ABSTRACT
While considerable scholarly attention has been devoted to foreign direct investment into China, the emergent status of the People's Republic as an outward investor of growing international significance has, arguably, been subject to neglect. Yet 'going overseas' has been a fundamental element in the reform and modernisation of the Chinese economy, this policy having been formally ratified by the Chinese Communist Party in the late 1990s, with China having now ascended to the position of third most important investor abroad, after the USA and Japan. Scrutiny of the particular nature of Chinese overseas foreign direct investment (OFDI) is instructive because it reveals that, while its determinants may be familiar from a Western perspective, peculiarities are also evident, notably an integral involvement of the state in its inception. As the global spread of Chinese OFDI has now extended to Europe, this paper examines the particular case of the Sino-Serbian strategic partnership, a major element of which relates to Chinese assistance in the reconstruction of the Serbian infrastructure. This paper focuses on a Chinese-sponsored construction project on the edge of Europe. It first considers the flows and specific determinants of Chinese OFDI. The geopolitical connotations of China's economic interventions overseas are then highlighted. Finally, it offers an exposition of the Sino-Serbian strategic partnership and the Chinese-sponsored ‘Bridge of Friendship’ currently being constructed over the River Danube near Belgrade. The paper concludes that aspects of Chinese OFDI are powerfully conditioned by underlying geo-political and foreign policy objectives prevalent in the home country as well as economic considerations.

The flow and determinants of Chinese OFDI
According to UNCTAD statistics (UNCTAD, 2013), the flow of Chinese overseas foreign direct investment (OFDI) has risen substantially over the past three decades, standing at zero in 1981, rising to $916 million by 2000, and reaching $84 billion by 2012, rendering China the world's largest outward investor after the USA and Japan in
the early part of the current decade (Sauvant, 2013). As Davies (2012) reports, China is a late developer as an outward investor, with OFDI flows (as opposed to stocks) having grown rapidly since the Central Chinese government instigated its 'go overseas' (Zouququ) policy in 1999. While Asia, and particularly Hong Kong, remains the major recipient of Chinese foreign investment, there is evidence of gradual diffusion into more distant regions, including Europe, into which approximately 6% of total outward stock was directed in 2011 (Antwerp Forum, 2014). It is also apparent that, although the bulk of Chinese OFDI continues to be directed into tertiary and primary sectors (notably into leasing, manufacturing, mining, quarry and petroleum), some sectoral diversification has occurred, with 'higher' value activities, for example in the machine and electrical equipment sector, being located in Europe (Antwerp Forum, 2014; Davies, 2012).

As Nölke (2014:4) argues, the 'latecomers' of the industrialisation process 'tend towards a far more organised and coordinated version of capitalism (typically steered by banks, families, or the state) given the need to catch up with the advanced liberal economies (but to avoid colonisation)' (van der Pijl, 1998; Gerschenkron, 1962). Indeed, as multinational corporations (MNCs) from emerging market economies assume a higher global profile, considerable popular attention is being devoted to the phenomenon of 'state capitalism' (note a special report in The Economist, 2012). While it may be postulated that each of the BRIC\(^1\) countries has contributed to a re-articulation of the state-capital nexus (Van Apeldoorn, de Graaf & Overbeej, 2012), China has been singled out for its propensity to reassert 'mercantilist' principles. While certain commentators have taken issue with the status of China as the leading global exemplar of mercantilism (note, in particular, Eswar & Wei, 2005), it is evident that the rising economic fortunes of the People's Republic have been based on a corporatist vision combining state and business interests concerning the achievement of domestic economic growth and the expression of national power (Rodrik, 2013). Accordingly, an emphasis has been placed in China upon the gearing of productive facilities towards export, as opposed to building indigenous consumer demand, with the state tending to act as 'handmaiden' to outward investors as well as the protector of domestic enterprises from adverse foreign competition (see also Rodrik, 2013).

Buckley, Cross, Tan & Liu (2007), in drawing overdue attention to the significance of indigenous institutional arrangements in determining the specific characteristics of OFDI flows, suggest that capital market 'imperfections' in China, as in other emerging economies, serve to furnish outward investing MNCs with distinctive ownership advantages. Of particular significance for the current study are two factors in evidence in China. First, state-owned enterprises may have capital made available to them at below market rates for a considerable period of time, thus creating a disequilibrium which outward-investing firms can exploit (Lardy, 1998, Scott, 2002, Warner, Hong & Xu, 2004). Second, inefficient banking systems may render soft loans available to potential outward investors, either as a product of oversight or a matter of policy (Warner, Hong & Xu., 2004; Child & Rodrigues, 2005; Ankiewicz & Whalley, 2006). In

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\(^1\) The acronym BRIC refers collectively to the rapidly-developing economies of Brazil, Russia, India and China.
their study of the particular determinants of Chinese FDI, Buckley, Cross, Tan & Liu (2007) discover idiosyncratic as well as conventional factors at play. Accordingly, while the familiar resource-seeking, market-seeking, strategic asset-seeking and efficiency-seeking motivations postulated by Dunning (1977; 1993; 2001; Dunning & Lundun, 2008) remain valid in the Chinese context, the proximity of the state to outward investors in conjunction with the aforementioned indigenous capital market imperfections, serves to condition the form and direction of Chinese OFDI. In an intriguing departure from Western convention, Buckley, Cross, Tan & Liu (2007) reveal, in particular, that Chinese OFDI is attracted to, rather than deterred by, political risk in the target country environment, given the potential access of outward investors to disproportionate reserves of political and financial capital in their home country.

**Geopolitical influences**

In seeking to comprehend the distinctive features of Chinese OFDI, it is instructive to bear in mind the institutional status of China as a ‘socialist market’ economy, in which the state remains highly visible in many aspects of economy and society. As Yaolin Wang (2002) asserts, a ‘visible hand’ lies behind Chinese OFDI, with central government playing a significant role in directing its large enterprises to invest in particular regions and sectors. In accordance with the ‘two resources and two markets’ principle established in the early 1990s, in pursuing its internationalisation strategy, the Chinese government has ‘crossed the river by feeling the stepping stones’ in directing the outward investment of major enterprises over a twenty year period (Yaolin Wang:188). Yet, as China emerges as one of the leading global investors from the emerging economies, so scrutiny is growing of the motives driving this distinctive form of global capital flow originating from the East. McDermott & Huang (1996) and Zhan (1995) express little doubt that the ultimate purpose of Chinese OFDI is to further national self interest into the longer term: gaining access to foreign markets, and obtaining a stable supply of resources constitute the two overriding rationalities. Hong & Sun (2006) point to considerable complexity in the factors driving Chinese OFDI by asserting that the investment choices concerning location and sector are geared towards enhancing China’s political influence within the international community and nurturing international trade relationships rather than strictly pursuing return on investment in a financially instrumental fashion.

As far as resource-seeking behaviour is concerned, and in apparent deviation from the conventional orthodoxy concerning FDI determinants, Chinese OFDI is frequently attracted to developing countries where institutional arrangements are poorly developed and political risk is considerable. A highly distinctive feature of Chinese OFDI is the undertaking of foreign construction and engineering projects accompanied by the export of Chinese manual labour to bring such projects to fruition, this policy having been endorsed by the sixth national congress of the China Communist Party (CCP) in 2002 as a major element of the prevailing overseas policy. Indeed, state-owned construction companies have enjoyed a high profile in China’s drive towards internationalisation. It has been asserted (Amaghini, Rabellotti & Sanfilippo, 2011) that Chinese OFDI may be directed towards countries with an abundance of natural resources but underdeveloped institutional arrangements, a combination that creates
conditions under which rents can be more easily appropriated. Moreover, while there has been no official recognition of politically-orientated FDI projects by the Chinese government, Li & Ding (1999) describe how China effectively utilised economic and diplomatic instruments to gain African support for its UN permanent membership and to mobilise against American condemnation of the Chinese human rights record in the 1970s. More recently, political leverage has been exerted on developing countries through the instrument of OFDI to further instigate international recognition of the ‘one China’ policy and to contain the independence of Taiwan. As Yaolin Wang (2002:189) asserts, the international ‘image building’, or reputational dimensions, of Chinese investment have been integral to its international spread.

According to Mbaye (2010) China is offering its experience in rapid industrialisation and poverty alleviation to the governments of developing economies as an alternative to Western-inspired modes of investment and assistance. Møller (2012) suggests that a watershed occurred in China’s foreign policy, pushing it towards a novel global trajectory, as a direct result of the Tiananmen Square massacres in 1986 and the subsequent indignity the Chinese state suffered through its imposed isolation by the West. Taylor (2011) argues that China decided to put the developing world at the cornerstone of its foreign policies in order to maximise its legitimacy in these regions. In contrast to Western agencies and corporations, which have been prone to engage in institutional and governance scrutiny and critique in their transactions with the developing regions, as well as imposing economic sanctions (Taylor, 2009; Alden, 2007), China has adopted a pragmatic approach, turning a blind eye to internal issues of political legitimacy, human rights violations or corruption. The ideological empathy which has accompanied investment as it has been extended from China has been appealing to Africa in contrast with what has been perceived as Western ‘apathy and scorn’ (Alden, ibid; 20).

**Chinese OFDI and South East Europe**

The recent trend towards directing Chinese OFDI into south eastern Europe is intriguing since it retains many of the hallmarks of previous investment trajectories in developing countries, yet also manifests notable variations. Similarities include the targeting of institutionally volatile regions, the orchestration of funds flow at a bilateral governmental level, and the framing of OFDI as ‘aid’ through the support of projects such as infrastructure development. We should note, however, that the Sino-Serbian partnership and its associated projects are not indicative or representative of the broader pattern of Chinese OFDI into Europe. As a recent report on Euro-China investment compiled by the Antwerp Forum (2014) reveals, privately-owned enterprises have now surpassed state-owned enterprises to become major players in European mergers and acquisitions, with smaller companies proliferating in the eastern and central region in order to acquire production facilities and strategic assets. An important rationality catalysing the inflow of Chinese capital into Europe, according to the report, is to move production into export markets to circumvent (European) protectionist policies. Arguably, these developments reflect broader structural and liberalising developments in the Chinese economy through which China-based
MNCs are internationalising their assets and exhibiting market-seeking behaviours in developed and developing regions (Buckley, Cross, Tan & Liu, 2007). Reuters (2013), referring to statistics provided by the Chinese Ministry of Commerce, report that the value of all Chinese investment in Europe grew to US $77 billion in 2012, from US $59 billion in 2010, with about half the total being targeted towards ‘emerging’ Europe, in a region stretching from the Balkans to the Baltic states.

In the former Yugoslavia, there are close historical links with the People’s Republic, China having been a stalwart supporter of the Communist regime led by Marshall Josip Broz Tito. Allegiances with individual republics continues into the post-Tito and post-socialist era. Serbia, indeed, kept its doors open to Chinese immigrants and goods during the period of international isolation imposed on it by the West in the 1990s. Prior to examining the substantive elements of the Sino-Serbian strategic partnership, it is instructive to sketch a brief historical overview of the socio-political context in Serbia. As Hollinshead and Maclean (2014) describe, in the forty years after the end of World War II, under Tito’s leadership, Yugoslavia developed its own brand of ‘liberal communism’ associated with relative societal openness, high living standards and freedom to travel abroad for its people (Judah, 2011). The death of Tito in 1980, combined with the international collapse of communist regimes over the ensuing decade, witnessed the fragmentation of Yugoslav unity and a descent into inter-ethnic violence, accompanied by NATO bombardments and economic sanctions imposed by Western powers. In the first part of the new millennium, Serbia has found itself in a state of social and economic devastation, lagging behind neighbouring central and eastern European states which have advanced in the transition from socialism to capitalism. Hollinshead and Maclean (2014) highlight five key detrimental legacies of the 1990s. First, there was serious damage to the national infrastructure, including transport, as a result of NATO bombardments. Second, 60% of GDP was lost in the decade from 1989 to 1999. Third, around 300,000 individuals migrated to the West in the summer of 1991 at the outbreak of hostilities, including many educated people (Collin, 2001), leaving a shortage of skills. Fourth, an extra burden was placed on Serbian social services by approximately one million refugees (around 10% of the population). Finally, a deficit in educational and technological advancement was created as a result of economic sanctions and international isolation.

It may also be observed that a climate of institutional fragility persists in Serbia. A series of government coalitions over the past decade has uneasily combined reformist with retrograde party interests, the latter threatening a return to state socialism and nationalistic entrenchment. Pejovich (2004) argues that the values of collectivism and egalitarianism remain strong in the Serbian hinterland and that, among the rural, older and poorly-educated sections of the population, anti-free market sentiment remains powerful (Upchurch & Cicmil, 2004). In recent years there have been sporadic signs of growth in the Serbian economy, coupled with moves towards conciliation with the former warring states of Bosnia, Croatia and Kosovo. In October 2011, the EU offered Serbia candidate status on condition that its political relations with Kosovo were ‘normalised’, the former province of Serbia having gained independence.
In 2012, the nationalist politician Tomislav Nikolić unseated the pro-Western incumbent, Boris Tadić, as Prime Minister of Serbia. Nikolić’s political career originated in the ultra-nationalist Serbian Radical Party, although, at the time of our research, he ostensibly supported reformist and pro-European policies, endorsing concurrently both EU membership and strong links with Russia. The economic and political prospects for Serbia remain uncertain. On a positive note, Serbia benefits from its highly skilled workforce as well as occupying a geographical hub, located between east and west, by virtue of its pivotal position in the Central Europe Free Trade Agreement (CEFTA) zone. More negatively, the fundamental institutions for market democracy have yet to be unequivocally established, with corruption, organised crime, tax evasion, financial fraud and ‘crony capitalism’ remaining commonplace (Gordy, 2004).

The Republic of Serbia, in common with a number of other former Yugoslav states, undoubtedly requires the injection of foreign capital in order to generate economic growth and stimulate recovery and may be classified as a ‘dependent market economy’ (Nölke & Vliegenthart, 2009). Given the specificities of the geo-political status of Serbia, and following the political and economic isolation imposed on it through Western measures, the receipt of investment and aid from the West is regarded with suspicion in many Serbian quarters, including government. Infrastructure development constitutes a politically sensitive field of activity from the Serbian point of view, because bridges and roads were destroyed by NATO bombardments, which also contributed to catastrophic environmental damage and high pollution levels in certain regions, notably on the Danube at Pancevo, in the vicinity of Belgrade. In the light of the continuing potency of communistic values evident within government and amongst a significant proportion of the populace at large, Serbia undoubtedly remains more receptive to financial helping hands being extended from Russia and China than from the West.

The Sino-Serbian Strategic Partnership

Friendly diplomatic relations between China and Serbia have been ongoing since October 1949, when the Federative Peoples’ Republic of Yugoslavia recognised the Peoples’ Republic of China as an independent state. In 2009 the accord between the countries was elevated through the inception of a ‘Strategic Partnership’ which promotes further cooperation in the political, economic, cultural and military fields. The bilateral agreement was signed by the presidents of the respective countries, and reaffirmed the commitment of each to the national goals of the other. Serbia, therefore, offered its endorsement of the ‘one China’ policy, condoning China’s stance on Taiwan, while China confirmed its respect for the sovereignty and territorial integrity of Serbia, and (in contradiction to EU policy on the matter) upheld the Serbian position of opposition to the secession of Kosovo (Pavličević, 2011).

A briefing document published by the China Policy Institute at the University of Nottingham (Pavličević, 2011), identifies six substantive provisions within the strategic partnership with respect to trade and industry:

First, it provides access to a free trade area of 800 million people for Chinese companies operating from Serbia by way of the free trade agreements Serbia has in force with the EU, the Central European Free Trade Agreement (CEFTA) and the
European Free Trade Association (EFTA). The possibility of entering European markets is highly desirable from a Chinese perspective, representing a prized stepping stone in its ‘going abroad’ policy.

Second, it commits to the construction of a ‘Sino-Serbian Bridge of Friendship’ over the Danube, close to Belgrade, funded mainly through a ‘soft loan’ from the China Exim Bank. The project is to be realised by the China Road and Bridge Company (CRBC), a state-owned concern which has enjoyed a major presence in Asia and Africa, but constitutes a new player in Europe.

Third, in the energy sector, it makes provision for the thermal power station at Kostolac to be upgraded by the China Machinery and Equipment Import and Export Corporation (CMEC). The majority of funding for this project has also been acquired through a ‘soft loan’ from the China Exim Bank.

Fourth, the Chinese state-owned auto manufacturer, Dongfeng, is committed to cooperating with the Serbian state-owned manufacturer FAP to produce trucks for the Serbian market, with later expansion across free trade areas anticipated. Production costs in Serbia are expected to be considerably cheaper than in other parts of Europe.

Fifth, a Serbian base is provided for the Chinese state-owned enterprise YTO, which produces tractors and farm machinery and has been manufacturing tractors in Serbia since 2010 for the local market while using a duty-free industrial zone in northern Serbia as an inventory warehouse for deliveries to markets in southern and central Europe.

Sixth, the agreement consolidates the position of China’s leading companies in information technology, Huawei and ZTE, which have already established a firm presence in the Serbian market (Pavlićević, 2011). At face value, the Sino-Serbian Strategic Partnership appears to offer worthwhile benefits to both parties. From the Serbian point of view, much-needed capital inflow and infrastructural development is being offered by a ‘friendly’ provider on highly favourable financial terms. At a broader ideological level, the former ‘pariah state’ is being offered moral and political legitimacy by an emerging global superpower. From the Chinese perspective, and replicating to a considerable extent the logics underlying OFDI in developing economies, the initiative promises a highly prized entrée into lucrative European markets, sidestepping anti-dumping regulations by establishing a physical presence on the fringes of the continent. China is also seeking to build its reputation in Europe, through its apparently benign interventions in a culturally and institutionally consonant European state which ultimately stands to gain EU membership.

However, as Pavlićević (2011) asserts, both the tangible and intangible aspects of Chinese OFDI in Serbia are likely to create high dependency of the former Yugoslav state upon China, and to engender ongoing obligations for political reciprocity. Already the Serbian government has adopted a policy against joining initiatives that criticise China in international forums or condemn Chinese, or allied countries’, human rights records. If Serbia is successful in securing EU membership, its complicity with China’s political agenda could eventually provide a diplomatic avenue for increasing leverage by China in the domain of EU policy formulation. Furthermore, the growing physical presence of Chinese corporations on the European mainland raises the competitive
stakes in Europe well above and beyond those associated with traditional exports of products from the East.

**A closer look at the Sino-Serbian ‘Bridge of Friendship’**

In seeking to further unravel the motives for OFDI on the perimeters of Europe, we examined a ‘flagship’ project at ground level, namely the building of the Sino-Serbian Bridge of Friendship. Construction commenced on the Bridge in April 2011, the incumbent Serbian President, Boris Tadic, describing the project as ‘a new model of infrastructure development in Serbia’ (Website of the Democratic Party of Serbia, 2011). The construction is designed to span around 1600 metres, with 21.5 km. of access roads being laid, and will bridge the river Danube between the towns of Zemun and Borca close to Belgrade. A major objective of the project is to relieve traffic congestion in and around the city and to facilitate vehicular access to international trunk routes. The contractor for the project is the China Road and Bridge Corporation (CRBC) which is a large-scale, state-owned foreign trade and economic co-operation enterprise, previously engaged in infrastructure development projects in Asia, Africa, the Middle East and South America.

In its company handbook for the Serbia branch, the company states: ‘Standing at the new starting point, CRBC aims at building itself into a world-class construction company of competitive edge with pioneering spirit, and incessant innovation and shaping a harmonious and win-win future with friends from all walks of life.’ The total cost of the production is €170m., of which €145.5 m. is provided by the China Exim Bank, to be repaid by the Serbian government over a 15-year period at a 3% interest rate. The workforce responsible for Bridge construction is recruited from China and housed in dormitories on the construction site, permitting highly flexible shift working aiming at a speedy completion of the project.

In its publicity documentation CRBC stresses the symbolic significance and environmental friendliness of the bridge, using a logo featuring a rainbow to represent the friendship and concord between the two nations that are party to the accord, as well as sending a powerful message to the people of Serbia that the infrastructural and ecological atrocities suffered at the hands of NATO in the past are now subject to economic and moral rectification through the provision of Chinese investment and aid.

**Discussion**

The Sino-Serbian Bridge of Friendship may be regarded as an exceptional manifestation of international investment and aid on the edges of the continent of Europe. While infrastructural projects funded by foreign investment and orchestrated by bilateral governmental accords have been commonplace in developing economies, seldom have such developments been witnessed in a European sovereign state. Indeed a visit to the site of the bridge construction in the rural outskirts of Belgrade brings home to the observer the peculiar symbolism of the project in which an almost hermetically-sealed ‘little China’ work site has been transposed to these distant post-socialist soils. While the government and people of Serbia may offer a cautious welcome to their former communist ally, which is offering much needed assistance in the rebuilding of
the country’s infrastructure funded by a ‘soft loan’, there are clearly also grounds for consternation and scepticism. The investment carries with it profound geopolitical implications both at Serbian, and EU levels. For Serbia, the aid emanating from the east has been offered on a typically pragmatic basis, paying little regard to endemic and continuing levels of corruption in many walks of business and institutional life. It may be argued, however, that the succour offered by China to Serbian policy makers is misplaced, given the need for the post-socialist state to engage in a thoroughgoing institutional ‘clear out’ if it is to make real political and economic progress (Upchurch, M. & Marinkovic, 2013). Indeed, perhaps paradoxically, a degree of mistrust in local agencies and structures in Serbia is apparent in the investment episode itself: the Chinese contractor has shown little interest in sourcing services from local suppliers or workers, thereby limiting possibilities for broader capacity building or real vertical integration to stimulate the local economy. From an EU perspective, the growing visibility of Chinese capital on the outskirts of Europe, and in a candidate country, is likely to create concerns. The increasing dependency of the Serbian Government on China may ultimately lead to rifts within Europe on matters such as the condemnation of human rights abuses as well as delicate territorial and sovereignty issues. More generally, and in the light of the capital source disequilibria which furnish Chinese outward investors with disproportionate ownership advantages, it has been asserted (Dobson, 2014) that Chinese state-owned enterprises operating in ‘western’ territories, present local interests in the advanced economies with a number of complex challenges, in particular concerning safety, the environment, labour laws, transparency and national security.

Turning to the motives underlying Chinese OFDI in Europe, it may be inferred that the quest for new and larger markets is an important priority in driving Chinese mercantile intervention into Europe. In a parallel case to the Sino-Serbian Bridge Project, in the neighbouring state of Bosnia, the Dongfeng Electric Corporation has been contracted to build a hydro-electric power plant at Stanari on highly favourable terms compared to potentially competing European investors. According to a report by Reuters (2013), Chinese firms are prepared to take on risks and offer discounts in exchange for access to central and south-eastern Europe, the Balkans and neighbouring regions offering economic growth, looser regulation than the European heartlands and a place at the portals of the European Union. As the Chinese economy begins to liberalise, so its indigenous producers and consumers are seeking to ascend the international value chain and, through a type of ‘reverse Marco Polo’ effect (Antwerp Forum, 2014), to reap the knowledge-based benefits of direct exposure to the production of high quality goods and services in Europe. It may therefore not be too far-fetched to speculate that the bridge is not only designed to upgrade the Serbian transport infrastructure for the benefit of domestic users, but that it will also serve to facilitate the growth of an emerging hub of Chinese business interests in its south-east European locality.

Undoubtedly, as the stepping stones initiated at the commencement of China’s ‘going overseas’ policy over two decades ago begin to extend into the European region, Chinese corporations are learning, in an incremental fashion, about the realities of doing business in a comparatively highly-regulated trading bloc. The knowledge-
seeking motivetherefore constitutes a fundamental driver for spawning Chinese operations in Europe, as companies may learn from the periphery prior to migrating their business further into the advanced heartlands of the continent. This study of the motives guiding Chinese OFDI also draws attention to the potent effect of political path dependency as well as institutional and cultural consonance in shaping the patterns and flows of overseas investment. As stated above, the investment flowing from China is highly conditioned by internal Chinese political considerations which have tended to favour developing and now post-socialist European regions as targets. The broader geopolitical ramifications of this phenomenon can scarcely be underestimated at a time when anti-American and anti-Western sentiment is rife amongst the underprivileged majority of the world’s population, and the ethical behaviours of MNCs originating from the advanced economies are being increasingly scrutinised and subject to negative campaigning.

Conclusion

Recent departures in the study of the dynamics of outward investment from the BRIC countries, including China, have effectively identified the extent to which prevalent institutional arrangements in the home environment, and particularly the role of the state, impact the behaviours of outward-bound MNCs. In contemplating the current state of play concerning Chinese OFDI into Europe a complex picture emerges. The Bridge of Friendship project in Serbia is reminiscent of an early stage of China’s ‘going overseas’ policy, in which state-owned enterprises were key players, and an emphasis tended to be placed upon infrastructure and primary sector developments in institutionally-consonant developing economies. As the Chinese economy increasingly liberalises, and key indigenous actors seek to ascend the international value chain, so Europe, and particularly the central and eastern region, is becoming a magnet for knowledge-seeking smaller and medium-sized enterprises. Regarding such developments in their totality, it may be envisaged that China will become more visible in the continent of Europe in the future, with hubs of interconnected Chinese business life becoming more widespread.

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