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Feng Ping

“16+1” challenge or opportunity of EU

Abstract

“16+1” forum was proposed by China for the implementation of “Belt and Road” initiative. Since the establishment of 16+1, the trade between China and CEE countries increased significantly. It aroused warm response of CEE countries which actively supported the cooperation with China. However, the cooperation between China and CEE countries aroused doubts of EU, which considered that “16+1” is a challenge of unity of EU.

Based on the theory of neoliberalism, and use the method of case studies, the thesis is to analyze China’s motivation towards cooperation with CEE countries and find out “16+1” is an opportunity rather than a challenge of EU.

Keywords: 16+1, EU, CEE countries, China, motivation, opportunity, challenge.

Introduction

Belt and Road initiative was proposed in 2013 when president Xi visited Kazakhstan. He gave a speech entitling “Promote friendship between Our People and Work Together to Build a Bright Future” (Ministry of foreign affairs of People’s Republic of China WWW) There are many reasons for China’s initiate this foreign policy towards CEE countries, such as geographic location of CEE countries such as on the location of Belt and Road main rail routines; traditional ties, various economic reasons, and political aims of cooperation. China’s cooperation with CEE countries can be analyzed in neoliberal perspective. The cooperation between China and CEE countries are rather pragmatic. Neoliberalism acknowledged the anarchic nature of international system, cooperation is possible through building the mutual trust, and building of norms, regimes, and institutions. The cooperation between China and central eastern European countries and China and EU is possible, because of mutual interests, and Reciprocal. China and CEE countries have mutual interests. CEE countries hope to attract China’s investment in the region and develop its economy, improve its infrastructure, and increase the job opportunities. China has granted 10 billion loans to CEE countries, and invest in 4 billion, which is very attractive especially after the economic crisis since 2008. (Valbona Zeneli, 2017) 16+1 provides the mechanism for the cooperation. The Belt and Road initiative benefits China and CEE countries both, which is the common ground of cooperation. EU can take advantage of the opportunity and cooperate China in the Belt and Road initiative. 16+1 will be an opportunity, rather than a challenge to EU.

Since the establishment of "16+1" forum, the relations between China and Central eastern European countries have attracted attentions around the Europe. The trade relations between China and central eastern European countries increased very fast. It almost doubled from 2009 to 2012, from \$32 billion to \$52 billion before the first summit, and reached \$58 billion in 2016. (Valbona Zeneli, 2017) Since the establishment of 16+1, China and CEE countries will meet annually, and the cooperation deepened in political, economic, and culture areas. This aroused a heated discuss within EU, and other countries, which doubted China's motivation towards CEE countries. Germany is uneasy about China's growing clout in eastern, and southern Europe. Germany's ambassador to China expressed his concern at Bei Jing's growing influence in Europe. EU concerns that China will have more political influence among EU countries.

Most CEE countries are EU members. CEE countries are considered as bridge head of EU. There are some suspicious within the EU that China wants to divide and rule Europe, especially after EU has many internal problems. While there are also some voices that EU should cooperate with China on Belt and Road initiative. This is an opportunity rather than a challenge towards EU.

The research is a qualitative research to analyze China's motivation towards CEE countries by analyzing China's foreign policy towards CEE countries. I will also provide the concerns of other countries towards Chinese motivation by reviewing literature, and the cases of failed project due to these concerns. I will analyze the data of trade between China and EU, China and CEE countries, and draw my conclusion.

The presented paper is structured as follows. It will first introduce the 16+1 forum, and Belt and Road initiative. Then

through reviewing literature, the paper will present the responses of central eastern European countries, and EU towards 16+1. It will analyze China's motivation towards investing in CEE countries, and then make a conclusion that EU should take 16+1 as an opportunity.

16+1 and Belt and Road initiative

In 2011, at the first China-central and Eastern Europe Trade and investment Forum in Budapest, China first announced the idea of establishing 16+1 forum to cooperate with central eastern European countries. In 2012, premier Wen Jia Bao proposed "twelve measures strategy" to cooperate with central eastern European countries during his visit to Warsaw. Annual meeting between China and CEE countries is set up, and special secretariat for 16+1 forum is created, as a part of ministry of foreign affairs. 16+1 is a forum for China to cooperate with 16 central eastern European countries, Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia, in the area of investments, finance, science, transport, education and culture. Among them eleven are EU countries, and five are Balkan states. In 2013, when President Xi Jinping visited Kazakhstan, he proposed "Belt and Road" initiative, which has become a major foreign and economic policy of China.

The 16+1 forum is a very important mechanism for contributing the realization of "Belt and Road" Initiatives. It was held in Bucharest in 2013, Belgrade in 2014, Suzhou in 2015 and in Riga 2016, Budapest 2017. There are many export meetings, and think tank meeting regarding to the 16+1 forum. The second summit meeting was held in Bucharest.

During the summit, China proposes to further promote trade, and investment in the region. With the guideline of summit, there followed a number of events on infrastructure, investment, and trade. China has achieved an agreement to construct a railroad between Hungary, and Serbia.

During the third summit in Belgrade, with a theme “New Driving Force, New Platform and New Engine”. All parties involved seeks to deepen the cooperation. The highlight of cooperation is still infrastructure. China has joint declaration with CEE countries in infrastructure, communication, science, and other various aspects (Marsela Musabelliu, 2017).

During the fourth summit in Su Zhou, China and CEE countries made a “Su Zhou guideline for the cooperation”. During this meeting, 16+1 was included into the framework of OBOR. China seeks to cooperate with CEE countries in economic, culture, and politic in both government and local level.

The fifth summit was held in Riga. The three Seas Interconnectivity” is the theme during the summit, strengthen Adriatic-Baltic-Black Sea Seaport Cooperation, in line with the geographical distribution of ports and their future development needs. During this summit, China has launched 10 billion dollar loans to CEE countries, 3 billion dollar investment found and invested in the area of infrastructure, finance, Greenfield industries, and culture areas. (Valbona Zeneli, 2017)

During the Budapest summit meeting between China and CEE countries, they reach agreement to invigorate and expand their cooperation on a wide range of areas, including but not limited to trade and investment, connectivity, finance, agriculture, science and technology, health, education, culture, people-to- people relations and local connections. (CEEC WWW)

In 2017, China has established several institutions, several associations and organizations for the cooperation with central eastern European countries. 16+1 has become a new diplomacy of China. In 2017, China held the “OBOR” summit in Bei Jing, and prime minister of Poland Beata Szydlo have attended the OBOR summit. President Xi emphasized the importance of CEE countries to China’s foreign policy.

Current cooperation between China and CEE countries mainly focus on economic aspects. Trade between China and CEE countries has increased significantly over the past few years, reached 58 billion dollars in 2016, (Valbona Zenele, 2017) Trade between China and central eastern European countries has doubled from 32 billion dollars to 52 billion dollars from 2009 to 2012. Among the 16 CEE countries, Hungary, Poland, Bulgaria, the Czech Republic, and Slovakia has attracted 95 percent of investment. The most important form of investment is infrastructure project and acquisition. (Jakub, Marcin, 2017) The share of China-CEE trade in China’s overall trade with Europe expanded to 9.8% in 2016 (Xin Hua news).

China’s investment in CEE countries has accumulated to more than 8 billion dollars, covering machinery, chemical, telecom, new energy and other industries.

Poland

China has great interest on cooperation with Poland. Poland is regarded by China as an important transportation hub. There are many express trains that are opened between Poland and China, which boosts the trade between China and Poland. Poland is China’s largest trading partner in CEE. In 2016, the total trade value between China and CEE countries

is nearly 26 billion dollars, with the increase of 4.8% of year 2015. Poland has trade deficit with China with the scale of 12.5 to 1. (Merry A. Kuo, 2017) The FDI from China to Poland is rather limited. According to official data from Poland’s central bank NBP, the influx of Chinese foreign direct investment (FDI) to Poland amounted to only USD 66.4 m in 2014 (other data provide a figure of approx. USD 72.4 m), and only USD 3.7 m in 2015. According to the NBP report, in 2014 there was no Chinese FDI, thus China is not even included in this summary (Bogdan Góralczyk, 2017). Chinese investment in Poland is mainly in manufacturing, finance, transportation, telecommunications, and small infrastructure projects.

Hungary

Chinese investment in Hungary started to increase since Hungary joined the EU. Hungary attracted the largest amount of Chinese investment in the CEE region. Chinese investment in Hungary by 2015 was about USD 3–3.5 billion or more, which represents around 2–2.5 per cent of Hungary’s total FDI stock (Agnieszka, Ágnes 2017: P121-140). The investment in Hungary covers the manufacturing, chemicals, telecommunications, trade, wholesale, or retail, banking, hotels, and catering, logistics, real estate and consultancy. Hungary imported 7901.8 million euros of goods from China in 2015, which is largest source of Hungary imports out of EU, followed by Russia. (Tamás Rózsás, 2017)

Czech

China’s investment in Czech is neglectable until 2012, when China proposed twelve measures of dealing relations with

CEE countries. China's investment in Czech increased significantly in recent years. Though Czech has not seen China's investment in energy sector and other infrastructure, however, the main project that China invested is manufacturing. The major investor are ZTE, Hua Wei, Changhong, Noark, Shanxi Yuncheng Plating group, Shandong Linyi Yuli Food-nuts, and Bei Jing Fight company. (Czech position, 2012)

Romania

China's FDI towards Romania was the highest among all central and eastern European countries until 2005. The national bank of Romania (2016) evaluated the stock of Chinese investment in Romania at EUR 209 million as of December 2015. (0.3 percent of total FDI) and placed China 24th in the hierarchy of the foreign investors. (National Bank of Romania, 2016) At the end of December 2016, there were approximately 12,000 companies with Chinese capital in Romania – most of them are small Chinese business- which represented 5.8 percent of total number of companies with foreign capital (National Trade register office, 2016)

CEE countries are very important corridor for Belt and Road initiative. OBOR has six corridors. China-Mongolia-Russia Economic Corridor (CMREC), new Eurasia Land Bridge, China- Central Asia- west Asia economic corridor, China- Indochina Peninsula Economic Corridor, China- Pakistan Economic Corridor,, BCIM economic corridor, and 21st century Maritime silk road. CEE countries is involved in three of Europe Bond corridor. The China-Mongolia-Russia economic corridor, which connects China and far east region Russia with Poland and western Europe by trans-Siberian railway. The Central-Asia Western-Asia Economic Corridor which

connects eastern coast of China with EU via Xin Jiang province, Central Asia, Iran, Turkey, the Balkan and Hungary and new Eurasia Land Bridge which will pass central eastern Europe region. These corridors are not only geographically determined routes for transport and travel, which is connected by opening of new railway routines, but also channeled some investment, and political cooperation along the routine. CEE countries could also make a contribution in the construction of 21 st Maritime silk road, which China proposed one of the maritime silk road goes from Guang Dong to Greece, and reaches the heartland of Europe via the Balkan Peninsula. (ETNC Report,2016) China has opened four freight train routines and further construction projects of power transmission lines, highways, and ports along the Eurasian bridge corridor, In the China- Mongolia-Russia economic corridor, there is an improvement in connectivity along the corridor; in the central Asia western Asia economic corridor, there are investment project in energy.

China's motivation of investing in Central eastern European countries

China invest in CEE countries both have political, and economic, and cultural reasons. It starts from economic perspective. China's economy slows down since 2012, especially the manufacturing factor was slowed down from 12.1% in 2010 to 6% in 2016. (Statistics WWW) Moreover, there is an inequality growth between western regions and eastern regions in China. According to National Bureau of Statistics, in 2014, the rate of salary increases for employees in the "non-private" sector in the eastern region was 9.7%, and averaged RMB 64,239 (HK\$81,296) per year.

The income of the western region increased by 9%, with an average of 51,204 yuan.

The gap between them is 13035 yuan, an increase of 11,595 yuan over 2013. (South China morning post) In order to develop the economy, and narrow the gap between the east and west, China initiate “Go out” strategy, In China’s 11th five-year plan, government encouraged companies to “go further outwards” and helped the Chinese companies to explore the market overseas, and boost the west area in China. CEE countries is regarded as a good place for such investment, because most CEE countries are EU countries, and five are partially integrated into EU market. CEE countries are considered as the factory of EU products, with low labor costs, and good quality of labor. Investing in CEE countries is targeted to the EU market, as China is the second largest trading partner of EU. CEE countries is considered as a good place for investment, and adjust EU laws at low costs. (Marcin Kaczmarek, 2015)

Secondly, CEE countries have relatively stable investment environment. The economy in CEE countries developed very fast. It is not too much influenced by economic crisis. The CEE countries has a population over 120 million, with rising per capital income level, which is very attractive to China’s investment. It is a place for location for manufacturing “made in Europe” Goods for Chines investors.

Political reason is also a very important as to China’s investment in CEE countries. Most CEE countries are EU member states, and every EU member state has a veto in the European parliament. By cooperating with CEE countries, China wants to shape China –EU countries and have more voice in the European Union such as in the issue of Chinese market economic status, and other issues. Moreover, China wants

to have good political relations with CEE countries and get support from CEE countries in the issues of Tibet, Tai Wan, and other issues.

For the culture reasons, China wants to have more culture exchanges with CEE countries and increase its soft power influence. 16+1 boosts tourism, education exchange, and people to people exchange. Many Confucius institute was set up which will spread Chinese culture, and make more people understand China. It will create a better image of China in CEE countries. At the end of 2015, there are 25 Confucius institutes, and 58 confusions classrooms established in 12 of CEE countries. This will help people from CEE countries understand China and Chinese culture. Chinese government also hold several culture events with CEE countries. For example, in 2013, the Chinese embassy in Bulgaria held the large Chinese culture series exhibition of "happy spring" in the newest Bulgarian mall. Consequently, the celebration of Chinese new year has become a hot topic among the Bulgarians. (Lilei Song, 2017)

Responses from Central Eastern European countries

The Belt and Road initiative is welcomed by Central eastern European countries. Most CEE countries actively support the promotion and comprehensive development of China- CEE relations, because they regard it as an opportunity to develop their own economy and get rid of impact of Euro crisis. CEE countries also actively supported to improve the connectivity in CEE region, and CEE countries have a high expectation on 16+1 forum. CEE countries have important geographic location, and improving the connectivity can help develop the economy. The former president of Slovenia Danilo urk

commented that connectivity is one of the characteristic of multi region cooperation, and “16+1” cooperation that CEE felt accustomed to. (Liu Zuokui, 2017) Blagoje S. Babic, the former director and senior researcher of the Institute of International Politics and Economics, Serbia, said that China’s infrastructure project in Europe provided the rare opportunities for EU memberships of central eastern European countries and therefore received warm welcome in central eastern Europe. (Liu Zuokui, 2017) Most countries including Poland, Hungary, Croatia, Estonia and Latvia have great interests in China’s project in improving connectivity between Asia and Europe. The construction of economic belt have gained support from CEE countries. For example, Poland strongly supported to the express train from Cheng Du to Lodz. During Polish foreign minister’s visit to China in 2015, Polish PKP signed agreements with Zhengzhou International Hub Development and Construction Co. Ltd to establish freight and logistic center in the border of Poland and Belarus. Poland viewed it as an opportunity to improve connectivity, as many trains goes from China to Europe will pass Poland.

However, at the same time, CEE countries is strongly influenced by EU’s decisions. Since the political, and economic transformation, CEE countries have deep relations with other western European countries, in political, economic and culture. For CEE countries, the euro area is the most important trading partner. In the case of Czech, Hungary, Poland, Romania, Slovakia, and Slovenia, trade with EU amounts about 60% of their total trade in 2005. The CEE trade relations with EU member states is enlarging. (UniCredit news, 2015) CEE countries’ foreign policy is strongly influenced by EU. As 16 members of CEE countries, 11 are EU member states, four are candidate countries, and one is a potential candidate

country. EU's hard law, and soft law are binding power of CEE countries. The EU laws, and regulations make member states have to take similar action with the EU's authorization. EU's soft power influence member states to transfer national policies with supervision and peer views. (Lin Jing, 2017) The relations with EU is highlighted in the foreign policy of CEE countries. The concerns, and influence of EU on the 16+1 also influence China – CEE cooperation. In other aspects, Chinese loans is not so attractive to CEE countries compared with money from EU, as it will increase the debt risk of a country, and lack of transparency, (Jakub, Marcin 2017)

Reponses from EU

However, the cooperation between China and CEE countries met difficulty of implementation. EU is strongly suspicious of China's motivation to cooperate with central eastern European countries. They are concerned that China wants to divide and rule EU by using economic relations and cooperation of some CEE countries with China would undermine the relations with EU institutions. (Angela Stanzel, 2016) EU is concerned that China's cooperation with 16 EU periphery countries makes it hard for EU to reach a common policy towards China. China cooperate with CEE countries would bypass EU law, and might undermine EU policies, and endanger European values, and norms. Many CEE countries' attitude towards China has shifted. Czech republic has established good relations with China, and stopped accepting the visit from Dalai Lama. On the South China Sea issue, Hungary, and Greece held a different opinion from other EU member states. Germany, whose biggest external market is China, now pushes anti-dumping and investment screening

by the EU. Hungary strongly supported EU to grant China market economy status. EU is afraid that Chinese investment in the region will increase the influence of “Chinese way” in the region. Chinese companies will bypass EU law, and cooperate with CEE countries. One of China’s top state owned enterprises is building a high speed railway to connect Belgrade, and Budapest, but the project is difficult to implement, because Hungary is currently under investigation, because it is suspected of violation of EU law. EU told about breaking the competitions rules by Hungarians. The European commission is mainly doubt over some issues including inter-governmental agreement signed by China and Hungary, which directly authorized execution of project by a joint venture established by China and Hungary’s state owned railway companies. (Yi Cai, news)

There is an old question of division between western European countries, and eastern European countries inside EU for a long time, because of different level of economic growth, EU’s internal problems, such as migration crisis, and Euro crisis. China’s presence in central eastern European countries made cooperation with China very attractive to CEE countries. This has aroused unease in the EU. German foreign minister Sigmar Gabriel demanded China to follow one Europe policy. He said ““If we do not succeed for example in developing a single strategy towards China, then China will succeed in dividing Europe”, (Lucrezia Poggetti, 2017).

There are three main challenges for China- EU cooperation. Northern European countries wanted for their own access of Chinese market, while central eastern European countries look forward China’s investment in the region to over place the future lack of subsidies from EU countries, as EU subsidies to CEE countries will end till the year 2020.

CEE countries benefited greatly from the EU's structure, and cohesion found. And southern European countries have already received investment from China. China state-owned company Cosco purchased a controlling the port of Piraeus, near Athens near Athens. Montenegro signed a contract with China to construct high railway. These increased the risk of division of EU. China's OBOR efforts and cooperation with CEE countries will influence regional governance of Europe in economic, political, and security terms. This aroused EU'S concerns.

Opportunities for EU in the Belt and Road initiative

According to the EU- China 2020 strategic agenda for cooperation, there are stakes for EU in at least three areas: : trade and investment, peace and security, and people-to-people exchange [EU-China 2020 Strategic Agenda for Cooperation] According to this strategy, it is very important “strengthen coordination and cooperation, working for just, reasonable, and effective rules in key fields, such as international trade and investment, finance, environment and climate change, the Internet and a new generation of wireless communication technology” [EU-China 2020 Strategic Agenda for Cooperation].

Trade and commerce have been the core of China- EU relations. EU is China's second largest trading partner since 2004, (Shaohua Yan, 2015) and China is EU'S second largest trading partner. Two-way trade reached \$615.1 billion in 2014. In 2016, China had a share of 10% in extra-EU exports (EUR 170 billion) making it the second largest partner behind the United States (21%, EUR 362 billion). In extra-EU imports China was the largest partner with a share of 20% (EUR 344

billion) in front of the United States (15%, EUR 249 billion). (Eurostat statistics) The interdependence of trade between China and EU make it an opportunity for EU to engage in OBOR project.

Moreover, OBOR is China's vision for comprehensive connectivity, and economic cooperation, which mainly focused on Eurasia. China welcomes EU to engage in OBOR. In 2015, China and EU agreed in a summit to look for synergies between OBOR and the EU's Investment Plan for Europe. China's Belt and Road initiative can improve the infrastructure in CEE countries. China and EU signed "EU-China connectivity platform. China also pronounced its intention to contribute to the European Commission's €315 billion Investment Plan for Europe. Since 1993, the EU has had a programme to develop a transport corridor from Europe to China via the Black Sea, South Caucasus, Caspian Sea and Central Asia (TRACECA), and there is clearly a logic in China and the EU combining their efforts as far as they can. The two sides have agreed to create a so-called 'connectivity platform' to improve infrastructure links and digital networks between the EU and China and in the countries along the way. From the EU side, the platform is also a way to get China to accept the EU's way of doing business in areas such as public procurement, competition policy and technical standards. (Ian Bond, 2017) It has potential to enlarge and accelerate the movements of goods between China and Europe. European economic growth would be stimulated through the connections extending the EU single market into Eurasia. Europe could cooperate with China by taking advantage of its advanced technology, capital, and management experience (Shaohua Yan, 2015) OBOR can offers EU opportunity spanning from Europe to pacific and beyond. It can boost EU

economy growth through the two way communications and extend EU single market to Eurasia. The number of middle class consumers in OBOR regions is estimated to reach 3bn by 2050, while over the coming decade OBOR will create \$2.5 trillion in trade among 65 countries. (Wang Yiwei, 2015)

Not only EU can benefit from economic relations with China, but also OBOR can boost culture exchanges between China and Europe. Historically, more than two thousand years ago, representative of Han Dynasty visited central Asia, and Iran twice, and opened the old silk road, stretching from east to west, and ended up in Europe. Due to its pivotal role for trade, cultural exchanges and friendly cooperation, important missions were implemented by diplomats, businessmen, and scientists to meet the needs of the road in its entirety, (Xinhua news) The new silk road in the 21st century will bring culture exchanges between China and Europe. European art, music, film, and ideas will come to China, and Chinese art, traditions, culture will come to China, which will help develop both civilizations.

OBOR can enhance the EU's global influence. Most Belt and road routine countries are western European countries' former colonies, and OBOR can promote the green sustainable, and inclusive development, the high labor, and environment standard that has long been promoted by EU. EU can seek cooperation with China in the cooperation on Africa, Indian Ocean, and central Asia. (Wang Yiwei, 2015) It is a win-win cooperation.

As regard Belt and Road initiative, most western European countries hold a wait and see attitude. China welcomes investment and engagement of 'EU' into the OBOR initiative. China also make sure to EU that China's foreign policy towards CEE countries is within the framework of EU.

EU should take advantage of the opportunity, and cooperate with China on the “OBOR”.

Conclusions

OBOR is an important foreign policy of China under Xi Jinping's area. China actively promote cooperation with CEE countries under the framework of 16+1. OBOR received different responses among CEE countries, and EU. However, there are difficulties to implement the 16+1 forum in CEE countries, either from the hesitation from CEE countries, and suspicion of EU. There is a discussion among EU countries whether OBOR is a challenge or opportunity to EU as whole? Public opinion is divided. In fact, it is based on an attitude. OBOR can improve the connectivity in Europe, and increase culture exchange between China and Europe. It is good for EU in the aspects of economy, security, and culture. EU can make use of the initiative, and seek win- win cooperation with China under the OBOR for the mutual benefit. It can shape the relations between China and EU at the same time. 'China will also need to make coherent policy towards 16+1 countries, and make concrete cooperation with CEE countries.

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Marcin Sokołowski

New Silk Road on the Balkans. Case of Macedonia and Serbia

Abstract

In this article I focus on the New Silk Road - the Chinese initiative – until 2016 known as the One Belt One Road Initiative OBOR and later changed to the Belt and Road Initiative BRI. I put special attention to the Balkan part of this economic strategy that is crucial and to two countries taking part in it: Macedonia and Serbia. The shortest way from Greece to Central Europe is going through Macedonia and Serbia and this track is becoming more important after Chinese investments in Greek port of Piraeus. I focus on Chinese plans and investments in these two countries and also on the possible threats to the initiative on the Balkans such as migrant crisis in Europe and radicalisation of Muslims.

Keywords: Balkans, China, transport, Serbia, Macedonia, New Silk Road, Belt and Road Initiative, migrant crisis

Introduction

One of the most important part of the New Silk Road (NSR) in Europe is its Balkan part. New Silk Road on the Balkans starts in Greece and goes through Macedonia and Serbia to Hungary.

In this paper I will focus on the New Silk Road on the Balkans with a special view on Macedonia and Serbia. I will pay attention to the Chinese presence and investments in this part of Europe in railways, motorways, heavy industry, inland waterways, hydroelectric power stations as well as cooperation in the field of transport (city buses, trains). I will try to explain the importance of the project in this part of Europe as well as Central and Eastern Europe (CEE) cooperation with China in the formula of 16+1 with a special focus on Macedonia and Serbia.

I would also like to focus on the possible threats for the New Silk Road on the Balkans such as the problem of the migrant crisis, the question of radicalisation of Muslim community on the Balkans or the terrorist threats and organized crime in the region that might have negative impacts on the NSR initiative on the Balkans.

Beginning of the New Silk Road

The idea of the New Silk Road (initially The One Belt One Road initiative OBOR) emerged in 2011 when a first direct train came from Chongqing (China) to the Duisburg in Germany. Another date mentioned as the beginning of the New Silk Road is November 18th 2014 when train that started in Yiwu arrived in Madrid on December 9th 2014. There has been a discussion where is the far end of the New Silk Road

in Europe. Will it be Duisburg, Rotterdam or maybe Berlin.¹ The Economist in the article “*New Silk Road Hardly an oasis*” mentioned that journey by sea from China to Europe takes about 60 days and train from Chongqing to Duisburg in Germany through Poland takes about 14 days.²

One of the first articles about the impact of the New Silk Road on Central and Eastern Europe was Dragan Pavelić’s article from the beginning of 2015 about possible benefits from the China-CEE cooperation and from overland route between Central and Eastern Europe and China. He highlighted two important points of the project: port in Piraeus in Greece and high speed train between Budapest in Hungary and Belgrade in Serbia.³ Pavelić noticed as well that China-CEE cooperation could be seen as a cooperation in the traditional sphere of EU influence and possible danger for EU unity.⁴ It is important to mention here that EU does not support any major infrastructural project in this part of Europe such as high speed trains.

The Idea of 16+1 and the position of Balkan countries including Serbia and Macedonia in the project

According to Simeon Djankov, former deputy prime minister of Bulgaria, the idea of New Silk Road first was mentioned in Warsaw by Chinese Prime Minister Wen Jiabao on the summit of leaders of 22 heads of governments from

¹ Lim Tai Wei, “The One Belt One Road Narratives” in *Chinas One Belt One Road Initiative* ed. Lim Tai Wei, Henry Chan Hing Lee, Katherine Tseng Hui -Yi, Lim Wen Xin (Imperial College Press London 2016), 151

² Wei “The One Belt”, 152

³ Wei “The One Belt”, 152

⁴ Wei “The One Belt”, 162

the countries of CEE in October 2011.⁵ Prime Minister Wen Jiabao proposed creation of the New Silk Road as an idea of bringing closer countries which are along the ancient Silk Road. China showed an interest of closer cooperation with the countries of CEE, members of the European Union, such as: Poland, Romania or Bulgaria. Prime minister of China admitted that China does not have an experience as an investor in CEE countries and expressed hope that the New Silk Road initiative will help China to be more active in those countries' market.⁶

Summit in October 2011 in Warsaw lead to annual summit China-CEE countries in 2012 again in Warsaw, which was followed by subsequent summits in Bucharest 2013, Belgrade 2014 and Suzhou 2015. Chinese government established "Secretariat for Cooperation between China and CEE countries", with three main goals to be fulfilled: coordination, communication and implementation of cooperation work between CEE countries and China. Secretariat consists of 16 national coordinators from 16 CEE countries and 18 Chinese government ministers. China-CEE Investment Cooperation Fund was also established. China EXIM Bank hold 94% shares and Hungarian Exim bank hold 6%.⁷

It has to be noticed that in the Warsaw meeting in 2011 representatives from 22 countries participated: Poland, Czech Republic, Hungary, Slovakia, Slovenia, Croatia, Bosnia, Montenegro, Macedonia, Serbia, Albania, Bulgaria, Romania, and

⁵ Henry Chan, Hing Lee *The One Belt One Road initiative-Who's Going to Pay for it?* in *Chinas One Belt One Road Initiative* ed. Lim Tai Wei, Henry Chan Hing Lee, Katherine Tseng Hui -Yi, Lim Wen Xin) (Imperial College Press London 2016), 169

⁶ Chan, Lee "The One", 170

⁷ Chan, Lee "The One", 170

the former Soviet states: Moldova, Ukraine, Belarus, Armenia, Azerbaijan, Georgia, Lithuania, Latvia and Estonia.

In the annual summit China-CEE countries in 2012 in Warsaw representatives from 16 countries took part: Poland, Czech Republic, Hungary, Slovakia, Slovenia, Croatia, Bosnia, Montenegro, Macedonia, Serbia, Albania, Bulgaria, Lithuania, Latvia, Estonia, Romania.⁸ There were countries from Central Europe, Balkans and three former Soviet Baltic states (now EU members). 16 +1 in 2012 was formed by EU member states: Poland, Czech Republic, Hungary, Slovakia, Slovenia, Bulgaria, Romania, Lithuania, Latvia, Estonia and non EU members, official candidates: Macedonia, Serbia and Montenegro and Croatia (that was waiting to join EU in 2013), as well countries without this status like Albania and Bosnia. The idea was to bring together Central and Eastern European countries that have similar political and economical background and seek new investments especially in infrastructural projects.

“New Silk Road” was a part of a greater project. Chinese President Xi Jin Ping presented the idea of “21 Century Maritime Silk Road” in Indonesian parliament in October 2013. Maritime Silk Road has been one of the most important maritime route in the world. Starts from China through South Chinese Sea, Malakka strait and Indian Ocean to Africa Horn, Red Sea and Suez Chanel to Europe.⁹

In 2013 during annual meeting of 16+1 in Bucharest the goals of cooperation so-called Bucharest Guidelines were formulated. Guidelines were adopted in November 2013 during

⁸ *Prime ministers' summit marks closer China-central and eastern Europe ties* last modified April 26,2012, http://www.china-ceec.org/eng/ldrhw_1/2012hs/hdxw/t1410543.htm

⁹ Chan, Lee “The One”, 171

the meeting in the capital of Romania and both sides agreed that they will have regular ministerial meetings and developed agenda for cooperation between 16 +1 (CEE+China). Economy, terms of trade and investments are the most important elements of the guidelines.¹⁰

OBOR countries cover 2/3 of global population and less than a half of global GDP (Growth Domestic Product). It means that it has been the most ambitious economic project ever in world history.

Macedonia and Serbia bilateral relations with China

Macedonia

Macedonian relations with China should be considered from the beginning of the last decade of twentieth century. Declaration of independence of Macedonia in 1991 and referendum which took place on September 8th 1991 was not followed by recognition of Macedonian independence by other countries, because of Greece veto.¹¹ Greece even decided to block Macedonia with embargo in 1992, which was very dangerous for a landlocked country. It lifted the embargo in 1993 but later the same year there was reimposition of a new embargo.¹² Greece authorities wanted to force Macedonia to

¹⁰ Policy Analysis *New Silk Road Leads Through the Balkans. China and Southeast European Countries* Foreign Policy Initiative BH (Sarajevo July 2014) s. 12 accessed August 8, 2017, <http://vpi.ba/en/2016/05/16/new-silk-road-leads-balkans-china-southeast-european-countries/>

¹¹ More: Victor Gaber *Imeto Makedonija* (Name Macedonia) (Skopje: Vig Zenica, 2010)

¹² Sabrina Petra Ramet *Balkan Babel. The disintegration of Yugoslavia from the Death of Tito to ethnic war* (Westview Press, 1996), 232.

change its constitutional name.¹³ China as a member of Security Council of United Nations played an important role in Macedonian recognition, but because of mentioned above Greek veto, Macedonia was accepted as a member of the United Nations under acronym FYROM - Former Yugoslav Republic of Macedonia.¹⁴

In the 1999 Macedonia granted diplomatic recognition to Taiwan in return for a substantial aid package.¹⁵ As a consequence, China had veto a United Nations peacekeeping force mission in Macedonia, which bordered the region, where Serbs and ethnic Albanians were locked in bitter fighting. However after new elections in 2002 Macedonian government withdrawal its support for Taiwan and after that China recognized Macedonia under its constitutional name Republic of Macedonia.¹⁶

Serbia¹⁷

After the collapse of Yugoslavia as a state of five republics and two autonomous regions, in 1992 Serbia and Montenegro together form a new entity - Yugoslavia. During NATO intervention in 1999 (war in Kosovo) and bombardment on

¹³ More on the Macedonian identity issue: Ernest Damianopoulos *Macedonians their past and present* (Palgave Macmillan, 2012)

¹⁴ More Dimtar Mirchev *Balkanskiot megaetnikum* (Balkan megaetnikum) (Skopje: Vig Zenica, 2012)

¹⁵ *The Name Issue Greece and Macedonia* editors Svetomir Skaric, Dimitar Apasiev, Vladimir Patchev, (Skopje: Matica Makedonska, 2009), 383

¹⁶ *The name issue*, 221, Greece is expecting that Macedonia will change its constitutional name

¹⁷ Serbia in 1991 formed new Federal Republic of Yugoslavia with Montenegro. In 2003 its name was changed into Serbia and Montenegro. In 2006 Montenegro proclaim independence.

Serbian military and civil targets, Chinese embassy in Belgrade was attacked during air strikes.¹⁸ This situation caused long and furious protests across China against NATO intervention and against United States of America, American embassy in Beijing was attacked by protesters. In this time Serbians and Chinese share same feelings: sorrow, pain and anger. After war in Kosovo in 1999 and after withdrawal of Serbian soldiers from Kosovo, China did not stop support Serbia. When in 2008 Kosovo declared independence, China did not recognize it. Till these days China has been staying on the position that Kosovo is a part of Serbia and China fully supports Serbian sovereignty and territorial integrity.

Chinese policy on the Balkans:

- China supports sovereignty and territorial integrity of Serbia in case of Kosovo and do not recognize Kosovo independence
- China recognizes Macedonia under its constitutional name and is not questioning Macedonian identity
- China has good relations with both two countries, in contrary to many European Union countries which recognize independence of Kosovo and do not recognize Macedonia under its constitutional name.

Due to this position concerning crucial questions such as sovereignty and identity, China has better chances to develop good relations with both Balkan countries.

¹⁸ Three persons from embassy staff died during the attack.

New Silk Road on the Balkans. Chinese presence and investments in Serbia and Macedonia

China prime minister Li Keqiang on the eve of the annual meeting in Belgrade in 2014 said: "...The northern route thanks to regular trains between China and Europe, could become a new transport and logistics artery extending to Western Europe through Central and Eastern Europe. Based on Greek port of Piraeus and the railway connecting Belgrade and Budapest, the Southern route could be a China Europe land sea express line. It will significantly enhance regional connectivity, boost the economic development of countries along the route, and provide new and convenient access for Chinese exports to Europe and for European goods to enter China, as it goes through an area that involves 32 million people and 340 square kilometres of land... The China Europe express line, together with regular trains between China and Europe and existing transport and logistics routes, will become an integral, convenient and efficient connectivity network linking Asia with Europe (Tanjug, December 14, 2014)¹⁹

This shows how important is the Balkan part of the NSR initiative as a hub in Europe. In this part of the project maritime silk road and inland part of the NSR meet.

During the Belgrade meeting, an agreement was signed by Serbian, Hungarian and Chinese authorities related to construction of new High Speed Railway (HSR) between Budapest and Belgrade. Agreement was also signed by Macedonian prime minister as an extension of the project from Budapest

¹⁹ Dragan Pavlicevic *Chinas New Silk Road takes shape in Central and Eastern Europe*, accessed January 9, 2015, <https://jamestown.org/program/chinas-new-silk-road-takes-shape-in-central-and-eastern-europe/>

through Serbia and Macedonia to the Greek border. Greece was planning to upgrade its railway from port of Piraeus to Macedonian border, but as it was mentioned above Greece was not a part of 16+1 group but still plays very important role in the Balkan part of the NSR. Li Keqiang in his speech stressed that this project on the Balkans connects 32 million people. According to censuses in the Balkan countries, the project connects 11,5 million people from Greece, 10 million people from Hungary, 8,5 million from Serbia and 2 million people from Macedonia. These countries play an important role in the southern part of the New Silk Road in Europe.

In the next part of this paper I would like to focus on Serbia and Macedonia as well as on the China's investments in these countries.

Serbia

Serbia already, before first 16+1 meeting in 2012 in Warsaw, had signed a strategic partnership agreement with China in 2009.²⁰ Signing of the agreement was followed by a lot of joint infrastructural projects, such as building of new bridges in Serbia. One of the most important was building of a bridge on the river Danube in Belgrade *Pupinov most* Pupinov Bridge (Michajlo Pupin Bridge). It costs about 260 million dollars and was financed and built by China Road and Bridge Corporation and financed by Exim Bank from China. The bridge was open by Serbia's prime minister and his China's counterpart Li Keqiang. Another infrastructural project was bridge in the city of Vinca also on Danube river. Third joint infrastructural project in a field of bridge building

²⁰ Pavlicevic *Chinas New Silk Road*

was bridge on Sava river near the city of Obrenovac. Bridge building was so important in Chinese-Serbian cooperation because of collateral damage and lots of losses in infrastructure in Serbia after NATO bombardment in 1999 during the Kosovo war. Bridges were targets of NATO airstrikes.²¹

During the Chinese prime minister visit, delegations of both countries signed more than 10 memorandums and agreements regarding: infrastructure, telecommunication, and agriculture. The most important was an agreement about financing a new thermal power plant Kostolac from China Exim Bank with a loan of 608,26 million dollars for new thermal block of 350 MW. It has been a first new power plant investment in Serbia in about 30 years. The pit mine Drmno was planned to expand from 9 million tons up to 12 million tons per one year.²² Another great project is regarding Zelezara Smederevo, the one and only Serbian steel production mill which was purchased by China. China promised to invest in Zelezara more than 50 million dollars.²³ China Environmental Energy Holdings and Shenzen Energy Group with Serbian company Electric Power Industry are constructing pit mine Radljevo and a new Block in Nikola Tesla B Power Plant in Obrenovac.²⁴

Moreover, as a part of the joint Chinese-Serbian projects one should mention the initiative of building a big river port (one of the biggest in Europe) on Danube river in Belgrade and possible plans to build another river ports in Serbia.

²¹ Pavlicevic *Chinas New Silk Road*

²² Dusko Dimitrievic *Chinese investments in Serbia – A Joint Pledge for the future of the New Silk Road* Balitc Journal of European Studies Tallin University of Technology (ISSN 2228-05880, vol 7 No 1 (22) doi: 10.1515/bjes-2017-0005, 74

²³ Pavlicevic *Chinas New Silk Road*

²⁴ Dimitrievic *Chinese investments in Serbia*, 75

The most important infrastructural project is a plan of building a new fast railway connection High Speed Train (HST) from Belgrade to Budapest. Balkan HST will travel 2 hours from one capital to another. Contract was signed in 2014. Cost of the project is about 2 billion EUR and the railway should be constructed by China Railway and Construction Corporation. This part of HST project is going on lowland in the South-Eastern Europe, but connection from Belgrade through Nis to Skopje and further to Thessaloniki will be much more difficult because of the mountainous terrain.

It has to be mentioned that on June 19th 2014 Chinese Prime Minister during his visit to Greece met with his Greek counterpart Antonis Samaras and announced important joint projects between both countries, such as building a port in Pireaus as a gate to Europe.²⁵

In addition to this, during the second Pan-European Transportation Conference on the Crete Island in 1994 ten European transport corridors were designed and four of them traverse Balkan Peninsula. Corridors were presented on the “Outline plan for European High Speed Train Network 2010”. Among them:

- Corridor 4 connecting Germany with Turkey: Berlin-Prague-Bratislava-Gyor-Budapest-Arad-Craiova-Sofia-Istanbul,
- Corridor 5 connecting Italy with Eastern Europe: Venice-Trieste-Ljubljana-Budapest-Uzhorod-Lviv,

²⁵ Dean Andromidas, Marcia Merry Baker *Greece and the Marshall Plan for the Mediterranean* in *The New Silk Road becomes Land Bridge* ed. Helga Zepp-LaRouche, Michael Bilington, Rachel Douglas (EIR Special Report, 2014), IX 9

- Corridor 8 connecting Adriatic Sea with Black Sea: Durres-Tirana-Skopje-Sofia-Plovidiv-Burgas-Varna,
- Corridor 9 connecting Greece with Russia: Aleksandroupolis-Dimitrovgrad-Bucharest-Chisinau-Lyubask-eva-Kiev-Moscow,
- Corridor 10 connecting Austria with Greece: Salzburg-Ljubljana-Zagreb-Belgrade-Nis-Skopje-Veles-Thessaloniki.²⁶

None of these EU corridors have been finished and almost nothing has materialised except Rhine–Main–Danube Canal.²⁷

It is worth mentioning that Troika²⁸ memorandum from 2012 ordered Greece to close its international railway service.²⁹ Greece was forced to stop its international railway communication.

Having this in mind, China is on a very good position helping Balkan countries authorities to improve their own infrastructure. Idea of HST (High Speed Train) from Thessaloniki through Skopje and Belgrade to Budapest will improve the development of the countries' infrastructure and trading possibilities.³⁰

²⁶ Andromidas, Baker *Greece and the, IX 11*

²⁷ Andromidas, Baker *Greece and the, IX 10*

²⁸ Troika in this case referred to: EU, IMF and ECB, representatives of: European Union, International Monetary Fund and European Central Bank.

²⁹ Andromidas, Baker *Greece and the, IX11* Greece was forced to stop its international railway communication. It was very unfortunate decision if we take into consideration, that railway communication is more friendly to the environment.

³⁰ Some Serbian experts are considering New Silk Road on the Balkans as 12 times bigger project than the Marshall Plan for Western Europe after the Second World War. Accessed July 15, 2017, <http://www.diplomacyandcommerce.rs/the-new-silk-road-and-the-regional-cooperation-of-the-west-balkans/>

Macedonia

China recognised Macedonia as an independent state in a very crucial time of Macedonian modern history, during Greek embargo³¹ and what is more important recognised Macedonia under its constitutional name. In September 1994 Chinese embassy was open in the capital of Macedonia, Skopje.³² But in 1999 Macedonian government granted diplomatic recognition to Taiwan³³ and after that decision Chinese ambassador remained in Skopje just for ten days. At this time preventive peace mission UNPREDEP was in the Republic of Macedonia with an assigned task of monitoring Macedonia's borders with Albania and the troubled southern Serbian province of Kosovo to prevent the unrest in those areas from spreading.³⁴ But after this decision during security council meeting Chinese statement was: "...the situation there has settled and it's no need for prolongation of the mandate. The Republic of Macedonia is capable of resolving its matters by itself...".³⁵

But after Macedonian withdrawing from the decision of recognizing Taiwan, Chinese-Macedonian relations were normalized.³⁶

³¹ Greek embargo blocked port in Thessaloniki for Macedonian import, except food and medicine. Greece wants to force Macedonia to change its constitutional name - Republic of Macedonia

³² "*The Name Issue Greece and Macedonia*" ed. Svetomir Skaric Dimitar Apasiev Vladimir Patchev (Skopje: Matica Makedonska 2009), 221.

³³ Republic of Macedonia established diplomatic relations with Taiwan and open embassy in Taipei on 28.04. 1999.

³⁴ UNPREDEP United Nations mission deployed to Macedonia to keep peace in the country.

³⁵ More on this issue, interview with former Macedonian president Kiro Gligorov: *The name*, 382-383

³⁶ On 18.06. 2001Macedonia recognised that the government of the

One of the most significant aspects of China-Macedonian cooperation is in the field of transport. China's companies are present in Macedonia and most visible they are in the capital of Skopje with double-decker Chinese buses driving through its streets. Someone could ask the question why double-decker buses? After the Second World War Great Britain donated double-decker buses to Skopje. And at the beginning of the 21 century Macedonian centre-right government purchased double-decker buses from China. The same situation was with the new railway engines and trains. Yet Chinese-Macedonian cooperation is further more than the transport facilities.

Chinese government decided to help to improve conditions and facilities in the field of education. Many schools in the Macedonian capital were situated in the barracks after the disastrous earthquake in the 1963. China helped to build new schools and gyms in different districts of Skopje, equipped them with sport facilities. The agreement was signed during annual meeting 16+1 in Riga. Macedonian prime minister Emil Dimitriev met with managers of Huawei who were operating in Central and Eastern Europe. They discussed possible future cooperation in the field of IT sector and cooperation of telecommunication companies. According to memorandum cooperation, 7 million euro donation will be secured for high schools in Macedonia. It includes equipment and technology.³⁷ Prime minister Dimitriev after signing memorandum mentioned that:

Peoples Republic of China is the legal government representing China and Taiwan

³⁷ "China donates IT equipment for Skopje high schools" Mia, accessed November 4, 2016, <http://www.mia.mk/en/Inside/RenderSingleNews/289/133419100>

“...Huawei which is a renowned global brand intends to expand its activities beyond education. We told company officials that the government (of Macedonia) is fully supporting Huawei’s plans to expand their businesses in Macedonia...”³⁸

Another great and one of the most important projects for the Balkan part of The New Silk Road in Macedonia is a plan to invest in high speed trains, and to build new Macedonian part of the railway Budapest-Belgrade-Skopje-Thessaloniki to the Piraeus port. China Europe Land Sea Express Railway, connecting maritime part of the NSR in Piraeus with an inland part in Central Europe in Budapest.³⁹

The most ambitious project is the initiative of building a waterway corridor - channel between Morava river in Serbia and Vardar river in Macedonia. This project will help to improve water transport in South-Eastern Europe. It is a chance to connect Aegean Sea with Danube river through Vardar and Morava river.⁴⁰ This is also a chance for Central and South-Eastern Europe to cooperate in the field of waterway river transport (connection of Oder river and Baltic sea with Danube river and also through Morava –Vardar channel to Aegean Sea).

Possible threats for NSR on the Balkans

The following problems should be mentioned as possible threats for the projects of NSR on the Balkans:

³⁸ *Mia China donates*

³⁹ Andromidas, Baker *Greece and the...*, IX 10

⁴⁰ Interview with Macedonian officials during my researches in Skopje from University of Warsaw Faculty of Political Science and International Relations on September 2016

- Migrant crisis in the South-Eastern Europe with a migrant route going through Balkan countries to the Western European countries.
- Radicalisation of Muslim community on the Balkans.
- Terrorism and organised crime in the region

Migrant crisis on the Balkans

Problem of migrant crisis on the Balkans is really complex, it starts in the 2015 when thousands of migrant people pass through Greece, Macedonia and Serbia to the Hungary. Migrants travelled by boats from Turkish ports to Greek islands and to Greek port of Thessaloniki and after that through Macedonia and Serbia to the Hungary, precisely through the planned Balkan part of the NSR initiative.

As an example of a large migration flow we should mention here the small town of Gevgelija (Macedonian city on the border with Greece), with population of 25 thousand people, which each day was entered by 4000 to 5000 migrants.⁴¹ In comparison, one could imagine, for instance, Przemyśl (Polish town on Polish-Ukrainian border with entire population of 80 thousand people) entering each day by 16 000 Ukrainian refugees. Situation was extremely difficult. Macedonian authorities decided to proclaim martial law in the country.⁴² They also sent troops and put the special control on the border with Greece. EU countries from Visegrad Group sent

⁴¹ Telma. *Otvoren punkt za begalci i migrant vo gevgelija* last modified: August 26, 2015, <http://www.telma.com.mk/vesti/otvoren-punkt-za-begalci-i-migranti-vo-gevgelija>

⁴² Kapital. *Makedonija proglasi krizna sostojba poradi migrantite vojskata e veke rasporedena na granitsite*. Last modified August 20, 2015, <http://kapital.mk/makedonija-proglasi-krizna-sostojba-poradi-migrantite-vojskata-e-veke-rasporedena-na-granitsite/>

police officers, to help Macedonia to protect its own borders.⁴³ Macedonian-Greek border was blocked and the same situation was on the Serbian-Hungarian border. Hungarian authorities built fence with barbwire on the border with Serbia. Hungarian example was followed by Macedonian authorities on the border with Greece.⁴⁴ After the agreement between EU and Turkey, Balkan migrant route was blocked.

Nevertheless, a new wave of migrants flowing through the Balkans again is quite possible. As a possible consequence of this, realization of the NSR projects on the Balkans could be completely blocked. During the migrant crisis in 2015, there were great problems to travel through Greece, Macedonia, Serbia and Hungary.

Radicalisation of Muslims on the Balkans

During the breakup of Yugoslavia, Balkan Peninsula became a main attraction for Islamic militants who participated in ethnic wars on the side of Muslims (Bosniaks, Albanians). In Bosnia and Herzegovina they were organised in El Mujahid division which was a part of Bosnian army.⁴⁵ In Albania organisations like Algerian Islamic

⁴³ Magdalena Tomaszewska Straż Graniczna. *Minister Mariusz Błaszczak podziękował funkcjonariuszom SG za misje w Macedonii*, Accessed May 26, 2016, <https://www.strazgraniczna.pl/pl/aktualnosci/3418,Minister-Mariusz-Blaszczak-podziekowal-funkcjonariuszom-SG-za-misje-w-Macedonii.html?search=8481875>

⁴⁴ *Vecer. se krevna vtoro ograda na granicata so Grcija*. Accessed February 8, 2016, <http://vecer.mk/makedonija/se-krevna-vtoro-ogradana-granicata-so-grcija>

⁴⁵ Marko Babic *Salafism in Bosnia and Herzegovina* European Institute of Mediterranean (Barcelona: IEMed Mediterranean Yearbook, 2017), accessed August, 08, 2017, https://www.academia.edu/33558491/Salafism_in_Bosnia_and_Herzegovina

Salvation Front, Al-Qaeda, Islamic Army Group were present and during the war in Kosovo, a conference of Islamic organisations resolved that Albanian guerrilla fight should be regarded as Jihad.

In multiethnic states like Macedonia, Bosnia or Serbia groups of Muslim minorities are large. In Macedonia were Muslims consist of about 32% of the population (Albanians 23,5%, Turks 4% Roma 3%, Torbesi 0,5%)⁴⁶, in 2001 Muslim militants consisted of Albanian minority members started a conflict with Macedonian security forces. The conflict was solved after few months of fights, but according to French Director General of the European Strategic Intelligence and Security Centre Claude Moniquet, Macedonia is a safe haven for the Islamic terrorist. C. Moniquet claimed that there were financial links between local organised crime and Al Qaeda.⁴⁷ Mufti Zenun Berisha was accused of recruiting fundamentalists to position them in administration of Islamic Community of Macedonia (ICM) *Islamska Verska Zaednica (IVZ)* and of supporting radical Islam.⁴⁸ During the struggle for control over the ICM armed Wahhabi Muslims⁴⁹ attacked its

⁴⁶ Marcin Sokołowski, *Naruszanie prawa podczas wyborów w Macedonii, in Kształtowanie ładu demokratycznego w państwa Europy Środkowej i na Bałkanach*, ed. Jacek Wojnicki (Warszawa: Aspra, 2015), 257

⁴⁷ Al. Qaeda was a terrorist organisation lead by Usama Ibn Ladin, Saudi Arabian origin, better known as Osama Bin Laden, killed by American forces in Pakistan in 2011

⁴⁸ Justyna Kędziora- Płachciak, *Is the proliferation of Islamic Extremism posing a potential terrorist threat to the Republic of Macedonia?*, in *Asymetryczne Bałkany*, ed. Danuta Gibas-Krzak (Częstochowa: AJD 2015), 263

⁴⁹ Wahhabi muslims are Islam fundamentalists following rules formed by the founder of the Islamic doctrine Muhammad Ibn Al Wahhab in XVIII century on the MiddleEast. Wahhab preach pure version

headquarter. Reis ul Ulema (head of Islamic community) was forced to resign.⁵⁰ In 2005 radical Muslims attacked and kidnapped five imams in the capital. This was called “mosque war”. In 2010 a fight between Wahhabists and IVZ erupted in Skopje when in Isa Beg mosque, a group of radical Muslims attacked secretary of IVZ Afrim Tahiri.⁵¹ New head of Islamic community Reis ul Ulema Rexhepi asked for help from international community to deal with the problem of radical Wahhabi Muslims in Macedonia.⁵²

Similarly, very complicated situations were in other parts of Balkan peninsula. Imam of grand mosque in Prishtina Shefket Krasniqi was arrested in 2014 by Kosovo authorities. He was charged of using his authority to force young man to fight in Syria and Iraq for Daesh to create a Caliphate. Serbian district of Sanjak was another place where radical Muslims have emerged. There as well some mosques were under control of Wahhabi Muslims.

Terrorist threat and organised crime

During the war in Bosnia in 1992 Islamic Mujahedin came to fight in the civil war on the side of the Bosnian army as El Mujahid unit.⁵³ And after the war many of them stayed in

of Islam from VII century without any later changes. Using of silk, jewellery, visiting tombs, drawing, photography is forbidden. It is a ruling doctrine in Saudi Arabia.

⁵⁰ Marko Babić *Muslims and Islam fundamentalism in Macedonia* academia.edu, accessed May 5,2017, https://www.academia.edu/11547817/Muslims_and_Islamic_Fundamentalism_in_Macedonia, 393

⁵¹ Kędziora-Płachciak *Is the proliferation*, 266

⁵² Babić *Muslims and Islam fundamentalism in Macedonia*, 393

⁵³ Marko Babić *Salafism in Bosnia and Herzegovina* European Institute of Mediterranean (Barcelona: IEMed Mediterranean

Bosnia where wahhabi version of Islam has been significantly present. They glorified terrorists among them Osama Bin Laden. Imam of the Bihać mosque Bilal Bosnić said about Osama bin Laden: "... And so they tell us that most Muslims consider a man who spent his entire wealth and gave his life to raise the banner of Islam to be a terrorist. Does he care? Will the almighty judge by the verdicts of the corrupt? Or will he judge by his own will? Now Americans say they had to spend 300 billion \$. Let them be aware they lay down their lives for the Cause. That is the proof of their faith..."⁵⁴

This shows a real danger for the Balkan future. More than 200 young Muslims from Kosovo came to fight for Caliphate on the side of Daesh. After the war in the Middle East many of them could come back to the Balkans. Radicalisation of Islam on the Balkans is not only a threat for the peninsula but also to other parts of the world. Osama Bin Laden visited Albania two times, once in 1994 when he came to Tirana and another was in 1998 when he visited Al Qaeda training camps in northern Albania. Fatos Klosi, the director of Albanian secret service SHIK admitted that jihad warriors from Saudi Arabia, Egypt and Sudan were instructors in camps for UCK army (Liberation of Kosovo Army).⁵⁵ In fact many al Qaeda members have Albanian passports.⁵⁶

During the riots in Albania in 1997, 700 thousands Kalashnikov were stolen from military bases. Lot of them were sold to organised crime organisations and terrorists. Albanians

Yearbook, 2017), accessed August 08, 2017, https://www.academia.edu/33558491/Salafism_in_Bosnia_and_Herzegovina

⁵⁴ Darko Trifunović Joannis Michaletos *Nexus between terrorism and Organize Criminal group from Balkan as threats to EU security* [in] *Asymetryczne Bałkany* (Częstochowa: AJD 2015), 279

⁵⁵ Trifunovic, Michaletos *Nexus between terrorism*, 289

⁵⁶ Trifunovic, Michaletos *Nexus between terrorism*, 287

live in many countries in Balkan Peninsula including: Macedonia, Serbia and also in Greece. Many of them were participating in fights in Serbia including Kosovo but also in Presevo valley in 1999, in Macedonia in 2001 and in 2015 in the city of Kumanovo.⁵⁷ In recent years there were also terrorist attacks on US embassy in Sarajevo⁵⁸ and on police station in Zenica in Bosnia.⁵⁹

Closing remarks

New Silk Road is a great geopolitical project which will strengthen economic and cultural partnership between China and other countries. It has made significant infrastructural changes in countries of South-Eastern Europe, especially in the field of transport and infrastructure. Serbia and Macedonia as Balkan countries are part of this New Silk Road. NSR will strengthen the influence of China on the Balkans and projects such as High Speed Train or Vardar-Morava channel are great opportunity for these small countries to develop. If the plans will materialise this part of Europe will have better perspective to develop and chance for brighter future.

Yet, there are certain threats that could seriously blocked realization of this initiative: possible new migrant crisis on the peninsula, radicalization of Islam and terrorist threat and organized crime on the Balkans. Any such act as mentioned above (like act of terror, murder of innocent people) could

⁵⁷ Sokołowski *Naruszanie prawa*, 241

⁵⁸ Reuters. *Gunman attacked US embassy in Bosnia*. Last modified October, 28, 2011, <http://www.reuters.com/article/us-bosnia-usa-embassy-idUSTRE79R66F20111028>

⁵⁹ BBC. *Gunman kills officer in the Zvornik police station*. Last modified April 27, 2015, <http://www.bbc.com/news/world-europe-32491026>

destabilised the fragile situation in Macedonia or southern Serbia where the New Silk Road projects on the Balkans have been planning.

It has to be said that NSR (Belt and Road Initiative) is a great chance for South Eastern Europe. It also helps to reunite the Balkans with the rest of Europe and to improve infrastructure in this part of the continent.

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Adrian Brona

One Belt, One Road: new framework for international relations?

Abstract

Since 2013 “One Belt, One Road” (OBOR, also “Belt and Road Initiative”) has been one of the most commonly used terms in public discourse regarding Chinese foreign policy. This shows the importance of the initiative to the Chinese leaders, particularly president Xi Jinping. The enterprise consists of two parts: The Silk Road Economic Belt and The 21st-century Maritime Silk Road. The article aims to consider the future development of the project. The analysis of Chinese documents, statements of political leaders, and expansion of the project from 2013 to mid-2017 was employed in order to assess possible outcomes of the policy. The results of the study lead to three conclusions. Firstly, OBOR is becoming an umbrella term for different regional development strategies across Eurasia, Africa and perhaps beyond. Those strategies include many aspects, ranging from economy, through security, science to environmental protection. Secondly, OBOR became the cognitive framework, a paradigm, for international relations – the way that people perceive them. Thirdly, the introduction of the initiative may be the beginning of China in the role of architect of new global institutions and rules. However, the rapid expansion of OBOR, both in terms of quantity of participants as well as various aspects of cooperation, may lead to ineffectiveness of the initiative.

Keywords: OBOR, trade, diplomacy, multilateralism, global order

Since 2013 “One Belt, One Road” (OBOR)¹ has been one of the most commonly used terms in public discourse regarding Chinese foreign policy. The initiative, presented by president Xi Jinping, consists of two parts: The Silk Road Economic Belt and The 21st-century Maritime Silk Road. The Belt spans from China via Central Asia, Russia, Central Europe to Western Europe. The maritime road starts in China, goes through South China Sea, Indian Ocean and Suez Canal to Europe. Many scholars hold the view that this is just Chinese response to internal economic problems combined with possible solution to security problems.² From the economic point of view, China seems to simply boost its export. At first glance, Beijing’s initiative indeed aims to strengthen existing trade routes and to establish new ones towards Europe in order to promote export of manufactured products. Simeon Djankov goes even further and add to that another

¹ „One Belt, One Road” is recently often presented by Chinese government and media as “Belt and Road Initiative”. In this article, the first form will be used.

² Theresa Fallon, “The New Silk Road: Xi Jinping’s Grand Strategy for Eurasia”, *American Foreign Policy Interests* 37, no. 3 (2015): 153, doi:10.1080/10803920.2015.1056682; Antonina Habova, “Silk Road Economic Belt: China’s Marshall Plan, Pivot to Eurasia or China’s Way of Foreign Policy”, *KSI Transactions on Knowledge Society VIII*, no. 1 (2015): 66; Arnaldo M. A. Gonçalves, “China’s ‘One Belt, One Road’ Initiative. Just Economics?”, *Pyrex Journal of Political Science and International Relations* 3, no. 2 (2017): 27; Georgi Georgiev, “The Chinese ‘One Belt, One Road’ Initiative – New Opportunities for the European Union and Its Neighbours in the Black Sea Region,” *KSI Transactions on Knowledge Society VIII*, no. 2 (2015): 34; Andrzej Bujak and Zdzisław Śliwa, “Global Aspects of Security Environment – the ‘One Belt, One Road’ Project,” *Economics and Law* 15, no. 4 (2016): 449–50, doi:10.12775/EiP.2016.029; Yong Wang, “Offensive for Defensive: The Belt and Road Initiative and China’s New Grand Strategy”, *The Pacific Review* 29, no. 3 (2016): 461, doi:10.1080/09512748.2016.1154690.

four economic objectives: expansion of Chinese construction companies, elevation of renminbi status as global reserve currency, obtaining energy security and creating demand for Chinese goods abroad.³ In terms of security, China certainly wants to achieve two objectives. First, speed up development of Central Asia, which could have stabilising effect on Xinjiang Uygur Autonomous Region. Second, establish overland trade routes, which could be used extensively during any potential military confrontation on the seas. In this narration infrastructure construction (railroads, sea ports, airports) in the Eurasia is advocated by China because of selfish interest, both economic and in terms of security. None can argue, that China is not trying to increase its value of export or broaden strategic options. However, there are at least three distinctive features of “One Belt, One Road” which prove the initiative to be far more important than a regular economic or security policy. Firstly, the scope of the initiative is not limited to profiting China in term of economic gains. It gathers a few dozen of countries, which voluntarily agreed to cooperate. It would be unusual for other countries to participate in activities, which are in contrary to their own interest. Additionally, collaboration goes beyond economics. It also includes internal security, science, cultural exchange and more. Secondly, the initiative is supported by numerous institutions, both recently established and with a long history of financing different projects. Among them are Asian Infrastructure Investment Bank (AIIB), various international development banks and Chinese Silk Road Fund. Thirdly, development of

³ Simeon Djankov, “The Rationale Behind China’s Belt and Road Initiative”, in *China’s Belt and Road Initiative: Motives, Scope and Challenges*, ed. Simeon Djankov and Sean Miner (Washington, DC: Peterson Institute for International Economics, 2016), 7.

“One Belt, One Road” became theme of many international summits and conferences, most notably Belt and Road Forum of International Cooperation in May 2017. Active engagement of politicians, media and scholars in discussion related to this concept position OBOR as a prospective framework for international relations. That means China, for the first time in history, has an opportunity to establish the new paradigm for perceiving global affairs. Consequently, “One Belt, One Road” may be considered the beginning of China acting not as a benefiter of the global system, but as an architect of new global norms.

Scope of the initiative

From the beginning, both The Silk Road Economic Belt and The 21st-century Maritime Silk Road were equally emphasised by China. They were announced in September 2013 (The Economic Belt) in Astana and in October the same year (the Maritime Silk Road) in Jakarta by president Xi Jinping. Presentation during visit abroad and in those two particular countries set the tone for the initiative. However, OBOR, and in particular Silk Road Economic Belt, is not a new idea. According to Tim Summers, it origins can be traced from regional development plans implemented in China since the 1980s.⁴ Even though Chinese central leadership have put special emphasis on development of coastal regions, the provincial authorities in borderland tried to establish ties with neighbouring countries. The construction of first railway linking Xinjiang and Central Asia started in 1984, at the

⁴ Tim Summers, “China’s ‘New Silk Roads: Sub-National Regions and Networks of Global Political Economy,” *Third World Quarterly* 37, no. 9 (2016): 1633, doi:10.1080/01436597.2016.1153415.

beginning of Sino-Soviet rapprochement, and was finished in 1990. Later the project was named “new Eurasian land bridge” and spanned from Jiangsu province in east China to Netherlands.⁵ In the end, it was not a very successful enterprise, but the idea prevailed. Similarly, Maritime Silk Road was in use long before 2013. Although, it was much more important trade route for China than the land bridge.

Nevertheless, with involvement of central leadership, in particular Xi Jinping, the initiative became cornerstone of China’s engagement with the world. In October 2013, at internal “work forum on diplomacy to China’s periphery” Xi stressed usefulness of regional economic cooperation to development.⁶ At the beginning concept focused exclusively on neighbouring countries, but it expanded rapidly toward other parts of the world. In March 2015 Chinese authorities released document “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road”. As it stated:

The Silk Road Economic Belt focuses on bringing together China, Central Asia, Russia and Europe (the Baltic); linking China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia; and connecting China with Southeast Asia, South Asia and the Indian Ocean. The 21st-Century Maritime Silk Road is designed to go from China’s coast to Europe through the South China Sea and the Indian Ocean in one route,

⁵ John W. Garver, “Development of China’s Overland Transportation Links with Central, South-West and South Asia”, *The China Quarterly* 185, no. 2 (2006): 2–3, doi:10.1017/S0305741006000026.

⁶ Jinghan Zeng, “Does Europe Matter? The Role of Europe in Chinese Narratives of ‘One Belt One Road’ and ‘New Type of Great Power Relations’”, *JCMS: Journal of Common Market Studies* 55, no. 5 (September 2017): 1170, doi:10.1111/jcms.12535.

and from China's coast through the South China Sea to the South Pacific in the other.⁷

It clearly states three routes of Silk Road Economic Belt. First, from China to Europe (or more specific "the Baltic" region). Second, from China to South-Western Asia. Third, from China to other regions of Asia. It also provides two routes of Maritime Silk Road – to the West (Indian Ocean) and East (Southern Pacific). This geographical expansions shifted perception of OBOR from Chinese peripheral policy to more mature, international concept. Along the routes are located six economic corridors: new Eurasian land bridge (the one which history can be tracked up to 1980s), China-Mongolia-Russia, China-Central Asia-West Asia, China-Indo-china Peninsula, The China-Pakistan, and Bangladesh-China-India-Myanmar.

Next important document regarding development of OBOR, "Building the Belt and Road: Concept, Practice and China's Contribution" was released in 2017. It was presented in May, a few days before Belt and Road Forum of International Cooperation in Beijing. As of 2017, it is the most comprehensive outline of Chinese vision for OBOR. The document directly states existence of five trade routes and six economic corridors (mentioned above), however it also indicates inclusiveness of initiative as open to countries "around the world".⁸ It also enumerate six means of communication: railroads, highways, sea transportation, aviation, pipelines, and aerospace.

⁷ "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road," 2015, http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html, accessed August 29, 2017.

⁸ Office of the Leading Group for the Belt and Road Initiative, *Building the Belt and Road: Concept, Practice and China's Contribution* (Beijing: Foreign Languages Press, 2017), 4, <https://eng.yidaiyilu.gov.cn/wcm.files/upload/CMSydylyw/201705/201705110537027.pdf>.

Both documents present many areas of possible economic cooperation. Among them, for instance, are: improving connectivity infrastructure (transport, energy, communication), developing customs coordination (recognition of regulations, law enforcement, better inspection and quarantine, certification and statistical information), expanding trade, promoting new industries, and financial integration. Although economic-related policies dominate in a paper, there is also a lot of space dedicated to other means of cooperation. Cultural and academic exchanges, media cooperation, production and translations of movies, joint applications for World Cultural Heritage sites, tourism, sharing information on epidemics and other public health issues, cooperation in research and development, entrepreneurship training, exchanges of legislative bodies, think-tanks collaboration, and so on, and so forth. In “Building the Belt and Road: Concept, Practice and China’s Contribution” major development was adding environmental protection to the scope of initiative. Even though economic matters dominate in OBOR, none can underestimate impact of cultural exchange. After all, one of the immaterial products that travelled along ancient Silk Road from India to China was Buddhism.⁹ Nowadays it is a part of Chinese intangible cultural heritage.

The last¹⁰ major document released by Chinese authorities is “Vision for Maritime Cooperation under the Belt and Road Initiative” in June 2017. As the title suggest, it focuses on the development of The 21st-century Maritime Silk Road. Apart from two previously established maritime routes (in this document called “blue economic passages”) to the Indian Ocean

⁹ Ravi Bhoothalingam, “The Silk Road as a Global Brand”, *ASCI Journal of Management* 44, no. 2 (2015): 61, doi:10.1177/0009445515613869.

¹⁰ As for submission of text, i.e. August 2017.

and to the Southern Pacific, it proposes another one – to the Europe via Arctic Ocean. It is an inclusion of another old concept, known as Northeast Passage, into OBOR. Besides geographic expansion, this document proposes new areas of policy cooperation, for instance to monitor coastal and ocean blue carbon ecosystems.¹¹

The importance of those two documents released in 2017 may be deducted not only from the content but also from effort to make them available to the broad audience. Both of them have been released concurrently in seven different languages – all of the United Nation official languages and German. This is clear indication that Beijing is aiming to spread its ideas on international cooperation to as many governments as possible.

Apart from comprehensive papers describing OBOR, there are numerous other documents related to initiative. From more specific official documents (e.g. “Guiding Principles on Financing the Development of the Belt and Road”, “The Belt and Road Ecological and Environmental Cooperation Plan”), through local plans (e.g. “Five-year (2016-2020) Action Plan for Chengdu to Integrate with the Belt and Road Initiative”) to bilateral documents with other governments (e.g. “Memorandum of Arrangement On Strengthening Cooperation on the Belt and Road Initiative Between The Government of the People’s Republic of China And The Government of New Zealand”).¹² During Belt and Road Forum alone, China has

¹¹ National Development and Reform Commission and State Oceanic Administration, “Vision for Maritime Cooperation under the Belt and Road Initiative” (Beijing, 2017), 5, <https://www.yidaiyilu.gov.cn/wcm.files/upload/CMSydyglw/201706/201706200153032.pdf>.

¹² “Belt and Road Portal”, 2017, https://eng.yidaiyilu.gov.cn/info/iList.jsp?cat_id=10059, accessed August 29, 2017.

signed with dozens of countries, or unilaterally released, 76 types of different documents, spanning from MoU regarding tourism to nuclear energy.¹³ Through this network of agreements, Beijing is legitimizing OBOR as credible framework of international cooperation.

Since 2013 scope of the initiative is clearly expanding – in terms of geographical and policy diversity. It started as a concept of peripheral diplomacy and economic development tool, but quickly spread toward other areas. Most of the ideas are not particularly new, yet they are appealing to many countries. OBOR already attracted a few dozens of governments, and will almost certainly attract many more in future. First Belt and Road Forum was attended by representatives of 57 states, among them presidents of Argentina and Chile, prime minister of Fiji and members of cabinet from Australia, Brazil and New Zealand.¹⁴ There is a strong possibility the next comprehensive document on OBOR will acknowledge some Latin America countries as part of it. Additionally, the range of policies covered by the initiative is likely to broaden as well. Taken together, these direction suggest that the role of promoting economic ties with Europe will, with time, diminish within OBOR framework.

¹³ “List of Deliverables of Belt and Road Forum”, *Xinhua*, 2017, http://news.xinhuanet.com/english/2017-05/15/c_136286376.htm, accessed August 29, 2017.

¹⁴ “Belt and Road Attendees List,” *The Diplomat*, 2017, <http://thediplomat.com/2017/05/belt-and-road-attendees-list/>, accessed August 29, 2017.

Institutional Ecosystem

Development of OBOR requires financial support for the specific project. After all, programs related to infrastructure construction are very capital-intensive. The idea of establishing a new international development bank, Asian Infrastructure Investment Bank, was announced by Xi Jinping during the same state visit to Indonesia, on which he proposed The 21st-century Maritime Silk Road. As Xi stated in Indonesian parliament:

China is committed to greater connectivity with ASEAN countries. China will propose the establishment of an Asian infrastructure investment bank that would give priority to ASEAN countries' needs.¹⁵

At the beginning, plans for AIIB was limited, and focused mostly on building connections between China and members of Association of South-East Asian Nations. The need for this financial institution simply came from a clear urgency in Asia for construction of new infrastructure¹⁶. However, with the help of Chinese diplomacy, the idea got attention among many countries in Asia, Africa Europe and even South America. The Bank officially started on 25th of December, 2015 with 57 founding members, 22 out of them were non-regional states: Austria, Brazil, Denmark, Egypt, Finland, France, Germany, Iceland, Italy, Luxemburg, Malta,

¹⁵ Wu Jiao, "President Xi Gives Speech to Indonesia's Parliament", *China Daily*, 2013, http://www.chinadaily.com.cn/china/2013xiapec/2013-10/02/content_17007915.htm, accessed August 29, 2017.

¹⁶ Min Ye, "China and Competing Cooperation in Asia-Pacific: TPP, RCEP, and the New Silk Road," *Asian Security* 11, no. 3 (2015): 221, doi:10.1080/14799855.2015.1109509.

Netherlands, Norway, Poland, Portugal, South Africa, Spain, Sweden, Switzerland and United Kingdom. In 2017 Bank's Board of Governors approved more than 20 new members. As for August 2017, 34 out of 80 members and prospective members are non-regional¹⁷. New members are shifting Bank's focus from investments in China's neighbourhood to more distant locations.

Despite the fact that AIIB is a separate entity from OBOR, it is likely to finance many projects under the initiative. Shared membership and goals (most noticeably: enhancing connectivity) position AIIB as the perfect tool for stimulating the development of OBOR. It is possible that other international development banks will follow this example. During the Belt and Road Forum Chinese Ministry of Finance signed the memoranda of understanding on "collaboration on matters of common interest" under the Belt and Road Initiative with the Asian Development Bank, the Asian Infrastructure Investment Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the New Development Bank (the "BRICS Bank") and the World Bank Group. At the opening plenary session of Forum, president of the last mentioned institution have finished his speech with a statement: "We're ready to help make the promise of the Belt and Road Initiative a reality".¹⁸ This indicates a possible extension of World Bank involvement into OBOR. However,

¹⁷ Asian Infrastructure and Investment Bank, "Members and Prospective Members of the Bank", 2017, <https://www.aiib.org/en/about-aiib/governance/members-of-bank/index.html>, accessed August 29, 2017.

¹⁸ Jim Yong Kim, "Remarks of World Bank Group President Jim Yong Kim at the Belt and Road Forum for International Cooperation – Opening Plenary Session," 2017, <http://www.worldbank.org/en/news/speech/2017/05/14/remarks-of-world-bank-group-president-jim-yong-kim>, accessed August 29, 2017.

it is important to bear in mind that cooperation does not require formal accession to the initiative. The same circumstances apply to other development banks.

The sole financial institution directly associated with OBOR is Silk Road Fund. It is Chinese state owned investment fund established in order to stimulate investments in countries within the Initiative. It started operating in December of 2014, with an initial capital of 40 billion USD. The first project funded by Silk Road Fund was 1,65 billion USD Karot hydropower in Pakistan.¹⁹ During Belt and Road Forum China announced the addition of another 14,5 billion USD to the Fund.²⁰ Currently, it is the biggest financial instrument in the OBOR controlled by the single government.

Involvement of international developmental institution into the initiative provides additional opportunities for China to strengthen the engagement of different partners. As OBOR is expanding geographically, it is almost certain that more and more projects labelled under the initiative will be funded by them. It is another factor which legitimize OBOR.

Multilateral cooperation and diplomacy

Evolution of OBOR as a framework for international relations requires not only plentiful documents and financial mechanisms, but also meaningful political dialog. China is probably one of the most prominent supporters of multilateral

¹⁹ “China’s Silk Road Fund Makes First Investment in Pakistan’s Hydropower Project”, *Xinhua*, 2015, http://news.xinhuanet.com/english/2015-04/21/c_134167533.htm, accessed August 29, 2017.

²⁰ Hou Qiang, “China Boosts Silk Road Fund’s Capital to Meet Enormous Funding Demand: Official”, *Xinhua*, 2017, http://news.xinhuanet.com/english/2017-05/14/c_136282715.htm, accessed August 29, 2017.

diplomacy in the world, therefore unsurprisingly it organized first Belt and Road Forum on International Cooperation, attended by dozens of representatives of governments and international institutions. Though, it took Beijing almost three and half years to organize the summit. The next meeting is planned in 2019.

Additionally, there is a broad spectrum of more specific conferences within OBOR. For instance OBOR Security Cooperation Dialogue, which was held on 4-5 of May 2017, with an aim to foster mechanism of cooperation on internal and external security. This event was attended by representatives of more than 20 governments.²¹ Some of the meetings are not necessarily designed as purely political, as they encompass different aspects of cooperation under OBOR. One of the examples is Digital Belt and Road Initiative Meeting held on 6-7 of December, 2016. The event brought nearly 100 experts and scholars from China and several other countries. Digital Belt and Road Initiative is science program, which aspiration is to use space-based observation to provide information helpful in sustainable development within OBOR.²²

Similar to use of long-established trade routes, OBOR also spreads to different forms of multilateral cooperation. One of the best examples exists within international collaboration in tourism. In 1993, at United Nation's World Tourism Organization (UNWTO) General Assembly, the idea of Silk Road tourism project was raised. It was designed as tool for

²¹ Xiang Bo, "Beijing Holds Security Cooperation Dialogue on Belt and Road Initiative", *Xinhua*, 2017, http://news.xinhuanet.com/english/2017-05/04/c_136257488.htm, accessed August 29, 2017.

²² "Digital Belt and Road Initiative Meeting Held in Beijing," *Institute for Remote Sensing and Digital Earth. Chinese Academy of Sciences*, 2016, http://english.radi.cas.cn/News/NU/201612/t20161221_172699.html, accessed August 29, 2017.

promotion tourism in the countries of ancient Silk Road. Since then, the little know idea was slowly developing. In 2015, during the 7th UNWTO International Meeting on Silk Road Tourism, first Tourism Ministerial Meeting of Countries along the Silk Road Economic Belt was organized. It was attended by representatives of over 25 states, which have an opportunity to discuss further cooperation in tourism – this time under OBOR framework.²³

With the further evolution of OBOR, there is a strong possibility of adaptation of other international cooperation mechanisms under the initiative. Additionally, it is likely that China will promote OBOR issues during regional forums which it initiated: Forum on China–Africa Cooperation (FOCAC), China-Central and East Europe Countries Meetings (“16+1” cooperation), Forum of China and Community of Latin American and Caribbean States (China-CELAC Forum), Arab-China Cooperation Forum and Shanghai Cooperation Organization.

China will try to bring as many multilateral fora as possible under the initiative. Engaging the international community into multilateral cooperation and diplomacy may be one of the most effective tools to legitimize OBOR as a framework for international relations. Meaningful dialog about the current and future shape of OBOR among involved countries is vital to maintaining its interest into the initiative.

²³ “7th UNWTO International Meeting on Silk Road Tourism and 1st Tourism Ministerial Meeting on the Silk Road Economic Belt”, *UNWTO Silk Road Programme*, 2015, <http://silkroad.unwto.org/event/7th-unwto-international-meeting-silk-road-tourism-and-1st-tourism-ministerial-meeting-silk-roa>, accessed August 29, 2017.

Concluding Remarks

During the official speech at Belt and Road Forum in Beijing Xi Jinping said:

We have enhanced coordination with the policy initiatives of relevant countries, such as the Eurasian Economic Union of Russia, the Master Plan on ASEAN Connectivity, the Bright Road initiative of Kazakhstan, the Middle Corridor initiative of Turkey, the Development Road initiative of Mongolia, the Two Corridors, One Economic Circle initiative of Viet Nam, the Northern Powerhouse initiative of the UK and the Amber Road initiative of Poland. We are also promoting complementarity between China's development plan and those of Laos, Cambodia, Myanmar, Hungary and other countries.²⁴

This may be the most accurate description of OBOR aim. The results of this investigation show that OBOR is a comprehensive, inclusive initiative, which cannot be dismissed simply as Chinese strategy for expanding trade or preserving security. Furthermore, the scope of the initiative is growing rapidly. Therefore, this study has identified three conclusions.

Firstly, OBOR is becoming an umbrella term for different regional development strategies across Eurasia, Africa and perhaps beyond. Those strategies include many aspects, ranging from economy, through security to science and environmental protection. Some features of the initiative are developing better, others still lack of meaningful action.

²⁴ Xi Jinping, "Full Text of President Xi's Speech at Opening of Belt and Road Forum", *Xinhua*, 2017, http://news.xinhuanet.com/english/2017-05/14/c_136282982.htm, accessed August 29, 2017.

However, the increasing number of countries and policies included into OBOR shows attractiveness of it. “One Belt, One Road” (or “Belt and Road Initiative”) is already outdated term, which easily could be changed into “Belts and Roads”. In near future, with expansion to Latin American countries, the Initiative may even evolve into “Global Silk Road”.

Secondly, “One Belt, One Road” became cognitive framework, a paradigm, for international relations –the way that people perceive them. There are numerous conferences, meetings and programs under OBOR. Social scientists, journalists and other representatives of public opinion allocate a lot of time to discuss them. That legitimize the initiative and add importance to it. One possible implication of this is that idea of categorizing involved countries into one entity is credible. At the end, the countries in the world may be divided into two categories – those who participate in OBOR and those, who are reluctant to integrate with the block. Using different terms: those which actively participate in globalization, and those which want to slow down this process. It will not be Cold War style rivalry, although it may bring some tensions, most likely between United States (which is not positively predisposed towards the initiative) and its partners. Some even hold the view, that OBOR may challenge current order in Eurasia.²⁵

Thirdly, introduction of „One Belt, One Road” may be the beginning of China in role of architect of new global institutions and rules. Since 1978 China was benefiting from the structure of international relations. With rapid economic development, the influence of Beijing raised. However, until

²⁵ David Arase, “China’s Two Silk Roads Initiative What It Means for Southeast Asia,” *Southeast Asian Affaris*, no. 1 (2015): 42, muse.jhu.edu/article/583040.

recently China mostly concentrated attention on collection information regarding international norms and exploiting it. Nowadays, it taken more active attitude, by proposing policies, regulations and new mechanisms of cooperation. Marc Lanteigne hold the view that China made transition from “system-influencing” toward more “system-determining” state.²⁶ OBOR is the prime example of this progression. Beijing’s involvement into global governance will almost certainly become more common in the future.

Confident and active foreign policy has become a feature distinguishing Xi Jinping administration from his predecessors.²⁷ Development of OBOR will constitute major part of it. As far as China is willing to include other countries advices on the evolution of the initiative and tries to internationalize the concept, OBOR has a chance to become new framework for international relations. The reason for that is even though the concept is imperfect, at least it presents a vision of development. None of other major powers tries to do that. Nonetheless, if China unilaterally decide to selfishly exploit established mechanism of cooperation, the initiative will lose its attractiveness. Ultimately, there may be also a dilemma of overextension of OBOR. It may become more troublesome to achieve consensus among growing number of countries regarding growing number of policies. After all, Jack of all trades is a master of none. More research is needed to better understand impact of this particular matter on future of the initiative.

²⁶ Marc Lanteigne, *Chinese Foreign Policy: An Introduction* (New York: Routledge, 2016), 74.

²⁷ Jian Zhang, “China’s New Foreign Policy under Xi Jinping: Towards ‘Peaceful Rise 2.0’?” *Global Change, Peace & Security* 27, no. 1 (2015): 6, doi:10.1080/14781158.2015.993958.

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Katarzyna Skiert-Andrzejuk

The New Edition of the New Silk Road – the South Caucasus Case

Abstract

The South Caucasus consists of three states – Georgia, Armenia, and Azerbaijan. The region is a natural corridor from the East to the West, from Asia to Europe, and from the North to the South, from Russia to the Middle East. This location is the main potential of the region, which lies in the possibility to create routes for the transmission of products, and the most important – energy resources.

The aim of the article is to analyze China's strategy towards the South Caucasus, including the New Silk Road project. Because of the location of the region, the South Caucasus has been the subject of competition, but also of cooperation of many geopolitical 'players' – such as the United States, Russia, the European Union, and also China.

The main tool of Chinese foreign policy towards not only the South Caucasus, but also in global dimension, has become the New Silk Road. This concept established towards the South Caucasus states, uses the 'cluster approach', which means that China seeks to develop relations with all the countries in the region in a parallel way, not to establish any different ways of cooperation with each of the South Caucasus state, like other global powers do.

Keywords: the South Caucasus, China, the New Silk Road, One Belt One Road, political involvement, cluster approach, Georgia, Armenia, Azerbaijan.

Introduction

The aim of the article is to analyze China's strategy towards one of the most complex and unstable regions — the South Caucasus. This strategy includes the New Silk Road project (the One Belt One Road Initiative). The South Caucasus consists of three independent states — Armenia, Azerbaijan, and Georgia¹ (Picture 1).

Picture 1. The Map of the South Caucasus.



Source: <https://othjournal.com/2018/02/07/geopolitical-future-of-the-south-caucasus/>

The South Caucasus is situated at the border of Eastern Europe and Western Asia, its location links two important continents and because of that it is a strategic region for the

¹ N. Sabanadze, *International Involvement in the South Caucasus*, „ECMI Working Papers” 15, 2002, pp. 3-4.

European Union, Turkey, Russia, Iran, but not only. It has historically been the land connection; and the sea border — as located between the Black Sea and the Caspian Sea.²

The location of the region at the crossroads of civilizations resulted in the development of culture, trade, but also rivalry, and wars — mostly between big political powers. Nowadays, the region has become an important area because of transport of energy resources from the Caspian Sea. These factors generate the political and strategic importance of this region for the European Union, Russia, the United States, but also for the new actor — China.

In the article the Author described the importance of the South Caucasus region, and compared the China's whole approach towards the South Caucasus, as well as the New Silk Road project actions. This short analysis is the opening for the studies of the new edition of China-South Caucasus relations. To analyze above mentioned issues the Author used a research desk method; she used various international publications, like monographs, scientific articles, and statistical data.

The South Caucasus as the Link between the East and the West — A Strategic Location for Global Powers

Since the end of the Cold War, the South Caucasus became an area of intense rivalry between three geopolitical “players” — Russia, the European Union, and the United States. All the states had, and still have different political and economic goals.

One of the main political actors, the Eastern one, Russia, seeks to regain the political and economic influence, as it

² N. Sabanadze, *International Involvement in the South Caucasus*, „ECMI Working Papers” 15, 2002, pp. 3-4.

was in the times of the Soviet Union. Russia's noticeable actions in Ukraine show how this state wants to be considered as an empire and strong global power³ — but not only economically, but mostly politically. Russian propaganda influences all the former Soviet republics, like the South Caucasus states. To remain a big political actor in the Post-Soviet region Russia uses the Eurasian Economic Union (EAEU), which was established on May 29, 2014 by the leaders of Russia, Kazakhstan, and Belarus. The main goal of cooperation is above all the free movement of goods, capital, services and workforce. In the sector of economy, the priority is to agree on energy policy vectors, agriculture, and transport. Currently, members of the Eurasian Economic Union are Armenia (from January 2, 2015)⁴ and Kyrgyzstan.⁵

On the contrary, the European Union seeks to integrate this region into more active economic cooperation, especially in energy sector breaking the dependence on Russian gas. The most important initiative aimed at the Eastern states is the Eastern Partnership (EaP) inaugurated in 2009 — where four main platforms like economic and political sphere, contacts between people, and the energy security were established.⁶ After 9 years of cooperation under the EaP some changes are

³ B. Poghosyan, *Geopolitical Future of the South Caucasus*, „Over the Horizon”, <https://othjournal.com/2018/02/07/geopolitical-future-of-the-south-caucasus> (accessed September 2018).

⁴ *Armenian government approves document on accession to Eurasian economic bloc*, „TASS”, <http://tass.ru/en/world/752369> (accessed September 2018).

⁵ *Евразийская экономическая комиссия, Кыргызстан присоединился к Евразийскому экономическому союзу*, <http://www.eurasiancommission.org/ru/nae/news/Pages/12-08-2015-1.aspx>.

⁶ T. Kapuśniak, *Wymiar Wschodni Europejskiej Polityki Sąsiedztwa Unii Europejskiej. Inkluzja bez członkostwa?*, Centrum Europejskie Natolin, Warsaw 2010, pp. 40 – 41.

visible — mostly connected with trade, energy policy, and visa regulations. Still, the European Union's problems with Brexit, migrant crisis, and terrorism threats put most of European authorities' attention to internal problems than to the Eastern side of cooperation.

The European Union is not the only Western power — the United States seeks to politically and military cooperate with the states of the South Caucasus. However, after the 2016 president elections, Donald Trump and his concept of “America First” put the South Caucasus region slightly behind all other.

Apart from the above mentioned powers, there is one more Eastern actor of also great importance — the People's Republic of China. In the past China's relations with the South Caucasus were mostly related to the existence of the old Silk Road — a trade route that has been connecting the East to the West for centuries. These relations were limited, and focused on economic and cultural spheres. This was the beginning of today's China's activity in the region. China as a geopolitical power wants to expand its economic contacts towards all the regions which are the corridors between the East and the West, like Central Asia and the South Caucasus, that is why China's authorities established a new tool, new global initiative - the New Silk Road.

The concept of the New Silk Road has become an important tool of Chinese foreign policy – which means that China can cooperate with about 50 countries in total. The states already included in the project, like Poland, Lithuania, Israel, Austria, Greece, Kazakhstan, Cambodia etc, attend to international meetings at various levels. The project provides the People's Republic of China a flexible way to create a bilateral dialogue with each of the interested countries. The most important

part of the project is the range of it, from Southeast Asia, through Central Asia, to the Middle East, East and North Africa, and European countries.⁷

Unlike the European integration, the concept of the New Silk Road is an open economical project without defined borders, it means that the bilateral cooperation can be established individually between China and other country/or countries.⁸ The aim of the New Silk Road is to develop the export of goods, labor, culture, and to promote tourism. It also provides an alternative for American, Russian, and Indian economic domination in Asia. This concept represents the Chinese response to the Russian-led integration project — the Eurasian Economic Union; but does not create a space for a large-scale competition with Russia for the influence in the South Caucasus region.⁹

The independent South Caucasus countries — Armenia, Azerbaijan, and Georgia — are different in many spheres, such as culture, religion, foreign policy, and language. Each of the state conduct a separate foreign policy, and differently shape relations with allies. Georgia as the most pro-Western state (after the Rose Revolution in 2003) rejects international cooperation with Russia — especially, after the conflict in 2008 when the lack of cooperation with Russia led to the destabilization of

⁷ B. Sarvari, A. Szeidovitz, *The Political Economy of the New Silk Road*, "Baltic Journal of European Studies Tallinn University of Technology", Vol. 6, No. 1 (20), pp. 7-13.

⁸ G. Luft, *It takes a Road: China's One Belt One Road Initiative: an American response to the New Silk Road*, „Institute for the Analysis of Global Security”, 2016, pp. 7-11.

⁹ V. Fedorenko, *The New Silk Road Initiatives in Central Asia*, Washington 2013, pp. 15-19.

the South Ossetia region.¹⁰ This conflict was not also in the interest of Georgia's neighbor — Azerbaijan. The state seeks to diversify the routes of selling the energy resources and to reach as many global customers as possible. The funds are used to modernize the country, so it can get politically, economically, and militarily stronger. Armenia, with its loyal ally Russia, seeks to gain more independent policy.¹¹

The relations between the South Caucasus states, and with geopolitical powers are extremely complicated. The situation forces the geopolitical parties to take into consideration various factors in their policies towards each South Caucasus state. Still, the strategic importance of the South Caucasus is confirmed by the number of interested actors whose political, military, and economic influences are visible in the region.

China's "cluster approach" towards the South Caucasus

China has slowly continued to appear as an important actor in the South Caucasus region. As Beijing authorities previously used individual approaches towards other Post-Soviet countries, like Central Asian states — in case of the South Caucasus China did not establish individual partnerships, but a "cluster approach". It means that China seeks to develop relations with all the countries in the region at the same level, using the same tools without establishing any different ways of cooperation with each of the South Caucasus state, like other powers do. China also does not take into account

¹⁰ N. Jim, *Georgia-Russia Conflict in South Ossetia: Context and Implications for U.S. Interests*, CRS Report for Congress 2008, pp. 1-5.

¹¹ M. Kaldor, *Oil and Conflict: the Case of Nagorno Karabakh*, [in:] *Oil Wars*, (ed.) Mary Kaldor, Terry Lynn Karl, Yahia Said, London 2007, pp. 165-171.

conflicts and divisions between them, only notices the economic factors, not political ones.

Chinese “cluster approach” consists of three major courses. First, is aimed at expanding China’s economic activity in the region. The South Caucasus has a great economic potential, mostly because of the geographical position between two important continents, and because of the energy resources from the Caspian Sea. The second course is focused on educational exchange. The third course is to decrease the impact of Islamic fundamentalism. The South Caucasus can become a “corridor” through which Islamic fundamentalism ideologies could spread from the Middle East to China to Xinjiang and influence China’s Uighur population.¹²

For the independent and developing republics of the South Caucasus China represents a new source of capital and foreign investment, and also the other economic option than Russia, the European Union, and the United States — for China the most important interests are economics and trade. China wants to “make hay while the sun shines” and considers the South Caucasus as a market for affordable goods, and also, because of the location of the region, as an opportunity to expand the Chinese trade network into Europe.¹³ Even if the South Caucasus is not such an important part, only a small part of the New Silk Road project, it can become a significant extension of the Eurasia route.

¹² D. Babayan, *New Silk Road in the Southern Caucasus: Chinese Geopolitics in a Strategic Region*, „Yale Journal”, October 6, 2014, http://yalejournal.org/article_post/new-silk-roads-in-the-southern-caucasus-chinese-geopolitics-in-a-strategic-region/.

¹³ S. Djankov, *The Rationale Behind China’s Belt and Road Initiative*, [in:] *China’s Belt and Road Initiative - Motives, Scope, and Challenges*, (ed.) Simeon Djankov, Sean Miner, Peterson Institute for International Economics 2016, pp. 6-7.

What is more, the People's Republic of China is an economic-centered power — it means that China, politically, is not associated with any Caucasian conflict, which creates favorable conditions for developing China's relations in the region. China's intentions is to present the project without creating a pro-China, anti-Russia, and anti-Western ideologies by associating with Caucasian territorial conflicts. Even if China does not consider the South Caucasus in the same geostrategic and political terms as Russia does, still wants to keep its economic influence in the region. Currently, it seems unlikely that Russia will consider China as a threat, still will not want to allow this potential geopolitical competition to gain the influence in the South Caucasus. Especially, because of the situation in Eurasia where the region is considered to be between “the Dragon” (China) and “the Bear” (Russia).

The People's Republic of China in the South Caucasus is “caught between two stools”— as an economic power China does not get involved in the political sphere, does not use the same strategic presence as Russia and the West, however the complicated situation between Russia and Georgia, the same with Armenia-Azerbaijan, needs the global power to consider peacemaking political decisions.

China's growing presence and importance in the region is a power that can no longer be ignored. It may not be at the same level of consideration in the scientific paradigm like the struggles of Russia, the West, Iran, and Turkey. Especially, as these “players” continue to develop their economic presence in the South Caucasian “chessboard”, business tycoons and political leaders will need to consider China's economic presence as an important factor.

Chinese Investments in the South Caucasus

Chinese interests in the South Caucasus have been limited to supporting investment by private and state-owned Chinese companies. The “cluster approach” and not taking the South Caucasus as a big part of the One Belt One Road concept created a limited sphere of Chinese-Caucasus relations in the New Silk Road project. This situation is different from Central Asia, where large-scale Chinese investments are financed by national Chinese banks.¹⁴ Yet, at the 2017 World Economic Forum in Davos, the leaders of two South Caucasian states, Georgia and Azerbaijan, took part in *The Silk Road Effect* session. They promoted and underlined the importance of the China-led New Silk Road Economic Belt project in the South Caucasus region.¹⁵

Still, there are two main projects which are connected with the South Caucasus region, and in the future can be included in the One Belt One Road initiative and can improve Sino-Caucasian economic relations. The first one is the Trans-Caspian International Transport Route (TITR) — it starts in China, and runs through Kazakhstan, the Caspian Sea, Azerbaijan, Georgia, the Black Sea, and further to Europe. In 2017 Georgia started the construction of Anaklia Deep Sea Port which should increase the transit potential of this route; and signed Free Trade Agreement with China which will develop bilateral trade and transit.¹⁶

¹⁴ A. Yalijev, *China Targets Azerbaijan for Transportation Projects*, Caspian Policy Center, <http://www.caspianpolicy.org/news/china-targets-azerbaijan-for-transportation-projects> (accessed September 2018).

¹⁵ *World Economic Forum Annual Meeting 2017*, World Economic Forum, <https://www.weforum.org/events/world-economic-forum-annual-meeting-2017> (accessed September 2018).

¹⁶ B. Poghosyan, *China's OBOR initiative: Opportunities for the*

The second project, the Persian Gulf – Black Sea transport corridor, connects Iran with Europe, and runs through Armenia and Georgia. Main goal is to modernize the transport infrastructure of Armenia to create and opportunity to improve transportation to Iran and Georgia and increase the Iran–China, and Iran–Europe trade making.¹⁷

Recent Chinese economic cooperation in the South Caucasus have been focused on Azerbaijan. Sin-Azeri relations were established in 1992, and in 2004-2005 the cooperation has bloomed.¹⁸ Since 2015 China and Azerbaijan began to intensify their relations, particularly in the energy sphere. However, the significant cooperation under the New Silk Road project started in winter 2015, when the president of Azerbaijan, Aliyev visited China. During his diplomacy visit, the president signed a series of agreements including a memorandum of understanding over the Silk Road Economic Belt.¹⁹

A similar story lies behind Chinese relations with Georgia. This country is strategically placed between Azerbaijan and the Black sea, this created an opportunity for Georgia to get involved into the New Silk Road initiative. The People's Republic of China established diplomatic relations with Georgia in 1992, and over the years, the cooperation deepened. Recently, Georgia is considered as potentially important partner in the New Silk Road project. According to Georgian 2014

South Caucasus, <https://emerging-europe.com/voices/chinas-obor-initiative-opportunities-for-the-south-caucasus/> (accessed September 2018).

¹⁷ Ibidem.

¹⁸ Embassy of the Republic of Azerbaijan to the People's Republic of China, <http://beijing.mfa.gov.az/news/4/3072> (accessed September 2018).

¹⁹ *President of Azerbaijan Ilham Aliyev to Visit China*, Ministry of Foreign Affairs of the People's Republic of China, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wsrc_665395/t1321413.shtml (accessed September 2018).

data, trade between China and Georgia reached \$823 million, and China's FDI in Georgia amounted to \$195 million. On March 9, 2015, Georgian and Chinese authorities began preparatory work to negotiate a free trade zone, and signed a Memorandum of Cooperation on the New Silk Road. In June 2015, Georgia decided to join the Asian Infrastructure Investment Bank, which was the closer step to strengthening the Chinese-Georgia relations.²⁰

Yet, Georgia's pro-Western course is still visible and the signing of a Deep and Comprehensive Free Trade Agreement (DCFTA) with the European Union, made the state more attractive. However, Chinese-Georgian economic and infrastructure cooperation is still continued, like the Baku-Tbilisi-Kars (BTK) railway – a project is going to complete the rail transport corridor linking Turkey via Georgia to Azerbaijan, after signing an agreement in 2007 (and thus on to Central Asia and China).²¹

As in the Georgian case, the Chinese-Armenian relations are lately more intense than before. China still invests mainly in industry, and in energy. According to 2014 data, trade between China and Armenia reached \$588 million. Currently, there is an increased interest of both parties in the further development of bilateral relations.²²

However, the authorities of the South Caucasus states are looking forward to be a bigger part of the New Silk Road

²⁰ T. Revaz, *Georgia: the Key to China's Belt and Road*, „*The Diplomat*,” April 28, 2016, <http://thediplomat.com/2016/04/georgia-the-key-to-chinas-belt-and-road/>

²¹ Dong, “China's Strategy in the South Caucasus”.

²² *Armenian-Chinese High-level Negotiations Take Place in Beijing*, President of the Republic of Armenia, <http://www.president.am/en/press-release/item/2015/03/25/President-Serzh-Sargsyan-state-visit-to-China-day-1/> (accessed September 2018).

project, it is difficult to analyze how it will be in the future and how it will evolve. It seems that China and its One Belt One Road has much more to offer than other parties. Furthermore, this increasing importance of the region in trade and cooperation with China can stabilize the political tensions between the South Caucasian countries.

Summary

The South Caucasus consists of three independent states — Georgia, Armenia, and Azerbaijan. The region is a natural corridor from the East to the West, from Asia to Europe, and from the North to the South, from Russia to the Middle East. This location is the main potential of the region, which lies in the possibility to create routes for the transmission of goods, labor, culture, and the most important — energy resources. Because of the location the South Caucasus has been the subject of competition, but also of cooperation of many geopolitical actors — such as the United States, Russia, the European Union, and also the new Eastern economic power — China.

The main tool of Chinese foreign policy towards not only the South Caucasus, but also other Post-Soviet countries, is the New Silk Road. China uses the “cluster approach”, towards the South Caucasus region, which means that China seeks to develop relations with all the countries in the region in a parallel way, not to establish any different ways of cooperation with each of the South Caucasus state, like other parties do.

China’s foreign policy strategy towards other countries is mostly separated from politics, in case of the South Caucasus it is important to question is there even a possibility to separate Chinese economy from Caucasian politics? With

the New Silk Road initiative China creates a basis to develop economic cooperation globally, but also regionally. This cooperation may influence the political field — especially, in the complex South Caucasus where the economic and political spheres are inseparable.

China's "cluster approach" is a strategy that seeks to establish regional economic influence without getting involved in regional territorial conflicts, such as in case of Abkhazia, South Ossetia, and Nagorno Karabakh. However, the long-distance cooperation of China and the South Caucasus states may push the Chinese authorities towards more political than economic decisions — especially, because it is one of the most unstable regions of the world.

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OBOR and Chinese Soft Power

Abstract

One Belt, One Road project can be seen not only as a geopolitical plan for Chinese business expansion, but also as a way to project the Chinese soft power. The later is also a way to prepare foreign markets for the heavy Chinese presence in the near future. What is more the Chinese soft power, as prima facie non-ideological one, can be more appealing for emerging markets, especially in African. In the same time the new race for the Africa has started and American as well as European soft powers will clash with Chinese. Near future will show which one performed better and prepared markets for business expansion.

The article investigate problem of connection between OBOR and soft power. The main thesis of the article is that Chinese soft power is ideological one and connected with so called Chinese dream. The later is an alternative for the European and American dreams, which dominated the western hemisphere.

Keywords: OBOR, One Road One Belt, soft power, Chinese dream, PRC, China

Introduction

The aim of the article¹ is to present the On Road One Belt (OBOR) initiative as a tool for Chinese foreign policy. However, it is not about economic expansion, but about the use of OBOR for expansion using Chinese soft power. The basic thesis of the article is that the OBOR initiative is part of a wider plan of Chinese expansion, which will be possible thanks to the use of Chinese soft power.

For the purpose of the analysis, the work was divided into three parts. The first one is devoted to a short presentation of what the OBOR initiative is and which countries will find themselves in the field of Chinese foreign policy related to this. It is a descriptive part, however, allowing to find out about the possibilities and scope of possible use of Chinese soft power. The second part is the analysis of what is Chinese soft power. At this point, a comparative analysis of Chinese, European and American resources was made. There are references to the problem of globalization as a tool for expansion in the international environment using soft power. The last part is a development of the analysis regarding soft power, in which the problem of confronting the ideal of American Dream, European Dream and Chinese Dream was taken. These three different visions proposed to participants of social and especially economic life become an element of ideological struggle carried out on the international stage in the 21st century.

In the last part, the most important topics concerning the analyzed areas were collected. The summary also includes

¹ The original version of the articles is a paper given at the conference *Euroasia 2.0 Clash or Cooperation* organized by Warsaw University and Sichuan University

a reference to the thesis put forward in the introduction. It should be mentioned, however, that this work is introductory in nature. The findings made during the study are not yet sufficient material for making hard conclusions about Chinese soft power. Problems require further analysis, in particular conducted at the interface between political philosophy and international relations.

OBOR

One Belt One Road (OBOR), otherwise known as Belt and Road Initiative (BRI), is a historical reference to the Silk Road that has been connecting Europe and Asia for hundreds of years. From the point of view of theory, it is an attempt to shift the center of gravity from the so-called Rimland² back to the so-called World Island. China, from the point of view of theory, is trying to take the initiative in the so-called Heartland³ understood today as the Eurasian area. The 21st century and the “new race for Africa” caused OBOR to also affect countries on the east coast of Africa. Thus, China is trying to get the initiative on the traditionally perceived Heartland expanded to Africa.

The strategic goal of PRC is so-called reversal of routes. Throughout the twentieth century, the main commercial roads were sea routes. More specifically, the sea routes leading east and west from Eurasia. The implementation of the

² N. Spykeman, *America's Strategy in World Politics*, London-New York 2007. See also: R. Kuźniar, *Polityka i siła. Studia strategiczne – zarys problematyki*, Warszawa 2016, p. 69.

³ H. J. Mackinder, *The Geographical Pivot of History*, “The Geographical Journal” 1904, vol. 23, no. 4. See also: S. Otok, *Geografia polityczna*, Warszawa 2006, p. 13-14.

OBOR initiative aims to overcome this trend. What is more, it aims to restore the routes that historically formed during the period of antiquity and the Middle Ages and allowed China to expand. The expansion is not only economic, but also informal influences, which today we call soft power.

From the point of view of international relations and economics, the OBOR initiative is a strategic and infrastructural project. It is rarely referred to as an ideological project, or focused on the expansion of Chinese soft power. This, however, will be the subject of further consideration, here we recall the most important economic features of OBOR.

The Chinese initiative involves the creation of New Maritime Silk Road connecting the east and south coasts of Asia, the east coast of Africa and the Eastern Mediterranean. The Chinese government calls the initiative “to improve regional connectivity and embrace a brighter future”.⁴ In addition to the sea connection, the implementation of the Belt is planned. This is to be divided into six corridors. These Belt legs are designed to connect most of the Eurasian area with the PRC. Through this, economic expansion is enabled, and China’s political behind it. The realization is planned: China-Mongolia-Russia Corridor, China-Indochina Corridor, China-Bangladesh-India-Corridor, China-Pakistan Corridor, China-Central Asia-West Asia Corridor and New Eurasian Landbridge.

For the implementation of the OBOR initiative, among others, Asian Infrastructure Investment Bank (AIIB), whose members are almost all countries involved in the Chinese project. On the European continent, members are still not post-Soviet republics or Balkan states. Nevertheless, AIIB

⁴ *Chinese unveils actions plan on Belt and Road Initiative*, http://english.gov.cn/news/top_news/2015/03/28/content_281475079055789.htm [10.09/2018]

operates in most of the Eurasian area. It brings together a total of 87 members. Even the United Nations view AIIB as an important element in supporting infrastructure capital investments. Nothing, however, happens without a proper remuneration. In the case of the implementation of the OBOR initiative and the functioning of AIIB, it is susceptibility to Chinese soft power.

Chinese soft power

Chinese soft power is an element often undervalued in the so-called western world. Europeans and Americans are used primarily to perceive soft power as a tool in the hands of Anglo-Saxons (globalization, mcdonaldization, usage of English worldwide), French (republican ideas, usage of the French number in the world). Soft power is also attributed to the US and the European Union as a whole. In the latter case, we are talking about a certain lifestyle and an ideological package which is pushed through by the European institutions - sometimes against the will of individual Member States.

Soft power relies on the success of the abroad by persuasion rather than force. Nowadays China is steadily increasing its support for cultural exchanges, sending students abroad and starting Chinese-language programs abroad. This is particularly evident in Indochina, where, for example, in Malaysia, schools with Chinese language lectures are created. Chinese language has already become a language of business and great international policy in the area of Southeast Asia. It is what English is in the Euro-Atlantic zone. In 2005, China's education ministry announced a new initiative to boost Chinese-language teaching in American universities and language institutes around the world.

Additionally, PRC invests in establishing Confucius Institutes that are key to foreign policy in world countries. They are a network of non-profit organizations whose aim is to propagate Chinese language and Chinese culture. The first institute was founded in Uzbekistan. Currently, institutes exist in the whole world, in countries such as: USA, Germany, Great Britain, France, Poland, Thailand and Singapore. They are present in countries that are to be covered by the OBOR initiative or have a position of a superpower (at least regional). In addition to the promotion of Chinese language and Chinese culture, the Confucius Institutes become agents of influence. Thus, despite the status of a non-profit cultural organization, they actively work for the state and its political goals. They should therefore be treated as political institutions using Chinese soft power.

Analyzing what is Chinese soft power, you can point to its several special features. Unlike soft American power and especially European power, it can be seen as free from ideology. As an attempt at first and foremost economic expansion, without imposing ideological solutions.

The offers to enter the orbit of Chinese domination in the absence (*pirma facie*) of imposed ideology may be the greatest asset of the PRC. European investments and structural assistance of the European Union in Africa are always connected with the obligation to adopt an ideological package. It is associated with the promotion of human rights and social-liberal values that have dominated the European Union. Investments and slow getting into Chinese influence are not connected with the obligation to introduce legal institutions based, for example, on the ideology of gender. There is also no need to introduce solutions resulting from political philosophy regarding human rights. For African countries, the Chinese presence may seem more desirable.

A similar situation applies to Latin America. This traditional field of soft power expansion and the US sphere of influence also becomes the focus of the PRC. As in the case of Africa, Latin America can see Chinese people with their apparent lack of ideology in political and business contacts as more attractive partners than Americans.

This apparent futility of Chinese soft power is probably the strongest feature in dealing with Africa and Latin America. However, this is an apparent feature. In fact, the Chinese are guided in their actions by a specific ideology and set of values flowing above all from the Confucian philosophy and tradition of communist thought in the Mao edition. Receiving Chinese soft power as nonideological is the same mistake as the perception by West European intellectuals of the Cold War of Marxism-Leninism as pure science. The power of the PRC stems from the fact that the lack of experience in contact with the socialist state and its methods of action causes the helplessness of those who are subjected to the projection of Chinese soft power.

An additional important element of Chinese soft power is the so-called Chinese Dream. It is the concept of an individual in society. A vision of a man who is becoming a competition for American Dream and European Dream. A vision that can be particularly attractive to Asian countries. A vision that can also find fertile ground in European countries that have been in the area of ideological emptiness through secularization and a departure from Christian values. Chinese Dream proposes to rediscover a man in the community and give life a deeper meaning than American consumerism or a European approach to the protection of the state.

American, European and Chinese Dream

Chinese Dream⁵ as a term was popularized after 2013. It describes a set of personal and national ethos and ideals in China and the Government of China. The term is used today by both journalists and members of the Chinese government, and even social activists to describe the role and position of the individual in the new Chinese society.⁶ In addition, it is used to describe the goals that are set before the Chinese people.

The assumptions of Chinese Dream are based on the ethos of work combined with a balanced lifestyle, sustainable development, and national renewal. It is a vision that grows from two roots. On the one hand, from Chinese socialism, which develops in a direction different from European socialism, or so-called American progressivism. On the other hand, the Confucian tradition, which puts man within the community, but also in the right place in its hierarchy. Such a basis of Chinese Dream makes it different from European or American.

By juxtaposing the Chinese Dream with the American Dream, there are clear differences in the approach to the individual and the place of the individual in the community. The American ideal is based on individualism, competitiveness and elitism in a liberal way. In the long run it may lead to the alienation of an individual in society. The self-dependent

⁵ See more: H Wang, *The Chinese Dream: The Rise of the World's Largest Middle Class and What It Means to You*, Best Seller Publishing, 2010.

⁶ *The Chinese Dream infuses Socialism with Chinese characteristics with New Energy*, <https://chinacopyrightandmedia.wordpress.com/2013/05/06/the-chinese-dream-infuses-socialism-with-chinese-characteristics-with-new-energy/> [10.09.2018]

unit faces a hostile and competitive environment composed of the same entities. Success is to become better (usually richer than others). The paradox of the American Dream is that its fulfillment will become at the same time an exclusion from the community and a symbol of the aspirations of it. Exclusion consists in removing from the race for material success. This materialistic perspective is also something very characteristic of the American Dream. The implementation of the superior purpose is connected only with matter. There is no place for transcendence here. No space for a deeper community. Even more, lack of recognition for the community as a co-responsible for the success of the individual. The Americans believe that they owe nothing to the community. It is worth recalling that the basic community is a family that shapes a person from its very early age and provides traits that then largely determine success.

In this juxtaposition, Chinese Dream falls anti-individualistically. What the law of work ethos and achieve personal success just like in the American ideal and here is present. On the other hand, the Confucian root does not allow detaching a man from the community and its place in it. This in turn is a supporting element alongside the material psychological development of man. Chinese Dream does not imply alienation. On the contrary, it assumes achieving successes within the community. What should be emphasized, not a formal association, but a real community. Sustainable development can not only mean the development of the individual at the expense of the community, or material at the psychological expense.

Comparing the Chinese ideal with the European Dream, we see a weakening of the position of the individual as capable of achieving independent success. In contrast to the

American ideal, the European ideal comes from social liberal assumptions. It is the welfare state that is to provide individuals with safe development. The key words here are the state and security. The European Dream is based on the assumptions of a strong state that carries out various social functions. An individual does not have to work for what he receives. A wide redistribution means that you do not have to get the necessary things to develop. This largely kills the work ethos. On the other hand, social security means that the life of the masses becomes easier and safer. Indicators of good life have favored Europe over the years compared to the USA. The problem is that the European way also kills communities. This state, a formal association, is to replace the concentric community. Units cease to be responsible one after another. This is one of the paradoxes of the social state and redistribution. In a situation where the state provides social care, people remove the obligation to help others. As a result, empathy disappears. People are moving away from each other. The basic communities and family change into what it should be - a nuclear family appears instead of the former community of many generations. In this specific way, as in the case of the American ideal, the egalitarian societies of Europe become a collection of isolated individuals.

In comparison with Chinese Dream, the European ideal is anti-community. The Chinese ideal is based on building community and supporting the ethos of work. The specific Chinese socialism, unlike the European one, did not renounce the work ethos and did not introduce in its place the need to build broad redistribution systems. The lack of redistribution, however, causes the need to look for support in the community. The state does not take responsibility from individuals for the communities in which they live. Although

this thinking stems from far eastern ideals of collectivism, they can also find a fertile ground in Europe, which is starting to look for an alternative to the social liberal social order built continuously since the end of the Second World War.

Summary

The OBOR initiative becomes not only a transmission belt for PRC investments. It also becomes a tool for projection of Chinese soft power. The latter, due to its (apparently) non-ideological character, may prove to be particularly attractive for entities in Africa (so far exposed to the European soft power) and Latin America (hitherto exposed to the American soft power).

An especially interesting element of the Chinese soft power is the proposal contained in Chinese Dream. This ideal of life based on the ethos of work and individual success, and at the same time maintaining the relationship with the community may turn out to be attractive in the future not only for the Asian countries, but also for the crisis-laden European values.

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