



Contribution ID: 288

Type: **Poster Proposal**

Overlapping Ownership and Foreign Competition in Early-Stage Innovation: Evidence from Cross-Border Investment into Mature Venture Capital Markets

The United States has introduced outbound and inbound investment restrictions that prevent American and Chinese investors from funding competing startups developing emerging technologies in both countries. Amid these efforts, this paper investigates how overlapping ownership—where a single investor holds stakes in competing firms—influences cross-border investment decisions. This paper argues that overlapping ownership in competing startups can arise out of cross-border investment for two main reasons: (1) to secure strategic resources that are too costly to obtain domestically for existing portfolio firms, and (2) to gain insights into foreign technologies before funding similar developments domestically. In order to find evidence for these mechanisms, this paper empirically examines the case of Chinese venture capital (VC) investments into the United States between 2014 and 2021. It also considers alternative explanations, such as cross-border hedging or risk diversification, to assess how overlapping ownership affects competition between domestic and foreign startups. By exploring whether VC firms invest abroad to improve the competitive position of domestic startups they have already backed or those they intend to fund, this study contributes to debates on how overlapping ownership structures influence global technological competition.

What discipline or branch of humanities or social sciences do you identify yourself with?

Economics, Political Science

If you are submitting an Open Panel proposal, have you included all four abstracts in attachment?

No, I am submitting a Closed Panel abstract

Are you a PhD student or early-career researcher?

Yes

Author: BAHRICH, Nicholas (ETH Zurich)

Presenter: BAHRICH, Nicholas (ETH Zurich)

Track Classification: Poster Session