

Abstract

Foreign direct investment (FDI) from China has been growing rapidly in the last decade and it has become a hotly debated topic. Some countries are actively trying to attract more, while others warn of dangers to local economy and even national security. Both, media and researchers have studied the problem extensively and the outcomes are not uniform. This thesis summarizes all available information and debunks common public misconceptions about Chinese FDI. It studies particular cases to provide a closer look into the innerworkings of investment decision-making. It studies the microeconomic factors and politics that influence the investors. Furthermore, it uses the gravity model to explore the macroeconomic determinants of Chinese FDI flows using the most recent data on 174 countries over 9 years. The results of this empirical part are similar to previous findings and contribute to the existing pool of literature. In addition, they confirm the notion from previous chapters which reappears throughout the thesis. In contrast with media and politicians' statements, Europe is not the primary target for Chinese FDI.

Keywords

PRC, China, FDI, investment, Europe, gravity model

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