



Introduction to the Development of The Chinese Surety Market

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About I&G

- First specialized guarantee institution in China.
- Established in 1993 with the approval of the State Council of China.
- Member and president of China Financing Guarantee Association.

About I&G



- I&G joined the Panamerican Surety Association in 1998.
- The only Chinese member of PASA.
- PASA chose I&G to host its 2010 annual assembly in Beijing.



About I&G

- More than **20,000** customers.
- Total guarantee amount: USD **72,000,000,000.**
- Long-term credit rating (from Chinese authoritative rating agencies):
AAA.



I. Surety in China

- **A considerable surety market**
 - Major infrastructure, public utility and other projects that concern the public interest and security have to be subject to bidding procedures.
 - China has started to reform the security deposit payment system.
 - We predict that China will produce an annual demand for construction bonds worth USD **1,000,000,000,000.**



I. Surety in China

■ Policies and laws in China

- National laws.
- Local laws and regulations.
- Laws and regulations on surety insurance applied by insurance companies.



I. Surety in China

■ Major product types

- Bid bond
- Performance bond
- Advance payment bond
- Quality (maintenance) bond

■ Major market participants

- Banks
- Guarantee companies
- Insurance companies

II. Explorations and achievements made by I&G

- Since its early establishment, I&G has been inspecting, learning and researching the overseas surety market.
- It has assisted the government organs in studying and drafting a construction bond system fit for China.





II. Explorations and achievements made by I&G

- It is the sole guarantee service provider designated by the Ministry of Finance for government procurement in China.
- It has provided guarantee services to government organs at all levels and to large state-owned enterprises.
- In 2017, it set up the online guarantee platform.
- It has worked with foreign companies to carry out the domestic and international surety business together.



III. Prospects of the Chinese surety market

■ An enormous, sustained surety market in the future

- The Chinese construction bond system is becoming more mature day by day.
- The rapid economic growth will generate ever-increasing demands for surety services.
- Guarantee insurance will emerge as a new driving force in the Chinese surety market.

■ Business development and risk need to be in balance

- The Chinese economy has now entered into a period of new normal for adjustment.
- The surety market has to deal with the growing risks.
- We must strike a balance between business development and risk management.



IV. Performance of Chinese construction contractors in the Latin American market

- **65** Chinese company on the list of top 250 international contractors.
- In 2016, their overseas operating revenue amounted to USD 93,600,000,000, which accounted for **19.3%** of the world's total engineering contracting income.
- Chinese engineering contracting income accounted for **13.7%** of that amount in Latin America and the Caribbean.



V. Cooperation opportunities

- Cofounding guarantee insurance companies.
- Developing reinsurance with joint efforts.
- Working together on the international front and backing the guarantee business.



Thanks !