

# EU-CHINA OBSERVER

DEPARTMENT OF EU INTERNATIONAL RELATIONS AND DIPLOMACY STUDIES



"EXCHANGING IDEAS  
ON EU-CHINA RELATIONS:  
AN INTERDISCIPLINARY  
APPROACH"

 College of Europe  
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DEPARTMENT OF EU INTERNATIONAL  
RELATIONS AND DIPLOMACY STUDIES

InBev-Baillet Latour Chair of  
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**EU-CHINA** Research Centre  
EU INTERNATIONAL RELATIONS AND DIPLOMACY STUDIES  
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InBev-Baillet Latour Chair of EU-China Relations / EU-China Research Centre  
Department of EU International Relations and Diplomacy Studies, College of  
Europe, Dijver 11, BE-8000 Bruges, [www.coleurope.eu](http://www.coleurope.eu)

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### **Professor Jing MEN**

✉ [jing.men@coleurope.eu](mailto:jing.men@coleurope.eu)

☎ +32 50 477 258

### **Dr. Anna Katharina STAHL**

✉ [anna.stahl@coleurope.eu](mailto:anna.stahl@coleurope.eu)

☎ +32 50 477 249

### **Annika LINCK**

✉ [annika.linck@coleurope.eu](mailto:annika.linck@coleurope.eu)

☎ +32 50 477 257

### **EU-China Observer Inbox**

✉ [EUCO@coleurope.eu](mailto:EUCO@coleurope.eu)



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### ABOUT THE EU-CHINA OBSERVER

The electronic journal **EU-China Observer** is jointly published by the **InBev-Baillet Latour Chair of European Union-China Relations** and the **EU-China Research Centre** based in the Department of EU International Relations and Diplomacy Studies at the College of Europe in Bruges. The journal provides a platform for scholars and practitioners to further deepen the academic analysis and understanding of the development of EU-China relations from an interdisciplinary perspective.

The **EU-China Observer** publishes scholarly articles based on theoretical reasoning and advanced empirical research but also practical policy-oriented contributions from all fields of EU-China relations. The journal targets academic audiences as well as policy practitioners, members of the business community, NGO representatives, journalists and other interested persons.

### INBEV-BAILLET LATOUR CHAIR / EU-CHINA RESEARCH CENTRE

With the financial support of the InBev-Baillet Latour Fund, the College of Europe established in 2008 the InBev-Baillet Latour Chair of European Union-China Relations and in 2014 the EU-China Research Centre. The **InBev-Baillet Latour Chair of European Union-China Relations** offers courses on EU-China relations at the College of Europe in both Bruges and Natolin. It also organises guest lectures, international conferences and promotes multidisciplinary research on the European Union's relations with China. At the end of each academic year, the Chair grants an award for the best Master's thesis on EU-China relations.

[www.coleurope.eu/EUChinaChair](http://www.coleurope.eu/EUChinaChair)

The **EU-China Research Centre** follows closely the development of the European Union-China relationship and its three institutional pillars: political dialogue, economic and sectoral dialogue, and people-to-people dialogue.

The Centre's research focuses in particular on economic questions such as China's New Silk Road initiative and its impact on EU-China relations, the negotiation of an EU-China investment agreement as well as the EU's and China's international influence, especially in Asia and Africa. More generally, the Centre seeks to

- undertake high quality research, preferably from an interdisciplinary perspective, on topics of major importance in the field of EU-China relations;
- publish the research results with well-known publishing houses and in reputable academic journals;
- develop cooperation and exchanges with universities and scholars who are specialised in EU-China studies;
- organise conferences, mainly in Bruges and Brussels; and
- host visiting scholars working on EU-China relations.

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Scholars and practitioners interested in contributing to the **EU-China Observer** should refer to the instructions on [www.coleurope.eu/EUCO](http://www.coleurope.eu/EUCO).



**Prof. Jing MEN**

*Director of the EU-China  
Research Centre and InBev-Baillet  
Latour Professor of European  
Union-China Relations*



*Dear readers,*

*As you can see, the **EU-China Observer** has as of 2015 modernised its layout which we hope you will find attractive. This is, however, not the only change to the journal: the In Bev-Baillet Latour Chair of European Union-China Relations is joining forces with the EU-China Research Centre at the College of Europe and will from now on publish the **EU-China Observer** jointly.*

*Finally, the **EU-China Observer** will be published on a quarterly basis. Two issues per year will be dedicated to special themes. The current issue focuses on China's New Silk Road initiative; the second issue this year will report on the conference "The EU and China: Reform and Governance", to be held in Brussels on 4-5 May 2015; the third issue will deal with the EU-China bilateral investment agreement; and the last one will be dedicated to climate change policy.*

*We hope you enjoy reading the articles in this issue. If you would like to contribute a paper yourself, please refer to the Author's note and the submission deadlines on the website:*

[www.coleurope.eu/EUCO](http://www.coleurope.eu/EUCO)

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**Professor Jing MEN**

Chairholder of the In Bev-Baillet Latour Chair of European Union-China Relations and  
Director of the EU-China Research Centre

**Dr. Anna Katharina STAHL**

Research Fellow, EU-China Research Centre

**Annika LINCK**

Research Assistant, In Bev-Baillet Latour Chair of European Union-China Relations

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DEPARTMENT OF EU INTERNATIONAL RELATIONS  
AND DIPLOMACY STUDIES



# CHINA-EU RELATIONS: BROADER, HIGHER AND STRONGER

**H.E. Ambassador Yanyi YANG**

**The year 2014 was a year of bumper harvest for China's diplomacy as we made significant progress in both diplomatic philosophy and practice. China took a proactive approach in developing its relations with Europe while ensuring continuity and stability. Building on what we have achieved in the past, we had a lot to celebrate in 2014.**

It was a year of a new vision for China-EU relations. During his historic visit to the EU in spring 2014, President Xi Jinping proposed to build a China-EU partnership for peace, growth, reform and civilisation and thereby bridge the Chinese Dream and the European one. In his meeting and telephone conversation with the new EU leadership, President Xi reiterated the direction and vision for China-EU relations, a message which was well received on the EU side.

It was a year of increased cooperation on a higher level. The two sides launched over 70% of the initiatives identified in the China-EU 2020 Strategic Agenda for Cooperation. Trade between China and the EU exceeded US\$615 billion, an increase of 9.9% on 2013. Chinese investment in the EU reached US\$9.41 billion in the first 11 months of 2014, a nearly three-fold increase. China-EU cooperation has moved further ahead not just in quantitative but also qualitative terms. The partnership for civilisation has begun to take root in people's mind. Thanks to the second meeting of the China-EU High-Level People-to-People Dialogue, cultural and people-to-people exchanges have become ever more vibrant, with 6 million people travel-

ling between China and EU countries last year. China and the EU had a good track record of communication and coordination on the Iranian nuclear issue, climate change, international trade negotiations and other important global and regional affairs.

It was also a year witnessing fresh progress in resolving differences between China and the EU. In 2014, we resolved trade frictions properly, signalling to the international community our determination to resist trade protectionism and our commitment to settling disputes via dialogue and consultation. China has engaged in in-depth dialogue with the EU on human rights in a spirit of equality and seeking common ground. This has helped the EU understand and appreciate China's views on human rights, its achievements as well as its commitment to the rule of law. We have increasingly come to a consensus on the need to take a long-term and holistic approach, increase mutual trust through candid dialogue and remove impediments as we work together to develop bilateral relations.

2015 is an important year for both China and the EU. China will continue to advance reform and rule of law across the board, while the new EU leadership will work to promote growth and create jobs. Together, we will celebrate the 40th anniversary of diplomatic ties, commemorate with the rest of the world the 70th anniversary of the end of the second World War and victory against fascism and shape the post-2015 development agenda.

To build a new type of international relationship based on cooperation for mutual benefit, China and the EU will make the most of the 40th anniversary of diplomatic ties and deepen mutual understanding of and respect for their visions through the China-EU Summit, the High-Level Economic and Trade Dialogue, the Strategic Dialogue and the People-to-People Dialogue. We will support each other as we take the path of peaceful development and grow our relations in a robust, steady and sound manner. We will work together to promote a global strategic culture featuring non-conflict, non-confrontation, mutual respect and win-win cooperation and make it a prominent rule governing international relations.

To pursue the common development of China, the EU and the rest of the world, we will continue to implement the China-EU 2020 Strategic Agenda for Cooperation, advancing in particular the negotiations over a bilateral investment agreement. We will strengthen cooperation in travel facilitation, high-tech, infrastructure, energy, transportation and business in an effort to build a Eurasian market. We will enhance our communication and coordination in the G20, the IMF, the World Bank and other multilateral fora. Through greater and better cooperation, we will offer each other more opportunities for development and drive economic growth on the Eurasian continent and globally.

To uphold world peace and development as well as international justice and the post-WWII order, China will work with the EU and the wider international community to firmly oppose any attempts to whitewash history. We will work together to shape the post-2015 development agenda that serves the interests of all, particularly developing countries. We will intensify communication and coordination as we address terrorism, proliferation and climate change.

Confucius says, at the age of 40, one will no longer suffer from perplexities. After 40 years, China-EU relations have grown more mature and vibrant with broad prospects. I am confident that with our concerted efforts, the China-EU Comprehensive Strategic Partnership will deliver even greater success and contribute more to world peace, stability and prosperity. ☺



**Ambassador Yanyi YANG**

*Ambassador Extraordinary and Plenipotentiary  
Head of Mission of the People's Republic of China  
to the European Union*

## BIO

Ambassador Yanyi YANG was born in June 1955. After university graduation, she embarked on her career as a staff in the Head Office of China International Travel Service in the year of 1975. This six year work experience enriched her knowledge and views of foreign affairs, which laid a solid foundation for her subsequent diplomatic career.

Ambassador YANG started as a career diplomat back in the 1980s in the Embassy of the People's Republic of China to the United Republic of Tanzania (1981-1983).

During her long diplomatic career, she has experience in both bilateral and multilateral arenas. Since 1983, she has held different positions in the Ministry of Foreign Affairs, including Deputy Director of the Department of African Affairs (1983-1989), Deputy Director, First Secretary of the Department of International Organizations and Conferences (1989-1992), Counselor in the Permanent Mission of the PRC to the United Nations (1992-1996), Counselor, Deputy Director General of the Asian Affairs Department

(1996-2001), Deputy Director General of the Policy Planning Department (2001-2004), and Director General of the Asian Affairs Department (2007-2010). From 2010 to 2013, she served as Assistant Minister of the International Department of the Central Committee of the Communist Party of China.

Ambassador YANG's first ambassadorial appointment was to Brunei Darussalam (2004-2007). Ambassador Yang was appointed as Head of Mission of the PRC to the European Union in January 2014.



# EU-CHINA 40TH ANNIVERSARY: EXPECTATIONS FOR EXPANDING CONNECTIONS

**H.E. Ambassador Hans Dietmar SCHWEISGUT**

On 6 May 1975, Christopher Soames became the first EU Commissioner to visit Beijing. He came to China to discuss the establishment of diplomatic relations between the European Union and China, and after meetings with a number of officials, including with then Vice Premier Li Xiannian – who later became President of the People's Republic – the agreement was announced.

That was forty years ago, and we have since seen the EU-China relationship develop into one of the globally most important partnerships. In celebrating the 40th anniversary this year of the establishment of relations, we will be able to look back at achievements and milestones passed, and take stock of where we are today in our relationship. But more importantly, we will look ahead and define our cooperation for the years to come.

We have come a long way. Three years after the visit of Commissioner Soames, in 1978, the first trade agreement between the EU and China was signed. Today our bilateral trade is worth more than a billion euro a day. Our trade and investment relationship, based not only on exchange but on a deep integration of value chains, has become an important source of wealth, jobs, development and innovation for both sides. The EU and China have, as then Premier Wen Jiabao said in 2012, become interdependent. This is even more true today.

In 1979, Roy Jenkins became the first EU Commission President to visit China. Jenkins, who was received by

Deng Xiaoping, has since been followed by an extensive high-level exchange between Brussels and Beijing. The first EU-China Summit was held in 1998, and marked the beginning of regular meetings between our top leaders. In 2003, our relationship was elevated to a Comprehensive Strategic Partnership. In March 2014, President Xi Jinping became the first Chinese Head of State to visit the EU institutions in Brussels, and in October 2014 Chinese Premier Li Keqiang met with the outgoing President of the European Council Herman Van Rompuy and President of the European Commission Jose Manuel Barroso.

Last year saw a new European Union leadership being installed in Brussels, and we are now looking forward to intensified contacts between the new EU leadership and its Chinese counterparts. After the visit of the President of the European Parliament, next on the calendar is the 17th EU-China Summit which will be scheduled for the first part of the year, the next round of the Strategic Dialogue where High Representative Federica Mogherini meets with her counterpart State Councillor Yang Jiechi, and the High Level Economic and Trade Dialogue on the level of Vice-President of the Commission/Vice-Premier. In addition, the President of the European Council, Donald Tusk, was invited by President Xi Jinping to visit China.

At the 16th Summit, held in Beijing in 2013, we agreed on an 'EU-China 2020 Agenda for Strategic Cooperation'. The Agenda is a blueprint for the further development of the three pillars that hold up our relationship: the strategic/

political pillar, the economy and trade pillar and not least the pillar of people-to-people exchanges. The agenda maps out our cooperation in foreign and security policy, on trade and economy, on urbanisation, green growth, energy security, legal affairs and a large number of other issues, including human rights. The Agenda will for years to come constitute the main document on which the EU-China Summit, and the about 60 other regular high-level and senior officials dialogues that underpin the Summit, will be based on.

Coming high-level discussions will naturally focus on issues of particular relevance at the moment. An ambitious bilateral investment agreement, which is currently under negotiation, would unlock the enormous potential of two-way investment for China and the EU. In a context of slower Chinese growth, it would help create an open and predictable environment. This is more necessary than ever to attract the quantity and quality of foreign investment that could reshape China's economic model—making it more balanced, sustainable, inclusive, and resilient.

Equally high on the agenda is the economic situation in Europe and in China. In Europe, the new EU leadership has given top priority to promoting growth and employment, including an ambitious Investment Plan that seeks to support public and private investments in the real economy of at least €315 billion over the next three years (2015-2017). Three kinds of infrastructures (energy, digital and transport) will be among the target sectors for the plan. The EU has also set apart €15 billion to be dedicated to investments beyond its borders, in Eastern Europe and in the Southern Mediterranean, over the period 2014-2020, to improve economic and social development and support the reform process already undertaken by the partner countries themselves in the EU's immediate neighbourhood; more than half will go to infrastructures and private sector development. In the past, this Neighbourhood Investment Facility has demonstrated an enormous ability to leverage additional funds, leading for instance to an investment ten times bigger than the original funds for the period 2008-2013. Finally, the EU is also a major contributor to the Western Balkans Investment Framework, which in its first four years (2009-2013) allocated loans that contributed to mobilise a total of €13 billion of investment in infrastructure in the region.

Meanwhile, China has also committed to continue its long-standing infrastructure investment drive beyond its borders, both in Asia and Europe. Beijing is the driving force behind the new Asian Infrastructure Investment Bank

(AIIB), it has announced the establishment of a new "Silk Road fund" and urged the creation of a financial institution under the Shanghai Cooperation Organisation (SCO). In Europe, China has also committed to provide Central and Eastern European countries with preferential loans, with a focus on infrastructure investments. Beyond the steady flow of figures, all this demonstrates that the EU and China share a common goal: the necessity to invest in infrastructures in regions that still need to create the enabling framework to raise their income and access international markets. In the EU, this has long taken the form of policies and funds dedicated to candidate and neighbourhood countries, but also to relatively poorer countries within the EU itself, through structural funds.

This brings me to a second current topic of importance, the concept and model of connectivity between Europe and China.

The EU welcomes China's interest to finance infrastructure investment in Europe, both within and outside EU borders, and is with great interest following the formulation of plans for the "One Belt, One Road" initiative. Contacts are being established to seek a coordination of the different initiatives from both sides. The EU already has in place a framework for infrastructure planning for Europe, TEN-T – Trans-European Transport Network – being the most comprehensive one, which focuses on priority projects agreed by all countries involved. The objective of our exchanges should therefore be to agree on the investments that are most profitable both to the countries concerned and to the region as a whole, reinforcing their competitiveness and their integration in international exchanges. For this purpose, transparent bidding processes are an absolute requisite, woven into EU law. Not only does transparency ensure that public funds are not misappropriated, but it also provides for healthy competition between local and international construction and equipment firms that are forced to offer the best value for money. After years of intensive investment in China, there is a set of Chinese construction and equipment firms that compete in international biddings and the EU welcomes this competition, as long as the companies are not unduly subsidised and conform to EU regulations.

EU-China cooperation could also develop in Central Asia, where China's investment has been growing significantly over the past few years, in particular in the energy and mining sectors. The prosperity of this region holds the key to the development of China's Western regions, in particular Xinjiang, and Beijing is giving it a high priority, understand-

ing that the right investments there would provide long-term returns. As the "One belt, One Road" policy makes clear, China does not just see Central Asia as a provider of energy resources: it wants to favour growth, trade, investment and regional integration in the area. Furthermore, Beijing hopes that these efforts could eventually lead to the improvement of the overall stability and security situation in the region.

The EU and China share the view that international cooperation can contribute to peace, prosperity and sustainable development in the region. Since the adoption of an EU Strategy for Central Asia in 2007, the European Union has also become an important actor in the area. This strategy is focused on developing ties in all areas through political dialogue and cooperation on education, environment, water, energy, transport and trade. It is also aimed at strengthening the commitment of Central Asian states to the rule of law, human rights and democratic values, as well as to a market economy, as the EU believes that all these would contribute to a peaceful, democratic and economically prosperous Central Asia. On the other hand, it also acknowledges that the region is facing increasing and new challenges, including with regard to developments in Afghanistan. Therefore, strengthening the dialogue and cooperation with Central Asian states on security matters, including border management, migration, combating organised crime and drug trafficking, is essential. The EU and China can only benefit from increased cooperation on these issues and a closer examination of how our interests may converge, not least in the framework of the EU-China Dialogue on Central Asia.

Beyond that, in implementing this strategy, the EU also seeks to mobilise the private sector for infrastructure investment and to promote regional co-operation, including through confidence-building measures. A recent sign

of progress in relations with the region is the initialling of the EU-Kazakhstan Enhanced Partnership and Cooperation Agreement, on 20 January 2015. Kazakhstan is a key country for any prospects of reinforced connections between China and Europe. Over the years, the EU has become Kazakhstan's first trading partner and first foreign investor, representing over half of total FDI in Central Asia's largest country. This Agreement will help to reinforce that trend by ensuring a better regulatory environment for economic operators of both sides; by doing so, it will also help Kazakhstan to diversify its economy, which remains too concentrated on the energy sector. China also attaches importance to its relations with Kazakhstan, which were strengthened during Premier Li's visit to the country in December last year. Both sides agreed to deepen exchanges in the area of confidence-building measures, capacity cooperation, technical collaboration to name a few. Overall, In Central Asia, as in Europe itself, there appears to be increasing scope for cooperation in the interest of regional stability and economic development. .

We have an interesting year ahead of us, a year where the EU-China partnership will be in the spotlight. Celebrating forty years of ever expanding and deepening relations, we can confidently look at the years ahead. We stand on a firm platform of a comprehensive and increasingly mature partnership. ☺



**Hans Dietmar SCHWEISGUT**

*EU Ambassador to the People's Republic of China and Mongolia*

## BIO

**Hans Dietmar SCHWEISGUT** joined the Austrian Ministry of Foreign Affairs after obtaining his doctorate in law at the University of Innsbruck and post-graduate studies in the US and at the Diplomatic Academy in Vienna. After serving at the Permanent Mission of Austria to the United Nations, he held key posts in the Austrian Federal Chancellery and later as Director General at the Austrian Ministry of Finance. He was Ambassador of Austria to Japan and served as Austria's Ambassador to the People's Republic of China. Subsequently, he became the Permanent Representative of Austria to the European Union in Brussels. He was the EU Ambassador to Japan before being appointed to his current position as EU Ambassador to the People's Republic of China and Mongolia.



## INTERNATIONAL CONFERENCE

**BRUSSELS** 4-5 MAY 2015

# THE EU AND CHINA: REFORM AND GOVERNANCE

**LOCATION** European Economic and Social Committee (4 May: full day) / European Parliament (5 May: morning)

**On 4-5 May 2015**, the EU-China Research Centre and the InBev-Baillet Latour Chair of European Union-China Relations at the College of Europe will organise a conference on “The EU and China: Reform and Governance”. The conference will be hosted by the European Economic and Social Committee (4 May 2015: full day) and the European Parliament (5 May 2015: morning) in Brussels.

**The objective** of this one-and-a-half day conference is to bring together high-level European and Chinese researchers and policymakers to explore the topic of reform and governance. It will do so by focusing on both the EU's and China's approaches to domestic and global governance, as well as current reforms in the EU and China. Whereas the first day will be devoted to an in-depth study of the internal opportunities and challenges shared by the EU and China as well as their contribution to global governance, the morning of the second day will put an emphasis on global climate governance.

### 4 MAY 2015

- PANEL 1** Economic and Political Reform and Governance in the EU and China
- PANEL 2** Reform of Foreign Policy Systems
- PANEL 3** The EU, China and the Reform of Global Economic Governance
- PANEL 4** The EU, China and the Reform of the International Development Architecture

### 5 MAY 2015

- PANEL 5** The Road to Paris: The EU, China and Global Climate Governance

**Further information** about the conference is available here:  
[www.coleurope.eu/events/eu-and-china-reform-and-governance](http://www.coleurope.eu/events/eu-and-china-reform-and-governance)

**In case of questions** about the conference, please send an e-mail to [ann.van\\_vooren@coleurope.eu](mailto:ann.van_vooren@coleurope.eu).



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European Union-China Relations



**EU-CHINA** Research Centre  
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**European Economic and Social Committee**

# CHINA'S NEW SILK ROAD AND EU-CHINA RELATIONS

Jing MEN

China's grand development strategy – the Silk Road Economic Belt (One Belt) and the 21st-Century Maritime Silk Road (One Road) – announced by Chinese President Xi Jinping in late 2013, is forward thinking. It will have a great impact on the future development of China's economy and its relations with a large number of countries – in Asia, Africa, and Europe. The New Silk Road Initiatives demonstrate that after decades of adaptation and integration to the international system since the launch of the reform policy at the end of 1970s the Chinese government is developing a proactive and comprehensive strategy to deal with the changing situation in the world, and is striving for a win-win situation in cooperation with the countries involved in this initiative.'

This New Silk Road strategy is, I would argue, the most ambitious yet in China's era of reform. The successful implementation of this grand strategy requires financial, institutional, and policy support, not only from China, but also from all the countries along the Road. In the coming years, huge investment, a vast number of bilateral and multilateral cooperation agreements, and countless policies, on top of hundreds of thousands of meetings and exchanges

across borders, will be necessary to facilitate the realisation of this strategy. The colossal amount of work involved in this strategy makes it a historical mission for China to take the lead and to coordinate and cooperate closely with the other countries in order to see its fulfilment.

This paper will, first of all, look at the strategy itself, analysing the challenges it will meet. It will then explore its potential impact on EU-China relations. While the strategy is aimed at a mutually beneficial relationship between China and the other countries involved, its implementation must take the interests and concerns of those other countries into serious consideration.

## **A grand strategy with great potential impact as well as challenges**

The design of this grand strategy is very impressive: first, while inspired by the ancient silk road, the idea behind this New Silk Road is rather daring. Dating back to as early as the Qin and Han dynasties in Chinese history, the ancient Silk Road was predominantly an economic venture. In comparison, the New Silk Road, with governmental financial support from the newly established funds and banks,

including the Silk Road Infrastructure Fund, the Asian Infrastructure Investment Bank, the New Development Bank (NDB), and the Development Bank of the Shanghai Cooperation Organization (SCO), will not only stimulate economic cooperation and trade deals, but, more importantly, it will promote people-to-people contacts, cultural exchanges and ideally foster mutual understanding between China and all the countries along the New Silk Road. China will need to take into consideration the geographical, political, security, economic, social, and cultural conditions of each country along the road in pursuing connectivity with these countries. Doing so will demand gigantic efforts. Second, while the New Silk Road will help strengthen connectivity between China and the other countries by infrastructure development, institutional building will have a far-reaching impact not only in promoting regional and international trade and economic cooperation, but also in facilitating rule-building in the international system. It will be a learning process for all the countries involved, and no doubt it will take time for the countries involved to understand, accept and digest those new rules. The challenges inherent to this process cannot be underestimated. Third, China is undoubtedly designed as the leader behind this grand strategy. China's influence in those countries along the New Silk Road will further increase, following a growing number of bilateral and multilateral cooperation projects. Such influence will also help enhance China's influence in regional and international affairs.

However, other countries may have different interests. A considerable number of countries are suspicious of China's intention of promoting the New Silk Road.<sup>1</sup> China will need to ensure those countries' concerns can be alleviated and convince them of China's open and inclusive cooperation offer – how this will be achieved in practice is a question that needs to be addressed. Fourth, the implementation of this strategy is part of China's effort to realise the "Chinese Dream" – to build a prosperous society and achieve national rejuvenation. China's further rise in the coming years will bring the country into direct competition with the United States – from political ideology, global governance, to economic growth models. How to manage the "New Type of Great Power Relations" with the US is another challenge for China.

## One Belt and One Road to the EU

The Silk Road Economic Belt (One Belt) links China with Europe through Central and Western Asia, whereas the Maritime Silk Road (One Road) takes the sea lane from Quanzhou, Fujian Province, to Southeast Asia, South Asia, Africa and arrives in Europe. According to the design, the One Belt meets up with the One Road in Venice. During the past four years, several railways have connected Chinese and European cities, passing through Kazakhstan, Russia, Belarus and Poland. The yuxinou railway, which began operating in March 2011 between Chongqing, China and Duisburg, Germany, was extended to Antwerp, Belgium in 2012; the rongou railway, which is said to be the fastest route between China and Europe, was launched in April 2013, reaching Lodz, Poland from Chengdu in 12 days; the zhengou railway, which takes 16 days to reach Germany from China (a distance of more than 10,000 kilometres), was put into operation in July 2013 between Zhengzhou and Hamburg; the hanxinou railway, connecting Wuhan, Hubei Province with Lodz, Poland, began operating in April 2014; and, the yixinou railway, which starts at Yiwu, Zhejiang Province and ends in Madrid, Spain (covering a distance of more than 13,000 kilometres), began operating in November 2014. All of these railways are designed for cargo trains transporting goods between China and Europe, and are said to effectively help save cost and time.<sup>2</sup>

To link the One Road and the One Belt, China has already taken some initiatives to construct a "fast lane" which connects the Greek port of Piraeus with other European countries including Hungary, Serbia, and Macedonia, to stimulate Chinese exports to Europe and European goods exported to China. Upon its completion in the coming two years, the combination of railways and sea-lanes will shorten the transportation time to 7-11 days.<sup>3</sup> In 2010, the Chinese global shipping corporation Cosco made a 500 million euro deal with the Greek government to lease half of the Greek port of Piraeus, just outside of Athens, which has quickly developed into "one of the biggest and fastest-growing ports in the Mediterranean".<sup>4</sup> At the end of 2014, based on another agreement, Cosco planned to invest a further 230 million euro in the Greek port, making Piraeus one of the most modern and biggest freight ports

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<sup>1</sup> See, for example, T. Shannon, "The New Silk Road: China's Marshall Plan?", *The Diplomat*, 6 November 2014, <http://thediplomat.com/2014/11/the-new-silk-road-chinas-marshall-plan/> (accessed 23 January 2015). <sup>2</sup> Gangtie sichou zhilu [Railway Silk Road], <http://baike.baidu.com/view/12973502.htm> (accessed 23 January 2015). <sup>3</sup> Zhanghan, "Tisu Ouzhou: 'haishang sichou zhilu' Pobing baergan" (Speedy up in Europe: Maritime Silk Road made breakthrough in the Balkans), 21 shiji jingji baodao (21st Century Economic Report) <http://jingji.21cbh.com/2015/1-1/wNMDA2NTNfMTM1OTAwNA.html> (accessed 30 December 2014). <sup>4</sup> Alkman Granitsas and Costas Paris, "Chinese Transform Greek Port, Winning Over Critics", 20 November 2014, *The Wall Street Journal*, <http://www.wsj.com/articles/chinese-transform-greek-port-winning-over-critics-1416516560> (accessed 2 January 2015). <sup>5</sup> Aggelos Skordas, "Piraeus Port Authority and Cosco Sign New 230-Million-Euro Agreement", Nov. 27, 2014, <http://greece.greekreporter.com/2014/11/27/piraeus-port-authority-and-cosco-sign-new-230-million-euro-agreement/> (accessed 2 January 2015).

in Europe.<sup>5</sup> Before the new government election in Greece, Cosco's success in the Greek port was believed to have cleared the way for the implementation of the Chinese Maritime Silk Road project and served as a catalyst for the Chinese presence in Central and Eastern Europe.<sup>6</sup>

However, when the new government in Greece came to power, the young Prime Minister Tsipras halted the privatisation of the port, where Cosco, along with four other suitors, would have been the potential buyer of a 67% stake of the Piraeus port. Tsipras's new policy caused concerns for the Chinese government, but around the Chinese New Year, when the new Prime Minister was invited on board a Chinese warship visiting Piraeus, he directly addressed China's concern and stated that "special importance" will be given "to the existing Chinese investments in Greece including the important activities of COSCO at Piraeus Port".<sup>7</sup> Whether the Greek government will continue to welcome Chinese investment remains to be seen, but the change of government in Greece seems to remind Beijing that instability in the regions where the New Silk Road is designed to pass will continue to pose a significant challenge to the entire strategic idea.

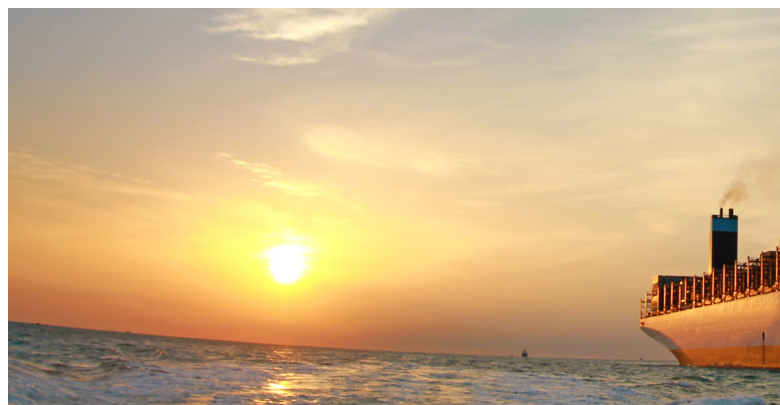
## **"THE ANTI-PIRACY CHALLENGE HAS LED TO INCREASED COOPERATION BETWEEN THE EU AND CHINA IN RECENT YEARS IN THE FIELD OF NON-TRANSITIONAL SECURITY"**

Before the Maritime Silk Road reaches Europe, it needs to pass the Horn of Africa into the Red Sea. The dangerous situation in the Gulf of Aden constitutes a serious risk. The anti-piracy challenge has led to increased cooperation between the EU and China in recent years in the field of non-transitional security. In November 2009, China hosted an international

conference on anti-piracy, which was attended by representatives from the EU. EUNAVFOR and PLAN vessels conducted their first ever joint maritime exercise in March 2011.<sup>8</sup> The joint naval exercise on counter-piracy was held on 20 March 2014 in the Gulf of Aden, and 'reflected the successful joint efforts of the Chinese Navy and of EU operation ATALANTA in strengthening maritime security and fighting piracy'.<sup>9</sup> As a result of further development of the Maritime Silk Road, China is expected to strengthen its cooperation in anti-piracy measures with the EU.

### **Impact on EU-China relations**

As China is situated in East Asia, its neighbouring countries are the first group to feel the impact of the New Silk Road strategy, and it seems that the Asian countries are also those that react most actively. The EU has not yet officially responded to China's new strategy,<sup>10</sup> this may be due to the fact that the EU is on the other side of the Eurasia continent,



and it will take time for the strategy to be implemented and for European countries to feel its impact. However, the lack of reaction from the EU side may also indicate the following: first, that the EU has doubts about the importance of China's newly developed grand strategy. EU officials still need to study the initiative and the policy of the New Silk Road and to understand the impact that it will have for the EU and for EU-China relations. Second, the official dialogues between the EU and China in 2014 did not address the New Silk Road issue specifically. This may be because China focused more on its neighbouring countries as a starting

<sup>5</sup> Aggelos Skordas, "Piraeus Port Authority and Cosco Sign New 230-Million-Euro Agreement", Nov. 27, 2014, <http://greece.greekreporter.com/2014/11/27/piraeus-port-authority-and-cosco-sign-new-230-million-euro-agreement/> (accessed 2 January 2015). <sup>6</sup> A. Makris, "Greece Clears Way for '21st Century Maritime Silk Road'", 15 December 2014, <http://greece.greekreporter.com/2014/12/15/greece-clears-way-for-21st-century-maritime-silk-road/> (accessed 2 January 2015). <sup>7</sup> Alexis Tsipras welcomes existing Chinese investments in Piraeus", 19 February 2015, <http://www.thetoc.gr/eng/news/article/alexis-tsipras-welcomes-existing-chinese-investments-in-piraeus> (accessed 20 February 2015).

<sup>8</sup> Paweł Bieńkowski, 'The EU and China as Partners in Security – The Case of Transnational Threats,' Centre for International Initiatives, <http://centruminiciatyw.org/?q=pl/node/145>

<sup>9</sup> Joint Statement-Deepening the EU-China Comprehensive Strategic Partnership for mutual benefit (31/03/2014), [http://eeas.europa.eu/delegations/china/press\\_corner/all\\_news/news/2014/20140331\\_02\\_en.htm](http://eeas.europa.eu/delegations/china/press_corner/all_news/news/2014/20140331_02_en.htm) (accessed 13 April 2014). <sup>10</sup> I learned from one of my interviews that, in the middle of January 2015, an internal meeting discussing China's Silk Road Strategy was held inside the European External Action Service.

point in launching certain cooperation projects in the past year. Third, although within China there have been quite a number of seminars and workshops exploring the New Silk Road Strategy, there have been few such events in the EU and its Member States. In other words, there is a low public awareness of China's strategy in the EU.

Nevertheless, as this strategy is being implemented with full strength by the Chinese government, its impact will soon be felt, both near and far – i.e. not only in Asia, but also in Europe. In my view, the following questions need to be addressed by European officials: first, what is the nature of this strategy? Is it beneficial to the European countries or not? Second, how many European countries will be affected by China's new strategy, both directly and indirectly? To what degree? And in what ways will these countries be affected? Third, what is the role of the EU in dealing with China's new strategy? How closely will the EU and China coordinate in



implementing economic cooperation and trade deals when EU Member States are affected by China's strategy? Fourth, in terms of rule setting, how influential will this strategy be? To what degree will it help China to set rules in the sphere of international economic cooperation? Finally, how will all of this really affect EU Member States?

### Tentative conclusion

China's New Silk Road strategy is a long-term strategy, which is still only in its initial stage of implementation. Its full impact for the EU and its Member States will only be felt in the coming years if it is developed successfully. In terms of EU-China relations, the following points need to be highlighted. First, for China's economic cooperation projects that involve EU Member States, close contacts with the European institutions are crucial. Different from any other sovereign player in the world, the EU's role is rather complicated. To be precise, China needs to deal with the EU and its Member States on two levels. The 16+1 initiative, proposed by China, seems to involve only these sixteen countries. However, it should be noted that the "EU member states participating in the forum had consulted the European Commission in advance, and agreed that any infrastructure deal financed as a result of a broad €10 billion package advertised by China would follow EU rules on public markets and tenders".

In the same way, the deal between Cosco and the Greek port also needed the approval of the European Commission. Second, mutual respect and equal partnership are important principles. The Silk Road Strategy will stimulate more outward investment from China to the EU, and the successful management of the investment depends, to a large extent, on the understanding of local rules, society and culture. The ongoing economic activities will lead to extensive political, social and cultural contacts, which make it a very comprehensive package of work for both the EU and China. Third, bilateral and multilateral institutional arrangements and the adherence to these arrangements are crucial to the successful implementation of the Silk Road Strategy. The enormous amount of effort required to promote the Silk Road strategy is a challenge in itself. Transparency of rules and rule abeyance will help reduce miscommunication and, therefore, avoid misunderstanding in exchanges between all the countries involved in the encompassing bilateral and multilateral framework. ☺



**Prof. Dr. Jing MEN**

*InBev-Baillet-Latour Chair of European Union-China Relations at the College of Europe and Director of the EU-China Research Centre*

### BIO

**Prof. Dr. Jing MEN** is InBev-Baillet-Latour Chair of European Union-China Relations at the College of Europe and Director of the EU-China Research Centre.

She graduated from Nankai University in Tianjin, China, with a BA (1990) and an MA (1993) in English Language and Literature. She obtained a post-graduate diploma in Management (2002) and a PhD in Political Science (2004) at the Vrije Universiteit Brussel.

She has widely published on EU-China relations, European integration as well as Chinese foreign policy and external relations.

# CHINA'S NEW SILK ROAD DIPLOMACY: IMPLICATIONS FOR CHINA'S RELATIONS WITH EUROPE AND AFRICA

Anna Katharina STAHL

## Introduction

China recently witnessed a leadership transition, opening new directions for the country's domestic and foreign policy. Since coming into power, President Xi Jinping and Premier Li Keqiang have launched several new foreign policy initiatives. Among the different proposals, the announcement of the revival of the Silk Road has received particular attention from the international community. Though novel in many ways, this new Chinese foreign policy strategy goes back to ancient transportation routes, which started in China and passed through Central and Western Asia, Europe and Africa. As figure 1 shows, the original Silk Road included both land and maritime routes. Although these strategic transportation channels were primarily associated with the trade of Chinese silk, which emerged at the beginning of the Han Dynasty from 206 BC to 220 AD, it was only in the 19th century that the term 'Silk Road' found its way into general use. Over time, the original meaning of the Silk Road as ancient trade routes has expanded to encompass cultural exchanges between the Western and the Oriental world.

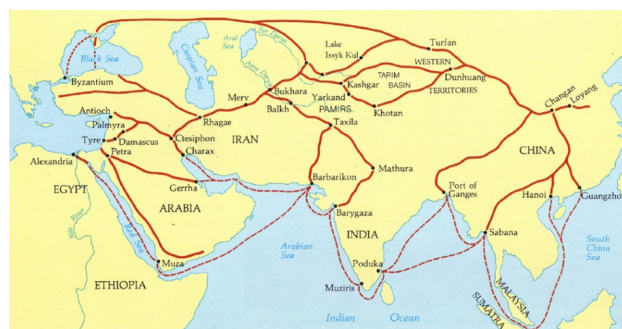


Figure 1: Map of the Ancient Silk Road

Following the change in China's leadership in 2012, a key policy priority of President Xi Jinping and Premier Li Keqiang has been the revival of the traditional Silk Road and the formulation of a "New Silk Road" diplomacy, adapted to the 21st Century. Against this background, this article explores the Silk Road diplomacy initiated by China's new leadership. It focuses, in particular, on the possible implications of this new Chinese foreign policy doctrine in terms of China's relations with Europe and Africa.

**1** Y. Wang, "China's New Foreign Policy: Transformations and Challenges Reflected in Changing Discourse", The ASAN Forum, 21 March 2014, retrieved 2 July 2014, <http://www.theasanforum.org/chinas-new-foreign-policy-transformations-and-challenges-reflected-in-changing-discourse/>. **2** The term 'Silk Road' (in German "Seidenstraße") was coined in 1877 by the German geographer and cartographer Baron Ferdinand von Richthofen. **3** C. Brugier, "China's Way: the new Silk Road", Brief Issue No.14, Paris, European Union Institute for Security Studies (EUISS), May 2014; J. Wu Jiao and Y. Zhang, "Xi proposes a 'new Silk Road' with Central Asia", China Daily, 8 September 2013. **4** Ministry of Foreign Affairs of the People's Republic of China, "President Xi Jinping Delivers Important Speech and Proposes to Build a Silk Road Economic Belt with Central Asian Countries", 7 September 2013, retrieved 3 July 2014, [http://www.fmprc.gov.cn/mfa\\_eng/topics\\_665678/xjpfwzysiesgjtftshzzfh\\_665686/t1076334.shtml](http://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpfwzysiesgjtftshzzfh_665686/t1076334.shtml). **5** B. Dai, a high-ranking Chinese diplomat, "Jointly Build the

### The Revival of the Silk Road by China's New Leadership

The so-called 'New Silk Road diplomacy' was launched by the Chinese President in the course of his Central Asian tour in 2013.<sup>3</sup> It was during his visit to Kazakhstan that President Xi officially announced China's intention to build an "economic belt along the Silk Road" together with Central Asian countries.<sup>4</sup> Since then, the 'Silk Road' concept has been widely used in the Chinese public policy discourse and, in particular, by Chinese policymakers and experts.<sup>5</sup> In a recent speech, a prominent Chinese diplomat expressed China's ambitions to establish a "Silk Road for the 21st Century", in order to promote greater "openness and inclusiveness" among different countries.<sup>6</sup> Despite its prominence, the formulation of China's 'New Silk Road' is still at an early stage, which is why it does not yet represent a fully fleshed out foreign strategy with clear objectives. This also explains why China's 'Silk Road diplomacy' is the subject of different interpretations: some give priority to the nature of the transportation channels, namely land or maritime routes, while others focus on the development of specific regions.<sup>7</sup>

According to many scholars, the fact that the Chinese President referred to the notion of a 'Silk Road Economic Belt' reveals the intentions of China's new leaders to foster stronger economic cooperation with neighbouring countries.<sup>8</sup> In addition to promoting trade and investment among countries in Central and Southeast Asia, experts have also highlighted the importance of new regional infrastructure projects initiated by the new Chinese leadership. At the same time, China's 'New Silk Road diplomacy' should not be seen from a purely economic perspective. It also reflects China's broader ambitions as a regional power. From the perspective of China's leadership, the Silk Road represents cultural transmission routes.

Hence, China's 'New Silk Road diplomacy' also serves as a vehicle to strengthen people-to-people and cultural exchanges.<sup>9</sup> In other words, the Silk Road serves as a bridge for friendly communication between China and other countries with the view of fostering regional prosper-

ity and security. Hence, China's New Silk Road is depicted in the Chinese policy discourse as a "symbol of peace and friendship".<sup>10</sup>

Although many commentators have seen in China's Silk Road diplomacy first and foremost a shift in China's relations with its neighbours and efforts to enhance cooperation with countries in Central and Southeast Asia,<sup>11</sup> there are also signs pointing towards a broader reorientation of China's foreign policy. In fact, the Chinese leadership has underlined, on several occasions, that the Silk Road concept should be seen as a grand blueprint for China's ambitions to connect three different continents, namely Asia, Europe and Africa. This is particularly significant considering the maritime dimension of the Silk Road,<sup>12</sup> which goes around the Horn of Africa and crosses the Red Sea, before entering the Mediterranean. Moreover, the high-ranking Chinese diplomat Dai Bingguo has highlighted that China's reinterpretation of the Silk Road "should not only cover China's neighbourhood or Asia, but also grow into a system of cooperation across different regions", bringing "benefits to people in Asia, Europe, Africa and the entire mankind".<sup>13</sup>

### China's New Silk Road Diplomacy: Opportunities and Challenges for Europe

Despite the economic crisis that is currently affecting most European countries, Europe remains a major trading partner of China. China's New Silk Road diplomacy is commonly associated with a greater opening of China towards Europe and the vision by the new leaders of a "Eurasia" region. The "Eurasia" vision of China's new leadership covers two different aspects: a geographic and an ideological perspective.

According to the geographic interpretation of the 'Eurasia' concept, China should be connected to Europe through various corridors. A number of new infrastructure projects give an indication of China's efforts to expand its inland routes to Europe.<sup>14</sup> China is connected to Europe through the 'Eurasian Land Bridge', which is a transcontinental

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Silk Roads for the 21st Century With Openness and Inclusiveness", Speech, Guiyang, Eco Forum Global Annual Conference, 11 July 2014, retrieved 5 July 2014, [http://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1173754.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1173754.shtml); X. Yan, "Silk Road Economic Belt Shows China's New Strategic Direction: Promoting Integration With Its Neighbors", Op-ed, 21st Century Business Herald, retrieved 1 September 2014, <http://carnegietsinghua.org/2014/02/27/silk-road-economic-belt-shows-china-s-new-strategic-direction-promoting-integration-with-its-neighbors>. <sup>6</sup> Dai, Speech, op. cit. <sup>7</sup> J. Wu and Y. Zhang, "Xi in call for building of new 'maritime silk road'", China Daily, 14 October 2013; E. Macguire and B. Anderson, "Silk Road" railways link Europe and Asia", CNN, 27 June 2013; Wu Jiao and Zhang, op. cit.; S. Tiezzi, "China 'Marches West' - To Europe", The Diplomat, 27 November 2013, retrieved 10 July 2014, <http://thediplomat.com/2013/11/china-marches-west-to-europe>. <sup>8</sup> J. Szczudlik-Tatar, "China's New Silk Road", PISM Policy Brief, No. 34, Vol. 82, December 2013, The Polish Institute of International Affairs (PISM). <sup>9</sup> Ministry of Foreign Affairs of the People's Republic of China, President Xi's Speech, 7 September 2013, retrieved 3 July 2014, op. cit. <sup>10</sup> Dai, Speech, op. cit. <sup>11</sup> N. Godehardt, "Chinas 'neue' Seidenstraßeninitiative", SWP-Studie 9, Stiftung Wissenschaft und Politik (SWP), Berlin, June 2014. <sup>12</sup> J. Wu and Y. Zhang, "Xi in call for building of new 'maritime silk road'", China Daily, 14 October 2013. <sup>13</sup> Dai, Speech, op. cit. <sup>14</sup> C. Lin, "China's New Silk Road to the Mediterranean: The Eurasian Land Bridge and Return of Admiral Zheng He", ISPSW Strategy Series, No. 165, Institut für Strategie- Politik- Sicherheits- und Wirtschaftsberatung (ISPSW), Berlin, October 2011.

railroad that allows the transportation of goods and people overland from seaports in China to major European ports.<sup>15</sup> Different sources have recently reported attempts by the Chinese government to expand the country's rail land bridge to Europe by investing in new high-speed rail links.<sup>16</sup>

From the ideological perspective 'Eurasia' does not simply represent a geographic region, but rather a political and economic union between China and European states. In this context, one should mention that the new Chinese leadership has started to reach out to countries in Central and Eastern Europe.<sup>17</sup> Following the initiative of former Chinese Prime Minister Wen Jiabao to establish a pragmatic cooperation between China and countries in Central and Eastern Europe (CEE) in April 2012,<sup>18</sup> Premier Li Keqiang attended the second China-CEE Summit in Bucharest, in November 2013. The CEE or so-called '1+16' summits between China and the heads of government of 16 countries of Central and Eastern Europe have become a new institutionalised form of cooperation, which is managed by a specific secretariat located in the Chinese Ministry of Foreign Affairs.<sup>19</sup>

In parallel to establishing new forms of dialogue with Central and Eastern European countries, China's leaders have been careful not to neglect the other European partners and to foster diplomatic relations with Western European countries and the European Union (EU) as a whole.

In March 2013, the new Chinese President made his first trip to Europe, visiting the Netherlands, France, Germany, and Belgium, where he also met with the President of the European Council and the European Commission at the headquarters of the EU in Brussels. Most importantly, under the current Chinese government a new Policy Paper on the EU was published, which reflects China's continued efforts to establish a specific Comprehensive Strategic Partnership with the EU.<sup>20</sup> Furthermore, the new Chinese leadership has started negotiations over a Bilateral Investment Agreement with the EU, in view of replacing the

current patchwork of more than 20 different investment treaties between individual EU Member States and China.<sup>21</sup>

Overall, China's New Silk Road diplomacy presents both opportunities and challenges for Europe. On one hand, China's New Silk Road diplomacy – with its emphasis on major infrastructure projects – contributes to new trade and investment opportunities for Europe. On the other hand, the fact that the Chinese leadership has adopted a dual approach in its political relations with Europe – reaching out to both individual Member States and the EU at the same time – has weakened Europe's position as a coherent political actor. In the view of the EU, China's recent foreign policy dialogue with CEE is undermining the general EU-China political dialogue.<sup>22</sup>

### **The Role of Africa in China's New Silk Road Diplomacy**

Considering the fact that the furthest points of the original Silk Road were located in Africa,<sup>23</sup> it is not surprising that the Silk Road metaphor has also been used to describe China's growing relations with Africa. Consequently, China's New Silk Road diplomacy not only covers China's relations with Europe, but also refers to the growing exchange between China and the African continent.<sup>24</sup> In particular the policymakers involved in the formulation of China's trade policy have stressed the importance of Africa in the context of China's New Silk Road initiative.<sup>25</sup> While Europe remains China's traditional trading partner, China's economic relations with African countries have witnessed an unprecedented expansion in recent years. According to the 2013 White Paper on China-Africa Trade and Economic Cooperation, the proportion of China-Africa trade volume as a part of China's total foreign trade volume increased from 2.23 to 5.13 percent in the period from 2000 to 2012.<sup>26</sup> Nonetheless, there are many barriers in Sino-African trade relations that continue to hamper the expansion of Sino-African trade and investment relations. China's 'New Silk Road diplomacy' can be seen as a novel tool to overcome these obstacles as it fosters a more regular and structured interaction between the Chinese and the African

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<sup>15</sup> S. Otsuka, "Central Asia's Rail Network and the Eurasian Land Bridge", Japan Railway and Transport Review, Issue 28, September 2001. <sup>16</sup> M. Burdman, "Eurasian Land-Bridge Enters a New Era", Executive Intelligence Review (EIR), vol. 35, no.4, 25 January 2008, pp.54-55; M. Moore, "King's Cross to Beijing in two days on new high-speed rail network", The Telegraph, 8 March 2010. <sup>17</sup> S. Tiezzi, "China 'Marches West' - To Europe", The Diplomat, 27 November 2013, retrieved 10 July 2014, <http://thediplomat.com/2013/11/china-marches-west-to-europe>. <sup>18</sup> Liu, "The Pragmatic Cooperation between China and CEE: Characteristics, Problems and Policy Suggestions", Working Paper Series on European Studies, Vol. 7, No. 6, Institute of European Studies (IES), Chinese Academy of Social Studies (CASS), Beijing, 2013. <sup>19</sup> See official website: <http://www.china-ceec.org/eng>. <sup>20</sup> Chinese Government, China's Policy Paper on the EU: Deepen the China-EU Comprehensive Strategic Partnership for Mutual Benefit and Win-win Cooperation, State Council, Beijing, 2 April 2014. <sup>21</sup> A. Berger, "EU-China Bilateral Investment Agreement negotiations", Journal of the European Union Chamber of Commerce in China (EUObiz), May/June 2014, pp. 11-13. <sup>22</sup> R. Turcsányi, "Central and Eastern Europe's courtship with China: Trojan horse within the EU?", EU-Asia at Glance, European Institute for Asian Studies (EIAS), Brussels, January 2014, retrieved 1 September 2014, <http://www.eias.org/sites/default/files/EU-Asia-at-a-glance-Richard-Turcsanyi-China-CEE.pdf>.

economic actors and enables a better understanding of the different business practices in China and Africa.<sup>27</sup>

While the Silk Road paradigm should foster 'South-South economic integration' between China and Africa, it also reflects the intention of China's new leaders to expand Sino-African relations beyond the economic realm. There are several signs that suggest Africa remains high on the foreign and security policy agenda of China's new leadership. After assuming his new position, President Xi Jinping chose three African countries for his first official overseas state visit in March 2013.<sup>28</sup> Moreover, in May this year Premier Li carried out an Africa tour, which took him to Ethiopia, Nigeria, Angola, and Kenya. During his tour, the Chinese Premier not only met with African heads of state and government, but also visited the headquarters of the African Union (AU) in Addis Ababa. This shows that China's new leaders are well aware of Africa's security challenges. In addition to establishing bilateral security dialogues with individual African countries, Chinese policymakers have also started supporting the AU and other regional organisations in finding common African solutions to conflicts on the continent.<sup>29</sup>

Overall, the new Chinese leadership continues to promote the existing Sino-African institutional framework and in particular the Forum on China-Africa Cooperation (FOCAC).

## Conclusion: The New Silk Road – Bringing China, Europe and Africa closer together

Some scholars have argued that China's current foreign policy represents "more continuity than change" and that "the new leadership is likely to adopt a more reactive than pro-active approach to foreign policy."<sup>30</sup> Although there is indeed the risk that domestic constraints may hamper the efforts of China's new leaders to carry out major foreign policy changes, this article has shown that the Silk Road initiative launched under the new leadership has the potential to alter some aspects of China's foreign policy and in particular its relations with Europe and Africa. Today, China's New Silk Road diplomacy is still in its infancy and needs to move from policy formulation to actual implementation. The outcome of China's new diplomatic initiative will depend not only on the interaction between the different Chinese foreign policy actors, but also on the policy response of European and African partners. Taking into account the current shifts of the international system, new foreign policy concepts are needed more than ever and China's New Silk Road diplomacy has the merit of at least offering some new directions. In this context, this article has underlined the potential of China's new foreign policy approach to bring the Asian, European and African continents closer together and, in doing so, to generate "geopolitical reverberations around the world".<sup>31</sup> ©



**Dr. Anna Katharina STAHL**

*Research Fellow at the EU-China Research Centre  
in the Department of EU International Relations and  
Diplomacy Studies*

## BIO

**Dr. Anna Katharina STAHL** is a Research Fellow at the EU-China Research Centre in the Department of EU International Relations and Diplomacy Studies. She holds a PhD in political science from the Vrije Universiteit Brussel (VUB). Moreover, she holds a MA in EU International Relations and Diplomacy Studies from the College of Europe in Bruges and a French-German double degree in political science and public law from the Institut d'Etudes Politiques de Lille and the Westfälische Wilhelms-Universität Münster.

Before joining the EU-China Research Centre in September 2014, Dr. Anna Katharina STAHL worked as a researcher in EU Foreign and Security Policy at the Institute for European Studies (IES) of the VUB, where she completed a dissertation on EU-China-Africa trilateral relations. In the framework of her doctoral research, she conducted field research in China and Africa, and was a visiting researcher at the Centre for Chinese Studies (CCS) of Stellenbosch University in South Africa.

<sup>23</sup> Harry G. Broadman, "Africa's Silk Road: China's and India's New Economic Frontier", The World Bank, Washington D.C., 2007. <sup>24</sup> C. Lagat, "Kenyan scholars say China's Maritime Silk Road to open new frontiers of growth", China Daily, 5 May 2014. <sup>25</sup> The China Africa Project, "Senior Chinese trade official: 'New Silk Road' includes Africa", 24 April 2014, retrieved 13 July 2014, <http://www.chinaafricaproject.com/senior-chinese-trade-official-new-silk-road-includes-africa/>. <sup>26</sup> Chinese Government, White Paper, China-Africa Economic and Trade Cooperation 2013, State Council, Beijing, August 2013. <sup>27</sup> The China Africa Project, "Senior Chinese trade official: 'New Silk Road' includes Africa", 24 April 2014, retrieved 13 July 2014, <http://www.chinaafricaproject.com/senior-chinese-trade-official-new-silk-road-includes-africa/>. <sup>28</sup> Democratic Republic of Congo, South Africa and Tanzania. <sup>29</sup> A. K. Stahl, Interview discussing Premier Li Keqiang's Africa Tour, 8 May 2014, Xinhua New Agency, retrieved 18 July 2014, <http://www.youtube.com/watch?v=oAHISY44xsE>. <sup>30</sup> F. Cameron, "China's Foreign Policy under the New Leadership – More Continuity than Change", BICCS Special Briefing 10/2013, Brussels Institute of Contemporary China Studies (BICCS), retrieved 4 July 2014, <http://www.vub.ac.be/biccs/site/index.php?id=273>. <sup>31</sup> L. Dickey, "China Takes Steps Toward Realizing Silk Road Ambitions", China Brief, Vol. 14, Issue 11, The Jamestown Foundation, 4 June 2014.

# CHINA'S NEW SILK ROAD AND ITS IMPACT ON SINO-EUROPEAN RELATIONS

Anastas VANGELI

## Introduction

One of the key concepts of China's proactive diplomacy under Xi Jinping in the last two years is the New Silk Road, which is comprised of two parts: a) The Silk Road Economic Belt, and the b) Maritime Silk Road for the 21st Century. Aiming to improve the connectivity within and between Asia, Europe, and the rest of the world by land and sea, the New Silk Road diplomacy has a significant European component. The Eurasian landbridges that constitute the overland Silk Road Economic Belt have their final destinations in the Western European markets, and its infrastructure and trade corridors will branch throughout Eastern, Central, and Southeast Europe. The Maritime Silk Road for the 21st Century has important nodes in the Mediterranean Sea. Moreover, the New Silk Road concept means the growing involvement of China in the wider European neighbourhood.

How is China's foreign policy approach towards Europe evolving in the light of the unveiling of the New Silk Road endeavours? This paper examines the new developments of China's geo-economic and geo-political orientations and the implications for the China-Europe relationship.

It builds upon recent publications on the New Silk Road, as well as interviews and exchanges with scholars from Europe and China that took place in Beijing during October and November 2014. It first discusses the origins and aims of the New Silk Road, then it offers an overview of its European component, and finally it discusses the impact on Europe-China relations.

## Is the New Silk Road a Strategic Concept?

The New Silk Road is a concept with "Chinese characteristics" – it is developing gradually, incrementally, and has a long-term outlook. Although trans-national and cross-regional in nature and orientation – being discussed in multi-lateral forums such as the Asia-Europe Meeting, the Asia Pacific Economic Cooperation forum and G20, and with China having called for joint efforts by all sides – the New Silk Road is primarily being negotiated and implemented through separate bilateral mechanisms and funding, which involve China as a leader, and the countries or regions in question as followers. However, there is no definite blueprint for how the New Silk Road will look on the map, and through exactly which countries it will pass, nor is there a concretely specified plan. It is rather an umbrella

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<sup>1</sup> Interviews with Foreign Policy and Area Experts from the Chinese Academy of Social Sciences, China Institute for International Studies, Renmin University, and Beijing Foreign Studies University, October-November 2014. <sup>2</sup> Gabriel Dominguez, "How China Is Reshaping Global Development Finance", Deutsche Welle, November 19, 2014, Asia edition, sec. Finance, <http://www.dw.de/how-china-is-reshaping-global-development-finance/a-18072984>.

concept under which many other inter-related projects will be converging. Experts in Beijing argue that it will take decades, if not more than a century, until it starts to take form. Moreover, the future of the New Silk Road is conditional upon the developments in the regions concerned – which could pose a number of challenges for its implementation.<sup>1</sup> Yet, China has already pledged 40 billion USD for its Silk Road Fund, and has established the Asian Infrastructure Investment Bank that will likely play an important supporting role in the development of the New Silk Road.<sup>2</sup>

The New Silk Road vision is deeply rooted in China's domestic imperatives, and in particular in its programme for "Western Development". By engaging with the rest of China, with Central Asia, and finally Europe, China's western provinces are becoming rapidly integrated in transnational networks of cooperation, and experiencing their own process of reform and opening up, with the final goal being to catch up with the East coast. The New Silk Road would

eventually give prominence to the booming western cities, therefore also intersecting with the challenge of sustainable urban development, and promoting sub-national actors (cities and regions) as important foreign policy actors.<sup>3</sup>

In addition to this, the New Silk Road Diplomacy greatly concerns China's security and its neighbourhood policy. Chinese policymakers believe that the roots of ethnic tensions and instability in Xinjiang are economic, and thus see economic development as the remedy.<sup>4</sup> Additionally, China's New Silk Road is unfolding hand in hand with the advancement of multilateral regional security and development cooperation (as in the Shanghai Cooperation Organization). Equally important is the maritime component of the New Silk Road, which aims at closer ties with South and Southeast Asian countries, which could potentially help in calming the situation in the South China Sea.<sup>5</sup>



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<sup>3</sup> "China's New Silk Road Plan Builds on Failed Go West Drive", South China Morning Post, accessed November 25, 2014, <http://www.scmp.com/business/economy/article/1523471/chinas-new-silk-road-plan-builds-failed-go-west-drive>. <sup>4</sup> For example, see Mingming Du, "NDRC Gears up to Support Xinjiang Development", People's Daily, June 4, 2014, English edition, sec. China Politics, <http://english.people.com.cn/n/2014/0604/c90785-8736936.html>. <sup>5</sup> Ningzhu Zhu, "China to Pave Way for Maritime Silk Road", Xinhua News English, October 11, 2013, [http://news.xinhuanet.com/english/china/2013-10/11/c\\_132790018.htm](http://news.xinhuanet.com/english/china/2013-10/11/c_132790018.htm).

Some observers suggest that the New Silk Road is about fine-tuning China's position in contemporary geopolitics. One of the core strategic ideas behind the inception of the New Silk Road Diplomacy is that of "Marching West" – devised as a response to America's turn toward Asia. The logic behind this idea is that as the Pacific becomes a more

## **"EUROPE'S EASTERN AND SOUTHERN FRONTIERS WILL HAVE THE MOST IMMEDIATE EXPOSURE TO THE NEW SILK ROAD ENDEAVOURS, AND THEY ARE BECOMING INCREASINGLY IMPORTANT FOR CHINA'S FOREIGN POLICY"**

crowded field of play, China seeks new manoeuvring space in the opposite direction.<sup>6</sup> Aside from being geopolitical, there is an economic side as well – as the New Silk Road is China's tool to "counter the US-led Trans-Pacific Partnership and Transatlantic Trade And Investment Partnership [...] aimed at excluding China from closer trade cooperation."<sup>7</sup> Other analysts also point to the ties between China and other regional powers, such as Russia, a neighbour with which China has relations of convenience rather than conviction, or India; with some dubbing the New Silk Road a Chinese "Marshall Plan" – an exercise in increasing its foreign policy influence, and eventually a way of becoming a true superpower.<sup>8</sup> In this sense, China's New Silk Road is framed as an attempt at hedging the Russian position in Eurasia,<sup>9</sup> and competing with India in South Asia,<sup>10</sup>

although both Moscow and New Delhi have been enthusiastic so far about connectivity cooperation with China.<sup>11</sup>

In the view of Chinese pundits, on the other hand, the New Silk Road Diplomacy is an attempt to move beyond a realist reading of international affairs, and to embrace a more cooperative approach. They are reluctant to use the term "strategy", preferring to describe it as "a cooperation proposal" or "initiative". Likewise, they do not frame it as China's attempt "to lead" but rather "to make a creative and inclusive contribution" to the development of contemporary global affairs, and to ensure that its neighbours and partners around the world will also benefit from China's economic progress. They do underline that even though the New Silk Road is being pushed forward and coordinated by Beijing, it can only succeed with the consensus, willingness, and contribution of its partners in the wider Eurasian continent.<sup>12</sup> Yet, even in such pragmatic wording, the New Silk Road certainly signifies a change in tone and a shift in China's appearance on a global stage.

### **The European Component of the New Silk Road**

The most immediate impact of the New Silk Road will be in the Chinese neighbourhood and, in general, in Asia. However, it inherently concerns Europe as well. The final destination of the New Silk Road – both at land and at sea – is the Common European Market, and in particular the European regions with the greatest economic prowess.<sup>13</sup> In this sense, Germany, with whom China has a "special relationship", is considered to be of the utmost importance, which was reiterated during Xi's speech in Duisburg in March 2014.<sup>14</sup> Yet, despite fixing its gaze on the European "core," the New Silk Road also spans and branches out throughout all of the regions in between. In this sense, Europe's Eastern and Southern frontiers will have the most immediate exposure to the New Silk Road endeavours, and they are becoming increasingly important for China's

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<sup>6</sup> Yun Sun, "As America Pivots East, China Marches in the Other Direction", *Foreign Policy*, February 7, 2013, [http://www.foreignpolicy.com/articles/2013/02/07/westward\\_ho\\_china\\_asia\\_pivot](http://www.foreignpolicy.com/articles/2013/02/07/westward_ho_china_asia_pivot). <sup>7</sup> Yiwei Wang, "Silk Road' Diplomacy for Inclusive Growth", *China Daily*, September 24, 2014, African Edition edition, sec. Opinion, [http://africa.chinadaily.com.cn/business/2014-09/24/content\\_18652384\\_2.htm](http://africa.chinadaily.com.cn/business/2014-09/24/content_18652384_2.htm). <sup>8</sup> Shannon Tiezzi, "The New Silk Road: China's Marshall Plan?", *The Diplomat*, November 6, 2014, <http://thediplomat.com/2014/11/the-new-silk-road-chinas-marshall-plan/>. <sup>9</sup> See Camille Brugier, *China's Way: The New Silk Road*, Brief no. 14 (Paris: European Union Institute for Security Studies, May 16, 2014), <http://www.iss.europa.eu/publications/detail/article/chinas-way-the-new-silk-road/>. <sup>10</sup> Stephen Spark, "China's Maritime Silk Road Alarms India", *IHS Maritime 360*, November 17, 2014, <http://www.ihs maritime360.com/article/15469/china-s-maritime-silk-road-alarms-india>. <sup>11</sup> See, for example, Liang Jun, "India Plans High-Speed Rail Project with China", *People's Daily*, November 25, 2014, sec. Business, <http://english.peopledaily.com.cn/business/n/2014/11/25/c90778-8813363.html>. See also: "Russia Eyes Chinese Cash for \$150 Billion Moscow-Beijing High-Speed Railway", *The Moscow Times*, November 21, 2014, sec. Business, <http://www.themoscowtimes.com/business/article/russia-eyes-chinese-cash-for-150-moscow-beijing-high-speed-railway/511644.html>. <sup>12</sup> Interviews with experts at CASS and CIIS. <sup>13</sup> Speaking informally, one Chinese foreign policy scholar argued that the New Silk Road is an attempt to link two of the major industrial centres in the world – Shanghai and Hamburg. <sup>14</sup> See Nicholas Brautlecht, "Germany Plans to Expand Chinese Rail Link as Xi Visits Duisburg", *Bloomberg*, March 28, 2014, <http://www.bloomberg.com/news/2014-03-28/germany-plans-to-expand-chinese-rail-link-as-xi-visits-duisburg.html>. In July, the German Prime Minister Angela Merkel visited Chengdu, another key centre for the New Silk Road development. Yining Ding, "Merkel's Visit Reflects City's Rising Trade Role", *Shanghai Daily*, July 18, 2014, Print edition, sec. City Specials, <http://www.shanghaidaily.com/chengdu/Merkels-visit-reflects-citys-rising-trade-role/shdaily.shtml>.

foreign policy. Thus the New Silk Road will bring together two budding sub-regional diplomatic projects: in a) Central, East and Southeast Europe, including Europe's Eastern Neighbourhood; and b) the Wider Mediterranean region.

### Central, East and Southeast Europe

In the last few years, the cooperation between China and the sixteen countries of Central, East and South-east Europe (CEE16) with whom the Chinese Ministry of Foreign Affairs has a special mechanism for cooperation (CEE16+1) has been considered an important novelty for China-Europe relations. In the views of Chinese scholars, the CEE16 are expected to be crucial for "facilitating the construction" of the New Silk Road, the connectivity and cooperation between Europe and Asia in general, and China and the EU in particular.<sup>15</sup>

The CEE16 countries have demonstrated a chronic thirst for foreign investment, especially in the aftermath of the financial crisis when their traditional partners (Western Europe and the US) economically withdrew from the region. China has identified this opportunity and has taken concrete steps towards bolstering cooperation, proposing the so-called "twelve measures" in Warsaw in 2012. As of now, all of these measures are in the process of being implemented. In 2013, first in Chongqing and then in Bucharest, China made some significant amendments: on the surface by "Europeanizing" the discourse (framing 16+1 as an appendix to the China-EU relations), but also by putting the focus on transportation infrastructure and regional approach.<sup>16</sup>

At present, the overall relations between the CEE16 and China are deemed to be at the highest level in history. As China is celebrating 65 years of diplomatic ties with Bulgaria, Romania, the Czech Republic, Slovakia, Hungary and Poland, the shared communist past and the reform

experience is deemed "a special advantage" that most of the other partners in Europe do not possess.<sup>17</sup> However, in some of the CEE countries, the newly emerging enthusiasm for China has followed an unexpected trajectory. A particular example is Hungary, which under Viktor Orbán has inaugurated a foreign policy of "opening to the East" and cited the accomplishments of the Chinese model as an inspiration for his own illiberal turn towards a "workfare" state.<sup>18</sup>

A particular subgroup of 16+1 are the Western Balkans countries – Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia, where China is gaining an ever-larger presence.<sup>19</sup> For China, these countries are more "flexible" and have certain advantages as they are not (yet) part of the EU. They also do not need sovereign guarantees to use the special Chinese credit line, and since they are relatively poor, they fulfil the eligibility criteria for receiving developmental aid from China.<sup>20</sup> The increasing Chinese activity in the region could potentially have a reassuring role for these countries that they will remain internationally relevant, especially since the EU abolished the DG Enlargement in designing the new Commission in 2014.

Adjacent to the CEE16, are the Eastern European countries that are part of the European Neighbourhood Area. Of special importance are Belarus and Ukraine, both of which are strategic partners of China, as well as being the bridge between the Silk Road Economic Belt routes in Russia and Central Asia, and those in CEE16. They are, however, often overlooked as important partners of China and a potentially significant variable in the broader China-Europe relationship.

Both Belarus and Ukraine serve as important sources of military and other advanced technology that China can nei-

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<sup>15</sup> Zuokui Liu, *The Role of Central and Eastern Europe in the Building of Silk Road Economic Belt* (Beijing: China Institute of International Studies, September 18, 2014), [http://www.ciis.org.cn/english/2014-09/18/content\\_7243192.htm](http://www.ciis.org.cn/english/2014-09/18/content_7243192.htm). <sup>16</sup> Justyna Szczudlik-Tatar, "16+1 Formula of China-Central Europe Cooperation" (presented at the 10th Lodz East Asia Meeting, Lodz, June 4, 2014). <sup>17</sup> Dan Zhang, "Leaders of China, Six Other Countries Exchange Congratulations on 65th Anniversary of Ties", CNTV English, October 7, 2014, <http://english.cntv.cn/2014/10/07/ARTI1412664614193154.shtml>. <sup>18</sup> See Dariusz Kalan, *They Who Sow the Wind... Hungary's Opening to the East*, Bulletin (Warsaw: The Polish Institute for International Affairs, March 2014), [https://www.pism.pl/files/?id\\_plik=16891](https://www.pism.pl/files/?id_plik=16891). Also see Hungarian Government, "Prime Minister Viktor Orbán's Speech at the 25th Bálványos Summer Free University and Student Camp", Government, accessed October 19, 2014, <http://www.kormany.hu/en/the-prime-minister/the-prime-minister-s-speeches/prime-minister-viktor-orban-s-speech-at-the-25th-balvanyos-summer-free-university-and-student-camp>. <sup>19</sup> See Dragan Pavlicevic, "China's Railway Diplomacy in the Balkans", China Brief 14, no. 20 (October 23, 2014), [http://www.jamestown.org/single/?tx\\_ttnews%5Btt\\_news%5D=42992&no\\_cache=1](http://www.jamestown.org/single/?tx_ttnews%5Btt_news%5D=42992&no_cache=1); and Anastas Vangeli, "On the Growing Cooperation between China and the Western Balkans", in *An Agenda for the Western Balkans: From Elite Politics to Social Sustainability*, ed. Nikolaos Papakostas and Nikolaos Papasamitros (Hannover: ibidem Verlag, 2014). <sup>20</sup> Interviews with experts at CASS.

ther obtain from Russia nor from the EU; they are also important sources of crops. In the case of Belarus – deemed a gateway both to CEE and to the Russian markets, and a country through which all existing China-Europe freights already pass – China's relationship has gradually become an important source for sustaining the Lukashenka regime as well as balancing Putin's political clout. China's invest-

## **"THE COOPERATION BETWEEN CHINA AND THE REST OF SOUTHERN EUROPE IS UNFOLDING ALONG SIMILAR LINES"**

ment tallies several billion US dollars, of which the most important is a flagship industrial and technology park near Minsk, the first of its kind in Europe.<sup>21</sup> China also maintains strategic interests and hopes for cooperation with Ukraine, despite the recent turmoil in the country. The new leadership under President Petro Poroshenko has welcomed the New Silk Road vision. Moreover, Poroshenko has personal linkages with China – his son Oleksiy had served as a Vice Consul for Economic Affairs in the Consulate General of Ukraine in Shanghai prior to becoming a member of Parliament in the recent elections.<sup>22</sup>

### **The Wider Mediterranean**

The Wider Mediterranean region, defined as Southern Europe, Northern Africa and Western Asia/the Middle East matters greatly for China's foreign policy. It is also central to the development of the Maritime Silk Road. This region, as in the case of Eastern Europe, includes EU member states,

and EU neighbouring states. The Mediterranean countries of Europe – Greece, Cyprus, Malta, Italy, Spain, and Portugal – are an increasingly distinguishable group in China's foreign policy.<sup>23</sup> These countries have embraced the Maritime Silk Road proposal, first because it is a reassurance that the Mediterranean will remain a relevant region for international shipping transport of goods worldwide; and second, having been badly affected by the financial crisis, they welcome China's willingness to do business, invest and contribute to the region's economic recovery.<sup>24</sup>

The most significant case and model for cooperation between China and the Southern European countries so far is Greece. A strategic partner of China, Greece houses one of the key Chinese investments in Europe – the Piraeus port, whose piers II and III were in 2009 given under concession to the Chinese state-owned enterprise COSCO. As a result of COSCO's involvement, Piraeus is currently "the world's fastest growing container port" and became central to China's Eastern Mediterranean policy.<sup>25</sup> The cooperation between China and Greece might become even more significant after the recent back-to-back visits by Premier Li Keqiang and President Xi Jinping and discussions over new deals regarding the Port of Thessaloniki, as well as Greek railroads and airports. Being built on the narrative of ancient origins and paying a special attention to cultural heritage, Greece is also crucial for the civilizational component of the New Silk Road diplomacy.<sup>26</sup>

The cooperation between China and the rest of Southern Europe is unfolding along similar lines. China has shown an interest in buying Eurobonds from their governments, and boosting tourism – one of the core industries in the Mediterranean. Some of the countries, such as Portugal, Cyprus, Greece and Malta, are also welcoming large and mid-scale Chinese investments, by offering "golden visas."<sup>27</sup>

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<sup>21</sup> See Nikolai Anishenko, "Why China Is Investing Big Time In Belarus", Kommersant (via WorldCrunch), January 2014, <http://www.worldcrunch.com/business-finance/why-china-is-investing-big-time-in-belarus/customs-union-industrial-park-chinese-business-emerging-markets-clear-cutting-immigration/c2s14772/>. Also see Jan Cieski, "Belarus Looks to China for Investment in Infrastructure", Financial Times, July 22, 2013, <http://www.ft.com/intl/cms/s/0/82589a6e-ef98-11e2-8229-00144feabdc0.html?siteedition=intl#axzz3HtW0Mb3c>.

<sup>22</sup> See Ukrainian Embassy in China, Interview with the Ambassador of Ukraine to China: Ukraine Will Continue to Deepen Strategic Cooperation with China, Interview for Xinhua News (Beijing: Embassy of Ukraine to the People's Republic of China, June 6, 2014), <http://china.mfa.gov.ua/en/press-center/publications/2993-intervju-z-poslom-ukrajini-v-kitaji-olegom-dyominim-ukrajina-prodovzhyt-pogliblennya-strategichnoji-spivpraci-z-kitajem-sinyhua>. Also, see "Poroshenko's Son Becomes Member of Ukrainian Parliament", Russian Radio, October 28, 2014, [http://indian.ruvr.ru/2014\\_10\\_28/279319925/](http://indian.ruvr.ru/2014_10_28/279319925/). <sup>23</sup> For background information, see Christina Lin, China's New Silk Road to the Mediterranean: The Eurasian Land Bridge and Return of Admiral Zheng He, ISPSW Publications (The Institute for Strategic, Political, Security and Economic Consultancy (ISPSW), 2011), <http://www.isn.ethz.ch/Digital-Library/Publications/Detail/?id=133405>. <sup>24</sup> These ideas have been discussed at two China-Mediterranean gatherings organised by the Turin World Affairs Institute, in Turin, July 2014, and in Beijing, November 2014, which was attended by scholars and policy-makers, including Romano Prodi. <sup>25</sup> Frans Paul van der Putten, Chinese Investment in the Port of Piraeus: The Relevance for the EU and the Netherlands, Clingendael Report, Global Issues and Asia (The Hague: Clingendael. The Netherlands Institute for International Affairs, 2014), <http://www.clingendael.nl/publication/clingendael-report-chinese-investment-port-piraeus>. <sup>26</sup> Vasilis Trigkas and Anastas Vangeli, "Shipping, Culture Keys to Sino-Greek Colossus", Global Times, July 16, 2014, English edition, sec. Opinion, <http://www.globaltimes.cn/content/870920.shtml>. <sup>27</sup> For comprehensive coverage, see Silk Road Redux, FT Series, Investment (London:

In the Mediterranean, China also happens to have strategic convergence and shared security with some of the Southern European countries, especially in the light of the Arab Uprising and the regional crisis. The evacuation of Chinese workers during the Libyan crisis in 2011 – where Greece and Malta, along with several non-European countries in the region, played a pivotal role – represented a special “bonding experience” between these countries and China.<sup>28</sup> Moreover, the post-Arab Spring disarray has also put the smooth flow of goods through the Suez Canal in jeopardy – in this sense, China’s New Silk Road is also a way to secure alternative routes from Asia through Europe, which will optimally combine freight and shipping transportation.<sup>29</sup>

Finally, in the Mediterranean, China has found another proactive partner in Turkey, a country of strategic importance for the EU and still nominally a candidate for EU membership. China and Turkey have a joint interest in devising new Eurasianism; moreover, here China could be an important pillar of Erdoğan’s further distancing from the West, both economically as well as strategically.<sup>30</sup>

## “THE NEW SILK ROAD FACILITATES THE CONVERGENCE OF VARIOUS CHINESE DIPLOMATIC ENDEAVOURS, WHICH HAD PREVIOUSLY SEEMED SCATTERED BOTH IN TERMS OF GEOGRAPHY AND POLICY SECTORS”

### Implications of the New Silk Road for Sino-European Relations

There is a tacit consensus among European experts that the New Silk Road represents an opportunity for Europe<sup>31</sup> “[a]t a time when so many connections have been broken”, and, thus, that it is an opportunity “Europe cannot afford to pass up.”<sup>32</sup> During Xi Jinping’s visit to Brussels in March 2014, China and the EU formally agreed “to develop synergies between EU policies and China’s ‘Silk Road Economic Belt’ initiative and jointly to explore common initiatives along these lines.”<sup>33</sup> However, the New Silk Road Diplomacy also adds to the complexity of the Sino-European relationship. Under the assumption that it will develop as planned, it also has the potential to reshape the overall balance of linkages and leverages within the EU, among its candidate countries, and in the EU’s neighbourhood.

Moreover, the New Silk Road facilitates the convergence of various Chinese diplomatic endeavours, which had previously seemed scattered both in terms of geography and policy sectors. By doing so, the New Silk Road reinforces the already existing Chinese concept of several different “Europes”, with which China is dealing in different ways. This could reinforce the idea of a “two-track” Europe-China diplomacy in which individual countries and (sub)regions come before the Union. Such parallelism could be avoided – primarily by the EU contributing its own experience in facilitating complex trans-national projects in constructing the European section of the New Silk Road.

When it comes to the wider European region – both in the East and in the South – China’s approach is fundamentally different from that of the other global players, as it is much more willing and capable – compared to the EU, Russia or the US – to pursue large-scale economic projects.

Additionally, whereas the EU emphasises the promotion of democracy, China’s focus is primarily on economic

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Financial Times, October 2014), <http://www.ft.com/intl/indepth/silk-road-redux>. <sup>28</sup> Shaio H. Zerba, “China’s Libya Evacuation Operation: A New Diplomatic Imperative—overseas Citizen Protection”, *Journal of Contemporary China* 23, no. 90 (April 30, 2014): 1093–1112, doi:10.1080/10670564.2014.898900. <sup>29</sup> Emma Scott, “China’s Silk Road Strategy: A Foothold in the Suez, But Looking To Israel”, *China Brief*, 14, no. 19, Jamestown Foundation, October 10, 2014, [http://www.jamestown.org/uploads/media/China\\_Brief\\_Vol\\_14\\_Issue\\_19\\_5.pdf](http://www.jamestown.org/uploads/media/China_Brief_Vol_14_Issue_19_5.pdf). <sup>30</sup> Riza Kadilar and Andrew K. P. Leung, “Possible Turkish-Chinese Partnership on a New Silk Road Renaissance by 2023”, *Turkish Policy Quarterly* 12, no. 2 (Summer 2013): 125–37; Christina Lin, *A New Eurasian Embrace. Turkey Pivots East While China Marches West*, Transatlantic Academy Paper Series, May 2014, <http://www.gmfus.org/archives/a-new-eurasian-embrace/>. Especially significant is the 2013 winning bid of the Chinese SOE China Precision Machinery Import Export Corp (CPMIEC) for building the Turkish Missile Defense System (currently being re-evaluated). <sup>31</sup> See for example Raffaello Pantucci, “China’s Inexorable Drive into Central Asia”, *China Outlook*, August 2014, <http://chinaoutlook.com/chinas-inexorable-drive-into-central-asia/>; Justyna Szczudlik-Tatar, *China’s New Silk Road Diplomacy*, Policy Paper (Warsaw: The Polish Institute for International Affairs, December 2013), [https://www.pism.pl/files/?id\\_plik=15818](https://www.pism.pl/files/?id_plik=15818); 1. Nadine Godehardt, *Chinas »neue« Seidenstraßeninitiative*, SWP-Studien (Berlin: Stiftung Wissenschaft und Politik, June 2014), [http://www.swp-berlin.org/de/publikationen/swp-studien-de/swp-studien-detail/article/china\\_regionale\\_nachbarschaft\\_als\\_kern\\_der\\_aussenpolitik.html](http://www.swp-berlin.org/de/publikationen/swp-studien-de/swp-studien-detail/article/china_regionale_nachbarschaft_als_kern_der_aussenpolitik.html). <sup>32</sup> Ana Palacio, “Russia and the Silk Road Approach”, *Project Syndicate*, May 6, 2014, <http://www.project-syndicate.org/commentary/ana-palacio-emphasizes-the-economic-and-security-benefits-of-china-s-latest-initiative>. <sup>33</sup> “Joint Statement-Deepening the EU-China Comprehensive Strategic Partnership for Mutual Benefit” (European Union - European External Action Service, March 31, 2014), [http://eeas.europa.eu/delegations/china/press\\_corner/all\\_news/news/2014/20140331\\_02\\_en.htm](http://eeas.europa.eu/delegations/china/press_corner/all_news/news/2014/20140331_02_en.htm).

cooperation and development; it has no moral concerns for the nature of political regimes. For the near future, it is to be expected that increased linkages with China will also mean greater leverage of Beijing throughout the whole of Eurasia, which could also mean increased political clout in the region. Linkages and leverages with external actors in theory are an important factor for shaping internal political change. This could provide an additional challenge to the EU's normative agenda in its immediate and wider neighbourhood, where the EU considers itself as a stakeholder in promoting democratic political change. Such questions can also be posed in the context of the candidate countries at a time of a stagnant or even backsliding enlargement process. Moreover, those questions seem to be valid in Member States with problematic politics, such as Hungary. Hence, one must not overlook the potential role of China in political populist discourses – albeit a role that China may play inadvertently.<sup>34</sup>

Finally, one must not underestimate the potential challenge the New Silk Road may pose for European economic actors. The current vision of its implementation implies an ever-growing number of large projects for the Chinese SOEs in Europe and its neighbourhood, which will certainly be seen as external competition among European enterprises. This can also become a political issue, especially since securing a reciprocal access to public procurement is still an unresolved issue in EU-China affairs. There may be other challenges as well, such as the ability of Chinese SOEs to comply with EU norms on projects within the Union. Equally intriguing would be the development of the New Silk Road outside the Union, and in particular in countries that are candidates for EU membership.

Nonetheless, as a whole, the New Silk Road discourse repaints the image of Europe as a not-so-distant area, but rather a neighbour within reachable proximity. What was once a frontier and barrier, is set to become a “land bridge” that will bring new opportunities on the way. The historical reference to the Silk Road also alludes to the restoration of pre-colonial era relations, in which the grassroots flow of goods, people, as well as knowledge and culture were the main link between Europe and China. To understand the actual development of the New Silk Road vision, one should also look beyond the national level, at the particular hubs and nodes along the Road, such as Duisburg, Łódź, or Thessaloniki. One of the potential outcomes of this is that in the long term, China, rather than any other centre of power, might provide the countries and regions on the periphery and in the neighbourhood of Europe with an opportunity to reverse economic stagnation or decline, and change the way economic globalization unfolds between the West Pacific and the Eastern Atlantic. Thus, a bold vision like the New Silk Road not only has the potential to challenge both the way EU sees and approaches China, but also how it sees itself and its immediate and (not so) distant neighbours and Eurasia as a whole. ©

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**Anastas VANGELI**

*Doctoral researcher at the Graduate School for Social Research at the Polish Academy of Science*

## BIO

**Anastas VANGELI** is currently a second year doctoral researcher at the Graduate School for Social Research at the Polish Academy of Science (PAN) in Warsaw, and a Claussen-Simon PhD Fellow at the Trajectories of Change Program of the ZEIT – Stiftung Ebelin und Gerd Bucerius. He is also a research assistant at the Cross-National Studies: Interdisciplinary Research and Training Program (CONSIRT) hosted at PAN and the Ohio State University. Anastas VANGELI is associate at ThinkIN China, Beijing ([www.thinkinchina.asia](http://www.thinkinchina.asia)), and a member of the UACES Collaborative Research Network on EU-China relations ([www.euchinacrn.org](http://www.euchinacrn.org)). Anastas VANGELI's current research focuses on political change in China and Eastern Europe, as well as China-Eastern Europe relations. His research in Beijing in the Fall of 2014 was funded by the French Center on Contemporary China Studies.

<sup>34</sup> Jakob Tolstrup, “When Can External Actors Influence Democratization? Leverage, Linkages, and Gatekeeper Elites”, *Democratization* 20, no. 4 (2013): 716–42, doi:10.1080/13510347.2012.666066.