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Germany embraces Chinese ventures

By Wang Xin (China Daily)

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While the incredible potential of the Chinese market attracts a host of German investors, a growing number of Chinese ventures are exploring opportunities in Germany.

China's direct investment in Germany ranks third among Asian countries, next to Japan and the Republic of Korea.

Rough statistics show that more than 600 Chinese enterprises have set up operations there. Most of them are involved in export and import trade.

In recent years Germany has witnessed a growing number of manufacturing investments from China. Some acquisition cases have received wide attention from the German business community.

For instance, TCL Group, one of the leading Chinese electronic makers, took over the renowned German TV manufacturer Schneider in 2002. This is regarded as a typical example of Chinese enterprises' going global.

At the heart of Europe, Germany provides an ideal platform for doing business in the continent, according to the German Chamber of Commerce in China.

With a population of 82 million, the country is by far the largest market in the European Union.

Its advanced infrastructure facilities and mature market mechanisms appeal to foreign investors.

Because of their unique and distinct technological strength, products marked with "made in Germany" are recognized as equivalent to a guarantee of high quality.

Through mergers and acquisitions of German brands, Chinese companies will capitalize on the well-developed sales and distribution networks available and gain easier access to the European market.

Meanwhile, due to a continuous economic downturn in the country, a number of German businesses need capital injection from abroad. So German authorities have placed importance on attracting Chinese companies as emerging investment sources.

Many local governments in Germany have formulated special policies aimed at encouraging Chinese investors to make investments.

Roland Koch, governor of Hessen Agentur, located in the centre of Germany, led a delegation to China early this month to promote exchanges and co-operation in business and education.

The governor said his government extends wide support to Chinese investments; with half of China's investment projects in Germany, around 200, operating in Hessen.

He added that sales revenues of Chinese companies reached 2.5 billion euros (US\$3.17 billion) in the state in 2005, and the figure is expected to continue to rise this year.

Chemical, medicine, auto, electronic and finance services are the state's key industries.

The state is especially proud of its environmental technologies. These technologies, targeted at efficient use of resources and energy, are critically important to the sustainable development of the fast-growing Chinese economy.

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