

# **Model Transition and Institutional Empowerment in the Internationalization of Chinese Private Enterprises**

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**Abstract:** In recent years, Chinese private enterprises have been undergoing a strategic transition from “product export” to “integrated overseas expansion”. However, the intensification of global geopolitical conflicts, the upgrading of green trade barriers, and the superposition of internal capability weaknesses have made this transition face unprecedented complexity. Based on distinguishing three conceptual levels — “product overseas expansion”, “brand overseas expansion”, and “integrated overseas expansion” — this paper proposes that “integrated overseas expansion” refers to a form of transnational operation in which enterprises systematically export technological standards, brand assets, service capabilities, and localized operations. Through comparative case studies of BYD, CATL, Huayou Cobalt, and Geely, this paper identifies two typical overseas expansion models: the technology-driven “rule export” model and the resource-led “chain integration” model. The former builds discourse power in international standards through intensive R&D, while the latter gains resource control advantages through vertical supply chain integration. The study finds that the two models show a trend of convergence in practice and both face common constraints such as CBAM carbon tariffs, overseas compliance risks, and a shortage of international talent. This paper further proposes countermeasures to promote high-quality overseas expansion of private enterprises from two dimensions: government service ecosystem and enterprise capacity building, providing theoretical references for improving the overseas comprehensive service system.

**Keywords:** Private Enterprises; Integrated Overseas Expansion; Rule Export; Chain Integration; Carbon Border Adjustment Mechanism

## **1. Introduction**

In recent years, overseas expansion by Chinese private enterprises has become a phenomenon. According to data from the General Administration of Customs of China at the press conference on the import and export situation in the first quarter of 2026, in the first quarter of 2026, the import and export value of Chinese private enterprises reached 6.78 trillion yuan, a year-on-year increase of 16.2%, accounting for 57.3% of the total foreign trade value. During the same period, exports of electric vehicles increased by 77.5%, and exports of lithium batteries increased by 50.4%[1]. These data not only demonstrate the dominant position of private enterprises in foreign trade but also hint at a profound change: the internationalization of Chinese enterprises is shifting from “shipping goods out” to “building capabilities out”[2][3]. However, against the backdrop of profound adjustments in the international economic and trade landscape and the rise of trade protectionism, private enterprises’ “going global” is facing unprecedented structural challenges[4]. The EU Carbon Border Adjustment Mechanism (CBAM) officially entered the charging phase in January 2026, with the current CBAM certificate price at €75.36 per ton of CO<sub>2</sub>[5]; the US tariff policy on China continues to tighten, and Mexico and other transit countries also plan to impose additional tariffs[4]. At the same time, the internationalization strategies of a number of leading private enterprises show evolutionary directions worth attention. CATL participates in the formulation of the EU “Battery Passport” standard and exports battery technology to Ford under a technology licensing model[6]; BYD raised its overseas sales target for 2026, and overseas sales exceeded domestic sales for the first time[6]; Geely completed its European localized manufacturing layout by acquiring Ford’s Spanish factory production line[6]. These cases have already shown that Chinese private

enterprises are opening a new stage in their internationalization path.

Current research on private enterprises' "overseas expansion" mainly focuses on the macro-level analysis of the "Belt and Road" policy and export trade effects[7], followed by micro-level research on enterprises' transnational operation capabilities and risk prevention[3][8], and some studies on the comparison of overseas expansion models, such as the comparison of Zhejiang and Guangdong province models[6]. However, existing literature has relatively little research on "integrated overseas expansion", and fails to fully discuss the relationship between enterprise-level strategic choices and macro-level institutional supply[2][4].

For research on the overseas expansion of Chinese private enterprises, first, the concept of "integrated overseas expansion" should be clearly defined, distinguishing it from traditional product export and simple overseas plant establishment, and summarized as the systematic cross-border operation capability of "technology, standards, brand, services, and localized operations"; second, the two ideal types of "technology-driven rule export" and "resource-led chain integration" should be deeply analyzed, and the above models should be supported by actual case analysis; finally, attention should be paid to the changing needs of institutions, analyzing the institutional shortcomings of the existing overseas service system, and proposing targeted optimization paths.

## **2. Conceptual Clarification and Analytical Framework**

### **2.1 Three-Layer Progressive Evolution of the "Overseas Expansion" Concept**

Understanding the stage characteristics of private enterprises' internationalization requires distinguishing three levels[2][3].

The first level is "product overseas expansion". This is the most traditional form, in which enterprises sell products overseas through general trade, while production, R&D, branding and other core links remain at home. The characteristic of this model is "domestic production, global sales", with shallow involvement in overseas markets, and mainly relying on cost advantages to participate in competition[3].

The second level is "brand overseas expansion". Enterprises begin to establish their own brand awareness and sales channels overseas, enhancing brand influence through cross-border e-commerce, overseas warehouses, localized marketing, etc.[8]. This model breaks through pure price competition and begins to pursue brand premium, but R&D and core technology still mainly rely on domestic capabilities.

The third level is "integrated overseas expansion". This is the core concept of this paper, referring to a form of transnational operation in which enterprises systematically export technological standards, brand assets, service capabilities, and localized operations. Its core features include: establishing overseas R&D centers or participating in the formulation of international standards to achieve global allocation of technological capabilities; establishing localized manufacturing and service systems in target markets; forming cross-cultural management capabilities and compliance operation systems; and building a synergistic global supply chain network[6][3]. The hallmark of "integrated overseas expansion" is not the level of overseas revenue share, but whether the enterprise possesses the systematic capability to allocate resources, define rules, and manage risks on a global scale[2].

### **2.2 Two Ideal Types: Technology-Driven vs. Resource-Led**

Drawing on Dunning's eclectic paradigm of international production and dynamic capability theory, we can distinguish two overseas expansion models based on the differences in the composition of "ownership advantages"[6][3].

The core advantage of the \*\*technology-driven rule export\*\* model lies in original technology and the ability to participate in international standards. Such enterprises build technological moats through intensive R&D investment, then participate in or lead the formulation of international technical standards, rising from "product suppliers" to "rule definers"[6]. Their internationalization path usually follows the chain of "overseas R&D layout → standard export → localized manufacturing". Typical industries include new energy, communication equipment, and consumer electronics; representative enterprises include Huawei, BYD, and CATL[6].

The core advantage of the \*\*resource-led chain integration\*\* model lies in supply chain

integration capability and capital operation capability. Such enterprises acquire key resources and strategic assets globally through cross-border M&A or greenfield investment, and use supply chain management to vertically integrate, building a full-industry-chain barrier from resources to products[6][3]. Their internationalization path typically takes the form of “cross-border M&A → vertical integration → resource control”. Typical industries include new energy materials, traditional manufacturing, and automobiles; representative enterprises include Geely, Huayou Cobalt, and Tsingshan Group[6].

The two models each have their pros and cons. The technology-driven model enjoys higher rule discourse power and brand premium, but requires huge upfront R&D investment and a long cycle; the resource-led model can quickly achieve scale and cost advantages, but is susceptible to commodity cycles and geopolitical influences[6].

### **2.3 Dynamic Perspective on Model Evolution**

The two models are not statically opposed, but reflect strategic choices under different industry attributes and enterprise endowments[6][2]. More notably, leading enterprises are showing a trend of convergence. CATL, while promoting technology licensing and standard participation, is also deploying nickel resources in Indonesia[6]; Geely, after completing a series of cross-border M&A, is increasing its independent R&D investment, shifting from capital integration to technology-driven development[6]. This indicates that the essence of “integrated overseas expansion” is not an either-or model choice, but a process in which enterprises comprehensively use multi-dimensional capabilities such as technology, capital, and resources to build systemic competitive advantages on a global scale[3].

## **3. Comparative Analysis of Two Overseas Expansion Models: Case Studies of Four Enterprises**

### **3.1 Technology-Driven Model: BYD and CATL**

BYD’s globalization path presents a clear “technology → product → standard → localization” chain. Its core technologies such as Blade Battery, DM-i hybrid system, and e-platform 3.0 have built differentiated

technological advantages[6]. In terms of capacity layout, BYD adopts a strategy of “complete vehicle + core components” expanding overseas simultaneously: the Thailand plant has gone into operation, the Brazil plant is expected to start mass production by the end of 2025, and the Hungary plant has begun construction. In February 2026, BYD’s overseas sales exceeded domestic sales for the first time in history, marking a shift in its globalization from “supplementary market” to “main market”[6]. Behind this turning point is BYD’s overall export of its mature technology system and manufacturing capabilities validated domestically to overseas markets, achieving a leap from product export to localized manufacturing and then to technology standard export.

CATL’s internationalization has more iconic significance at the institutional level. Its overseas expansion path can be summarized as a stepwise evolution of “capacity export → technology licensing → standard participation”[6]. In terms of capacity, the German Thuringia base is already operating stably, the Hungarian Debrecen plant started mass production in early 2026 with a planned total capacity of 100GWh, and the Indonesia project and Spain joint venture project are also advancing[6]. In terms of technology licensing, CATL exports battery technology to automakers such as Ford under the LRS (license, royalty, service) model, helping partners build their own battery plants, reportedly reducing costs by 22%[6]. More breakthrough is CATL’s active participation in the formulation of the EU “Battery Passport” standard, striving to integrate its technical specifications into the future market access system[6]. This is the first time a Chinese enterprise has transformed from a “rule taker” to a “rule co-maker” in the new energy sector.

### **3.2 Resource-Led Model: Huayou Cobalt and Geely**

Huayou Cobalt’s overseas expansion logic revolves around “resource control”[6]. The company has deeply deployed laterite nickel ore in Indonesia, controlling about 67% of the world’s nickel intermediate capacity, and has built a full-industry-chain closed loop of “mine, smelting, precursor, recycling”[6]. Core capacity projects such as Huayue, Huafei, and Huake have been put into operation successively, forming a vertically integrated layout from

laterite nickel ore to new energy materials[6]. The competitiveness of this model lies in its extremely strong supply chain resilience and cost advantages against the backdrop of sharp fluctuations in raw material prices or geopolitical tensions[6][3]. However, its risks are also prominent: heavy assets, long cycle, high management complexity, and severe challenges to enterprises' capital operation capabilities and cross-cultural management capabilities[6].

Geely's internationalization shows a gradual path from capital M&A to manufacturing localization[6]. The first phase (2010–2020) focused on capital M&A: acquiring Volvo (2010), taking a stake in Daimler (2018), and acquiring Proton and Lotus, quickly obtaining high-end brands, advanced technologies, and global sales networks[6]. The second phase (since 2021) has shifted toward manufacturing localization and operational integration: in 2026 it acquired Ford's Spanish factory production line to achieve localized production in Europe; Lynk & Co's European operations were taken over by Volvo, and the "One Geely" strategy has shifted from external M&A to internal synergy[6]. Geely's case shows that the resource-led model does not stop at asset acquisition but has an inherent tension toward evolving into a technology-driven model—the R&D capabilities gained from acquiring Volvo have fed back into Geely's own modular architecture technology[6].

### **3.3 Comparison and Complementarity of the Two Models**

Juxtaposing the four enterprise cases reveals several key patterns[6][3].

First, model choice is highly correlated with industry attributes. The technology-driven model has greater advantages in industries with rapid technological iteration and intense standard competition (e.g., power batteries, smart cars); the resource-led model is more applicable in industries with strong resource dependence and long industrial chains (e.g., new energy materials)[6].

Second, the boundaries between the two models are blurring. Leading enterprises are no longer satisfied with path dependence on a single model but are extending toward the other model simultaneously. CATL, while exporting technology, is also deploying upstream resources; Geely, after M&A integration, is

increasing independent R&D. This shows that the essence of "integrated overseas expansion" is a competition of comprehensive capabilities[6][2].

Third, regardless of the model, enterprises face common challenges: cost pressure from CBAM carbon tariffs, overseas compliance risks, shortage of internationalized talent, and insufficient ESG governance capabilities [4][8][3]. These challenges go beyond the capability of a single enterprise and require coordinated responses at the institutional level.

## **4. Institutional Bottlenecks for Integrated Overseas Expansion: External Constraints and Internal Weaknesses**

### **4.1 "Hard Constraints" of the External Environment**

Green trade barriers are becoming the most direct cost pressure for Chinese enterprises going overseas. On January 1, 2026, the EU Carbon Border Adjustment Mechanism (CBAM) officially entered the charging phase, with the current CBAM certificate price at €75.36 per ton of CO<sub>2</sub>[5]. The first phase covers six sectors: steel, aluminum, cement, fertilizers, hydrogen, and electricity, and it is expected to expand to about 180 downstream products including machinery and equipment, auto parts, and household appliances by 2028[4][5]. For private enterprises mainly in traditional manufacturing, each ton of CBAM-covered product exported may incur an additional carbon tax of 130 to 4,670 yuan[4]. More severely, most private enterprises have not yet established a sound carbon accounting system, and insufficient compliance capability will lead to further cost increases[4][2].

At the same time, geopolitical risks continue to intensify. The US tariff policy on China continues to tighten, and Mexico plans to impose tariffs of up to 50% on Chinese products[4], meaning that the previous path of "transshipment" through Southeast Asia or Mexico to circumvent trade barriers is being blocked one by one. According to a UBS survey in 2025, 77% of exporting enterprises had already relocated nearly half of their production capacity overseas, focusing on Vietnam, India, and Mexico[9]. Non-economic factors such as technology blockades and stricter investment reviews further increase the uncertainty of overseas operations[3].

#### **4.2 “Soft Ribs” of Internal Capabilities**

From the perspective of internal enterprise capabilities, weaknesses are concentrated in four dimensions: R&D, branding, talent, and investment and financing[6][4][8][3].

In terms of R&D and innovation, regional gaps are very significant. According to the “2025 China Private Enterprise Internationalization Top 100 Report”, the average R&D intensity of the 22 listed enterprises from Zhejiang Province is only 41.7% of that of Guangdong Province, and the total patent reserves are about one quarter of Guangdong’s[6]. Most Zhejiang enterprises are still in the role of “technology applicators” or “process improvers”, and find it difficult to participate in the formulation of international technical rules through forward-looking R&D like leading enterprises in Guangdong[6][2]. This insufficiency in innovation investment directly restricts enterprises’ ability to climb the global value chain.

In terms of brand building, the share of self-owned brand exports remains low. Taking Zhejiang as an example, self-owned brand products accounted for only 15.9% of the province’s total export value, and the number of enterprises selected for international authoritative brand lists is far smaller than that of Guangdong[4]. Most enterprises are content to act as OEMs or stable suppliers for internationally renowned brands, lacking the willingness and resource input to strategically climb toward the brand marketing end[6][4].

In terms of international talent, the shortage of compound talent is particularly prominent. Surveys show that only 7% of enterprises have more than 20 years of overseas expansion experience, and 40% have less than 5 years of experience[8]. The shortage of international talent faced by Zhejiang’s private enterprises is about 32,000, of which high-end talent gaps in strategic management, technology R&D, and compliance risk control account for as high as 45%[8].

In terms of investment and financing, private enterprises have a single financing channel and are highly dependent on bank loans, but domestic financial institutions have limited support for enterprises going overseas[4][3]. Affected by foreign exchange controls, exchange losses are significant; movable assets cannot be used as collateral, and domestic

guarantees for foreign loans are difficult to obtain; existing financial policies restrict enterprises’ ability to explore overseas markets[4].

#### **4.3 Lag in ESG and Compliance Governance**

Against the backdrop of Environment, Social, and Governance (ESG) becoming the universal language of global business, the governance capabilities of private enterprises are still relatively lagging[6][4]. Some enterprises going overseas regard ESG spending as a cost burden and have insufficient understanding of strict regulations on local labor rights, data privacy, environmental protection, etc., in overseas operations[6]. Some enterprises, accustomed to the efficient centralized decision-making model at home in the operation of overseas industrial parks, have poor communication mechanisms with local communities, trade unions, NGOs and other stakeholders, forming a “development enclave” somewhat detached from local society[6]. This “disembedded” state may not only trigger potential disputes over labor, environmental protection, etc., but also harm the social legitimacy of enterprises’ long-term local development[6].

In terms of compliance, more than 30% of enterprises reported encountering compliance problems during investment and production in host countries, involving intellectual property, labor standards, data privacy, etc.[4]. The existing overseas compliance service system is fragmented, with service resources such as commerce, diplomacy, and law scattered across multiple departments, making it difficult for small and medium-sized enterprises to obtain “one-stop” support[8][3].

### **5. Institutional Empowerment and Enterprise Capability Synergy: Pathways to Promote Integrated Overseas Expansion**

#### **5.1 Repositioning the Government Role: From “Approval and Supervision” to “Service and Empowerment”**

Facing the new situation of private enterprises going overseas, the government needs to shift from the traditional “approval and supervisor” role to a “service and enabler” role[4][8][7]. This shift includes at least three core functions[8][2][3].

It is recommended to establish a higher-level dynamic assessment and early warning

mechanism for country-specific industrial risks, draw an annual “overseas expansion risk map” for different destinations, regularly issue the “Private Enterprise Overseas Expansion Risk Guide”, mark the risk levels of political, economic, legal and other dimensions for each country, and put forward response recommendations[8][2]. For new trade barriers such as CBAM, country- and industry-specific carbon compliance operation guidelines should be compiled to help enterprises reduce compliance costs[4][2].

Establish a “going global” industrial fund to help private enterprises solve cross-border capital flow problems and enhance exchange rate risk management capabilities[4][8]. Expand the coverage of export credit insurance and innovate insurance products targeting overseas intellectual property and investment projects[8][3]. Coordinate with financial institutions to provide more flexible financing channels in terms of asset collateralization and guarantees for domestic and overseas enterprises[4].

Accelerate the construction of a one-stop, full-chain foreign-related legal service system, and cultivate a number of internationally first-class law firms and arbitration institutions[2][3]. Establish a special fund for private enterprises’ overseas rights protection to subsidize costs incurred in international commercial arbitration and intellectual property litigation[8]. Recent policy trends worth noting: in October 2025, five ministries including the Ministry of Commerce issued the first guidance document on overseas comprehensive services[10]; in February 2026, the national overseas comprehensive service platform was officially launched, indicating that institutional supply is being accelerated and improved[10].

### **5.2 Priority Areas for Enterprise Capacity Building**

Enterprise-level capacity building is the micro-foundation of integrated overseas expansion, and needs to focus on three priority areas[6][8][3].

Encourage enterprises to set up overseas R&D centers in globally innovation-rich regions such as Europe and America, establish joint laboratories with top universities and research institutions, and carry out collaborative research in frontier fields such as new energy, artificial intelligence, and biomedicine[6][2]. Promote

“patent going global” and “standard leadership”, and reward enterprises that lead the formulation of international standards and obtain key core technology patents overseas[6][7].

Implement a clear international brand strategy, deeply study the culture of target markets, and be adept at using new channels such as cross-border e-commerce and social media to tell the stories of enterprise innovation, quality and culture in an internationalized language and narrative style[8][7]. The idea of establishing a “China Manufacturing Brand Ambassador” can be borrowed[7], or regional public brands (such as “Zhejiang Manufacturing with Brand Standard”) can be promoted to collaborate with leading enterprises’ self-owned brands in going overseas[6][4], reducing the marginal cost of individual enterprise brand building.

Integrate ESG concepts into enterprise development strategies, and establish a systematic ESG management structure and transparent reporting system[6][3]. Prepare industry-general “Compliance Manual for Internationalization of Private Economy” to help small and medium-sized enterprises quickly establish a compliance framework[4]. Strengthen overseas security prevention capability building and improve safety management systems[4][7].

### **5.3 Industrial Cluster Collaborative Overseas Expansion**

The “fighting alone” overseas expansion model is no longer adapted to the current competitive environment[4][8][3]. Overseas economic and trade cooperation zones are effective vehicles for promoting industrial cluster overseas expansion. Taking Zhejiang as an example, 17 provincial-level and above overseas economic and trade cooperation zones led by private enterprises had attracted more than 1,250 enterprises to settle in by the end of 2024, of which over one third were Zhejiang enterprises, and have cumulatively driven about US\$28 billion in domestic goods exports[4]. This model has strong replicability[4][8].

It is recommended to further support leading enterprises to build overseas industrial parks in key overseas markets, attracting upstream and downstream supporting enterprises to settle in together, forming cluster competitive advantages[4][8]. Encourage enterprises to “go overseas in groups”, form overseas expansion industry alliances, jointly participate in overseas

business inspections, land acquisition and factory construction, solve supply chain supporting problems, and enhance overall competitiveness[4][3]. Promote the multi-model integrated development of “overseas warehouse with industrial park” and “overseas warehouse + cross-border e-commerce”, and build a diversified overseas warehouse network system[8].

## 6. Conclusion and Discussion

Through conceptual clarification, model comparison and institutional analysis, this paper draws the following core conclusions.

First, the internationalization of Chinese private enterprises is moving from “product overseas expansion” to “integrated overseas expansion”, with the core feature being a shift from simple product export to systematic export of technology, standards, brands, services, and localized operations[6][2][3]. This transition marks the transformation of private enterprises from “participants” in globalization to “integrators”[6].

Second, there are two typical models: the “technology-driven rule export” and the “resource-led chain integration”. The former builds discourse power in international standards through intensive R&D, while the latter gains resource control advantages through vertical supply chain integration[6][3]. The two models are not opposed but reflect strategic choices under different industry attributes and enterprise endowments, and show a trend of convergence in practice[6][2].

Third, the deepening of integrated overseas expansion is constrained by external green barriers, internal capability weaknesses, and institutional supply gaps. Issues such as CBAM carbon tariffs, overseas compliance risks, shortage of international talent, and lagging ESG governance go beyond the capacity of a single enterprise and require coordinated institutional responses[4][8][2][3].

Fourth, promoting high-quality overseas expansion requires the government to shift from “management” to “empowerment” and form synergy with enterprise capacity building. Information provision, financial support, and rights protection are the core functions of government empowerment[4][8][2]; R&D globalization, brand localization, and compliance systematization are the priority areas for enterprise capacity building[6][8][7];

industrial cluster collaborative overseas expansion is an effective path to enhance overall competitiveness[4][8]

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