



Experiences of German FDI in China

September 2020



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Foreign Investment Law (FIL)

- An early version of the FIL was introduced in 2015
- We were told by those involved that there were duel (competing) versions of FIL within NDRC and MOFCOM through 2017
- In 2018, President Xi accelerated the decision and the first draft was released for comment by year end
- FIL was enacted in Q1 2019, after only 3 months, unusually fast within China
- Came into effect in 1st January 2020

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Major Automotive Announced Investment

Bayerische Motoren Werke AG (BMW)



October 2018

Announced \$4.2 billion to increase stake in Brilliance JV from 50% to 75%. Scheduled to close 2022. Also announced €3 billion investment into new plant

1

November 2018

Announced \$140 million investment into Great Wall JV – mini EV vehicles

2

January 2019

Shareholders of Brilliance China Automotive Holdings Ltd. (CBA) approved the sale of 25% shareholding in CBA to the BMW Group

3

November 2019

Announced €3.1 billion increase in CATL EV purchases 2022-2031

4

April 2020

Tiexi plant started construction. The investment made in the new plant will be up to US \$3.2bn over the next years and will be finished by 2040

5

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Major Automotive Announced Investment

Volkswagen Group

VOLKSWAGEN
GROUP

April 2018

Announced planned Chinese investment of €15 billion (\$18.3 billion) by 2022

1

November 2019

Announced plans to invest €4 billion (\$4.4 billion) in 2020; 40% in mobility

2

May 2020

Announced M&A investments of €2.1 billion (\$2.2 billion)

3

June 2020

SAIC Volkswagen Automotive, one of China's oldest auto joint ventures, will spend CNY140 billion (\$19.8 billion) largely on new energy and smart cars over the next five years, according to SAIC Motor Chairman Chen Hong. SAIC Volkswagen's CNY17 billion (\$2.4 billion) modular electric platform factory, is on schedule to start production in October

4

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Major Automotive Announced Investment

DAIMLER

Daimler AG

February 2018

Daimler and BAIC agreed to invest €1.5 billion in NEV production facility

1

March 2018

Acquired 3.9% stake in NEV subsidiary of BAIC

2

January 2020

Mercedes-Benz and Geely Holding announced they have formally established the global JV “smart Automobile Co.” The JV will have capital of will be 5.4 billion RMB and be based in Ningbo

3

Two Chinese investors, Geely Auto (\$9,100 in Feb 2018) and BAIC Group (\$2,800 in July 2019), invested a total of \$11,900 during this period.

This total represents over 60% of announced Chinese investments into Germany during this period, net of HNA’s circa \$500 proceeds from disposal of nearly 4% of Deutsche Bank.

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Major Corporates Announced Investment



BASF

July 2018

Announced \$10 billion to build new plant (100% owned) to be completed by 2030

1

October 2018

BASF and SINOPEC signed a MoU to further strengthen their partnership in upstream and downstream chemical and to expand their BASD-YPV JV. This JV, founded in 2000, has seen total investment to date of approximately \$5.2 billion (\$2.9 billion at launch)

2

November 2019

Broke ground on the new plant

3

2024

Plans to spend €8.2 billion through 2024, with peak investment period of 2022-2024 to build the new plant

4

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Major Corporates Announced Investment



BOSCH

May 2020

Bosch China President Chen Yudong said the company's investment in China in the past 10 years totalled 48.5 billion yuan (\$6.82 billion). "Each year we invest from 3.5 billion to 8.5 billion (yuan)"

Robert Bosch

Robert Bosch Venture Capital GmbH (RBVC) has been very active in investing in local Chinese tech companies

1

2

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Healthcare Announced Investments

- Fresenius Medical Care – 5 Chinese healthcare acquisitions (2018, 2019)
- Merck KGaA signed an agreement with Alibaba Health, opened a technology center for its OLED customers in Shanghai and announced the participation of Tongji University (2018)
- Medigene granted Cytovant (new JV) exclusive licenses on Medigene's resT cell immunotherapy in Greater China (2019)
- Boehringer Ingelheim announced plans to open a digital laboratory (2020)
- BioNTech and Fosun Pharma Announce Start of Clinical Trial of mRNA-based COVID-19 Vaccine Candidate in China

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Major Financial Services Announced Investments

- Allianz Real Estate – invested well over €1 billion in Chinese real estate(2018-2019)
- Commerzbank signed a cooperation framework with ICBC to support projects linked to the BRI with a business volume totalling \$5 billion in the next five years (2018)
- Allianz SE acquired a 4% stake in Taikang Life for \$1 billion (2019)
- Allianz China Holding (100% owned), opened with \$392 million capital (2020)
- Ergo(Munich Re) acquired a 24.9% in Taishan P& C Insurance (June 2020)

German Private Equity/ VC Chinese Investors

- Bertlesmann Asian Investments (BAI)
- Bayer Growth Ventures
- Robert Bosch Venture Venture Capital (RBVC)
- Merck KGaA fund
- Rocket Internet SE

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Selected Industrials

- Kion acquired a minority stake in EP Equipment, warehouse equipment (2018)
- Basler signed a JV agreement with its Beijing Sanbao Xingye (MVLZ) Image Tech. Co. Ltd., that strengthens Basler's position in China (2018)
- Bucher Hydraulics, a division of Bucher Industries, agreed to form a JV in China by acquiring an 80% stake in Wuxi Deli Fluid Technology Co. Ltd, the leading manufacturer of hydraulic pumps and compact power units in China (2018)
- ZF and Wolong Electric signed JV MoU for production of electric motors/components (2019)
- Freudenberg Filtration Technologies agreed to acquire control of Apollo Air-cleaner Co. Ltd. in Shunde (2019)

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Capital for Franchise Expansion

- Continental and CITC agreed a JV for the development and production of 48-volt battery systems for the automotive industry (2018). Continental Powertrain also announced it is investing heavily in new Chinese production sites in Tianjin and Changzhou (2019)
- Siemens Healthineers launched construction of 3 billion yuan (US\$433 million) manufacturing site in Shanghai for imaging and laboratory diagnostics products (2018)
- Messer Griesheim Holding management stated that its Chinese business has shown annual growth for at least the past decade but requires capital to support this growth (the past few years circa \$80 million/year)
- Sicoya GmbH, the leading innovator of monolithically integrated Silicon Photonics announces the build of a new factory focusing on assembly and test of optical transceivers and engines in Tianjin (2019)
- DOMO Chemicals to build a new €12 million plant in Zhejiang, designed to produce 50,000 tonnes of sustainable engineering nylon compounds annually (2020)

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Aggregate Values Q1 2018 – H1 2020

