

## 《Banks see little risk involving initiative》

Credit risks in markets linked to the Belt and Road Initiative are under control, and major Chinese banks are building firewalls to ensure sustainable financing for overseas infrastructure projects, senior banking executives said on Thursday.

They were responding to concerns that Chinese investment and loans would increase the debt burden of some developing countries and the risk of potential sovereign credit defaults would undermine the asset quality of Chinese banks.

Ding Xiangqun, vice-president of China Development Bank, a State-owned policy bank, said that Chinese loans will not increase the local debt burden and the risks associated with the loans are under control.

"A majority of the projects we supported have generated sufficient cash flow to pay back the loan and the interest," Ding said at a news conference, stressing that economic value is one of the priorities when the bank selects projects.

Sun Ping, vice-president of the Export-import Bank of China, another Chinese policy lender, said the bank has established risk-control mechanism on a country-by-country basis.

"We have set a debt limit on each country. When the debt level reaches the limit, we will carefully control our lending pace to that country," Sun said, adding that widespread sovereign debt defaults and rising nonperforming loans will be unlikely.

The outstanding value of loans extended by the two policy lenders to markets related to the Belt and Road Initiative have reached \$200 billion, according to the China Banking Association.

Big Chinese commercial banks also have participated. The Industrial and Commercial Bank of China, the world's biggest bank by assets, has 412 projects in its pipeline involving a total investment of \$337.2 billion, according to the bank.

While the overall risk in projects under the Belt and Road Initiative is controllable, Chinese banks should be cautious about the credit risks in countries with high deficits and external debts, analysts said.

Pan Guangwei, executive vice-president of the China Banking Association, said it is necessary to build an inclusive interbank association among commercial banks, policy banks and multilateral development agencies to fill the financing gap and to ensure long-term funding for the projects.