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Difficult beginnings of the Chinese investments in e-mobility sector in Poland

Łukasz Sarek

Since 2018, when the investment process was initiated by two Chinese manufacturers of electrolytes for batteries applied in electric vehicles, no Chinese company in this industry has yet started regular large scale operations in Poland. So far only the projects of limited scale of production have been launched, such as by Bafang Electric and Myatu Europe. Larger Chinese investors – Capchem and Guotai Huarong – are only at the stage of adaptation or construction works. The investments of both of these companies have been classified as having a high risk of industrial accidents due to the type and amount of substances used in production. In addition, the emissions of limited quantities of pollutants to the air and the public sewage disposal systems is expected. These elements have raised serious concerns among local communities in Godzikowice and Wykroty, where unsuccessful attempts to launch the plants have taken place. Residents of Śrem, where the Capchem plant will eventually be located, and residents of Prusice, where GTHR has begun construction, have also expressed their concerns and opposition to the investment.

The Chinese investors (and PAIH which supports their investments), did not take sufficiently into account the risks associated with the plant's operations when deciding about the facility's location. Production methods and the efficiency of planned safeguards also raised doubts among the authorities, which resulted in them issuing opinions on the environmental safety of the investment and on its health impact for the local communities. It also appears that an open dialogue with the local communities was not initiated early enough to clarify their doubts and to alleviate fears of the local residents. If the consensus

with local communities could have not been achieved, a decision to move to a different location could have been taken at an earlier stage of the investment planning. While preparing the investment in the first stages, Chinese investors and PAIH, held talks only with representatives of local authorities, who were in favour of the investment. Social consultations were carried out either because of administrative regulations or social pressure.

The nature of the investment as well as the investors' country of origin had an impact on the local communities' attitude. It also seems that the fears of local communities were not completely unfounded. While moving production to new locations, Chinese investors modified the scope and nature of production. It is also significant that while in the case of Godzikowice, most of the documentation concerning the project has been published and is available in the openly accessible Public Information Bulletin, in the case of other locations, the documentation has been available only in the offices of local authorities, which made access to documents and their evaluation relatively difficult.

Production of electric vehicles is treated as one of the important elements of the development of the automotive industry in Poland. Localisation of the particular production stages in Poland will have a positive impact on ensuring the stability of production processes by protecting them against disturbances in supply chains. Chinese companies producing components and parts for electric vehicles are developing dynamically and are interested in locating production outside China. Poland is an attractive location due to its proximity to the German market and developed automotive and related industries.

Both Capchem and Guotai Huarong have not given up on their investments. Their successful launch may encourage other Chinese manufacturers to set up production bases in Poland. For the effective and possibly fast implementation of the investment process, it would be useful to cooperate more effectively with Chinese companies on the actual adaptation of their planned investments to Polish standards, selection of location appropriate for the type and scale of investment, and to encourage them to undertake early, open, honest and transparent communication with the local community, which is particularly important in the case of smaller towns.

It is positive that other Chinese companies from the electromobility sector have also decided to set up plants in Poland. The investment of Bafang Electric, a manufacturer of propulsion systems for electric bicycles located near Wrocław, is so far relatively small in scale. Meanwhile, in April this year a much bigger company – Ningbo Tuopu – started the process of opening a plant in the Poznań area. The Chinese manufacturer of components for electric cars is a company of a considerable size and a supplier of such brands as Audi, BMW, Fiat-Chrysler, GM, Geely, Ford, Mercedes-Benz, Porsche or Volkswagen. The investment is expected to be worth 30 million EUR and will eventually employ 450 workers. It is also expected that the Chinese investor will use local suppliers and subcontractors in the production process. The investment is only in its initial phase and it is difficult to predict its eventual scale and the extent to which its production processes will be located in the Polish plant. Moreover, it remains unknown to what extent those processes will be based on the assembly or simple processing of elements imported from China. However, the announcement of using local subcontractors is a very positive sign as it means the possibility of increasing the added value created in Poland.