

From host to global investor: structural and geographical dynamics of China's greenfield FDI

China has evolved from a major host of greenfield foreign direct investment (FDI) into a leading outward investor. Outward investment projects now focus on technology, renewables and global supply chain resilience, while inward investment targets domestic demand and input sectors. This report highlights this dual role and its implications for global production networks and European trade and investment strategies.

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China's global FDI footprint has increased

China's greenfield investment abroad has surged since the mid-2010s, driven by industrial upgrading, the Belt and Road Initiative and firms' efforts to bypass trade and technology barriers, marking China's emergence as a global investor.



FDI has shifted to new sectors and regions

Outward FDI is concentrated in technology- and transition-intensive sectors such as electronics, EVs and renewables, and increasingly directed toward Asia and other emerging markets. Inward FDI remains focused on domestic demand and input sectors.



EU needs to adapt investment strategies

China's expanding global footprint intensifies strategic competition. For the EU, resilience depends on diversifying trade and investment partnerships – particularly with India, ASEAN countries and Latin America – and accelerating new agreements to safeguard competitiveness and influence global standards.

Opinions expressed by the authors of studies do not necessarily reflect the official viewpoint of the Oesterreichische Nationalbank or the Eurosystem.

Abstract

This report analyzes China's shift from a leading host of foreign greenfield investment to its dual role as both a host and major outward investor. Focusing on greenfield projects – rather than mergers and acquisitions – underscores the more durable commitments that actively reshape supply chains and production networks. In this report, we highlight three key developments: first, a clear contrast between China's inward FDI, which targets domestic demand and input industries, and its outward FDI, which focuses on technology and green transition sectors; second, a geographical shift of Chinese investment toward Asia, emerging markets and near-market hubs; and third, a rapid increase in outward investment since the mid-2010s, driven by industrial strategies and geopolitical tensions. China's expanding outward FDI intensifies strategic competition for the European Union, reinforcing the case for faster trade and investment agreements with partners such as India, the Association of Southeast Asian Nations (ASEAN) and Latin America to diversify exposure and bolster the EU's global economic influence.

1 Introduction

China's role in the global greenfield foreign direct investment (FDI)¹ landscape has undergone a profound transformation over the past two decades. For much of the 2000s, China was primarily known as a major recipient of foreign greenfield investment, drawing in large inflows of capital to finance the expansion of its industrial base and the integration of its firms into global value chains. Over time, however, the picture has shifted. As the domestic economy matured and Chinese firms accumulated capital, technology and managerial know-how, China has increasingly emerged as an outward investor of global significance. Today, the country occupies a dual position as both one of the largest hosts and one of the largest sources of greenfield FDI worldwide. This duality has important implications not only for China's own development trajectory but also for the structure of global production networks and the policy challenges faced by host economies.

Focusing on greenfield FDI is particularly useful in this context. While cross-border mergers and acquisitions (M&A) have been extensively examined in the literature, they are primarily associated with changes in ownership rather than the creation of new productive capacity. By contrast, greenfield projects involve the establishment of new facilities, plants or infrastructure and thus reflect long-term commitments by investing firms. They generate employment, embed investors in local supply chains and provide more tangible evidence of durable international integration. Greenfield FDI is therefore a more direct measure of the strategic reconfiguration of production networks and of the extent to which Chinese firms seek to anchor themselves abroad. From a policy perspective, understanding the dynamics of greenfield investment is essential for assessing both opportunities and risks: Host economies benefit from the integration of greenfield projects into domestic industrial ecosystems, but may face challenges when investment inflows are highly concentrated or politically sensitive.

¹ Data on greenfield FDI comes from the fDi Markets database and covers announcements of greenfield FDI projects. By focusing on new investments that involve job creation and a physical presence, and by excluding mergers and acquisitions, disinvestment and reverse investment, greenfield FDI data are less distorted by transactions through offshore financial centers and paint a much clearer picture of strategic new investments of companies, clearly making them the best choice when analyzing FDI fragmentation issues.

The sweeping transformations mentioned above are rooted in shifts in China's industrial strategy and international positioning. The sectoral distribution of China's greenfield FDI indicates a divergence between inward and outward investment, which we will explore in detail below. Geographical patterns further underscore this contrast. Chinese outward greenfield investment is anchored in Asia but has expanded selectively into resource-rich economies in the Middle East, Africa and Latin America, as well as near-market hubs in Mexico and parts of Central and Eastern Europe (CEE). These shifts are closely tied to both domestic and international developments. The Belt and Road Initiative has provided a framework for outward investment in infrastructure, energy and industrial ecosystems across emerging markets. Made in China 2025 and subsequent industrial policies have encouraged firms to upgrade their technological capabilities and secure overseas production platforms. The Dual Circulation Strategy, introduced in the wake of the pandemic, reinforced this outward orientation by emphasizing the need to diversify external exposure while strengthening domestic demand (see box 1 for more details on China's industrial strategies). At the same time, global developments – including the US–China trade war, stricter investment screening in advanced economies and broader geopolitical frictions – have redirected Chinese capital toward policy-aligned or more politically neutral destinations.

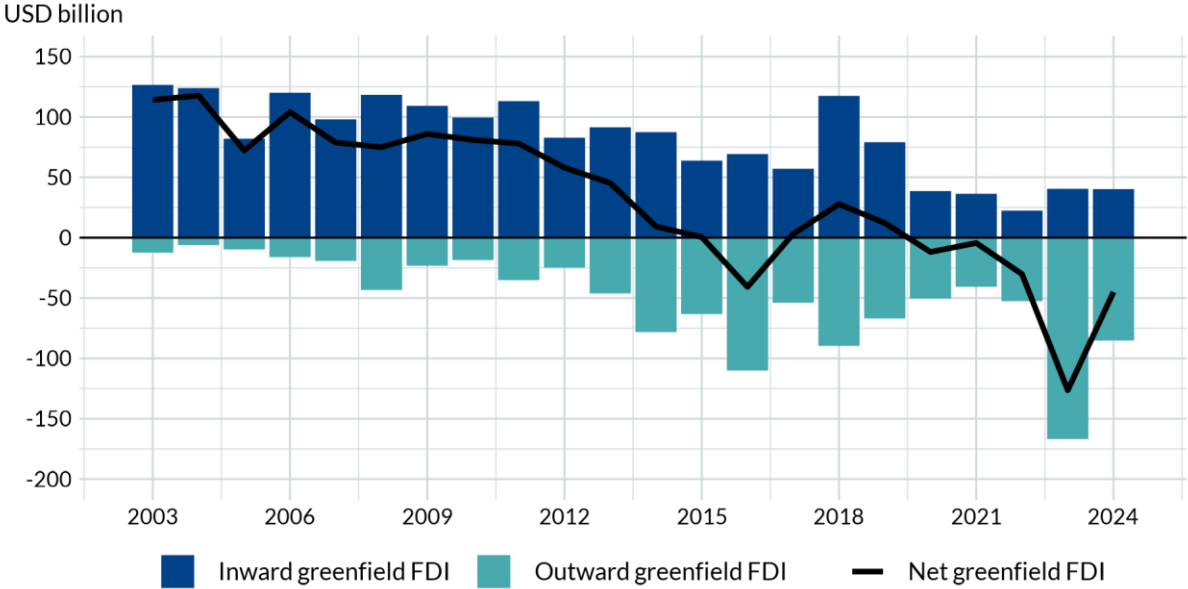
By examining these dynamics, this report aims to shed light on how China's growing role as both a host and a source of greenfield FDI is reshaping the global investment landscape. The following sections trace the evolution of China's investment position, explore the sectoral and geographical composition of investment flows, analyze patterns of country-level reallocation and conclude with a synthesis of policy implications for China, host economies and the broader international system.

2 Recent developments of China's greenfield FDI

Over the past two decades, China has shifted from being predominantly a recipient of foreign greenfield investment to assuming a dual role as both a host and, increasingly, a major outward investor. The trends illustrated in chart 1 underline these shifts.

Chart 1

China's inward and outward greenfield FDI



Note: Outward greenfield FDI is presented with a negative sign.
 Source: fDi Markets.

The chart shows a long-term shift in China’s role from a clear net host of greenfield FDI in the 2000s to a net source from the mid-2010s onward. The early years were characterized by a dominance of inward projects, resulting in a strongly positive net balance. The mid-2010s marked a turning point, as outward greenfield investment surged and the net FDI position shifted into negative territory for the first time. This trend aligns with the maturation of China’s “go global” agenda and the rollout of Made in China 2025 and other industrial strategies, encouraging technological upgrading and overseas asset acquisition (see box 1 for more details). In 2018, inward greenfield FDI returned to its previously high levels, driven mainly by projects in the automobile, chemicals and semiconductor sectors. The pandemic marked a structural break: Both inflows and outflows dropped sharply in 2020, and inward greenfield FDI has remained subdued ever since, partly reflecting the domestic economy’s maturity and a policy orientation toward selective openness. At the same time, from 2022, and especially 2023, outward greenfield FDI surged to a historical high, resulting in China’s largest-ever net outflow. This pattern aligns with supply chain reconfiguration (as exemplified by the China+1 strategy) and export platform investments in the automotive, battery and electronics sectors, as firms seek to hedge against trade and technology restrictions imposed by the United States and the EU. In 2024, outward greenfield FDI declined slightly from its previous peak, indicating a process of normalization rather than a reversal of the trend.

Box 1

China’s industrial strategies and outward FDI

China’s industrial strategies form the backbone of its broader development and globalization model. The Made in China 2025 (MIC2025) initiative, launched in 2015, sought to upgrade the country’s domestic manufacturing base and promote technological self-reliance, encouraging firms to acquire advanced know-how and overseas assets. The Dual Circulation Strategy (DCS), introduced in 2020, added an explicit focus on balancing internal and external drivers of domestic innovation to strengthen growth,

while securing access to foreign markets and resources. Meanwhile, the Belt and Road Initiative (BRI), launched in 2013, provided an international vehicle for exporting industrial capacity, building infrastructure and deepening regional connectivity.

These strategies have collectively shaped the pattern and underlying rationale of China's outward FDI. Under MIC2025, Chinese firms – especially state-owned and mixed-ownership enterprises – invested abroad to gain access to technological capabilities and strategic assets across priority sectors such as advanced information technology, robotics and automation, aerospace and aviation, new energy vehicles (NEVs), biopharmaceuticals and high-end machinery. For example, investments in Japan, Korea, Singapore and Taiwan targeted suppliers and research-intensive firms engaged in electronics and semiconductor manufacturing, while acquisitions in Europe focused on automotive technologies, renewable energy components and precision engineering. Outward FDI thus served as a mechanism to fill domestic capability gaps and accelerate China's ascent up the global value chain.

By contrast, the BRI has steered investment toward developing economies – particularly in Central Asia, Southeast Asia and South Asia – where infrastructure, energy and logistics projects serve both commercial and geopolitical purposes. Industrial parks in Vietnam, Malaysia and Indonesia have facilitated the relocation of lower-value manufacturing, while energy and construction projects in Central Asia have helped absorb domestic industrial overcapacity. Complementing these trends, the DCS promotes selective internationalization by encouraging firms to expand abroad in ways that enhance supply chain resilience, secure access to raw materials and diversify export markets away from politically sensitive destinations.

Geographical and geopolitical proximity has amplified these effects. In Southeast Asia, Chinese greenfield investments have surged in electronics assembly, electric vehicle supply chains and digital infrastructure, supported by cost efficiencies and cultural familiarity. In Central and Western Asia, infrastructure and energy projects underpin China's efforts to build economic corridors linking its domestic provinces to regional markets. In this context, outward FDI functions as a bridge between China's domestic industrial upgrading and its ambition to stabilize relations with neighboring economies through trade and investment interdependence.

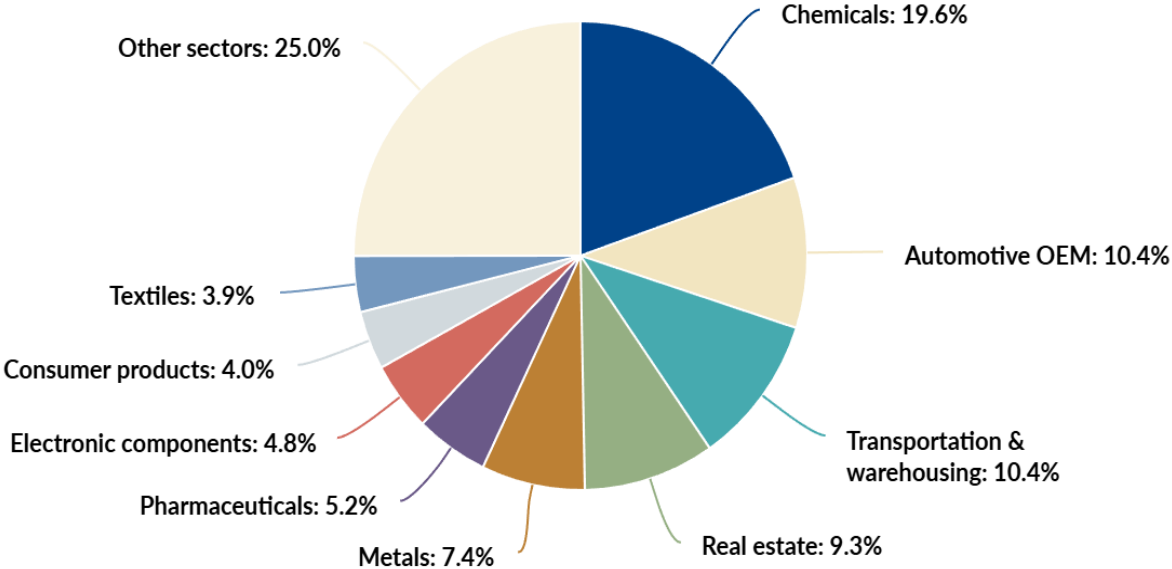
As geopolitical tensions intensify, China's outward FDI is poised to become more regionally concentrated and strategically selective, prioritizing sectors and destinations that strengthen China's industrial autonomy while safeguarding access to critical resources. Taken together, these strategies illustrate how outward FDI has evolved from a vehicle for market expansion into a broader instrument of technological security and risk management.

3 Sectoral structure

The sectoral composition of China's inward and outward greenfield FDI diverges markedly, as charts 2 and 3 show, reflecting the country's dual role as both a host for integration into global value chains and a source of strategic investment abroad.

Chart 2

China's inward greenfield FDI flows by sector (2024)

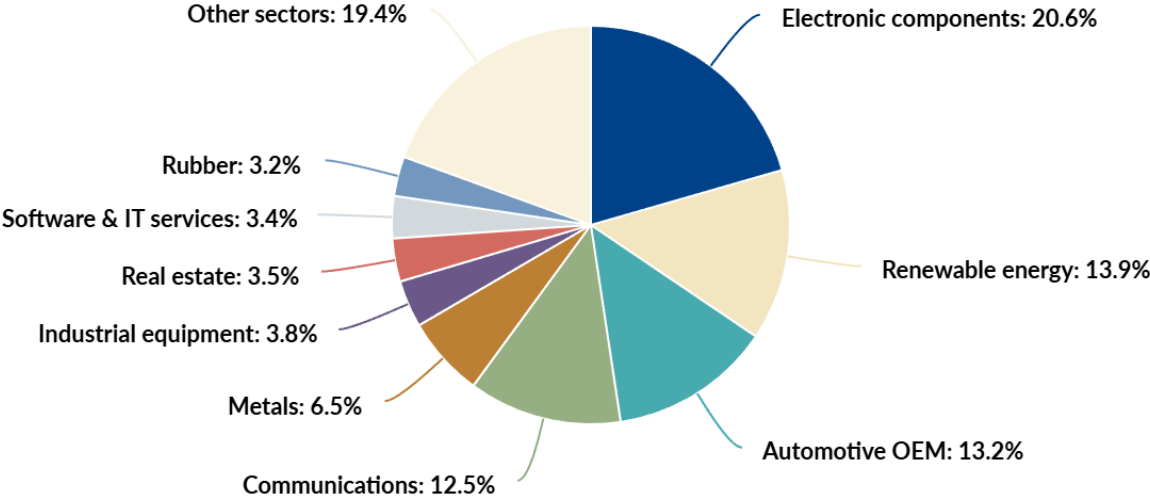


Note: In 2024, total announced inward greenfield FDI flows to China amounted to USD 40.23 billion.
Source: fDI Markets.

Starting with inward greenfield FDI, presented in chart 2, inward greenfield FDI into China totaled USD 40.23 billion in 2024 and was concentrated in a few capital- and scale-intensive sectors. Chemicals accounted for the largest share (19.6%), underscoring the pull of China’s fast-growing materials, energy transition and specialty chemicals markets. Automotive original equipment manufacturers (OEMs) and transportation & warehousing each accounted for 10.4%, forming a second cluster consistent with the development of electric vehicle (EV) supply chains and logistics networks that support domestic circulation and export platforms. Real estate’s sizable 9.3% share is notable in light of China’s domestic property downturn, indicating a shift toward industrial parks, logistics facilities and data center projects rather than residential development. Metals (7.4%) and pharmaceuticals (5.2%) reflect Made in China 2025 priorities in advanced materials and biopharma, although their moderate shares suggest regulatory and pricing uncertainties. By contrast, the shares of electronic components (4.8%), consumer products (4.0%) and textiles (3.9%) are relatively small, consistent with post-2018 trade and technology frictions, tighter investment screening and the relocation of some lower-margin assembly to Southeast Asia. Outward greenfield FDI, however, presents a different picture.

Chart 3

China's outward greenfield FDI flows by sector (2024)



Note: In 2024, total announced outward greenfield FDI flows from China amounted to USD 85.23 billion.
Source: fDi Markets.

In 2024, China’s outward greenfield FDI (USD 85.23 billion) was concentrated in technology- and transition-intensive sectors, as chart 3 shows. Electronic components (20.6%) stand out, reflecting firms’ efforts to externalize parts of the semiconductor and electronics value chain to meet local content requirements, mitigate export controls and anchor China+1 supply networks. Renewable energy (13.9%) and automotive OEMs (13.2%) form a secondary cluster, signaling the global diffusion of solar, battery and EV production platforms designed to serve regional markets while avoiding tariff and trade remedy risks. Communications (12.5%) underscores China’s sustained push into digital infrastructure, often along the “Digital Silk Road,” even as advanced economies tighten investment screening. By contrast, metals (6.5%), industrial equipment (3.8%), real estate (3.5%), software & IT services (3.4%) and rubber (3.2%) represent relatively modest shares. This sectoral composition aligns with Made in China 2025 and the broader emphasis on strategic autonomy, which promote outward platforms to secure technology, standards and market access. The post-2018 US–China trade and technology conflict catalyzed the expansion of outward capacity in electronics and the automotive sector, as firms sought to hedge against sanctions, tariffs and supply chain vulnerabilities. Pandemic-era disruptions and the Dual Circulation Strategy likely further reinforced this trend.

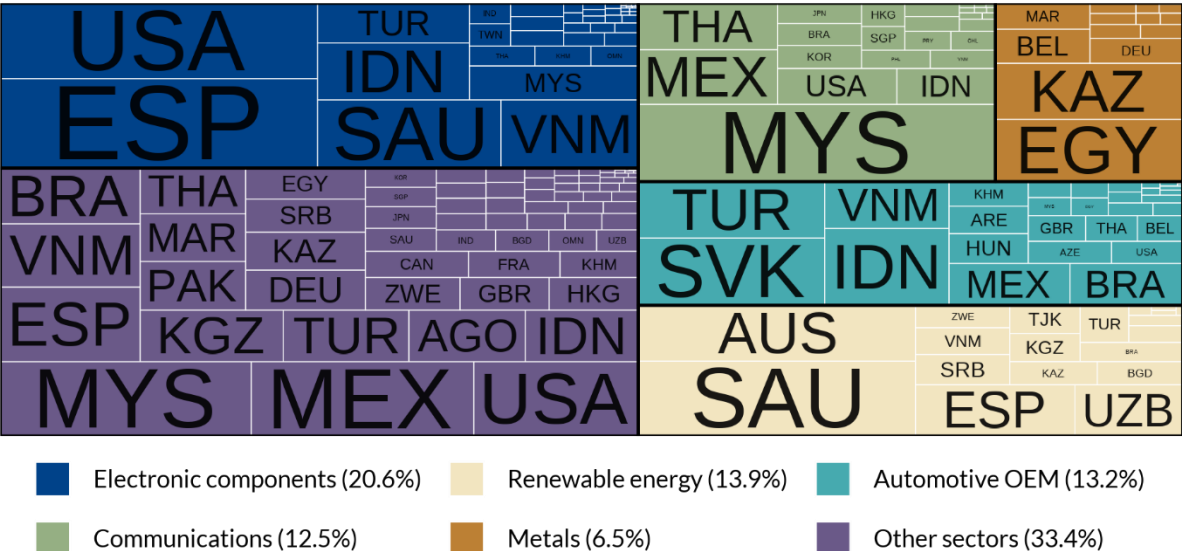
Viewed together, the two charts reveal a mirror-like reconfiguration: inward greenfield FDI gravitates toward upstream inputs and enabling services (chemicals, logistics, industrial real estate), while outward FDI is concentrated in technology- and transition-intensive export platforms (electronics, EVs, renewables, communications). This pattern is consistent with China’s dual circulation model, the maturation of the Belt and Road Initiative and post-2018 trade and technology frictions. Taken together, these patterns underscore how China leverages inward FDI to reinforce domestic upgrading, while deploying outward FDI to secure technology, access markets and enhance supply chain resilience, thereby institutionalizing its dual role in the global economy. The next section focuses on the geographical distribution of Chinese greenfield FDI.

4 Geographical distribution

The sectoral composition outlined in the previous section is closely linked to geography, as sector-specific patterns often concentrate in particular regions and host economies. The geographical breakdown of outward greenfield FDI destinations in chart 4 illustrates the importance of countries such as Malaysia (MYS), Saudi Arabia (SAU), Vietnam (VNM) and the United States (USA). The high shares recorded by these countries reflect targeted investments, for example ByteDance’s AI hub in Malaysia, biofuel refineries in Saudi Arabia, a vehicle manufacturing and automotive battery equipment plant in Vietnam and EV battery factories in the United States. The largest announced greenfield project is in Spain (ESP), where CATL, the world’s biggest EV battery producer, formed a joint venture with Stellantis to invest EUR 4.1 billion in a battery plant.

Chart 4

China's outward greenfield FDI by destination and sector (2024)

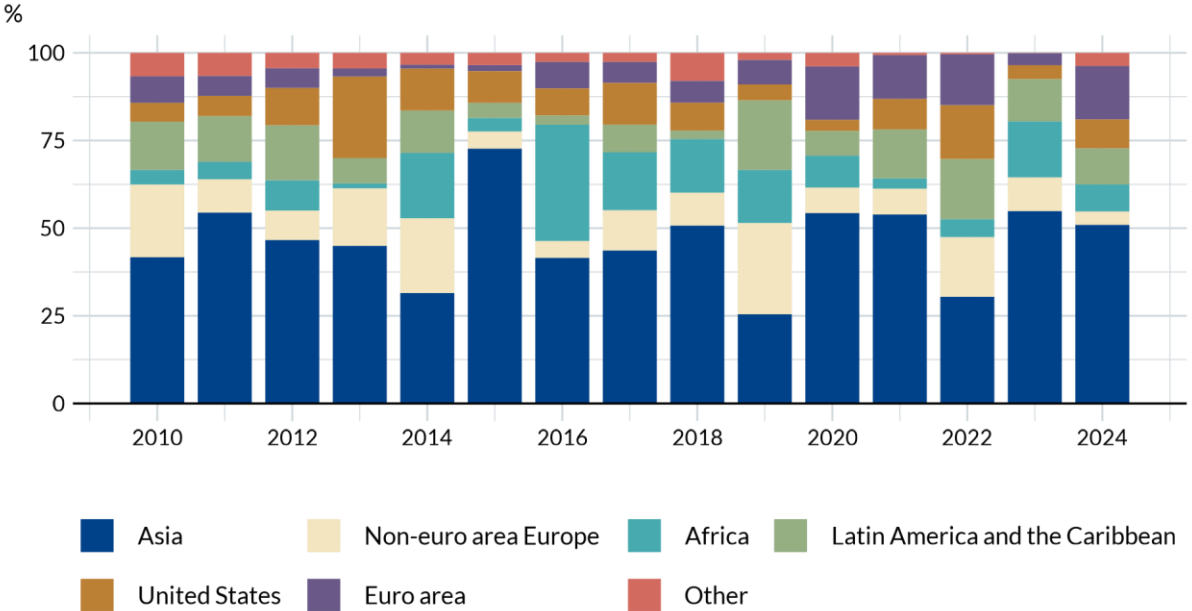


Note: Percentage shares in parentheses indicate each sectors' share of China's overall outward greenfield FDI.
Source: fDi Markets.

The geographical distribution of China’s greenfield FDI can further be examined at two levels: first, the regional mix of investment flows across broad world areas and second, the country-level allocation that reveals both host dependence on Chinese capital and China’s own strategic priorities. This two-tiered approach helps disentangle cyclical shifts from deeper structural reorientations.

Chart 5

China's outward greenfield FDI flows per region

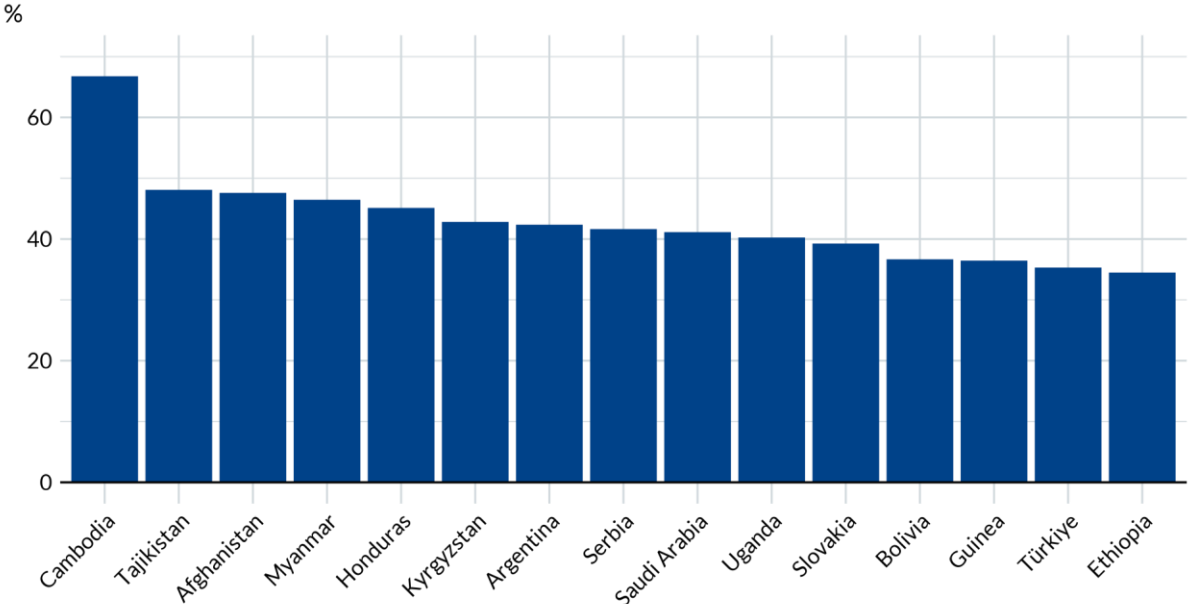


Source: fDi Markets.

Chart 5 shows that the regional composition of China's outward greenfield FDI is anchored in Asia, but with pronounced cyclical and policy-driven reallocations over the 2010–2024 period. Asia's share rose to an exceptional peak around 2015 – an outlier that aligns with the early maturation of Belt and Road corridors and the expansion of regional manufacturing platforms. After 2015, Africa's share increased, driven by infrastructure and energy projects. From 2019 onward, Asia's dominance temporarily dipped as non-euro area Europe and Latin America absorbed a larger share of projects. This trend coincides with the onset of the US–China trade war and firms' efforts to diversify market access. From 2020 onward, Asia reasserted its primacy – capturing more than half of China's outward greenfield FDI in most years – supported by China+1 relocation strategies, supply chain integration enabled by the Regional Comprehensive Economic Partnership (RCEP) and offshore capacity in electronics, EVs and components. The United States' share remains small and has trended downward since 2018, consistent with tighter investment screening, export controls and heightened geopolitical risk. The euro area's share edged upward in the early 2020s, driven by EV-related investments, while Latin America's share fluctuated in response to waves of renewable energy projects and nearshoring into the United States, Mexico and Canada. Overall, the evolving mix aligns with Made in China 2025 and the Dual Circulation Strategy: Chinese firms concentrate outward platforms in nearby Asian production networks, while selectively deploying capital to resource-rich or policy-aligned regions.

Chart 6

Top countries most dependent on Chinese greenfield FDI (2023–2024)



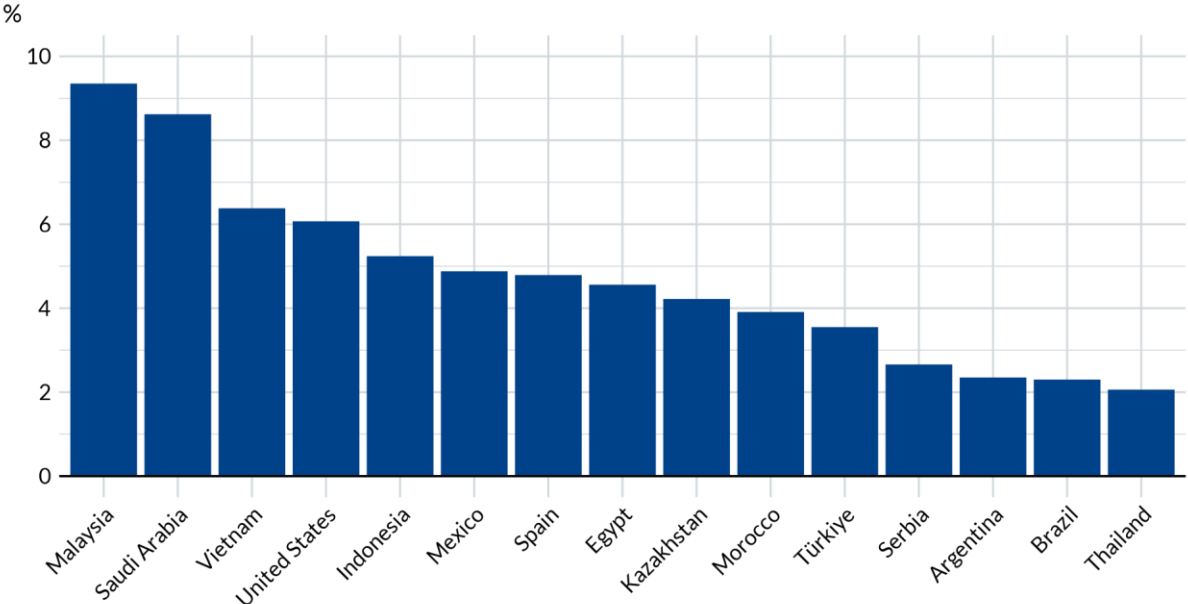
Note: The chart shows percentage shares of Chinese investment in total inward greenfield FDI in 2023–2024.
Source: fDi Markets.

Zooming in on the country-level and recent years in chart 6, the 2023–2024 distribution of countries most dependent on Chinese greenfield FDI is highly skewed toward Belt and Road participants and lower- to middle-income economies. Cambodia stands out as a clear outlier, with Chinese projects accounting for roughly two-thirds of its total inward greenfield FDI, reflecting large infrastructure projects and manufacturing parks (automobiles, electronic components, etc.) and a relatively thin presence of alternative investors. A second tier of countries (Tajikistan, Afghanistan, Myanmar, Honduras, Kyrgyzstan, Argentina, Serbia and Saudi Arabia) cluster around the 40% to 50% range, consistent with resource endowments (e.g. lithium in Argentina, bauxite in Guinea), strategic logistics corridors or host-country industrial policies (e.g. Saudi Arabia’s Vision 2030) that align with Chinese firms’ capabilities. Several cases in Africa and Latin America (Uganda, Bolivia, Guinea) highlight China’s role in upstream energy transition inputs, while Serbia and Slovakia reflect anchor investments in the automotive sector, batteries and equipment, amplified by low base effects.

While the previous chart highlights which countries are most dependent on Chinese FDI, the next one reverses the lens to show where Chinese firms themselves concentrate new investments.

Chart 7

China's top destinations for outward greenfield FDI (2023–2024)



Note: The chart shows percentage shares of China's total announced outward greenfield FDI in 2023–2024. Source: fDi Markets.

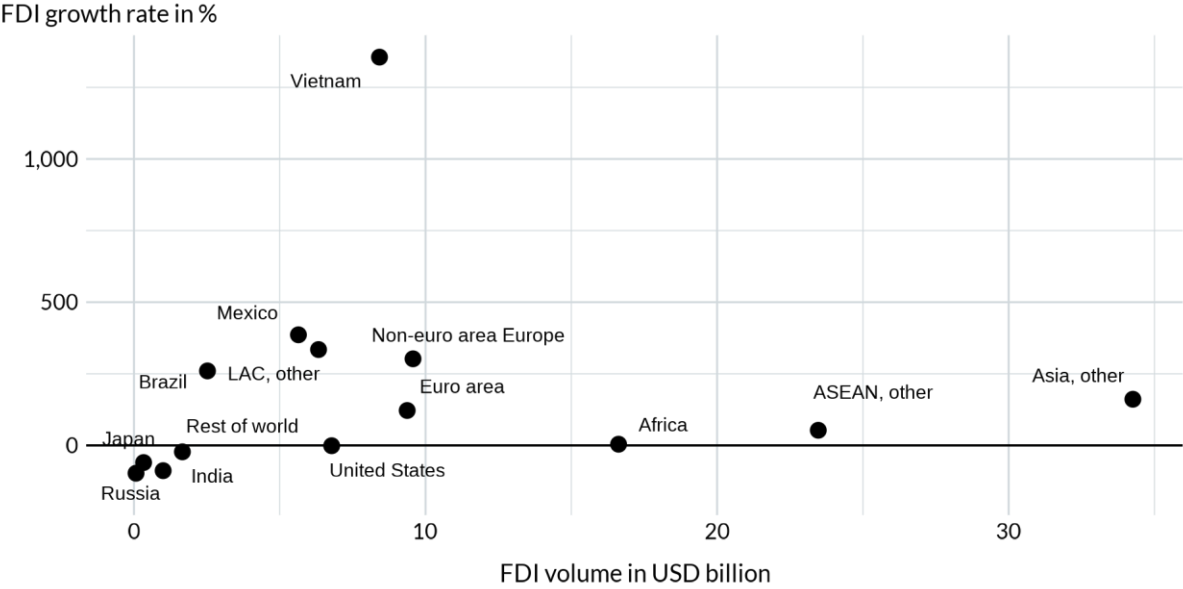
The 2023–2024 geography of China’s outward greenfield FDI destinations, shown in chart 7, is led by Malaysia and Saudi Arabia, each accounting for around 9% of China’s overall outward greenfield FDI, reflecting Malaysia’s role as a key destination for electronics and EV platforming within ASEAN and Saudi Arabia’s energy–industrial partnerships under its Vision 2030. The strong Southeast Asian cluster (Malaysia, Vietnam, Indonesia, Thailand) aligns with China+1 production strategies, which relocate trade-exposed manufacturing stages while maintaining proximity to Chinese suppliers. The sustained prominence of the United States and the high ranking of Mexico signal a North American pivot: Selective market seeking in the United States is complemented by export platform investments inside the United States, Mexico and Canada to circumvent tariffs and trade remedy actions. Middle East and North African (MENA) destinations (Saudi Arabia, Egypt, Morocco, Türkiye) capture significant shares in renewables, petrochemicals and logistics, aligning with the Belt and Road Initiative’s evolving focus on industrial capacity and connectivity. European entries such as Spain and Serbia reflect investments in automotive, battery and equipment projects that offer access to the EU market or lower-cost production within Europe’s periphery. Asia therefore remains the main destination for China’s outward greenfield FDI, while the importance of other regions fluctuates. The following section explores these changing dynamics, with a focus on recent years.

5 Dynamics and shifts

While the previous section examined levels and shares of Chinese greenfield FDI across regions and countries, this section focuses on changes over time to highlight reallocation patterns.

Chart 8

Growth and level of China’s outward greenfield FDI (2023–2024)



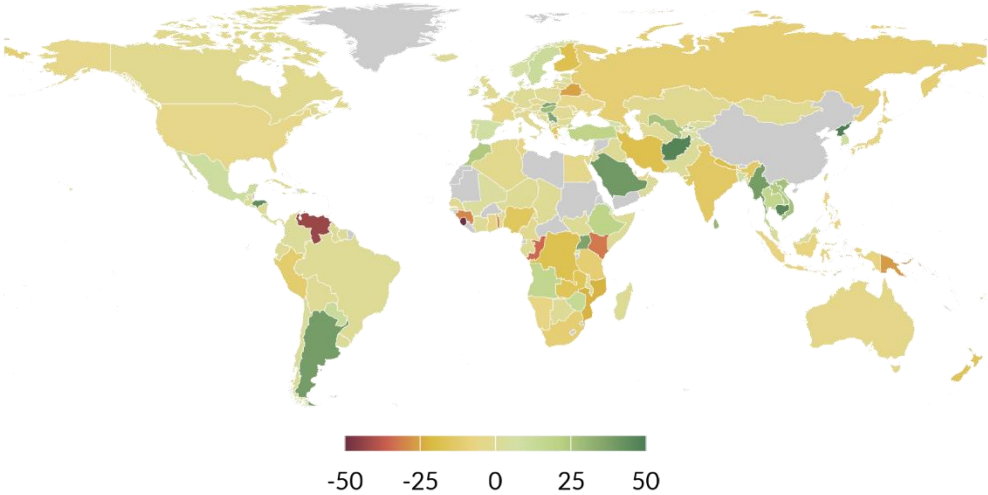
Note: The y-axis shows the FDI growth rate from 2015–2017 to 2023–2024 and the x-axis shows average outward greenfield FDI in 2023–2024.
Source: fDi Markets.

The scatter plot in chart 8 indicates a marked reallocation of China’s outward greenfield FDI since the mid-2010s, juxtaposing destinations’ current volume with their growth momentum. Vietnam is a clear outlier, with medium recent volumes but growth well above 1,000%. This is consistent with China+1 relocation strategies in electronics and EVs, the implementation of regional trade agreements such as RCEP and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and tariff avoidance motives following the onset of the US–China trade war. Mexico and other countries in Latin America and the Caribbean (“LAC, other”) also exhibit rapid growth from modest bases, reflecting nearshoring of investment into member states of the United States–Mexico–Canada Agreement (USMCA) to meet rules-of-origin requirements and to mitigate trade remedy risk. Non-euro area Europe (notably CEE and the Balkans) and Brazil have registered fast expansion, underpinned by battery, automotive and resource processing projects designed to serve European and global markets. At the high-volume end, “Asia, other” combines sizable recent flows with solid growth, pointing to diversification across South and West Asia along Belt and Road corridors. By contrast, “ASEAN, other” and Africa have recorded mid-to-high volumes but only modest growth, indicating post-pandemic consolidation rather than renewed acceleration. The United States sits at near-zero growth despite non-trivial volumes, reflecting the impact of tighter screening by the Committee on Foreign Investment in the United States (CFIUS), export controls and heightened geopolitical risk since 2018. Japan and Russia show negative growth with very small volumes, owing to stricter national security screening and the sanctions environment, respectively. Euro area destinations have posted moderate volumes and growth, consistent with selective platform investments in EV-related value chains amid expanded EU FDI screening and trade defense actions.

Chart 9

Changes in Chinese investment shares of total inward greenfield FDI

Percentage point changes (2015–2017 vs. 2023–2024)



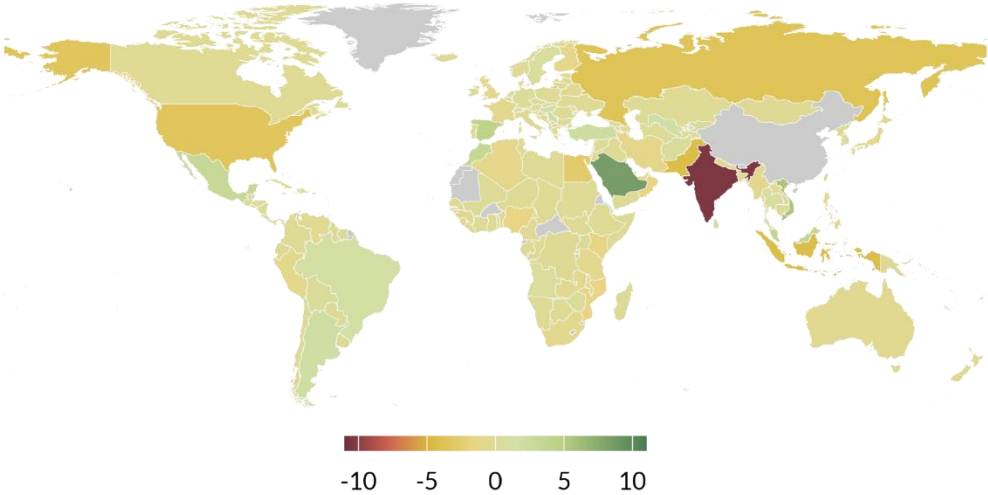
Note: The chart shows the percentage point change in the share of Chinese investment in total inward greenfield FDI of the respective country, comparing the 2015–2017 and 2023–2024 averages.
Source: fDi Markets.

The map in chart 9 shows percentage point changes in the share of Chinese greenfield FDI within each country’s total inward FDI, comparing the 2015–2017 and 2023–2024 averages. The results reveal a reorientation toward the Global South and Belt and Road corridors. The largest increases were observed in Southeast Asia (notably Cambodia and Myanmar), the Middle East (Saudi Arabia), the Western Balkans (Serbia), Central Asia (Kazakhstan), sub-Saharan Africa and parts of Latin America (notably Argentina). These gains reflect both stronger Chinese project activity in renewables, the automotive sector, batteries and digital infrastructure and, in some cases, weaker non-Chinese FDI inflows, which mechanically raise China’s share. By contrast, advanced economies – including the United States, Western Europe, Japan and Australia – have generally registered flat or declining shares, reflecting tighter investment screening, export controls and heightened geopolitical risk since the onset of the US–China trade and technology conflict. North America presents a mixed picture: Mexico’s rising share is attributable to nearshoring into USMCA value chains, whereas the US share has contracted. This pattern is also consistent with the maturation of the Belt and Road Initiative and the Dual Circulation Strategy, which promote outward platform investments in policy-aligned, resource-rich or market-proximate locations. Pandemic-era disruptions and financing constraints further tilted relative shares toward Chinese investors in infrastructure- and transition-related projects.

Chart 10

Change in destinations' shares of China's total outward greenfield FDI

Percentage point changes (2015–2017 vs. 2023–2024)



Note: The chart shows the percentage point change in each destination country's share of China's total outward greenfield FDI, comparing the 2015–2017 and 2023–2024 averages.
Source: fDi Markets.

While chart 9 measures how Chinese FDI has changed within host countries' total inflows, chart 10 adopts a different perspective, tracking how individual destinations have gained or lost weight within China's global portfolio. The most prominent positive shifts were observed in Saudi Arabia and several North African and Central Asian economies (e.g. Egypt, Morocco, Kazakhstan), driven by deepening energy-industrial partnerships, expanded logistics infrastructure and Belt and Road corridor projects. Mexico's rising share is attributable to platform investments within USMCA member states to meet rules-of-origin requirements and mitigate US trade remedy exposure, while moderate gains across parts of ASEAN (including Vietnam and Thailand) reflect China+1 relocation strategies in electronics, EVs and components. By contrast, India stands out as the principal negative outlier, with a substantial drop in its share following tightened screening of Chinese investment since 2020 and heightened geopolitical tensions. Smaller but broad-based declines across the United States, much of Western Europe, Australia and Japan align with post-2018 trade and technology restrictions, expanded FDI screening and a higher perceived risk premium. Russia's reduced share likely reflects sanctions and financing constraints imposed since 2022, which have curtailed investment flows despite its geographical proximity.

Overall, the evolving geography of Chinese outward FDI underscores how global frictions and domestic policy priorities are jointly reshaping investment patterns, with capital increasingly directed toward politically aligned, resource-rich and supply-chain-complementary destinations.

6 Policy discussion and conclusion

China's outward greenfield FDI has become both more substantial and more selective in recent years. Its sectoral footprint is highly concentrated in manufacturing, energy and technology, with electronic components, the automotive sector, renewable energy and communications accounting for the majority of new projects. This reflects both China's industrial policy priorities and the external constraints posed

by trade frictions and investment screening. By contrast, inward FDI into China has increasingly targeted consumer-oriented and upstream sectors such as chemicals, logistics, pharmaceuticals and real estate. This contrast underscores a bifurcated dynamic: Foreign investors in China seek to capture domestic demand and supply chain inputs, while Chinese firms invest abroad to secure market access and hedge against trade restrictions in high-tech and transition-related sectors.

The regional reorientation of Chinese greenfield FDI is equally striking. Asia remains the anchor, with ASEAN countries such as Vietnam and Malaysia emerging as key destinations. At the same time, resource-rich economies in the Middle East and Africa, as well as selected CEE countries and Mexico, have absorbed rising inflows. These patterns reflect both the geographical expansion of the Belt and Road Initiative and the China+1 strategy of relocating trade-exposed production stages to proximate or politically aligned markets. Advanced economies, particularly the United States, Japan and parts of the European Union, have seen their relative shares decline, owing to tighter investment screening and geopolitical frictions.

The post-2017 period marks a structural reconfiguration in China's FDI landscape. The maturation of the Belt and Road Initiative, the rollout of the Dual Circulation Strategy and intensifying US-China trade and technology tensions have jointly reshaped investment decisions. Firms increasingly platform production in third countries to circumvent tariffs, rules of origin and export controls, while simultaneously leveraging preferential trade agreements such as RCEP or USMCA. At the same time, Chinese policymakers have signaled a preference for outward investment that supports green transition capacity, advanced manufacturing and digital connectivity. This points to a deliberate effort to embed outward FDI within long-term industrial upgrading strategies.

For China, these developments present both opportunities and vulnerabilities. On the one hand, outward clustering in electronics, batteries and renewables enables Chinese firms to secure global market share, diversify risk and consolidate positions in standard-setting industries. On the other hand, heavy sectoral concentration heightens exposure to policy backlash abroad, especially through trade defense instruments or anti-subsidy investigations. Similarly, while near-market platforming can boost firms' resilience to external shocks, it also creates new vulnerabilities to the political and regulatory environments of the host countries. Policymakers in Beijing thus face the dual challenge of sustaining strategic outward expansion while instituting safeguards against overexposure and reputational risk.

For host economies, the implications are double-edged. On the positive side, inflows of Chinese investment can provide critical capital for green transition sectors, enhance local industrial capacity and support export upgrading. Yet there are also risks of excessive dependence on a single investor, enclave-type industrialization and exposure to third-country trade actions. The policy agendas of recipient countries should therefore emphasize local content requirements, skills transfer, supplier development and clear governance of digital and energy infrastructure projects. Countries that successfully integrate Chinese investment into broader development strategies are likely to reap more durable benefits.

For advanced economies, the central challenge lies in reconciling security concerns with opportunities for climate-relevant investment. Screening regimes will remain necessary to manage risks in sensitive technologies, yet coordination is essential to prevent arbitrage and fragmented responses. Industrial policies in the United States and the European Union will be decisive in shaping the extent to which Chinese firms can participate in value chains for EVs, batteries and renewables. Trade defense measures may redirect investment flows toward neighboring blocs such as Mexico or CEE, underscoring the need for coherent rules-of-origin and subsidy frameworks.

Looking ahead, the trajectory of China's outward greenfield FDI will hinge on three sets of factors. First, the evolution of global trade governance and investment screening regimes will define the scope for Chinese participation in advanced economies. Second, host-country policies in Asia, the Middle East and Latin America will determine whether investment is integrated into domestic development strategies or remains enclave-like. Third, global macrofinancial conditions, including growth prospects and the cost of capital, will shape the overall scale of outward projects.

Future work should move beyond the aggregate level presented here by disaggregating state-owned and private investors and by incorporating M&A alongside greenfield FDI. Further, the link between investment data and trade flows should be studied to assess how outward FDI reshapes supply chains. Greater attention to green transition investments, local spillovers and the risks posed by new trade defense measures would further sharpen our understanding of the long-term implications. Taken together, the evidence suggests a durable but evolving reconfiguration of China's outward FDI: concentrated in strategic sectors and regions, yet highly sensitive to policy and geopolitical shifts. How this balance evolves will be a key determinant of the next phase of globalization.

For the European Union, China's expanding outward greenfield FDI underscores the need to adapt its own trade and investment strategy. As Chinese firms consolidate positions in emerging markets and embed themselves along critical value chains, the EU faces growing strategic competition. Strengthening economic resilience therefore requires intensified efforts to establish a broader network of trade and investment partnerships, especially with dynamic economies such as India, ASEAN members and Latin America. Accelerating negotiations of trade and investment agreements with these partners would not only diversify the EU's exposure but also enhance its leverage in setting global standards amid a geopolitically uncertain environment.

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