



Press Release: ICBC Standard Bank launches Belt and Road Economic Indices

4 July 2017, London - ICBC Standard Bank Plc (“ICBCS”), a leading financial markets and commodities bank, in partnership with Oxford Economics, today launches its flagship Belt and Road Economic Indices, designed to capture the dynamics as well as broader economic benefits of the Belt and Road Initiative (BRI).¹

The ICBCS Belt and Road Economic Indices have been created to address the lack of an existing standardised framework for comparing the Belt and Road (B&R) countries, bridging the informational gap for investors. The indices are the first of their kind and provide investors with an intuitive and comprehensive framework for comparing this diverse set of investment climates.

The two indices include:

- **ICBCS Belt and Road Economic Health Index** – a monthly index designed to provide a broad overview of the relative attractiveness across each of the B&R economies. It provides over 45 individual country indicators within a comparable analytical framework that can be used for tailored analysis, helping investors to make informed decisions. At the high level, overall Economic Health is tracked across the dimensions of *Macroeconomic Performance* and *Risk Outlook*.
- **ICBCS Belt and Road China Connectivity Index** – a semi-annual index designed to provide investors, businesses, policymakers and other stakeholders with a unique, evidence based metric to track broad-based economic connectivity between China and the B&R economies. This is achieved by tracking bilateral activity across the three dimensions of *Trade*, *Capital* and *People*.

ICBCS is uniquely positioned to provide this analysis, with deep experience and focus on navigating frontier and emerging markets. The B&R initiative has led to a vast mobilisation of resources to over 60 frontier and emerging economies. The diverse range of countries within the B&R, stretching across three continents, are in various stages of maturity and face different economic and political challenges, increasing the complexity for investors hoping to participate in the growth and development opportunities that are likely to emerge.

¹ For more information, please visit www.icbcstandardbank.com

H.E Mr Liu Xiaoming, China's Ambassador to the UK said:

“Originated in China, the Belt and Road Initiative has already delivered and will continue to generate broader economic benefits well beyond its neighbours. This China-UK based cooperation sheds new lights on thought leadership establishment in this endeavour, and will offer unique and meaningful contributions to future policy debates and dialogues in the coming years.”

Findings of the inaugural reports:

The inaugural ICBCS Belt and Road Economic Health Index (EHI) found that:

- Despite sovereign and external risk at multi-year highs, economic health is at a decade high driven by an impressive improvement in market fundamentals.
- The top 10 macro-performers fall into two categories:
 - The Big 3 (China, India, Vietnam) – large emerging markets with strong growth prospects;
 - The Nimble 4 (Qatar, Singapore, Estonia and UAE) – smaller markets with good quality investment climates.
- Central and Eastern Europe (CEE) currently enjoys the highest average economic health score across the Belt and Road regions, with the Middle East and North Africa (MENA) region lagging towards the bottom due to a prolonged period of low oil prices and recent geopolitical tension.

The inaugural ICBCS Belt and Road China Connectivity Index (CCI) found that:

- Overall economic connectivity between China and the median Belt and Road economy is around twice as deep in 2015 as it was in 2005.
- As China's economic activity shifted to trade in services exports and supply chain imports, connectivity has become less tied by proximity.
- Top risers of the index are dominated by countries in the CEE region, reflecting China's structural shift to rebalance towards more sophisticated economies.
- As China shifts to become a more consumer-driven economy, the role of commodities as a driver of economic growth and connectivity has fallen.
- There is clear positive correlation between the capacity of an economy to facilitate trade, the strength of its infrastructure and, in turn, between trade and growth.

Jinny Yan, Chief China Economist, ICBC Standard Bank comments:

“As a result of our research we can see a clear link between investment in infrastructure and overall economic prosperity in B&R countries. This explains why infrastructure is a central part of China’s B&R effort and why it is so crucial to unlock alternative infrastructure financing to ensure the initiative delivers on its goal of inclusive economic growth.”

Gary Licht, Director of Trading, ICBC Standard Bank adds:

“ICBC Standard Bank has substantial experience in connecting our clients to opportunities across frontier and emerging markets. B&R investors face the same informational challenge as all of our emerging market clients and it was critical for us to build a substantive, intuitive and transparent solution that directly addressed this problem. The ICBCS Belt and Road Economic Indices is the first milestone in a number of planned Belt and Road innovations that will further cement our role as China’s first and only EM bank.”

ICBC Standard Bank is backed by ICBC, the world’s biggest bank and B&R’s leading investor in over 400 projects. ICBC Standard Bank’s Chinese and African parentage provides access to an extensive global network, allowing the bank and our clients to capitalise on global business opportunities.

The BRI aims to have a transformative effect across the countries within it, boosting connectivity, trading links and sustainable and inclusive growth across a vast geographic area covering Asia, Europe and Africa. It involves more than 60 countries currently accounting for 30% of global GDP, with the aim of contributing 80% of global GDP by 2050².

ENDS

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² <http://beltandroad.hktdc.com/en/belt-and-road-basics>

About ICBC Standard Bank Plc

ICBC Standard Bank is a leading financial markets and commodities bank operating across both developed and emerging economies. ICBC Standard Bank Plc was formed in February 2015 when Industrial and Commercial Bank of China Limited (ICBC) acquired a 60% stake in Standard Bank Plc's Global Markets business. As a result, a compelling strategic platform was formed, one that benefits from a unique Chinese and African parentage and an unrivalled global network and level of expertise.

ICBC Standard Bank Plc is a strategic platform for serving the growing demands of our clients in Global Markets products. We specialise in global commodities, fixed income, currencies and equities.

Headquartered in London, ICBC Standard Bank Plc also has operations in Dubai, Hong Kong, Shanghai, Singapore, New York, and Tokyo.

For more information, please visit www.icbcstandardbank.com