



*As of Feb 21<sup>st</sup>, 2009  
(20090416-Update)*

*Updated correction on April 19<sup>th</sup>, 2009*

## **The PRC Ponders Global Power Pool**

**/ Editorial**

**The IPPF works in support of Chinese companies reaching out into global markets through mergers and acquisitions, joint ventures and / or direct investment in the power and energy sectors.**

It was previously and always had been the conventional wisdom that everything about China is about investment and / or market entry “into” China.

China is now flexing its growing economic muscles for some time now. Initially through resources and barter, but always government-to-government. Pakistan is an excellent example. The “realpolitik” rationale of India and USSR vrs Pakistan and China from the sixties resulted in exceptional Chinese and Russian influence heavily embedded into their respective South Asian “clients”.

However, this was of course government-to-government. Very little action in the pure commercial Biz-to-Biz arena. State Minister Saleem Mindviwalla (our guest at dinner on the 20<sup>th</sup>, 2009) repeated his comments made at our recent official session in Islamabad about how small the PRC’s stake is in pure power production investment. At this writing, we know of no Chinese direct commercial investment in Pakistan power plants. Japanese (Marubeni), Wartsila (Finnish), AES (US), AEI Asia (HK) and others are definitely in. The Ministry in Islamabad looks to us to help drive PRC power players into Pakistan focused action.

This all plays into the umbrella theme of pushing the PRC into the global power pool. They need assurance that the water is warm and the natives are friendly and won’t get boiled in the same pot that CNOOC ended up in when they reached out for UNOCAL.

The green light is on from Beijing with an official policy of encouraging overseas investment by Chinese companies. Both SOE's and private sector entities are now able to reach out and invest in the global marketplace.

China has the technology, support infrastructure, engineering resources, design capability and most importantly-the “capital”, to move into the global marketplace in all industries, from I.T. to automotive, from aerospace to food & beverage and telecommunications to services.

Most importantly, China has a critical role to play in “emerging markets”. Since much of this coming tidal wave of investment is driven by China's exponentially growing private sector it is a give that most Chinese firms will opt for safe haven markets like North America, Europe and Australasia. However, it is in the vital energy and power sector that China's attention is most needed, especially in the emerging market category. The needs of South and Central Asia, Africa and South America have to be addressed.

There are a number of American and European, Singapore, Japanese firms, tip-toeing into these areas, but not enough. A few developers like Golden Concord (Singapore), AES (USA), AEI (HK), etc. have made “Emerging Markets” part of their investment mantra, there is room for a lot more.

It is interesting to note that certain central and South American countries have been targeted recently by Chinese power developers (Guatemala, Cost Rica, Argentine, Chile, etc.) We would like to see more of this. Our membership stands ready to help smooth overseas market entry by Chinese energy entrepreneurs.

**IPPF Secretariat Information:**

Suite 711, 7<sup>th</sup> Floor, Block E, 13 – 15 Hong Shing Street, Quarry Bay, Hong Kong.

Tel: (852) 2894 8105 Fax: (852) 2577 5817 E-mail: [group@laykinhk.com](mailto:group@laykinhk.com)

Website: [www.ippfpowerasia.com](http://www.ippfpowerasia.com)

*Ref*

*IPPF/Article/non-published/ PRC Ponders Global Power Pool-20090416-u*

*IPPF/Editorial/PRC Ponders Global Power Pool-20090221(Feb21)-0416-update*