

Anti-coercion instrument	Jun 2023
Corporate Sustainability Due Diligence Directive (CSDD).	Jun 2023

Source: The EU Commission, Bruegel

In 2022, there were at least 16 publicly disclosed screenings of Chinese investments into the EU and the UK, of which only 4 were ultimately cleared and the rest were either blocked or annulled, or the offer collapsed or was withdrawn.²⁵ Two attempted investments into the EU semi-conductor industry were blocked. The only two publicly screened cases that were ultimately permitted in the EU were an investment into the Italian robotics company Robox, subject to a prohibition of technology transfer, and an increased equity stake in the Tollerort container terminal in Hamburg, subject to restrictions.

3.3. De-risking

The EU Commission's move from carrots and sticks to de-risking needs to be understood as a response to major events: one mostly political but a second one which is mostly economic. The first is Russia's invasion of Ukraine and its implications for the "Weltanschauung" of European leaders. Not only have these leaders all of a sudden had to become more geopolitical, but they have also realized that Russia and China share more in common than previously understood. The second reason, more economic, is the EU's increasing dependence on China for its energy transition, which naturally brings back bad memories about the EU's (and specially Germany's) excessive dependence on Russian gas.

The basic idea behind the EU's de-risking strategy was set out in the speech Commission President von der Leyen delivered right before her trip to Beijing in April.²⁶ A first important point in her speech is the acknowledgment that decoupling from China is neither viable, nor in the EU's interest. However, she considers economic de-risking after the "diplomatic" de-risking, which has been accelerated by Russia's invasion of Ukraine. Von der Leyen's call for de-risking is based on four pillars. The first is about the EU economy itself, which needs to become more competitive and resilient, through industrial policies or other means, and in particular as regards health, digital and green technologies. The net zero industrial act (aiming at 40% of the clean tech being produced in the EU) is the key instrument pushed by the commission for this goal together with the Critical Raw Material (CRM) Act. The second pillar is a better use of existing trade-related autonomous measures but also mentions elevating them to cover sensitive high-tech areas such as microelectronics, quantum computing, robotics, artificial intelligence and biotech. In the same vein, she mentions the need to reflect on a potential new instrument, namely that of outbound investment screening to limit the transfer of sensitive technologies to China.

²⁵ <https://rhg.com/research/chinese-fdi-in-europe-2022-update/>

²⁶ https://ec.europa.eu/commission/presscorner/detail/en/speech_23_2063

