

# Chinese Investments in European Maritime Infrastructure


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Economic relations between the EU and China (The People's Republic of China) have been **dynamically developing over the past two decades**. Following China's remarkable economic ascent, the country has become the EU's third-largest export destination and its largest source of imports.

Beyond trade, China has emerged as a major source of global FDI (foreign direct investment) flows, including in the EU. Although total Chinese FDI stocks in Europe remain small [compared to other investment partners](#), they have relevance in several sectors with strategic importance.

As economic security risks (e.g. critical dependencies) stemming from foreign ownership become more apparent, **the EU has committed to de-risking to a more resilient and autonomous economic structure**, particularly vis-à-vis China, [which it considers 'a partner, a competitor and a systemic rival'](#).

## Main observations

### The study

looks at Chinese investments in European Maritime Infrastructure through the lens of 'de-risking' for the first time. It provides a comprehensive overview of Chinese investments in this sector over the past two decades and weighs the associated risks.

This study identifies **24 Chinese acquisition deals and 13 announced greenfield investment projects** in European maritime infrastructure from 2004 to 2021. Acquisitions accounted for the bulk of the capital invested – in total, according to the experts' calculations, their value exceeded **EUR 9.1bn**, while the value of the capital pledged in the greenfield projects was about **EUR 1.1bn**.

Investment activity by Chinese companies in the maritime sector subsided noticeably in 2020-2021, probably reflecting the effects of the COVID-19 pandemic and 'zero-COVID' policies, and also the

introduction of stricter FDI screening mechanisms in the region.

The risk assessment analyses **five types of risk**:

1. EU-level dependency risk;
2. individual dependency risk of each case;
3. coercion and/or influence risk;
4. cyber/data risk; and
5. hard security risk.

The analysis highlights that **economic coercion and cyber/data security risks are higher** and thus require more attention by the EU and Member States both in terms of preparedness and awareness.



**Awareness of and capacity to deal with cyber/data risk is identified as the most urgent issue** where the EU and its Member States have poor capabilities. Cyber/data risks will quickly become more widespread as the digital transition, application of 5G, use of sensors, etc. develop in the shipping and port operation industries.

The study shows that investments in one European maritime infrastructure **increase the risks for the whole of the EU**. The risk increase appears to be **proportional to the investment**: the larger the shares owned by a Chinese enterprise of a European maritime infrastructure, the higher the risks and their consequences.

The study notes that risks arise from the **deliberate strategy by China to leverage its investments in**


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European maritime infrastructure to its own advantage, and as a result of conflict scenarios (i.e. the Taiwan conflict, or disputes between the EU and/or Member States and China).

## Conclusions and policy recommendations

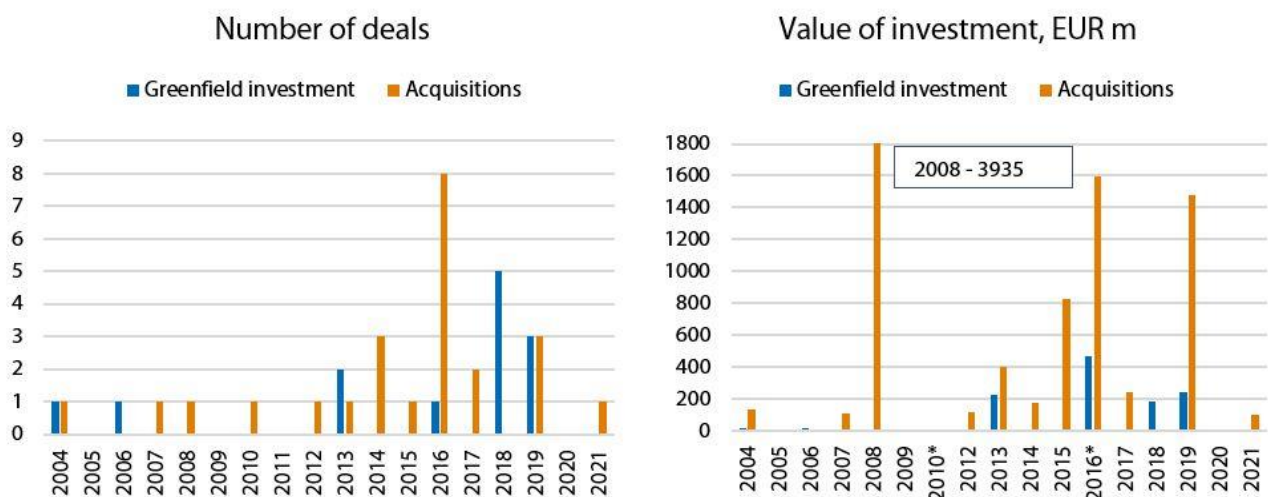
The risk scenarios envisaged in the study indicate a complex situation that is neither 'business as usual' nor 'apocalyptic sensationalism'. Some risks are likely to require **monitoring and stronger enforcement of current rules**, others will need **moderate change or co-ordination** between the European Institutions and Member States, and yet others will demand **more complex solutions**:

- **Further research to collect data** on the risks of Chinese companies' involvement in cyber and data security in critical infrastructures would provide a strong basis to inform Member States and develop related policies.
- **Encourage Member States to carry out a risk assessment** of China's involvement in their maritime infrastructures that includes the impact on labour and the environment, as well as on dependencies. An assessment of bottlenecks in the shipping of goods from China to Europe that considers transshipment is missing. Following such assessment, **create redundancies and contingency**

**plans** to prepare for a conflict with China. **Set up early warning systems** for the risks that require monitoring according to the methodology proposed in the study.

- **Develop a proposal for a European maritime cabotage law.** An EU solution already exists for air and land, providing the basis to adopt a pan-EU maritime cabotage law that could apply to non-EU shippers.
- **Increase the Europeanisation of screening of inbound investments.** The European Parliament should use the opportunity provided by the review of the existing EU regulation on screening FDI to propose a strengthening of the role of the EU in not only screening but also blocking Chinese investments in critical infrastructures.
- To mitigate cyber and data security risks, first **publish guidelines on dealing with high-risk actors**, such as data-sharing best practices, then **set up a regular** (six-monthly and then annual) **review of progress** with annexed transparency and reporting requirements. The initial report should map existing European ports that use Chinese software and/or data management platforms and the data being collected and transmitted via these.

*China's acquisitions and announced greenfield investment projects in the maritime sector infrastructure of the EU and its Neighbourhood*



Sources: fDi Markets; China Global Investment Tracker; ECFR China-EU Power Audit Key Deals 2005-2017; China Overseas Port Project Dataset 1979-2019; <https://www.truenumbers.it/cina-porti-europa/>; authors' calculations.

\* In 2010 and 2016 there were deals with unknown value: in 2010 Shanghai International Port Group acquired 25% of Zeebrugge Port; in 2016 ICBC acquired a stake in Antwerp Port.

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