



## ImprovEUorGlobe Webinar Series

# Europe as a Security Actor: FDI Screening, Critical Infrastructure and Chinese Investment



**13** JUNE  
2023



**16H-17H**  
BRUSSELS TIME

*Chair: Prof. Genia Kostka, Freie Universität Berlin*

### Europe's Role in U.S. - China Strategic Competition

*Till Schöfer, Freie Universität Berlin*

### Screening for Security: The EU FDI Screening Mechanism and China's Strategic Investments

*Sarah Fenzl, Freie Universität Berlin*

Freie Universität  Berlin

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# Europe as a Security Actor: FDI Screening, Critical Infrastructure and Chinese Investment

The geopolitical rise of China has put increased pressure on EU institutions and individual member states to rethink the design and implementation of their foreign investment regulations. The growing role of Chinese investment in European firms governing critical infrastructure has led to calls for a closer screening of foreign economic relations for potential security threats. Pressure for institutional change takes two forms: Externally, European states are under increased pressure to follow the United States' lead in restricting the access of Chinese firms and capital to specific sectors. Internally, growing misgivings about China's political model and hesitancy to expose infrastructure to foreign-based firms drive a change of policy towards European investment screening. As part of the ImprovEUorGlobe webinar series, this session unpacks the reactions of the EU and Europe more broadly to these new imperatives. Till Schöfer will present a forthcoming chapter co-authored with Richard Maher on Europe's role in US-China geopolitical competition - with a particular focus on debates surrounding Huawei. Sarah Fenzl will in turn present her recent work on securitization theory and its application to the EU FDI screening mechanism in relation to incoming Chinese investments. The webinar will be moderated by Genia Kostka.

*Chair of the Session:* **Genia Kostka** is Professor of Chinese Politics at the Freie Universität Berlin. Her research focuses on China's digital transformation, environmental politics and political economy. Her most recent research project explores how digital technologies are integrated into local decision-making and governance structures in China (ERC Starting Grant 2020-2025). Previously, she was Professor of Governance of Energy and Infrastructure at the Hertie School, Assistant Professor at the Frankfurt School of Finance and Management and strategic management consultant for McKinsey & Company. She has a PhD in Development Studies from the University of Oxford, an MA with specializations in International Economics and International Development from SAIS Johns Hopkins University and a BSc in International Relations from the London School of Economics and Political Science. Her work has appeared in leading area studies and social science journals including Comparative Political Studies, Journal of Politics, Regulation & Governance, Big Data & Society, New Media & Society, Environmental Politics, and The China Quarterly. Alongside her academic work, she regularly consults for international organizations, including the World Bank, OECD, AusAID, GIZ, and Oxfam.

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### Europe as a Security Actor: FDI Screening, Critical Infrastructure and Chinese Investment

#### Europe's Role in U.S. - China Strategic Competition

**Till Schöfer** will present a forthcoming chapter co-authored with Richard Maher on Europe's role in US-China geopolitical competition - with a particular focus on debates surrounding Huawei. The chapter analyzes Europe's role and place in U.S.-China competition with a focus on Huawei's presence in Europe's fifth generation (5G) wireless networks. This case reveals three broader features of Europe's role in U.S.-China competition. First, European countries' desire to expand their economic links with China while continuing to depend on the United States for their defense represents the central challenge they face in this new strategic environment. Second, while U.S. and European views on China have converged in recent years, they are not identical, and European countries are unlikely to take as firm a position toward China as countries in Western Europe did against the Soviet Union during the Cold War. Third, while internal divisions will prevent Europe from acting as a third power alongside the United States and China in world politics, Europe will still be able to shape its regional environment and influence U.S.-China competition in various ways. (Forthcoming in Salvador Santino Regilme, *The United States and China in the Era of Global Transformations: Geographies of Rivalry*, Bristol: Bristol University Press).

**Till Schöfer** is a guest lecturer at the Institute for China Studies of the Freie Universität Berlin. He holds a PhD in Governance from the Hertie School, having previously studied international relations and history at the University of Cambridge, Sciences Po Paris and the London School of Economics. His research focuses on international trade politics and the foreign policies of emerging economies - primarily Brazil, India and China. In collaboration with scholars at the University of Maastricht and the Hochschule St. Gallen, he has co-authored a book on the special rights of developing countries in international politics (forthcoming with Edward Elgar). His work has further been published in *International Affairs* and *Third World Quarterly*. ORCID: 0000-0002-1993-6293.



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# Europe as a Security Actor: FDI Screening, Critical Infrastructure and Chinese Investment

### Screening for Security: The EU FDI Screening Mechanism and China's strategic investments

This research paper examines the securitization of Foreign Direct Investments (FDI) in the context of China's strategic investments in the European Union (EU). It argues that risks related to foreign investments are assessed along two dimensions: the critical nature of the invested sector and the nature of the origin state's governing system. Thus, this study investigates Chinese investments in critical sectors, in particular the technology sector. The paper argues that recent crises highlighted the risks associated with a dependence on Chinese actors in critical supply chains, evoking a threat perception and thereby, making Chinese investments a target of securitization. It is found that investments in the technology sector are the most securitized, as they pose high risks in both categories. Furthermore, as the EU legitimizes screening procedures predominantly based on national security concerns, the FDI Screening Mechanism qualifies as an indicator for the securitization of foreign investments

**Sarah Fenzl** is currently enrolled in the joint master's program on International Relations of the Freie Universität Berlin, Humboldt Universität zu Berlin and the University of Potsdam. She holds a Bachelors' degree in Politics and Public Administration from the University of Konstanz. After several positions as research assistant at the University Konstanz, Sarah is now supporting the research of the Behavior Program at the International Security and Development Center (ISDC) in Berlin. During her studies, Sarah is focusing on security studies, which she will complement by an exchange semester at the George Washington University in Washington, D.C in the upcoming fall.