

Dreger, Christian; Wittenberg, Erich

## Article

# "China's investment strategy is different for Western and Eastern Europe": Five questions for Christian Dreger

DIW Economic Bulletin

## Provided in Cooperation with:

German Institute for Economic Research (DIW Berlin)

*Suggested Citation:* Dreger, Christian; Wittenberg, Erich (2017) : "China's investment strategy is different for Western and Eastern Europe": Five questions for Christian Dreger, DIW Economic Bulletin, ISSN 2192-7219, Deutsches Institut für Wirtschaftsforschung (DIW), Berlin, Vol. 7, Iss. 14/15, pp. 161-

This Version is available at:

<https://hdl.handle.net/10419/157344>

### Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

### Terms of use:

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*



Prof. Dr. Christian Dreger, Research Director of International Economics at DIW Berlin

#### FIVE QUESTIONS FOR CHRISTIAN DREGER

## »China's investment strategy is different for Western and Eastern Europe«

1. Mr. Dreger, how high is China's OFDI, and how has it been developing over the past few years? Chinese global FDI amounts to 150 billion US dollars—and it is on the rise. The flows have grown substantially since the financial crisis. China is now the second largest investor in the global economy. More than 40 percent of China's FDI in developed countries flows into Europe, and the bulk of that goes to Germany.
2. What is the China's strategy for investing in Europe? The Chinese government is pursuing a country-specific strategy. It appears that they are focused primarily on creating new businesses in Central and Eastern Europe. In addition, there is a massive expansion of infrastructure within the framework of the New Silk Road Initiative. In Western Europe, the key motive is to get access to key technologies. Chinese firms are interested in investing in "hidden champions"—that is, world leaders in their respective market segments.
3. To what extent are European countries dependent on Chinese capital? Large benefits can be observed in euro area countries that have to consolidate public finances through privatization of former state-owned activities. Moreover, the investment activities can stimulate the weak investment in the euro area. Europe has been suffering from low investment for many years—even before the financial crisis—and the new capital from China can help to alleviate this problem.
4. Chinese investors are seeking access to key technologies—especially through their investment activities in Germany. Is Germany at risk of losing its tech advantage? That is always a risk when foreign companies are acquiring domestic businesses or buying shares. There is a risk of technology transfer, which means that China can exploit the more advanced technologies without having to develop them on their own. This is problematic for the high-tech countries in Western Europe. How much we can protect our advanced technology on the open international market is a general issue that extends beyond the recent Chinese takeovers—and such protection measures often do not work. Instead, Europe should focus more on promoting innovation and entrepreneurship in order to reach a higher path of long-term growth. In short, it's less about defending past achievements and more about taking steps to improve the foundations for future growth.
5. Chinese investors are able to access the EU market quite easily, but European investors in China are confronted with numerous restrictions. Should Europe insist on having these laws changed? It would be helpful if we entered into an investment agreement with China. It would replace the current individual country-specific agreements with an EU-wide agreement. Among other things, it should aim at facilitating market access to China. Many of the current restrictions could be relaxed, such as the obligation to establish joint ventures. There are also other restrictions in place that could be removed, and it is important to find an agreement that benefits both sides. For EU investment in China, it's not about a technology transfer: market access is the focus here, since China is already a pillar of growth for the global economy.

Interview by Erich Wittenberg



DIW Berlin – Deutsches Institut  
für Wirtschaftsforschung e.V.  
Mohrenstraße 58, 10117 Berlin  
T +49 30 897 89 -0  
F +49 30 897 89 -200

#### Publishers

Prof. Dr. Tomaso Duso  
Dr. Ferdinand Fichtner  
Prof. Marcel Fratzscher, Ph.D.  
Prof. Dr. Peter Haan  
Prof. Dr. Claudia Kemfert  
Dr. Kati Krähnert  
Prof. Dr. Lukas Menkhoff  
Prof. Karsten Neuhoff, Ph.D.  
Prof. Dr. Jürgen Schupp  
Prof. Dr. C. Katharina Spieß  
Prof. Dr. Gert G. Wagner

#### Reviewer

Prof. Dr. Lukas Menkhoff

#### Editors in chief

Dr. Critje Hartmann  
Dr. Wolf-Peter Schill

#### Editorial staff

Renate Bogdanovic  
Dr. Franziska Bremus  
Prof. Dr. Christian Dreger  
Sebastian Kollmann  
Ilka Müller  
Mathilde Richter  
Miranda Siegel  
Dr. Alexander Zerrahn

#### Layout and Composition

eScriptum GmbH & Co KG, Berlin

#### Sale and distribution

DIW Berlin  
ISSN 2192-7219

Reprint and further distribution—including excerpts—with complete reference and consignment of a specimen copy to DIW Berlin's Communications Department (kundenservice@diw.berlin) only.  
Printed on 100% recycled paper.