

BUSINESS

AXA to take full ownership of JV in China

French insurer bullish on local market, eyes middle-income group for growth

By WANG YING in Shanghai
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AXA is a stone's throw away from becoming China's biggest foreign-funded property and casualty (P&C) insurer once the China Banking and Insurance Regulatory Commission approves its purchase of the remaining 50 percent stake of its joint venture in AXA Tianping, industry officials said.

By taking full ownership of AXA Tianping, the Paris-headquartered French multinational insurance company will be in a strong position in the world's second largest insurance market where demand from the middle-income group earning for quality of life is rising along with consumption upgrades and digitalization, said Xavier Veyry, executive chairman and chief executive officer of AXA China.

AXA Group CEO Thomas Buberl called the deal a "first of its kind" transaction in the Chinese insurance market, which allowed the leading P&C insurer to secure a nationwide footprint.

"The acquisition further reaffirms our conviction that our operations in China will be a key growth engine of the group and in its preferred segments," said Buberl.

AXA Tianping will represent a unique platform for AXA to capture the significant growth potential of the P&C and health markets in China, the company's plan said.

"The reason we decided to go ahead with the purchase is because we believe it's the right time with the further opening of the financial sector in China. It's the right time, the right company, with the right people and the right infrastructure to be able to deploy an ambitious strategy, which is a strategy of diversification here in China," said Veyry.

AXA announced in November it had agreed with AXA Tianping Property & Casualty Insurance Co Ltd on the purchase of the latter's 50 percent stake for 4.6 billion yuan (\$642 million).

Guosheng Securities analyst Ma Tingting expects the participation of foreign-backed insurance companies to bolster the competitiveness of the sector.

"It will encourage domestic companies to strengthen their services and products," said Ma, adding the further opening-up of China's insurance sector has attracted 22 foreign-funded property and casualty insurance companies by the end of July.

For the moment, 90 percent of

AXA Tianping's business is motor oriented. After the acquisition, AXA Tianping will diversify its business given the transformation of the Chinese market. The company will operate in a maturing consumption market, boosted by the growing middle-income group, people's pursuit of quality life, as well as digitalization seen to boost business, Veyry explained.

"What we really want is to diversify our geographical footprint by addressing specific needs of our target customers in motor vehicles, healthcare, and lifestyle," he said.

China has seen strong compound growth of 16.9 percent in insurance revenue between 2011 and 2017. It has become the world's second largest insurance market with 11 percent of the global stake in 2017, second only to the US, an industry report from iResearch said.

Insurance revenue, though, only accounts for 4.4 percent of the nation's GDP, lower than the global average of 6.1 percent, and lagging behind 11 percent in the United Kingdom, 9.4 percent in France, 8.6 percent in Japan and 7 percent in the United States, the report said.

"China is the second largest market in the world in insurance. It's growing fast so it will become the first market of the world at some stage. We believe that there are a lot of services and products to be



A view of AXA's Dutch headquarters in Utrecht. BLOOMBERG

designed for Chinese customers and this is our ambition," Veyry said.

Health insurance is one of the most promising sectors in the industry, said Wang Weiyi, an analyst with BOC International (China) Securities.

"Given the backdrop of an aging population and the Chinese peo-

ple's growing awareness of health, spending on health-related insurance soared from 158.7 billion yuan in 2014 to 544.8 billion yuan in 2018. The trend will continue as more innovative products are introduced and you have the involvement of technology as well," Wang added.

This year marks the 20th anniversary of AXA entering the Chinese market, which kicked off the joint venture AXA-Minmetals Assurance with Chinese mining firm China Minmetals Corp in 1999. AXA now operates 28 branches and 93 sub-branches in 20 regions across China.

Guizhou province becoming major hub for aluminum producers

By LIU YUKUN in Beijing and YANG JUN in Guiyang

Southwest China's Guizhou province is fast becoming the destination of choice for aluminum producers, as friendly policies and the easy availability of raw materials are spurring a shift from its erstwhile bases in central and eastern China, officials and experts said.

"Guizhou's abundant bauxite resources have given the province an

edge in developing aluminum production. We are also working to bolster a better business environment for investors with supportive policies and better infrastructure. The goal is to make Guizhou a national hub for aluminum production," Ma Lei, head of the Guizhou Investment Promotion Bureau, said in remarks on behalf of vice-governor Lu Yongzheng at a recent industry forum.

Bauxite is the raw material used to produce aluminum products in

many industries.

Guizhou has deposits of an estimated 162 million metric tons of bauxite, making up about 18 percent of the country's total and ranking fourth among all regions, trailing only central China's Shanxi and Henan provinces, and the Guangxi Zhuang autonomous region, said investment information provider Hithink RoyalFlush Information Network Co Ltd.

The southwestern Chinese prov-

71.8 million tons

aluminum oxide output in China in 2018

ince has multiple aluminum production hubs, including those in the capital city of Guiyang, Zunyi city, and the Qianxinan Bouyei and Miao autonomous prefecture, Ma said.

The rise of Guizhou came at a time when production bases in Central China's Henan and North China's Shanxi provinces have seen many bauxite mines shut down in a bid to battle pollution.

"China's demand for bauxite continues to grow but the supply fell. That gives other bauxite-rich

areas, mostly in Southwest China like Guizhou, an opportunity for development in aluminum production," said Cheng Wenchao, an analyst from consulting firm Aladdiny which is specialized in the bauxite industry.

China's demand for bauxite was buoyed by a surging need for aluminum oxide, said Cheng. Aluminum oxide output in China surged to 71.8 million tons in 2018, from 7 million in 2004.

"As the growing need for bauxite outpaced domestic supplies, which has led to higher prices of bauxite, many companies have switched to overseas producers, such as those in Australia and Indonesia," Cheng said.

Total bauxite imports by main-

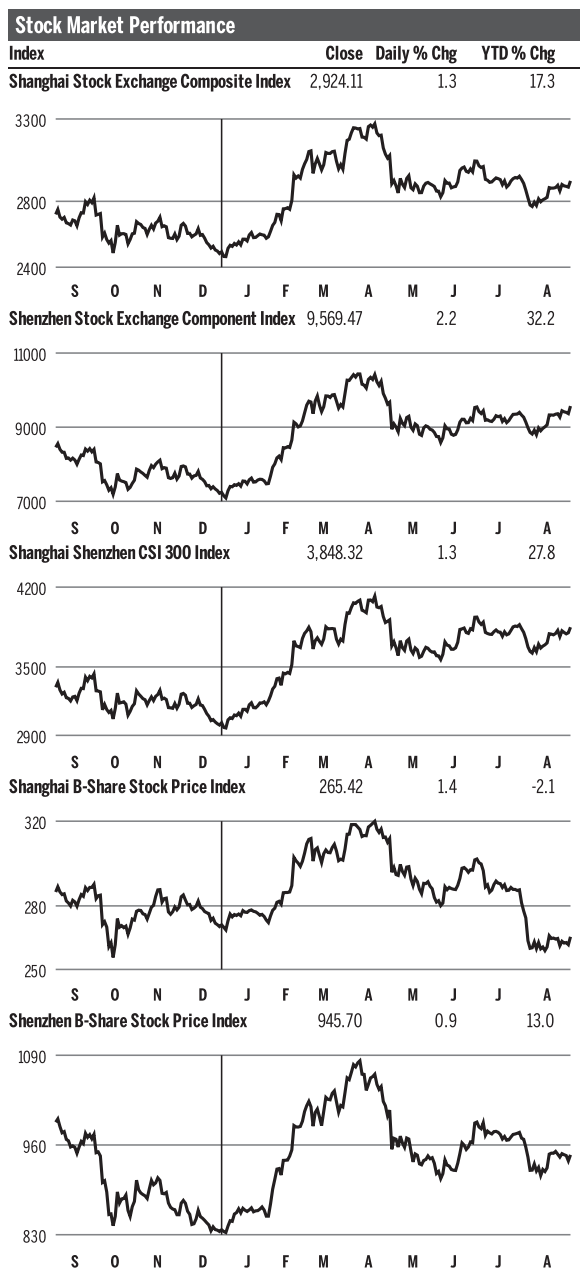
land companies are expected to reach 18 million tons in 2019. The number is likely to hit 140 million tons by 2025, Aladdiny data showed.

"Aluminum production in Guizhou was also challenged as aluminum oxide and electrolytic aluminum, two major aluminum products, still have a relatively low market share compared with other competitors," Cheng explained.

Ma said Guizhou province will step up efforts in advanced manufacturing and high-end production to move up the global value chain.

Wang Jin contributed to the story.

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Gainers		Losers	
Gainers			
Shanghai Stock Exchange			
TianjinQuanyeBazaarGroupCo	4.58	10.1	
Zhejiang Jianfeng Group Co	13.49	10.0	
ZhejiangHuahaiPharmaceutical	16.93	10.0	
ChinaSatelliteCommunications	13.06	10.0	
People.cn Co Ltd	21.97	10.0	
AerospaceCommunicationsHoldi	14.53	10.0	
Xinhua Winshare Publishing & Shangying Global Co Ltd	19.32	10.0	
Yanzhou Coal Mining Co Ltd	10.53	10.0	
Wingtech Technology Co Ltd	50.28	10.0	
Shenzhen Stock Exchange			
Youzu Interactive Co Ltd	14.92	10.0	
Addsino Co Ltd	12.00	10.0	
Zhejiang Runtu Co Ltd	11.84	10.0	
Huangong Tech Co Ltd	19.16	10.0	
Eve Energy Co Ltd	39.59	10.0	
Digi China Info Svc Co	11.50	10.0	
GuoshengFinancialHolding	11.11	10.0	
ChinaGreatWallTechGrpCo	11.73	10.0	
HthnkRylfIshInfoNtwrkCo	97.97	10.0	
BeijingWatertekInfoTechCo	5.61	10.0	
Hang Seng			
China Shenhua Energy Co	15.88	3.7	
CSPC Pharmaceutical Group	16.00	2.0	
Tencent Holdings Ltd	331.20	2.0	
Technic Industries Co	54.95	1.4	
Sino Biopharmaceutical	11.82	1.4	

Cross Currency Rates											
	USD	EUR	CNY	HKD	GBP	KRW	BRL	RUB	JPY	INR	CAD
USD	-	1.10	0.14	0.13	1.21	0.08	0.24	0.02	0.01	0.01	0.75
EUR	0.91	-	0.13	0.12	1.10	0.75	0.22	0.01	0.86	0.01	0.68
CNY	7.17	7.87	-	0.91	8.67	0.01	1.73	0.11	0.07	0.10	5.38
HKD	7.84	8.60	1.09	-	9.48	0.01	1.89	0.12	7.38	0.11	5.88
GBP	0.83	0.91	0.12	0.11	-	0.68	0.20	0.01	0.78	0.01	0.62
KRW	1210.79	1330.19	168.91	154.40	1464.75	-	292.36	18.18	11.40	16.96	908.93
BRL	4.15	4.56	0.58	0.53	5.01	0.34	-	6.22	0.04	0.06	3.11
RUB	66.66	73.10	9.29	8.50	80.55	54.96	16.08	-	62.72	92.97	49.99
JPY	106.29	116.56	14.82	13.55	128.44	8.77	25.64	1.59	-	1.49	79.71
INR	71.41	78.83	9.98	9.11	86.29	0.06	17.36	1.08	0.67	-	53.55
CAD	1.33	1.46	0.19	0.17	1.61	0.00	0.32	2.00	0.01	0.02	-

International Stock Markets					
	Close	Daily % Chg	YTD	-22.6%	+22.6%
Hang Seng	25,626.55	-0.4			
Hang Seng China En	10,103.36	0.2			
TAIEX	10,634.85	0.2			
Nikkei 225	20,620.19	-0.4			
Sensex	37,332.79	0.7			
KOSPI	1,969.19	0.1			
S&P/ASX 200	6,579.41	-0.4			
New Zealand 50 Gro	10,800.00	0.4			
Straits Times	3,079.48	-0.9			
Bangkok SET	1,656.54	0.1			
Bursa Malaysia	1,612.14	1.1			
VN-Index	984.06	0.6			
Dow Jones	26,403.28	0.2			

Commodities					
	Close	Daily % Chg	YTD	-19.4%	+19.4%
Brent Crude Oil (US\$)	59.00	-0.4			
Gold (USD/t oz.)	1529.40	-0.5			
Silver (USD/t oz.)	18.34	0.1			
Copper (USD/lb.)	2.55	-1.0			
Aluminum (USD/MT)	1732.50	0.1			
Corn (USD/bu.)	3.70	-0.4			
Wheat (USD/bu.)	4.63	-2.2			
Soybeans (USD/bu.)	8.69	0.1			
Coffee (USD/lb.)	0.97	1.7			
Sugar #11 (USD/lb.)	0.11	-0.6			
Palm Oil (MYR/MT)	2234.00	0.6			

ETFs				
EQUITY ETFs	Ticker	Close	Daily % Change	
China 50	510050	2.94	0.9	
China AMC CSI 300 Index	510330	3.91	1.1	
China CSI 500	510500	5.41	2.3	
China SME	159902	2.95	1.9	
China Universal CSI Consumer Staples Index	159928	3.08	0.7	
E Fund ChiNext Price Index	159915	1.59	2.8	
E Fund CSI 300	510310	1.70	1.1	
E Fund CSI 300 Financials ex Banks Index	512070	2.25	1.8	
E Fund Hang Seng China Enterprises Index	510900	1.17	0.6	
E FUND SZSE100 INDEX FUND	159901	4.73	1.9	
Fortune SGAM Xianjin Tianyi Money Market	511990	99.99	0.0	
Guangfa CSI 500	510510	1.44	2.6	
Guotai Shanghai Stock Exchange 180 Fin Ind:	510230	5.62	1.2	
Harvest CSI 300 Index	159919	3.90	1.0	
Huatai-Pinebridge CSI 300	510300	3.90	1.1	
Shanghai SSE180	510180	3.50	1.0	
SSE Pledge Urban Investment Bond	511220	97.07	0.1	
Yinhua Traded Money Market Fund	511880	101.83	0.0	

Data Provided by:

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