Fall 12-1-2022

Money Moves: An Analysis of Chinese Foreign Direct Investment in Europe

Susan Soh

MONEY MOVES: AN ANALYSIS OF CHINESE FOREIGN DIRECT INVESTMENT IN EUROPE

By Susan J. Soh

A thesis presented in partial fulfillment of the requirements for completion
Of the Bachelor of Arts degree in International Studies
Croft Institute for International Studies
Sally McDonnell Barksdale Honors College
The University of Mississippi

University, Mississippi
May 2023

Approved:

____
Advisor: Dr. Lauren Ferry

____
Reader: Dr. Joshua First

____
Reader: Dr. Ian Gowan

ABSTRACT

In recent years, China has begun engaging in outward foreign direct investment (FDI). There is a significant amount of literature dedicated to understanding China's FDI in developing nations. However, very little research has been conducted over Chinese FDI in advanced economies. As a result of this gap in existing literature, the question arises, what explains Chinese FDI in Europe?

As FDI is a transaction to which both the donor and recipient countries must agree, this thesis has a dual focus. One chapter of the thesis analyzes the effects of and motivations for Chinese FDI on European nations. In this chapter, Portugal and Germany are used as case studies to achieve a more in depth understanding of Chinese FDI in Europe. Another chapter of the thesis is dedicated to analyzing the effects of China's outward European FDI on China. For this section, two case studies are conducted on the European FDI of Chinese companies- Huawei and Geely. These case studies reveal financial and political benefits of Chinese FDI in Europe for China. This chapter also contains analysis of speeches made by People's Republic of China leaders regarding the relationship between Chinese FDI and China's international influence.

Through this analysis, this thesis argues that the initial rise of Chinese FDI in Europe can be attributed to the 2008 financial crisis when European countries needed external investment to rebuild their economies. At this time, China needed to further develop its economy and wanted to expand its international influence. As a result, China and many European nations entered into a mutually beneficial partnership. However, in recent years, as China's international influence has grown, some European countries are pushing back on China's involvement in and influence over their economies.

ACKNOWLEDGEMENTS

I would like to begin by thanking my thesis advisor, Dr. Lauren Ferry. Dr. Ferry introduced me to the study of the international political economy my sophomore year of college in a class that met on Mondays at eight in the morning. Prior to this class, I had spent years conflicted between my interests in economics and politics. Dr. Ferry showed me that the two fields were not absolutes, but are intrinsically connected. To this day, this is the only 8am class I do not regret taking. She has provided invaluable guidance and encouragement throughout the thesis writing process. She did not falter when visa issues twice changed the timeline of the thesis and my area of study. Dr. Ferry, I cannot describe in words how grateful I am for your guidance and support in this last year. Thank you so much.

I would also like to thank my second and third readers: Dr. Joshua First and Dr. Ian Gowan. Dr. First's knowledge of Europe and European history has been a fantastic resource for researching and formatting this thesis. Dr. Gowan's guidance and feedback has pushed me to become a better writer and researcher. Thank you both.

I would also like to thank my family and friends. To my father, for always allowing me to use his credit card to book flights over my credit limit (and usually refusing repayment), for driving twenty hours with the family dog because I was sad that my third study abroad attempt failed, for facing his fear of Newark to visit me in Spain because I was homesick, and for always supporting me, thank you. To my little brother, for constantly challenging and pushing me to be better, thank you (although, I am pretty sure you have no idea I have written a thesis). To my late mother, you truly believed I was capable of changing the world and pushed me to do so at every opportunity. You were my number one fan, advocate, supporter, and critic. I would not be the person I am today without you. Thank you and I promise to make a difference. To my Phi Mu sisters, thank you for always welcoming me back with open arms when I could not get a visa. To my Chinese classmates, thank you for your constant support and friendship, without you I would not still be studying Chinese.

To the Stamps Scholars Program, thank you for giving me the opportunity to study three different languages on four (soon to be five) different continents. This scholarship has been life changing and given me incredible hands-on learning opportunities. Thank you for taking a chance on me. To the University of Mississippi's Chinese Flagship Program, thank you for pushing me to learn Chinese and for allowing me to go to Spain. It is only through this knowledge of Chinese and opportunity to study in Europe that I was able to formulate my thesis topic. 感谢你们。

To the Sally McDonnell Barksdale Honors College and Croft Institute for International Studies, thank you for forcing me to write this thesis. It was worth it.

And to everyone else that I forgot to mention, thank you.

TABLE OF CONTENTS

In English, we have a saying, "It's all Greek to me," to mean that something is incomprehensible. In Greek, their equivalent saying is ""Εμένα, αυτά μου φαίνονται Κινέζικα." Translated this means, "To me, this appears like Chinese." This saying makes sense staring at Chinese characters. It makes a lot less sense standing on the shores of the Mediterranean in Athens, watching a constant stream of ships bearing Chinese names and Chinese flags sailing in and out of the harbor. The constant presence of Chinese ships in the eastern Mediterranean can be attributed to Chinese ownership of Athen's main port: the Port of Piraeus. The Port of Piraeus was acquired by the Chinese state-owned multinational shipping conglomerate COSCO in 2009.[1] This acquisition was the first of many high profile investments in Europe by Chinese companies.

The rise of Chinese investment in Europe prompts the question: what explains Chinese foreign direct investment (FDI) in Europe? This paper argues that the initial rise of Chinese FDI in Europe can be attributed to the 2008 financial crisis: European countries needed external investment to rebuild their economies. Conversely, China needed to further develop its economy and wanted to expand its international influence. Thus, China and many European nations entered into a mutually beneficial partnership. However, in recent years, as China's international influence has grown, some European countries are pushing back on China's involvement in and influence over their economies.

In order to thoroughly address this question, I will begin by looking at China's economic history. Focusing on Chinese economic development and the important events that influenced this development. In this section, I will also discuss the Chinese central government's dynamic economic and political goals. Finally, I will discuss China's changing geopolitical role.

---

[1] Frans-Paul Van der Putten. *Chinese investment in the port of Piraeus, Greece: The relevance for the EU and the Netherlands*. Clingendael Institute, 2014, 18.

Next, I will focus on the impact of Chinese FDI on Europe. Starting by analyzing the general state of Chinese FDI in Europe. Then, continuing by conducting case studies on Chinese FDI in Germany and Portugal. Here I will focus on the political and economic implications of Chinese FDI, the countries' motivations for accepting Chinese FDI, and current attitudes towards Chinese FDI. Germany and Portugal were selected as they have two very different relationships with China. Portugal is a BRI partner nation and has very close ties with China. Germany has historically been a top recipient of Chinese FDI. However, in recent years, the German government has become more reluctant to accept Chinese FDI. Analyzing the similarities and differences between these two countries' relationships with China will give us a holistic image of Chinese FDI in Europe.

The final section will look at the implications of Chinese FDI in Europe on China. I will begin by dissecting the relationship between Chinese firms and the Chinese government. Then, I will continue by conducting case studies on the European FDI of two Chinese firms: Huawei and Geely. I will close out the section with an analysis of the economic and political motives of Chinese outward FDI to Europe.

Chapter 1: Definitions and Literature Review

Foreign direct investment, or FDI, is a method of cross-border commerce in which a foreign company invests in a local facility. The foreign company (also referred to as a multinational corporation, MNC) retains managerial control of the local facility, while the recipient country gains capital, technology, managerial expertise, and new jobs. There are two methods to FDI: greenfield investment and brownfield investment. In greenfield investment, the MNC builds a new facility in the recipient country. This allows the MNC to build a facility most suitable to their business, however, it is much more expensive than the alternative method. In the alternative method of brownfield investment, a MNC acquires an already existing facility. This is a much cheaper and faster form of FDI. Brownfield investment is also called "acquisitions."

We can look at FDI through two lenses: outward FDI and inward FDI. Outward FDI relates to the host country which sends capital to a foreign country. Inward FDI relates to the recipient country which accepts capital from a foreign firm.

FDI is important as it establishes long-term formal linkages between countries, which aids in international economic integration. Furthermore, it aids in economic development of both the donor and host country. In an FDI transaction, host countries receive an influx of capital, technology, and managerial experience; connections to the international market; and the creation of local jobs. However, in exchange for this foreign capital, recipient countries face a loss of political sovereignty as a result of the MNC's increased economic importance and influence in the country.

An example of the economic impact of FDI on a recipient country can be seen in "FDI and Economic Growth: Evidence from Nigeria" by Adeolu B. Ayanwale of Obafemi Awolowo University. In this study, Dr. Ayanwale analyzes the impact of FDI on Nigeria's economic development by performing a quantitative analysis of the relationship between FDI and GDP growth in Nigeria. Dr. Ayanwale further analyzes the relationship between FDI and non-oil growth, or economic development not related to the oil industry in Nigeria which is considered an extractive industry. Among other findings, Dr. Ayanwale concluded that FDI contributes positively to Nigeria's economic growth. He also notes the importance of human capital in Nigeria's economic development, in which FDI plays a strong role.[2]

Henrik Hansen and John Rand reach a similar conclusion in their 2006 study "On the Causal Links Between FDI and Growth in Developing Countries." [3] Hansen and Rand test Granger causality of FDI to GDP using a sample of 31 developing countries over 31 years, using GDP growth as a measure of economic growth. The study finds that there is a "strong causal link" between FDI and GDP in the short run and long run.[4] Moreso, the study notes that a higher ratio of FDI in gross capital formation "has a positive effect on levels of GDP." [5] In other words, FDI that invests in nonfinancial assets, such as equipment and infrastructure, is more beneficial to a country's economic growth. This makes sense from a macroeconomic perspective as capital investment is a major determinant of a firm's productivity. FDI targeting capital investment increases a firm's productivity, thus contributing to the overall economic growth of the country.

Similarly, W.N.W. Azman-Saini, Siong Hook Law, and Abd Halim Ahmad find that FDI has a positive impact on economic growth in their 2009 study, "FDI and economic growth: New evidence on the role of financial markets."[6] The authors conducted a regression analysis of 91 countries over the period of 1975-2005, also using real GDP as a measure of economic growth.

---

[2]Adeolu Ayanwale. "FDI and economic growth: Evidence from Nigeria." (2007).
[3] Henrik Hansen and John Rand. "On the Causal Links between FDI and Growth in Developing Countries." *World Economy* 29, no.1 (2006): 21-41.
[4] Hansen, 37.
[5] Hansen, 38.
[6] W.N.W. Azman-Saini, Siong Hook Law, and Abd Halim Ahmad. "FDI and Economic Growth: New Evidence in the Role of Financial Markets." *Economic Letters* 107, no. 2 (2010): 211-213.

However, this study determines that FDI only impacts economic growth in economies whose financial market development has exceeded a certain threshold.

MNCs choose to engage in FDI for five overarching reasons. The first of these reasons is a market-seeking motivation. Firms engaging in FDI for market-seeking reasons establish facilities within a country in order to better serve the local market. Often firms wish to serve the market however are prevented from doing so by import tariffs or other government regulations. In establishing a facility within the market, MNCs aim to circumvent these barriers. Additionally, market-seeking FDI reduces transportation costs for international trade and allows the MNC to be closer to the customer (which allows the MNC to better understand the customers needs and wants).

MNCs choose to engage in FDI for resource-seeking reasons as well. Resource-seeking MNCs invest in foreign countries to find resources unavailable in their home country or find resources for a lower price. These resources can range from raw materials to labor.

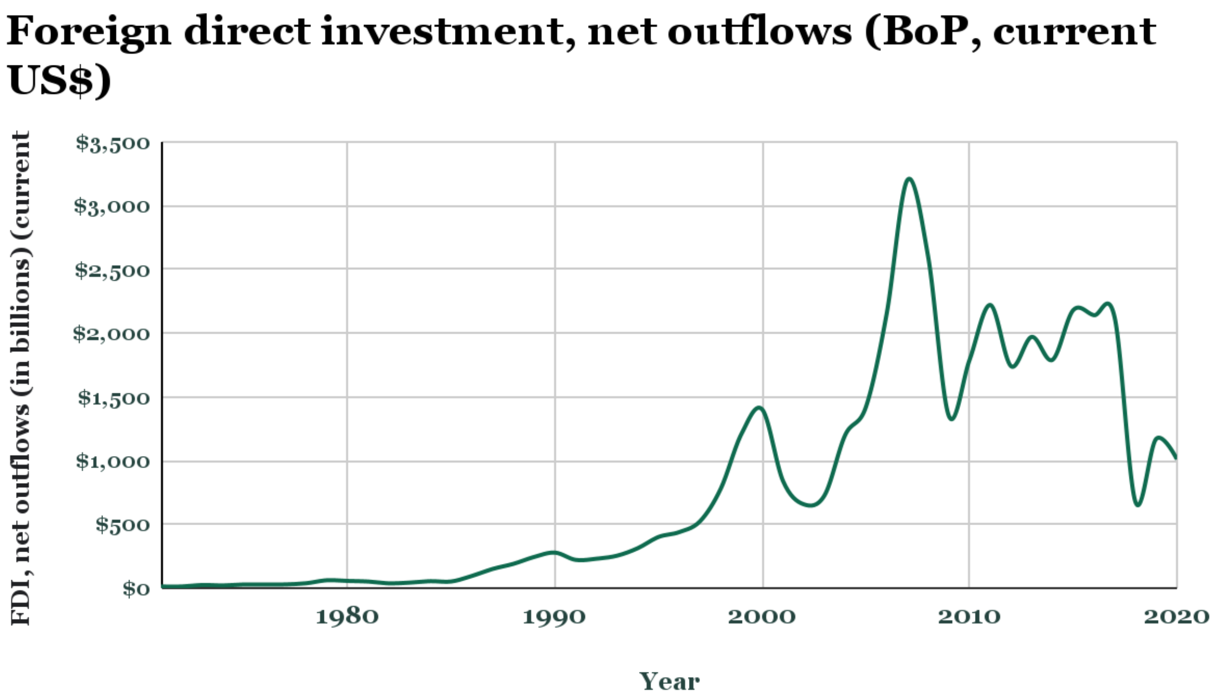
Firms also engage in FDI for efficiency-seeking reasons. Efficiency-seeking MNCs aim "to spread value-adding activities geographically in order to take advantage of differences in the availability and cost of factor endowments in different countries."[7] Simply put, efficiency-seeking MNCs spread operations throughout various countries to maximize efficiency and minimize cost.

A less common motivation for FDI is knowledge-seeking reasons. Knowledge-seeking MNCs invest in countries to access "complementary resources."[8] This motivation for FDI is typically found in information intensive industries.

---

[7] Lilach Nachum and Srilata Zaheer, "The Persistence of Distance? The Impact of Technology on MNE Motivations for Foreign Investment," *Strategic Management Journal* 26, no. 8 (June 7, 2005): pp. 747-767, https://doi.org/10.1002/smj.472, 750.
[8] Nachum, 751.

Finally, some MNCs engage in FDI for competitive strategic reasons. Firms engaging in FDI for competitive strategic reasons "often invest overseas on account of competitive pressures of various kinds, i.e., in reaction to competitors' actions, or as preemption to advance the firm's competitive position vis-a-vis its major competitors."[9] Investing for competitive strategic reasons can give firms better access to markets, better access to resources, and more.



As seen in the graph above, foreign direct investment has increased over the past 50 years.[10] In 1970, worldwide FDI net outflows amounted to $11.972 billion (current USD). At its peak in 2007, worldwide FDI net outflows amounted to $3.195 trillion (current USD). This amount fell following the 2008 economic crisis, recovering to $2.182 trillion (current USD) in

---

[9] Nachum, 751.

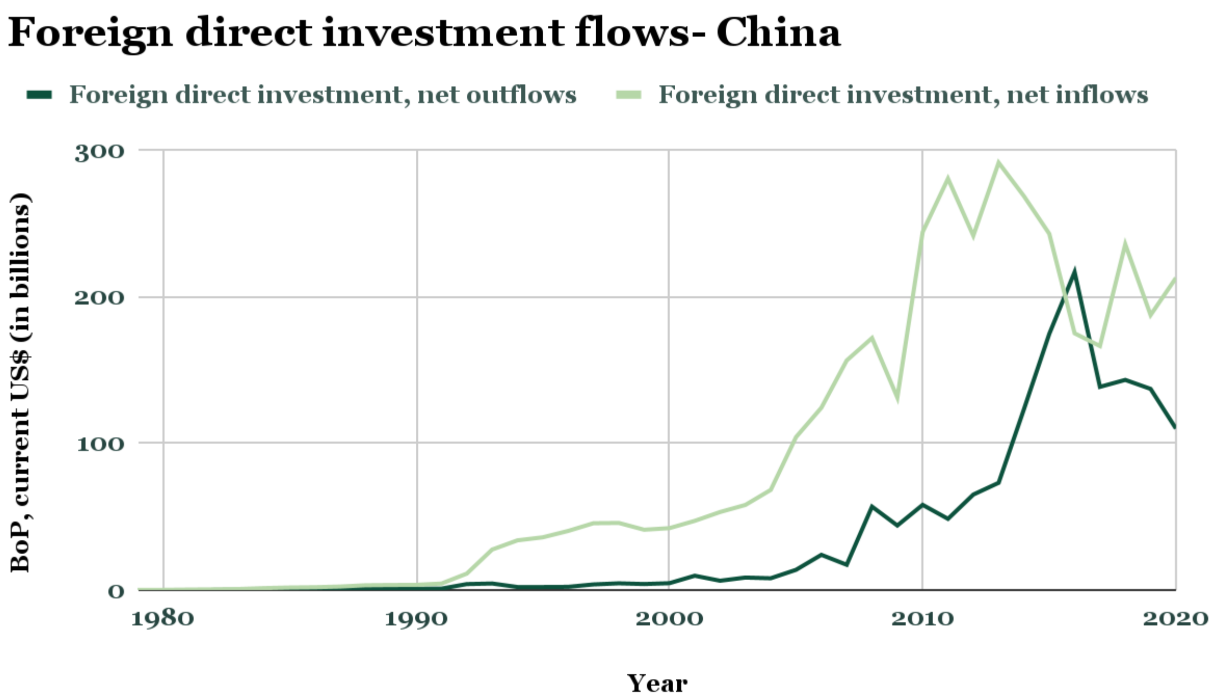
[10] "Foreign Direct Investment, Net Outflows (% of GDP)," Data, accessed February 6, 2022, https://data.worldbank.org/indicator/BM.KLT.DINV.WD.GD.ZS.

2015. Worldwide FDI fell once more in the later half of the 2010s, where in 2020 worldwide FDI outflows amounted to only $1.01 trillion (current USD).[11]

China's rapid economic development and subsequent international economic activity has become the source of much scholarly interest in recent decades. Yet despite this scholarly interest, there is little literature focusing on Chinese foreign direct investment in Europe. This leads to the question, what explains Chinese investment in Europe?

[11] "Foreign Direct Investment, Net Outflows (BOP, Current US$)," Data, accessed November 6, 2022, https://data.worldbank.org/indicator/BM.KLT.DINV.CD.WD.

Chapter 2: A History of Chinese Economic Development



As highlighted above, China is both a major sender and major recipient of FDI. In 2020, China was the second highest ranked country in terms of FDI inflows receiving USD$149 billion.[12] In that same year, China was the number one country in terms of FDI outflows, sending USD$133 billion.[13]

According to the World Bank, China is now an upper-middle income country.[14] However, this was not always the case. In 1976, the year Mao Zedong, Chairman of the Chinese Communist Party (CCP) died, China's per capita gross domestic product (GDP per capita) was only $165.40.[15] In December 1978, two years after Mao's death, Deng Xiaoping lauched the

---

[12] "World Investment Report 2021," 5.
[13] "World Investment Report 2021," World investment report 2021 § (2021), pp. 1-280, https://unctad.org/system/files/official-document/wir2021_en.pdf., 7.
[14] Bank Group, "China Overview," World Bank, October 12, 2021, https://www.worldbank.org/en/country/china/overview#1.
[15] "GDP per Capita (Current US$) - China," Data, accessed March 6, 2022, https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=CN.

Reform and Opening Up (Chinese: 改革开放) program for economic reform at the Third Plenum of the Eleventh Central Committee of the Chinese Communist Party. The Reform and Opening Up introduced capitalistic elements to Mao's command economic system and encouraged economic activities with the outside world.

In the Maoist economy, China engaged in a minimal level of international economic activity. International trade was less than 10% of the country's GDP and its inward FDI was negligible.[16] (China's outward FDI was not recorded until 1982).[17] This low level of international economic activity was maintained in Mao's China in order to remain in line with Maoist political ideals.

At the Third Plenum of the Eleventh Central Committee of the Chinese Communist Party in December 1978, Deng Xiaoping implemented a series of economic reforms designed to reinvigorate the domestic economy. These reforms included the decollectvization of agriculture and a return to the family farming system. In the family farming system, land was still collectively owned, but each family was responsible for the care and upkeep of their own designated plot. Other reforms include: small scale private enterprises were introduced; price controls were relaxed; larger scale enterprises were given the freedom to choose suppliers, customers, and employees; and a system of legal rights and ownership was created. Among the small-scale private enterprises introduced were township and village enterprises (TVEs). TVEs are rural market-oriented enterprises run by local governments.

More importantly, four Special Economic Zones (SEZs) were established. SEZs are cities with different business and trade laws from the rest of China. These business and trade laws are

---

[16]Jacques deLisle and Avery Goldstein, "INTRODUCTION China's Economic Reform and Opening at Forty," in *To Get Rich Is Glorious: Challenges Facing China's Economic Reform and Opening at Forty* (Washington, D.C.: Brookings Institution Press, 2019), pp. 1-26, 2.
[17]"Foreign Direct Investment, Net Outflows (% of GDP)," Data, accessed February 6, 2022, https://data.worldbank.org/indicator/BM.KLT.DINV.WD.GD.ZS.

more friendly to foreign investment. This allowed China to begin receiving inward FDI in 1979. The original four SEZs are Shenzhen, Zhuhai, and Shantou in Guangdong province and Xiamen (Amoy) in Fujian province. Since the establishment of these original four SEZs, China has created two more SEZs and created new models to open the economy, such as open coastal cities and free trade zones (Shanghai is a free trade zone). These SEZs have allowed for China's massive economic growth. According to the World Bank, "(SEZs) have acted as a catalyst for efficient allocation of domestic and international resources… (and) deepened economic opening by attracting international capital, technology, and technical and managerial expertise that stimulated industrial development and China's greater integration into the global economy."[18] Outside of these SEZs, in 1979, inward FDI was allowed into China. However, there were very strict protocols regarding the investment. The ventures must be owned in majority by Chinese firms. In general, foreign investment was allowed, however, foreign ownership was not. These restrictions were relaxed over time. Despite these restrictions, China attracted FDI because of market size, abundant supply of cheap labor, and infrastructure.

These economic reforms contributed to China's rapid urbanization. In 1978, 17.9% of the Chinese population lived in cities. In 2020, 61.428% of the Chinese population live in cities.[19] Urbanization and the Reform and Opening Up led to a period of cultural openness in China. Media from Hong Kong, South Korea, Japan, the United States, and Europe was allowed into China for the first time. Madonna, disco, and Japanese dramas were very popular among young

[18] "Investing in Africa Forum Special Economic Zones - World Bank," accessed April 4, 2022, https://www.worldbank.org/content/dam/Worldbank/Event/Africa/Investing%20in%20Africa%20Forum/2015/investing-in-africa-forum-special-economic-zones.pdf, 1.

[19] "Urban Population (% of Total Population) - China." Data. Accessed November 6, 2022. https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=CN.

people.[20] However, this came to an abrupt end following the June 4, 1989 Tiananmen Square Massacre.

The Tiananmen Square protests were a pro-reform student-led protest spurred by the death of CCP general secretary Hu Yaobang. These protests were met with military action by the Chinese government. In response to the massacre, the CCP instituted strict media censorship. In relation to FDI, western countries passed economic sanctions against China and China slowed its 1980s market reforms.

Following the Tiananmen Square Massacre, which also severely damaged China's international reputation, the CCP reorganized party leadership and transitioned away from the 1980s free market approach, as discussed in Naughton's macroeconomic analysis, "The Impact of the Tiananmen Crisis on China's Economic Transition."[21] Following the incident, a more economically conservative sect of the CCP consolidated power. These conservative hardliners believed the economy had outrun its capacity and economic reform had gone too far and needed to be scaled back. The new government promoted macroeconomic austerity and industrial policies designed to restrict processing industries and strengthen basic industries (such as heavy metal and chemical production).

These programs were designed to bolster the struggling economy, however, after the economy recovered, CCP leadership decided to not return to the relaxed, relatively low mobilization regime of the 1980s. Instead, China made a transition to a high input, high investment, high growth model of development. The central government concentrated state ownership in strategic sectors, such as finance, transport, and communications, while

[20] "改革开放:读懂中国四十年变迁的五大问题," BBC News 中文 (BBC, December 12, 2018), https://www.bbc.com/zhongwen/simp/chinese-news-46490360.
[21] Barry Naughton, "The Impact of the Tiananmen Crisis on China's Economic Transition," *China Perspectives* 2009, no. 2 (January 2009): pp. 63-78, https://doi.org/10.4000/chinaperspectives.4807.

discouraging privatization. Additionally, the CCP reorganized its tax structure and stopped requiring state-owned businesses to turn over profits to the central government. This allowed firms to use their profits to fund development projects. However, the CCP re-established control of selection of firms' management. The CCP chose managers in an effort to re-orient towards profit and efficiency, however, as a result the CCP hierarchy became deeply linked to the management of firms. In doing this, the CCP became more deeply involved in business management than ever before.

Naughton postulates that the Chinese shift in political organization and economic policy of the 1990s were a reaction to the Tiananmen Square incident. Moreso, without these policy shifts, the Chinese economic growth miracle would not have been as profound.

Following its accession to the WTO in 2001, Chinese international trade began to rapidly increase. This contributed to China's economic boom. China was less severely affected by the 2008 economic crisis than western nations. While China's economic "growth was substantially lowered by the crisis," the nation recovered more quickly than many others, in part, due to its economic growth and increasing international trade.[22] China's GDP growth rate in 2007 was 13%, but, in the first quarter of 2009, it fell to 6.1%. In response to this, the Chinese government introduced a "major stimulus package."[23] This stimulus package not only revived China's economy, but also served as "the lifeline for the rest of Asia."[24]

That being said, much of China's economic growth can be attributed to FDI. At the start of Chinese economic reform, a large proportion of Chinese inward FDI came from overseas people with Chinese ancestry (Chinese 华人). According to a 2002 IMF report, "China's success

[22] Linyue Li, Thomas D. Willett, and Nan Zhang, "The Effects of the Global Financial Crisis on China's Financial Market and Macroeconomy," *Economics Research International* 2012 (2012): pp. 1-6, https://doi.org/10.1155/2012/961694, 1.
[23] Karishma Vaswani, "Why Asia Turned to China during the Global Financial Crisis," BBC News (BBC, September 12, 2018), https://www.bbc.com/news/business-45493147.
[24] Vaswani, "Why Asia Turned to China during the Global Financial Crisis".

in attracting FDI is unique because of the large Chinese Diaspora. The fact that Hong Kong SAR, Singapore, and Taiwan Province of China account for more than half of FDI inflows into China is usually used to support this theory."[25]

It should be noted that here I am defining "China" as the People's Republic of China, excluding Hong Kong Special Administrative Region of the People's Republic of China (Hong Kong) and Macao Special Administrative Region of the People's (Macau). This also excludes the Republic of China (Taiwan). These three regions are excluded from the definition of China as each region has a very different economic and political history from that of the rest of China. Take Hong Kong for example, according to the World Bank "in 1993, Hong Kong's economy was more than a quarter the size of China's… (with) a GDP of $120 billion…while Chinese GDP was approximately $445 billion."[26] In an effort to consistently track Chinese economic growth, I will be excluding these regions as they may contribute to an outlier bias. Additionally, many of the data sources on foreign direct investment separate these three regions from China, so I will be holding this definition to align with these sources.

China began investing in Europe around the turn of the millennium. From the period of 2000-2011, China invested most heavily in France, Germany, and the United Kingdom.[27] In this period, Chinese investment focused on the utility, chemical, automotive, energy, and automotive components industries. The FDI is mainly in the form of brownfield investment. In 2011, Chinese FDI in Europe increases drastically. This is due to a combination of China's economic boom and Europe's economic struggles following the 2008 financial crisis. However, in 2016,

---

[25] Wanda S. Tseng and Harm H. Zebregs, *Foreign Direct Investment in China: Some Lessons for Other Countries* (IMF, 2002), 17.
[26] Niall McCarthy, "How China's Economic Boom Eclipsed Hong Kong [Infographic]," Forbes (Forbes Magazine, January 8, 2021), https://www.forbes.com/sites/niallmccarthy/2019/08/30/how-chinas-economic-boom-eclipsed-hong-kong-infographic/?sh=3efc1ffb4749.
[27] Kratz et al. "Chinese FDI in Europe: 2019 update." *A report by Rhodium Group (RHG) and the Mercator Institute for China Studies (MERICS)* (2020), 37.

Chinese FDI in Europe began to drastically decline. This was compounded by the 2020 coronavirus pandemic which placed strict restrictions on travel to and from China.

In 2013, China proposed the Belt and Road Initiative (BRI, Chinese:一带一路). The BRI is an international infrastructure development plan which has the potential to significantly increase Chinese international influence. It was inspired by the historic Silk Road trade network which connected China to the West through Central Asia; it is thus sometimes referred to as the "New Silk Road." The BRI is a two pronged development plan: the overland Silk Road Economic Belt (the belt) and the Maritime Silk Road (the road). The two prongs are collectively referred to as "one belt, one road" in Chinese (translated to "Belt and Road Initiative"). The scope of the BRI has since expanded. Panama officially joined the BRI in 2017, with 18 other Latin American countries shortly following suit.[28]

In the overland Silk Road Economic Belt, China plans to invest in infrastructure such as railways, energy pipelines, and roads throughout Western and Southeastern Asia in order to "promote Asian connectivity."[29] This development is done in order to facilitate trade and economic activity through the region. Currently, these areas serve as a "bottleneck in Asian connectivity" which China hopes to "break" through these financing efforts, according to Xi Jinping, President of the PRC.[30] In the Maritime Silk Road, China plans to invest in port development, focusing on the Indian Ocean, but also funding projects in Europe and the Pacific Ocean. In developing international ports, China's outward motivation is to expand Chinese maritime trade.

[28] Hope Wilkinson, "Explainer: B3w vs Bri in Latin America," AS/COA, December 14, 2021, https://www.as-coa.org/articles/explainer-b3w-vs-bri-latin-america#:~:text=Like%20the%20historic%20trade%20route,memorandum%20of%20understanding%20with%20Panama

[29] Xi Jinping. "Connectivity Spearheads Development and Partnership Enables Cooperation." Transcript of speech delivered at Dialogue on Strengthening Connectivity Partnership, Beijing, China, November 8, 2014. https://www.fmprc.gov.cn/ce/ceindo/eng/jrzg/t1211795.htm

[30] Xi, "Connectivity Spearheads Development and Partnership Enables Cooperation."

The BRI has been met with controversy. While China frames the project as an international development plan, outside governments and economic analysts believe the BRI is a move to expand Chinese international power. French president Emmauel Macron called the BRI a plan to turn partner states into China's "vassal states" by loaning more than the countries can pay back. Similar critiques of the BRI claim it is a tool of "debt trap diplomacy," where a country extends a loan to another country in hopes of gaining political or economic leverage through nonpayment.

Evidence of these claims can be found in Sri Lanka's Hambantota Port. Sri Lanka owed China an estimated $8 billion, however, could not afford to repay these loans, which were taken out as part of the BRI.[31] In an effort to reduce this debt, Sri Lanka leased Hambantota Port and the surrounding land for a period of 99 years in order to relieve approximately $1billion of Sri Lanka's debt to China. Hambantota Port is located in the southern portion of Sri Lanka and situated along an important military and commercial waterway.[32] This, however, did not eliminate Sri Lanka's debt to China and the country is struggling to pay the remaining debts.

Another concern regarding Sri Lanka's debt to China is the lack of transparency regarding the debt contract between Sri Lanka and China. As with the majority of BRI debt contracts, the debt contract between Sri Lanka and China is not public knowledge. Anna Gelpern, Sebastian Horn, Christoph Trebesch, Scott Morris, and Bradley Parks analyze a sample of BRI debt contracts in their 2021 paper, "How China Lends: A Rare Look into 100 Debt Contracts with Foreign Governments."[33] The paper finds concerning trends among the BRI debt

---

[31] Alyssa Ayres, "India Objects to China's Belt and Road Initiative-and It Has a Point," Council on Foreign Relations (Council on Foreign Relations, May 17, 2017), https://www.cfr.org/blog/india-objects-chinas-belt-and-road-initiative-and-it-has-point.
[32] Maria Abi-habib, "How China Got Sri Lanka to Cough up a Port," The New York Times (The New York Times, June 25, 2018), https://www.nytimes.com/2018/06/25/world/asia/china-sri-lanka-port.html.
[33] Gelpern et. al. "How China Lends: a Rare Look into 100 Debt Contracts with Foreign Governments" (July 2021). CEPR Discussion Paper No. DP16331.

contracts regarding confidentiality, seniority, and lender discretion (in repayment).[34] In BRI contracts, borrower countries agree to void the Paris Club comparable treatment principle, giving China preferential repayment treatment. Furthermore, the borrower agrees to not repay Chinese loans with restructured loans from other financial institutions, such as the Paris Club.[35] Finally, BRI loans can be canceled at any time, requiring immediate repayment. The authors conclude with concern over the implication of these seniority and lender discretion causes, as they directly contradict the policies of established multilateral cooperation in debt and financial crises. Additionally, the authors pose that these clauses demonstrate China's desire to become "preferred creditors" with borrower nations directly dependent on Chinese loans.[36]

China has looked towards Europe for investment since the implementation of the Reform and Opening Up in 1978. However, the country took many years to begin seriously investing in Europe. Portugal joined China's BRI in December of 2018, an event that was marked by a state visit by Xi Jinping to Portugal.[37] China plans to use Portugal as a springboard into the rest of Europe. However, Portugal joining the BRI is all but a formality. Portugal and China have had a very close economic and political relationship since the two nations signed a strategic partnership in 2004. Since then, Chinese MNCs have heavily invested in the Portuguese economy. Notably, China's Three Gorges (an MNC) bought 21% share of Portugal's Energias de Portugal (EDP) in 2011. The following year, China's State Grid bought a 25% holding in Portugal's Redes Energéticas Nacionais (REN).[38]

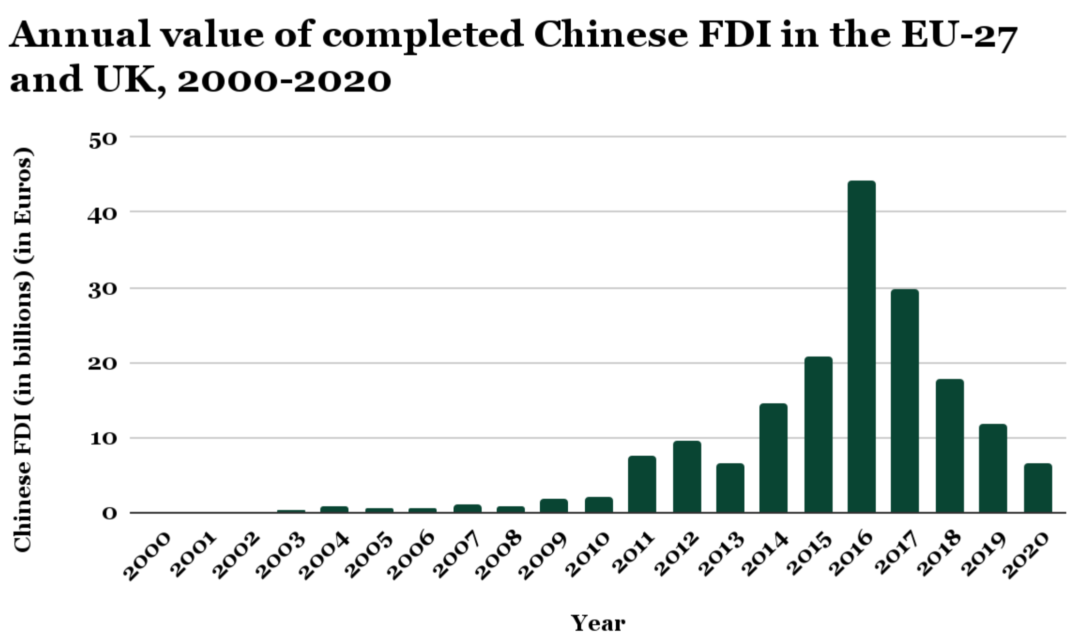
---

[34] Gelpern et. al. "How China Lends: a Rare Look into 100 Debt Contracts with Foreign Governments", 22.
[35] Gelpern et. al. "How China Lends: a Rare Look into 100 Debt Contracts with Foreign Governments", 36.
[36] Gelpern et. al. "How China Lends: a Rare Look into 100 Debt Contracts with Foreign Governments", 48.
[37] Fei Pou Lo, "Portugal's Place in China's Belt and Road Initiative," macaomagazine.net, January 1, 2019, https://macaomagazine.net/portugals-place-in-chinas-belt-and-road-initiative/.
[38] Reuters Staff, "Factbox: Chinese Investments in Portugal," Reuters (Thomson Reuters, May 14, 2018), https://www.reuters.com/article/us-edp-m-a-china-investment-factbox/factbox-chinese-investments-in-portugal-idUSKCN1IF24M.

Chapter 3: An Eye on Europe

General Trends:

Following its accession to the WTO in 2001, Chinese international trade began to rapidly increase. This contributed to China's economic boom. At this time, China began investing in Europe. From the period of 2000-2011, China invested most heavily in France, Germany, and the United Kingdom.[39] The FDI is mainly in the form of brownfield investment. From the period 2000-2003, Chinese FDI in the EU averaged less than $100 million per year in less than 10 transactions. From the period of 2004-2008, Chinese FDI in the EU averaged around $800 million per year in 50 transactions. In the period of 2009-2010, Chinese FDI in the EU surpassed $3 billion annual in 100 transactions. Finally, in 2011, Chinese FDI in the EU increased to nearly $10 billion.[40]



[39] Kratz et al., 37.
[40] Agatha Kratz, Max J. Zenglein, and Gregor Sebastian, "Chinese FDI in Europe 2020 Update - Rhg.com," MERICS REPORT (Rhodium Group, June 2021), https://rhg.com/wp-content/uploads/2021/06/MERICSRhodium-GroupCOFDIUpdate2021.pdf, 9.

Following the 2011 drastic FDI increase, Chinese FDI in the EU dropped slightly in 2013 to €6 billion. However, in 2014 it recovered to a record high of €14 billion.[41] In this period, Chinese FDI in Europe is focused in the energy and advanced manufacturing industries. By 2015, China had invested €13 billion in the energy sector via investments in utilities, fossil fuel assets, and renewable energy. China invested a similar amount in the advanced manufacturing industries investing €6 billion in the automotive industry, €4 billion in the machinery industry, and €3 billion information and communications technology industry.[42] However, in 2016, Chinese FDI in Europe began to drastically decline. This was compounded by the 2020 coronavirus pandemic which placed strict restrictions on travel to and from China.

This massive increase in Chinese FDI can be seen as a reflection of China's Go Out policy (also known as "Going Out policy," Chinese: 走出去). The Go Out policy was promoted by the Chinese government to encourage Chinese enterprises to pursue overseas investment and manufacturing.[43] This policy was introduced in response to the 1997 Asian Financial Crisis which exposed vulnerabilities in China's export-led growth. At the same time, China shifted focus from encouraging inward FDI to increasing its international economic presence and diversifying Chinese international investments. Chinese investment was less affected by the 2008 global financial crisis compared to other advanced economies.

Chinese FDI outside of Europe is generally categorized as resource seeking FDI. China is comparatively poor in natural resources, therefore must look abroad to obtain them. Take China's relationship with Latin America for example. In 2012, the Ecuadorian government launched a US$5.4 billion mining deal with EcuaCorriente for the extraction of five million pounds of

[41] Kratz et al. , 13.
[42] Kratz et al., 15
[43] Aravind Yelery. "China's 'Going Out'Policy: Sub-National Economic Trajectories." *ICS Analysis* 24 (2014): 2-6, 4.

copper from Ecuadorian mines. EcuaCorriente's parent company is Corriente Resources, which is owned by CRCC-Tongguan Investment, a Chinese company. EcuaCorriente opened Ecuador's first open-cast copper mine, Mirador copper mine, in 2013. The move was highly protested by environmental and other civil-society groups.[44] Similarly, China's presence in Africa is pushed by a resource seeking motivation. In Africa, Chinese FDI is heavily concentrated in the oil sector and Chinese firms have invested heavily in research and development and infrastructure for developing oil, gas, and minerals. One example of this is Chinese oil company, Sinopec's, 2002 investment in the Zarzaitine oil field in the Sahara Desert for €420 million.[45]

However, Chinese motivations for FDI in Europe are not resource seeking. Chinese FDI in Europe is typically motivated by market seeking and strategic asset seeking reasons.[46] FDI with market seeking motivations gives the MNC access to a new market or location which is strategically advantageous for the company. In the case of Chinese FDI in Europe, Chinese firms gain access to the European market. An example of a Chinese firm with market-seeking motivations for FDI in Europe can be seen in Cosco Pacific's 2009 investment in Greece's Port of Piraneus. This was one of China's first European FDI projects to garner significant international attention. The Port of Piraneus is used as a major hub of Chinese-European trade. The port has been deemed a "profitable and strategically important activity that benefits both the Chinese government and private investors." [47] Piraeus is located in Athens with easy access to the Mediterranean Sea, therefore, access to Europe, North Africa, and the Middle East.

[44] Daniel M. Shapiro, Carlos Vecino, and Jing Li. "Exploring China's state-led FDI model: Evidence from the extractive sectors in Latin America." *Asia Pacific Journal of Management* 35, no. 1 (2018): 11-37, 28.
[45] Gboyega Alabi Oyeranti, Musibau Adetunji Babatunde, and E. Olawale Ogunkola. "An analysis of China‐Nigeria investment relations." *Journal of Chinese Economic and Foreign Trade Studies* 4, no. 3 (2011): 183-199, 189.
[46] Katarina Blomkvist and Rian Drogendijk. "Chinese outward foreign direct investments in Europe." *European Journal of International Management* 10, no. 3 (2016): 343-358, 355.
[47] Frans-Paul Van der Putten, 18.

FDI with strategic asset seeking motivations gives an MNC access to technology resources, skills, or technical knowledge otherwise unavailable to it. An example of strategic asset seeking FDI is Chinese multinational automotive company Geely's 2010 acquisition of Swedish carmaker Volvo. Geely's goal in acquiring Volvo was not to expand into the European market, but to "strengthen its position in China; in the first instance, by introducing Volvo as a new premium brand, and, in the longer run, by upgrading the technology of Geely's own brands."[48]

Case Study Justification:

Here I will go more in depth and analyze two countries: Portugal and Germany. These two countries are very economically different. Germany is the largest economy in Europe with a GDP of $3.85 trillion (current US$) in 2020. Conversely, Portugal's economy is much smaller with a GDP of $$228.54 billion (current US$) in the same year. The Portuguese economy suffered greatly from the 2008 financial crisis, requiring a €78 billion bailout from the European Union to recover. Germany, on the other hand, was not deeply affected by the financial crisis due to the country's manufacturing based economy.

Portugal was selected due to its close ties with China. Sovereignty of the former Portuguese colony of Macau was given to China in 1999. Similarly, the two nations entered into a strategic partnership in 2004. Furthermore, Portugal became a BRI partner nation in December of 2018. This event was marked by a state visit by Chinese President Xi Jinping to Portugal.[49] Portugal's commitment to the BRI and Xi's state visit deepend already close economic and political ties between the two nations. More interestingly, China has invested in several sectors

---

[48] Meyer, Klaus. 2015. "What is "Strategic Asset Seeking FDI"?" *Multinational Business Review* 23 (1): 57-66. doi:http://dx.doi.org/10.1108/MBR-02-2015-0007, 63.

[49] Fei Pou Lo, "Portugal's Place in China's Belt and Road Initiative," macaomagazine.net, January 1, 2019, https://macaomagazine.net/portugals-place-in-chinas-belt-and-road-initiative/.

related to national security in Portugal. For example, China's Three Gorges (an MNC) bought 21.35% share of Portugal's Energias de Portugal (EDP) in 2011. The following year, China's State Grid bought a 25% holding in Portugal's Redes Energéticas Nacionais (REN).[50] There are growing concerns over Chinese investment within these vital industries.

Germany is historically a top recipient of Chinese FDI in Europe. Chinese investment in Germany was concentrated in the automotive and industrial equipment industries. However, in recent years, the German government has become increasingly concerned with the geopolitical implications of accepting Chinese FDI. Notably, in 2020, the German government prohibited the acquisition of German company, IMST GmbH, by Chinese company, Addsino Co Ltd. The acquisition was prohibited under German FDI law which allows the government to stop an acquisition of a German-based company by foreign investors if the acquisition is a potential threat to public order or national security. This was the second high profile prohibition of the acquisition of a German company by Chinese investors.[51]

These two countries are both economically different and have different relationships with China. By analyzing each country's relationship with China and comparing these relationships, I will gain a holistic picture of the differences and similarities among Chinese FDI in Europe. Analyzing the similarities and differences between these two countries' relationship with China will allow us to see trends and commonalities among Chinese FDI in Europe.

[50] Reuters Staff, "Factbox: Chinese Investments in Portugal," Reuters (Thomson Reuters, May 14, 2018), https://www.reuters.com/article/us-edp-m-a-china-investment-factbox/factbox-chinese-investments-in-portugal-idUSKCN1IF24M.

[51] Peter Camesasca, "Foreign Direct Investment - German Government Prohibits Acquisition by a Chinese Buyer," Covington Competition, July 6, 2021, https://www.covcompetition.com/2020/12/foreign-direct-investment-german-government-prohibits-acquisition-by-a-chinese-buyer/.

Portugal:

In 2016, Chinese FDI in Portugal rose to €5.6 billion. This is extremely impressive given Chinese FDI in Portugal in 2010 was "nil."[52] This rapid rise in investment was a result of pressure from the European Commission (EC), European Central Bank (ECB), and the IMF to sell Portuguese state assets to counteract the financial crisis. In 2010, Portugal faced a sovereign debt crisis.[53] This led to high unemployment rates and forced the government to enact austerity measures. At its peak, Portuguese unemployment reached 16.18%.[54] In 2011, Portugal received a €78 billion bailout package from the IMF and EU. At the same time, a center-right coalition formed, led by new Prime Minister, Pedro Passos Coelho, who promised to not only meet, but exceed IMF and EU austerity guidelines.[55] The IMF, EC, and ECB wanted the Portuguese government to sell €5.5 billion in state assets.[56] However, at the same time, Portugal's sovereign credit rating was downgraded to "junk status," dissuading potential investors to Portugal.[57]

As a result of the 2008 financial crisis, global FDI fell by over $1 trillion.[58] Portugal's low credit rating coupled with the ongoing economic problems spurring from the 2008 global financial crisis left few options for potential investors. The Portuguese government was desperate for a source of FDI to meet the EU and IMF's austerity guidelines. The country did have an existing relationship with China via a 2004 strategic alliance and the former Portuguese

[52] Philippe Le Corre, "China's Rise as a Geoeconomic Influencer: Four European Case Studies," Carnegie Endowment for International Peace, October 15, 2018, https://carnegieendowment.org/2018/10/15/china-s-rise-as-geoeconomic-influencer-four-european-case-studies-pub-77462, 3.
[53] Ricardo Reis, "The Portuguese Slump and Crash and the Euro Crisis," Brookings (Brookings, September 13, 2016), https://www.brookings.edu/bpea-articles/the-portuguese-slump-and-crash-and-the-euro-crisis/.
[54] https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=PT
[55] "Sovereign Debt Crisis," Encyclopædia Britannica (Encyclopædia Britannica, inc.), accessed April 25, 2022, https://www.britannica.com/place/Portugal/Sovereign-debt-crisis.
[56] Philippe Le Corre, 3.
[57] n/a, "S&P Creditnotice: To Assess Portugal Downgrade Impact on Ren/EDP," Reuters (Thomson Reuters, March 24, 2011), https://www.reuters.com/article/markets-ratings-portugal-ren-edp/sp-creditnotice-to-assess-portugal-downgrade-impact-on-ren-edp-idINWNA452920110324.
[58] https://data.worldbank.org/indicator/BM.KLT.DINV.CD.WD?end=2020&start=1970&view=chart

colony of Macau. China had successfully weathered the international financial crisis through a series of austerity measures and had money to invest. **Portugal accepted Chinese FDI as it felt it had no other options for a source of FDI.**

Some Portuguese elites have commented on the country's lack of options during the debt crisis. Despite Portugal receiving an EU backed bailout, one Portuguese elite commented, "Where were EU countries at the time of the financial crisis? Those who are now criticizing us?"[59] Others have commented on the closeness of Portugal and China's relationship. Fernando Ulrich, former president of Banco Portugues de Investimento, noted in 2015, "Portugal has become a Chinese aircraft carrier into Europe."[60] Regardless of diverting opinions on Chinese FDI in Portugal, the fact remains that China's presence in Portugal is strong.

As I have already discussed, Portugal sold a 21.35% share in then state-owned Energias de Portugal (EDP) to China's Three Gorges (CTG) for €2.7 billion in 2011 in order to meet the austerity guidelines. Portugal turned down offers from German-based energy company, E.ON, and Brazilian electric energy company, Electrobras, in favor of CTG.[61] EDP is the largest company in Portugal by assets and a prominent player in the renewable energy industry, specifically in wind power. According to a EDP insider, CTG wanted to invest in EDP for three major reasons: "first, the main Chinese player—State Grid was already targeting [Portugal's public power company]; second, we were in the same business and it made sense in our overseas markets; third, they wanted a foot in the EU renewable energy market." [62] In 2017, CTG increased its investment in EDP to 23.3%. The Portuguese government sold a major share of its

---

[59] Philippe Le Corre, 5.
[60] Philippe Le Corre, 5.
[61] Axel Bugge, "China Three Gorges Buys EDP Stake for 2.7 Billion Euros," Reuters (Thomson Reuters, December 23, 2011), https://www.reuters.com/article/us-edp-threegorges/china-three-gorges-buys-edp-stake-for-2-7-billion-euros-idUSTRE7BM04V20111223.
[62] Philippe Le Corre, 3.

national electric utilities company, a company very important to the Portuguese economy and of great Portuguese national interest, to a Chinese based company. This is a decision which could have possible national security implications, however, the Portuguese government had little choice due to its dire economic situation.

Outside of the energy market, China has invested heavily in transport, financial services, insurance, health, real estate, hospitality, and the media. Chinese-owned HNA Group purchased a 20% stake in TAP Portugal, Portugal's national airline, from a Brazilian company. As a result, TAP will begin offering direct flights from Lisbon to Beijing.[63] Similarly, Portuguese media companies Diário de Notícias and Jornal de Notícias, and Radio TSF are wholly owned by China's Global Media Group, while Portugal's partially-state owned news outlet, Lusa, is also partially owned by Global Media Group.[64]

Public opinion of China in Portugal is generally favorable. A 2018 survey on China in Portugal concluded that 62% of respondents hold a favorable view of Portugal. However, 54% of respondents in the same poll state they want more discussion of China in Portuguese society. The same poll found that 90% of respondents still believe the EU is Portugal's most important ally, in comparison to China's 6.67%.[65]

It should be noted that in May 2018, CTG offered to purchase EDP in whole for €9.1 billion. This offer was rejected by EDP shareholders who believed the offer was not high enough.[66] This may signal a turning point in Portugal's relationship with China. As the country

---

[63] paj.staff, "Travel: China to Acquire 20% of National Flag Carrier TAP - Portugal," Portuguese American Journal, June 5, 2016, https://portuguese-american-journal.com/travel-china-to-acquire-20-of-national-flag-carrier-tap-portugal/.
[64] Philippe Le Corre, 4.
[65] Philippe Le Corre, 6-7.
[66] Sergio Goncalves, "EDP Shareholders Vote Scuppers Chinese Takeover Bid, Partnership to Go On," Reuters (Thomson Reuters, April 24, 2019), https://www.reuters.com/article/us-edp-m-a-china-elliott/edp-shareholders-vote-scuppers-chinese-takeover-bid-partnership-to-go-on-idUSKCN1S02CS.

has economically recovered from its debt crisis, it is able to be more selective when accepting foreign investment. From this point on, should Portugal continue to prioritize Chinese FDI over other potential sources of FDI (such as the EU), it will be a conscious and voluntary decision.

With that understanding, in December 2018, seven months after CTG's offer to acquire EDP was rejected, Portugal formally joined China's BRI by signing a memorandum of understanding.[67] This signaled to the outside world that the Portuguese government wishes to continue its partnership with China after its economic recovery. Portugal's decision to join the BRI aroused concern from several international actors.

Here Portugal stands. A majority of the country holds a favorable view towards China, yet still wants more discussion of China's role in Portuguese society. The Portuguese government is signaling to the world that it wants to increase Chinese FDI in the coastal nation, while shareholders of a major Portuguese company reject an offer of acquisition from a Chinese MNC. Through these contradictory actions, Portugal must choose its path. The European nation can further align itself with China at the risk of angering its EU allies and losing its national sovereignty or it can reject additional Chinese FDI at the risk of angering China and facing economic stagnation (or worse economic contraction).

Germany:

Germany has long been a "go-to destination" for Chinese firms with strategic asset seeking motivations due to Germany's highly developed research and manufacturing sectors.[68] Germany is considered one of the "Big 3" recipients of Chinese FDI in Europe, along with

---

[67] Zhen Liu, "Portugal Signs Agreement with China on Belt and Road Initiative," South China Morning Post, December 6, 2018, https://www.scmp.com/news/china/diplomacy/article/2176560/portugal-wavers-xi-jinping-presses-europe-belt-and-road.

[68] Kandy Wong, "China-Germany Investment Enters New Era of Uncertainty Post-Merkel," South China Morning Post, March 3, 2022, https://www.scmp.com/economy/article/3169081/china-germany-investment-faces-challenges-rivalry-grows-post-merkel-era.

France and the United Kingdom. From 2000 to 2014, cumulative value of Chinese FDI in Germany totalled €6.9 billion (the total cumulative value of Chinese FDI in the EU-28 countries during that time was €46 billion).[69] The German economy weathered the 2008 global financial crisis much better than the Portuguese, in part due to its existing close links with China's fast growing economy.[70] Germany had far less need for foreign investment to boost its economy. However, this did not deter Chinese FDI into Germany.

As with the rest of Europe, Chinese FDI into Germany typically comes in the form of mergers and acquisitions. Chinese FDI in Germany is focused in the automotive and industrial equipment industries, valued at €1.9 billion and €2.7 billion in the 2000 and 2014 period, respectively. However, investment is also prominent in other sectors such as renewable energy, consumer products, finance, and transportation services.[71] Notable acquisitions in Germany include Chinese MNC, Lenovo's, 2011 investment in German consumer electronics company, Medion, for €530 million; Chinese aviation MNC, AVIC's 2014 acquisition of German automotive systems company, Hilite International, for €473 million; and Chinese diesel engine MNC Weichai Power's 2012 investment in German materials handling manufacturer, Kion Group, for €467 million. [72] Additionally, Chinese telecommunications firm, Huawei, established its research and development operations and European headquarters in Dusseldorf, along with its competitor ZTE.[73] This is all to say, China has a strong presence in the German economy.

For a time, Chinese FDI was welcomed in Germany. In 2006, 56% of Germans held a favorable view towards China, while only 33% held an unfavorable view towards China.

---

[69] Thilo Hanemann and Mikko Huotari. "Chinese FDI in Europe and Germany: Preparing for a new era of Chinese capital." *Mercator Institute for China Studies and Rhodium Group* (2015), 13-16.
[70] Noah Barkin, "Germany's Strategic Gray Zone with China," Carnegie Endowment for International Peace (Carnegie Endowment for International Peace, March 25, 2020), https://carnegieendowment.org/2020/03/25/germany-s-strategic-gray-zone-with-china-pub-81360, 2.
[71] Thilo Hanemann and Mikko Huotari, 16.
[72] Thilo Hanemann and Mikko Huotari, 16.
[73] Thilo Hanemann and Mikko Huotari, 20.

Compare this to 2021, where 71% of Germans hold an unfavorable view towards China, while only 21% hold a favorable view towards China.[74] This staggering change in public opinion towards China is representative of the growing concern towards China's influence in Germany. This growing concern can be at least partially attributed to one major event: the acquisition of German robotics manufacturer KUKA by Chinese MNC Midea Group.

In 2016, Chinese electrical appliance manufacturer, Midea Group, unexpectedly offered to purchase over 90% of German robotics manufacturer KUKA for €4.6 billion.[75] KUKA was regarded by many members of the German government as the "crown jewel of German industry."[76] The German government was caught off guard by the offer. The government unsuccessfully searched for another buyer. However, notably, it did not launch a formal inquiry into the acquisition. Under current German export law, the government could only launch a formal inquiry against the sale if crucial German interests are affected.[77] The acquisition went through despite the political concerns. Since 2016, the acquisition has been referred to as a "hostile takeover" by some German media outlets.[78]

Later in 2016, China's Fujian Grand Chip Investment Fund LP offered to buy German technology company Aixtron for €670 million. The German government approved of the acquisition. However, then-U.S. President Obama blocked the deal by blocking the acquisition of Aixtron's U.S. subsidiary, Aixtron Inc. citing national security concerns.[79] This revealed a

[74] "Global Indicators Database." Pew Research Center, Washington, D.C. (March 2022) https://www.pewresearch.org/global/database/indicator/24/country/DE.
[75] Deutsche Welle (www.dw.com), "Berlin Approves Kuka Sale to Midea: DW: 17.08.2016," DW.COM, August 17, 2016, https://www.dw.com/en/berlin-approves-kuka-sale-to-midea/a-19479483.
[76] Noah Barkin, 2.
[77] Deutsche Welle,, "Berlin Approves Kuka Sale to Midea."
[78] Deutsche Welle, "German Robot Maker Kuka's CEO to Be Replaced by Chinese Owners: DW: 24.11.2018," DW.COM, accessed May 1, 2022, https://www.dw.com/en/german-robot-maker-kukas-ceo-to-be-replaced-by-chinese-owners/a-46440242.
[79] William Wilkes, "Chinese Takeover of Aixtron Collapses after U.S. Ban," The Wall Street Journal (Dow Jones & Company, December 9, 2016), https://www.wsj.com/articles/chinese-takeover-of-aixtron-collapses-after-u-s-ban-1481203244.

weakness in Germany's national security policies in regards to China.[80] In response to this, Germany tightened its foreign investment rules in 2018. The threshold where the government is allowed to intervene in an investment by a non-European investor on the grounds of public interest was lowered from a 25% stake in the company to a 10% stake.[81] Under a similar motivation, the German state bank purchased a 20% stake in high-voltage grid operator 50Hertz to prevent China's State Grid from purchasing the company after no alternative investor was found.[82] 50Hertz provides power to 18 million residents in northern Germany and was previously owned in whole by Belgian electricity operator, Elia, who purchased the company from Australian investment fund, IFM.

In part, the German government's increasingly tough attitude towards China can be attributed to support from German businesses. In the early 2000s, German firms working in China were making "unprecedented profits." [83] At this time, there were concerns regarding doing business with China, such as intellectual property theft and protectionist barriers to investment (outside of political and human rights concerns). However, German businesses discouraged the German government from taking any action against Chinese companies due to the high profit margins of working with China. In recent years, under the leadership of President Xi Jinping, the Chinese government has been exerting more control over the Chinese economy, making it more

---

[80] Noah Barkin, 2.

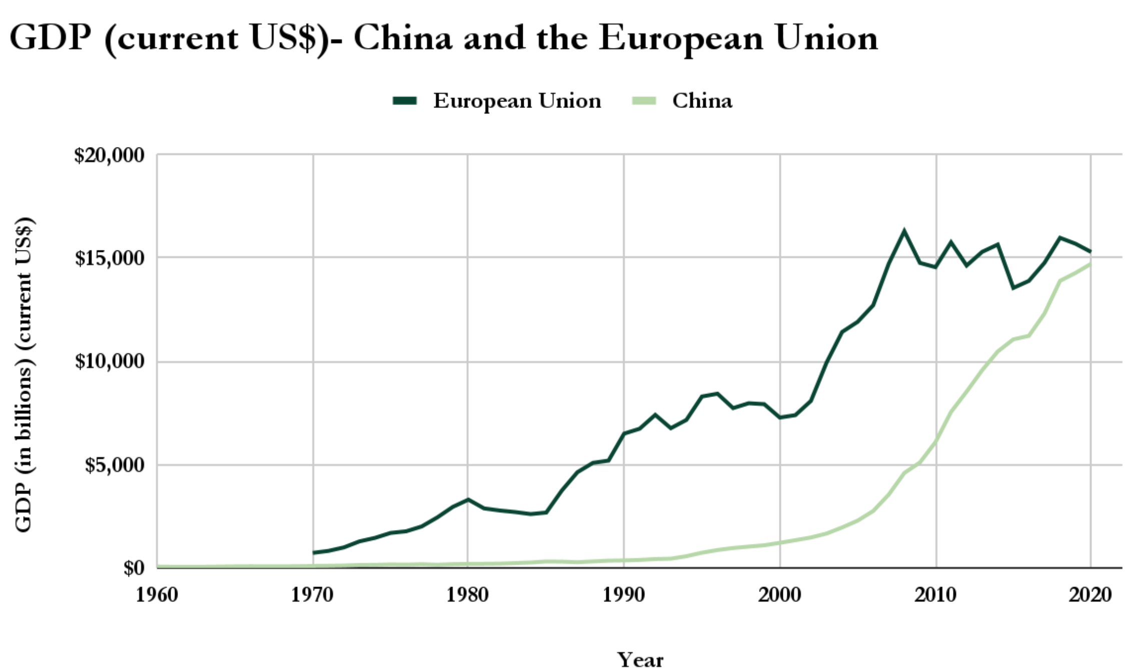
[81] Holger Hansen and Michael Nienaber, "With Eye on China, Germany Tightens Foreign Investment Rules," Reuters (Thomson Reuters, December 19, 2018), https://www.reuters.com/article/us-germany-security-m-a/with-eye-on-china-germany-tightens-foreign-investment-rules-idUSKBN1OI0UP.

[82] Deutsche Welle, "Berlin Beats Chinese Firm to Buy Stake in 50hertz Power Company: DW: 27.07.2018," DW.COM, July 27, 2018, https://www.dw.com/en/berlin-beats-chinese-firm-to-buy-stake-in-50hertz-power-company/a-44848676.

[83] Noah Barkin, 1.

difficult for German firms to do business in China.[84] As profits have decreased, German firms are no longer discouraging government regulation of Chinese FDI.

Germany is beginning to take steps to distance itself from China's economic influence. The rise of China on the geopolitical stage and the decreasing profitability of German firms in China are both major motivating factors for this increased distance. As German companies face increasing restrictions working in China, they are no longer motivated to protect Chinese interests in Germany in turn. This gives the German government more freedom to monitor and regulate Chinese activity in Germany. Additionally, China's rise in geopolitical prominence has brought the once isolated nation to the forefront of international politics. As the largest economy in Europe and the fourth largest economy in the world (by GDP), Germany has established itself as a key player on the international political stage. China's unprecedented rise and increasing international influence threaten Germany's international position.



[84] Michael Schuman, "The Undoing of China's Economic Miracle," The Atlantic (Atlantic Media Company, January 11, 2021), https://www.theatlantic.com/international/archive/2021/01/xi-jinping-china-economy-jack-ma/617552/.

China's economic growth will soon bring it to the level of the European Union. In 2020, the EU's cumulative GDP was $15.29 trillion, while China's GDP was $14.72 trillion.[85] China's GDP will soon surpass that of the entire EU. China's population is double the size of the EU's population, however, this will still be an important moment in international politics. As the EU's strongest government and most prominent supporter, Germany's response to this will be critical.

It is unclear how Germany will fully respond to China's threat to its international position. Germany has several options on how to proceed. The European nation could align itself with the United States' hardline anti-China rhetoric. More unlikely, it could align itself with China to better reap the benefits of China's economic growth. Most likely, Germany will try to carve a third position in the worldwide geopolitical theatre where it maintains its international position, distance from China, and promotes European interests.

Germany initially welcomed China as an economic partner. This partnership was mutually beneficial: China gained access to Germany's advanced technology and know-how, while Germany benefited economically. This economic partnership continued in the face of political concerns from the German government due to protection of Chinese interests by German firms. However, after German interests in China were threatened, German firms stopped protecting Chinese interests and allowed the government to regulate Chinese FDI. As a result, Chinese firms are facing increasingly stringent government regulations if they want to invest in Germany. Germany wants the economic benefit of Chinese FDI without the sacrifices in sovereignty that FDI entails. This negative attitude towards Chinese investment, despite the already significant presence of Chinese firms in the German economy, forces the German government into a difficult position. **In the early 2000s, Germany was eager to engage in**

[85] "GDP (Current US$)," Data, accessed November 6, 2022, https://data.worldbank.org/indicator/NY.GDP.MKTP.CD.

economic exchanges with China. However, as a result of increasing national security concerns by Germany and the rise of China's geopolitical influence, Germany is more and more unwilling to engage in FDI with China.

Conclusion:

Portugal and Germany have vastly different relationships with China. Portugal is more and more aligning itself with China and Chinese investment, allowing China to invest in several sectors related to national security. Whereas, Germany is moving away from Chinese investment, strengthening its foreign investment regulations with an eye on China. Despite this, due to pre-existing FDI projects, both of these countries' economies have deep ties to the Chinese economy. Both Portugal and Germany benefited economically from ties to China during the 2008 global financial crisis- Portugal in recovering after the crisis and Germany in weathering the crisis. It is clear that as a result of the pre-existing economic ties, despite increasingly negative attitudes towards Chinese FDI, China will continue to play a major role on the European economic stage.

Chapter 4: An Eye on China

Now that I have looked at the effects of Chinese FDI in Europe and the motivations of European governments in accepting Chinese FDI, I will now shift focus to China. Why did China begin investing in the more advanced economies of Europe? How does China benefit from its outward European FDI? China's outward European FDI is a natural evolution of its BRI. China's motivated to invest in European economies for monetary gain and to increase its international influence.

The Relationship between China and its Firms:

The Chinese government exerts significant control over China's economy, consequently exerting significant control over the business decisions of both private and state-owned enterprises (SOEs). The relationship between Chinese SOEs and the state is evident in the corporate power structure. In these SOEs, managers are often also high ranking members of the CCP. As a result, "business managers in SOEs thus often view their responsibilities as twofold—to advance the interests of the firm and the state."[86] As a result of these jointly held positions, observers at the World Economic Forum in Davos, Switzerland quipped, "'Chinese delegates from both [government and business] tend to have the same point of view, and even the same patriotic talking-points.'"[87]

The relationship between private enterprises and political interests is not as direct as that of the relationship between SOEs and political interests. Yet, it is nonetheless present. Davis, Fuch, and Johnson find in their study entitled "State Control and the Effects on Foreign Relations on Bilateral Trade," that while the degree of influence political interests have over import decisions "is greater in the state-controlled sector of the economy compared to the private

[86] Christina L. Davis, Andreas Fuchs, and Kristina Johnson. "State control and the effects of foreign relations on bilateral trade." *Journal of Conflict Resolution* 63, no. 2 (2019): 405-438, 410.
[87] Christina L. Davis, Andreas Fuchs, and Kristina Johnson, 411

sector," there is still a relationship between private enterprises and political interests.[88] The study concludes by saying: "Where governments maintain control over the economy, trade continues to follow the flag."[89] The meaning of this being, in a country without an unregulated free market economy (such as China), trade of both SOEs and private enterprises will align with the government's political interests. From this information, we can suppose that Chinese FDI aligns with China's political interests and is approved by the CCP.

Nonetheless, the Chinese government does openly encourage Chinese firms to engage in FDI as it understands the benefits of outward FDI. For example, China's Ministry Guidelines for Environmental Protection in Foreign Investment and Cooperation encourages companies to engage in intentional outward FDI in order to "set up good international images for Chinese enterprises." [90] From this information, we can conclude that the Chinese government understands the impact outward Chinese FDI can have on China's international image and encourages outward FDI. The benefit of Chinese FDI in Europe for Chinese firms is exemplified by Huawei and Geely.

Huawei:

China benefits economically from its outward FDI. For example, Chinese technology company, Huawei, also engages in significant FDI in Europe. The MNC, which operates a European headquarters out of Dusseldorf, Germany, employs over 10,000 people in Europe across eight countries. Most of Huawei's activity in Europe is focused on research and development (with 18 R&D centers across the continent). According to Huawei's European website, Huawei's focus for its European operations is "customer-centric innovation, strong

---

[88] Christina L. Davis, Andreas Fuchs, and Kristina Johnson, 429.
[89] Christina L. Davis, Andreas Fuchs, and Kristina Johnson, 429.
[90] Ware Fong and Nazmus Sakib. "A "Good" Country without Democracy: Can China's Outward FDI buy a Positive State Image Overseas?." *Politics & Policy* 49, no. 5 (2021): 1146-1191, 1152.

partnership and building a close cooperation with nearly all main carriers in Europe."[91] This reveals market seeking and strategic asset seeking motivations for Huawei's European operations. Huawei's model of expansion via FDI is not new. A 2007 study found that Huawei used strategically placed R&D centers to "aim to offset areas of weakness in China's innovation system, to access foreign technological assets, and to capture the externalities created by host-country technology clusters" which allowed it to become an internationally competitive firm.[92] This entry into Europe was a natural extension of Huawei's expansion. In the same study, an anecdote regarding Huawei's rapid market growth was told comparing Huawei with the then established U.S.-technology company Cisco: "It is no wonder that one Wall Street analyst was quoted in *Forbes* as saying that Huawei is 'the biggest reason I know to sell Cisco stock.'"[93]

Huawei has successfully used this FDI model to outpace established technology companies. To use Cisco as an example, Cisco's annual revenue from the 2019 fiscal year was US$51.7 billion.[94] Huawei's annual revenue for 2019 was reported to be $123 billion.[95] Contrastingly, Cisco's annual revenue in the 2006 fiscal year was $28.5 billion[96] as compared to Huawei's much lower $8.5 billion.[97] Huawei began engaging in FDI in Europe in the year 2000, however, 2006 was the earliest data available. From this data, we can see how Huawei is benefiting from engaging in outward FDI. Huawei is engaging in FDI in Europe as it is

---

[91] "Huawei in Europe," huawei, April 21, 2020, https://www.huawei.com/ch-en/corporate-information/huawei-europe.
[92] Ping Deng, 75.
[93] Ping Deng, 75.
[94] "Cisco Reports Fourth Quarter and Fiscal Year 2019 Earnings," Cisco, accessed November 6, 2022, https://investor.cisco.com/news/news-details/2019/Cisco-Reports-Fourth-Quarter-And-Fiscal-Year-2019-Earnings/default.aspx.
[95] Katharina Buchholz and Felix Richter, "Infographic: Huawei Continues Steep Global Rise," Statista Infographics, April 19, 2021, https://www.statista.com/chart/16827/huawei-revenue-and-smartphone-market-share/.
[96] "Cisco Systems Reports Fourth Quarter and Fiscal Year 2006 Earnings," Cisco Systems, August 9, 2006, https://newsroom.cisco.com/c/r/newsroom/en/us/a/y2006/m08/cisco-systems-reports-fourth-quarter-and-fiscal-year-2006-earnings.html.
[97] "Huawei - Building a Fully Connected, Intelligent World," Huawei, accessed November 7, 2022, https://www.huawei.com/ucmf/groups/public/documents/annual_report/092583.pdf.

financially beneficial to do so. By investing in R&D centers (among other facilities) in Europe, Huawei has more easy access to European educated researchers (skilled labor), ready access to the European consumer market (avoiding tariffs and import regulations), and closer access to European telecommunications companies (who are major distributors of cell phones in Europe). The company needed to expand to new markets or risk stagnation. Entry into the European market with FDI benefited Huawei in several ways. It not only gave Huawei access to and better understanding of the European market. It also allowed Huawei to have access to German skilled labor, giving it a competitive advantage. Market access and resource advantage motivated Huawei's entry into the European market. All of these factors allow Huawei to increase market share and become a more profitable company.

Geely:

Looking at another case, in 2010, Chinese automotive company, Zhejiang Geely (Geely), acquired Swedish automotive company, Volvo Cars Corporation, from Ford Motor Co.. At the time, this was the largest acquisition of a foreign car manufacturer by a Chinese company.[98] The company was founded in 1986 by Li Shufu in Taizhong City, China as a refrigerator parts manufacturer. The company entered into the automotive sector in 1997.[99] In 2007, Geely announced that it would shift focus from manufacturing low price cars to focusing on technology, quality, and value in the Ningbo Declaration. Three years later, Geely announced its acquisition of Volvo from Ford Motor Co. (who needed to sell their Swedish subsidiary, which they purchased in 1999 for $6.5 billion, as a result of economic pressures from the 2008

---

[98] Fang Yan and Alison Leung, "China's Geely Completes Volvo Buy," Reuters (Thomson Reuters, August 2, 2010), https://www.reuters.com/article/us-geely/chinas-geely-completes-volvo-buy-idUSTRE66S1TC20100802.
[99] "Geely History," Zhejiang Geely Holding Group (Zhejiang Geely Holding Group), accessed October 13, 2022, http://zgh.com/geely-history/?lang=en, 1-3.

recession).[100] Volvo had a reputation for technological development and quality. The acquisition of Volvo aligns with Geely's desire to focus on technological innovation and automotive quality.

Following its acquisition, Geely established China-Euro Vehicle Technology (CEVT) in 2013. CEVT is a research and development center in Gothenburg, Sweden in an effort to facilitate co-operations between Volvo and Geely.[101] CEVT employs engineers from both China and Sweden in order to facilitate co-operations and co-development.[102]

CEVT developed the modular vehicle platform, called the Compact Modular Architecture (CMA). The design for the CMA was based on Volvo's already existing Scalable Platform Architecture (SPA). In fact, the CMA contains the same electrical system of the SPA in a smaller body. Thanks to Volvo's SPA, CEVT was able to develop the CMA much faster than anticipated.[103] One CEVT employee even stated: "We try to follow the Volvo architecture as much as possible."[104] As a result of the CEVT's developments, Geely built a new manufacturing plant for small C-segment vehicles in Taizhou, China. This plant is owned by Geely, managed by Volvo, and produces both Volvo and Geely C-segment vehicles.[105]

In their 2018 study, "Chinese foreign acquisitions aimed for strategic asset-creation and innovation upgrading: The case of Geely and Volvo Cars," Ramsin Yakob, H. Richard Nakamura, and Patrik Ström analyze the relationship between Volvo, Geely, and the CEVT under the umbrella holding company of Zhejiang Geely. The authors concluded the "existing firm-level capabilities were crucial in the creation of further innovation capabilities."[106] Specific

---

[100] Bryan Gruley and Jamie Butters, "Volvo Is Better than Ever Thanks to This Chinese Billionaire," Bloomberg.com (Bloomberg, May 24, 2018), https://www.bloomberg.com/news/features/2018-05-24/volvo-is-better-than-ever-thanks-to-this-chinese-billionaire#:~:text=Ford%20paid%20%246.5%20billion%20for,the%20fancy%20brands%2C%20including%20Volvo.
[101] Yakob et. al, 62-64.
[102] Yakob et. al, 65.
[103] Yakob et. al, 66.
[104] Yakob et. al, 66.
[105] Yakob et. al, 66-67.
[106] Yakob et. al, 63.

firm-level capabilities include Volvo's technological know-how and Geely's Chinese market know-how. Innovation was further benefited by the well-designed formal relationship between Geely and Sweden. As a result of Zhejiang Geely's acquisition of Volvo, Geely and Volvo worked together to capitalize on each firm's competitive advantage. For example, "(leveraging) sourcing demands, utilizing local cost advantages (e.g., consultants in Sweden and components in China), and the access to production facilities…stood out as important aspects of innovation capability development and the creation of the new strategic asset."[107] Through its acquisition of Volvo, Geely has been able to gain access to technological know-how and improve the technological ability and quality of their cars.

Apart from the strategic asset benefits, Geely's acquisition of Volvo had major geopolitical benefits for China. The Deputy CEO of CEVT noted that the CEVT does not only wish to develop improved products for the Chinese industry, but are also "trying to bring a lot of Chinese suppliers together, to raise the Chinese image."[108] The acquisition of Volvo has improved both Geely's international recognition and China's international reputation. In 2018, Bloomberg News published a feature article entitled "How China's 36th-Best Car Company Saved Volvo." [109] In this article, the authors praised Geely and Chairman Li for their role in saving Volvo, chronicling the Swedish company's success under his direction. Since its acquisition of Volvo, Geely has gone on to acquire more foreign automotive manufacturers, such as Lotus,[110] and purchased shares in others, such as Aston-Martin.[111] Geely's acquisition of Volvo was both financially and geopolitically beneficial.

[107] Yakob et. al, 65.
[108] Yakob et. al, 66.
[109] Gruley et al.
[110] Chris Bruce, "Lotus Officially Becomes Part of Geely," Motor1.com (Motor1.com, September 29, 2017), https://www.motor1.com/news/182047/geely-official-takeover-lotus/.
[111] Reuters, "China's Zhejiang Geely Buys 7.6% Stake in Aston Martin," Reuters (Thomson Reuters, October 3, 2022), https://www.reuters.com/business/autos-transportation/chinas-geely-takes-76-stake-aston-martin-2022-09-30/.

While it is the largest privately-owned Chinese automotive group, Geely, as do most private enterprises in China, still maintains a close relationship with the Chinese central government. Geely received funding from the Chinese government to establish research and development centers.[112] Furthermore, despite calls at the time from the Chinese central government to slow spending on foreign companies, Geely was permitted to spend over $10 billion on foreign M&A deals over a period of three months in 2018. When asked about these acquisitions, founder and chairman Li Shufu remarked, “For this particular investment, our aim is to support the growth of the Chinese auto industry through the growth of Geely to serve our national strategies.”[113] Evidence of Li’s words are evident in Geely’s acquisition of Volvo. Geely and Volvo are automotive manufacturers. The automotive industry is considered a strategic industry of national interest by the Chinese government.[114] With all of this evidence, we can conclude that Geely’s FDI and business goals align with the goals of the CCP and Chinese central government.[115]

Economic Growth and Outward FDI:

China’s rapid economic growth to become a middle income country is extremely impressive. However, in order to continue its economic development, it cannot solely rely on existing methods of economic development. If China does not modify its economy, it risks falling into the “middle income trap.” A middle income trap occurs when a middle income country is unable to transition to a high income economy due to rising costs associated with

---

[112] Ramsin Yakob, H. Richard Nakamura, and Patrik Ström. "Chinese foreign acquisitions aimed for strategic asset-creation and innovation upgrading: The case of Geely and Volvo Cars." *Technovation* 70 (2018): 59-72, 64.
[113] Charles Clover, Patrick McGee, and Peter Campbell, “Is Chinese State behind Geely's Daimler Swoop?,” Subscribe to read | Financial Times (Financial Times, February 28, 2018), https://www.ft.com/content/a9fcd724-1bbc-11e8-aaca-4574d7dabfb6.
[114] Yakob et. al, 71.
[115] “Geely History,” 11.

manufacturing (such as wages) and declining competitiveness in the international economy.[116] This can give rise to slow economic growth, stagnant or falling wages, a growing informal economy, and financial crises.[117] By investing in Europe, China is able to strengthen "international and regional economic cooperation," build "an environment conducive for innovation," invest "in human capital," and move "toward a knowledge-based economy," all actions vital in avoiding the middle income trap.[118] Both Huawei and Geely's investment in Europe allowed the Chinese companies to gain technical know-how, which they brought to China. This will allow them to move towards a knowledge-based economy and promote innovation. Chinese FDI in Europe is economically beneficial for China.

Soft Power and Chinese FDI:

China uses its economic prowess as a soft power tool. As noted by Ware Fong and Nazmus Sakib in the study, "A 'Good' Country without Democracy: Can China's Outward FDI buy a Positive State Image Overseas?," in recent years, outward FDI has become an increasingly popular tool for the Chinese government to improve China's international perception.[119] As a consequence of the Tiananmen Square Massacre of 1989, China's communist ideology lost domestic appeal. Instead, economic strength became a source of legitimacy and strength for China, so much so that "outward FDI has been employed as a tool for rebuilding China's state image since." [120] Improving China's state image is an issue of importance for the CCP, as a positive state image to "alleviate international pressure for democratization and consolidate its

---

[116] Breda Griffith, "Middle-Income Trap: Frontiers in Development Policy," Stand Alone Books, accessed November 6, 2022, https://elibrary.worldbank.org/doi/10.1596/9780821387856_CH04.
[117] Eva Paus, "Escaping the Middle-Income Trap: Innovate or Perish," Asian Development Bank (Asian Development Bank, July 22, 2020), https://www.adb.org/publications/escaping-middle-income-trap-innovate-or-perish#:~:text=The%20middle%2Dincome%20trap%20captures,productivity%20is%20relatively%20too%20low.
[118] Juzhong Zhuang, Paul Vandenberg, and Yiping Huang. *Growing beyond the low-cost advantage: How the People's Republic of China can avoid the middle-income trap*. Asian Development Bank, 2012.
[119] Ware Fong and Nazmus Sakib, 4.
[120] Ware Fong and Nazmus Sakib, 4.

authoritarian regime." [121] China's outward FDI is still economically beneficial. The CCP's goal in promoting outward FDI is to both benefit firms financially and benefit China geopolitically.

Soft power is important for all states. China's economic growth has caused it to become a potential international power. However, to become a true international power China not only needs hard power, but also soft power. Soft power is "the power to coerce other countries and the ability to shape their long- term attitudes and preferences."[122] Recently, high level Chinese party officials have begun openly discussing the soft power benefits of the BRI. Xi Jinping himself noted that the BRI has promoted "软联通" (ruǎnliántōng), or soft connections.[123] Soft connections can be inferred to mean informal (or non-political) connections between nations. In this context, it can be understood that these connections are forged through economic cooperation.

China's soft power initiative plays a role in "boosting resource security, improving political relationships and soft power, and enhancing business opportunities for domestic firms."[124] At the third BRI conference, one Chinese diplomat said:

> 通过共建"一带一路"，提高了国内各区域开放水平，拓展了对外开放领域，推动了制度型开放，构建了广泛的朋友圈，探索了促进共同发展的新路子，实现了同共建国家互利共赢。[125]

To summarize, this speech notes that BRI has allowed China to become more (economically) liberal, increased China's international sphere of influence, improved China's political system,

[121] Ware Fong and Nazmus Sakib, 5.
[122] Ware Fong and Nazmus Sakib, 10.
[123] http://ro.china-embassy.gov.cn/rom/sgzcnew/sghdnew/201502/t20150218_2988320.html
[124] Deborah Bräutigamand Tang Xiaoyang. "Economic Statecraft in China's New Overseas Special Economic Zones: Soft Power, Business or Resource Security?" *International Affairs (Royal Institute of International Affairs 1944-)* 88, no. 4 (2012): 799–816. http://www.jstor.org/stable/23255619.
[125] 李 萌, "习近平出席第三次'一带一路'建设座谈会并发表重要讲话," 习近平出席第三次"一带一路"建设座谈会并发表重要讲话_滚动新闻_中国政府网, November 19, 2021, http://www.gov.cn/xinwen/2021-11/19/content_5652067.htm. Summary provided because direct translation not available.

allowed China to construct an expansive network of friends (allies), allowed China to explore new methods of promoting international development, and is a mutually beneficial method of improving the country. This diplomat is noting the benefits of soft power initiatives for China. All of these benefits converge to improve China's overall international reputation and standing.

This speech parallels ideas introduced by Chinese Ambassador Xu Feihon at an event with the Romanian government. Ambassador Xu remarked to the Romanian delegation: We have always respected and supported each other, being "friends in need" and "friends indeed."[126] In this speech, Xu also remarked, "Propelled by the strong political will to cooperate with each other, we can give full play to the complementary advantages of the two economies (China and Romania)."[127] In this speech, Xu is remarking on the economic and business advantages of Chinese FDI in Romania, as Chinese firms would not enter into FDI if it was not economically advantageous. FDI contributes to China's continuing economic development. The miraculous Chinese economic growth could not continue without business expanding beyond the borders of China. Outward FDI is a natural progression for Chinese economic growth.

This being said, there is a deeper motivation to Chinese FDI in Europe. Xu goes on to discuss this deeper motivation: "Now, the Chinese people are striving to build a well-off society in all aspects and realize the Chinese dream of great national rejuvenation."[128] In the first half of this quote, Ambassador Xu is noting that the economic benefits of Chinese FDI into Romania are improving the lives of the Chinese people. With Chinese economic growth, the standard of living in China is improving. According to the World Bank, since beginning its economic reform, over

---

[126] Feihon Xu, "Speech at the Arrival Reception---By H.E. Ambassador Mr. Xu Feihon," Ambasadorul Chinei în România, accessed November 6, 2022, http://ro.china-embassy.gov.cn/rom/sgzcnew/sghdnew/.
[127] Feihon Xu, "Speech at the Arrival Reception"
[128] Feihon Xu, "Speech at the Arrival Reception"

800 million people have risen out of poverty in China. Additionally, there have been major improvements in "access to health, education, and other services over the same period."[129]

In the second half of Xu's quote, he mentions the "Chinese dream of great national rejuvenation." This idea relates to CCP goals of improving China's economy and international political standing post-Tiananmen. International economic cooperation through FDI and the BRI is contributing to both China's economic growth, international standing, and the standard of living in China.

International Opinion Towards China:

As stated earlier, 62% of Portuguese citizens hold a favorable view towards China.[130] However, this is not always the case in most European countries. In general, public favor towards China is falling in Europe. According to a Pew Research study, "A majority in each of the 14 countries surveyed has an unfavorable view of China. In most countries, around three-quarters or more see the country in a negative light."[131] This is occurring throughout the continent, even in countries with extremely high levels of FDI such as Greece, which once had an extremely close relationship with China.[132] However, according to the same Pew Research study, in the countries surveyed, "a median of 48% identify China as the world's leading economic power." In this category, China is the clear winner, coming ahead of runner-up the United States by 13 percentage points. Third and fourth place, Japan and the EU, did not break double digits.[133]

---

[129]"Overview," World Bank, accessed November 6, 2022, https://www.worldbank.org/en/country/china/overview.
[130] Philippe Le Corre, 6-7.
[131]Shannon Greenwood, "Unfavorable Views of China Reach Historic Highs in Many Countries," Pew Research Center's Global Attitudes Project (Pew Research Center, May 10, 2021), https://www.pewresearch.org/global/2020/10/06/unfavorable-views-of-china-reach-historic-highs-in-many-countries/.
[132]Erik Brattberg et al., "China's Influence in Southeastern, Central, and Eastern Europe: Vulnerabilities and Resilience in Four Countries," Carnegie Endowment for International Peace, October 13, 2021,
[133] Shannon Greenwood, "Unfavorable Views of China Reach Historic Highs in Many Countries," Pew Research Center's Global Attitudes Project (Pew Research Center, May 10, 2021),

This data is revealing. Negative opinions towards China are growing in conjunction with positive opinions towards the Chinese economy. China has no intention of begging for a place in the world order. China wants to be seen as an equal, if not as a formidable adversary, worthy of its economic prowess. As one scholar stated, "rather than trying to win hearts and minds more widely, China's soft power efforts are mostly directed at certain key influential elites in business, politics, academia, or NGOs." [134]

The United States itself sees China as an economic and geopolitical threat. According to the Carnegie Endowment, "Beijing believes the United States… is building an anti-China coalition." [135] This further demonstrates China's successful use of BRI (as well as FDI and international aid as a whole) to establish itself as a leading economic and political power.

https://www.pewresearch.org/global/2020/10/06/unfavorable-views-of-china-reach-historic-highs-in-many-countries/.

[134] Erik Brattberg et al., 6.

[135] Erik Brattberg et al., 8.

Conclusion:

In summary, the 2008 financial crisis forced European countries to accept Chinese FDI in order to economically recover. Now that these countries have recovered, they can be more selective with which countries they allow to invest. Portugal is more and more choosing to align itself with Chinese interests through its formal entrance into the BRI. Inversely, Germany is moving away from partnership with China. This being said, both countries' economies already have deep ties to China's through pre-existing FDI.

Chinese FDI in Europe is economically beneficial for China as it gives market access, access to skilled labor, and access to technology and know-how. It is also politically motivated as it improves China's international reputation. FDI is an important geopolitical tool for China. However, China wants to be seen as an important geopolitical player. As a result of this, it does not necessarily need a positive approval rating. From the perspective of China, respect does not require approval.

However, there are some limitations to this research. First and foremost, this is still a relatively new area of research. China has only begun to significantly engage in outward FDI in the last 20 years. Public opinion and perception takes a long time to change, so results may be different in 20 years from now. Furthermore, this is not an experiment and relies on existing data. Due to the secretive nature of the Chinese central government, it is sometimes difficult to find consistent and reliable data.Further research should be conducted on the direct economic and social impact of Chinese FDI in Europe on China, as it is difficult to separate the impact of all FDI and European FDI.

Bibliography

Ayanwale, Adeolu B. "FDI and economic growth: Evidence from Nigeria." (2007).

Azman-Saini, W.N.W., Siong Hook Law, and Abd Halim Ahmad. “FDI and Economic Grwth: New Evidence in the Role of Financial Markets.” *Economic Letters* 107, no. 2 (2010): 211-213.

Ashraf, Junaid. "String of Pearls and China’s emerging strategic culture." *Strategic Studies* 37, no. 4 (2017): 166-181.

Abi-habib, Maria. “How China Got Sri Lanka to Cough up a Port.” The New York Times. The New York Times, June 25, 2018. https://www.nytimes.com/2018/06/25/world/asia/china-sri-lanka-port.html.

Ayres, Alyssa. “India Objects to China's Belt and Road Initiative-and It Has a Point.” Council on Foreign Relations. Council on Foreign Relations, May 17, 2017. https://www.cfr.org/blog/india-objects-chinas-belt-and-road-initiative-and-it-has-point.

Bank Group. “China Overview.” World Bank, October 12, 2021. https://www.worldbank.org/en/country/china/overview#1.

Barkin, Noah. “Germany's Strategic Gray Zone with China.” Carnegie Endowment for International Peace. Carnegie Endowment for International Peace, March 25, 2020. https://carnegieendowment.org/2020/03/25/germany-s-strategic-gray-zone-with-china-pub-81360.

Blomkvist, Katarina, and Rian Drogendijk. "Chinese outward foreign direct investments in Europe." *European Journal of International Management* 10, no. 3 (2016): 343-358.

Brattberg, Erik, Philippe Le Corre, Paul Stronski, and Thomas de Waal. “China's Influence in Southeastern, Central, and Eastern Europe: Vulnerabilities and Resilience in Four Countries.” Carnegie Endowment for International Peace, October 13, 2021. https://carnegieendowment.org/2021/10/13/china-s-influence-in-southeastern-central-and-eastern-europe-vulnerabilities-and-resilience-in-four-countries-pub-85415.

Bräutigam, Deborah, and Tang Xiaoyang. “Economic Statecraft in China’s New Overseas Special Economic Zones: Soft Power, Business or Resource Security?” *International Affairs (Royal Institute of International Affairs 1944-)* 88, no. 4 (2012): 799–816. http://www.jstor.org/stable/23255619.

Bruce, Chris. “Lotus Officially Becomes Part of Geely.” Motor1.com. Motor1.com, September 29, 2017. https://www.motor1.com/news/182047/geely-official-takeover-lotus/.

Buchholz, Katharina, and Felix Richter. “Infographic: Huawei Continues Steep Global Rise.” Statista Infographics, April 19, 2021. https://www.statista.com/chart/16827/huawei-revenue-and-smartphone-market-share/.

Bugge, Axel. “China Three Gorges Buys EDP Stake for 2.7 Billion Euros.” Reuters. Thomson Reuters, December 23, 2011. https://www.reuters.com/article/us-edp-threegorges/china-three-gorges-buys-edp-stake-for-2-7-billion-euros-idUSTRE7BM04V20111223.

Camesasca, Peter. “Foreign Direct Investment - German Government Prohibits Acquisition by a Chinese Buyer.” Covington Competition, July 6, 2021.

https://www.covcompetition.com/2020/12/foreign-direct-investment-german-government-prohibits-acquisition-by-a-chinese-buyer/.

"Cisco Reports Fourth Quarter and Fiscal Year 2019 Earnings." Cisco. Accessed February 6, 2022. https://investor.cisco.com/news/news-details/2019/Cisco-Reports-Fourth-Quarter-And-Fiscal-Year-2019-Earnings/default.aspx.

"Cisco Systems Reports Fourth Quarter and Fiscal Year 2006 Earnings." Cisco Systems, August 9, 2006. https://newsroom.cisco.com/c/r/newsroom/en/us/a/y2006/m08/cisco-systems-reports-fourth-quarter-and-fiscal-year-2006-earnings.html.

Clover, Charles, Patrick McGee, and Peter Campbell. "Is Chinese State behind Geely's Daimler Swoop?" Subscribe to read | Financial Times. Financial Times, February 28, 2018. https://www.ft.com/content/a9fcd724-1bbc-11e8-aaca-4574d7dabfb6.

Congressional Research Service, and Michael F. Martin, Hong Kong: Ten Years after the handover § (2007).

Davis, Christina L., Andreas Fuchs, and Kristina Johnson. "State control and the effects of foreign relations on bilateral trade." *Journal of Conflict Resolution* 63, no. 2 (2019): 405-438.

deLisle, Jacques, and Avery Goldstein. "INTRODUCTION China's Economic Reform and Opening at Forty." Essay. In *To Get Rich Is Glorious: Challenges Facing China's*

Economic Reform and Opening at Forty, 1–26. Washington, D.C.: Brookings Institution Press, 2019.

Deutsche Welle. “Berlin Approves Kuka Sale to Midea: DW: 17.08.2016.” DW.COM, August 17, 2016. https://www.dw.com/en/berlin-approves-kuka-sale-to-midea/a-19479483.

Deutsche Welle. “Berlin Beats Chinese Firm to Buy Stake in 50hertz Power Company: DW: 27.07.2018.” DW.COM, July 27, 2018. https://www.dw.com/en/berlin-beats-chinese-firm-to-buy-stake-in-50hertz-power-company/a-44848676.

Deutsche Welle. “German Robot Maker Kuka's CEO to Be Replaced by Chinese Owners: DW: 24.11.2018.” DW.COM. Accessed May 1, 2022. https://www.dw.com/en/german-robot-maker-kukas-ceo-to-be-replaced-by-chinese-owners/a-46440242.

Fong, Ware, and Nazmus Sakib. "A “Good” Country without Democracy: Can China's Outward FDI buy a Positive State Image Overseas?." *Politics & Policy* 49, no. 5 (2021): 1146-1191.

“Foreign Direct Investment, Net Outflows (% of GDP).” Data. Accessed February 6, 2022. https://data.worldbank.org/indicator/BM.KLT.DINV.WD.GD.ZS.

“GDP (Current US$).” Data. Accessed November 6, 2022. https://data.worldbank.org/indicator/NY.GDP.MKTP.CD.

"GDP per Capita (Current US$) - China." Data. Accessed March 6, 2022. https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=CN.

"Geely History." Zhejiang Geely Holding Group. Zhejiang Geely Holding Group. Accessed October 13, 2022. http://zgh.com/geely-history/?lang=en.

Gelpern, Anna and Sebastian Horn, Scorr Morris, Brad Parks, and Christoph Trebesch. "How China Lends: a Rare Look into 100 Debt Contracts with Foreign Governments" (July 2021). CEPR Discussion Paper No. DP16331, Available at SSRN: https://ssrn.com/abstract=3886817

"Global Indicators Database." Pew Research Center, Washington, D.C. (March 2022) https://www.pewresearch.org/global/database/indicator/24/country/DE.

Greenwood, Shannon. "Unfavorable Views of China Reach Historic Highs in Many Countries." Pew Research Center's Global Attitudes Project. Pew Research Center, May 10, 2021. https://www.pewresearch.org/global/2020/10/06/unfavorable-views-of-china-reach-historic-highs-in-many-countries/.

Griffith, Breda. "Middle-Income Trap: Frontiers in Development Policy." Stand Alone Books. Accessed November 6, 2022. https://elibrary.worldbank.org/doi/10.1596/9780821387856_CH04.

Gruley, Bryan, and Jamie Butters. "Volvo Is Better than Ever Thanks to This Chinese Billionaire." Bloomberg.com. Bloomberg, May 24, 2018. https://www.bloomberg.com/news/features/2018-05-24/volvo-is-better-than-ever-thanks-t o-this-chinese-billionaire#:~:text=Ford%20paid%20%246.5%20billion%20for,the%20fancy%20brands%2C%20including%20Volvo.

Goncalves, Sergio. "EDP Shareholders Vote Scuppers Chinese Takeover Bid, Partnership to Go On." Reuters. Thomson Reuters, April 24, 2019. https://www.reuters.com/article/us-edp-m-a-china-elliott/edp-shareholders-vote-scuppers-chinese-takeover-bid-partnership-to-go-on-idUSKCN1S02CS.

Hanemann, Thilo, and Mikko Huotari. "Chinese FDI in Europe and Germany: Preparing for a new era of Chinese capital." *Mercator Institute for China Studies and Rhodium Group* (2015).

Hansen, Henrik and John Rand. "On the Causal Links between FDI and Growth in Developing Countries." *World Economy* 29, no.1 (2006): 21-41.

Hansen, Holger, and Michael Nienaber. "With Eye on China, Germany Tightens Foreign Investment Rules." Reuters. Thomson Reuters, December 19, 2018. https://www.reuters.com/article/us-germany-security-m-a/with-eye-on-china-germany-tightens-foreign-investment-rules-idUSKBN1OI0UP.

He, Laura. "China Is Sending Government Officials into Companies like Alibaba and Geely | CNN Business." CNN. Cable News Network, September 24, 2019. https://www.cnn.com/2019/09/24/business/china-government-officials-companies.

Horch, Dan. "Brazilian Airline Azul Sells Stake to HNA Group of China." The New York Times. The New York Times, November 24, 2015.

https://www.nytimes.com/2015/11/25/business/dealbook/brazilian-airline-azul-sells-stake-to-hna-group-of-china.html.

"Huawei - Building a Fully Connected, Intelligent World." Huawei. Accessed March 7, 2022. https://www.huawei.com/ucmf/groups/public/documents/annual_report/092583.pdf.

"Huawei in Europe." huawei, April 21, 2020. https://www.huawei.com/ch-en/corporate-information/huawei-europe.

Hurley, John, Scott Morris, and Gailyn Portelance. "Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective." *Journal of Infrastructure, Policy and Development* 3, no. 1 (2019): 139–75. https://doi.org/10.24294/jipd.v3i1.1123.

"Investing in Africa Forum Special Economic Zones - World Bank." Accessed April 4, 2022. https://www.worldbank.org/content/dam/Worldbank/Event/Africa/Investing%20in%20Africa%20Forum/2015/investing-in-africa-forum-special-economic-zones.pdf.

Kratz, Agatha, Max J. Zenglein, and Gregor Sebastian. "Chinese FDI in Europe 2020 Update - Rhg.com." MERICS REPORT. Rhodium Group, June 2021. https://rhg.com/wp-content/uploads/2021/06/MERICSRhodium-GroupCOFDIUpdate2021.pdf.

Kratz, Agatha, Mikko Huotari, Thilo Hanemann, and Rebecca Arcesati. "Chinese FDI in Europe: 2019 update." *A report by Rhodium Group (RHG) and the Mercator Institute for China Studies (MERICS)* (2020).

Le Corre, Philippe. “China's Rise as a Geoeconomic Influencer: Four European Case Studies.” Carnegie Endowment for International Peace, October 15, 2018. https://carnegieendowment.org/2018/10/15/china-s-rise-as-geoeconomic-influencer-four-european-case-studies-pub-77462.

Li, Linyue, Thomas D. Willett, and Nan Zhang. “The Effects of the Global Financial Crisis on China's Financial Market and Macroeconomy.” *Economics Research International* 2012 (2012): 1–6. https://doi.org/10.1155/2012/961694.

Liu, Zhen. “Portugal Signs Agreement with China on Belt and Road Initiative.” South China Morning Post, December 6, 2018. https://www.scmp.com/news/china/diplomacy/article/2176560/portugal-wavers-xi-jinping-presses-europe-belt-and-road.

Livingston, Scott. “The Chinese Communist Party Targets the Private Sector.” The Chinese Communist Party Targets the Private Sector | Center for Strategic and International Studies, October 8, 2020. https://www.csis.org/analysis/chinese-communist-party-targets-private-sector.

Lo, Fei Pou. “Portugal's Place in China's Belt and Road Initiative.” macaomagazine.net, January 1, 2019. https://macaomagazine.net/portugals-place-in-chinas-belt-and-road-initiative/.

López, Gabriela Correa. "La inversión extranjera directa: China como competidor y socio estratégico." *Nueva Sociedad* 203 (2006): 114-127.

Luo, Yadong, Qiuzhi Xue, and Binjie Han. "How emerging market governments promote outward FDI: Experience from China." *Journal of world business* 45, no. 1 (2010): 68-79.

Meyer, Klaus. 2015. "What is "Strategic Asset Seeking FDI"?" *Multinational Business Review* 23 (1): 57-66. doi:http://dx.doi.org/10.1108/MBR-02-2015-0007.

McCarthy, Niall. “How China's Economic Boom Eclipsed Hong Kong [Infographic].” Forbes. Forbes Magazine, January 8, 2021. https://www.forbes.com/sites/niallmccarthy/2019/08/30/how-chinas-economic-boom-eclipsed-hong-kong-infographic/?sh=3efc1ffb4749.

n/a. “S&P Creditnotice: To Assess Portugal Downgrade Impact on Ren/EDP.” Reuters. Thomson Reuters, March 24, 2011. https://www.reuters.com/article/markets-ratings-portugal-ren-edp/sp-creditnotice-to-assess-portugal-downgrade-impact-on-ren-edp-idINWNA452920110324.

Nachum, Lilach, and Srilata Zaheer. “The Persistence of Distance? the Impact of Technology on MNE Motivations for Foreign Investment.” *Strategic Management Journal* 26, no. 8 (June 7, 2005): 747–67. https://doi.org/10.1002/smj.472.

Naughton, Barry. “The Impact of the Tiananmen Crisis on China's Economic Transition.” *China Perspectives* 2009, no. 2 (2009): 63–78. https://doi.org/10.4000/chinaperspectives.4807.

“Overview.” World Bank. Accessed November 6, 2022. https://www.worldbank.org/en/country/china/overview.

Oyeranti, Gboyega Alabi, Musibau Adetunji Babatunde, and E. Olawale Ogunkola. "An analysis of China‐Nigeria investment relations." *Journal of Chinese Economic and Foreign Trade Studies* 4, no. 3 (2011): 183-199.

paj.staff. “Travel: China to Acquire 20% of National Flag Carrier TAP - Portugal.” Portuguese American Journal, June 5, 2016. https://portuguese-american-journal.com/travel-china-to-acquire-20-of-national-flag-carrier-tap-portugal/.

Paus, Eva. “Escaping the Middle-Income Trap: Innovate or Perish.” Asian Development Bank. Asian Development Bank, July 22, 2020. https://www.adb.org/publications/escaping-middle-income-trap-innovate-or-perish#:~:text=The%20middle%2Dincome%20trap%20captures,productivity%20is%20relatively%20too%20low.

Ponticelli, Jacopo. “China Weathered the Global Recession with an Aggressive Stimulus Package. but Did It Prop up the Wrong Firms?” Kellogg Insight, August 15, 2019. https://insight.kellogg.northwestern.edu/article/china-credit-expansion-unintended-consequences.

Reis, Ricardo. “The Portuguese Slump and Crash and the Euro Crisis.” Brookings. Brookings, September 13, 2016. https://www.brookings.edu/bpea-articles/the-portuguese-slump-and-crash-and-the-euro-crisis/.

Reuters. “China's Zhejiang Geely Buys 7.6% Stake in Aston Martin.” Reuters. Thomson Reuters, October 3, 2022. https://www.reuters.com/business/autos-transportation/chinas-geely-takes-76-stake-aston-martin-2022-09-30/.

Reuters Staff. “Factbox: Chinese Investments in Portugal.” Reuters. Thomson Reuters, May 14, 2018. https://www.reuters.com/article/us-edp-m-a-china-investment-factbox/factbox-chinese-investments-in-portugal-idUSKCN1IF24M.

Roberts, Dexter Tiff. “Xi Jinping's Politics in Command Economy.” Atlantic Council, July 29, 2021. https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/issue-brief-xi-jinpings-politics-in-command-economy/.

Schuman, Michael. “The Undoing of China's Economic Miracle.” The Atlantic. Atlantic Media Company, January 11, 2021. https://www.theatlantic.com/international/archive/2021/01/xi-jinping-china-economy-jack-ma/617552/.

Shapiro, Daniel M., Carlos Vecino, and Jing Li. "Exploring China’s state-led FDI model: Evidence from the extractive sectors in Latin America." *Asia Pacific Journal of Management* 35, no. 1 (2018): 11-37.

Sharma, Shalendra and Xiangge Lin. “Does China engage in debt-trap diplomacy?” Hong Kong : Lingnan University, 2021. (IPS Working Paper Series; 1).

"Sovereign Debt Crisis." Encyclopædia Britannica. Encyclopædia Britannica, inc. Accessed April 25, 2022. https://www.britannica.com/place/Portugal/Sovereign-debt-crisis.

Tseng, Wanda S., and Harm H. Zebregs. *Foreign Direct Investment in China: Some Lessons for Other Countries*. IMF, 2002.

UNCTAD, and James X Zhan, World investment report 2021 § (2021). https://unctad.org/system/files/official-document/wir2021_en.pdf.

"Urban Population (% of Total Population) - China." Data. Accessed March 6, 2022. https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=CN.

Van der Putten, Frans-Paul. *Chinese investment in the port of Piraeus, Greece: The relevance for the EU and the Netherlands*. Clingendael Institute, 2014.

Vaswani, Karishma. "Why Asia Turned to China during the Global Financial Crisis." BBC News. BBC, September 12, 2018. https://www.bbc.com/news/business-45493147.

Wilkes, William. "Chinese Takeover of Aixtron Collapses after U.S. Ban." The Wall Street Journal. Dow Jones & Company, December 9, 2016. https://www.wsj.com/articles/chinese-takeover-of-aixtron-collapses-after-u-s-ban-1481203244.

Wilkinson, Hope. "Explainer: B3w vs Bri in Latin America." AS/COA, December 14, 2021. https://www.as-coa.org/articles/explainer-b3w-vs-bri-latin-america#:~:text=Like%20the%20historic%20trade%20route,memorandum%20of%20understanding%20with%20Panama.

Wong, Kandy. “China-Germany Investment Enters New Era of Uncertainty Post-Merkel.” South China Morning Post, March 3, 2022. https://www.scmp.com/economy/article/3169081/china-germany-investment-faces-challenges-rivalry-grows-post-merkel-era.

Wu, J.R. “China Overtakes Germany in GDP, Becomes Third-Largest Economy.” The Wall Street Journal. Dow Jones & Company, January 15, 2009. https://www.wsj.com/articles/SB123191305128380731.

Xi, Jinping. “Connectivity Spearheads Development and Partnership Enables Cooperation.” Transcript of speech delivered at Dialogue on Strengthening Connectivity Partnership, Beijing, China, November 8, 2014. https://www.fmprc.gov.cn/ce/ceindo/eng/jrzg/t1211795.htm

Xu , Feihon. “Speech at the Arrival Reception---By H.E. Ambassador Mr. Xu Feihon.” Ambasadorul Chinei în România. Accessed November 6, 2022. http://ro.china-embassy.gov.cn/rom/sgzcnew/sghdnew/.

Yakob, Ramsin, H. Richard Nakamura, and Patrik Ström. "Chinese foreign acquisitions aimed for strategic asset-creation and innovation upgrading: The case of Geely and Volvo Cars." *Technovation* 70 (2018): 59-72.

Yan, Fang, and Alison Leung. “China's Geely Completes Volvo Buy.” Reuters. Thomson Reuters, August 2, 2010. https://www.reuters.com/article/us-geely/chinas-geely-completes-volvo-buy-idUSTRE66S1TC20100802.

Yelery, Aravind. "China’s ‘Going Out’Policy: Sub-National Economic Trajectories." *ICS Analysis* 24 (2014): 2-6.

Zhuang, Juzhong, Paul Vandenberg, and Yiping Huang. *Growing beyond the low-cost advantage: How the People's Republic of China can avoid the middle-income trap*. Asian Development Bank, 2012.

“改革开放:读懂中国四十年变迁的五大问题.” BBC News 中文. BBC, December 12, 2018. https://www.bbc.com/zhongwen/simp/chinese-news-46490360.

李 萌. “习近平出席第三次‘一带一路‘建设座谈会并发表重要讲话.” 习近平出席第三次"一带一路"建设座谈会并发表重要讲话_滚动新闻_中国政府网, November 19, 2021. http://www.gov.cn/xinwen/2021-11/19/content_5652067.htm.