

## Conference Chamber of Commerce

## « The Age of Chinese Capital: Chinese Investments in Europe »

**T**he Chamber of Commerce of the Grand Duchy of Luxembourg had the great pleasure to host the conference “The Age of Chinese Capital: Chinese Investments in Europe” on 30 March 2017.

Organised in collaboration with the German Embassy to Luxembourg and the Berlin-based Mercator Institute for China Studies (MERICS), the event provided an assessment of the shifting economic conditions that shape the “New Era of Chinese Capital” and allowed the audience to get a thorough insight into the deep ongoing transformation of the Chinese economy, running Chinese investment projects in Luxembourg, best practices and future business opportunities.

In his welcome address, Carlo Thelen, Director General of the Chamber of Commerce stressed the challenges and opportunities that characterise the Sino-European economic relationship: although China is undertaking profound efforts to move from an industrial manufacturing based, export oriented economy towards a more sophisticated tertiary one, driven by consumption, further work remains to be done in order to create a level-playing-field and a real framework of reciprocity.

On the whole, he sees many opportunities for Chinese investors in Luxembourg and vice-versa: starting out as the first European founding member of the Asian Infrastructure Investment Bank, Luxembourg has in the meantime become Europe's first hub for the development of Chinese finance. His Excellency Dr. Heinrich Kreft, German Ambassador to Luxembourg was equal-



from l. to the r.: Prof. Dr. Sebastian Heilmann, President MERICS; His Excellency Mr. Pierre Gramegna, Minister of Finance; His Excellency Dr. Heinrich Kreft, German Ambassador to Luxembourg

ly optimistic about bilateral business opportunities, China being a strong trade and business partner to Germany. Yet, he also stressed the importance of creating fair business conditions based on reciprocity.

One of the highlights of the conference was the keynote speech “China and Europe: Shifting economic conditions and novel business opportunities”, held by Professor Sebastian Heilmann, President of MERICS, who gave a detailed overview of the evolution of Chinese FDI over the past years, based on three major trends that are fundamentally transforming Chinese-European economic relations: rapid

global financial expansion making China a leading force in global finance, far reaching industrial upgrading turning China into a manufacturing champion and stimulating competition for European business, and last but not least, forceful political outreach transforming global and Eurasian connectivity.

Regarding foreign direct investment (FDI) in particular, he emphasized the currently observed turning point in investment relations: while Chinese FDI in the EU is surging, European FDI in China has stagnated and even decreased in the past few years. Chinese global assets being expected to triple between 2012 and 2020. Yet, he also pointed out the

risks related to the recent re-introduction of capital controls, making any prediction about future financial globalisation a rather speculative activity.

Before the round table, the audience had the honour to listen to His Excellency Pierre Gramegna, Minister of Finance, who stressed Luxembourg's outstanding starting position regarding the capacity to attract international and Chinese investment in particular, mentioning for instance the recently launched Luxembourg-ElB Climate Finance Platform, a partnership between the Grand Duchy and the European Investment Bank in the field of Climate Finance, the Luxembourg Stock Exchange, the first stock exchange in the world to have listed a Green bond as well as the very first dim sum bond. A priority to the Minister, in the context of globalisation fatigue, is further promotion of open and free trade which cannot be taken for granted anymore.

This most interesting series of speeches was followed by a high-quality round table moderated by Sascha Bremer, Market Intelligence Advisor at Luxembourg for Finance. The panelists were Laurent Schummer, Partner at Arendt & Medernach, Mikko HUOTARI, Head of the International Relations Research Program at MERICS and Yadi ZHU of the Corporate Banking Department of ICBC Europe and the ICBC Luxembourg branch. Chinese investment helps to diversify the Luxembourg economy.

The Chamber of Commerce will hence follow the current transformation of the Chinese economy closely and is happy to organise this type of events to keep its members up-to-date.