Foreign Direct Investment to Small, Developed Economies: The Case of Ireland

Foreign direct investment (FDI) from emerging economies has surged in recent years, driven largely by FDI from developing Asian countries and, in particular, from China. China has become an important investor in both developed and developing countries, having in recent years emerged as the third-largest source of outbound foreign direct investment (OFDI) in the world. In 2013 alone, Chinese firms invested in over 5,000 enterprises in 156 countries (Ministry of Commerce People's Republic of China, 2014). In recent years, there has been a shift in the destination of Chinese OFDI from developing to more advanced economies, and host locations such as Europe have witnessed a surge in such investment. Annual investment by Chinese companies in EU member states rose from very low levels in the mid-2000s to €14 billion in 2014 (Hanemann & Huotari, 2015).

Projections see China tripling its global assets by 2020 to almost $20 trillion, and the country' s global OFDI stock is expected to grow from $744 billion in 2015 to a staggering $1 to $2 trillion by 2020 (Hanemann & Huotari, 2015). With China' s OFDI boom only beginning, Ireland stands to benefit from increasing investment in the coming years. As this study is the first of its kind to examine the emergence of Chinese investment in Ireland, there is scope for further research in this field. As trends and patterns relating to Chinese investment in Ireland become more developed and distinguishable, future opportunities for research could arise, encompassing a more extensive set of interviews with a larger population of Chinese firms operating in Ireland. In particular, stemming from the findings of this study, the role of industrial clusters, government-to-government linkages, and China' s catching-up strategies as a driver of OFDI should be further examined.