This is an open source publication by LeidenAsiaCentre, December 2018.

LEIDENASIACENTRE

Assessing China's Influence in Europe through Investments in Technology and Infrastructure. Four Cases.

Matt Ferchen, Frank N. Pieke, Frans-Paul van der Putten,
Tianmu Hong and Jurriaan de Blécourt

LeidenAsiaCentre is an independent research centre affiliated with Leiden University and made possible by a grant from the Vaes Elias Fund. The centre focuses on academic research with direct application to society. All research projects are conducted in close cooperation with a wide variety of partners from Dutch society.

More information can be found on our website :
www.leidenasiacentre.nl

For contact or orders:
info@leidenasiacentre.nl
M. de Vrieshof 3, 2311 BZ Leiden, The Netherlands

LEIDEN
ASIA
CENTRE
Partners in Research and Knowledge

Table of contents

Executive Summary

China's role as a global investor and financier has grown rapidly in recent decades, nowhere more so than in Europe. In 2017, a full quarter of China's outbound foreign direct investment was destined for Europe. From German robot manufacturers, to British nuclear power plants, to Greek ports, Chinese investments and acquisitions in Europe have risen rapidly since the start of the 2000s. Especially in the wake of the 2009 global financial crisis and the subsequent European debt crisis, Chinese investment was welcomed by many as a scarce source of capital in the region. More recently, as China has stepped up promotion of its signature Belt and Road Initiative (BRI), with Europe as its final destination, ever greater flows of investment in Eurasian connectivity are on offer.

However, in recent years scepticism about rising flows of Chinese investment into the EU has grown. Some concerns have focused on Chinese acquisitions of firms with cutting edge technologies in Europe's most advanced economies, such as Germany and France. Others have centred on Chinese investments in transportation infrastructure in southern and eastern Europe. While some anxieties about China's rising investment profile in Europe are driven by specific concerns about how investment will enable China to gain long-term competitive advantage in the technologies of the future, a more general worry is about how Chinese investment in Europe allows it greater levels of influence in the region, not only economically but also politically. In this sense, Europe is joining voices from places like Australia and the United States, where a backlash against Chinese "influence operations" has been underway for the last year or two.

This report aims to carefully scrutinize the linkage between Chinese investment in Europe and China's influence in the region. Too much of European media, think tank, and policymaker commentary has been based on alarmist assertions and limited evidence regarding a direct linkage between Chinese investment and influence in Europe. This has led to an environment where there is increasing polarization of opinion about whether European engagement with China, including Chinese investment in Europe, is either wholly good or wholly bad. Our report provides a more nuanced and careful analysis that goes beyond the alarmism and polarization that dominates so much of the recent discussion about China's role in Europe.

This report is based on a series of case studies examining a Chinese port investment in Greece, a Chinese-financed rail project in Hungary and Serbia, and two Chinese acquisition deals in the Netherlands. Through our case studies in smaller European countries, we shed light on the motives behind these individual Chinese investments and financial packages, including the interests of both the Chinese and the host governments and firms involved. We evaluate what, if any, Chinese "influence" can be linked to the deals. We find that the specific terms of each investment or loan package are dependent on the individual circumstances of the countries and firms involved. In each case, we find that there is an identifiable commercial basis for the Chinese investment, but that the economic and political viability of each deal varies. Far from any simple situation where China purchases influence or friendship, we find that the host countries and firms have their own calculations for entering into the deals with China and seek to balance the commercial and political benefits and risks of engagement with China.

In the cases of the Greek port and Hungarian and Serbian railway line, we find that the opening for the deals came in the aftermath of the 2009 financial crisis. China

clearly took advantage of economic weaknesses within these countries and of fractures within Europe, but the Greek, Hungarian, and Serbian governments also played active roles in seeking out Chinese investment and finance based on commercial and political calculations. We were unable to conclude that Chinese investments and loans for these infrastructure projects clearly led to a quid pro quo political influence, let alone forms of strategic capture of European local or national governments. In addition, while official Greek, Hungarian, and Serbian support for the deals remains, governments in each country aim to use ties to China for leverage in their relations with the EU. Moreover, there is also a growing dissatisfaction among some officials, businesses and researchers, including those in Hungary and Serbia, about the nature of Chinese loans-for-infrastructure packages and the relative lack of direct investment. In the two Dutch case studies, our report finds that the economic rationale behind the deals did not come at the cost of Dutch political commitments or otherwise compromise Dutch security interests.

Our report argues that what is needed is clear-headed and careful analysis followed by appropriate policy responses. A blanket alarm about how Chinese investment in Europe might be linked to growing political influence ignores the realities on the ground and harms the interests of many European stakeholders. In fact, we find that careful scrutiny of the risks and challenges presented by growing Chinese investment in Europe has already prompted some of the more carefully crafted responses from the EU in the form of new policies regarding Europe-Asia connectivity and investment screening protocols. Moreover, concerns about China's ability to "divide and rule" the EU as a result of the influence gained from greater investment should not be exaggerated. Instead, some of the challenges presented by greater levels of Chinese deal-making in the region have already prompted greater EU unity and purpose of action. Yet optimism in this regard needs to be tempered by an awareness that continued economic weakness or poor governance in any part of the EU, or in candidate countries in the Western Balkans, will provide further opportunities for Chinese firms and strategists to exploit fractures. We conclude by arguing that European policy makers and researchers should join in collaborative and comparative efforts with colleagues in other regions, such as Southeast Asia, to define and measure "influence" and to share effective policy responses.

Recommendations

1. We advise moving beyond alarmist and blanket claims about China's ability to "buy influence" or "divide and rule" through its investments in Europe. Although it is important that Europeans pay close attention to the geopolitical and security implications of Chinese investments, to look exclusively at security risks is one-sided as it ignores the very real benefits that stakeholders across Europe gain from positive engagement with Chinese companies, governments, and other institutions.
2. Instead, policy makers, the media, and researchers should pay close attention to the complex mix of behaviours and interests on both the Chinese and host country sides in order to develop carefully calibrated policy responses and to design instruments that can clearly define and measure influence, interference, and threats to critical infrastructure.
3. More attention should be paid to the various economic, historical, and cultural differences that condition how receptive different European countries and regions are to various forms of Chinese investments, loans, and infrastructure packages. Only with such an understanding can effective investment and security policies that align with EU rules and norms be designed and implemented.
4. We advise against overestimating Chinese strategic acumen and the ability of the central authorities in Beijing to coordinate complex commercial and political goals through its investments and loans in Europe. At the same time, we urge against underestimating the ability of the EU and its individual member states and their citizens to respond effectively when they sense that China or any other country is pursuing policies counter to European interests and norms.
5. We recommend that keen attention be paid to the ability of the EU, its member states, as well as the Chinese government and business to learn from mistakes and adapt new responses. The kinds of investments or financial packages that have been offered by China in recent years are likely to change and adapt to the behaviour of the EU, member countries, as well as to media and civil society feedback.
6. We suggest that, in the effort to understand the relationship between Chinese investment and influence, European officials and researchers actively learn lessons from other regions and countries that are also keenly interested in exactly such questions. Chinese influence and economic outreach are currently reaching the limits of what countries across the world are able and willing to bear. The Chinese central authorities are still searching for adequate responses to regain the initiative. At a time when the United States is no longer interested in further developing the world economic system, Europe should take the lead and join forces with countries in Asia, Oceania, Latin America, and Africa. The goal should not be, as is currently the case, to get significant one-off concessions from China that disproportionally benefit major multinationals from the economically strongest countries. Instead it should be to create a level playing field for all economic actors both inside and outside of China.

Introduction

China's expanding global influence is of growing interest, and concern, in many regions of the world, and certainly also in Europe. In particular, rising levels of Chinese investment in Europe, both through greenfield projects as well as mergers and acquisitions, have attracted the attention of European policy makers, media, and researchers. Chinese efforts to finance and build infrastructure projects in and to Europe, often as part of broader promotion of its Belt and Road Initiative, have also attracted increasing attention and scrutiny. Concerns about how rising levels of Chinese investment in Europe are translating into greater Chinese influence over individual countries or the EU in general often centre on worries about China's ability to undermine cohesive EU policies toward China through "divide and rule"[1] tactics, as well as on the threat posed to European economic competitiveness by China's industrial policies. Yet the increasingly polarized debate about China's growing influence in Europe has so far been hampered by a relative lack of careful, in-depth studies of individual Chinese investment projects and how those do, or do not, link to enhanced levels of Chinese influence. This project and report seek to remedy this shortcoming.

As in many other parts of the world, opinions in Europe about China's rise and how to balance the benefits versus the risks of the region's ever-deepening ties to China are mixed. Yet recently, European scepticism about the direction of China's foreign and domestic policies has grown. Such growing scepticism is in line with places like Australia and the United States, where public debate about Chinese "influence operations"[2] has been accompanied by heighted pushback against what many argue are China's unfair, neo-mercantilist trade and technology policies. In Europe, a new sense of apprehension, sometimes bordering on alarmism, has arisen about the challenges posed to Europe's economic competitiveness by China's industrial policies.[3] Too often, this is mixed with fears in media or think tank reports on China's political threat. These suggest China could be using its financial muscle to buy political influence, or even to try to export its model of authoritarian governance.[4]

In order to look more carefully at some of the key issues involved in this rising European concern about ties to China and China's role in the region, the LeidenAsiaCentre conducted two research projects in 2018. The first of these looked at heightened concerns about the risks and challenges of closer Europe-China cooperation in higher education and research.[5] Our companion study similarly adopts a fine-grained approach by evaluating whether and how Chinese investment and financing deals in Europe translate into enhanced Chinese influence.

---

1) Wendy Wu, "Is China using 'divide and rule' tactics to gain influence in Europe?" *South China Moring Post,* March 1, 2018, https://www.scmp.com/news/china/diplomacy-defence/article/2135244/china-using-divide-and-rule-tactics-gain-influence.

2) Abigail Grace, "China's Influence Operations Are Pinpointing America's Weaknesses," *Foreign Policy*, October 4, 2018, https://foreignpolicy.com/2018/10/04/chinas-influence-operations-are-pinpointing-americas-weaknesses/.

3) Thorsten Benner, Jan Gaspers, Mareike Ohlberg, Lucrezia Poggetti, and Kristin Shi-Kupfer, "Authoritarian Advance: Responding to China's Growing Political Influence in Europe," GPPI and MERICS, February 2018, https://www.merics.org/sites/default/files/2018-02/GPPi_MERICS_Authoritarian_Advance_2018_1.pdf.

4) "China has designs on Europe. Here is how Europe should respond," *The Economist*, October 4, 2018, https://www.economist.com/leaders/2018/10/04/china-has-designs-on-europe-here-is-how-europe-should-respond.

5) Ingrid d'Hooghe, Annemarie Montulet, Marijn de Wolff and Frank N. Pieke, "Assessing Europe-China Collaboration in Higher Education and Research," LeidenAsiaCentre, November 2018.

Specifically, this study began with the following questions in mind:

1. What are the strategic aims at company and government levels of Chinese investment, and how does this vary across sectors of the economy?
2. In what way do strategic aims and an ability to forestall unwanted investments vary across regions and individual countries in Europe, and how do they compare to other regions of the world?
3. Does strategic investment lead to greater Chinese political influence in Europe and how harmful is this?
4. What can European countries and the EU do to assess and, if necessary, limit this influence?

In order to look more deeply at these questions, we chose a case study approach. We selected cases focusing on two recent infrastructure projects which involved Chinese investment and financing, one in Greece and another in Hungary and Serbia, and also focusing on two Chinese merger and acquisition (M&A) deals in the Netherlands. The Greek case study focuses on the investment in the Greek port of Piraeus by the Chinese state-owned shipping firm COSCO. The case study looking jointly at Hungary and Serbia focuses on the China Export-Import bank's financing of an upgraded rail link between Budapest and Belgrade. The two cases studies involving China-Netherlands M&A deals examine the Chinese agribusiness firm COFCO's purchase of the Dutch trading company Nidera and the acquisition of the Dutch semiconductor firm NXP by the Chinese asset management firm JAC.

The Greek as well as the Hungarian and Serbian case studies were chosen because the deals involved have produced some of the most heated controversy about China's ability to buy influence and practice divide and rule tactics within the EU through purchasing, financing, and building strategic infrastructure in countries in central, eastern and southern Europe. Moreover, China views the Greek port and Hungary to Serbia rail line as part of a combined infrastructure and logistics project that, in turn, is a key component and symbol of its BRI aspirations in, and for, Europe. The Nidera and NXP case studies were, in turn, chosen to provide insight into two high-profile Chinese acquisitions in the Netherlands, both of which offer a window into any linkages between Chinese investment and influence there. With so much attention on Chinese investments in, and potential influence over, the bigger European economies such as Germany and France we felt it especially important to look at deals in some of Europe's smaller and sometimes more peripheral countries and economies.

The research team combined desk research with site visits to Greece, Hungary, and Serbia, as well as to China. We analysed policy documents, think tank and academic research reports, as well as media articles in multiple languages including Dutch, Chinese, and English. The team conducted over fifty face-to-face interviews with policy makers, politicians, researchers, businesspeople and journalists who had knowledge of the specific investment and financing deals as well as a broader perspective on how the deals fit into China's bilateral and multilateral relations and policies in Europe. While this project was a combined effort among the research team, including research support from Jurriaan de Blécourt and Marijn de Wolff, it was Frank Pieke and Tianmu Hong who took the research lead for the NXP case study. Meanwhile, Frans-Paul van der Putten took the

lead for the Piraeus and Nidera case studies. Matt Ferchen took the lead for the case study looking at Hungary and Serbia. The research team also benefited greatly from a joint conference which was held in October 2018 in Singapore and involved discussions between the EU Centre in Singapore and the LeidenAsiaCentre. Participants shared comparative findings about the relationship between Chinese investment and influence in Europe and Southeast Asia.[6]

6) Jasmine Khin and Shanisse Goh, Conference Report on "Engaging a Global China: EU's and ASEAN's Perspectives and Responses," LeidenAsiaCentre and the EU Centre, October 4-5, 2018, http://www.eucentre.sg/wp-content/uploads/2018/11/4-5Oct18-ConferenceReport-final-web.pdf.

1. Hungary-Serbia Railway Case Study and International Comparisons

Matt Ferchen[7]

1.1 Case study: The China-financed railway from Serbia to Hungary

Background

The signature project of the 16+1 framework between China and sixteen countries in central and eastern Europe is a Chinese-financed railway link between the capitals of Hungary and Serbia. The project was first proposed by Serbia and Hungary in 2013 and then officially agreed upon with China at the 16+1 summit in Belgrade in 2014.[8] The China Export-Import bank is to provide over US$3 billion in low interest financing to build the 350km upgraded rail link,[9] with Chinese firms also to be awarded the bulk of the construction contracts. As such, this is a loan and construction package rather than an investment deal, a distinction that increasingly matters for many countries seeking infrastructure deals with China. The Hungary-Serbia rail link is part of what China refers to as the "China-Europe Land-Maritime Express Line" (中欧陆海快线), and is meant ultimately to connect with the Chinese-invested Piraeus port in Greece. While packaged as a joint China-Hungary-Serbia project, in practice it is two separate bilateral loan and construction packages between China and Hungary and China and Serbia. A third package, between China and Macedonia to complete the Piraeus link, is still to be agreed upon.[10] Construction of the Serbian portion of the rail project has begun while work on the Hungarian section has not.[11]

In the years since its proposal, the China-backed Hungary-Serbia rail project has become a symbol, and also a much-criticized lightening rod, of not just the 16+1 framework but also of what China's Belt and Road Initiative (BRI) means for Europe. For China, as well as for its official Hungarian and Serbian counterparts, the rail project has been framed and promoted as the type of concrete outcome that is possible through the 16+1 diplomatic framework and as an example of actual infrastructure cooperation on offer through the BRI more broadly. Yet within the EU, no project has been more controversial in highlighting concerns about how both the 16+1 structure and the BRI might allow China to gain "divide-and-rule" political leverage within the EU and its neighborhood through commercial deal-making.[12]

---

7) Tianmu Hong and Jurriaan de Blecourt contributed to this case study.

8) "The Belgrade Guidelines for Cooperation between China and Central and Eastern European Countries," Ministry of Foreign Affairs, December 17, 2014, https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1224905.shtml.

9) The proposed rail link is not a high-speed railway, which would require speeds of 300km/hr or more. Instead, it will potentially decrease the rail travel time between Budapest and Belgrade from the current eight hours or more to something closer to three hours (*interviews in Budapest and Belgrade*).

10) Given the current difficulties with the Macedonia portion of the overall project, there are discussions underway for China to bypass the Balkans altogether by establishing a transport hub in Trieste, Italy.

11) Aleksandar Vasovic, "Serbia starts construction of Chinese-funded railway to Budapest," *Reuters*, November 28, 2017, https://www.reuters.com/article/serbia-china-railway/serbia-starts-construction-of-chinese-funded-railway-to-budapest-idUSL8N1NY4RR.

12) Angela Stanzel, Agatha Kratz, Justyna Szczudlik, and Dragan Pavlićević, "China's investment in influence: the future of 16+1 cooperation," European Council on Foreign Relations, December 14, 2016, https://www.ecfr.eu/publications/summary/chinas_investment_in_influence_the_future_of_161_cooperation7204.

Evaluating Two Competing Frameworks: "Win-Win" versus "Geoeconomics"

Given the aim of our overall project, which is to assess claims and debates about the linkage between China's economic deal-making and its political influence in Europe, what follows is an analysis of the two main frameworks or narratives about this linkage as they relate to the Hungary-Serbia rail project. The first is the more or less official "win-win" line coming especially from Chinese leaders, and also from Hungarian and Serbian leaders, regarding the project. Meanwhile, the second is the emerging "geoeconomic" influence counter-narrative and critique emerging from various policy, think tank and media voices in the EU and elsewhere. These frameworks are then held up against the results of the case study and field research conducted for this project, highlighting a range of gaps and under-appreciated outcomes that have both research and policy relevance. Among the key findings are the following:

- Despite its importance as the centerpiece project for the 16+1 framework, the China-financed Hungary-Serbia rail line has made remarkably little progress since it was first agreed upon nearly 5 years ago.
- Despite official Hungarian and Serbian support for the project, field interviews highlighted concerns and critical backlash in both countries and from other 16+1 members in central and eastern Europe. These concerns were that Chinese loans-for-infrastructure deals were far less desirable than foreign direct investment in infrastructure or productive capacity.
- EU and European media and think tank concerns about China's ability to "divide and rule" or about its ability to create effective "illiberal" alliances through the 16+1 framework largely overlook the weaknesses highlighted by the problems with the Hungary-Serbia rail project.
- China's ability to turn investment and financing into diplomatic or geopolitical influence through the 16+1 framework is likely to have far more potential in poorer, non-EU Balkan countries such as Serbia than in EU member states such as Hungary.Evaluating the "Win-Win" Framework

Evaluating the "Win-Win" Framework

The official Chinese narrative about the rail project, often mirrored in official Hungarian and Serbian statements, rests on the same kind of "win-win" language seen in much of China's BRI diplomacy, especially in China's ties to developing countries. That narrative can be summarized as follows: central and eastern Europe needs more, better transportation infrastructure and China is willing to step in with official financing as well as construction know-how, resulting in benefits for all involved. In the case of this particular project, the official narrative on the part of China and its project partners emphasizes the regional logistical improvements to be gained by linking the upgraded Belgrade-Budapest rail line to the Piraeus port in Greece. Again, especially for China, such a regional focus on upgraded infrastructure and the facilitation of better trade transport routes is meant to highlight the real gains that are possible through the 16+1 and the BRI frameworks. Publicly at least, China has largely focused on such material cooperation, but certainly Victor Orban, Prime Minister of Hungary, has gone the furthest in emphasizing the political affinity between his domestic and foreign policies and closer ties to China.[13]

13) Lili Bayer, "China hits roadblocks in Central Europe," *Politico*, November 26, 2017, https://www.politico.eu/

The case study and field research for this project, however, revealed a range of problems and more complicated realities that do not neatly align with this official "win-win" narrative. First among these has been the clear backlash within the EU against the broader 16+1 framework but also certain elements of the Hungary-Serbia rail project itself. In particular, the EU has long been concerned that the railway deals in both Hungary and Serbia do not comply with a range of EU rules and regulations,[14] especially in the areas of procurement, bidding, and anti-corruption. Such criticisms extend to claims that by offering alternative sources of financing and partnership, China exacerbates worrying economic and political tendencies in both Hungary and Serbia that go against EU norms and rules. A European Commission investigation of the procurement deals in the Hungary-China rail project is one of the reasons the project was on hold until just recently.[15] On top of such concerns, policymakers, think tanks, and the media in Europe have criticized the rail project. They have described it as being a Trojan Horse for China's "divide-and-rule" political influence in the EU,[16] with a particular focus on EU human rights and South China Sea votes,[17] and as being a concrete example of the type of "illiberal" alliance touted by Hungary's Orban.[18]

Less well understood is that beyond the official EU concerns about the rail project and a broader backlash against "illiberal" ties between China and some of its 16+1 partners, the "win-win" narrative has run up against a range of criticisms, or at least deep misgivings, within the two host countries themselves as well as some of their central and eastern European neighbors. For example, despite official support for the rail project with China, a range of Hungarian analysts interviewed during the research, including academics as well as think tank researchers,[19] were critical of China's loans-for-infrastructure packages. They argued that even China's current concessional loans for the rail project, which have between 2-3 per cent interest, are not competitive with EU infrastructure funding and that they might not even be competitive if offered at closer to 0 per cent interest. More importantly, interviews in Budapest and Belgrade revealed a near consensus that what is most desired is not Chinese loans but instead Chinese direct investment, especially of the type that will provide local jobs and add to overall local economic competitiveness.

Another related theme that exposes the superficiality of the "win-win" framework is a growing sense among some in the Visegrád countries especially in Poland but also in the Czech Republic, Hungary, and Slovakia that China's offers, including financing

article/china-hits-roadblocks-in-central-europe/.

14) Mariangela Pira and Italia Oggi, "China's new Silk Road risks unravelling in Hungary," EURACTIV, translated by Sam Morgan, July 28, 2017, https://www.euractiv.com/section/economy-jobs/news/chinas-new-silk-road-risks-unravelling-in-hungary/.

15) James Kynge, Arthur Beesley, and Andrew Byrne, "EU sets collision course with China over 'Silk Road' rail project," *Financial Times*, February 20, 2017, https://www.ft.com/content/003bad14-f52f-11e6-95ee-f14e55513608.

16) François Godement, "Trump cannot bring Europe and China together," European Council on Foreign Relations, July 6, 2018, https://www.ecfr.eu/article/commentary_trump_cannot_bring_europe_and_china_together.

17) Hungary and Greece are at the heart of concerns about China's "divide and rule" influence on the EU, with one or both countries involvement in limiting unanimous EU censure of China on its behavior in the South China Sea (See: Robin Emmott, "EU's statement on South China Sea reflects divisions," *Reuters*, July 15, 2016, https://www.reuters.com/article/us-southchinasea-ruling-eu-idUSKCN0ZV1TS) and human rights (See: Jason Horowitz and Liz Alderman, "Chastised by E.U., a Resentful Greece Embraces China's Cash and Interests," *New York Times*, August 26, 2017, https://www.nytimes.com/2017/08/26/world/europe/greece-china-piraeus-alexis-tsipras.html) cited as the key evidence.

18) Benner et al., "Authoritarian Advance: Responding to China's Growing Political Influence in Europe."

19) Tamás Matura, "Chinese Investment in Hungary: Few results but great expectations," ChinfluenCE, February 14, 2018, http://www.chinfluence.eu/chinese-investment-hungary-results-great-expectations/.

of railways, are more to China's benefit than to the countries of the region. Again, much of this criticism rests on a growing sense that Chinese loans are simply not competitive and will saddle governments in the region with unacceptable debt burdens when, in fact, alternative funding is already available from the EU. Such criticisms often go further, arguing that China is essentially paying itself to build infrastructure that will facilitate higher levels of Chinese imports into Central and Eastern Europe but with far lower levels of local European exports flowing to China.[20] Clearly such criticisms are not universally shared or voiced, even within the Visegrád countries, especially given continuing close official ties between China and Hungary and the Czech Republic, for example.[21] Yet the outlines of a backlash, and a potentially unified response calling for higher-quality deals with China, within a number of 16+1 countries is increasingly apparent.

Certainly Poland's refusal to send its Prime Minister[22] to the most recent 16+1 summit in Sofia is a strong signal that at least some members of the 16+1 grouping are officially less than satisfied with its direction. Yet a subtler, but potentially more important, long-run result of the high-profile China-Serbia rail deal and the attention and controversy it has attracted is the way that young researchers and policy makers from across the 16+1 grouping have quickly come to build a research community focused on China's role in the region. At 16+1 and BRI conferences held in Eastern Europe and in China, central and eastern European researchers are increasingly delving into the details of China-backed financing and investment deals in the region.[23] Some of the findings from groupings of researchers, such as those by Chinfluence[24] (an organization focused on "China's influence in Central Europe"), shine a critical light on the nature of the Chinese-led deals in a particular country or region. However, academic and think tank scholars from the 16+1 countries, including Hungary and Serbia, are keen to point out that much of the criticism (a lot of which comes from within the EU) about Chinese influence in the region is often misguided and ill-informed.[25]

The field research for this project therefore revealed a vibrant and growing community of researchers from Central and Eastern Europe who have been brought together by some of the new Chinese initiatives in their region. While they are keen to shed a careful analytical light on overall foreign relations between their countries and China, or on specific deals, they are also sensitive to what they see as less than careful, or simply inaccurate, portrayals of deepening ties to China in the region. In fact, interviews for this project revealed a clear sense that the 16+1 framework taps into a desire on the part of many in central and eastern Europe, including officials, academics, and business people, for deeper engagement with China and Asia more generally. Especially in the wake of the 2008/09 financial crisis, politicians and business leaders in Central and Eastern Europe felt it was high time that the region deepened engagement with an

20) Zoltán Vörös, "Who Benefits From the Chinese-Built Hungary-Serbia Railway?" *The Diplomat*, January 4, 2018, https://thediplomat.com/2018/01/who-benefits-from-the-chinese-built-hungary-serbia-railway/.

21) David Barboza, Marc Santora and Alexandra Stevenson, "China Seeks Influence in Europe, One Business Deal at a Time," *New York Times*, August 12, 2018, https://www.nytimes.com/2018/08/12/business/china-influence-europe-czech-republic.html.

22) Alan Crawford and Peter Martin, "China Is Forced to Reconsider Its Route Into Eastern Europe," *Bloomberg*, October 18, 2018, https://www.bloomberg.com/amp/news/articles/2018-10-18/china-is-forced-to-reconsider-its-route-into-eastern-europe?

23) Jakub Jakóbowski, Konrad Popławski, and Marcin Kaczmarski, "The Silk Railroad; The EU-China rail connections: background, actors, interests," Centre for Eastern Studies (OSW), February 28, 2018, https://www.osw.waw.pl/en/publikacje/osw-studies/2018-02-28/silk-railroad.

24) "About," ChinfluenCE , http://www.chinfluence.eu/about/.

25) "Home," ChinfluenCE, http://www.chinfluence.eu.

economically vibrant China and the rest of Asia, especially when so much prior effort had been focused on deepening ties with the United States and western Europe in the post-socialist era after the 1990s. Especially given the deepening commercial and diplomatic ties between countries in western Europe and China in the 1990s and 2000s, many interviewees felt it was hypocritical or simply self-interested for Brussels or individual countries to criticize their central and eastern European neighbors for doing so now.

Yet this leads to a subtler point about the "win-win" narrative in the context of the Hungary-Serbia rail deal, which is that despite a general sense of goodwill on the part of its partner countries in the region, China has overplayed its hand in both general and specific ways. Chinese leaders have approached and framed ties to the 16+1 countries in a way that portrays the region as marginal to Europe,[26] with the Chinese President Xi Jinping even going so far as to claim that China's relations with the region are like China's "South-South" ties[27] to developing countries in Africa or Latin America. The deployment of China's Export-Important Bank loans to finance the Hungary-Serbia rail deals underscores and gives concrete form to such rhetoric since the China Export-Import Bank primarily distributes concessional infrastructure package loans to countries in Africa and poorer parts of Asia. Both the "South-South" rhetoric and the content of the loans-for-infrastructure deals have come up against critical backlash as well as political opposition in the Hungary-Serbia case and, as argued above, this backlash has spread to a more generally critical tone among other 16+1 countries.

One final, but important, note on the "win-win" narrative needs to be emphasized here. This is that the critical backlash that has delayed the progress of the signature Hungary-Serbia rail project has been far more muted in the case of Serbia. Certainly, interviews in Belgrade for this project highlighted similar Serbian hopes for greater Chinese direct investment and less excitement about the types of loan deals underpinning the rail project. However, overall, Serbian openness to closer political and economic ties with China stands in contrast to Hungary and to the other EU members of the 16+1 grouping. Serbia, along with the other western Balkan members of the 16+1 grouping, is poorer and has less access to EU funding than EU members of the group and therefore has fewer choices and more reasons to embrace closer economic and diplomatic ties with China.[28] As a result, if there is anywhere where China's official narratives about the rail project, about 16+1, or about BRI, are likely to have resonance, and where the potential for Chinese economic and political influence can be expected to work in tandem, it is in places such as Serbia and the other non-EU Balkan countries. Close attention to China's ties to Macedonia is therefore merited, given both its key geographic placement along the projected rail route from Piraeus to Budapest as well as its potential inclusion in NATO or its accession to the EU.

Evaluating the Chinese "Geoeconomic" Influence Framework

The other important, and contrasting, framework and narrative about the political impact of the Hungary-Serbia rail project comes largely from EU think tank and media analysts in countries such as Germany and France but is also informed by some official

26) Crawford and Martin, "China Is Forced to Reconsider Its Route Into Eastern Europe."

27) "Xi Jinping Holds Group Meeting with CEEC Leaders Attending 4th Summit of China and CEEC," Ministry of Foreign Affairs, November 26, 2015, https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1319541.shtml.

28) Thomas S. Eder and Jacob Mardell, "Belt and Road reality check: How to assess China's investment in Eastern Europe," MERICS, July 10, 2018, https://www.merics.org/de/blog/belt-and-road-reality-check-how-assess-chinas-investment-eastern-europe.

views in Brussels.[29] This much more critical view emphasizes that the Hungary-Serbia rail project and the frenetic summitry of the 16+1 platform is indicative of various forms of "illiberal" economic and political partnerships between China and central and eastern European countries.[30] It claims that such ties undermine the EU's ability to create a unified foreign policy toward China.[31] This critical response is less focused on the details of the Hungary-Serbia railway project per se. Instead, it highlights how the project embodies the way that ostensibly commercial investments or infrastructure financing deals can serve as a kind of geoeconomic Trojan Horse for China through which commercial deals can be turned into political or geostrategic leverage now or in the future. This critical response is, then, part of the backlash to the "win-win" rhetoric and is in some senses a mirror image of it.

Yet as with the "win-win" framework, this focus on geoeconomics has a number of shortcomings and blind spots that were revealed through the background and field research for this project. Probably the biggest shortcoming of the geoeconomic critique is that it takes for granted that the Chinese-led railway project has been a clear success on its own terms. The supposition is that the commercial allure of Chinese capital for a project like the Hungary-Serbia railway allows China to buy host country compliance with Chinese economic or diplomatic interests. Yet, as discussed above, even though the railway project was mooted back in 2013 and has been the showcase example of 16+1 cooperation (and arguably of the BRI in Europe), the railway is nowhere near completion in either Serbia or Hungary and discussion of the key Macedonia link is conspicuously absent. Building work on the project has begun in Serbia and a new Chinese consortium tender will soon be approved in Hungary.[32] However, both because of problems internal to each portion of the rail project and because of EU and other concerns and critiques, the project has been slow to materialize. Moreover, as discussed above, as a model for Chinese-financed transport infrastructure projects in Europe, the Hungary-Serbia rail line has been anything but a success, as much as anything because of lack of enthusiasm for debt-based deals within the host countries themselves.

Therefore, if the greatest concern is that the railway project represents how effectively China can "buy" influence in 16+1 countries, then the research from this case study clearly fails to support such a conclusion. Although the Hungarian and Serbian leaders are engaged in this project, and in 16+1, for a range of different reasons, and both have different games and bargaining positions vis-à-vis China and the EU, to equate the rail project with the effective use of Chinese geoeconomic strategy in the region is to misread the nature of influence and decision-making. Thus, if the primary EU and media / think tank push-back about the Hungary-Serbia rail project is due to a notion of how effectively this particular Chinese loans-for-infrastructure project has purchased influence, this is clearly the wrong lesson to be learned. This is not to say that the entire

29) The "geoeconomics" framework became increasingly popular among some in the United States in the years before the 2016 presidential election and has only gained in prominence since. For a critical assessment of the concept of geoeconomics and its application to China's changing global role and influence, see: Matt Ferchen, "China, Geoeconomics, and the Problem of Leaderless Thought," *China-U.S. Focus*, August 29, 2017, https://www.chinausfocus.com/finance-economy/china-geoeconomics-and-the-problem-of-leaderless-thought.

30) Benner et al., "Authoritarian Advance: Responding to China's Growing Political Influence in Europe."

31) François Godement and Abigaël Vasselier, "China at the gates: A new power audit of EU-China relations," European Council on Foreign Relations, December 1, 2017, https://www.ecfr.eu/publications/summary/china_eu_power_audit7242.

32) Janne Suokas, "Hungary to award contract for Chinese-funded rail project by end of year," *GB Times,* September 26, 2018, https://gbtimes.com/hungary-to-award-contract-for-chinese-funded-rail-project-by-end-of-year.

range of EU or European media and think tank concerns about Chinese deal-making through the 16+1 framework, including the Hungary-Serbia rail project, are mistaken. Concerns about corruption in infrastructure deals, about the potential implications of unsustainable debt burdens, or about Chinese efforts to create disunity within the EU on common positions about China, are legitimate. But above all the Hungary-Serbia rail deal exposes the various weaknesses, not strengths, in China's deal-making efforts in the region.

Western European concerns and critiques of China "buying" influence in central and eastern Europe through deals like the Hungary-Serbia rail line therefore need to better account for the inherent weaknesses of the deals themselves. These include Chinese miscalculations about the political and business risks involved with doing business in unfamiliar environments. In the case of the Hungary-Serbia railway project, the fieldwork for this case study revealed that the project is riven with difficulties on all sides. It showed that even without the official EU pushback and media and think tank critiques, the project has built-in commercial and political limitations. Probably of greater concern than "successful" Chinese finance-for-infrastructure deal making in 16+1 countries are concerns about how Chinese deals in the region can fuel corruption and undermine EU rules and standards.[33] However, instead of high-handed criticism and lecturing to countries looking to engage more with China, the EU would be far better off working with the people in countries like Hungary and Serbia who are dissatisfied with the nature of Chinese offers, either to negotiate better deals or to simply create EU-backed alternatives. In fact, the EU's new Europe-Asia connectivity strategy offers just such an alternative.[34]

What is called for is a better sense of how Hungarian and Serbian willingness to move forward with both the rail project and the overall closeness of bilateral political ties, as well as the 16+1 framework, can be explained within the context of both Hungarian and Serbian domestic and foreign policy considerations. Certainly, in the case of Hungary, the Prime Minister Victor Orban's willingness to embrace the rail project and closer ties to China, including through the 16+1 framework, has its own logic, and limitations. There is little doubt that Hungary under Victor Orban will work toward the completion of the rail project and will search for more commercial and possibly diplomatic cooperation with China. Yet given better EU terms for infrastructure funding (or the withholding of such funds)[35] and the types of Hungarian critiques of Chinese infrastructure finance (compared to direct investment) that interviews revealed, there is a real limit to the kinds of commercial deals to be made between China and Hungary. In the case of Serbia, however, because of the economic challenges it faces and because of the fact that it lies outside the EU (with accession talks stalled), both commercial and diplomatic deal-making has much greater scope for expansion as does the possibility of "potential" Chinese influence. In both Serbia and Hungary, we should expect ties with

33) Michal Makocki and Zoran Nechev, "Balkan corruption: the China connection," European Union Institute for Security Studies (EUISS), July 18, 2017, https://www.iss.europa.eu/content/balkan-corruption-china-connection.
34) "Joint Communication to the European Parliament, The Council, The European Economic and Social Committee, The Committee of the Regions and The European Investment Bank: Connecting Europe and Asia - Building blocks for an EU Strategy," European Commission, High Representative of the Union for Foreign Affairs and Security Policy, September 19, 2018, https://eeas.europa.eu/sites/eeas/files/joint_communication_-_connecting_europe_and_asia_-_building_blocks_for_an_eu_strategy_2018-09-19.pdf.
35) "Hungary: EU Parliament report recommends triggering Article 7," *DW*, April 12, 2018, https://www.dw.com/en/hungary-eu-parliament-report-recommends-triggering-article-7/a-43358358.

China, and deal-making with China, to continue be used as a political and economic bargaining chip in each country's ties with the EU.

The distinction between Hungary and Serbia, and the realities of being inside or outside the EU, is crucial. Concerns that the Serbia-Hungary rail project, or other Chinese loans or investments for infrastructure deals that are part of the 16+1 or BRI framework, might provide China with political leverage in central and eastern Europe have by far the most plausibility in Serbia and elsewhere in the non-EU member Balkan countries. At the very least Serbia and other Balkan members of the 16+1 grouping have been keen to engage with China on loans-for-infrastructure deals such as the railway project as well as other highway and dam projects.[36] Serbia has also been a keen participant in 16+1 and bilateral diplomacy with China, and this extends to cultural and other forms of cooperation. For example, China is building a "cultural center" in Belgrade on the site of the former Chinese embassy which was accidentally bombed by the US military in 1999.[37] Serbia's relative lack of foreign investment and its delayed EU accession talks mean it has fewer alternatives when it comes to funding infrastructure or other needed public and private investments and it seems that China has understood this. In addition to concerns about corruption[38] or debt unsustainability[39] in China-Serbia or other China-Balkan deals and concerns about the undermining of EU norms necessary for accession, the possibility of Serbia becoming a de facto client state of China in the Western Balkans is at least on the minds of some Western diplomats in the region.[40]

Here perceptions matter. The EU[41] and EBRD[42] are already major contributors to infrastructure investment in the Balkans. However, there is the perception that China is winning the public relations game in Serbia and the western Balkans through its summitry and high-profile deals like the railway project. The EU has a strong hand to play in ensuring that Serbia and the non-EU members of the Western Balkans do not become overly dependent economically or politically on China. Yet this almost certainly requires reinvigorating the bogged-down accession process and doing better public relations work surrounding existing infrastructure and other cooperation. It also certainly requires injecting more financial resources into the region for infrastructure and in support of the kinds of job-producing investments that are in such high demand but such limited supply. Lastly, and maybe most importantly, the EU and those from the larger countries of western Europe must do better to recognize and understand the different economic positions and historical sensitivities of their central, eastern and southern European neighbors. These are positions and sensitivities that condition and help explain the region's interest in deeper engagement with China and Asia more generally. Enhanced

36) Plamen Tonchev, "China's Road: into the Western Balkans," European Union Institute for Security Studies (EUISS), February, 2017, https://www.iss.europa.eu/sites/default/files/EUISSFiles/Brief%203%20China%27s%20Silk%20Road.pdf.

37) "Construction of Chinese cultural center in New Belgrade begins – Investment worth EUR 45 million," *ekapija*, July 20, 2017, https://www.ekapija.com/en/news/1825123/construction-of-chinese-cultural-center-in-new-belgrade-begins-investment-worth-eur.

38) Makocki and Nechev, "Balkan corruption: the China connection."

39) Eder and Mardell, "Belt and Road reality check: How to assess China's investment in Eastern Europe."

40) Vuk Vuksanovic, "The Unexpected Regional Player in the Balkans: China," *War on the Rocks*, November 29, 2017, https://warontherocks.com/2017/11/unexpected-regional-player-balkans-china/.

41) "Western Balkans," European Commission, last modified December 7, 2018, https://ec.europa.eu/transport/themes/international/enlargement/westernbalkans_en.

42) Jens Bastian, "The potential for growth through Chinese infrastructure investments in Central and South-Eastern Europe along the "Balkan Silk Road,"" EBRD, July, 2017, https://www.ebrd.com/documents/policy/the-balkan-silk-road.pdf.

appreciation and respect does not mean looking the other way at corruption, poor governance, or behaviors that undercut EU rules and norms and that provide China with the potential for unwanted footholds or influence. But less high-handed castigating and more fact-based empathy might just lead to more cohesive and constructive European responses to China's role and initiatives in the region.

1.2 International comparisons

China and "Developmental" Economic Statecraft

One of the main comparative insights that emerges from the Hungary-Serbia rail line case study, and from the entire 16+1 structure, is how clearly it reflects Chinese efforts to package loans and infrastructure projects in developing country regions like Africa, Latin America, and Asia. In fact, Chinese officials have been explicit in their claims that most of the countries in the 16+1 framework are at similar levels of development to China and therefore share China's views of what is needed to develop. That China sees the 16+1 grouping as part of its "developing country diplomacy" has been revealed by Xi Jinping himself remarking that the 16+1 framework is a South-South type of relationship, language that China reserves for regions like Africa and Latin America in particular. The fact that the China Export-Import Bank is the key institution funding the Hungary-Serbia rail project as well as other transport infrastructure deals in the western Balkans further underscores the similarities. The China Ex-Im Bank primarily offers concessional (low interest) loans to developing countries, mostly in Africa and Asia, as part of Chinese aid and official development assistance policies. As has been noted above, this way of deal-making has created a backlash in Hungary and in places like Poland and the Czech Republic, but so far it has been better received in Serbia and other Balkan countries.

In addition to using a kind of empathy-based "South-South" diplomacy within the 16+1 framework, it is interesting to note the shared but complex socialist legacies of the region. Especially in the Hungary case, there is a shared tradition of market reform socialism going back to at least the 1970s. Even though the current relationship is based on state-to-state deals like the railway project, there are still strong connections and legacies between "liberal," reformist economists like Janos Kornai in Hungary and Wu Jinglian in China.[43] Despite such contradictory and complex legacies and relations, at the level of regional ties, China seems to believe it has found like-minded countries in central and eastern Europe. This in many ways seems to be a superficial understanding at best and its tin-eared approach to emphasizing "South-South" relations through the 16+1 actually seems to have backfired and therefore to have helped undermine China's plans and credibility. Indeed, in its eagerness to place 16+1 cooperation within the "South-South" framework, China appears to have badly underestimated and simply misunderstood how fundamental European identity is to the countries and people of central and eastern Europe.

China and "Geoeconomics"

The broader question of how China seeks, and is able, to use economic means to achieve political and geostrategic ends is one that is increasingly asked all over the world.[44] This

43) Fran Wang, "Wu Jinglian and His Disciples Were The Key Brains Behind Reform," *Caixin Global*, November 6, 2018, https://www.caixinglobal.com/2018-11-06/wu-jinglian-and-his-disciples-were-the-key-brains-behind-reform-101343529.html.

44) Matt Ferchen, "China, Economic Development, and Global Security: Bridging the Gaps," Carnegie-Tsinghua

is part of a growing debate in the United States and Europe about China's industrial policies, about projects like the BRI, institutions like the AIIB and in general about China's statist and neo-mercantilist turn in both domestic and foreign economic policy. However, this question of how China uses trade, investment, finance, and other tools of economic statecraft as carrots or sticks in its foreign relations is something that China's neighbors have long dealt with. Taiwan is case number one, but smaller countries in Southeast Asia such as Myanmar, Cambodia, or even wealthy countries like Singapore, have long attempted to understand and react to rising levels of economic interdependence with China. As China has become a major trading, investment, and financial partner with developing countries in Africa, Latin America and Asia, similar questions about the linkage between ever-deepening commercial ties and political influence have grown, even if they have sometimes been less high-profile or polarized than they are in China's own neighborhood or in the US and Europe today.

Yet for all of this growing interest in the actual or potential overlap between China's economic and political and geostrategic influence, surprisingly little good, empirical and theoretical (i.e. carefully defining what is "power" or "influence") research has been done on the topic in almost any region or country. This is starting to change, with some new studies on China and Southeast Asia[45] in particular standing out. Yet our study comes at a time when exactly this kind of careful, comparative exploration is needed more than ever. Our joint conference with colleagues at the National University of Singapore,[46] where we explored the preliminary findings of our study, underscores the great potential for such just such comparative collaboration.

Center for Global Policy, December 9, 2016, https://carnegietsinghua.org/2016/12/09/china-economic-development-and-global-security-bridging-gaps-pub-66397.

45) See for example: Evelyn Goh (ed.), *Rising China's Influence in Developing Asia* (Oxford: Oxford University Press, 2016).

46) "Conference on "Engaging a Global China: EU's and ASEAN's Perspectives and Responses"," EU Centre in Singapore, October, 2018, http://www.eucentre.sg/?p=16422.

2. The motives behind COSCO's Investment in the Port of Piraeus

Frans-Paul van der Putten, Tianmu Hong, and Jurriaan de Blécourt[47]

Closely linked to the China-financed Hungary-Serbia railway project as part of the "China-Europe Land-Maritime Express Line" is the Chinese investment in the Greek port of Piraeus. As part of our project to understand and evaluate the connection between Chinese investment and influence in Europe, we therefore conducted a case study of the Chinese company COSCO's investment in Piraeus. We first present the background and details of the Piraeus case and then evaluate arguments about linkages between the investment and possible motives aimed at increasing Chinese political influence.

2.1 Introduction

COSCO, a state-owned enterprise from China, is the largest investor in the Greek port of Piraeus and a majority shareholder of Piraeus Port Authority.[48] The involvement of COSCO in Greece's largest seaport has raised questions about potential Chinese influence over Greek foreign policy. When discussing this topic, western media and think tanks have focused mostly on the relationship between the governments of China and Greece. The purpose of this case study is to direct attention to the company itself. Since COSCO is not just a state-owned entity but also a global shipping company with subsidiaries that are listed on various stock exchanges, its investment behaviour is presumably driven by a mix of both political and commercial considerations. But how do these two categories of considerations interrelate? Do COSCO's investment decisions in Greece make commercial sense? Has the degree to which the company follows its commercial interests changed in recent years? A better understanding of these issues provides a clearer view on the mechanism of expanding Chinese influence in Europe.

2.2 COSCO

In 1961 the Chinese government established COSCO (China Ocean Shipping Company, 中国远洋运输公司; later renamed China Ocean Shipping (Group) Company 中国远洋运输(集团)总公司) as a state-owned enterprise for overseas shipping. Today its main activities include bulk and container shipping, port management, logistics, shipping finance, shipbuilding and repairs, ship and crew management, and real estate and hotel management.[49] In 2016, COSCO expanded substantially in size when it acquired China Shipping, another major state-owned enterprise that was founded in 1997. As a result of the merger, the company name now is China COSCO Shipping Corporation Ltd (often shortened to COSCO Shipping or COSCO) or 中国远洋海运集团有限公司. Its headquarters are located in Shanghai. According to the company's website, COSCO's main aim is 'to build a world-leading business entity that provides integrated logistics and

47) The authors are grateful to everyone who was interviewed for this case study or who otherwise contributed: Hercules Haralambides, Asteris Huliaras, Plamen Tonchev, George Giannopolous, Harry Papasotiriou, Thanos Dokos, Plamen Tonchev, Polyxeni Davarinou, Siwarde Sap, Giannis Balakakis.

48) On Chinese investments in Greece, see Plamen Tonchev and Polyxeni Davarinou, "Chinese Investment in Greece and the Big Picture of Sino-Greek Relations," Institute of International Economic Relations, December, 2017, http://idos.gr/wp-content/uploads/2017/12/Chinese-Investment-in-Greece_4-12-2017.pdf.

49) "China COSCO Shipping Business Sectors," COSCO, http://en.coscoshipping.com/col/col6916/index.html.

supply chain services', by focusing on global shipping, integrated logistics, and shipping related financial services.[50] With the combination of its bulk and container businesses, COSCO is the world's largest integrated shipping company. In container shipping, it is the fourth largest, behind Maersk (Denmark), MSC (Switzerland) and CMA CGM (France), with a market share of circa 9 per cent.[51] In 2017, the company made a bid to buy the Hong Kong company that owns OOCL, the eighth-largest container shipper.[52] If the takeover attempt succeeds, COSCO will become the third-largest container shipping company with a market share of 12 per cent.[53] It is increasingly challenging the lead position of its European competitors.[54] Apart from being a major shipping firm, COSCO is also the world's largest operator of container terminals, with a stake in 42 container terminals that handle around 100 million TEU per year.[55]

The capacity for deep sea container shipping is becoming ever more concentrated, with the 10 largest companies already controlling nearly 90 per cent of the market.[56] Moreover, alliances among the main players themselves have further increased the level of market concentration. The Asia-Europe route is dominated by just three alliances that jointly account for 99 per cent of all container traffic on that route. One of these three is Ocean Alliance, whose members are COSCO Shipping, OOCL, CMA-CGM (France) and Evergreen (Taiwan) and that controls 36 per cent of the container trade between Europe and Asia.[57]

Within the COSCO organisation, two key managers responsible for its activities at Piraeus are Xu Lirong (chairman of the entire COSCO group and thus bearing overall responsibility) and Fu Chengqiu (the CEO of Piraeus Port Authority, and previously of Piraeus Container Terminal). Other top managers who act as linkages between the COSCO group and its port activities in Greece are Huang Xiaowen and Feng Boming. In or around 2016 both were on the boards of COSCO Shipping Holdings, COSCO Shipping Logistics, and COSCO Shipping Ports (Huang as chair, Feng as director). Feng Boming is also on the board of Piraeus Port Authority. COSCO is owned and controlled by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC). Xu Lirong, as group CEO, was formally appointed by SASAC. However, the body that is ultimately responsible for Xu's position as CEO is the Central Organisation Department of the CCP.[58] Moreover, all members of the COSCO board of directors are also members of the company's CCP committee, with Xu being the committee's secre-

50) "China COSCO Shipping Group Profile," COSCO, http://en.coscocs.com/col/col6918/index.html.
51) "Top Ten Shipping Companies," Champion Freight, November 1, 2018, https://www.championfreight.co.nz/top-ten-shipping-companies.
52) COSCO Shipping proposed by buy 90.1 per cent of the shares of OOIL, the parent of OOCL, while SIPG intends to buy the remaining 9.9 per cent.
53) Celia Chen, "Cosco set to become third largest shipping operator after deal to acquire Orient Overseas," *South China Morning Post*, July 10, 2017, https://www.scmp.com/business/companies/article/2101951/orient-overseas-shares-jump-most-eight-years-after-cosco-takeover.
54) Alessandro Pasetti, "Analysis: with OOCL buy, Cosco is growing, but it's also burning more cash," The Load Star, November 13, 2017, https://theloadstar.co.uk/analysis-oocl-buy-cosco-growing-also-burning-cash/.
55) "2017 Annual Report - China COSCO," COSCO, March 29, 2018, http://en.chinacosco.com/attach/0/Annual%20Report%202017.pdf.
56) MI News Network, "Top 10 Shipping Lines Control Almost 90% Of The Deep Sea Market," *Marine Insight*, last modified February 21, 2018, https://www.marineinsight.com/shipping-news/top10-shipping-lines-control-almost-90-deep-sea-market/.
57) Ibid.
58) Joanne Chiu, "Cosco Group Chairman Wei Jiafu Steps Down," *The Wall Street Journal*, last modified July 2, 2013, https://www.wsj.com/articles/SB10001424127887323297504578580730393413330.

tary.[59] At the same time, the great majority of COSCO's board members are shipping specialists with a strong sense of commitment to the company. For instance, Xu Lirong was trained as an engineer at Dalian Maritime University and joined COSCO in 1975. Fu Chengqiu, Huang Xiaowen, and Feng Boming also have a background in shipping and have been with either COSCO or its former competitor China Shipping for many decades.

Influential external stakeholder groups include the Chinese Communist Party (CCP), SASAC, and minority shareholders of the company's container shipping and ports businesses. The dominant external stakeholders are the CCP (the ultimate controlling entity) and SASAC (the owner of the parent company). Since the CCP has permanent control of the Chinese government, including SASAC, the overall interests of the Party and the government are closely aligned. In the case of COSCO these may be presumed to include retaining political control on overall strategy, and developing the company as a financially viable shipping and logistics enterprise with a leading role at the global level. External shareholders in companies with a stock exchange listing are primarily interested in the company's financial results and how these affect stock prices; they buy and sell shares in COSCO on the basis of their assessment of its financial performance. Management, which is the dominant internal stakeholder at large corporations, typically tries to satisfy the needs of influential external shareholders in order to improve their career potential. An additional interest inherent to managers themselves lies in corporate expansion: making their own areas of responsibility larger also benefits their positions within the company.

COSCO's core interests relevant to its involvement in Piraeus may be assumed to include: a) showing loyalty to the CCP and the central government, b) commercial profitability, and c) expansion of corporate activities. While the latter two are common to large companies in general and relatively straightforward, the meaning of political loyalty depends on the expectations of the Party and the central government, and how managers perceive these. Overall, a focus by COSCO on profitability and expansion seems to be in line with the expectations of China's political leadership. Profitability is necessary in order for COSCO to be competitive at the global level and to raise capital through issuing public shares. International expansion corresponds to the guidance provided by the Go Out and Belt and Road policies. However, no information is available on whether any additional instructions or guidelines have been provided by China's political leadership to COSCO's board of directors. This applies to the general level, and also to specific projects or activities, such as investing in the port of Piraeus. It is important to note that political guidance as a potentially decisive factor, either at present or at a future time, is inherent to a major state-owned enterprise such as COSCO.

59) "China COSCO Shipping Business Sectors," COSCO.

Entity	Country of registration	Type	Activity	Relationship to activitvies / subsidiary entities relevant to Piraeus	Key managerial figures relevant to Piraeus operations, circa 2016-2018
China COSCO Shipping Corporation Ltd	China	Company (fully state-owned)	**Parent company** of the COSCO Shipping group	Owns 100 per cent of, and controls, COSCO Shipping Logistics Co. Ltd; Owns 100 per cent of, and controls, COSCO Shipping (Hong Kong) Ltd; Owns 100 per cent of and controls China Ocean Shipping Co. Ltd	Xu Lirong (chairman of board and CCP committee secretary); Huang Xiaowen (executive vice president and CCP committee member)
COSCO Shipping Logistics Co. Ltd	China	Wholly-owned subsidiary	Logistics services	Indirectly owns 100 per cent of, and controls, COSCO Shipping Lines (Greece) SA; Provides block train services between Piraeus and Central Europe	Huang Xiaowen (chairman); Feng Boming (director)
COSCO Shipping (Hong Kong) Ltd	Hong Kong	Wholly-owned subsidiary	Shipping services	**Owns 51 per cent of Piraeus Port Authority SA**	Feng Boming (director)
China Ocean Shipping Co. Ltd	China	Wholly-owned subsidiary	Shareholding?	Owns 45.47 per cent of, and controls, COSCO Shipping Holdings Ltd	
COSCO Shipping Holdings Ltd	China	Company with listing on HK stock exchange	Parent company of COSCO Shipping's container shipping and terminal business	Owns 100 per cent of, and controls, COSCO Shipping Lines Co. Ltd; Owns 46.91 per cent of, and controls, COSCO Shipping Ports Ltd	Huang Xiaowen (chairman); Wang Haimin (general manager); Ma Jianhua (CCP committee secretary and non-executive director); Zhang Wei (deputy general manager); Feng Boming (non-executive director); Zhang Wei (non-executive director); Chen Dong (non-executive director)
COSCO Shipping Lines Co. Ltd	China	Wholly-owned subsidiary of COSCO Shipping Holdings Ltd	Container shipping	Major client of Piraeus Port Authority / Piraeus Container Terminal	Huang Xiaowen (chairman); Feng Boming (director)
COSCO Shipping Ports Ltd	Bermuda	Company with listing on HK stock exchange	Container shipping and terminal business	**Manages Piraeus Port Authority SA; Owns 100 per cent of and controls Piraeus Container Terminal SA**; Owns 50 per cent, and has a voting power of 60 per cent, in Piraeus Consolidation & Distribution Centre SA	Huang Xiaowen (chairman); Zhang Wei (managing director); Feng Boming (non-executive director); Zhang Wei (non-executive director); Chen Dong (non-executive director)

Piraeus Port Authority SA	Greece	Company with listing on Athens stock exchange	**Management of the Port of Piraeus**	Has a 35-year lease agreement with Piraeus Container Terminal SA for the operating of Pier 2 and 2	Fu Chengqiu (chairman and CEO); Feng Boming (non-executive director)
Piraeus Container Terminal SA	Greece	Wholly-owned subsidiary of COSCO Shipping Ports Ltd	**Terminal management at Piraeus**	Operating of pier 2 and 3 of the Piraeus container port	Zhang Wei (chairman); Zhang Anmin (CEO)
Piraeus Consolidation & Distribution Centre SA	Greece	Joint venture with DPORT SA	Cargo handling and storage	Located at Piraeus port	
COSCO Shipping Lines (Greece) SA	Greece	Wholly-owned subsidiary of COSCO Shipping Logistics Ltd	COSCO Logistics agency	Provides logistical services for the Balkans region (Greece, Cyprus, Macedonia, Albania, Kosovo, Bulgaria, Serbia, Bosnia Herzegovina)	

Table 1. Entities within COSCO group relevant to its involvement in Piraeus.[60]

2.3 Main instances of investment by COSCO in Piraeus Port

Phase 1: 2008-2016

China's interest in the port of Piraeus first became apparent in the 1990s, when China Shipping Container Lines (CSCL, a subsidiary of China Shipping, which was acquired by COSCO in 2016) concluded a contract with PPA to use Piraeus for transhipment.[61] Around the time, or not long after, this contract expired in 2001, COSCO expressed an interest in developing and enlarging Piraeus as a transhipment hub.[62] High-level contact between the company and the Greek government was established in 2006, when COSCO's chairman met with the Greek prime minister.[63] On the 25th of November 2008, after a tendering process, COSCO signed an agreement with Piraeus Port Authority to operate and develop piers 2 and 3 of the Piraeus container terminal. The agreement was signed in Athens in the presence of the then Chinese President Hu Jintao and Greek Prime Minister Karamanlis. COSCO obtained a 35-year lease contract in return for an initial payment of 50 million euros, a percentage of annual revenues, and an annual lease fee.[64] Moreover, the company promised to invest additional sums in developing the two piers.[65] In order to operate piers 2 and 3, the company created a new entity, Pi-

60) See corporate websites and financial reports of relevant COSCO entities. The main websites in English are: http://en.coscocs.com/; http://www.coscointl.com/; http://en.chinacosco.com/; https://ports.coscoshipping.com/en/; http://www.olp.gr/en/; http://www.pct.com.gr/. The most relevant reports consulted for this overview are: annual reports for COSCO Shipping Ports Ltd (2008-2017) and interim report for COSCO Shipping Ports Ltd (2018): https://ports.coscoshipping.com/en/Investors/IRHome/FinancialReports/.

61) Harilaos N. Psaraftis and Athanasios A. Pallis, "Concession of the Piraeus container terminal: turbulent times and the quest for competitiveness," *Maritime Policy and Management* 39, no.1 (2012), 31.

62) Ibid.

63) Asteris Huliaras and Sotiris Petropoulos, "Shipowners, ports and diplomats: the political economy of Greece's relations with China," *Asia Europe Journal* 12, no. 3 (2014), 225.

64) Pasraftis and Pallis, "Concession of the Piraeus container terminal: turbulent times and the quest for competitiveness," 37.

65) The initial term for the lease was 30 years with an additional 5 years on the condition that COSCO would complete pier 3. See: "Concession of the Piraeus container terminal: turbulent times and the quest for competitiveness," 35.

raeus Container Terminal (PCT),[66] which constituted the company's first wholly-owned terminal subsidiary outside of China.

To external shareholders, COSCO explained that its motive for investing in Greece was 'to develop Piraeus Terminal into an important transhipment terminal, contributing steady cash flow and a favourable investment return for the Group.' Furthermore, it stated that 'the Group is confident that Piraeus Terminal can be developed as a major transhipment centre in the Mediterranean region and as a gateway to Southern Europe.'[67] In the following years COSCO invested in the upgrade of pier 2 and the construction of pier 3. It argued, again aimed at external shareholders, that 'the expansion project will enhance the facility and increase the operational capacity of Piraeus Terminal. It will also be favourable to the port's position as an international transhipment hub, consistent with our top three goals for Piraeus Terminal, including to become a major logistics distribution centre and the most important container transhipment centre in the eastern Mediterranean. The Group also launched sea-rail intermodal transport services at Piraeus to develop the terminal as the gateway port for southern Europe.'[68]

In 2009, COSCO Shipping Ports, the entity that is responsible for the company's port activities,[69] borrowed 215 million euros (US$245 million) from China Development Bank, to be repaid over a 21-year period, for the sole purpose of investing in Piraeus. China Development Bank is a Chinese state-owned bank responsible for raising funds for large infrastructure projects in China and abroad. It is one of COSCO Shipping Ports' principal bankers.[70] In 2012, the same COSCO entity took a 120 million euro (US$137 million) bank loan in order to finance construction work at pier 3.[71]

Moment of transaction / start of project	**Amount (euros)**	**Purpose**
2008	50 million	30-year lease contract for the management of pier 2 and 3
From 2009	215 million (*)	Upgrading pier 2
From 2012	120 million (**)	Construction of pier 3
From 2013	230 million	Upgrading pier 2 and construction of pier 3
2016	280.5 million	Acquisition of 51 per cent of shares in Piraeus Port Authority

Table 2. Indication of major investments by COSCO in Piraeus since 2008. (*) See footnote.[72] (**) See footnote.[73]

66) Frans-Paul van der Putten, "Chinese investment in the port of Piraeus, Greece: The relevance for the EU and the Netherlands," Clingendael, February 14, 2014, https://www.clingendael.org/sites/default/files/pdfs/2014%20-%20Chinese%20investment%20in%20Piraeus%20-%20Clingendael%20Report.pdf.

67) "China COSCO Annual/Interim Report 2009," COSCO, 2009/2010, 30, 13, https://ports.coscoshipping.com/en/Investors/IRHome/FinancialReports/pdf/e09ar.pdf.

68) "Annual Report - China COSCO, 2014" COSCO, March 26, 2015, 13, https://ports.coscoshipping.com/en/Investors/IRHome/FinancialReports/.

69) Then under its previous name, COSCO Pacific Ltd.

70) "Financial Reports - COSCO SHIPPING Ports Limited," COSCO, 2017/2018, 244, https://ports.coscoshipping.com/en/Investors/IRHome/FinancialReports/.

71) "Expansion at Greek container terminal," *South China Morning Post*, May 18, 2012, https://www.scmp.com/article/1001299/expansion-greek-container-terminal.

72) "China COSCO Annual/Interim Report 2009," COSCO, 2009/2010, 14, https://ports.coscoshipping.com/en/Investors/IRHome/FinancialReports/pdf/e09ar.pdf.

73) "Expansion at greek container terminal."

Phase 2: from 2016

In 2016, the Greek government sold a majority stake in Piraeus Port Authority (PPA) to COSCO. The sale followed a bidding process from which COSCO emerged as the sole bidder. PPA was established in 1930 by the Greek government in order to administer the port of Piraeus, Greece's largest seaport.[74] In 1999, the port authority was incorporated as a company, and four years later it was listed on the Athens stock exchange, with 75 per cent of the shares remaining in the hands of the Greek state.[75] In July 2016, during the final stage of the sale process, the Greek Prime Minister Tsipras went on a state visit to Beijing where he was received by the Chinese President Xi Jinping. On that occasion 'Xi Jinping stressed that China and Greece should intensify high-level exchanges, and continuously understand and support each other in issues concerning respective core interest and major concerns. Both sides should boost practical cooperation. China is willing to continuously work with Greece to build the Piraeus port into the biggest transhipment port of containers in the Mediterranean Sea, the bridgehead of land-ocean transportation, and a major pivot for the "Belt and Road" initiative cooperation to mobilize practical cooperation in broad areas between the two countries.'[76]

On the 10th of August 2016, the Greek government transferred 51 per cent of the company´s shares to COSCO in return for EUR 280.5 million (US$320 million). Part of the agreement was that in 2021, COSCO would be allowed to purchase a further 16 per cent of PPA´s shares from the Greek state at EUR 88 million (US$100 million), provided that under COSCO's leadership PPA would invest at least EUR 294 million (US$335 million) in port improvement.[77] COSCO has four main subsidiary firms in Greece. The two primary ones are PPA (which operates pier 1 and all non-container parts of the port) and PCT (which operates piers 2 and 3 of the container terminal). Despite COSCO's take-over of PPA, PCT continues to operate under a lease contract with PPA. Importantly, the PPA acquisition added further external stakeholders to COSCO's activities at Piraeus, namely the Greek state (which still owns 24 per cent of PPA's shares) and investors on the Athens stock exchange (collectively owning another 25 per cent). COSCO has ensured that investors at the Hong Kong stock exchange and those in Athens remain separate groups, by not merging PCT with PPA (see Table 1).

The company is expanding the port of Piraeus not just as a container terminal but also as a homeport for cruise ships (by improving the cruise terminal and making arrangements with Chinese airlines to increase direct flights from China to Athens). COSCO enhanced the port's ship repair capacity by bringing in from China a large floating repair dock. It is also reportedly interested in buying a Greek shipyard. Moreover, it is increasingly focused on developing the port from a major transhipment hub into a significant entry/exit point for overland trade between Piraeus and central Europe. To this end it has been developing the so-called China-Europe Land-Sea Express Route (LSER). A map on the wall of the PPA office suggests that COSCO's ambition is to establish the LSER as a north-south transport corridor from Piraeus up to Hamburg

74) "Chronology," Piraeus Port Authority SA, http://www.olp.gr/en/the-port-of-piraeus/chronology.

75) Pasraftis and Pallis, "Concession of the Piraeus container terminal: turbulent times and the quest for competitiveness," 29.

76) "Xi Jinping Meets with Prime Minister Alexis Tsipras of Greece," Ministry of Foreign Affairs, July 6, 2016, https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1378515.shtml.

77) Ilias Bellos, "Cosco to clinch majority stake in Piraeus port ahead of further investment," *ekathimerini.com,* August 9, 2016, http://www.ekathimerini.com/211138/article/ekathimerini/business/cosco-to-clinch-majority-stake-in-piraeus-port-ahead-of-further-investment.

via the Balkans, Hungary, Austria, the Czech Republic, Poland, and Germany. The company is in the process of setting up a subsidiary company that offers rail transport services along this corridor. As stated by COSCO: 'By connecting its shipping routes with the China-Europe Railway Express, the Company strived to develop itself into a one-stop service provider linking the Silk Road Economic Belt and the 21st Century Maritime Silk Road. China-Europe Sea-Land Express, a new express service carrying container cargo from China to Central and Eastern Europe through Piraeus in Greece, commenced operation in January this year [2018]. When compared with the traditional service routes, its delivery time is about seven days shorter.'[78]

2.4 Commercial versus political drivers

Do COSCO's investments in Greece make commercial sense? By mid-2016, COSCO had invested at least 900 million euros in Piraeus. This appears to have been financed mostly by bank loans. These investments have brought some clear benefits for the company which correspond to its core interests. First, COSCO has showed its loyalty to China's political leadership by contributing to the development of BRI. Piraeus is perhaps the best example to date of a major BRI project that is economically beneficial for both the host country and China itself. Second, COSCO has created an additional source of income for itself and its shareholders. For the fiscal year 2017, PPA paid some 4.28 million euros (US$4.8 million) in dividends, of which COSCO received roughly half and the remaining shareholders in PPA collectively received the other half. Over the same year PCT made a profit of some 17 million euros (US$19.5 million), which contributes to dividends payable in part to investors on the Hong Kong stock exchange and in part to COSCO. Under COSCO's management, container throughput at Piraeus has grown rapidly. Between 2007 and 2017, throughput increased by nearly 200 per cent, reaching circa 4.1 million TEU (Twenty Foot Equivalent Unit) in 2017. This makes Piraeus the 7th largest European container port.[79] As Piraeus continues to grow, its capacity to generate revenues may also increase further. Third, investing in Piraeus has allowed COSCO to expand its activities as a port operator. When it was established in 2008, PCT was the company's first fully owned container terminal subsidiary outside of China. Since then COSCO has not only enlarged its involvement at Piraeus, but it also invested in other Mediterranean and Atlantic container ports, including Kumport (Turkey), Vado (Italy), Valencia and Bilbao (Spain), Zeebrugge and Antwerp (Belgium) and Rotterdam (the Netherlands).[80] Given the cyclical nature of the shipping industry, it is likely that COSCO wants to expand its port business to provide a stable source of revenue. Moreover, being both a shipping company and a port operator may strengthen the bargaining position of COSCO (as a shipping company) vis-à-vis European ports and also with regard to its alliance partners (COSCO bringing into the shipping alliance not only its fleet but also potentially favourable treatment at ports where it has a majority stake). Of course, COSCO can use its role as a shipping company to direct more ships to ports in which it has a financial stake.

78) "2017 Interim Report," COSCO, 2017, https://ports.coscoshipping.com/en/Investors/IRHome/FinancialReports/pdf/e17ir.pdf.

79) Theo Notteboom, "PortGraphic: the top 15 container ports in Europe in 2017," PortEconomics, February 28, 2018, http://www.porteconomics.eu/2018/02/28/portgraphic-the-top-15-container-ports-in-europe-in-2017/.

80) Outside of Europe and mainland China, the company has terminal investments in Hong Kong, Taiwan, Singapore, Busan, Suez, Abu Dhabi and Seattle.

Whether the price has been worth these benefits from a commercial point of view is ultimately a subjective matter. Most of the investments made by COSCO in Piraeus have been done by entities in which outside investors have a major stake such as COSCO Shipping Ports (CSP). The stock price for CSP generally rose in the first few years after the signing of the November 2008 lease agreement. This suggests that shareholders were either positive regarding the involvement in Greece, or at least they did not regard it as a major reason to abandon their investments in the company. On the basis of the available information there is no reason to assume that the investments by COSCO in the port of Piraeus have been counter to its commercial interests.

2.5 Perceptions

Various western think tanks, media, and governments have suggested that COSCO's investments in Piraeus may be a tool for Chinese political interference in the European Union. For instance, in a report by the Global Public Policy Institute (GPPI) and Mercator Institute for China Studies (MERICS) titled 'Authoritarian Advance: Responding to China's growing political influence in Europe', Greece is the most-often mentioned example in a section that discusses 'the political damage Chinese investment in the region has caused to unity among EU member states — especially on European China policy.'[81] As COSCO's involvement in the port of Piraeus is the most prominent case of Chinese investment in Greece, the report suggests that this is a prime example of Chinese political influencing in the EU. This conception is also part of a New York Times article that states that 'while Europe was busy squeezing Greece, the Chinese swooped in with bucket-loads of investments that have begun to pay off, not only economically but also by apparently giving China a political foothold in Greece, and by extension, in Europe.'[82] There are a number of indications of Greece's pro-China course that are often referred to, namely: Athens' objections to a statement critical of China in response to an arbitration ruling on the South China Sea in 2016; The Greek veto of an EU-proposed resolution to criticize China in the Human Rights Council of the UN in 2017; and Greece's opposition to an EU-wide investment screening mechanism, also in 2017.[83] A recent report on China's image in Greece by the Institute of International Economic Relations in Athens found that friendly views prevail but also that "talk of Chinese investment in Greece has been disproportionately more intensive than investment projects themselves. In other words, expectations may be on the verge of exceeding real developments."[84] Greek transport experts interviewed for this report regard COSCO's role as generally beneficial for Greece.[85] According to several foreign relations experts from Greece interviewed for this report, the country's strategic dependence on China – the basis for Chinese political influence – remains limited. Generally they believe that the Greek government took a pro-Chinese stance in the instance mentioned above, and thus contravened EU unity, but they do not endorse the idea that overall Greek foreign policy has become anti-EU and pro-China.

81) Benner et al., "Authoritarian Advance: Responding to China's Growing Political Influence in Europe."
82) Horowitz and Alderman, "Chastised by E.U., a Resentful Greece Embraces China's Cash and Interests."
83) Ilias Bellos, "Boom awakens memories of Piraeus's ancient glory," *ekathimerini.com*, June 6, 2018, http://www.ekathimerini.com/229300/article/ekathimerini/business/boom-awakens-memories-of-piraeuss-ancient-glory.
84) Plamen Tonchev (ed.), Angelos Bentis, Caroline Carulas, Chris Mihalaris, and George Papoutsas, "China's Image in Greece 2008-2018," Institute of International Economic Relations, October, 2018, 25, http://idos.gr/wp-content/uploads/2018/10/China-Image-in-Greece_9-10-2018.pdf.
85) Various interviews held from March to June 2018.

In Chinese-language media, a view on this issue is provided by Cui Hongjian, who is the director of the European Department of the Chinese Institute of International Studies (CIIS). According to Cui, in an interview with a Chinese journal, there are mainly two reasons why some European countries act in China's favour: economic concerns are the primary reason, but differentiated values within the EU also play an important part. Cui maintains that some central and eastern European countries are not satisfied with the reforms led by western Europe. The left-wing governments of the Czech Republic and Greece, for instance, had the courage and confidence to express their views and make relatively independent judgments from the mainstream EU opinions. He further states that "for us, we need to extend our friends circle, building upon bilateral relationships." As he sees it, China does not expect a 180 degree change in the EU's attitude towards China, but it is happy to see that there are different opinions within the EU.[86] "In the future, we might be able to see a division of opinions around China-related issues. Particularly some middle to small sized European countries may show flexible attitudes and more freedom to express themselves away from the mainstream EU opinions."[87]

2.6 Conclusions

The overall aims of COSCO and those of the CCP and the Chinese state seem closely aligned. Specifically, the aim to turn the port of Piraeus into a major hub under the management of COSCO. The Chinese government has been closely involved during all stages of the company's involvement, which suggests that the company acts in accordance with – or at least, not contrary to - Chinese foreign policy aims. Still, the commercial logic is also there; statements aimed at external shareholders seem to be in line with the actual investment behaviour of the company. This means that profitability and commercial expansion are key objectives, regardless of possible political considerations. This basic profile of interests – clearly commercial but to an unknown extent also political - does not appear to have changed much throughout the 2008-2018 period.

The exact balance between political and commercial aims is unclear, and cannot be established on the basis of publicly available data. Nonetheless, it seems obvious that commercial considerations have been playing, and still play, a very important role in the investment behaviour of COSCO at Piraeus. Whether gaining political leverage over Greece, and by extension over the EU, is among the objectives of either the company itself or of the CCP and the Chinese government cannot be confirmed. What is perhaps more important is that China's political leadership could, if needed, use COSCO to gain such leverage in the future. In that regard, however, it needs to be remembered that for China to do so openly would be costly. It could damage the reputation of COSCO in the eyes of its shareholders and of Greek and other European governments. It would also undermine the investment potential of other Chinese enterprises in the EU. The most likely course for China, then, would seem to be to refrain from using COSCO as an overt political tool. This would likely mean that the Greek government may in the future repeat taking a pro-Chinese stance at various occasions, but that the Chinese investments in Piraeus by themselves are insufficient to turn Greece into a country that consistently and predictably follows Beijing's guidance on political matters.

86) Reference News. Original Chinese: "对我们来说，我们需要继续扩大'朋友圈'，从双边关系的大局对相关国家做工作。"崔洪建表示，中国并不指望欧盟内部对华看法发生180度的改变，但乐见他们内部有不同意见。(Translation by Hong Tianmu).

87) "今后在围绕中国的问题上，我们可能慢慢地能够看到阵营的区分。"他认为，特别是一些欧洲中小国家在对外关系上则会展现更灵活的态度，自我表达意见的可能性更大。(Translation by Hong Tianmu).

3. NXP Case Study

Frank N. Pieke and Tianmu Hong

In the first of our two case studies of Chinese investment into the Netherlands we focus on the Chinese firm JAC Capital's investment in a joint venture with the Dutch semiconductor firm NXP (NXP Semiconductors N.V, hereafter referred to as 'NXP'). In comparison to the two infrastructure projects in central and southern Europe, as well as the second Dutch case study which focuses on the agricultural commodities sector, this NXP case study provides insight into a high tech Chinese acquisition in the Netherlands.

3.1 Chinese overseas foreign direct investment in technology

For a long time, China has been suffering from a lack of core technologies in various fields. In the area of Integrated Circuits (IC) China has spent more than US$200 billion on imported semiconductors annually for five consecutive years. China has clearly recognized that without self-owned technology, its high-tech industry will be very vulnerable to foreign pressure.[88]

To cope with this predicament, the Chinese government is advocating economic transformation and industrial upgrading. The 13th Five-Year Plan, the "Made in China 2025" Strategy, and the Belt and Road Initiative, have all emphasize the importance of technology. Acquiring high technology via mergers and acquisitions (M&As) is a short-cut for China to realize its ambitions. Following this logic, it has been regarded as common sense that China's overseas investment would shift from focusing on natural resources and traditional industries to high-tech industries. Furthermore, many technology related investments have been executed under the banner of stimulating the advancement of technology in China, enhancing globalization, and facilitating the transformation and upgrading of the Chinese economy.[89]

The proportion of Chinese overseas investment in technology, which was rather modest during the period 2006 through to 2013, has surged in the last five years, as is illustrated by the chart below. Supported by government policies and incentives, the proportion of Chinese foreign direct investment (FDI) in technology increased to 15 per cent of total foreign investment in 2016.[90]

With more Chinese capital entering the international technology market, fears and suspicions abroad rose as well. Question about the potential political orientation of Chinese investments, and possibilities of unfair competition because of Chinese government support, propelled western countries to implement more stringent screening measures in order to regulate or gain better control of the transactions. As a result, we can see two trends of Chinese outward foreign direct investment (OFDI) in technology.

88) Zhěng Li 李拯, "Qiang qi lai li bu kai zi zhu chuang "xin" (ping lun yuan guan cha) 强起来离不开自主创"芯"(评论员观察)" [In order to be powerful, one needs to have innovation], *People's Daily* 人民日报, April 19, 2018, http://paper.people.com.cn/rmrb/html/2018-04/19/nw.D110000renmrb_20180419_1-05.htm.

89) "Zhong jian tou zi ben ji jian guang zi chan zai jing ju ban sha long, gong hua gou zao IC chan ye xin sheng tai 中建投资本及建广资产在京举办沙龙,共话构造IC产业芯生态" [JIC Capital and Beijing JianGuang Asset Management Co., Ltd. hold Beijing meeting to talk about developing the IC industry], *eeworld.com.cn* 电子工程世界, December 24, 2017, http://www.eeworld.com.cn/manufacture/article_2017122421000.html.

90) "Ke ji qi ye hai wai tou zi nan? Kan xue zhe ru he jie du 科技企业海外投资难？看学者如何解读" [Hard for technology companies to invest abroad? Insights from scholars], *imsilkroad.com* 新华社主办, November 27, 2017, http://silkroad.news.cn/zhiku/mfbg/71539.shtml.

Figure 1: Chinese overseas investments in technology related assets. Source: see footnote 90.

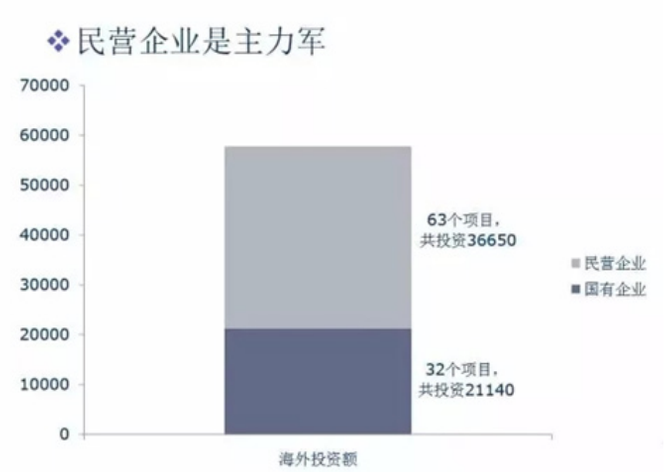

Figure 2: Percentage of overseas investment by SOEs and POEs. Source: see footnote 90.

First, Chinese private owned enterprises (POEs) are still the main sources of technology-related investment, probably because of the less sensitive nature of their ownership in the eyes of western policy makers.

Secondly, Chinese OFDI in the United States has been shrinking dramatically, while investment in Europe and the Belt and Road countries has been increasing. Last year, the scale of acquisitions by Chinese-funded enterprises in the United States presented a plummeting decline, dropping from a record high of US$73 billion to US$7.8 billion, a decrease of 90 per cent. At the same time, investments in Europe and countries along the Belt and Road have significantly increased, from US$20.2 billion to US$35.7 billion for Europe, and from US$24.5 billion to US$36.2 billion for countries along the Belt and Road.[91]

Integrated Circuits (IC) are regarded as one of the fundamental components of the IT industry. Therefore, this technology attracts considerable attention from Chinese investors. In fact, both Chinese government plans, as well as company strategies, show that the ultimate purpose of the various overseas takeovers in the semiconductor area is to form an industrial chain from research, to production, to sales and consumption,

91) Qingqing Du 杜卿卿, "Yi ji du quan qiu bing gou chao wan yi mei yuan, ke ji bing gou ru he gui bi "mo ca" feng xian 一季度全球并购超万亿美元,科技并购如何规避"摩擦"风险?" [Trillions of dollars spent on mergers and acquisitions in one quarter, how to avoid risk of "friction"], *Yicai Global* 第一财经, May 14, 2018, https://www.yicai.com/news/5422664.html.

and to create a so-called favorable "industrial ecology" for the development of Chinese semiconductor industries.

As a "strategic, fundamental, and pioneering industry," the integrated circuit (IC) industry is regarded as a pillar of emerging high-tech industries and the development of an information economy.[92] Since the beginning of the 21st century, the Chinese State Council has successively issued several documents, such as document No. 18 in 2000 and document No. 4 in 2011, to promote the development of the IC industry which has been identified as one of the *National Major Science and Technology Projects*. In 2014, China issued the 'National Integrated Circuit Industry Development Promotion Outline.' It also plans to create a 'National Integrated Circuit Industry Investment Fund' with a total scale of RMB140 billion to invest in the entire industry chain. This investment will be in areas ranging from design, manufacturing, packaging and testing, to equipment, materials, as well as applications. Many local governments, including those in Beijing, Shanghai, Wuhan, and Shenzhen, have also launched local funds which are working together with the national funds to promote the development of the industry.[93]

3.2 NXP and China-US competition over semiconductor hegemony

The acquisition strategy of JAC Capital in the semiconductor sector is therefore not only fully in line with JAC Capital's own strategic objectives, but also conforms very nicely with the Chinese government´s strategy of reducing China's dependence on the US for semiconductor and other high-tech products.

The urgency of this strategy was thrown into especially sharp relief in April 2018. China's current dependence on the world's advanced economies for high-tech products was exposed when the US government threatened to pull the plug on the export of American products to China's telecommunications company ZTE. The US Commerce Department imposed the ban following ZTE's violation of US sanctions against Iran and North Korea. ZTE largely depends on foreign, and especially US-produced, chips and operating systems for its products, and the US ban effectively meant a death sentence for the company. In response, the Chinese President Xi Jinping stated that "the initiatives of innovation and development must be securely kept in our own hands (…) only by mastering core technologies can we guarantee national economic security, defence security, and other securities."[94] Incidentally, the explicit connection made by Xi between economic and defence security is especially revealing, and also immediately relevant to foreign partners: civilian-military dual use of technology is part and parcel of China's strategy for global science and technology leadership.

The US-China conflict over semiconductor hegemony also involved NXP. NXP remains the world's biggest smartphone chipmaker even after earlier having sold off some of its divisions to JAC Capital. NXP sought a friendly US$44 billion takeover by the US company Qualcomm. If this takeover had gone ahead, according to Forbes it would have created a US company "with unmatched breadth in intellectual property for

92) "Zhong jian tou zi ben ji jian guang zi chan zai jing ju ban sha long, gong hua gou zao IC chan ye xin sheng tai 中建投资本及建广资产在京举办沙龙,共话构造IC产业芯生态" [JIC Capital and Beijing JianGuang Asset Management Co., Ltd. hold Beijing meeting to talk about developing the IC industry].

93) "Beijing Jianguang ni 18 yi meiyuan shougou RF Power ban daoti hangye haiwai binggou huo tupo 北京建广拟18亿美元收购RF Power 半导体行业海外并购获突破" [Breakthroughs in semiconductor industry foreign acquisitions. Beijing Jianguang Asset Management CO., Ltd planning to spend 1.8 trillion USD on acquisition of RF Power], *Xinhuanet.com*, June 2, 2015, http://www.xinhuanet.com/finance/2015-06/02/c_127867434.htm.

94) Wieda Li, "Xi Jinping calls for China to become a science and technology world leader," *GB Times*, May 29, 2018, https://gbtimes.com/xi-jinping-calls-for-china-to-become-a-science-and-tech-world-leader.

wireless communications and interconnects, security, microcontrollers and processors, and sensors – the critical components of the Internet of Things (IoT)." Forbes stated that in addition "the company would hold leadership positions in some of the largest and most innovative markets like mobile devices, automotive, security solutions, and industrial platforms among others."[95] However, in the summer of 2017 the situation became much more complex when Broadcom, a limited company at that time registered in Singapore, made a bid to acquire the whole of Qualcomm for no less than US$117 billion. In March 2018, the US President Donald Trump blocked this takeover on national security grounds. These grounds for blocking the bid were not specified but may have had to do with American fears about the Chinese electronics company Huawei (which Bloomberg suggested had no direct links to the bid, but loomed over the attempt anyway).[96] In retaliation, the Chinese anti-trust regular disallowed the proposed Qualcomm takeover and in July 2018 Qualcomm had to call off its proposed purchase of NXP.[97]

Semiconductor production and connected sectors are one of the key arenas of the growing competition between China and the US, and Dutch companies have been caught right in the middle. JAC Capital's takeover of some of NXP's assets in the Netherlands clearly was one step to reduce some of China's dependence on the US in this sector. Conversely, a successful Qualcomm-NXP merger would have given the US a near-monopoly, and as a result China did all it could to stop it. In hindsight, we might therefore conclude that the US threat to block semiconductor sales to the Chinese firm GZE was a Pyrrhic victory only, leading to an even greater defeat. Moreover, the ramifications of the Broadcom affair continue. It could be argued that the US simply moved to other, higher ground in the current trade war in which China seems to have much fewer options and less staying power than the US.

3.3 Introduction

In 2016 Beijing Jianguang Asset Management Co. (hereafter referred to as 'JAC Capital') invested in a joint venture with the Dutch semiconductor producer NXP, to establish WeEn semiconductors. In addition JAC Capital purchased two divisions of NXP, that became independent companies named Ampleon and Nexperia. The total amount of these transactions exceeded US$4 billion, the largest M&A case in the semiconductor sector in China in 2016.[98] JAC Capital is a private equity fund management company owned by several Chinese state and non-state shareholders.

Purchasing two divisions of NXP Semiconductors and establishing one joint-venture were fully in line of JAC Capital's long-term strategic goals. Semiconductor technology and products are the essential foundation of big data and artificial intelligence. Therefore, the semiconductor sector is seen as a core technological sector. Moreover, semiconductors have important applications, namely communication, consumer electronics, automotive

95) Jim McGregor, "To Be Or Not To Be -- Qualcomm and NXP," *Forbes*, July 24, 2018, https://www.forbes.com/sites/tiriasresearch/2018/07/24/to-be-or-not-to-be-qualcomm-and-nxp/#5add33672722.

96) On the nature of these fears of Huawei and why this involves Broadcom, see: "How Fear of Huawei Killed $117 Billion Broadcom Deal," *Bloomberg*, March 13, 2018, https://www.bloomberg.com/news/articles/2018-03-13/how-china-s-huawei-killed-117-billion-broadcom-deal-quicktake.

97) Michael Martina and Stephen Nellis, "Qualcomm ends $44 billion NXP bid after failing to win China approval," *Reuters*, July 25, 2018, https://www.reuters.com/article/us-nxp-semicondtrs-m-a-qualcomm/qualcomm-ends-44-billion-nxp-bid-after-failing-to-win-china-approval-idUSKBN1KF193.

98) "Jiemi Jianguang ziben shougou di yi an, Ruineng ban daoti jinxi ruhe? 揭密建广资本收购第一案,瑞能半导体今昔如何?" [Inside sources on Beijing Jianguang Asset Management's acquisition. JiLin WeEn Semiconductors today], *ESM* 国际电子商情, April 17, 2017, https://www.esmchina.com/news/201704171115.html.

electronics, and industrial controls. JAC Capital has made considerable investment in the automotive and industrial control areas and they plan to extend their investment into the consumer electronics and communications field in the future.

Chinese investors in the semiconductor sector tend to be only interested in investing in companies that belong to the world top three in every segment of the industry.[99] The two NXP divisions held several titles as the world number one or number two in their particular field. Moreover, JAC Capital claims that investing in the entire industry chain is its core strategy. JAC Capital is fully aware that the development of the integrated circuit industry requires not only policy support, capital investment, and technology development, but also the creation of a favourable "industrial ecological-environment." The prospects of emerging markets, such as artificial intelligence, smart cars, and smart hardware, are becoming ever more promising.[100] According to its own statements, through mergers and acquisitions and other forms of investment, JAC Capital has by and large covered all aspects of the production chain in this sector, from material, equipment, design, and manufacturing, through to packaging and testing. Some of its applications of integrated circuits (IC) in the fields of communications, automotive, industrial, and consumer electronics have earned considerable market share worldwide.[101]

3.4 Nexperia and Ampleon

NXP is a former daughter company of Philips N.V. which was sold off in 2006. The first cooperation between JAC Capital and NXP was the joint venture which formed a company called WeEn Semiconductors. This company was officially launched on the 19th January 2016 with the business and operations centre located in Shanghai. At present, JAC Capital holds 51 per cent of WeEn shares, and NXP holds the remaining 49 per cent. According to a pre-negotiated plan, in three to five years the proportion of NXP shares should gradually shrink to 20 per cent making JAC Capital the predominant owner.[102] Thanks to NXP's production base in Jilin province,[103] WeEn immediately has a leading position with regard to silicon carbide worldwide, has the second place in the global market share of thyristor, and is among the top three producers of international PFC power diodes in this market.[104]

While WeEn is predominantly a Chinese company, the two NXP divisions bought by JAC Capital remain registered and firmly rooted in the Netherlands. Although Ampleon and Nexperia are both producers of chips used in the mobile telephony industry, their products are entirely different. Among other things, Ampleon produces chip used

99) Lun Xu 徐伦, "Jianguang zichan jiedu touzi luoji: Haiwai binggou zhi tou qian san, hegui yu shouxin geng zhongyao 建广资产解读投资逻辑:海外并购只投前三,合规与守信最重要" [Beijing Jianguang Asset Management investment strategies: Aiming for the top three in foreign acquisitions, compliance and reliability as priorities], *Sina Financial Headlines* 财经头条, December 28, 2017, https://t.cj.sina.com.cn/articles/view/6372825920/17bd99b4000100954g.

100) "Zhong jian tou zi ben ji jian guang zi chan zai jing ju ban sha long, gong hua gou zao IC chan ye xin sheng tai 中建投资本及建广资产在京举办沙龙,共话构造IC产业芯生态" [JIC Capital and Beijing JianGuang Asset Management Co., Ltd. hold Beijing meeting to talk about developing the IC industry].

101) Xu 徐, "Jianguang zichan jiedu touzi luoji: Haiwai binggou zhi tou qian san, hegui yu shouxin geng zhongyao 建广资产解读投资逻辑:海外并购只投前三,合规与守信最重要" [Beijing Jianguang Asset Management investment strategies: Aiming for the top three in foreign acquisitions, compliance and reliability as priorities].

102) "Philip yu Jilin Huawei dianzi xieshou gong zu hezi gongsi 飛利浦與吉林華微電子攜手共組合資公司" [Philips and Jilin Huawei Dianzi cooperate to start Joint Venture Company], *Daily Technology Newspaper* 科技日報報導, November 25, 2003, http://www.ctimes.com.tw/news/PrintNews.asp?O=HJNBPB7YOICSA-0PEP.

103) The production based was established in 2003. Ibid.

104) Ibid.

in mobile telephony transmission equipment. Meanwhile, Nexperia produces chips used inside the mobile phones themselves. Ampleon (formerly NXP RF Power business) was purchased by JAC Capital for US$1.8 billion. In the Chinese media, the purchase was regarded as an unprecedented breakthrough in China's semiconductor industry. According to Chinese media analysis, China had accumulated many years of experience in low-power semiconductor technology, but it was lagging behind in the high-power area. In this sense, the transaction upgraded China's capability to produce high-end integrated circuits, bringing a substantial increase to the value of China's semiconductor industry chain.[105] Moreover, the next-generation technology of has the potential to be used in high performance radar and related military industries.[106] Nexperia was founded in June 2016 when NXP Semiconductors N.V. announced an agreement to divest its Standard Products business to a consortium of financial investors consisting of JAC Capital and Wise Road Capital for a total sum of approximately US$2.75 billion.[107] Part of the capital came from JAC's shareholders, while another part was financed with bank loans. The transaction was the largest overseas acquisition in the history of the Chinese semiconductor industry. The NXP Standard Products business is an industry leading supplier of Discrete, Logic, and PowerMOS semiconductors focused on the Automotive, Industrial, Computing, Consumer, and Wearable application markets. In terms of global market share, Nexperia's AGS diodes and transistors rank number one or have the largest share of the global market. Its logic devices and electrostatic discharge (ESD) protection devices, small-signal metal oxide semiconductor field effect transistors (MOSFETs) and automotive power MOSFETs, rank number two or have the second largest share of the global market.[108]

According to media reports, Nexperia has been running well after the purchase. The company's main sales revenue comes from transistor discrete devices, MOS discrete devices, and logic and protection products. Its earnings before income and tax increased from US$233 million dollars in 2015 to nearly US$327 million in 2017 (February-December). The company's total assets at the end of December 2017 were US$3.425 billion.[109] In 2017, 800 new products were added to Nexperia's portfolio, including a diode product line in the SOD123 package, the world's first voltage conversion shift register, in-vehicle network protection diodes, and nine Trench MOSFETs that meet the AEC-Q101 product certification standards. Its newly established packaging and testing production line in

105) "Beijing Jianguang ni 18 yi meiyuan shougou RF Power ban daoti hangye haiwai binggou huo tupo 北京建广拟18亿美元收购RF Power 半导体行业海外并购获突破" [Breakthroughs in semiconductor industry foreign aquisitions. Beijing Jianguang Asset Management CO., Ltd planning to spend 1.8 trillion USD on acquisition of RF Power].

106) Luli, "Ye wang: ping Jianguang ziben shougou NXP shepin 野望：评建广资本收购NXP射频" [Comments on Beijing Jianguang Asset Management's acquisition of NXP], *Technology Information* 技术资讯, November 28, 2015, http://kb.findrf.com/2015/11/28/野望：评建广资本收购NXP射频/.

107) Xiaowei Wang 王小伟, "Duo jia A gu gongsi jinggou Anshi bandaoti Hangye zui da haiwai binggou luodi nan 多家A股公司竞购安世半导体 行业最大海外并购落地难" [Several A-rated companies are competing to acquire Nexperia - Difficulties in reaching consensus on largest foreign acquisition in the semiconductor industry], *JRJ.com* 金融界首页, May 4, 2018, http://stock.jrj.com.cn/2018/05/04042824489892.shtml.

108) Jingjing Huang 黄晶晶, "Nexperia Dongguan chang da ju kuo chan jiang jin yibu zhichi, Nexperia 东莞厂大举扩产50% 建广资产将进一步支持" [50% increase in production of Nexperia's factory in Dongguan with support from Beijing Jianguang Asset Management], *ESM* 国际电子商情, March 12, 2018, http://www.esmchina.com/news/article/201803121016.

109) Ban Daoti Touzi Lianmeng 半导体投资联盟, "Jianguan NXP biaozhun yewu Nexperia zai bei guapai 建广NXP标准业务Nexperia再被挂牌" [Nexperia is relisted], *Zhihu* 知乎, April 4, 2018, https://zhuanlan.zhihu.com/p/35285487.

China's southern Guangdong province has an annual production volume of more than 100 billion pieces.

3.5 What is JAC Capital?

Beijing Jianguang Asset Management Co , Ltd (JAC Capital) is a private equity fund management Company, established for the purpose of investment in high-technology industries. The company was established in January 2014 in Beijing. Up till now, it has managed multiple investment funds such as integrated circuit industry funds,[110] strategic emerging industry funds,[111] and special merger and acquisition funds. Its investment targets are concentrated in the areas of Integrated Circuits, Cloud Computing, and Network Communications.[112] JAC Capital aims at strategic investment and promoting China's industrial upgrading.[113]

JAC Capital is regarded as a mysterious company even among the insiders of Chinese investment and finance. Its website discloses very little about the origin of the company or about the members of its management team. By putting bits and pieces of information together, it can be ascertained that JAC Capital rests on a lower-branch of a complicated family tree. To be brief, JAC Capital (建广投资) is a subsidiary of JIC Capital Management (Tianjin) Co., Ltd. (建投资本管理(天津)有限公司), which was an investment platform set up by China Jianyin Investment Ltd. (JIC) (中国建银投资有限责任公司), through its two subsidiaries, JIC Investment Co., Ltd. (建投投资) and JIC Tech Inv (建投华科). China Jianyin Investment Ltd. (JIC), as an institution split off from the China Construction Bank (CCB), is a state-owned enterprise, "an integrated investment group focused on equity investments."[114] It was established under the approval of the Chinese State Council in September 2004 with a registered capital of RMB20.7 billion. By the end of June 2013, its total consolidated assets had reached approximately RMB100 billion RMB.[115]

Owing to the fact that it is a state owned enterprise, JIC views its mission to be the use of international resources to promote the development and upgrading of China's industries.[116] According to its own website:

110) Liang Luo 罗亮, "Guojia touzi jijin chengli: li hao xinpian ye tou xiang you zhengyi 国家级投资基金成立：利好芯片业 投向有争议" [Investment Fund on national level established: Semiconductor industry investments are profitable but controversial], *Sina Technology* 新浪科技, October 15, 2014, http://tech.sina.com.cn/it/2014-10-15/07119695526.shtml.

111) The Chinese National Development and Reform Commission and China Construction Bank have signed a memorandum of strategic cooperation on co-sponsoring the establishment of a strategic emerging industry development fund. This fund's target size is about 300 billion RMB. See: "3000 yi zhanlue xinxing chanye jijin jiang sheli, xiangguan lingyu shouyi 3000亿战略新兴产业基金将设立，相关领域受益" [300 billion strategic new industry fund to start, benefiting related industries], *Yicai Global* 第一财经, June 13, 2018, https://www.yicai.com/news/5431391.html.

112) "About us," JAC Capital, http://www.jaccapital.cn/AboutUs/.

113) "Zhong jian tou zi ben ji jian guang zi chan zai jing ju ban sha long, gong hua gou zao IC chan ye xin sheng tai 中建投资本及建广资产在京举办沙龙,共话构造IC产业芯生态" [JIC Capital and Beijing JianGuang Asset Management Co., Ltd. hold Beijing meeting to talk about developing the IC industry].

114) "About JIC," JIC, http://en.jic.cn/about_jic/index.html.

115) "公司简介 / About Us," JIC Group 建投投资, 2014, http://www.jicinv.com/second/index.aspx?nodeid=5.

116) "Dui hua jian tou Huake Dai Yi: Zhongguo xinxi chanye de touzi jiyu 对话建投华科戴燚:中国信息产业的资本机遇" [Interview on Dai Yi from Jiantou Huake: Investment opportunities, China's technology industry], *21 Jingji* 21财经, May 10, 2017, https://m.21jingji.com/article/20170510/herald/26c42f43b85d66c545a41e1f401e0017.html.

> *Our mission is to promote technological progress and industrial upgrading, strengthen the culture of the country, strengthen consumption and services, and improve people's livelihoods…We have a profound grasp of the momentum of China's economic growth, transition (…….).*

JIC has four investment platforms - JIC Investment, JIC Huawen, JIC Tech-Inv, and JIC Holdings respectively - focusing on advanced manufacturing, consumer services, information technology and medical care.[117] It has 14,000 employees around the world, and approximately 120 subsidiaries which are wholly or partly owned, operating across mainland China, Hong Kong, and overseas markets.[118]

3.6 Nexperia and Ampleon under JAC ownership

According to the JAC Capital's management team, one third of the world's electronic devices use the chips or discrete devices produced by the companies that JAC Capital controls.[119] JAC Capital fully owns or is the controlling shareholder of seven semiconductor factories, located in both Europe and Asia. Among them, three are wafer fabs producers, three are post-package testing factories, and one is a lead wire plant. In addition, JAC Capital owns an equipment research and development center which manufactures special equipment for the above-mentioned factories, and a research and development centre for new materials, focusing on silicon carbide, gallium nitride, and third generation indium phosphide for compound semiconductors.

The holding and ownership structure of JAC is fairly complex and opaque. JAC controls Nexperia through its subsidiary, Hong Kong Yucheng International Holdings, which holds 100 per cent of Nexperia. The shareholders of JAC Capital and Wise Road Capital are mainly A-share listed companies. Most important among these is Hefei Yuxin Holdings. Other investors in JAC Capital include Wingtech, Beijing Express, Dongshan Precision, and many other listed companies. In addition, Hefei City Construction Investment Holdings, on behalf of the Hefei Municipal Government, has also contributed to the funding for the purchase. In fact, Hefei City Construction Investment Holdings (Hefei Construction) was the largest investor in the Nexperia Semiconductor's project (US$1 billion) as they are the largest single shareholder of the aforementioned Hefei Yuxin, which holds 43 per cent of the shares.[120]

This fairly motley collection of local state and private investors clearly is a vehicle for the central authorities in Beijing to acquire strategic assets in the semiconductor industry and reduce China's dependence on the US in this sector. However, equally clear is the fact that these investors are more importantly driven by their own financial and strategic interests. The substantial share of investors associated with Hefei reflects this city's own long-term ambitions to be become a major high-tech industrial base.[121] In interviews, representatives of both Ampleon and Nexperia confirmed the picture that we

117) Ibid.

118) "Introduction Of Shareholders," JIC Tech-Inv, 2016, http://jictinv.com/en/about/shareholder/.

119) Yang Liu 刘洋, "Jianguang Zichan Li Bin: jianchi zhanlue xing touzi, wei lingsheng keji tigong chanyelian ziyuan 建广资产李滨:坚持战略性投资，为领盛科技提供产业链资源" [Li Bin from Beijing Jianguang: Continue strategic investments to improve industrial supply chain], *LaoYaoBa* 集微网, May 27, 2017, http://laoyaoba.com/ss6/html/90/n-639390.html.

120) Wang 王, "Duo jia A gu gongsi jinggou Anshi bandaoti Hangye zui da haiwai binggou luodi nan 多家A股公司竞购安世半导体 行业最大海外并购落地难" [Several A-rated companies are competing to acquire Nexperia - Difficulties in reaching consensus on largest foreign acquisition in the semiconductor industry].

121) Interview representative Nexperia, 26 June 2018.

have reconstructed from press reports and websites.[122] Since the takeover, both companies have operated much as before, but with much more generous funding made available for research and development and production expansion. JAC Capital participates in the management and advisory boards of both companies through representatives of its own main shareholding companies. However, these Chinese representatives are only concerned with the financial targets and results and do not involve themselves in strategy and development. The entire management team and all research and development operations have remained located in the Netherlands and no attempt has been made to transfer knowledge, R&D capacity, or even production capacity to China.

The largest customer base for Ampleon and Nexperia is in China (particularly the telecommunications-equipment and consumer-electronics company Huawei and the telecommunications equipment and systems company ZTE). Other customers are Samsung, Nokia, and Eriksson. However, these and other customers, such as Apple, also produce many of their products in China. Traditionally, Ampleon did not have customers in the US. Chinese customers are very interested in Ampleon. Unlike products such as those made by NXP, Ampleon products do not have US content and are therefore not vulnerable to possible US sanctions. Securing a supply that is independent from the US rather than transferring intellectual property or production capacity to China is the most important consideration. Despite the high-profile strategic context, JAC Capital's Dutch investments in the semiconductor sector were made on solid business grounds. JAC Capital considers itself a strategic investor aiming at financial returns. In line with this business strategy, JAC Capital has not transferred any research and development infrastructure to China, but instead has invested heavily in research and development at the Dutch headquarters of the companies. It has allowed, in the case of Nexperia, a reinvestment of 10 per cent of total turnover, or double the amount that was allowed when the company was under NXP. Chinese ownership has also given greater access to customers in China and encouraged further expansion of production facilities both in China and worldwide. For JAC Capital, the ultimate aim is to increase the value of the assets over the next few years before selling them off again for profit, most likely either by means of an Initial Public Offering on the Beijing Stock Exchange, or by selling them outright to another Chinese investor or company.

122) Interview representative Nexperia, 26 June2018; interview representative Ampleon, 9 July 2018.

4. Chinese investment motives in the agribusiness sector: COFCO's acquisition of Nidera

Frans-Paul van der Putten, Tianmu Hong, and Jurriaan de Blécourt

As the second of our two case studies of Chinese investment in the Netherlands, we analysed the Chinese agribusiness company COFCO's purchase of a majority stake in the Dutch trading company Nidera. This analysis rounds out our four case studies by focusing on a deal in the food commodity sector and highlights the different commercial and strategic calculations on the Chinese as well as Dutch sides.

4.1 Introduction

In 2014, COFCO, a Chinese state-owned company in the agribusiness sector, acquired a majority stake in Nidera, a Dutch trading company for agricultural products. Even though at the time this was the largest instance of foreign direct investment in the Netherlands, the deal attracted little public attention. Currently, foreign investment in Europe's agricultural commodities sector is less politically sensitive than investment in the critical infrastructure or advanced technology sectors. Still, given the growing role of Chinese firms in international food supply chains and the strategic importance for any nation of food security, it is likely that the debate over the political effects of Chinese FDI in Europe will also increasingly relate to this sector. Regardless of the potential impact of growing Chinese influence over food supply chains, it can be asked whether recent acquisitions in this domain actually intended to serve a political purpose. What can be said, on the basis of publicly available information, about the extent to which COFCO's investment in Nidera is politically, rather than commercially, driven?

4.2 COFCO

In 1949, just prior to the establishment of the People's Republic of China, the (Communist-led) People's Government of North China created the 'North China Foreign Trade Corporation.'[123] This Tianjin-based company was set up to trade in agricultural commodities such as grains, grease, eggs, and furs. After 1949, the main units of the North China Foreign Trade Corporation were moved to Beijing and reorganized into a number of national trading companies. Several of these were later reunited to form, by the early 1960s, the 'China National Cereals, Oils and Foodstuffs Import and Export Corporation.' Eventually, in 2004, this name was changed to 'China National Cereals, Oils & Foodstuffs Corporation (Group) Co., Ltd.' (in Chinese: 中国粮油食品 (集团) 有限公司), or COFCO.

In its early years, COFCO's main activity was the export of agricultural products, in particularly grain, oil, and foodstuffs, in order to obtain foreign currency. During the famines of the early 1960s, the company engaged in emergency imports of grain and sugar. The company's website indicates that this was undertaken as barter trade in return for shipments of soybeans.[124]

123) "历史与荣誉," COFCO 中粮, 2017, http://www.cofco.com/cn/AboutCOFCO/HistoryandHonor/; "History and Honor," COFCO, 2017, http://www.cofco.com/en/AboutCOFCO/HistoryandHonor/.
124) Ibid.

During the following decades, COFCO developed into a major trader of agricultural commodities. From the start, the company has been closely tied to China's agricultural sector, where it sourced its commodities, while at the same it has acted as a bridge between the Chinese economy and the world outside. When in 1979 Coca-Cola was one of the first western companies to re-enter the Chinese market, it did so in a partnership with COFCO.

Today COFCO is the largest agri-food company in China. In 2012 its revenue amounted to US$34 billion. It regards the trade in, and processing, of grain (rice, wheat, corn), oil (and oilseeds), sugar and cotton as its core business. However, it is also involved in processing goods such as meat products, dairy products, wine, and tea. According to its website, COFCO's objective is to be 'the world's leading grain trader and food producer, aiming to become a model for national food security strategy and food safety strategy implementation.' The company also states: 'through technological innovation and structural upgrades we will create more efficient value chains and have greater macro-control over national food security issues.' It clearly sees an important role for itself in safeguarding China's food security: 'COFCO plays an important supporting role in the maintenance of China's grain and oil market stability.' It can do so because, 'COFCO has 2.3 million terminal sale points throughout China's 952 large and medium-sized cities and more than 10,000 counties and villages, capable of providing consumers with a sufficient supply of quality and safe food year-round.'[125] Overseas activities play a significant role in this regard: 'the company already earns more than 50 per cent of its operating income from overseas business. With its access and strong planning, COFCO can ensure a stable supply for two markets, domestic and international, and be the foundation for food security.'[126]

COFCO is owned by the State-owned Assets Supervisory and Administration Commission of the State Council (SASAC) and is ultimately controlled by the Chinese Communist Party (CCP) which appoints its CEO. It has 13 subsidiaries that are listed on stock exchanges: nine in Hong Kong and four in mainland China. The chairman of the board (and CEO) of COFCO is Lu Jun, who is also the secretary of the company's Communist Party committee. He was trained as an agricultural engineer. He joined COFCO in 1993, left in 2013 to serve as the chairman of China Grain Reserves Corp. (Sinograin), and then returned to head COFCO in 2018. Another member of the board and the company's Communist Party committee is Chi Jingtao (also known as Johnny Chi), who is responsible for the firm's global trade in agricultural commodities. Chi has been with COFCO since 2003.

On the basis of the preceding information, the company's main interest can be identified as serving the CCP and the central government - its controlling combination of stakeholders - by providing food security through being a leading player in the Chinese agribusiness sector. To optimize this role, the company aims to expand internationally. Being commercially viable and internationally competitive thus are major requirements for the company. International expansion also suits the interests of the company's management, which is the most influential stakeholder group apart from the CCP and the government.

125) "About COFCO," COFCO, 2017, http://www.cofco.com/en/AboutCOFCO/.
126) "History and Honor," COFCO.

4.3 The acquisition of Nidera

In 2014, the international strategy of COFCO entered a new phase and Nidera was an important part of this. Nidera had been created in 1920 by three Dutch families as a trading firm for agricultural products. By 2014 the Rotterdam-based company had 3,800 employees and a turnover of 23.3 billion euros, while specializing in the trade of soybeans, wheat and corn.[127] It had regional offices in Buenos Aires, Sao Paolo and Singapore. Profit over the year 2012 was some 72 million euros. In February 2014, the descendants of the founding families agreed to sell to COFCO 51 per cent of the shares in Nidera at a price of circa 1.3 billion euros (US$1.2 billion). Nidera, with extensive storage and logistics operations in Argentina, Brazil, and Uruguay, complemented the nationwide storage and distribution system that COFCO operated in China. Nidera also had close partnerships with South American farmers, to whom it provided fertilizer, seed, and farm chemicals.[128] As a result of China's large-scale imports of South American grains, Nidera and COFCO were already trading partners prior to 2014. Apart from South America, Nidera also had a presence in Ukraine, Russia, Romania, Spain, Britain, and the United States.

According to a press report by COFCO: 'The investment in Nidera will enhance COFCO's global presence in grain storage, logistics, and processing facilities, facilitate the establishment of a global value chain. The synergy associated with the consolidation of COFCO and Nidera will establish a stable grain corridor linking the global biggest grain origination markets and Asian emerging markets with the largest growing demand of grain. With the establishment of an international operating network, "purchase globally, sell globally" will be achieved which can not only meet China's demand for moderate grain imports, but also promote a more effective operation of an international grain network and global development of global agricultural industry via actively conducting third-country trade.'[129]

The COFCO-Nidera agreement was formally signed by company representatives on the 23rd of March 2014 at the Sino Dutch Economic Forum in Noordwijk, the Netherlands, in the presence of the Chinese President Xi Jingping and the Dutch King Willem-Alexander. Xi was in the Netherlands for a state visit, his first to a European country as China's president. That the signing of the agreement was displayed so prominently suggests a certain degree of endorsement from the Chinese government for COFCO's acquisition of the Dutch company.

Only about a week after the signing ceremony, on the 1st of April 2014, COFCO announced that it would buy a majority stake in the agri-trade business of Noble Group, a large commodity trading company based in Hong Kong. COFCO and an international consortium led by Hopu Investments jointly took a 51 per cent stake in the agribusiness division of Noble Group, which was incorporated as a separate entity called Noble Agri Ltd. While the total value of this deal (US$1.5 billion) surpassed that of the Nidera deal, COFCO would supply only roughly US$1 billion and the Hopu-led consortium would

127) Wilco Dekker, "Buiten de branche kent niemand Nidera," *de Volkskrant*, March 1, 2014, https://www.volkskrant.nl/nieuws-achtergrond/buiten-de-branche-kent-niemand-nidera~b815d768/.
128) "COFCO Signs Agreement to Acquire 51% of Nidera," *food ingredients 1st*, March 25, 2014, https://www.foodingredientsfirst.com/news/cofco-signs-agreement-to-acquire-51-of-nidera.html.
129) "Official signing of COFCO's investment in the Dutch-based Nidera," COFCO, March 24, 2014, http://www.cofco.com/en/News/Allnews/2014/0324/46178.html.

finance the remaining US$0.5 billion. Hopu Investments is a Chinese private equity firm that was founded in 2007.[130]

Noble Agri encompassed the trading activities of Noble Group for corn, wheat, soybeans, vegetable oil, cocoa, cotton, coffee and sugar, as well as the production of sugar cane and processed sugar. These activities constituted a minority segment of Noble Group's overall business, which was focused mainly on trading in energy products, minerals, metals, and ores. During 2013 Noble Group's agribusiness had been operating at a loss due to falling commodity prices.[131]

According to Ning Gaoning, the Chairman of COFCO at the time of the acquisition, 'Noble Agri's supply chain management system and origination capabilities complement COFCO's logistics, processing, and distribution network in China. Incremental trade volumes from COFCO as a strategic investor will create significant synergy and value.'[132] COFCO stated that it was its intention to turn Noble Agri into 'the principal international origination platform for COFCO, with its upstream origination and trading operations linked to the downstream processing and distribution capabilities of COFCO and its affiliates in China to create a fully integrated value chain, consistent with COFCO's strategy.' Around this time, Ning also declared that it was the company's ambition to turn COFCO into a global trader in agricultural commodities that would be able to compete with the four leading firms in this field (ADM, Bunge, Cargill, and Louis Dreyfuss – jointly known as the ABCDs).[133]

The strategic significance for COFCO of its acquisitions of Nidera and Noble Agri was that it would now be able to 'bring food supply into China without having to go through the ABCD pipeline, and […] to control costs better.'[134] After the acquisitions, the company stated:

> *[With the acquisitions of Nidera and Noble Agri it was] expanding its business footprint to a global scale and laying a solid foundation for it to accomplish its mission of ensuring national grain security and serving the needs of macro-economic control. In the future reform, the key words will be to strengthen the main businesses of grains, oils and foods and to promote transformation and upgrade. COFCO will expand its main businesses through a series of assets consolidation and integration of internal resources, grow to be a major international grain trader with its global ranking among the top three and the world's leading general food enterprise, become a major entity to carry out China's grain security strategy and food security strategy, and give full play to its leading role in building modern agriculture, its supportive role in maintaining market stability, its exemplary role in ensuring food quality and safety as well as its pioneering role in agriculture's "going abroad."*[135]

130) Julie Zhu and Shu Zhang, "Hopu Investments raising $2.5 bln fund to tap demand for China exposure - sources," *Reuters*, December 6, 2017, https://www.reuters.com/article/hopu-fundraising/hopu-investments-raising-2-5-bln-fund-to-tap-demand-for-china-exposure-sources-idUSL8N1O432W.

131) Prudence Ho, Cynthia Koons, and P.R. Venkat, "China's Cofco, Hopu Close to Announcing Deal to Form JV with Noble Agribusiness Unit – Sources," *Dow Jones*, March 28, 2014, https://www.dowjones.com/scoops/chinas-cofco-hopu-close-announcing-deal-form-jv-noble-agribusiness-unit-sources/.

132) "COFCO and Noble Announce Creation of an Agribusiness Joint Venture through COFCO's acquisition of 51% of Noble Agri," COFCO, April 1, 2014, http://www.cofco.com/en/News/Allnews/2014/0401/46180.html.

133) Neil Hume, Emiko Terazono, and Archie Zhang, "Staff departures raise questions about Cofco International plans," *Financial Times*, March 24, 2017, https://www.ft.com/content/77b57f8e-e182-11e6-9645-c9357a75844a.

134) Naveen Thukral and Michael Flaherty, "China's COFCO to pay $1.5 billion for stake in Noble's agribusiness," *Reuters*, April 2, 2014, https://www.reuters.com/article/us-noble-group-cofco/chinas-cofco-to-pay-1-5-billion-for-stake-in-nobles-agribusiness-idUSBREA3103E20140402.

135) "Strategic Reorganization of COFCO and Chinatex Kicks off the Pilot Reform of State-owned Capital Investment Companies," COFCO, July 22, 2016, http://www.cofco.com/en/News/Allnews/2016/0722/46138.html.

This statement set a high level of ambition for COFCO: to surpass two out of the four ABCDs, and to become the world's largest food company, which would mean its surpassing of western giants such as Nestlé and Unilever.

In 2014 COFCO established a new overseas division, COFCO International (CIL), of which Nidera and Noble Agri became the main parts. The new division's aim was to 'be the global leader in global grains, oilseeds, and sugar supply chains.'[136] This subsidiary is based in Geneva, Switzerland. It has 12,000 employees, and primarily acts as a link between agricultural producers globally – with a strong focus on South America – and the Chinese market. It engages in the sourcing, storage, processing, trading, and transport and distribution of agricultural commodities. CIL is not listed but it does have minority shareholders besides COFCO itself: China Investment Corporation (CIC), Hopu Investment Management, Temasek, International Finance Corporation (a part of the World Bank Group), and Standard Chartered.[137]

In March 2016, CIL purchased the remaining 49 per cent of the shares in Noble Agri, which was then renamed to COFCO Agri). Severe financial difficulties may have been a motive for Noble Group to sell its stake in Noble Agri.[138] Meanwhile it had become clear that the financial health of Nidera was in a less sound condition than COFCO had expected when it bought the original 51 per cent stake. It turned out that around the time of the acquisition the company had lost some US$200 million due to unauthorized trading losses that, according to Nidera, were due to the actions of a rogue trader. It also emerged that there was a US$150 million 'financial hole' in its Latin American accounts.[139] For its 2016 and 2017 financial results, Nidera reported losses of several hundred million dollars each year.[140] In February 2017, COFCO purchased the remaining 49 per cent of the shares in Nidera but at a much lower rate (some 750 million euros) than that of the 2014 deal.

COFCO decided that – at least for the time being - CIL needed to focus on absorbing the Noble Agri and Nidera acquisitions and dealing with the financial problems at Nidera. In July 2018, CIL sold Nidera Seeds (originally the Dutch company's seeds business) to Syngenta, the Swiss seeds and chemicals giant that had been bought in 2017 by ChemChina, a Chinese state-owned enterprise. COFCO also sued the former owners of Nidera, demanding several hundred million euros in compensation.[141] Already in 2017, Johhny Chi had replaced Matt Jansen as the CEO of CIL. Jansen, from the United States,

136) "Building a world-class global agri-business committed to providing the food the world needs in a responsible way," COFCO, September 4, 2018, https://www.cofcointernational.com/media/1255/cof_fact-sheet_en_2018-09-04-no.pdf.

137) "COFCO and Noble Announce Creation of an Agribusiness Joint Venture through COFCO's acquisition of 51% of Noble Agri."

138) Anshuman Daga, "Back from the brink: How Noble Group was saved from an Iceberg collision," *Reuters*, September 4, 2018, https://www.reuters.com/article/us-noble-group-debt-focus/back-from-the-brink-how-noble-group-was-saved-from-an-iceberg-collision-idUSKCN1LK0GI.

139) Toby Sterling, "UPDATE 1-China's Cofco seeks over $500 mln from former Nidera owners -newspaper," *Reuters*, March 16, 2018, https://www.reuters.com/article/cofco-nidera/update-1-chinas-cofco-seeks-over-500-mln-from-former-nidera-owners-newspaper-idUSL8N1QX6VA.

140) "Big losses for China-owned grain trader in Rotterdam," *DutchNews.nl*, July 27, 2018, https://www.dutchnews.nl/news/2018/07/big-losses-for-china-owned-grain-trader-in-rotterdam/.

141) "Beslagen COFCO opgeheven," de Rechtspraak, Rotterdam, March 28, 2018, https://www.rechtspraak.nl/Organisatie-en-contact/Organisatie/Rechtbanken/Rechtbank-Rotterdam/Nieuws/Paginas/Beslagen-COFCO-opgeheven.aspx?pk_campaign=rssfeed&pk_medium=rssfeed&pk_keyword=Nieuws-van-de-rechtbank-Rotterdam.

had been working towards further global expansion and was reportedly was dissatisfied with COFCO's policy of consolidation for CIL.[142]

4.4 Perceptions

Despite the obvious role that COFCO sees for itself in providing food security for China and its huge ambitions at the global level, and despite the fact that in 2014 the Nidera deal was the largest Chinese take-over of a Dutch company ever, this has attracted very limited attention. The Dutch media have on several occasions reported about the financial troubles of Nidera and the resulting court case.[143] Other western media have focused on the question of whether CIL will challenge the ABCDs or rather focus on the less ambitious role of supplying China with agricultural commodities.[144] However, the Nidera case has not been widely discussed in relation to the European debate on the political effects of Chinese direct investments. Possibly this is due to the limited visibility of the case (Nidera is not publicly known even in the Netherlands), the fact that the agribusiness sector may not be perceived as a strategic sector, and the fact that COFCO had not yet been able to replace any of the ABCD companies that dominate the international grains trade.

4.5 Conclusion

Given COFCO's prominent role in proving food security to China, the nature of its activities is inherently political. However, this applies mainly to China itself. Especially at the international level, the company serves its aim best by operating as a commercially-driven enterprise. It is highly unlikely that the acquisition of Nidera was aimed at gaining political leverage over the Netherlands. The main motive seems to have been expanding COFCO's role in the global food supply chain. This is relevant primarily not for the Netherlands but for China and for the countries in South America that export large quantities of agricultural commodities. In order to become a major international grains trader in a very short period of time, COFCO bought established companies such as Noble Agri and Nidera. In the case of Nidera, the Chinese company paid a high price as it turned out that Nidera was in a less favourable financial condition than expected. The process of consolidating the two companies into COFCO International appears to have been diverting energy away from its ambition to rival the leading western grain trading companies. Still, once the consolidating phase has been completed, COFCO may well resume its strategy of becoming a leading global agribusiness firm, possibly by buying one of the ABCDs. Should it indeed achieve this aim, then the company would have an influential role in the global grains trade, which would then also affect companies and markets in Europe. As such, the takeover of Nidera, and subsequently Noble Agri, could turn out to be the beginning of a process that involves further international acquisitions and may eventually have an impact on trade flows to, or through, the Netherlands.

142) Rama Venkat Raman, Dominique Patton, and Josephine Mason, "China COFCO grains chief Matt Jansen leaves," *Reuters*, January 6, 2017, https://www.reuters.com/article/us-cofco-moves-ceo/china-cofco-grains-chief-matt-jansen-leaves-idUSKBN14Q1DO.

143) For instance, see: Camil Driessen and Teri van der Heijden, "Hoe een superhandelaar ten val kwam," *NRC*, February 10, 2017, https://www.nrc.nl/nieuws/2017/02/10/verdampte-miljoenen-aan-de-maas-6639818-a1545538.

144) For instance, see: Neil Hume and Emiko Terazono, "Cofco arm pledges to challenge international traders," *Financial Times*, March 21, 2018, https://www.ft.com/content/509f2de6-2c54-11e8-9b4b-bc4b9f08f381.

5. Conclusions

Our report, through its individual case studies, shows that growing alarm in Europe about a direct and unequivocal connection between rising amounts of Chinese investment and expanding Chinese influence, or increasing Chinese ability to "divide and rule," is premature and potentially misleading. Instead, our study paints a more nuanced picture about the often fuzzy line between the commercial rationale behind individual projects and the mixture of Chinese and host country political calculations about hoped for, but my no means certain, political or strategic benefits tied to Chinese investments and loans. In all of our cases, there is a distinguishable commercial basis or interest in the Chinese investment or loan package, albeit a basis that is sometimes misjudged (by either China or the host country). However, we were unable to find definitive evidence that the Chinese investments or loan packages we researched were made as a quid pro quo for political or foreign policy considerations in the host countries.

What our research did yield was a more complex picture of why certain investment and financing deals were made and the reception they have received by local governments and researchers. It therefore provides a better sense of how the EU can move forward by creating more carefully attuned policies and responses. Our findings highlight that the types of Chinese investments and loan packages that can be made, as well as the economic and political results that may follow, vary depending on the different circumstances in specific countries and different regions of Europe. In the case of the infrastructure deals in Greece, as well as the railway project from Hungary to Serbia, openness to Chinese investments and loan packages was linked to economic weakness in the wake of the financial crisis. At the same time, Greek, Hungarian, and Serbian politicians were keen to negotiate deals with China as part of their own domestic political projects as well in an effort to gain bargaining leverage with the EU. On purely commercial terms, the Piraeus port project appears to be far more sustainable and profitable for both Greece and China than the much-troubled railway link from Belgrade to Budapest. In the case of the two Chinese investments in the Netherlands, both come across as bets by Chinese firms attempting to shore up their global supply chains. While the longer-term implications for political relations between China and the Netherlands, especially when seen in conjunction with other forms of Chinese economic involvement, require further attention, the acquisitions of companies in the Netherlands studied in this report do not by themselves seem to pose a threat to Dutch competitiveness or economic security.

For as much as Chinese investments and loan packages have found willing partners in Greece, Serbia, or Hungary, our case studies also highlight how varied, and often limited, the scope of economic or political cooperation actually is. Not only is the proposed 'China-Europe Land-Sea Express Route' linking Piraeus to Belgrade to Budapest still very much hampered by a range of economic and political challenges, not the least of which is whether a link through Macedonia can be completed, but our case studies have also shown signs of a nascent backlash to some of China's deal-making in central and eastern Europe. With the Hungary-Serbia railway project, which is a symbolically important project for China and its drive to establish a 16+1 framework, it can be seen that the loans-for-infrastructure packages are likely not a viable model going forward, given the recipient country's reluctance to take on debt and a the preference for more direct investment instead. If the Visegrád countries increasingly express their discontent with such loans-for-infrastructure packages, and even with the entire 16+1 framework,

such a pushback and demand for a different type of economic partnership with China will only become more visible and be likely to gain traction. A wholesale pushback against Chinese investment and influence is unnecessary and undesirable. Policies in Europe should incorporate and build on the desire for a framework for engaging with China and Asia that includes experiences and feedback from EU members, or even from candidate countries in the Balkans, whose voices are sometimes less influential than those of bigger members. Such an approach will make for new policies regarding Europe-Asia connectivity and inbound investment that are more attuned to the range of member conditions, interests, and sensitivities.

The types of deal-making explored in our case studies, especially those for transportation infrastructure like ports and railways in Greece, Hungary and Serbia, certainly reflect China's ability to take advantage of relative economic weaknesses and fault lines in Europe, especially in the wake of the financial crisis. For all of the Hungary-Serbia railway project's troubles, Serbian eagerness to attract greater Chinese investment and to build ever-closer diplomatic and political ties is still apparent. Yet as this report has shown, not only have some of these governments and their citizens begun to demand a different form of deal-making with China, but so has the European Union. This is reflected not just in emerging policy consensus regarding the scrutiny of Chinese investments in the EU, but also in the EU's new connectivity plans for Europe and Asia. Indeed, not just in Europe, but in the United States and the developing world, it appears that China's strengths in trade, investment, finance, and development assistance have all come under increasing scrutiny and are in for critical backlash. However, it is in Europe more than anywhere else that constructive responses are emerging. Nowhere will a leading European role be needed more than in reconstructing global trade and investment rules and institutions, including at the WTO.

In this effort to critically evaluate and respond to both deepening interdependence with China and China's own foreign policy assertiveness, Europe does not stand alone. Governments from Asia to Africa to Australia are also grappling with similar versions of this challenge and our report underscores the potential of more comparative regional experience and lesson-sharing. In fact, our core question of whether and how increased levels of Chinese investment in Europe were associated with increased Chinese influence is a central one for policy makers and researchers in other regions as well. For example, some of the best research on this topic comes from academic studies on how high and growing levels of economic interdependence between China and its Southeast Asian neighbours have or have not led to heightened Chinese influence there.[145] As with our study, the answers are often complex and demonstrate significant examples of backlash but also of learning on all sides.

Crucially, some of the most compelling research asks fundamental questions about how we can define and measure China's "influence."[146] European policy makers and researchers would do well to engage in more comparative discussions with other countries and regions who are asking similar questions, and face similar challenges, regarding deepening ties to China. Building on such comparative insights and lessons, European policy makers and researchers have a real opportunity to engage with a China that is still in the very early and formative stages of its new role as a truly global actor.

145) Goh (ed.), *Rising China's Influence in Developing Asia*.
146) Scott L. Kastner, "Buying Influence? Assessing the Political Effects of China's International Trade," *Journal of Conflict Resolution* 60, no. 6 (2016).

About the authors (*in alphabetical order*)

Jurriaan de Blécourt developed a keen understanding of China and cyber security during his internships with both the Cyber Unit of the Dutch Police and with the LeidenAsiaCentre. Currently he is an LLM student at the Vrije Universiteit Amsterdam. Prior to this he completed a BA China studies at Leiden University. As a student-assistant at the LeidenAsiaCentre he contributed to this study through literature research.

Matt Ferchen is a non-resident scholar at the Carnegie-Tsinghua Center for Global Policy and was a research fellow at LeidenAsiaCentre in 2018. From 2008-2017 he was a professor in the Department of International Relations at Tsinghua University in Beijing.

Tianmu Hong is a PhD candidate at Leiden University. Her research interests include the self-making of Chinese expatriate managers and Chinese companies' concepts and practices of localization in European contexts. Tianmu holds two MAs in anthropology from KU Leuven and University of Manchester respectively and worked previously as a journalist in the Netherlands. She did background research for this publication and has been involved in various projects with the LeidenAsiaCentre since 2015.

Frank N. Pieke is an anthropologist and is currently the director of the Mercator Institute for Chinese Studies in Berlin. Before moving to Berlin in the summer of 2018 he was executive director of the LeidenAsiaCentre and professor of modern China studies at Leiden University.

Frans-Paul van der Putten is a senior research fellow at the Netherlands Institute for International Relations 'Clingendael'. He is a historian specialised in the geopolitical significance of China's current emergence as a major power. He holds an MA and a PhD degree from Leiden University. Prior to joining Clingendael in 2007 Frans-Paul worked as a researcher at Nyenrode Business University.

Bibliography

"3000 yi zhanlue xinxing chanye jijin jiang sheli, xiangguan lingyu shouyi 3000亿战略新兴产业基金将设立，相关领域受益" [300 billion strategic new industry fund to start, benefiting related industries]. *Yicai Global* 第一财经, June 13, 2018. https://www.yicai.com/news/5431391.html.

Ban Daoti Touzi Lianmeng 半导体投资联盟. "Jianguan NXP biaozhun yewu Nexperia zai bei guapai 建广NXP标准业务Nexperia再被挂牌" [Nexperia is relisted]. *Zhihu* 知乎, April 4, 2018. https://zhuanlan.zhihu.com/p/35285487.

Bastian, Jens. "The potential for growth through Chinese infrastructure investments in Central and South-Eastern Europe along the "Balkan Silk Road"." EBRD, July, 2017, https://www.ebrd.com/documents/policy/the-balkan-silk-road.pdf.

Barboza, David, Marc Santora and Alexandra Stevenson. "China Seeks Influence in Europe, One Business Deal at a Time." *New York Times*, August 12, 2018. https://www.nytimes.com/2018/08/12/business/china-influence-europe-czech-republic.html.

Bayer, Lili. "China hits roadblocks in Central Europe." *Politico*, November 26, 2017. https://www.politico.eu/article/china-hits-roadblocks-in-central-europe/.

"Beijing Jianguang ni 18 yi meiyuan shougou RF Power ban daoti hangye haiwai binggou huo tupo 北京建广拟18亿美元收购RF Power 半导体行业海外并购获突破" [Breakthroughs in semi-conductor industry foreign acquisitions. Beijing Jianguang Asset Management CO., Ltd planning to spend 1.8 trillion USD on acquisition of RF Power]. *Xinhuanet.com*, June 2, 2015. http://www.xinhuanet.com/finance/2015-06/02/c_127867434.htm.

Bellos, Ilias. "Boom awakens memories of Piraeus's ancient glory." *ekathimerini.com*, June 6, 2018. http://www.ekathimerini.com/229300/article/ekathimerini/business/boom-awakens-memories-of-piraeuss-ancient-glory.

— "Cosco to clinch majority stake in Piraeus port ahead of further investment." *ekathimerini.com*, August 9, 2016. http://www.ekathimerini.com/211138/article/ekathimerini/business/cosco-to-clinch-majority-stake-in-piraeus-port-ahead-of-further-investment.

Benner, Thorsten, Jan Gaspers, Mareike Ohlberg, Lucrezia Poggetti, and Kristin Shi-Kupfer. "Authoritarian Advance: Responding to China's Growing Political Influence in Europe." GPPI and MERICS, February 2018. https://www.merics.org/sites/default/files/2018-02/GPPi_MERICS_Authoritarian_Advance_2018_1.pdf.

"Big losses for China-owned grain trader in Rotterdam." *DutchNews.nl*, July 27, 2018. https://www.dutchnews.nl/news/2018/07/big-losses-for-china-owned-grain-trader-in-rotterdam/.

"Building a world-class global agri-business committed to providing the food the world needs in a responsible way." COFCO, September 4, 2018. https://www.cofcointernational.com/media/1255/cof_fact-sheet_en_2018-09-04-no.pdf.

Chen, Celia. "Cosco set to become third largest shipping operator after deal to acquire Orient Overseas." *South China Morning Post*, July 10, 2017. https://www.scmp.com/business/companies/article/2101951/orient-overseas-shares-jump-most-eight-years-after-cosco-takeover.

"China has designs on Europe. Here is how Europe should respond." *The Economist*, October 4, 2018. https://www.economist.com/leaders/2018/10/04/china-has-designs-on-europe-here-is-how-europe-should-respond.

ChinfluenCE. http://www.chinfluence.eu.

Chiu, Joanne. "Cosco Group Chairman Wei Jiafu Steps Down." *The Wall Street Journal*. Last modified July 2, 2013. https://www.wsj.com/articles/SB10001424127887323297504578580730393413330.

COFCO 中粮. 2017. http://www.cofco.com/.

"COFCO and Noble Announce Creation of an Agribusiness Joint Venture through COFCO's acquisition of 51% of Noble Agri." COFCO, April 1, 2014. http://www.cofco.com/en/News/Allnews/2014/0401/46180.html.

"COFCO Signs Agreement to Acquire 51% of Nidera." *food ingredients 1st*, March 25, 2014. https://www.foodingredientsfirst.com/news/cofco-signs-agreement-to-acquire-51-of-nidera.html.

"Construction of Chinese cultural center in New Belgrade begins – Investment worth EUR 45 million." *ekapija*, July 20, 2017. https://www.ekapija.com/en/news/1825123/construction-of-chinese-cultural-center-in-new-belgrade-begins-investment-worth-eur.

COSCO. http://en.coscoshipping.com/.

Crawford, Alan, and Peter Martin. "China Is Forced to Reconsider Its Route Into Eastern Europe." *Bloomberg*, October 18, 2018. https://www.bloomberg.com/amp/news/articles/2018-10-18/china-is-forced-to-reconsider-its-route-into-eastern-europe?

Daga, Anshuman. "Back from the brink: How Noble Group was saved from an Iceberg collision." *Reuters*, September 4, 2018. https://www.reuters.com/article/us-noble-group-debt-focus/back-from-the-brink-how-noble-group-was-saved-from-an-iceberg-collision-idUSKCN1LK0GI.

Dekker, Wilco. "Buiten de branche kent niemand Nidera." *de Volkskrant*, March 1, 2014. https://www.volkskrant.nl/nieuws-achtergrond/buiten-de-branche-kent-niemand-nidera~b815d768/.

d'Hooghe, Ingrid, Annemarie Montulet, Marijn de Wolff and Frank N. Pieke. "Assessing Europe-China Collaboration in Higher Education and Research." LeidenAsiaCentre, November 2018.

Driessen, Camil, and Teri van der Heijden. "Hoe een superhandelaar ten val kwam." *NRC*, February 10, 2017. https://www.nrc.nl/nieuws/2017/02/10/verdampte-miljoenen-aan-de-maas-6639818-a1545538.

"Dui hua jian tou Huake Dai Yi: Zhongguo xinxi chanye de touzi jiyu 对话建投华科戴燚:中国信息产业的资本机遇" [Interview on Dai Yi from Jiantou Huake: Investment opportunities, China's technology industry]. *21 Jingji* 21财经, May 10, 2017. https://m.21jingji.com/article/20170510/herald/26c42f43b85d66c545a41e1f401e0017.html.

Eder, Thomas S., and Jacob Mardell. "Belt and Road reality check: How to assess China's investment in Eastern Europe." MERICS, July 10, 2018. https://www.merics.org/de/blog/belt-and-road-reality-check-how-assess-chinas-investment-eastern-europe.

Emmott, Robin. "EU's statement on South China Sea reflects divisions." *Reuters*, July 15, 2016. https://www.reuters.com/article/us-southchinasea-ruling-eu-idUSKCN0ZV1TS.

European Commission, High Representative of the Union for Foreign Affairs and Security Policy. "Joint Communication to the European Parliament, The Council, The European Economic and Social Committee, The Committee of the Regions and The European Investment Bank: Connecting Europe and Asia - Building blocks for an

EU Strategy." September 19, 2018. https://eeas.europa.eu/sites/eeas/files/joint_communication_-_connecting_europe_and_asia_-_building_blocks_for_an_eu_strategy_2018-09-19.pdf.

EU Centre in Singapore. "Conference on "Engaging a Global China: EU's and ASEAN's Perspectives and Responses"." October, 2018. http://www.eucentre.sg/?p=16422.

European Commission. "Western Balkans." Last modified December 7, 2018. https://ec.europa.eu/transport/themes/international/enlargement/westernbalkans_en.

"Expansion at Greek container terminal." South China Morning Post, May 18, 2012. https://www.scmp.com/article/1001299/expansion-greek-container-terminal.

Ferchen. Matt. "China, Economic Development, and Global Security: Bridging the Gaps." Carnegie-Tsinghua Center for Global Policy, December 9, 2016. https://carnegietsinghua.org/2016/12/09/china-economic-development-and-global-security-bridging-gaps-pub-66397.

Ferchen, Matt. "China, Geoeconomics, and the Problem of Leaderless Thought." *China-U.S. Focus*, August 29, 2017. https://www.chinausfocus.com/finance-economy/china-geoeconomics-and-the-problem-of-leaderless-thought.

Godement, François, and Abigaël Vasselier. "China at the gates: A new power audit of EU-China relations." European Council on Foreign Relations, December 1, 2017. https://www.ecfr.eu/publications/summary/china_eu_power_audit7242.

Godement, François. "Trump cannot bring Europe and China together." European Council on Foreign Relations, July 6, 2018. https://www.ecfr.eu/article/commentary_trump_cannot_bring_europe_and_china_together.

Goh, Evelyn (editor). Rising China's Influence in Developing Asia. Oxford: Oxford University Press, 2016.

Grace, Abigail. "China's Influence Operations Are Pinpointing America's Weaknesses." *Foreign Policy*, October 4, 2018. https://foreignpolicy.com/2018/10/04/chinas-influence-operations-are-pinpointing-americas-weaknesses/.

Huang, Jingjing 黄晶晶. "Nexperia Dongguan chang da ju kuo chan jiang jin yibu zhichi, Nexperia 东莞厂大举扩产50% 建广资产将进一步支持" [50% increase in production of Nexperia's factory in Dongguan with support from Beijing Jianguang Asset Management]. *ESM* 国际电子商情, March 12, 2018. http://www.esmchina.com/news/article/201803121016.

Huliaras, Asteris, and Sotiris Petropoulos. "Shipowners, ports and diplomats: the political economy of Greece's relations with China." *Asia Europe Journal* 12, no. 3 (2014): 215-230.

Ho, Prudence, Cynthia Koons, and P.R. Venkat. "China's Cofco, Hopu Close to Announcing Deal to Form JV with Noble Agribusiness Unit – Sources." *Dow Jones*, March 28, 2014. https://www.dowjones.com/scoops/chinas-cofco-hopu-close-announcing-deal-form-jv-noble-agribusiness-unit-sources/.

Horowitz, Jason, and Liz Alderman. "Chastised by E.U., a Resentful Greece Embraces China's Cash and Interests." *New York Times*, August 26, 2017. https://www.nytimes.com/2017/08/26/world/europe/greece-china-piraeus-alexis-tsipras.html.

"How Fear of Huawei Killed $117 Billion Broadcom Deal." *Bloomberg*, March 13, 2018. https://www.bloomberg.com/news/articles/2018-03-13/how-china-s-huawei-killed-117-billion-broadcom-deal-quicktake.

Hume, Neil, and Emiko Terazono. "Cofco arm pledges to challenge international traders." *Financial Times*, March 21, 2018. https://www.ft.com/content/509f2de6-2c54-11e8-9b4b-bc4b9f08f381.

Hume, Neil, Emiko Terazono, and Archie Zhang. "Staff departures raise questions about Cofco International plans." *Financial Times*, March 24, 2017. https://www.ft.com/content/77b57f8e-e182-11e6-9645-c9357a75844a.

"Hungary: EU Parliament report recommends triggering Article 7." *DW*, April 12, 2018. https://www.dw.com/en/hungary-eu-parliament-report-recommends-triggering-article-7/a-43358358.

Jakóbowski, Jakub, Konrad Popławski, and Marcin Kaczmarski. "The Silk Railroad; The EU-China rail connections: background, actors, interests." Centre for Eastern Studies (OSW), February 28, 2018. https://www.osw.waw.pl/en/publikacje/osw-studies/2018-02-28/silk-railroad.

JIC Group 建投投资. 2014. http://www.jicinv.com/.

JIC Tech-Inv. http://jictinv.com/.

"Jiemi Jianguang ziben shougou di yi an, Ruineng ban daoti jinxi ruhe? 揭密建广资本收购第一案，瑞能半导体今昔如何？" [Inside sources on Beijing Jianguang Asset Managements' acquisition. JiLin WeEn Semiconductors today]. *ESM* 国际电子商情, April 17, 2017. https://www.esmchina.com/news/201704171115.html.

Kastner, Scott L. "Buying Influence? Assessing the Political Effects of China's International Trade." *Journal of Conflict Resolution* 60, No. 6 (2016): 980-1007.

"Ke ji qi ye hai wai tou zi nan? Kan xue zhe ru he jie du 科技企业海外投资难？看学者如何解读" [Hard for technology companies to invest abroad? Insights from scholars]. imsilkroad.com 新华社主办, November 27, 2017. http://silkroad.news.cn/zhiku/mfbg/71539.shtml.

Khin, Jasmine, and Shanisse Goh. Conference Report on "Engaging a Global China: EU's and ASEAN's Perspectives and Responses." LeidenAsiaCentre and the EU Centre, October 4-5, 2018. http://www.eucentre.sg/wp-content/uploads/2018/11/4-5Oct18-ConferenceReport-final-web.pdf.

Kynge, James, Arthur Beesley, and Andrew Byrne. "EU sets collision course with China over 'Silk Road' rail project." *Financial Times*, February 20, 2017. https://www.ft.com/content/003bad14-f52f-11e6-95ee-f14e55513608.

Li, Wieda. "Xi Jinping calls for China to become a science and technology world leader." *GB Times*, May 29, 2018. https://gbtimes.com/xi-jinping-calls-for-china-to-become-a-science-and-tech-world-leader.

Li, Zheng 李拯. "Qiang qi lai li bu kai zi zhu chuang "xin" (ping lun yuan guan cha) 强起来离不开自主创"芯"(评论员观察)" [In order to be powerful, one needs to have innovation]. *People's Daily* 人民日报, April 19, 2018. http://paper.people.com.cn/rmrb/html/2018-04/19/nw.D110000renmrb_20180419_1-05.htm.

Liu, Yang 刘洋. "Jianguang Zichan Li Bin: jianchi zhanlue xing touzi, wei lingsheng keji tigong chanyelian ziyuan 建广资产李滨:坚持战略性投资，为领盛科技提供产业链资源" [Li Bin from Beijing Jianguang: Continue strategic investments to improve industrial supply chain]. *LaoYaoBa* 集微网, May 27, 2017. http://laoyaoba.com/ss6/html/90/n-639390.html.

Luli. " Ye wang: ping Jianguang ziben shougou NXP shepin 野望：评建广资本收购NXP射频" [Comments on Beijing Jianguang Asset Management's acquisition

of NXP]. *Technology Information* 技术资讯, November 28, 2015. http://kb.findrf.com/2015/11/28/野望：评建广资本收购NXP射频/.

Luo, Liang. 罗亮, "Guojia touzi jijin chengli: li hao xinpian ye tou xiang you zhengyi 国家级投资基金成立：利好芯片业 投向有争议" [Investment Fund on national level established: Semiconductor industry investments are profitable but controversial]. *Sina Technology* 新浪科技, October 15, 2014. http://tech.sina.com.cn/it/2014-10-15/07119695526.shtml.

Makocki, Michal, and Zoran Nechev. "Balkan corruption: the China connection." European Union Institute for Security Studies (EUISS), July 18, 2017. https://www.iss.europa.eu/content/balkan-corruption-china-connection.

Martina, Michael, and Stephen Nellis. "Qualcomm ends $44 billion NXP bid after failing to win China approval." *Reuters*, July 25, 2018. https://www.reuters.com/article/us-nxp-semicondtrs-m-a-qualcomm/qualcomm-ends-44-billion-nxp-bid-after-failing-to-win-china-approval-idUSKBN1KF193.

Matura, Tamás. "Chinese Investment in Hungary: Few results but great expectations." ChinfluenCE, February 14, 2018. http://www.chinfluence.eu/chinese-investment-hungary-results-great-expectations/.

McGregor, Jim. "To Be Or Not To Be -- Qualcomm and NXP." *Forbes*, July 24, 2018. https://www.forbes.com/sites/tiriasresearch/2018/07/24/to-be-or-not-to-be-qualcomm-and-nxp/#5add33672722.

MI News Network. "Top 10 Shipping Lines Control Almost 90% Of The Deep Sea Market." *Marine Insight*. Last modified February 21, 2018. https://www.marineinsight.com/shipping-news/top10-shipping-lines-control-almost-90-deep-sea-market/.

Ministry of Foreign Affairs. "The Belgrade Guidelines for Cooperation between China and Central and Eastern European Countries." December 17, 2014. https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1224905.shtml.

— "Xi Jinping Holds Group Meeting with CEEC Leaders Attending 4th Summit of China and CEEC." November 26, 2015. https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1319541.shtml.

— "Xi Jinping Meets with Prime Minister Alexis Tsipras of Greece." July 6, 2016. https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1378515.shtml.

Notteboom, Theo. "PortGraphic: the top 15 container ports in Europe in 2017." PortEconomics, February 28, 2018. http://www.porteconomics.eu/2018/02/28/portgraphic-the-top-15-container-ports-in-europe-in-2017/.

"Official signing of COFCO's investment in the Dutch-based Nidera." COFCO, March 24, 2014. http://www.cofco.com/en/News/Allnews/2014/0324/46178.html.

Pasetti, Alessandro. "Analysis: with OOCL buy, Cosco is growing, but it's also burning more cash." The Load Star. November 13, 2017. https://theloadstar.co.uk/analysis-oocl-buy-cosco-growing-also-burning-cash/.

Pira, Mariangela, and Italia Oggi. "China's new Silk Road risks unravelling in Hungary." EURACTIV, July 28, 2017. Translated by Sam Morgan. https://www.euractiv.com/section/economy-jobs/news/chinas-new-silk-road-risks-unravelling-in-hungary/.

Piraeus Port Authority SA. http://www.olp.gr/.

Psaraftis, Harilaos N., and Athanasios A. Pallis. "Concession of the Piraeus container terminal: turbulent times and the quest for competitiveness." *Maritime Policy and Management* 39, no.1 (2012): 27-43.

Du, Qingqing 杜卿卿. "Yi ji du quan qiu bing gou chao wan yi mei yuan, ke ji bing gou ru he gui bi "mo ca" feng xian 一季度全球并购超万亿美元,科技并购如何规避"摩擦"风险?" [Trillions of dollars spent on mergers and acquisitions in one quarter, how to avoid risk of "friction"]. *Yicai Global* 第一财经, May 14, 2018, https://www.yicai.com/news/5422664.html.

Raman, Rama Venkat, Dominique Patton, and Josephine Mason. "China COFCO grains chief Matt Jansen leaves." *Reuters*, January 6, 2017. https://www.reuters.com/article/us-cofco-moves-ceo/china-cofco-grains-chief-matt-jansen-leaves-idUSKBN14Q1DO.

Rechtspraak, de. "Beslagen COFCO opgeheven." Rotterdam, March 28, 2018. https://www.rechtspraak.nl/Organisatie-en-contact/Organisatie/Rechtbanken/Rechtbank-Rotterdam/Nieuws/Paginas/Beslagen-COFCO-opgeheven.aspx?pk_campaign=rss-feed&pk_medium=rssfeed&pk_keyword=Nieuws-van-de-rechtbank-Rotterdam.

Stanzel, Angela, Agatha Kratz, Justyna Szczudlik, and Dragan Pavlićević. "China's investment in influ-ence: the future of 16+1 cooperation." European Council on Foreign Relations, December 14, 2016. https://www.ecfr.eu/publications/summary/chinas_investment_in_influence_the_future_of_161_cooperation7204.

Sterling, Toby. "UPDATE 1-China's Cofco seeks over $500 mln from former Nidera owners –newspaper." *Reuters*, March 16, 2018. https://www.reuters.com/article/cofco-nidera/update-1-chinas-cofco-seeks-over-500-mln-from-former-nidera-owners-newspaper-idUSL8N1QX6VA.

"Strategic Reorganization of COFCO and Chinatex Kicks off the Pilot Reform of State-owned Capital Investment Companies." COFCO, July 22, 2016. http://www.cofco.com/en/News/Allnews/2016/0722/46138.html.

Suokas, Janne. "Hungary to award contract for Chinese-funded rail project by end of year." *GB Times*, September 26, 2018. https://gbtimes.com/hungary-to-award-contract-for-chinese-funded-rail-project-by-end-of-year.

Thukral, Naveen, and Michael Flaherty. "China's COFCO to pay $1.5 billion for stake in Noble's agribusiness." *Reuters*, April 2, 2014. https://www.reuters.com/article/us-noble-group-cofco/chinas-cofco-to-pay-1-5-billion-for-stake-in-nobles-agribusiness-idUSBREA3103E20140402.

Tonchev, Plamen. "China's Road: into the Western Balkans." European Union Institute for Security Studies (EUISS), February, 2017. https://www.iss.europa.eu/sites/default/files/EUISSFiles/Brief%203%20China%27s%20Silk%20Road.pdf.

Tonchev, Plamen, and Polyxeni Davarinou, "Chinese Investment in Greece and the Big Picture of Sino-Greek Relations," Institute of International Economic Relations, December, 2017. http://idos.gr/wp-content/uploads/2017/12/Chinese-Investment-in-Greece_4-12-2017.pdf.

"Philip yu Jilin Huawei dianzi xieshou gong zu hezi gongsi 飛利浦與吉林華微電子攜手共組合資公司" [Philips and Jilin Huawei Dianzi cooperate to start Joint Venture Company]. Daily Technology Newspaper 科技日報報導, November 25, 2003. http://www.ctimes.com.tw/news/PrintNews.asp?O=HJNBPB7YOICSA-0PEP.

Plamen Tonchev (editor), Angelos Bentis, Caroline Carulas, Chris Mihalaris, and George Papoutsas. "China's Image in Greece 2008-2018." Institute of International Economic Relations, October, 2018. http://idos.gr/wp-content/uploads/2018/10/China-Image-in-Greece_9-10-2018.pdf.

"Top Ten Shipping Companies." Champion Freight. November 1, 2018. https://www.championfreight.co.nz/top-ten-shipping-companies.

van der Putten, Frans-Paul. "Chinese investment in the port of Piraeus, Greece: The relevance for the EU and the Netherlands." Clingendael, February 14, 2014. https://www.clingendael.org/sites/default/files/pdfs/2014%20-%20Chinese%20investment%20in%20Piraeus%20-%20Clingendael%20Report.pdf.

Vasovic, Aleksandar. "Serbia starts construction of Chinese-funded railway to Budapest." *Reuters*, November 28, 2017. https://www.reuters.com/article/serbia-china-railway/serbia-starts-construction-of-chinese-funded-railway-to-budapest-idUSL8N1NY4RR.

Vörös, Zoltán. "Who Benefits From the Chinese-Built Hungary-Serbia Railway?" *The Diplomat*, January 4, 2018. https://thediplomat.com/2018/01/who-benefits-from-the-chinese-built-hungary-serbia-railway/.

Vuksanovic, Vuk. "The Unexpected Regional Player in the Balkans: China." War on the Rocks, November 29, 2017. https://warontherocks.com/2017/11/unexpected-regional-player-balkans-china/.

Wang, Fran. "Wu Jinglian and His Disciples Were The Key Brains Behind Reform." *Caixin Global*, November 6, 2018. https://www.caixinglobal.com/2018-11-06/wu-jinglian-and-his-disciples-were-the-key-brains-behind-reform-101343529.html.

Wang, Xiaowei 王小伟. "Duo jia A gu gongsi jinggou Anshi bandaoti Hangye zui da haiwai binggou luodi nan 多家A股公司竞购安世半导体 行业最大海外并购落地难" [Several A-rated companies are competing to acquire Nexperia - Difficulties in reaching consensus on largest foreign acquisition in the semiconductor industry]. *JRJ.com* 金融界首页, May 4, 2018. http://stock.jrj.com.cn/2018/05/04042824489892.shtml.

Wu, Wendy. "Is China using 'divide and rule' tactics to gain influence in Europe?" *South China Moring Post*, March 1, 2018. https://www.scmp.com/news/china/diplomacy-defence/article/2135244/china-using-divide-and-rule-tactics-gain-influence.

Xu, Lun 徐伦. "Jianguang zichan jiedu touzi luoji: Haiwai binggou zhi tou qian san, hegui yu shouxin geng zhongyao 建广资产解读投资逻辑:海外并购只投前三,合规与守信最重要" [Beijing Jianguang Asset Management investment strategies: Aiming for the top three in foreign acquisitions, compliance and reliability as priorities]. *Sina Financial Headlines* 财经头条, December 28, 2017. https://t.cj.sina.com.cn/articles/view/6372825920/17bd99b4000100954g.

"Zhong jian tou zi ben ji jian guang zi chan zai jing ju ban sha long, gong hua gou zao IC chan ye xin sheng tai 中建投资本及建广资产在京举办沙龙,共话构造IC产业芯生态" [JIC Capital and Beijing JianGuang Asset Management Co., Ltd. hold Beijing meeting to talk about developing the IC industry]. *eeworld.com.cn* 电子工程世界, December 24, 2017. http://www.eeworld.com.cn/manufacture/article_2017122421000.html.

Zhu, Julie, and Shu Zhang. "Hopu Investments raising $2.5 bln fund to tap demand for China exposure – sources." *Reuters*, December 6, 2017. https://www.reuters.com/article/hopu-fundraising/hopu-investments-raising-2-5-bln-fund-to-tap-demand-for-china-exposure-sources-idUSL8N1O432W.