

# China companies plan to step up Europe investment

January 31 2013, by Joe Mcdonald

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Chinese companies plan to step up investment this year in Europe, which some see as more welcoming than the United States, a European business group said Thursday.

The report by the European Union Chamber of Commerce in [China](#) comes as Europe courts Chinese investment in hopes of generating new jobs and shedding its economic malaise.

Chinese investment abroad rose to \$77 billion in the first 11 months of last year, up 26 percent from a year earlier, according to China's Commerce Ministry. In the United States, a handful of acquisitions have been blocked on security grounds, which investment consultants say has made Chinese companies more wary about investing there.

One in three Chinese companies surveyed see Europe as "more open" than the [United States](#), the EU Chamber said. It said Europe is seen as having "little history of opposition" to Chinese investment on security grounds.

Chinese companies are "quite happy" with the regulatory framework, said the chamber's president, Davide Cucino, at a news conference.

The exception, Cucino said, is Chinese companies in telecommunications and information technology, which complained about the difficulty of winning approval for investment in Europe.

Chinese leaders are encouraging companies to invest abroad to diversify the world's second-largest economy from reliance on exports and investment to drive growth.

Most governments welcome small but growing Chinese [investment](#). Most deals abroad go through with little trouble. But companies from China's state-dominated economy carry unusual political baggage that has stymied transactions in sensitive areas such as energy and telecommunications.

In Europe, companies have made a series of high-profile investments, including the 3.3 billion euro acquisition of Portuguese power utilities.

"This is part of a strategy to collect more technology, more R-and-D, to be more competitive in a global environment," said Cucino.

The EU Chamber survey was based on responses by 24 companies, all of which already have operations in Europe and two-thirds of which have at least 10,000 employees.

It included no financial details, reflecting the relative secretiveness of China's government and companies.

"The data available are murky," said Cucino.

U.S. officials stress that few investments are subject to security reviews but a handful of high-profile cases have prompted Chinese complaints.

In October, a congressional panel said two Chinese makers of telecom equipment, Huawei Technologies Inc. and ZTE Corp., are potential security threats that Americans should avoid doing business with. The companies denied they are a security risk.

The previous month, President Barack Obama blocked Chinese-owned Ralls Corp.'s plan to build four wind farms near a Navy base. Ralls has said it would never threaten U.S. security and has sued to overturn the ban.

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