# Overview of China outbound investment of 2025

ODI remained growth while overseas M&A achieved notable growth with increase in large transactions

**EY China Overseas Investment Network**

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# Content

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In 2025, China’s economy advanced under pressure, demonstrating notable resilience and successfully concluding the 14th Five-Year Plan period. It has achieved steady growth with GDP up by 5% YoY despite facing structural challenges such as declining population, weak consumption and deflationary pressures and the economic scale exceeding RMB140 trillion for the first time [1]. The world experienced profound turbulence and transformation in 2025. Geopolitical conflicts persisted, unilateral tariff measures shook the global trade order, artificial intelligence (AI) technology accelerated iteration and began reshaping the global industrial landscape, while technological competition and strategic resource rivalry between regions intensified. Nevertheless, Chinese enterprises performed impressively in going global: Overall ODI increased 7.1% YoY[2], while overseas M&A achieved notable growth, up nearly 40% YoY, with increase in large transactions. Export value grew by 6.1% YoY, hitting a new historical high. Exports of high-tech products, electric vehicles and lithium batteries maintained a rapid growth[3].

2026 marks the beginning of China’s 15th Five-Year Plan period. China’s economy will adhere to expanding domestic demand as the strategic priority, with efforts focused on boosting consumption, promoting reasonable growth in investment while continuously optimizing its structure. China will advance high-level self-reliance and strength in science and technology, and build a modern industrial system with advanced manufacturing as the backbone and continue to expand opening-up. This includes fostering innovative trade development and expanding two-way investment cooperation and advancing high-quality B&R cooperation. Looking ahead to 2026, Chinese enterprises are expected to further pursue high-quality outbound development. As a global anchor of certainty, China will open up a new chapter of diversified strategic cooperation, injecting confidence and momentum into the global economy.

Source:1. National Bureau of Statistics of China；2. China Ministry of Commerce 3. General Administration of Customs of China, in RMB terms

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# 2025 highlights

## ODI[1]

- China's ODI reached US$174.4 billion with a 7.1% YoY increase. Non-financial ODI reached US$145.7 billion, up 1.3% YoY.
- Non-financial ODI in Belt and Road (B&R) partner countries totaled US$39.7 billion, up 17.6% YoY, significantly outpaced overall growth. It accounted for 27% of the total, up 4% YoY.

## EPC[1]

- The value of newly-signed EPC projects and completed turnover of EPC projects remained a steady growth, marking new highs.
  - Newly-signed EPC totaled US$289.2 billion, up 8.2% YoY.
  - The completed turnover reached US$178.8 billion, indicating a 7.7% YoY growth.

## Macro Economy

- Chinese GDP in 2025 increased by 5% YoY with economic scale exceeding RMB140 trillion for the first time[3].
- The global economy remains resilient but is increasingly shaped by complex crosscurrents: shifting trade alignments, demographic pressures, evolving labor dynamics and an accelerating AI investment cycle. Global economy in 2026 is expected to increase 3.1%[4].
- Developed markets continue to face a convergence of structural and cyclical headwinds, while emerging markets display uneven but generally firmer momentum.

## Overseas M&A[2]

- After a deep correction in 2024, Chinese enterprises' overseas M&A activities rebounded notably in 2025. Announced deal value reached US$43.6 billion, up nearly 40%YoY, while the number of deals was 429, down 1% YoY.
- Large-scale transactions continued to be a key growth driver, with the no. of deals above US$1 billion increasing to 13 (compared with only 7 in 2024).
- Sector analysis:
  - By deal value, consumer products, TMT*, and mining & metals were the most favored sectors.
  - By deal volume, advanced manufacturing & transportation and TMT remained the most active sectors.
- Regional analysis:
  - Asia remained the most popular M&A destination.
  - Europe's transaction momentum strengthened in 2H2025, surpassing Asia to become the most popular destination in 3Q and 4Q.
  - Chinese enterprises recorded notable growth in M&A in France, the US, Germany, Brazil and Italy.
  - B&R-related M&As accounted for more than 40% of total deal value.

## Geopolitical landscape

- In 2025, amid ongoing global geopolitical turbulence and restructuring, China's diplomacy underscores strong strategic commitment, laying a solid foundation for cooperation to sustain high-level opening up.
  - China and the US reached phased consensus on key issues such as trade tariffs and export controls through high-level intensive consultations and summit meetings.
  - Bilateral relations witnessed new breakthroughs. The heads of state of Spain, Egypt, Brazil, Kyrgyzstan, Australia and Thailand visited China. Concurrently, China paid visits to Indonesia, Malaysia, Vietnam, Egypt and other countries.
  - Multilateral cooperation continued to advance, with China participating in major diplomatic events such as the BRICS Leaders' Meeting, the Asia-Pacific Economic Cooperation (APEC) meeting, the Shanghai Cooperation Organization (SCO) Summit and the Regional Comprehensive Economic Partnership (RCEP) Leaders' Meeting.
  - Policy communication has yielded fruitful results. China has signed hundreds of cooperation documents with numerous countries, covering the digital economy, new quality productive forces, green transformation and supply chain connectivity. This has enabled China to steadily advance the establishment of a global network of win-win cooperation for mutual benefit, thereby expanding opportunities for Chinese outbound enterprises with diversified operations and enhanced resilience.

*TMT refers to technology, media and telecommunications sectors

Source: 1. China Ministry of Commerce, EY analysis; 2. London Stock Exchange Group (LSEG), Mergermarket, data including announced but not yet completed transactions, downloaded on 5 January 2026; EY Analysis; 3. National Bureau of Statistics of China; 4. 2026 Geostrategic Outlook, EY Parthenon, December 2025; EY analysis



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# 2025 China's diplomatic interactions in economy and trade

## North America

- President Xi Jinping met with **the US** president Trump and reached phased consensus on reciprocal tariff reductions and temporary suspension of some export control measures.
- During the **Grenada** leaders' visit to China, the two countries signed 13 cooperation agreements, covering many areas such as agriculture, energy, environment and culture.

## Europe

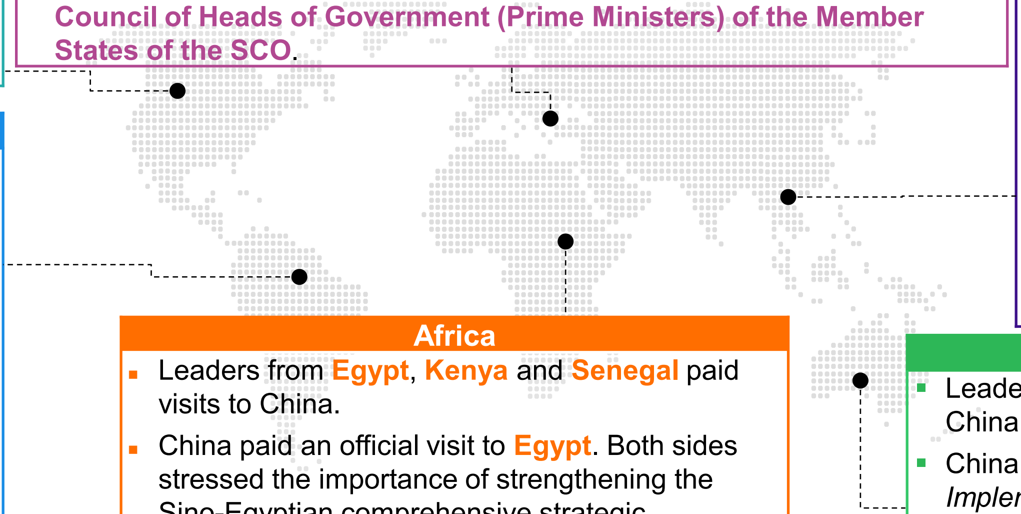
- Leaders from **France**, **Spain**, **Georgia**, **Portugal**, **Russia**, **and Serbia** visited China. China has signed multiple cooperation agreements and joint statements with European countries including *the Five joint statements* issued jointly by China and France on strengthening global governance, jointly responding to global climate and environmental challenges, and exchanges and cooperation in agriculture and food, and *the Action Plan for Strengthening the Comprehensive Strategic Partnership (2025–2028)* issued jointly by China and Spain. China also signed multiple bilateral cooperation documents with Georgia covering such areas as trade, artificial intelligence, agriculture, environmental protection and aviation.
- China attended **the 25th China-EU Summit** and **the 24th Meeting of the Council of Heads of Government (Prime Ministers) of the Member States of the SCO**.

## Asia

- Leaders from **Singapore**, **Thailand**, **Brunei**, **Pakistan**, **Sri Lanka**, **Kyrgyzstan** and **Azerbaijan** visited China. Chinese leaders visited **Indonesia**, **Malaysia**, **Vietnam**, **Cambodia** and other countries.
- Chinese leaders attended major international conferences, including **the SCO Summit**, **the Second China–Central Asia Summit**, **the 32nd APEC Economic Leaders' Meeting**, **the ASEAN–China–GCC Summit**, **the series of East Asia cooperation leaders' meetings** and **the Fifth RCEP Leaders' Meeting**.
- China has concluded a wide range of cooperation agreements with multiple Asian countries. E.g. China and ASEAN have concluded negotiations on **Version 3.0 of the China–ASEAN Free Trade Area** and signed the upgraded protocol, spanning nine areas including the digital economy, green economy and supply chain connectivity. China has also signed more than 100 cooperation documents with Vietnam, Malaysia and Cambodia, covering both traditional sectors and emerging areas of new quality productive forces. Furthermore, China has signed ***the action plan on high-quality B&R cooperation between China and Central Asian countries*** with the five Central Asian countries and concluded over 60 cooperation documents in trade, transport, mineral resources, cultural exchanges and customs facilitation.

## Latin America

- **Brazil**, **Cuba** and **Colombia** leaders paid visits to China.
- China attended the **17th BRICS Leaders' Meeting**.
- China and Brazil signed 20 cooperation documents in areas such as development strategy alignment, technology and agriculture, including ***the cooperation plan on aligning the B&R Initiative with the Accelerated Growth Plan, the Brazil New Industry Plan, the Ecological Transformation Plan and the South American Integration Route Plan***.



## Africa

- Leaders from **Egypt**, **Kenya** and **Senegal** paid visits to China.
- China paid an official visit to **Egypt**. Both sides stressed the importance of strengthening the Sino-Egyptian comprehensive strategic partnership and deepening practical cooperation under the B&R framework.
- China and Kenya signed 20 cooperation documents covering areas such as the Belt and Road Initiative, high-tech, people-to-people exchanges, economy and trade and news media.

## Oceania

- Leaders from **Australia**, **New Zealand**, **the Cook Islands** and **Tonga** visited China.
- China and Australia signed a *Memorandum of Understanding on the Implementation and Review of the China-Australia Free Trade Agreement (2025–2026)*. China and New Zealand signed 11 cooperation documents. China and the Cook Islands signed the *Action plan for the China–Cook Islands Comprehensive Strategic Partnership (2025–2030)* and other bilateral cooperation documents. China and Tonga signed the *Framework Agreement on Upgrading Economic Partnership between the Government of the People's Republic of China and the Government of the Kingdom of Tonga.*

# Summary of 2025 outbound policies

**In 2025, China's strategic direction of promoting high-standard opening-up has become clearer, and systemic support for enterprises going global continues to solidify. The 15th Five-Year Plan[1] provides clear arrangements for high-level opening-up. Ministry of Commerce and other ministries have issued policies, such as the *Guidance on Further Improving the Comprehensive Overseas Service System* and the *Guidelines for Enterprises on Fulfilling Social Responsibilities Overseas*, constructing a comprehensive policy support framework.**

### Promoting high-standard opening-up and creating new horizons for mutually beneficial cooperation

- In October, the draft of the proposals for the 15th Five-Year Plan was reviewed and approved
- Opening China wider to the outside world: promote alignment with high-standard international economic and trade rules. Well-coordinated moves should be made to build major platforms for opening-up and cooperation in areas such as technological innovation, trade in services and industrial development
- Promoting the innovative development of trade: promote market diversification and the integrated development of domestic and foreign trade and improve mechanisms for export control and security review
- Expanding two-way investment cooperation: ensure efficient, convenient and safe cross-border data flows, effectively manage outbound investment, improve comprehensive overseas services and promote the integrated development of trade and investment, guiding guide the overseas distribution of industrial and supply chains in a rational, orderly manner
- Pursuing high-quality B&R cooperation: improve the investment and financing systems to make them more diversified, sustainable, and risk-resilient, and better protect overseas interests
- Advance the internationalization of the RMB, pursue greater openness of the RMB capital accounts, and build a homegrown, risk-controllable cross-border RMB payment system and promote reform in global economic and financial governance.
- Encourage efforts to build the presence of more cultural enterprises and fine cultural works on the world stage

### Strengthen the overseas integrated service platform and enhance the outbound enterprises' capabilities

- In October, five ministries including the Ministry of Commerce jointly issued the *Guidance on Further Improving the Comprehensive Overseas Service System*
- Upgrade the "Going Global Public Service Platform" to a "national overseas integrated service platform" creating a "one-stop" window for outbound enterprises; support leading outbound enterprises to participate in the construction of cooperation zones, enrich bilateral cooperation mechanisms, enhance professional services and improve the outbound enterprises' capabilities

### Guide and regulate enterprises' overseas business practices and fulfill social responsibilities

- Ministry of Commerce issued *Guidelines for Enterprises on Fulfilling Social Responsibilities Overseas*
- Leverage the social responsibility to strategic level to fully integrate into multinational business decision-making and culture, providing economic, social and environmental support for host countries' sustainable development; optimize internal management structure and information disclosure mechanism to consolidate the foundation for ensuring accountability

Note:1. *Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for National Economic and Social Development*

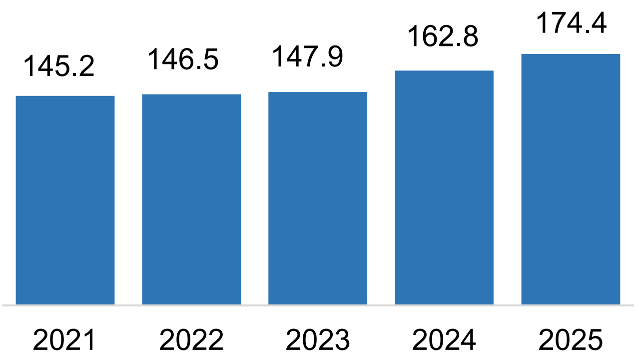
# ODI

**ODI remained growth, with B&R partner countries witnessing a robust growth.**

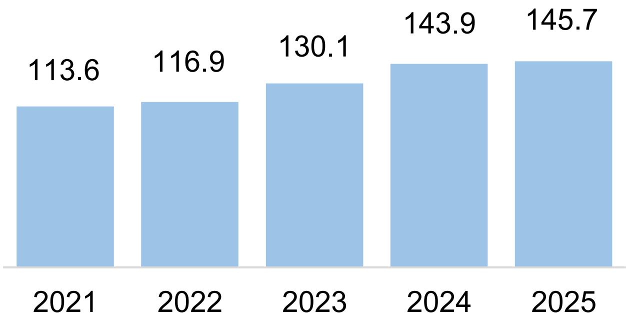
According to statistics, in 2025:

- China's **overall ODI** reached **US$174.4b**, up **7.1%**▲YoY.
  - China's **non-financial ODI** reached **US$145.7b**, up **1.3%**▲YoY.
  - **Non-financial ODI in B&R partner countries** reached **US$39.7b**, up **17.6%**▲YoY, significantly outpaced overall growth, accounting for **27%** of the total, increase 4 percentage points.

**China's overall ODI (US$ billion)**




**China's non-financial ODI (US$ billion)**




Source: *Monthly Statistics in Brief*, China MOFCOM

# ODI – 2025*selected key projects

## Technology

- **Thailand:** In February, TikTok announced that it would invest US$8.8 billion in data center hosting services in Thailand over the next five years (2026-2030). The aim is to achieve more localized and efficient operations to better serve users and clients in Thailand and Southeast Asia.
- **The US:** In March, TSMC announced its intention to invest US$100 billion in advanced semiconductor manufacturing in the US Together with ongoing US$65 billion investment projects, TSMC's total investment in the US is expected to reach US$165 billion. The expanded investment includes the construction of three new fabrication plants, two advanced packaging facilities and a major R&D center, marking itself as the largest single FDI project in the US.
- **Brazil:** In May, Meituan's international brand Keeta signed an investment agreement with the APEX Brazil to officially introduce its food delivery services Keeta into Brazil and pledge to invest US$1 billion in Brazil over five years to support its expansion.
- **Brazil:** In December, TikTok announced that it would invest 200 billion reais (more than US$37.7 billion) to build its first Latin American data center in Brazil. This is regarded as an important step for TikTok to deepen its localization and is recent one of the largest private investments in Brazil's digital economy.

## Manufacturing and agro-processing

- **Egypt:** In March, XinFeng Egypt has signed the agreement with General Authority for Egypt's Suez Canal Economic Zone to invest US$1.65 billion for a manufacturing center on a 3.75-million-square-metre site, focusing on high value-added industries such as automobiles, construction machinery and household appliances. The project includes nine plants and a solid waste treatment facility as well as a R&D and training center.
- **Kazakhstan:** In October, Hopefull Grain and Oil Group signed a strategic cooperation agreement with Akmola government in Kazakhstan for the construction of deep grain processing factory. The company plans to invest US$1.5 billion to build a deep wheat processing complex to adopt environmental-friendly technologies for the deep processing of grain crops.

## New energy

- **Malaysia:** In June, EVE Energy announced that its wholly owned subsidiary EVE Energy Storage Malaysia, will invest up to RMB8.65 billion in a new energy-storage battery project in Malaysia.
- **UK:** In October, Mingyang Smart Energy Group, a leading Chinese wind power company, announced its intention to build UK full industrial chain integrated wind turbine manufacturing base in Scotland. This project will involve investing approximately RMB14.21billion in the wind turbine manufacturing factory for offshore and floating offshore projects.

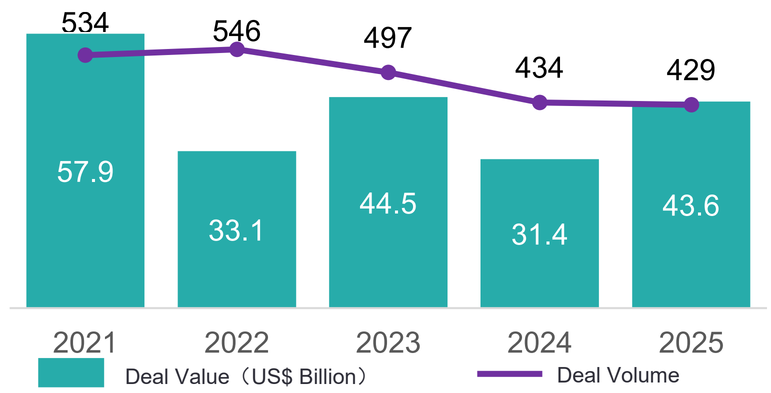
*Note: Present the projects announced in 2025. Some project amounts have not been included in the 2025 ODI amount.
Source: public information, complied by EY

# Overseas M&As

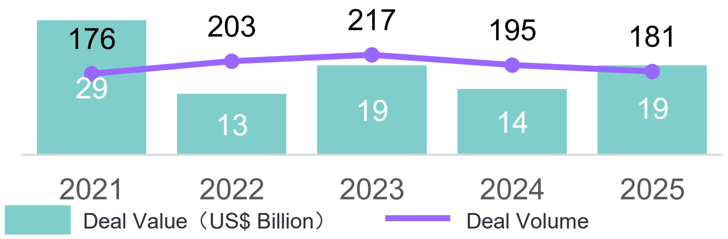
**Overseas M&A activities saw a significant rebound in 2025, aligning with the upward trend in global cross-border transactions**

- Chinese enterprises announced a total overseas M&A value of **US$43.6b**, up nearly **40%** ▲ YoY.
- The number of announced deals reached **429**, a slight **1%** ▼ decline compared with 2024. Large-scale deals remained a key growth driver, with deals exceeding US$1 billion rising to 13 vs only 7 in 2024.
- China's M&A value in B&R partner countries reached **US$19.4b**, up **36%** ▲ YoY, accounting for **45%** of total deal value. The number of B&R-related M&As totaled **181**, representing a **7%** ▼ decline YoY.
- Global cross-border M&A activity experienced the strongest performance in four years in 2025. M&A value increased by **40%** ▲ YoY to US$1.4 trillion, with TMT, financial services and energy & power emerging as the most active sectors of transaction activity.

**Value and volume of announced China overseas M&As**




**Value and Volume of announced China B&R-related M&As**




Sources: LSEG, Mergermarket, including deals that have been announced but not yet completed, data was downloaded on 5 January 2026; EY analysis

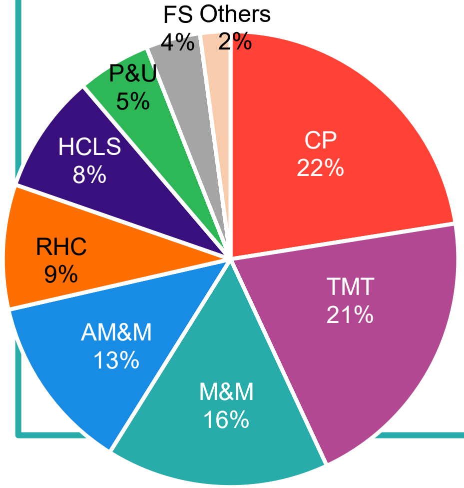
# Overseas M&As – Sector analysis

**Accelerated brand acquisitions and channel consolidation propelled the consumer sector to overtake TMT as the most active sector**

In 2025:

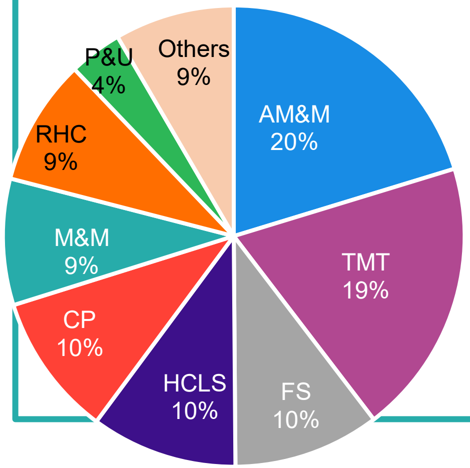
- By deal value, **CP**, **TMT** and **M&M** emerged as the most active sectors
  - The two largest deals of the year both came from the **CP** sector, with a combined value of US$6.7 billion, driving the sector's deal value to increase over threefold. Chinese companies mainly focused on brand acquisitions and channel consolidation.
  - **TMT** recorded a 58% YoY increase, with sub-sectors spanning software, hardware and artificial intelligence.
  - The deal value from **M&M** rose by 63% YoY, supported by the significant rise in global gold prices in recent years, which continued to enhance the attractiveness of overseas gold-mining assets.
- By deal volume, **AM&M** and **TMT** remained in the lead.
- In B&R countries, China overseas M&A was concentrated in the **CP**, **M&M** and **AM&M** sectors.

## By deal value




| Top 5 sectors* | Value US$ billion | YoY % |
|---|---|---|
| CP | 9.8 | 318% |
| TMT | 9 | 58% |
| M&M | 6.9 | 63% |
| AM&M | 5.5 | -26% |
| RHC | 3.9 | 5% |

## By deal volume



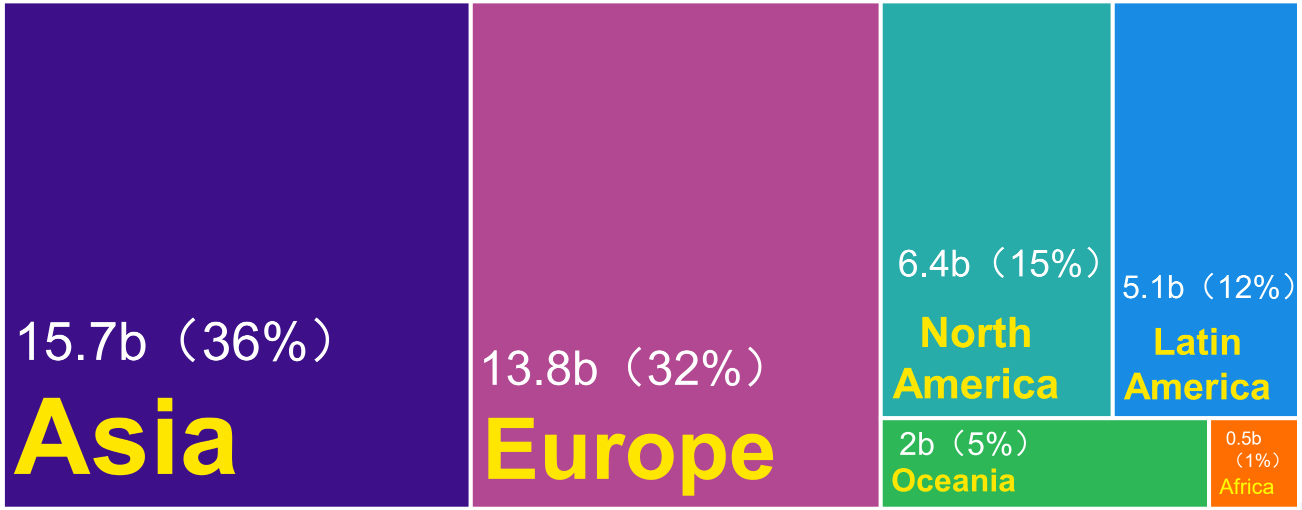

| Top 5 sectors* | Volume | YoY % |
|---|---|---|
| AM&M | 87 | 6% |
| TMT | 83 | -15% |
| FS | 44 | 13% |
| HCLS | 44 | -14% |
| CP | 43 | -9% |

Sources: LSEG, Mergermarket, including deals that have been announced but not yet completed, data was downloaded on 5 January 2026; EY analysis

**AM&M refers to advanced manufacturing & mobility; HCLS refers to health care & life sciences; RHC refers to real estate, hospitality & construction; M&M refers to mining & metals; P&U refers to power & utilities; CP refers to consumer products; FS refers to financial services; O&G refers to oil and gas.*

# Overseas M&As – Regional analysis

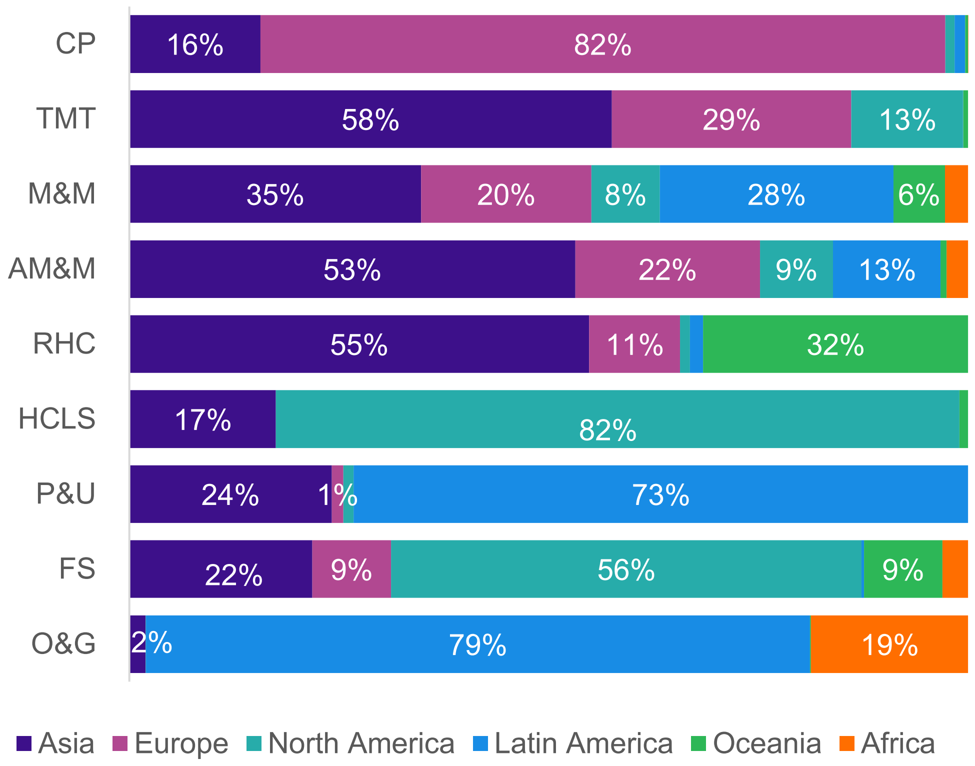
**China overseas M&As distribution by continent (By deal value (US$ billion) and % share)**




Characteristics of China Overseas M&A by sector and region in 2025:

- M&A activity in the **CP** sector was mainly concentrated in Europe. 5 of top 6 deals occurred in the region, with a combined value of nearly US$8 billion, targeting Germany and Italy.
- More than 80% of acquisition targets in the **HCLS** sector were located in the US, consistent with the structural pattern observed in prior years.
- M&A activity in the **O&G** and **P&U** sectors also showed a high degree of regional concentration, with the majority of transactions taking place in Latin America. Brazil and Peru emerged as the primary countries attracting investment.

**China overseas M&As distribution by sector and continent (By deal value)**




Sources: LSEG, Mergermarket, including deals that have been announced but not yet completed, data was downloaded on 5 January 2026; EY analysis

# Overseas M&As – Regional analysis

## Asia

**US$15.7b** ▲ up 15% YoY

**160 deals** ▼ down 13% YoY

- Asia remained the most popular destination for China overseas M&A, with deal value increasing by 15%. However, its share declined from 43% in 2024 to 36% in 2025 mainly due to expanding activity in North America and Latin America.
- By deal value, Singapore, Japan, India and Indonesia ranked as the most active markets in Asia.
- The leading M&A sectors included TMT, AM&M and M&M
- Key transactions[1]:
  - A Hong Kong–based software consulting company acquired a Singapore-based AI-driven customer engagement and data-management solutions provider for US$2 billion.
  - A subsidiary of Zijin Mining Group acquired a gold-mining enterprise in Kazakhstan for US$1.2 billion.
  - CarUX Holding Ltd, a subsidiary of Taiwan's panel supplier Innolux, acquired a leading Japanese audio and video equipment manufacturer for US$1.1 billion.

## Europe

**US$13.8b** ▲ up 30% YoY

**118 deals** ▼ down 6% YoY

- Europe ranked as the 2nd most popular region for China overseas M&A in 2025. Its transaction momentum strengthened particularly in 2H2025, surpassing Asia to become the most popular M&A destination in 3Q and 4Q.
- By deal value, the most active countries were Germany, Italy, France and Switzerland.
- Key sectors for M&A in Europe included CP, TMT and M&M
- Key transactions[1]:
  - JD.com submitted a voluntary public takeover offer to all shareholders of the parent company of a leading European consumer electronics retailer. If the transaction is completed, it is expected to strengthen JD's local supply-chain capabilities and its online-to-offline retail presence in Europe through technology enablement and resource integration, enhance local customer experience, and achieve synergistic development.
  - Hong Shan Group acquired a majority stake in an Italian luxury athletic footwear brand, supporting the company's accelerated global expansion strategy.
  - Tencent acquired 26.32% of a subsidiary of a French video game developer for EUR1.16 billion.

Sources:1.Public information

# Overseas M&As – Regional analysis (cont'd)

## North America

**US$6.4b** ▲ up 291% YoY
**72 deals** ▲ up 4% YoY

- North America grew significantly, with its share rising from 5% in 2024 to 15% in 2025.
- HCLS and TMT emerged as the two most active sectors, with deal value shares of 47% and 19% respectively.
- Key transactions[1]:
  - Lotus Pharmaceutical, a China Taiwan-based pharmaceutical company, acquired US pharmaceutical firm, achieving vertical integration of its US operations and positioning the company among the world's top 20 specialty pharmaceutical companies.
  - Suzhou Dongshan Precision Manufacturing, a China's intelligent manufacturing enterprise, completed the acquisition of a semiconductor and related equipment manufacturer located in Los Angeles.

## Latin America

**US$5.1b** ▲ up 155% YoY
**28 deals** ▲ up 100% YoY

- Deal value share rose to 12%, reaching a five-year high, with both deal value and deal volume recording triple-digit YoY growth.
- Activity was heavily concentrated in Brazil and Peru, with Brazil accounting for 84% of total transaction value.
- M&M and P&U recorded the strongest activity.
- Key transactions[1] :
  - CMOC Group acquired 100% interests in two gold mines and one complex in Brazil for US$1.015 billion.
  - China Merchants Port acquired a 70% stake in a crude oil terminal project located at the Port of Açu in Rio de Janeiro, Brazil.

## Oceania

**US$2.0b** ▲ up 38% YoY
**36 deals** ▲ up 20% YoY

- Real estate and M&M were the hottest sectors.
- Key transaction[1] :Link REIT has submitted an offer to an Australian company to acquire interests in three shopping centres located in Australia.

## Africa

**US$0.5b** ▼ down 75% YoY
**15 deals** ▲ up 25% YoY

- Sudan, Egypt and Tunisia emerged as the most active destinations.
- M&M, O&G and AM&M were the hottest sectors.
- Key transaction[1] :Norin Mining increased its stake in a gold mining project in Sudan, a move expected to accelerate project development, add an estimated 120,000 ounces of annual gold production and secure the required project financing.

Sources:1.Public information

# Overseas M&As – Regional analysis

- By deal value, China's top ten outbound M&A destinations accounted for 78% of total deal value. Among them, France recorded the strongest growth, re-entering the top-ten list for the first time since 2022 while the United States, Germany, Brazil and Italy all posted triple-digit growth. Except for the decline in M&A involving Japan, the other countries in the top ten all recorded growth.
- In 2025, the United States regained its position as the leading destination by deal value, yet its share has declined significantly to 13%.

**Top 10 destinations of China overseas M&As (By deal value, US$ billion)**

| | Destination | 2025 | 2024 | YoY (%) |
|---|---|---|---|---|
| 1 | United States | 5.7 | 1.2 | 380% |
| 2 | Germany | 5.0 | 1.7 | 195% |
| 3 | Singapore | 4.4 | 2.3 | 86% |
| 4 | Brazil | 4.3 | 1.1 | 278% |
| 5 | Japan | 4.1 | 4.2 | -3% |
| 6 | Italy | 3.8 | 1.1 | 236% |
| 7 | Australia | 1.9 | 1.3 | 45% |
| 8 | India | 1.7 | 1.3 | 33% |
| 9 | Indonesia | 1.7 | 0.9 | 96% |
| 10 | France | 1.4 | 0.1 | 2,860% |

**Top 10 destinations of China overseas M&As (By deal volume, number of deals)**

| | Destination | 2025 | 2024 | YoY (%) |
|---|---|---|---|---|
| 1 | United States | 60 | 63 | -5% |
| 2 | Australia | 32 | 25 | 28% |
| 3 | Japan | 32 | 30 | 7% |
| 4 | Singapore | 31 | 49 | -37% |
| 5 | Germany | 30 | 36 | -17% |
| 6 | Indonesia | 20 | 14 | 43% |
| 7 | South Korea | 17 | 26 | -35% |
| 8 | United Kingdom | 16 | 21 | -24% |
| 9 | France | 15 | 7 | 114% |
| 10 | Italy | 15 | 12 | 25% |

Sources: LSEG, Mergermarket, including deals that have been announced but not yet completed, data was downloaded on 5 January 2026; EY analysis

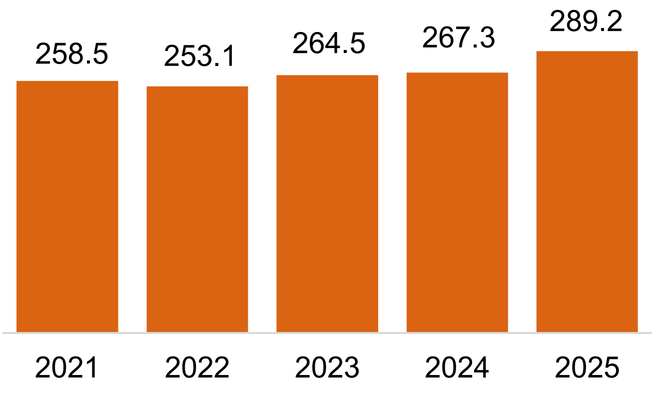
# EPC

**The value of newly signed EPC projects and completed turnover of EPC projects remained a steady growth, hitting the new highs**

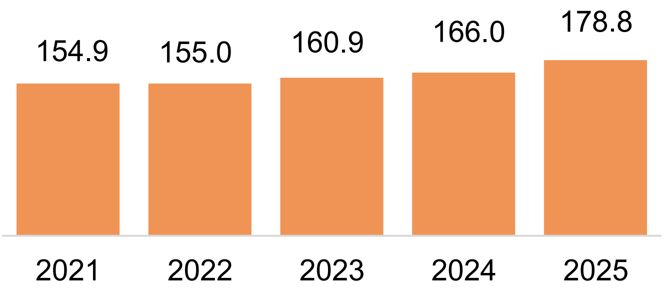
In 2025, the China overseas EPC projects

- The value of newly signed China overseas EPC projects reached **US$289.2b**, up **8.2%**▲YoY.
  - New contracts in B&R partner countries totaled **US$258b**, up**10.8%**▲YoY, comprising **89%** of the total, up 2 percentage points YoY.
- The completed turnover of China overseas EPC projects was **US$178.8b**, up **7.7%**▲YoY.
  - The completed turnover in B&R partner countries reached **US$152.6b**, up **9.3%**▲ YoY, accounting for **85%** of the total, up 1 percentage point YoY.

**Value of newly-signed China overseas EPC contracts (US$ billion)**




**Value of completed turnover of China overseas EPC contracts (US$ billion)**




Source: Monthly Statistics in Brief, China MOFCOM; EY analysis

# EPC – 2025* selected key projects

## Petrochemical industry

- **Iraq**: In May, China Petroleum Engineering & Construction Corporation secured an estimated US$1.6 billion contract for EPSCC (engineering, procurement, supply, construction and commissioning) project in Iraq Ratawi gas processing plant, which will construct a natural gas processing unit with a daily capacity of 320 million cubic feet.
- **Qatar**: In August, Offshore Oil Engineering Co., Ltd. has successfully secured two sections of the Bul Hanine megaproject in Qatar with about US$4 billion, marking a new record in contract value for Chinese enterprises operating offshore oil and gas projects in the Middle East.
- **Iraq**: In August, China Petroleum Pipeline Engineering Co., Ltd. has signed an approximately RMB18 billion contract for the Barsa Province seawater transportation pipeline project in Iraq, covering the construction of mainline pipelines from seawater treatment facilities to various connection station, branch pipelines from connection stations to oilfield distribution stations and ancillary ground facilities.

## New energy

- **Saudi Arabia**: In October, a consortium of subsidiaries of China Energy Engineering Group has signed EPC contracts for three renewable energy projects with approximately RMB19.55 billion of contract value. The projects include Phase V Shakira 1GW Wind Power Project, Phase V Stella 2GW Wind Power Project, and Phase VI Furais 2GW Photovoltaic Project of Saudi PIF.
- **Saudi Arabia**: In October, a consortium of Power Construction Corporation of China and its subsidiaries has signed contracts for the Suadi Afif 1 and Afif 2 Photovoltaic IPP Projects. The contract amounts to RMB11.72 billion.

## Transportation

- **Malaysia**: In August, Shandong Hi-speed Company won the bid for two ten-billion-yuan level overseas projects. It won the bid for the Malaysian smart warehousing projects with a contract amount of approximately RMB10.2 billion and signed the framework agreement for Nilai smart city construction EPC general contracting project. The project will proceed in seven phases and the initial contract amount is about RMB11.45 billion.
- **Kuwait**: In December, China Communications Construction Company signed an EPC contract for the first phase of the Kuwait's Mubarak Al-Kabeer Port project, valued at about US$4.16 billion. This will be the company’s first port project in the Middle East to be partially built to Chinese standards. The port is both a key project for Kuwait to position itself as a regional commercial hub while driving economic diversification and a flagship for Kuwait “National Vision 2035”.
- **Vietnam**: In December, a consortium led by China Pacific Construction Group successfully won the bid for Hanoi Metro Line 5 project with a total investment of about RMB20 billion. As a national key project in Vietnam, it is a key carrier of Hanoi’s westward strategy. Upon completion, it will effectively relieve the traffic pressure along Thang Long Avenue, reconstruct Hanoi's urban development axis, and help the coordinated development of regional industries and population.

## Construction engineering

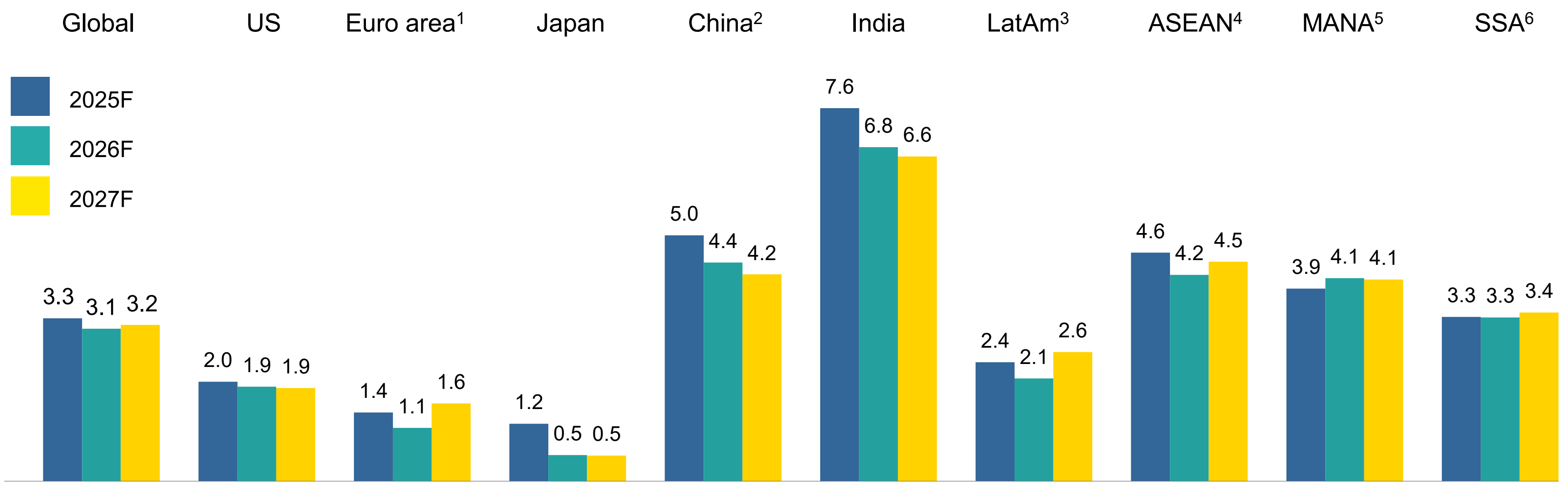
- **Saudi Arabia**: In May, China Railway Construction Corporation (International) signed a US$1.13 billion contract with a development company under Saudi Arabia’s sovereign fund PIF for the infrastructure and supporting facilities relocation project of King Saud University. The project marks an important breakthrough for company in deepening its presence in Saudi Arabia’s mid-to-high-end market.

*Note: Present selected key projects in 2025. Source: Public information, complied by EY

# Global economic outlook: resilient but easing growth, with firmer momentum in emerging markets

- The global economy remains resilient but is increasingly shaped by complex crosscurrents: shifting trade alignments, demographic pressures, evolving labor dynamics and an accelerating artificial intelligence (AI) investment cycle.
- Developed markets continue to face a convergence of structural and cyclical headwinds (e.g. aging populations, chronic underinvestment, rising protectionism).
- Emerging markets display uneven but generally firmer momentum, supported by resilient domestic demand in India and targeted policy support in parts of Asia.

**YoY real GDP growth 2025F–27F**




1. Euro area includes 20 countries.
2. China's 2025 GDP growth rate was the preliminary number released by National Bureau of Statistics of China.
3. LatAm is a GDP-weighted average for Brazil, Chile, Colombia, Ecuador, Mexico, Peru and Uruguay.
4. ASEAN includes Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.
5. MENA (Middle East, North Africa) includes Algeria, Bahrain, Egypt, Iraq, Kuwait, Morocco, Oman, Qatar, Saudi Arabia, Tunisia and the UAE.
6. SSA (Sub-Saharan Africa) includes Angola, Botswana, Ghana, Kenya, Mauritius, Mozambique, Namibia, Nigeria, Seychelles, South Africa, Tanzania, Uganda, Zambia and Zimbabwe.

**Suggestions for China outbound investment**

- Stratify the markets by accelerating localization and brand development. Enhance added value products in developed markets while expanding into emerging markets to actively capture the opportunities arising from resilient growth and demographic dividend.
- Address the restructuring of global supply chains by deploying regionalized production footprints to mitigate trade barriers and geopolitical risks.
- Align with the AI-driven capital cycle, leveraging AI and automation to upgrade industrial chains, mitigate labor shortages risks and build competitive barriers.
- Prioritize the assessment of local resource security capabilities in site selection to strengthen the safeguards of resource security and compliance.

Source: *Global Economic Outlook 2026*, EY Parthenon, December 2025; National Bureau of Statistics of China; EY analysis

# Geopolitical outlook in 2026

The world enters 2026 amid the heightened uncertainty, underscoring the need for companies across all sectors to adapt to geopolitical shifts.

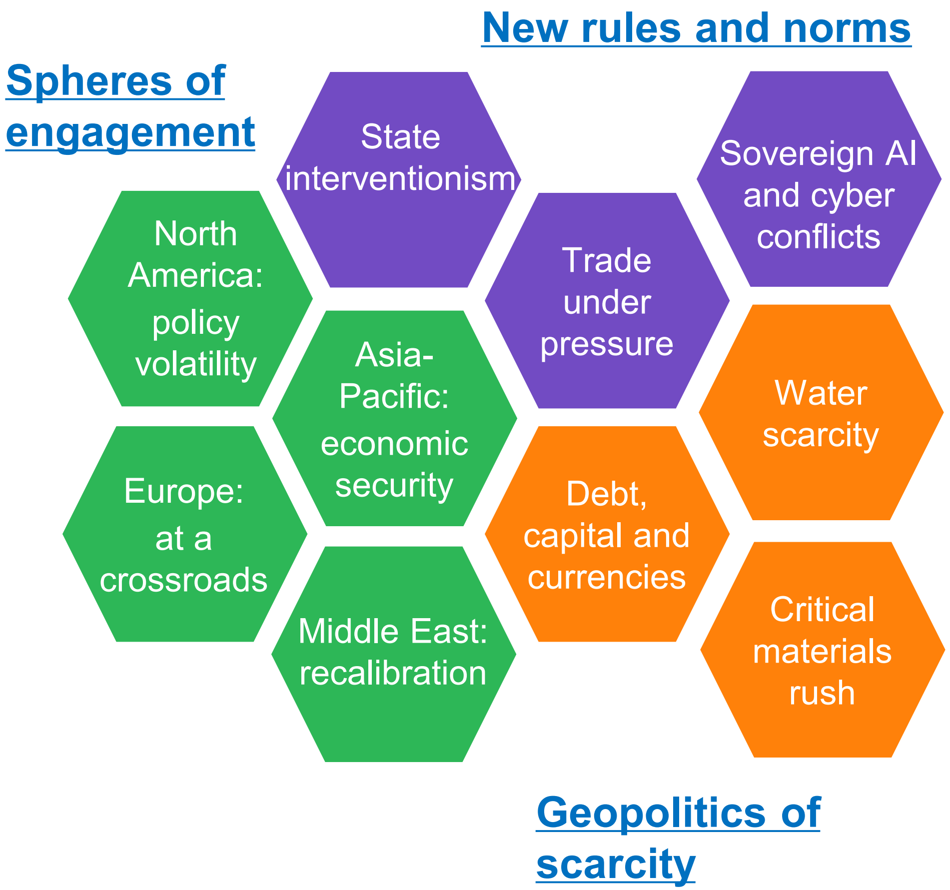
- Governments are expected to exert greater influence over economic activity through subsidies, tariffs, export controls, capital controls and local content requirements.
- Cyber conflicts are likely to escalate, particularly across the AI value chain, governments are increasingly treating AI assets (foundation models, training data, compute infrastructure) as national security priorities and critical infrastructure.
- Geopolitical competition for scarce resources will intensify, including critical minerals, fresh water and capital, etc.

## Implications for China outbound investment

As Chinese firms diversify beyond China — localizing production, data and governance while reconfiguring supply chains for sensitive technologies — the top 10 geopolitical developments will have far-reaching implications for risk management and strategic planning. Key impacts include elevated country-specific risks, longer investment cycles and higher execution thresholds.

Success will increasingly depend on embedding geopolitical risk assessment into decision-making, aligning with host-country policies and proactively engaging governments and stakeholders.

## Top 10 geopolitical developments in 2026[1]




Source: 1. *2026 Geostrategic Outlook*, EY Parthenon, December 2025

# China outbound investment outlook for key regions

## Europe

Amid improving geopolitical relations, important but more selective destination

- Emphasis on green transition, leadership in advanced manufacturing capabilities and a mature high-end consumer base will continue to drive Chinese investment.
- However, a more stringent regulatory environment may also pose more challenges for Chinese enterprises.
- Europe remains the 2nd-largest destination for Chinese M&A, led by Germany, the UK and Italy, while Luxembourg, Sweden, Ireland, Serbia and Hungary also attract significant Chinese direct investment.
- Since 2025 Q4, leaders from Spain, France, Ireland, Finland and the UK have visited China in succession, which has contributed to the steady warming of China-EU relations and is expected to promote a new round of Chinese enterprises' investment in Europe.

## ASEAN

Demographics-powered, diversification-driven growth markets

- As global supply chains diversify, ASEAN's young populations, competitive labor costs, improving infrastructure and deepening regional integration (via RCEP, CAFTA 3.0) make it an important destination for Chinese capital, particularly in manufacturing relocation, green infrastructure and digital economy.
- China maintains robust diplomatic and policy ties with ASEAN (e.g., Singapore, Indonesia, Thailand, Vietnam, Malaysia), positioning the region as a continued priority for outbound investment.

## Latin America

Resource-rich, release of demand, increased uncertainty

- Abundant natural resources, expanding consumer base, ongoing structural reforms and accelerating demand for infrastructure and digitalization create strong potential for Chinese investment.
- US actions in Venezuela have significantly escalated geopolitical risks across Latin America.
- In 2025, China made positive progress in bilateral and multilateral cooperation with Latin American nations (e.g. Brazil, Colombia and Cuba). However, the outlook for 2026 remains uncertain, as upcoming presidential elections in several nations may reshape investment and trade policies towards China.

## MENA

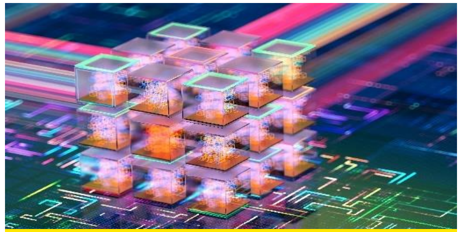
Capital-rich, policy-driven markets

- Strong economic growth, high purchasing power, continued non-oil sector expansion and broadly supportive economic policies in the region will continue to attract Chinese investment.
- 2026 marks 70 anniversary of the establishment of diplomatic relations between China and Arab countries and the 2nd China-Arab States Summit will be held in China, promising to further elevate bilateral economic relations.
- The UAE and Saudi Arabia are expected to remain top destinations, and Egypt also has strong potential as bilateral relations deepen with the mutual visits between China and Egypt in 2025.

# China outbound investment outlook for key sectors

## Industrials & energy

- Chinese leading players in new energy equipment (e.g. solar, wind power, energy storage) and the EV supply chain (e.g. three-electric systems, smart cockpit) and aerospace industry (satellite, drone) are accelerating expansion into markets like ASEAN, the Middle East, Latin America and Europe, adopting a "technology export + localized production + integrated services" model.
- Critical minerals remain a key focus for Chinese outbound investment.



## Technology

- Chinese tech giants accelerate globalization of technology, brands and platforms via greenfield investments and M&A.
- Explosive growth in robotics industry: industrial robot exports remain strong; while humanoid robots accelerate commercialization. The sector is shifting from product exports to full value-chain globalization.
- AI applications and cloud infrastructure expand globally, especially for AI-driven data centers.

## Consumer & health

- Cross-border e-commerce evolves into sophisticated, data-driven operations; emerging markets fuel growth and deeper integration across the entire ecosystem.
- New-style beverages and art toys (e.g. mystery box toys) gain global traction.
- Innovative drug licensing revenue are advancing rapidly in international markets.
- Gaming and cultural industries are also accelerating global expansion.

## Infrastructure

- Chinese contractors shift toward integrated “Investment-Construction-Operation” models.
- Developing regions (e.g. ASEAN, Latin America, MENA, Central East Europe and Africa) drive the strong demand for transport and energy.
- The rapid development of AI is driving major global economies to accelerate deployment of digital and energy infrastructure centered on “computing power infrastructure + green energy transition + network upgrades” , which is expected to create more opportunities for Chinese

## Financial services

- Chinese banks strengthen presence in global hubs and B&R markets, and deliver customized comprehensive financial services to enterprises.
- Fintech drive ecosystem globalization, with ASEAN as a key market.
- PE firms accelerate overseas moves, through more M&As and establishment of co-investment funds.

# China Overseas Investment Network (COIN): Global network

COIN links EY professionals around the globe, facilitating seamless collaboration and providing globally standardized high-quality services to enterprises in Greater China.

**USLI**
United States
Argentina
Bahamas
Bolivia
Brazil
Chile
Colombia
Costa Rica
Ecuador
Jamaica
Mexico
Peru
Panama
Uruguay
Venezuela
Israel

**Canada**
Canada

**Europe West**
Austria
Belgium
France
Germany
Italy
Luxembourg
Netherlands
Portugal
Spain
Switzerland
Algeria
Angola
Cameroon
Morocco
Mozambique
The Republic of the Congo

**UK&I**
United Kingdom
Ireland

**Europe Central**
Bulgaria
Croatia
Cyprus
Czech Republic
Denmark
Finland
Greece
Hungary
Norway
Poland
Romania
Serbia
Slovak Republic
Slovenia
Sweden
Turkey
Kazakhstan
Kyrgyzstan
Uzbekistan

**MENA**
Bahrain
Egypt
Iraq
Jordan
Kuwait
Lebanon
Libya
Oman
Pakistan
Qatar
Saudi Arabia
UAE

**Africa India**
India
Bangladesh
Kenya
Nigeria
South Africa
Uganda
Zambia

**Oceania**
Australia
New Zealand
Fiji

**Asia East**
Japan
Korea
Brunei
Cambodia
Indonesia
Laos
Malaysia
Myanmar
Philippines
Singapore
Thailand
Vietnam
Sri Lanka

**Greater China**
Chinese mainland
Hong Kong
Macau
Taiwan
Mongolia

## Service network

**90+**
Countries and regions in the EY global network

**90%**
Countries and regions along the Belt and Road (B&R)

## Service scope

Provides one-stop services, covering all stages of overseas investment

- Planning and market entry
- Project transactions execution
- Integration and exit

## Key advantages

- Global reach and local expertise
- Multilingual and multicultural seamless service teams
- Extensive cross-border transaction experience and full coverage of services

## Service cases

**3,800+**
Chinese clients assisted overseas

**2,100+**
Chinese clients assisted in B&R partner countries

**100,000+**
Overseas service projects

**52,000+**
Service projects assisted in B&R partner countries

*Data from the last 3 years


EY安永

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