

Europe attracts more Chinese investment than U.S. in two years: report

WASHINGTON, Feb. 25 (Xinhua) -- Europe has attracted twice as much investment as the U.S. from Chinese investors in the past two years for commercial opportunities and political reasons, the Rhodium Group, a U.S. consulting firm specializing in contextual analysis of macroeconomic trends in the Greater China, said in a report on Monday. Annual flows of Chinese direct investment to the European Union (EU) increased from less than 1 billion U.S. dollars before 2008 to an average of 3 billion U.S. dollars in 2009 and 2010, before tripling to more than 10 billion U.S. dollars in the past two years, according to the report. In the U.S., China direct investment surged from less than 1 billion U.S. dollars in 2008 to 5 billion U.S. dollars in 2010, before dropping to 4.7 billion U.S. dollars in 2011 and reaching a record high of 6.5 billion U.S. dollars in 2012, which remained below the levels seen in the EU in the past two years. This was mostly driven by commercial opportunities resulting from the fiscal and economic crisis in the Eurozone, according to Thilo Hanemann, the research director of the Rhodium Group and the author of the report. "Chinese investors seized opportunities to buy into cash-strapped European industrials and assets promising stable long-term returns such as utilities and other infrastructure," he noted. For example, China invested more than 5 billion U.S. dollars in EU transportation infrastructure and utilities through 2012, while the U.S. attracted close to zero investment in transportation infrastructure from China. Hanemann also mentioned national security concerns as an important factor in affecting China's investment in the report, "Chinese telecommunications equipment firms spent more than three times as much in Europe than in the U.S., where the committee on Foreign Investment in the U.S. (CFIUS) has interfered with several deals and firms have seen their business diminished by intervention from U.S. government officials, members of Congress and the security community." Looking forward, Hanemann believed the U.S. would remain an attractive place for Chinese companies, but the political response would be critical for future deal-making in both economies.