



# SAYARI

Understanding & Identifying  
Chinese State Ownership  
and Investment Vehicles

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## Executive Summary

Understanding the Chinese government's pervasive influence over the country's domestic and international companies is crucial to foreign businesses operating in China, as the activities of state-owned enterprises shape international relations, trade policies, and global market dynamics. As a result, foreign businesses must carefully navigate the complexities associated with state ownership to ensure long-term success in the Chinese market and navigate potential challenges related to fair competition and market access.

The Chinese government exerts economic control mainly using two mechanisms: Chinese State-owned Assets Supervision and Administration Commissions (SASACs) and sovereign wealth funds (SWFs). SASAC focuses on the operational and strategic management of state-owned enterprises (SOEs), while Chinese SWFs invest in tactically significant industries to achieve long-term economic and strategic goals. While distinct from one another, both SASACs and SWFs play key roles in managing state-owned assets and exerting state influence over the economy.

## State-Owned Assets Supervision & Administration Commission

The Chinese central government's SASAC is responsible for overseeing and managing SOEs in China. Created in 2003, the commission exists under the [State Council](#) and directly manages around 100 SOEs that operate nationally and internationally across strategic sectors including military supplies, power generation and distribution, oil and petrochemicals, telecommunications, and more.<sup>1</sup> In 2022, centrally administered SOE revenue was [valued](#) at nearly \$5.4 billion.

The SASAC's influence is primarily focused on the operational and strategic management of China's SOEs. It ensures that these enterprises align with government policies and contribute to broader economic and social objectives. This includes appointing top executives, approving major business decisions, and safeguarding state interests in these enterprises.

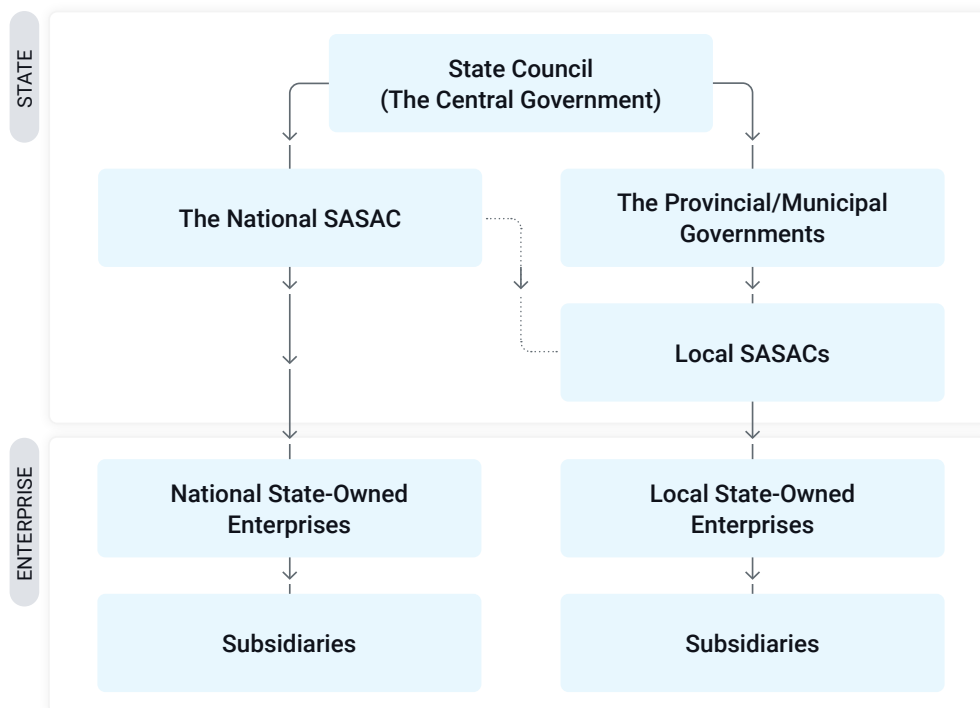
The involvement of the Chinese Communist Party (CCP) in personnel management is universal throughout Chinese government institutions, including in national and regional SASACs. This makes identifying directorships, managers, and officers an especially vital and valuable part of measuring potential CCP involvement in SOEs.

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<sup>1</sup> These strategic sectors also include coal, civil aviation, and shipping, as well as core industries such as machinery, automobiles, information technology, construction, steel, base metals, chemicals, land surveying, research, and development. (Liang Song, *China's 40 Years of Reform and Development: 1978–2018* (Acton: ANU Press, 2018), 335, OAPEN.)

## Regional SASACs

Although regional SASACs fall under the jurisdiction of both their respective governments and the national SASAC, in practice, local SASACs primarily answer to their local governments and the associated local Party Councils.<sup>2</sup> As a result, commissions typically manage their SOEs in the interest of the local government rather than as part of a national strategy, although national SASACs may influence or interfere at the regional level when deemed necessary. Every province in China has its own set of SOEs, particularly in industries like transportation, utilities, and infrastructure, adding up to thousands of state-owned asset management entities at the city, town, and county levels.



**Fig. 1:** The Chinese government-enterprise hierarchy, adapted from *Social Development Experiences in China*.<sup>3</sup> Though local SASACs are managed by their local government and therefore manage their local SOEs accordingly, the national SASAC may still interfere at the local level.

2 Party Councils are the local governing and administrative authorities at the provincial, prefecture, county, and township level. These organizations are the local counterparts to the State Council, the highest administrative body of China, which is responsible for directly managing provincial-level governments. (Li Cheng and Mallie Prytherch, "China's new State Council: What analysts might have missed," Brookings, March 7, 2023, <https://www.brookings.edu/blog/order-from-chaos/2023/03/07/chinas-new-state-council-what-analysts-might-have-missed/>.)

3 Qingong Wei and Hanlin Li, *Entities and Structures in the Embedding Process: A Sociological Analysis of Changes in the Government-enterprise Relations* (Singapore: Springer, 2019), 37–113.

## Sovereign Wealth Funds

While SASACs primarily deal with the oversight and management of SOEs, ensuring they align with government objectives, sovereign wealth funds (SWFs) are financial entities tasked with managing and investing the country's financial reserves to achieve long-term economic and strategic goals. Both entities contribute to state influence, but they operate in different spheres with regard to the management of assets and financial investments.

SWFs are investment vehicles owned by the government and are designed to manage a country's reserves and generate returns. Managing over \$1.35 trillion in assets in 2022, [China Investment Corporation \(CIC\)](#), the largest SWF in the world, is functionally both a shareholder and a regulator, tasked with leveraging China's foreign exchange reserves to further China's national economic strategy. CIC, its wholly-owned subsidiary Central Huijin Investment Ltd., and funds associated with the State Administration of Foreign Exchange comprise China's SWF body. They are tasked with making strategic investments, both domestically and internationally, to maximize returns on behalf of the government, financing equity investments, the Belt and Road Initiative (BRI), and other strategic CCP objectives.

[China Gezhouba Group Co., Ltd. \(CGGC\)](#), one of China's largest construction and engineering companies, for example, is indirectly owned by Central Huijin Investment Ltd. and CIC, and has subsidiaries all over the world. These subsidiaries represent a significant presence in Southeast Asia, Africa, and Central Asia through which the CGGC advances the BRI in electricity, transportation, construction, petrochemicals, agriculture industries, and more. This international network creates the risk that a supply chain or partnership might inadvertently support China's overseas investment policy and expose actors to companies ultimately controlled by the Chinese government. CGGC and its overseas subsidiaries are just one example of CIC's tens of thousands of indirect, minority-owned downstream companies.

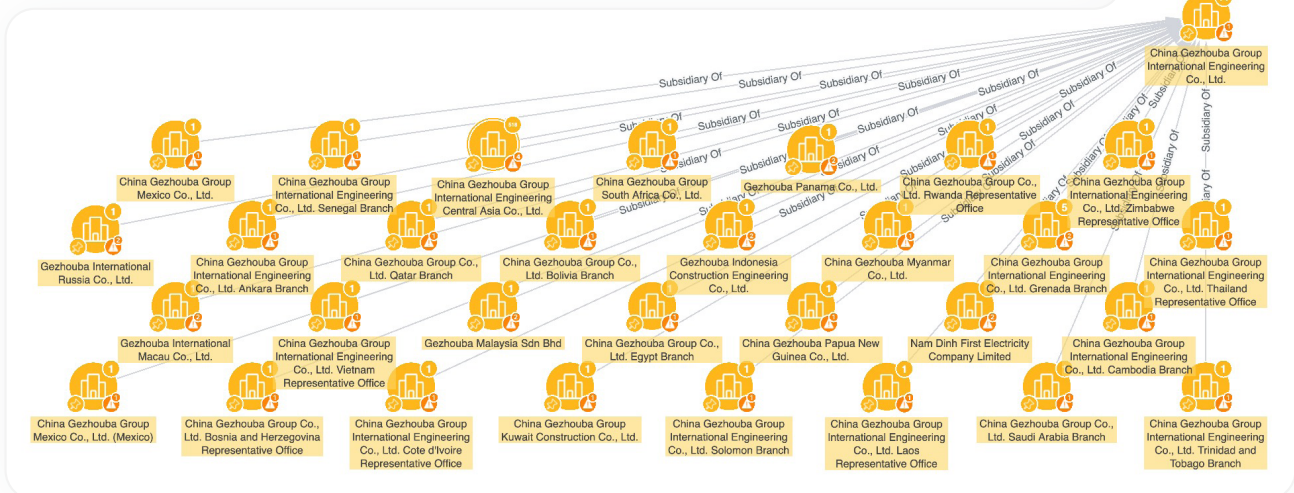


Fig. 2: Sayari Graph network depicting China Gezhouba Group Co., Ltd. (CGGC) (highlighted) and its commercial network. CGGC is ultimately owned by the State Council through China Investment Corporation (CIC) and Central Huijin Investment Ltd.

## Chinese State Ownership in Public Data

Chinese state influence appears in public data in a variety of ways, including through SOEs, indirectly owned enterprises, and [mixed-ownership enterprises](#), which are a type of SOE with diversified non-state shareholders. Because SASACs, sovereign wealth funds, and government entities retain shares and voting rights in companies, they appear in corporate registries in China and around the world under names such as:

- 国务院国有资产监督管理委员会 (State-owned Assets Supervision and Administration Commission of the State Council)
- State-owned Assets Supervision and Administration Commission (of the State Council)
- SASAC
- State Council
- 中国投资有限责任公司 (China Investment Corporation)
- 中央汇金投资有限责任公司 (Central Huijin Investment Co., Ltd.)

In public data, connections to state actors can be traced in China's national corporate registry, the National Enterprise Credit Information Publicity System (NECIPS). These relationships, mapped through direct and indirect ownership relationships as well as through officer and director relationships, can help identify government influence and control regardless of share percentage.

Chinese state influence and control is not solely determined by majority ownership. Although the above-mentioned entities will often have a limited stake in their downstream holdings, their influence over indirect subsidiaries is undiminished. Chinese law enables state actors to exercise a disproportionate amount of control and influence through "special management shares," also called [golden shares](#), which are often 1% or less of the total ownership stake. To date, the Chinese government has mainly focused its golden shared program on media companies, where their special stakes translate to control over content, major investment decisions, personnel appointment, and even outright veto power. However, this system could extend to other industries, which would have major implications for those concerned about Chinese state influence.

In summary, the Chinese government invests and exerts control strategically in priority sectors across the commercial landscape. Although not every SOE or fund is exclusively used for economic statecraft, the ability to recognize Chinese government presence in supply chains, partnerships, and public data is vital to understanding potential influence and support of the government's policies.

## A B O U T   S A Y A R I

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