The article examines the reasons and chances/risks of Chinese Mergers & Acquisitions in Europe and mainly in Germany. It includes a study that examines the development of Chinese foreign direct investment in Europe, with the scope of identifying which factors contribute to the increasing numbers of Mergers & Acquisitions between Chinese and European firms. Using data from a survey of 32 interviews with senior Chinese businessmen in Europe and in China which were executed between end 2015 and beginning 2017. Beside the survey, the analysis uses data of case study of three Hidden Champions (with companies: Waldrich, Kaeser and Lasco) all located in the 50.00 inhabitant city of Coburg, Bavaria, Germany. This paper seeks to provide an overview of the elements that motivate both acquirer and acquirer to engage in these types of arrangements. The findings reveal that Mergers & Acquisitions between Chinese and German firms, particularly between Chinese investors and German Hidden Champions, tend to be mutually beneficial, indicating that such partnerships will continue to grow in volume and impact in the future. Another outcome of the survey is, that the majority of Chinese investment decisions are influenced by many non-financial indicators i.e. trust, reliability, image, innovation, technology orientation etc. and put Germany in favor vs. UK, Netherlands and France.

Introduction

In an increasingly globalised world, international business co-operations with strategic investments, such as joint ventures, strategic alliances, foreign subsidiaries as well as Mergers & Acquisitions (M&A), become more and more frequent. Such collaborations exhibit several challenges. Most notably, Mergers & Acquisitions involve major adaptations from one or both of the organisations, in particular in terms of strategy, business processes, communication and corporate culture. In addition, managers tend to analyse internal organisational structures and environmental forces, but often-times neglect socio-cultural and non-directly financial processes which also strongly influence decisions at all operational levels.

Bradt even argues that every other factor of consolidation is merely a derivative of the cultural, relying to a large extent on the attitudes of doing business and a successful cultural integration. According to an Aon Hewitt study, M&A fail to create value for the merging companies in 60-70% of cases, with 33% of managers blaming the differences in the way of doing business for this failure and 50% even arguing that these differences tend to become the main post-deal challenge.
The goal of this paper is to survey with 32 interviews, Chinese influence factors on M&A’s in UK, Germany, France and the Netherlands. The study at hand seeks to identify which factors have contributed to the large number of M&A’s between Chinese and German firms in the past decade, most notably among Chinese companies and German Hidden Champions. With the realization of WTO bonus effect and the strengthening of its RMB currency, China is on its way to transforming from an FDI recipient into a net FDI capital provider, soon to become a net credit country, as illustrated by Figure 1. This will have a profound impact on the global economic landscape, as China does already replaces in volume of FDI classical developed countries like Italy, France, Japan and Korea. Europe is particularly attractive to Chinese companies pursuing an internationalization strategy, primarily due to the economic benefits of its single market and its single currency. The lower market entry barriers and the lack of severe political disputes between China and the EU have furthermore helped attract increasingly more investors from China into EU countries. As presented in Figure 2 and Figure 3, Europe has now become the largest recipient of outbound M&A deals, surpassing even the Asian continent in terms of deal volume. Due to major deals involving companies such as Pirelli, SNS Reaal insurance, Club Med, Louvre Hotels and NXP RF Power unit, the Chinese OFDI deal volume succeeded in surpassing 20 billion EUR in 2015. As demonstrated by Figure 5, Chinese FDI into Europe has exceeded the European FDI into China since 2010, with Mergers & Acquisitions serving as the dominant and preferred investment vehicles for Chinese investors interested in acquiring European assets. Recent data indicates that the volume of investments in Europe will increase significantly in the future. Passing 72 billion USD in IFDI and OFDI deal volume in the first half of 2016, the deal value of mutual investments has already almost doubled the total volume achieved across the entire year of 2015 (approximately 40 billion USD). Germany has become in 2016 the third largest recipient of Chinese OFDI within the EU, following Luxembourg and the United Kingdom. As indicated by the data presented in Figure 4, the volume of Mergers & Acquisitions has grown exponentially since 2011, following a period of intense Greenfield investment activity. Investments in Germany tend to be mostly focused on industrial sectors, including industrial machinery (69%), automotive parts and technology (33%), consumer goods (16%), alternative energy technology (14%) and pharmaceuticals (13%). In contrast, investments in the United Kingdom focused primarily on the real estate industry and energy sectors, with Luxembourg becoming a new star in recent years.
due to its highly attractive tax haven policies and financial- and private equity investments. The figures for 2017 will indicate major increase in volume for German OFDI from China and a decrease due to Brexit insecurity in the United Kingdom. The UK decrease will mainly be in real estate investments, which are on the other hand the strongest growth of Chinese OFDI in Germany.

Since 2011, Germany has become the most sought destination for M&A in the EU, attracting the most M&A deals within the region (Figure 5). Compared with investments into other target countries, Chinese M&A investments into Germany exhibit a more stable pattern, furthermore benefiting from the diversified industry portfolio and a solid German economic boost since 2011. Notable M&A transactions in Germany in 2016 and first half 2017 included the purchases of EEW Energy, KraussMaffei, Bilfinger Water Technology, Compo Consumer and the Bigpoint GmbH. According to a recent study by PwC, key reasons for Chinese investments in German firms include market entry (62%), the acquisition of new technology and expertise (58%), branding (36%) and diversification in general (17%).

As indicated by a recent PwC study, 65% of Chinese investors in Germany are privately owned companies, with the remaining 35% operating under the control of the Chinese government. In addition, more than half of the investors (62%) originate from the southern regions of China, with only 36% and 2% of firms being based in the northern parts and central or western regions, respectively.

Research Methodology
In order to fulfill the objectives of this study and determine the stance of Chinese investors on the business attractiveness of the four selected countries (United Kingdom, Germany, France, Netherlands) within EU, the authors conducted a questionnaire of the Chinese business community and several potential investors in Europe.

A survey of Chinese investors in Europe
In the survey the authors have combined the economic performance and business efficiency in IMD World Competitiveness Yearbook into an economic dimension, while government efficiency and infrastructure were merged into the political dimension. Two other dimensions, culture and technology, were included in order to show the non business related M&A factors. In each dimension, there are three to four sub-factors. To each sub-factor, the survey participants have to rate from 1 to 5, where 1 is the most favorable and 5 is the least favorable (favorable in terms of the benefit for the purchaser). The survey with the Chinese managers was conducted in the time period of 4th December 2016 to 1st March 2017. The total number of respondents was 32, originating from a wide variety of senior managers in diverse sectors, including automobiles, high-tech manufacturing, fashion and clothing, banking, real estate, fund management and private equity. The stratified sampling method was chosen, as the survey focused on the sample population who are owners or directors of small and medium companies or investment related managers in large financial institutions and private equity companies. This helped to filter the sample population to the core group who has the essential knowledge about M&A or could be a potential investor in EU.

An analysis of three Hidden Champions in Germany
A large number of Chinese investments have targeted one of the most important growth areas of the German economy: Hidden Champions. According to Hermann Simon, Hidden Champions (HCs) are medium-sized companies that tend to be unknown to the general public, yet act as the worldwide market leader or a top 3 supplier in their respective market niche. A 2014 study by the German Federal Ministry for Science, Research and Economics revealed that there are at least 1,394 Hidden Champions
located in Germany (the highest national number of such companies in the world), that generate an average of over € 400 million euro annually, achieving growth rates of almost 10% each year (see Figure 6). Hidden Champions can be considered major drivers in both the national and regional economies, with just 221 HCs generating for example 29% of the Bavarian GDP and employing 26% of the Bavarian workforce.

In order to understand what makes Hidden Champions in Germany so successful and in order to determine why they are attractive targets for Chinese M&As, a second study on the success factors and mindset of the HCs was conducted in parallel to the aforementioned survey. The study aimed to not only find out what makes the Hidden Champions successful, but also to examine the role that internationalization plays for such companies. The three participating companies, LASCO Umformtechnik GmbH, Waldrich Coburg GmbH and Kaeser GmbH are worldwide market leaders in their respective industries and have had a track record of international success for years. The companies operate in sectors that have been the main target of Chinese investments, particularly the production of machines, tools, automation technology for metal forming, powder metallurgy, building materials (LASCO), precision centers and machines (Waldrich Coburg) and compressors, compressed air products (Kaeser GmbH). Unlike LASCO, Kaeser and most German Hidden Champions, Waldrich Coburg is no longer a family-run business, but was sold already in 1986 for the first time to the American milling machine manufacturer Ingasoll, which was taken over in 2005 by the Chinese company Beijing No1. Beijing No1 is wholly owned by Jingcheng Holding, which in turn is owned by Beijing’s municipal government. Nonetheless, all three companies exhibited a strong presence in China and Asia as a whole.

The three companies were chosen as examples because they exhibit all characteristics of a typical Hidden Champion in Germany – characteristics that make them particularly attractive to Chinese investors. In line with the definition of Prof. H. Simon, Hidden Champions tend to:

1. be located in smaller towns or on the outskirts of major regional centers – Waldrich Coburg is for example located in Coburg, a city of 40,000 inhabitants 90km away from the regional center of Nuremberg, so to say in the province

2. have business activities that are highly sustainable – all three of the examined companies generated continuously rising profit margins over long periods of time

3. ensure that the essential components of their value chain (innovation, research, production, marketing and headquarters) are located or take place at the company’s home base of operations – all three of the examined companies produce and develop all essential elements in Coburg

4. exploit international niches – all three companies generate more than 65% of their turnover abroad

5. have strong ownership structures, often being family-run – only Waldrich Coburg was not family-owned but run by the Chinese company Beijing No1

6. operate as the worldwide market leader or a top three company in their respective industry/niche – all of the Coburg companies are worldwide market leaders in their niches.

**Results**

The following sections present the key findings of the two aforementioned studies, analysing in more detail the factors that contribute to the increased levels of Chinese FDI in Germany and Europe as a whole, as well as the main drivers towards internationalization and Mergers & Acquisitions of German small- and medium-sized firms.

**Reasons for Chinese-German Mergers & Acquisitions**

The results of the survey indicate that Germany is clearly the most preferred investment choice for Chinese investors by the survey group in the categories of “Economics” and “Technology” among the four selected countries and was ranked very closely with UK in the “Political” dimension. As indicated in Table 1, Germany was only ranked less favorable to the UK with regards to “Culture”, most notably in the “Language” category.

An additional major finding from the survey result was that both “Compatibility with Chinese culture” and “Overall society feeling toward
The investment and acquisition are not only the culmination of bilateral business relationships but also the culmination of the deep and extensive culture exchange between two countries. A certain symmetry between investment level and cultural understanding can also be observed. Semi-business programs such as the Sino-European Sister City Relationship are a good starting point and communication channel between different countries, both at the business level and the culture level.

"Porter's Diamond Model for the competitive advantage of nations" analyses the competitive position of a nation in global competition based on four interrelated factors in a self-reinforcing system. The German market is a geographically large and strong economical region within the EU, supported by a well-set-up political and system that ensures a fair competitive market. The government employs higher production standards, stimulates early demand for advanced products, and focuses on specialization and the creation of clusters that encourage competition. These positive reinforcement between all these interlinked factors has resulted in the attractiveness of German companies on the global market, especially in the mind of Chinese investors who are also in the critical stage of gaining a competitive edge in their industry.

A clear vision as how to close the desired strategic competence gap, sincere and direct communications, strong and solid financial results, a light touch on the acquired company's management and a proper interest alignment are all important factors to ensure a successful M&A deal. It is important to note that Mergers & Acquisitions follow a process rather than a single transaction. This can be examined in "The Five Step Model" by Sudarsanam, who examined two current Chinese M&A cases in Germany: Lenovo, an international brand of Chinese origin acquired Medion, a strong German company focused on Western Europe and Sany, a Chinese entrepreneur company focused on developing cost effective product lines, who acquired Putzmeister, a high-end German brand with more advanced technology, know-how and better access to sales networks for high-end products.
mentioned study of HCs, to their high product quality, technical know-how, excellent customer service (oftentimes at the customers’ premises) and overall reliability. German engineering and craftsmanship enjoys an excellent reputation worldwide, making customers willing to pay a price premium for high standards. Oftentimes the service offerings of HCs include individual solutions, services and personal customer contacts, all presented in a manner concurrent to the attributes considered “classic German virtues.”

The companies consider their excellent image, the resistance of the core business to crises through geographic differentiation, the global proximity to customers, the international presence with local production plants, logistics centers, branches and sales offices, as well as the quality of downstream services are seen as the critical success factors. The companies however agreed that the constant, aggressive pricing and innovation-driven competition burdens the margins of companies, forcing them to seek new ways to grow.

In both cases, critical factors in determining the success of a M&A deal would be: a clearly defined strategic goal and agreed upon at every level and a clear vision on how to close strategic competence gaps through the acquisition deal, sincere and direct communication in order to build the mutual trust, as well as assistance from professional M&A teams and professional M&A equity funds in order to solve some of the potential risks. A strong and solid financial balance sheet of the acquiring company would minimize the financial risks to a great extent and generate additional time for the whole post-acquisition and integration process. To respect and understand the culture difference, a light touch on the current acquired company’s management and a proper interest’s alignment structure could help to ensure the trust and common goal between the acquirer and acquired companies in the long run. Especially demonstrated in the M&A deal between Sany and Putzmeister, the new entrepreneurs and private owned companies from China are adopting a more universal business standard and there could be a good reconciliation between the two different cultures based on the commercial compatibility and the trust through sincere communications.

Table 2: Summary of the critical success factor analysis based on two Chinese M&A in Germany

<table>
<thead>
<tr>
<th>Factor</th>
<th>Lenovo &amp; Medion</th>
<th>Sany &amp; Putzmeister</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deal Character</td>
<td>A more internationalized Chinese company with a more global brand name and R&amp;D capacity acquired a local market focused German company.</td>
<td>A Chinese company focused on developing market and cost effective product lines acquired a high-and German brand with more advanced technology know-how.</td>
</tr>
<tr>
<td>Strategy development stage</td>
<td>Lenovo has a global brand presence but low recognition and lack of sales force in German market. Medion has a strong footprint in local European market, but needs a global purchasing channel and advanced technology know-how.</td>
<td>Sany is already a leading company in its industry but need technology upgrade and global high-end brand image. Putzmeister needed a strong global partner to ensure a long term survival threat with global market shifting and to solve its succession problem.</td>
</tr>
<tr>
<td>Organizing process stage</td>
<td>With the previous experience from the acquisition of IBM, Lenovo has a professional M&amp;A team in place and appointed Barclays Capital as deal financial advisor. Robust due diligence as both parties are listed companies.</td>
<td>Direct one to one and sincere communication between two company founders, consensus from the top has ensured the high efficiency and execution of the acquisition deal, even skipped the normal due diligence process.</td>
</tr>
<tr>
<td>Deal structure stage</td>
<td>To ensure aligned interests, Medion founder, Gerd Brachmann sold only 40 percent of MEDION AG’s outstanding shares to Lenovo, of which 90% of the purchase price paid in cash and 20% in Lenovo shares.</td>
<td>Good valuation of target company due to the good timing after the financial crisis. Sany had a solid financial background to ensure a patient and smooth post acquisition process.</td>
</tr>
<tr>
<td>Post-acquisition Integration &amp; Organizational learning stage</td>
<td>Medion resumed its existing operations and maintained their own product brands. Lenovo supported on the global purchasing and R&amp;D.</td>
<td>Sany’s fulfillment of the promise made in the acquisition process and light touch on the Putzmeister to win the confidence and trust from the acquired company’s management. Putzmeister represents Sany brand in global market except developing and China home market.</td>
</tr>
</tbody>
</table>

Investments in German Hidden Champions

Hidden Champions like the Coburg companies attribute their success, according to the aforementioned study of HCs, to their high product quality, technical know-how, excellent customer service (oftentimes at the customers’ premises) and overall reliability. German engineering and craftsmanship enjoys an excellent reputation worldwide, making customers willing to pay a price premium for high standards. Oftentimes the service offerings of HCs include individual solutions, services and personal customer contacts, all presented in a manner concurrent to the attributes considered “classic German virtues.”

The companies consider their excellent image, the resistance of the core business to crises through geographic differentiation, the global proximity to customers, the international presence with local production plants, logistics centers, branches and sales offices, as well as the quality of downstream services are seen as the critical success factors. The companies however agreed that the constant, aggressive pricing and innovation-driven competition burdens the margins of companies, forcing them to seek new ways to grow.

Internationalization attempts are not driven by the need to grow and reinvent themselves...
omnipresence in worldwide highly technological markets such as machine building, chemicals, solar energy, automotive supplies and IT products, as well as their tendency to meet the characteristics Chinese investors seek in German companies: high technical standards, stability, quality of work, high market shares and a strong position in Europe and abroad. These factors indicate that German companies, most notably Hidden Champions, will continue to be attractive to Chinese investors for years to come.

Conclusion

In conclusion, Mergers & Acquisitions can be considered a complicated and risky business operation, especially when effectuated between companies from two different cultures, such as those of China and Germany. However, German companies stand to benefit from Chinese investors’ large volume of investment capital, strong sales network and local market access in China. German companies may for example move non-core production lines to China to reduce unnecessary costs and concentrate more resources towards strengthening their competences in R&D and technological development.

In parallel, with the acquisition of high-valued European assets through M&As, Chinese companies could speed up their transformation process and make up for their weakness in global brand recognition and core R&D capabilities, which would otherwise take decades to build up in a traditional market environment. With the rapid development of Chinese stock and capital markets, many Chinese listed and pre-listed companies are now also showcasing their successful acquisitions of European upper-chain assets in order to improve their chances of a successful IPO or to quickly increase their market capitalization. With the soaring of their trading price and market capitalization, these companies would also have a stronger ability to raise affordable capital on the stock market and thus further expand their business network in the whole global industry. So there do exist a virtuous cycle and both acquirer and acquiree could strike for a

Table 3: Examples of investments or acquisitions of German HCs by Chinese firms in recent years

<table>
<thead>
<tr>
<th>Year</th>
<th>German HC</th>
<th>Chinese Investor</th>
<th>Industry/branch</th>
<th>Transaction Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>SaarGummi</td>
<td>COLT Chongqing Light Industry &amp; Textile</td>
<td>Chemicals</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>2011</td>
<td>KSM Casting Gruppe</td>
<td>CITIC Dicastal Wheel Manufacturing Co</td>
<td>Production facilities</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>2011</td>
<td>Sellner Holding</td>
<td>Ningbo Huaxiang</td>
<td>Automotive</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>2011</td>
<td>Preh</td>
<td>Joyson Investment Holding</td>
<td>Automotive</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>2011</td>
<td>JOST Cranes</td>
<td>Zoomlion</td>
<td>Utility vehicles</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>2012</td>
<td>Putzmeister</td>
<td>Sany Heavy Industry</td>
<td>Concrete pumps</td>
<td>€500 million</td>
</tr>
<tr>
<td>2012</td>
<td>Kiekerl</td>
<td>Lingyun</td>
<td>Locking systems</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>2012</td>
<td>Schwing</td>
<td>Xuzhou Construction Machinery Group</td>
<td>Concrete pumps</td>
<td>€300 million</td>
</tr>
<tr>
<td>2012</td>
<td>Solbro</td>
<td>Weichai Power</td>
<td>Utility vehicles</td>
<td>€467 million</td>
</tr>
<tr>
<td>2012</td>
<td>Sunways</td>
<td>Hanergy Holding Group</td>
<td>Solar panels</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>2012</td>
<td>Drossbach</td>
<td>LDK Solar</td>
<td>Production facilities</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>2012</td>
<td>Saunaflex</td>
<td>Saunaking</td>
<td>Sauna facilities</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>2013</td>
<td>Pfaff</td>
<td>SGSB Group</td>
<td>Textiles</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>2013</td>
<td>KRW Leipzig</td>
<td>Wafangdian Bearing Group</td>
<td>Bearings technology</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>2013</td>
<td>Gölz</td>
<td>Eastern Sea International Holding</td>
<td>Precision drills</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>2014</td>
<td>Hitte</td>
<td>Avic</td>
<td>Automotive</td>
<td>€473 million</td>
</tr>
<tr>
<td>2014</td>
<td>Schumag</td>
<td>Meikai Group</td>
<td>Precision tools</td>
<td>€5.4 million</td>
</tr>
<tr>
<td>2015</td>
<td>Hauck &amp; Aufhäuser</td>
<td>Fosun</td>
<td>Banking</td>
<td>€200 million</td>
</tr>
<tr>
<td>2015</td>
<td>Berkehnoff</td>
<td>Powerway Group</td>
<td>Precision wires</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>2016</td>
<td>KUKA</td>
<td>Midea Group</td>
<td>Robotics</td>
<td>€3.500 million</td>
</tr>
</tbody>
</table>
| 2016 | Krauss-Maffei     | Chemchina                         | Chemicals               | €925 million     

However, but primarily by the companies’ wish to be closer to their customers, unlike large companies which tend to move abroad in low-wage or low-production cost areas. Even though the companies operate primarily in European and North American countries, the Asian markets are very close, on second place, in terms of interest and level of investment. Figure 7 presents an overview of the main reasons for the Coburg companies’ interest in internationalizing.

Taking into account the nature of the Hidden Champions, the sectors in which they operate and the high standards to which they adhere in order to remain worldwide market leaders, it is not surprising that a large number of investments of Chinese firms in the past years have involved German Hidden Champions, more so than any other type of company. Table 3 presents an overview of some of the most recent publicly-known deals between Chinese investors and German Hidden Champions.

According to a recent survey by Ernst & Young, a total of 36 German SMEs were the target of Chinese investments or purchases in 2015 (also 36 in 2014), maintaining Germany’s position of the main target of Chinese investments in Europe. Unsurprisingly, a large number of these investments involve German Hidden Champions. This can be attributed to both their omnipresence in worldwide highly technological markets such as machine building, chemicals, solar energy, automotive supplies and IT products, as well as their tendency to meet the characteristics Chinese investors seek in German companies: high technical standards, stability, quality of work, high market shares and a strong position in Europe and abroad. These factors indicate that German companies, most notably Hidden Champions, will continue to be attractive to Chinese investors for years to come.
win-win situation in this whole process. These investments and acquisitions are the result and culmination of bilateral business relationships.

China Mergers & Acquisitions Association and German Federal M&A Association have recently announced the launch of a special joint fund with an initial capital of 1 billion Euros to better serve M&A activities between the two countries.

The reasons for Chinese investors selecting German SME and Hidden Champions as potential acquisition in favor to British or French and Dutch companies is interesting, as one of the key reasons on acquiring these companies is a long term perspective in Image, Innovation and special know how. The survey showed that in many cases the financial aspects do play a minor role for Chinese investors vs. so called soft skills. Which are image and long term perspective and know how (admirng) of the acquired brand or company. German and Swiss hidden champions and innovation/technology leader are major image factors for Chinese companies. While 1a investments in real estate in the last decade were the major image giver mainly in Chinese OFDI in the United Kingdom. With the strong growth and price increase of the German Real Estate market since 2013 and the Brexit vote in the UK, the Chinese Real Estate investment shifts from England to Germany. On the other hand leads the strong German manufacturing basis and innovation and technology leadership of major industries in Germany to an increasing interest of Chinese investors. This trend is underlined by the strategy 2030 of Building a Modern, Harmonious, and Creative High-Income Society37 in China with a strong emphasis on innovation and technology leadership in manufacturing and (environmental) sustainability.58

All of these factors provide a solid foundation for the optimistic growth and development of further Mergers & Acquisitions deals in the future.

Footnotes

1 See Wellner 2017; 2 See Wellner, 2016; 3 See Johnson, 1992, pp. 34-35; 4 See Bradt, G., 2015; 5 See Aon Hewitt, 2010; 6 See Aon Hewitt, 2010; 7 See McGrath, 2014; 8 See Simon 2012; 9 See Wellner 2016; 10 See Wellner 2017; 11 See Wellner 2010; 12 See Wellner 2010; 13 See Wellner 2017; 14 See Ernst & Young, 2016; 15 Adapted from Ministry of Commerce of People's Republic of China, 2014; 16 See PwC, 2016; 17 See Wellner 2010; 18 See PwC, 2016; 19 Adapted from UNCTAD, 2016; 20 Adapted from Boston Consulting Group, 2016; 21 Adapted from Rhodium Group, 2015; 22 Adapted from Rhodium Group, 2015; 23 Adapted from Ernst & Young, 2016; 24 See PwC, 2016; 25 See IMD 2017; 26 See Simon, 1996; 27 See Simon, 1996; 28 See Wellner, 2016; 29 See Wellner, 2016; 30 See Simon 2012; 31 See Wellner 2010; 32 See Wellner 2001; 33 See Chen 2014; 34 “Made in China 2025” is an initiative to comprehensively upgrade Chinese industry. The initiative draws direct inspiration from Germany’s “Industry 4.0” plan. See Kennedy, 2015; 35 “One Belt One Road” is strategic initiatives from China State Council and President Xi Jinping. Its goal is to create an economic belt that connects countries on the original Silk Road through Central Asia, West Asia, the Middle East and Europe, as well as a maritime route that links China’s port facilities with the African coast, pushing up through the Suez Canal into the Mediterranean. The project aims to redirect the country’s domestic overcapacity and capital for regional infrastructure development to improve trade and relations with ASEAN, Central Asian and European countries. See Cheung and Lee, 2016; 36 See Hanemann and Huotari, 2015; 37 See Chen 2014; 38 See Euro-China Centre at Antwerp Management School, 2013; 39 See Knoerich, 2010; 40 Adapted from Ministry of Commerce of People’s Republic of China, 2014; 41 See Euro-China Centre at Antwerp Management School, 2013; 42 See Euro-China Centre at Antwerp Management School, 2013; 43 Table created by the author based on the survey results; 44 See Porter, 1998; 45 See Sudi Sudarsanam 1995; 46 See Sauer, 2012; 47 See Wong, 2011; 48 Adapted from Chen and Werle, 2014; 49 See Simon 2012; 50 See Simon 2012; 51 See Wellner 2010; 52 Data gathered from company press releases, newspaper articles by the German newspapers Handelsblatt, Spiegel and Focus, as well as Ernst & Young yearly reports on Chinese-German M&A; 53 See Ernst & Young, 2016; 54 See e.g. Schm, et al., 2009 – Chinesische Unternehmen in Deutschland – Chancen und Herausforderungen, Bertelsmann Stiftung, Gütersloh; 55 Sudi Sudarsanam 1995; 56 Sudi Sudarsanam 1995; 57 World Bank 2013; 58 World Bank 2013

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