries. GDP is expected to maintain growth of about 2.7%.

Its investment environment score is low. In 2017, FDI was USD560 million and fixed asset investment was only about USD1.55 billion.

In consumption and market demand, Montenegro scores quite highly. The Gini coefficient of 0.32 indicates relatively balanced national income distribution. Total imports and exports account for 105.6% of GDP. Because living requirements have been met by imports for a long time, Montenegro is active in trade. In 2017 inflation was steady at 2.4%.

Its labor supply and cost score is low. Montenegro is sparsely populated with insufficient labor resource. In 2017, the national labor force was only 250,000, and unemployment was as high as 16.1%, albeit down from the previous.

Montenegro's tax score is quite high. Montenegro has a relatively light tax burden. According to the World Bank, total tax on commercial profits is about 22.2%.

Its money supply score is below average. In 2017, M2 accounted for 46.9% of GDP, with growth of less than 2%, and the interest rate difference between domestic deposits and loans was 6%.

(4) Risk Indicators

Montenegro has medium investment risk.

Financial risk is moderate. The banking system in Montenegro is quite stable, with a moderate level of external debt. Foreign exchange reserves were only USD730 million in 2017, relatively low. Credit provided by domestic financial institutions accounted for 60.4% of GDP.

Political risk is low. Politics in Montenegro is quite stable and the social and legal environment is decent. However, ethnic and religious conflicts have threatened the security and stability of Montenegro.

Its sovereign risk score is low, with the sovereign credit rating of B1 in 2017.

Its business environment risk is quite high. According to the World Bank, Montenegro ranks 50th out of 190 countries and regions in ease of market access. The cost of establishing a business is equivalent to only 1.3% of national per capita income.

Foreign exchange risk is moderate. Exchange rate fluctuations against major currencies are small.

(5) Key Industries

Among the key BRI industries, Montenegro has developed quite well in IT, manufacturing and transportation infrastructure, with relatively weak energy and agricultural development.

IT: Montenegro has developed well in the IT. Its communication technology facilities are strong. The network penetration rate is about 69.9%, possession of mobile phone equipment is as high as 165.6 per 100 people, and possession of telephone equipment is at 23.6 per 100 people. High-tech products account for 7.3% of exports.

Transportation infrastructure:

Montenegro transportation mainly relies on road and sea routes. In 2016, the total length of railways was 326 kilometers, with freight volume of 1.395 million tons. The total length of roads was 7,773 kilometers. In 2017, air transport passenger volume reached 508,000. Montenegro is the most important natural port in the Adriatic, through which all the countries and regions of the world can be reached. However, Montenegro's transportation system has a serious aging problem, and the government has vigorously promoted the improvement and upgrading of transportation infrastructure.

The repair and reconstruction of the Kolasin-Kos railway, built by China Civil Engineering Group Co., was completed in 2017. After the repair, train speed increased from 50-60 km/h to 80 km/h, which is positive for the economic development. In addition, Montenegro will cooperate with China to build a North-South Expressway project connecting the port of Bar in the southern part of Montenegro with the main traffic corridors of Central and Eastern Europe.

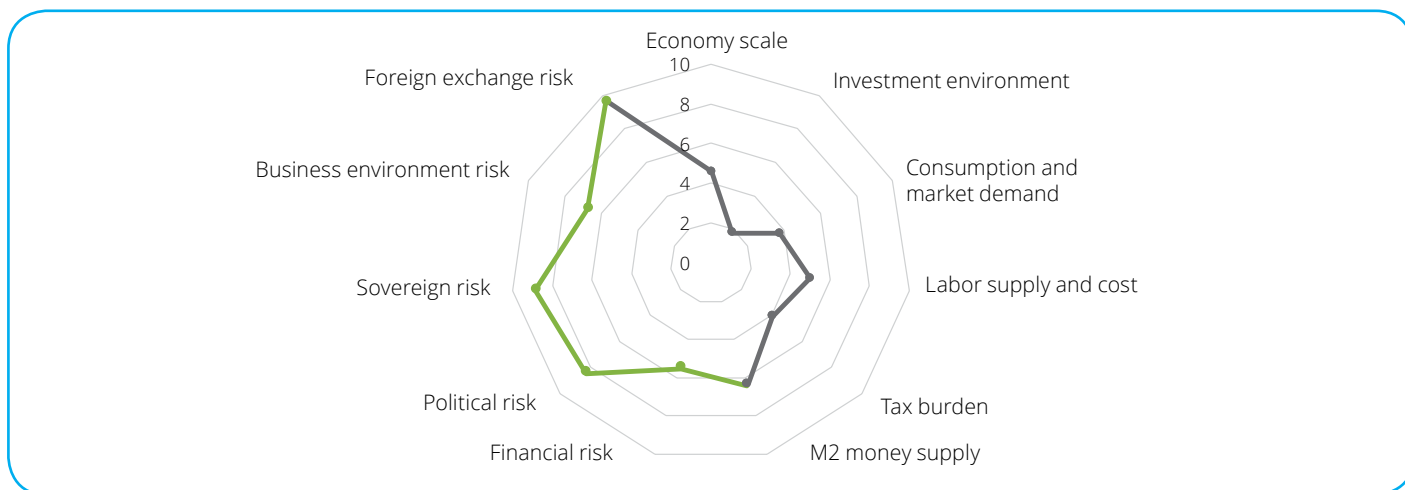
Energy: To improve the integration of power systems in European countries, a submarine cable project developed by Montenegro and Italy began construction in 2014. The total cost is estimated to be EUR800 million and the total length is 415 kilometers, of which 390 kilometers will be laid on the seabed. Montenegro's government has attached great importance to the development of renewable energy and has been actively engaged in international cooperation. For example, Fortum, a Finnish power company and the state-owned power supplier EPGC will develop a 100MW solar project; Shanghai Electric Power will develop a wind power project with the Malta Energy Company. After the project is put into production, renewables will account for 5% of power generation in Montenegro.

13) The Czech Republic

(1) Investment Advice

Investment in the Czech Republic is highly attractive. The Czech Republic has strong macroeconomic indicators, with good economic development and solid industrial foundations. It is an important stronghold for access to Western European markets. With sound systems and low foreign exchange risk, investment risk is low. Investors should focus on machinery manufacturing, the automobile industry and transportation network upgrades.

Figure 81: Czech Republic Investment Attractiveness Score



(2) Country Profile

The Czech Republic is a landlocked country in Central Europe, bordering Slovakia to the east, Austria to the south, Poland to the north and Germany to the west. It is the transportation hub of Europe and has close contact with neighboring countries. It covers an area of 78,866 km², with a total population of 10.59 million as of 2017. The main ethnic group is Czech, accounting for 94% of the total population. The official language is Czech, and foreign languages include English, German and Russian. Educated young people generally speak English and older people speak German or Russian. Some 39.2% of residents follow Roman Catholicism, 4.9% follow Protestantism, and some follow the Orthodox church or Judaism. The Czech Republic joined the European Union in 2004.

The Czech Republic is a traditional industrial country, with industry playing an important role in the national economy. The major industries include automobiles and accessories, machinery, electrical and aircraft

manufacturing, pharmaceuticals and biotechnology, nanotechnology and new materials. Industrial products are mostly exported, mainly to the EU, especially Germany. The Czech Republic is also one of the most successful countries in Central and Eastern Europe in attracting foreign investment.

(3) Macroeconomic Indicators

The overall investment attractiveness of the Czech Republic is high.

Its scale of economy score is high. With GDP of USD215.73 billion or USD20,000 per capita in 2017, the Czech Republic has become one of the fastest growing economies in the EU. GDP is expected to grow at about 3.3%.

The Czech Republic's investment environment scores highly. In 2017, fixed asset investment reached USD62.7 billion and FDI was USD9.2 billion, above the average level among BRI countries.

The tax system is transparent but tax is high, with total tax of 50% on business profit, according to the World Bank.

The Czech Republic also scores highly in consumption and market demand. In 2017, total imports and exports accounted for 151.7% of GDP, indicating active trade. Per capita national income is USD18,160, high among BRI countries. Inflation remained healthy at 2.5% in 2017. Prices are relatively low, at about 70% of the EU average, and with a Gini coefficient of 25, the wealth gap is small.

The Czech Republic's labor supply and cost score is also high. Unemployment was just 2% in 2017. The Czech Republic subsidizes higher education. The quality of the labor force is high and there are many Czech researchers. According to the OECD, the Czech Republic has among the highest proportion of science and engineering students in the world. The workforce is highly skilled and

productive. However, in recent years, wages have been rising gradually. The labor force is not sufficient. In 2017, the national labor force was 5.35 million, so investors should consider the high cost of labor when investing in the Czech Republic.

Its tax score is low. According to the latest World Bank statistics, total tax on business profits is 46.1%, indicating a high tax burden.

In money supply, the Czech Republic scores well. In 2017, M2 was 83.9% of GDP. The interest rate difference between domestic deposits and loans was slightly high, at 3.3%.

(4) Risk Indicators

Investment risk is overall low.

Financial risk is low. In 2017, the banking industry risk index was at 0.3, a top ranking. In 2017, foreign debt was up to 92.1% of GDP and foreign exchange reserves were quite adequate at USD144.1 billion .

Political risk is low. The Czech Republic has a parliamentary political system and market economy. The legal system is sound and with high transparency. The political situation is stable.

Sovereign risk is low. The Czech Republic's latest sovereign credit rating is A1 (2017), with a stable outlook. Public debt is only 32.5% of GDP.

Business environment risk is low. According the World Bank, the Czech Republic ranks 35th out of 190 countries and regions in ease of domestic market entry. The cost of setting up a business is equivalent to only 1% of per capita income.

Foreign exchange risk is low. As a member of the EU and Schengen Area, the Czech Republic uses the euro and foreign exchange is freely convertible. In recent years, exchange rate fluctuations have been quite stable.

(5) Key Industries

Among the key BRI industries, the Czech Republic has developed relatively well in IT, manufacturing and transportation infrastructure, but energy and agriculture are quite weak.

IT: Czech IT is highly developed.

The internet penetration rate is as high as 76.5%. High-tech exports account for about 14% of the total. In February 2016, the Czech government launched a next generation internet development plan, which aims to increase the internet bandwidth of every Czech town to at least 30 megabits. Currently, 64% of Czech households are covered by 30 megabit networks.

Manufacturing: Manufacturing industry is highly developed and takes a leading position in the national economy. The value added of the manufacturing sector has reached 24.3%, with growth of 7%.

The automobile sector is the pillar industry. In 2017, the Czech Republic ranked 1st among Central and Eastern European countries in car production. A growing number of well-known automobile manufacturers have choose to set up their design, innovation and technology R&D centers in the Czech Republic, forming a dense and complete automobile industry chain, giving it one of the highest concentrations of automobile manufacturing, design and R&D in the world. The Czech investment authority has also set up a database of auto parts suppliers to improve the overall competitiveness of the automotive industry. The Czech Republic also has strong foundations

in machinery, electronics, chemicals and pharmaceuticals, and metallurgy, with products well received at home and abroad.

Transportation infrastructure:

The Czech Republic is at the center of Europe, with a developed transport network and infrastructure. Since 2014, with the improvement of the macroeconomy, the Czech Republic has increased investment in transportation infrastructure. Key projects include the D1 expressway, railway network upgrades, the EU's Nine Corridors , the Baltic-Adriatic corridor, Eastern Europe-Mediterranean corridor and the Danube-Oder-Elbe river trans-national canal.

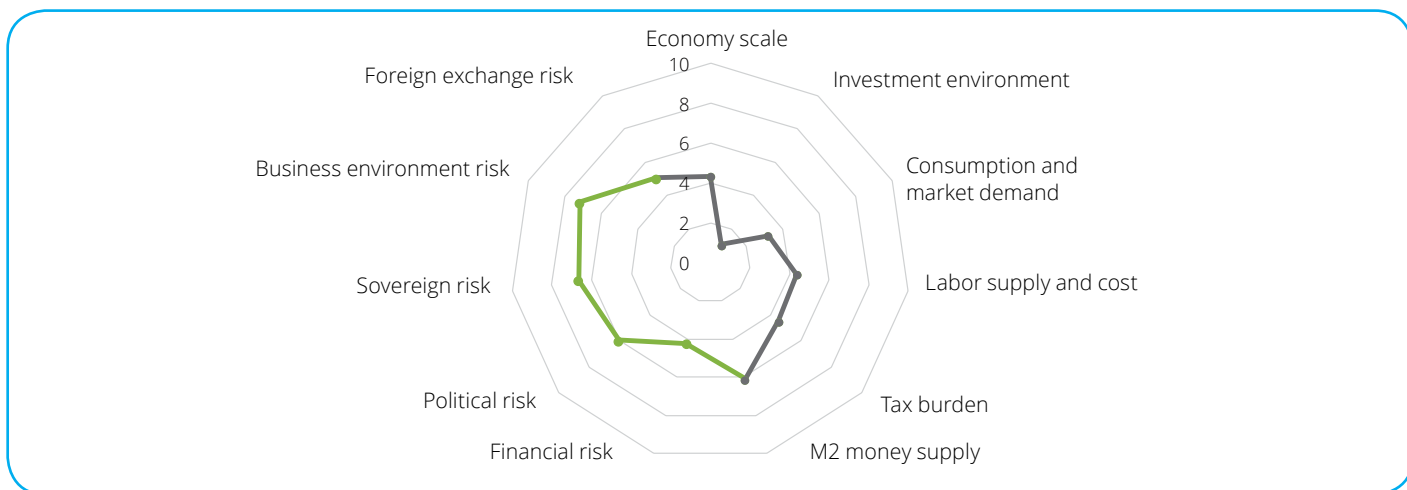
Energy: The Czech Republic is rich in lignite, hard coal and uranium resources, with small oil and gas reserves, basically relying on imports. The Czech Republic has plenty of electricity and is Europe's second largest electricity exporter. According to EU requirements, the Czech Republic will vigorously promote new energy projects. In addition, given the Russia-Ukraine crisis, the Czech Republic will accelerate the development of oil and gas pipelines and other strategic energy projects to reduce its dependence on Russian energy.

14) Lithuania

(1) Investment Advice

Overall, Lithuania's investment attractiveness is quite high. Macroeconomic indicators are moderate. The level of economic development is high, as is the quality of labor, but the domestic market is small. Overall investment risk is low, with a superior business environment and favorable government investment policy. Investors should focus on opportunities in high-tech industries, especially financial technology and machinery manufacturing.

Figure 82: Lithuania Investment Attractiveness Score



(2) Country Profile

The Republic of Lithuania is on the eastern shore of the Baltic Sea and one of the Baltic States alongside Latvia and Estonia to its north. The country borders Belarus to the southeast, the Kaliningrad region of Russia and Poland to the southwest. The capital is Vilnius. Lithuania has a land area of 66,000 km². The terrain is dominated by plains, with hills to the west and highlands to the southeast. Lithuania has a mixed oceanic and continental climate. Its long winter is rainy and snowy, with little sunshine.

In 2017, the total population was about 2.83 million, of which Lithuanians accounted for 84.2%, Poles 6.6%, Russians 5.8%, with Belarusians, Ukrainians, Jews, Latvians and other ethnic groups making up 1.3%. Residents mainly follow Roman Catholicism, with some Christian Orthodox and Lutherans. Lithuania is a member of the EU, the eurozone, the Schengen Area, the OECD and NATO. Lithuania is in the geographical center of Europe, bordering the Baltic Sea. It connects with Scandinavia, Western European countries, Russia and other CIS countries. It is an important transportation hub in Europe, with strong radiation capacity. In recent years, the commercial outsourcing industry, mechanical engineering and electronics manufacturing, the laser industry and life sciences have developed rapidly.

(3) Macroeconomic Indicators

Lithuania's overall macroeconomic attractiveness is moderate.

Its scale of economy score is mid-range. In 2017, GDP was low at USD47.17 billion, but the growth rate was 3.9%, the largest increase since 2012 and at in the forefront among EU and Eurozone countries. Per capita GDP level is quite high, reaching USD17,000 in 2017. GDP is expected to maintain a growth rate of 3%.

Its investment environment score is relatively low. In 2017, FDI was only USD1.19 billion, quite low among BRI countries.

Its consumption and market demand score is quite high. In 2017, per capita national income reached USD15,200, high among BRI countries. In 2017, inflation was 3.7%, maintaining a relatively healthy level.

Its labor supply and cost score is high. With the high proportion of Lithuanian nationals who receive higher education, a high quality labor force, and lower wages than in developed countries of the EU, Lithuania has advantages in labor supply and cost. However, the labor force was only 1.45 million and 38,000 people left the country in 2017, which warrants attention.

Its tax burden score is relatively low. According to the latest World Bank statistics, total tax on commercial profits is 42.6%. In recent years, the Lithuanian government has continuously improved the investment environment to attract foreign investment. In 2017, the government expanded tax incentives in its free economic zone.

Its money supply score is quite high. In 2017, M2 accounted for 76% of GDP, with growth of 5%. The interest rate difference between domestic deposits and loans was 2.5%.

(4) Risk Indicators

Lithuania has low investment risk.

Financial risk is moderate. The financial system including the Bank of Lithuania is quite stable, with a banking industry risk score of only 0.3. External debt is slightly high. In 2017, foreign debt accounted for 80.8% of the GDP. Loans were mainly from the EU, Norway and Switzerland. The level of foreign exchange reserves is relatively low and is in a downtrend, reaching only EUR1.23 billion in 2017.

Political risk is low. Lithuania is politically stable, with good law and order.

Sovereign risk is low. Lithuania's latest sovereign credit rating is A3, with a stable outlook. Public debt accounted for only 35% of GDP, indicating low debt risk.

Its business environment risk score is high. According to the World Bank, Lithuania ranks 14th out of 190 countries and regions in ease of market access. The cost of business establishment is equivalent to only 0.5% of national per capita income. The average contract enforcement takes only 370 days, among the top echelon of BRI countries.

In recent years, the government has introduced easing policies to promote the development of financial technology. It takes only three days for a financial technology enterprise to register. It takes only three months to obtain a payment institution or electronic money institution license, 2-3 times faster than in other EU jurisdictions. In addition, Lithuania, as a member of the EU, implements a unified foreign trade policy. Products produced in Lithuania are deemed products of EU origin, so are free to enter the EU market.

Foreign exchange risk is low. Lithuania belongs to the Eurozone, with low exchange rate fluctuations and high degree of freedom of foreign exchange.

(5) Key Industries

In key BRI industries, IT and manufacturing are worth focusing on.

IT: Overall, Lithuania has the most advanced information and communications infrastructure in Central and Eastern Europe. In the 2017 World Competitiveness Yearbook, Lithuania's communications technology ranked 1st in the world, with broadband speed ranking 2nd in the EU. In 2017, possession of mobile devices reached 144.6 per 100 people. The coverage level of secure network servers is high, which is very beneficial to the development of IT.

Lithuania is gradually becoming a regional aggregation center for small software and game development start-ups and large information and communications technology companies. In addition, the development of fintech companies is active, encouraged by the European Financial Technology Center policy. There are 117 domestic financial technology companies, 50% of which are payment companies.

There are five science and technology parks in Lithuania. Each park cooperates with universities and colleges to promote a combination of production, learning and research, and engages in high-tech innovation in semiconductors, electronics, information and communications. In addition, to develop national innovation and creativity, Lithuania stipulates that companies whose main business is in innovation or high-tech can enjoy a triple deduction on research and development expenses of up to 50% of taxable profit.

China Merchants Group has signed a memorandum of cooperation with the Klaipeda Free Economic Zone and Kaunas Free Economic Zone and Science and Technology Park to provide cooperation facilities for domestic investors. In 2017, five Chinese financial technology companies were registered in Lithuania and obtained electronic money institution or payment institution licenses from the Central Bank of Lithuania.

Manufacturing: In 2017, manufacturing value added accounted for 17.6% of GDP, ranking 1st among BRI countries. According to the 2018 Global Manufacturing Risk Index Report released by DTZ in March 2018, Lithuania's attractiveness to manufacturing companies ranks 2nd among the world's countries and regions, second only to China.

Manufacturing investment growth ranks 4th in the world. Manufacturing industry attracted a total of USD2.77 billion in 2017, accounting for 18.9% of the total foreign capital. An increasing number of international, large-scale manufacturing engineering companies have settled in Lithuania, driving the rapid growth of the manufacturing industry in recent years.

Lithuania also has a strong presence in mechanical engineering and electronics manufacturing, particularly in the oil and gas, robotics, aerospace and automotive industries. The Lithuanian government has set up four industrial parks and six free economic zones for manufacturing.

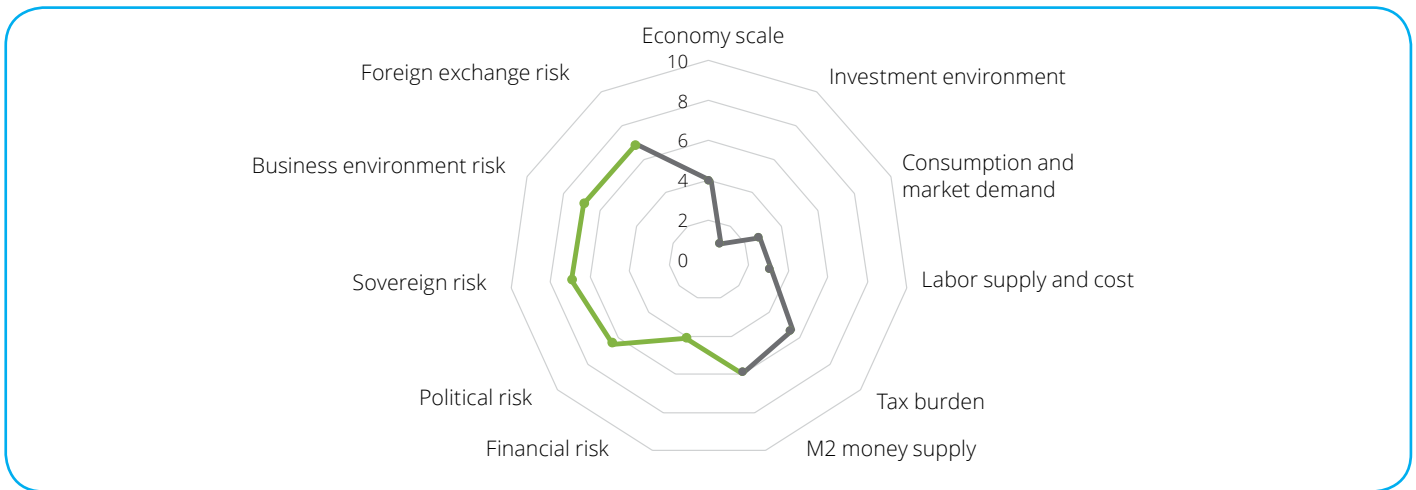
Among several preferential policies, the state gives operations management companies a 50% reduction on land transfer fees and allows land to be subleased to settled enterprises at the market price, with a land use term is 49 years. Enterprises that settle in Lithuania are exempt from corporate income tax for the first 10 years (the Lithuanian corporate income tax rate is 15%), pay half tax for the following six years, and are exempt from real estate tax, land tax and dividend tax. With huge future development potential, manufacturing is worth full attention and exploration from Chinese investors.

15) Albania

(1) Investment Advice

Overall, Albania's investment attractiveness is moderate. Macroeconomic indicators are low. The level of economic development is quite low and labor is in short supply. Investment risk is moderate and financial risk slightly high. Investors should focus on opportunities in agricultural facility improvement, agricultural product processing and infrastructure transformation.

Figure 83: Albania Investment Attractiveness Score



(2) Country Profile

Albania is in the western part of the Balkan Peninsula in Southeastern Europe. It borders Serbia, Montenegro and Macedonia to the north and northeast, Greece to the south and the Adriatic Sea to the west. It faces Italy across the Otranto Strait. The coastline is 472 kilometers long. It has a subtropical Mediterranean climate with plenty of rainfall. The land area is 29,000 km², with mountains and hills in the territory accounting for 77% of its total area. In 2017, the total population was about 2.87 million, of which Albanians accounted for 82.6%. The main ethnic minorities are Greeks and Macedonians. The official language is Albanian. Some 56.7% of the residents follow Islam, 10% follow Catholicism and 6.8% follow Orthodox Christianity. Albania is a member of NATO and actively develops relations with Western countries. In 2014, it was granted EU candidate status.

Albania has a superior geographical position and is close to the developed markets of Western Europe. Its products are sold to EU markets, with tariff and logistics cost advantages. Hydropower, solar energy and chrome ore resources are abundant. However, the industrial base is weak and industrial systems are relatively underdeveloped. In recent years, service industry has developed rapidly, and tertiary industry represented by tourism has become an important driver of economic growth.

(3) Macroeconomic Indicators

Albania's overall macroeconomic attractiveness is low.

Its scale of economy score is low. Albania's GDP in 2017 was only about USD13 billion, which is small. In 2017, per capita GDP was about USD4,538, mid-range among BRI countries. GDP is expected to grow at 3.6% in the next five years.

Its investment environment score is relatively low. In 2017, FDI was about USD1 billion. Although fixed asset investment in 2017 was about USD3.72 billion, higher than the previous year, the overall level is still mid-range.

Albania has a mid-range consumption and market demand score. In 2017, imports and exports accounted for 78.1% of GDP. Its small population and national per capita income of USD4,320 in 2017 indicates insufficient internal demand. Inflation was healthy in 2017 at 2%.

Its labor supply and cost score is low. Albania has a small labor force. In 2017, the national labor force was only about 1.33 million. The unemployment rate was as high as 15.2%. However, Albania has a quite high proportion of residents with higher educations. The workforce has obvious language advantages. Apart from the mother tongue, a considerable number of Albanians are familiar with English and Italian.

Its tax burden score is above average. According to the latest statistics from the World Bank, total tax on commercial profits is 37.3%.

Albania's money supply score is quite low. In 2017, M2 accounted for 81.5% of GDP, with growth of only 0.2%. The interest rate difference between domestic deposits and loans is 5.8%. The money market is quite weak.

(4) Risk Indicators

Albania's investment risk is moderate.

Financial risk is high. The banking risk index is at 0.6, high among BRI countries. Foreign exchange reserves are insufficient, at only USD3.19 billion in 2017.

Political risk is low. Albania's political stability and legal environment scores are mid-high.

Sovereign credit risk is high, with a latest rating of B1. Public debt in 2017 was 68.2% of GDP, lower than the previous.

Its business environment risk score is quite high. According to the Doing Business 2018 report from the World Bank, Albania ranks 63rd out of 190 countries and regions in ease of market access. Its scores for government efficiency, business establishment cost, ease of foreign investors entering the domestic market and contact performance are average. In 2017, contract execution took an average of 525 days. The cost of establishing a new business is equivalent to 11.3% of per capita gross national income, ranking among the top BRI countries.

Foreign exchange risk is moderate. Exchange rates between the local currency and USD are quite stable. Freedom of foreign exchange is moderate, with a Chinn-Ito score of 0.4.

(5) Key Industries

Among the key BRI industries, Albania has well-developed agriculture but is relatively weak in the other industries. Since overall infrastructure Albania is underdeveloped, Chinese enterprises have some development space in infrastructure projects.

Agriculture: Albania's crop production index reached 182.1 in 2017 and the food production index was at 150.9, ranking among the top BRI countries. In 2017, agricultural added value accounted for 21.7% of GDP. About 77% of agricultural land in Albania is in its plains while 23% is in the mountains and hills.

The main agricultural products exported include livestock products, plants (including herbs and seeds), aquatic products and fruits, among which medicinal and spice plants, olive oil, honey, wine and other specialty agricultural products are quite competitive in the market. Agricultural facilities are quite underdeveloped, and it urgently needs to promote agricultural mechanization.

Although current electricity production can meet basic needs, Albania is prone to power shortages during dry period since electricity relies entirely on hydroelectric power. The government has begun to develop power industry infrastructure. In the Strategic Investment Law formulated by the Albanian government in 2015, agriculture is clearly defined as a strategic field, and a series of facilitation measures have been introduced to domestic and foreign investors. In recent years, Albania has aimed to develop organic agriculture.

Due to underdeveloped infrastructure construction in Albania, the government has launched a series of preferential policies for infrastructure projects. Local infrastructure projects are generally operated under franchise. Enterprises and governments sign franchise agreements and cooperate under BOT models.

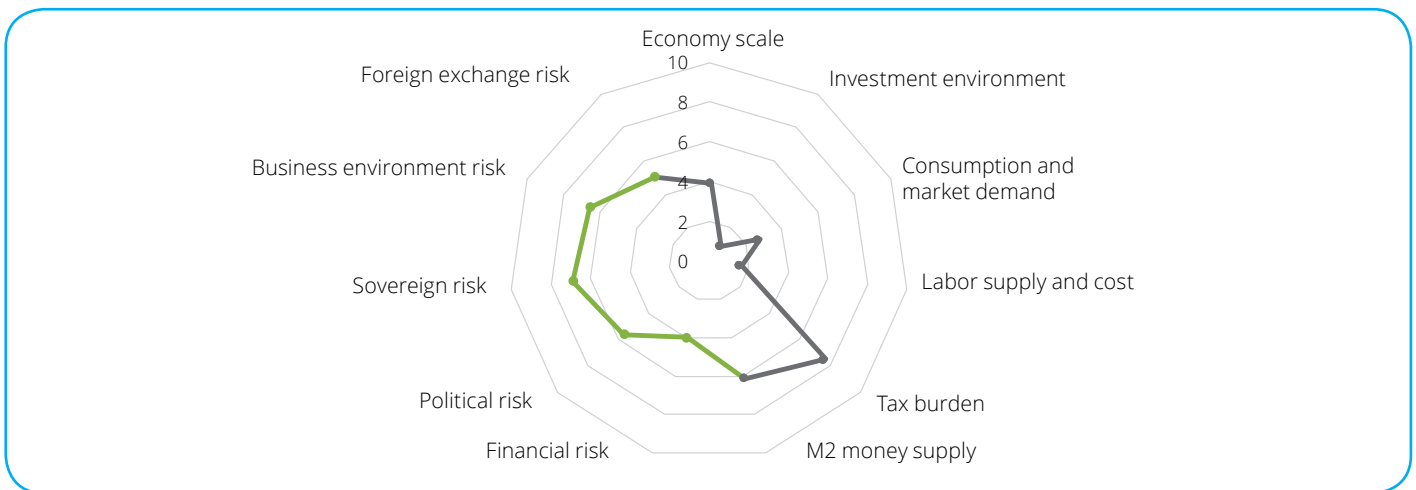
According to the National Development and Integration Strategy (2014-2020), infrastructure construction mainly focus on transportation, energy, water supply and drainage, and information and communication. In recent years, Chinese companies have become increasingly active in these fields. China Construction Co., China Power Construction Group International Engineering Co., China Communications Construction Co., China Gezhouba Group Overseas Investment Co., Northern International Cooperation Co., Power Technology Equipment Co. have tracked infrastructure projects including transportation and energy in Albania. Everbright has acquired the franchise rights to Tirana International Airport until 2025 and Chinese companies have participated in the construction of Shengjin Port in northern Albania.

16) Bosnia

(1) Investment Advice

Overall, investment in Bosnia and Herzegovina's is moderately attractive. Its macroeconomic indicators are mid-range among the BRI countries. In tax burden and money supply, Bosnia and Herzegovina performs well. Overall investment risk is quite high, with elevated financial risk and foreign exchange risk. Investors should focus on manufacturing and energy.

Figure 84: Bosnia and Herzegovina Investment Attractiveness Score



(2) Country Profile

Bosnia and Herzegovina is located in the central and western Balkans. Its south, west and north border Croatia, and the east is adjacent to Serbia and Montenegro. Located in the hinterland of Central and Eastern Europe, Bosnia and Herzegovina is regarded as the Back Garden of the EU. Most of its land is in the Dinara Plateau and Sava River Basin, and it touches the Adriatic Sea to the south with a coastline of only about 21.2 km. Its southern regions have a Mediterranean climate, with a continental and mountainous climate in the middle of the country and a temperate continental climate in the north. Bosnia and Herzegovina consists of the Federation of Bosnia and Herzegovina (about 51% of territory) and the Republika Srpska (about 49% of territory) and Brčko District. The territory of Bosnia and Herzegovina is 51,000 km². In 2017, the total population was 3.51 million, of which the Bosnians account for 50.1%, Serbians 30.8% and Croatians 15.4%. They follow Islam, Orthodox Christianity and Catholicism. The official languages are Bosnian, Serbian and Croatian.

Bosnia and Herzegovina is rich in natural resources. With mineral, water and forest resources, it has quite substantial economic development potential. With huge underground coal reserves, Bosnia and Herzegovina plans to vigorously develop its coal and electricity industry and export to European markets. Its forests are rich in resources. The wood processing industry is developed, with wood products of one of Bosnia and Herzegovina's main export commodities.

(3) Macroeconomic Indicators

The overall macroeconomic attractiveness of Bosnia and Herzegovina is moderate.

Its scale of economy score is low. In 2017, Bosnia and Herzegovina's GDP was about USD18.05 billion and per capita GDP was USD5,148, mid-range among BRI countries. The GDP growth rate is expected to be about 3.7%.

Bosnia and Herzegovina's investment environment score is also quite low, with FDI of only USD460 million and

fixed asset investment of USD2.9 billion in 2017.

Its consumption and market demand score is mid-range. In 2017, imports and exports accounted for 94.6% of GDP, quite small. However, its Gini coefficient is about 0.4, indicating an appropriate national wealth gap. Consumer inflation is extremely low and stable at about 1.2% in 2017.

Its labor supply and cost score is low. Labor is scarce. In 2017, the national labor force was only 1.4 million, lower than the previous year, with increasing population loss. In 2017, the unemployment rate was as high as 26.1%, the highest in Europe. Bosnia and Herzegovina has among the lowest purchasing power of countries in Europe. The proportion of labor with higher educations is limited. Bosnia and Herzegovina is therefore more suitable for labor-intensive industries, and less attractive for high-end industries.

Bosnia and Herzegovina has a high tax score. According to the latest statistics from the World Bank, total tax on business profits in Bosnia and Herzegovina is 23.7%, better than in most BRI countries.

Its money supply score is quite high. In 2017, M2 accounted for 70.6% of GDP. The interest rate difference between domestic deposits and loans was 3.2%. The money market is quite stable.

(4) Risk Indicators

Overall investment risk in Bosnia and Herzegovina is quite high.

Financial risk is high. The 2017 Banking Risk Assessment Index of Bosnia and Herzegovina reached 0.6, low among BRI countries. Foreign debt accounted for 51.9% of GDP, and foreign exchange reserves in 2017 were only USD5.37 .

Political risk is moderate. Bosnia and Herzegovina's political stability and legal environment scores are moderate. However, due to civil war from 1992 to 1995, weaponry is scattered among residents. Cases of theft and robbery have edged up in recent years. There are many mountainous areas in Bosnia and Herzegovina with poor access. Therefore, despite the good security environment, investors in Bosnia and Herzegovina should pay attention to personal, transport and property safety.

Sovereign risk is high. Bosnia and Herzegovina's sovereign credit rating is B3. Public debt is 73.6% of GDP.

Its business environment score is moderate. Ease of foreign companies entering the local market, contract performance, the cost of establishing a business, and government efficiency are average. The average time required to enforce a contract is about 595 days. The cost of establishing a

new business is equivalent to 14.9% of per capita gross national income, high among BRI countries.

Foreign exchange risk is high. The mark, the currency of Bosnia and Herzegovina, is linked to EUR, with a fixed exchange rate. The BAM:USD exchange rate is quite stable. However, freedom of foreign exchange is not high. In 2017, Bosnia and Herzegovina had a Chinn-Ito score of 0.2, slightly lower than the previous year.

(5) Key Industries

In the key BRI industries, Bosnia and Herzegovina is relatively underdeveloped. Manufacturing has some advantages. The coal-fired thermal power sector has gained recent attention from Chinese investors.

Manufacturing: The growth rate of the manufacturing industry in Bosnia and Herzegovina reached 8.2% in 2017, quite high among BRI countries. Metal processing is one important industry. Before the war (which started in 1992), metalworking in Bosnia and Herzegovina contributed 12% of GDP. After the war (since 1995), the contribution rate dropped to 3%. Metal processing, the pillar industry, now accounts for 20% of manufacturing industry. Exports of metal-processed products make up about 50-60% of production. The main products of the metal processing industry are steel, electrolytic aluminum and alumina, lead, zinc and copper processing products.

Bosnia and Herzegovina is also rich in forestry resources, with a forest coverage rate as high as 63%. In 2017, the output value of forestry and timber processing accounted for 1.9% of Bosnia and Herzegovina's GDP, with more than 60% exported to Germany, Italy and other EU countries. With a large number of skilled forestry workers and cheap labor in timber

processing, Bosnia and Herzegovina has certain labor cost and raw material advantages.

There are four free trade zones in Bosnia and Herzegovina. The preferential and convenient treatment enterprises in the zone can enjoy include exemption from VAT and import tariffs (including imported equipment for self-use), free transfer of investments and profits, and exemptions from various investment transfer fees.

In addition, in recent years, Chinese companies have been more active in coal-fired power generation in Bosnia and Herzegovina, given there are huge untapped coal resources. Bosnia and Herzegovina has proven reserves of 5.5 billion tons of coal, including 2 billion tons of peat lignite and 3.5 billion tons of block lignite. The two types of lignite have combined recoverable reserves of 2.6 billion tons. However, the infrastructure of Bosnia and Herzegovina is still relatively underdeveloped and needs to be upgraded.

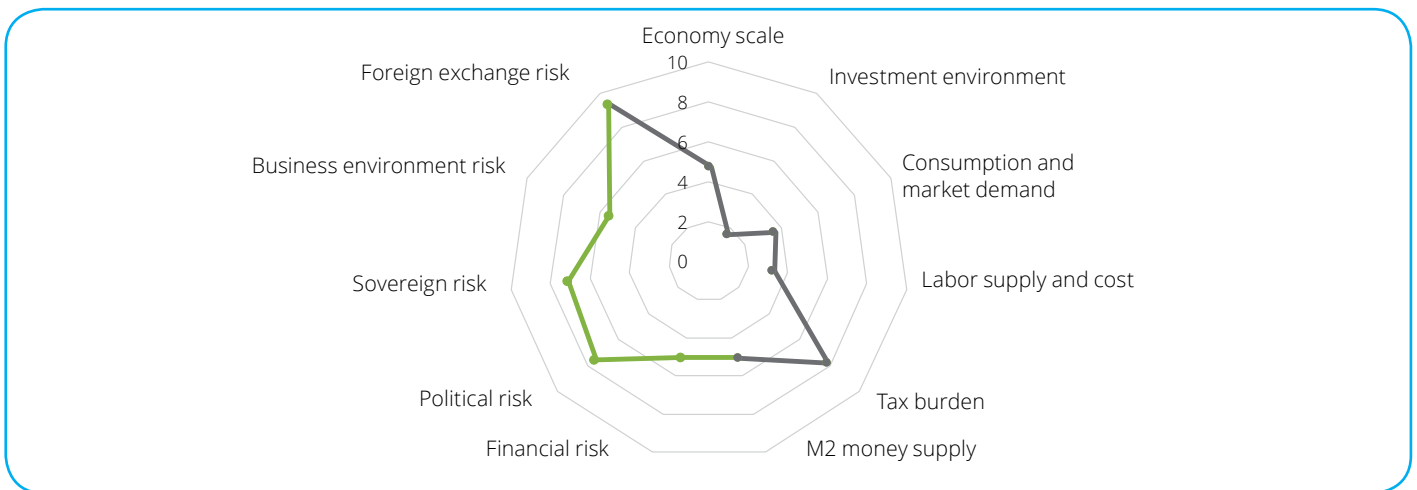
In November 2017, China Energy Construction signed a loan agreement for the Tuzla 7 thermal power project, the largest power project undertaken by a Chinese company in Central and Eastern Europe. In August 2018, the warranty period of a 300,000-kilowatt standard thermal power station project contracted to Dongfang Electric Company ended and was handed over to the owner. This was the first infrastructure project completed by a Chinese company in Bosnia and Herzegovina.

17) Cyprus

(1) Investment Advice

Overall, Cyprus's investment attractiveness is quite high. The macroeconomic indicators are high among BRI countries, with strong performance in tax burden and money supply. Although overall investment risk is low, business environment risk is quite high. Investors should focus on the ICT industry and transportation infrastructure.

Figure 85: Cyprus Investment Attractiveness Score



(2) Country Profile

Cyprus, in the northeastern Mediterranean Sea, is located in the sea traffic arteries of the three major continents of Asia, Africa and Europe. It is the third largest island in the Mediterranean after Sicily and Sardinia, with an area of 9,251 km². It faces Greece, Turkey, Syria, Lebanon, Israel and Egypt across the sea. Cyprus has a subtropical Mediterranean climate with dry and hot summers, mild and humid winters, and short springs and autumns. It has about 300 days of sunshine a year. The rainy season usually runs between November and March of the following year. The average temperature in winter is 18-20°C, and the average summer temperature is 34-36°C.

The population of Cyprus is about 1.18 million, mainly Greek and Turkish. Cyprus is divided into South and North, with the south government-controlled area. The main religions are Orthodox Christianity and Islam. The official languages are Greek and Turkish. English is generally used.

Cyprus joined the EU in May 2004 and the Eurozone in January 2008.

(3) Macroeconomic Indicators

Its scale of economy score is quite high. In 2017, the GDP was about USD22 billion or USD25,000 per capita, with growth of 4.2%. Growth is expected to remain at about 3.9%.

Its investment environment score is high. FDI in 2017 was USD11 billion. With a superior geographical position, low tax rates, developed financial services and fewer restrictions than elsewhere, Cyprus has become one of the most important areas of FDI from Europe, at 87% of the total. From 2016 to 2017, fixed asset investment rose 57% to USD5.5 billion.

Its consumption and market demand score is high. Although Cyprus has a small population, its per capita national income is quite high, at about USD24,000 in 2017. In 2017, imports and exports accounted for 133.6% of GDP, quite high. Its Gini coefficient suggests the national wealth gap has

no significant negative impact on the economy. Consumer price inflation is low, at 0.6% in 2017.

Its labor supply and cost score is quite low. In 2017, the labor force in Cyprus was only about 620,000, with higher education participation of 43.6%, and unemployment of about 10.4%, some of the weaker figures among BRI countries.

Its tax burden score is quite high. According to the World Bank, total tax on commercial profits in Cyprus is about 22.2%, indicating a low tax burden.

Its money supply score is relatively low. The interest rate difference between domestic deposits and loans is low, at 2.8% in 2017.

(4) Risk Indicators

Overall, Cyprus has a relatively low investment risk.

Financial risk is moderate. Cyprus has a moderate banking risk score of 0.4 (as of 2017). Total foreign exchange reserves were about USD890 million, and foreign debt was 526% of GDP, making it among the lower ranking BRI countries.

Political risk is low. Cyprus's political stability index is at 0.6 and the legal environment index is at 1.0. Political situation is stable and legal environment is sound.

Sovereign risk is moderate. Moody' assigned Cyprus a sovereign credit rating of Ba3 in 2017. Public debt accounts for 102% of GDP and the fiscal deficit was 0.9%, which is small.

Business environment risk is high. It is relatively easy for foreign investors to enter the local market, but contract performance is difficult, with the average time required to enforce a contract exceeding 1,100 days. Government efficiency is low among BRI countries.

Foreign exchange risk is low. Cyprus has joined the Eurozone and the legal currency is the euro. The RMB and the euro can be settled directly. Its Chinn-Ito Financial Openness Index is at 0.9. The EUR:USD exchange rate fluctuated by 0.1% in 2017/18.

(5) Key Industries

Cyprus has developed tertiary industry, including financial services, real estate and tourism. Their total output value accounts for 85.5% of GDP. Among the key industries of the BRI, investors should focus on IT and transportation infrastructure.

IT: Cyprus has a high degree of informationization. In 2017, the national network penetration rate reached 74.4%, and the coverage of secure network servers was high among BRI countries. In October 2015, the government announced it would build Cyprus's first Science and Technology Park and turn Cyprus into a regional center for the integration of production, education and research and high-tech enterprises. As of the end of 2017, the project is seeking investment from multiple parties, and warrants investors' attention. In April 2017, Guangdong Dahua Intelligent Technology Co. acquired a satellite orbiting company in Cyprus for USD73 million. In March 2018, Zhejiang Jinke Culture Co. acquired the Talking Tom Cat game development company, which is managed and operated in Cyprus, for USD1 billion.

Transportation infrastructure:

Cyprus is a major transportation hub for Asia, Africa and Europe, with developed air and sea transportation. In recent years, the government has been committed to improving infrastructure, creating a new generation of digital networks, building secure electronic communication networks and infrastructure, broadening the air transport network, and forming a modern three-in-one transportation layout encompassing sea, land and air.

Cyprus also vigorously supports the development of shipbuilding. The operating income of ships registered in Cyprus and the dividends from ship-owning enterprises are all exempt from tax. Chinese investors should focus on investments in the digital upgrading of transportation.

In recent years, Chinese enterprises have become increasingly active in Cyprus's transportation infrastructure. In January 2016, HVAC Holdings, a subsidiary of AVIC, acquired a 49% stake in Cyprus Deep Blue Airlines with an investment of approximately EUR34 million.

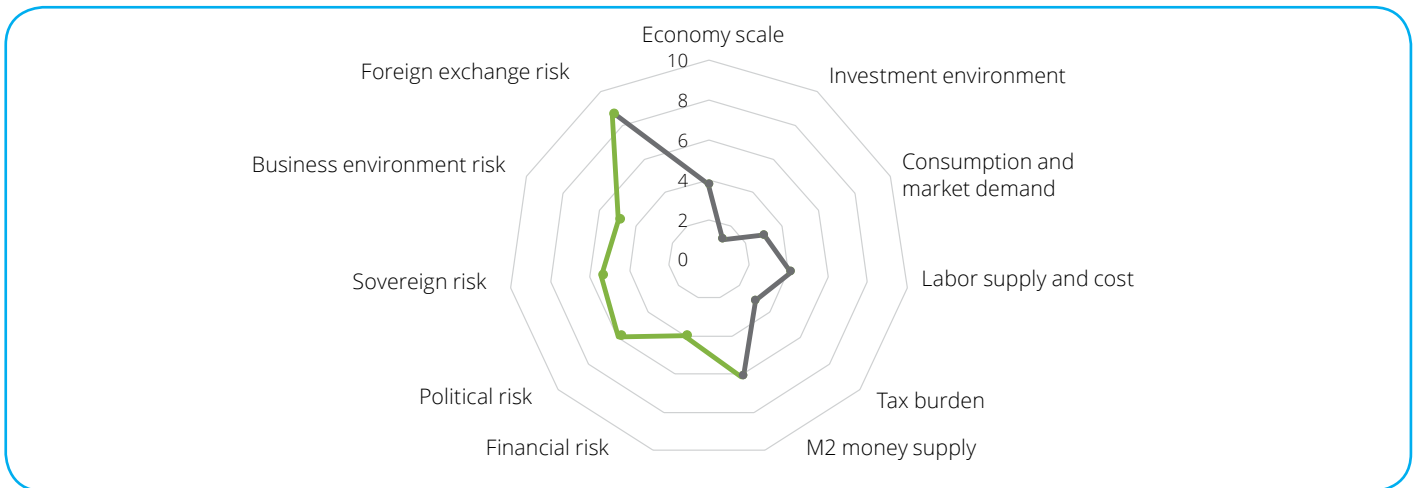


18) Greece

(1) Investment Advice

Overall, Greece's investment attractiveness is quite low. Macroeconomic indicators are low, although money supply, labor supply and cost perform well. Overall investment risk is moderate, but financial risk, sovereign risk and business environment risk are quite high. Investors should focus on ICT, transportation infrastructure and energy.

Figure 86: Score Greece Investment Attractiveness



(2) Country Profile

Greece is at the southernmost tip of the Balkans in Europe, bordering Bulgaria, Macedonia and Albania to the north, Turkey to the northeast, the Ionian Sea to the southwest, the Aegean Sea to the east, and Africa to the south. The coastline is about 15,021 kilometers long and the territorial sea is 6 nautical miles wide. Greece has a land area of 131,957 km², of which 15% consists of islands. Greece has a subtropical Mediterranean climate, consisting of cold and humid winters with temperatures of 0-13°C, and dry and hot summers with temperatures of 23-41°C.

The Greek population is about 10.76 million. People are concentrated in Athens and Thessaloniki. Overseas Chinese, of which there are nearly 20,000, also live mainly in Athens and Thessaloniki. The official language is Greek. English is widely used.

Greece is a member of the EU and NATO and has substantial influence in the Balkans.

(3) Macroeconomic Indicators

Its scale of economy score is quite low. In 2017, Greece's GDP was about USD220.3 billion, or USD19,000 per capita. Greece's GDP growth rate was only 1.4% in 2017, and it is expected to stay at about 1.8%.

Its investment environment score is quite high. In 2017, FDI amounted to USD3.6 billion, mainly in service industries such as telecommunication, finance, trade, real estate and tourism. Fixed asset investment in 2017 was USD26.4 billion, up 17% from 2016.

Its consumption and market demand score is quite high. In 2017, per capita national income of Greece was quite high at USD18,000. Imports and exports accounted for 67.5% of GDP, quite small. Consumer price inflation is low, at 1.1% in 2017.

Its labor supply and cost score is quite high. In 2017, the labor force in Greece was about 490,000, and the unemployment rate was about 21.4%. The higher education level and quality of the labor force are high.

Its tax burden score is low. According to the World Bank, total tax on Greek commercial profits is about 51.9%, a high tax burden.

Greece's money supply score is moderate. M2 accounted for 78% of GDP and the growth rate was about 6.4% in 2017. The interest rate difference between domestic deposits and loans was 4.4%, mid-range among BRI countries.

(4) Risk Indicators

Overall, Greece's investment risk is moderate.

Financial risk is high. In 2017, the banking risk assessment index reached 0.6. Total foreign exchange reserves were about USD760 million, and foreign debt accounted for 223.5% of GDP, both among the weaker figures of BRI countries.

Political risk is low. Greece's political stability index is at 0.1 and the legal environment index is at 0.2. The political situation is generally stable.

Sovereign risk is high. Moody's gave Greece's a sovereign credit rating of B3 in 2017. Public debt accounts for 184.5% of GDP. The current public finance structure, with a small fiscal deficit of 1.3%, is not conducive to promoting growth.

Business environment risk is high. It can be difficult for foreign businesses to enter the local market. Contract performance is also difficult, with an average enforcement period of more than 1,580 days. Government efficiency is low among BRI countries.

Foreign exchange risk is low. The Euro is the legal tender in Greece. Its Chinn-Ito score is 0.8.

(5) Key Industries

In the key BRI industries, Greece's transportation infrastructure is developed. Energy and telecommunications are the focus of a three-year cooperation plan between the Greek government and China's National Development and Reform Commission.

Transportation infrastructure:

Thanks to its developed maritime industry, Greece's logistics performance and port infrastructure quality ranked among the top BRI countries in 2017.

In 2017, Greece had 4,199 ships with a deadweight tonnage of 310 million tons, accounting for 16.7% of the world's total tonnage, ranking 1st in the world. Maritime transport was the first area in which China and Greece developed economic and technological cooperation. The two countries have carried out comprehensive cooperation in marine transportation, shipbuilding, ship repair, crew labor and ship registration. In 2016, Cosco Shipping Group took over the port of Piraeus, the largest container terminal in Greece. It has become the fastest growing port in the world. Cosco shipping has built 55 shipping routes to Piraeus, making it an important meeting point of the road and maritime Silk Roads. It plays an important role in the fast land-sea line between China and Europe, providing great convenience for the trade and transportation by Chinese enterprises.

Greece is of great strategic significance in the proposal for China's Maritime Silk Road. Chinese enterprises have broad prospects in the development of the Greek maritime industry. In addition, the Greek government is actively upgrading infrastructure construction. So far, it has announced 28 large-scale construction projects, including railways, ports, airports and subways, most of which are under PPP cooperation, which warrants the attention of Chinese enterprises.

IT: In May 2017, China and Greece signed a 2017-2019 cooperation plan, which listed transportation, energy and communication as three key areas of cooperation. Greece is actively promoting next generation network construction, mainly fiber optic cable laying, internet access speed improvements and the strengthening of network construction in remote areas. As representatives of China's IT

sector, ZTE and Huawei have actively participated in the construction of Greece's communications sector, helping Greece build a Smart City and upgrade its IT infrastructure. At the 12th meeting of the China-Greece Joint Committee on Science and Technology Cooperation in 2018, the two sides agreed to strengthen cooperation in electronic information, science and technology parks and technology transfer.

Energy: Greece is ramping up its power grid, aiming to turn the country into an energy hub in Southeastern Europe and meet the goal of generating 18% of electricity from renewable sources by 2020.

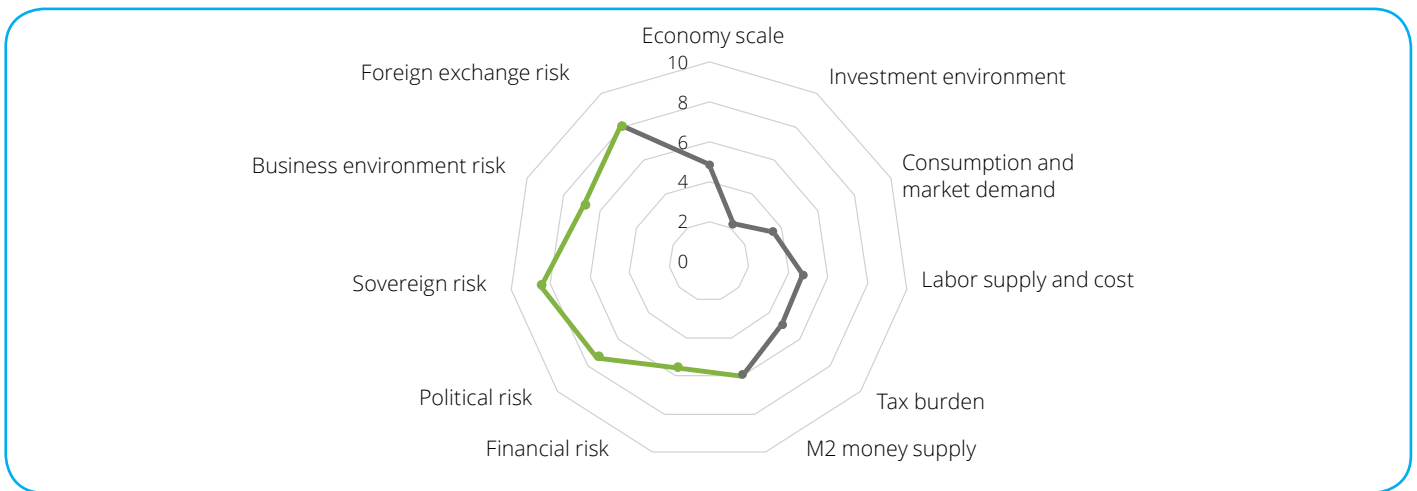
From 2019, depending on the actual development, Greece will invite bids for two 800MW wind or solar power projects, with a total of 2,600MW and total investment of EUR2.5-3 billion. In 2017, State Grid Corporation of China acquired a 24% stake in the independent power transmission network company affiliated to the Greek public power company. It will participate in Greek power grid transformation, operation and maintenance projects. In recent years, China National Energy, Shenhua Group, Sinovel Wind Power, Three Gorges International Energy, China Energy Construction Gezhouba International and China New Era have invested in several new energy power businesses in Greece.

19) Poland

(1) Investment Advice

Overall, Poland's investment attractiveness is high. Poland's macroeconomic attractiveness is quite high among BRI countries. Its scale of economy and tax burden perform well. Overall investment risk is low, although financial risk and business environment risk are quite high. Investors should focus on manufacturing and transportation infrastructure.

Figure 87: Poland Investment Attractiveness Score



(2) Country Profile

Poland is in Central Europe, bordering Germany to the west, the Czech Republic and Slovakia to the south, Russia, Lithuania, Belarus and Ukraine to the east and the Baltic Sea to the north. The coastline is 528 kilometers long and the land area is about 310,000 km². Poland has a temperate forest climate that transitions to a continental climate. The climate is mild, with a cold and humid winter of -10-5°C on average, a pleasant spring and autumn with abundant rain, and a cool summer which averages 15-24°C.

The total population of Poland is about 37.98 million, within which Polish people account for about 98%, and Germans, Belarussians, Ukrainians, Russians, Lithuanians, Jews and other ethnic minorities account for the rest. The official language is Polish.

Poland joined the WTO in 1995, NATO in 1999, the EU in 2004, and the Schengen Area in 2007.

(3) Macroeconomic Indicators

Its scale of economy score is quite high. In 2017, Poland's GDP was about USD526.5 billion, or USD14,000 per capita. In 2017, GDP growth was 4.8%. It is expected to be steady at about 3.8%.

Its investment environment score is high. In 2017, FDI was USD10.7 billion. Poland absorbs more FDI than any other country in Central and Eastern Europe. Fixed asset investment in 2017 was USD106.5 billion, up 25% from 2016.

Its consumption and market demand score is high. In 2017, the per capita national income of Poland was about USD13,000. Imports and exports accounted for 104.6% of GDP, quite high. Final household consumption expenditure was USD308.5 billion, indicating sufficient domestic demand.

Its labor supply and cost score is high. In 2017, the labor force in Poland was about 18.17 million people, and unemployment was only about 4.4%. Moreover, higher education participation and the quality of the labor force are excellent.

Its tax burden score is quite low. According to the World Bank, total tax on commercial profits is about 40.7%, indicating a high tax burden.

Its money supply score is moderate. M2 accounted for 66.6% of GDP in 2017, with growth of about 4.7%. The interest rate difference between domestic deposits and loans was 3.3%, mid-range among BRI countries.

(4) Risk Indicators

Overall, Poland has low investment risk.

Financial risk is low. In 2017, the Polish banking risk assessment index was at 0.3. Total foreign exchange reserves reached USD119.5 billion, and foreign debt accounted for 66.6% of GDP, both performing well among BRI countries.

Political risk is low. Poland's political stability index of 0.5 and legal environment index of 0.9 indicate a stable political situation and sound social and legal environment.

Sovereign risk is low. Moody's rated Poland's sovereign credit at A2 in 2017. Public debt was moderate at 53.8% of GDP and there was a small fiscal deficit of 2.3%.

Business environment risk is moderate. The government has a positive attitude toward foreign investment. It establishes special economic zones, and provides preferential investment policies, which make it relatively easy for foreign business to enter the local market. However, difficulty in performing contracts, the high cost of establishing a business, and low government efficiency create some business environment risk.

Foreign exchange risk is low. The Polish currency is the Zloty. The PLN:USD exchange rate is quite stable. In addition, freedom of foreign exchange is very high, with a Chinn-Ito Financial Openness Indicator of 0.7.

(5) Key Industries

Among the key BRI industries, Poland's manufacturing and transportation infrastructure warrant attention.

Manufacturing: Thanks to its low cost, high-quality labor force, and geographical advantage connecting Eastern and Western Europe, Polish manufacturing has good momentum. In 2017, the added value of Poland's manufacturing sector accounted for 17.6% of GDP, with growth rate of 6.1%, ranking high among BRI countries.

In 2016, the automobile industry contributed 10% of Poland's manufacturing output, 90% of which was exported. Poland is a manufacturing center for leading international automobile and auto parts manufacturers, and has formed a complete automotive industrial chain. The production capacity of Polish automobile enterprises is quite strong, and about 500 OEM enterprises have obtained ISO/TS16949 quality management system certification. Krakow's Delphi is the largest R&D center in Poland, with more than 1,000 engineers. World famous auto parts manufacturers, including Tenneco, Trina, Valeo, Faurecia, Wipac, Eaton and Mercedes, also have R&D facilities in Poland.

Poland's electronics industry has developed rapidly in recent years. Poland has become an important producer of television monitors, liquid crystal displays, and household appliances of many brands.

According to Poland's 2011-2020 plan for the national economy, investors in priority areas such as automobiles (especially electric vehicles), electronics and household appliances can apply for central government funding. In February 2018, the government said it planned to expand its special economic zones to the whole of Poland to further enhance investment attractiveness, and make preferential tax policies more favorable to projects to enhance regional competitiveness and innovation capacity.

Chinese enterprises such as Guangxi Liugong, Hubei Sanhuan, TCL, TPV Electronics, Shengli Technology, Yuncheng Plate Making Group, Dalian Daren, CIMC, Hongbo New Energy and BMI are all involved in the Polish manufacturing industry. In 2017, NUCTECH invested in and built a factory in Poland, aiming to build an important production base for professional security equipment in Europe, marking the first greenfield investment project by a Chinese high-tech enterprise in Poland.

Transportation infrastructure: In recent years, Poland has increased investment in infrastructure to improve the operation capacity of transport network and port facilities. In transportation infrastructure, although Poland ranks high among BRI countries, there is still a gap between Poland and longstanding EU members. Poland's railway network is badly degraded, with about a third of railway lines speed limited or shut down for technical reasons, and another third in need of maintenance.

In February 2016, the new government proposed the Luxtorpeda 2 project under a responsible development plan that aims to design and build urban public transportation, highways and low-carbon transportation such as subways and an urban express railway connecting Warsaw and Lodz. To integrate Poland's network into the European transport infrastructure network, the government has loosened regulations on infrastructure investment and limited investment in infrastructure that damages the environment.

In water transport, the Batory Project, proposed under the Strategy for Responsible Development, includes cooperation with foreign partners to build Polish passenger ferries, making the Polish shipbuilding industry stronger and more advanced. Poland's shipbuilding law, which came into force in 2017, offers a VAT exemption on the production of parts and components for many types of ships, giving shipbuilders a choice between paying 19% corporate income tax and a new 1% fixed business tax.

In air transport, the government is looking for investors in LOT, one of Poland's national airlines. Poland is interested in closer cooperation with China in developing the Far East and European aviation markets.

Generally, the investment potential for Chinese-funded enterprises in the transportation industry is quite large. However, the Polish contracted engineering market is relatively mature, and Chinese-funded enterprises have entered the market quite late. Chinese investors should be careful and prudent in preliminary research as well as their assessment of laws and regulations, and should take an active but steady approach in opening up to the Polish market.

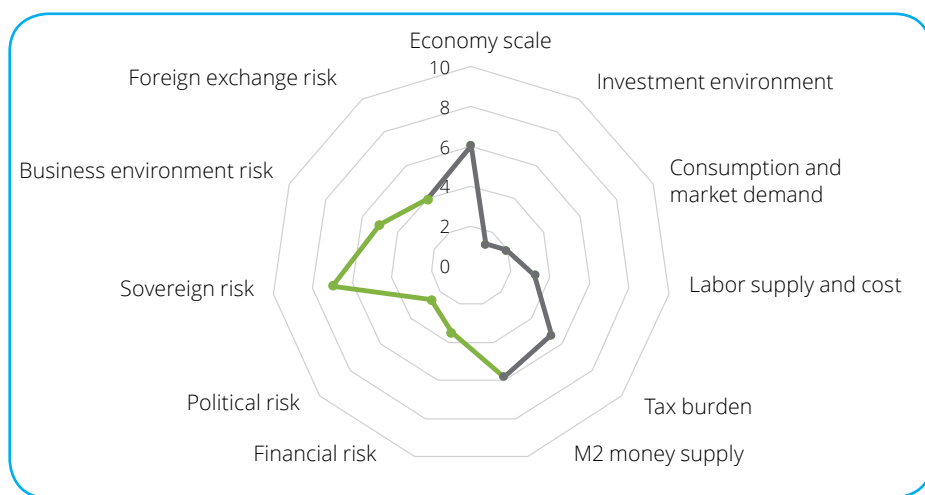
6. Africa

1) Ethiopia

(1) Investment Advice

Overall, Ethiopia's investment attractiveness is relatively low. With good performance in scale of economy and investment, Ethiopia's macroeconomic attractiveness is quite high. However, overall investment risk is high, particularly financial risk and political risk. Investors should focus on manufacturing and agriculture.

Figure 88: Ethiopia Investment Attractiveness Score



(2) Country Profile

Ethiopia is a landlocked country in Northeastern Africa with a land area of approximately 1.1 million km², bordering Djibouti and Somalia to the east, Sudan and South Sudan to the west, Kenya to the south, and Eritrea to the north. Plateaus account for two-thirds of the country's total area and it has an average elevation of nearly 3,000 meters. It is sometimes described as the Roof of Africa.

With a total population of about 100 million (2017), Ethiopia is the second largest country in Africa. There are more than 80 ethnic groups in the country, including 40% Oromos and 30% Amharas. Some 45% of residents follow Ethiopian Orthodoxy, 40%-45% follow Islam, 5% follow Protestantism and the rest follow local religions. The language of work in federal institutions is Amharic, the common language is English, and the main national languages are Oromo and Tigray.

Ethiopia is a member of FOCAC (the Forum on China-Africa Cooperation).



(3) Macroeconomic Indicators

Ethiopia's macroeconomic attractiveness is high.

Ethiopia's scale of economy score is high. Ethiopia's GDP is about USD80.56 billion, or USD707 per capita. Driven by national urbanization, Ethiopia has experienced strong economic growth in recent years, leading African countries with growth rate of 10.3%. GDP is expected to grow at 9%.

Its investment environment score is high. In 2017, FDI in Ethiopia reached USD4.02 billion, and fixed asset investment was USD30.76 billion. In recent years, China-Ethiopia cooperation has continued to deepen. China has become Ethiopia's largest trading partner, the largest source of investment and the largest project contractor. By the end of 2017, China had directly invested more than USD2.3 billion in Ethiopia.

In 2018, the Ethiopian government revised the investment law and its implementation measures. The new regulations focus on modifying preferential policies for foreign investment, comprehensively evaluating the business performance of foreign-invested enterprises, and taking a results-oriented approach to determining preferential investment preferential policies. The new law is expected to take effect in 2018/19.

Ethiopia has a low consumption and market demand score. In 2017, Ethiopia's per capita national income was low at only USD740. Final household consumption expenditure was about USD51.17 billion. Its Gini coefficient of 0.47 indicates a large income gap among Ethiopian nationals. The overall economy is not highly dependent on foreign trade, with imports and exports accounting for 31.5% of GDP. In 2017, inflation rate is as high as 7.3%.

Ethiopia has a low labor supply and cost score. In 2017, the national labor force in Ethiopia was about 53.29 million. In recent years, the unemployment rate has remained at about 5.3%, and the proportion of people with higher educations has been about 10.7%.

Ethiopia has a low tax score. According to World Bank statistics, total tax on Ethiopian corporate profits is about 37.7%, and the overall corporate tax burden is quite high.

Its money supply score is moderate. M2 accounts for about 34% of GDP, and is growing rapidly at about 30%. The interest rate difference between domestic deposits and loans is quite high, at about 7%.

(4) Risk Indicators

Overall, Ethiopia has high investment risk.

Financial risk is quite high. Domestic financial institutions provide 36.9% of the financial sector credit. External debt is small, accounting for 38.9% of GDP. Foreign exchange reserves are sufficient, at about USD3.11 billion.

Political risk is high. According to the World Bank, the political stability and legal environment of Ethiopia have relatively low scores.

Sovereign risk is high. In 2017, Moody's rated Ethiopia's sovereign credit at B1, which is low. Public debt accounts for a high proportion of GDP, reaching 59.1%. The government is in deficit.

Business environment risk is high. It is difficult for foreign businessmen to enter the local market, and the cost of establishing enterprises is high, equivalent to 52.7% of per capita gross national income, second only to Tanzania among African countries. Contract performance is below average, with enforcement taking more than 530 days on average. In addition, government lacks efficiency.

Foreign exchange risk is high. Since the government depreciated the local currency, the birr, by 15% in November 2017 to curb inflation and stimulate exports, exchange rates have fluctuated sharply. In addition, the country's freedom of foreign exchange is not high, with a Chinn-Ito score of 0.17. Ethiopia has foreign exchange controls. Foreign enterprises can open foreign currency accounts at local banks, and they can remit freely, but cannot withdraw cash. Foreign exchange remittances as capital inputs must be filed with the National Bank of Ethiopia, and corporate profits and shares can be remitted after approval procedures. In recent years, the Ethiopian government has gradually relaxed foreign exchange controls.

(5) Key Industries

In the key BRI industries, agriculture and manufacturing are worthy of attention. According to the government's development plan, energy, especially renewable energy, has great potential for development.

Agriculture: In 2017, Ethiopia's arable land area reached 15.12 million hectares, and the crop production index and food production index ranked among the top BRI countries. Agriculture is the mainstay of Ethiopia's national economy and exports. The added value of agricultural production accounts for 34.8% of GDP. Agricultural product exports account for about 80% of total exports, with coffee and oilseeds the main products.

In recent years, due to the government's abolition of an agricultural product monopoly, the relaxation of price controls, encouragement of small agricultural loans, promotion of agricultural technology and the use of chemical fertilizers, food production has increased. But the level of agricultural mechanization is still low.

Ethiopian farmers and herdsmen account for more than 85% of the total population, and are mainly engaged in planting and animal husbandry, with some fisheries and forestry. Cereal crops such as maize and wheat account for 84.2% of the output of food crops. Cash crops include coffee, where Ethiopia is at the forefront among African countries with annual output in 2016/17 of about 350,000 tons, chia, flowers, oil and cotton. Cereal crops such as maize and wheat account for 84.2% of food crop output. Foreign exchange earnings through coffee exports account for about 25% of Ethiopia's export income, and 15% of global exports. In recent years, flower cultivation and exports have grown substantially, with flower export volume leaping to second place in Africa. Sugar cane is becoming the main agricultural product. The government plans to make Ethiopia the largest sugar production and export base in Africa.

Ethiopia is also a large animal husbandry country. Grazing land accounts for more than 50% of the country's territory. Husbandry is mainly based on family livestock, which is of low resilience, with output value at about 20% of GDP and production representing 30% of the labor force. Ethiopia's total number of livestock ranks first in Africa and 10th in the world.

Potentially, fishing in Ethiopia could produce about 40,000 tons, but it has not yet been commercialized.

Based on good agricultural conditions, Ethiopia's agriculture and agricultural product processing industries have great potential for development, and the government has introduced preferential tax policies.

Manufacturing: Although the added value of Ethiopian manufacturing in 2017 only accounted for 5.6% of GDP, manufacturing growth was as high as 17.4%, ranking among the top BRI countries.

Ethiopia's manufacturing sector is dominated by food, beverages, textiles, leather processing, steel and automobile assembly. According to Ethiopia's 2015 development and implementation of GTP II (the second five-year Growth and Transformation Plan), the government plans to restructure the economy, increase the contribution of industry to GDP to 22.3%, encourage the development of export-oriented and import-replacement industries, and promote vertical links between agricultural resources and industry.

To improve the development level of the manufacturing industry, the Ethiopian government plans to develop 100,000 hectares of industrial parks between 2016 and 2025. Development of projects under construction has so far exceeded expectations. The government is striving to build the country into a light industry development base in Africa by 2025. Well-equipped infrastructure, clean energy and high technology have attracted 15 manufacturers from China, the United States and other countries to settle in the park.

In recent years, Chinese enterprises have made significant investments in Ethiopia's manufacturing industry. Iconic projects include the China CAMC Engineering Co. sugar factory project, Jiangsu Sunshine's textile factory, Wuxi No.1 Cotton Mill's textile factory, Jiangsu Yongyuan's industrial park, the Ethiopia-Hunan industrial park (which also involves Egypt), Huajian's shoe factory, the Hansheng glass factory, Xintian Kuroda's leather products factory, Shenzhen-based

Transsion's mobile phone assembly plant, and Suzhou Orient's textile factory.

Energy: Ethiopia's current power supply basically meets domestic demand, but is still underdeveloped. The inconvenience of power facilities has impacted corporate investment. As of March 2018, Ethiopia has total installed capacity of 4,200 MW and plans to increase its power generation capacity to 17,347 MW by 2020. At present, it has earned foreign exchange through exporting electricity to neighboring countries such as Djibouti, Tanzania and Kenya, and plans to export electricity to Egypt, Tanzania and South Sudan in the future.

To achieve power supply and export targets, Ethiopia is actively developing new energy fields such as hydropower, geothermal, wind and solar energy, and encouraging inflows of capital and experience from various countries. To further attract foreign investment, Ethiopia allows foreign investors to purchase shares of Ethiopian Electric Power Corporation, which was previously monopolized by state-owned capital (the Ethiopian government will remain in control).

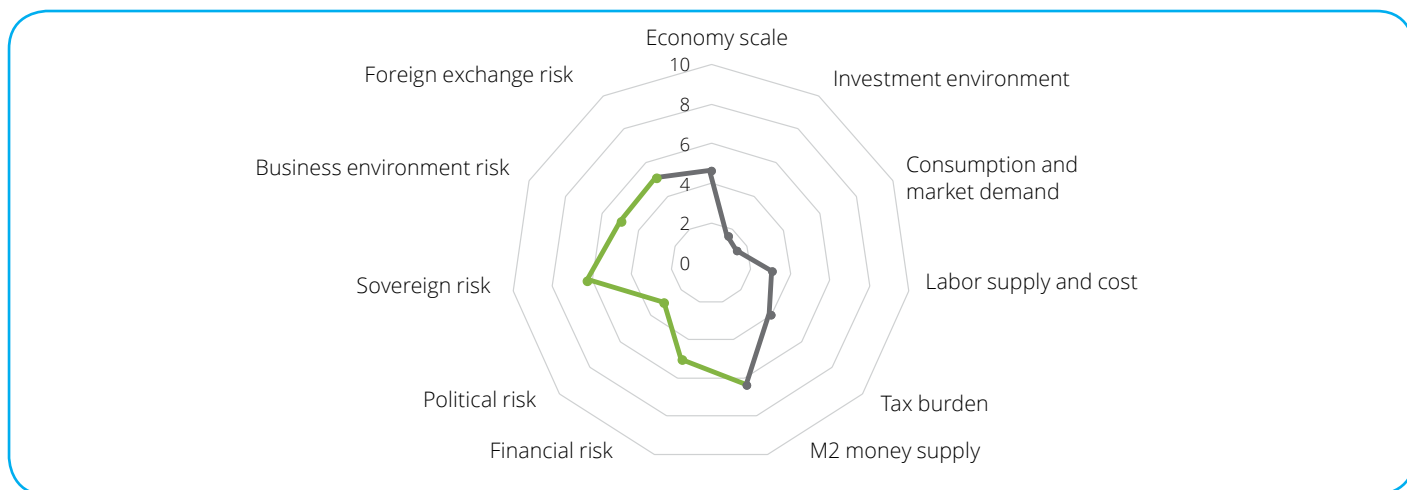
Ethiopia is promoting PPP in the infrastructure sector, but regulations have not yet been formed. In addition, China and Ethiopia have not yet formally signed an infrastructure cooperation agreement, so enterprises need to conduct their own research and negotiation in the early stages of investment. Large-scale energy projects by Chinese-funded enterprises include the GD-3 Hydropower Project by Gezhouba Group and China Hydropower Engineering Consulting Group Co., and the first wind energy project in Ethiopia, which was built by a China-overseas joint venture.

2) Egypt

(1) Investment Advice

Overall, Egypt's investment attractiveness is relatively low. Macroeconomic attractiveness is low among the BRI countries. The investment environment and money supply perform relatively well. Overall investment risk is high, particularly foreign exchange risk, business environment risk and political risk. Investors should focus on manufacturing and transportation infrastructure.

Figure 89: Egypt Investment Attractiveness Score



(2) Country Profile

Egypt touches Asia and Africa and covers an area of about 1,000,000 km². Most of the country is in Northeastern Africa. Only the Sinai Peninsula east of the Suez Canal is in Southwestern Asia. Egypt borders Libia to the west, Sudan to the south, the Red Sea, Palestine and Israel to the east, and the Mediterranean to the north. The coastline is about 2,900 kilometers long. It is dry throughout the country. The Nile Delta and northern coastal region have a Mediterranean climate with average temperatures of 12°C in January and 26°C in July. Most of the rest of the region has a tropical desert climate, hot and dry with temperatures reaching 40 °C in desert areas.

The total population of Egypt is about 110 million. The state religion is Islam, with Sunni accounting for 84% of the total population. The official language is Arabic.

Egypt is rich in natural resources and has proven oil, natural gas, phosphate, iron, manganese, coal, gold, zinc, chromium, silver, molybdenum, copper and talc reserves. In 2015, the largest natural gas field in the Mediterranean was discovered in the offshore waters of Egypt. Egypt has an open market economy, with complete industrial, agricultural and service systems. Service industry accounts for about 50% of GDP. The main sectors are light industry such as textiles and food processing. Its four major sources of foreign exchange earnings are oil and gas, tourism, remittances and the Suez Canal

(3) Macroeconomic Indicators

Egypt's overall investment score is low.

Scale of economy is moderate. Egypt's GDP was about USD235.4 billion in 2017, and it has maintained a growth rate of about 4.2% in recent years. Per capita GDP is about USD2,412. GDP is expected to grow at 5.6%.

Its investment environment score is high. In 2017, FDI in Egypt was about USD7.39 billion. Fixed asset investment was about USD41.67 billion .

Its consumption and market demand score is low. Per capita income was USD3,010, mid-low in the world. Household final consumption expenditure reached USD207.4 billion in 2017. Egypt's Gini coefficient of 0.4 indicates a reasonable national income gap. Imports and exports accounts for 45.1% of GDP. With the implementation of a floating exchange rate policy in early November 2016 and the sharp depreciation of the Egyptian pound, domestic market prices in Egypt have increased significantly. In 2017, inflation was as high as 29.5%.

Its labor supply and cost score is low. In 2017, the national labor force was about 31.87 million. In recent years, the unemployment rate has remained at about 11.8%. The overall quality of the workforce is high, with about 40.4% of people having higher educations, mid-high among BRI countries.

Its tax score is low. According to World Bank statistics, total tax on commercial profits is about 46.4%, indicating a heavy corporate tax burden.

Egypt's money supply score is high. In 2017, M2 accounted for 92.3% of GDP, with growth remaining at 21% in recent years, indicating active investment and markets. The interest rate difference between domestic deposits and loans is quite high, at close to 6.1%.

(4) Risk Indicators

Overall, Egypt has high investment risk.

Financial risk is low. Banking risk in Egypt is relatively low. The ratio of foreign debt to GDP is 38.5%, and foreign exchange reserves are sufficient, at USD44 billion.

Political risk is high. Since the political turmoil in Egypt in 2011, extremist forces in the Sinai Peninsula have continued to instigate violence. Since 2017, the security situation in Egypt has been complicated, and the government still struggles to counter terrorism. In addition, Egypt's legal environment score is at a low level.

Sovereign risk is high. Moody's gives Egypt's sovereign credit a B3 rating. Public debt accounts for nearly 89% of GDP. The country has an ongoing deficit crisis, with the budget for the 2018/19 fiscal year of EGP433.8 billion, equivalent to 8.4% of GDP, which is about 2% (EGP7.8 billion) more than that for 2017/18 (EGP430.8 billion).

Business environment risk is quite high. Egypt's ease of foreign entry into the local market, contract fulfillment, cost of setting up a business, and government administrative efficiency perform poorly. Contract enforcement takes about 1,010 days, and the cost of establishing a business is equivalent to about 40.3% of per capita gross national income.

Foreign exchange risk is high. In the past year, the exchange rate of EGP:USD exchange rate has been quite stable. The Central Bank of Egypt has imposed strict foreign exchange controls. However, according to a loan agreement reached between the IMF and Egypt in recent years, Egypt has gradually phased out foreign exchange control measures. In June 2017, the central bank canceled the limit of USD100,000 per year on personal remittances. In November 28 the same year, the government lifted restrictions on foreign exchange access to non-essential imports, indicating that the foreign exchange liquidity of the Egyptian banking system has improved. However, according to the Chinn-Ito index, freedom of foreign exchange is still at a moderately low level.

(5) Key Industries

Among the key BRI industries, Egyptian transportation industry is worthy of attention. The manufacturing industry, especially textiles, has recently received increasing attention from investors.

Transportation infrastructure:

Egypt's transportation is relatively developed among African countries. In recent years, sea, land and air transportation capacity has grown rapidly. Railway mileage is 5,085 kilometers. Cairo has three subway lines. The government plans to build six subway lines by 2032 to connect the Greater Cairo area with surrounding suburbs.

The total length of inland water routes is about 3,500 kilometers. In 2017, Egypt's Port Infrastructure Quality Index ranked first among BRI countries. There are 62 ports including Alexandria, Port Said, Dumiyat and Suez. Annual throughput is 8 million containers, and port trade volume is 100 million tons.

The Suez Canal is the main international waterway connecting Asia, Africa and Europe. In recent years, the canal has undergone a large-scale expansion, which enables it to carry a capacity of 240,000 tons and accommodate 4th generation container ships.

There are 30 airports in the country, including 11 international airports. Cairo Airport is the second busiest airport Africa. The government plans to develop Cairo as a logistics center, build an international logistics belt, and launch a series of transportation construction projects, including the construction of high-speed and light railways, road expansions and logistics center to ease road transport pressure.

The Egyptian government encourages Chinese enterprises to invest in the transportation sector. In the past two years, Chinese enterprises have been active and successively signed a total of USD3 billion in construction projects, including the Cairo CBD, light railways and the COSCO Egypt International Bonded Logistics Park.

Foreign worker approvals in Egypt are quite strict. New regulations allowed the proportion of foreign workers to increase to 20%. However, actual application is very difficult, and it takes a long time to train labor.

Manufacturing: In 2017, Egypt's manufacturing value added accounted for 16.4% of GDP, within which the textile industry is strong. In 2017, the export value of various types of textiles was about USD2.37 billion.

Egypt has the largest cotton and textile industry cluster in Africa. The industrial chain from cotton planting to garment manufacturing is quite complete. Garment manufacturing is relatively mature, although weaving, printing and dyeing are weak. Products are mainly exported to the United States, EU and surrounding Arab markets. There are currently 7,344 textile companies in Egypt, 90% of which are small and medium-sized enterprises, absorbing 30% of the industrial workforce, with private companies most active.

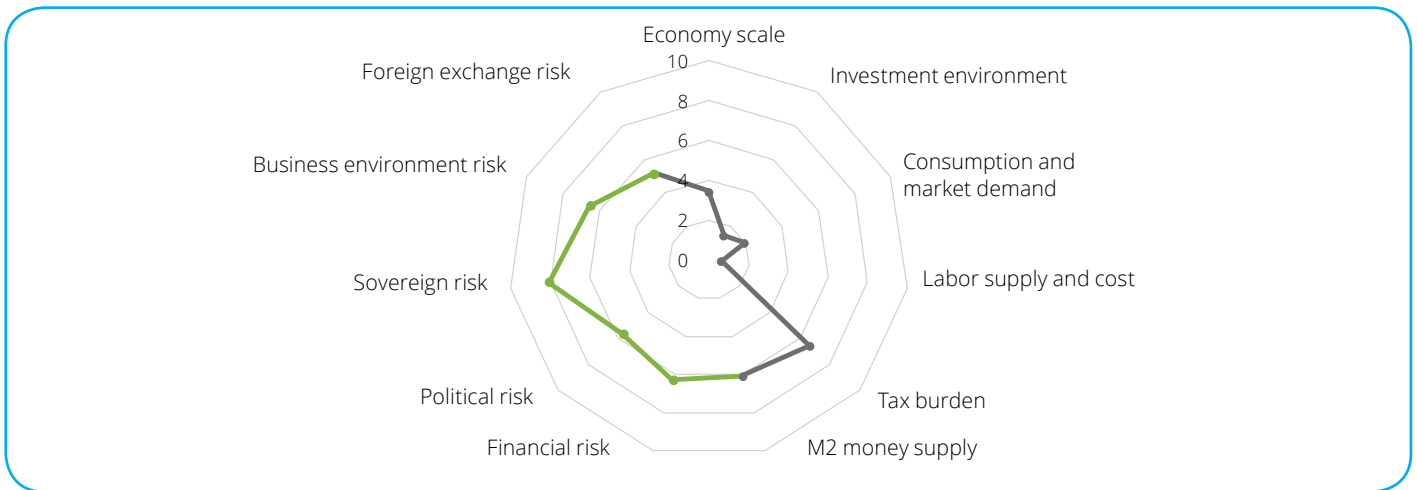
With low labor costs, a superior geographical location for trade and transportation, and favorable trade agreement terms, Egypt warrants the attention of Chinese enterprises. In recent years, Chinese textile companies have been investigating the Egyptian market, and some have already shown clear investment intentions. In addition, the Suez Economic and Trade Cooperation Zone built by China and Egypt has attracted more than 80 manufacturing enterprises as of 2018, with its four major industries, new building materials, petroleum equipment, high and low voltage equipment and machinery manufacturing, gradually maturing and developing. A new industrial cluster for passenger car manufacturing, textiles and apparel is planned for the zone, which could be a good opportunity for investment.

3) South Africa

(1) Investment Advice

The overall investment attractiveness of South Africa is quite low. Macroeconomic attractiveness is low among BRI countries. Its investment and tax burden scores are quite high. Overall investment risk is moderate, but sovereign and business environment risks are quite high. Investors should focus on transportation and energy.

Figure 90: South Africa Investment Attractiveness Score



(2) Company Profile

South Africa is in the southernmost part of Africa, with a land area of about 1.22 million km². The country's boundary faces east to the Indian Ocean, west to the Atlantic Ocean, and north to Namibia, Botswana, Zimbabwe, Mozambique and Swaziland. The coastline is 3,000 km long. Most areas have a tropical savanna climate.

South Africa has a population of approximately 56.72 million (2017) and has four major races: black, colored, white and Asian, accounting for 79.6%, 9%, 8.9% and 2.5% of the population respectively. There are 11 official languages, of which English and Afrikaans are most common. About 80% of people follow Christianity, with the rest following local religions, Islam and Hinduism.

(3) Macroeconomic attractiveness

Investing in South Africa is not attractive.

Its scale of economy is score low. South Africa's GDP is about USD348.9 billion and its per capita GDP is about USD6,151. In recent years, GDP growth has been slow, at about 1.3%, although it is expected to rise slightly to 1.6%.

South Africa's investment score is high. In 2017, FDI was about USD1.37 billion, mid-low among BRI countries. However, annual fixed asset investment was quite high, reaching USD67.92 billion.

Its consumption and market demand score is low. South Africa's per capita national income is USD5,430, which is ahead of most African countries. The Gini coefficient is as high as 0.7, exceeding the warning line of uneven wealth distribution and representing the largest income gap among BRI countries. In 2017, final household consumption expenditure of South

African was high, at about USD207.3 billion. Imports and exports accounted for 58.2% of GDP. Inflation was 5.2%, a high level.

South Africa's labor supply and cost score is low. In 2017, the national labor force totaled 22.38 million. In recent years, unemployment has been high at about 27.3%. The level of labor education is low, with only about a quarter of people having higher educations.

Its tax burden score is high. Based on World Bank statistics, total tax on commercial profits is 29.1%, relatively friendly to enterprises.

South Africa's money supply indicator score is low. Broad money supply is 72.2% of of GDP, with growth of about 6.4%. The difference between loan and deposit interest rates is small, and basically stable, at 3.1%.

(4) Risk Indicators

Overall, South Africa's investment risk is low.

Financial risk is low. South African banks have quite low risk, with foreign debt accounting for 54.6% of GDP and foreign exchange reserves totaling about USD50.7 billion, a mid-high level.

Political risk is low. South Africa performs well in political stability and the legal environment. The domestic political situation was generally stable in 2017 and the legal system has become more developed. The government has enacted a series of labor laws to strengthen labor protection. On one hand, this has a positive effect on protecting labor rights, maintaining fair employment, and realizing income. However, the emphasis on trade union power has caused frequent strikes, bringing shocks to mining, manufacturing, agriculture, and some Chinese mining companies.

Sovereign risk is low. Moody's gives South Africa's sovereign credit a Baa3 rating. Public debt accounts for 55.6% of GDP, and the government is in fiscal deficit.

The business environment is moderately risky. South Africa scores well in entry difficulty of foreign companies, establishment costs and government efficiency, but contract enforcement scores poorly. The average time required to enforce a contract is too long (600 days). The cost of establishing a new business is equivalent to only 0.2% of per capita gross national income.

Foreign exchange risk is high. The South African currency (the rand), is stable against USD. Local exchange controls are implemented by the Foreign Exchange Administration of the South African Reserve Bank, and are executed through Authorized Dealers at commercial banks. In recent years, foreign exchange controls have gradually been relaxed. Non-residents are free to invest in South Africa, but there are some restrictions on taking out capital. Currently, the degree of freedom of foreign exchange is mid-low, with a Chinn-Ito index score of 0.17.

(5) Key Industries

Among the key BRI industries, South Africa's transportation infrastructure and energy industry have developed well.

Transportation infrastructure:

South Africa has the most comprehensive transportation system in Africa and plays an important role in local and neighboring countries' economies. The main transportation is railways and highways, and air transportation has developed rapidly.

In recent years, infrastructure construction in urban and economic development zones has been strengthened. The total length of railways is about 34,000 km, of which 18,000 km are electrified, with 180 million tons of annual freight volume. The luxury Blue Bus from Pretoria to Cape Town has an international reputation. South Africa has the longest road network in Africa, covering the whole country and connecting to neighboring countries. Its roads are about 755,000 km long, including 16,170 km of national highways. Annual passenger traffic is about 4.5 million passengers and cargo volume is 3.1 million.

South Africa's marine transportation industry is developed. About 96% of exports are shipped. The main ports are Cape Town, Durban and East London, and its port quality index ranks highly among BRI countries. Annual port throughput capacity is about 1.2 billion tons. Durban is the busiest port and the largest container distribution center in Africa with an annual container handling capacity of 1.2 million containers.

South Africa has about 27 civil aviation airports, 11 of which handle international traffic. Annual passenger volume has reached 20.82 million.

The overall transport situation in South Africa is conducive to the development of business activities. The South African government will continue to invest in transportation infrastructure.

In 2018, Cyril Ramaphosa was elected President of South Africa. In The State of the Nation Address 2018, the government released a USD100 billion investment plan, hoping to attract this amount of foreign capital to drive economic development in the next five years, which should benefit Chinese enterprises. Recent projects include cooperation between China Export & Credit Insurance Corporation and South African Transnet on the construction of an infrastructure insurance and financing platform, and a logistics development project by Gezhouba Group Corporation.

Energy: South Africa is among the world's five largest mineral resources countries. It has many types of minerals with large reserves and high yields. There are more than 70 kinds of minerals with proven reserves being mined in South Africa, with a total value of about USD2.5 trillion. In 2017, the value added of mining accounted for 7.5% of GDP.

Platinum production ranks 1st in the world. Platinum, gold and coal exports respectively rank 2nd, 3rd and 6th in the world.

The mining machinery and equipment sector in South Africa is developed, with advanced systems. South Africa provides incentives for mining projects that support the country financially and technically. The Musina-Makhado Special Economic Zone (South African Energy and Metallurgical Zone) is operated jointly with China Sea Trade. It is the first economic zone established since related legislation was promulgated in 2016.

South Africa's four main industrial clusters include energy metallurgy, agricultural product processing, petrochemical and trade logistics, which warrant Chinese investors' attention.

South Africa has also begun to focus on the development of new energy. In 2018, its Minister of Mineral Resources and Energy signed an agreement for 27 separate new energy power plant projects. Successful project launches by Chinese enterprises include PowerChina's power station at the Metallurgical Industrial Park, Sinosteel's chrome ore project, Jinchuan Group's platinum ore project, HBIS Group's copper project and Gold One Group's gold project.

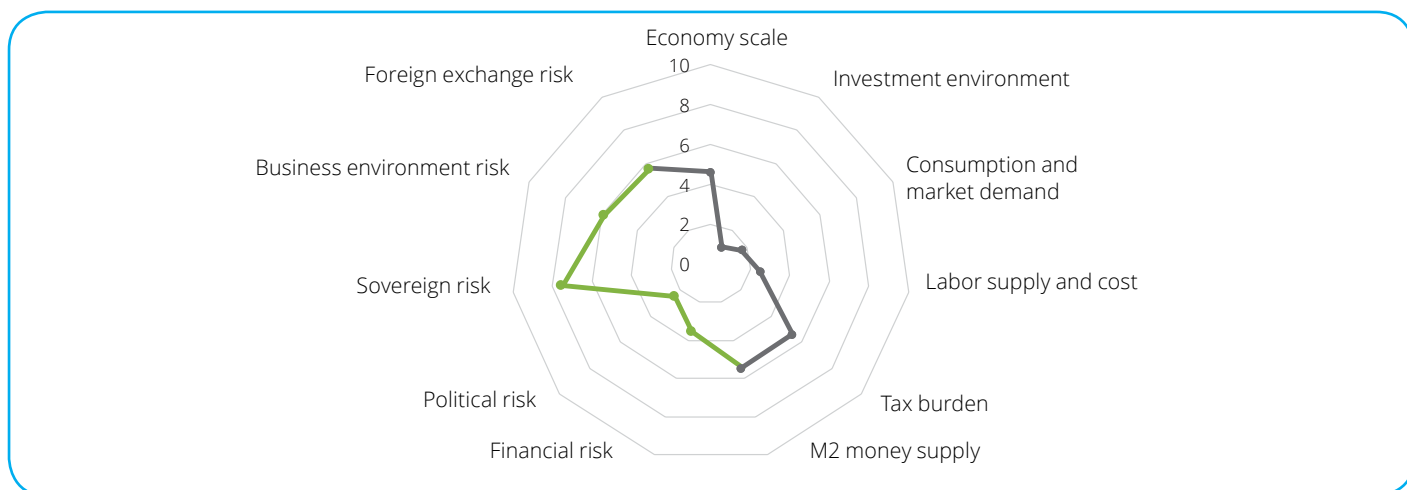
In recent years, South Africa's Minister of Home Affairs has tightened many visa policies. The Black Economic Empowerment initiatives have greatly increased requirements to supporting black enterprises and localization. The challenge posed by trade unionism in South Africa are worth watching.

4) Kenya

(1) Investment Advice

Kenya's overall investment attractiveness is not high. Although its scale of economy is quite good, Kenya's macroeconomic attractiveness is low among BRI countries. Overall investment risk is high, particularly its significant political risks, but business environment and foreign exchange risks are low. Investors should focus on transportation infrastructure and agriculture.

Figure 91: Kenya Investment Attractiveness Score



(2) Company Profile

Kenya is in East Africa with a land area of 569,000 km² and a coastline of 536 km. Its geographical position is advantageous, near the Indian Ocean with the equator running through it center. The Great Rift Valley spreads across the country from north to south. Except for a 200 km-wide area along its coast, Kenya's remaining land area consists of plateaus with an altitude of 1,000-2,000 meters. Mount Kenya in the center of the country is 5,199 meters high, making it the second highest peak in Africa. Its forest area is 87,000 km², accounting for 15% of land, with forest reserves of 950 million tons. Kenya is in a tropical monsoon region, with hot and humid coastal areas and a mild climate on the plateaus.

Kenya has a population of 49.7 million (2017). There are 42 tribes in the country, divided into three major groups, Bantu, Nilotic and Cushitic. The Kikuyus are the largest tribe, accounting for 17% of the total population. About 45% of residents follow Protestantism, 33% follow Catholicism, 10% follow Islam, and the rest follow traditional religions and Hinduism. Swahili and English are official languages.

Kenya is a relatively developed country in East Africa and has one of the better economic bases in sub-Saharan Africa. Agriculture, services and engineering are the three pillars of the national economy. Among these, agricultural output accounts for nearly one-third of GDP and more than half of total exports. About 80% of the population is engaged in agriculture and animal husbandry.

Kenyan industry is dominated by manufacturing, accounting for about 10% of GDP, with the food processing industry relatively developed. In addition, Kenya is rich in natural resources. Its mineral deposits are mainly soda ash, salt, limestone, gold, silver, copper, and aluminum. Renewables including geothermal, hydropower and wind energy are also abundant.

(3) Macroeconomic attractiveness

Kenya's overall investment attractiveness is low.

Its scale of economy score is high. In 2017, GDP was about USD70.5 billion, or about USD1,455 per capita. GDP is expected to grow at 4.4%.

Kenya's investment score is quite low. In 2017, FDI was about USD670 million (up 67.5% YoY), and fixed asset investment was about USD15.03 billion (up 23.2% YoY), but both are mid-low among BRI countries.

Its consumption and market demand score is also low. Kenya's wealth distribution is uneven, with a Gini coefficient of 0.5. Per capita national income is only USD1,460, one of the smallest among BRI countries. However, final household consumption expenditure is quite high, reaching USD64.68 billion. Imports and exports account for 37.3% of GDP. Inflation is at 8.2%.

Kenya's labor supply and cost score is low. In 2017, the national labor force was about 19.96 million. The unemployment rate was quite high, at 11.4%. The quality of the labor force is low, with only about 18.6% of the population having received higher educations.

Its tax burden score is also quite low. Based on World Bank figures, Kenya's total tax on commercial profits is 37.2%, moderately high.

Kenya's money supply rating is moderate. Broad money supply is small (36.7% of GDP), but growth rate is rapid at 8.9%. The difference between loan and deposits interest rates is high at nearly 6%.

(4) Risk Indicators

Kenya has overall high investment risk.

Financial risk is high. Kenya has highly risky banks. Foreign debt is low, accounting for 31.3% of GDP, and foreign exchange reserves are small at USD8.44 billion.

Political risk is high. According to the World Bank, Kenya's political stability and legal environment are both at mid-low levels.

Sovereign risk is high. Moody's gives Kenya a sovereign credit rating of B2. In recent years, Kenya has borrowed heavily for infrastructure development, and the cost of debt has been high, resulting in government debt accounting for nearly 56% of GDP. The government is has a serious fiscal deficit.

Business environment risk is comparatively low. Entering the Kenyan market is not that difficult. Contract enforcement is generally smooth, taking an average of about 465 days. The cost of establishing a company, at equivalent to 24.9% of per capita gross national income, is quite high among BRI countries, but lower than in most other African countries. Government administration is not very efficient.

Foreign exchange risk is low. In 2017, there were mild exchange rate fluctuations between local currency, the Kenyan shilling, and USD. The degree of freedom of foreign exchange is high, with a Chinn-Ito Financial Openness Index score of 0.7.

(5) Key Industries

Among the key BRI industries, Kenya's transportation infrastructure and agriculture are developing well, while other industries lag behind.

Transportation infrastructure: Kenya, as a hub and a gateway to East Africa, has a superior geographical location. Its transportation industry radiates to neighboring countries. In recent years, with Kenya's economic recovery, transport has developed rapidly.

Its air transport facilities are quite developed, with international airports in Nairobi and Mombasa. Jomo Kenyatta International Airport in Nairobi is one of the busiest airports in Africa.

Mombasa is the largest port in East and Central Africa and one of the most modern ports in Africa. Its port infrastructure quality ranks among the top BRI countries. There are 16 deep water berths and two large oil terminals. In 2017, cargo throughput reached 30.27 million tons, with an annual growth rate of 10.6%. Kenya Vision 2030 proposes to expand the Port of Mombasa into a regional shipping center with annual throughput of 50 million tons.

Kenya's road network is quite developed, but conditions are poor. Roads are the main transportation mode, accounting for about 70% of total traffic.

Kenya has 3,329 km of railways. The recently built, 480 km Mombasa to Nairobi line is a national railway built by China to Chinese standards. It is the largest infrastructure construction project since Kenya's independence and the flagship project of Kenya Vision 2030. It opened to traffic in May 2017. The line is regarded as the first link in East Africa's railway network. The long-term plan is to connect six East African countries (Kenya, Tanzania, Uganda, Rwanda, Burundi and South Sudan) by rail.

Overall, Kenya's transportation infrastructure is better than those of most African countries, but has some room to improve. In recent years, in addition to the Mombasa-Nairobi railway, Chinese enterprises have participated in projects including Kenya Railways, the Maraba-Nairobi Railway, the Nairobi Municipal Highway and construction of an oil terminal in Mombasa.

Agriculture: As of 2017, Kenya has 2,763 km² of agricultural land, and its crop production index is 129, ranking 1st among BRI countries. Its agricultural added value accounted for 32.1% of GDP.

Agriculture earns more foreign exchange than any other industry in Kenya, with horticultural products (flowers), vegetables, fruits, tea and coffee the main export products (54% of total exports).

To improve the quality of agriculture, Kenya's government has strived to improve irrigation equipment and the level of agricultural mechanization, increase agricultural chemical production capacity, and develop an agricultural product processing industry to increase added value.

Kenya allows foreign capital to purchase contracted management rights for arable and forest land, with leases of up to 99 years and 45 years, respectively. However, foreign investors are not allowed to buy land.

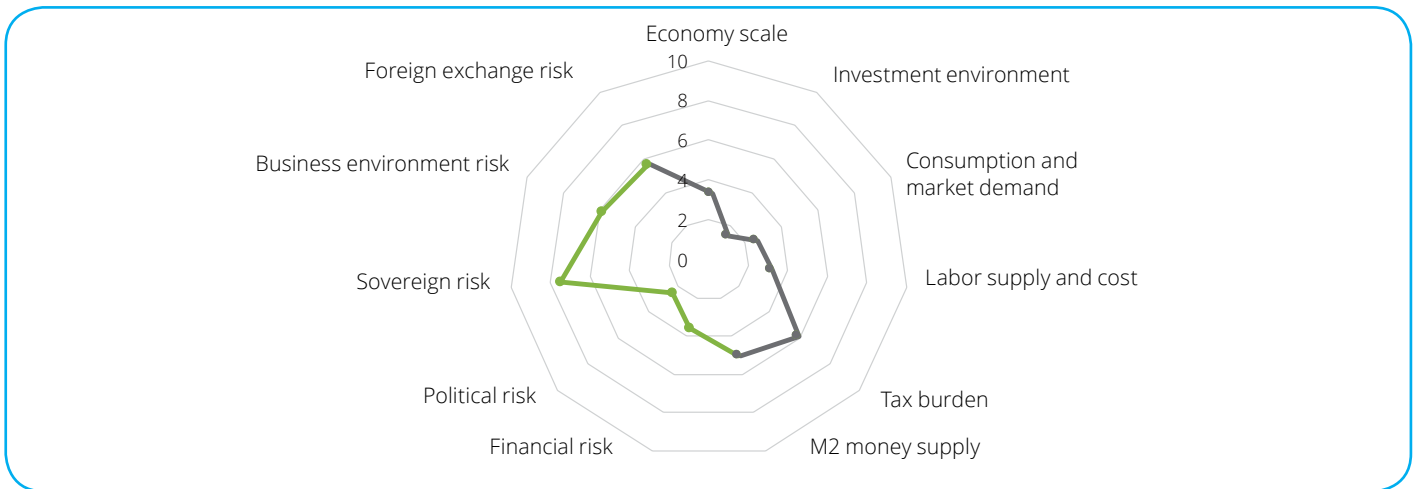
There are broad prospects for cooperation between China and Kenya in agriculture. Over the past two years, China-Africa projects have progressed smoothly, including the China-Kenya Joint Laboratory for Crop Molecular Biology, a coffee plantation irrigation system project involving Gezhouba Group, and an agriculture industry chain cooperation platform involving Jutubao China.

5) Nigeria

(1) Investment Advice

Overall, Nigeria's investment attractiveness is quite low. Nigeria's macroeconomic attractiveness is one of the lowest among BRI countries. However, its scores for money supply and tax burden are quite favorable. Overall investment risk is high, especially financial and political risk. Investors should focus on investing in energy, agriculture, and transportation infrastructure.

Figure 92: Nigeria Investment Attractiveness Score



(2) Company Profile

Nigeria is in the southeastern region of West Africa, bordering Cameroon to the east, Chad to the northeast, Benin to the west, Niger to the north, and the Gulf of Guinea to the south. The country covers 920,000 km², with a land border of 4,035 km and coastline of 800 km. It has high terrain in the north and low terrain in the south. There are many rivers in Nigeria, and it has a tropical monsoon climate, with dry and rainy seasons. The annual average temperature is 26-27°C.

The total population of Nigeria is about 190 million (2017). There are more than 250 ethnic groups in the country, the largest of which is the Hausa-Fulani in the north, Yoruba in the west and Egbo in the east. About 50% of residents follow Islam, 40% follow Christianity, and 10% follow other religions. The official language is English, and the main national languages are Hausa, Yoruba and Igbo.

Nigeria is rich in resources. More than 30 types of mineral deposits have been discovered, mainly oil, natural gas, tin, coal and limestone. Among these, oil reserves rank 2nd in Africa and natural gas reserves rank 1nd. The forest coverage rate is 17%.

(3) Macroeconomic attractiveness

Nigeria's overall investment is not very attractive.

Its scale of economy score is low. GDP is about USD375.75 billion, or USD1,968 per capita. GDP is expected to grow at 2%.

Its investment score is high. FDI in 2017 was approximately USD3.5 billion. Fixed asset investment was about USD66.8 billion.

Its consumption and market demand score is low. The income gap between residents is quite large, with a Gini coefficient of 0.5. Final household

consumption expenditure in 2017 was about USD300.2 billion, higher than in most BRI countries. Imports and exports accounted for 26.4% of GDP. The inflation rate is 2.4%.

Nigeria's labor supply and cost score is low. In 2017, the national labor force was about 60.65 million. Unemployment is quite high, maintaining at about 7%. The overall quality of the workforce is low, with the proportion receiving higher educations only about 10%.

Its tax burden indicator is mid-range. Based on World Bank statistics, total tax on commercial profits is 34.8%.

Its M2 money supply score is low. Nigeria's broad money supply accounts for about 21% of GDP, with growth of 2.3%. The difference between loan and deposits interest rates is quite high, at 8%.

(4) Risk Indicators

Overall, Nigeria has high investment risks.

Financial risk is high. According to the World Bank, the banking industry in Nigeria is high risk. The credit market relies on foreign institutions, with domestic institutions only providing about 23% of credit. Nigeria's external debt is small, accounting for only 8.3% of GDP. Foreign exchange reserves are sufficient at USD4.74 billion.

Political risk is high. The Nigerian political situation is generally stable, but the upcoming presidential election is expected to increase political uncertainty. In recent years, violence has broke out frequently increasing overall social stability risk. In addition, the Nigerian legal environment score is low.

Sovereign risk is low. Moody's rates Nigeria's sovereign credit rating at B2. Public debt is not large, accounting for about 23% of GDP. The government is in fiscal deficit.

Business environment risk is high. It is quite difficult for foreign businesses to enter Nigeria. The cost of establishing a company is quite high, equivalent to about 27.6% of per capita gross national income. Contract enforcement is excellent, taking an average of approximately 454 days.

Foreign exchange risk is moderate. The local currency and exchange rate has been stable. Freedom of foreign exchange is moderately low, with a Chinn-Ito score of 0.3.

(5) Key Industries

In the key BRI areas, Nigerian energy and agriculture have developed quite well. Due to the relatively weak infrastructure construction, the government welcomes foreign investors in local infrastructure.

Energy: Nigeria is rich in energy resources. More than 30 kinds of mineral deposits have been discovered, mainly including oil, natural gas, tin, coal and limestone.

With coal reserves of about 2.75 billion tons, it is the only coal producing country in West Africa. Nigeria's proven natural gas and oil reserves are about 5.1 trillion cubic meters and 37.1 billion barrels respectively, ranking 1st and 2nd in Africa. Since the 1970s, it has become Africa's largest oil producer.

In 2017, Nigeria's oil exports accounted for 96.3% of total exports. The oil industry is the backbone of Nigeria's national economy, contributing 62% of federal revenue and 8.7% of GDP. More than 80% of its oil production is held by the world's top five multinational oil companies. However, its domestic refining capacity is quite low. More than 80% of domestic refined oil consumption depends on imports, so fuel supplies are tight.

According to the EGRP (Economic Recovery and Growth Plan), which was launched in April 2017, Nigeria plans to increase power generation and develop its refining industry, aiming to become a net exporter of refined oil products by 2020.

Although Nigeria's natural gas reserves are abundant, its mining rate is less than 15%, and supporting facilities are not mature enough. After infrastructure upgrading, upstream and downstream enterprises in the industrial chain have great potential. At present, Nigeria's power supply is very underdeveloped, with a huge demand gap. About 55% of residents have no electricity, which seriously restricts the development of heavy industry. In general, Chinese enterprises in this field have good opportunities.

In 2017/18, China's activities in Nigeria's oil and gas industry include Energy China's gas-fired power station, China Petroleum Pipeline Engineering Co.'s AKK gas pipeline, China National Chemical Engineering's Dangote refinery, Shengli Engineering's oil and gas project and CNOOC's oil and gas development projects, which involve investments of USD17 billion.

Agriculture: Nigeria has 7,080 km² of agricultural land as of 2017, with an arable area of 34 million hectares (33% of the territory), ranking top among BRI countries. Its agricultural added value accounted for 21% of GDP in 2017. About 60-70% of the labor force is engaged in agriculture-related work, and labor costs are very low.

The main agricultural products include cassava, corn, sorghum, millet, rice, peanuts, palm oil, cocoa, cashew nuts and rubber. Nigeria is the world's largest cassava producer, as well as the 4th largest producer and the 3rd largest exporter of cocoa. However, there is still a large amount of arable land that has not been effectively used. The government's insufficient expenditure on agriculture has led to a long-term problem of inadequate infrastructure and technology.

The irrational structure and underdeveloped equipment in agricultural production make Nigeria's refined grain supply insufficient. Food import cost has increased by 11% a year in the past 10 years. The Nigerian government grants preferential policies and support to enterprises engaged in agriculture, from import and export tariff incentives to land resources.

Chinese companies have relatively broad opportunities in various fields such as farm development, infrastructure transformation, agricultural machinery imports, agricultural product processing and technology exchange. As of 2017/18, China's cooperation with Nigeria includes Lee Group's Jigawa Sugar Refinery, CGCOC Group's Onitsha Water Conservation Project, the Sino-Nepal Agricultural Training and Exchange Center, and Stecol Corporation's Kano River Irrigation Project.

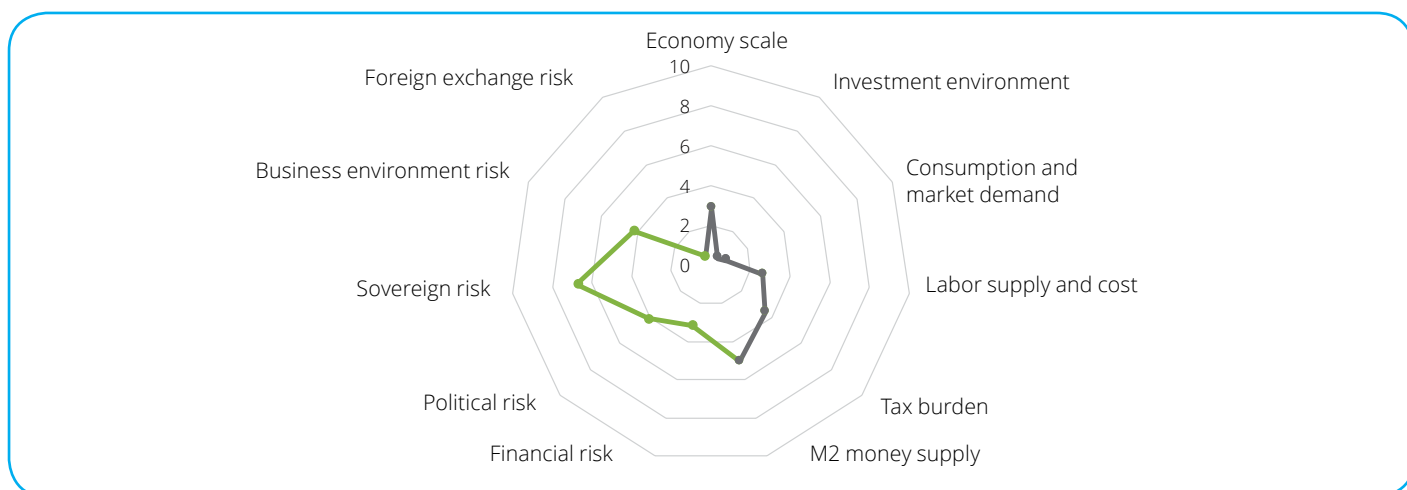
Nigeria lags behind in transportation, communications, and hydro-electricity. To develop infrastructure, Nigeria formulated The National Integrated Infrastructure Master Plan for 2014-2043, which includes energy, transportation, housing, water supply and communications infrastructure as key development areas, with a planned investment of USD25 billion per year. About 48% of funds will come from private investment, with investor-government cooperation mainly through the EPC model. In 2017/18, China's cooperation in infrastructure construction includes Sinohydro's Mambilla Hydropower Project, the Kaduna Hydropower Project, the China Harbour Lekki Deepwater Port Project, and the Lagos-Ibadan Railway Project.

6) Angola

(1) Investment Advice

Overall, investment in Angola is not very attractive. Macroeconomic attractiveness is low among BRI countries. Money supply and tax burden score relatively well. Overall investment risk is high, particularly financial and foreign exchange risk. Investors should focus on energy, agriculture and IT.

Figure 93: Angola Investment Attractiveness Score



(2) Company Profile

Located in Southwestern Africa, Angola has a land area of 1.246 million km². The country is bordered by the Republic of Congo and Democratic Republic of the Congo to the north, Zambia to the east, Namibia to the south, and the Atlantic Ocean to the west. The coastline is 1,650 km long. Most northern areas has a savanna climate, the south has a subtropical climate, and high-altitude areas have a temperate climate.

The total population of Angola is 2,978,000 (2017). The main ethnic groups are Ovimbundo (about 38% of the population), Mdundo (25%), Bakongo (14%) and Ronda. The official language is Portuguese and there are 42 national languages. About 49% of residents follow Roman Catholicism, 13% follow Protestantism, and most of the rest follow local religions.

Angola has a rich variety of energy sources such as oil, natural gas and minerals. The main minerals are diamonds, iron, phosphate, copper, manganese, uranium, lead, tin, zinc,

tungsten, gold, quartz, marble and granite. Oil and diamond mining are pillar industries of the economy. In addition, Angola has dense rivers and abundant water resources. The main rivers include the Congo, Kunene, Kwanza and Kubango. Angola's hydropower, agriculture, animal husbandry and fishery resources are abundant.

(3) Macroeconomic attractiveness

The overall investment attractiveness of Angola is low.

Its scale of economy score is low. Angola's GDP is approximately USD122.12 billion, with per capita GDP of approximately USD 4,100. GDP is expected to grow at 1.4%.

Its investment score is also low. There was almost no FDI in 2017. Investment in fixed assets is mid-high at about USD21.49 billion .

Angola's consumption and market demand score is also low. Angola's per capita national income is USD3,570, low-mid range among BRI countries. Its

Gini coefficient (0.5) indicates a large income gap among residents. Final household consumption expenditure in 2017 was about USD69.83 billion. Imports and exports account for 52.3% of GDP. Inflation is the highest among BRI countries, at 31.7%.

Its labor supply and cost score is low. In 2017, the national labor force was about 12.74 million. In recent years, the unemployment rate has remained at about 8.5%. About 10.2% of individuals have received higher educations.

Its tax burden score is also low. According to World Bank statistics, total tax on commercial profits in the country is 49.1%, implying a quite high corporate tax burden.

Angola's money supply score is low, with broad money supply accounting for about 32.2% of GDP in 2017, basically the same level as the previous year. The interest rate difference between loans and deposits is 9.5%.

(4) Risk Indicators

Angola's overall investment risk is high.

Financial risk is high. Banking risk is quite high among African countries. Foreign debt accounted for 38.1% of GDP. Foreign exchange reserves are sufficient, totaling USD24.1 billion.

Political risk is high. Angola scores low in political stability and legal environment.

Sovereign risk is high. Moody's assigns Angola a sovereign credit rating of B1. Angola's public debt to GDP ratio is 66%, quite high. Money spent on election campaigns has led to an increase in its fiscal deficit.

Angola's business environment is highly risky. Angola has low scores in difficulty of foreign entry and contract enforcement. The average time required to enforce a contract exceeds 1,296 days. The cost of establishing an enterprise is low, equivalent to about 13.9% of per capita gross national income.

Foreign exchange risk is high. Angola's local currency (the kwanza) exchange fluctuated by 0.52% versus USD in 2017, much more than the currencies of most BRI countries. Foreign exchange freedom is not high, with a Chinn-Ito score of zero.

(5) Key Industries

Among the five key BRI industries, energy is a key sector with development potential in Angola. Agriculture and IT also have good potential.

Energy: Angola is rich in oil, gas and electricity resources. As of 2017, Angola has proven oil reserves of 6 billion barrels and crude oil production of 1.63 million barrels a day. It is the 2nd largest oil producer in Africa and the 3rd largest oil importer to China. In 2017, oil accounted for 95% of total export trade. Angola's natural gas reserves amount to 7 trillion cubic meters. Moreover, Angola has 140 billion cubic meters of water resources. Hydropower accounts for 75% of the country's energy generation. Total installed capacity is expected to exceed 6.3GW in 2018 and the national electrification rate should reach 43%.

Agriculture: A decades-long civil war has severely damaged Angola's agricultural production system, with nearly half of its food supply dependent on imports or aid. In 2017, Angola's total grain output was 2.508 million tons, a long way from self-sufficiency. However, Angola's land is fertile with dense river coverage. Natural conditions for agriculture are excellent. At present, its agricultural land area is about 5,919 km². Cultivated land area is about 4.9 million hectares. The agricultural population accounts for about 65% of total population.

IT: With the rapid growth of Angola's economy and increasing communications demand, there are currently two mobile operators and three fixed network operators in Angola. China's ZTE and Huawei have entered Angola telecommunications equipment market.

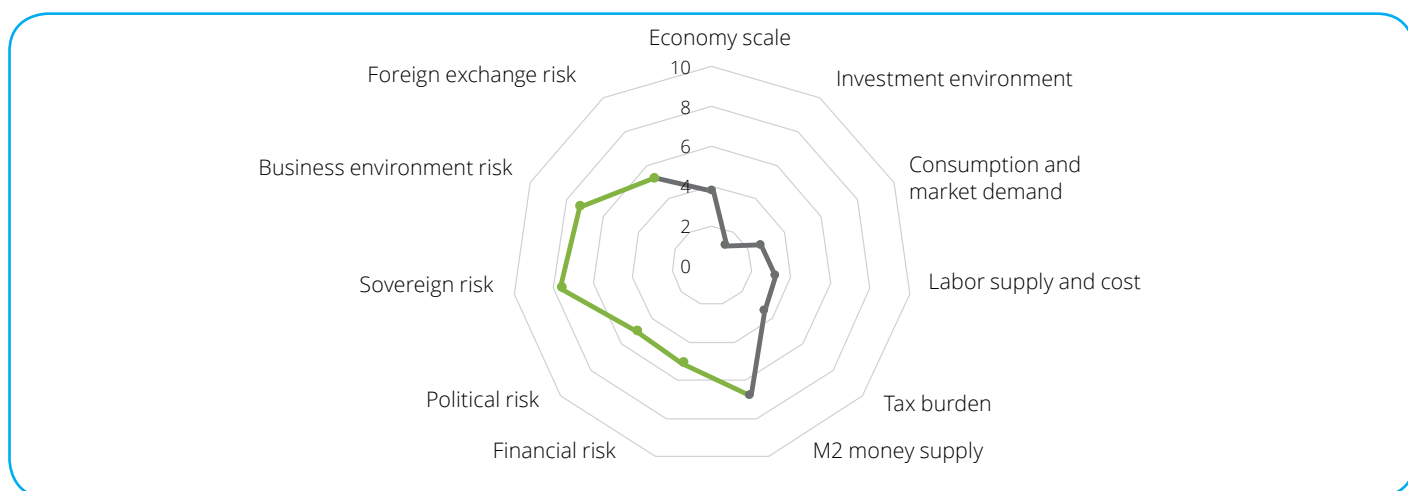


7) Morocco

(1) Investment Advice

Overall, investing in Morocco is not that attractive. Although its scores for money supply and scale of economy are quite good, Morocco's macroeconomic attractiveness is low among BRI countries. Overall investment risk is moderate. Financial risk, foreign exchange risk and political risk are quite high. Investors should focus on transportation, manufacturing and agriculture.

Figure 94: Morocco Investment Attractiveness Score



(2) Company Profile

Morocco is in Northwestern Africa and has a land area of 459,000 km² (excluding 266,000 km² of the Western Sahara). The country is bordered by Algeria to the east and southeast, the Atlantic to the west, and Spain across the Straits of Gibraltar to the north. It is the gateway from the Mediterranean Sea to the Atlantic Ocean. The coastline is more than 1,700 km long.

The total population is 35.74 million (2017), of which about 80% are Arabs and about 20% are Berbers. The national language is Arabic and the lingua franca is French. Residents generally follow Islam.

Phosphate exports, tourism and remittances are the main pillars of the Moroccan economy. The country is rich in fishery resources (1st in Africa). It has decent industrial development momentum, especially in the automobile industry, which has grown rapidly and achieved scale. In recent years, the government

has been committed to expanding domestic demand, strengthening infrastructure construction, supporting traditional industries such as textiles and tourism, and developing emerging industries such as IT and renewable energy. Morocco has established free trade zone with the EU in 2010 and launched its Industrial Acceleration Plan 2014-2020 to drive the development of automotives, aerospace, pharmaceuticals, textiles, information and communication.

(3) Macroeconomic attractiveness

In general, Morocco's investment attractiveness is low.

Its scale of economy's score is low. Morocco's GDP is about USD109.71 billion, or USD3,007.2 per capita. GDP is expected to grow at 2.5%.

Morocco's investment indicator score is high. In 2017, FDI in Morocco was about USD2.68 billion. Fixed asset investment was approximately USD32.89 billion.

However, its consumption and market demand rating is quite low. The Gini coefficient is 0.4, indicating reasonable wealth distribution. Final household consumption expenditure was approximately UD63.63 billion in 2017. Imports and exports accounted for 83.7% of GDP, within which the main exports were phosphates and automobiles (accounting for 42.5% of the total) and the main imports were energy, machinery, equipment and consumer goods.

In recent years, bilateral trade between China and Morocco has continued to grow. In 2018, bilateral trade volume reached USD4.39 billion, a YoY increase of 14.7%. Prices remained stable in 2017, with inflation of about 0.7%. Although inflation has not yet reached worrying levels, increases have been growing.

Its labor supply and cost score is low. The national labor force in 2017 was about 12.88 million. Unemployment has remained at about 9.3%. The quality of the workforce is generally good. The proportion of nationals receiving higher educations is about 35.4%.

Morocco's tax burden score is low. Based on World Bank data, total tax on commercial profits is 49.8%, quite a tough corporate tax burden.

Money supply scores high. Broad money supply is sufficient at 119.3% of GDP and growth of 5.5%. The difference between loan and deposit interest rates is small at about 2.5%.

(4) Risk Indicators

Overall, Morocco has moderate investment risk.

Financial risk is low. Moroccan bank's risk assessment is mid-low. Foreign debt accounts for 47.2% of GDP, and total foreign exchange reserves are sufficient at USD23.63 billion. Political risk is high. The overall political situation is stable. The legal environment is at a low-mid level. The investment environment is generally friendly.

Sovereign risk is moderate. Moody's rates Morocco's sovereign credit at Ba1. Public-debt-to-GDP is 62.4%. The government is in fiscal deficit.

Business environment risk is quite low. Difficulty of entry for foreign businesses, contract enforcement and business establishment costs are high-mid level. The government is quite efficient. The average time required to enforce a contract exceeds 510 days, and the cost of establishing a new business is equivalent to about 3.7% of per capita gross national income.

Foreign exchange risk is mid-high. Exchange rate fluctuations between the domestic currency, the Moroccan dirham, and USD are not large. Morocco has foreign exchange controls, managed by the Foreign Exchange Office. Foreign exchange freedom is limited, with a Chinn-Ito score of 0.17. Local residents and overseas nationals are not allowed to open personal foreign exchange accounts, nor can they hold any foreign currencies. The proceeds of exports and inbound currencies must be sold to Bank Al-Maghrib, the central bank. Individuals can retain some of their foreign exchange proceeds. Foreign individuals and corporations can open foreign currency accounts or convertible dirham accounts. Foreign currency account holdings are automatically converted into dirhams. When foreign exchange is withdrawn, foreign individuals or companies need to purchase foreign currencies from Moroccan banks.

(5) Key Industries

Among the key BRI industries, Moroccan transportation, manufacturing and agriculture are developing quite well.

Transportation infrastructure:

The Moroccan government focuses on constructing infrastructure such as highways, railways, airports and ports. Morocco has about 1,770 km in highways. Cities with a population of more than 400,000 have access to expressways. Africa's first high-speed railway (Tangier-Kenitra), is expected to open at the end of 2018.

In 2017, the passenger traffic of Moroccan airports was 20,358,000, an increase of 11.6%. Airport cargo volume was 8.14 million tons, a YoY increase of 19%.

Morocco plans to increase annual cargo traffic through its ports from 140 million to 340 million tons by 2030, and develop five central ports.

Manufacturing: Agricultural product processing is an important traditional industry in Morocco and has developed rapidly in the past decade. Mainly involving the production of agricultural products and seafood, output fluctuates with the agricultural harvest. There are currently about 2,000 enterprises in the country with an output value of about MAD80 billion, accounting for about a third of the total industrial output and 25% of exports.

Textile processing is also a traditional pillar industry. There are about 1,900 textile enterprises in the country, providing 175,000 jobs, making textiles the largest employer in Morocco.

Automotives is a key development industry for the Moroccan government. In recent years, it has developed rapidly by attracting foreign investment. In 2017, Morocco produced 377,000 cars, ranking 2nd in Africa (after South Africa). Annual export volume of automobiles was MAD5.86 billion (about USD729 million), accounting for 24% of total exports. Automotives has been the largest export industry for four consecutive years. There are more than 150 automotive-related companies in Morocco, with about 100,000 employees. According to Morocco's Industrial Acceleration Plan 2014-2020, automobile industry output will reach 800,000 units by 2020 with an export revenue target of MAD100 billion.

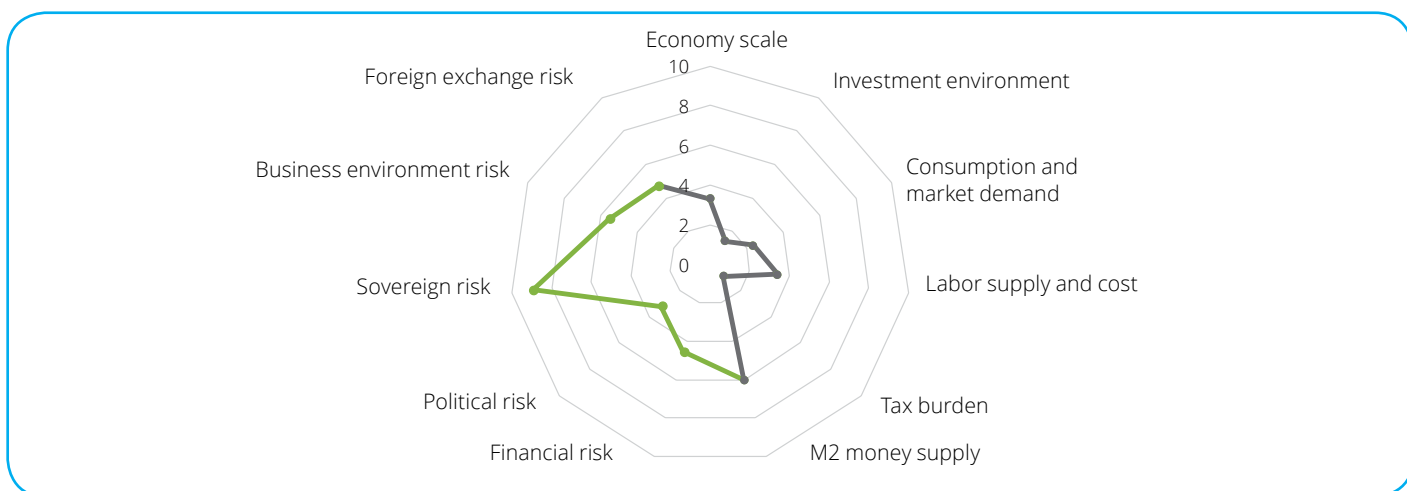
Agriculture: Agriculture plays an important role in the national economy. The production of three major food crops (cereal, hard wheat and barley) in 2016/17 totaled 96 million tons. In 2017, the agricultural sector grew 15.1%, driving GDP up by 1.6%. It contributes more than tourism and industry, ranking 1st among all industries and employing 40% of the workforce.

8) Algeria

(1) Investment Advice

Overall, Algeria's investment attractiveness is low. Performance in scale of economy and labor supply and cost are quite poor, and its tax burden is particularly heavy. Overall investment risk is high, particularly in financial, foreign exchange and political risk. Investors should focus on the energy industry.

Figure 95: Algeria Investment Attractiveness Score



(2) Country Profile

Algeria is in Northwest of Africa with a land area of approximately 2.38 million km². Algeria borders the Mediterranean to the north, Tunisia and Libya to the east, Niger, Mali and Mauritania to the south, and Morocco and the Western Sahara to the west. Its coastline is about 1,200 kilometers long. The northern coastal area has a Mediterranean climate, central Algeria has a temperate climate, and the south has a tropical desert climate.

Algeria has a total population of about 41.32 million, mostly Arabs, with Berbers representing 20%. Ethnic minorities include the Mzabu and the Tuareg. The official language is Arabic and the common language is French. The country's state religion is Islam.

(3) Macroeconomic Indicators

Algeria's overall investment score is low.

Its scale of economy score is low. Algeria's GDP was about USD167.56 billion in 2017. In recent years, GDP growth has been about 1.6%, with per capita GDP of about USD 4,055. In 2017, oil and gas production declined, and recoveries in agriculture and industry stalled. GDP growth is expected to remain about 1.6%.

Algeria's investment environment score is high. In 2017, FDI was about USD1.2 billion. Fixed asset investment was approximately USD73.64 billion.

Its consumption and market demand score is low. The income of Algerian residents averages USD4,055. In 2017, final household consumption expenditure was about USD72.42 billion, and imports and exports accounted for a relatively low proportion of GDP at about 56.1%. Inflation in Algeria is as high as 5.6%.

Algeria's labor supply and cost score is also low. In 2017, the national labor force was about 12.26 million. In recent years, unemployment rate has remained at about 10%. About 46.6% of workers have higher educations.

Its tax score is also low. According to World Bank statistics, total tax on commercial profits is as high as 66%, the highest among African countries.

Algeria's money supply score is low. M2 accounts for about 80.5% of GDP, with growth of 8.4%. The interest rate difference between domestic deposits and loans is quite high at 6.3%.

(4) Risk Indicators

Overall, Algeria's investment risk is high.

Financial risk is low. The bank risk index is high at 0.59. However, foreign debt is only 3.3% of GDP and foreign exchange reserves are sufficient at USD97.7 billion.

Political risk is high. Algeria's political stability and legal environment scores are both level. In 2017, social clashes and ethnic conflicts intensified, deteriorating the investment environment. In January, protests broke out in northern Bejaia, Bouira, and Boumerdes; in December, after members of parliament rejected a budgetary legislative amendment on teaching the Berber language, protests broke out in areas where Berbers live, including Tizi Ouzou and Bejaia in northern Algeria.

Sovereign risk is low. Moody's rates Algeria's sovereign credit at Aa2. Public debt accounts for 17.7% of GDP, with little debt repayment pressure. However, the Algerian government has a large fiscal deficit, second only to Kenya and Egypt among African countries. The government has taken measures including printing large amounts of money and tightening policies to reduce the deficit, which could pose risks to the economy and people's livelihoods.

Business environment risk is high. Algeria scores low in ease of foreign investors entering the local market and government efficiency. Its contract fulfillment and business establishment cost scores are mid-low. The average time required to enforce a contract exceeds 630 days, and the cost of establishing a new business is equivalent to about 11.8% of per capita gross national income.

Foreign exchange risk is high. The exchange rate between the Algerian dinar and USD fluctuates widely. Algeria practices exchange controls and only the current account is partially convertible. The central bank controls all foreign exchange resources. Since the abolition of a foreign trade monopoly system in the 1990s, Algeria's foreign exchange controls have been substantially relaxed, with more liberal capital inflows and outflows. However, foreign exchange is not yet freely convertible and the Chinn-Ito score is just 0.17.

(5) Key Industries

Algeria's economic structure is relatively simple. Its income depends mainly on the petroleum industry. Agriculture, industry and services are all underdeveloped. The country cannot achieve self-sufficiency, with food and daily necessities reliant on imports for many years.

In the key BRI areas, Algeria's energy industry has developed relatively well. The oil and gas industry is the mainstay of Algeria's national economy, with output accounting for about 30% of GDP for several years. Oil and gas tax income accounts for about 60% of the country's fiscal revenue, and oil and gas exports account for more than 97% of the total.

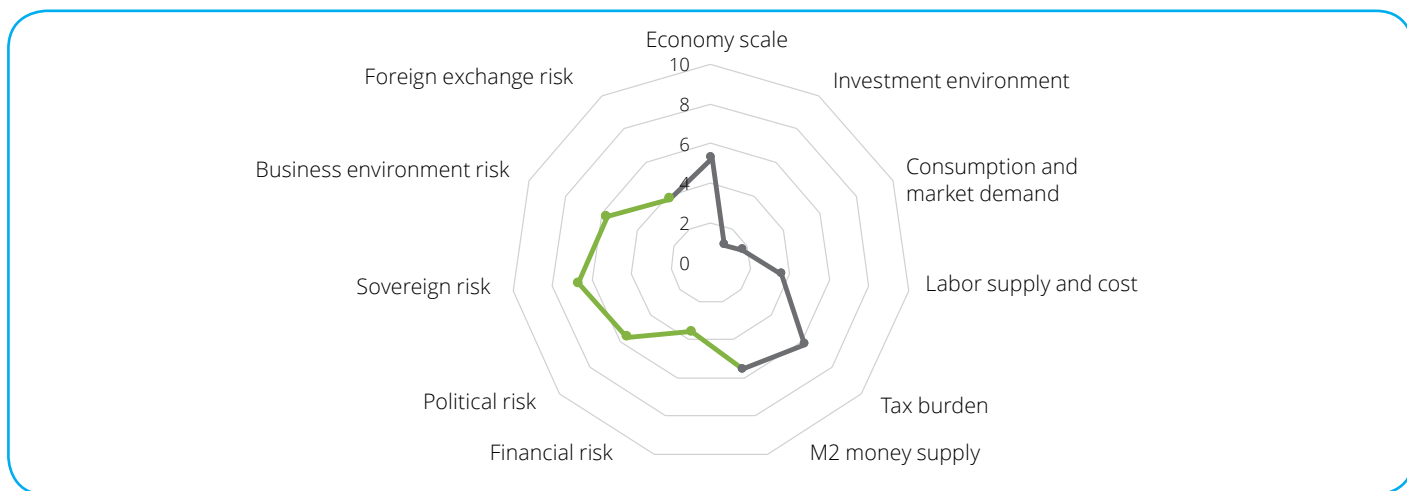
Energy: Algeria is rich in oil and natural gas resources. It is the largest natural gas producer in Africa, the 2nd largest supplier of natural gas to Europe, and one of the top three oil producers in Africa. Algeria is estimated to have the 3rd largest shale gas resources in the world. Algeria's economy is heavily dependent on the oil and gas sector, which accounts for about 25% of Algeria's GDP, more than 95% of its export earnings, and 60% of its budget revenue, according to the IMF.

9) Ghana

(1) Investment Advice

Overall, Ghana's investment attractiveness is quite low. Macroeconomic attractiveness is mid-range among BRI countries, with scale of economy, investment environment and tax burden performing well. Overall investment risk is high, particularly financial and foreign exchange risk. Investors should focus on the energy and agriculture industries.

Figure 96: Ghana Investment Attractiveness Score



(2) Country Profile

Ghana is in Western Africa on the northern shore of the Gulf of Guinea, bordering Côte d'Ivoire to the west, Burkina Faso to the north, Togo to the east and the Atlantic Ocean to the south, with a land area of 238,000 km² and a coastline of about 562 km. The coastal plains and Ashanti Plateau in the southwest have a tropical rainforest climate. The Volta Valley and northern plateau have a savanna climate. The rainy season is from May to October and the dry season is from January to April.

Ghana has a total population of approximately 28.83 million (2017). There are four major ethnic groups: Ashanti-Akan (52.4%), Mole-Dagbon (15.8%), Ewe (11.9%) and Ga-Dangme (7.8%). The official language is English. About 69% of the residents follow Christianity, 15.6% follow Islam, 8.5% follow traditional religions and the remaining 7% follow other religions or no religion.

(3) Macroeconomic Indicators

Ghana's overall investment attractiveness is moderate.

Its scale of economy score is high. Ghana's GDP is about USD59 billion, with growth stabilizing at a high level of 8.1% in recent years. It is the fastest growing economy in Africa. Per capita GDP is about USD2,046. With positive economic prospects, GDP growth is expected to reach 7%.

Its investment environment score is above average. FDI in 2017 was approximately USD3.25 billion. Fixed asset investment was about USD12.6 billion.

Ghana's consumption and market demand score is low. Its Gini coefficient of 0.5 indicates a large income gap. In 2017, final household consumption expenditure Ghana was about USD41.42 billion, and imports and exports accounted for 73.7% of GDP. Inflation was as high as 12.4%.

Ghana scores quite low in labor supply and cost. In 2017, the national labor force was about 14.1 million. In recent years, unemployment has remained at about 2.4%. The proportion of people with higher educations is about 17.4%.

Its tax score is high. According to World Bank statistics, total tax on commercial profits is 32.4%, quite low among BRI countries.

Ghana's money supply score is low. M2 accounts for 26.1% of GDP, with growth of about 16.1%. The interest rate difference between domestic deposits and loans is 5.5%.

(4) Risk Indicators

Overall, Ghana's investment risk is high.

Financial risk is high. According to the World Bank, banks in Ghana have quite high risk. Foreign debt accounts for 35% of GDP and foreign exchange reserves are at a relatively low level, about USD6.76 billion.

Political risk is low. The political environment in Ghana is quite stable, although its legal environment score is mid-low.

Sovereign risk is high. Moody's gives Ghana's sovereign credit a B3 rating. Public debt accounts for as much as 66.1% of GDP. The government is in fiscal deficit.

Business environment risk is high. Ghana's scores in ease of foreign investors entering the local market and cost of business establishment are low. The government efficiency score is mid-low. The average time required to enforce a contract is approximately 710 days, and the cost of establishing new business is equivalent to 15.5% of per capita gross national income.

Foreign exchange risk is high. Exchange rate fluctuations between the Ghanaian cedi and USD are quite

large. Ghana has a Chinn-Ito score of zero. Foreign exchange controls are strict. Foreign companies that register locally and obtain investment approvals and legal residency can open local bank accounts in Ghana. If a foreign enterprise's funds are remitted by a foreign bank, they can open an offshore account with a domestic commercial bank, but enterprises can only open ordinary foreign currency accounts. Their foreign exchange can only be transferred within Ghana and cannot be transferred freely abroad. Enterprises in bonded areas can open foreign exchange accounts at various banks in Ghana, independent of foreign exchange controls.

(5) Key Industries

The Ghanaian economy is dominated by mining and agriculture. Oil, gold and cocoa are the top three exports. In the key BRI industries, the agriculture and energy in Ghana have developed relatively well.

Agriculture: Agriculture is the foundation of the Ghanaian economy, accounting for 56.2% of employment. The agricultural land area of Ghana is 1,570 km² and its cultivated area is 4.7 million hectares. Food crops are mainly in the north, with an area of about 2 million hectares. The main crops are corn, potato, sorghum, rice

and millet. Annual output is about 6 million tons, basically meeting domestic needs. Cocoa, which is mainly found in southern parts of Ghana, is a traditional export commodity with the highest output in the world, accounting for about 13% of global production. Other cash crops include palm oil, rubber, cotton, peanuts, sugar cane and tobacco.

Energy: With Ghana's economic development, the country's demand for electricity is set to increase at about 10% per year. As of 2017, Ghana's electricity coverage (the proportion of electricity users in the total population) was 82.3%, with rural coverage of 50% and urban coverage of 91%, second only to South Africa among African countries. The Ghanaian government plans to achieve 100% coverage by 2020.

Oil has gradually become a new pillar of the Ghanaian economy in recent years. In 2017, Ghana produced 18.1 million barrels of crude oil. Oil exports accounted for 22.1% of total exports and natural resource usage was at 16.7%.

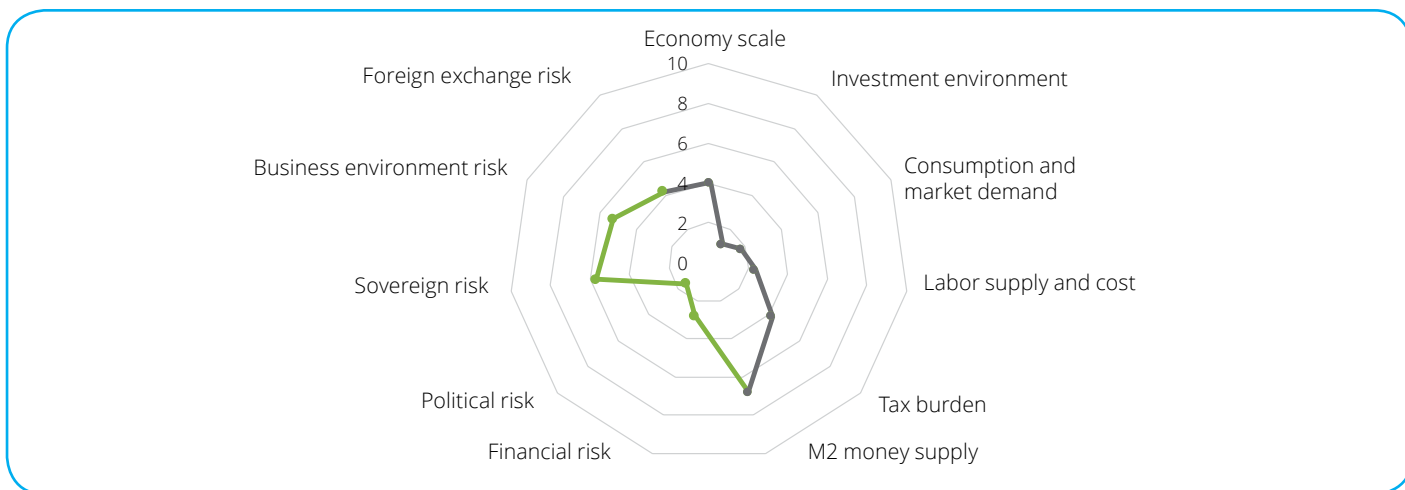


10) Sudan

(1) Investment Advice

Overall, Sudan's investment attractiveness is low. In macroeconomic indicators, which are low among BRI countries, only investment performs well. Overall investment risk is high, within which business environment, financial and foreign exchange risks are prominent and political risk is particularly high. The Sudanese government is vigorously attracting foreign investors to invest in agriculture, mining and processing. Investors should focus on energy and agriculture.

Figure 97: Sudan Investment Attractiveness Score



(2) Country Profile

Sudan is in Northeastern Africa on the west bank of the Red Sea, with a land area of 1.88 million km². Sudan borders Egypt to the north, Libya, Chad and Central Africa to the west, South Sudan to the south, Ethiopia and Eritrea to the east, and the Red Sea to the northeast. Its coastline is about 720 kilometers long. The climate differences within Sudan are substantial. From north to south, it has a tropical desert climate which transitions to a tropical rainforest climate. The temperature in the hottest season can reach 50°C, and the annual average temperature is 21°C. Sudan has annual average rainfall of less than 100 mm, Sudan has suffered from drought for many years. Sudan is located in an ecological transition zone and is highly vulnerable to climate disasters such as droughts, floods and desertification.

The total population of Sudan is about 40.53 million (2017). The official language is Arabic and the common language is English. Most residents follow Sunni Islam.

(3) Macroeconomic Indicators

Sudan's overall investment attractiveness is low.

Its scale of economy score is quite low. Sudan's GDP is about USD117.49 billion, or USD2,899 per capita. GDP is expected to grow at 3.5%. Due to a lack of competitive industries, only small reserves of oil, gas and gold, and an intensifying inflation and exchange rate crisis, the economy faces grave challenges.

Its investment environment score is about mid-range. In 2017, FDI was USD1.07 billion and fixed asset investment was about USD 28.18 billion.

Sudan scores low in consumption and market demand. In 2017, final household consumption expenditure was about USD86.14 billion, and imports and exports accounted for 21.5% of GDP. Due to loose monetary and fiscal policies, rising fuel and electricity prices, and currency depreciation, inflation has risen sharply in Sudan. In 2017, inflation was close to 17%. The IMF has urged the Sudanese government to re-examine its monetary policy to curb rising pressure on inflation.

Its labor supply and cost score is also low. In 2017, the Sudanese working population was about 11.47 million. Unemployment has increased consistently in recent years and is now at 12.7%. The average quality of the labor force is low, with only about 17.9% of people having higher educations.

Its tax score is also low. Based on World Bank statistics, total tax on commercial profits is 45.4%, quite high.

Its money supply score is high. M2 accounts for 24.7% of GDP and has increased at 68.8% in recent years. The interest rate difference between domestic deposits and loans is 3%.

(4) Risk Indicators

Overall, Sudan has high investment risk.

Financial risk is high. According to the World Bank, Sudanese banking risk is the highest among African countries. Foreign debt GDP accounts for 14.4% and foreign exchange reserves total about USD170 million.

Political risk is high. Sudan scores low in political stability. The overall political situation in Sudan is quite stable and the external environment has improved. However, the ousting of former President Omar al-Bashir has destabilized the country's political situation, with ongoing protests. According to the World Bank, the legal environment in Sudan is worse than in other African countries.

Sovereign risk is high. Agencies have not yet assigned a sovereign credit rating to Sudan. Public debt accounts for 47.9% of GDP. The government is in fiscal deficit.

Business environment risk is high. Sudan ranks at the forefront of African countries in ease of foreign investors entering local market. The cost of establishing an enterprise is quite high, equivalent to 20.9% of per capita gross national income. Contract enforcement is difficult, taking an

average of about 810 days. In addition, the administrative efficiency of Sudan's government is low among BRI countries.

Foreign exchange risk is high. The Sudanese pound to USD exchange rate fluctuates sharply. In the first quarter of 2018, it fell rapidly to USD1:SDG38. To reduce inflation and stabilize the exchange rate, the Sudanese government has adopted measures to restrict banks from withdrawing cash, crack down on black market transactions and restrict imports. In addition, the Sudanese government has implemented a new exchange rate policy since October 2018, according to which the official exchange was to be significantly reduced from USD1:SDG28 to USD1:SDG 47.5. Sudan's freedom of foreign exchange is quite low, with a Chinn-Ito score of 0.3.

(5) Key Industries

In the key BRI industries, energy and agriculture are developing well.

Sudan has the geological conditions for the formation of large oil fields and has the potential to enrich its oil resources. With the gradual improvement of oil exploration technology and the continuous expansion of exploration, its reserves, production and export volume are rising, and its status among oil exporting countries is gradually increasing. In recent years, with massive export of oil and high oil prices, Sudan has maintained rapid growth in its economy, which has become one of the fastest growing in Africa. Sudan is striving to change its economic structure, which is heavily dependent on oil exports, to develop agriculture as a long-term strategy.

Agriculture is the mainstay of the Sudanese economy. The agricultural population accounts for 80% of the total. The main crops are sorghum, millet, corn and wheat. Cash crops play an important role in agricultural production, accounting for 66% of agricultural exports, mainly cotton, peanuts, sesame and gum arabic. The production of long-staple cotton ranks 2nd in the world after Egypt. Peanut production ranks 1st among Arab and African countries and after only the United States, India and Argentina worldwide.

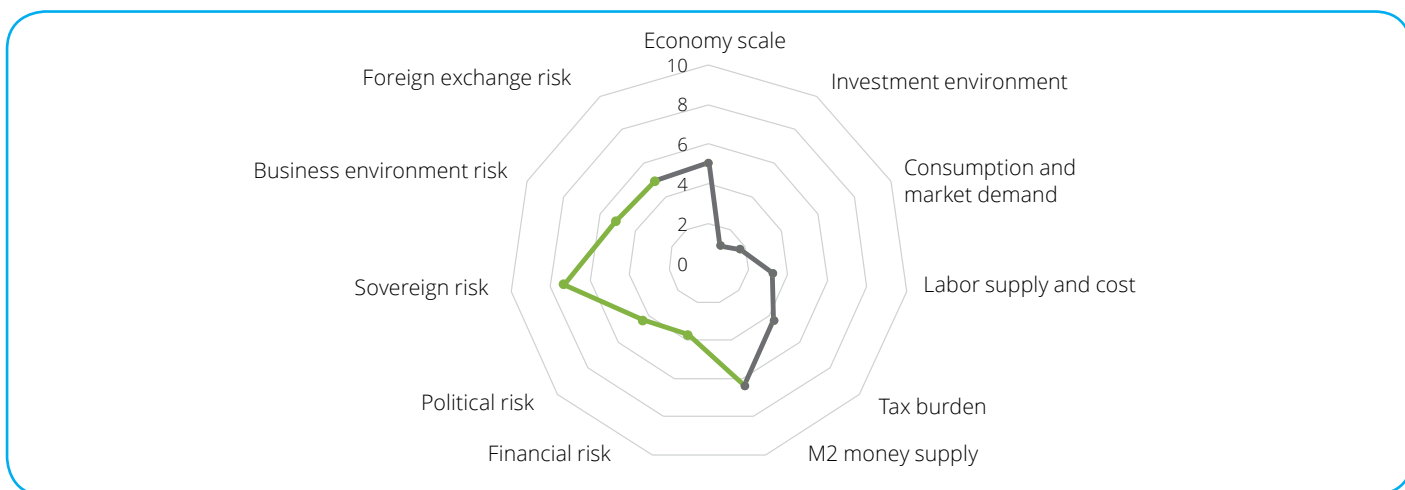
Sudan's sesame production ranks 1st among Arab and African countries, with most of it exported. Sudan accounts for half of the world's sesame export volume. It has acacia planting area of 5.04 million hectares, with average annual output of about 60,000 tons accounting for 60-80% of global output.

11) Tanzania

(1) Investment Advice

Overall, Tanzania's investment attractiveness is quite low. Macroeconomic indicators are low among BRI countries, although scale of economy and money supply perform quite well. Overall investment risk is high, notably in financial, political, business environment and foreign exchange risk. Investors should focus on agriculture, energy and manufacturing.

Figure 98: Tanzania Investment Attractiveness Score



(2) Country Profile

Tanzania is in Eastern Africa, south of the equator. It borders Kenya and Uganda to the north, Zambia, Malawi and Mozambique to the south, Rwanda, Burundi and Congo (Democratic Republic) to the west and the Indian Ocean to the east. Its mainland coastline is 840 kilometers long. Eastern coastal areas and inland lowlands have savannah climates, and its western inland plateaus have a tropical mountain climate. Tanzania has a land area of 945,000 km², within which Zanzibar takes up 2,657 km².

The total population of Tanzania is 53.95 million (2017). Tanzania has 126 ethnic groups. The national language is Swahili and the official languages are Swahili and English. About 61.4% of residents follow Catholicism and Christianity, 35.2% follow Islam, and the rest follow local religions. Almost all Zanzibar residents follow Islam.

The Tanzanian economy is dominated by agriculture and animal husbandry, with a flat structure, weak foundations and low level of development. It is one of the 48 least developed countries in the world, according to the United Nations.

(3) Macroeconomic Indicators

Tanzania's overall investment attractiveness is quite low.

Its scale of economy score is high. In recent years, Tanzania's economy has developed rapidly, with a historical GDP growth rate of 7.1%. GDP is expected to grow at 6.6% in the next three years. In 2017, Tanzania's GDP reached USD52.09 billion or USD936.3 per capita.

Its investment environment score is low. In 2018, FDI was about USD1.18 billion and fixed asset investment was about USD19.13 billion.

Tanzania has a low consumption and market demand score. In 2018, Tanzania's per capita national income was about USD910. Final household consumption expenditure was about USD32.63 billion. Its Gini coefficient of 0.55 indicates a large income gap among residents. Imports and exports account for 32.6% of GDP, and the scale of imports and exports is small. Inflation is 5.3%.

Its labor supply and cost score is also low. Tanzania has an ample labor force. In 2018, the national labor force was about 27.24 million, but it is generally not well-educated and is low-skilled. The proportion of people with a higher education is only 3.7%. The local unemployment rate is about 2.3%.

Its tax burden score is also low. According to World Bank statistics, total tax on commercial profits is 44%.

Its money supply score is high. M2 accounts for 34.5% of GDP, with a growth rate of about 55.8%, quite high. The interest rate difference between domestic deposits and loans is 6.4%.

(4) Risk Indicators

Overall, Tanzania's investment risk is quite high.

Financial risk is quite high. The Tanzanian Banking Industry Risk Index is moderate at 0.5, and the ratio of credit provided by domestic financial institutions is 20.2% of GDP. The ratio of external debt to GDP is 48.4%, but foreign exchange reserves are small, totaling USD4.07 billion.

Political risk is high. Tanzania's scores for political stability and legal environment are mid-low.

Sovereign risk is quite high. Moody's latest sovereign credit rating for Tanzania is B. Public debt accounts for 38.3% of GDP and the fiscal deficit is 2.7%.

Business environment risk is high. In ease of foreign businesses entering the local market and business establishment cost, Tanzania performs poorly. Its government efficiency and contract performance scores are quite high. The average time required to enforce a contract is 515 days and the cost of establishing a new business is equivalent to 58.7% of per capita gross national income. The Tanzanian government has launched an online company registration platform to improve efficiency and convenience for entrepreneurship.

Foreign exchange risk is high. The local currency in Tanzania is the shilling (TZS) and it is freely convertible. The TZH;USD exchange rate has been stable, with volatility of only 0.02% in 2017/18. However, freedom of foreign exchange is not high with a Chinn-Ito score of only 0.2.

(5) Key Industries

Among the key BRI industries, Tanzania's agriculture is developing relatively well better. Energy and manufacturing also have some development potential.

Agriculture: Tanzania's agriculture is dominated by planting, forestry, fisheries and animal husbandry. Agriculture is the main economic pillar, accounting for nearly 30% of GDP and absorbing two-thirds of the national workforce.

National agricultural land is 3,965 km² with a cultivated area of 13.5 million hectares. The main crops are corn, wheat, and rice. The main cash crops are coffee, cotton and sisal. In recent years, the Tanzanian government proposed an Agriculture First strategy and the Southern Agricultural Growth Corridor to vigorously promote agricultural production and increase food production. The agricultural economy is getting more self-sufficient, with surpluses exported to neighboring countries.

Energy: Tanzania has very large natural gas reserves. According to official data, Tanzania's proven natural gas reserves are 57 trillion cubic feet, and total reserves are expected to be at least 200 trillion cubic feet.

Manufacturing: Tanzania hopes to develop into a manufacturing base for East Africa by taking advantage of its geography. The minimum wage in Tanzania is only USD0.20 an hour, which is a substantial labor cost advantage. In recent years, with the discovery of a large amount of natural gas resources in Tanzania, foreign investors have been optimistic about the market and started investing in Tanzania. In addition, most of its manufactured products rely mainly on imports, so there is considerable potential for local industrial products to replace imports.

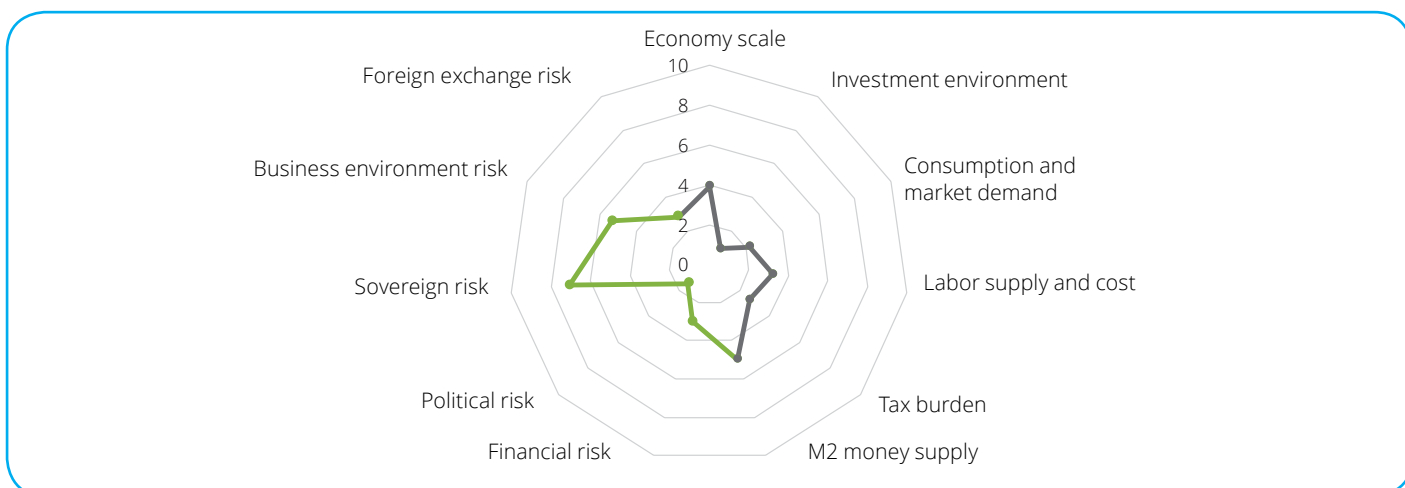
12) Congo (Democratic Republic)

(1) Investment Advice

Overall, Congo (Democratic Republic) investment attractiveness is low.

Macroeconomic indicators are low among BRI countries. Overall investment risk is high, particularly financial, business environment, political and foreign exchange risk. According to the Congo's plan for the next five years, energy, mining development, infrastructure and processing will be vigorously developed. Investors should focus on agriculture and energy.

Figure 99: Congo (Democratic Republic) Investment Attractiveness Score



(2) Country Profile

Congo is in Central Africa, bordering Uganda, Rwanda, Burundi and Tanzania to the east, Zambia and Angola to the south, South Sudan and the Central African Republic to the north, and Congo (Brazza) to the west. There is a narrow corridor in the west that leads to the Atlantic Ocean, with a coastline of 37 kilometers. Northern areas have a tropical rainforest climate and the south has a savanna climate. The annual average temperature is 27 °C, and annual precipitation is 1,500mm to 2,000 mm. Congo covers an area of 2.345 million km², making it the 2nd largest country in Africa after Algeria.

The total population of Congo is 86.859 million (2016). There are 254 ethnic groups in the country. Bantu, Central Sudanic/Ubangian and Nilotic are the three major ethnicities. Bantu account for 84% of the country's population, mainly in south, central and eastern regions. French is the

official language, and there are 250 local languages. About 50% of residents follow Roman Catholicism, 20% follow Protestantism, 10% follow Islam, 10% follow Kimbanguism, and the rest follow various local religions.

(3) Macroeconomic Indicators

The overall investment attractiveness of Congo (Democratic Republic) is low.

Its scale of economy score is low. In 2017, GDP was USD37.64 billion, or USD4,627.8 per person, with a historical GDP growth rate of 3.7% and an expected growth of 4%.

Its investment environment score is low. In 2017, FDI was approximately USD1.05 billion and fixed asset investment was about USD8.96 billion.

Its consumption and market demand score is low. In 2017, per capita national income was USD460, with household consumption expenditure of about USD29.18 billion USD. Its

Gini coefficient is 48.9. Imports and exports accounted for 75% of GDP, and inflation was 2.9%.

Its labor supply and cost score is also low. Congo has an ample labor force, at 32.75 million. However, the quality is quality low, with on 7% of people having a higher education. The unemployment rate is steady at about 3.7%.

Its tax burden score is low. The tax burden in Congo (Democratic Republic) is quite heavy. According to World Bank statistics, total tax on commercial profits is 54.6%.

Its money supply score is low. M2 is 12.8% of GDP, with growth of about 34.3%. The interest rate difference between domestic deposits and loans is 16.4%.

(4) Risk Indicators

Overall, investment risk is high.

Financial risk is high. Its banking risk index is as high as 0.7. Debt provided by domestic financial institutions represents 8.4% of GDP. External debt is about 11.7%. Foreign exchange reserves are small at about USD1.22 billion.

Political risk is high. Congo (Democratic Republic) has low political stability and legal environment scores. Congo has become known for years of war and increased poverty. Although the law prohibits local residents from holding guns without authorization, there are a large number of guns in Congo, and armed robberies occur.

Sovereign risk is high. Moody's rates Congo (Democratic Republic) sovereign credit at Caa2. Public debt accounts for 15.8% of GDP. The fiscal deficit is about 0.3%.

Business environment risk is high, mainly due to low scores in ease of foreign companies entering the local market, contract performance and cost of business establishment. However, government efficiency is high. In recent years, the Congolese government has adopted a series of measures to simplify the property registration process and implement a single window for international trade to optimize its business environment. The average time to enforce a contract is about 184 days, and the cost of establishing a new businesses is equivalent to 26.7% of GDP.

Foreign exchange risk is high. The Congo (Democratic Republic) currency is the Congolese franc. In recent years, the franc has depreciated and fluctuated widely against USD. In addition, Congo (Democratic Republic) has a low degree of freedom in foreign exchange, with a Chinn-Ito score of zero.

(5) Key Industries

In the key BRI industries, energy and agriculture are developing well.

Energy: Congo is rich in natural resources. It has proven oil reserves of 35.057 million barrels offshore and 20 million barrels on land. Its natural gas reserves are 20 billion cubic meters offshore and 10 billion cubic meters onshore. In addition, the deep waters of Lake Kivu at the junction of Congo and Rwanda are rich in natural gas resources. Congo's water resources are particularly rich, with estimated hydropower reserves that can be developed to generate 110 million MW, accounting for 37% of African and 6% of world hydropower resources.

Agriculture: Congo was once a major agricultural country in Africa. It has unique natural conditions and is highly suitable for agricultural production.

Congo has potential arable land of 120 million hectares, ranking 2nd in the world after Brazil. Some modern farms use advanced production methods to raise livestock and grow food on a large scale. A newly developed agro-industrial industrial park uses modern production technology and invests in various types of agricultural product processing equipment to gradually develop agricultural mechanization.

In 2017, agriculture accounted for 18.6% of GDP. According to the Ministry of Agriculture of the Democratic Republic of Congo, in recent years national grain output has reached about 3,600 tons per year. The government has encouraged private capital to participate in agricultural development, and formulated an outline for agricultural investment development from 2013-2020, including plans to build 22 agro-industrial parks and development projects with a total area of about 1 million hectares in key national agricultural areas.

13) Tunisia

(1) Investment Advice

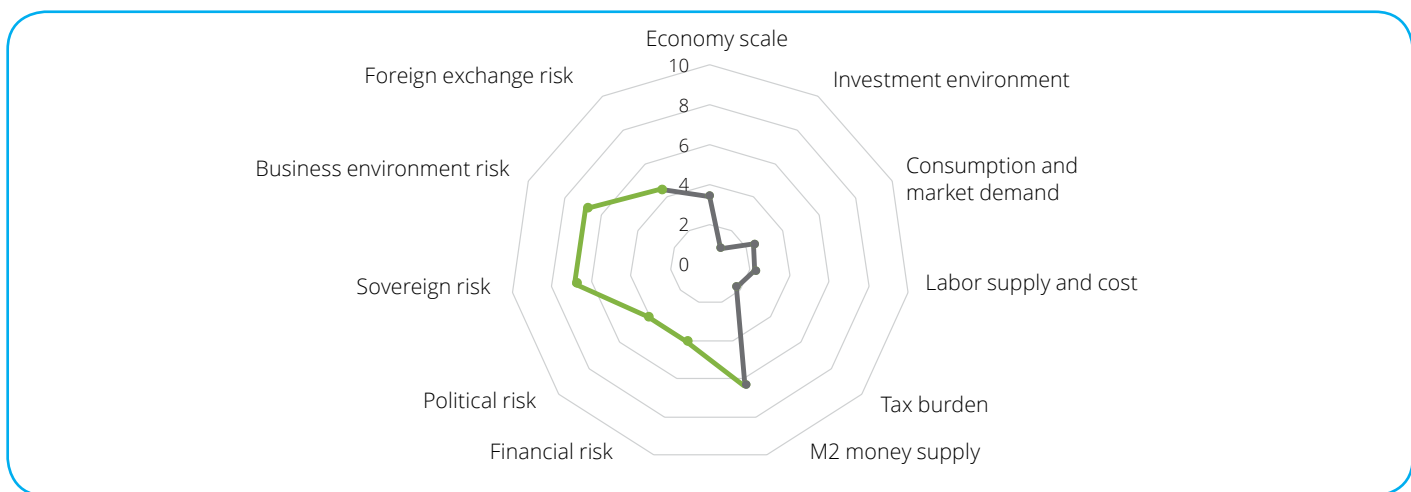
Overall, Tunisia's investment attractiveness is low.

Tunisia's macroeconomic attractiveness is low among BRI countries, with decent scale of

economy and capital supply, but high overall investment risk, including high financial, political, sovereign and foreign exchange risks and mid-range business environment risk. In 2017, Tunisia adopted a new investment law and issued an economic and social development plan for 2016-2020,

highlighting its desire to deepen economic and trade cooperation with China. Bilateral development prospects are promising. Investors should focus on manufacturing, agriculture and transportation infrastructure.

Figure 100: Tunisia Investment Attractiveness Score



(2) Country Profile

Tunisia is at the north tip of Africa. It is bordered by Algeria to the west, Libya to the southeast, the Mediterranean Sea to the north and east, and Italy across the strait of Tunis. The coastline is 1,300 kilometers long. It covers an area of 162,155 km². Northern Tunisia has a Mediterranean climate, which is hot and dry in summer, mild and rainy in winter. The south has a tropical desert climate.

Tunisia has a total population of about 11.445 million (as of July 2017), of which more than 90% are Arabs and the rest are Berbers. Arabic is the national language and French is the common language. The state religion is Islam, mainly Sunni. A few people follow Catholicism or Judaism.

(3) Macroeconomic Indicators

Tunisia's overall investment attractiveness is low.

Its scale of economy score is low. Tunisia's GDP is USD39.95 billion. GDP per capita is about USD3,464.4. GDP growth rate is estimated at 2.4%.

Its investment environment score is low. FDI in 2018 was about USD810 million. Fixed asset investment was about USD7.63 billion.

Tunisia's consumption and market demand score is also low. In 2018, Tunisia's national income per capita was USD3,490, and final household consumption expenditure was USD28.68 billion. Its Gini coefficient was 39.7. Imports and exports accounted for 99.5% of GDP. Inflation was 5.3%.

Its labor supply and cost score is quite low. Tunisia has a working population of about 4.14 million. It attaches great importance to vocational training and the workforce has a generally high level of skills. About 32.1% of the population have tertiary educations. Tunisia has a high unemployment rate of about 15.3%.

Its tax score is low. Business in Tunisia is heavily taxed, with a total rate of 60.2% on profits, according to World Bank statistics.

Its money supply score is quite high. In 2017, M2 accounted for 4.8% of GDP and maintained a steady growth rate of about 12%. The interest rate difference between domestic deposits and loans is 1.7%.

(4) Risk Indicators

Overall, investment in Tunisia is quite risky.

Financial risk is quite high. Its political stability and legal environment scores are quite low. Tunisia is under increasing threat of terrorist attacks, influenced by extremist groups from Syria and Libya.

Sovereign risk is quite high. Moody's gives Tunisia a B2 rating. Tunisia has high public debt, accounting for 72.2% of GDP. It has a financial deficit of about 4.8%.

Business environment risk is moderate. Tunisia performs well in contract fulfillment, cost of setting up a business and government efficiency. However, the difficulty for foreigners to enter the local market is mid-low.

The average time to enforce a contract is 565 days and the cost of setting up a new business is equivalent to 4.3% of the national income per capita. The Tunisian government has taken several measures to improve the business environment recently, including implementing a one-stop company registration process to make it easier to start a business, increasing the transparency of property registration and protecting the interests of small and medium-sized investors.

Foreign exchange risk is high. The local currency is the dinar, and it is highly volatile versus USD, with volatility of about 10% in recent years. Freedom of foreign exchange is limited, with a Chinn-Ito score of 0.17.

(5) Key Industries

Among the BRI key industries, Tunisia performs relatively well in manufacturing, agriculture and transportation infrastructure.

Manufacturing: Machinery and electronics, and textiles, are Tunisia's pillar industries, accounting for about 20% of GDP. Tunisia's machinery and electronics industry is its most important sector, with about 1,020 enterprises, mainly from the EU. It employs about 136,000 people. Machinery and electronics industry creates 25% of Tunisia's industrial jobs every year. It accounts for about 37.5% of Tunisia's total industrial exports, ranking 1st in Tunisian industry. The main products are wires, cables and auto parts.

The main products in Tunisia's textile industry are garments and fabrics. There are 1,789 textile and garment enterprises in the country with more than 10 employees, of which 1,503 focus on exports. Textile enterprises account for 33% of manufacturing enterprises and employ 175,000 people. Textile imports are the 2nd largest contributor to Tunisian manufacturing exports.

Agriculture: Tunisia has 100,730 km² of agricultural land, of which 2.9 million hectares are arable. Agricultural workers account for 22% of the employed population. Tunisia is the world's largest exporter of olive oil, Africa's second largest exporter of organic agricultural products and the world's 10th largest producer of tomatoes.

Transportation infrastructure: Tunisia has a developed road network, which covers the whole country. There are 20,000 kilometers of asphalt roads and 360 kilometers of expressways. The national railway company of Tunisia (SNCF) operates Tunisian railway transport. There are 23 railway lines with a total length of 2,011 kilometers. In air transport, Tunisia has nine international airports, which carry about 4.2 million passengers per year.

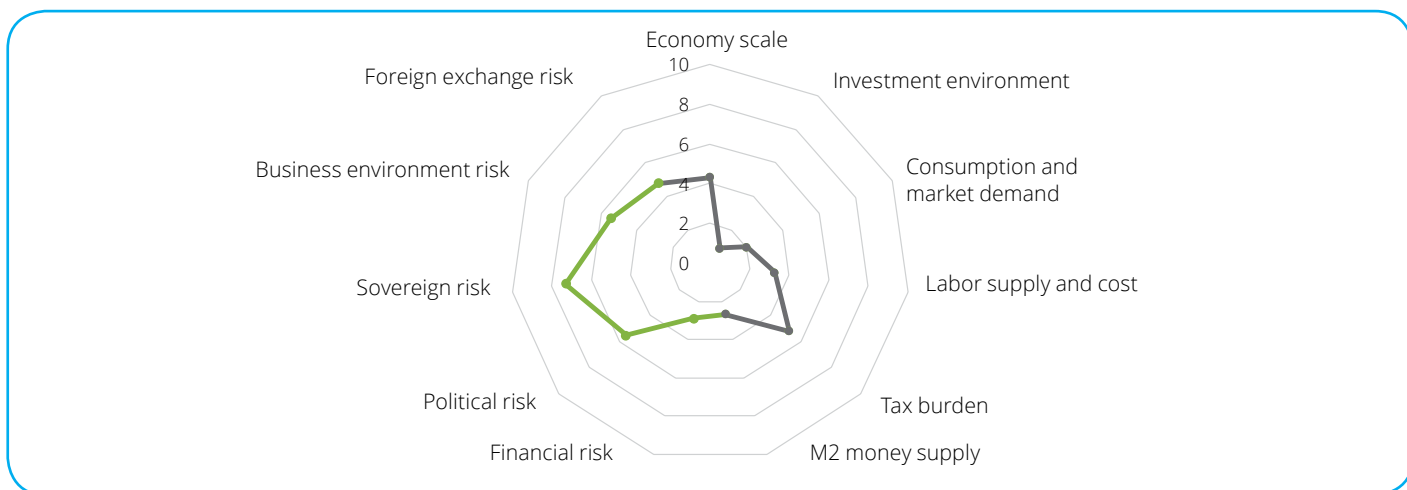


14) Madagascar

(1) Investment Advice

Overall, Madagascar's investment attractiveness is low. Its macroeconomic attractiveness is low among BRI countries. It has high ratings in scale of economy, investment environment, consumption and market demand, labor supply and cost, and the tax burden is moderate. Overall investment risk is quite high. The political environment is quite stable, but financial, business environment and foreign exchange risks are all high. Investors should focus on agriculture and energy.

Figure 101: Madagascar Investment Attractiveness Score



(2) Country Profile

Madagascar is east of the main African landmass in the western Indian Ocean. It is the fourth largest island in the world, with a land area of approximately 590,000 km². It is about 1,500 kilometers from north to south, about 500 kilometers from east to west, with a coastline of about 5,000 kilometers. Madagascar has unique terrain with a wide range of climate differences. The east has a tropical rain forest climate, which is hot and humid all year round, the central plateau has a tropical plateau climate with mild weather, the west part has a savanna climate with less precipitation and the south has a semi-arid climate.

The national population of Madagascar is 24.89 million (2016), of which 98% are Malagasy, and the rest Indian, Pakistani and French. Madagascar has a total of 18 tribes, with the Merina accounting for 26% and the Betsimisaraka accounting for 14%. The national language of Madagascar

is Malagasy and the official languages are French and English. The common language is French. In Madagascar, about 52% of the residents follow local religions, 41% follow Christianity and Protestantism, and 7% follow Islam.

(3) Macroeconomic Indicators

Overall investment attractiveness is low.

Its scale of economy score is moderate. GDP is USD11.5 billion or USD449.7 per capita. Historical GDP growth is about 4.2%, and growth is expected to be 5.4%.

Its investment environment score is low. In 2018, FDI was about USD460 million and fixed asset investment was approximately USD1.74 billion.

Its consumption and market demand score is low. In 2018, Madagascar's per capita national income was USD400. Final household consumption expenditure was about 8.92 billion. Its

Gini coefficient was 42.6. Imports and exports accounted for 74.5% of GDP. Inflation was 8.3%.

Its labor supply and cost score is low. Madagascar has a small workforce of approximately 1.35 million. The quality and education level of the workforce is low, among which 30.4% have not received any education, 44.8% have received primary educations, 22.7% have received secondary educations and only 2.2% have received higher educations. Gross tertiary enrolment is only 5.1%. The unemployment rate in Tunisia is low at only 1.8%.

Its tax score is low. According to World Bank statistics, total tax on commercial profits is 38.3%.

Its money supply score is also low. In 2017, M2 accounted for 28.5% of GDP, with growth of about 18.2%. The interest rate difference between domestic deposits and loans is up to 45%.

(4) Risk Indicators

Overall, investment risk is quite high.

Financial risk is high. Domestic financial institution credit is 19% of GDP, and foreign debt accounts for about 41% of GDP. Foreign exchange reserves are small at only USD830 million .

Political risk is quite low, with a quite high political stability score, but a relatively low legal system score. In 2018, a presidential election year, local public security risks increased.

Sovereign risk is high. Moody's rates Madagascar at B1. Madagascar's public debt accounts for 41.9% of GDP. The fiscal deficit is about 2.3%.

Business environment risk is high. According to the World Bank, it is relatively difficult for foreign business to enter the local market. Contract enforcement is difficult, taking an average of 871 days. The cost of establishing a business is quite high, equivalent to about 33% of per capita gross national income. To optimize the business environment, the Madagascan government has adopted a series of measures, such as optimizing the property transfer process, strengthening building quality control, and increasing credit transparency through the introduction of new laws.

Foreign exchange risk is high. There was minimal exchange rate fluctuations between Madagascan ariary and USD, with volatility in recent years of about 0.04. The freedom of foreign exchange is not high, according to Chinn-Ito's financial openness index of 0.2%.

(5) Key Industries

Among the key BRI industries, agriculture is developing well and the energy industry has development potential.

Agriculture: In 2017, the output value of agriculture, forestry, fishery and animal husbandry in Madagascar accounted for 21.3% of GDP. The main agricultural products are rice, corn, cassava and vanilla. Madagascar's store of superior agricultural products, including 2,733 tons of vanilla, 20,000 tons of cloves, 18,000 tons of lychee and 1,536 tons of raffia, has driven growth of foreign trade.

Energy: Madagascar has abundant hydropower resources with a potential of 7,800 MW, of which only 3% developed. The underdevelopment of power together with a contradiction between supply and demand has seriously restricted the economic and industrial development of Madagascar. Its national development plan includes electricity infrastructure projects and allows foreign investors to make local infrastructure.

7. Oceania

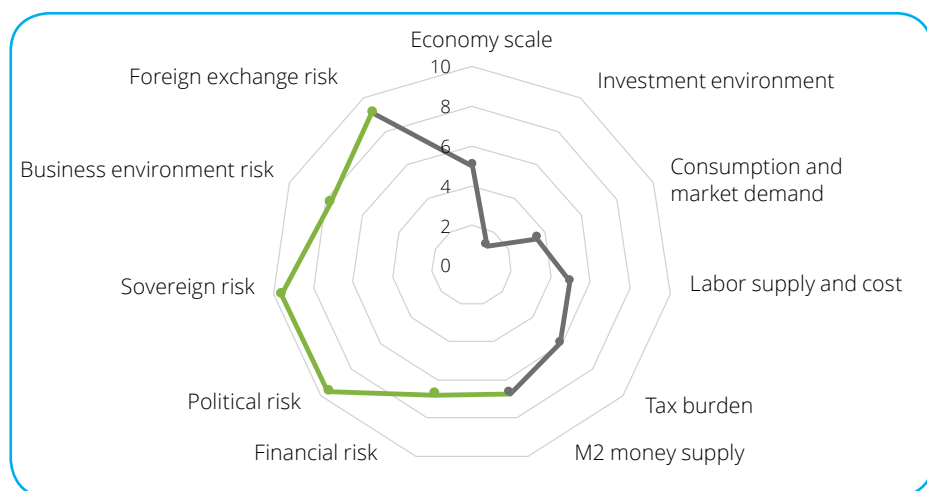
1) New Zealand

(1) Investment Advice

Overall, New Zealand's investment attractiveness is high.

New Zealand's macroeconomic attractiveness is high among BRI countries, with scale of economy, consumption and market demand prominent. Overall investment risk is low. Business environment performs well. Investors should focus on agriculture, transportation infrastructure and IT.

Figure 102: New Zealand Investment Attractiveness Score



(2) Country Profile

New Zealand is in the South Pacific, between the equator and the South Pole, west of the Tasman Sea and about 1,500 km from Australia's east coast. The country consists of two large islands, the South and the North, with Stewart Island and some small islands nearby. The Cook Strait is between North Island and South Island. Its land area is about 268,600 km². New Zealand has a coastline of 15,000 kilometers and a territorial sea area of about 4 million km². New Zealand has a temperate maritime climate, with average temperatures of about 25°C in summer and 10°C in winter.

As of the end of June 2017, New Zealand has a total population of 4.79 million. The main ethnic groups in New Zealand are of European descent and Maori. According to 2013 statistics, the representation of ethnic groups is roughly 68% European, 14% Maori, 11% Asian, 7% Pacific Islander and 1% other countries. The official languages of New Zealand are English and Maori. Christianity is New Zealand's most important religion.

New Zealand's dairy industry plays a pivotal role in the national economy. There are more than 12,000 farms in the country with a total area of 11 million hectares.



(3) Macroeconomic Indicators

Its scale of economy score is high. New Zealand is a developed country with a strong economy. New Zealand's GDP is USD205.85 billion, or about USD43,000 per capita and growth of about 3%. GDP is expected to grow at 3.1%.

Its investment environment score is mid-range. FDI is about USD2.14 billion and fixed asset investment was approximately USD45.51 billion.

Its consumption and market demand score is quite high. New Zealand's per capita national income is USD38,970, and final household consumption expenditure is approximately USD108.35 billion. Its Gini coefficient is 43.6. Imports and exports account for 51.3% of GDP. Inflation is 1.9%.

Its labor supply and cost score is quite high. New Zealand has a small labor force of only 2.68 million. In many industries, there is a shortage of labor. The quality of the local workforce is high, with 81.1% having enjoyed higher educations. Its unemployment rate is low at only 5%.

Its tax burden score is moderate. According to World Bank statistics, total tax on New Zealand business profits is approximately 34.6%.

In money supply, New Zealand has a quite high score. M2 accounts for 101% of GDP, with growth of about 7.3%, indicating sufficient money supply. The interest rate difference between domestic deposits and loans is 1.8%. Overall, the money market is quite stable.

(4) Risk Indicators

Overall, investment risk is low.

Financial risk is low. The New Zealand Banking Industry Risk Index is low at just 0.2. Domestic financial institution's provide credit worth 150.7% of GDP, and foreign debt accounts for 100% of GDP. Foreign exchange reserves total USD22.18 billion.

Political risk is low. New Zealand has a sound legal system, good security and a very low crime rate. Political stability and social legal environment indicators score highly.

Sovereign risk is low. Moody's rates New Zealand Aaa, the highest credit rating. Public debt is low, accounting for 26.5% of GDP. It has aiscal surplus of 0.7%.

Business environment risk is low. In ease of market entry, contract fulfillment, business establishment cost and government efficiency, New Zealand performs well. The New Zealand market mechanism is fully developed and the business environment is friendly. In recent years, the New Zealand government has reduced the cost of startups by reducing fees.

Foreign exchange risk is low. The New Zealand dollar was quite stable against USD in 2017/18. Foreign exchange freedom is very high, with a Chinn-Ito Financial Openness Index of 1.0.

(5) Key Industries

In the five key BRI industries, agriculture and transportation are relatively mature, and IT has some development potential.

Agriculture: New Zealand's livestock industry is a traditionally advantageous industry, with its lamb, venison and dairy exports ranking 1st in the world, and lamb and venison exports accounting for 75% and 50% of global trade respectively. Wool exports rank 2nd only to Australia, accounting for 27% of global trade. The New Zealand dairy industry plays a pivotal role in the national economy. There are more than 12,000 farms in the country, with a total area of 11 million hectares and 6.5 million cows. In 2017, New Zealand's dairy exports amounted to NSD14 billion (USD9.3 billion), accounting for 18% of total exports of goods and services.

Transportation infrastructure:

Due to geographical factors, New Zealand and its neighbors are completely dependent on shipping and air transportation. There are mature shipping and air transportation links between Australia, South Pacific islands and Southeast Asia. New Zealand's import and export goods are all transported by sea, so there are many ports and facilities. There are 13 major ports in New Zealand with an annual handling capacity of approximately 48 million tons.

IT: New Zealand's technology policy is distinctive, with a basic policy of serving economic growth and promoting exports. For a long time, the New Zealand government has placed great emphasis on the commercialization of scientific and technological achievements and scientific research activities. Since the Labor government took office in 2017, it has emphasized the use of R&D tax deductions to encourage enterprises to increase R&D investment to 2% of GDP in the next 10 years.

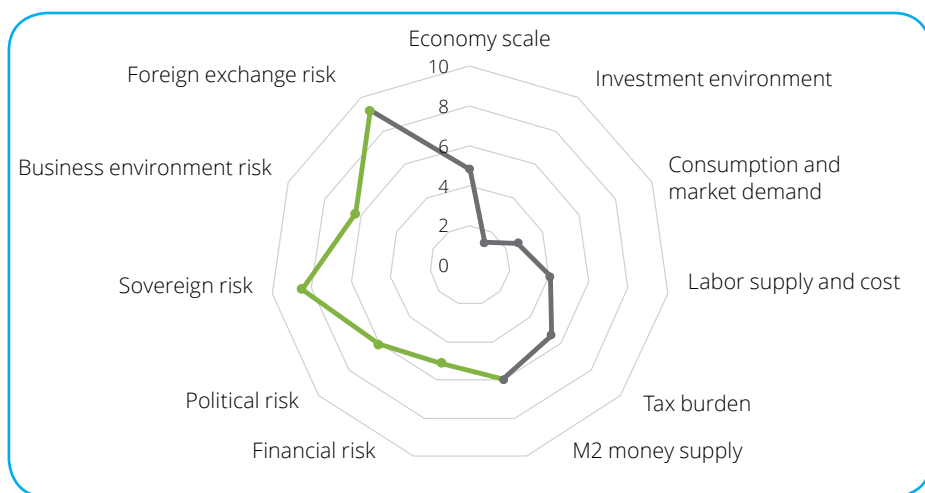
8. Central America

1) Panama

(1) Investment Advice

Overall, Panama's investment attractiveness is moderate. Macroeconomic attractiveness is mid-range among BRI countries, with relatively good performance in scale of economy and labor education. Overall investment risk is low, although financial risk is quite high. Investors should focus on transportation and IT.

Figure 103: Panama Investment Attractiveness Score



(2) Country Profile

Panama is in the Isthmus of Panama in Central America, bordering Colombia to the east, the Pacific Ocean to the south, Costa Rica to the west and the Caribbean Sea to the north. Panama has a land area of 75,517 km². It is 772 kilometers long and 60 to 177 kilometers wide. The coastline is 2,988 kilometers long. Panama's land is near the equator and has a tropical maritime climate. It is humid during the day and cool at night. The annual average temperature is 23-27°C.

Panama has a population of about 4.07 million (2017), with Amerindian-European mixed race people accounting for 75%, Native American's 12.6%, black people or people of African descent 9.2%, and the rest white or Asian. About 85% of the residents follow Catholicism. Spanish is the official language.

(3) Macroeconomic Indicators

Its scale of economy score is quite high. Panama's GDP is USD62.28 billion, or USD15,196.4 per capita, and a historical growth rate of about 3%. GDP is expected to grow at 4.7%.

Its investment environment score is high. In 2018, FDI was about USD4.83 billion and fixed asset investment was approximately USD24.72 billion .

Its consumption and market demand score is moderate. Per capita national income is UD13,280 and final household consumption expenditure is about USD31.34 billion. Panama's Gini coefficient of 0.5 indicates a large national income gap. Imports and export account for 87.6% of GDP. Inflation is 0.9%.



Panama's labor supply and cost score is high. The national labor force is about 2.03 million. About 48.4% of people have received a higher education. The unemployment rate in Panama is 4.6%.

Its tax burden score is relatively low. Based on World Bank statistics, total tax on commercial profits is 37.2%.

Its money supply score is moderate. M2 accounts for about 77.9% of GDP, with growth of about 5.8%. The interest rate difference between domestic deposits and loans is about 5.4%.

(4) Risk Indicators

Overall, investment risk is relatively low.

Financial risk is low. The Panamanian Banking Industry Risk Index is at 0.4. Domestic financial institution credit represents about 83.3% of GDP, and foreign debt accounts for about 30% of GDP. Foreign exchange reserves are USD3.38 billion.

Political risk is low. Panama's political stability and legal environment scores are high.

Sovereign risk is low. Moody's rates Panama Baa1. Public debt is low, accounting for 40% of GDP. It has a fiscal deficit of about 1.6%.

Business environment risk is moderate. Its ease of market entry, contract fulfillment, business establishment cost and government efficiency scores are moderate. Government efficiency is good, with improved corporate tax efficiency through a new online tax payment and filing system in recent years.

Foreign exchange risk is low. The exchange rate between the local currency, the balboa, and USD was quite stable in 2017/18. Foreign exchange freedom is very high, with a Chinn-Ito score of 1.0.

(5) Key Industries

Panama is in the Central American isthmus and is known for its eponymous canal. Due to the advantageous geography of the Panama Canal, Panama has a relatively developed transportation industry. IT has development potential.

Transportation infrastructure: The Panama Canal carries nearly 5% of the world's trade and freight volume, with the United States the largest user and China the second largest. Panama has a large number of ports and developed facilities. Nearly 30 Chinese enterprises are operating in Panama, with more than 70 private enterprises engaged in trade in the Colon free trade zone.

In addition to port transportation, road bridge construction is a potential investment area. In 2018, China Communications Construction Co. and China Harbour Engineering Co. won the bid for the fourth Panama Canal bridge, with a contract price of UD1.42 billion. This is the most important project in Panama, and even Central America, in the next few years, and is the largest bridge single project Chinese companies have won in the Americas.

IT: With the steady development of the Panamanian shipping industry, demand for local merchant communications services continues to increase, promoting rapid development of the Panamanian communications industry. There are currently five transoceanic fiber connections to the rest of the world. To develop its communications industry, Panama has developed two international technology parks, a Smart City and the Panama-Pacific Special Economic Zone, and the government has included IT development in its national strategy.



Appendix 1: BRI Countries Investment Index Evaluation Framework

Table 1: Macroeconomic attractiveness indicators

Primary Indicator	Secondary Indicator	Tertiary Indicator	Data Source
Scale of economy	GDP	GDP (current USD)	World Bank
	GDP growth	GDP growth (annual, %)	World Bank
	GDP per capita	GDP per capita (current USD)	World Bank
	Estimated GDP growth	GDP forecast	Trading Economics
Investment	FDI	FDI, net inflows (BoP, current USD)	World Bank
	Fixed asset investment	Gross fixed capital formation (current USD)	World Bank
Consumption and demand	Total population	Total population	World Bank
	GNI per capita	GNI per capita, Atlas method (current USD)	World Bank
	Household consumption	Household final consumption expenditure (current USD)	World Bank
	Gini Index	Gini index (World Bank estimate)	World Bank
	Total import/export	Exports/imports of goods and services (% of GDP)	World Bank
	Inflation rate	Consumer price inflation (annual, %)	World Bank
Labor supply and cost	Labor force	Total labor force	World Bank
	Unemployment rate	Unemployment rate	World Bank
	Education level	Gross enrollment ratios: tertiary education	Euromonitor
Tax burden	Gross tax burden	Total tax on commercial profits, %	World Bank
Money supply	Broad money (M2) supply	Broad money (% of GDP)	World Bank, CEIC Data, IMF
	Broad money (M2) growth	Broad money growth (annual %)	World Bank, CEIC Data, IMF
	Capital cost	Interest rate spread (lending rate minus deposit rate, %)	World Bank

Table 2: Risk assessment indicators

Primary Indicator	Secondary Indicator	Tertiary Indicator	Data Source
Financial risk	Bank risk	Bank risk index	Economist Intelligent Unit
	Domestic credit provided by the financial sector	Domestic credit provided by financial sector (% of GDP)	World Bank, Factfish
	Size of external debt	External Debt/GDP (%)	Wikipedia
	Foreign currency resources	Foreign-exchange reserves (million USD)	Wikipedia
Political risk	Political stability	Political stability and violence	World Bank
	Soundness of legal system	Regulatory quality	World Bank
Government sovereign risk	Government bond ratings	Local currency government bond ratings	Moody's Rating
	Government gross debt	Government gross debt/GDP (%)	International Monetary Fund
	Government fiscal balance	Budget surplus (+)/deficit (-)	Central Intelligence Agency
Business environment risk	Ease of market entry for foreign investors	Ease of doing business index	World Bank
	Ease of enforcing contract	Time required to enforce a contract (days)	World Bank
	Cost of business start-up procedures	Cost of business start-up procedures (% of GNI per capita)	World Bank
	Government effectiveness	Government Effectiveness Index	Euromonitor
Foreign exchange risk	Currency exchange fluctuations	Exchange rate vs. USD	Euromonitor
	Freedom of foreign exchange	Chinn-Ito Financial Openness Index	Knoema

Table 3: Key industry assessment indicators – Energy

Primary Indicator	Secondary Indicator	Tertiary Indicator	Data Source
Electric power consumption	Electric power consumption	Electric power consumption (1,000 kWh)	IndexMundi\CIA World Factbook
	Per capita power consumption	Electric power consumption (kWh per capita)	IndexMundi\CIA World Factbook
Resource reserves	Energy exports	Fuel exports (% of merchandise exports)	DataMarket
	Use of natural resources	Natural resources rents (% of GDP)	DataMarket

Table 4: Key industry assessment indicators – IT

Primary Indicator	Secondary Indicator	Tertiary Indicator	Data Source
Size of IT and use of IT products	Mobile cellular usage	Mobile cellular subscriptions (per 100 people)	World Bank
	Fixed telephone usage	Fixed telephone subscriptions (per 100 people)	World Bank
	High-technology exports	High-technology exports (% of manufactured exports)	World Bank, Trading Economics
internet adoption	Internet applications	Individuals using the internet (% of population)	World Bank
internet infrastructure	Secure internet servers	Secure internet servers (per 1 million people)	World Bank

Table 5: Key industry assessment indicators – Transportation

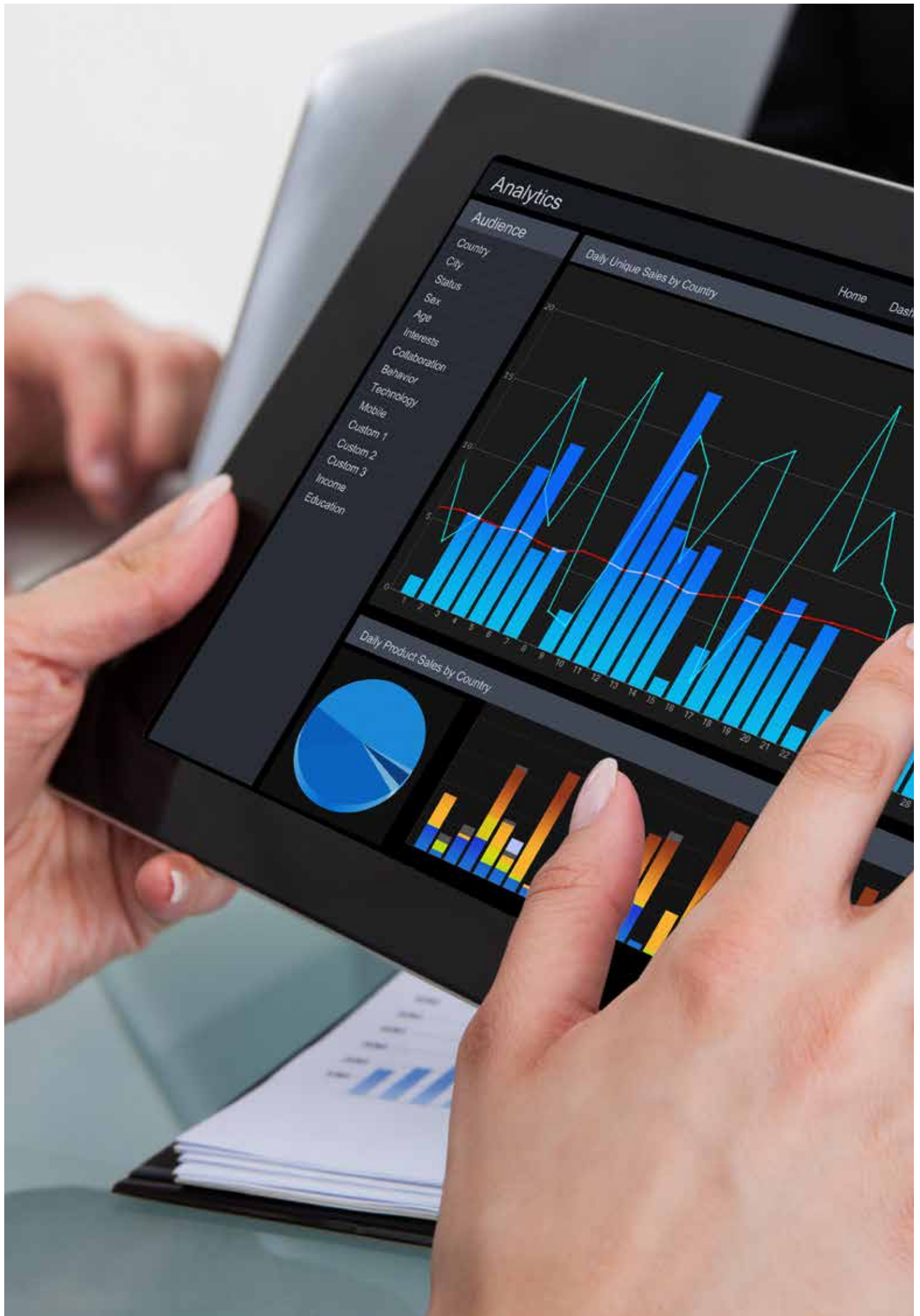
Primary Indicator	Secondary Indicator	Tertiary Indicator	Data Source
Scale of rail infrastructure	Length of domestic rail lines	Rail lines (total route-km)	Euromonitor, national government websites
Air transport development	Air transport, freight volume	Air transport, freight (million tons-km)	World Bank
	Air transport, passengers volume	Air transport, passengers carried	World Bank
Logistics development	Logistics performance index	Logistics performance index: Overall	World Bank
Port development	Quality of port infrastructure	Quality of port infrastructure	World Bank

Table 6: Key industries assessment indicators – Manufacturing

Primary Indicator	Secondary Indicator	Tertiary Indicator	Data Source
Size of labor force	Labor force population	Labor force population	World Bank
Labor cost	Minimum wage	Minimum wage, USD/hour	Euromonitor, national government websites
Size of manufacturing sector	Manufacturing output	Manufacturing (value added % of GDP)	World Bank
	Manufacturing growth	Manufacturing (annual growth %)	World Bank

Table 7: Key industries assessment indicators – Agriculture

Primary Indicator	Secondary Indicator	Tertiary Indicator	Data Source
Agricultural resources	Agricultural land	Agricultural land (km ²)	World Bank
	Arable land	Arable land (hectares)	World Bank
Production index	Livestock production capacity	Livestock production index (2004-2006 = 100)	World Bank
	Crop production capacity	Crop production index (2004-2006 = 100)	World Bank
	Food production capacity	Food production index (2004-2006 = 100)	World Bank
Size of agriculture sector	Agricultural output	Agriculture, forestry, and fishing, value added (% of GDP)	World Bank



Appendix 2: List of Data Sources

1. World Bank database: <https://data.worldbank.org/indicator>
2. CEIC Data: <https://www.ceicdata.com/>
3. International Monetary Fund (IMF): www.imf.org
4. Central Intelligence Agency (CIA): <https://www.cia.gov/library/publications/>
5. Moody's: <https://www.moody.com/>
6. PRC Ministry of Commerce Going Out Public Service Platform: <http://fec.mofcom.gov.cn/article/gbdqzn/>
7. Yidaiyilu (Belt and Road) Platform: <https://www.yidaiyilu.gov.cn/>
8. Economist Intelligence Unit
9. Chinn, Menzie D. and Hiro Ito (2006). What Matters for Financial Development? Capital Controls, Institutions, and Interactions, *Journal of Development Economics*
10. Index Mundi: <https://www.indexmundi.com/>
11. Trading Economics: <https://tradingeconomics.com/>
12. Euromonitor
13. Knoema: <https://cn.knoema.com/>
14. Wikipedia: <https://www.wikipedia.org/>
15. Factfish: <http://www.factfish.com/>
16. Datamarket: <https://datamarket.com/>

京東下行場
East Down Yard

北坪
Beiping

豐台
Fengtai

新府鎮
Xinfuzhen

明故
Minggu

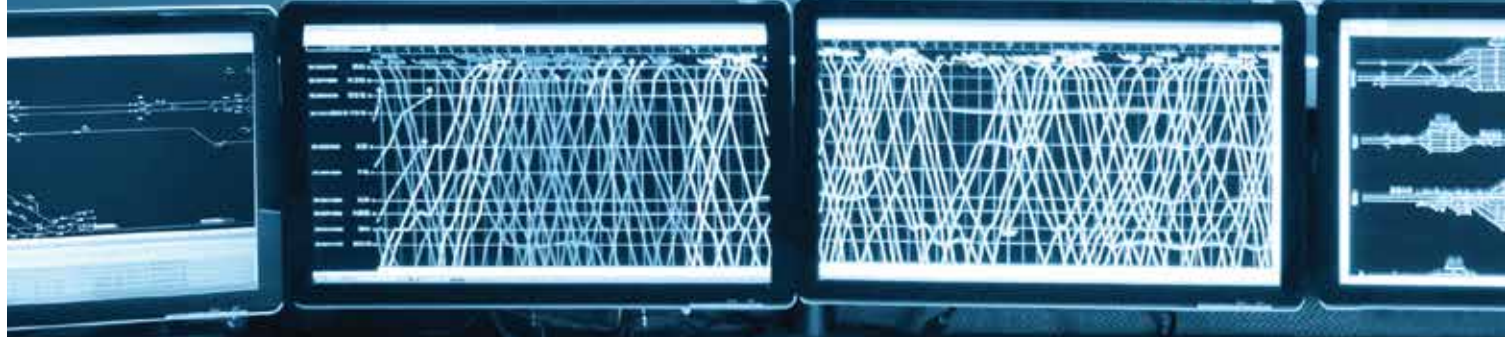
豐亭
Fengting

許留村
Xuliucun

南陽下園場
Nanyang Down Round Yard

南陽
Nanyang

南陽上園場
Nanyang Up Round Yard



Appendix 3: Abbreviations and Explanations

Abbreviation	Explanation
3G	The third generation of mobile telecommunications technology.
4G	The fourth generation of mobile telecommunications technology.
ASEAN	Association of Southeast Asian Nations, formed in 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand to promote political and economic cooperation and regional stability.
CPI	Consumer Price Index, which measures the average change in prices over time that consumers pay for a basket of goods and services.
GDP	Gross Domestic Product, the total value of goods produced and services provided in a country during a year.
GST	Goods and Services Tax, a broadly applied value added tax.
IMF	International Monetary Fund.
M2	M2 is a measure of the money supply that includes cash and checking deposits (M1) as well as near money.
OECD	The Organisation for Economic Co-operation and Development, an intergovernmental economic organization with 36 member countries, founded in 1961 to stimulate economic progress and world trade.
WTO	World Trade Organization
LAS	League of Arab States, a regional organization of Arab states in the Middle East formed in 1945 by Egypt, Syria, Lebanon, Iraq, Transjordan (now Jordan), Saudi Arabia, and Yemen.
S&P	Standard & Poor's, one of the Big Three credit rating agencies.
Fitch	Fitch Ratings, one of the Big Three credit rating agencies.
Moody's	Moody's Ratings, one of the Big Three credit rating agencies.
GSP	Generalized System of Preferences, which provides opportunities for many of the world's poorest countries to use trade to grow their economies and climb out of poverty.

Closing Remarks

Three trends have emerged as the Belt and Road Initiative gains momentum about the globe: an increasing number of countries and international organizations have participated in this new framework of international cooperation; its industry focus has shifted from infrastructure to a diversified set of industries including agriculture, IT and beyond; and more multinational and private enterprises have joined the Initiative, joining state-owned enterprises.

This 2018 report was completed with tremendous support from the Shanghai Municipal Commission of Commerce and Deloitte Consulting. We hope that it helps enterprises identify market opportunities and risks in overseas markets, and provides data-driven evidence for investment decisions.

However, this report has several limitations due to the availability, accessibility and timeliness of data covering all 80 BRI countries. The research team has collected data from credible sources including international organizations, academic databases and national governments to present an objective, accurate analysis for readers.

As the lead entity compiling this report, Deloitte Consulting looks forward to communicating with enterprises considering investments in BRI regions, and putting their visions into actions in specific countries and industries through our global network and local expertise.

Office locations

Beijing

12/F China Life Financial Center
No. 23 Zhenzhi Road
Chaoyang District
Beijing 100026, PRC
Tel: +86 10 8520 7788
Fax: +86 10 8518 1218

Changsha

20/F Tower 3, HC International Plaza
No. 109 Furong Road North
Kaifu District
Changsha 410008, PRC
Tel: +86 731 8522 8790
Fax: +86 731 8522 8230

Chengdu

17/F China Overseas
International Center Block F
No.365 Jiaozi Avenue
Chengdu 610041, PRC
Tel: +86 28 6789 8188
Fax: +86 28 6317 3500

Chongqing

43/F World Financial Center
188 Minzu Road
Yuzhong District
Chongqing 400043, PRC
Tel: +86 23 8823 1888
Fax: +86 23 8857 0978

Dalian

15/F Senmao Building
147 Zhongshan Road
Dalian 116011, PRC
Tel: +86 411 8371 2888
Fax: +86 411 8360 3297

Guangzhou

26/F Yuexiu Financial Tower
28 Pearl River East Road
Guangzhou 510623, PRC
Tel: +86 20 8396 9228
Fax: +86 20 3888 0121

Hangzhou

Room 1206-1210
East Building, Central Plaza
No.9 Feiyunjiang Road
Shangcheng District
Hangzhou 310008, PRC
Tel: +86 571 8972 7688
Fax: +86 571 8779 7915 / 8779 7916

Harbin

Room 1618, Development Zone Mansion
368 Changjiang Road
Nangang District
Harbin 150090, PRC
Tel: +86 451 8586 0060
Fax: +86 451 8586 0056

Hefei

Room 1201 Tower A
Hua Bang ICC Building
No.190 Qian Shan Road
Government and Cultural
New Development District
Hefei 230601, PRC
Tel: +86 551 6585 5927
Fax: +86 551 6585 5687

Hong Kong

35/F One Pacific Place
88 Queensway
Hong Kong
Tel: +852 2852 1600
Fax: +852 2541 1911

Jinan

Units 2802-2804, 28/F
China Overseas Plaza Office
No. 6636, 2nd Ring South Road
Shizhong District
Jinan 250000, PRC
Tel: +86 531 8973 5800
Fax: +86 531 8973 5811

Macau

19/F The Macau Square Apartment H-N
43-53A Av. do Infante D. Henrique
Macau
Tel: +853 2871 2998
Fax: +853 2871 3033

Mongolia

15/F, ICC Tower, Jamiyan-Gun Street
1st Khoroo, Sukhbaatar District, 14240-
0025 Ulaanbaatar, Mongolia
Tel: +976 7010 0450
Fax: +976 7013 0450

Nanjing

6/F Asia Pacific Tower
2 Hanzhong Road
Xinjiekou Square
Nanjing 210005, PRC
Tel: +86 25 5790 8880
Fax: +86 25 8691 8776

Shanghai

30/F Bund Center
222 Yan An Road East
Shanghai 200002, PRC
Tel: +86 21 6141 8888
Fax: +86 21 6335 0003

Shenyang

Unit 3605-3606, Forum 66 Office Tower 1
No. 1-1 Qingnian Avenue
Shenhe District
Shenyang 110063, PRC
Tel: +86 24 6785 4068
Fax: +86 24 6785 4067

Shenzhen

13/F China Resources Building
5001 Shennan Road East
Shenzhen 518010, PRC
Tel: +86 755 8246 3255
Fax: +86 755 8246 3186

Suzhou

23/F Building 1
Global Wealth Square
88 Su Hui Road, Industrial Park
Suzhou 215021, PRC
Tel: +86 512 6289 1238
Fax: +86 512 6762 3338 / 3318

Tianjin

45/F Metropolitan Tower
183 Nanjing Road
Heping District
Tianjin 300051, PRC
Tel: +86 22 2320 6688
Fax: +86 22 8312 6099

Wuhan

Unit 1, 49/F
New World International Trade Tower
568 Jianshe Avenue
Wuhan 430000, PRC
Tel: +86 27 8526 6618
Fax: +86 27 8526 7032

Xiamen

Unit E, 26/F International Plaza
8 Lujiang Road, Siming District
Xiamen 361001, PRC
Tel: +86 592 2107 298
Fax: +86 592 2107 259

Xi'an

Room 5104A, 51F Block A
Greenland Center
9 Jinye Road, High-tech Zone
Xi'an 710065, PRC
Tel: +86 29 8114 0201
Fax: +86 29 8114 0205

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms and their affiliated entities are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities provide services in Australia, Brunei Darussalam, Cambodia, East Timor, Federated States of Micronesia, Guam, Indonesia, Japan, Laos, Malaysia, Mongolia, Myanmar, New Zealand, Palau, Papua New Guinea, Singapore, Thailand, The Marshall Islands, The Northern Mariana Islands, The People’ s Republic of China (incl. Hong Kong SAR and Macau SAR), The Philippines and Vietnam, in each of which operations are conducted by separate and independent legal entities.

The Deloitte brand entered the China market in 1917 with the opening of an office in Shanghai. Today, Deloitte China delivers a comprehensive range of audit & assurance, consulting, financial advisory, risk advisory and tax services to local, multinational and growth enterprise clients in China. Deloitte China has also made—and continues to make—substantial contributions to the development of China’s accounting standards, taxation system and professional expertise. To learn more about how Deloitte makes an Impact that Matters in China, please connect with our social media platforms at www2.deloitte.com/cn/en/social-media.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively the “Deloitte Network”) is by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

©2019. For information, contact Deloitte China.
RITM0286430 CoRe Creative Services



This is printed on environmentally friendly paper