

On September 26<sup>th</sup> 2013, the European Union Chamber of Commerce in China (EUCCC) hosted the second **China's Investment in Europe Conference** in Beijing. Over 100 representatives from companies with investment interests in Europe were present as well as senior representatives from the European Union, European Member States and Chinese government.

This event was specifically sponsored by TAC and Sandrine Lunven, quantitative economist, participated among a panel discussion on “Analysing Chinese investment in Europe”.

More information on: <http://www.eurochamber.com.cn/en/upcoming-events/5946>



# China's Investment in Europe Opportunities & Challenges

**EUCCC Conference**

Beijing, 26 September 2013

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# Outline

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- COFM: a new tool for monitoring FDIs into and out of China
- Global trends in Chinese ODI
- Focus on EU
- Conclusion



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# ChinaObs fdiMonitor (COFM)

## A proprietary tool for monitoring FDIs in China

- EC-funded project 'EU-China Economic Observatory' including the setting-up of data based on a bottom-up approach by cross-border operation
  - M&A from ThomsonOne (Thomson Reuters)
  - Greenfield investments from TAC & fDi Markets (Financial Times)
  - Updated on a quarterly basis
- Allowing a continuum from individual deals up to industry and macro figures
- A public version of the website soon...



### A platform dedicated to China FDI flows

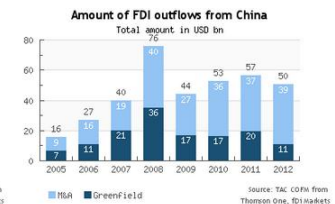
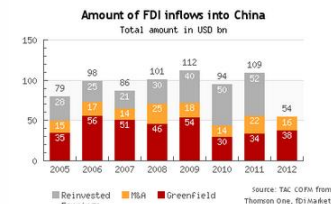
ChinaObs fdiMonitor (COFM) is a website created by TAC under the EU China Economic Observatory project (ChinaObs), a project funded by the European Commission (DG Trade since 2010).

In the course of this exercise, it was felt that the European Commission needed a more detailed and timely database for China investment flows. For inflows into China, questions on EU investment, the comparison with other investing nations, the issues of potential preferences or restrictions have popped up regularly and indeed require close monitoring. Regarding outflows, the sheer increase in China's 'outreach', whether for securing access to resources or acquiring technology or brands abroad also point to the need to have a careful monitoring of such outflows.

COFM therefore provides aggregated information on FDI (in- and out-flows). The website is based on information provided by the best institutions able to record such information at a detailed level of individual operations the inflows and outflows of FDI into and out of China: ThomsonReuters for information on mergers and acquisitions, fDi Markets (Group Financial Times) for information on Greenfield Investments, the press and news feeds from authoritative sources to keep a pulse on new transactions.

Both these different sets of information are combined under a common platform with a common classification and verification process. Data treatment is then applied to provide easy-to-read operational information to users.

For further questions and comments, please contact us at [info@chinaobs.eu](mailto:info@chinaobs.eu)

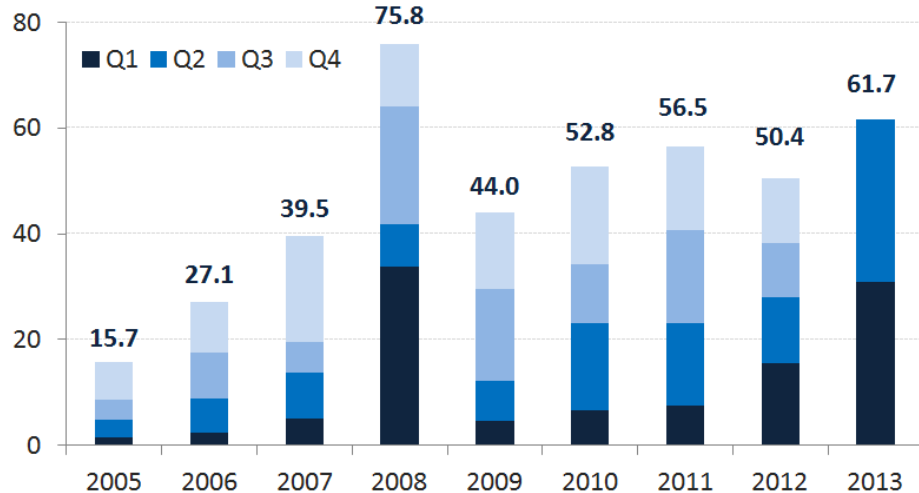


# Global trends for China ODI

## Strong positive trends of ODI

**Amount of FDI outflows from China**

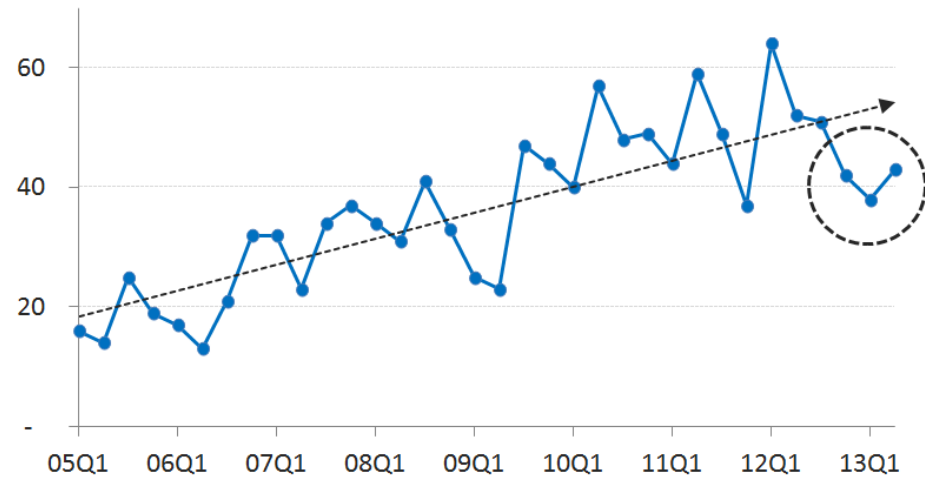
Total amount in USD bn



Source: TAC COFM

**Number of FDI outflows from China**

Number of M&A operations



Source: TAC COFM



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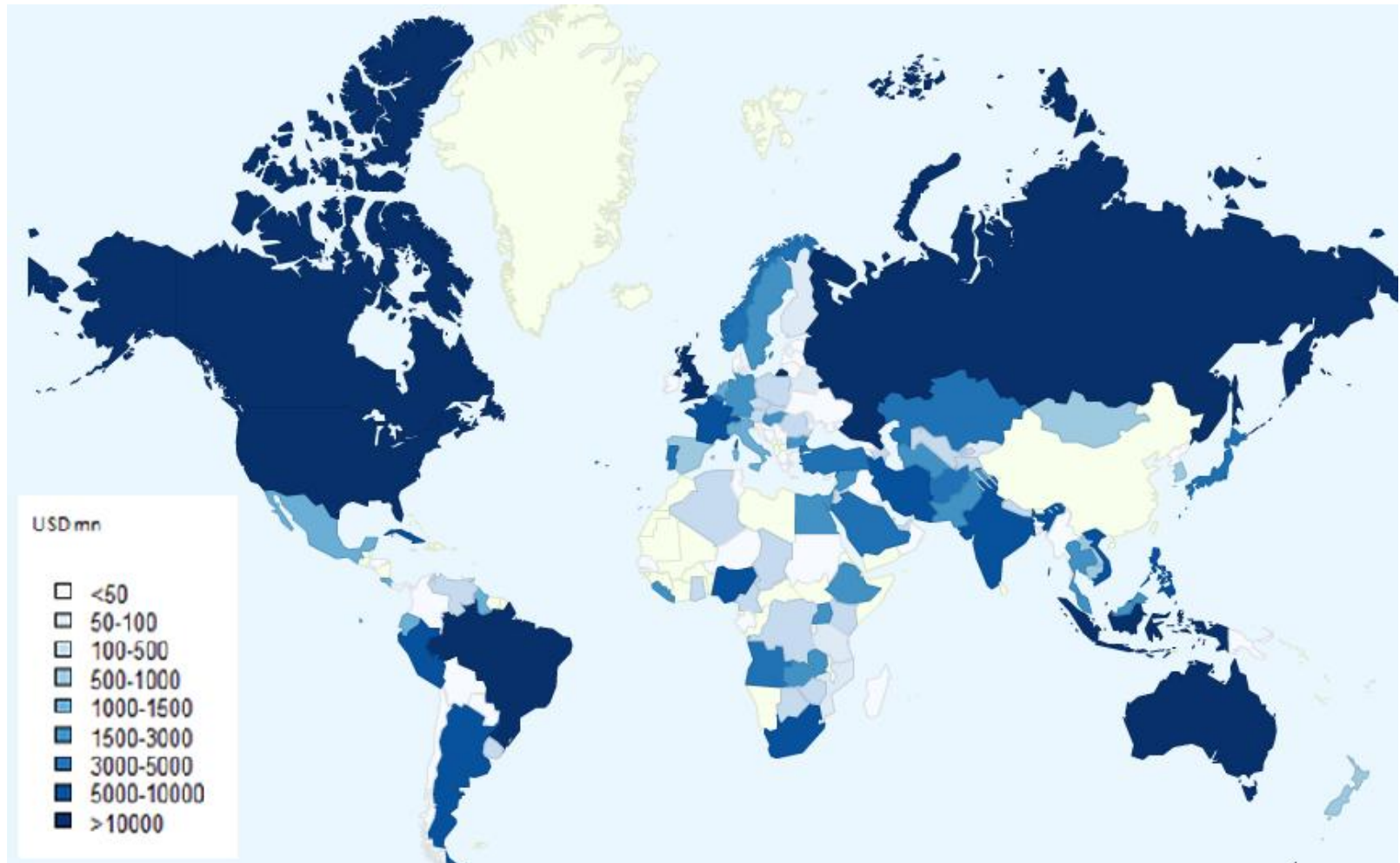
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# Global trends for China FDI

## Diversified ODI – Track for good opportunities

### Destination of Outflows FDI over 2005-2013H1



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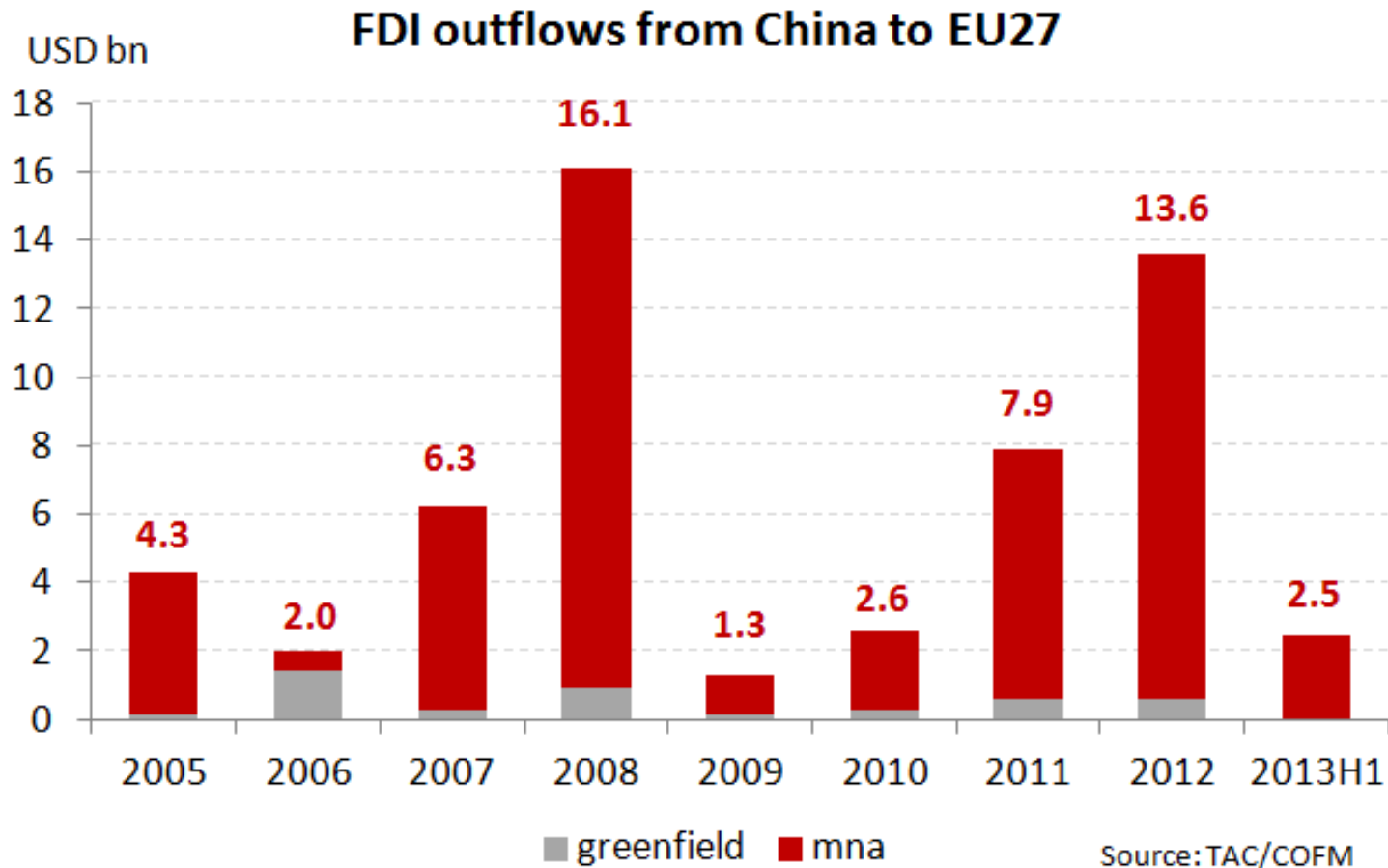
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Source: TAC/COFM

# Major trends for China FDI in EU27

One of the main destination but irregularity in ODI



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# Major trends for EU27-China FDIs

## Objectives of Chinese investors in EU27

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### Highly differentiated motivations with direct implications on localization and industry targets:

- **SMEs:** Search for new business opportunities in low tech manufacturing; preference for “new” EU members with lower labour cost and full market access
- **New “China’s Champions”:** Improving their market position abroad, diversifying their activity, acquire new technologies; looking for rapid expansion of market share and know-how
- **SOEs:** Complex relation between corporate versus national / strategic interests; invest in knowledge-intensive economy (move up in the supply chain) and also in utility sectors. Often target “sensitive” sectors



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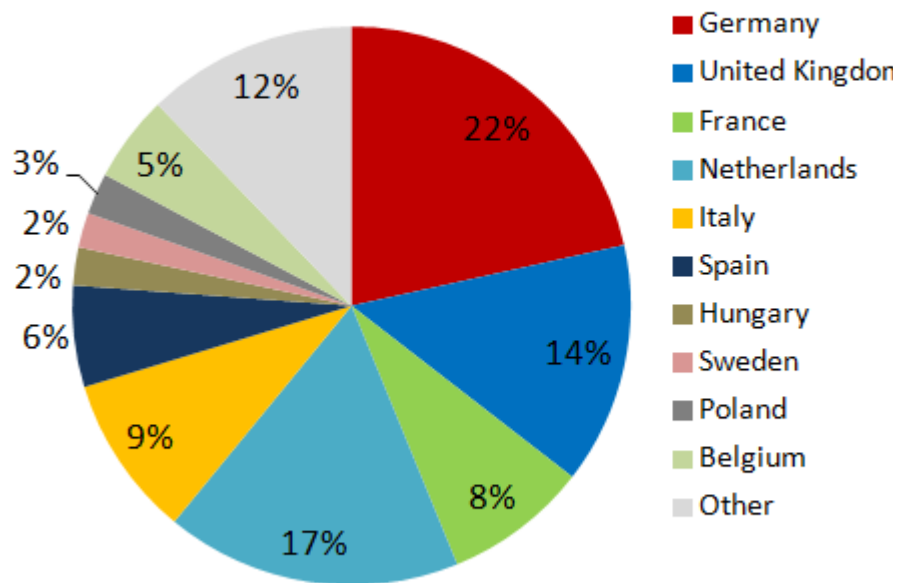


# Major trends for EU27-China FDIs

## Motivations of Chinese FDI in EU27

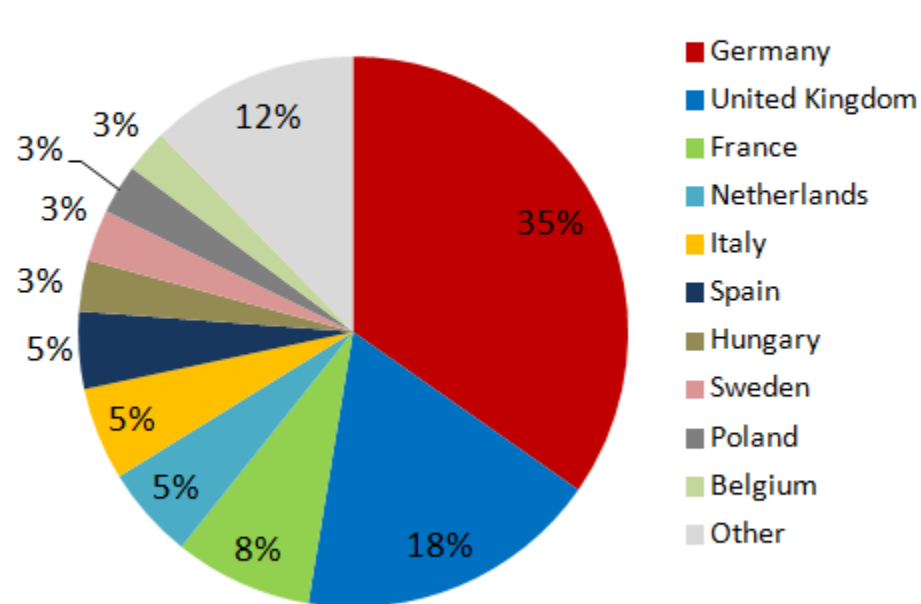
### #1 Proximity to markets or customers

EU27 imports from China



Source: TAC, Eurostat

China ODI into EU27  
Number of deals in 2005-2013Q2



Source: TAC/COFM



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# Major trends for EU27-China FDIs

## Motivations of Chinese FDI in EU27

### #2 Infrastructure and logistics

#### 3 M&A in 2013 from COFM database

	Date	Sector	Investor	To	Target	Amount (USD mn)
1	June, 13	Auto/Transport	China Merchants Hldgs	France	Terminal Link SA	539
2	June, 13	Energy	CITIC CWEI Renewables SCA	Portugal	EDP Renovaveis Portugal SA	479
3	Jan, 13	Construction	Gingko Tree Investment Ltd	UK	UPP Group Holdings Ltd	820



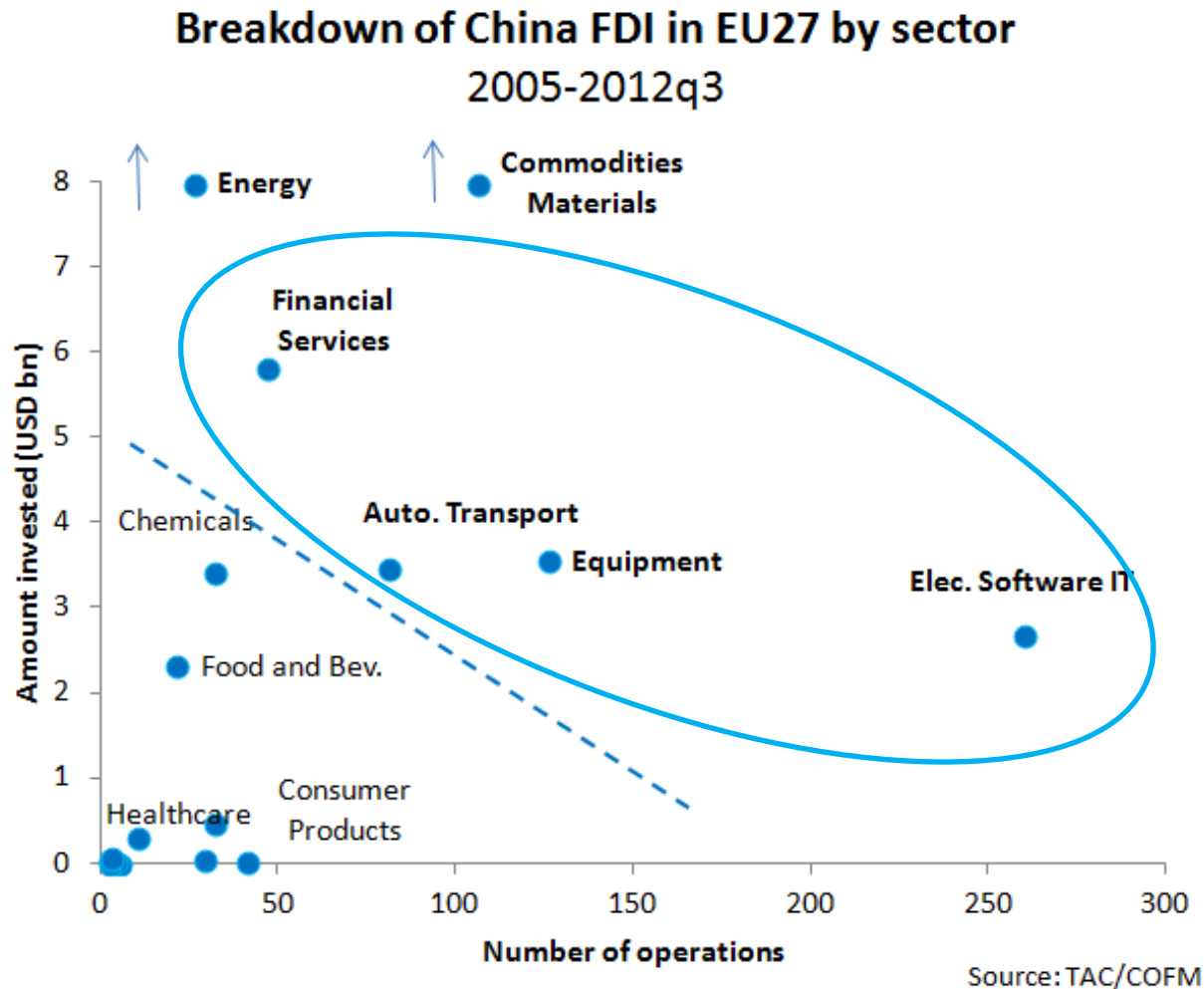
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# Major trends for China FDI in EU27

## Strategies of China FDI in EU27 by sector



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# Conclusion

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- **Differences in FDI statistics related to diverging concepts (reinvestment of earnings etc.) , but similar trends (MOFCOM, SAFE/BOPS).**
- **Chinese investments abroad overtook inflows into China in 2013H1**
  - With big deals in the energy sectors but largest number of deals in developed countries
- **In 2013H1, strong amount invested by China in the world but sharp fall in the number of deals:**
  - Potential increasing difficulties for smaller firms due to global uncertainties and financial difficulties in the corporate sector
- **Historical irregularity in Chinese outward investments in EU27 and decline in 2013H1 (no major deals operated)**
  - Concentrated in the energy, auto/transport and infrastructure sectors.



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# Thank you for your attention!

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