

China sovereign fund 'seeks new Europe investment'

Written by Administrator
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Pedestrians in Shanghai's financial district last September. China's \$300-billion sovereign wealth fund is looking for investment opportunities in debt-hit Europe even though it is not very optimistic about the region's prospects, a media report says.

AFP - China's \$300-billion sovereign wealth fund is looking for investment opportunities in debt-hit Europe even though it is not very optimistic about the region's prospects, a media report said Saturday.

China Investment Corp (CIC) already has a big exposure to Europe and its investment return from the continent is not bad, its chairman Lou Jiwei told a forum on the southern Chinese island of Hainan, Dow Jones Newswires reported.

"From the investment perspective, (we're) not very optimistic about Europe," Lou said at the Boao Forum.

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"But it doesn't mean we wouldn't like to invest (in Europe). There are still opportunities in Europe, such as infrastructure sectors ... we're looking for some investment opportunities there."

The gathering in Boao has brought together leaders in government, business and academia from Asia and other continents every year since 2001 to discuss pressing issues in the region and the rest of the world.

CIC was set up in 2007 to invest a chunk of China's massive foreign-exchange reserves -- the world's largest at \$3.0447 trillion at the end of March -- partly to gain better returns.

The stockpile has been rising as Beijing buys foreign currencies used to pay for the country's exports in order to control the value of the yuan.

The reserves are mainly parked in safe but low-yielding instruments such as US Treasury bonds, but amid the global crisis CIC has tried to diversify its investments and be more aggressive to improve returns.

According to the latest financial reports available, CIC had total assets of \$332 billion at the end of 2009, and the European region accounted for 20.5 percent of CIC's diversified equity investments.