



Master's Degree in International Relations
Department of Political Science
Chair of Asian Studies

**THE “ONE BELT, ONE ROAD” INITIATIVE
AND ITS EFFECTS ON THE RELATIONS
BETWEEN CHINA AND EUROPEAN UNION**

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To my family.

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
APEC	Asia Pacific Economic Co-operation
APT	ASEAN plus three
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
ASEM	Asia-Europe Meeting
BSE	Bovine Spongiform Encephalopathy
ECFR	European Council on Foreign Relations
EEC	European Economic Community
EEU	Eurasian Economic Union
EFSA	European Food Safety Authority
EIB	European Investment Bank
EU	European Union
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
IP	Intellectual Property
KMT	Kuomintang
NATO	North Atlantic Treaty Organization
OBOR	“One Belt, One Road”

OECD	Organization for Economic Cooperation and Development
RASFF	Rapid Alert System for Food and Feed
SCO	Shanghai Cooperation Organisation
SLOC	Sea Lanes of Communication
SOE	State-owned Enterprise
TRIPS	Trade-Related Aspects of Intellectual Property Rights
TTIP	Transatlantic Trade Investment Partnership
TTP	Trans-Pacific Partnership
UK	United Kingdom
URSS	Union of Soviet Socialist Republics
US	United States
WTO	World Trade Organization

“To forge closer economic ties, deepen cooperation and expand space for development in the Eurasian region, we should take an innovative approach and join hands in building an ‘economic belt along the Silk Road’. We may start with work in individual areas and link them up over time to cover the whole region”.

Xi Jinping, speech at the Nazarbayev University of Astana, 2013

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INTRODUCTION

The relationship between the European Union and China has converted in one of the most important axis in the world. The political, and above all economical and commercial bonds between the two actors have increased exponentially in the last decades, changing the shape of the international system of power. A cooperation that was born at the end of the decade of the 1970s has evolved until becoming the second trade partnership in the world. The data to support this idea are clear: after a slow start, European Union became during the 2000s the biggest trade partner for China, while China is the second most important trader for the European Union, coming after only the United States. In 2013 the exchanges in goods reached €428.1 billion, while the trade in services was narrower (€49.9 billion).¹ The EU exports to China in the same year reached €148,4 billion, with an increase of the 80% compared to 2009. In the meanwhile, the imports have augmented of a 30%, reaching €280.1 billion. Also the numbers about the outward investments are relevant: €8.2 billion

¹ *Facts and figures on EU-China trade Did you know?* in <http://ec.europa.eu/trade/policy/countries-and-regions/countries/china/>, [Accessed 22/12/2015]

in the EU-China direction; instead €1.1 billion was the value of the Chinese investments to Europe, with an astonishing increment compared to 2009 of the 1100%.²

The areas in which European Union and China collaborate are several. Even if the commerce related discussions are always predominant, in the meetings between the respective representatives many different topics are dealt with: from security to energy, from human rights to climate change, from culture to space. The bonds between these two actors can now be considered as one of the most important engines of the global economy, as the status of their relations can produce strong repercussions at the world level.

But aside from the relevance of their relationship, European Union and China must be analysed as main actors of the current multipolar world emerged from the fall of the Soviet Union in the first 1990s. We are currently experiencing a particular phase of the global history. The end of the Cold War and the collapse of the Soviet Union in 1989-1991, pushed the system towards an acceleration and a widening of globalization in the whole world. The consequence was that many big countries, which in the past were neutral or non-aligned with neither of the two blocks, have now opened their economies to regional and global markets, eliminating protectionist policies and seeking the entrance in the multilateral system.³

In fact, the United States didn't succeed in proposing themselves as the unique power to lead the entire global governance order. Now they have to accept and take in consideration also the position and the interests of the others international stakeholders that demands to participate in the solution of global issues. The role that the European Union has gained in the last decades is of fundamental importance: its representatives participate in a long list of international meetings, peace negotiations, global conferences. And though the strong dependence from the United States has almost always conditioned its foreign affairs

² *EU-China relations: 2015 and beyond*. Business Europe, March 2015. Available at <https://www.businesseurope.eu/sites/buseur/files/media/imported/2015-00194-E.pdf> [Accessed 02/12/2015]

³ Telò, M. (2013) *Regionalismo, globalizzazione e governance globale*. In Enciclopedia Treccani. Available at [http://www.treccani.it/enciclopedia/globalizzazione-e-governance-globale-regionalismo_\(Atlante-Geopolitico\)/](http://www.treccani.it/enciclopedia/globalizzazione-e-governance-globale-regionalismo_(Atlante-Geopolitico)/) [Accessed 06/02/2016]

decisions, lately EU is trying to acquire a more independent way of behaving, and the enhancement of the ties with the Asian world and in particular China can become the turning point for its foreign policy strategy and the future of the global system.

Meanwhile, the Chinese government is also trying to redefine the position of its country in the international scenario. Since the historic opening of the mid-1970s, China has always managed to keep a sort of low profile, concentrating mostly on its economy and the commerce, instead of facing directly the other countries. This political scheme has led China to transform itself from a poor developing country to one of the biggest economies in the world. Even participating to every important global governance issue, Chinese officials obtained to maintain favourable trade relations with all its main partners, from the United States to Russia.

Still now, China doesn't aspire to present itself as a threat for the global equilibrium, but it is starting to participate more actively in the global governance. In order to achieve that goal, a more intense and strict cooperation with the European institutions can be essential for China to gain credibility and international legitimacy.

This is the reason why experts from all over the world have started to focus their studies on this relationship. Only few decades ago the exchanges between the poor China and the institutionally weak European Union were not of major interest for the global scenario; now that the situation has changed and that the relevancy of the bonds between the two actors on the destiny of the international markets have become clear for every one, the analyses of the characteristics of this partnership has been intensified. Especially in the United States, scholars and officials have started to worry about the deepening of the relations between their two main trade partners, thinking that the consequence on their own economic system could be sizable.

The event that considerably affected the status of the relations was the announcement in Autumn 2013 of the "One Belt, One road" project. It is the new economic and social plan of foreign policy for China, that is meant to lead its relation with the other countries in the

next decades. The project is composed by two coexistent initiatives: the New Economic Silk Belt and the 21st Century Maritime Silk Road. The principal objective of the strategy elaborated by Xi Jinping's government is to give financial and structural aids to its neighbouring countries in order to create a network that will facilitate the exchange of information, goods and service within the area, and will ultimately make easier the relations with the other extreme of the Eurasian country: the European Union. The potential of the project is colossal, and the desire to share the dividends of Chinese economic growth pushed many different states to show a strong interest towards the program.

Even if the European Union and the single European states have not participated immediately to the elaboration of the several initiatives that are necessary to implement the project, now they have started to understand the benefits that they can gain by participating in the investment plan.

Research Structure

How is the “One Belt, One Road” project announcement influencing the relations between European Union and China? Our work aims to present the current status of the relations between the two actors, and to highlight the effects that the revelation of the new Chinese development plan will have on them. To do that, we will take in consideration official documents produced by the institution of the two actors, the joint declarations edited as result of the meetings between their representatives, as well as interviews to their officials and the opinions of scholars and journalists that have commented the incidence of the “New Silk Road” initiative on the European Union-China liaison.

One problem that emerged during our researches is the scarcity of bibliographic resources on the topic. The OBOR project has been announced in 2013, and the debate on its characteristics and its potential has started only lately. In particularly, in the Western world and above all in Europe, politicians and experts initially have not focused on the debates

about this new step of the Chinese foreign policy, underestimating its possible weight on the economic interests of the other countries.

We will divide our research in three sections. In the first chapter, we will run through the history of the relations between China and the European Union, starting from the events that have led to Chinese opening up to the West. Since their beginning in the 1975 the quantity and quality of the meetings between the representatives of the two sides have grown exponentially, contributing to push the relationship to the current levels. In the second part, we will outline the main characteristics of the “One Belt, One Road” project, introducing the countries that will be involved, the advantages that may bring to the Eurasian continent, and the possible problems that may stop the implantation of the initiatives. While in the third part, we will present the opinions of Chinese and European officials and thinkers on the project, and will evaluate the effects that the announcement had on the relationship between the two actors. Finally, the conclusive chapter will be devoted to present an outlook of the potential future scenarios.

CHAPTER 1

A BRIEF HISTORY OF EU-CHINA RELATIONS

1.1 1975: The early stages of the relationship

Before to start to talk about the current status of the relations between European Union and China, it is necessary to present the early stages of the relationship. In fact, the situation now is completely different from the one that existed four decades ago, when occurred the first contacts between the representatives of the two actors. A radical transformation involved the internal institutional and social structures, but above all the international scenario has been absolutely reshaped, with a consequent revision of the relations of power and of the economic ties between the countries. In this chapter, we will consider the events that have led China and the Western countries to seek more close ties between them, and the birth of the EU-China axis.

1.1.1 Chinese historic context: the consequences of the Civil War

When on the 9th of September 1945 Japan, that had just suffered the nuclear bombing on the cities of Hiroshima and Nagasaki by the United States, declared its capitulation and the consequent end of the Second Sino-Japanese war (July 1937-September 1945), the weak and loose collaboration between the nationalist government of Chiang Kai-shek, leader of the Kuomintang (KMT), and the heads of the Chinese Communist Party finally broke. As a result, a Civil War between the two sides broke out. While the KMT army, supported by the United States, adopted a more classic way of waging the conflict based on the control of the principal urban centres and the use of big contingents, the communist antagonists led by Mao Zedong opted for a guerrilla war, with a concentration of military actions in the countryside. Very important was also the perception that the Chinese citizens had of the two sides of the conflict: as the Communist Party was considered much more sympathetic with the needs of the Chinese farmers, it was highly preferred by the people as object of their support.⁴

The Civil war ended with the victory of the Communists, and the announcement of the People's Republic of China by Mao on the 1st of October 1949. In that moment the position of the two great powers of the second post-war about the role of Mao's China was not completely clear. In particular, in the United States, officials and scholars started to wonder if the new Asian government was inextricably linked with Moscow, or if it resulted from a different and independent nationalist process. At the end was the first opinion to prevail, and China was included into the list of antagonist communist countries.⁵

While Mao started to give a shape to the new country, that for the first time in a century was reunited under a same central government (with the exceptions of Taiwan, venue of the Chiang Kai-shek's government in exile, Macau and Hong Kong), two different and opposite phenomena started. On one side, there was the euphoria of the Chinese people for

⁴ Mazzei, F. and Volpi, V. (2014) *Asia Al Centro*. II ed. Milano: EGEA.

⁵ *Ibidem*.

the social policies started by the leader: one example was the land reform, that did not delete all the inequalities existing in the Chinese community, but for the first time a redistribution of the rural territories was decided in favour of the poorest farmers.⁶

On the other side, China's choices of foreign policy highly determined its relations with the Western world. Even if initially Mao wanted to present China as an independent power avoiding to side one of the two parties in the rising Cold War, he eventually decided to join the forces with the Soviet Union.⁷ The result of this stance was the Sino-Soviet Friendship Treaty of the 14th of February 1950, that was fostered also by the good relations between Mao and the URRS leader Stalin.⁸

The first test for the new alliance was the burst of the Korean War: Stalin officially asked the Chinese intervention in the conflict, while Mao was highly doubtful about the opportunity of sending soldiers to the front, fearing a response of the American army. He finally decided to send a small voluntary force to Korea to fight against the South Korean soldiers and their Western allies.⁹

This initiative definitively damaged the Chinese reputation in United States' perception, and consequently its relations with US's allies of the Second post-war, the Western European countries.

⁶ Bramall, C. (2004) *Chinese Land Reform in Long-Run Perspective and in the Wider East Asian Context*. *Journal of Agrarian Change*, 4(1-2), pp. 107-141, p110

⁷ Mazzei, F. and Volpi, V. (2014) *Asia Al Centro*. II ed. Milano: EGEA.

⁸ Goldstein, S. (1995) *Nationalism and Internationalism: Sino-Soviet Relations*. In Robinson, T. W. and Shambaugh, D. L. (eds.) *Chinese Foreign Policy: Theory and Practice*. Oxford: Clarendon Press, p 234

⁹ Zhihua, S. (2012) *Mao, Stalin and the Korean War: Trilateral Communist Relations in the 1950s*. Milton Park, Abingdon: Routledge, pp. 151-152

1.1.2 The détente

Even if officially was an ally, Mao was always very suspicious towards the Soviet Union. His negative feelings were amplified by the destalinization process proposed by Nikita Krusciov at the XX Congress of the URSS' Communist party in order to start a new course in the political life of the country. The criticisms moved by the new Soviet leader against the cult of the personality of Stalin, sounded at the time as an implicit complaint against the chairman Mao. Another point of collision was Moscow's refusal to help China with the production of a nuclear weapon. In the summer of 1960 there was the crucial break of the relations, as The Soviet Union, now defined as a betrayer of the true communism, retired its experts and stopped its economic aids to the Asian country after months of provocations from both the sides.

The situation worsened during Mao's Cultural Revolution, the civil war that the Chairman started in order to regain the control of the party. It begun in 1966, when Mao incited students, the young generation of high school and universities, to fight for the new revolution against the heads of the party apparatus, and in particular the scholars and professor that in his opinion had approached the capitalist ideology.¹⁰ Mao started a personal attack against the leaders of the party, in particular Deng Xiaoping Liu Shaoqi and Peng Zhen. While the first was sent to the rural area of the Jianxi to carry out simple employee tasks, the latters were imprisoned and died during the custody for abuses by the jailers.¹¹ The revolution lasted a decade, causing the death of hundreds of thousands of peoples. Many were murdered, others committed suicide.

The Cultural Revolution experience also brought many changes to the Chinese foreign strategy. After 1965 it was adopted the theory of the "surrounding of the cities by the countryside". In this idea formulated in the autumn of 1965 by Lin Biao, vice president of the Communist Party and Ministry of Defence, Northern America and Western Europe,

¹⁰ Chevrier, Y. (1995) *Mao Zedong E La Rivoluzione Cinese*. Firenze: Giunti, pp. 139-140

¹¹ Spence, J. (2004) *Mao Zedong*. Roma: Fazi Editore Srl.

with the inclusion of the Soviet Union, were defined “the cities of the world”. These areas were surrounded by Asia, Africa and Latin America.¹² Moreover, the USSR replaced the United States as the primary antagonist of the People’s Republic of China. The Soviet Union was defined as a “social-imperialist country”, affected by the restoration of the capitalism, in the form of a new “privileged bureaucratic capitalist class”.¹³

The definitive moment of change was the Vietnam War. When at the end of the 1960s the conflict started to escalate, China had strong concerns for its own security situation. India was considered as an enemy after the border war of 1962, but it had not enough military force to attack China in that moment. The hardest dangers came from China’s former ally, the Soviet Union.¹⁴ In March 1969 the tense situation led to the outbreak of a confrontation between the respective frontier troops in the vicinity of Zhenbao Island, on the Ussuri river. After this military incident, a war between the two Asian giants started to be considered possible, if not likely. Only thanks to a series of diplomatic meetings between the leaders of the two communist parties, the events finally relaxed.¹⁵

But the threat to Chinese security wasn’t totally disappeared, so the Chairman Mao had to weigh out the necessity of a radical modification of his foreign policy and security strategy. And when the Vietnam War reached its peak, neither China nor United States wanted to be directly involved one against the other as it happened ten years before during the Korea war. Mao didn’t want to risk to enter in another bloody conflict, and most of all he was interested in avoiding the possibility of an increase of United States military presence in a neighbour country.¹⁶ Moreover, President Nixon saw in this situation the

¹² Mazzei, F. and Volpi, V. (2014) *Asia Al Centro*. II ed. Milano: EGEA.

¹³ See, for example, editorial essay, “March forward along the Path of the October Revolution,” *Renmin ribao*, 06/11/1967; and Lin Biao speech at the rally celebrating the fiftieth anniversary of the October Revolution, *Renmin ribao*, 08/11/1967

¹⁴ Jiang, C. (2001) *Mao's China and the Cold War*. Chapel Hill: University of North Carolina.

¹⁵ Yang, K. (2000) *The Sino-Soviet Border Clash of 1969: from Zhenbao Island to Sino-American Rapprochement*. *Cold War History*, 1(1), pp. 21-52.

¹⁶ Roberts, P. M. (2006) *Behind the Bamboo Curtain: China, Vietnam, and the Cold War*. Stanford, CA: Stanford University Press, p.38

possibility to increase the leverage of its country on the Soviet Union.¹⁷

In January 1970 the diplomatic talks between representatives of the two states started again, after a series of informal meetings. On the 20th it took place the first reunion at the Chinese embassy of Warsaw, in Poland. In that occasion the American ambassador Walter Stoessel reaffirmed the interest of the United States in improving the relationship with China, beginning with sending an envoy to Beijing, or on the contrary accepting to receive one in Washington from China.¹⁸ Stoessel also reassured Lei Yang, the Chinese ambassador in Poland, that the intention of the US was to reduce their military presence in the South-East Asia region.¹⁹ Lei Yang, that had already received a series of draft statements from his central government to cover any possible scenario, replied that United States had to present more specific proposals “for discussion in future ambassadorial talks, if interested in holding meetings at higher levels of through other channels.”²⁰

Exactly one month later, on the 20th of February of the same year, it was held the second meeting. This time the venue chosen was the American embassy. Lei Yang introduced in the discussion the issue of Taiwan, saying that the island was part of the People’s Republic territory, and asked for the withdrawal of the American contingents from the Taiwan Strait. He also highlighted the willingness of the Chinese leaders to receive a high-ranking American representative in Beijing.²¹

In the following months a sequence of events caused the stop in the process of rapprochement. Firstly, in March a coup d’état in Cambodia removed from the power the

¹⁷ Chronology of the rapprochement with China

<https://history.state.gov/milestones/1969-1976/rapprochement-china>

[Accessed 26/11/2015]

¹⁸ Jiang, C. (2001) *Mao's China and the Cold War*. Chapel Hill: University of North Carolina, p. 251

¹⁹ Yafeng, X. (2006) *Negotiating with the Enemy: U.S.-China Talks during the Cold War, 1949-1972*. Bloomington: Indiana University Press, p. 146

²⁰ Luo, Y. (1970) *My Years in Poland*. Report 181, Stoessel-Lei talks.

²¹ Jiang, C. (2001) *Mao's China and the Cold War*. Chapel Hill: University of North Carolina, p. 251

Prince Norodom Sihanouk, while he was abroad. To react against the rebellion, the Prince asked China the possibility to establish an Anti-American (as he thought CIA was involved in the coup) exile resistance government. One month later Jiang Jinguo, Taiwan's vice premier, visited the United States, and in May the American army committed several attacks to the Vietnamese communist bases situated in Cambodia. Aside from that, for Mao there were also some internal problems to focus on, as in the summer 1970 started to be suspicious towards Lin Biao, is designated successor.²²

Only in the last months of 1970 the contacts restarted, through the mediation of the Pakistani President Yahya Khan, who was in good relations with both the countries. After some positive despatches from the United States, the Chinese Prime Minister Zhou Enlai told to Yahya, during a state visit in China of the latter, to communicate to Nixon China's willingness to welcome an American representative to Beijing.²³ To send a message to the United States, in October Mao invited the leftist American journalist Edgar Snow and his wife to participate to the annual National Day parade. They had also the occasion to attend at the events staying by Mao's side, and a picture of them was taken and published by the major Chinese newspapers on their cover page.²⁴

But the differences between the two parties' visions of the international scenario were huge. The hardest points of clash were the Taiwan issue, the problem of the divisions between North and South Korea, and the Japanese economic recovery. The respective diplomatic corps spent several months trying to figure out which could be the best strategy and the most effective way to deal with these problems. Moreover, the Chinese establishment had to find a way to present the upcoming rapprochement to the public opinion and gain its support. The occasion came during the 1971 Ping Pong World

²² Ibidem, p. 252-253

²³ See Jin Chongji, Zhou Enlai zhuan, 1949–1976, 1091; Li Ping and Ma Zhisun et al., Zhou Enlai nianpu, 19491–1976, vol. 3, 410–411; Yang, Mingwei, and Yangyong Chen. *Zhou Enlai Wai Jiao Feng Yun [Zhou Enlai's Diplomatic Carrier]*. Beijing: Jie Fang Jun Wen Yi Chu Ban She, 1995, 244; see also Nixon, *Memoirs of Richard Nixon*, 546–547

²⁴ Yafeng, X. (2006) *China's Elite Politics and Sino-American Rapprochement, January 1969-February 1972*. *Journal of Cold War Studies*, 8(4), pp. 3-28.

Championship in Nagoya, Japan. The organizers of the tournament had explicitly invited the Chinese team, that was composed of the best players in the world, to participate to the competition. In fact, since the burst of the Cultural Revolution, Mao had halted the participation of any Chinese sport teams to events outside the country. In this occasion Party's leaders decided to authorise the delegation to go to Japan, considering it an occasion to reduce the country's international isolationism. During the days of the tournament the Chinese and the American teams had different encounters, that led to Mao's historic decision to invite the US contingent to visit the country. As a result of the visit, the United States decided to end with the trade embargo they had imposed to China in 1949, and put in practice other measures to show a positive attitude towards the Asian country.²⁵ As Zhou Enlai would say during the meeting with the American ping pong team, "the visit has opened a new chapter in the history of the relations between Chinese and American peoples".²⁶

On 27 April 1971 Nixon received a hand-written letter from Zhou Enlai, with which the Chinese Prime Minister formally invited the White House resident to visit Beijing. But the meeting needed a lot of preparation, so both the sides agreed that the American Secretary of State Henry Kissinger should have travelled to China before Nixon in order to discuss with the Chinese party leaders an agenda for the visit.²⁷

Finally, between the 21st and the 28th of February 1972, President Nixon was welcomed in Beijing for what that was defined by Nixon himself "the week that changed the world". The result of this event was the publication of a statement on the decision made by the

²⁵ Jiang, C. (2001) *Mao's China and the Cold War*. Chapel Hill: University of North Carolina, pp. 257-261

²⁶ Zhou, E. (1971) *Conversations with the American Table Tennis Delegation*. In Zhou Enlai waijiao wenxuan (Selected Diplomatic Papers of Zhou Enlai), Beijing: Zhongyang Wenxian Chubanshe. pp. 469–475

²⁷ Yafeng, X. (2006) *China's Elite Politics and Sino-American Rapprochement, January 1969-February 1972*. *Journal of Cold War Studies*, 8(4), pp. 3-28, p.17

United States to end with the “theory of the two Chinas”.²⁸

1.1.3 The announcement of a mutual cooperation

In that context, on the 6th of May 1975, Bruxelles and Beijing announced the beginning of their diplomatic bonds. The rapprochement with the United States meant that also European Countries and the Community institutions could restart the relations with the Chinese government. The crucial moment was the visit to China of the European Commissioner Sir Christopher Soames, and his recognition of the People’s Republic of China as the only legitimate Chinese government.²⁹

The situation was very different from the one we are experiencing now. The European Union was very weak and still growing, and China was a poor country, in the middle of a fight for the succession of the chairman Mao Zedong, that was already very infirm, and would have dead only one year later in September 1976.³⁰

This is the reason why even if the trade relations between the two entities were supposed to start immediately, the problems in Chinese political life postponed the signature of a cooperation agreement of a couple of years. On the 3rd of April 1978 the Trade Agreement between the People’s Republic of China and the EEC was signed, and on the 2nd of May of the same year, in Brussels, Chinese officials and representatives of the European

²⁸ Mastrolia, N. (2008) *Chi Comanda a Pechino?: Il Potere, Il Consenso, La Sfida All'Occidente*. Roma: Castelvecchi.

²⁹ Weske, S. (2007) *The Role of France and Germany in EU-China Relations*, Working Paper, EU-China European Studies Centre Programme, p. 3

³⁰ Cesarini, N. and Fatiguso, R. (2015) *UE e Cina rilanciano il dialogo*. Il Sole 24 ore.

Commission agreed to officially start their diplomatic relations.³¹

1.1.4 The Tiananmen crisis

In a few years the relations between the two actors became more deep, leading to the creation of strong diplomatic, commercial and technical ties.³² So that the first agreement rapidly resulted inadequate, as the trade relations progressed positively. The result was that in 1985 it was necessary to elaborate a new treaty, the Trade and Economic Cooperation Agreement. The new document was much broader in scope, and included a framework to direct the collaboration in many different areas, from industry to transport, energy and communications.³³

But at that time China had not begun yet its economic revolution that brought it to be the second economic power in the world, and the relations with the European Union was considered as a “secondary relationship”, that had not enough weight to influence the global power relations.³⁴ And even if in October 1988 the European Commission opened the first delegation in Beijing, at the end of the decade the relationship was near to be concluded.³⁵ The obstacle was the Chinese reaction to the Tiananmen Square protests on

³¹ Griese, O. (2006) *EU-China relations: an assessment by the communications of the European Union*. Asia Europe Journal, 4(4), pp. 545-553, p. 545

³² Cottey, A. and Gottwald, J-C. (2010) *EU-China relations in a new world order: Status, Dynamics, Scenarios*. In Jing, M. and Balducci, G. (eds.) *Prospects and Challenges for EU-China Relations in the 21st Century: The Partnership and Cooperation Agreement*. Bruxelles: P.I.E. Peter Lang, p. 33

³³ Griese, O. (2006) *EU-China relations: an assessment by the communications of the European Union*. Asia Europe Journal, 4(4), pp. 545-553, p. 546

³⁴ Yahuda, M. B. (1994) *China and Europe: the Significance of a Secondary Relationship*, in Robinson, T. W. and Shambaugh, D. L. (eds.), *Chinese Foreign Policy: Theory and Practice*. Oxford: Oxford University Press, pp. 266-282.

³⁵ EU-China Relations: Chronology. In http://eeas.europa.eu/china/docs/chronology_2014_en.pdf, [Accessed 29/11/2015]

the 4th of June 1989. After months of popular uprisings, the government started to repress the demonstrators using the violence. The peak was reached in June, when the police used tanks to remove the thousands of people gathered in the principal streets of the city, and in particular in the Tiananmen Square. The operations were witnessed by the various international journalists present in the capital, that spread the stories and the images of the repression to the rest of the world.³⁶

The international community strongly condemned the behaviour of the Chinese government, and had to take some diplomatic measures to express its closeness to the victims. At the European Council of Madrid on 26-27 June it was decided to suspend high-level bilateral meetings, to postpone new cooperation projects and to cutback the existing programmes.³⁷ But these sanctions didn't have great consequences on the ties, in particular in the economic field, as already in 1990 most of them were cancelled and all the cooperation projects were resumed.³⁸ The only measure maintained in effect was the embargo on weapons sales and military collaboration, that is still in place. This sanction has influenced the relationship between China and EU in the last decades. There were several debates among the European institutions about the opportunity of eliminating the embargo in the years after the Tiananmen massacre. But the different opinions of the member states prevented the obtainment of a common position. In 2004 the EU finally agreed in principle to move towards lifting the arms embargo, but the decision was retracted after a strong opposition of the White House.³⁹ The arms embargo became an issue of national pride, and its rapid lifting has always been Chinese primary objective in

³⁶ Mazzei, F. and Volpi, V. (2014) *Asia Al Centro*. II ed. Milano: EGEA.

³⁷ Griese, O. (2006) *EU-China relations: an assessment by the communications of the European Union*. *Asia Europe Journal*, 4(4), pp. 545-553, p. 547

³⁸ Algieri, F. (2002) *Economic Relations with China: an Institutionalist Perspective*. *The China Quarterly*, no. 169, pp 64-77, p. 64

³⁹ Cottey, A. and Gottwald, J-C. (2010) *EU-China relations in a new world order: Status, Dynamics, Scenarios*. In Jing, M. and Balducci, G. (eds.) *Prospects and Challenges for EU-China Relations in the 21st Century: The Partnership and Cooperation Agreement*. Bruxelles: P.I.E. Peter Lang, p. 36

their EU policy.⁴⁰

During the whole 1990's the economic ties will give the first results, producing a huge increase in the trade exchanges between Europe and China. But that also started to bring some problems to the EU.

1.2 The decade of the 1990's

1.2.1 “A long term policy for China Europe relations”

In the 1990's the relationship became more mature. In the middle of the decade the European Commission published a communication called “*A long term policy for China Europe relations*”. It took 17 years for the European institutions to issue a policy paper on China.⁴¹ In its communication the Commission recognized the importance that China was acquiring in the international system since the downfall of the Soviet Union; it also highlighted that the country was in the midst of “sustained and dramatic economic and social change at home”, and that its rise represented enormous opportunities and challenges for the EU and for the other global actors. In the document are included both political and economic issues. For what concerns the political ones, the Commission stated that its will was to support the participation of China in the international community,

⁴⁰ Barsch, K., Grant, C. and Leonard, M. (2005) *Embracing the dragon. The EU's partnership with China*, Centre for European Reform, p. 65

⁴¹ Griese, O. (2006) *EU-China relations: an assessment by the communications of the European Union*. *Asia Europe Journal*, 4(4), pp. 545-553, p. 547

promoting its role in Asia in order to guarantee the stability of the region. In the paper are mentioned also the importance of human rights and fundamental freedoms, as well as the situation of Hong Kong and Macau, that are always been the primary points of debate among the two actors.

In the economic sphere, the Commission noticed how much it had to offer to help China in its difficult process of transition from a State economy to a Market economy, encouraging its reforms and its opening up policy.⁴²

1.2.2 The first EU-China Summit

In 1998 the relations with China reached for the European Union the same level of the bonds with other global great powers like United States, Japan and Russia. In fact the representatives of EU and the People's Republic of China established an annual summit meeting between them.⁴³ The first EU-China Summit took place in London on the 2nd of April, during the United Kingdom Presidency of the Council of Ministers of the EU. The following meetings were organized alternatively in Brussels and Beijing, and while the participants may vary, almost always are present the Premier of the State Council of the People's Republic of China, the Head of State or Government of the EU Member State holding the EU Presidency and the President of the European Commission, with the addition of officials specialized in the specific topics under discussion. At the end of each summit, the parties usually issue a joint statement in order to publish the results of the

⁴² COM (1995) 279: “*A Long Term Policy for China Europe Relations*”
http://eeas.europa.eu/china/docs/com95_279_en.pdf

⁴³ Tang, S. C. (2005) *The EU's Policy towards China and the Arms Embargo*. In *Asia Europe Journal*, 3(3), pp. 313-321, p. 314

meeting and the major elements of the current status of their relationship.⁴⁴

In the Joint Press Statement that followed the summit of London its reported Chinese interest in supporting the process of European integration, and in particular the creation of the monetary Union. On the contrary the European Union welcomed the strong process of market reform that China was running. In the document there is also a mention of the progresses in the human rights dialogue, and the commitment to continue to work together on this topic.⁴⁵

The declarations contained in the document were not much more than simple diplomatic statements. The two countries did not take any serious commitment with the counterpart, neither wanted to show too much their intentions in that period. But it is anyway an important element of the history of EU-China relations, as it was the first of a series of important meetings that contributed to build the strong ties that exist now between the two entities.

1.2.3 The Strategic Partnership

Since 2003 EU and China acknowledge each other as strategic partners. In October of that year , the Joint Statement edited after the China-EU Summit, considered “the expanded intensity and scope and the multi-layered structure of China-EU relations” as “an indicator

⁴⁴ Snyder, F. G. (2008) *The European Union and China, 1949-2008: Basic Documents and Commentary*. Oxford: Hart, pp. 664-669

⁴⁵ Joint Press Statement of the 1st EU-China Summit, in Snyder, F. G. (2008) *The European Union and China, 1949-2008: Basic Documents and Commentary*. Oxford: Hart, pp. 664-669

of the increasing maturity and growing strategic nature of the partnership”⁴⁶ Later, in December, the community institutions launched the European Security Strategy, in which China is considered one of the EU’s six strategic partner.⁴⁷ Chinese reply came soon: in May Wen Jinbao, the Vice Prime Minister of the People’s Republic at that time, affirmed that China and Europe should aim at a comprehensive strategic partnership.⁴⁸

Aside from the declaration of the representatives of the two sides, is undoubted that these two powers have several interests in common. First of all, their trade exchanges form the second-largest economic cooperation in the world, coming after only the EU-United States Partnership. In fact, in In 2013 the exchanges in goods reached €428.1 billion, while the trade in services was arrived at almost €50 billion).⁴⁹ This causes a strong interdependence between the two actors. Secondly, they are relevant regional powers, and for their status they have many global interests, in particular in regions like Africa and Middle East in which they are trying to promote stability and sustainable development. Finally, one of their main objectives of foreign policy is to favour the transition of the international system from a unipolar to a multipolar one.⁵⁰

One of the consequences of the Strategic Partnership was the agreement about the common development of *Galileo*, the European navigation system presented as an alternative to the American GPS. Following the enthusiasm of the period on the good state of relations with China, there was the proposal by some European member states (in particular Germany

⁴⁶ Joint Press Statement of the Fifth EU-China Summit (2003), Brussels.

⁴⁷ Geeraerts, G. (2013) *EU-China Relations*. In Christiansen, T. and Kirchner, E. (eds.) *The Palgrave Handbook of EU-Asia Relations*, Houndmills, Palgrave Macmillan, pp. 492-508.

⁴⁸ Wen, J. (2004) *Vigorously promoting comprehensive strategic partnership between China and the EU*, speech by Wen Jiabao at the China-EU Trade Forum, Brussels.

⁴⁹ *Facts and figures on EU-China trade Did you know?* in <http://ec.europa.eu/trade/policy/countries-and-regions/countries/china/>, [Accessed 22/12/2015]

⁵⁰ Geeraerts, G. (2013) *EU-China Relations*. In Christiansen, T. and Kirchner, E. (eds.) *The Palgrave Handbook of EU-Asia Relations*, Houndmills, Palgrave Macmillan, pp. 492-508.

and France) to revoke the weapons embargo.⁵¹ But the attempt, as already seen, failed after the American intervention.

Apart from the publication of the strategic partnership, 2003 is a fundamental year in the history of the EU-China relations also because in that year the Chinese government made an historical move, when it released the first EU White Paper.⁵² The objective of the document was to “highlight the objectives of China’s EU policy and outline the areas and plans for cooperation and related measures in the next five years so as to enhance China-EU all-round cooperation and promote long-term and stable development of China-EU relations.”⁵³ The document analyses the status of the relationship and shows the path on which the future collaboration must be based, in different areas of interests: besides political and economic cooperation, in the paper its included also China’s opinion on educational, scientific and cultural aspects of the collaboration.

In 2005 the European Union and the People’s Republic of china celebrated the 30th anniversary of the diplomatic relations. It was an important event, also because by March 2004, the EU became China’s largest trading partner, while China turned into the EU’s second biggest trading ally. This was the demonstration of the interdependence that had been created between the two actors since the détente between them.⁵⁴ But a strong debate started on the benefits that the European Union can obtain from this relation. The high majority of scholars and politicians thought that to deepen the ties with the Chinese economy should have been a European Union’s priority. For example, Romano Prodi, former European Commission President, who in 2004 stated that “good news about the Chinese economy is of course good news for Europe” (Prodi, 2004). And of the same

⁵¹ Cesarini, N. and Fatiguso, R. (2015) *UE e Cina rilanciano il dialogo*. Il Sole 24 ore.

⁵² Van der Broght, K. and Lei, Z. (2010) *The Current Legal Foundation and Prospective Legal Framework of the PCA*, in Jing, M. and Balducci, G. (eds.) *Challenges for EU-China Relations in the 21st Century: The Partnership and Cooperation Agreement*. Bruxelles: P.I.E. Peter Lang, p. 65

⁵³ Ministry of Foreign Affairs of the People’s Republic of China (2003) *China’s EU Policy Paper*.

⁵⁴ Xiudian, D. (2006) *Understanding EU-China Relations: an Uncertain Partnership in the making*, research paper, Centre for European Studies of the University of Hull, p.4

opinion was his successor, Manuel Barroso.⁵⁵

But many others instead highlight the downsides of the relations. In fact, if at the beginning of the trade exchanges the European Union enjoyed a trade surplus with China, the situation changed after the first years of the new millennium. In 2004 the European deficit was €78.5 billion. The causes of this situation also lean on the admission of China in the World Trade Organization, that eliminated many market access obstacles to the Asian country. When China applied to enter in the GATT, the predecessor of the WTO, The European Union was a strong supporter of its admission.⁵⁶

1.3. The 40th anniversary of the relations

1.3.1 2020 Agenda

In 2013 was the time for the 16th Summit. It was held in Beijing, and its major result was the agreement on the ‘EU-China 2020 Agenda for Strategic Cooperation’. It is a fundamental document in the history of EU-China relationship as it defined the path that the future relations between the two actors should follow, in particular for what concerns the three pillars at the basis of the relationships: the strategic/political pillar, the economy

⁵⁵ Ibidem, p. 8

⁵⁶ Eglin, M. (1997) *China's entry into the WTO with a little help from the EU*. London: International Affairs, 73(3), pp 489-508.

and trade pillar and the people-to-people exchange pillar.⁵⁷

In the foreword of the 2020 agenda for strategic cooperation, is reaffirmed that as “important actors in a multipolar world, the EU and China share responsibility for promoting peace, prosperity and sustainable development for the benefit of all.” Moreover, it is stated that the EU will continue to respect China’s sovereignty and territorial integrity, while China won’t stop its support to the process of European integration. The annual summit between the parties is considered the venue in which the implementation of the 2020 agenda must be conducted.⁵⁸

In the body of the document are listed the main areas on which the cooperation must focus. They are four: peace and security; prosperity; sustainable development; and people-to-people exchanges. The first highlights the necessity of continuous consultation and information exchanges between the two parties, in order to face adequately the major regional and international issues. In these cases, the use of the EU-China High Level Strategic Dialogue can be useful. Cooperation must be enhanced also in the occasion of the trans-regional fora, like the Asia-Europe Meeting (ASEM) and ASEAN Regional Forum (ARF). Both parties must also maintain their efforts in the promoting nuclear security and the non-proliferation regime, aside from continuing their dialogue on the protection of Human rights, and defence policy.⁵⁹

The second area is related with economic issues. The two sides promise to share responsibility in order to ensure that their economies remain key drivers for the global growth, and to work to build a world economy where all countries enjoy development and innovation. The main spheres in which the collaboration must be enhanced are trade and

⁵⁷ Schweisgut, H. D. (2015) *EU-China 40th Anniversary: expectations for expanding connections*. In EU-China observer, 1(15), InBev-Baillet Latour Chair of European Union-China relations, p. 8

⁵⁸ EU-China 2020 Strategic Agenda for Cooperation, foreword

⁵⁹ EU-China 2020 Strategic Agenda for Cooperation, pp. 3-4

investment, industry and information, agriculture, transport and infrastructure.⁶⁰

Great attention is given also to sustainable development: European Union and China reaffirmed in the 2020 agenda their commitment to reinforce their cooperation on scientific and technology research, establishing common initiatives in particular for what concerns the energy and environmental protection. The international debate on the fight against climate change has a primary role also in the diplomatic relations between these two actors. And the cooperation includes also information exchange in the fields of earth observation, geo-science and space science under the framework of the EU-China Space Technology Cooperation Dialogue and Group of Earth Observation.⁶¹

Finally, the document focuses on the people-to-people exchanges, defined as “an essential vector of peace”. Fundamental for what concern this area is to enhance common understanding and foster cross-fertilization between societies. The tools to reach these objectives are the establishment of cultural centres, the promotion of cooperation in the fields of cultural industries, heritage preservation and contemporary art. Is also useful the reinforcement of student exchanges, in particular with the implementation of the EU-China Youth Partnership for Friendship Programme and the EU youth actions under Erasmus+.

2014 was an important year for the realization of the promises done by the two parties one year before in Beijing. In fact, as a result of the meeting, the cooperation at higher level was increased, and China and European Union launched over the 70% of the initiatives identified in the 2020 strategic agenda. Also, China and EU exchanged goods and services for more than US\$615 billion (+9.9% on 2013), and Chinese investment in the EU reached US\$9.41 billion. Moreover, also the cultural cooperation has moved further with the second meeting of the China-EU High-Level People-to-People Dialogue. The contacts between the societies increased too, with 6 billion people travelling between the two

⁶⁰ Ibidem, pp. 5-8

⁶¹ Ibidem, pp. 9-12

countries last year.⁶²

1.3.2 The 17th Summit: joint declaration

The last official document produced by European Union and China about the status of their relations is the EU-China Summit joint statement that followed the meeting that took place in Brussels on the 29th of June 2015. Participated to the encounter the representatives of the main institutions of the two parties: on one side, Donald Tusk and Jean-Claude Juncker, respectively presidents of the European Council and of the European Commission; while for China was present the Premier of the State Council of the PRC, Li Keqiang.

This meeting had a special meaning because in 2015 the European Union and China celebrated the 40th anniversary of their diplomatic relations. In the document, the two actors reaffirmed the importance of the Comprehensive Strategic Partnership they had started at the beginning of the new millennium, highlighting its important role in promoting peace, prosperity and sustainable development. They also recognised the results obtained in the implementation of the EU-China 2020 Strategic agenda for Cooperation.⁶³

Other points of the statement welcomed the progress made in the last 10 years in reinforcing the EU-China dialogue on the protection and enforcement of Intellectual Property (during the meeting was signed by the parties a Memorandum of Understanding on reinforcing the EU-China IP Dialogue Mechanism). Economic, monetary and financial cooperation are included as well, but also is emphasized the importance of research, innovation, and social/cultural cooperation.⁶⁴

⁶² Ambassador Yanyi, Y. (2015) *China-EU relations: broader, higher and stronger*, in EU-China Observer, 1.15, Department of EU International Relations and Diplomacy Studies, p.6

⁶³ Joint Statement of the 17th EU-China Summit (2015), Brussels.

⁶⁴ Ibidem.

Very important for the future of the trade exchanges between EU and China was the agreement on the mutual recognition of the classified management of the enterprises program in the People's Republic of China and the authorized economic operator programme in the European Union.⁶⁵

1.4 A new strategy

The last agreements signed and the past meetings held, show perfectly the status of the relation between China and the European Union. Bilateral trade in goods has gone from €4 billion in 1978 to €395 billion in 2010.⁶⁶ In the first years of the partnership, the cooperation was not considered a primary relationship by neither of the two actors, as their trade exchanges with other countries were much more relevant for their economies. Now European Union and China form the second largest economic cooperation in the world. China is the EU's second trading partner (only the United States are in advantage), while European Union is China's prime trading partner. As a result of that, the two economies have become highly interdependent, so that they influence each other in a stronger way than ever.⁶⁷

The world has changed dramatically since 1975, and probably the restart of the relations between the European Union and China has contributed to that. China's transformation led the country from a situation of poverty (the GDP in 1978 accounted for only 4,9% of the world economy)⁶⁸, to become the world's second largest national economy and the world's

⁶⁵ Ibidem.

⁶⁶ Geeraerts, G. (2013) *EU-China Relations*. In Christiansen, T. and Kirchner, E. (eds.) *The Palgrave Handbook of EU-Asia Relations*, Houndmills, Palgrave Macmillan, pp. 492-508

⁶⁷ Ibidem.

⁶⁸ Morrison, W. M. (2015) *China's Economic Rise: History, Trends, Challenges, and Implications for the United States*. Congressional Research Service

largest exporter. Now Chinese leaders have understood that is the time to change the foreign policy of the country, and became more proactive in the international system. With its economic power, China has the potential to widely interfere in the current relation of strength within the states, and to take a leading role in the global scenario. But what Western world expert must understand is that China is not interested in criticizing and fight the ongoing *status quo*. The Asian country has spent the last decades trying to adapt themselves to different international norms, mainly in the economic sphere-for example it has accepted several rules about free trade and internal marketization- until the point that it has been welcomed in the World Trade Organization. So China has not any interest in fighting the ongoing system of powers and norms.⁶⁹ It wants to improve its role in global politics, and the emphasis on maintaining a low international profile is being substituted by a more activist behaviour. But this without directly challenging the current balances, but trying to modify them gradually.⁷⁰ As said by president Xi Jinping in the first speech to foreign experts after his investiture, “China will never seek hegemony or expansionism”, and “pragmatic cooperation wo find win-win solutions is the order of the day.”⁷¹

The expedient the China has chosen in order to increase its influence in the Asian region and in the whole international community, while avoiding to be perceived as a threat by the other powers or the weaker countries, is the “One Belt, One Road” project. A wide investment plan for the Eurasian continent that has the potential to bring high economic returns to the country, but at the same time will improve Chinese image in the global public opinions.

⁶⁹ Johnston, A. I. (2003) *Is China a Status Quo Power?* In *International Security*, 27(4), pp. 5-56.

⁷⁰ Schweller, R. and Xiaoyu, P. (2011) *After Unipolarity: China’s visions of international order in an era of US decline*. In *International Security*, 36(1), p. 53

⁷¹ Ministry of Foreign Affairs of the People’s Republic of China (2013) *Xi Jinping holds discussion meeting with foreign experts*.

SECOND CHAPTER

“ONE BELT, ONE ROAD” PROJECT

2.1 The announcement of the program

In September 2013 the president of the People’s Republic of China Xi Jinping made a speech at the Nazarbayev University of Astana during an official visit in Kazakhstan. In the speech, titled “Promote Friendship between Our Peoples and Work Together to Create a Bright Future”, the Chinese president stated that “to forge closer economic ties, deepen cooperation and expand space for development in the Eurasian region, we should take an innovative approach and join hands in building an ‘economic belt along the Silk Road’. We may start with work in individual areas and link them up over time to cover the whole region”. This was the first time China presented to the rest of the world the “Silk Road Economic Belt” initiative.⁷²

⁷² Wang, Y. (2015) *China’s “New Silk Road”: A Case Study in EU-China Relations*. In Amighini, A. and Berkofsky, A. (eds.) *Xi’s Policy Gambles: The Bumpy Road Ahead*. ISPI Report, p. 93

Only one month later, in October, Xi unveiled also the second part of the project: the 21st Century “Maritime Silk Road”. This time the occasion was given by the Economic Leaders Meeting of the Asia Pacific Economic Co-operation (APEC). Xi pointed out that since the ancient times, the South-East Asia region had a fundamental role as hub for the “Maritime Silk Road”. Now China aims to enhance the maritime collaboration with its partners of the ASEAN, the Association of Southeast Asian Nations, in order to create a new network of trade sea routes.⁷³

These two initiatives together form part of a wider project called “One Belt, One Road”. It is the new strategy of the China’s all-round opening-up and the new plan for the neighbourhood diplomacy of the country.⁷⁴

⁷³ Xi, J. (2013) *Jointly Writing a New Chapter of China-Indonesian Relations and Working Together to Create a Better Future of China-ASEAN Community of Common Destiny*. Speech to the Indonesian Parliament on 03 October 2013, People’s Daily, 1st Edition

⁷⁴ Wang, Y. (2015) *China’s “New Silk Road”: A Case Study in EU-China Relations*. In Amighini, A. and Berkofsky, A. (eds.) *Xi’s Policy Gambles: The Bumpy Road Ahead*. ISPI Report, p. 94



2.1.1 What is the “One Belt, One Road”

The OBOR project includes various investment plans that in Chinese government’s opinion are necessary to improve the economic situation of the Asian continent. The interventions will enhance the exchanges between the countries that are located along the New Silk Road and Belt, will deepen economic and technical partnerships and create free trade zones. All this with the final general objective of building a large common Eurasian market.⁷⁵

The two routes will connect three continents, Asia, Africa and Europe, making easier the exchanges and movements of goods, financial services, technology, information and people. The New Silk Road initiative has a primary importance for China: it will bring advantages both at the national and international level for the Asian country. On one hand, it will help the economic and infrastructure development of some provinces-like the Xinjiang, Gansu, Ningxia, Guangxi and Yunnan- that are crossed by the ideal path of the project. In the region of the Xinjiang it would have also a further effect of contrasting the Islamic terrorism. On the other hand, it will implicate an amplification of China’s influence in Central Asia, and in the Mediterranean region.⁷⁶

The period of time that would be necessary to complete the implementation of all the local projects that form the OBOR initiative is expected to be very long. The possible date to start to see the first results of the works is 2049: a significative and meaningful date for China, because it coincides with the 100th anniversary of the instauration of the People’s Republic. The potential of the the project is colossal: it involves an area that covers 55 percent of world GNP, 70 percent of global population, and 75 percent of known energy

⁷⁵ Wang, Y. (2015) *China’s “New Silk Road”: A Case Study in EU-China Relations*. In Amighini, A. and Berkofsky, A. (eds.) *Xi’s Policy Gambles: The Bumpy Road Ahead*. ISPI Report, p. 95

⁷⁶ Romanelli, N. (2015) *UE-Cina: lanciata la Nuova Via della Seta*. In *Europae: rivista di Affari Europei*.

reserves. The capital that China would invest in the project is said to be around \$300 billion, and that without counting the leveraging effect of private investors and lenders.⁷⁷

Some examples of the investment that will be possibly see the light following the framework of the OBOR initiative are the plans for roads and pipelines across Pakistan and Burma; the construction of harbours in countries like Sri Lanka, or Bangladesh; or the establishment of freight rail link from the central-western city of Chongqing through the north-western province of Xinjiang, to central Asia and Europe; and many others. China's prevision is to spend nearly \$1trn of government money and lift the value of its trade with 40 countries to \$2.5trn within a decade. It's the biggest act of economic diplomacy since the Marshall Plan, the US-led reconstruction of Europe after the World War II.⁷⁸

2.1.2 Previous attempts to revive the Old Silk Road

This is not the first time that a country proposes the creation of a new set of operations to revive the ancient Silk Road that made possible the first important and continuative relations between the different Eurasian civilizations. Already in 1998 Japan started to talk about the Silk Road diplomacy as a way to increase its presence in Central Asia. In 2011 it was the turn of the United States with the proposal of a "New Silk Road", presented by the former US State Secretary Hilary Clinton during an official visit in India. And India itself has shown interest in acquiring more influence towards the other countries on the coasts of the Indian Ocean, with the "Mausam Project" launched in 2014. The Kremlin has worked

⁷⁷ Godement, F. (2015) *"One Belt, One Road": China's Great Leap Outward*. China Analysis, London: European Council on Foreign Relations, p. 1

⁷⁸ Wilson, S. (2015) *How China is building a new Silk Road*. In Money Week. Available at <http://moneyweek.com/how-china-is-building-a-new-silk-road/> [Accessed 03/12/2016]

in the last decades to develop its own integration plan, the Eurasian Economic Union (EEU). But also less powerful states, like Kazakhstan or Korea, have presented similar projects. But only China seems to be able to capture the real interests of its neighbouring countries and realize its design: in fact, its first aim is to create a development-oriented community, in which all its partners are impatient to share China's development dividends.⁷⁹

2.1.3 The Action Plan for the OBOR

An important step towards the implementation of the concept was made on the 28th March 2015, during the Bo'ao Forum for Asia (a nongovernmental and non-profit international organization formally inaugurated in 2001). In that occasion, China's National Development and Reform Commission and China's Foreign Ministry and Commerce Ministry presented an action plan for the OBOR, called "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road". It contains and defines the main goals that the "One Belt, One Road" initiative had to achieve: "It is aimed at promoting orderly and free flow of economic factors, highly efficient allocation of resources and deep integration of markets; encouraging the countries along the Belt and Road to achieve economic policy coordination and carry out broader and more in-depth regional cooperation of higher standards; and jointly creating an open, inclusive and balanced regional economic cooperation architecture that benefits all".⁸⁰

⁷⁹ Wang, Y. (2015) *China's "New Silk Road": A Case Study in EU-China Relations*. In Amighini, A. and Berkofsky, A. (eds.) *Xi's Policy Gambles: The Bumpy Road Ahead*. ISPI Report, p. 96

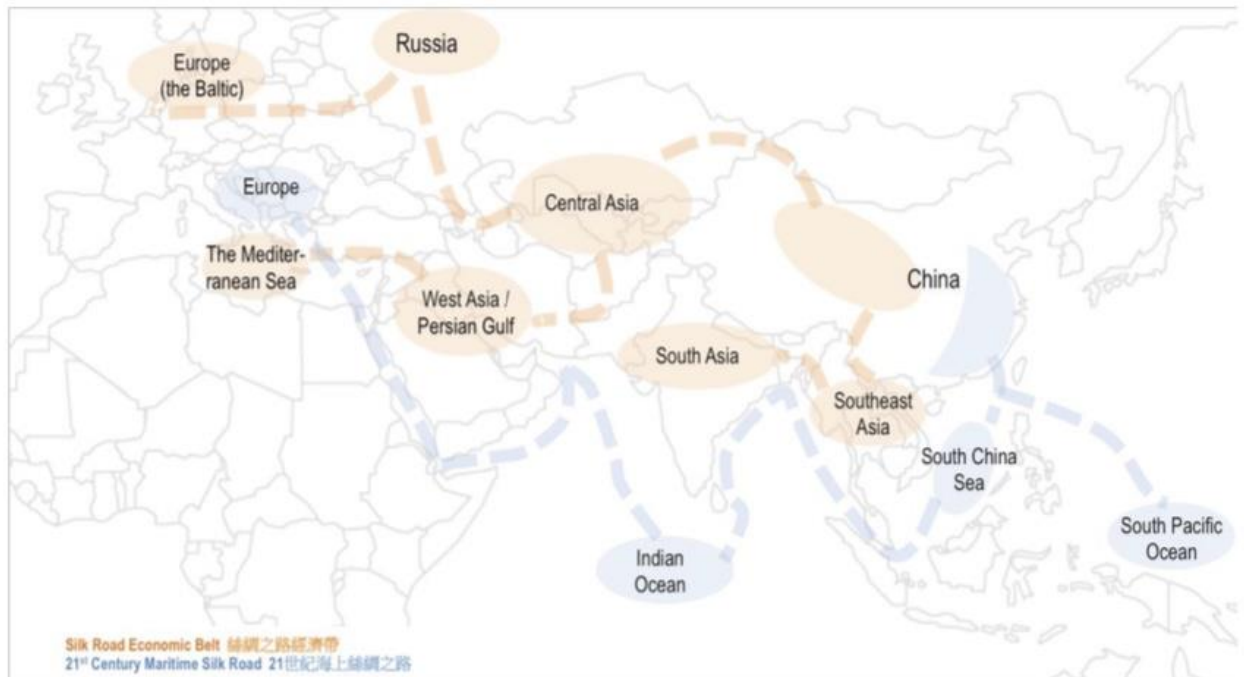
⁸⁰ National Development and Reform Commission and Ministry of Foreign Affairs of the People's Republic of China (2015) *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-century Maritime Silk Road*. Available at http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html [Accessed 15/01/2016]

The action plan presents also many details about the OBOR project, like the description of the routes. The terrestrial route will be composed by three corridors. The first goes from China to the Baltic Europe, crossing Central Asia and Russia. The second is conceived to connect China with the Mediterranean Sea, going through Central and West Asia. Finally, the third goes from China to the Indian Ocean through South-East Asia. For what concerns the second part of the “One Belt, One Road” project, the 21st Century Maritime Silk Road, it will incorporate two different paths: the first links Coastal China with Europe, via the South China Sea and the Indian Ocean. While the second will focus on the connections with the South Pacific area, also passing through the turbulent South China Sea.⁸¹

In total, the OBOR project will involve around 60 countries. As also declared by President Xi Jinping, many governments all over the world have already declared their interests in joining the series of necessary investments. According to a report published by the Fung Business Intelligence Centre, the countries that will participate in the OBOR initiative account for 64,2 % of the world’s population and 37.3 % of the global GDP. Moreover, many of the countries along the routes are developing countries with a lot of room for further economic growth.⁸²

⁸¹ Chin, H. et al. (2015) *The Silk Road Economic Belt and the 21st Century Maritime Silk Road*, report by Fung Business Intelligence Centre, pp. 2-3

⁸² Ibidem, p. 5



Source: Compiled by the Fung Business Intelligence Centre based on the FRAMEWORK chapter of the "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road"

The final objective of the “One Belt, One Road” is to realize the “Five Links”: five different spheres in which China is trying to improve the interconnection between the different Asian countries. The first is the policy coordination: a collaboration between the governments of the countries that are located along the road and the belt is essential for a correct realization of the project. Big efforts are required to coordinate states’ economic plans and policies, as well as for the inauguration of a multi-level intergovernmental macro policy exchange and communication system.⁸³

The second area of coordination is related to the harmonization of standards in constructions. As the project will necessitate the building of many infrastructures, like harbours, bridges, land transportation channels, etc., countries must increase their collaboration and the exchange of knowledge. One of the clauses deriving from governments’ participation into the project is their commitment to collaborate in order to strengthen the liberalization of trade and investment, improving customs cooperation with

⁸³ Ibidem, p. 6

the trading partners. A strong attention is also given to the cooperation in emerging sectors like information technology, biotechnology, new energy technology and new materials. The fourth area of collaboration involves the financial partnership: countries must enhance their cooperation in the financial sectors and their efforts to maintain stability between the currencies. In this area an important role will be played by the Asian Infrastructure Investment Bank (AIIB), of which I will talk later in the chapter.⁸⁴ Finally, the OBOR initiative will focus on people-to-people connections: it will try to extend the cultural interrelations between the inhabitants of the region, with the aim of contributing to build a common identity.⁸⁵

2.1.4 What does the name mean?

In a very small period of time the phrase “One Belt, One Road” became known all around the world: it started to be used by scholars and journalists as the paradigm of the new phase in the politics of China towards the exterior. But what does the slogan refer to? Dr. Tim Summers tried to analyse it. He says that the sentence in its literal transposition to English has lost part of its original meaning. As a matter of fact, the Chinese phrase *yi dai yi lu* contains two different ideas. The first is the building of a Silk road economic belt to connect Europe to the western China, going through Central Asia. It is clearly inspired by the historical Eurasian ‘silk roads’ that contribute to start and develop the first contacts between the Chinese and the European civilizations. The second element is the 21st century maritime Silk Road, that instead refers to the historical maritime trading routes that contributed to the flourishing of many port cities in the coastal China.

⁸⁴ Chin, H. et al. (2015) *The Silk Road Economic Belt and the 21st Century Maritime Silk Road*, report by Fung Business Intelligence Centre, p. 7

⁸⁵ He, Y. (2015) *Connecting the World Through “Belt & Road”*. In China-US Focus.

For Summers the problem of the translation is that the project focuses on the establishment of networks of connectivity between the different regions, more than the building of singular routes as the name can suggest.⁸⁶ For example, the “road”, is not a tangible road, but a series of renovated trading routes.⁸⁷

2.1.5 The Asian Infrastructure Investment Bank

Meanwhile starting to draw the actions necessary to put in practice the “One Belt, One Road” initiative, China presented to the world the Asian Infrastructure Investment Bank. On the 24th October 2014 the representatives of twenty-one Asian countries met in Beijing to sign the Memorandum of Understanding on the foundation of the AIIB, fundamental step for its official inauguration. Among the founding countries there were Bangladesh, Cambodia, India, China, Kazakhstan, Mongolia and Uzbekistan. The creation of the bank was proposed by China in October 2013: during the dialogues with the Indonesian president Susilo Bambang Yudhoyono, the Chinese president Xi Jinping introduced the project of the foundation of an investment bank to sustain the enhancing of regional networks and the economic integration. In that occasion Xi also declared China’s willingness to offer financial support for the realization of infrastructures in the developing countries in the ASEAN framework.⁸⁸ In a Special Ministerial meeting that followed the signing of the Memorandum, the Chinese politician Mr. Jin Liquan (former deputy finance

⁸⁶ Summers, T. (2015) *What exactly is ‘one belt, one road’?* in *The World Today*. London: Chantam House.

⁸⁷ Wilson, S. (2015) *How China is building a new Silk Road*. In *Money Week*. Available at <http://moneyweek.com/how-china-is-building-a-new-silk-road/> [Accessed 03/12/2016]

⁸⁸ Mo, Z. (2015) *La banca di Investimenti per le Infrastrutture Asiatiche (BIIA)*. In *China Pictorial*. Available at http://www.chinapictorial.com.cn/it/se/txt/2015-01/06/content_662724.htm [Accessed 03/01/2016]

minister and a former vice-president of the Asian Development Bank) was appointed as the Secretary General of the Multilateral Interim Secretariat.

As it is possible to read in its official website, the Asian Infrastructure Investment Bank is a multilateral development bank, with a lean, clean and green modus operandi. These are the core elements taken in consideration for the building of the bank. Its main objectives are the development of infrastructure and other productive sectors in Asia. The projects would include different areas of investments: energy and power, transportation and telecommunications, rural infrastructure and agriculture development, water supply and sanitation, environmental protection, urban development and logistics. As declared in the first steps of its creation, one of the principal characteristics of the AIIB must have been its openness and inclusiveness, with the willing to accept the regional, and also the non-regional countries interested in the Asian infrastructure development.⁸⁹

AIIB's initial capital will be \$100 billion, of which China would have the biggest capital quota, the 30 %. It will be based in Beijing, where a non-resident board will meet periodically. Many developing countries have shown their interests in the new investment bank appreciating the fact that it promises more efficiency and less bureaucracy of the existing banks, but having the same safeguards.⁹⁰

The participation of India was strongly encouraging for the realization of the project, as the country will be the biggest stockholder after China, with the 19%. But the initiative wasn't welcomed by all the countries in the region. Other big Asian economic powers like Japan and South Korea look at the initiative with suspicious decided to not join the ceremony for the signature of the Memorandum for the foundation of the AIIB.⁹¹

⁸⁹ Web page of the Asian Infrastructure Investment Bank, <http://www.aiib.org/html/aboutus/AIIB/> [Accessed 22/12/2015]

⁹⁰ Pilling, D. (2015) *A bank made in China and better than the western model*. In Financial Times.

⁹¹ Mo, Z. (2015) *La banca di Investimenti per le Infrastrutture Asiatiche (BIIA)*. In China Pictorial. Available at http://www.chinapictorial.com.cn/it/se/txt/2015-01/06/content_662724.htm [Accessed 03/01/2016]

But the biggest antagonist of the project are the US, who consider the Asian Infrastructure Investment Bank a threat to the current global financial system, led at the moment by the World Bank and in the region by the Asian Development Bank (of which the major shareholder is Japan).

The Presidents of the two other development institutions have declared their support to the AIIB, but at the same time reaffirmed the impossibility for the new entity to collaborate in order to reach real objectives in the area. As Jim Yong Kim, World Bank president, said: “The developing world’s infrastructure investment needs are too huge for any single institution. We view the AIIB as an important new partner.” Of the same opinion was Takehiko Nakao, president of the ADB.⁹²

The concerns of the United States on the risks deriving from the presence of the AIIB have been heightened by the announcement in March 2015 of France, Germany, UK, Italy and other EU states that they would have applied to join the Asian Infrastructure Investment Bank as founding members. Many European states, that now are facing internal economic crises, have started to understand the enormous potential of the AIIB. The perspective of a highly connected Eurasian economy was too tempting to decide not to join the project. Moreover, also the European Investment Bank (EIB) seems interested to improve its investment collaboration with Beijing, and the opening of an official venue in China proves it.⁹³

The countries that joined the bank before the 31th of March 2015, and that consequently can be considered founding members of the AIIB, are 57: more than the double than the initial signatories of the memorandum.⁹⁴

⁹² Wildau, G. and Clover, C. (2015) *AIIB launch signals China’s new ambitions*. In Financial Times.

⁹³ Shi, Z. and Trigkas, V. (2015) *The Asian Infrastructure Investment Bank: A Win-Win for China-EU relations*. Carnegie-Tsinghua.

⁹⁴ Web page of the Asian Infrastructure Investment Bank, <http://www.aiib.org/html/aboutus/AIIB/>, [Accessed 22/12/2015]

2.1.6 Comparison with the Ancient Silk Road

As already said, the initiatives that compound the OBOR project have in their names a strong reference to the old Silk Road. It was a wide network of commerce routes thought to create a trade bridge through which Chinese merchants could bring their goods to Middle East and Asia. This ancient net of roads and routes was created more than two thousand years ago during the expansion towards the west operated by the Han Dynasty (206 BC-220 AD). Made up of more than four thousand miles, the old Silk Road passed through the Central Asian countries of Kyrgyzstan, Tajikistan, Kazakhstan, Uzbekistan, Turkmenistan and Afghanistan, before to arrive in Europe. The main products carried through the Silk road were various Chinese valuable goods: a part from silk, were transported other textiles, spices and jade, that once at their destination were exchanged for gold, ivory and glass objects. The routes reached their peak under the Tang dynasty, at the end of the first millennium. They were utilized until the outbreak of the Crusades, and the invasions of Central Asia by the Mongols, reduced the safety of the roads. At the same time started to be more convenient for traders to send their products through maritime routes, a method that became cheaper and faster.⁹⁵

But the Silk Road was for several centuries the only point of contact between the two extremes of the Eurasian continent. A part from encouraging the trade of silk and the other products, this route had a fundamental importance in the development of Chinese civilization, of the Indian Subcontinent, of Persia, the Arabic peninsula and Europe. In fact, the encounters between merchants, pilgrims, monks, soldiers and simple citizens of different regions, helped the creations of cultural exchanges really rare in that period.⁹⁶

⁹⁵ McBride, J. (2015) *Building the New Silk Road*. In Council of Foreign Relations.

⁹⁶ Kelimbetov, K. and Van de Putte, A. (2015) *Lo sviluppo sostenibile e la “Nuova via della seta”*. In *Orizzontecina*, 6(4), p. 6

If the old terrestrial Silk Road is famous and the reference with the “One Belt” part of the project is easy to catch, less known is the historic precedent for the second element of the strategy: the New Maritime Silk Road. It is necessary to go back to the first years of the XV century, when the Ming Dynasty (1368–1644) commissioned the first of a series of voyages by sea, under the leadership of a Muslim admiral named Zheng He. The missions were conducted through huge armadas, composed by hundreds of ships. Among them, there were the “Treasure Ships”, three times bigger than the ones that could be used by European voyagers in the same period. In the first voyage, the fleet crossed the South China Sea and started the exploration of the neighbouring islands and costal territories. They visited the Philippines, Indonesia, and then went through the Malacca Strait to enter in the Indian Ocean. There they visited Thailand, Sri Lanka, India, and then continued towards the Persian Gulf, the Gulf of Aden, the Red Sea, and all the African Sea Coast until the Cape of Good Hope. These were not the first voyages to foreign countries made by Chinese fleets, but the composition and the entity of the armadas of the Ming Dynasty outclassed all the previous attempts. During the missions, a part from trading, the Chinese officials also tried with success to establish diplomatic relations with the governments of the cities in which they happened to dock.⁹⁷

2.1.7 Is OBOR the “Chinese Marshall Plan”?

The actual amount of money that China will invest in its flagship economic plan for the century is not easily predictable. *Bloomberg* reports that \$16.3 billion will be invested only in necessary works inside the country, for example to build and upgrade roads, pipelines and railways in those provinces that are located along the routes of the New Silk Road.

⁹⁷ Billington, M. (2015) *The Maritime Silk Road -1405 and 2013*. In China-US Focus

This will be fundamental to boost the economic in those areas of the inland that are much poorer than the industrial megalopolises of the coast.⁹⁸

A part from the money directly invested by the government, other capitals will come from the loans that another Chinese banks will grant to other countries involved in the “One Belt, One Road” project. To this must be added all the assets that have already been destined to Silk road partners, such as \$1.4 billion for developing port infrastructure in Sri Lanka; \$50 billion infrastructure and energy deals in Central Asia; \$327 million in general aid to Afghanistan, some of which will fund “the construction of rail lines, highways, water deposits, and power facilities.”⁹⁹

To this count, still miss the capitals brought by the Asian Infrastructure Investment Bank and all the money will be needed in future. According to Want China Times, the total value of the New Silk Road project could reach a colossal amount of \$21.1 trillion.¹⁰⁰

It is not hard to understand why so many countries have shown high interest in the project. As Hong Lei, Chinese Foreign Ministry spokesperson, stated in a press conference: “A place needs to have well-functioning roads before it can get rich.”¹⁰¹ It seems clear the importance and the impact that Chinese financial aid can have in a lot of countries in Africa and Asia, in particular in the smaller ones. China is trying to create a way to expand its economic and political influence, but at the same time without showing itself as a possible threat, in a typical “win-win” situation. This is why many experts have compared

⁹⁸ Bloomberg News. (2014) *China said to Plan \$16.3 Billion Fund for ‘New Silk Road’*. 04/11/2014. Available at <http://www.bloomberg.com/news/articles/2014-11-04/china-said-to-plan-16-3-billion-fund-to-revive-silk-road> [Accessed 04/01/2016]

⁹⁹ Zhao, Y. (2014) *Premier: China willing to help Afghan infrastructure*. In China Daily. Available at http://www.chinadaily.com.cn/china/2014-10/29/content_18824771.htm [Accessed 10/01/2016]

¹⁰⁰ Tiezzi, S. (2014) *The New Silk Road: China’s Marshall Plan?* In The Diplomat. Available at <http://thediplomat.com/2014/11/the-new-silk-road-chinas-marshall-plan/> [Accessed 10/01/2016]

¹⁰¹ Hong, L. (2015) *Regular press conference on 31/10/2015*. Available at http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1206258.shtml [Accessed 20/01/2016]

the “One Belt, One Road” project to the American Marshall plan. It was a program of economic and financial aids announced in June 1947 by the Secretary of State of the time, George Marshall. Its objective was to help Western European countries to recover from the damages caused by the World War II, and at the same time enhance the influence of the US in the region. Both the projects can be considered as the strategy of a rising global power in which it uses its economic strength to secure foreign policy goals.¹⁰²

The United States were the major beneficiary of the aid program: they gain great influence in an area that still nowadays largely depends from them, politically and economically. And above all, they improved their image in the global public opinion. This is what China seeks to reach with its OBOR initiative. But still there are several differences between the two programs. Firstly, the background is completely different. While the Marshall Plan had a strong ideological nature, as it aimed to prevent the election of the Communist parties in Italy, Greece and other European countries, the “One Belt, One Road” lacks this ideological background, being only the consequence of China’s all-around opening up. Secondly, the New Silk Road initiatives are meant to be based on collaboration and common investment projects. On the contrary, the Marshall Plan was a one-way flow of goods and capitals from the United States to Europe. So the OBOR will be much more comprehensive and complex than the American post-war recover plan. Moreover, it was a program created to last for four fiscal years, during which Western European countries, by joining the OECD (the Organization for Economic Cooperation and Development), received \$13 billion from the US in different forms. While the OBOR is projected to last for a much longer term. Finally, there is an important difference in the intentions: the United States necessitated a strong Europe to work as a shield against their new principal antagonist, the Soviet Union. This is why the project was directed only to Western

¹⁰² Tiezzi, S. (2014) *The New Silk Road: China’s Marshall Plan?* In *The Diplomat*. Available at <http://thediplomat.com/2014/11/the-new-silk-road-chinas-marshall-plan/> [Accessed 10/01/2016]

countries. On the other hand, the “One Belt, One Road” does not hide any domination intention.¹⁰³

Mainly, the Chinese scholars are more inclined to define the OBOR initiative as the “Chinese Marshall Plan”. This because they focus more on the economic face of the project. On the contrary, Western experts can not overcome the big differences for what concerns the background and the intentions of the two experiences.¹⁰⁴

Besides the comments of the international experts, it is not possible to deny that China in the last years has emerged as a model for other developing third world countries that are trying to improve their economies and societies, as well as to find their space in the global system, but seeking a true independence from the foreign powers, above all the United States. The journalist and professor Joshua Cooper Ramo defined this alternative example of development as the “Beijing Consensus”. The term coined by Ramo was born in opposition to the “Washington Consensus”, a well-known political and economic theory that during the 1990s prescribed the superiority of the American government in deciding for the destiny of other nations. On the contrary, China’s approach follows the willingness to create a peaceful and high-quality growth, that must be flexible to adapt to every situation. The doctrine aims to push nations to innovation and experimentation, without threatening their national borders and interests. The use of economics and governance will eventually bring to a strong improvement of the society. And this is the element that has attracted many developing countries, seeking a different path of development from the one decided by the United States. For Ramo, the strength of the Beijing Consensus lies on the importance that it reserves also on politics, quality of life and the global balance of power, instead of focusing only on economic ideas. Taking in consideration these features, we can say that also the Chinese foreign strategy has an ideological background, as it can be

¹⁰³ Wang, Y. (2015) *China’s “New Silk Road”*: A Case Study in EU-China Relations. In Amighini, A. and Berkofsky, A. (eds.) *Xi’s Policy Gambles: The Bumpy Road Ahead*. ISPI Report, pp. 101-102

¹⁰⁴ Jin, L. (2015) *The “New Silk Road” Initiative: China’s Marshall Plan?* China Institute of International Studies, pp. 70-83.

considered as the way in which Beijing is presenting itself as an alternative path of expansion that collides with the American one.¹⁰⁵

Moreover, many experts consider the “One Belt, One Road” and the timing of its announcement as a clear opposition against the last wide economic strategies started by the United States: the Trans-Pacific Partnership (TTP) and the Transatlantic Trade and Investment Partnership (TTIP). These agreements, that aim to create two different wide Free trade areas in which the countries agree to eliminate tariffs and nontariff barriers on trade in goods among themselves, are directed to the two sides of the world. The first one, the TTP, aims to enhance the commercial relations between the two shores of the Pacific Ocean. Some of the countries that are negotiating the treaty with the United States are Australia, Canada, Japan, Malaysia, Mexico, Peru and Vietnam. At the same time, American diplomats are trying to achieve a deal with the 28 members of the European Union to create the TTIP.¹⁰⁶ At the beginning of 2016 these projects are still under discussion, as they have found many resistances in particular among some European governments and public opinions. But it is clear that if they will succeed, the influence of the United States in the world will reach unprecedented levels.

¹⁰⁵ Ramo, J. C. (2004) *The Beijing Consensus*. London: The Foreign Policy Center.

¹⁰⁶ Cooper, W. H. (2014) *Free Trade Agreements: Impact on U.S. Trade and Implications for U.S. Trade Policy*. Washington, DC: Congressional Research Service.

2.2 The New Era in Chinese Foreign Policy

2.2.1 What did it change in China's foreign policy?

The “One Belt, One Road” initiatives demonstrate the new course of Chinese foreign policy: in the years that followed the first historic opening up towards the world decided in the mid-1970s, China's main goal was to adapt and to integrate in the international system. In fact, for many decades the country focused on realizing reforms to prepare the society to enter in an always more globalized world. This attitude was crucial to reach the high level economic results that have made of China one of the most powerful states in the world, and have increased the conditions of life of its citizens. But now the situation has changed, and the Chinese leaders have understood that they had to make a turn in their policies, in order to face the switching situation of the country and of the world. This “new way of opening” will require a more internationally proactive China, with a focus on exportation- rather than importation of capitals and technology- and the support of the potentially beneficial development of its neighbours.¹⁰⁷ The project announced in 2013 is one of the most ambitious initiatives between all China's reforms, and it will require huge investment, several multilateral agreements, meetings and policies.¹⁰⁸

With the “One Belt, One Road” initiative China is showing its willingness to collaborate and supplement the existing international order, rather than to revise it. And this by creating

¹⁰⁷ Kratz, A. (2015) *Paying the China price: the costs of Chinese investment*. European Council on Foreign Relations.

¹⁰⁸ Jing, M. (2015) *China's New Silk Road and EU-China Relations*. In EU-China Observer, EU-China Research Centre, 1(15), p. 12

a “community of destiny” among all the Asians, as said by president Xi Jinping.¹⁰⁹ China needs to improve its periphery diplomacy and its friendly ties in particular with the Western world, to escape from international isolation. The OBOR initiative will help the country to reach this objective, by creating a peaceful and stable neighbouring environment necessary for its economic and social development.¹¹⁰

And countries are welcoming positively the change in the attitude of the Chinese government, believing its reassurances. They are more inclined to deal with China than with Western countries, considering the former an honest partner, and not a possible threat for their independence. They can not forget the colonial era, so they will always look suspiciously at any attempt made by the United States or the European states to invest in their economies.¹¹¹

2.2.2 Why has the OBOR been proposed now: internal and external reasons

The last changes in Chinese foreign policy and the presentation of their flagship investment program in the last years are not accidental. The second economic power in the world is facing some internal and external conditions that have brought its leadership to take important decisions.

At the internal level, the main issues that Beijing must solve are primarily two. The first is related with the divisions existing within its provinces. If in China there are some of the

¹⁰⁹ Godement, F. (2015) *“One Belt, One Road”*: China’s Great Leap Outward. China Analysis, London: European Council on Foreign Relations, p. 2

¹¹⁰ Shao, Y. (2014) *Two Roads, But One Destination?* In China-US Focus.

¹¹¹ Billington, M. (2015) *The Maritime Silk Road -1405 and 2013*. In China-US Focus.

most industrial and developed city of the whole Asia, next to the megalopolises of the coastal area coexist regions of the country that are still based on agriculture, and that have not taken part of the impetuous economic growth of the last years. There the majority of the population lives in poverty, without the possibility to access many primary goods and services. Moreover, this situation is intensified by the presence of different religions or ethnic groups that often are not totally accepted by the central government. The New Silk Road initiative will bring big amount of capitals and above all infrastructure in these regions, and hopefully this will be transformed in better conditions of life for the population.¹¹²

The second internal problem that China has to fight is the slowdown of its economic growth. After decades of boom without precedents, since 2012 the country's economy has started to decelerate, making difficult also the achievement of the 7% minimum growth rate target. Export growth for July had a shrinkage of the 8.3% compared to the same month of 2014. In addition, many sectors of the industry are now facing an overproduction issue, as the demand as been drastically reduced. The present crisis is the result of the economic policies decided in the last years by the Chinese governments, and some structural problems of the country's economic system. When in 2007-2008 the economies of North America, Europe and Japan collapsed, China prevented the consequences of the crisis by introducing an enormous stimulus programme the involved the stocking of some sectors of the economy with extra capitals. These emergency measures, thought to avoid excessive drops in production and employment, have only slowed down the unstoppable effects of the crunch, increasing the debt of the state. In fact, the excess of investment and credit made the economy vulnerable by low-profit investment projects, that have started to pollute banks' portfolios. The second element of weakness of China's economy is its dependence from foreign demand, as the exports have always been much unbalanced with respect of the domestic demand. Finally, the other elements of the critic scenario is the demographic imbalance, as the workforce will inexorably go down in the next decades,

¹¹² Romanelli, N. (2015) *UE-Cina: lanciata la Nuova Via della Seta*. In *Europae: rivista di Affari Europei*.

and the strong differences between the different regions: there are many provinces highly specialized in few sectors.¹¹³

And despite the reassuring words pronounced in the last months by Chinese officials, the growth of the country was not sustainable. Meanwhile, the burst real estate bubble caused by the pumping of the the construction industry determined the plunge of the prices of the houses.¹¹⁴ The combination of all these factors have increased the fears of the international operators, producing a serious stock crisis that is provoking the panic of all the markets in these days (January 2016).¹¹⁵

The OBOR project can help to solve the situation for two reasons: on the one hand, all the investment necessary to create the infrastructure in Asia and Africa will be a stimulus for the sales of Chinese iron and steel, and will contribute to the diminution of unsold stocks. On the other hand, the project is meant to make easier, faster and wider the trade exchanges with the other extreme of the Eurasian continent, with a consequent expansion of the exportations. Moreover, the relevant investment in Central Asian countries, have the potential to create new markets for the Chinese products.¹¹⁶

In reality, for some experts the downturn of Chinese economy should not be seen as a deep-rooted economic crisis, while it must be read as part of China's transition to a service-driven system. If we see the general economic situation of the country, we can notice that there are currently happening strong variances between the different economic areas: in fact, the service sector is continuously expanding without showing any slowdown, in particular in the field of the e-commerce. In the first three quarters of 2015 the sales

¹¹³ Amighini, A. (2015) *China's Economic Growth. Heading to a "New Normal"*. In Amighini, A. and Berkofsky, A. (eds.) *Xi's Policy Gambles: The Bumpy Road Ahead*. ISPI Report.

¹¹⁴ Dyer, G. (2015) *L'effetto domino della crisi cinese arriverà fino a noi*. In *Internazionale*.

¹¹⁵ Chao, D. et al. (2016) *Why China's Market Fell So Much*. In *The Wall Street Journal*.

¹¹⁶ Junya, S. (2015) *China: economic stimulus measures take priority in reality*. In *Asia Monthly Report*, No. 174, p. 5

concluded through the web have grown of the 36%. While the contemporary declines in sectors like housing and steel are a consequence of overproduction and of the increasing concerns about their environmental impact. This shows that the situation is not terrible as many pessimistic experts depict it, and these changes are a normal consequence of China's long-trailed structural renovation.¹¹⁷ For Francois Godement, the director of ECFR's Asia & China programme, "China is not facing a deep-rooted economic crisis, however, but rather a crisis of expectations on the part of Chinese and international observers alike".¹¹⁸

The external reasons that are influencing China's new foreign policy are two: the first is related to the changes in the international scenario. The system of global relations is currently governed by chaos: the main cause is the failure of the United States of imposing themselves as the only superpower after the fall of the Berlin wall and the consequent dissolution of their antagonist of the time, the Soviet Union. Even if the US had for several years the predominant role in the global governance, now the situation is changing, and their leadership has been challenged by different actors. Even their historic European allies are beginning to loose the bonds that used to tie them with the transatlantic partner. China can take advantage of this situation, establishing better economic and political relations with Europe, and expanding its influence at the regional and global level.¹¹⁹

Aside from considering only the major conflict with the United States, many Chinese and international scholars have studied China's potential inclination towards a possible multipolar world. In fact, a shift to an international system that is not dominated by one or two superpowers appear inevitable to many. The first element is the already presented decline of American hegemony and the increasing attempts to establish independent positions. Secondly, it must be considered the role of globalization: a globalized world

¹¹⁷ Godement, F. (2015) *China's economic downturn: The facts behind the myth*. London: European Council of Foreign Relations.

¹¹⁸ Ibidem.

¹¹⁹ Sapelli, G. (2015) *Il "Golpe" di Cina (e UK) contro l'ordine mondiale*. In *Il sussidiario.net*. Available at <http://www.ilsussidiario.net/News/Economia-e-Finanza/2015/10/27/GEO-FINANZA-Sapelli-il-golpe-di-Cina-e-Uk-contro-l-ordine-mondiale/649941/> [Accessed 06/11/2015]

implies the undermining of national borders and sovereignty, with the consequent reduction in the differences between external and domestic issues. Moreover, thanks to globalization many states have reached levels of economic growth that have brought them to seek a higher participation in the global governance. Finally, the last economic crises have been seen by developing countries as the failure of the Western liberal economic model. Following the decrease in the appeal of the ‘American way’, the direct relations and deals between Southern world country have been incremented substantially. China must find a way to respond properly to this changes that are affecting the international power landscape.¹²⁰

Also Russia is working hard to keep its shadow of influence on Central Asia. Tough Moscow is adopting a really aggressive strategy in the political and military field to demonstrate its authority to the rest of the world, its weak economic situation inhibits Russia from being a point of reference for many poor countries of the area. It is scarcely possible for Putin at the moment to put in place a strong investment plan in order to capture the benevolence of its neighbouring countries. And for sure it has no possibilities to enter in competition with the potential of Chinese capitals.¹²¹

¹²⁰ Breslin, S. (2013) *China and the global order: signalling threat or friendship?* International Affairs, 89(3), pp. 615-634.

¹²¹ Fattibene, D. (2015) *Russia's Pivot to Asia: Myths and Realities*. Istituto Affari Internazionali, Working paper, 15(44)

2.3 Advantages and potential drawbacks of the project

2.3.1 The positive aspects

The New Silk Economic Belt and the 21st Maritime Silk Road have the potential to change drastically the relations of powers in the international scenario, but also can have a fundamental role in the development of the economies of many countries that at the moment have strong difficulties in providing decent life conditions to their citizens. In fact, the ideal route of the “One Belt, One Road” project involves poor regions that have seen in the announcement made by the Chinese government the hope to share the benefits of its colossal economic growth of the last decades. This initiative can really be an opportunity to reduce the differences of wellness and industrial development that currently exist between the different areas of Asian continent, in particular between the countries located in Central Asia, and the coastal states of the South-East Asia.¹²²

Another important point in favour of the new Chinese action is that the countries in the region appear satisfied of this source of investment that seem apparently unlimited, and most important, free from political domination intentions. This is why in Central Asia at the moment is preferable an intervention in the area led by China, than by Russia or European Union, always seen as possible conquerors.¹²³

¹²² Wang, Y. (2015) *China's “New Silk Road”*: A Case Study in EU-China Relations. In Amighini, A. and Berkofsky, A. (eds.) *Xi's Policy Gambles: The Bumpy Road Ahead*. ISPI Report.

¹²³ Pantucci, R. (2015) “Una cintura e una via”: il modello dell'Asia centrale. In *Orizzontecina*, 6(4), p. 2

Not only states, but also private companies are interested in the advantages they can receive from their participation to the “One Belt, One Road”. To gain the biggest benefits from all the projects that will be started in the framework of the OBOR will be in particular infrastructure construction companies, building materials producers and construction machinery companies. Moreover, with linking up unconnected road sections and removing transport bottlenecks, the connectivity in all the region will be considerably improved, with a consequent facilitation of trade and any sort of exchange.¹²⁴

2.3.2 The obstacles to the realization of the project

After the possible advantages, it is necessary to take in account also the potential drawbacks and negative consequences of Chinese project. The problems that the realization of the “One Belt, One Road” initiative can find are mainly three: the relations with the other two great powers of the region, Russia and India; the risk linked with the instability of the territories that are located along the routes of the project; and its actual feasibility.

As demonstrated more than one year ago with the annexation of Crimea, Russian willingness of increasing its leadership in Asia is stronger than ever. To send a message to the Western countries, in this period Putin has organized various grand summit with its Chinese counterpart, followed by formal agreements and declarations. In reality, European and American officials have always considered these events only as the attempts by Russia and China to appear less isolated to the rest of the world. In fact, the actual relationship

¹²⁴ Chin, H. et al. (2015) *The Silk Road Economic Belt and the 21st Century Maritime Silk Road*, report by Fung Business Intelligence Centre, p. 9

between the two Asian giant aren't very friendly, being characterized by strong suspicious towards both the sides.¹²⁵

The situation worsened in 2013, with the announcement made in Kazakhstan by Xi Jinping in which he introduced the New Silk Road initiative: the revelation was considered by the Moscow's leadership as a message against Russian presence in the area, and as a direct menace against their own integration project, the Eurasian Economic Union (EEU), whose treaty was signed in May 2015 by Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia. At the same time, China was worried about Putin's denial to start any negotiation on a possible coexistence between the two strategies. But at the moment, even if many experts believe that it is just a matter of time before clashes occur between the respective integration projects, the situation seems more relaxed. In fact, in May 2015 Putin and Xi during a summit in Moscow have signed a joint declaration "on cooperation in coordinating development of EEU and the Silk Road Economic Belt". This document seems to relieve the tension between the two Asian powers, at least at the official diplomacy level.¹²⁶

Another country that can create impediments to the quick realization of the project is India. The South Asian country has several security concerns in particular about the second initiative, the 21st Century Maritime Silk Road. It is not a secret that the government controlled by Narendra Modi can not be enthusiast about a possible escalation of Chinese military and economic presence in the Indian Ocean. To support this idea, in June 2015 India's Foreign Secretary Subrahmanyam Jaishankar declared: "A [Chinese] national initiative devised with national interest, it is not incumbent to others to buy it".¹²⁷

The second obstacle that the "One Belt, One Road" project can encounter in the path towards its implementation is more practical. The problems are the political and commercial risks of building infrastructures in areas with difficult socio-political

¹²⁵ Gabuev, A. (2015) *Eurasian Silk Road Union: Towards a Russia-China Consensus?* Carnegie Moscow Center.

¹²⁶ *Ibidem*.

¹²⁷ Brewster, D. (2015) *China's rocky Silk Road*. In East Asia Forum.

conditions. Many of the countries that will be crossed by the New Silk Road have not stable governments, or face civil conflicts between different groups of the society. In many states emerged after the dissolution of the Soviet Union the institutional system is soaked of corruption and bad-governance. The inefficiency and the lack of stable and transparent laws and decisions constitute an important element of risk for the foreign investors that can not be ignored. Moreover, the capitals invested in the regions may emerge as a source of rent for the ruling elites in the countries, as already happened in the past.¹²⁸ Actually, China's behaviour seems not to have been altered by this kind of preoccupations. An example of that are the several unconditional aid programs that the Chinese government has accorded to different African countries. And in the majority of the cases, the risks deriving from the investment were too high to be considered economically attractive by the country. But China has decided to invest great capitals in project in Africa. In fact, the benefits coming from the improvement of the Chinese image and influence in the region made irrelevant the hazard of the possibility to lose the funds.¹²⁹

Finally, must be taken in consideration China's lack of experience in the region. In the last years Chinese companies have focused their investments mainly in Europe and United States; now is the time to expand their intervention and start to bring their capitals also in zones with higher levels of risk.¹³⁰ And many experts are sceptical about the capability of the Chinese government to attract private money to the different initiatives.¹³¹

To overcome all the possible problems the project can encounter, and to encourage its final implementation, China must evaluate properly the feasibility of the different interventions,

¹²⁸ Toktomushev, K. (2015) *One Belt, One Road: A New Source of Rent for Ruling Elites in Central Asia?* In China-US Focus.

¹²⁹ Hodzi, O. et al. (2012) *'Unconditional Aid': Assessing the impact of China's development assistance to Zimbabwe*. South African Journal of International Affairs, 19(1). Available at http://eeas.europa.eu/china/docs/com95_279_en.pdf [Accessed 10/01/2016]

¹³⁰ Wilson, S. (2015) *How China is building a new Silk Road*. In Money Week. Available at <http://moneyweek.com/how-china-is-building-a-new-silk-road/> [Accessed 03/12/2016]

and must be sincere in its relations with the countries involved. Moreover, the designers of the strategy must also take in considerations the necessity and the interests of the local governments and peoples, without deciding by themselves all the details.¹³²

2.4 The risk of the Thucydides' trap

One of the major problems with the new active Chinese foreign policy is the risk for the country to fall into the “Thucydides’ trap”. The expression refers to the narrative made by the Greek historian of the V Century BC Thucydides of the bloody Peloponnesian war (431-404 BC). Thucydides explained the *causus belli* saying: “It was the rise of Athens and the fear that this inspired in Sparta that made war inevitable.” The conflict lasted more than 20 years, and left the two parties both highly weakened.¹³³

The phrase has been adopted by the International relations theory to express the conflictual situation that can occur when a rising power rivals the ruling power threatening its leadership and predominance in the international scenario. Many scholars in the last years have started to use it to talk about the current relations between United States and China: as the rise of Athens challenged the role of Sparta in the Ancient Greece, the colossal economic boom that has experienced the Asian giant can intimidate the US until the point to provoke an armed conflict between the two. In particular professor Graham Allison of the Harvard Kennedy school has made popular the expression ‘Thucydides trap’ to define the likelihood of this war. He says that even if the eventuality of a conflict between US and China at the moment is totally inconceivable, we don’t have to forget

¹³² Shi, Y. (2015) *China must tread lightly with its ‘One Belt, One Road’ initiative*. In South China Morning Post.

¹³³ Dyer, G. (2015) *Lo scontro tra Cina e Stati Uniti è davvero inevitabile?* In Internazionale.

what the humans are capable to do: either in 1914 nobody could have imagined the bloodshed that was around the corner. To show the probability of a future fight between China and US, professor Allison cites the study of a team from the Harvard Belfer Center for Science and International affairs: over the past 500 years, the majority of this kind of rivalries between countries have ended with a war. More precisely, that happened in 12 of 16 cases. In the remaining four, only after deep changes in the behaviour of the two sides the clash could have been avoided.¹³⁴

Judging from the historical record, for Graham Allison a war between United States and China is not only possible, but, probable. And the underestimation of the actual status of the relations between the two powers is even more dangerous, because increases the risk that a large-scale conflict could be caused by a standard crisis, business as usual issues, even without an extraordinary and serious event. But the Harvard professor says also that the bloodshed is not inevitable: world leaders must commit themselves to making efforts in order to learn from history and smooth all the potential point of misunderstanding and dispute.¹³⁵

The governments of China and US should also be aware of the risk of taking decisions following reasons of fear and honour that led the Spartans to start the Peloponnesian War and the Athenians to continue it. In fact, Thucydides in its History of the Peloponnesian war shoes how the conflict was made inevitable by the intervention of the human emotions: many speeches were held in Sparta about the convenience of engaging a battle with the Athenians rivals. Finally, some orators convinced the others to vote for the war claiming that only in that way the honour of their city would have been saved.¹³⁶ We can notice a similar discourse about the honour of the nation in the words of the prominent Chinese intellectual Ye Zicheng: “There is a close connection between the rejuvenation of

¹³⁴ Allison, G. (2015) *Thucydides Trap Project*. Presentation. Available at http://belfercenter.ksg.harvard.edu/publication/25760/thucydides_trap_project.html [Accessed 03/01/2016].

¹³⁵ Allison, G. (2015) *The Thucydides Trap: Are the U.S. and China Headed for War?* In *The Atlantic*.

¹³⁶ Whyte, L. (2015) *The Real Thucydides' Trap*. In *The Diplomat*.

the Chinese nation and China's becoming a world power. If China does not become a world power, the rejuvenation of the Chinese nation will be incomplete. Only when it becomes a world power can we say that the total rejuvenation of the Chinese nation has been achieved".¹³⁷ At the same time, also in the American literature it is present the belief the United States should always have a unique place and role in human history; and this conviction hardly clashes with Chinese nationalism.¹³⁸

Actually, the meaning of Thucydides words was that human emotion like fear, hubris and honour made conflicts inevitable, propelling it forward even if a sort of peace was possible. In fact, the Greek historian reported in its *History of the Peloponnesian war* many speeches held in Sparta about the opportunity to engage a battle with the Athenians rivals. Finally, some orators convinced the others to vote for the war claiming that only in that way the honour of their city would have been saved.¹³⁹

¹³⁷ Ye, Z. (2011) *Inside China's Grand Strategy: the Perspective from the People's Republic*. University Press of Kentucky, p. 74

¹³⁸ Allison, G. (2015) *The Thucydides Trap: Are the U.S. and China Headed for War?* In *The Atlantic*.

¹³⁹ Whyte, L. (2015) *The Real Thucydides' Trap*. In *The Diplomat*.

THIRD CHAPTER

THE EFFECTS OF OBOR INITIATIVE ON THE EU-CHINA RELATIONS

3.1 Chinese thinkers' reactions

The announcement of the “One Belt, One Road” initiative has generated a lot of interest all around the world. The potential outcomes for countries and private enterprises have attracted the enthusiasm of many actors. But there are not many details about the project yet, and its actual implementation is thought to need many decades in order to be realized. And even if the return for China in terms of image and influence on the neighbouring states seems to be high, there are several possible drawbacks that may slowdown or even definitely block the plans.¹⁴⁰

¹⁴⁰ Godement, F. (2015) *“One Belt, One Road”*: *China’s Great Leap Outward*. China Analysis, London: European Council on Foreign Relations.

3.1.1 How Chinese experts evaluate the feasibility of the project

The comments from Chinese scholars on the opportunity and the feasibility of the project are of different nature. Many are enthusiastic about the potential benefit that China and the whole region may gain from the correct fulfilment of the strategy. On the contrary, other tend to focus more on the risks that are involved in a such vast and broad project. Of this advice is An Jianglin, an expert from the Gansu Academic of Social Sciences, who put the focus on the problem of the “blind investment”: for An, it does not make sense to make investment to build roads in poor countries were there are few inhabitants who own a car.¹⁴¹

For Jia Qingguo, Professor and Associate Dean of the School of International Studies of Peking University, the objective of the New Silk Road initiative should be to promote China’s economic upgrading, in order to rebalance the “new round of opening to the world” that the country has launched.¹⁴² But it is not clear yet how the government will obtain that, and will overcome the risks.

On the possible drawbacks of the project focus Huang Yiping and Chu Yin: they consider the limits of their government, saying that the new development strategy risks to be undercut by ham-fisted great power diplomacy, inattention to political hazard, or excessive central planning. For them, the Beijing government should not intervene too much in designing the paths in which the projects will develop, leaving most decisions to host countries and to the market. Huang adds: “One Belt, One Road is a good international economic strategy, but for now it is certainly not an easy one”. This demonstrates that

¹⁴¹ Cohen, D. (2015) *China’s “second opening”: Grand ambitions but a long road ahead*. China Analysis, European Council on Foreign Relations.

¹⁴² Xi, J. (2014) *Accelerating the implementation of a free-trade zone strategy, accelerating the construction of a new economic model based on openness*. In Xinhua.

Chinese thinkers, even recognizing its potential, are doubtful about the feasibility of the initiative.¹⁴³

Huang also highlights the importance of the OBOR as a major change in China's international profile, after a long period of foreign policy based on former president Deng Xiaoping slogan: "Hide your capabilities and bide your time". Now the country is assuming a more active role, also in response to global expectations on China taking on more international responsibility, and to give an alternative model to poor developing countries. But the Professor of Economics at the China Center for Economic Research of the Peking University criticizes the attitude of some of his compatriots that wish for a strategic confrontation with the United States. For Huang, despite the high level economic growth of the past years, China continues to be a middle-income country without many guarantees about the future. Instead, the Asian country should persist to reach the goal of a "peaceful rise", treating other countries as equals and without excluding the participation of the US, or Japan, in the its new strategic plans.¹⁴⁴

Of similar opinion is Jia Qingguo, who states that the potential of the project is great, but Beijing must not succumb to "wishful thinking": the OBOR is a strategic vision, but to achieve some goals it necessitates a strong and clear plan that must define the real path that the strategy should follow and solve the challenges it may encounter. Moreover, China should improve its international image with the aim to avoiding concerns and fears among its neighbouring countries and the other international powers, above all Russia.¹⁴⁵

Also for Chu Yin, Chinese policy makers must focus on local and regional realities, taking in considerations the interests and the needs of both the small and big countries that are

¹⁴³ Huang, Y. (2015) *Don't let 'One Belt, One Road' Fall into the Trap of Japan's Overseas Investments*. Zhongguo Gaige Wang.

¹⁴⁴ Ibidem.

¹⁴⁵ Jia, Q. (2015) *One Belt, One Road: Urgent Clarifications and Discussions of a Few Major Questions*. Renmin Luntan.

located along the Routes of the New Silk Road. This because they may not find appealing the message of the Silk Road, being so different from China.¹⁴⁶

3.1.2 Reasons for the OBOR's early success

Even if the risks and the possible drawbacks can threaten the correct final implementation of the OBOR project, there are many Chinese experts that have focused more on the reasons why the initiative has been welcomed with enthusiasm by several governments and private enterprises.

Cai Tingyi, Wang Yanchum and Jin Yan, journalists of the independent magazine based on Beijing *Caijing*, claim that the transparency, the openness and the professionalism with which the initiatives have been presented, contributed to its early success. The decision to involve existing development banks and experts from multilateral organizations, have caught the attention of many actors.¹⁴⁷

Moreover, in the opinion of the three authors the establishment of the Asian Infrastructure and Investment Bank was a triumph because it was the perfect response to the real need of infrastructure financing. For a report of the Asian Development Bank, in the next decade Asia will need more than \$8 trillion of investment financing: in this scenario, the AIIB will be fundamental, as the ADB itself and the World Bank do not have sufficient means to provide for all the capitals. If the AIIB will succeed, it will manage to direct the

¹⁴⁶ Chu, Y. (2015) *Realisation of 'One Belt, One Road' Strategy Requires More Careful Consideration*. Aisixiang.

¹⁴⁷ Cai, T. et al. (2015) *Outlook for the AIIB*. In *Caijing*.

extraordinary savings and foreign exchange reserves owned by Asian countries, into long-term strategic investments that have the potential to improve the development of the whole region.¹⁴⁸

She Jianguang and Meng Xiaoke add that the success obtained by the announcement of the AIIB is also ascribable at the way in which the bank has been thought, and its inclination to renovate the current development institutions. The biggest example is the Bretton Woods institution, a system created 70 years ago by the predominant power of the time, the United States. Now there are many other countries that have emerged in the international scenario, and are seeking to participate actively in the decisions of global governance.¹⁴⁹

3.1.3 The need to balance the influence of the United States?

For what concerns the confrontation with the United States, Chinese scholars have different ideas. Many have criticized the US as a traditional power, reaffirming the substantial differences between the “One Belt, One Road”, and the American great development plan of the second post-war, the Marshall Plan. For them, as it placed some political conditions to the beneficiary countries, trying to get their support in the conflict against the Soviet Union, the Marshall plan had a clear ideological background. On the contrary, the OBOR is based on “open cooperation” (*kaifang hezuo*), and is considered an unconditional plan to assist China’s neighbours’ economic development.¹⁵⁰

¹⁴⁸ Ibidem.

¹⁴⁹ See She, J. (2015) *Trying out a new international financing paradigm*. Caijing; and Meng, X. (2015) *Why have European powers embraced the AIIB one after another?* Zhongguo Qingnian Bao, China Youth Daily.

¹⁵⁰ Bondaz, A. (2015) *Rebalancing China’s geopolitics*. China Analysis, European Council on Foreign Relations.

Moreover, the OBOR initiative must not be considered as a response against the presence of the United States in the West and in the Pacific. The professor of the University of Beijing Wang Jisi, that was the first in October 2012 to suggest the need to rebuild the Silk roads to Southern and Central Asia, stated that even if United States, Russia and European Union are putting in place strategies to enhance their influence in the East, China should not limit its foreign policy to the Asia-Pacific region, while should insist in its “march towards the West”.¹⁵¹ Of the same advice is Li Ziguo, deputy director of the “One Belt, One Road” research centre (which is affiliated to the Ministry of Foreign Affairs’ China Institute of International Studies): he claims that the OBOR is a new model of economic cooperation, born with the aim of building a community of interests and security between China and its neighbours, and not in response to America’s and Russia’s activity in the Asian continent.¹⁵²

Even more severe is the comment by Zheng Yongnian, Professor & Director of the East Asian Institute at the National University of Singapore. For Zheng, the global financial crisis is a direct consequence of the economic and political imbalances produced by the United States and the other Western countries. The OBOR is Chinese response to eliminate these imbalances. And now that the Western model of neoliberalism is in crisis, China has the opportunity to cooperate with developing countries and helping them to enhance their economic growths.¹⁵³

¹⁵¹ Wang, J. (2012) *Marching towards the West, China’s geopolitical strategy or rebalancing*. In Huanqiu Shibao.

¹⁵² Bondaz, A. (2015) *Rebalancing China’s geopolitics*. China Analysis, European Council on Foreign Relations.

¹⁵³ Zheng, Y. (2015) *The ‘One Belt, One Road’ strategy helps the world economy rebalance*. Lianhe Zaobao, Oriental Morning Post.

3.2 Elements of the current status of EU-China relations

3.2.1 Multilateralism in Asia

The globalization of the global economy in the last decades have brought as a consequence another phenomenon: the regionalization. Even if there are different levels of regionalization, in this chapter we will focus on the supranational one. For Professor Mario Telò, three elements must be highlighted: firstly, the increasing importance in each continent of the economic cooperation between neighbouring national states; secondly, the propensity of these forms of regional cooperation to increase their institutionalization with durable and strong intergovernmental agreements; finally, even if usually the cooperation starts on trade and commerce issues, then it tends to acquire other dimensions. The European Union is one of the most relevant cases in discussing successful examples of conciliation between globalization and regionalization. But it is not the only precedent, and surely it is not the only possible model for experiences of regionalization. For Telò, and for the majority of the present literature, regionalism can follow several different paths, and we should avoid to consider the regional organizations in Asia, Africa, Oceania and America as mere copies of the European Union's evolution.¹⁵⁴

In particular in Asia, the regionalization process has followed a highly differentiated course. The sense of “togetherness” and “common identity” is different on respect with the European one. So it is improbable that the Asian countries will develop a similar form of economic union: but a certain level of economic integration is already happening. Some examples are the negotiation of the Trans-Pacific Partnership, free trade agreements,

¹⁵⁴ Telò, M. (2013) *Regionalismo, globalizzazione e governance globale*. In Enciclopedia Treccani. Available at [http://www.treccani.it/enciclopedia/globalizzazione-e-governance-globale-regionalismo_\(Atlante-Geopolitico\)/](http://www.treccani.it/enciclopedia/globalizzazione-e-governance-globale-regionalismo_(Atlante-Geopolitico)/) [Accessed 06/02/2016]

increased cross-border investments. It is true that many states in the area would welcome a wider regional integration mechanism with the involvement of security cooperation. But the current situation doesn't make easy to build a so wide collaboration, given to the strong differences and the lack of mutual confidence within the Asian countries.¹⁵⁵

China is the main engine of the regionalization process, even if some thinkers see also some potential drawbacks in its attitude. The Asian giant has the political and above all economical power to become the pivot of the region, and determinate the instauration of stricter bonds in the region. But China in the last decades has not be trusted by the totality of its neighbouring countries, and the centenary clash with Japan has not contributed to relax the respective positions and find common interests on which start to build the cooperation. For some experts, this system of states relations can generate two different scenarios. The first, is a situation in which there are tensions between the countries, but are manageable and under control. In this scenario China would still be the primary power in the region, but it has understood the necessity to contain its ambitions. The second and most pessimistic view considers Chinese government's increased self confidence as an element that would inevitably lead to a regional and global conflict. At the moment China has not any real rival in Asia, and for many experts the country will not waste the occasion to definitely control the region. But from the declarations and the behaviours of China's representatives in the last years, it is the first hypothesis that seems to have prevailed.¹⁵⁶

Besides these opinions, China has always worked in order to promote multilateral initiatives in the Asia continent. Chinese leadership has always believed that a regional collaboration between the different countries is necessary to support economic development of the area, and to increase the world focus on Asian interests and problems. This is the reason why China has joined the ASEAN plus three (APT) forum: it is a form of cooperation to coordinate the collaboration between the Association of South-East Asian Nations and the three economic giants of Eastern Asia: China, Japan and South

¹⁵⁵ Godement, F. (2015). *Alternative Futures Asia*. London: European Council on Foreign Relations.

¹⁵⁶ Godement, F. (2015). *Alternative Futures Asia*. London: European Council on Foreign Relations.

Korea. The process started in 1997, and from then the leaders of the thirteen countries gather to discuss on an always wider range of issues and topics.¹⁵⁷

Next to the ASEAN plus three forum, China has also worked to promote the creation of the Shanghai Cooperation Organization (SCO). The SCO is the evolution of the Shanghai Five group, and organization founded in April 1996 with the signing of the Treaty on Deepening Military Trust in Border Regions. The countries involved in the project were Russia, Tajikistan, Kazakhstan, Kyrgyzstan and the People's Republic of China. In 2001, in a meeting in Shanghai, the heads of state of the five countries admitted Uzbekistan, and successively the Declaration of Shanghai Cooperation Organisation was approved. The six members accounted for more than half of the Eurasian land mass (60%), and for a quarter of global population.¹⁵⁸ And since July 2015, also India and Pakistan have joined the organisation.¹⁵⁹

The area of competence of the Shanghai Cooperation Organisation has been expanded, and now involves security, economic, cultural and humanitarian issues. Also its institutional system has developed: in it there are seven bodies, and an internal mechanism that organises regular meetings between the representatives of the countries, and that constitutes a fundamental part of discussions and policy-making within the SCO, contributing to create a relatively deep degree of institutionalism.¹⁶⁰

In the idea of Chinese leadership, the “One Belt, One Road” project, and all the initiatives that it involves like the AIIB, may definitely enhance economic and consequently political integration in Asia, preparing the continent to assume the role that it deserves in the

¹⁵⁷ Zhang, X. (2006) *The Rise of China and Community Building in East Asia*. In *Asian Perspective*, 30(4), pp. 129-148.

¹⁵⁸ Aris, S. (2009) *A new model of Asian regionalism: does the Shanghai Cooperation Organisation have more potential than ASEAN?* Cambridge Review of International Affairs, 22(3), pp. 451-467.

¹⁵⁹ Desk, W. (2015) *Pakistan, India become permanent SCO members*. In *Tribune*. Available at <http://tribune.com.pk/story/918509/pakistan-india-become-permanent-sco-members-reports/> [Accessed 06/02/2016]

¹⁶⁰ Zhao, H. (2006) *The Shanghai Cooperation Organization at 5: achievements and challenges ahead*. *China and Eurasia Forum Quarterly*, 4(3), pp. 105-123.

international scenario.

3.2.2 Anti piracy cooperation

Part of the collaboration between the two actors has also been incremented in the last years thanks to the necessity of a joint response towards the piracy issue. The seas around the Horn of Africa have created many problems to the international trade, for the impossibility of the governments of the coastal state, mainly Somalia, to fight the attacks of the pirates. Between 2005 and 2010 the damages and the seizures to commercial ships in that region increased dangerously, reaching 439 assaults in 2011.¹⁶¹ Of these, the around the 90% were made by Somali groups.¹⁶²

From the waters of the Gulf of Aden passes one of the most important Sea Lanes Of Communication (SLOC), that are the routes preferred for the exchange of products. For example, China relies on the seaborne traffic to enhance its commerce with the Western part of the Eurasian continent.¹⁶³ Chinese and EU's navies have operated together since the beginning of the 2010s to fight the Somali pirates that control the Gulf of Aden, causing many problems to the ships transporting products on the European-Chinese axis.¹⁶⁴ The importance of this element in the EU-China partnership is confirmed by the presence of a reference to the anti-piracy challenge in the joint statement that followed the summit of the last June. It is also a fundamental tile for the correct implementation of the Maritime

¹⁶¹ ICC/IMB Report (2012) *2011 Piracy Attacks Totalled 439*, Insurance Journal.

¹⁶² Bensassi, S. and Martinez-Zarsozo, I. (2012) *How Costly is Modern Maritime Piracy to the International Community?*, Review of International Economics, 20(5), pp. 869-883.

¹⁶³ Goislard, C. (2015) *China-EU relations*. Research Paper.

¹⁶⁴ Strange, A. M. and Erickson, A. S. (2015) *China's Global Maritime Presence: Hard and Soft Dimensions of PLAN Antipiracy Operations*. In China Brief, XV(9).

Silk Road, that would be strongly damaged by the persistence of pirates attacks in the Gulf of Aden.¹⁶⁵

This cooperation between China and Western countries is possible also for the one-dimension economical nature of the issue. It is also dismissed the apparent lack of compatibility between this kind of direct operations and the Chinese traditional criticism on the US and European interventionist doctrine: in fact, in this case China is cooperating to eliminate a serious threat on its trades.¹⁶⁶

3.2.3 Concerns about food safety

One of the main problems in the current status of EU-China relations are the controversy about the food safety. In our always more globalised world, food products are traded every day. In many states, accurate food analysis techniques have been put in place in order to verify the safety of the food that comes from foreign countries. Every state has different rules about the standards that a product must respect in order to be considered secure for the consumers. The European Union, for example, has very detailed regulation about food safety. Being at the same time the largest importer and the largest exporter of food and beverages (at the end of the last decade, the exports amounted to 58\$ billion and the imports 57\$ billion), with more than 310,000 companies involved in this sector, the supervision of food quality has always been a priority.¹⁶⁷

¹⁶⁵ EU-China Summit Joint Statement (2015) *The way forward after forty years of EU-China cooperation*.

¹⁶⁶ Kamerling, S. and Van der Putten, F. (2011) *An overseas Naval Presence without Overseas Bases: China's Counter-piracy Operation in the Gulf of Aden*. *Journal of Current Chinese Affairs*, 40(4), pp. 119-146.

¹⁶⁷ Eurostat. (2009) *EU-27 consistent world leader in trade of food*. Luxembourg: Office for Official Publications of the European Communities.

After the food crises of the 1990s (for example the case of the Bovine Spongiform Encephalopathy (BSE), commonly known as mad cow disease), at the beginning of the new millennium the European Union approved a regulation on general principles and requirements of food law (Regulation 178/2002). The aim was to create a set of common requirements for the foods produced and imported in the Union. Many measures have been put in place since then to enhance the controls and improve the exchanges of information between the countries: some examples are the pan-European Database and the Rapid Alert System for Food and Feed (RASFF). With the regulation was established also the European Food Safety Authority (EFSA), based in Parma, Italy. This organization produces independent scientific advices for the European legislators.¹⁶⁸

A Chinese efficient control apparatus was built only in 2009, with the new Food Safety Law. Before, the supervision was fragmented: different offices had in charge the control of only part of the production chain, making the general controls much more difficult. The most relevant case was the crisis of 2008, when the Sanlu Group publicly admitted that their milk powder was contaminated with melamine (added in order to increase the measured protein in their product). Within a few months, traces of melamine were detected in many areas of the world, European Union included. The response was immediate, and the trade relations with China suffered a slowdown. The crisis caused a loss of consumer trust, and the bankrupt of the Sanlu Group and other Chinese milk producers.¹⁶⁹

From that moment, the controls on the alimentary products imported from China and other Asian markets were raised. The situation has been improved, as Chinese producers has demonstrated to be more careful in meeting the European quality standards. But the consequences of the Melamine crisis have had repercussions on the relations between China and the EU until now.

¹⁶⁸ Poms, R. et al. (2011) *Food Safety in the European Union and China: The Melamine Case*. In EU-China observer, vol. 4, InBev-Baillet Latour Chair of European Union-China relations.

¹⁶⁹ Ibidem.

3.2.4 Intellectual property rights

A field in which the relations between China and Europe has always struggled to be improved is the issue of the intellectual property rights. When in 2001 China was admitted into the World Trade Organization, it started a series of policies to modify its internal legislation in order to respect the WTO agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement). But despite the efforts made, and the creation of a modern framework of laws and regulation, the situation has not become much better.¹⁷⁰

The current situation witnesses a failure of Beijing promises, as China is still the first source of fake products imported in the European Union, with the 64% of the total of the goods seized by the customs authorities. This decreases the trust of Western companies, that continue to ask for a stronger response against the Chinese government, until the production of counterfeited goods and the infractions of the copyright legislation do not stop.¹⁷¹

¹⁷⁰ Directorate-General for External Policies (2014) *Trade and economic relations with China*. In-depth analysis.

¹⁷¹ European Commission (2014) *Facts and figured on EU-China trade*.

3.3 Impact of the “One Belt, One Road” project on EU-China Relations

Chinese new grand development strategy, the “One Belt, One Road” project, will have without any doubt a great influence on the evolution of the country, and on its relation with its regional and global partners. After decades of efforts to integrate in the international system, with the Silk Road Economic Belt and the 21st-Century Maritime Silk Road China is showing a new proactive foreign policy, aimed to face properly the challenges brought by a globalized world. The extent of the investment plan has raised great interests in many African and Asian countries, that are strongly attracted by the opportunities that the capitals that China will put in the project may have on their economies.¹⁷²

3.3.1 European Union’s initial scepticism

Unexpected was the response, or better said lack of response, by the “Old Continent”. In fact, initially either European Union institutions or the European countries have not showed great enthusiasm towards the presentation of the Chinese initiative. The reasons can be many: firstly, Europe is located at the other extreme of the Eurasian continent, and its historically less involved in the issues of Central Asian region. Then, European Union leaders were doubtful about the importance and the relevance of the OBOR initiative. The risks linked with the project, and the possible insurmountable obstacles that may arrest its finalization, have stopped the EU officials from adhere definitively to China’s investment

¹⁷² Jing, M. (2015) *China’s New Silk Road and EU-China Relations*. In EU-China Observer, EU-China Research Centre, 1(15).

plan. Brussels' reaction to the announcement has been perceived tepid by Chinese officials, as if the European Union was not interested in all the possible outcomes that the project may bring to its economy.¹⁷³

Moreover, in the first months after the Xi Jinping's announcement of the project at the end of 2013, China and EU have not dealt specifically with the New Silk Road issue in the various official meetings. This because Chinese government have focused more on the Asian and African countries that are placed along the ideal path of the Belt and Road. As a consequence of all this, also the public opinions in the European countries are lowly aware of the existence of the initiative.¹⁷⁴

3.3.2 A change in the attitude towards the OBOR

Only since May 2015, it seems that European institutions and experts have started to take in consideration the Chinese new development plan. In fact, in that period several important think tanks have begun to focus on OBOR, with a number of special issues and meetings in which the topic was faced with high interest. Then, also the European institutions appeared more active in dealing with Chinese investment strategy, sharing views and thoughts about the characteristics of the New Silk Road initiative. Moreover, the enthusiasm with which some European countries have joined as founding members the establishment of the Asian Investment and Infrastructure Bank, and the always more

¹⁷³ Jing, F. (2014) *Silk Road initiatives fit into EU recovery goals*. In Chinadaily. Available at http://www.chinadaily.com.cn/opinion/2014-11/29/content_18997035.htm [Accessed 22/01/2016]

¹⁷⁴ Jing, M. (2015) *China's New Silk Road and EU-China Relations*. In EU-China Observer, EU-China Research Centre, 1(15).

complete economic cooperation between China and Central-Eastern European countries, demonstrate a new phase in the relations between the two extremes of the Eurasian continent.¹⁷⁵

The ties between European Union and China are so strict and complex that this new investment plan will surely have consequences on their partnership, even if the European institutions would have decided not to join it. Many Western intellectuals see in the OBOR initiative a big opportunity for the European Union in an historic moment conditioned by the decay of many state relations: an opportunity that “Europe can not afford to pass up”.¹⁷⁶ The capitals that the Beijing government wants to invest in this project, aside from giving a huge help to many developing countries in Asia, may also contribute to sustain the recovery of European economies that are still fighting with the consequences of the crisis of 2008-2009.

3.3.3 The definitive opening towards the West

Some Chinese scholars consider the “One Belt, One Road” as the definitive opening up towards Brussels, and the realization of Chinese leaders’ vision of an “Eurasian” region.

¹⁷⁵ Pavlicevic, D. (2015) *China, the EU and One Belt, One Road Strategy*. In *China Brief Volume*, 15(15).

¹⁷⁶ Palacio, A. (2014) *Russia and the Silk Road Approach*. Project Syndicate. Available at <http://www.project-syndicate.org/commentary/ana-palacio-emphasizes-the-economic-and-security-benefits-of-china-s-latest-initiative?barrier=true> [Accessed 25/01/2016]

This idea involves two different interpretations: a geographical view, and an ideological aspect.¹⁷⁷

In the first interpretation, China is linked to Europe through different paths, defined the “Eurasian Land Bridge”: a transcontinental network of railroads and highways that is used to move goods from Chinese production areas to European markets. One of the main parts of the OBOR project are precisely aimed to improve these connections between China and the “Old continent”.¹⁷⁸

On the other hand, if we consider the idea from its ideological aspect, “Eurasia” becomes a political and economic union between China and the European countries. In this direction go the attempts of the new Chinese leadership to establish direct relations with the states of Central and Eastern Europe. The “1+16 summits” are official meetings between the head of government of China and 16 countries¹⁷⁹, with the objective of improving the communications between them. The last meeting, held in Belgrade in 2014, saw the willingness to reaffirm the friendship between these countries and the Chinese promises for further investments in the area.¹⁸⁰ In the opinion of different Chinese intellectuals, these special relation will be fundamental in “facilitating the construction” of the New Silk Road, and enhancing the the cooperation between the two continents.¹⁸¹ To improve and coordinate the institutional relations with this group of countries, in 2012 was created by

¹⁷⁷ Stahl, A. K. (2015) *China's New Silk Road Diplomacy: Implications for China's Relations with Europe and Africa*. In EU-China Observer, 1(15), EU-China Research Centre.

¹⁷⁸ Lin, C. (2011) *China's New Silk Road to the Mediterranean: The Eurasian Land Bridge and Return of Admiral Zheng He*. ISPSW Strategy Series, No. 165, Berlin.

¹⁷⁹ The European countries involved are: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia.

¹⁸⁰ Turcsányi, R. (2014) *Central and Eastern Europe's courtship with China: Trojan horse within the EU?* EU-Asia at Glance, European Institute for Asian Studies (EIAS), Brussels.

¹⁸¹ Zuokui, L. (2014) *The Role of Central and Eastern Europe in the Building of Silk Road Economic Belt*. China Institute of International Studies, Beijing.

Beijing the China- Central and Eastern Europe Secretariat, as a branch of the Foreign Affairs Minister.¹⁸²

Of great importance are also the relations that China has built and is planning to enhance with the ‘wider Mediterranean’ region: this definition includes Southern Europe, Northern Africa, and Middle East. These countries are particularly relevant for what concerns the Maritime Silk Road: countries like Greece, Cyprus, Malta, Italy, Spain and Portugal are the final destinations of the ships that raise anchor from Chinese port cities full of products for the European markets. The Chinese Development strategy may be what this region needs to recover from the strong crisis in which their economies are stuck since 2008. In Greece the Chinese state-owned enterprise COSCO has been working for years at the second and third piers of the Piraeus port of Athens.¹⁸³ And the collaboration with the Mediterranean country will continue, as have already been put in place discussions over the Port of Thessaloniki, and other investments in railroads and airports.¹⁸⁴ Also Turkey is trying to improve its relation with China, that can be a fundamental partner for Erdogan to become more politically and economically independent from Europe and United States.¹⁸⁵

Next to the 16 Central and Eastern European countries, and the Mediterranean region, it is important to highlight also the role of Belarus and Ukraine, that take part of the European Neighbourhood Area. These two countries have a strategic importance for China, as are the bridge between Asia and Europe, and the lands through which pass the main ducts of oil and natural gas.¹⁸⁶

¹⁸² Szczudlik-Tatar, J. (2015) *Fuori dall'ombra: le relazioni tra la Cina e l'Europa centrale e orientale*. OrizzonteCina, 6(1).

¹⁸³ Vaan der Putten, F. P. (2014) *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.

¹⁸⁴ Trigkas, V. and Vangeli, A. (2014) *Shipping. Culture Keys to Sino-Greek Colossus*. Global Times.

¹⁸⁵ Kadialar, R. and Leung, A. K. P. (2013) *Possible Turkish-Chinese Partnership on a New Silk Road Renaissance by 2023*. In *Turkish Policy Quarterly*, 12(2).

¹⁸⁶ Vangeli, A. (2015) *China's New Silk Road and its Impact on Sino-European Relations*. In *EU-China Observer*, 1(15), EU-China Research Centre.

3.3.4 A new course in EU-China relations

At the same time China is working to maintain its friendly relations with the Western side of Europe: President Xi Jinping, and the Prime Minister Li Keqiang, have made various official trips to Europe. In March 2014 there was also the first historic visit of the Chinese President to the European Institutions. In the same year Beijing government has also published a new policy paper on the EU, in which the two actors confirm their willingness to enhance their relationship, to reach mutual benefits and win-win cooperation.¹⁸⁷ There have also been efforts to negotiate a Bilateral Investment Agreement, the would be useful to replace the current bilateral treaties that are in place between China and the single EU member states. As said by the head of the Chinese mission to the EU Yang Yanyi, a comprehensive bilateral treaty is necessary to provide a simpler and more reliable framework to the investors of both sides, giving a strong push to the relationship.¹⁸⁸

This bilateral agreement could be the end of the dual approach adopted by the Chinese leadership since the beginning of the diplomatic relations with Europe in the mid 1970s. An approach that has created many clashes within Europe, as the Union was almost never capable to give a coherent and common political response. Every government has its own position on the relations with China, and this causes clashes between the EU member states. And the new relationship between China and the Central-Eastern Europe countries have sharpened the confrontation.¹⁸⁹

¹⁸⁷ Ministry of Foreign Affairs of the People's Republic of China (2014) *China's Policy Paper on the EU: Deepen the China-EU Comprehensive Strategic Partnership for Mutual Benefit and Win-win Cooperation*. Available at http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wjzcs/t1143406.shtml [Accessed 12/01/2016]

¹⁸⁸ Vincenti, D. (2015) *Chinese Envoy: a bilateral investment deal with the EU is in sight*. Interview at the head of the Chinese mission to EU Yang Yanyi. In Euractiv. Available at <http://www.euractiv.com/sections/trade-society/chinese-envoy-bilateral-investment-deal-eu-sight-315751>. [Accessed 20/01/2016]

¹⁸⁹ Stahl, A. K. (2015) *China's New Silk Road Diplomacy: Implications for China's Relations with Europe and Africa*. In EU-China Observer, 1(15), EU-China Research Centre.

The new Chinese Investment Plan will have several positive consequences on the economies of the European Union and its member states. Will enhance the infrastructures of many countries that are experiencing economic recessions, creating jobs and stimulating the consumptions. It has the potential to bring the two extremes of the Eurasian closer. But on the contrary, it may also cause some difficulties to the internal markets. In fact, the implementation of the projects involves a wide number of Chinese State-owned enterprises (SOEs) in Europe to work in the different initiatives. This can be a problem for two reasons: firstly, it represents an increment of external competition for European companies, that may suffer important repercussions. Secondly, there is the doubt if Chinese enterprises will be able to comply with European legislations in projects within the Union.¹⁹⁰

But above all, a positive implementation of the “One Belt, One Road” initiative may definitively have strong repercussions on the power relations between countries. It can represent the chance for the two actors to improve their participation and their role in the international scenario. The world that has resulted from the fall of the Soviet Union, a unipolar world dominated by the strength of the United States, has lasted only few years. Washington, tough remaining the biggest economic and political power, has not managed to give an optimal to response to the different challenges that have raised in the global governance: from the consequences of the financial crises, the spread of global terrorism and the fight to climate change. Many developing countries are seeking a change in the existing governance system, that is still based on the institutions created after the victory against the Nazi Germany in 1945. A clear example is the composition of the Security Council of the United Nations, that excludes any role for emerging powers like India and Brazil.

So, the enhancement of the cooperation between European Union and China that will be generated by an active participation of the former in the “One Belt, One Road” project, may bring many positive consequences to the two actors. Firstly, Brussels will definitely confirm its role in the international scenario, gaining independence from the White House. In fact, the policy making of the EU has been strongly influenced by the relation with

¹⁹⁰ Ibidem.

United States, since its foundation. Being more independent in the economy sector, Europe may also assume a more free-standing attitude for what concerns important global issues. And a stronger and stricter partnership with China will also bring benefits in the security field, in which until now EU has depended on NATO.¹⁹¹

China, with its new proactive foreign policy, is trying to present an alternative model of development for poor and emerging countries. A model that does not involve threats to their territorial integrity, interference in local affairs, or the adaptation to structures built by the United States. In opposition to the loss of US loss of credibility, China is becoming a more confident player that aims to develop an alternative discourse of modernity and global governance.¹⁹² But doing that, Beijing does not to alter its friendly economic relations with the other global powers. A stricter partnership with the European Union may bring benefits both at the economic and the political level. Firstly, it will make EU-China economic axis even more strategic, and the investments in European countries easier. Secondly, it will improve the image of the Chinese government in the international public opinion, with a consequent increase in its global influence.

¹⁹¹ See Narramore, T. (2008) *China and Europe: engagement, multipolarity and strategy*. *The Pacific Review*, 21(1), pp. 87-108; and Casarini, N. (2015) *40 anni dopo: quale futuro per le relazioni Europa-Cina?* *OrizzonteCina*, 6(1).

¹⁹² Geeraerts, G. (2013) *EU-China Relations*. In Christiansen, T. and Kirchner, E. (eds.) *The Palgrave Handbook of EU-Asia Relations*, Houndmills, Palgrave Macmillan, pp 492-508.

CONCLUSIONS

In this thesis, we studied the status of the relationship between two important actors of the international scenario: the European Union and China. In particular, we took in consideration the case of the new Chinese grand development plan, the “One Belt, One Road” initiative, and highlighted how the characteristic of the project and its possible positive and negative aspects, may interfere with the relations between the two extremes of the Eurasian continent. In this concluding chapter we will recapitulate the different stages of the work, and we will try to give an overview of the possible future scenarios.

In Chapter 1, our analysis focused on the troubled beginning of the relationship between China and the European Union, more than 40 years ago. It was an historic moment for the Asian country, because it came after decades of international isolation, and unfriendly relations with the Western world. In fact, the Chinese second post war was dominated by the control of the Communist Party led by Mao Zedong, after the victory of Mao’s army in a bloody Civil War against the nationalist government of Chiang Kai-Shek, head of the Kuomintang. The result of the conflict, and the contemporary convergence towards the Soviet block, ruined the relationship with the United States and their allies, European countries above all. The situation persisted for many decades, until the détente happened in mid 1970s. From that moment, Brussels and Beijing could announce the beginning of their diplomatic bonds.

After a couple of years, in 1978 was the turn of the signature of a Trade Agreement between the People's Republic of China and the European Economic Community. In the same period, Chinese government established bilateral commerce relations also with several European countries, and besides some moments of stall (for example the response of the international community at the repressions against the demonstrators in Tiananmen Square, June 1989) the linkage between Europe and China became always deeper and stronger.

Now the EU-China axis is the second trade partnership in the world. The European Union is China's biggest trade partner, while China is the second EU's business companion, only after the United States. In 2013 the exchanges in goods between the two actors amounted €428.1 billion, while the trade in services was narrower (€49.9 billion).¹⁹³ These numbers give an idea of the importance that this partnership has acquired, not only for EU and China, but for the general international power equilibrium. Even if commerce related dialogues dominate the meetings between the representatives of the two sides, the fields in which the partnership developed are several. From political to social issues, science and technology, without excluding the always more important issue of the fight against climate change. And since the end of the last millennium, European Union and China established an annual summit meeting between them, at the end of which the parties usually issue a joint statement that is useful to investigate the status of their partnership. The last was published after the EU-China Summit of June 2015: this meeting had a special significance because it occurred in the year of the 40th anniversary of their diplomatic relations.

Even if at the beginning of their official contacts the cooperation between European Union and China was not considered a primary relationship by neither of the two actors, the world has dramatically changed since 1975, and now it has become clear that their bonds have a strong relevance for their own economies, but also for third countries.

¹⁹³ *Facts and figures on EU-China trade Did you know?* in <http://ec.europa.eu/trade/policy/countries-and-regions/countries/china/>, [22/12/2015]

In the second Chapter, our attention moved towards an event that shook the relations between EU and China: the announcement of the “One Belt, One Road” program. In September 2013, Xi Jinping, president of the People’s Republic of China, made a speech at the Nazarbayev University of Astana, in Kazakhstan. In that occasion, he illustrated to the world for the first time the “Silk Road Economic Belt” initiative. Together with 21st Century “Maritime Silk Road” presented in November of the same year, they form the new investment plan designed by the Chinese government to improve the economic situation of the Asian continent. It involves different trade routes that will enhance the network of connections between Asia, Europe and Africa, by building roads, railways, harbours and other infrastructures.

For the Chinese new leadership, the initiative will have a double effect of improving the economic conditions of some poor provinces in the interior of the country, and at the same time give support to the economic growth of its neighbouring regions. Even if it is a long-term project, and probably the first effects will be visible in no less than 30 years, the potential of this colossal investment plan has caught the interest of several governments and private actors. In fact, it involves an area that covers 55% of world GNP, 70% of global population, and 75% of known energy reserves. It is estimated that China will invest in the project around \$300 billion, without considering also private enterprises and investors.¹⁹⁴ It is not the first time that a government announces its intention to revive the ancient Silk Road, the network of commerce routes created more than two thousands years ago during the expansion towards the West decided by the Han Dynasty (206 BC-220 AD). Japan, United States, India, and even smaller countries like Kazakhstan and Korea, have launched in the last years their version of development strategies for the Asian continent. But only China seems to have a real possibility to implement a so ambitious project.

The action plan presented in March 2015, and titled “Visions and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road” represents the

¹⁹⁴ Godement, F. (2015) “*One Belt, One Road*”: *China’s Great Leap Outward*. In *China Analysis*, European Council on Foreign Relations, p. 1

first step towards the realization of the initiative. The document describes the main goals and features of the OBOR project: in short, the major objective is to realize the “Five Links”, five different spheres of collaboration that China wants to improve. They are policy coordination; building standards; liberalization of trade and investments; financial partnership; and people-to-people cooperation.

To financially support the project, China has established the Asian Infrastructure Investment Bank. In the opinion of the Chinese government the bank, that was presented by president Xi Jinping at the end of 2013, will have a fundamental role in funding all the infrastructures that are necessary to improve the network of connections inside the Eurasian continent. Even if the initiative has been welcomed by many developing countries, some Asian economic powers, Japan and South Korea, have looked at it with suspicion. The same happened with the United States, while many European countries, like France, Germany, UK and Italy, have demonstrated enthusiasm at the point that their government decided to apply to join the AIIB as founding members.

The timing with which the project was presented is not casual, but has been determined by some internal and external conditions. Firstly, at the internal level, China has to face two serious problems: the huge differences existing between inland and coastal provinces, and the slowdown of its economic growth after decades of incessant boom. In the opinion of the Chinese leadership both the problems may be solved by the stimulus that the investments will bring to the sales of Chinese raw materials, and the opening of new markets to place the products of its industries.

For what concerns external reasons, in the second chapter we have analysed the changes in the international scenario, with the declining leading role of the United States, as an incentive for China’s more proactive foreign policy. Also Russia and the European Union are not in the best economic situation, after the financial crisis of 2008-2009, and China can take advantage of that.

But even if the OBOR project may be the solution for many issues that Chinese leaders are currently facing, the path towards the realization of the investment plan is not easy and riskless. The problems that the realization of the “One Belt, One Road” initiative may

encounter are mainly three: the relations with the other two great powers of the region, Russia and India; the risk linked with the instability of the territories that are located along the routes of the project; and its actual feasibility.

In the third chapter, we focused on the reactions to the announcement of the “New Silk Road” initiative both in China and in the European Union. Chinese experts and intellectuals pronounced different opinions about the project presented in 2013 by their leaders. Many of them, though being enthusiastic about the potential benefits for their country, tend more to highlight the risks and the potential drawbacks that may block its implementation. In particular, they have been questioning the opportunity of starting ‘blind investments’ with the evident risk of losing the capitals.

In the Western world, and in particular in Europe, the announcement of the “One Belt, One Road” raised less interest at the beginning. Neither EU institutions nor the single European countries showed enthusiasm, being doubtful about the relevance of the project and its potential advantages for their economies. Only since May 2015 the situation changed, and institutions and think tanks started to discuss about the Chinese investment plan.

Future scenarios

The active participation of the European Union in the initiatives contained in the OBOR project, may be the opportunity for Europe to solve several problems that are threatening its cohesion. Firstly, it may give a boost to the economies of the European countries that have not recovered yet from the financial crisis of 2008-2009, by creating new jobs and spreading the markets. It will also enhance the commercial connections with China, perhaps reducing the trade unbalance between the two actors. Then, thanks to the already mentioned improvement of the ties with the Asian giant, EU may succeed in defining its new role in the international scenario, more independent from its historic ally, the United States. In this way the European institutions may acquire freedom in elaborating the foreign policy of the Union, and decide on their relations with other countries without any interference. As a result, it may also be possible to recover and better off the relations with the third power of the Eurasian continent, Russia. The hope is that all these events would eventually bring to a more united and common decision-making process within the Union for what concerns the foreign policies.

The realization of the OBOR initiative and the establishment of even friendlier economic and political relations with the European Union will bring several benefits for China too. Besides the necessary improvement of socio-economic conditions in the inside provinces of the country, China has now the opportunity to substantially enhance its position. This is occasion the country was waiting to evolve its foreign policy, and the image that the rest of the world has of it. The “One Belt, One Road” project is a colossal investment plan that will heavily condition the decisions and the relations between the countries in the next decades. If China succeeds in overcoming the risks and the negative aspects that are intrinsic in the project, and avoid to put in danger the relations with its neighbouring countries, it may give a boost to its role and became a reference point in that multipolar international system that has been in the plans of Chinese leadership since the end of the World War II.

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ABSTRACT

How is the “One Belt, One Road” project announcement influencing the relations between European Union and China? Our work aims to present the current status of the relations between the two actors, and to highlight the effects that the announcement of the new Chinese development plan will have on them.

We will divide our research in three sections. In the first chapter, we will run through the history of the relations between China and the European Union, starting from the events that have led to Chinese opening up to the West. Since their beginning in the 1975 the quantity and quality of the meetings between the representatives of the two sides have grown exponentially, contributing to push the relationship to the current high levels. In the second part, we will outline the main characteristics of the “One Belt, One Road” project, introducing the countries that will be involved, the advantages that may bring to the Eurasian continent, and the possible problems that may stop the implantation of the initiatives. While in the third part, we will present the opinions of Chinese and European officials and thinkers on the project, and will evaluate the effects that the announcement had on the relationship between the two actors. Finally, the conclusive chapter will be devoted to present an outlook of the potential future scenarios.

1. A brief history of EU-China relations

Before to start to talk about the current status of the relations between European Union and China, it is necessary to present the early stages of the relationship. In fact, the situation now is completely different from the one that existed four decades ago, when occurred the first contacts between the representatives of the two actors. A radical transformation involved the internal institutional and social structures, but above all the international scenario has been absolutely reshaped, with a consequent revision of the relations of power and of the economic ties between the countries. In this chapter we will consider the events that have led China and the Western countries to seek more close ties between them, and the birth of the EU-China axis.

The history of the relations between China and the Western world has been strongly influenced by the results of the bloody Civil war that have plagued the country until the end of the 1940s, when Mao's army won the war, and took the power in China. Even if initially the Chinese leader wanted to present its country as an independent power avoiding to side one of the two parties in the rising Cold War, he eventually decided to join the forces with the Soviet Union.¹⁹⁵ The result of this stance was the Sino-Soviet Friendship Treaty of the 14th of February 1950, that was fostered also by the good relations between Mao and the URRS leader Stalin.¹⁹⁶ Mao's decision intervene in the Korean war supporting the Soviet army, definitively damaged the Chinese reputation in United States' perception, and consequently its relations with US's allies of the Second post-war, the Western European countries.

The situation lasted until 1970, when the fear a potential escalation of the Vietnam War induced Beijing and Washington to restart their diplomatic talks. Between the 21st and the 28th of February 1972, President Nixon was welcomed in Beijing for what that was defined by Nixon himself "the week that changed the world". The result of this event was the

¹⁹⁵ Mazzei, F. and Volpi, V. (2014) *Asia Al Centro*. II ed. Milano: EGEA.

¹⁹⁶ Goldstein, S. (1995) *Nationalism and Internationalism: Sino-Soviet Relations*. In Robinson, T. W. and Shambaugh, D. L. (eds.) *Chinese Foreign Policy: Theory and Practice*. Oxford: Clarendon Press, p 234

publication of a statement on the decision made by the United States to end with the “theory of the two Chinas”.¹⁹⁷

In that context, on the 6th of May 1975, Bruxelles and Beijing announced the beginning of their diplomatic bonds. The rapprochement with the United States meant that also European Countries and the Community institutions could restart the relations with the Chinese government. The crucial moment was the visit to China of the European Commissioner Sir Christopher Soames, and his recognition of the People’s Republic of China as the only legitimate Chinese government.¹⁹⁸ On the 3rd of April 1978 the Trade Agreement between the People’s Republic of China and the EEC was signed, and on the 2nd of May of the same year, in Brussels, Chinese officials and representatives of the European Commission agreed to officially start their diplomatic relations.¹⁹⁹

In the 1990’s the relationship became more mature. In the middle of the decade the European Commission published a communication called “*A long term policy for China Europe relations*”. It took 17 years for the European institutions to issue a policy paper on China.²⁰⁰ In its communication the Commission recognized the importance that China was acquiring in the international system since the downfall of the Soviet Union; it also highlighted that the country was in the midst of “sustained and dramatic economic and social change at home”, and that its rise represented enormous opportunities and challenges for the EU and for the other global actors. In the document are included both political and economic issues. For what concerns the political ones, the Commission stated that its will was to support the participation of China in the international community, promoting its role in Asia in order to guarantee the stability of the region. In the paper are mentioned also the importance of human rights and fundamental freedoms, as well as the

¹⁹⁷ Mastrolia, N. (2008) *Chi Comanda a Pechino?: Il Potere, Il Consenso, La Sfida All'Occidente*. Roma: Castelvecchi.

¹⁹⁸ Weske, S. (2007) *The Role of France and Germany in EU-China Relations*, Working Paper, EU-China European Studies Centre Programme, p. 3

¹⁹⁹ Griese, O. (2006) *EU-China relations: an assessment by the communications of the European Union*. Asia Europe Journal, 4(4), pp. 545-553, p. 545

²⁰⁰ Griese, O. (2006) *EU-China relations: an assessment by the communications of the European Union*. Asia Europe Journal, 4(4), pp. 545-553, p. 547

situation of Hong Kong and Macau, that are always been the primary points of debate among the two actors.

In 1998, representatives of EU and the People's Republic of China established an annual summit meeting between them.²⁰¹ The first EU-China Summit took place in London on the 2nd of April, during the United Kingdom Presidency of the Council of Ministers of the EU. In the Joint Press Statement that followed the summit its reported Chinese interest in supporting the process of European integration, and in particular the creation of the monetary Union. On the contrary the European Union welcomed the strong process of market reform that China was running. In the document there is also a mention of the progresses in the human rights dialogue, and the commitment to continue to work together on this topic.²⁰² In 2013 was the time for the 16th Summit. It was held in Beijing, and its major result was the agreement on the 'EU-China 2020 Agenda for Strategic Cooperation'. It is a fundamental document in the history of EU-China relationship, as it defined the path that the future relations between the two actors should follow, in particular for what concerns the three pillars at the basis of the relationships: the strategic/political pillar, the economy and trade pillar and the people-to-people exchange pillar.²⁰³

The last official document produced by European Union and China about the status of their relations is the EU-China Summit joint statement that followed the meeting that took place in Brussels on the 29th of June 2015. This meeting had a special meaning because in 2015 the European Union and China celebrated the 40th anniversary of their diplomatic relations. In the document, the two actors reaffirmed the importance of the Comprehensive Strategic Partnership they had started at the beginning of the new millennium, highlighting its important role in promoting peace, prosperity and sustainable development. They also

²⁰¹ Tang, S. C. (2005) *The EU's Policy towards China and the Arms Embargo*. In *Asia Europe Journal*, 3(3), pp. 313-321, p. 314

²⁰² Joint Press Statement of the 1st EU-China Summit, in Snyder, F. G. (2008) *The European Union and China, 1949-2008: Basic Documents and Commentary*. Oxford: Hart, pp. 664-669

²⁰³ Schweisgut, H. D. (2015) *EU-China 40th Anniversary: expectations for expanding connections*. In *EU-China observer*, 1(15), InBev-Baillet Latour Chair of European Union-China relations, p. 8

recognised the results obtained in the implementation of the EU-China 2020 Strategic agenda for Cooperation.²⁰⁴

The world has changed dramatically since 1975, and probably the restart of the relations between the European Union and China has contributed to that. China's transformation led the country from a situation of poverty (the GDP in 1978 accounted for only 4,9% of the world economy)²⁰⁵, to become the world's second largest national economy and the world's largest exporter. Now Chinese leaders have understood that is the time to change the foreign policy of the country, and became more proactive in the international system. With its economic power, China has the potential to widely interfere in the current relation of strength within the states, and to take a leading role in the global scenario. But what Western world expert must understand is that China is not interested in criticizing and fight the ongoing *status quo*. The Asian country has spent the last decades trying to adapt themselves to different international norms, mainly in the economic sphere—for example it has accepted several rules about free trade and internal marketization- until the point that it has been welcomed in the World Trade Organization. So China has not any interest in fighting the ongoing system of powers and norms.²⁰⁶ It wants to improve its role in global politics, and the emphasis on maintaining a low international profile is being substituted by a more activist behaviour. But this without directly challenging the current balances, but trying to modify them gradually.²⁰⁷ As said by president Xi Jinping in the first speech to foreign experts after his investiture, “China will never seek hegemony or expansionism”, and “pragmatic cooperation wo find win-win solutions is the order of the day.”²⁰⁸

²⁰⁴ Joint Statement of the 17th EU-China Summit (2015), Brussels.

²⁰⁵ Morrison, W. M. (2015) *China's Economic Rise: History, Trends, Challenges, and Implications for the United States*. Congressional Research Service

²⁰⁶ Johnston, A. I. (2003) *Is China a Status Quo Power?* In *International Security*, 27(4), pp. 5-56.

²⁰⁷ Schweller, R. and Xiaoyu, P. (2011) *After Unipolarity: China's visions of international order in an era of US decline*. In *International Security*, 36(1), p. 53

²⁰⁸ Ministry of Foreign Affairs of the People's Republic of China (2013) *Xi Jinping holds discussion meeting with foreign experts*.

The expedient the China has chosen in order to increase its influence in the Asian region and in the whole international community, while avoiding to be perceived as a threat by the other powers or the weaker countries, is the “One Belt, One Road” project. A wide investment plan for the Eurasian continent that has the potential to bring high economic returns to the country, but at the same time will improve Chinese image in the global public opinions.

2. “One Belt, One Road” Project

In September 2013, the president of the People’s Republic of China Xi Jinping made a speech at the Nazarbayev University of Astana during an official visit in Kazakhstan. In the speech, titled “Promote Friendship between Our Peoples and Work Together to Create a Bright Future”, the Chinese president stated that “to forge closer economic ties, deepen cooperation and expand space for development in the Eurasian region, we should take an innovative approach and join hands in building an ‘economic belt along the Silk Road’. We may start with work in individual areas and link them up over time to cover the whole region”. This was the first time China presented to the rest of the world the “Silk Road Economic Belt” initiative.²⁰⁹

Only one month later, in October, Xi unveiled also the second part of the project: the 21st Century “Maritime Silk Road”. This time the occasion was given by the Economic Leaders Meeting of the Asia Pacific Economic Co-operation (APEC). Xi pointed out that since the ancient times, the South-East Asia region had a fundamental role as hub for the “Maritime Silk Road”. Now China aims to enhance the maritime collaboration with its partners of the ASEAN, the Association of Southeast Asian Nations, in order to create a new network of trade sea routes.²¹⁰

²⁰⁹ Wang, Y. (2015) *China’s “New Silk Road”: A Case Study in EU-China Relations*. In Amighini, A. and Berkofsky, A. (eds.) *Xi’s Policy Gambles: The Bumpy Road Ahead*. ISPI Report, p. 93

²¹⁰ Xi, J. (2013) *Jointly Writing a New Chapter of China-Indonesian Relations and Working Together to Create a Better Future of China-ASEAN Community of Common*

These two initiatives together form part of a wider project called “One Belt, One Road”. It is the new strategy of the China’s all-round opening-up and the new plan for the neighbourhood diplomacy of the country.²¹¹ The OBOR project includes various investment plans that in Chinese government’s opinion are necessary to improve the economic situation of the Asian continent. The interventions will enhance the exchanges between the countries that are located along the New Silk Road and Belt, will deepen economic and technical partnerships and create free trade zones. All this with the final general objective of building a large common Eurasian market.²¹²

The two routes will connect three continents, Asia, Africa and Europe, making easier the exchanges and movements of goods, financial services, technology, information and people. The New Silk Road initiative has a primary importance for China: it will bring advantages both at the national and international level for the Asian country. On one hand, it will help the economic and infrastructure development of some provinces-like the Xinjiang, Gansu, Ningxia, Guangxi and Yunnan- that are crossed by the ideal path of the project. In the region of the Xinjiang it would have also a further effect of contrasting the Islamic terrorism. On the other hand, it will implicate an amplification of China’s influence in Central Asia, and in the Mediterranean region.²¹³ The period of time that would be necessary to complete the implementation of all the local projects that form the OBOR initiative is expected to be very long. The possible date to start to see the first results of the works is 2049: a significative and meaningful date for China, because it coincides with the 100th anniversary of the instauration of the People’s Republic. The potential of the the

Destiny. Speech to the Indonesian Parliament on 03 October 2013, People’s Daily, 1st Edition

²¹¹ Wang, Y. (2015) *China’s “New Silk Road”: A Case Study in EU-China Relations*. In Amighini, A. and Berkofsky, A. (eds.) *Xi’s Policy Gambles: The Bumpy Road Ahead*. ISPI Report, p. 94

²¹² Wang, Y. (2015) *China’s “New Silk Road”: A Case Study in EU-China Relations*. In Amighini, A. and Berkofsky, A. (eds.) *Xi’s Policy Gambles: The Bumpy Road Ahead*. ISPI Report, p. 95

²¹³ Romanelli, N. (2015) *UE-Cina: lanciata la Nuova Via della Seta*. In *Europae: rivista di Affari Europei*.

project is colossal: it involves an area that covers 55 percent of world GNP, 70 percent of global population, and 75 percent of known energy reserves. The capital that China would invest in the project is said to be around \$300 billion, and that without counting the leveraging effect of private investors and lenders.²¹⁴

An important step towards the implementation of the concept was made on the 28th March 2015, during the Bo'ao Forum for Asia (a nongovernmental and non-profit international organization formally inaugurated in 2001). In that occasion, China's National Development and Reform Commission and China's Foreign Ministry and Commerce Ministry presented an action plan for the OBOR, called "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road". It contains and defines the main goals that the "One Belt, One Road" initiative had to achieve: "It is aimed at promoting orderly and free flow of economic factors, highly efficient allocation of resources and deep integration of markets; encouraging the countries along the Belt and Road to achieve economic policy coordination and carry out broader and more in-depth regional cooperation of higher standards; and jointly creating an open, inclusive and balanced regional economic cooperation architecture that benefits all".²¹⁵

Meanwhile starting to draw the actions necessary to put in practice the "One Belt, One Road" initiative, China presented to the world the Asian Infrastructure Investment Bank. The creation of the bank was proposed by China in October 2013: during the dialogues with the Indonesian president Susilo Bambang Yudhoyono, the Chinese president Xi Jinping introduced the project of the foundation of an investment bank to sustain the enhancing of regional networks and the economic integration. The Asian Infrastructure Investment Bank is a multilateral development bank, with a lean, clean and green modus operandi. These are the core elements taken in consideration for the building of the bank.

²¹⁴ Godement, F. (2015) *"One Belt, One Road": China's Great Leap Outward*. China Analysis, London: European Council on Foreign Relations, p. 1

²¹⁵ National Development and Reform Commission and Ministry of Foreign Affairs of the People's Republic of China (2015) *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-century Maritime Silk Road*. Available at http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html [Accessed 15/01/2016]

Its main objectives are the development of infrastructure and other productive sectors in Asia. AIIB's initial capital will be \$100 billion, of which China would have the biggest capital quota, the 30 %. It will be based in Beijing, where a non-resident board will meet periodically. Many developing countries have shown their interests in the new investment bank appreciating the fact that it promises more efficiency and less bureaucracy of the existing banks, but having the same safeguards.²¹⁶

The “One Belt, One Road” initiatives demonstrate the new course of Chinese foreign policy: in the years that followed the first historic opening up towards the world decided in the mid-1970s, China's main goal was to adapt and to integrate in the international system. In fact, for many decades the country focused on realizing reforms to prepare the society to enter in an always more globalized world. This attitude was crucial to reach the high level economic results that have made of China one of the most powerful states in the world, and have increased the conditions of life of its citizens. But now the situation has changed, and the Chinese leaders have understood that they had to make a turn in their policies, in order to face the switching situation of the country and of the world. This “new way of opening” will require a more internationally proactive China, with a focus on exportation-rather than importation of capitals and technology-and the support of the potentially beneficial development of its neighbours.²¹⁷ The project announced in 2013 is one of the most ambitious initiatives between all China's reforms, and it will require huge investment, several multilateral agreements, meetings and policies.²¹⁸

With the “One Belt, One Road” initiative China is showing its willingness to collaborate and supplement the existing international order, rather than to revise it. And this by creating

²¹⁶ Pilling, D. (2015) *A bank made in China and better than the western model*. In Financial Times.

²¹⁷ Kratz, A. (2015) *Paying the China price: the costs of Chinese investment*. European Council on Foreign Relations.

²¹⁸ Jing, M. (2015) *China's New Silk Road and EU-China Relations*. In EU-China Observer, EU-China Research Centre, 1(15), p. 12

a “community of destiny” among all the Asians, as said by president Xi Jinping.²¹⁹ China needs to improve its periphery diplomacy and its friendly ties in particular with the Western world, to escape from international isolation. The OBOR initiative will help the country to reach this objective, by creating a peaceful and stable neighbouring environment necessary for its economic and social development.²²⁰

The last changes in Chinese foreign policy and the presentation of their flagship investment program in the last years are not accidental. The second economic power in the world is facing some internal and external conditions that have brought its leadership to take important decisions. At the internal level, the main issues that Beijing must solve are primarily two. The first is related with the structural differences existing within its coastal and inland provinces. The second internal problem that China has to fight is the slowdown of its economic growth. After decades of boom without precedents, since 2012 the country’s economy has started to decelerate, making difficult also the achievement of the 7% minimum growth rate target. Export growth for July had a shrinkage of the 8.3% compared to the same month of 2014. In addition, many sectors of the industry are now facing an overproduction issue, as the demand as been drastically reduced.

The New Silk Economic Belt and the 21st Maritime Silk Road have the potential to change drastically the relations of powers in the international scenario, but also can have a fundamental role in the development of the economies of many countries that at the moment have strong difficulties in providing decent life conditions to their citizens. In fact, the ideal route of the “One Belt, One Road” project involves poor regions that have seen in the announcement made by the Chinese government the hope to share the benefits of its colossal economic growth of the last decades. This initiative can really be an opportunity to reduce the differences of wellness and industrial development that currently exist between the different areas of Asian continent, in particular between the countries located

²¹⁹ Godement, F. (2015) *“One Belt, One Road”*: China’s Great Leap Outward. China Analysis, London: European Council on Foreign Relations, p. 2

²²⁰ Shao, Y. (2014) *Two Roads, But One Destination?* In China-US Focus.

in Central Asia, and the coastal states of the South-East Asia.²²¹ But the project has also several possible drawbacks. The problems that the realization of the “One Belt, One Road” initiative can find are mainly three: the relations with the other two great powers of the region, Russia and India; the risk linked with the instability of the territories that are located along the routes of the project; and its actual feasibility.

3. The effects of OBOR initiative on the EU-China relations

The announcement of the “One Belt, One Road” initiative has generated a lot of interest all around the world. The potential outcomes for countries and private enterprises have attracted the enthusiasm of many actors. But there are not many details about the project yet, and its actual implementation is thought to need many decades in order to be realized. And even if the return for China in terms of image and influence on the neighbouring states seems to be high, there are several possible drawbacks that may slowdown or even definitely block the plans.²²²

The comments from Chinese scholars on the opportunity and the feasibility of the project are of different nature. Many are enthusiastic about the potential benefit that China and the whole region may gain from the correct fulfilment of the strategy. On the contrary, others tend to focus more on the risks that are involved in a such vast and broad project. Chinese new grand development strategy, the “One Belt, One Road” project, will have without any doubt a great influence on the evolution of the country, and on its relation with its regional and global partners. After decades of efforts to integrate in the international system, with the Silk Road Economic Belt and the 21st-Century Maritime Silk Road China is showing a new proactive foreign policy, aimed to face properly the challenges brought by a globalized world. The extent of the investment plan has raised great interests in many

²²¹ Wang, Y. (2015) *China's “New Silk Road”*: A Case Study in EU-China Relations. In Amighini, A. and Berkofsky, A. (eds.) *Xi's Policy Gambles: The Bumpy Road Ahead*. ISPI Report.

²²² Godement, F. (2015) *“One Belt, One Road”*: China's Great Leap Outward. China Analysis, London: European Council on Foreign Relations.

African and Asian countries, that are strongly attracted by the opportunities that the capitals that China will put in the project may have on their economies.²²³

Unexpected was the response, or better said lack of response, by the “Old Continent”. In fact, initially either European Union institutions or the European countries have not showed great enthusiasm towards the presentation of the Chinese initiative. The reasons can be many: firstly, Europe is located at the other extreme of the Eurasian continent, and its historically less involved in the issues of Central Asian region. Then, European Union leaders were doubtful about the importance and the relevance of the OBOR initiative. The risks linked with the project, and the possible insurmountable obstacles that may arrest its finalization, have stopped the EU officials from adhere definitively to China’s investment plan. Brussels’ reaction to the announcement has been perceived tepid by Chinese officials, as if the European Union was not interested in all the possible outcomes that the project may bring to its economy.²²⁴

Only since May 2015, it seems that European institutions and experts have started to take in consideration the Chinese new development plan. In fact, in that period several important think tanks have begun to focus on OBOR, with a number of special issues and meetings in which the topic was faced with high interest. Then, also the European institutions appeared more active in dealing with Chinese investment strategy, sharing views and thoughts about the characteristics of the New Silk Road initiative. Moreover, the enthusiasm with which some European countries have joined as founding members the establishment of the Asian Investment and Infrastructure Bank, and the always more complete economic cooperation between China and Central-Eastern European countries,

²²³ Jing, M. (2015) *China’s New Silk Road and EU-China Relations*. In EU-China Observer, EU-China Research Centre, 1(15).

²²⁴ Jing, F. (2014) *Silk Road initiatives fit into EU recovery goals*. In Chinadaily. Available at http://www.chinadaily.com.cn/opinion/2014-11/29/content_18997035.htm [Accessed 22/01/2016]

demonstrate a new phase in the relations between the two extremes of the Eurasian continent.²²⁵

The ties between European Union and China are so strict and complex that this new investment plan will surely have consequences on their partnership, even if the European institutions would have decided not to join it. Many Western intellectuals see in the OBOR initiative a big opportunity for the European Union in an historic moment conditioned by the decay of many state relations: an opportunity that “Europe can not afford to pass up”.²²⁶ The capitals that the Beijing government wants to invest in this project, aside from giving a huge help to many developing countries in Asia, may also contribute to sustain the recovery of European economies that are still fighting with the consequences of the crisis of 2008-2009.

Moreover, a positive implementation of the “One Belt, One Road” initiative may definitively have strong repercussions on the power relations between countries. It can represent the chance for the two actors to improve their participation and their role in the international scenario. The world that has resulted from the fall of the Soviet Union, a unipolar world dominated by the strength of the United States, has lasted only few years. Washington, though remaining the biggest economic and political power, has not managed to give an optimal response to the different challenges that have raised in the global governance: from the consequences of the financial crises, the spread of global terrorism and the fight to climate change. Many developing countries are seeking a change in the existing governance system, that is still based on the institutions created after the victory against the Nazi Germany in 1945. A clear example is the composition of the Security Council of the United Nations, that excludes any role for emerging powers like India and Brazil.

²²⁵ Pavlicevic, D. (2015) *China, the EU and One Belt, One Road Strategy*. In *China Brief Volume*, 15(15).

²²⁶ Palacio, A. (2014) *Russia and the Silk Road Approach*. Project Syndicate. Available at <http://www.project-syndicate.org/commentary/ana-palacio-emphasizes-the-economic-and-security-benefits-of-china-s-latest-initiative?barrier=true> [Accessed 25/01/2016]

So, the enhancement of the cooperation between European Union and China that will be generated by an active participation of the former in the “One Belt, One Road” project, may bring many positive consequences to the two actors. Firstly, Brussels will definitely confirm its role in the international scenario, gaining independence from the White House. In fact, the policy making of the EU has been strongly influenced by the relation with United States, since its foundation. Being more independent in the economy sector, Europe may also assume a more free-standing attitude for what concerns important global issues. And a stronger and stricter partnership with China will also bring benefits in the security field, in which until now EU has depended on NATO.²²⁷

China, with its new proactive foreign policy, is trying to present an alternative model of development for poor and emerging countries. A model that does not involve threats to their territorial integrity, interference in local affairs, or the adaptation to structures built by the United States. In opposition to the loss of US loss of credibility, China is becoming a more confident player that aims to develop an alternative discourse of modernity and global governance.²²⁸ But doing that, Beijing does not to alter its friendly economic relations with the other global powers. A stricter partnership with the European Union may bring benefits both at the economic and the political level. Firstly, it will make EU-China economic axis even more strategic, and the investments in European countries easier. Secondly, it will improve the image of the Chinese government in the international public opinion, with a consequent increase in its global influence.

²²⁷ See Narramore, T. (2008) *China and Europe: engagement, multipolarity and strategy*. The Pacific Review, 21(1), pp. 87-108; and Casarini, N. (2015) *40 anni dopo: quale futuro per le relazioni Europa-Cina?* OrizzonteCina, 6(1).

²²⁸ Geeraerts, G. (2013) *EU-China Relations*. In Christiansen, T. and Kirchner, E. (eds.) *The Palgrave Handbook of EU-Asia Relations*, Houndmills, Palgrave Macmillan, pp 492-508.

Future scenarios

The active participation of the European Union in the initiatives contained in the OBOR project, may be the opportunity for Europe to solve several problems that are threatening its cohesion. Firstly, it may give a boost to the economies of the European countries that have not recovered yet from the financial crisis of 2008-2009, by creating new jobs and spreading the markets. It will also enhance the commercial connections with China, perhaps reducing the trade unbalance between the two actors. Then, thanks to the already mentioned improvement of the ties with the Asian giant, EU may succeed in defining its new role in the international scenario, more independent from its historic ally, the United States. In this way the European institutions may acquire freedom in elaborating the foreign policy of the Union, and decide on their relations with other countries without any interference. As a result, it may also be possible to recover and better off the relations with the third power of the Eurasian continent, Russia. The hope is that all these events would eventually bring to a more united and common decision-making process within the Union for what concerns the foreign policies.

The realization of the OBOR initiative and the establishment of even friendlier economic and political relations with the European Union will bring several benefits for China too. Besides the necessary improvement of socio-economic conditions in the inside provinces of the country, China has now the opportunity to substantially enhance its position. This is occasion the country was waiting to evolve its foreign policy, and the image that the rest of the world has of it. The “One Belt, One Road” project is a colossal investment plan that will heavily condition the decisions and the relations between the countries in the next decades. If China succeeds in overcoming the risks and the negative aspects that are intrinsic in the project, and avoid to put in danger the relations with its neighbouring countries, it may give a boost to its role and became a reference point in that multipolar international system that has been in the plans of Chinese leadership since the end of the World War II.