

## Aberystwyth University

### *Between economic openness and strategic caution*

Cai, Yu-Han; Efstathopoulos, Charalampos

*Published in:*

Asia Europe Journal

*DOI:*

[10.1007/s10308-023-00671-z](https://doi.org/10.1007/s10308-023-00671-z)

*Publication date:*

2023

*Citation for published version (APA):*

Cai, Y-H., & Efstathopoulos, C. (2023). Between economic openness and strategic caution: Germany's response to China's investment. *Asia Europe Journal*, 21(3), 291-309. <https://doi.org/10.1007/s10308-023-00671-z>

#### **Document License**

CC BY

#### **General rights**

Copyright and moral rights for the publications made accessible in the Aberystwyth Research Portal (the Institutional Repository) are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

- Users may download and print one copy of any publication from the Aberystwyth Research Portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the Aberystwyth Research Portal

#### **Take down policy**

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

tel: +44 1970 62 2400  
email: [is@aber.ac.uk](mailto:is@aber.ac.uk)



# Between economic openness and strategic caution: Germany's response to China's investment

Yu-Han Cai<sup>1</sup> · Charalampos Efstathopoulos<sup>1</sup> 

Received: 16 May 2020 / Revised: 9 March 2022 / Accepted: 21 May 2023  
© The Author(s) 2023

## Abstract

Leading Western economies face major dilemmas regarding China's rise as different geopolitical considerations and economic interests inform how such states engage China. This article seeks to understand Western approaches to China's rise through an analysis of Germany's response to Chinese investment. The discussion shows that the Sino-German relationship has increasingly been affected by rising Chinese investment in Germany that entails common benefits in technology and industrial policy. Despite enhanced economic opportunities, however, Germany's position is gradually shifting to a more cautious approach due to increasing economic asymmetry and political uncertainty in Sino-German ties. The concerns of the German leadership are focused on the lack of reciprocity, the exposure of the EU to China's influence, and the antagonistic positions of the two economic powers in the global economy, and are imposing limits on Germany's cooperation with China.

## Introduction

Foreign direct investment has emerged as a key determinant in China's relations with Western economies. Developed countries promote bilateral investment with China but remain wary of China's economic practices and the political implications of closer economic relations. China comprises a massive market but maintains strict regulations for foreign investors and heavily subsidises Chinese state-owned enterprises (SOEs) (Sommer 2018). As a result, developed economies like the US, Germany, the UK, France, and Japan, have all criticised China's trade and investment practices, including China's state subsidies and policies of compulsory technology transfers (ITIF 2017; South China Morning Post 2017).

The case of Germany clearly reflects these tensions. Germany has emerged as one of China's most important investment and trade partners in Europe. In 2018,

---

✉ Charalampos Efstathopoulos  
che15@aber.ac.uk

<sup>1</sup> Department of International Politics, Aberystwyth University, Aberystwyth, UK

among all EU countries, Germany was the largest exporter of goods to China and the second-largest importer of Chinese goods (Eurostat 2019). China also ranked as Germany's third-largest foreign trading partner in 2018 (Federal Statistical Office of Germany 2019). Since 2011, China's annual investment in Germany has soared due to the sharp increase in the number of Chinese companies' acquisitions of German companies. Such investment is part of China's broader investment and industrial policies, while the US-China trade war has pushed Chinese investors to further diversify their investment across Western economies. Germany's political leadership initially endorsed such investment, viewing Sino-German economic exchanges as fostering a win-win relationship. Recently, however, Chinese investment is seen to undermine German national interests. Chinese investment in sensitive industries has brought the German government to pay greater attention to the strategic intentions behind Chinese investments and to halt investments when necessary. The German government has also strengthened regulations to review Chinese investments, shifting towards greater protectionism as can be seen in the transactions of Aixtron, 50Hertz, and Leifeld, all of which were blocked by the German government (American Enterprise Institute and Heritage Foundation 2019).

The academic literature has greatly focused on examining how the USA and the West perceive China's economic strategies, and how the international liberal order is affected by such strategies. This article notes, however, that further research is needed to delineate the distinct policies that different Western powers deploy in response to China. Focusing on such research agenda, this article enquires how Germany responds to Chinese investment. To address this question, the article initially discusses the literature on how Western economies, and Germany in particular, are engaging China's rise in the global economy. It then provides an overview of Chinese investment in Germany, and finally analyses German responses to Chinese investment. The insights gained from such analysis not only contribute to understanding the evolution of Sino-German relations but are also indicative of how Western economies react to Chinese economic flows and strategies.

## Western powers and China's rise

In the study of China's relations with the West, great attention has been placed on US-China competition. Relations with other Western economic powers, however, are also critical and deserve further analysis. China's relations with Western economies are influenced by the position of Western economies in the global system and the international hierarchy of states. Great power relations continue to determine the degree of openness in the global economy, with globalisation providing the channels for strategies of great power competition and collaboration (Ripsman 2021). Western powers such as the UK, France, and Germany strongly influence organisations such as the World Bank, and determine how volumes of development assistance are granted to states that maintain amicable relations with the West (Kim and Kim 2021). The various challenges the liberal order faces bring leading Western powers to establish like-minded coalitions that promote multilateralism and protect international institutions, with leadership assumed by different Western powers

depending on issues, such as climate change and WTO reform (Paris 2019). To some degree, however, Western states now also show some dissatisfaction with the liberal order as public discourses in such states favour greater national autonomy and self-determination, redistribution of economic flows, and disengagement from supranational rules (Schirm 2019). Brexit is an example of such processes.

Beyond these general observations, Western powers also maintain distinct paths to engaging with the liberal order. States such as France and the UK are positioned as system-determining, status-quo powers that support US-led multilateral institutions but deploy different strategies in power projection that do not always align with US strategies (Edstrom and Jacob Westberg 2022). The shift to multipolarity is perceived by certain Western powers as unstable and threatening as it allows emerging states to challenge Western norms and rules, and the status of established Western powers, while generating conflict over the 'global commons' (Blagden 2019). In contrast, however, to the US competitive strategy of containing China's rise, Western powers often balance between cooperation and competition, with national security imperatives shaping economic strategies (McCourt 2021). The US-China trade wars propel states like the UK and Germany to engage in strategic hedging, where transatlantic alliances are prioritised over strategic autonomy, but some flexibility is maintained in pursuing trade and investment agreements with China (Cook et al. 2021). The US response to investments by Chinese multinationals such as Hawaii is highly securitised, while states such as the UK retain a flexible and ambivalent approach, balancing between economic pragmatism and political objectives (Liu 2021). The US confrontational approach also entails a convergence of the domestic preferences of US labour and national security institutions against China's 'techno-nationalism', while states like Germany adopt a more cautious approach since the state is not always able to impose its security preferences upon the German industry (Starrs and Germann 2021).

In this respect, Germany has also operated within the Western alliance system to carve its own path to international order. In the post-Cold War period, the projection of German power, and the capacity and willingness of Germany to exercise leadership or hegemony are understood through historical lenses (Sperling 2001). For this reason, the development of German foreign policy reflects an emphasis on preserving the status-quo, crises-management diplomacy and multilateralism, and facilitates the pursuit of middle power internationalism, even though German geo-economic power effectively allows for imposing policies upon other European states (Kundnani 2011; Otte and Greve 2000). German leadership is evident but not always effective in cases like the Eurozone, Ukraine, and migration, because of domestic electorate pressures and a continuous adherence to economic rather than security objectives (Matthijs 2016). Such leadership entails use of veto power and co-leadership with France, but does not amount to a hegemonic stance capable of shaping the governance of regimes like the Eurozone (Schild 2020). Nevertheless, the crises that the Euro-Atlantic order faces, such as in Ukraine since 2014, increasingly incentivise Germany to assume a more assertive stance (Daehnhardt 2018). Germany is 'learning to lead' in crises-management and EU sanctions' initiatives in response to domestic and international demands for more concrete German policies (Aggestam and Hyde-Price 2020). Such expectations are further raised by key events such as

Brexit and the election of Donald Trump in 2016, and impact on how German foreign policymakers perceive Germany's role in the Western world (Franke 2021). In such perceptions, the concept of 'civilian power' remains relevant as Germany continues to pose as a responsible power that promotes international norms and refrains from engaging in international commitments that require greater costs (Maull 2018); at the same time, Germany increasingly behaves as a 'shaping power' that is repositioning in a pragmatic fashion in a multipolar system where liberal order institutions are under threat (Berenskotter and Stritzel 2021).

The question of German power is interlinked with Germany's relations with emerging powers and especially China. Germany seeks to access economic opportunities in the BRICS, but the pursuit of strategic partnerships with China and India does not alleviate the divergent interests and priorities between Germany and these states (Heiduk 2015). Germany and China both share the uncertainty emanating from US unilateralism, as in the case of Donald Trump's 'America First', but there is no real prospect for Germany to join China in any initiatives against the US, as Germany ultimately remains committed to its security alliance with the US (Biba 2020). Germany's position as a pivot in US-China rivalry not only allows Berlin to invite US presence in Europe's defence while retaining access to China's markets, but also exposes Berlin to simultaneous pressures and prohibits any mediatory role (Biba 2021). Economic interdependence with China, however, has not stopped Berlin from building coalitions with like-minded middle powers in the Indo-Pacific, and engaging in soft-balancing to counter China's assertiveness against the liberal order and promote new economic relations with states like Australia, Japan, and South Korea (Ulatowski 2022). Germany's dilemma, therefore, is that it seeks to contribute to the protection of the liberal order from any Chinese revisionist practices, while allowing for bilateral economic relations with China, which are filtered through strategic and geopolitical lenses. Such dilemma means that a clear and definitive German strategy vis-à-vis China is not yet evident. To enquire whether such strategy might be emerging, the following discussion enquires how Chinese investment affects Germany's dilemma, and how it impacts Sino-German relations.

## Chinese investment in Germany

Sino-German investment flows have followed an upward trajectory for many years. China has increasingly been inclined to invest in Germany, which has become a major investment destination for Chinese companies due to the technological opportunities and the low political risks characterising the German economy (Bian and Emons 2017; IWEP 2018; Szepan 2017). Investment in Germany has become embedded in China's international development strategy, as this is articulated in the Belt and Road Initiative (BRI) (Posaner 2018). Under the BRI, China considers Germany as one of its most reliable Western partners due to Germany's geographic location and wide range of trade flows embedded in the German economy (Kundnani and Paerllo-Plesner 2012). Germany is a critical logistics centre for Chinese products to enter Europe, with sea transport through Hamburg and cargo transport through the Chongqing-Duisburg line (Przychodniak 2017, p. 2). The BRI also

incentivises different regions of China to create favourable investment environments as German investment often concentrates in areas where there are German first-comer companies and advanced R&D infrastructure (Shucun and Chuntai 2019). In areas such as the global standardisation processes, China also gains from German technical knowledge, while Germany uses its leverage as a leading standardisation power to support German industries in China (Fuchs and Eaton 2021).

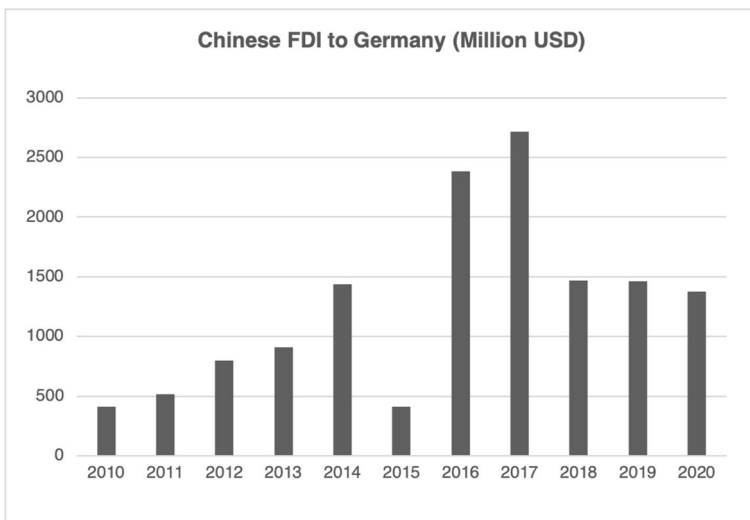
The EU dimension is also critical. Uncertainty in Western economic relations, as evident in Brexit and Donald Trump's unilateralism, has driven China to pursue long-term economic collaboration with different EU members, recognising that there are different spheres of influence within the EU (Chang and Pieke 2018). Close Sino-German economic relations are essential for China to enter EU markets, and even if the BRI is centred on the 17+1 scheme (which includes a number of EU states), such investment can gradually reach production and supply chains that also include the leading EU economies (Greubler 2021). China's access to German manufacturing technology is also beneficial to China's national security as it allows China to attain greater technological self-sufficiency and technologically enhance its military capabilities. For example, the Aviation Industry Corporation of China (AVIC), a Chinese state-owned aerospace and defence company that produces military aircrafts, engines, airborne equipment, and weaponry systems, purchased the German plane engine maker Thielert in 2013 and the German automotive engine supplier Hilite International in 2014 (Hanemann and Huotari 2015, pp. 16-20; Reuters 2013).

Before the launch of the 'Going Out Strategy' in 1999, few Chinese companies invested in Germany and each investment required special approval from the Chinese government (Bian and Emons 2017). Since 2001, however, the scale of China's overseas investment increased substantially, driven by both international and domestic policy changes. After China joined the World Trade Organisation (WTO) in 2001, it gradually opened up to the global economy, with the government also implementing the Going Out policy, which indicated the establishment of a clearer direction for China's international development strategy. The Going Out policy aimed to enhance China's position in international trade and strengthen the international competitiveness of Chinese companies. Since then, China's overseas investment has expanded rapidly (Lian 2006; Guo et al. 2018). The development of Chinese overseas investment has primarily aimed at accessing resources, markets, and know-how assets (Hong and Sun 2006; Quer et al. 2012). Enormous foreign exchange reserves accumulated from exports, and the acquisition of know-how through cooperation with foreign enterprises have helped Chinese companies expand globally while contributing to China's economic development (Child and Rodrigues 2005; Shoham and Rosenboim 2009; Luo et al. 2010). Following the 2008 Eurozone recession, Chinese investors have merged with a large number of European companies with advanced technology that have gone bankrupt (Schüler-Zhou et al. 2012; Dreger et al. 2017). For example, in 2011, Lenovo bought Medion, which was Germany's largest electronics manufacturer, for US\$ 900 million (New York Times 2011).

Additional momentum to the Sino-German investment relationship was also generated by China's launch of the 'Made in China 2025' policy in 2015. The policy aims

to transform China into a leading manufacturing power in key sectors such as information technology, computerised machines, robots, energy-saving vehicles, medical devices, high-tech equipment for aerospace technology, and maritime and rail transport (China's State Council 2015). The policy seeks to strengthen the competitiveness of Chinese companies and their overseas investments (Kennedy 2015), while enhancing China's technological capability, reducing its dependence on foreign technology, and contributing to its national security (SupChina 2018). Made in China 2025 comprises a concentrated effort at reducing the gap between China and established industrial powers like the US, Japan, and Germany in critical areas such as high-tech manufacturing capacity and the use of digital technology, especially as China now faces competition from other low-cost industries in countries such as Vietnam, Cambodia, and Laos (Li 2018). In this respect, Made in China 2025 is also aligned with the German Industry 4.0 plan, which also facilitates cooperation with China to allow both economies to act as leaders in the 4th industrial revolution by shifting industry towards smart factories and R&D initiatives (Corrocher et al. 2020).

All these factors have propelled China-Germany investment relations to become increasingly close. Germany was the second-largest recipient of China's FDI in Europe between 2000 and 2014, with an investment of EU6.9 billion (UNCTAD 2014; Hanemann and Huotari 2015). As Fig. 1 shows, since 2011, China's annual investment in Germany has soared, especially due to the sharp increase in the number of Chinese acquisitions of German companies (Hanemann and Huotari 2015). China's capital inflows to Germany were about EU186 million in 2010 and increased to EU1.4 billion in 2011, and the amount of Chinese investment remained at roughly EU1.5 billion per year between 2011 and 2015, and reached a new peak in 2016, of about EU11 billion (Hanemann and Huotari 2015; Hanemann and Huotari 2017; Bian and Emons 2017). In 2016, more than half of China's



**Fig. 1** China's annual investment in Germany

outward foreign direct investment flowed into German industrial and machinery manufacturing, with Midea's acquisition of German robot manufacturer Kuka being the most well-known example (RFI 2017). Such increase can be attributed to state-backed policies such as the Going Out policy and Made in China 2025.

Figure 1 also shows that compared with 2016, Chinese investors invested less in Germany between 2017 and 2020. One reason is that China strengthened its supervision of overseas investment to prevent irrational investment (Von Sydow and Enders 2018; Hanemann and Huotari 2018), even though Chinese investment still accounted for 21% of the total foreign acquisitions of German firms in 2017 (Dürr 2018). By 2018, Germany remained one of the China's largest FDI recipients in Europe, with a substantial proportion of investment focusing on mechanical engineering and automotive supply industries. In 2019, further domestic policy changes in China initiated stricter administrative constraints, restrictions on the capacity of Chinese companies to invest abroad, and the tackling of irresponsible investment by specific Chinese companies (Kratz et al. 2020, p. 9). Chinese FDI in Europe increasingly concentrated in Northern European countries other than the UK, France, and Germany, with Germany dropping to 4% of total Chinese FDI in Europe (ibid).

Chinese investments are driven by Merger and Acquisitions (M&As), that account for 82% of Chinese FDI in Germany, and are perceived as the quickest way to enter the German market and access existing technologies (Hanemann and Huotari 2015; Du 2018). In 2011, China acquired 19 small- and medium-sized enterprises (SMEs) in Germany, a figure that doubled in the 4 years up to 2015. In the first half of 2016 alone, China announced completed acquisitions of 37 German SMEs, totalling nearly EU9.7 billion, which is more than the total figure for acquisitions in the previous decade (Siyuankuner 2016). In 2016, a total of 66 Chinese M&As in German small- and medium-sized enterprises were completed (Gerstenberger 2018). This was the year Chinese companies acquired the highest number of German companies, which can be attributed to the Made in China 2025 policy launch in 2015 (RFI 2017). In 2017, because the Chinese government strengthened its supervision of overseas investment, the number of Chinese M&As in Germany SMEs dropped to 45. It is nevertheless important to note that in 2017, among the 250 Chinese companies' M&As in Europe, the M&As in Germany were in the top position at 22% (Gerstenberger 2018).

Investment by Chinese companies is concentrated in German machinery manufacturing, automotive and information, and communication technologies. Between 2000 and 2014, investment deals in the automotive and industrial equipment industries amounted to EU1.9 billion and EU2.7 billion respectively, reflecting China's rising interest in high-end manufacturing assets. Other industries included renewable energy, consumer goods, and financial and transportation services (Hanemann and Huotari 2015). The fact that all of China's largest acquisitions in Germany were in the technology sector highlights China's willingness to shift to an innovation-oriented economy (Dürr 2018; Gerstenberger 2018). Chinese SOEs played an important role in investing in Germany. Between 2000 and 2014, more than 60% of Chinese investment in Germany came from companies with 20% or more government ownership, mainly in the automotive, machinery, aviation, and transportation sectors, all of which are critical to China's development (Hanemann and Huotari 2015).



This figure increased to almost 70% between 2014 and 2016 (Jungbluth 2016). Germany has also attracted investment from many Chinese private companies, mainly in the fields of information technology, electronics and renewable energy (Hanemann and Huotari 2015). The complicated relationship, however, of these private companies with the Chinese government raises doubts regarding the motives behind their investments (Fernández 2018). Such considerations have gradually generated scepticism in the German political leadership and industry about the negative implications of increased exposure to Chinese investment.

## Germany's shifting stance

### The concerns of government and industry

Germany initially welcomed Chinese investment, expecting that the Hamburg and Duisburg ports would form major parts of the BRI (Viktor 2017), and that German technology would be required by BRI projects in both developing countries and European states (Gaspers 2016; Ciesielska-Klikowska 2018). Made in China 2025 was also understood to align with German Industry 4.0 (Council on Foreign Relations 2018). For example, the Sino-German Industrial City Alliance, launched in 2016, promoted strategic links between the two industrial policies and by 2018 its members had increased to 41, including 23 Chinese and 18 German cities (People.cn 2018; ISA-Portal 2019). Many German companies established R&D centres in China, such as BMW and BASF, while the two sides established Sino-German industrial parks to promote industrial cooperation and 11 innovative cooperation platforms (Xinhua 2018).

Despite such initial momentum, the German stance gradually became cautious as a result of both government policy and the preferences of domestic industry actors. China's direct and indirect subsidies are increasingly seen as creating an unfair and unbalanced environment in Sino-German investment relations (Zimmermann 2017), while lack of transparency in the Chinese market has led Germany to limit foreign acquisitions (Mazumdar 2018). Germany has taken into account US and EU accusations against Chinese companies for violations of intellectual property rights (Deutsche Welle 2018), as well as the complaints of other countries regarding China's lack of reciprocity in its trade agreements (Balding 2018; Kwing 2018). Chancellor Merkel supported the amendment of the Federal Trade Regulation in 2017, which hinders the acquisition of German companies in the proprietary technology sector by foreign companies, and effectively reduces China's ability to buy German companies (Ciesielska-Klikowska 2018). In 2017, when Chinese Premier Li Keqiang visited Germany, Chancellor Merkel requested further liberalisation in the Chinese market and greater reciprocity for German investment in China (Hanke 2017). China has promised to give foreign investors the same level of access that domestic companies have but progress has been slow (Bradsher 2019). Such conditions mean that German foreign economic policy, and Germany's position in multilateral trade and investment negotiations,

should be increasingly focusing on protecting German industry and security great market access in China (Bardt 2020, p. 437).

Domestic public and private institutions also play a critical role. The capacity of Germany to act as leading industrial power is linked to the ability of key institutions, such as the German Public Development Bank, to devise industrial policies that respond effectively to external shocks, such as the 2008-9 financial crisis, and utilise the norms and rules of global economic governance (Naqvi et al. 2018). The government is influenced by business sectors that may adopt a policy of confrontation or resistance if different industries agree that government policy is not satisfactory in its response to political challenges (Paster 2018; Redeker and Walter 2020). The technological or economic initiatives that the government assumes in order to support German leadership in the global economy are unlikely to require adopting policies that sever state-capital ties (Haas 2021). The changing stance of key industries on Chinese investment is therefore influencing government policy. China's protectionism effectively means that the BRI is dominated by Chinese SOEs, which allow China to dominate the terms of Sino-German industrial cooperation (Wu 2017). China's industrial policy creates an uneven playing field for the German industry and increasingly places China as a competitor to Germany in the global economy (Wübbecke et al. 2016; Viktor 2017). The German Trade & Invest Agency (GTAI) and the Association of German Chambers of Industry and Commerce (DIHK) noted that 80% of investment projects funded by Chinese state-owned banks are allocated to Chinese companies in BRI projects, while it is difficult for foreign firms to join these projects (Stanzel 2017; Handelsblatt 2018). Volker Treier, Deputy Chief Executive Officer of DIHK, pointed out that more than 5000 German companies that invest in China still cannot obtain fair market access in certain sectors (agriculture, banking, and automobile industries) that are regarded as sensitive and protected by investment regulations (Deutsche Welle 2017; Epoch Times 2018).

Made in China 2025 and German Industry 4.0 are also seen as not fully compatible as the former entails legal and regulatory preferences that are not evident in the latter (Kuo et al. 2019). Made in China 2025 includes forced technology transfers and intellectual copyrights for foreign companies, restrictions on market access, while preventing foreign companies from acquiring important natural resources owned by China (ITIF 2017). Made in China 2025 embeds China's mercantilism and while Western economies also use such measures, China has more extensive control over the economy, to the extent that no rule of law can restrict Chinese officials from implementing mercantilist policies (ITIF 2017). The Chinese government stipulates that investments in many industries must be conducted as a joint venture, and foreign investors are not allowed to invest in China in a sole proprietorship. Therefore, German companies encounter many formal and informal barriers of a political and legal nature in China (Wenniges and Lohman 2019). By contrast, Germany does not use subsidies as a principal tool of industrial policy. It provides market access for foreign investors (IBP 2016) and there are few national security restrictions on M&As. German Industry 4.0 does not provide subsidies to companies, but rather provides research and development support and is open to participation from other countries (European Chamber 2017; McBride and Chatzky 2019).

China's mercantilism is also embedded in China's legal frameworks. Previous regulations concerning indigenous innovation, licensing standards, government procurement, competition law, and intellectual property protection have created significant obstacles for inward FDI (Hemphill and White 2013). More recently, the 2017 Cybersecurity Law requires finance and telecommunication industries to undergo security checks and mandatory storage of data in China, and increases foreign companies' operating costs and gives Chinese companies an unfair competitive advantage (New York Times 2016). More than 40 business groups from America, Europe, Asia, and Oceania have pointed out that many parts of the law are actually trade barriers, seriously weakening the competitiveness of international companies in the Chinese market (BBC 2017; Business and Human Rights Resource Centre 2017). The German Ambassador to China Michael Clauss noted that many definitions in the law are unclear, and that the regulations stipulated suggest that company information should be stored in China, a process that seriously disrupts company operations. Essentially, these are non-tariff trade barriers that push foreign companies out of the Chinese market (The Liberty Times 2018). Ulrich Ackermann, member of the German engineering industry association VDMA, stated: 'If you want to buy a firm in China, you have to overcome many hurdles and go through numerous approval procedures that are non-transparent' (Sommer 2018).

The unbalanced investment relationship between China and Germany can be seen in the OECD's FDI Restrictiveness Index (Fig. 2). The index indicates the extent

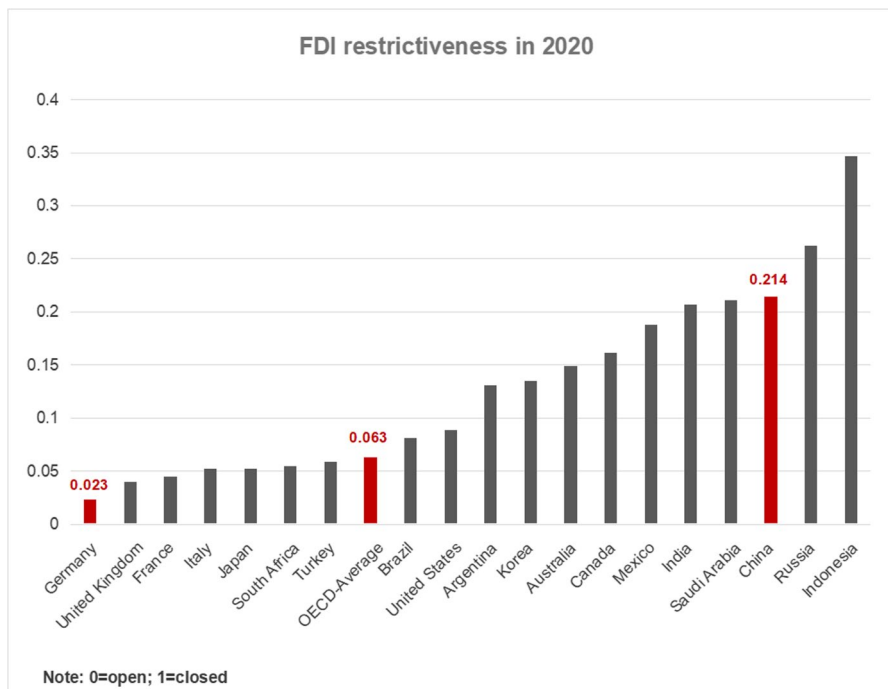


Fig. 2 FDI Restrictiveness Index

of regulatory restrictions on foreign direct investment across different countries in 2020, measuring four main types of restrictions: foreign equity restrictions, discriminatory screening or approval mechanisms, restrictions on key foreign personnel, and operational restrictions (OECD 2020). The index shows the total values between 0 for open and 1 for closed, and in Fig. 2, the focus is on the G20 economies (excluding the EU). From 2010 to 2020, Germany's value remained the same, at 0.023, illustrating how Germany has a more open market than all other G20 economies. The value for China was 0.427 in 2010 and has decreased gradually to 0.214 in 2020. However, in 2020, the closeness of the Chinese market remained substantially above that of Germany and many other leading economies (OECD 2020).

## The EU dimension

A major German concern is that China may undermine EU integration. Even though the EU is a major market, China's strategic view of the EU under President Xi Jinping is one where the EU is seen as a 'second order concern' that does not play a definitive role in the new forms of great power relations emerging in the international order (Zeng 2017). The Chinese view of a relatively disunited EU entails a twofold challenge as China uses desecuritized narratives of the BRI in order to invest in Central and Eastern European EU states and increase its soft power in these states, while such states also use Chinese investment in order to strengthen their negotiating position vis-à-vis EU institutions (Jakimow 2019). In response to China's desecuritisation, leading European economies like Germany are securitising Chinese economic activities in Central, Eastern, and Southern EU states, and support a hierarchy where EU core economies are responsible for protecting the EU from the opportunistic practices of smaller EU states (Rogelja and Tsimonis 2020).

Germany's diplomatic initiatives demonstrate such willingness to provide leadership in EU's China policy. German Foreign Minister Sigmar Gabriel urged EU members to formulate a common policy towards China to prevent potential divisions within the EU (German Foreign Policy 2017). Germany has also expressed concerns about the integration of Central, Eastern, and Southern European countries into the BRI through the 17+1 group, which allows China to increase its political influence in EU countries that are in greater need of investment. Even more alarming has been Italy's participation in the 17+1 group since this was the first G7 country to enter the BRI, with German Foreign Minister Heiko Maas warning that important European infrastructure should not be accessible to foreign powers (Daily Sabah 2019; China Daily 2019; Verhofstadt 2019). The German Economy Minister Peter Altmaier has stated that Germany expects major EU economies, like Germany, France, Spain, and the UK, to join the BRI as a group rather than bilaterally, signalling Germany's recognition of the inevitability of participating in the BRI in the future (Daly 2019), but also the belief that major European economies should negotiate as a group rather than bilaterally with China.

This belief is reflected in the EU-China Comprehensive Agreement on Investment (CAI), which Germany had been promoting actively (Nicolas 2022). After Brexit, Germany and France provide co-leadership in promoting CAI. After 7 years

of EU-China negotiations, President Xi Jinping met with the European Commission President Ursula von der Leyen, Chancellor Angela Merkel, and President Emmanuel Macron on December 30, 2020, and they jointly announced the successful completion of the CAI negotiations (Vela et al. 2021). The CAI entails four aims: (i) to encourage bilateral investment, protect intellectual property, and ensure transparency of subsidies; (ii) to improve both parties' ability to access each other's market; (iii) to ensure that the investment environment and regulatory procedures are fair and transparent; and (iv) to improve labour welfare and support sustainable development (Grieger 2021; European Commission 2020).

While Chancellor Merkel was a leading promoter of the deal, there was criticism from other EU countries that believed that they are excluded from the process of forming such deal (Oehler-Şincai & Monica 2021). Italy, Poland, Belgium, and Spain criticised the agreement by pointing out that the signing of the CAI was partly due to the overwhelming pressure exercised by Germany (Ghiretti 2021). In addition, they argued that Germany's EU presidency in the second half of 2020 inevitably added weight to Germany's role in promoting the deal (Kuo 2021). Criticism around the CAI also involves the human rights issue in Xinjiang (Oehler-Şincai and Monica 2021; Mears and Leali 2021). In December 2020, the European Parliament strongly condemned the Chinese government-led forced labour system and exploitation of Uyghurs in Xinjiang (Nicolas 2022). As EU-China tensions escalated in March 2021 because of this matter, the European Parliament passed a resolution freezing the ratification of the agreement (Koty 2021). During this time, Chancellor Merkel was still advocating for the deal, declaring that 'Despite all the difficulties that will surely arise with the ratification, it is a very important undertaking' (Birmingham 2021). It has been noted that Chancellor Merkel may have acted under pressure from some German industries, especially the automobile industry, which plays a critical role in Berlin's relations with Beijing (Nicolas 2022).

With Merkel stepping down in 2021, the direction of Sino-German relations is uncertain. The new Chancellor, Olaf Scholz from SPD, leads a coalition government that consists of seven ministers from the Social Democrats (SPD), five ministers from the Greens, and four ministers from the Free Democrats (FDP) (Posaner et al. 2021). Chancellor Scholz is willing to strengthen cooperation with China in clean energy, digital economy, and services (Daly 2021), but coalition partners such as the Greens also prioritise human rights. According to the coalition agreement signed by the three parties in November 2021, Germany's relations with China will be based on the framework of 'partnership, competition and institutional confrontation', and the government will 'seek cooperation with China as far as possible on the basis of human rights and effective international law' (SPD 2021). There is evidence that the new government will treat China as a 'systemic rival', adopting the common EU approach, but implementing this approach is challenging (Kastner 2022). Different German ministries (such as the Federal Ministry of Economics and Climate Action and the Federal Ministry for Economic Cooperation and Development) maintain different economic strategies towards China, while the Federal Foreign Office's 'value-based foreign policy' does not necessarily align with Washington's China policy (Godehardt and Rudolf 2022). Overall, Germany's approach towards China is yet to crystallise but different actors within Germany seem to converge towards a competitive stance towards China.

## Conclusion

This article delineates the limits of the Sino-German relationship that are revealed when looking at economic investment. Common economic interests initially emerged as the driving force of the relationship and investment was initially seen to lead to mutual benefits, with mega-projects such as the BRI favouring the industrial policies of both states. Germany's world-view saw a compatibility between the positions of the two states in the global economy, with Germany as an established manufacturing economy and China as the leading emerging economy, allowing these states to promote a greater degree of stability in global economic governance. Germany's position, however, changed for a number of reasons, including national security concerns, the lack of reciprocity in market access, the possibility that China's access to German technology erodes German technological advantage, and the threat to EU unity posed by Chinese investment in some EU states.

The case of investment shows the two countries leaning towards antagonistic positions in the global economy as China's emergence as a manufacturing power threatens to undermine Germany's position as an industrial powerhouse. The case of Germany reveals the divergence of economic and strategic interests between China and leading Western economies, even if the latter do not fully adopt the US approach of launching trade wars. Any degrees of economic interdependence between Western economies, like the UK, France, and Germany, and China may not be sufficient at sustaining collaboration between such parties as Western economies increasingly share concerns regarding China's subsidy and technology transfer practices, while security concerns now shape Western responses to Chinese investment. There are also indications that Western economies are now more committed to collective responses against threats to the liberal order and are willing to use economic measures like sanctions towards that goal, as has been evident in Germany's response to Russia's invasion of Ukraine in February 2022. China's challenge to the liberal order in economic and ideational terms is a different case, but as China's economic activity is increasingly politicised and securitised, it is possible to witness more assertive strategic responses from leading Western economies such as Germany.

## Declarations

**Competing interests** The authors declare no competing interests.

**Open Access** This article is licensed under a Creative Commons Attribution 4.0 International License, which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons licence, and indicate if changes were made. The images or other third party material in this article are included in the article's Creative Commons licence, unless indicated otherwise in a credit line to the material. If material is not included in the article's Creative Commons licence and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder. To view a copy of this licence, visit <http://creativecommons.org/licenses/by/4.0/>.

## References

- Aggestam L, Hyde-Price A (2020) Learning to lead? Germany and the leadership paradox in EU foreign policy. *Ger Polit* 29(1):8–24
- American Enterprise Institute and Heritage Foundation (2019) ‘The China Global Investment Tracker (CGIT)’, available at: <http://www.aei.org/china-global-investment-tracker/>
- Balding C (2018) Sino-US trade war: who wins and who loses? Deutsche Welle. Available at: [https://m.dw.com/zh/%E4%B8%AD%E7%BE%8E%E8%B4%B8%E6%98%93%E6%88%98%E7%A9%B6%E7%AB%9F%E8%B0%81%E8%B5%A2%E8%B0%81%E8%BE%93/a-43104336?&zhongwen=trad&fbclid=IwAR28eX-7s3pg7PskPFqhpSck6YX4AEHBqNnKINWMrbv55QIzY\\_EaQKsEW71](https://m.dw.com/zh/%E4%B8%AD%E7%BE%8E%E8%B4%B8%E6%98%93%E6%88%98%E7%A9%B6%E7%AB%9F%E8%B0%81%E8%B5%A2%E8%B0%81%E8%BE%93/a-43104336?&zhongwen=trad&fbclid=IwAR28eX-7s3pg7PskPFqhpSck6YX4AEHBqNnKINWMrbv55QIzY_EaQKsEW71)
- Bardt H (2020) New tasks for industrial policy in Germany. *European State Aid Law Quarterly* 4:430–439
- BBC (2017) ‘Why are foreign companies worried about the new cybersecurity law?’ May 13, available at: <https://www.bbc.com/zhongwen/trad/chinese-news-40111643>
- Berenskotter F, Stritzel H (2021) Welche Macht darf es den Sein? Tracing ‘power’ in German foreign policy discourse. *Ger Polit* 30(1):31–50
- Bermingham F (2021) China-EU investment deal on its last legs as MEPs unite in opposition, South China Morning Post. Available at: [https://www.scmp.com/news/china/diplomacy/article/3132741/china-eu-investment-deal-its-last-legs-meps-unite-opposition?module=perpetual\\_scroll\\_0&pgtype=article&campaign=3132741](https://www.scmp.com/news/china/diplomacy/article/3132741/china-eu-investment-deal-its-last-legs-meps-unite-opposition?module=perpetual_scroll_0&pgtype=article&campaign=3132741)
- Bian S, Emons O (2017) Chinese investments in Germany: increasing in line with Chinese industrial policy’, in Drahoakoupil, Jan ed. *Chin Invest Eur: Corp strateg labour Relat*:157–177
- Biba S (2020) Ganging up on Trump? Sino-German relations and the problem with soft balancing against the USA. *J Chin Polit Sci* 25:531–550
- Biba S (2021) Germany’s relations with the United States and China from a strategic triangle perspective. *Int Aff* 97(6):1905–1924
- Blagden D (2019) Power, polarity, and prudence: the ambiguities and implications of UK discourse on a multipolar international system. *Def Stud* 19(3):209–234
- Bradsher K (2019) China pledges openness in hopes of reaching a trade deal, *New York Times*. Available at: <https://cn.nytimes.com/business/20190325/china-trade-xi/zh-hant/dual/>
- Business and Human Rights Resource Centre. (2017) ‘China: Controversial Cybersecurity Law to Become Effective this Week, Requires Business to Comply with Further Internet Censorship Rules’. 30 May. Available at: <https://www.business-humanrights.org/en/latest-news/china-controversial-cybersecurity-law-to-become-effective-this-week-requires-business-to-comply-with-further-internet-censorship-rules/>
- Chang VKL, Pieke FN (2018) Europe’s engagement with China: shifting Chinese views of the EU and the EU-China relationship. *Asia Eur J* 16:317–331
- Child J, Rodrigues SB (2005) The internationalization of Chinese firms: a case for theoretical extension? *Manag Organ Rev* 1(3):381–410
- China’s State Council (2015) ‘Made in China 2025’, May 8, available at: [http://www.gov.cn/zhengce/content/2015-05/19/content\\_9784.htm](http://www.gov.cn/zhengce/content/2015-05/19/content_9784.htm)
- Ciesielska-Klikowska J (2018) Chinese Belt and Road Initiative: the perspective of the Federal Republic of Germany. *Rocznik Integracji Europejskiej* 12:95–111
- Cook RJ et al (2021) The illusion of the China-US-Europe strategic triangle: reactions from Germany and the UK. *J Chin Polit Sci* 27:493–518.
- Corrocher N et al (2020) The Sino-German alliance for the fourth industrial revolution: dynamics and policy implications. *J Econ Policy Reform* 23(4):426–446
- Council on Foreign Relations (2018) ‘Why does everyone hate made in China 2025?’, March 28, available at: <https://www.cfr.org/blog/why-does-everyone-hate-made-china-2025>
- Daehnhardt P (2018) German foreign policy, the Ukraine crisis and the Euro-Atlantic order: assessing the dynamics of change. *Ger Polit* 27(4):516–538
- China Daily (2019) ‘China, Italy sign BRI MoU to advance connectivity’, March 23, available at: <http://www.chinadaily.com.cn/a/201903/23/WS5c961d0da3104842260b229f.html>
- Daily Sabah (2019) Germany criticizes Italy on decision to join China’s belt and road initiative. Available at: <https://www.dailysabah.com/europe/2019/03/24/germany-criticizes-italy-on-decision-to-join-chinas-belt-and-road-initiative>

- Daly T (2019) Europe wants to deal with China as a group: German minister. Reuters. Available at: <https://www.reuters.com/article/us-china-silkroad-germany/europe-wants-to-deal-with-china-as-a-group-german-minister-idUSKCN1S20R3>
- Daly T (2021) China and Germany should work together in Green, Digital Economies, Xi Tells Scholz, Reuters. Available at: <https://www.reuters.com/world/china/chinas-xi-holds-phone-call-with-german-chancellor-scholz-cctv-2021-12-21/>
- Deutsche Welle (2017) 'Chinese chamber of commerce in China: China is "reversing" in the field of market opening', April 18, available at: <https://www.dw.com/zh/%E9%A9%BB%E5%8D%8E%E5%95%86%E4%BC%9A%E4%B8%AD%E5%9B%BD%E5%9C%A8%E5%B8%82%E5%9C%BA%E5%BC%80%E6%94%BE%E9%A2%86%E5%9F%9F%E5%BC%80%E5%80%92%E8%BD%A6/a-38464058>
- Deutsche Welle (2018) 'German media: Western European Countries have not signed the BRI Memo', April 23, available at: <https://p.dw.com/p/2wWM2>
- Dreger C et al (2017) Determinants of Chinese direct investments in the European Union. *Appl Econ* 49(42):4231–4240
- Du Y (2018) M&A makes the business more excellent. Guangdong Economic Publishing House
- Dürr N (2018) German firms are a favoured target of Chinese investors. Leibniz Centre for European Economic Research (ZEW). Available at: <https://www.zew.de/en/presse/pressearchiv/deutsche-unternehmen-stehen-bei-chinesischen-kaeufern-hoch-im-kurs/>
- Edstrom H, Westberg J (2022) The alignment strategies of great powers: managing power asymmetries and structural changes in the international system. *Comp Strateg* 41(1):97–119
- Epoch Times (2018) China and Germany signed a large trade order. Available at: <http://www.epochtimes.com/b5/18/7/12/n10558339.htm>
- European Chamber (2017) 'China manufacturing 2025: putting industrial policy ahead of market force', available at: [http://docs.dpaq.de/12007-european\\_chamber\\_cm2025-en.pdf](http://docs.dpaq.de/12007-european_chamber_cm2025-en.pdf)
- European Commission (2020) Key elements of the EU-China Comprehensive Agreement on Investment. European Commission - Press release available at: [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_20\\_2542](https://ec.europa.eu/commission/presscorner/detail/en/IP_20_2542)
- Eurostat (2019) 'China-EU — international trade in goods statistics', available at: [https://ec.europa.eu/eurostat/statistics-explained/index.php/China-EU\\_-\\_international\\_trade\\_in\\_goods\\_statistics#Trade\\_with\\_China\\_by\\_Member\\_State](https://ec.europa.eu/eurostat/statistics-explained/index.php/China-EU_-_international_trade_in_goods_statistics#Trade_with_China_by_Member_State)
- Federal Statistical Office of Germany (2019) 'Ranking of Germany's trading partners in foreign trade', available at: [https://www.destatis.de/EN/Themes/Economy/Foreign-Trade/Tables/order-rank-germany-trading-partners.html?\\_\\_blob=publicationFile](https://www.destatis.de/EN/Themes/Economy/Foreign-Trade/Tables/order-rank-germany-trading-partners.html?__blob=publicationFile)
- Fernández E (2018) Once welcoming, why Germany is wary of Chinese investment amid Trump's trade war. *South China Morning Post*. Available at: <https://www.scmp.com/week-asia/business/article/2160911/once-welcoming-why-germany-wary-chinese-investment-amid-trumps>
- Franke U (2021) Leader of the 'free world'? Studying German foreign policy by means of external attributions. *Ger Polit* 30(1):72–86
- Fuchs D, Eaton S (2021) Diffusion of practice: the curious case of the Sino-German technical standardisation partnership. *New Polit Econ* 27(6):958–971
- Gaspers J (2016) Germany wants Europe to help shape China's belt and road initiative. *The Diplomat*. Available at: <https://thediplomat.com/2016/12/germany-wants-europe-to-help-shape-chinas-belt-and-road-initiative/>
- German Foreign Policy (2017) Berlin calls for a one-Europe policy. Available at: <https://www.german-foreign-policy.com/en/news/detail/7382/>
- Gerstenberger J (2018) More Chinese M&A deals in the German SME sector — but the share remains negligible, KfW. Available at: [https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-Fokus-Volkswirtschaft/Fokus-englische-Dateien/Fokus-2018-EN/Fokus-No.-229-October-2018-M-A\\_China.pdf](https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-Fokus-Volkswirtschaft/Fokus-englische-Dateien/Fokus-2018-EN/Fokus-No.-229-October-2018-M-A_China.pdf)
- Ghiretti F (2021) Italy and the comprehensive agreement on investments: disappointment over the process. *Asia Eur J* 20:39–46
- Godehardt N, Rudolf M (2022) Germany's (Not So) New China policy. *The Diplomat*. <https://thediplomat.com/2022/02/germanys-not-so-new-china-policy/>.
- Grieger G (2021) EU-China comprehensive agreement on investment: levelling the playing field with China, European Parliamentary Research Service (EPRS). PE 679.103. [https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/679103/EPRS\\_BRI\(2021\)679103\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/679103/EPRS_BRI(2021)679103_EN.pdf)
- Gruember J (2021) China connecting Europe? *Asia Eur J* 19:77–101



- Guo L et al (2018) Review and prospect of China's outward foreign direct investment on the 40th anniversary of reform and opening up. *Asia-Pac Econ Rev* 4:111–121
- Haas T (2021) From green energy to the green car state? The political economy of ecological modernisation in Germany. *New Polit Econ* 26(4):660–673
- Handelsblatt (2018) EU ambassadors band together against silk road. Available at: <https://www.handelsblatt.com/today/politics/china-first-eu-ambassadors-band-together-against-silk-road/23581860.html?ticket=ST-682399-DFVxopiP3qcBjzfbNdlu-ap2>
- Hanemann T, Huotari M (2015) Chinese FDI in Europe and Germany preparing for a new era of Chinese capital. Mercator Institute for China Studies and Rhodium Group, New York
- Hanemann T, Huotari M (2017) Record flows and growing imbalances: Chinese investment in Europe in 2016. Mercator Institute for China Studies and Rhodium Group, New York
- Hanemann T, Huotari M (2018) EU-China FDI: working towards reciprocity in investment relations. Mercator Institute for China Studies and Rhodium Group, New York
- Hanke J (2017) Merkel presses China's Li to open markets further. *Politico*. Available at: <https://www.politico.eu/article/merkel-presses-chinas-li-to-open-markets-further/>
- Heiduk F (2015) What is in a name? Germany's strategic partnerships with Asia's rising powers. *Asia Eur J* 13:131–146
- Hemphill TA, White III GO (2013) China's national champions: the evolution of a national industrial policy — or a new era of economic protectionism? *Thunderbird Int Bus Rev* 55(2):193–212
- Hong E, Sun L (2006) Dynamics of internationalization and outward investment: Chinese corporations' strategies. *China Q* 187:610–634
- IBP, Inc. (2016) Germany investment and business guide, volume 1: strategic and practical information. International Business Publications, USA
- ISA-Portal (2019) Sino-German industrial city alliance. Available at: <http://www.isa-portal.com/aboutUs/aboutUs.html>
- ITIF (2017) Stopping China's mercantilism: a doctrine of constructive, alliance-backed confrontation, information technology and innovation foundation. Available at: <http://www2.itif.org/2017-stopping-china-mercantilism.pdf>
- IWEP (2018) Country-risk rating of overseas investment from China, Chinese academy of social sciences, working paper No. 201801. Available at: [http://www.iwep.org.cn/xscg/xscg\\_lwybg/201801/W020180123635666306645.pdf](http://www.iwep.org.cn/xscg/xscg_lwybg/201801/W020180123635666306645.pdf)
- Jakimow M (2019) Desecuritisation as a soft power strategy: the Belt and Road Initiative, European fragmentation and China's normative influence in Central-Eastern Europe. *Asia Eur J* 17:369–385
- Jungbluth C (2016) Challenge and opportunity: Chinese direct investment in Germany, Bertelsmann Stiftung. Available at: [https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/GrauePublikationen/NW\\_Chinese\\_Direct\\_Investment.pdf](https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/GrauePublikationen/NW_Chinese_Direct_Investment.pdf)
- Kastner J (2022) Germany hardens China stance, echoing EU's 'systemic rival' label, *Nikkei Asia*. <https://asia.nikkei.com/Politics/International-relations/Germany-hardens-China-stance-echoing-EU-s-systemic-rival-label>.
- Kennedy S (2015) 'Made in China 2025', Center for Strategic and International Studies (CSIS). Available at: <https://www.csis.org/analysis/made-china-2025>
- Kim Y, Kim Y (2021) The autonomy of international organizations? The analysis of major powers' influence over the World Bank's aid policies. *Int Area Stud Rev* 24(3):224–240
- Koty AC (2021) European parliament votes to freeze the EU-China comprehensive agreement on investment, China Briefing. Available at: <https://www.china-briefing.com/news/european-parliament-votes-to-freeze-the-eu-china-comprehensive-agreement-on-investment/>
- Kratz A et al (2020) Chinese FDI in Europe: 2019. Mercator Institute for China Studies and Rhodium Group, New York
- Kundnani H (2011) Germany as a geo-economic power. *Wash Q* 34(3):31–45
- Kundnani H, Parello-Plesner J (2012) China and Germany: why the emerging special relationship matters for Europe. European Council on Foreign Relations
- Kuo C-C et al (2019) Industrial revitalization via industry 4.0 — a comparative policy analysis among China, Germany and the USA. *Glob Transit* 1:3–14
- Kuo MA (2021) What does the EU-China investment deal mean for US-EU relations? Insights from Alexander Vuving. *The Diplomat*. Available at: <https://thediplomat.com/2021/01/what-does-the-eu-china-investment-deal-mean-for-us-eu-relations/>
- Kwing J (2018) Will the Sino-US trade war push Europe to China? *New York Times*. Available at: <https://cn.nytimes.com/business/20180410/europe-trump-trade-china/zh-hant/>

- Li L (2018) China's manufacturing locus in 2025: with a comparison of "Made-in-China 2025" and "Industry 4.0". *Technol Forecast Soc Chang* 135:66–74
- Lian W-R (2006) China's foreign investment strategy and development. *Wkly Rep Chung-Hua Inst Econ Res* 1618:1–6
- Liu X (2021) Chinese multinational enterprises operating in Western economies: Huawei in the US and the UK. *J Contemp China* 30(129):368–385
- Luo Y et al (2010) How emerging market governments promote outward FDI: experience from China. *J World Bus* 45(1):68–79
- Matthijs M (2016) The three faces of German leadership. *Survival* 58(2):135–154
- Maull HW (2018) Reflective, hegemonic, geo-economic, civilian ... ? The puzzle of German power. *Ger Polit* 27(4):460–478
- Mazumdaru S (2018) 'Germany and China — trade partners and competitors', May 23, *Deutsche Welle*, available at: <https://www.dw.com/en/germany-and-china-trade-partners-and-competitors/a-43901890>
- McBride J, Chatzky A (2019) Is made in China 2025 a threat to global trade? Council on Foreign Relations. Available at: <https://www.cfr.org/background/made-china-2025-threat-global-trade>
- McCourt DM (2021) Framing China's rise in the United States, Australia and the United Kingdom. *Int Aff* 97(3):643–665
- Mears E, Leali G (2021) MEPs emerge as top hurdle to EU-China trade deal a crackdown in Hong Kong has heightened concerns about the pact with Beijing, Politico. Available at: <https://www.politico.eu/article/eu-china-trade-deal-european-parliament-objections/>
- Naqvi N, Henow A, Chang H-J (2018) Kicking away the financial ladder? German development banking under economic globalisation. *Rev Int Polit Econ* 25(5):672–698
- New York Times (2011) Lenovo to Buy Medion, a German PC Maker. Available at: <https://dealbook.nytimes.com/2011/06/01/lenovo-to-buy-german-electronics-firm-medion/>
- New York Times (2016) China's internet controls will get stricter, to dismay of foreign business. Available at: <https://cn.nytimes.com/china/20161108/china-cyber-security-regulations/zh-hant/dual/>
- Nicolas F (2022) A French perspective on the China-EU comprehensive agreement on investment: the proof of the pudding is in the eating. *Asia Eur J* 20:53–58
- OECD (2020) FDI restrictiveness. Available at: <https://data.oecd.org/fdi/fdi-restrictiveness.htm>
- Oehler-Sincai IM (2021) Pros and cons of the EU-China comprehensive agreement on investment. *Rom J Eur Aff* 21(1):74–92
- Otte M, Greve J (2000) A rising middle power? German foreign policy in transformation, 1989–1999. St Martin Press
- Paris R (2019) Can middle powers save the liberal world order? Chatham House Briefing. Available at: <https://www.chathamhouse.org/publication/can-middle-powers-save-liberal-world-order>. Accessed 1 Feb 2022
- Paster T (2018) How do business interest groups respond to political challenges? A study of the politics of German employers. *New Polit Econ* 23(6):674–689
- People.cn (2018) Sino-German industrial city alliance members and observer cities rose to 41. Available at: <http://sn.people.com.cn/BIG5/n2/2018/1024/c190199-32198217.html>
- Posaner J (2018) How China put German Rust-belt city on the map. Politico. Available at: <https://www.politico.eu/article/duisburg-looms-large-in-chinas-silk-road-vision/>
- Posaner et al (2021) Meet Germany's new government. Olaf Scholz's Cabinet includes a Spanish-speaking Spin Doctor and an Electronic Music-making Justice Chief, Politico. Available at: <https://www.politico.eu/article/meet-germany-new-government-scholz-cabinet/>
- Przychodniak M (2017) China's plans to strengthen relations with Germany. *PISM Bull* 65(1005)
- Quer D et al (2012) Political risk, cultural distance, and outward foreign direct investment: empirical evidence from large Chinese firms. *Asia Pac J Manag* 29(4):1089–1104
- Redeker N, Walter S (2020) We'd rather pay than change the politics of German non-adjustment in the Eurozone crisis. *Rev Int Organ* 15(3):573–599
- Reuters (2013) China's AVIC to buy German aircraft engine maker Thielert. Available at: <https://www.reuters.com/article/thielert-avic/chinas-avic-to-buy-german-aircraft-engine-maker-thielert-idUSL6N0FT2G620130723>
- RFI (2017) 2016: China's investment in Germany is extremely prosperous. Available at: <http://trad.cn.rfi.fr/%E4%B8%AD%E5%9C%8B/20170205-2016%E5%B9%B4%EF%BC%9A%E4%B8%AD%E5%9C%8B%E5%B0%8D%E5%BE%B7%E6%8A%95%E8%B3%87%E7%84%A1%E6%AF%94%E7%B9%81%E6%A6%AE>
- Ripsman NM (2021) Globalization, deglobalization and great power politics. *Int Aff* 97(5):1317–1333

- Rogelja I, Tsimonis K (2020) Narrating the China threat: securitising Chinese economic presence in Europe. *Chin J Int Polit* 13(1):103–133
- Schild J (2020) The myth of German hegemony in the euro area revisited. *West Eur Polit* 43(5):1072–1094
- Schirm SA (2019) In pursuit of self-determination and redistribution: emerging powers and Western anti-establishment voters in international politics. *Glob Aff* 5(2):115–130
- Schüler-Zhou et al (2012) Push and pull factors for Chinese OFDI in Europe. In: Alon, Ilan et al (eds) *Chinese International Investments*. Palgrave Macmillan, London, pp 157–174
- Shoham A, Rosenboim M (2009) China's new approach to ODI in Africa: a model for a government seeking natural resources. In: Alon I et al (eds) *China rules: globalization and political transformation*. Palgrave Macmillan, London, pp 216–230
- Shucun Z, Chuntai G (2019) China-Germany industrial cooperation in the context of the Belt and Road Initiative—an analysis focusing on Shandong Province. *Soc Sci China* 40(1):148–170
- Siyuankuner V (2016) Chinas M&A in Deutschland 2016 bereits über 10 Mrd. USD, Investment Platform China/Deutschland. Available at: <https://www.ma-dialogue.de/maerkte/chinas-ma-in-deutschland-2016-bereits-ueber-10-mrd-usd/>
- Sommer U (2018) A great wall against German investment. *Handelsblatt*. Available at: <https://global.handelsblatt.com/companies/german-china-investment-discrimination-925574>
- South China Morning Post (2017) US, EU, Japan slam unfair trade practices in veiled swipe at China. Available at: <https://www.scmp.com/news/china/diplomacy-defence/article/2124075/us-eu-japan-slam-unfair-trade-practices-veiled-swipe>
- SPD (2021) Coalition Agreement 2021–2025 between the Social Democratic Party of Germany (SPD), ALLIANCE 90 / THE GREENS and the Free Democrats (FDP). Available at: [https://www.spd.de/fileadmin/Dokumente/Koalitionsvertrag/Koalitionsvertrag\\_2021-2025.pdf](https://www.spd.de/fileadmin/Dokumente/Koalitionsvertrag/Koalitionsvertrag_2021-2025.pdf)
- Sperling J (2001) Neither hegemony nor dominance: reconsidering German power in post cold-war Europe. *Br J Polit Sci* 31(2):389–425
- Stanzel A (2017) China's belt and road — new name, same doubts? The European Council on Foreign Relations (ECFR). Available at: [https://www.ecfr.eu/article/commentary\\_chinas\\_belt\\_and\\_road\\_new\\_name\\_same\\_doubts](https://www.ecfr.eu/article/commentary_chinas_belt_and_road_new_name_same_doubts)
- Starrs SK, Germann J (2021) Responding to the China challenge in techno-nationalism: divergence between Germany and the United States. *Dev Chang* 52(5):1122–1146
- Statista (2022) Annual flow of foreign direct investments from China to Germany between 2010 and 2020. Available at: <https://www.statista.com/statistics/720553/china-outward-fdi-flows-to-germany/>
- SupChina (2018) Made in China 2025: the domestic tech plan that sparked an international backlash. Available at: <https://supchina.com/2018/06/28/made-in-china-2025/>
- Szepan M (2017) Four reasons why Chinese acquisitions in Germany are likely to remain strong, Mercator Institute of China Studies. Available at: <https://www.merics.org/en/blog/four-reasons-why-chinese-acquisitions-germany-are-likely-remain-strong>
- The Liberty Times (2018) German ambassador criticized China for imposing network surveillance. Available at: <https://news.ltn.com.tw/news/world/breakingnews/2367931>
- Ulatowski R (2022) Germany in the Indo-Pacific region: strengthening the liberal order and regional security. *Int Aff* 98(2):383–402
- UNCTAD (2014) Bilateral FDI statistics. Available at: <https://unctad.org/en/Pages/DIAE/FDI%20Statistics/FDI-Statistics-Bilateral.aspx>
- Verhofstadt G (2019) Europe must unite on China. Available at: <https://www.project-syndicate.org/commentary/europe-must-unite-on-china-policy-by-guy-verhofstadt-2019-03?barrier=accesspaylog>
- Viktor E (2017) The one belt one road from Germany's perspective, Pallas Athene Geopolitical Research Institute (PAGEO). Available at: <https://www.geopolitika.hu/en/2017/08/15/the-one-belt-one-road-from-germanys-perspective/>
- Vela JH et al (2021) Germany's drive for EU-China deal draws criticism from other EU countries, Politico. Available at: <https://www.politico.eu/article/germanys-drive-for-eu-china-deal-draws-criticism-from-other-eu-countries/>
- Von Sydow C, Enders G (2018) Update on M&A in Germany: market overview and 2018 trends. Available at: <https://www.ma-review.de/update-on-ma-in-germany-market-overview-and-2018-trends/>
- Wenniges T, Lohman W (eds) (2019) *Chinese FDI in the EU and the US: simple rules for turbulent times*. Palgrave Macmillan
- Wu W (2017) Where the rubber meets the belt and road — German ambassador answers the big questions, South China Morning Post. Available at: <https://www.scmp.com/news/china/diplomacy-defence/article/2093707/german-ambassador-answers-belt-and-road-questions>

- Wübbecke J et al (2016) Made in China 2025: the making of a high-tech superpower and consequences for industrial countries, Mercator Institute of China Studies. Available at: <https://www.merics.org/en/papers-on-china/made-china-2025>
- Xinhua (2018) China, Germany set 11 innovation platforms to strengthen cooperation. Available at: [http://www.xinhuanet.com/english/2018-03/01/c\\_137006707.htm](http://www.xinhuanet.com/english/2018-03/01/c_137006707.htm)
- Zeng J (2017) Does Europe matter? The role of Europe in Chinese narratives of 'One Belt One Road' and 'New Type of Great Power Relations. *J Common Mark Stud* 55(5):1162–1176
- Zimmermann N (2017) China emerging as Germany's main economic rival, Deutsche Welle. Available at: <https://www.dw.com/en/china-emerging-as-germanys-main-economic-rival/a-40153468>

**Publisher's note** Springer Nature remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.