



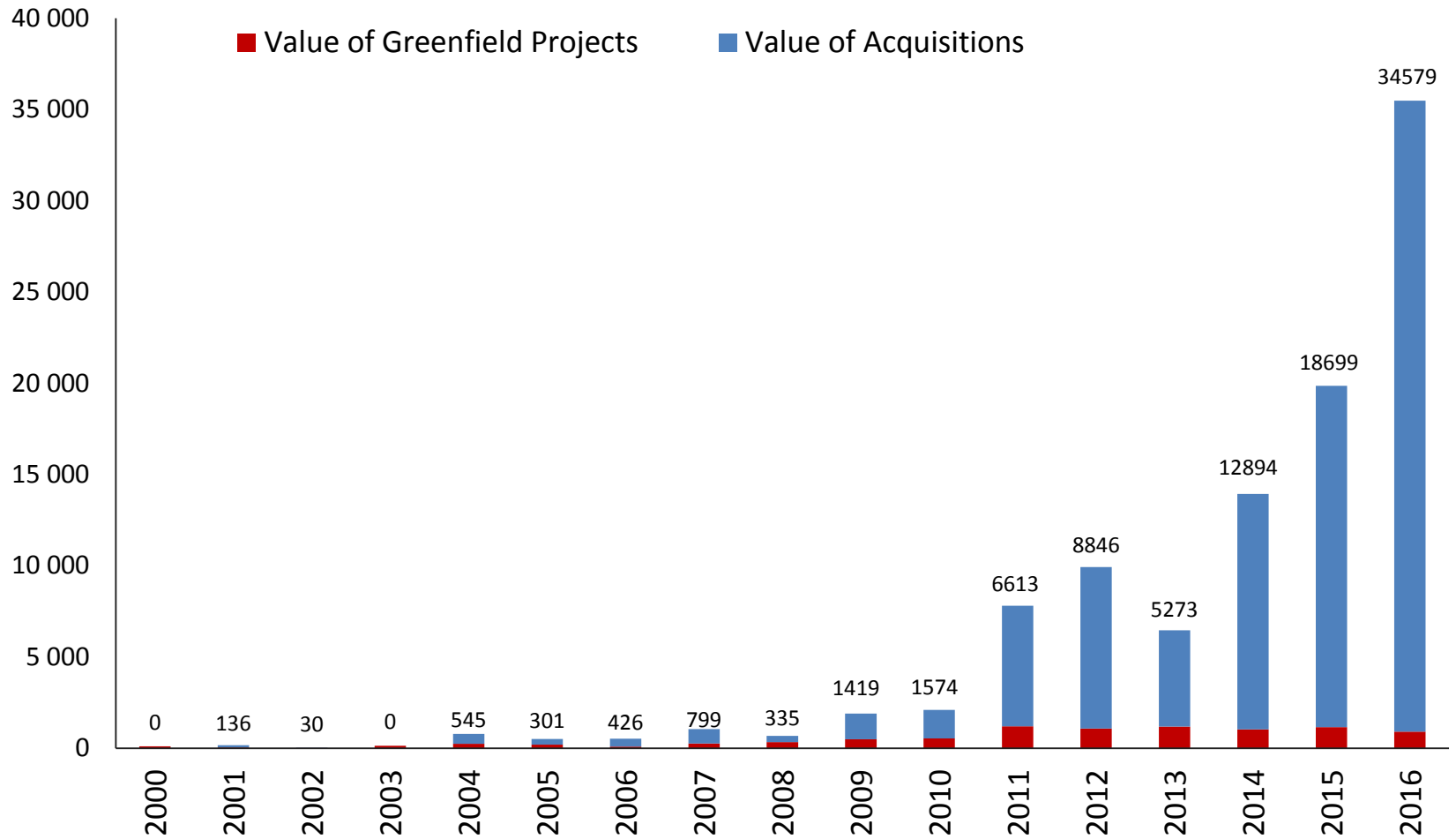
Royal Institute
for International Relations

Chinese investments in Europe and in Belgium

9 May 2018

Thomas Renard, Egmont Institute

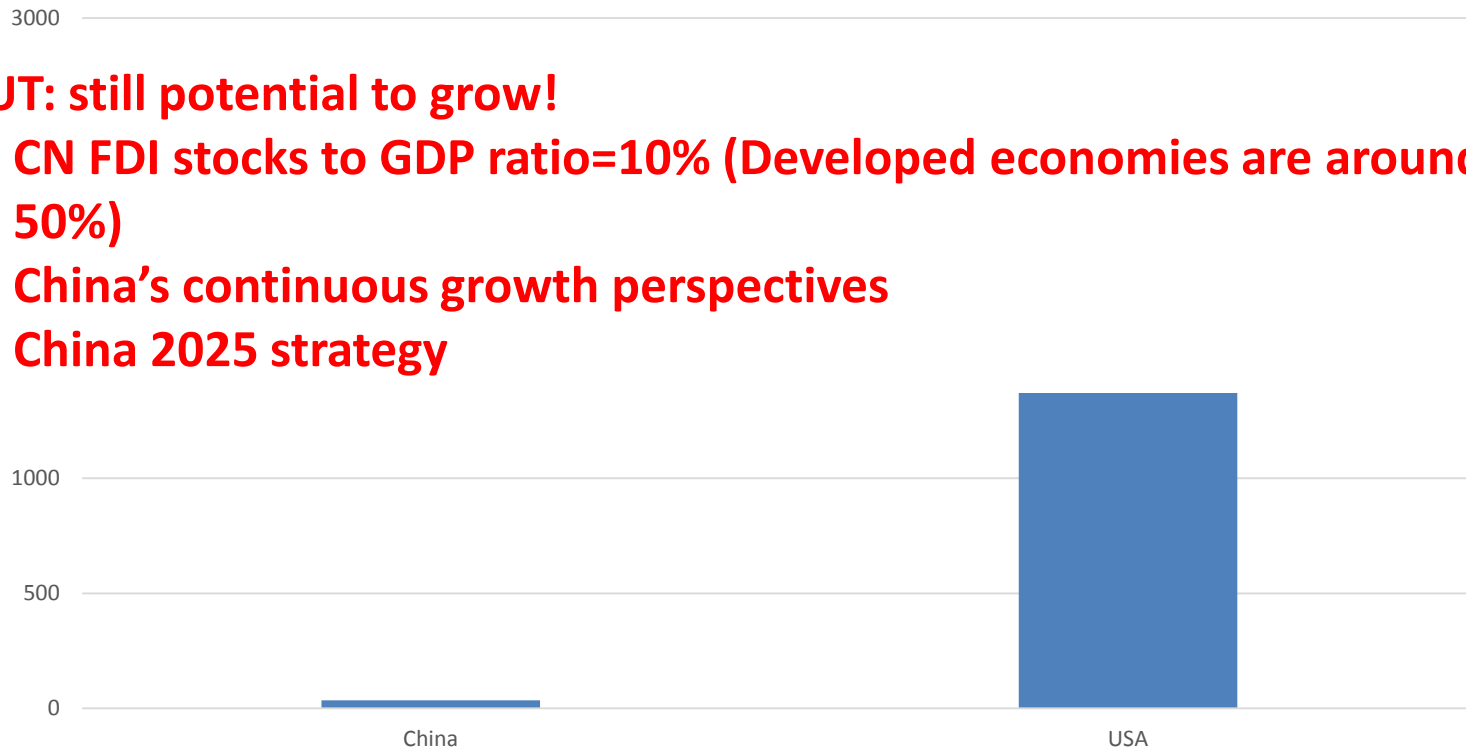
Chinese Investment Transactions in Europe (in bn €)



Source: Rhodium Group

China: still a small player

FDI Stocks in EU, 2015 (bn Eur)



BUT: still potential to grow!

- **CN FDI stocks to GDP ratio=10% (Developed economies are around 40-50%)**
- **China's continuous growth perspectives**
- **China 2025 strategy**

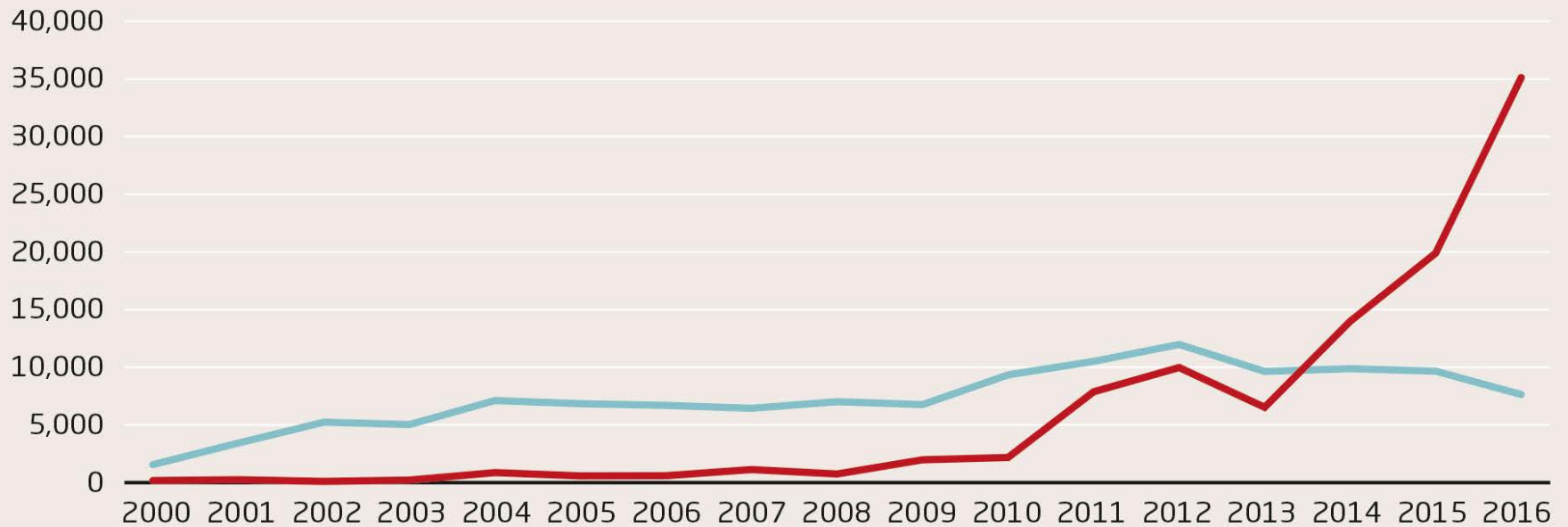
Source: Eurostat

Chinese FDI in Europe Surges, while EU FDI in China Declines

Value of FDI transactions between the EU-28 and China, EUR million

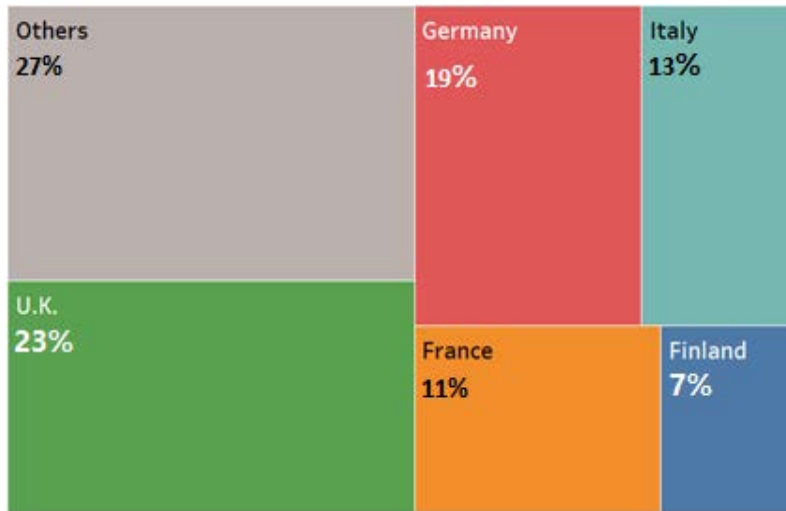


- Value of Chinese FDI transactions in EU
- Value of EU FDI transactions in China



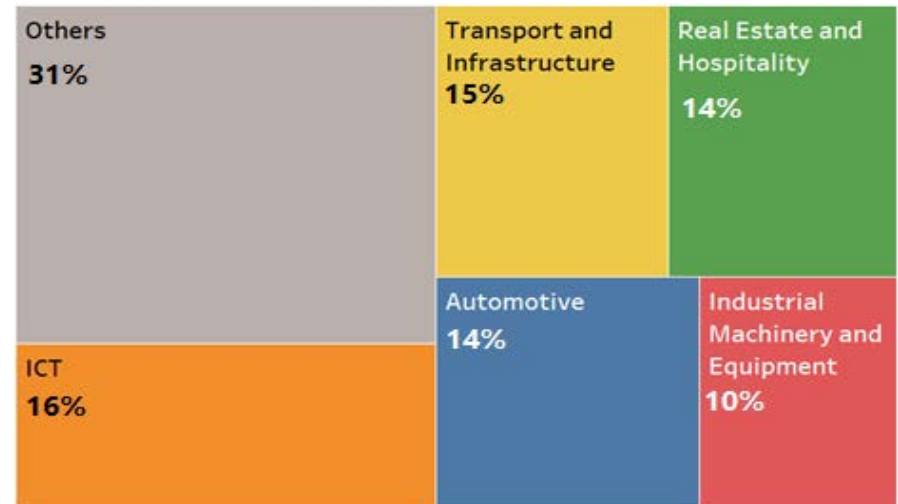
Source: Rhodium Group. Combined value of FDI transactions includes completed acquisitions resulting in ownership stake of 10 per cent or more and greenfield projects that have broken ground.

Chinese direct investment in the EU by recipient country



Cumulative share of EUR 101 billion
invested between 2000-2016

Chinese direct investment in the EU by industry



Cumulative share of EUR 101 billion
invested between 2000-2016

Drivers of Chinese investment

- **Technology**, to include access to tech assets, emerging technologies and know-how;
- **Access to the European market**, for Chinese goods and services;
- **Access to third markets** via European corporate networks, especially in Latin America and Africa;
- **Brand names** to improve the marketability of Chinese products both abroad and for the Chinese market;
- **Integrated regional and global value chains** in production, knowledge and transport;
- **A stable legal, regulatory and political environment**, particularly in a context of global disruption and political uncertainty;
- **Political/diplomatic influence** in a region that in aggregate terms remains the second largest economy after the US.
- **Chinese economic and industrial policies** and drivers of investment.

Europe's reception of Chinese investment

Between Open door policy...

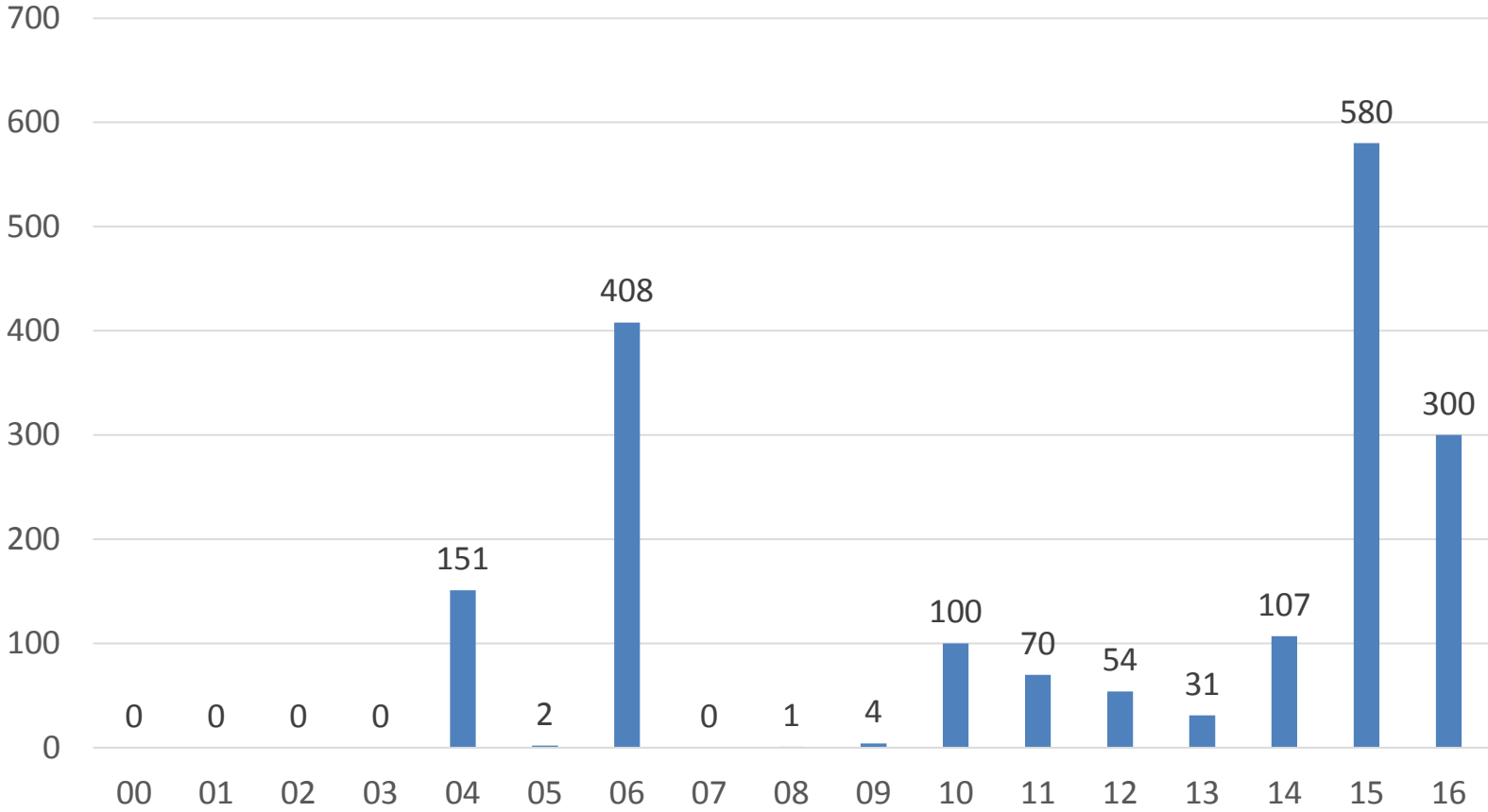
- Since 2008 crisis, Chinese investors seen as a source of opportunity and growth;
- Promoting investment has risen to top of bilateral agendas;
- Chinese investment serves to create and/or maintain Jobs;
- Provide capital for research, development and innovation;
- Generate wealth and tax revenue for cash-strapped governments;
- Market opportunities for European firms in China and third markets;
- Build and improve infrastructure;
- Introduce technology and innovative business models

Europe's reception of Chinese investment

...and Growing Concerns

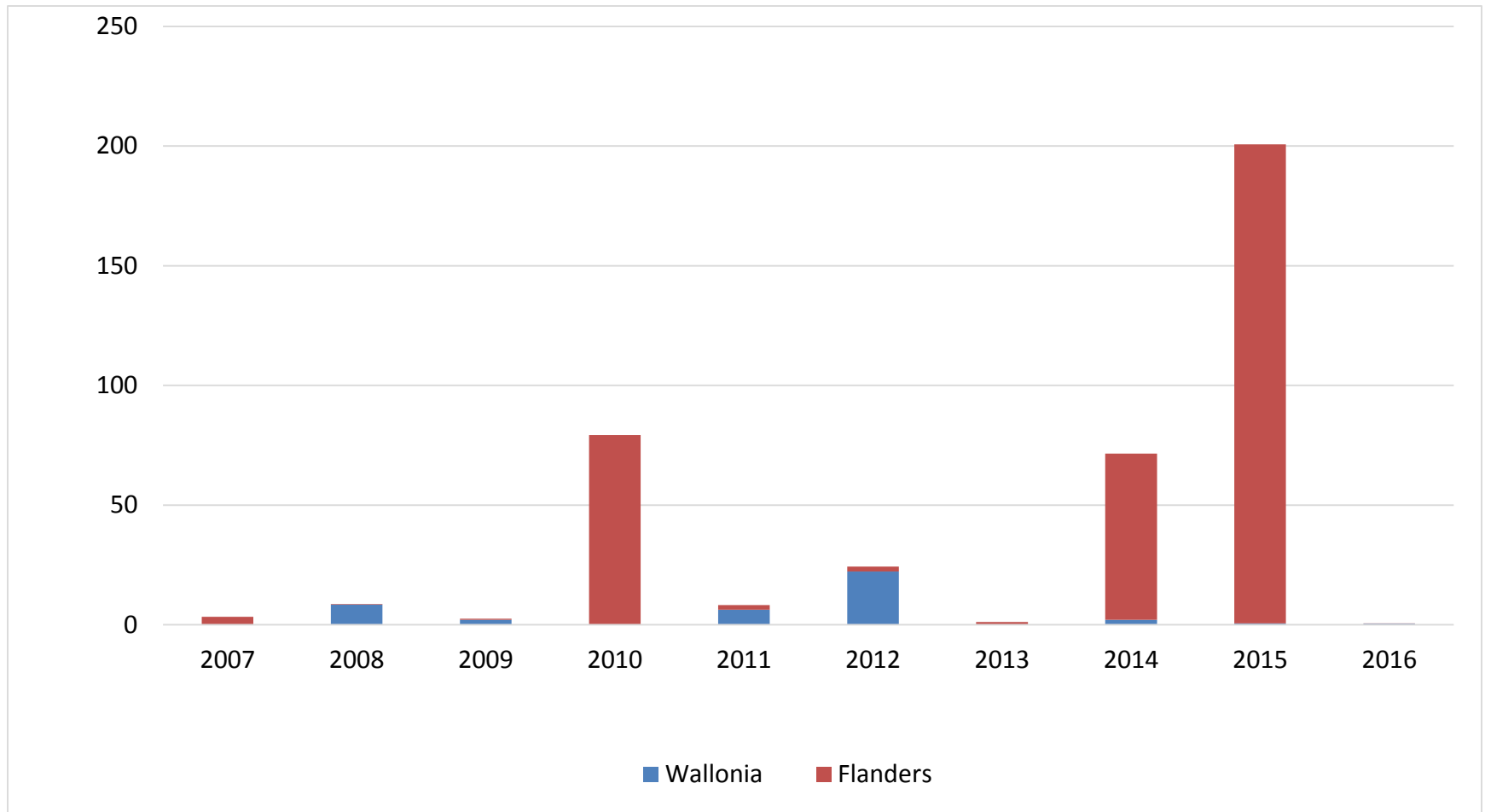
- The role of the Chinese state in the economy;
- A lack of reciprocity and fair competition;
- Loss of national competitiveness and technological leadership;
- Uncertainty about security-related critical infrastructure and sensitive technologies;
- Intra-European competition for investment;
- Investments as a source of political and geopolitical influence, and divisions within Europe;
- Broader regulatory concerns;
- A growing “promise fatigue” (for some)

Chinese direct investment transactions in Belgium (EUR million)



Source: Rhodium Group

Chinese direct investments in Belgium (EUR million, BOP)



Source: Flanders Invest and AWEX

Chinese investments in Belgium

- Key sectors?
 - Infrastructure and logistics (ex : Antwerp & Zeebrugge)
 - Energy (onshore wind park + Eandis)
 - High tech and R&D (PunchPower Train, CBTC)
- Chinese strategy?
 - Belgium's attractiveness: taxation, logistical hub, IOs
 - More generally: brands ; technology and know-how ; market access (Ex: Nagelmackers)
- Perception and Belgian response?
 - Dissonance between the business sector ("open doors" – need for cash, Chinese market access) and the security community ("naïveté")
 - EANDIS as wake-up call (and VSSE's role reminder)

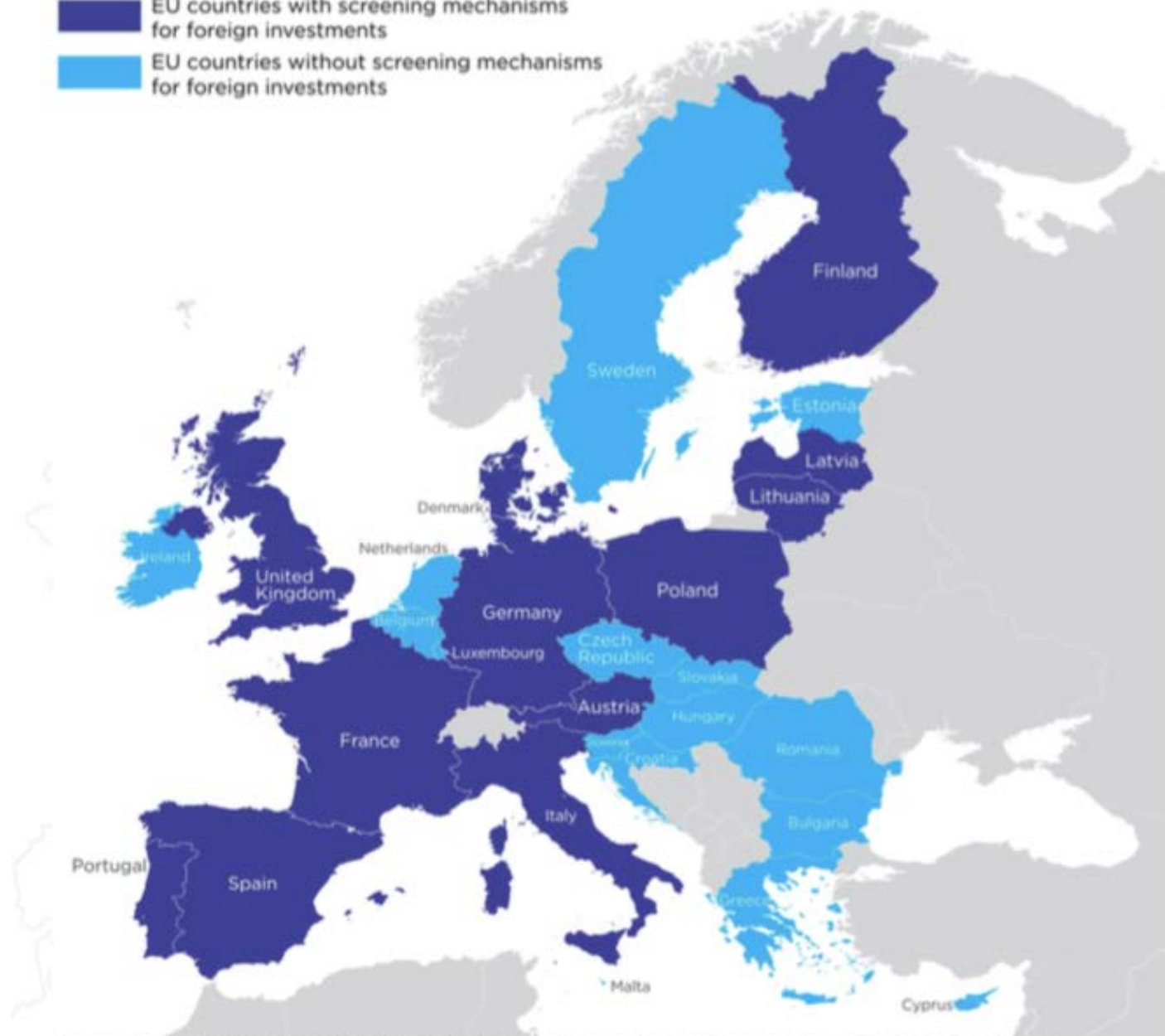
Growing dissonance in Europe as well, following landmark projects such as Piraeus or Kuka → screening mechanism?

Screening in Belgium?

- Belgium among majority of MS (16/28) without screening mechanism
 - EANDIS raised necessity of debate: do we need a screening mechanism? By whom? On which model?
 - What « strategic sectors »?
 - What monitoring capacities?

ANNEXI II: EU States with Investment Screening Mechanisms

- EU countries with screening mechanisms for foreign investments
- EU countries without screening mechanisms for foreign investments



Chinese Investment in Europe

A Country-Level Approach

Edited by: John Seaman, Mikko Huotari, Miguel Otero-Iglesias



Thank you!

Study available online:
www.egmontinstitute.be



A Report by the European
Think-tank Network on China (ETNC)
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