



Roundtable discussion

Chinese FDI in the European Union: the implications for European business and policy-making

Friday 29 March
10:00 – 12:30

BusinessEurope, Avenue de Cortenbergh 168, Brussels, Belgium

Rhodium Group (RHG) and the Mercator Institute for China Studies (MERICS) will visit BusinessEurope to present and discuss the release of their report '*Chinese FDI in the European Union: 2018 Trends and Impact of New Screening Policies*'. The report sheds light on how EU screening policies and practices might impact Chinese FDI flows into the European Union.

Their analysis shows that after a decade of increasing Chinese foreign direct investment (FDI) in the EU, peaking at EUR 37 billion in 2016, inbound investments sharply dropped in 2017 (29,1 billion) and 2018 (17,3 billion). Furthermore, around 95% of Chinese investment focuses on mergers and acquisitions, while the share of state-owned enterprise investment has averaged 50-60% over the past 5 years, falling to 41% of aggregate investment in 2018.

The report furthermore distinguishes Chinese FDI across sectors, countries, and time, and highlights how much of China's recent investment activity would be covered by one or more provisions of the newly agreed EU regulation on investment screening. Additionally, the report highlights the state of play in the different national investment screening mechanisms across the EU and the likely implications for future Chinese investment and European policy initiatives.

Besides a presentation of their report, we will invite a few experts for a lively discussion on the implications of Chinese FDI for European business and policy-making. Notwithstanding the non-discriminatory principles of the investment screening regulation, its provisions could apply to a substantial amount of Chinese investment. At the same time, not all European countries have a screening mechanism while several OECD countries, amongst which the United States, have more far-reaching screening mechanisms than the EU. This may divert investment and raises the question of whether the EU screening mechanism sufficiently protects European security and business interests while simultaneously safeguarding the European attractiveness to FDI and upholding the principles of a market economy.

This discussion will focus on **several questions that are relevant for business**, such as:

- What effects do Chinese investments have on the European economy and business community?
- What implications does the new framework for the screening of FDI have for European businesses seeking foreign investments?
- What are the best practices regarding national screening mechanisms that could be useful for the EU?



Programme

10:00-10:05 Introduction

- Luisa Santos, Director of International Relations, BusinessEurope

10:05–11:30 Presentations and Q&A

Presentation of the report by:

- Agatha Kratz, Associate Director Rhodium Group
- Mikko Huotari, Deputy Director, Mercator Institute for China Studies (MERICS)

Perspective on investment screening by:

- Karl van Kessel, Counsellor, Mission of Canada to the European Union
- Representative of the UK government (tbc)

11:30–11:40 Coffee break

11:40–12:30 Internal discussion

The internal discussion will focus on several questions that are relevant for business, such as:

- How could we address different national screening mechanisms and should EU member states strive to harmonize the screening mechanisms?
- What are the best practices regarding national screening mechanisms that could be useful for the EU?
- Should BusinessEurope advocate for all EU member states to adopt investment screening mechanisms?