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On the New Silk Road III

Paving the way: from vision to reality

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- **The New Silk Road will be a key part of China's economic and overseas development plans for years to come**
- **A new wave of infrastructure investment and trade liberalisation should support growth at home and abroad**
- **The challenge will be to balance the interests of many different regions, countries and investors**

Beijing's publication of a detailed plan of action for the New Silk Road initiative confirms its centrality to Chinese policymakers' thinking in the short and long run. Following on from our earlier reports *Building on China's overseas investment* (8 August 2014), and *Xi's New Silk New Road plan* (18 November 2014), this report looks at how the "One Belt, One Road" strategy is starting to become reality two years after it was first announced.

In the near term, the focus will be on infrastructure investment and promoting cross-border trade to ensure that goods, services and capital can flow easily on land (the "belt" connecting China, Central Asia, Russia and Europe) and sea (the "road" linking China to ASEAN, India and Africa). We estimate that the total could reach RMB1.5 trillion. This should help to support fragile domestic and external demand, the factors behind the downward trends in growth, prices and labour market conditions.

This report provides details on the initial projects, which emphasise upgrading transport links. It also looks at current efforts to make trade easier (e.g. faster customs clearance) and discusses different financing options. Apart from the new Asian Infrastructure Investment Bank and BRICS bank, there are ambitious plans to enable Chinese and foreign companies and governments to raise RMB funds in both China and countries along the ancient trading route.

This initiative is mutually beneficial. Countries with weak infrastructure should benefit from China's expertise in this area and the new markets will generate demand for China's exports. But major challenges lie ahead. We believe China's record of overseas investment needs to improve and it will be important to balance the interests of the many stakeholders, public and private, both at home and abroad.

Paving the way

- The release of a detailed action plan for the New Silk Road initiative confirms its central position in government policy
- The focus on infrastructure along the land and sea trade routes should sustain investment and growth in China and increase economic and financial integration internationally
- The main challenge will be to balance the interests of the many stakeholders, public and private, at home and abroad

A short and long-term story

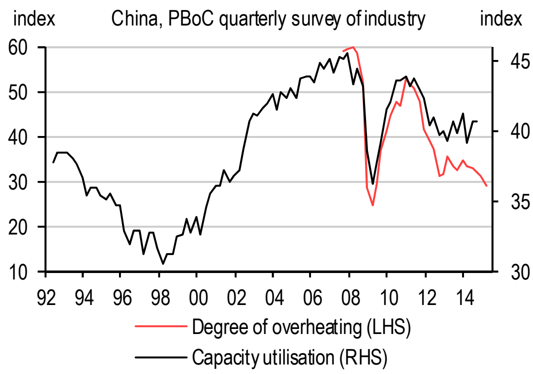
Two years after it was first announced, the Chinese government released a detailed action plan for the New Silk Road late last month. Domestically, this will affect 18 provinces, the majority of them in central and western China with low levels of development but substantial potential. The increases in infrastructure investment in these areas will have an immediate impact on China's economy by boosting demand, helping to combat the downward trends in inflation and employment.

The longer-term implications are even more significant and reach beyond China's borders. The road map gives details about which regions, sectors and countries are likely to be involved in the "One Belt, One Road" plan. Aside from the initial boost to infrastructure, we think the positive spill-overs from greater connectivity will increase flows of goods, services, capital and people inside and outside China. The number of times the New Silk Road was mentioned during the recent National People's congress underlines its importance in policy terms.

1. Slow growth feeding through to labour market conditions

Source: Markit, HSBC

2. Degree of economic slack is rising, causing disinflation



Source: PBoC, HSBC

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New Silk Road: what's new?

Table 1: Summary of the "One Belt, One Road" plan

Objectives	(1) Free flow of economic factors and efficient allocation of resources (2) Economic policy coordination and in-depth regional integration (3) Enhance the connectivity of Asia, European and African and adjacent seas (4) Tap market potential, promote investment and consumption, and create jobs
Principles	(1) Open to all countries, international and regional organisations (2) Follow market rules and international norms. Have the market play the primary role in resource allocation
Land scope	(1) A new Eurasian land bridge (2) China-Mongolia-Russia, China-Central Asia-West Asia and China-Indochina Peninsula economic corridors (3) China-Pakistan Economic Corridor and the Bangladesh-China-India-Myanmar Economic Corridor
Co-operation priorities	(1) **Political co-ordination:** multi-level intergovernmental macro policy exchange and communication mechanism (2) **Making connections across the region:** a) *Infrastructure construction standard:* apply higher technical standards, green and low carbon construction and operation management b) *Transport infrastructure*: focus on the key passageways, junctions and projects, and give priority to linking up unconnected road sections c) *Energy infrastructure:* ensure security of oil and gas pipelines and other transport routes d) *Information infrastructure:* create an "information Silk Road" with construction of cross-border optical cables and other communications trunk line networks (3) **Unimpeded trade:** a) *Customs co-operation:* improve information exchange, mutual recognition of regulations and law enforcement, streamline customs clearance procedures b) *Trade:* expand trading areas, promote new forms of trade such as e-commerce and service trade, integrate investment and trade c) Mutual investment: speed up investment facilitation, eliminate investment barriers, and push forward negotiations on bilateral investment protection agreements and double taxation avoidance agreements to protect the lawful rights and interests of investors d) Key industries to watch: i) agriculture industry and marine-product related industry; ii) energy sector iii) high value-added processing, equipment and engineering service (4) **Financial integration:** building a currency stability system, investment and financing system and credit information system a) Expand bilateral currency swaps and settlement with other countries b) Greater openness in the Asian bond market c) Establish the Asian Infrastructure Investment Bank and BRICS New Development Bank d) Support companies and financial institutions with good credit ratings to issue bonds in both RMB and foreign currencies outside China (5) **People to people bonding**
Within China	18 provinces involved Construction of 15 key ports (see next section for more detailed information)

Source: Xinhua, NDRC, HSBC

Transport infrastructure

One of the key aims of the New Silk Road initiative is to improve connectivity across regions both inside China and between China and its trading partners. This will first require increased investment in infrastructure to enhance physical links, such as railways, highways, airports and oil pipelines.

A wide range of domestic projects which are part of the "One Belt, One Road" strategy have already started or are awaiting planning approval. We estimate the total investment in planned and started projects could reach RMB1.5 trillion in the coming years (see appendix). That is equal to a quarter of infrastructure fixed asset investment (FAI) in China in 2014, or 3% of total FAI last year, representing a multi-year boost to aggregate demand.

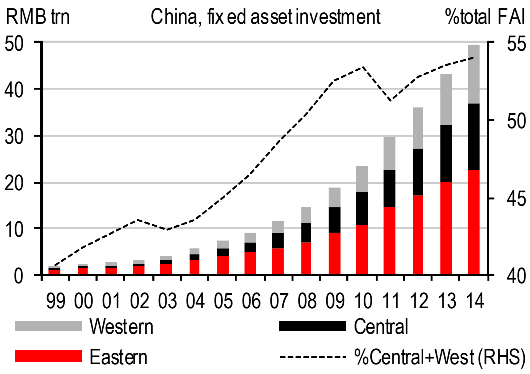
The central and western provinces stand to benefit most. Road and rail density is lower in the nine regions on the land Silk Road "belt". We estimate that while these regions cover a third of China's land area and a fifth of its population, the railway density is around 6km per 1,000 sq km, well below the national average of 10km/1,000 sq km. Increasing the connectivity of such an huge, populous area will be a key trend for many years that would help shift growth inland (chart 3).

In the near term, around RMB400bn of "One Belt, One Road" related investment will take place in 2015. Table 2 on the following page summarises the major projects that will start in 2015. It is clear that transport and trade-related sectors dominate. The recent Government work report set a railway investment target of RMB800bn for 2015, with the majority going to the central and western part of China. We think that the manufacturing, machinery & equipment and mining industries are most likely to see the greatest benefit (chart 4).

Trade promotion

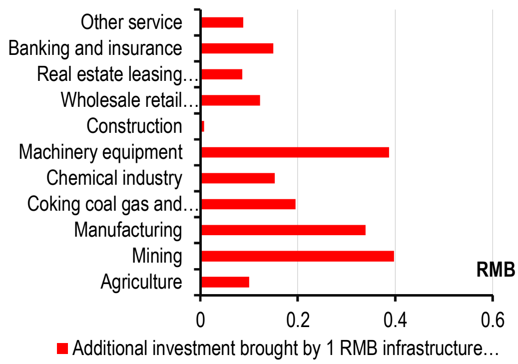
It is clear that boosting domestic and international trade flows is a high priority. This extends beyond physical infrastructure and includes regulatory reforms. While there are plans to construct 15 ports to improve the flow of exports and imports, bonded districts, where foreign goods can be stored, processed and re-exported without import tax, will also be expanded. More cities are also likely to apply to become free trade zones; many of the new bonded districts and free trade zones are located in inland rather than coastal regions.

3. Inland investment likely to keep rising as a share of total



Source: NBS, HSBC

4. Infrastructure investment generates significant multipliers



Source: NBS, HSBC

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Table 2: Project pipeline within China (starting or under construction)

Province		Projects planned for 2015	Sector
Xinjiang	(1)	Three pathways across northern, central and southern Xinjiang	Transportation
	(2)	Construction of the Khorgas port as the receiving end of oil pipelines from central Asia	Energy
	(3)	Establish new bonded area and trade cooperation centre: Urumqi, Kashgar	Trade
Qinghai	(1)	Establish new bonded area: Caojiapu	Trade
	(2)	Follow up construction and more air routes for Xining Airport	Transportation
Gansu	(1)	Establish satellite city for Lanzhou-Lanxin New City	Infrastructure
	(2)	Tourism development for Dunhuang	Tourism
Shaanxi	(1)	Co-operation with central Asia and Australia in mining and processing	Trade, energy
	(2)	Build national aviation experimental zone	Transportation
	(3)	Establish financing centre for energy product transactions	Trade, energy and finance
	(4)	Subways and other transport links in Xi'an new city	Transportation
Ningxia	(1)	Yinchuan Airport	Transportation
	(2)	"Pathway breakthrough plan": a series of railways and highway projects	Transportation
Inner Mongolia	(1)	Railways to Mongolia	Transportation
	(2)	New trade zones: Manzhouli, Erlianhot	Trade
Yunnan	(1)	Establish new financial centre in Jinbian	Finance
Guangxi	(1)	Build Beibuwang as the next free trade zone	Transportation, trade
Jiangsu	(1)	Build Lianyungang as the key harbour of the maritime Silk road	Transportation, trade
Fujian	(1)	International air transport centre in Xiamen	Transportation
	(2)	Further construction projects of Xiamen airport	Transportation
	(3)	6 major railways and 3 highways	Transportation
Guangdong	(1)	Construction of harbours: Guangzhou, Shenzhen, Zhuhai, Zhanjiang and Shantou	Transportation
	(2)	Actively involved in Hong Kong-Macau-Guangdong free trade zone	Trade
	(3)	Participating in the building of new harbours in ASEAN countries	Transportation, trade
Heilongjiang	(1)	Upgrade 1,600 km provincial highways, construct 3,000km roads in rural areas	Transportation
	(2)	Build Sanjiang Airport	Transportation
	(3)	New subways in Harbin	Transportation
	(4)	Railways, roads and bridges around China-Russia borders	Transportation
Liaoning	(1)	Three pathways that links Liaoning and Europe: Liaoning-Manzhouli-Europe; Liaoning-Mongolia-Europe pathway; Northeast China-North Pole maritime road	Transportation

Source: NDRC, local government websites, HSBC

The General Administration of Customs recently reported that many regions in China will have unified customs clearance. Ten customs houses in nine provinces along the proposed land Silk Road economic belt will collaborate on customs clearance procedures starting from 1 May this year. Six other regions in the north-eastern provinces of Heilongjiang, Jilin, Liaoning and Inner Mongolia are also part of this plan. In the past, businesses had to declare imported goods on arrival at ports and again at local customs.

Customs clearance reforms first introduced in 2014 in the three major coastal regions (Beijing-Tianjin-Hebei, the Yangtze River Economic Belt and Guangdong Province) will now be applied to these other regions. The new rules will cut costs as well as processing time.

To us, it is clear that China's commitment to globalisation remains strong. The New Silk Road initiative is the latest part of a strategy that emphasises opening up of China's economy, a process which has been going on for decades. Beijing recognises that many regions have yet to fully leverage their comparative advantages in the same way that China entering the WTO over 10 years ago did for the country as a whole.

This time around, we can expect to see more emphasis put on structural factors such as geographical connections. For example, the north and western regions are obvious gateways to Europe, while the Pearl River coastal area is structurally suited to trade with the ASEAN region. It is significant that the roadmap noted the unique role that Hong Kong has to play, and it keeps the door open for Taiwan to join in too.

Opening borders

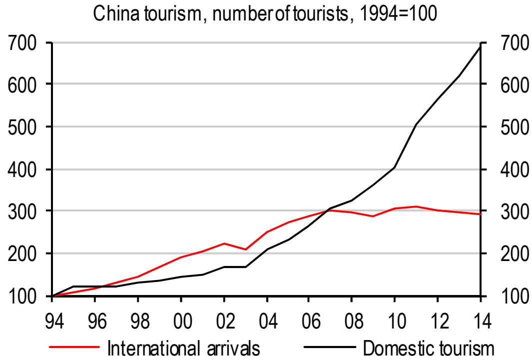
The roadmap for the New Silk Road goes far beyond China's borders. Countries along the land and sea routes account for 63% of the world's population and 29% of global GDP. Total trade between these countries and China in 2014 reached USD1trn, which is 26% of China's total trade value.

According to estimates by the China Development Bank, the number of cross border co-operation projects under the plan already exceeds 900 and involves 64 different countries. The total investment value of those projects is estimated to be USD890bn.

Many border provinces, such as Xinjiang, Inner Mongolia and Heilongjiang, have already started to build railway links to neighbouring countries. In addition, a number of state-owned enterprises have proposed investments along the New Silk Road routes.

Table 4 lists the key pilot projects. As expected, early stage international co-operation projects are concentrated in the infrastructure sector, with the focus on transportation and energy. Countries bordering China are the first group of beneficiaries, mostly due to their relatively poor infrastructure.

5. Tourism growth within China driven by domestic tourists



Source: China National Tourism Administration, HSBC

The build-up of physical links will have an immediate effect on trade and productivity growth. Other related industries, such as agriculture product processing, machinery engineering, and tourism, will also develop as the result of better connectivity. Tourism in particular has huge potential given that China is rapidly turning into a nation of holidaymakers. The growth in domestic tourism is likely to put greater demands on existing infrastructure (chart 5).

We have written in detail about the potential of China's outward direct investment to become one of the most important themes shaping economic policy (see *Building on China's overseas investment*, 8 August 2014). We now have more concrete signs of action. In the next section, we look at the final and potentially most challenging issue of financing.

Table 4 Cross-border projects under the New Silk Road initiative in the coming years

Pilot projects	Investment destination
Gwadar port construction	Pakistan
Habantota port construction	Sri Lanka
Capacity co-operation plan (investment value: USD23.6bn)	Kazakhstan
Sihanoukville port construction	Cambodia
Indonesia port construction	Indonesia
China-Laos-Thailand railway	Laos and Thailand
China-Myanmar railway	Myanmar
China-Tajikistan railway	Tajikistan
China-Pakistan highway	Pakistan
China-central Asia natural gas pipelines line C and line D	Central Asia
China-Russia natural gas pipelines, west line and east line	Russia

Source: Xinhua, HSBC

Building financial support

While transport infrastructure and trade facilitation are sensible places to start, the way the New Silk Road is financed could be the most important factor in terms of the sustainability of the entire initiative. Domestic projects initially require some help from central government, but more regional investment should ideally be financed at a regional level. This is why there are a number of projects designed to develop local financial markets along the New Silk Road. For example, Yunnan is proposing to establish a financial centre in Jinbian to better serve the inland regions, while Shaanxi is planning a financial centre in Xi'an focusing on energy transactions.

One of the major themes of the New Silk Road roadmap is the way it will integrate China's financial market with the rest of Asia. For a start, China will support governments and foreign companies with good credit ratings to issue RMB bonds in China. At the same time, these companies as well as financial institutions will be encouraged to issue bonds in both RMB and foreign currencies, both onshore and offshore.

This should help to meet firms' financing needs along the New Silk Road as well as promote RMB internationalisation. In practice, Chinese outward investors will want to issue both foreign currency and RMB bonds abroad so they can match their different types of funding needs in countries along the belt and road. Similarly, foreign companies will want to raise RMB bonds as they increase trade and investment with China. To support this, China will continue to sign bilateral swap and settlement agreements with other countries along the New Silk Road.

But it is equity investment where the New Silk Road will look to truly innovate by involving public and private investors, as well as international organisations old and new.

International financing

For infrastructure constructed within China, financing will likely come through traditional sources such as government revenues and reserves, and bond issuance. But the cross-border nature of the New Silk Road will mean financing from international sources is set to play a vital role too.

China's capital account, although much more open than before, still has restrictions. That means investors will primarily be drawn from the pool of large institutional investors. The government made it clear in the roadmap that private sector equity investment will be welcome, and will likely announce details on how to participate in the near future.

The New Silk Road Fund, with seed capital of USD40bn, has been operational since December 2014 and could become a model of public-private co-operation. The Governor of the PBoC, Zhou Xiaochuan, has said that it will operate like a private equity fund (but with a longer investment horizon).

China's capital going global

We have written before about the chronic lack of funding of infrastructure investment in Asia. The Asian Development Bank thinks total infrastructure demand in Asia will require USD8trn up to 2020 – the total amount financed by ADB is only around USD21bn per year. This has led to the creation of a number of new multinational quasi-sovereign entities, namely the Asian Infrastructure Investment Bank (AIIB), with USD100bn of capital, and the BRICS New Development Bank. Some 57 nations have applied to become founding members of the AIIB, including European countries such as the UK, Germany and France.

Challenges and potential risks

One of the objectives of the "One Belt, One Road" strategy is to match capital with projects that can yield reasonable long-term returns. This should put the spotlight on local governments. Financing at local level is becoming more disciplined in China. Local government revenue growth has slowed down in recent months due to weak economic growth. At the same time, local government borrowing is subject to tighter regulation and supervision. That means some of those more ambitious projects are at risk of not being able to get enough funding without central government backing or other sources of funding.

Spending money wisely

The profitability of China's investments both at home and abroad will likely come under heavy scrutiny. Domestic corporate profits are also coming under pressure in an environment of slowing growth and disinflation. In addition, local government SOEs have been consistently less efficient in terms of return on equity than central SOEs (chart 6).

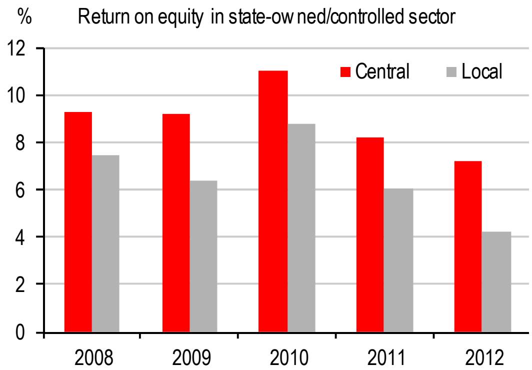
This is a good argument for involving more international as well as private sector investors. We think this will expose SOEs to better management practices and greater competition, which both helped China to improve competitiveness after joining the WTO.

China's overseas investments will also be a sensitive issue, both for Chinese stakeholders as well as those in other countries. Local media reported that around 90% of China's overseas investments are losing money, suggesting there is ample room for improvement (source: *Xinhua*). Indeed, between 2005 and 2014, at least 130 Chinese overseas investment projects have failed. According to the Heritage Foundation, the value of troubled investments has reached USD199.9bn, around 33% of total overseas investment over this period. Energy and transportation, likely to be two key sectors receiving investment through the New Silk Road initiative, accounted for over half of those failed projects (chart 5).

Chinese overseas projects have been vulnerable to changes of government regimes (the recent cancellation of a high speed train export contract by Thailand is one example). Even more unpredictable factors, such as armed conflicts, can arise at any time and cause immediate failure with little hope of recovery (e.g. the failure of an industrial economic zone in Afghanistan).

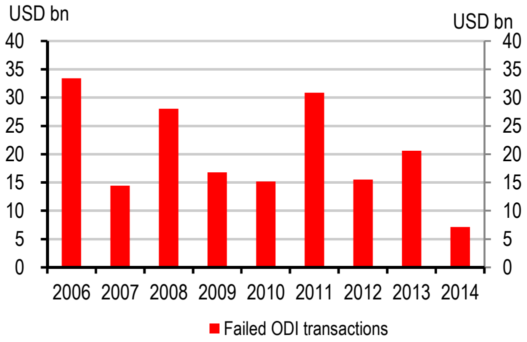
Losing money on investments in developing countries is nothing new for China, international organisations or private investors in recent history. And failed investments tend to damage relations between countries.

6. Local government SOEs can benefit from co-operation



Source: Ministry of Finance, HSBC

7. China's failed ODI transactions

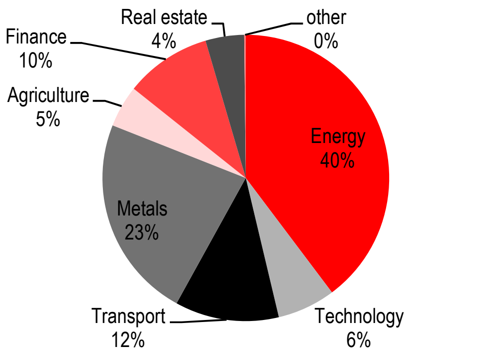


Source: Heritage Foundation, HSBC

Investing like owners

While we share many of the same concerns over the potential for mispricing risk in the new investments, especially in developing countries, a number of factors can help to mitigate the potential for losses.

8 Sector composition of failed overseas direct investment



Source: Heritage fund, HSBC

First, there has been a notable emphasis on equity investment, as opposed to debt. Investors' returns are more correlated with the performance of the projects, giving them every incentive to perform detailed due diligence. For receiving countries, direct equity investment is generally considered the most beneficial. Equity does not have to be serviced immediately and continuously, unlike debt – a reason why so many emerging market debt crises occur.

Of course, equity is possibly a more expensive kind of capital in the long run (if the projects do succeed), but that has to be balanced against all the attendant benefits of new jobs, technological transfer and so on.

Multinational organisations like the AIIB could also help, as they have greater bargaining power than individual private investors when negotiating contracts with governments. Participation of private capital will also be encouraged by both the AIIB and the Silk Road Fund through a public-private-partnership (PPP) model.

However, the priorities of private investors can differ from those of governments. After the investment is built, private investors will quite reasonably prioritise profit maximisation, which can conflict with the public good nature of infrastructure projects. Their investment decisions are also more pro-cyclical. Given that economic growth is slowing down in the major economies of Asia and Europe, the participation of the private sector in infrastructure projects may not be particularly high at the beginning.

Finally, the involvement of different governments could also increase the risk of moral hazard. The structure of PPP financing and legal frameworks are complicated enough at the best of times. The task of ensuring that the interests of multiple governments and private companies are all aligned and the risks and returns are shared appropriately would be a major challenge.

Conclusions

Despite these challenges, we believe the publication of the roadmap for the New Silk Road is another indication that this is now a major theme in Chinese policy, in both the short and long term.

Although the action plan only specifies 18 provinces, official statements recently confirmed that no province will be excluded. Indeed, all provinces are required to ensure that local policies are in line with the national action plan. Guangdong is expected to be the first to unveil its New Silk Road plans.

This demonstrates the importance of the initiative in policy makers' thinking, and investors should watch for future developments and the opportunities and risks they imply. We expect new announcements to be made with increasing frequency during the course of this year.

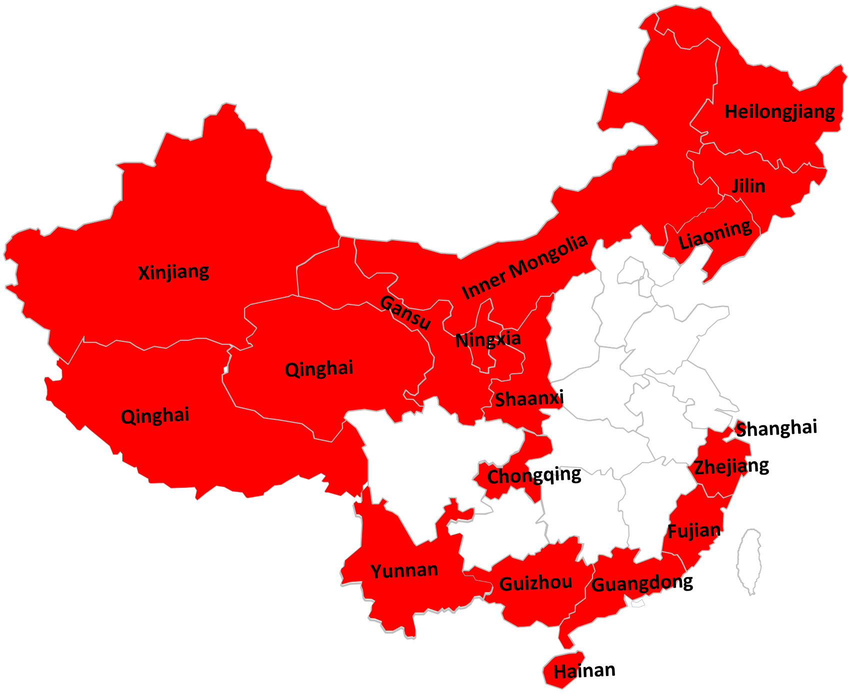
Appendix 1: One Belt, One Road

Table 5: Key economic indicators

Province	GDP per capita (RMB)		Exports (USDm)		FDI (USDm)		Railway	Highway
	Level	Rank*	Level	Rank*	FDI	Rank*	density: km/000 sq km	
Inner Mongolia	67,498	6	5,255	25	4,645	17	9	152
Liaoning	61,686	7	53,445	7	29,040	2	34	740
Heilongjiang	37,509	17	12,238	19	4,613	18	13	348
Jilin	47,191	11	5,708	24	1,819	23	24	523
Fujian	57,856	9	94,376	6	6,679	15	23	829
Guangxi	30,588	27	9,395	22	700	26	17	484
Chongqing	42,795	12	38,201	11	4,144	19	20	1498
Yunnan	25,083	29	8,798	23	2,515	22	7	587
Tibet	26,068	28	2,049	28	101	29	0	59
Shaanxi	42,692	13	10,222	20	3,678	20	23	870
Gansu	24,296	30	1,411	30	80	31	7	343
Qinghai	36,510	20	351	31	94	30	3	97
Ningxia	39,420	15	1806	29	148	28	20	433
Xinjiang	37,181	18	15,935	17	481	27	3	106
Zhejiang	68,462	5	262,593	3	14,159	6	20	1154
Guangdong	58,540	8	732,203	1	24,952	3	19	1127
Hainan	35,317	21	3,172	27	1,811	24	20	731
Shanghai	90,092	3	188,835	4	16,780	5	80	2178

* Note: Rank refers to rank within all 31 mainland China provinces
Source: CEIC, national statistical yearbook, HSBC

Provinces included in the New Silk Road plan



Source: HSBC

Appendix 2: The investments

Investment projects inside China

Province	Projects	Investment value (RMBbn)
Inner Mongolia	Transportation	175
Liaoning	Transportation	46
Heilongjiang	Transportation	No exact amount specified
Fujian	Overall infrastructure	330
Yunnan	Transport: three railways	93.7
Chongqing	Build Liangjiang new district	45
Guangxi	Infrastructure (overall)	98.4
Shaanxi	Irrigation and water conservancy	24
Gansu	Transportation	78
Qinghai	Transportation	30.8
Ningxia	Power grid	60.8
Xinjiang	Transportation	25
Zhejiang	Transportation	68
Guangdong	Transportation	110
Hainan	Overall infrastructure	211.1
Shanghai	Transportation	50
Jilin	Transportation	16.3
Tibet		No exact amount specified
Total		**1,462.1**

Source: Government work report 2015, provincial NDRC website, Provincial bureau of transportation websites

Appendix 3: The AIIB

Table 6 : AIIB member countries and the their theoretical voting share based on GDP weights

Country	GDP (USDbn)	AIIB vote share (GDP weighted)	IMF voting rights	Country	GDP	AIIB vote share (GDP weighted)	IMF voting rights
China	9,240.3	37.47	3.81	Maldives	2.3	0.01	0.03
Mongolia	11.5	0.05	0.05	Sri Lanka	67.2	0.27	0.19
Korea, Rep.	1,304.6	5.29	1.37	United Kingdom	2,678.5	3.29	4.29
Indonesia	868.3	3.52	0.85	France	2,806.4	3.45	4.29
Malaysia	313.2	1.27	0.73	Germany	3,730.3	4.59	5.81
Singapore	297.9	1.21	0.59	Italy	2,149.5	2.64	3.16
Thailand	387.3	1.57	0.60	Switzerland	685.4	0.84	0.05
Vietnam	171.4	0.69	0.21	Netherlands	853.5	1.05	2.08
Brunei	16.1	0.07	0.11	Austria	428.3	0.53	0.87
Philippines	272.1	1.10	0.43	Denmark	335.9	0.41	0.78
Myanmar	0.0	0.00	0.13	Finland	267.3	0.33	0.53
Cambodia	15.2	0.06	0.06	Sweden	579.7	0.71	0.98
Lao PDR	11.2	0.05	0.05	Iceland	15.3	0.02	0.08
Saudi Arabia	748.4	0.92	2.80	Portugal	227.3	0.28	0.44
Kuwait	175.8	0.22	0.58	Luxembourg	60.1	0.07	0.20
Jordan	33.7	0.04	0.10	Russia	2,096.8	8.50	2.39
Oman	79.7	0.10	0.12	Turkey	822.1	3.33	0.61
Qatar	203.2	0.25	0.15	Georgia	16.1	0.07	0.09
Australia	1,560.4	1.92	1.31	Kazakhstan	231.9	0.94	0.17
New Zealand	185.8	0.23	0.38	Uzbekistan	56.8	0.23	0.14
India	1,876.8	7.61	2.34	Tajikistan	8.5	0.03	0.06
Pakistan	232.3	0.94	0.44	Kyrgyz Republic	7.2	0.03	0.06
Bangladesh	150.0	0.61	0.24	Brazil	2,245.7	2.76	1.72
Nepal	19.3	0.08	0.06	Egypt, Arab Rep.	272.0	0.33	0.40

Source: World Bank, IMF, HSBC

Table 7. Comparisons between AIIB, Silk Road Fund and ADB

	AIIB	Silk Road fund	ADB
Started capital	USD100bn	USD40bn	USD165bn
Date of establishment	2014	2014	1966
No. of members	57 applicants so far	China	67
Voting rights	Based on member countries' economic size and capital contribution	n/a	US and Japan have largest shares of voting rights
Source of fund	China will contribute most, rest will be allocated according to GDP	Ministry of Finance, Exim bank, China's foreign reserves	Members' contributions
Financing provided in 2013	n/a	n/a	USD21bn

Source: HSBC

Notes

Disclosure appendix

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