



THE BELT AND ROAD: REALITY AND EXPECTATIONS  
Serbia's Experience

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# THE BELT AND ROAD: REALITY AND EXPECTATIONS

SERBIA'S EXPERIENCE

*Edited by:*  
Vladimir N. Cvetković



УНИВЕРЗИТЕТ У БЕОГРАДУ  
ФАКУЛТЕТ БЕЗБЕДНОСТИ  
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Belgrade, 2019.



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# Foreword

As a major economic project, the Belt and Road has likely become China's most famous "brand". This is not surprising given that it involves so many people (over four billion), countries (over sixty) and money (over eight hundred billion dollars since 2013). As such, the New Silk Road is an unequivocal indicator of the tremendous uninterrupted growth that China has been experiencing for almost half a century. Until a several years ago, we were wondering how much longer the great powers, especially the greatest among them – the United States, would be patient and remain mostly passive observers of China's rise? In the meantime, we have received an answer – the period of inaction has ended: China has become a "challenge" to NATO and a (semi)direct "threat" to the United States. In both cases, the economy takes center stage and the military (political) aspect of "the Chinese problem" is secondary. China's economy has already become the leading global economy in many areas, a position that had been the prerogative of the United States for the better part of the previous and new century. These global developments and shifts in power relations have opened up new arenas for a potential "Second Cold War", this time with three participants: the United States, China and Russia. While the first Cold War, which has essentially been revived between the United States and Russia, is a familiar scenario (except that it is based principally or purely on state interests rather than the old ideological stereotypes and justifications), the antagonism between the United States and China has only recently emerged. For the time being, the conflict remains constrained to a simmering tariff war or "trade war" (which escalated in 2019), although it is increasingly becoming an "unavoidable conflict", which has been "accepted" as such by the ruling elites and a large part of the general public in the United States.

The question at hand in these circumstances is whether a great power such as the United States, the most powerful country in the world in terms of technology and especially *the military*, can resist the temptation of using other non-economic means of coercion to "restrain" its former "junior partner" (China) and preserve its leadership in the current world order. Can the obvious economic interdependence of the world's two largest economies

be a sufficient reason to prevent the escalation of a “Cold War” between the United States and China? Furthermore, can China’s progress continue without affecting its alliance with the world’s second military power in terms of size (Russia) and will the European Union (whatever form it may take in the near future) continue to tolerate China’s influence in its own sphere of geopolitical and/or economic interests with indifference?

*There are no* straightforward answers to these questions. One reason is that individual human *actions* and especially the actions of political entities (today’s nation-states) do not necessarily have a rational basis or motivation. Regardless of our intuitive understanding of them, in fact, individual actions as well as actions of states are simply – *unpredictable*. This does not mean that we should abandon trying to rationally understand future developments, predict actions and interpret their potential consequences. The truth about the future can be gleaned from the present, which is in turn largely constituted by the past. This becomes readily apparent when we analyze the relations between great powers, and all other states, no matter how large or powerful they are.

The key question here is: What is the relationship between economy and politics and between economic power and military power? This fundamental question can be formulated in several ways: Can investments trump political and military pressure? Can the politics of money operate outside the politics of (national or international) security? More specifically: Is the politics of money sustainable without power politics? And finally and more generally: Can the politics of cooperation prevail over power politics? Historical experience and our knowledge of human nature bid us to remain skeptical whatever answer we provide, while the other side of this human nature bids us to embrace hope and restrained optimism. Whatever the case may be, it is evident that we have to actively participate in the fulfillment of our expectations in order to satisfy at least a portion of our own legitimate needs.

This is why the Faculty of Security Studies is publishing a new volume<sup>1</sup> dedicated to the Chinese Belt and Road Initiative, the largest economic project of the century (and beyond) and a topic which has emerged as global topic number one in recent years. In this volume, we devote special attention to the economic experience of Serbia as an important participant in the project.

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<sup>1</sup> See previous publications: *The Belt and Road: The Balkan Perspective (Political and Security Aspects)*, Belgrade, 2016 and *The New Silk Road – European Perspectives (Security Challenges/Risks within the Initiative 16+1)*, Belgrade 2018.

## *China's foreign policy strategy*



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# China's Grand Strategy

## *Abstract*

In 2013, President Xi Jinping articulated China's objectives of reaching technological, military, and economic capabilities second to none by 2050. The scope and scale of operations undertaken to the attainment of such objectives suggest the existence of a grand strategy. Grand strategies in international relations are the focus of this paper. The paper applies the notion of grand strategy to China's pursuit of foreign policy objectives. The interest is justified by the axiomatic elements of grand strategies. Among such elements, there is purpose. Purpose helps answer the question; to which end China seeks to achieve its objectives. Understanding the purpose of China's grand strategy, therefore, is at the same time understanding the directionality of the influence it will have, should it reach its objectives and become second to no other state. The paper, therefore, examines the question whether China has a grand strategy, if so, which one it is; what its purpose is; and what does such a purpose mean to international order or relations.

## *Key words:*

China Grand strategy, Foreign Policy, Statecraft, Dynamics of change

## 1. INTRODUCTION

Identifying and articulating national interests is inherent to the existence of states. In addition to national interests, states develop national objectives to reflect their aspirations. The most ambitious national interests and objectives require the mobilization of instruments of statecraft. They necessitate a grand strategy. What grand strategies are about, is the subject of this paper. The paper aims at elaborating on the nature of grand strategies. It aims at

describing under which context specific states conceive and develop grand strategies. The specific state we focus on is China. The reason is simply that, under the current context of global economic liberalism, China is the state that recently, since 2013, has articulated ambitious national objectives. Their pursuit and execution through various foreign policy activity and operations suggest an underlying grand strategy. Therefore, the paper also aims at clarifying, first whether China, actually has a grand strategy; and second, if indeed it does, which one is it? And finally, because grand strategies entail intent and purpose, the final question of interest here is what China's intent and purpose mean for the structure of international system, relations, and order. This last question is of significance because of the size and the potential of China. Should it become successful in its grand strategy, it stands to amass a preponderance of capabilities, making the interest in the intent and purpose of its grand strategy relevant to international relations.

## 2. GRAND STRATEGY

Both international historians and political scientists use the concept of grand strategy. They both took it from military historians and strategists. Evolving from its primordially military use, because it implies making sure that all is done to win military champagnes; it eventually spread to include areas outside the military. Among those who helped produce the evolution that understood matters of wars as being not solely about the violence of the battlefield is, the Prussian von Clausewitz (1832). In his book *On War* he made a step of conceptualizing war beyond the battlefield, and into the larger field of policy and national objectives. He argued that wars were more than about the crushing of enemy forces. Although a decisive officer who did argue that "direct annihilation of the enemy forces must always be the dominant consideration (1832: 228), von Clausewitz was a thinker. As such, he recognized the fact that matters of wars did not start nor did they end on the battlefield. They started and ended with national objectives. National objectives, however, are a primary concern of statecraft, not of the generals alone. Hence, military campaigns and wars designed to meet national objectives, were instruments of statecraft. Military strategy was just a part of a larger strategy that a state may employ for attainment of its national objectives. And when such a strategy enlists the support, utilization, mobilization, and contribution of other instruments of statecraft, it is grand.

From its Greek etymological origin, strategy suggests command from a general, but most importantly, it is the assumption and expectation that any such command is, well thought out. Hart (1967: 334) has defined it as a: “practical adaptation of the means placed at the general disposal to the attainment of the object in view”. Strategizing implies thinking. After all the consequences of an inadequate or insufficiently thought out command by a general, in matters of wars are naturally costly, in the fullest sense of the word. Strategies, therefore, connote a product of reflection, the result of a ripen reasoning. They entail calculation that take into account all known factors, and be wary about the unknown. They anticipate resistance and surprises. They must make the most of any opportunity and means. They consider the use of resources and personnel most effectively. They make use of time and space, and naturally plan for proper execution; hoping for the desired outcome. The use of the term, anywhere, implies such a process. It is than assorted with the adjective “grand” to bring into consideration all other factors that directly or indirectly contribute to securing the desired outcome. Hart’s notion of “indirect approach” suggests using instruments of statecraft against any foe, anyhow possible in order to tilt the balance in one’s favor. Today, the notion of “indirect approach” can be extended into areas and theaters that Hart has not anticipated, given the possibilities that today’s technology offers. But, winning on the battlefield is not enough. Grand strategy ought to guarantee the enduring effect of victories. It ought to seek achieving peace. Applied this perspective to the case of the United States, it had a grand strategy in winning World War II, but also made sure it won the peace through the liberal order of post war liberal institutionalism. Here is where adopting a grand strategy approach goes beyond the immediate business of conduct of war. It ensuring that the achievement of national objectives is not ephemeral.

Consequently, grand strategy is an encompassing approach. Van Hooft (2017)<sup>1</sup> simply defines grand strategy as one that ... “establishes how states, or other political units, prioritize and mobilize which military, diplomatic, political, economic, and other sources of power to ensure what they perceive as their interests”. It utilizes instruments of power such as diplomacy, formal and public, foreign policy, economic and financial incentives, countries resources, political will, national mobilization, a narrative, etc. This effort requires coordination. And if such coordination requires the mobilization of various state’s resources for the attainment of a national objective, then the process justifies the descriptive of grand strategy (Corbett 1988). It

<sup>1</sup> Van Hooft: Grand Strategy. Oxford Bibliography, 2017 <https://www.oxfordbibliographies.com/view/document/obo-9780199743292/obo-9780199743292-0218.xml>

is then grand, as in “major” objective to be distinguished from a “minor” objective, which is what foreign policy is about.

The concept is certainly understood in a variety of ways by those using it. This naturally opens it up to different nuances, and emphases. While some authors emphasize the idea of grand strategy to be just about grand plans, grand principles and grand behavior with identified patterns in the implementation (Silove 2018), others such as Luttwak (2009) using the case of the Byzantine Empire argues that a grand strategy needs not to be written down. In fact, state always have grand strategies, he argues, whether they know it or not. Awareness of grand strategy is not inherent to its existence or to the coherence of its execution. However, a lack of awareness can become a flaw if it interferes with the ability of the state to formulate a narrative to accompany the execution of its grand strategy. A diplomat can coherently seek to achieve a material foreign policy objective without articulating a deeper reason. But knowing the purpose that the policy objective serves, certainly contributes to the level of commitment to that objective. For instance, during the Cold War, if you were a US diplomat, executing a policy objective against the Soviet Union, acquired another dimension knowing that it was designed against communism, not just the Soviet Union. From the US perspective, fight against communism, for the free world, was the narrative. That is what justifies the narrative of grand strategies. However, maybe even such a narrative is not important. In fact, Drezner (2011) argues just that, namely that the concept itself was overrated. Luttwak insisted that what counted was a structured and constant manner in which the strategy is conducted. He pointed to the fact that the Byzantine Empire used instruments of such as diplomacy, financial inducements, clients, intelligence and force to stay in power much longer than its counterpart in the West. Gray (2010) sees grand strategy as a bridge connecting means and end. John Lewis Gaddis (2009)<sup>2</sup> who has many complementary definitions, among them, the more poetic says that grand strategy was “about seeing the forest, but not the trees”. More recently, however, like Gray, Gaddis (2018) defined grand strategy as the ability of matching potentially unlimited aspirations and necessarily limited capabilities. And when such unlimited aspirations do not reckon with practical material limitations, the imbalance is what Paul Kennedy (1990) draws attention to. Paul Kennedy sees the use of grand strategy in action by rising powers, reaching their ambitious objectives but only losing sight of the limitation of their economic capabilities to sustain the effort.

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<sup>2</sup> Keynote address at the International Security in a New Crisis. UC Channel, June 2009.

He sees the pattern as recurrent, and therefore, hubris, as the cause of their demise. Needless to state that Kennedy's analysis found echoes in the debate ensuing in the United States, after the realization that its economy could no longer sustain the ambitious objectives of the Neo-conservative ideologues in W. Bush's Administration. Strachan (2005) on the other hand, regrets that the concept is simply used by many to denote nearly any policy objective, making it difficult to delineate and even diluting it much of its real meaning. The regret is justified simply because grand strategies are bigger than foreign policy. Grand strategies are not just slogans or bullet points. They are not just instruments of material objectives. They ought to be bold. They ought to be visionary. They are projections. They ought to articulate ideals, and purpose; otherwise, they are just foreign policy objectives, but not grand strategies.

In any case, if grand strategies are about ambitious national objectives, such objectives, must not necessarily involve, nor be achieved through military confrontation. Grand strategy takes the notion of strategy fully outside the realm of the military, simply because the object in view here is not a battlefield victory. States' national interests or objectives are thought, neither primarily, nor solely in military terms. The battlefields of today have multiple theaters, both physical and non-physical. In non-physical theaters, the cyber space for instance, must not involve military commanders. It involves policy makers and other kinds of actors. Placing grand strategy into the hands of statecraft is predicated on the ability of policy-makers and political leaders to do more than military commanders can. It subsumes any military campaigns. The beneficence is to avoid battlefields victories that do not produce enduring peace; or produce meaningless victories, as demonstrated in the case of Napoleon in Russia. Despite separating the realm of politics from that of the military, one cannot escape the analogy between battlefield and statecraft, or between military commanders and political leaders. Both battlefields and statecraft are fields of actions; and both military commanders and political leaders must make the most of the available resources to achieve the desired outcome; using their abilities. They must demonstrate the abilities of being both tactical and strategic; which leads us to Archilochus' (7<sup>th</sup> century BC) metaphor of hedgehogs and foxes as reported by Isaiah Berlin (1953) and recently, in this context, by Gaddis (2018). Grand strategy requires both, tactical and strategic skills.

### 3. DOES CHINA HAVE A GRAND STRATEGY?

The elements and operations of grand strategies may be unveiled, articulated, divulged or not. And the question whether to unveil, or not, the strategy, parts of it, how much of it and when, is itself inherent to strategy. Indeed, some strategies require that operations remain undisclosed and discrete, while others are purposefully divulged. Naturally, some fields require more discretion in divulging the strategy, while others do not. On a limited scale, any party involved in military, diplomatic, political, corporate, financial, any other strategy implementation process toward a specific outcome, is mindful of the cards it holds, and how to play them. Hence, strategies are unveiled with various degrees of openness. Openness in turn depends on the objectives of the strategy utilized. Benign, benevolent or legitimate objectives must not remain undisclosed, while those, whose attainment occurs to the detriment of a third party, or any other actor, require discretion. In any case, the decision to unveil or not, must take into consideration the effects to allies and foes, to potential allies and foes. What is unveiled ought not to alienate, or antagonize allies. If anything, allies ought to be reassured. What is unveiled must not alarm and alert foes who need to be distracted and remain unaware. This explains the existence of undisclosed weapons systems. This is particularly the case about weapon systems; which can be revealed, or can remain undisclosed as part of the strategy. China, which we focus on here, may have its own undisclosed weapon systems, which Work and Grand (2019) call “black capabilities” or ‘assassin’s Mace capabilities”. This is the case, unless strategy requires the opposite. Indeed, this is what deterrence is about. One can deter potential foes only if they are aware of one’s capabilities. Strategy may also require the cultivation of ambiguity or uncertainty. This occurs when one actor deliberately decides to leave any potential foes in the dark about its capabilities, hoping to destabilize their own strategizing. This has been, arguably, the posture of the of Israel visà vis its nuclear capability. Beyond strategy and objectives lies intent. The disclosure of strategy depends ultimately on the intent behind the objective. The true intent of an objective can be hidden. Why would China, for instance, reveal to its potential “victims”, that it seeks to access a specific technology for the purpose of competing, outcompeting and dominating them in any given field? Case in point is the worry of the West about the quest by China for accessing sensitive technology in artificial intelligence, microchips, network equipment, processing innovations, cyber technology, remote vehicle, cloud computing, etc. The West worries about how China would use such technology. Indeed, in May of 2019,

the United States stopped, per executive order, US Telecommunication companies for cooperating and doing business with the Chinese Huawei, suspecting China of malicious intent. Another case in point, why would China reveal the true reason for its exploration of the dark side of the moon if it were about accessing Helium 3, a mineral with tremendous potential as an energy source, probably capable of replacing the radioactive uranium in the development of nuclear energy and even weapon. China may not have a hidden intent to explore the dark side of the moon. It may just be a benign need to achieve and accomplish a technological prowess in order to assert its rightful place among the great powers and to feel good about itself. It could as well be that indeed China seeks access to Helium 3, just as it has been aggressively pursuing all other strategic natural resources. In both cases, China would alert others to its actions and purpose and induce reactions, and counter measures. Hence, unveiling the intent by China is a strategic choice. Yes, it lies in the nature of strategies, to be calculating, to entertain surprise, secrecy and even deceit.

The quest to spot a grand strategy can be both simple and complicated. Easy when everything about it is unveiled by policy makers, white papers, and public officials; and complicated when there is deceptive behavior and maneuvers involved, for reasons discussed above. What matters is whether there are observable patterns in the foreign policy activities, vast in scale and scope, revealing of a systematic approach, and pointing into a specific direction (objectives). Grand strategies, as defined above, are spotted through their execution, even when not a priori revealed. This justifies the need for observing the behavior of actors, while scrutinizing the existence of strategy. Indeed, what we observe trumps what we hear. Facts, deeds and phenomena have precedence over words and even reason. After all, science emerges by seeking to explain what is, paraphrasing the philosopher F. Hegel<sup>3</sup>, not necessarily what is thought. This is in a way, what Gray (2010) meant when he argued that it does not even matter whether the state applying grand strategy is aware of it. It suffices if grand strategy in action can be deciphered. In other words, to know whether China has a grand strategy, it suffices to observe its foreign policy execution. In support of this perspective, one must note that indeed, a grand strategy is not necessarily produced in one piece. Grand strategy can take shape gradually and progressively, like a house under construction, brick by brick. It just has to look like a house at the end. The process of building it must show that bricks are laid systematically and the rooms are segmented to complement each other. This means, it must demonstrate coherence and

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<sup>3</sup> F.G. Hegel in the *Phenomenology of the Spirit*.

functionality. In the case of China, this has been certainly the case. Indeed, China's foreign policy and national objectives have changed since 1978; and they have only been systematically pursued after China had acquired the means of its ambition, namely in the 2000s, the Xi Jinping years.

With that in mind, we will embark on a deductive effort, of mapping what China does in order to find out whether it makes strategic sense. Zhang (2012) has already answered this question stating that there was no cohesive grand strategy to speak of with respect to China. But he went on noting the emergence of a combination of ideas and interests among Chinese policy makers. Zhang's remarks reflect his observation of China by 2012. China is known to making grand steps by the decades. It will soon be another decade since Zhang made his remarks, which means that China will have made, in all probabilities, greater progress since. Indeed, a year later, the Chinese Communist Party elected Xi Jinping as present of China. China's foreign policy has been transformed since, as we describe in subsequent segments. Zhang, however, noticed back then, the beginning of change in Chinese foreign policy, and suspected that although he had not seen a cohesive grand strategy then, he anticipated that could change. Hanson (2019) on the other, in his article in *National Review* argues that: "China does not have so much of a strategy to translate its economic ascendance into global hegemony as several strategies"<sup>4</sup>.

While Zhang in 2012 could not find a cohesive grand strategy, Hanson has seen many strategies in action in 2019. The question now is; can we spot elements of a grand strategy in today's execution in China's foreign policy behavior and therefore confirm that things have changed since Zhang's observation, and disagree with Hanson if we did find indeed that there was a grand strategy rather than several strategies? Can we identify objectives, interests, benchmarks pursued by China to translate its economic ascent into a global hegemonic status? Is the dimension of time and space taken into account, and even the entire environment of international politics? Is the scale and scope of the pursuit of such objective and national interest expansive enough to commend and compel the mobilization of state's instruments of power and resources? Does China have an ideational narrative in which the pursuit of its objectives are rendered meaningful beyond their materiality?

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<sup>4</sup> Victor Davis Hanson: China's Brilliant, Insidious Strategy. *National Review*, Tuesday, May 14, 2019.

#### 4. THE OBJECTIVES UNDERLYING CHINA'S GRAND STRATEGY

China's objectives have dramatically morphed in the last few decades. Before 1978, as the second most important communist state, China focused its international involvement on supporting and helping the developing world to resist imperialism and capitalist forces. It dedicated its foreign policy activity to promote international socialism. Since the implementation of its economic reforms of 1978 and subsequent success, China foreign policy developed objectives reflective of its new capitalist economic needs. Such a new objective increased in scale and scope as its economy continued to grow. Timid objectives that started early in the 1980s blending the quest for raw material, economic aid and market entry, grew to become a more engaging and expansive in the 2000s. They have blossomed into a full-fledged aggressive, multi-faceted, assertive and ubiquitous commensurate with its improved status, at the turn of the 2010s, the era of Xi Jinping. In 2013, Xi signaled the end of low profile and heralded a new era of "seeking achievement". Xi aims at rendering China's military fully mechanized. Xi seeks to render China a leader in export of manufacturing products. After that, Xi aims at producing the greatness of China, by the time the nation celebrates the centennial anniversary of the ascent to power of the communist party.

#### 5. THE TIMEFRAME OF THE GRAND STRATEGY

The objectives articulated by Xi Jinping in 2013 came with specific benchmarks, and a time frame; another important element of grand strategies. Achieving a fully mechanized military should occur by 2020. Achieving a leading manufacturing export status should occur by 2025. Achieving greatness should occur by 2049. Finally having a China second to no other nation should occur by 2050.

Although time in its essence is non-material, it is a limited commodity for human beings in many ways. What we endeavor is limited in and by time. The objectives we have, therefore, are executed within a timeframe. Moreover, we are limited in what we can achieve within a specific timeframe simply because of numerous intervening factors and obstacles. Finally, one can be late with the achievement of an objective. An objective can miss the time within which its achievement would have been most impactful. As a matter of example, there are nations that have achieved the objective of

acquiring nuclear arms. Those that have not been able to achieve such an objective within a specific time, now live with the deterrent effect it induces. In the meantime, acquiring nuclear capabilities has become unacceptable to the international community. Those who have not achieving such a goal must live without its strategic benefit. In the end, because of the limitedness of the time factor, and the many possible empirical and political interferences, it is imperative that objectives set, be met, in time. That is where strategizing becomes necessary. Issues of practical nature such as financing, personnel, logistic, expertise, feasibility studies, execution, effectiveness, challenges, are met heads on through strategy. In the case of China, Xi Jinping has articulated such a timeline. Since then, China has a road map. It has a strategy. Indeed, strategy derives from objectives. While immediate objectives require tactic, long-term objectives require strategy.

## 6. THE SCALE AND SCOPE OF THE GRAND STRATEGY

In order to meet the objectives it has articulated, China enlisted all instruments of statecraft. China is literally in a unique position from which to design operations commensurate with its newly found ambition. The position is that of a state with a respectable size, with comparative and sometimes, absolute advantage in a number of areas. It has the economic growth, from which to draw the financing to fund its ambitious objectives. It has the ability of combining the forces of the public and private sectors, because its political system unifies political totalitarianism and economic liberalism. This combination allows China to avoid the independence and idiosyncrasies of the private sector, and the political opposition of the public sector, both of which, inherent features of liberal democracies. China, therefore, capitalizes on the flexibility of one sector and the power of the other. The result is a greater synergy between finance and politics. The synergy facilitates the design of a strategy whose scale and scope are unprecedented. China's ambitious objectives have a global scale and scope. At this junction, a listing of all China's activities and operations around the world would ensue. Such a list, however, is impressive and the details of it are elaborate enough for the limited intent of this paper to provide. Short of listing all China's activities and operations, this paper simply articulates the fields and categories they cover; and which demonstrates their scale and scope of China's grand strategy. The scope and scale of China's activities around the world allow the following picture.

First, China explores the planet (on different continents, the Arctic and the North Pole) and the outer space (the dark side of the moon) for strategic natural resources, both mineral and non-mineral. The access to these resources can then allow China to secure its premier position as a trading nation and world's largest economy.

Second, China seeks to converge world commerce toward Beijing. Already, as stated, the premier trading partners to seventy-one nations, it has efforts underway to increase that number. To that effect, the following efforts are underway: aggressive investment in both foreign direct investments, and in construction (infrastructure building). These activities go hand and hand, which explains their importance in China's grand strategy.

Third, to improve its role in world trade, China invests. With respect to foreign direct investment, it is concentrated in high-income nations, essentially North America and Europe, receiving 65.6% of Chinese investment between 2005 and 2017<sup>5</sup>. Indeed, loaded with cash the mid-2005, China has been attempting to buy assets around the world. In 2017, Chinese companies that had outbound FDI of just 4% of all FDI globally, have exceeded 10% since 2009 and reached 17% in 2016. (McCaffrey December 16, 2017). Since 2017, Chinese FDI assets holdings are second only to the US's. Total Chinese investment has risen to 1941.53 billion in 2018. This development is evidenced by the rise of Chinese companies among the most significant on Forbes's 500 global companies list. While one could find only 30 Chinese companies on the list in 2007, the number increased to 109 in 2016. Chinese FDI in Europe has increased from 1.6 billion Euros (\$2 billion) in 2010 to 35 billion Euros (\$44. Billion) in 2016 (European Think Tank Network on China). In Europe, Germany, France, the United Kingdom, and Italy have been the preferred targets for the obvious reason. They are the hub of some of the most advanced European technologies. China's investment includes infrastructure building in all nations signatories of the Belt and Road Initiative; it includes as well utilities, transportation, industrial machinery, and equipment, on top of natural resources it still pursues for its developing manufacturing. Naturally, this development has justified the need for a debate around the question of China's acquisition of top-notch European technology, as alluded to earlier.

Fourth, to improve its role in world trade, China invests in construction, building infrastructure. China builds roads, sea routes, ports, airports and railroads, linking Shenzhen, China to Duisburg, Germany, Venice, Italy, South Asia, Central Asia, the Middle East, Eastern Europe and the Eastern

<sup>5</sup> From: Heritage Foundation's China Global Investment Tracker.

coast of Africa. This infrastructure building is conceptualized in the Belt and Road Initiative. In 2017, China expressed the intent to expand the Belt and Road Initiative into Latin America. China now has secured presence, access, ownership or leasing in all the six choke points of international commerce, namely: Strait of Malacca, Suez Canal, the Strait of Bab el Mandeb, Turkish strait, Strait of Hormuz and Panama Canal. Beyond these choke points, China has secured presence in what is called the string of pearls, namely Sudan, Djibouti, Pakistan, Maldives, Sri Lanka, Bangladesh, Myanmar, Cambodia and Hong Kong. China's presence in these strategic locations can be used for more than just trade. They can be used to secure China's interests from the Middle East and the Mediterranean, to the India Ocean to the South China Sea. Focus on infrastructure building has allowed Chinese companies to occupy seven spots in the group of the ten largest construction companies in the world. China is almost building the world, given its ubiquitous presence in construction sites around the world, primarily, in the developing nations. The obvious reason here is that the developing world needs infrastructure, which no other foreign investments have financed. But China is a believer in infrastructure. It has demonstrably argued that no development was possible without it. Sub-Saharan Africa the region with concentrated Chinese investment (119.7 billion) north America (\$106.9 billion), East Asia (\$98), West Asia (\$84.9 billion), Europe (\$82.5), South America (\$77), Arab World (\$60.2), Australia (%59.2 billion). China builds bridges, roads, railways at over 200 sites around the world, 41 pipelines, 199 power plants (nuclear, natural gas, coal, and renewables. China finances 112 countries around the world (New York Times, November 18, 2018)

Fifth, since its improved economic status, China has become an established purveyor of economic assistance. China, therefore, accompanies its presence in the developing world with loans and grants. It has upgraded its own development assistance agency to meet the demand and to reflect its status as purvey of economic assistance. China has created a State Development Cooperation Agency in March 2018, with the design of coordinating its growing budget for foreign aid. It is "an institution with the specific mission to control and distribute funds for its international aid programs" Legarda (2018) writes.<sup>6</sup> The most important and established great powers have their state development cooperation agencies. It is a way of stating their status as wealthy, arrived states. It is as well a way of creating venues of relations with the many dependent and recipient

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<sup>6</sup> Helena Legarda: China Upgrades Diplomacy While the US Pulls Back. *The Diplomat*, March 20, 2018.

states. It is as well a way to promote China's own industries, facilitating their implantations in these states in order to access their resources. It is, finally, a way to ensue, structurally, the rapport de force between donor and recipient. In this rapport, as the saying goes, the hand that gives is above the hand that receives. This means, in the context of realpolitik, donor states do not hesitate to use their status in this rapport de force to influence a number of outcomes in their favor, should they have to deal with the recipient state.

Sixth, China has openly disclosed its objective to compete, and eventually lead in the field of telecommunication infrastructure, and digital technology. After dominating the physical world, China aims at dominating the digital world and cyber security. In this technological field, China seeks nothing less than supremacy in the field of information technology, remote vehicle, and artificial intelligence and system destruction warfare<sup>7</sup>. To this end, China seeks to feed its own Chinese made network through gathering data from its servers, smartphones and other technological hardware. With all that, China seeks to become the gatekeeper of as much data as possible, from around the world. The consequence has been a buying spree of companies or shares of companies with high technological know-how, which have been anything from robotic, artificial intelligence, semi-conductors, bio-medicine, and autonomous vehicles to augmented reality, sensors, chips, aerospace, and informational technology. Because many such companies are located in the West, because much of China's technology can be diverted to servicing the need of the military, and because some of these companies represent a technological edge, the alarm has been raised in Europe and the US. This will make the Chinese Communist Party the maintainer and controller of such data, to which end it has created a Cyberspace Administration, funded by the government, in 2014 (Gorrie, 2019). China wants to be ready for what it sees as the battlefield of the future. It is the digital battlefield. Indeed, if steel was the raw material needed for cannon on battlefields of the past, silicon is the raw material needed for the technological ballfield of the future. This led David Goldman (2019) to say: "Silicon is to the military power of the 21<sup>st</sup> century, what steel was to the military power of the 19<sup>th</sup> century"<sup>8</sup>. It is the battlefield of cyberwars, which brings all other battlefields into one. Indeed, the economic battles, the political battles and the technological battles can all be fought in and through the digital battlefield. It is a battlefield where national security is

<sup>7</sup> System destruction warfare which interferes with, or cripple the enemy's battle network's command, control communication, and intelligence system.

<sup>8</sup> David Goldman: What is China's Grand Strategy? A talk at The Heritage Foundation, May 23, 2019.

at stake. The objective here is to be able to win any battle in that battlefield. Gorries (2019) sees China as the only nation waging this war in a deliberate and strategic fashion. China has been denounced by Australia in the last couple of years of using its 5G technology for espionage. In 2018, Garnaut wrote:

“The Australian conversation has evolved from amorphous anxieties about Chinese influence and soft power into more precise concerns about covert interference by the Chinese Communist Party. Media reports are shedding light upon a hidden world of inducements, threats, and plausible deniability. They reveal a dimension of risk that sits between the poles of economic attraction and military force, which Western Sinologists, diplomats, and national security officials had not previously focused on. The more we learn, the more it seems that there is little that is soft about the way the party wields power beyond its borders”. (Foreign Policy 2018).

Seventh, such technology has repercussions in another field, namely the military. Here as well, China has a declared objective of becoming second to none by the 2050. It has embarked on an aggressive modernization and buildup of its military. China can use its space technology for both military and civilian uses. The first Chinese *taikonaut* (astronaut) was launched into space in 2003, and China has successfully conducted an anti-satellite weapon test. It has sixty to seventy intercontinental missiles with nuclear weapon delivery capability and an estimated 240 to 400 warheads (Lanteigne 2016). Since 2016, China has become the owner of aircraft carriers, the ultimate status symbol of blue water navy in the world of military capabilities. China continues to reach new milestones. The latest advancement is China’s fifth generation J-20 stealth fighter jets<sup>9</sup> with a capacity for long distance. China has developed air to air missiles, the PL-15, and the PL-XX, as well as the PL-10, which are, respectively, the best performing to date and equipped with an electronically scanned array radar, making difficult for agile jet fighters to escape. These missiles are capable of striking slow moving airborne warning and control systems. Then, the Chinese military also has fire-and-forget missiles. Together, these weapons have propelled China into the ranks of sky competition, comparable to the US. And China continues to develop and collaborate with others, like Russia, to develop or buy weapon systems, like the S-400 air-defense system. China is improving its military capability in dramatic fashion, as demonstrated through steadily increasing defense spending. With respect to the navy, an important aspect of its military, for

<sup>9</sup> It is a twin-engine stealth fighter with wing stability appendages, advanced electronic, and with three internal bays for air-to-air missiles and bombs.

reasons, evoked earlier China has built in four years, a fleet to surpass that France. In four years, China has launched more warships and submarines, support ships and major amphibious vessels than the entire number of ships now serving in the United Kingdom (International Institutes for Strategic Studies, London, 2019).

## 7. IS THERE A DEMONSTRABLE COORDINATION OF THE EFFORT UNDERTAKEN?

Strategic action is part of a strategic goal. As such, it does not unfold in a vacuum but in a relational context; with other elements of the strategy. They all must be coordinated. To unveil the proof of coordination of China's various activities within the frame of a grand strategy, is a tricky as finding a white paper disclosing the grand strategy itself, for reason we have described earlier. Naturally, one would start there, looking to find a Chinese white paper on its grand strategy. If there was one, not every step of the strategy will be disclosed. However, one can scrutinize the various actions and operations of China's foreign policy activities to detect a picture they leave behind. This paper does both, and relies more on the latter. The hierarchical political power structure in China, its communist totalitarian regime, and the symbiosis between the communist ruling party and the government allow the working assumption according to which any official activity, in the name of China, including the private sector, is conducted with the approval from above. This working assumption is borne out by empirical facts, anywhere one looks in China, from the press and the media, to companies and investing, and naturally from public to formal diplomacy, etc. And because such approval is not reactive but proactive, Chinese officials owe it to themselves to coordinate its steps for coherence. Idiosyncrasies, dissonances, vague desires are not features associated with totalitarianism. China decision-making bodies consist of the Politburo standing committee (a group of seven members, chaired by Xi Jinping), a large polit burro (of 27 seven members), the central committee of 200 members, the Central leading group for comprehensive and deepening reform, the national security commission, the party congress, foreign ministry, and other ministries. They are headed either by Xi Jinping, or they report to him. Chinese pursuit of national objectives is filtered through these hierarchical organs. This filter explains the complementarity and therefore coherence in the pursuit of the goal of making China the center of gravity of world commerce; of making China's military second to none; of making China the leading nation in cyber technology and the cyber battlefield of the future;

of putting China, ultimately, on top of the world by 2050. Every element of Chinese foreign pursuit can be woven in a great web whose pattern, shape, scale and scope converge toward a trajectory leading to the attainment of its objectives.

From this hierarchical laboratory at home, the pursuit of grand strategy find its execution through ad hoc, bilateral or multilateral institutionalized frame of involvement with foreign states. The institutional frame becomes a source of tracking the coherence of China's action internationally. This source reveals China's consequential behavior and attitude suggestive of a coordinated effort. Indeed, China either integratesold, like the World Trade Organization (WTO), or initiates new international institutions, which are instrumentalized for attaining its national objective. This is more apparent in cases of institutions built than those integrated. China has built supporting multilateral institutions in the fields of Finance and Banking to fundand manage loans and grants. It has contributed to finding the BRICS Bank since 2014, the Asian Infrastructure Investment Bank, a duplicate in many ways of the World Bank. Another is the Asian Infrastructure Investment Bank (AIIB), with 57 founding members, among which we find countries such as India, Saudi Arabia, the Philippines, Pakistan, Turkey, Australia, Brazil, France, Spain, the United Kingdom, and Germany; all of whom are traditional U.S partners and who have yet to be persuaded by the US to not join. China holds annual summits with groups of nations in which it is increasingly playing an important role. One of the most notable is the China-Africa Cooperation Forum, since 2005. Since 2016, the China-Central and East European Fund, in which \$11,150 billion has been set aside for infrastructure, high-tech manufacturing, and consumer goods and run by Financial Holdings Ltd. China-CEE (or 16 +1) brings China and Eastern, Central, and Southern European countries. There are China and CELAC summits, which bring China with Latin American and the Caribbean nations. There is a China-Arab States Cooperation Forum (CASCF), which meets every two years, since 2004. Its last summit was held in Qatar, in July, 2018. The cooperation between China and the Arab countries encompasses political, economic, and cultural issues. China's interest in cooperating with the Middle East lays in the geography of the region. Located in the middle of the land and maritime route of the Belt and Road initiative, the Middle East helps connect China with Eurasia. All these new venues of bilateral and multilateral cooperation augment the number of existing institutional and regime that China has already established in Asia. The Belt and Road initiative is becoming the binding glue that helps bring and articulate the presence of all these countries and regions into China's orbit.

## 8. THE TELEOLOGY OF THE GRAND STRATEGY

In various public pronouncements, Chinese officials often provide explanations of the motivation behind the objectives at home and abroad. They argue that China aims at contributing to the prosperity of the Chinese people through trade. They claim that their economic cooperation with other states are win-win situations. They legitimately seek to secure their homeland through military buildup, which is thought to become second to none, and at winning in the battlefield of the future, namely the cyber space, which subsumes both the economical and the military battlefields. And generally, public discourse in China wants to renew with the glory and greatness of the past. Those are legitimate motives behind the objectives. However, they do not articulate a purpose. Recently, successive party secretaries, Hu Jintao and Xi Jinping expressed the wish for “a community of shared future” for the international community that has the potential of entailing a substance for teleology, but remains uncorroborated. If China has a grand strategy, does it have a purpose? Does it have an ideational, aspirational value beyond the need to be first, economically or militarily? Maybe China just wants to be the most prosperous and the mightiest; and nothing more. One can argue that these are worthy enough objectives and motivational factors. After all, relieving itself from the trauma of the humiliations years is purpose enough. One can also argue that defending itself against the powerful foes, the likes of the United States, China will have to be at least as powerful itself; which justifies its quest for military superiority. China is still a communist state. As such, it still holds on ideals that differ from those of liberalism, which it only espouses for its economic virtue. In addition, China is traditionally Confucian. Recently, it has rehabilitated the worldview of Confucianism. This means that China, as a state harbors two identities, both of which could inspire its sense of purpose. Both these identities are not liberalist. This also means that China could develop a sense of purpose different from the one underlying the current international order. If China has started awakening resistance from Western nations due to access to advanced technology in telecommunication, it is because of such a difference in identity-grounded-value systems. A purpose is what greater cause the objective is supposed to serve. This question justifies the relevance of teleology about China's grand strategy.

China's flurry of activities to secure an advantage in the future cyber battlefield raises the question; to which purposeful end? Should the purpose be benevolent; one must not worry about China accessing Helium

3 in order to harness its tremendous potential. Should the purpose be benevolent, one must not worry about its exploration of the North Pole and presence on the Arctic. Should the purpose be benevolent, one should not worry about its quest for strategic natural resources. Should the purpose be benevolent, one must not worry about its attempt to securing predominance in the South China Sea, rich in offshore petroleum. Should the purpose be benevolent, one must not worry about its nascent interest in military bases. However, should its purpose be self-serving, all its current activities will appear to be steps taken by an expanding power; which would bring the world closer to the scenario described in the hegemonic transition theory. Not knowing China's intent and therefore purpose, such behavior becomes alarming to some. The answer to the question of China's purpose remains fuzzy. However, the fact that it is fuzzy right now, does not mean it does not exist, nor does it mean it cannot be conceptualized more clearly in the near future. Right now, China is busy conducting, and executing phases and dimensions of its grand strategy that are already defined and determined. When the time arrives, China could chart a new or a different course. It does have difference sources of competing values from which new principles could emanate and new norms for the next supply of order would derive. That source is Confucianism. It will take material capabilities for the convincing, incentivizing or even the coercing of other states, which often comes with a cost, to push Confucianism-grounded values into the international arena. It will take tremendous political will to accomplish. It looks as if China is aware of this ideational dimension, the need to see its greatness rounded in a worldview that proposes values that can be shared, or are attractive enough to be adopted by others. To that end, China has used the venues of soft power and public diplomacy; establishing Confucian institutes and Chinese broadcasting, which are vehicles to spread the values and worldview of Chinese thinking. The fact that this use of soft power and public diplomacy is occurring at this particular phase of its economic ascent is an indication that China is well aware of the need for an ideational support basis for any potential claim to hegemonic leadership.

## 9. CONCLUSION

I argued that China indeed has a grand strategy in the works. A grand strategy is in action when a number of elements actively concur towards the accomplishment of a specific outcome. It has been established that such elements are given in China's foreign policy pursuits. It has been established

that China's conduct of foreign policy demonstrate the existence of those elements of a grand strategy but one. China, indeed, is yet articulate and demonstrate the existence of a purpose. Its teleology is not defined. For whatever ambition China has for the world, to prevail, it has to stand on solid grounds. It needs a purpose. China can still deliver that purpose, or maybe not. The strength of the post Second World War order does not lie in the preponderance of capabilities of the West. It lies primarily in the attraction of its liberal purpose, that of free human beings, in essence, in rights and in the pursuit of happiness. Any China's ambition, after achieving equivalence or surpassing the material preponderance of capabilities of the West, it will have to achieve and surpass the attractiveness of the liberal order. The question remains, namely, China's grand strategy but for which purpose? One possible answer to the question is maybe, China does not have any purpose. Just maybe, its achieving its objectives is the sole justification for its grand strategy, and nothing beyond, or maybe not.

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## Thoughts on the Grand Change of World Politics and China's International Strategy\*\*

A series of social and political turmoil in the Broader Middle East and North Africa, at the beginning of 2011, ushered in the second decade of the 21st century in a surprising way. Regardless of their difference in nature and root cause, these events clearly highlighted the increasingly important role in domestic and international politics, played by ethnic and religious groups, social organizations and even individuals (especially the young generation equipped with Internet communication tools), albeit nations remain the most important players in the international arena. Domestic politics and social stability will still be key factors which affect international security, and international interventions in domestic politics have intensified and taken on complicated forms. In this sense, internal politics in countries and regions around the world has, in fact, constituted a significant variable in assessing China's international strategic environment, which must be

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taken into consideration when China deliberates and designs its future international strategy.

China's national strength and international influence has increased rapidly in recent years, which has drawn attention from many countries in the world. They have gradually incorporated the China factor in designing their development strategies and formulating foreign policies. Such a rapid increase in national strength and international prestige has also influenced the attitude the Chinese people adopt so as to observe international affairs and the approach they take to deal with international relations. Therefore, how China defines its international role has become another key consideration when policymakers, think tanks, and scholars study and discuss China's international strategy.

For the above-mentioned reasons, this paper focuses on two topics: one is the nature and the trend of the world political changes; the other is the issue of China's international role today and in the future. Finally, the paper will comment on China's grand strategic choice.

## 1. BASIC CHARACTERISTICS OF THE GRAND CHANGE OF WORLD POLITICS

The current changes in the Broader Middle East and North Africa are attributed to some accidental factors and the broader context of world political changes, since the end of the Cold War. With the acceleration of globalization and the spread of information technology, the political dynamics occurring in one country has exerted a growing impact on its immediate neighbors and remote corners. Therefore, compared to the regional features and national character, which are more familiar to the observers of international politics, the ramifications and the characteristics of the world political changes deserve a closer scrutiny.

The development of world politics in the past three decades can be roughly divided into two phases. In the first phase, political liberalization and economic marketization are the basic trends of world political changes, on account of which a US political scientist Francis Fukuyama enthusiastically declared that history has ended.<sup>1</sup> In the second half, liberalization and

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<sup>1</sup> Francis Fukuyama's essay "The End of History?" was published in the international affairs journal *The National Interest* in 1989 and his book *The End of History and the Last Man* was published in 1992. In the book, Fukuyama argues that the advent of *Western liberal democracy* may signal the end point of humanity's *sociocultural evolution* and the final form of human government.

marketization face new challenges and suspicions. Those nations which have adopted a liberal democracy painfully have to explore the localization of democracy so as to improve and cement their basic institutions. Market fundamentalism was resisted and criticized to a certain degree and neo-liberalism, the ideological base for political democratization and economic marketization, was also frequently questioned. In the meantime, a rapid development of civil societies, growing prominence of the non-traditional security challenges (i.e. environmental issues, energy and food security, and public health, etc.), politicization of religious and ethnic issues, and the rise of extremism of various forms around the world, all have posed new challenges to governance capacities of the national governments and redefined world politics. A preliminary study of the dramatic changes of world politics in the past three decades helps shed light on the following conclusions.

First, the pursuit of freedom and democracy is universally recognized. The degree of democracy and freedom in a country has become one of the fundamental yardsticks of political legitimacy worldwide. Under any national condition or political condition, it is hard to defend dictatorship, family ruling, information blockade, and a lack of transparency in government work and abuse of human rights. Developed countries in the West have always enjoyed such a stable democracy that neither serious financial crises nor minor social unrest has fundamentally shaken their political systems. Few countries adopted a competitive multi-party system in the 1970s, but most countries had done so by the latter half of the 1990s. Today, even countries such as Burma and Iran, which are deemed as dictatorships, have nominally maintained multi-party politics or universal suffrage. From a long-term perspective, there is an irreversible trend of the transition of non-West countries toward democratic politics. But it is noteworthy that while a mature democracy is yet to emerge among Muslim countries, and the Central Asian countries are returning from imitating Western democracy to strongman politics, which is more familiar to them, Eastern and Central European countries, which have maintained the Western cultural tradition, are in a better position to adapt quickly to the multi-party democracy. It shows that, on the one hand, religious, cultural, and political traditions all play an important role in democratization; on the other hand, the timing and progress of democratization is not necessarily determined by the degree of economic development. Nevertheless, the latter is definitely related to the maturity of democratization.

Second, democratization in different countries is in different stages of development and, thus, has various goals and features. The traditional democracy in developed countries displays some deficiencies

and shortcomings. For example, the rights of minorities are undermined under “competitive majority voting”, as a result of which “consensus democracy” and “deliberative democracy” have come into being. Western countries have also carried out reforms in electoral systems, parliamentary system, power-sharing mechanism between the central government and local governments, and the strengthening of the oversight of government activities through public opinion. After the end of the Cold War, many non-Western countries have been able to explore their own development strategy in a relatively easy environment. Despite the fact that the US employed military means to “liberate” Iraq and Afghanistan to promote local “democratization” and “street politics” by force, and that “color revolution” in some countries occurred against the background of Western influences, democratization in non-Western countries, as a whole, charts an inherent and independent course and reflects the political will of the general public. All the problems arising in the course of democratization, such as bribery, corruption, violence, and political discords, cannot belittle the value of democracy itself and the significance of their efforts of “trial and error” in the process of experimenting democracy. The process, form, and outcome of democratization may vary from country to country. Nevertheless, it has been generally acknowledged that democratization does not necessarily mean westernization.

Third, apart from civil liberties and democratic system, stability and order are also the political goals which each and every country pursues. Historical experiences demonstrate that, be it in developed or developing countries, a dynamic balance needs to be maintained between freedom and democracy on one side, and stability and order on the other side. Excessive freedom enjoyed by either individuals or minority groups can result in social divisions, value distortions, civil strife, social disorders, and even and violent confrontations. The combination of liberalism, materialism, and consumerism has not only elicited a serious scarcity of resources and the deterioration of the ecological environment, it also led to a general decline of public morality and a flagrant expansion of individual greed. These problems are even more severe in those newly democratized non-Western countries. The political system and rule of law in these illiberal democracies are not mature enough. But under the temptation of Western lifestyles and the influence of Western values, the growing expectations of the general public have far exceeded the pace of their economic growth and social progress. In some countries in the Broader Middle East and North Africa, some people have expressed their complaints in such a violent way that their actions are posing a threat to social stability and political order. Meanwhile, the efforts to maintain social order have often resulted in the

abuse of power, which infringes upon individual freedom and undermines the rights of the underprivileged. Countries around the world have been seeking the solutions to keeping a dynamic balance between the guarantee of individual freedom and the maintenance of social order. Nevertheless, be it traditional socialism, or traditional liberalist ideas, or even the return to a political system which integrates politics with religion such as Iran since the Islamic Revolution in 1979, all have failed to provide a right answer to the accomplishment of social justice.

Fourth, with regards to the relations between state and society and between government and market, liberal capitalism, guided by neo-liberalism and its thoughts, has undergone a process of “negation of negation,” while a really competitive revolutionary force has yet to come. It was deemed as a universal value between the 1980s and the 1990s, so as to reduce state interventions in the society and government interventions in the market, however the blind worship of neo-liberalist thoughts and institutions was widely questioned and denied in the past decade. However, it remains a problem which demands a solution, in practice, on how to find a proper balance between a state intervention and market freedom. The wealth gap is drastically widening, in every country around the world. Environmental deterioration, ecological imbalance, financial instability, and social cleavages all call for government efforts to check greed, safeguard justice and maintain social harmony. But the more the government works for vested interests and is not transparent in decision-making, the more power it has and more serious will the social imbalance become. That is why the “Third Road” can hardly find any substantial spiritual connotation and policy support. At the beginning of the 20th century, revolutionary ideas represented by Leninism had sparked remarkable social movements which aimed to end the rule of capitalism and establish communism. Yet, such movements are rare at the beginning of the 21st century. Sporadic violent activities that ostensibly aim to overthrow “the evil hegemony of American capitalism” have been labeled as “terrorism” and despised by the international community. The so-called “anti-globalization movement” can only be promoted by disorderly crowds lacking thoughts for guidance, an economic base, and organizational force. Global governance, aiming to address a series of global challenges, is hindered by quiet inter-governmental cooperation, competition and bargaining, and thereby unable to generate any revolutionary force.

Fifth, the new generation of social movements and rapid growth of civil societies are going beyond the understanding of the traditional political motives and the border of national states and have become key factors and driving forces in correcting global social and economic imbalances. On

the global scale, such issues as peace, environmental protection, human rights etc. have gained unprecedented political weight and become an inseparable part of every country's policy-making. Meanwhile, such new social identities as ethnic identity, cultural identity, religious identity, idea identity, and interest identity, deriving from concerns over ecological and environment deterioration and public health, have also gained tremendous weight. Concepts such as individual freedom, individual rights, diversity of thoughts and culture have taken root in every corner of the globe. From a global perspective, the opposite of liberalization and diversification is no longer naked ideological dictatorship in the name of state, but is reflected in the form of soft and non-national social identities. Sovereign states will still be the major players in world politics and will enjoy the loyalty of their citizens. By carefully studying the world political and intellectual history, it is not difficult to find that the world composed of sovereign states is not permanent in mankind's history. For instance, in some countries in the Broader Middle East and North Africa, a large number of people identify more with their clans, tribes, ethnic and religious groups than with their traditional sovereign states. That is why Sudan has been divided into two countries and Syria is now faced with the danger of disintegration.

The past 30 years are just a "fleeting moment" in the history of mankind. But within this period, world history has realized an upward spiral. Compared to the Cold War period, world politics has become more colorful and, in a sense, more uncertain. The world is confronted with new problems and challenges. The earthquake which happened in Japan on March 11, 2011 is case in point. In the face of natural disasters such as tsunamis and earthquakes, and non-traditional security challenges such as environmental degradation, energy and food shortage, public health, and the rise of extremisms of various forms, how can states deliver good governance? How can the international community achieve co-governance? And how can humans respond to the common challenges? The history of the past over 30 years shows that although the Soviet model has become a historical endeavor, the West nowadays cannot provide a proven model and a ready-made answer to help achieve national unification, economic development and social progress, either. Emerging markets Nye, *The Future of Power*, p. 167 such as China, India, Brazil, South Africa, and Russia have inspired new hopes, but everything they have achieved is still on the nascent, experimenting stage and their universal significance is yet to be tested by history. In this sense, the old history has indeed ended and a new world history is just unfolding.

## 2. WHAT KIND OF A COUNTRY IS CHINA?

In the last 30 years or more years, since the reform and opening-up, China has always been changing itself and influencing the world. The relationship between China and the world has undergone accelerating historic changes that propel China to constantly rethink its “international role” and “national identity.” The pre-requisite for us to consider China’s international strategy in the next decade is: against the broad background of world politics, how can we clearly understand China’s role in international affairs, and how can we define the question “what kind of a country is China?”

In terms of national strength, one question is still open to debate. After China’s GDP surpassed Japan’s, has it become the strongest nation in Asia, and, therefore, is it second only to the US? I think that compared with Japan, China not only boasts an immense population, vast territory, and large economic size, but it also possesses a larger scale national defense system and nuclear weapons. It is fair to say that in the Asia-Pacific region, China overtook Japan in the political influence, geopolitical advantage and geo-economic advantage. Therefore, it should be a generally accepted view that China is the most powerful Asian country. However, other factors must also be taken into account. Although China’s comprehensive “hard power” slightly exceeds Japan’s, Japan’s status as a developed country and its alliance with the US significantly compensate for its geopolitical disadvantage. Moreover, in terms of people’s living conditions and breeding, culture and education, and scientific and technological levels, Japan does far better than China, and its cultural power in Asia is no less than China’s. It is equally important not to ignore the fact that Japan has strong national cohesion, solid political institutions, long-term social stability, and a good ecological environment. Furthermore, the economic recession over the past two decades and frequent changes of the government have not led to political turbulence. Nor has the initial panic precipitated by the unprecedented earthquake and its subsequent tsunami developed into hysteria, thanks to Japan’s ability to cope with natural disasters in an efficient and timely manner. In brief, Japan’s slow, but stable economic growth, solid political institution, despite the frequent administration transitions, steady social progress, efficient disaster-addressing mechanism, advanced science and technologies, and expanding cultural influence in East Asia, put Japan in an equal, if not a more advantageous, position in its competition with China, a fast-growing economic power with increasing regional and international weight. With all that said, it would, therefore, be a big mistake to overlook Japan’s strength in China’s foreign relations.

Europe is another entity which cannot be belittled as well. China's economic strength has surpassed that of any single European power. However, the EU as a whole has an economy as large as the US, and the euro has already become an international currency which can compete with the dollar, but the internationalization of the renminbi still has a long way to go. The gap between China's comprehensive power and global political influence, and that of the EU is still large. So, in terms of the GDP, the Chinese economy has become the world's second largest and is developing with sound momentum. But it is completely unrealistic to conclude that China's power has overtaken Japan and the EU and become the world No. 2, and will catch up with the US in one or two decades. China is far from becoming the world No. 2, particularly given its underdeveloped cultural soft power and weak voice in the international arena. A proper evaluation of China's position among global powers is that China is the strongest developing country. But the booming economies such as India, Brazil and Russia all have their own strengths and weaknesses.

Furthermore, China is located in the center of traditional geopolitically defined Asia (with the exception of West Asia, and Siberia, which is often referred to as Russia's Far East). As its economic interdependence with neighboring countries increases, China becomes the geo-economic center of the Asia-Pacific region, and plays a leading role, bigger than that of the US and Japan in the regional economic development. China has participated in almost all regional economic organizations in East Asia and is also a core member of the Shanghai Cooperation Organization. In spite of the economic prominence, the geopolitical situation China faces is quite different. As a firm believer and a staunch supporter of non-alignment movement, China does not form any formal political or military alliance with any neighboring country, which puts China in a more disadvantageous geopolitical position in the face of the US alliance network in East Asia. What's even more problematic, China has many hard-to-solve territorial disputes over land and water with Japan, India, and Vietnam and some other neighboring countries. The US-led "hub-and-spoke alliance network" is playing a pivotal role in East Asia security, and China is a concern in such military arrangements. Under such circumstances, China cannot speak on behalf of East Asia on the international political arena as Germany, France, or Brazil does for Europe or South America. In other words, from geographical perspective, China is identified as an Asian country, which gains increasing recognition as an economic powerhouse. However, few countries in Asia are willing to share China's political values and recognize it as a political "leader" or "spokesman" for Asia. Although some Chinese people are enthusiastic regarding talking about "Oriental culture" or

“Asian civilization,” the Chinese civilization, more specifically the Han civilization, is only a part of diverse Asian cultures, along with the Indian civilization, the Persian civilization, the Japanese civilization and others. The Chinese civilization differs from other Asian cultures, as much as it does from the Western civilization. Hence, China is one of Asia’s centers, but not the “leader” above all other major nations. There is indeed a rapid global expansion of China’s interests and influence, but in no way is China in a position to rank itself as an equivalent to the US, the only global superpower, in the coming few decades.

Furthermore, in terms of the nature of the political system, China is one of the few socialist countries in the world with unique political-economic institutions, a political value system, and mainstream ideology. China faces many uncertainties in its development path because it is undergoing reforms of profound and long-term significance. China has yet to realize complete territorial unification and is threatened by ethnic separatism. Despite the rapid economic growth, China faces many such challenges as social disharmony, the deterioration of ecological environment, daunting tasks of social governance, and sluggish transformation of economic development model. While its national coffers are strong enough to fund grand projects with concentrated effort, China’s per capita income remains low and its wealth gap has grown. Despite the firmness of the political system, China is short of capability for institutional innovation, and its social cohesion is yet to be enhanced. Although the mainstream socialist ideology remains unchallenged and the socialist nature of its public education remains dominant, social trends of thoughts and public opinions have become increasingly diversified, and the government is increasingly concerned about and has taken precautionary measures against the political and thought penetration by overseas hostile forces. Out of domestic and international concerns, China has adopted an attitude starkly different from that of Western countries towards the multi-party system, democratic transformation, and national division in many developing countries. The above-mentioned national conditions and policies indicate that the institutional and ideological differences between China on one side and developed countries and even some developing countries on the other side remains colossal and shows no signs of narrowing in the foreseeable future. China is thus regarded by Western developed countries as “different” in the international community.

China’s “international role” is defined as the role China plays and the responsibility China assumes in world affairs. What role China plays is determined by the above-mentioned three factors: China’s overall power, complicated geopolitical and geo-economic position, and unique political

system. For instance, China's power position as the largest developing country determines that China is not a dominant force in the current international political and economic order. In consideration of its own interests and the limited strength compared with the western industrialized countries, China has accepted international rules advocated by Western countries on non-proliferation of nuclear weapons, counter-terrorism, trade and investment liberalization, protection of intellectual property rights, and climate change while joining in the dollar-led international currency system. Meanwhile, the increase of national strength gains China an increasingly significant weight to its opinion in international organizations as well as more international responsibilities on foreign aid and peacekeeping. China's geopolitical position determines that its input of political and economic resources and influence in neighboring countries is much bigger than in other areas around the world. The nature of China's political system determines that it is under tremendous political pressure from the Western value system which advocates democracy, freedom and human rights. China resists such pressures and insists on the principle of non-interference in other countries' domestic affairs in the international community.

Another problem related to the international position is whether China's unique development path can become a model for other countries to learn from and copy. Although debates among domestic and international academics about the "China Model," also known as the "Beijing Consensus," are very hot, the Chinese authorities have no intention of promoting its development path and experience in countries around the world. Prime-minister Wen Jiabao even directly said for a news conference during the annual sessions of the National People's Congress and the Chinese People's Political Consultative Conference in 2011 that there was not a "China Model." I have always believed that China's development and experience cannot yet be summarized into a model because the China Model under exploration is still in the making and far from success. There are indeed some countries in the world which want to learn from China. But no one is able to copy the set of China's systems.

Of course, the above-mentioned roles interact with each other and cannot be clearly separated. In short, China's international role can be summed up into the following four points: (1) China is a developing country with the strongest national power and still falls far behind the US, the EU, and Japan regarding the maturity of economic development, science and technology, education, and overall cultural power; (2) China is an Asian power which sees a global expansion of its interests and influence, but has still not assumed a dominant role in Asia; (3) China is a major socialist country with a unique

political structure and value system, but it is undergoing profound reforms and has yet to realize complete territorial unification and is threatened by ethnic separatism; (4) China is a beneficiary, a participant in, and a reformer of the current international political and economic order, although limited by Western-led international rules. These standpoints have been created with the help of some basic conclusions reached based on facts, not wishes. Because of the above-mentioned four conclusions, I believe that there will be little change in China's international position, situation and "identity" in the next decade.

### 3. WHAT TYPE OF AN INTERNATIONAL STRATEGY DOES CHINA NEED?

When thinking about and analyzing China's international strategy, the characteristics of world politics and China's international role are undoubtedly among the decisive factors that need to be considered first. Between the 1950s and the 1970s, world politics was dominated by the struggle for hegemony between the US and the Soviet Union, and the third world also witnessed the rise of national liberation movements, also known as "decolonization" in the West. China's international position, at that time, can be summed up as a big Oriental country featuring the Soviet model, a "rebel" against the international order and an isolated, poor, country. So it was natural that China's international strategy was then called "Chairman Mao's revolutionary diplomatic line" guided by "proletarian internationalism." Today, world politics and China's international role are utterly different from what they used to be several decades ago.

Any country's international strategy must at least answer the following three questions: (1) what is the country's core interest? (2) What is the major external threat the country faces? (3) How can the country properly and effectively deal with the external threat? During the Mao era, China's core interest in international relations, a concept which was not available at that time, was maintaining the stability of the revolutionary political power; the major external threat was the US or the Soviet Union, the US and the Soviet Union together for a period, and China's primary means to deal with the threat, in addition to military struggle, were diplomatic efforts to establish a united international front against the US or the Soviet Union, or both.

Today, the Chinese authorities' definition and understanding of the country's core interest is clear, consistent, and based on a prevailing

consensus. Policy measures and strategic choice closely related to core interest decide that this concept does not permit ill-conceived alteration or hasty interpretation. In December 2012, China's State Councilor Dai Bingguo made it clear in his published article *Sticking to the Path of Peaceful Development* that China's core interests in international affairs are: (1) China's form of government, political system and stability; (2) China's sovereignty, territorial integrity, and national unity; (3) the basic guarantee for sustainable economic and social development of China. And these interests do not brook violation.<sup>2</sup> Dai Bingguo's article has not linked any region or problem beyond China's border to the concept of core interests. In the past months, some Chinese analysts have declared the South China Sea and North Korea as China's core interests. Such unauthorized statements, to a certain extent, have deepened foreign suspicion about China and exerted a lasting negative effect.

After a country's core interests are clearly defined, identifying the major external threat will then become the most important challenge in its international strategy. In world history, an external threat for one country was often another one. Yet, in today's era of globalization, profound changes have occurred in world politics and international relations. A noteworthy international political phenomenon in the post-Cold War era is that, be it developed countries such as the UK, France, Germany, Italy, and Japan, or booming economies such as India, Brazil, Mexico, Russia, South Africa, and Turkey, no single country has identified any other country as their biggest external threat or their enemy in their official statements. Although every country still faces external threats nowadays, few have identified any specific country as their definite enemy.

After the 9/11 attacks, the US looks at international terrorism and proliferation of weapons of mass destruction as the biggest threat to national security and had even once called Iran, Iraq, and North Korea "the axis of evil." However, the Obama administration has made a different judgment and statement from that of the Bush administration on external threats. The National Security Strategy which the US released in May 2010 pointed out: "Instead of a hostile expansionist empire, we now face a diverse array of challenges, from a loose network of violent extremists to states that flout international norms or face internal collapse. In addition to facing enemies on traditional battlefields, the United States must now be prepared for asymmetric threats, such as those that target our reliance on space and cyberspace" (US Presidential Doctrines Handbook, p. 209).

<sup>2</sup> Dai Bingguo, "Sticking to the Path of Peaceful Development," December 6, 2010. <<http://www.fmprc.gov.cn/ce/ceit/ita/zl/yjjj/t807349.htm>>

It is fairly certain ("if something is certain, it will definitely happen or is definitely true" that although American strategists generally recognize that the rise of China will pose a challenge or even a threat to the US, today's US government and mainstream political forces have not defined China as an enemy country.

Where does the major external threat China faces come from? Many Chinese observers will answer in unequivocal terms: "Of course it comes from the United States" or, more broadly speaking, from the West. Some people also think that the US is China's enemy country and argues that this is beyond doubt. Otherwise, one is considered either "unable to distinguish ourselves from the enemy" or as just "a traitor." This is a very serious issue which should be clarified by drawing three clear lines of demarcation.

The first line of demarcation is to distinguish two important and utterly different questions in terms of strategic and political scope. Is a country objectively threatened by one or several enemy countries? Does a country "need" an "enemy country" to consolidate its internal order? A remark made by Mencius that "a state without an enemy or external peril is absolutely doomed" answers the second question. The US political scientist, Samuel Huntington, also admitted that the US "needs" a strong enemy to solidify its national and cultural identity. He said, "The ideal enemy for America would be ideologically hostile, racially and culturally different and militarily strong enough to pose a credible threat to American security" (Huntington, *Who are We?: The Challenges to America's National Identity*, p. 292). It is true, at all times and in all countries that some people will always try to achieve domestic political goals by highlighting the threat of a strong external enemy and make it a strategy or a policy. Some Chinese observers often cite Mao Zedong, who said, "It is the number one question for revolution to distinguish whom our friends are from whom our enemies are." The logic goes like this: China's first priority for an international strategy is to distinguish friends from enemies; now that the US is viewed as an enemy, its allies, such as Japan, will naturally be viewed as enemy countries or hostile forces, and the anti-American forces around the world should be viewed as China's friends or allies.

For thinkers, like Huntington, to define China as an enemy country is taken for granted, and there is no need to examine whether China's strategic intentions are benign or hostile, or whether Chinese foreign policy objectives are restrained or expansive. Similarly, for thinkers who insist that "China needs an enemy country" or that "the principal problem for China's international strategy is to draw a clear line between friends and enemies," the intention of the Obama administration's strategy for dealing with China and the significant changes in world politics are irrelevant to their assessment. But the question whether China and the US have become

enemies, or will ultimately become enemy countries, asks for a clear-headed strategic analysis from a much broader and more realistic perspective.

The second demarcation line is the fact that some Americans view China as an enemy country, which does not necessarily mean that the US policymakers and mainstream political forces define China as an enemy country and, therefore, formulate the US long-term strategy on the basis of reciprocal animosity. Equally important, the view to regard the United States as an enemy country is not held by some radical fringe in the Chinese society able to represent the official line of Chinese policymakers and the mainstream political forces. In the joint statement released during his visit to the US in January 2011, Chinese President Hu Jintao confirmed the long-term goal of “building a Sino-US cooperative partnership,” which is entirely different from the argument that defines “China and the US as enemy countries.”

The third line is that the attitude that the United States constitutes a security threat, political challenge, and economic competition to China, does not **necessarily** mean that the US is China’s enemy country, let alone the largest external threat to China. The US, Japan, and other western countries hold a negative view on China’s political values. Western politicians sympathize with and even support Dalai Lama and the separatists from the Xinjiang Uygur Autonomous Region. The US continues to sell arms to Taiwan. The US-led military alliances bring heavy pressure on China’s security. The US business community and Congress wage “currency war” and “trade war” against China. All these challenges posed to China, by the United States, certainly call for consistent efforts to cope with. But this does not necessarily justify the “enemy country” argument. China needs to address these challenges with concerted efforts; that is for sure. Moreover, when we concentrate all our efforts on tackling our domestic challenges, such as boosting economic development, transforming the economic growth models, improving people’s living standards, advancing education, science and technology, we will come to realize that China’s biggest challenge or even threat does not necessarily come from the United States. As long as we keep our own house in order, the pressure from the outside can be greatly alleviated, and we will have a fresh understanding of China’s external strategic environment.

For a long period during the Cold War when class struggle was taken as a top priority in national policy, China faced a severe and even hostile external environment. A major threat to China’s national security came from the United States (1949–1972) and the former Soviet Union (1969–1989). In the era of reform and opening up, China’s definition of external threat differs enormously from that of the Cold War era. At the present time

and in the foreseeable future China views accelerating the transformation of economic growth model as the pivotal mission. In this context, the challenges China faces are multifaceted and multifold, which, in some aspects, are more complicated and more severe than ever before. Here are a few examples: in the economic field, the fluctuation of international financial situation, economic recessions in some countries and consequent shrinkage in imports and the rise of economic nationalism and trade protectionism; in the traditional security field, the escalation of territorial land disputes and territorial water disputes, the danger of military conflicts at sea, the problem of the development and proliferation of nuclear weapons in neighboring countries, and international terrorism; in the non-traditional security field, energy shortages, soaring resource prices, climate change, safety for overseas Chinese citizens and companies, public health, and food safety. The challenges engendered by the current turmoil in the Middle East all the way to China are also multifaceted. Meanwhile, interaction between domestic and international conditions has become much closer and deeper than 20 years ago. Domestic and international challenges are interwoven and interchangeable, and increasingly difficult to prevent and to deal with. It is still a long way to go before China translates its growing national strength into policy measures, so as to effectively safeguard its core interests. So, it will be more sensible to define the major external threat to China's core interests as multifaceted challenges than as one or two specific countries.

The US and the whole western world have indeed posed clear strategic, political, and security challenges to China, but it is neither practical nor sensible to define and formulate China's international strategy on the basis of "making the US the target enemy." The reason is simple: If China views its largest trade partner, also the world's largest economic and military power, as its enemy, it is impossible to stick to the path of peaceful development. In terms of feasibility, there is hardly any country in the world that would like to join China in establishing a long-term anti-American coalition. For the benefits of both countries and the world, China and the US should make joint efforts to build "a cooperative partnership based on mutual respect and mutual benefit", so as to advance the common and shared interests of the two sides, make better use of the opportunities and more effectively cope with the challenges of the 21st century.

Another related key problem is whether China will stick to the strategic thought — "keep a low profile and make due contributions", which is intentionally or unintentionally mistranslated as "hide one's capacity, bide one's time and seek achievements." If the answer is yes, how can its development keep up with the times? This far-sighted strategic thought, to

keep a low profile and make due contributions, proposed by Deng Xiaoping in the late 1980s, means to guard against western political conspiracies, avoid confrontation with the west in implementing China's foreign policy, and promote the stability of domestic and international situations. The two decades that followed the 1980s witnessed the dramatic rise of China and the relative decline of the West. In this historical context, some people in China suggested that such a non-confrontational approach is outdated and should be replaced by a more assertive attitude, i.e. by taking every possible measure to defend China's rights and interests, even at the risk of breaking up relations with other countries, and showing no fear of confrontation with the outside world, particularly with the west. But a thought-provoking question is: why do people feel that China has faced mounting international pressure in recent years, particularly in 2010 when the US and Japan were plagued by difficulties at home and abroad, and the EU was troubled by sluggish growth and decreasing cohesion. To answer this question, we need to examine the root cause of the drastic transformation in world politics and understand the domestic and international factors at play.

It should be noted that the political, economic, and military alliance systems formed during the Cold War among the western industrialized countries still remain intact, and the West as a whole enjoys a marked advantage over China in the current international political and economic order. Their advantages in science and technology, culture, education, and innovation capacity, relatively stable domestic politics and rule of law are the foundation upon which they can maintain their international superiority in the foreseeable future. The rise of some emerging markets has, to a certain extent, undermined the dominance of the western industrialized economies in the international system and partly alleviated the pressure of the West on China. But it has also brought about new and unpredictable factors which further complicate China's international strategic choice. It is fairly certain that the dramatic changes in international relations, such as the rise of the emerging markets and the relative decline of the West, do not necessarily or naturally bring about the improvement of China's international strategic environment. Under these circumstances, the international challenges China faces at present and in the foreseeable future are increasing instead of decreasing. In this context, it is still of utmost realistic significance to stick to, not to abandon, the strategic thought, "to keep a low profile and make due contributions".

Nevertheless, sticking to this strategic thought does not mean clinging to established practices. The essence of this strategic thought cannot be inherited if it is not replenished and adjusted in line with the development and change of domestic and international situations in the past two

decades. This strategic thought was originally meant to deal with the US-led West world when relations with Western countries were the top priority for China's diplomatic work. But today, China's diplomacy faces a broader horizon, a more complex situation, more cooperative partners, and more competitors. If "to keep a low profile and make due contributions" is made a guideline for China, so as to deal with its relations with other emerging markets or global challenges, such as financial crisis and climate change, it is obviously inappropriate and pointless.

In order to stick to the essence of this strategic thought and avoid the negative connotation as a result of mistranslation or misinterpretation, I would like to make two suggestions. First, shy away from using the phrase as a declaratory policy statement to avoid its negative connotation, due to mistranslation and misreading, and replace it with "being modest and prudent." The phrase "to be modest and prudent" conveys no derogatory sense at home and abroad. It is more explicit in its meaning and properly reflects the essence of the Chinese culture. The Chinese government, Chinese enterprises, and Chinese citizens should all display the spirit of "being modest and prudent" in their exchanges with developed and developing countries, in their international economic and other activities, and in their overseas travel, work and study.

The second suggestion is to understand and express China's long-term strategic goals and development direction more accurately. Dai Bingguo once commented: "The objective of China's development boils down to one sentence: To build a harmonious society at home and help build a harmonious world abroad. This means China will, first of all, be responsible to its 1.3 billion people and then, also, to people around the world, it will contribute to world peace and development, so that the fruits of China's development can benefit both its own people and the international community" (Bingguo, "Sticking to the Path of Peaceful Development"). He also said: "Some say China wants to replace the US and dominate the world. That is simply a myth" (Bingguo, "Sticking to the Path of Peaceful Development").

But sometimes we can also hear another kind of thought and statement about the objective of China's development, the so-called "catch-up" idea, a typical example for which the slogan of "surpassing England and overtaking the United States" was popular during the "great leap forward" era in the 1950s. Now, some people pick up this cliché again and propose that surpassing the US economy and military should be a long-term objective of China's development. Some people believe that whatever the Chinese people want to build or do, they should set their sights high, and make it the world's highest, largest, strongest, most expensive, and most elegant and

realize “the Chinese dream” the same as “the American dream.” They are willingly drinking from the poisoned chalice of illusion and are oblivious to the fact that this is simply a myth.

Not to mention how the outside world will look at us if the second objective was publicized with great fanfare, given the realities of China’s large population, limited natural resources, deteriorating ecological environment, largely unfavorable geographic conditions, and relatively weak economic base, all of this would make the myth to rebuild an American-style superpower even stronger. The realistic strategic objective for the country should not be to overtake the US, but to surpass China itself. This should take into account domestic and international situations, based on the requirements of the Scientific Outlook on Development, it should also accelerate the transformation of the economic growth model, while putting emphasis on quality, not size, on people’s welfare, not projects for political scores, on social justice and harmony, not escalating social unrest, and on real efficiency, not various world ranks.

Internationally, China’s objective should evolve from saying “what it does not want” to saying “what it wants”, from pursuing the accumulation of power to making a contribution to the world through thought innovation and institutional innovation, from seeking overseas market shares and the expansion of demand for resources in the process of globalization to facilitating improvement of market rules and international institutions, and from promoting multi-polarization of the world of power politics to joining with countries around the world on developing the rule of law and justice in the international order and improving global governance. Only when China evolves from a major power with a large population, impressive economic power, and significant political influence to the one with great harmony, education, science and technology, and culture, can the dream of rejuvenating the Chinese nation come true.

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# Understanding China's Belt and Road Initiative – A new link pattern for deepened interaction between China and the world

## *Abstract*

The One-Belt-One-Road Initiative is a complete development strategy and framework of linkages for creating a deepened interaction between China and the world. The Silk Road economic belt, or land-based Silk Road, focuses on the large-scale regional economic cooperation between China and the countries and regions of Eurasia. The 21st century maritime Silk Road mainly involves an economic cooperation between China and the countries and regions along the coast of Eurasia. The China-Pakistan economic corridor and Bangladesh-China-India-Myanmar economic corridor will connect the above-mentioned land-based and maritime Silk Roads. The modern Silk Road will not only provide a link, but also a passage for the intercontinental economic cooperation on land and sea across Eurasia. Building the modern Silk Road cannot be accomplished at one stroke, and several countries must make certain accommodations for the strategy to be implemented. The One-Belt-One-Road Initiative allows China to become more active in the global arena and provides passage for the international community to enter its borders. China has chosen to cooperate and share the benefits of peaceful development with the international community, which is a new path for its development as a rising world power. While it may be new, this path reflects

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the Oriental wisdom. It also demonstrates China's sense of responsibility for and commitment to the future of mankind.

*Key words:*

the One-Belt-One-Road Initiative; the 21st century maritime Silk Road; connectivity; community of shared interests

## 1. INTRODUCTION

China's fast and sustained development has a huge impact on the whole world; that development, to a certain extent, has fundamentally changed international geopolitics and the trend of global economic development. What does the rapid rise of China mean for the world? What kind of relationship will China develop with the international community after its rise? Will China be able to explore a new path of peaceful development that parts with the idea that a strong country must be hegemonic and expansive? China needs to answer all of these questions clearly.

In fact, China has been trying to answer these strategic questions since it began implementing policies of reform and opening up to the outside world. The Chinese government has repeatedly made it clear that, although the nation is developing, it will not seek hegemony and global expansion. Instead, China will pursue a path of peaceful development and follow a good-neighbor policy. The Chinese government has long upheld the ideals of reform, openness, and peaceful development as its strategic goals for domestic and international affairs.

Since the 18th National Congress of the Communist Party of China, China has adjusted its foreign policy in six ways. First, the Chinese government has attached more importance to relations with major powers. It strives to establish a new type of major-power relationship with the United States, to promote a comprehensive strategic partnership of coordination with Russia, and to develop a comprehensive strategic partnership with the European Union (EU). Second, building friendships and partnerships with neighboring countries that advance the ideas of amity, sincerity, mutual benefit, and inclusiveness, is a central facet of its foreign policy. This makes the neighborhood diplomacy a top priority. Third, China plans to develop its navy to make the country a maritime power and to strengthen maritime awareness. Fourth, China plans to build what the Chinese government defines as a community of shared interests and common destiny, in which nations are bound together for mutual collaboration and work towards common goals. Fifth, it focuses on founding a new international political

and economic order that is just, equal, and peaceful. It also promotes development of new international relationships which feature mutually beneficial outcomes. Sixth, Chinese foreign policy includes a new security concept. By pursuing common, comprehensive, cooperative, and sustainable security, the Chinese government has initiated a new Asian security policy and insists that it is the right solution to global security problems.

Against such a backdrop, China proposes the development strategy and framework of the Silk Road economic belt and the 21st century maritime Silk Road. In addition, its government wants to include the China-Pakistan economic corridor and Bangladesh-China-India-Myanmar economic corridor to complete this plan for increased interaction and trade. With this strategic top-down approach, the government is attempting to address the issues that arise with rapid development of China and of the rest of the world. China has adopted a package of strategies that are logically consistent with others and in line with the development of its comprehensive national strength and its circumstances.

## 2. HISTORICAL MOTIVES FOR CHINA TO BUILD THE MODERN LAND-BASED AND MARITIME SILK ROADS

Historically, the ancient Silk Road linked Oriental and Occidental civilizations in Eurasia and provided a network for exchange between them. The Silk Road remains an icon of Chinese history and culture and holds much significance and value. In the east, the ancient Silk Road started in China. The Chinese not only traveled and traded on the Silk Road, but were also its explorers and builders on land and sea. Although the once-prosperous land-based Silk Road has disappeared in modern times due to various causes, the exploration of land communication across Eurasia has never stopped.

The Silk Road economic belt and the 21st century maritime Silk Road, that China currently proposes, have important implications. First, by conceptualizing economic strategies in this way, the Chinese demonstrate that the historical and cultural values inherent to the ancient Silk Road are still relevant for an exchange between nations. Second, China is intentionally reviving these values by incorporating them into contemporary policy. China also reassumes its historical role in the ancient Silk Road by revitalizing the spirit of exchange throughout Eurasia. Against the background of economic globalization, integration of global societies, and evolution of geopolitical

and economic circumstances, China will reshape cultural and economic exchange in a civilized, modern, and convenient manner, so as to create a friendly atmosphere in Eurasia as a whole.

### 3. THE CONDITIONS FOR THE ONE-BELT-ONE-ROAD INITIATIVE

#### *(1) The spillover effect of a deeper interaction between China and the world*

China has the second-largest economy in the world. Most remarkably, its recent development has deepened its interaction with the international community and has increased its interdependence to other nations. China is inseparable from the world and vice versa. China did not put forward a package of strategic planning as an occasional event. The land and maritime Silk Roads strategy expresses China's extensive interaction with the rest of the world. It also shows direct evidence of an economic cooperation between China and the international community. The economic cooperation between China and the EU has reached a high and deep level. In 2013, bilateral trade reached \$559.1 billion. More than 5 million people travel between these countries each year, and approximately 300,000 students study overseas, either in Europe or in China. China and the EU have one of the most important bilateral relationships in the world.<sup>1</sup> China and the EU have set a strategic goal to increase the two-way trade between them to 1 trillion US dollars (USD) by 2020. They are actively exploring the possibility of a free-trade area. However, China and the EU urgently need a new platform and plan for massive economic cooperation. The construction of the Silk Road economic belt will represent a vehicle through which to realize this strategic goal. "We should also study to combine China-EU cooperation with the initiative of developing the Silk Road economic belt, so as to integrate the market of Asia and Europe, energize the people, businesses, capital, and technologies of Asia and Europe and make China and EU the twin engines for global economic growth."<sup>2</sup>

During his visit to Indonesia in 2013, Chinese President Xi Jinping proposed that the bilateral trade between China and the Association of Southeast Asian Nations (ASEAN) should reach \$1 trillion by 2020. In

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<sup>1</sup> Xi Jinping's speech at the College of Europe in Bruges [http://news.xinhuanet.com/politics/2014-04/01/c\\_1110054309\\_4.htm](http://news.xinhuanet.com/politics/2014-04/01/c_1110054309_4.htm), accessed on Oct 31, 2014.

<sup>2</sup> Ibid.

2011, Chinese and Russian leaders formally suggested that Sino-Russia trade should climb to \$200 billion by 2020.<sup>3</sup> Moreover, the trade between China and India and between China and the Middle East will also increase substantially. The need to reach the above-mentioned \$1 trillion bilateral trade goals motivates the Chinese to implement the land-based and maritime Silk Roads strategy. Having goals of such magnitude also demonstrates the degree of cooperation and interactivity between China and other major world economies and economic organizations in Eurasia.

China is more actively reaching beyond its borders to promote the establishment of the Free Trade Area of the Asia-Pacific. It also advocates the interconnectivity with neighboring countries. China wishes to work with Asia-Pacific countries to build harmonious relations, lasting peace, and common prosperity. However, China's development is not limited to the Asia-Pacific area. It also maintains close economic links with countries in the Indian Ocean region. Moreover, China's economic development has entered into a new phase. The spillover effect of the Chinese economy requires a strategic plan and a long-term platform for cooperation. China's trade transportation network has become a bottleneck. The Silk Road economic belt and the 21st century maritime Silk Road provide a solution to these issues. "Significantly, a large section of China's trade figures are based on the maritime domain, with much less trade going by land. This overwhelming dependence on maritime trade had added new demands on the maritime areas."<sup>4</sup> Since the reform and the implementation of an open policy, China's sea-trade transportation has soared rapidly so as to make the country a maritime power. But China urgently needs an overall cooperative strategic plan to cover Eurasia and to reach its \$1 trillion trade goals with ASEAN and Russia.

China's rapid development made connecting it to the rest of the world an urgent problem. Because transportation networks to facilitate trade in Eurasia are lacking, some provinces in China have begun to explore opportunities to realize innovative railway transportation establishing new routes, such as Chongqing – Xinjiang – Europe, Zhengzhou – Xinjiang – Europe, Wuhan – Xinjiang – Europe, and Suzhou – Manzhouli – Europe.

<sup>3</sup> "Joint statement by Chinese President Hu Jintao and Russian President Medvedev on the 10th Anniversary of the Signing China-Russia Good-Neighborly Treaty of Friendship and Cooperation," [http://www.fmprc.gov.cn/mfa\\_chn/gjhq\\_603914/gj\\_603916/oz\\_606480/1206\\_606820/1207\\_606832/t831559.shtml](http://www.fmprc.gov.cn/mfa_chn/gjhq_603914/gj_603916/oz_606480/1206_606820/1207_606832/t831559.shtml), accessed on Oct 21, 2014.

<sup>4</sup> Srikanth Kondapalli, "China tosses maritime silk route bait to India," <http://www.indiawrites.org/diplomacy/china-tosses-maritime-silk-route-bait-to-india/>, accessed on Oct 12, 2014.

These new railways represent innovations to meet the demands of the Chinese economy and the spillover of its influence. They facilitate increased connectivity and surges in trade.

*(2) Meeting the demand for deep integration  
and systemic cooperation in Eurasia*

China's One-Belt-One-Road Initiative covers a wide geographic area, including Eurasia, North Africa, and East Africa.

Currently, there are four strategic international arrangements in Eurasia: the eastern expansion of the EU and the North Atlantic Treaty Organization (NATO), the US strategy of the "new Silk Road," the Russia-led "Eurasian Economic Union," and China's One-Belt-One-Road Initiative. Among the former three strategic plans, Russia's is both incompatible with and in contradiction to that of the EU and the United States. To a certain extent, these policies are confrontational and conflict with each other.

The Ukraine crisis indicates that the Eurasian strategic sphere needs a new platform for cooperation which accounts for local conditions. As circumstances of the times demand, China's One-Belt-One-Road Initiative has emerged to meet the need for strengthened cooperation in the Eurasian sphere. "The unraveling of Ukraine has brought to the fore three major foreign policy challenges for the West: the danger of isolating Russia, the conundrum of China's aloofness, and the pervasive lack of fresh ideas. Surmounting them will require a concerted drive to enhance cooperation and build trust among countries with disparate political systems and national interests. Chinese President Xi Jinping's Silk Road economic belt could contribute to such an effort."<sup>5</sup>

China's One-Belt-One-Road Initiative will function as a means to develop a new type of political and economic cooperation in the vast sphere of Eurasia. The Silk Road economic belt will encourage modes of cooperation and exchange that are multidimensional, and it will involve an exchange of goods based on an exchange of people. The Balkan conflicts and the Ukraine crisis show that Eurasia needs to be inclusive and cooperative. What Eurasia needs the most is to promote the overall development of major regions through cooperation. In the post-Cold War era, nations need to think differently from the way in which they did before and move towards trends that benefit the interests of all countries. China's One-Belt-

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<sup>5</sup> Ana Palacio, "Russia and the Silk Road Approach," <http://www.project-syndicate.org/commentary/ana-palacio-emphasizes-the-economic-and-security-benefits-of-china-s-latest-initiative>, accessed on Oct 10, 2014.

One-Road Initiative incorporates all of the components needed to build an intercontinental cooperation.

#### 4. THE PATH TO ACCOMPLISH THE ONE-BELT-ONE-ROAD INITIATIVE

The Silk Road economic belt covers all countries in Pan-Eurasia. It begins in the East in China. Russia and the Central Asia region form the core and pivot of the Silk Road economic belt, Europe is at the western end, and an extended line leads through North Africa. The Silk Road economic belt covers the western part of the Pacific Ocean and the Indian Ocean, which extends from East Asia, Southeast Asia, South Asia, the Middle East, North Africa, and East Africa to Europe. The China-Pakistan economic corridor will connect China's western region (Xinjiang) with the Indian Ocean. It will break the geographic isolation of China's hinterland from the sea. The Bangladesh-China-India-Myanmar economic corridor will connect China's southern region (Yunnan) with South Asian countries to form a strategic passage for economic cooperation.

China's One-Belt-One-Road Initiative already has a strong foundation, based on a series of sub-regional agreements of cooperation that have emerged across Pan-Eurasia and promote cooperation on connectivity and facilitate trade. In Southeast Asia and South Asia, for example, the Intergovernmental Agreement on the Asian Highway Network came into force in July 2005. This date marked the official start of the highway networks development throughout the regions included. In April 2011, 18 Asian countries signed the Intergovernmental Agreement on the Trans-Asian Railway Network, and the work on the railway initiative it outlined then began. In October 2010, the 17th ASEAN summit passed the Master Plan for ASEAN Connectivity. Additional series of connectivity plans since put in place include the connectivity plan of the South Asian Association for Regional Cooperation (SAARC), the 2009 connectivity plan designed under the framework of the Bay of Bengal Initiative for Multi-Sector Technical and Economic Cooperation (BIMSTEC), the regional connectivity project for Bangladesh-China-India-Myanmar (BCIM), the Great Mekong Sub-region Cooperation (GMS) economic corridor, the Pan-Beibu Gulf (PBG) Economic Cooperation, and construction of the Nanning-Singapore economic corridor. China has also initiated deals for energy pipelines with Russia and Central Asia.

These initiatives form the base and starting point for the implementation of China's One-Belt-One-Road Initiative. Instead of starting all over again, China can connect, coordinate, and integrate all kinds of sub-regional cooperative plans and initiatives for Eurasia. Thus, China will remove obstacles and walls to increase the benefits and efficiency of regional cooperation.

Although China's One-Belt-One-Road Initiative has multiple functions and strategic goals, they are specific and clear-cut, especially in regard to connectivity and trade facilitation. These two points have been incorporated and implemented throughout the entire package of plans, including the Silk Road economic belt, the 21st century maritime Silk Road, China-Pakistan economic corridor, and Bangladesh-China-India-Myanmar economic corridor.

Preparing for joint efforts to build a community of shared interests and common destiny throughout Eurasia, however, emerges as the most important overriding goal of China's One-Belt-One-Road Initiative. A community of shared interests refers to a group of related countries that has common concerns. Through cooperation, a community of shared interests works towards common goals. Conditions must be mutually beneficial to all in a community of shared interests, and mutual understanding between countries must exist. In a community of common destiny, each country must consider not only its own interests but also those of others when implementing its policies. This is the most important value that the community of destiny should uphold. The interests of countries converge when one gives consideration to the interests of others.

During the establishment of China's One-Belt-One-Road Initiative, the Chinese government has paid special attention to problems involved in implementing its concepts. It based the formation of the modern Silk Road on the Eurasian community of shared interests and common destiny. The principles of economic cooperation, equity, and mutual benefits shape the linkages developed for deepened interaction between China and the world. China has not chosen hegemony and expansion as ways to exert its influence, as most strong countries have throughout history. Instead, it bases its exchanges with the world on economic cooperation that is equal and mutually beneficial. This philosophy is key for China's success over the course of more than 30 years. China will continue to rise by relying on these principles.

During the course of its rapid evolution, China has, from experience, gradually developed ideas about dealing with neighboring countries. First, the principle of mutual benefits, equity, and mutual trust is fundamental for cooperation with neighboring countries. This principle stresses equity and mutual benefits and opposes the use of power and coercion in international relations. Second, the principle of inclusiveness emphasizes that countries

should learn from one another, appreciating the diversity and differences in paths of development and opposing attempts to judge the world with one standard. Third, the principle of a win-win cooperation stresses the awareness of a human community of common destiny, advocating mutual benefits through cooperation and opposing unilateralism and power politics. Fourth, the principle of a community of shared interests involves a tightly bound network of countries with common concerns. With its concept of a community of shared interests, China stresses that its interests converge with those of its neighboring countries. In other words, it asserts that the advantages gained through the community of shared interests are reciprocal: Neighboring countries can benefit from China's development, and China can benefit from the development of the countries which surround it.<sup>6</sup>

The Chinese government has introduced two noteworthy ideas in regard to international interests, mutual benefit, and the concept of a "free ride." It will uphold the new ideas of amity, sincerity, mutual benefit, and inclusiveness when it develops relations with neighboring countries. As a result, China's development will not only benefit neighboring countries in a better way<sup>7</sup>, but will also allow them to share in its successes. China wishes to provide neighboring countries with a free ride to take advantage of opportunities and to join in its sphere for common development. All countries are welcome to get on board the express train of China's development. As it cooperates with other developing countries, China will uphold moral principles while pursuing its own interests. China will not subscribe to the zero-sum approach. When it comes to specific projects, China will give more consideration to the interests of its partners.<sup>8</sup> These ideas stress the principles of not only equity and mutual benefits, but also of common interests. The modern Silk Road can run smoothly only by giving consideration to the interests of others: shared interests and common destiny. Eurasian connectivity and trade facilitation represents the most fundamental approach to realizing a community of shared interests and a community of common destiny.

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<sup>6</sup> See Xi Jinping's speech at the work meeting on neighborhood diplomacy <http://politics.people.com.cn/n/2013/1025/c1024-23332318.html>, accessed on: Oct 26, 2014.

<sup>7</sup> *Documents of the 18th National Party Congress of the Communist Party of China*, 2012 ed., (Beijing People's Publishing House, 2012), 45 Xi Jinping's speech at the work meeting on neighborhood diplomacy, <http://politics.people.com.cn/n/2013/1025/c1024-23332318.html>, accessed on Oct 26, 2014.

<sup>8</sup> See, Xi Jinping "Open up New Horizons for China-Mongolia Relations through Mutual Assistance – Speech by President of the People's Republic of China at the State Great Khural of Mongolia," [http://www.fmprc.gov.cn/mfa\\_chn/gjhdq\\_603914/gj\\_603916/yz\\_603918/1206\\_604450/1209\\_604460/t1184896.shtml](http://www.fmprc.gov.cn/mfa_chn/gjhdq_603914/gj_603916/yz_603918/1206_604450/1209_604460/t1184896.shtml), accessed on Oct 23, 2014.

## 5. THE VALUE OF THE ONE-BELT-ONE-ROAD INITIATIVE

As a strategic comprehensive plan, China's modern Silk Road aims to address the relationship of the nation with the rest of the world during the course of its rise. This process involves bilateral interaction and close linkages. It calls for mutual cooperation and China's integration into the international community. China's Silk Road strategy is an action plan for cooperation between China and the world and the international community. The strategy requires full participation of partner countries. China cannot realize this strategy alone. China based the One-Belt-One-Road Initiative on lessons it learned from the rise of Western powers. It wants to avoid the old ways of Western colonialism and coercion. The One-Belt-One-Road Initiative differs, in its essence, from the strategic thinking of Western countries when they became global in perspective. "China has proven that there is a result-oriented alternative to the Western 'democratic' capitalist model for nations aiming to be successful. It is building not one, but a myriad of, new Silk Roads, massive webs of high-speed railways, highways, pipelines, ports, and fiber optics across huge parts of Eurasia."<sup>9</sup>

China aims to build a new type of major-power relationship with the US while developing close strategic friendships with developing countries in Africa and Latin America. However, China has attached greater importance to the development of geopolitical and economic relations in Eurasia for several reasons. Most obviously, China is itself an important part of Eurasia, which naturally dictates that it should focus on development trends of the region. Second, Eurasia connects Africa and North America, as well as the Pacific Ocean, the Arctic Ocean, the Atlantic Ocean, and the Indian Ocean. Because of its position as a rising power, China cannot ignore such an important economic and political sphere. The EU lies at the western end of Eurasia. It is China's important economic partner. Russia is pivotal at the center and borders the EU, China and the Asia-Pacific. Russia has an independent voice on the international stage and is an important comprehensive strategic partner of economic coordination for China. Eurasia also possesses many danger spots. Between Europe and Asia, North Africa and the Middle East are fraught with contradictions and conflicts. Situations in Afghanistan and the Korean Peninsula are complicated and highly risky. A serious crisis has broken out between Russia and the EU,

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<sup>9</sup> Pepe Escobar, "The Birth of a Eurasian century: Russia and China Do Pipelineistan," [http://www.tomdispatch.com/post/175845/tomgram%3A\\_pepe\\_escobar%2C\\_who%27s\\_pivoting\\_where\\_in\\_eurasia/](http://www.tomdispatch.com/post/175845/tomgram%3A_pepe_escobar%2C_who%27s_pivoting_where_in_eurasia/), accessed on Oct 12, 2014.

and the Ukraine crisis indicates that Europe is not a land of peace and prosperity. All the above-mentioned factors require China to pay close attention to Eurasia.

As China pays close attention to Eurasia, a number of strategic pillar countries, such as Russia and Germany, have emerged. Though China, Russia, and Germany have maintained good relations with each other, the latter two countries are not ready to embrace a developing Eurasian strategic sphere that excludes the United States, and they do not plan to do so in the future. Eurasia needs to deepen its cooperation with the overall strategic plan for the common benefit, integration, and strategic interaction among its stakeholders. But all these moves are not aimed at rejecting the United States. China's One-Belt-One-Road Initiative asserts the need for cooperation throughout Eurasia. It is neither an institutional and strategic arrangement, nor an exclusive regionally organizational arrangement. Although China is the country that proposed, advocated, and promoted the idea of the One-Belt-One-Road Initiative, it is definitely not the only supporter of the idea. China should explicate this strategic idea and lobby relentlessly for it. China should make it clear to all the stakeholders that the implementation of the One-Belt-One-Road Initiative is in the interest of not only China, but also all other participants. The more China and the participants in the modern Silk Road share goals and interests, the more progress will be made in developing Eurasia. Eurasia will also be more stable, open, and harmonious.

The international community has responded warmly to the Modern Silk Road. It shows that China has chosen a peaceful way to cooperate and share its interests with the international community, as it rises in stature worldwide, rather than using its power to take advantage of other nations.

## 6. RELATIONSHIPS THAT NEED TO BE PROPERLY DEALT WITH, SO AS TO ACCOMPLISH THE ONE-BELT-ONE-ROAD INITIATIVE

The coordination of arrangements for domestic and international circumstances remains an important issue for China, as it tries to achieve the goals of the modern Silk Road: "We should keep in mind both the domestic and the international situations; the domestic situation involves China's two centennial goals (i.e. the goals of building a moderately prosperous society in all respects, by the time the CPC celebrates its centenary in 2021,

and turning China into a modern socialist country which is prosperous, strong, democratic, culturally advanced and harmonious by the time the People's Republic of China marks its centennial in 2049, proposed in the report of the 18th National Congress of the Communist Party of China in 2012) and the dream to rejuvenate the nation; while the international side's essentials for success include creating favorable external conditions for the country's reform and development; safeguarding the country's sovereignty, security, and development interests; and maintaining the world's peace and stability, so as to promote common development.<sup>10</sup> The Third Plenary Session of the 18th Central Committee of the Communist Party of China has decided to promote the modernization of the state government system and its governance, capacity, so as to deeply and more comprehensively further reforms, and open up the country. The Fourth Plenary Session forwarded the idea of administrating the country by law. These policies demonstrate China's willingness to reform and open up to achieve its dream. The core objective of the "Chinese dream" is also elaborated on through the "two centennial goals". The dream is firstly proposed by Xi Jinping, when visiting the Road toward Rejuvenation exhibition at the National Museum in Beijing on Nov 29 in 2012. Xi said: "Everybody has their own ideal, pursuit and dream. Today everybody is talking about the Chinese dream. I firmly believe that, by the time the CPC celebrates its 100th anniversary, we will no doubt have achieved the goal of completely building a well-off society, and by the time the People's Republic celebrates its 100th anniversary, we will become a prosperous, strong, democratic, civilized and harmonious socialist modernized country on its way to the ultimate great rejuvenation of the Chinese nation. This is the greatest dream of the Chinese nation in modern history." Realizing the Chinese dream requires a favorable international environment in which to respond to world changes. By finding the points at which domestic and international interests intersect, the modern Silk Road will have enough international support to succeed, and the goals of the Chinese dream will be met.

Second, the One-Belt-One-Road Initiative will realize China's national interests in Eurasia by providing comprehensive plans for relationships between the Silk Road economic belt, the 21st century maritime Silk Road, the China-Pakistan economic corridor, and Bangladesh-China-India-Myanmar economic corridor. The One-Belt-One-Road Initiative has extended beyond China's traditional international sphere of influence in neighboring areas, so as to include Eurasia and even Pan-Eurasia. The One-Belt-One-Road Initiative

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<sup>10</sup> Xi Jinping's speech at the work meeting on neighborhood diplomacy, <http://politics.people.com.cn/n/2013/1025/c1024-23332318.html>. Accessed on: Oct 26, 2014.

should take into account the Silk Road economic belt and the 21st century maritime Silk Road and properly divide up the work between them, while coordinating functions, spheres, and approaches to cooperation. Through the modern Silk Road, China will be able to carry out its diplomatic strategy and do its most to safeguard national interests while making the land-based and maritime Silk Roads important strategic platforms and vehicles for accomplishing China's Asian, European, and African strategies. The modern Silk Road will step across into the spheres of Asia, Europe, and Africa.

Third, the development of the Silk Road economic belt should be incorporated with all kinds of national economic programs. It should advance China's plan to improve its western region and to revitalize Northeast China's old industrial bases. China should also connect the implementation of the 21st century maritime Silk Road with its strategy to become a sea power. The development of the China-Pakistan economic corridor should be combined with the work in the northwestern region, especially of Xinjiang with construction of the Kashgar Special Economic Zone. China should also include the development of Bangladesh-China-India-Myanmar economic corridor in its Yunnan gateway strategy. In its overall strategic policy, the plans for the Yangtze River economic belt should be closely intertwined with the modern Silk Road. In addition, the modern Silk Road should involve opening-up strategies in coastal areas and the borderlands.

Fourth, neighborhood diplomacy has become a priority of China's overall foreign policy. In October 2013, the central authorities of the Communist Party of China (CPC) held a meeting to draft policies for carrying out the neighborhood diplomacy in a better way and formulating strategic goals and approaches for its implementation. The modern Silk Road was fundamental to those plans.

Fifth, the modern Silk Road has implications for relations with all major political forces in Pan-Eurasia. Since the influence of the One-Belt-One-Road Initiative extends across this region, it creates vistas for an intercontinental cooperation. Many countries and regions fall within this sphere. They have different levels of economic development, various development strategies and policies, and divergent views on their relationships with China and the world. These countries interrelate on different levels, and their interest-based relationships are complicated. All of these factors have added to China's difficulties in obtaining consensus for implementation of the modern Silk Road and have led to a lot of uncertainty. China should strengthen its policy coordination with related countries, so as to ensure policy consistency in Eurasia.

Sixth, China must take the United States into full consideration when developing the modern Silk Road. The United States have adopted the strategy of rebalancing the Asia-Pacific against the rise of China. It aims to contain China's further development, cement its traditional hegemony in the region, and stabilize its relationships with its Asia-Pacific allies. China will be unable to avoid the US interference as it develops the 21st century maritime Silk Road and Bangladesh-China-India-Myanmar economic corridor. The Chinese government will feel the US pressure in East Asia, Southeast Asia, South Asia, West Pacific, and the Indian Ocean. Second, China's Silk Road economic belt and Bangladesh-China-India-Myanmar economic corridor will collide with the US strategy. The United States does not want China to play a leading role in Eurasia. It, therefore, will take all kinds of measures to contain China's unique influence in Eurasia. The United States will try to persuade Afghanistan, Pakistan, and Central Asian countries to side with India and countries in the Indian Ocean, rather than with China and Russia, so as to impede Russian and Chinese influences. Finally, China intends to break the US strategic encirclement of the Asia-Pacific modern Silk Road. The modern Silk Road will resolve the strategic dilemma of Strait of Malacca, reduce China's overdependence on sea transport, and redirect China's focus away from the southeast. The modern Silk Road will also connect the Indian Ocean to China's western region, creating a vital trade passage. Second, the United States is determined to develop a US-led international economic order. It wants to reshape the international trade rules and defend its leading role in writing new global free-trade agreements. The Trans-Pacific Partnership and the Trans-Atlantic Trade and Investment Partnership, which the United States advocates, do not include China. Meanwhile, China has seized the opportunity to propose the modern Silk Road, which covers the entire geographic sphere of the Pan-Eurasia. While the US strategy extends across the Pacific and the Atlantic oceans, China's involves the continents of Asia, Europe, and Africa. However, China and the United States have not engaged in an all-out competition in the realm of Asia-Pacific policy. Their respective economic programs are so complex that they conflict in some respects and are mutually beneficial in others.

Seventh, China must take into account security and other issues, and must merely focus on the economic development, as it strengthens relationships in Eurasia. In recent years, the competition between major powers and intensified conflicts in West Asia and North Africa and have further destabilized Eurasia. Yet the land-based and maritime Silk Roads both transect this region. A part of China's energy supply also comes from this region. China, therefore, needs to focus more attention on the role of

this region in the modern Silk Road. While circumstances in traditionally unstable areas remain relatively unchanged, new hotspots have emerged. The Ukraine crisis has created a new flashpoint in Europe. In 2014, the rise of the Islamic State of Iraq and al-Sham (ISIS) in Iraq and the continuous surge of religious extremism threaten this region's peace and stability. After the withdrawal of the US army, the situation in Afghanistan has become volatile, and extreme religious forces will probably stage a comeback. Religious extremism from the Middle East, Central Asia, and South Asia has spread continuously into Xinjiang to threaten the security of China's northwest border. These destabilizing influences impede development of Xinjiang and obstruct China's efforts to advance the Silk Road economic belt into its western territories. China needs to take all of these factors into consideration when implementing the One-Belt-One-Road Initiative.

Eighth, China does not intend for the One-Belt-One-Road Initiative to replace all kinds of international organizations in Eurasia. Instead, it must work in cooperation with the Shanghai Cooperation Organization (SCO) and the Eurasian Economic Union (EEU). By linking up with them, the modern Silk Road will enable these international organizations to be more efficient and effective. Chinese President Xi Jinping clearly stated that his nation welcomes the active participation from SCO member states, observer states, and dialogue partners, so that they can work out plans, build projects, share benefits, establish a new model of regional and south-south cooperation, and promote the connectivity and new industrialization of the region.<sup>11</sup> There is plenty of room for cooperation between China's One-Belt-One-Road Initiative and Russia's EEU. The two initiatives do not exclude or conflict with each other. Instead, they complement each other.

Ninth, China must coordinate the One-Belt-One-Road Initiative with other Eurasian countries' regional strategies. Russia has advanced a strategic plan for developing its far-east region. Kazakhstan similarly proposed its own development strategy, and Mongolia introduced the Ulaanbaatar Dialogue on Northeast Asian Security and the initiative for a "passage to grassland." China should join its strategic plans with those of Russia, Kazakhstan, and Mongolia to maximize the benefit of cooperation. For instance, the potential is huge for China-Mongolia cooperation on a railway and highway connectivity, development, and deep mineral processing. Such potential should be transformed into real economic benefits. The economies of China and Mongolia also complement each other; China's market, capital,

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<sup>11</sup> Xi Jinping, "Working Together with Sincerity and Dedication to Take SCO to a New Level," [http://www.fmprc.gov.cn/mfa\\_chn/gjhdq\\_603914/gjhdqzz\\_609676/lhg\\_610734/zjh\\_610744/t1190748.shtml](http://www.fmprc.gov.cn/mfa_chn/gjhdq_603914/gjhdqzz_609676/lhg_610734/zjh_610744/t1190748.shtml), accessed on Oct 20, 2014.

technology, and transportation corridors coupled with Mongolia's rich natural endowment promise great opportunities for closer cooperation.<sup>12</sup>

Tenth, China's modern Silk Road also needs to fit well with the Free Trade Area of the Asia-Pacific (FTAAP). The FTAAP aims to mitigate the risk of fragmented regional economic cooperation. It seeks new forces for growth in the post-global-financial-crisis era, and it addresses the financing bottleneck that hinders connectivity construction. The FTAAP is an open and highly integrated trade arrangement that operates across the Pacific. In face of new changes of international conditions, the Asia-Pacific needs to renew initiatives that open up the region and that encourage exchange and integration on a grand scale. China has proposed the goal and roadmap for promotion of the FTAAP.<sup>13</sup> The China-South Korea Free Trade Agreement (FTA), the China-Australia FTA, and the FTAAP will also help promote China's One-Belt-One-Road Initiative. The FTAAP and the modern Silk Road will expand the super-regional economic cooperation arrangement to Eurasia and the whole Asia-Pacific.

Finally, China also needs to find ways to resolve the remaining disputes with related Asian countries. Problems with some countries have persisted since World War II or even earlier. Historical problems regarding the South China Sea between China and Japan profoundly affect China's One-Belt-One-Road Initiative. Many possible solutions exist. China should rely more on the Oriental wisdom to solve problems, diffuse tension, and advance harmony. Furthermore, China should embrace the Asian approach of feeling out and achieving comfort levels in relationships with other nations that encourage mutual understanding and respect. This approach embodies the Asian tradition of diplomatic relations among neighbors. Moreover, China should advocate openness and inclusiveness. It should seek common ground while resolving differences. And, last but not least, China should pursue mutually beneficial policies to construct a bigger set of common interests.<sup>14</sup>

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<sup>12</sup> Xi Jinping's signed article published on Mongolian media [http://news.xinhuanet.com/politics/2014-08/21/c\\_1112172340.htm](http://news.xinhuanet.com/politics/2014-08/21/c_1112172340.htm), accessed on Oct 24, 2014.

<sup>13</sup> Xi Jinping, "Shaping the Future through Asia-Pacific Partnership – Opening Speech at the 22nd APEC Economic Leaders' Meeting," [http://news.xinhuanet.com/world/2014-11/11/c\\_1113203721.htm](http://news.xinhuanet.com/world/2014-11/11/c_1113203721.htm), accessed on Nov 11, 2014.

<sup>14</sup> Xi Jinping, "Open up New Horizons for China-Mongolia Relations through Mutual Assistance."

## 7. CONCLUSION

China's One-Belt-One-Road Initiative consists of a collection of strategies that are independent from and interwoven with each other. The Silk Road economic belt focuses on a large-scale regional economic cooperation between China and the countries and regions of Eurasia. The 21st century maritime Silk Road primarily deals with the economic cooperation between China and the countries and regions along the coast of Eurasia. The China – Pakistan economic corridor and Bangladesh – China – India – Myanmar economic corridor will connect the above-mentioned land-based and maritime Silk Roads to become a passage for intercontinental economic cooperation on land and sea across Eurasia. This situation creates a new pattern of linkages for a deeper interaction between China and the world.

The economic cooperation forms the most important plank of the platform for the One-Belt-One-Road Initiative. It represents the most fundamental characteristic and is the essence of the strategy. China's reform and open attitude have benefited the most when it comes to its rise in world's stature. Through opening up, China has integrated smoothly into the current international economic order. China needs to expand further into the global sphere, although its economic interests have extended deeply into other parts of the world. The One-Belt-One-Road Initiative extends China a step further globally, and it provides the international community with a strategic way to cooperate and interact with it.

During its rapid rise, China has focused its One-Belt-One-Road Initiative on a mutually beneficial economic cooperation, but that strategy does not mean that it has ignored all the security issues, confrontations, and conflicts of interest in the world. China developed its strategies for intercontinental and regional cooperation in Pan-Eurasia because of the presence of many unstable factors, particularly in Eurasia. China has proposed "five connectivity" initiatives (i.e. policy coordination, facility connectivity, unimpeded trade, financial integration and people-to-people bonds) that are meant to achieve connections and facilitated trade across Eurasia. Through this cooperation, all countries will develop a community of shared interests and common destiny and realize lasting stability and peace in Eurasia.

China's One-Belt-One-Road Initiative and the FTAAP it advocates will provide huge opportunities for economic cooperation, by encompassing Eurasia and the Asia-Pacific, which includes all the major continents in the world and the Pacific, Indian, and Arctic oceans. The One-Belt-One-Road Initiative provides new patterns of linkage between China and the

land sphere of Eurasia, while the FTAAP provides new connections between China and the Asia-Pacific. China is at the crossroads which joins the two together.

Connections and facilitated trade are at the foundation of China's One-Belt-One-Road Initiative. China will advance the idea of free-trade areas wherever conditions permit. China's One-Belt-One-Road Initiative seeks to establish a community of shared interests and common destiny in Eurasia. As the international economic order has become increasingly fragmented, the Chinese concepts of community of shared interests and common destiny should become the soul of economic globalization, while connectivity and trade facilitation will become the adhesive for economic globalization and regional economic cooperation. Connectivity and trade facilitation will be the fundamental measures of the success of the modern Silk Road.

During its rise, China has promoted the principle of mutual benefit and inclusiveness. By advocating inclusiveness, China not only recognizes the differences among nations, but also encourages them to learn from each other. China has also incorporated the ideas of amity and sincerity into its foreign and economic policies. It has allowed neighboring countries a free ride to share in its successes. The Chinese government has bolstered a sharing of interests among nations. It seeks ways to accommodate the comfort levels of all during the cooperation, which is the Asian approach to solving problems, diffusing tension, and advancing harmony using the Oriental wisdom. Using all of these ideas and principles, China has developed a set of strategies for peaceful development, which are embodied within the One-Belt-One-Road Initiative and the FTAAP. China has chosen peaceful development, mutually beneficial cooperation, and a platform and strategic plan for a deeper interaction with the world. These policies show that a rising power need not be expansive, coercive, or hegemonic in nature, and they highlight China's sense of responsibility for and commitment to the future of mankind. China, of course, has clearly realized that today's international conditions are complex and that many unstable and even dangerous factors persist. The Chinese government understands that it must continue to deal with power politics underlain with desires for dominance and with unreasonable demands for international order. In this international milieu, China is trying to tell the world, using the most direct and simple ideas, approaches, and actions, that only sustained, deepened, comprehensive, and sincere international cooperation can make the world peaceful, happy, and prosperous.

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# Connotation, Orientation and Path of the Belt and Road Initiative

## *Abstract*

The Central-Asia economic belt forms the core of the One-Belt-One-Road Initiative. This economic belt, on the rim of Central Asia, is pivotal to the One-Belt-One-Road Initiative. The Eurasian economic belt is an extension of the One-Belt-One-Road Initiative. It features a set of transformations in the national security policy, from a passive to an active foreign relations policy, from unilateral border security to multidimensional cooperation, and from separation of domestic affairs and diplomacy to the integration of both domestic and foreign affairs. The One-Belt-One-Road Initiative involves a contemporary trade and economic

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cooperation. It is an advanced edition of the ancient Silk Road which has had strategic significance. By nature, it is based on history, but designed for the future, and it transcends time and space by integrating political, economic, internal, and external affairs. By content, it is a comprehensive policy which combines the option of opening up to the west and developing westward. By genesis, several generations of leaders have developed it to project national security and economic strategies. Constructed in the joint effort to open up a continental strategic passage which would promote westward opening, the modern Silk Road involves a comprehensive strategic project. Based on the framework from the Shanghai Cooperation Organization (SCO), it requires multiple mechanisms to advance simultaneously. It also requires a progressive application of each of its components — from the simple to the more complex. Strategically speaking, trade and economy dominate the modern Silk Road. It, therefore, needs to move ahead in multiple dimensions. Through security and stability, trade and economic development, and public diplomacy, the communication between China and Central-Asian countries should constantly move ahead regarding policy coordination, connectivity of the facilities, unimpeded trade, financial integration, and people-to-people bonds, and it should ensure a grand friendly regional cooperation.

*Keywords:*

Regional Economies; One-Belt-One-Road Initiative; Westward Opening; Central Asia Economic Belt

With increasingly intensified international situations, complicated economic and social development, deeper reform and opening up, the scope of China's national security has continuously expanded. At the same time, non-traditional security challenges, including territorial security, border stability, energy security, and economic security, have all become more significant.

In order to improve the national security system, China must actively and steadily shift its focus regarding the national security strategy from a passive to an active one. It must realize when active or preventive measures are necessary and recognize what measures need to be comprehensive and which ones need to be tailored to fit particular circumstances. In addition, the Chinese government must combine traditional and non-traditional challenges in national security. Launching a diversified strategic trade route, jointly building the maritime Silk Road and the land Silk Road, is crucial to establishing a new national security system. On September 7<sup>th</sup> 2013, Chinese President, Xi Jinping, proposed, during a keynote speech he made in Kazakhstan, to build the One-Belt-One-Road (OBOR) with neighboring nations.<sup>1</sup> "The One-Belt-One-Road Initiative will promote

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<sup>1</sup> Xi Jinping, "Promote the people's friendship for a better future – a speech at the University of Nazarbayev," *People Daily*, September 8, 2013, p. 3.

political, economic, and diplomatic efforts to strengthen balanced regional development and to develop an international economic corridor which expands from the east through the central areas to the west and links the North to the South. It will create a new situation, an all-around opening up, which will further the global interaction and exchange of China and the entire Asia-Europe-Africa region. In order to maximize efforts to open the strategic land passage, China will need to integrate the One-Belt-One-Road Initiative into the latest national security and economic strategies<sup>2</sup> to develop an overall national economic strategy and a brand-new national security system.

## 1. THE CONCEPT AND ANALYSIS OF THE ONE-BELT-ONE-ROAD INITIATIVE

Which areas will the OBOR cover? What kind of cooperative mechanisms will it adopt? What benefits will the OBOR bring to China and all the geographic regions involved in it? So as to answer these questions, the history and reality of the OBOR must be explained, and a complete analysis of its prospects, opportunities, and mechanisms must be laid out.

### (1) *Concept analysis*

Historically, the Silk Road is an ancient trade route which begins in the old capital of Chang'an (present-day Xi'an city), the center of politics, economy, and culture in ancient China. It refers to the overland commercial route connecting Asia, Africa, and Europe, which goes over the Longshan Mountain, follows the Hexi Corridor, goes through the Yumenguan Pass and the Yangguan Pass, reaches Xinjiang, stretches along the oasis and the Pamir Plateau, crosses Central Asia, Western Asia and Southern Asia, and then leads to Africa and Europe.<sup>3</sup> Though traders originally used it only to

<sup>2</sup> Hu Angang, Yan Yilong, and Yang Zhusong: "How to build a Chinese economy in advanced edition," *China Study*, special edition 6, June 27, 2013.

<sup>3</sup> See United Nations Educational Scientific and Cultural Organization (UNESCO), "Chinese Section of the Silk Road: Land routes in Henan Province, Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Hui Autonomous Region, and Xinjiang Uygur Autonomous Region; Sea Routes in Ningbo City, Zhejiang Province and Quanzhou City, Fujian Province – from Western-Han Dynasty to Qing Dynasty" United Nations, Ref.:5335, <http://whc.unesco.org/en/tentativelists/5335/>, accessed on December 10, 2019. This document states that "The Silk Road is the ancient trade route that starts in the old capital of Chang'an, the present-day Xi'an city and the center

transport silk made in ancient China, it is a main road which links the East with the West economically, politically, and culturally.

The OBOR is a modern, updated version of the ancient Silk Road for trade and economic cooperation. Deemed the most promising economic corridor in the world, the Silk Road forms the land bridge between Asia and Europe. Building the OBOR will bring great opportunities for the development of areas in its way. However, the regions through which it runs have their own unique features and are each developed to a certain (differing) extent and in different ways. Therefore, advances which take place along the modern Silk Road as it develops, will not be uniformed and will display apparent regional features: "While it links the prosperous Asia-Pacific economic circle at one end and the developed European economy at the other, it has an economic lowland between China and the Central Asia area."<sup>4</sup> The OBOR, accordingly, can be divided into three levels, whose east end starts in China, with gradually broadening its geographic coverage and functions. The first level are the Central Asian economies, which include Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Turkmenistan. The second level comprises of the Central Asian Circle economic region. It covers Central Asian economies, which is the first level, Russia, South Asia, and West Asia. In addition to Central Asia, this second level includes Russia, Afghanistan, India, Pakistan, Iran, Azerbaijan, Armenia, Georgia, Turkey, Saudi Arabia, and Iraq. The third level, the Euro-Asian economic belt, which covers the first two levels, includes Europe, and North Africa. Germany, France, Britain, Italy, and Ukraine form the European portion of this economic belt. Egypt, Libya, and Algeria are the North African nations which fit into this geographic area.

The Central Asia economic belt is the core of the OBOR. In terms of economic development, Central Asia is at the low end of the OBOR, featuring depressed economic conditions and considerable social instability. Central Asia is at the heart of Asia and contains the land passage which connects this continent and Europe. In 2012, Central Asia, not including China, had a total population of 65 million inhabitants and an aggregated gross domestic product (GDP) of \$298.7 billion. Central Asia shares more than 3,000 km

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of politics, economy, and culture in a long period of ancient China. It refers to the overland commercial route connecting Asia, Africa, and Europe, which goes over the Longshan Mountain, follows Hexi Corridor, passes Yumenguan Pass, and Yangguan Pass, reaches Xinjiang, stretches along the oasis and the Pamir Plateau, enters the Central Asia, crosses Central Asia, Western Asia, and Southern Asia, and then leads to Africa and Europe."

<sup>4</sup> Zhu Xiangping, Zou Xiangyang: "Thought on the China-Central Asia New Silk Road Economic Belt," *Northeast Asia Forum*, No. 5, 2006.

of borders with China. Along with China, it faces the same three forces — terrorism, separatism, and extremism<sup>5</sup> — while in need of and potential for development and cooperation. In partnership with China, Central Asia seeks regional stability, energy and resources, economic exchanges, and trade. Since the establishment of SCO in 2001, China has become the most important trade and investment partner for Central Asian countries, but China needs to increase its share in their trade and investment further.

The economic belt on the rim of Central Asia is a pivotal area of the OBOR. This region is in the center of Eurasia and of the OBOR. It has a great strategic significance for building the land passage between Asia and Europe. This area, including Central Asia, but not China, has a population of 1.96 billion inhabitants and an aggregate GDP of \$7.8 trillion. Except for oil-rich countries, such as Saudi Arabia, which are considered part of this region, the levels of economic development of these countries vary a lot. As a whole, however, this geographic area remains relatively under-developed. The major trading partners of these nations include primarily developed economies, including the United States and the European Union (EU). Meanwhile, China's share of trade with the region remains small. China's economic exchange with the rim of Central Asia needs to be escalated rapidly to take advantage of the potential that exists there. Because this area is rich in oil and natural gas, it is one of China's main sources of energy. Therefore, this area represents a strategic area for energy security and has a large potential for trade and economic exchanges.

The Eurasian economic belt extends the area of the OBOR into the major countries and regions of Eurasia. It completes the map of the OBOR. This region, which includes the rim of Central Asia, but not China, has a total population of 1.96 billion inhabitants and an aggregate GDP of \$26.7 trillion. The European part, at the west end of the OBOR, as a whole, has a high level of economic development and trade activity and boasts economic prosperity and stability. In particular, the economy of Western Europe is highly developed. It is one of the most economically concentrated areas in the world. The EU and China, at the two ends of the OBOR, have become the second-largest trade partners with each other. They continue to deepen their social and economic exchanges, and they cooperate in the sectors of science and technology, culture, and education. China imports a lot of technology from the EU, and many Chinese students study abroad. But China and the EU have carried out their trade and economic exchanges mainly through the sea routes. China urgently needs to extend the land

<sup>5</sup> The Shanghai Convention on Combating Terrorism, Separatism and Extremism, 2001, <http://www.refworld.org/docid/49f5d9f92.html>, accessed on December 12, 2019.

passage in order to expand trade and economic exchange and to increase cooperation regarding science, technology, culture, and education.

## *(2) Policy formation*

Since ancient times, Central Asia has always played a key role in China's foreign relations. With the OBOR, China has carried forward and integrated its Central Asian policy with its regional development policy. Opening up more to western nations, developing its western regions, and establishing a Eurasian land passage is necessary for achieving balanced development and protecting its national strategic security.

Since the Third Plenary Session of the 11<sup>th</sup> Communist Party of China's (CPC) Central Committee, China has achieved a rapid economic growth through reforms and opening up to the West. The international situation suddenly changed as the Soviet Union collapsed in 1991, and Central Asian countries became independent. The relationship between China and Central Asia has evolved into a one-to-five multilateral relationship. At the same time, the rise of Separatism extremism, and terrorism has continuously worsened Central Asia's security situation and affected China's northwestern Xinjiang region. Since the beginning of the 21<sup>st</sup> century, China and Central Asian countries gradually developed common interests and deepened their cooperation in response to the emergence of increasing energy problems. Most notably, they established the SCO in 2001. Meanwhile, China began to attach more importance to the development of western regions and implemented the western development plan, so as to further promote coordinated regional development.

In recent years, regional integration has developed, and tension has arisen in neighboring areas. China's relations with countries it borders, especially those with which it has territorial disputes, have sometimes become strained. At the same time, regional economic integration has accelerated. China has become a major trade partner for neighboring countries, one after another. China has strengthened its trade and economic ties with these countries and frequently interacted with them. "[China] should accelerate the implementation of the free-trade area strategy in neighboring areas, expand space for trade and investment cooperation, and develop new foundations for regional economic integration. [It] should actively participate in regional or sub-regional security cooperation activities so as to enhance strategic trust. [It] should accelerate the interconnection of infrastructure, in order to successfully build the OBOR, and [it] should accelerate opening up its border areas and deepen the mutually beneficial

cooperation between border provinces and regions with neighboring countries.”<sup>6</sup> This statement shows that the OBOR will boost development of border areas and support regional economic integration. In other words, it will advance western development and regional integration.

### *(3) Strategic characteristics*

The OBOR shows the following strategic characteristics.

From defensiveness to assertiveness. Since ancient times, China's Central Asian policy has mainly involved security defense. In contrast, the new OBOR is an active strategy which not only strengthens trade and economic exchanges, but also enhances defense against non-traditional security challenges.

From unilateral border security to multilateral overall cooperation. The ancient society developed the Silk Road primarily to maintain military security and border stability and to guarantee the security of inner areas. Based on trade and economic development, the new OBOR will facilitate an all-around exchange and cooperation on investment, trade, agriculture, science, technology, and security. Thus, it will deepen the cooperation between China and Central Asian countries, so as to serve the country's overall national security strategy.

From separation to integration of domestic and foreign affairs. In the past, Central Asian policy developed almost independently with little consideration or regard to the position of the area relative to the circumstances that existed in China's northwest region. In other words, Chinese rulers put Central Asian policy in the realm of foreign policy, and it treated the development of policy related to its western regions as a regional issue. After the establishment of New China, the government relocated industrial sectors into the hinterland and created a plan for western development, because of concerns regarding the economic imbalance among regions, development of resources and energy, and national defense security. Through integration, the OBOR will establish a reciprocal relationship between western development and westward opening up.

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<sup>6</sup> Xi Jinping, “A Speech at the Neighborhood Diplomacy Work Meeting,” October 25, 2013, [http://news.xinhuanet.com/politics/2013-10/25/c\\_117878897.htm](http://news.xinhuanet.com/politics/2013-10/25/c_117878897.htm).

## 2. THE STRATEGIC SIGNIFICANCE OF THE ONE-BELT-ONE-ROAD INITIATIVE

Asian and European countries will focus on trade and economic cooperation as they build the OBOR. Yet, the modern Silk Road will also be of great strategic significance to all sectors of national security — national defense, economic and trade security, energy security, and border security. Domestically, joint efforts to build the OBOR will provide more development opportunities and promote regional economic growth along the belt. It will also boost balanced economic development and bridge gaps in the country's regional development. Diplomatically, such efforts will help open up the land passage through Asian and European countries. This land passage will promote comprehensive cooperation through trade and economic development, deepen mutual benefits, faregional security cooperation, and safeguard peace and stability in related regions. It is, therefore, obvious that the OBOR is not a simple replica of the ancient Silk Road. Instead, by nature, it transcends the historical version and integrates the political, economic, domestic, and diplomatic affairs, and it expands the ancient Silk Road in the scope of time and space. The modern Silk Road is a comprehensive policy that combines westward opening up and western development. Formulated by several generations of Chinese leaders, it represents national security and economic strategies which have advanced well beyond the original.

### *(1) Economic Security*

As the Chinese economy is becoming increasingly integrated globally, it is becoming more and more dependent on international economic trends. China's trade powerhouses are located mostly in eastern and southern coastal areas, especially along the southeast coast. As a result, the country depends heavily on limited sea lanes. In terms of China's merchandise trade, 87.4 percent of total import and export, 86.4 percent of export, and 88 percent of import occur in eastern coastal areas ranging from Liaoning to Guangdong.<sup>7</sup>

China-related trade and regional disputes have also increased as the nation has been on the rise. The Chinese economy is growing rapidly, and its national strength is continuously increasing. Concomitantly, the geopolitical and strategic situation has undergone constant change. On the one hand,

<sup>7</sup> The statistics of import and export of goods trade is collected according to the territory of destination supply, quoted from *China Statistical Abstract 2013*.

its national interest inevitably requires overseas expansion, as the country increasingly depends on global resources and trade. On the other hand, the rise of China's global influence has changed the balance of power in East Asia and the world and caused increases in the number of China-related regional disputes. Western powers, represented by the United States and land and sea neighboring countries, such as India and the Philippines, all have to be on the alert against China during periods of cooperation and competition. They even tried to strategically contain China by developing a sea-based strategic encirclement. National security issues include not only the traditional security challenge of the potential threat of military conflict, such as China's clash of interests with the United States and Japan, but also non-traditional security challenges, such as trade sanctions against key materials, or sensitive problems, such as trade, grain, energy, ethnic issues, and antiterrorism.

The energy security of China has become a particular concern in recent years. First, the imbalance of supply and the demand has worsened. China's ratio of dependence on foreign oil reached 58 percent in 2012.<sup>8</sup> According to the forecast of the International Atomic Energy Agency, China's dependence on foreign oil will reach 68 percent in 2020. The country's current oil reserve is not sufficient, and its oil reserve system is not complete. Second, oil imports are not concentrated in many nations. More than 70 percent of China's oil import came from the politically instable Middle East and Africa. Third, the route for oil trade is limited. China mainly imports oil through sea-lanes, and 80 percent of oil imports will go through the sea-lane of the Indian Ocean, namely the Strait of Malacca. This situation causes the Malacca dilemma<sup>9</sup> and seriously affects the national energy security. Opening up the southward land passage to Southeast Asia and the westward land passage to Central Asia has become urgent. Development of Central Asia, especially the Caspian Sea area, will help diversify the oil supply, while linking the Middle East via land passage through Central Asia. This land passage will make it easier to obtain oil and reduce dependence on the Strait of Malacca.

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<sup>8</sup> Zhang Ping, head of the NDRC, answered questions from domestic and foreign journalists on the "Economic and social development and macroeconomic adjustment," on March 6, 2012. See [http://news.xinhuanet.com/2013lh/2013-03/06/c\\_132212510.htm](http://news.xinhuanet.com/2013lh/2013-03/06/c_132212510.htm), accessed on December 12, 2019.

<sup>9</sup> The Strait of Malacca connects China's South Sea and Andaman Sea and is the critical pivot communicating Asia, Africa, Europe and Oceania. Chinese ships take up 60% of the 140 daily shipments through Malacca. 80% China's gasoline supply has to be transported via the strait. Therefore, the Chinese resource security is largely affected by the situations in Malacca, which is considered as the Malacca dilemma.

### *(2) Regional Stability*

On the map of the OBOR, Central Asia is the key link. Therefore, the geopolitical situation in Central Asia will deeply impact China's national interests. China and Central Asia connect closely geographically, sharing more than 3,000 km of borders. The border between China and Kazakhstan extends as long as 1,700 km. In particular, China's Xinjiang area borders Central Asia. Therefore, Central Asia and surrounding countries influence heavily Xinjiang in the areas of security, trade and economic exchanges, and religion. In regional stability structure, all kinds of international forces have tried to influence Central Asia. Since the Afghanistan war, the United States has actively courted Central Asia by providing massive military assistance to build a US-led security system. US influence in Central Asia has continuously grown, but the United States somewhat eased its political influence in Central Asia after the Color Revolutions<sup>10</sup>. Apart from that, Central Asia is now under deep influence of the three forces of terrorism, separatism, and extremism as well.<sup>11</sup>

### *(3) Regional Development*

Since the center of gravity of the Chinese economy is in southeastern coastal areas, the country depends heavily on sea lanes. To avoid excessive dependence on sea lanes, the country must find balance when it comes to development between various regions. In order to realize the balanced development of all regions, the country must construct a convenient land passage. For the regional economy, the country needs to promote balanced development between regions and speed up development of central and western regions, especially in areas of strategic significance. So as to open up the external passage, the country must advance its strategy of moving west to actively develop the land passages to Southeast Asia in the south and to the great Central Asia in the west. In particular, the westward passage through the Eurasia land bridge will provide a vital link for international exchanges.

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<sup>10</sup> The color revolution, which can also be referred to as the Flower Revolution, talks about the series of non-violent change of political regime happening in Central Asia and East European countries at the end of 20<sup>th</sup> century.

<sup>11</sup> The Shanghai Convention on Combating Terrorism, Separatism and Extremism, 2001, <http://www.refworld.org/docid/49f5d9f92.html>

### 3. GEOPOLITICAL AND ECONOMIC ANALYSIS OF THE ONE-BELT-ONE-ROAD INITIATIVE

The economic geography of the OBOR has two high ends and a low central part. The two high ends are the Asia-Pacific economic circle in the east and the European economy in the west. The relatively underdeveloped portion in China's central and western areas, Central and West Asia, represent the economic lowland of the belt. Central Asia, which runs through the continents of Asia and Europe, is the vital core of this economic belt. Hillary Clinton pointed out that the strategy of the New Silk Road aims to strengthen links between Afghanistan, India, and Central Asia. President Xi Jinping chose to introduce the OBOR in Kazakhstan. Clinton and Xi Jinping both pointed out the key role of Central Asia. On the map of the OBOR, Central Asia is the core node, the only path, and the strategic center. Central Asian policy is of great strategic significance because it concerns the political, economic, energy, and security interests of China.

#### *(1) Geopolitics in Central Asia*

International forces have tried to influence Central Asia because it is located at the core of the OBOR in the heart of the Eurasian continent. Capitals from the US, the EU and other developed economies have been flowing into Central Asia after the Collapse of Soviet Union, and have held an advantage role, which is limited to economic fields. Since international anti-terrorism war, especially the Afghanistan war, the US gives lots of economic and military assistance to Central Asia to strengthen its political and military impact and to build a US-centered security system. Besides that, Central Asia has been influenced by other forces, such as terrorism, separatism and extremism, and other forces discussed below.

**The Russian effect.** Traditionally, Central Asian countries belonged to the former Soviet Union. Russia continues to affect Central Asia in politics, economics, and diplomacy. Russia has played a vital and leading role in the Central Asia security system. Through a customs union, it actively promoted economic integration in Central Asia and set up the Eurasian Economic Community with Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan.<sup>12</sup> Russia has also made use of its energy and geopolitical advantage, so as to control

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<sup>12</sup> In 2000, leaders from Russia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan signed an agreement to set up the Eurasia Economic Community on the basis of their customs union.

Central Asia's oil and natural-gas resources. It aims to play a leading role in the development of fossil fuels in Central Asia. Based on a collective security treaty, Russia has constructed a strategic security space. Russia has always referred to the portions of Central Asia which were in the former Soviet Union as part of its own scope of influence and has prevented other countries from expanding into these territories.

**The ethnic effect.** Among Central Asian countries, Tajikistan originates from eastern Iran. The Tajik people share the culture, language, and customs of Iranians and, along with them, are inheritors of Persian civilization. Kazakhstan, Kyrgyzstan, Uzbekistan, and Turkmenistan all belong to the Altai family of Turkish countries and, therefore, share a similar language and culture with Turkey. Iran has actively developed its political, economic, and cultural ties with Tajikistan and has provided aid for the country. Taking advantage of the large population of Turkmen living within its borders, Iran also actively developed bilateral ties with Turkmenistan through investments in transport infrastructure and through trade and economic exchanges. Under the slogan of Pan-Turkism, Turkey called for the revival of Turkish people, the establishment of the Great Turkish economic circle, and a Turkey-led league of the Turkish nation. To spread its national ideology, Turkey has built a satellite communication system and set up satellite stations in countries of Central Asia. By broadcasting its radio and TV programs, Turkey is exporting "the Great Turkish concept" and the model of Islamic Modernism<sup>13</sup> and it is enhancing its influence over Central Asia. In trade and investment, Turkey has adopted a strategy of active participation in Central Asia, providing not only the economic aid for Turkish people in Central Asia, but also numerous loans and investments for the countries of Central Asia.

**The religion effect.** Residents of Central Asian countries primarily practice Islam, and neighboring Islamic countries exercise a huge influence on them. In particular, Iran, as the regional leading power has cooperated with Central Asian countries through trade and with the help of the Caspian Sea economic cooperation circle and the Economic Cooperation Organization (ECO) and developed its ties with Central Asian countries, especially Turkmenistan and Tajikistan. Iran has built cross-border roads and railways and has expanded trade and investments. In the realm of security and stability, extreme religious forces influence Central Asian countries. Since gaining their independence, oil-rich countries such as Saudi Arabia have actively participated in the construction of mosques, so as to

<sup>13</sup> Jiang Xinwei: *The Geopolitical Change in Central Asia after the Cold War and the Security and Development of Xinjiang* (Beijing: Social Sciences Academic Press, 2009), 72.

facilitate rapid growth of religious forces in Central Asia.<sup>14</sup> Most of these mosques draw mainstream Muslim congregations that engage in everyday religious activities. However, radical Islamic groups have penetrated Central Asian countries, and fanatical religious forces constantly harass them. In particular, some neighboring countries, such as Afghanistan, have become a base and transfer station for international terrorists and extreme religious forces. These international terrorists and extreme religious forces pose a great threat to the political stability and national security of Central Asia. The Islamic Movement of Uzbekistan (IMU) performed terrorist bombing<sup>15</sup>, and the Islamic Renaissance Party of Tajikistan seized more than 50 percent of territory<sup>16</sup>.

## (2) China and Central Asia

Because China and Central Asia are so closely connected geographically and historically, their need for cooperation is realistic. First, China shares more than 3,000 km of borders with Central Asian countries. The border between China and Kazakhstan alone extends 1,700 km. Second, through the centuries, Chinese civilization has developed multilevel and multidimensional exchanges and integration with Central Asia. Third, China and Central Asia's common interests in security, economic and energy issues demand mutual trust and cooperation.

Diplomatic relations between China and the five countries of Central Asia have improved, demonstrating greater mutual trust and increased cooperation. Right after gaining independence from the Soviet Union,

<sup>14</sup> For example, the number of mosques in Central Asian countries increased from only 25 in 1987 to more than 5,000 in Kazakhstan, from only 87 in 1987 to more than 300 in 1991 and about 5,000 in 1993 in Uzbekistan, from 70 in 1989 to 90 in 1990 and 124 in 1991 and about 3,000 in 1992 in Tajikistan, and from fewer than 10 in 1987 to more than 200 in 1994 in Turkmenistan. See Chang Fen, "The Development of Islam in Central Asian countries after the collapse of Soviet Union," *East European Central Asia Study*, No. 5 2001.

<sup>15</sup> In June 2014, the IMU claimed responsibility for an attack on Pakistan's Jinnah International Airport. At least 39 people were killed in the attack, including all 10 attackers. ("Karachi airport: Islamic Movement of Uzbekistan claims attack", BBC. 11 June 2014., <https://www.bbc.com/news/world-asia-27790892>, accessed on Dec 12, 2019.) A video released by the IMU in April 2015 showed members of the group beheading a Hazara man, one of 31 people kidnapped from a bus in Afghanistan in February 2015. ("Afghanistan kidnap video: Hostage beheaded 'by Uzbek gunmen' BBC. 7 April 2015., <https://www.bbc.com/news/world-asia-32200835>, accessed on December 10, 2019.)

<sup>16</sup> Until 2015, the Islamic Renaissance Party of Tajikistan was the only legal Islamist party in Central Asia. ("Mountain Rigger", *The Economist*, November 11, 2006)

Central Asia was on the outskirts of China's diplomacy and did not draw much diplomatic attention.<sup>17</sup> When China was going through border negotiations with Russia and Central Asian countries, Central Asia was on Russia's side. At that time, China did not give adequate importance to its relations with Central Asian countries as well, because they shared few political and economic ties. Since the beginning of the 21<sup>st</sup> century, China's diplomatic exchanges and economic cooperation with Central Asian countries have gradually increased. The international situation has changed. After the 9/11 terrorist attack, the United States launched a military attack against the Taliban regime in Afghanistan, while trying to expand their influence in Central Asia. Moreover, the gradual increase of terrorist activities by the three forces of terrorism, separatism, and extremism has affected China's border stability. China's booming energy consumption created a need to cooperate more with Central Asia. Rapid industrialization has made China the largest energy consumer in the world. Therefore, China's energy import has soared, relying heavily on oil from the Middle East and North Africa. Central Asia, especially the Caspian Sea area, which is rich in oil and natural-gas resources and relatively close to China's border, has become a key target for achieving a balanced energy import. Finally, institutions now exist to support cooperation between China and Central Asian countries. On June 15, 2001, China, Russia, and Central Asian countries set up the Shanghai Cooperation Organization (SCO). Based on the SCO, China and Central Asian countries continuously expand the scope of their cooperation. In particular, their bilateral trade and economic exchanges have grown remarkably since the establishment of the SCO. Meanwhile, China has also significantly increased its direct investments in Central Asian countries, becoming a key foreign investor in their economies.

The relative underdevelopment of Central Asian economy, gaps in regional development, and an incomplete industrialization process remain major problems China and Central Asia face, especially in regard to trade and economic cooperation. First, Central Asia is economically depressed, and its infrastructure is relatively backward. Second, the economic development of Central Asian countries varies. Third, though rich in energy resources and raw materials, Central Asian countries lack the industrial capacity to produce finished goods or to innovate their technology. Finally, mechanisms for cooperation between China and Central Asian countries are incomplete. Enormous non-tariff trade barriers and policy restraints on trade and investment, and soft restraints, such as compensation on

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<sup>17</sup> Zhao Shenhua: *China's Central Asia Diplomacy* (Beijing: Current Affairs Press, 2008), 106.

exchange of people, typify the obstructions to trade cooperation that exist between them.

#### 4. STRATEGIC DESIGN AND POLICY SUGGESTION FOR THE ONE-BELT-ONE-ROAD INITIATIVE

China and Central Asian countries must contend with problems related to the mechanisms and environment, and with approaches to regional economic cooperation.<sup>18</sup> It requires a strategic approach to building the OBOR. To formulate this framework, the SCO should play a leading role, and it should improve multiple mechanisms simultaneously. The tactical approach should be progressive, but steady. Trade and economy should take center stage, but participating countries should also make sure that progress is continuously made in all facets of OBOR, so that all goals are achieved.

Within Central Asia there are many sub-regional cooperation organizations, including the Commonwealth of Independent States (CIS), Central Asian Cooperation Organization (CACO), The Asian Development Bank's Central Asia Regional Economic Cooperation (CAREC) Program, the Eurasian Economic Community, the Eurasian transportation corridor, the Summit of Turkish-speaking countries, the Central and West Asian economic cooperation organization, and others. Currently, the SCO is the only institution which forms a platform for a multilateral adjustment mechanism for China and Central Asian countries. The SCO should be made the highest-level institution which can provide the main framework for cooperation improvement between China and Central Asian countries. Through the SCO, cooperative agreements can be adopted for single topics on special issues. While promoting free trade areas, the SCO can negotiate single-topic agreements for cooperation in fields such as energy, technology, banking and investments so as to facilitate multilateral agreements and eventually help realize trade integration between China and Central Asia. Due to the need for balanced diplomatic relations and because of the worries about the "China threat", some Central Asian countries are alert to the continuous increase of China's influence in Central Asia. Due to various circumstances, Central Asian countries differ in their willingness to expand their cooperation with China. When dealing with Central Asia, China should adopt policies tailored to the needs, conditions, and concerns

<sup>18</sup> Wang Haiyan, *New Geo-economics: China and Central Asia* (Beijing: World Affairs Press, 2012), 263.

of each of the countries involved, moving progressively step by step. Trade and economic development, security cooperation, and public diplomacy should be promoted in an attempt to support each other. The main task of improving the cooperation between China and Central Asia should involve an aggressive facilitation of regional economic integration between China and Central Asia. From the point of view of the complex situation of Central Asia's regional stability, China should also strengthen its regional security and anti-terrorism cooperation so as to boost a good neighborhood of nations. Moreover, China should make great efforts to develop its public diplomacy, realize cooperation and exchanges on trade and economic development, security cooperation.

**1. Policy Coordination.** (1) An enhanced dialogue and cooperation on security affairs between China and Central Asia and surrounding countries will be crucial to creating a safe and stable external environment. It will help facilitate economic development, prosperity, and stability in Central Asia and improve and ameliorate these countries' relations with China. The Chinese government should make efforts to promote multidimensional exchanges and multilevel operation between China and Central Asian countries, including the establishment of a platform for multilateral communication in order to encourage policies that bolster investment. More specifically, China and Central Asia should establish policies that allow for bilateral cooperation and exchanges at all levels, between countries, provinces, cities and even industrial parks, and not only through trade but also through exchanges which permit people to work and study abroad. Such public diplomacy will foster friendly relations in Central Asia, and should be supported by all leaders, with participation of all governments in the region. For instance, China can provide Central Asia with training programs for officials, give extensive education possibilities and academic research.

**2. Facilities Connectivity.** China should urge all related countries to sign the agreement on facilitating the international railway transportation and accelerating the railway construction between China, Central Asia, and neighboring countries in order to increase connectivity and ease trade. (1) One of the most important projects involved is a Pan-Asia high-speed railway. Construction of this railway would link China and Central Asia. (2) Efforts should be made to build and improve the Khorgas (China) – Gerkent (Kazakhstan) railway to increase transportation efficiency. (3) To further develop transportation networks, construction of a highway connecting China, Kyrgyzstan, and Uzbekistan and railway projects through Kashgar, from China to Pakistan should also be accelerated. (4) Construction and repair of the railway network in Xinjiang, including both the east line and

the west line, which should link the northern and southern parts of Xinjiang, should also be prioritized so as to increase transportation efficiency, promote integration and exchanges, and prepare for emergencies.

**3. Unimpeded Trade.** (1) China and Central Asia should explore all opportunities to promote regional trade by constructing cross-border free-trade parks. In order to advance free trade in Central Asia, the completion of a China-Kazakhstan international free-trade park is the first target. Promoting the construction of a China-Kazakhstan Khorgas international free-trade park should also be included in these plans. (2) China and Central Asian countries could use a number of Chinese industrial parks in Central Asia as centers for investment, using the one being built in Kazakhstan as a model. (3) In addition, China and Central Asia should jointly develop energy and other resources. They should establish an energy club for greater Central Asia and comprehensively coordinate the supply and demand for all countries, construct energy pipelines and stabilize the energy supply.

**4. Financial Integration.** (1) A Central Asian development bank should be set up so as to boost financial cooperation. This bank would serve as a channel for investments and for financing constructions in Central Asia. It would provide loans for related infrastructure projects and industrial development projects in order to improve the transportation system and boost industrial development in the region. (2) Local currency and Renminbi should be used in financial settlements and as the international currency within the region. Central Asian countries should be encouraged to use their respective local currencies in the settlement of current and capital accounts in order to strengthen them. As these currencies become stronger, the Chinese, in turn, should make Renminbi their standard currency for international settlement in Central Asia.

**5. People-to-people Bonds.** (1) China can develop specific training programs for senior government officials from Central Asian countries, including short-term seminars and Master of Public Administration programs. (2) The Chinese government should set up scholarships for students from Central Asia so as to foster a group of young people who can understand the Chinese language and culture. (3) The SCO should set up a research fund or organize academic exchange programs for universities and research institutes in Central Asia. (4) Changes regarding the visa administration process should be perfected for trade and investments, tourism and family visits, in order to facilitate the gradual adoption of the visa on arrival for business visitors and tourists policy.

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# China, the Arab World and the Middle East

## *Abstract*

After a decade of absence in the Middle East, China is returning to the region as one of the main “external” players. China’s foreign policy identifies an extensive area which it calls the “The Great Middle East” (Da Zhong Dong). It includes West Asia and North Africa (Xi Ya Bei Fei), and parts of Central and South Asia, as the area of greatest geopolitical interest. The increasingly intensive cooperation between China and the Arab countries can be characterized as a “natural partnership” created both on the basis of historical heritage and cultural understanding, and on the basis of compatibility regarding the goals for national reconstruction and aspirations for economic development. Due to the newly reached understanding, China significantly raised the status of the Middle East in its diplomatic architecture.

## *Keywords:*

China, the Middle East, The Great Middle East, cooperation, compatibility, development

## 1. INTRODUCTION

One of the largest seismic disturbances regarding the geopolitical agenda in the Middle East since the end of the Cold War is the growing presence of the People’s Republic of China in the region.<sup>1</sup> After decades of absence, China is emerging as a major player in the region. China’s trade with the region has increased by over 600 percent in 10 years. Chinese aid to the region jumped from \$151 million in 2001 to \$6.8 billion in 2010. About 550.000 of

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<sup>1</sup> James Reardon-Anderson (Ed), “The Red Star and the Crescent: China and the Middle East”, Oxford University Press, 2018.

Chinese people living abroad, out of the 5 million, are in the Middle East. Contrary to that, in terms of their military and diplomatic power, China is only moderately engaged in the region.

The cooperation between China and the Arab countries is deemed a “natural partnership”, created on the basis of historical heritage, social goals of national reconstruction, aspirations for economic development, and cultural understanding. The UAE ambassador to China, Omar Al Bitar, said that “the Middle East needs an honest arbiter who will not have double standards and selfish interests.” The Arab countries, he said, trust China because China is a trusted country and one of permanent members of the Security Council.

China’s greatest interest is gaining access to energy resources in the region, especially oil, maintaining stability in the region, expanding its influence in the “key region of the world” as it was assessed in Beijing, and presenting itself as a global power. The Middle East has never been more important for China’s continued prosperity: China’s energy consumption is rising, and more and more energy is coming from the Middle East. Crude oil imports, which account for 50 percent of China’s total energy consumption, jumped from 6.2 million tons in 2014 to 9.25 million tons in 2018, with 40 percent of that new influx coming from the Middle East. The Middle East is thus becoming a key driver of China’s economic growth.

China identified an extended area which it calls the “Great Middle East” (Da Zhong Dong). It includes Western Asia and Northern Africa (Xi Ya Bei Fei), but also parts of Central and Southern Asia. Due to a new understanding, China raised the status of the Middle East in its diplomatic architecture. In October 2013, the central government held a high-level conference dedicated to diplomacy towards the neighbors, and in November 2014, China announced that the neighboring countries were strategically important for its development and international surroundings. Through these statements, China modified the list of priorities of its diplomacy and raised the importance of its neighboring countries to the same level as the world powers. The Middle East is also a part of China’s “big neighborhood”.

As a part of the 21st Century Maritime Silk Road initiative, the Middle East is a pivotal point between the three continents and an important part of interconnections and communications.

China recognizes that the US is a dominant non-regional power in the Middle East, but Chinese activity necessarily contains both – elements of cooperation and competition with other regional powers. While other non-regional powers, the US and Russia, face lesser or greater opposition from

their public or political elite, Chinese activity has almost no rivals in the region, so general acceptance is undoubted.

Nabil Fahmi, the former Egyptian Foreign Minister argued that China “adheres to the philosophy of building a society with the common destiny of mankind, using the principles of growth for all through partnership and cooperation and making a contribution to reform.” He concluded that Chinese activity was a “positive factor” in developing a new, fairer and more stable international order and that it was in the best interests of Arab countries.<sup>2</sup> He gave a special place to the Chinese president Xi Jinping, who demonstrated the “maturity of a new phase of Chinese development” and the growing need to provide a variety of natural resources – energy, minerals, and salt – to enable the development of an industry and simultaneously find a market for its products in Africa, Latin America and Asia.<sup>3</sup>

China’s breakthrough in the Red Sea and the Middle East, of course, is changing the current balance of power. Oil suppliers in the Gulf are of utmost importance to China. They provide China with nearly 50 percent of oil and gas. Thus, China cannot, in any way, allow this supply to be disrupted or even threatened. China must, therefore, respond with an adequate regional policy.

China is one of six world powers which struck a nuclear deal with Iran and remained in a position of respecting it. President Xi was the first world leader to visit Tehran after the agreement was signed. It was during that visit that he presented the vision of a new Chinese “Arab doctrine” which had been announced two weeks earlier.

## 2. THE FORUM FOR COOPERATION BETWEEN CHINA AND THE ARAB STATES

The China-Arab Cooperation Forum was formed in 2004. Since then, it has evolved into a collective cooperation platform where cooperation is developed in many fields and with more than 10 mechanisms. At the opening of the Sixth Ministerial Conference of the Forum, held in Beijing on June 5, 2014, the Chinese president, Xi Jinping, identified key areas and directions for a Sino-Arab cooperation. China and the Arab countries have embarked on strategic co-operation relations through new forms and

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<sup>2</sup> Nabil Fahmi, former US Secretary of State, Henry Kissinger, noted that China’s most important comparative advantage over the West is its long-term strategic thinking and planning, Al Hayat, 4. May 2019.

<sup>3</sup> Ibid.

mechanisms determined a year earlier by the inaugurated Chinese Global “Belt and Road” Initiative.

Apart from an economic and practical significance, the Chinese president also gave a historical, cultural, philosophical, and a security dimension to the future Sino-Arab state cooperation.

In the speech titled “Promoting the Silk Road Spirit and Deepening the Sino-Arab Cooperation” the Chinese president pointed out that China and the Arab countries are facing the same challenges and are on the same mission to carry out a national reconstruction.<sup>4</sup> First, he gave a short account of the Silk Road history and relations between China and the Arab world, stating that for hundreds of years, the Silk Road meant “peace and cooperation, openness and inclusiveness, mutual learning, mutual cooperation and gains”, that it survived for generations and now represents an important chapter in the history of exchange and mutual acquaintanceship of civilizations.” The Chinese and Arab people “support one another in preserving national pride and sovereignty, assisting each other on the path of development, achieving national reconstruction, and learning from one another when it comes to deepening the cultural exchange and restoring their national culture.”

The Chinese president stressed that “the next 10 years are a crucial period for the development of China and the Arab states.” In order to fulfill the common mission and face the challenges of national reconstruction, what needs to be promoted are the spirit of the Silk Road, mutual learning between civilizations, mutual respect for development paths, adherence to mutually beneficial (win-win) cooperation and commitment to dialogue and peace.

President Xi Jinping emphasized that the “Economic Silk Belt and Road” and the “Maritime Silk Road for the 21st Century” are both paths of mutual benefit and gain. China and the Arab states understand each other about the “Silk Road” and they are “natural partners for cooperation” in the joint construction of the “Belt and Road”. The two sides should adhere to the principles of exchanging opinions, building a community of common interests and a community of a “shared destiny”. The two sides should have a broad vision and create “1 + 2 + 3” cooperation principles. In this cooperation formula, building infrastructure is in the core, trade and investment are the two wings, and the three new high-tech areas are nuclear power, space programs and new energies.

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<sup>4</sup> Xi Jinping attended the opening ceremony of the Sixth Ministerial Conference of China-Arab States Cooperation Forum and delivered an important speech which underlined the importance of promoting the Silk Road Spirit and deepening the China-Arab Cooperation, Xinhua, 04.06.2014

The Chinese president announced that China will increase the trade exchange with the Arab countries from \$240 billion to \$600 billion in the next few years, increase its investment from \$10 billion to \$60 billion, accelerate negotiations and create a free trade zone between the Gulf Cooperation Council countries and act strongly on the involvement of Arab states in the Asian Infrastructure Investment Bank.

He announced that China and the Arab states decided to declare 2014 and 2015 years of Sino-Arab friendship and host a series of friendly events. In the next three years, China promised to train 6.000 Arab young people and exchange 10.000 Chinese and Arab artists through the participation of 200 Chinese and Arab institutions.

Kuwaiti Prime Minister, Jaber Al Mubarak Al Hamad Al Sabah, Moroccan Foreign Minister, Salahuddin Mazur, and the Secretary-General of the Arab League, Nabil El Arabi, praised the traditional Arab-Chinese friendship and Forum's achievements over the past 10 years and said that Arab countries welcome the Chinese president's proposal to strengthen the Forum and develop the Sino-Arab strategic cooperation relations. They support China's "Belt and Road" initiative and have reaffirmed their willingness to strengthen communication and cooperation with China, promote a political solution to important issues of the Arab states and work together for regional peace, stability, and development.

The Conference adopted three documents: the Beijing Declaration, the 2014–2016 Action Plan and the 2014–2016 Development Plan.

### 3. THE "CHINESE DOCTRINE" ON THE ARAB WORLD

The turning point in China's relationship with the Arab world and the Middle East is the creation and publication of the "Chinese doctrine of the Arab world". The Chinese Ministry of Foreign Affairs published the first Strategic Paper on China-Arab relations<sup>5</sup> in early 2016. The document was synchronized with the Chinese president's significant visit to Egypt, Saudi Arabia and Iran in January 2016 and was published just before it.

The document gave, in the beginning, a historical overview of the development of Sino-Arab relations. It consisted of five chapters: 1) Deepening the Sino-Arab strategic cooperation, all-embracing cooperation, and joint development; 2) The Chinese Arab policy; 3) Strengthening the Sino-Arab cooperation in all fields, with a number of subsections, some of

<sup>5</sup> China's Arab Policy Paper, Xinhua, January 14, 2016.

which are: high-level political cooperation, intergovernmental consultations, and cooperation mechanisms, cooperation in legislation, political parties and local governments, cooperation in international affairs, and the Taiwan issue. Then there is the cooperation in investment and trade, the subsections of which are: cooperation in the “Belt and Road” initiative, cooperation in production, cooperation in investments, trade, energy, infrastructure, the space program, nuclear cooperation for peaceful purposes, financial cooperation, development of economic and trade mechanisms and cooperation platforms; 4) The Sino-Arab Cooperation Forum; and 5) The relations between China and Arab regional organizations.

It emphasized the strategic approach “1 + 2 + 3”. Priority was given to energy cooperation, with the highlighted intention of expanding trade and investment and ultimately the closeness to three high-tech sectors: nuclear and recyclable energy and space technologies. The “Belt and Road” initiative was, of course, a framework for cooperation in all the fields mentioned earlier.

The document underlined that China adheres to “five principles of peaceful coexistence”: mutual respect for sovereignty and territorial integrity, mutual respect for the principles of non-aggression, non-interference in internal affairs, equality, mutual benefit, and peaceful coexistence.

China declared support for the Middle East peace process and the creation of the independent state of Palestine with full sovereignty, based on pre-1967 borders, with East Jerusalem as its capital. China supported the Arab League and its member states in achieving these goals. The document stated that China was committed to using political solutions in dealing with regional issues and supported the creation of a nuclear-weapons-free region. In addition, the efforts by the Arab states, to preserve and strengthen national unity, prevent extremist ideas and fight against terrorism, have been supported. China expressed its respect for the choices made by the Arab people and supported the Arab states in their path of development which followed national conditions.

At the very end, cooperation on peace and security was mentioned. China called for “common, all-inclusive and sustainable security in the Middle East” and supported Arab and regional countries in creating a “collective, regional cooperation mechanism” which would contribute to the long-term peace, prosperity, and development of the Middle East.

With regard to military cooperation, China announced the “deepening” of Sino-Arab cooperation by intensifying visits of military officials, deepening cooperation in arms, equipment, and various technologies, and holding joint war-games.

Within the “fight against terrorism”, it was stated that China “strongly opposed all forms of terrorism, of any ethnic group or religion, and “double standards” in that fight. The efforts of the Arab States to improve their abilities and fight against terrorism were supported. This fight should be conducted in accordance with the UN Charter and international norms, and should respect the sovereignty and territorial integrity of all countries. China highlighted its willingness to create “a long-term security mechanism, strengthen political dialogue and exchange intelligence”.

#### 4. CHINA AND THE ARAB STATES

It could be said that Egypt engaged in cooperation with China with more enthusiasm than other Arab states. For Egypt, the events of the “Arab Spring” of 2011 were the turning point in the foreign policy orientation. Following the removal of the Muslim Brotherhood and President Mohammed Morsi from power, Egypt began the “diversification” of their foreign policy, which meant that instead of fully relying on the US, other countries, especially China and Russia, began to play a greater role. The Egypt-China trade reached \$8.33 billion in 2018, with Chinese exports to Egypt at \$7.61 billion and Egyptian imports at \$1.22 billion.

Egyptian President Sisi has visited China five times from 2014 to 2018. Chinese president Xi visited China in January 2016. Vice President of China, Wang Kishan, was in Cairo in October 2018. Egyptian President Sisi expressed proud sentiments regarding the fact that Egypt was among the first foreign countries to support China’s “Belt and Road” initiative and that Egypt “remains firmly convinced that this initiative will create unprecedented opportunities for mutual cooperation on both international and regional levels.”

The Chinese president arrived in Cairo on January 20, 2016.<sup>6</sup> He praised Egypt’s efforts to stabilize the economy. “China supported Egypt’s efforts to preserve stability, develop the economy, improve living conditions and play a greater role in addressing international and regional issues,” said the Chinese president.

The two countries have signed 21 agreements. Chinese companies have invested \$45 billion into the Egyptian new capital mega project.

China and Egypt have plans for 15 energy, infrastructure and transportation projects which should reach \$15 billion, and the Chinese

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<sup>6</sup> China’s Xi visits Egypt, offers financial, political support, Reuters, 20.01.2016.

central bank should provide a \$1 billion loan so as to boost the country's foreign exchange reserves.

At that point, 32 Chinese companies were operating in the economic zone of the Suez Canal, with investments exceeding \$400 million, where the next phase was projected to increase to 100 companies and the total of \$2.5 billion.

In his speech, at the Arab League headquarters, President Xi announced his plan for the region. China set aside \$15 billion in special loans, so as to help boost industrial production in the region, \$10 billion in trade loans for joint energy projects, and another \$10 billion in cheap loans.

Xi announced the creation of funds, together with the UAE and Qatar. 20 billion dollars will be set aside for conventional energy sources, and China will extend the validity period of contracts, so as to buy oil from the region with \$300 billion set aside.

The Chinese president went to Cairo from Saudi Arabia and continued to Tehran afterwards.

At the beginning of early 2018, an agreement was signed, regarding the construction of sports facilities for the 2021 World Handball Championship and building the first industrial zone in El Alamein. The director of the Arab Organization for Industrialization, Abdel Moneim al Taras, announced that he agreed with the director of the Chinese Railway Bureau Group 20 (CR20G) to build industrial facilities for express trains.

The Egyptian Air force Commander, Mohamed Abbas, signed a contract to buy drones from China's National Aero Technology Import and Export Corporation (CATIC).

The Chinese Harbor Engineering Company (CHEC) began the construction of the main terminal of the port in Sokhna, while the National Bank of Egypt (NBE) signed a \$600 million loan agreement with the China Development Bank (CDB).

At the Eighth Ministerial Meeting held on July 10<sup>th</sup> 2018, the Chinese president proceeded with explaining Chinese politics in the Arab world for the third time.<sup>7</sup> He announced the signing of a declaration for the "Belt and Road" Initiative, which would give "great support to the Arab world" and show China's willingness to cooperate with the Arab world itself. He said that the Arab countries are "natural partners of China", announcing \$20 billion in loans to Arab states and their economic cooperation with China. China will assist the Arab countries in their infrastructure projects, accelerate cooperation regarding energy, oil and gas, finance, high technology, digital economy, and artificial intelligence. It should be said that China is the

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<sup>7</sup> Highlights of Xi's speech at China-Arab forum, China daily, 10.07.2018.

first high-tech country to offer Arab countries cooperation in cutting-edge technologies, such as artificial intelligence.

The Chinese president announced that China will import \$8 billion worth of goods and products in the next five years, build a financial platform for industrial cooperation, speed up the talks on free trade agreements and invite hundreds of Arab representatives to visit in the next three years.

After that meeting, the Chinese president began his Arab – Asian tour, fulfilling his announcements. First, he spent three days in the United Arab Emirates, where he was welcomed in the most solemn way and by following the exceptional occasion's protocol. The fact that the president of a large and populous China decided to visit the rich, but small Gulf monarchy speaks to the importance that China attributes to this region. China sees the UAE as a key partner in the development of regional infrastructure. This was the first visit by a Chinese leader to the UAE, while the late emirate's ruler visited China 28 years ago. During the Chinese president's visit, 13 agreements were signed, among which the Cooperation Agreement on the New Silk Road and the Maritime Silk Road for the 21st Century are particularly important. The leaders of the two countries pointed out that they are starting a "new phase of cooperation" between the two countries. This year's trade is expected to reach \$60 billion. Mohammad Al Abar, the Emirates' leading figure, announced the construction of China's largest shopping mall in Dubai and the expansion of The Address chain of hotels all across China.

The Chinese president then continued his tour along the African coast. He moved from Dubai to Senegal, Rwanda and South Africa, where he took part in a summit with Brazil, India, and Russia in Johannesburg, July 25–27, which should undoubtedly strengthen China's presence in Africa and the Middle East.

Saudi King, Salman, visited Beijing in March 2017. Prior to that, he was in Beijing in 2014. As a Saudi monarch, he signed contracts worth \$65 billion. The Chinese president hailed the Saudi guest as a "global partner" in the "Belt and Road" Initiative, adding that China is a "stable export market for Saudi oil". Saudi Arabia was China's largest oil supplier in the previous years. Chinese analysts underline Saudi Arabia's need to turn to the East and to Asia, as Trump's Middle East policy is already undergoing change, according to Li Guofu from China's Institute for International Studies.<sup>8</sup>

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<sup>8</sup> China, Saudi Arabia sign US\$65 billion in deals as King Salman starts Beijing visit, South China Morning Post, 16. mart 2017.

The cultivation of good relations continues even in turbulent times for Crown Prince Mohammed bin Salman, due to the difficulties in the Yemeni war and the murder of Saudi journalist Gamal Khashoggi. The Chinese president met with the Saudi Crown Prince during the G20 summit in Buenos Aires and pledged that China would support Saudi Arabia's economic development, adding that its stability is a cornerstone of progress and prosperity in the Gulf.

President Xi stated that China “strongly supports Saudi Arabia in its striving for economic diversification and provides mutual support in matters involving their key interests.”<sup>9</sup>

Saudi Crown Prince Mohammed bin Salman (MBS) supports China's right to take “anti-terrorism” and “de-extremism” measures, according to Chinese state media, and was harshly criticized by activists as someone who is defending Beijing's crackdown on its Uighur Muslim minority.<sup>10</sup>

The Saudi Crown Prince also met with the Chinese president during a visit to Beijing, in February 2019, during his Asian tour, when he also visited Pakistan and India. MBS praised relations with China in which there are neither unresolved issues nor difficulties. According to Hsinhua, President Xi spoke about concentrated efforts to combat extremism and terrorism.

The Chinese president told the Crown Prince that the two countries must step up their international co-operation in eliminating “radicalization” and “preventing the influence and the spread of extremist ideas.” The Saudi prince replied that Saudi Arabia respects and supports China's right to protect its security and take counter-terrorism measures and steps to eliminate radicalism, promising a willingness to increase and strengthen co-operation.

Apart from the Arab countries of the Middle East, China successfully works with Iran and Israel, the non-Arab countries of the Middle East which often have complicated or conflicting relations with their Arab neighbors.

## 5. IRAN AND CHINA

China is Iran's largest trading partner since early 2000. Much of the vision of Sino-Iranian co-operation was presented by President Xi during his visit to Iran in January 2016. Xi was the first foreign statesman to visit Iran since the 2015 nuclear deal. The two countries agreed to increase their trade up

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<sup>9</sup> Chinese President Xi Jinping offers support to Saudi Crown Prince Mohammed bin Salman despite outcry over Khashoggi killing, South China Morning Post, 1. 12. 2018.

<sup>10</sup> Saudi crown prince defends China's right to fight 'terrorism', Aljazeera, 23. 02. 2019.

to \$600 billion over the next ten years and at the same time strengthen the cooperation within the framework of the plan over the next 25 years. In addition, China is the largest investor in the Iranian market. About 100 Chinese companies invested in key economic sectors, especially energy and transportation. For example, China's National Nuclear Corporation worked on an Iranian heavy water reactor, the Arak IR-40, in order to meet the requirements of the 2015 Iran nuclear deal.

The Chinese government gave a \$10 billion loan to Chinese companies to build dams, electricity generators and other infrastructures in Iran, such as the railroad that connects Bajanur in China's Inner Mongolia region to Teheran.

Other transportation projects include the construction of a railroad line from the Eastern city of Mashad to the port Bushehr in the Persian Gulf. China wants to help build the port of Chabahar in the Gulf of Oman.

Another known project is the construction of five subway lines in Teheran which will be built by Chinese companies, and the cars will be manufactured by a joint Sino-Iranian company, Tehran Wagon Manufacturing Company.

The door was opened for China after America waived off the agreement with Iran. Apart from being the biggest trade partner for Iran, China is the biggest consumer of Iranian oil in the world. It was estimated that waiving off the agreement, on Washington's part, will harm European companies and the countries doing business with Iran the most. This leaves new possibilities for China and Russia to start new business ventures with Iran, as these two countries are in a much better position to avoid American sanctions.

The Chinese National Petrol Corporation is the partner of the French Total Company when it comes to exploiting South Pars Iranian oil field. If the French Total Company loses its share, due to American sanctions, the Chinese company will take over the whole business.

During the visit of the Iranian Foreign Minister, Zariff, at the end of August 2019, the Sino-Iranian Agreement on Strategic Partnership from 2016 was amended.<sup>11</sup> China offered mass investments in the Iranian economy in exchange for a long-term agreement on how this money would be spent and which products would appear in the process.

This plan projects investments of \$400 billion over 25 years. Out of this amount, \$280 billion will be allocated to Iran's oil industry, gas and petrochemical sector, while \$120 billion will be invested in Iran's transportation and production infrastructure. The agreement allows for

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<sup>11</sup> China "pledges \$400bn" to develop Iran's energy, transport and manufacturing sectors, *Global Construction review*, 6.09.2019; and \$400 billion worth of investment from China to Iran, *News 1, Tehran*, 06.09.2019.

the deployment of 5.000 Chinese security personnel as well, so as to protect energy and petrochemical plants, as reported by Petroleum Economist.

One of the major infrastructure projects of the “Belt and Road” initiative is the construction of a railway from Kazakhstan to Iran, described by Beijing as “a means of integrating Central Asia with the Middle East.”

## 6. ISRAEL AND CHINA

Chinese investments in Israel reached \$20 billion in ongoing projects. Chinese companies are currently working on all key Israeli infrastructure projects, from railways, roads, and tunnels, to power plants. The Chinese company, Shanghai Port Group, won the tender for the port of Haifa, which will come into force in 2021.

China-Israel economic ties date back to 1979 before China formally recognized Israel. Israeli billionaire, Saul Eisenberg, first organized a secret meeting followed by Israeli arms shipments to China. Diplomatic relations were established in 1992. In recent years, Chinese investments in the high-tech sector have grown enormously, reaching a quarter of all funds raised by Israeli high-tech companies. China is Israel’s second trading partner with an exchange of \$11.5 billion.

Israeli Prime Minister, Netanyahu, paid a visit to Beijing in March 2017, from 19-22<sup>nd</sup>, when the Chinese president announced a “comprehensive, innovative partnership of the two countries”.<sup>12</sup>

Xi called for a stronger political dialogue, synergy of development strategies and strengthening cooperation in key areas such as water supply, agriculture, health care, and renewable energy.”

The peaceful, stable, and developing Middle East serves the common interests of all parties, including China and Israel, said the Chinese president. The Israeli-Palestinian problem had a long-term impact on the situation in the Middle East, the Chinese president added, saying that China “appreciates Israeli acceptance of the solution for the two states”.

Israel’s Prime Minister, Benjamin Netanyahu, retorted that Israel respects China’s history, achievements and current role in the world and hopes to participate in the “Belt and Road” initiative and expect China to play a greater role in the Middle East. Netanyahu emphasized Israel’s commitment to the “one China” policy, proposed partnership and cooperation between the two countries, in renewable energy, agriculture, investment, finance and medical services.

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<sup>12</sup> China, Israel announce innovative comprehensive partnership, Xinhua, 21.03.2017.

However, Chinese investors have major opponents in the U.S. and have already created tensions in the Israel-US relations. The newest issue at stake is the Chinese bid to win the Haifa Port tender. In June 2019, the US Senate warned Israel of the matter. Haifa is the port where the ships of the US Sixth Fleet exclusively dock, thus a warning had been sent that the American war vessels would cease doing so if the Chinese take over the Port in 2021.

There were almost no meetings between the US and Israeli officials where the “Chinese issue” was not mentioned. This issue was raised by Michael Pompeo, the Secretary of State, during his visit to Israel in March, then by John Bolton, the former National Security Advisor and more recently by Rick Perry, the Secretary of Energy, in a meeting with Prime Minister Netanyahu.

During Netanyahu’s visit to Washington, on March 26<sup>th</sup> 2019, the US President Trump specifically emphasized that if Chinese companies set up a 5G network in Israel, the security cooperation between the two countries would be restricted and the US aid reduced. Last month, the Chinese ambassador to Tel Aviv, Chang Zhong, responded to these announcements, pointing out that the Israeli-Chinese cooperation is a “win-win” situation for both sides. He found the accusations of getting “intelligence” about the US Navy through the port of Haifa to be ridiculous. “I believe that anyone with basic military knowledge finds these accusations ridiculous. Does China really need to apply these outdated methods for intelligence gathering,” the Chinese ambassador wonders.

## 7. THE GEOPOLITICS – CONFLICTS, WARS, AND TERRORISM

The geopolitical risk is a new issue for China. Chinese expert, Zhang Jiadong, states that the Middle East is a part of China’s “Great Neighborhood”.<sup>13</sup> It is at the same time a religious and cultural center of the “Islamic Belt”, which extends from North Asia, all the way through Central Asia up to Southeastern Asia.

The “Islamic Belt” touches the Western and Southwestern parts of China. The Middle East is the future direction of China’s maritime movements. What is happening in the Middle East affects not only China’s economic interests, but also China’s security status at home and abroad.

<sup>13</sup> Zhang Jiadong, *China – Middle East relations: New Challenges and New Approaches*, Danish Institute for International Studies, 2016.

Jiadong believes that the role of the Middle East in China's foreign policy has changed greatly, from a model driven by political motives, through a "politics plus energy" model to the current combination which includes politics, energy, economic and strategic issues.

He also believes that, following the likely decline in the importance of energy, security risks are becoming a growing factor in China's Middle East policy. President Xi Jinping introduced China to the Middle East and Africa, after half a century of American domination and a renewed Russian presence. The region is in the midst of long wars in Syria, Yemen, Libya, and Iraq, and the conflicts are taking on new dimensions: Israeli – Iranian, Saudi – Iranian, Israeli – Palestinian, Sunni – Shiite. All those conflicts create a geopolitical vacuum.

Like many other external participants, China has to adapt quickly to the regional changes that emerge as the result of the "Arab Spring" 2011-2012, when many decades-long governments and rulers, such as Egypt, Tunisia, Libya, and Yemen, were removed. In some of these countries, such as Libya and Yemen, wars and civil conflicts occurred, and the particular problem is the conflict in Syria.

China adheres to the principle of non-interference in the internal affairs of those countries. Following this policy, along with Russia, it vetoed the resolution which sought the resignation of Syrian President Assad in the Security Council in February 2012. By the end of 2014, China and Russia vetoed four different resolutions concerning the Syrian conflict. China vetoed stronger sanctions on Syria, which lead to difficulties with some Arab countries, especially Saudi Arabia which hindered free trade negotiations with the Gulf Cooperation Council.

The events of 2014-2015, when the Islamic State began taking the territories of Iraq and Syria with a plan to create an Islamic caliphate, deleting the borders between the two countries, also created a dilemma for China. Although it refused to formally join the US-led coalition against the Islamic State, China joined the international community in condemning the Islamic State.

"The Middle East is the tomb of the great powers," said Li Shaosian, the former Vice President of China's Institute for Contemporary International Politics. "China does not care about who the Syrian president in the future will be. As long as that person can stabilize and develop the country, we will agree", he concluded.<sup>14</sup>

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<sup>14</sup> President Xi Jinping of China Is All Business in Middle East Visit, New York Times, January 30, 2016.

Globalization created a modern and powerful China, but also China with great needs. China strengthened its presence in the Red Sea and the Horn of Africa. In order to counteract the actions of pirates, it opened a military base in Djibouti, which monitors the Gulf of Aden and the coast, some 4.000 km long. There is also a US and a NATO base in Djibouti. Beijing recently leased Sri Lanka's Hambantota Port for the period of 99 years for \$1.1 billion.

The region of the Red Sea and the Horn of Africa is extremely risky for any major force. The Yemeni conflict in which Saudi Arabia is involved with its allies from the Gulf Cooperation Council, especially the UAE, has been burning for years. China's desire for new partnerships in trade, energy, and infrastructure can, therefore, hardly be separated from the turbulent geopolitics of the region and the political processes it creates.

Nearby Somalia is the cradle of violence since the fall of the last government in 1991 and the fighting between pro-government forces and Al-Shabab jihadists. This conflict is spreading to Kenya and other East African countries, Mozambique, rich with gas, and Tanzania. Somewhat further is impoverished Sudan, whose internal conflicts threaten all investments in the country.

All these countries on the "Chinese path" will undoubtedly welcome China's stabilizing economic initiatives, while China will, in turn, be able to count on the infrastructure necessary to export oil and minerals to China's booming economy.

To some extent, so as to meet all these demands, China is transforming itself from a neutral outsider role to a strategic participant.

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# Security Relationship Between the European Union and China

## *Abstract*

The relationship between the European Union and China, apart from being dominantly economic, is increasingly taking on a political and a security dimension. The beginning of relations between the European Union and China dates back to the mid-1970s, when China gradually became a strategic partner for the European Union. China's global influence, including its impact on Europe, is expanding. This is primarily the case in the area of economics, through institutionalization within the Belt and Road program, and the 16 + 1 initiative, joined by Greece in 2019. Beginning with the political and economic dimension of the EU-China relations, the paper also considers the security dimension. In the 21st century, security issues are increasingly globalized and affect the political and economic dimension of relations between participants in the international community. This can be especially seen in China's relations with other international participants, both countries and international organizations. The paper analyzes the security aspects of China-EU relations in the context of global relations. The assumption is that the European Union is China's strategically important partner, which makes the security dimension of cooperation increasingly important.

## *Keywords:*

China, the European Union, security cooperation, security.

## 1. INTRODUCTION – ECONOMIC RELATIONS AS A BASIS FOR POLITICAL AND SECURITY RELATIONS

An increasing economic cooperation and intensive exchange of goods and services between the European Union and the People's Republic of China are both affecting the strengthening of their mutual political relations, and simultaneously forming the framework for the beginning of a security cooperation. Globally, we are talking about two world economic powers with strong bilateral exchanges resulting in increasing interdependence. Specifically, China is the EU's largest trading partner after the United States, and the European Union is China's largest trading partner, with China making a surplus. The strength of their interconnectivity is clearly evidenced by more than 1 billion euros generated by interchange in just one day.<sup>1</sup> According to the data of the European Commission, in 2018, the European Union exported goods worth €209.9 billion to China and services worth €46.7 billion. At the same time, it imported 394.8 billion euros worth of goods from China and 30.6 billion euros worth of services.<sup>2</sup> With respect to the significant negative sign of trade with China, the European Union's objective is to ensure that its Asian partner adheres to its obligations with regard to WTO membership, in particular, with respect to intellectual property, fair trade practices, further market liberalization, and reducing the role of the state in the economy. The economic dimension of the EU-China relations is particularly interesting in the context of the US-China trade war that marks 2018 and 2019, with the two largest economies<sup>3</sup> introducing mutual customs duties on billions of dollars' worth of products. According to some estimates, it is precisely the European Union who could have relative economic benefits of the US-China war, as it could place more of its export products on the markets of both trading partners, given their mutually imposed restrictions.<sup>4</sup>

Also, we should not disregard the fact that the maritime and land routes of the Belt and Road Initiative (BRI) inaugurated by President Xi in

<sup>1</sup> According to <https://ec.europa.eu/trade/policy/countries-and-regions/countries/china/>, Sept. 16, 2019.

<sup>2</sup> European Union, Trade in goods with China, European Commission, 03. 06. 2019. Available at [https://webgate.ec.europa.eu/isdb\\_results/factsheets/country/details\\_china\\_en.pdf](https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_china_en.pdf), Sept. 16, 2019.

<sup>3</sup> Together they make up about 2/5 of world GDP. According to Plummer, Michael G., The US-China Trade War and Its Implications for Europe, *Intereconomics*, Vol. 54, No. 3/2019, p. 195.

<sup>4</sup> *Ibid*, p. 196.

2013, which seeks to ensure greater connectivity between China and sixty countries by major infrastructure and investment projects, encompass a large part of Central, Eastern, Northern and Southeastern European countries that express interest or already began work on specific projects. With the resentment of the European Union, and especially of France, Italy joined the initiative in 2019, as the first G7 Member State to do so.<sup>5</sup> Namely, many participants of this initiative read Chinese ambitions for changing relationships and geopolitical reality through, first and foremost, economic instruments – first in Asia, then in Europe and globally. In other words, the proclaimed commitment to multilateralism, which should make China a credible partner in international relations from the point of view of other countries (including the European Union), at a time when the United States is striving for unilateralism, is interpreted as only a cover for China's global leadership in the future. When it comes to European countries, it can be seen from a series of analyses that they are in a gap between traditional ties to the US and the economic opportunities offered by the BRI, while also expressing unease about the long-term consequences of China's economic initiatives.<sup>6</sup>

In addition, in the 16 + 1 initiative (most recently 17 + 1), as part of the BRI bringing together Central and Eastern European countries and China, 12 are from 28 EU member states,<sup>7</sup> which some observers see as starting a new regional context through frequent meetings of high-level political officials. Sharper critics from the European Union refer to the Initiative as a "Trojan horse" by which China tries to incur divisions in the European project.<sup>8</sup> At the same time, in official European Commission March 2019 documents, China is referred to as both a strategic partner and a systemic rival, and the Member States are called for full unity, without which either individually or as the European Union they cannot count on the realization of their interests in relation to China. In particular, it is stated that the Member

<sup>5</sup> Miner, L. and Abellan-Mattamoros, C., *China's Belt and Road plan: Why did Italy sign it and why is Brussels worried?*, Euronews, April 2019. Available at <https://www.euronews.com/2019/03/24/china-and-italy-sign-silk-road-project>, Sept. 15, 2019.

<sup>6</sup> See, for example, Chatzky, A. and McBride, J., *China's Massive Belt and Road Initiative*, Council on Foreign Relations, May 2019. Available at <https://www.cfr.org/backgrounder/chinas-massive-belt-and-road-initiative>, Sept. 15, 2019.

<sup>7</sup> Bulgaria, Czech Republic, Croatia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, and Greece from 2019.

<sup>8</sup> Kowalski, E., *China's "16+1" Is Dead? Long Live the "17+1"*, *The Diplomat*, March 2019. Available at <https://thediplomat.com/2019/03/chinas-161-is-dead-long-live-the-171/>, Sept. 15, 2019.

States must adhere to the *acquis communautaire*, rules and policies<sup>9</sup> either when bilaterally cooperating with China or acting under initiatives such as 16 + 1, thereby expressing some caution as to the possible direction of development of relations between the two strategic partners.

In the context of the political dimension of relations among the European Union, the United States, and China, the European Union and China have different levels of institutionalization of relations with the United States, and in general, different views on cooperation with this leading world power. The European Union and the United States (and Canada) make up a transatlantic security community that is highly institutionalized (a mature, security community),<sup>10</sup> while despite strong economic interdependence, the US-China relations remain marked by rivalry and conflicting interests in the global community. The opinion of the current US administration on China is clearly evidenced by the National Security Strategy (2017), where the focus from international terrorism is directed towards China and the Russian Federation, the “challengers” of the US global primacy. Thus, the very introduction of this document states that China, together with Russia, poses a challenge to American power, influence, and interests, and that it attempts to undermine US security and prosperity by the military, political and economic means.<sup>11</sup> At the same time, China is directly labeled as a nation stealing billions of dollars’ worth of intellectual property, which directly harms the US industry and, in the long run, reduces US competitiveness in the world market. In geopolitical terms, the US concludes that China as one of the so-called *revisionist powers* seeks to suppress American interests and presence in the Indo-Pacific region, impose itself as a regional hegemon, which the US considers to be one of the steps in China’s attempt to become a leading global power in the future.<sup>12</sup> The importance of this region is further intensified by the United States in its Indo-Pacific Strategy Report

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<sup>9</sup> EU-China – A strategic outlook. Joint Communication to the European Parliament, the European Council and the Council. European Commission, March 2019., p. 2. Available at <https://ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf>, Sept. 15, 2019.

<sup>10</sup> Adler, Emanuel and Michael Barnett (1998): *Security Communities*. Cambridge: Cambridge University Press. pp. 48–49.

<sup>11</sup> National Security Strategy of the United States of America, December 2017, p. 2. Available at <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>, Sept. 16, 2019.

<sup>12</sup> Summary of the 2018 National Defence Strategy of the United States of America, p. 2. Available at <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>, Sept. 16, 2019.

of July 2019,<sup>13</sup> which specifies that China's militarization of the South China Sea, increased activities around Taiwan, and generally continued Chinese military modernization are the issues which, along with economic and political initiatives in different parts of the world, could significantly affect the existing order.

Unlike the United States, the European Union, in its official documents, mainly refers to China as a strategic partner with whom it deepens its cooperation in a number of areas, which should also lead to a more institutionalized relationship.<sup>14</sup> Efforts to strengthen these ties go hand in hand with the current state of Sino-US relations, President Trump's policy toward the EU, and the growing, global emphasis on unilateralism.

Finally, China is becoming an increasingly active player in the UN's collective security system, especially in peacekeeping missions. Currently, there are more Chinese troops in UN missions than those from all other permanent members of the UN Security Council combined. Specifically, in July 2019, China had 2521 members under UN peacekeeping missions, most of them in South Sudan in UNMISS (1031)<sup>15</sup> while the remaining four had a total of 1405 members.<sup>16</sup> This period of more active engagement began in the 1990s with the end of the Cold War, when China's contribution to this mechanism of maintaining international peace and security was almost negligible, given China's traditional policy of non-interference and inaction in the work of international organizations. As a supporter of the traditional interpretation of state sovereignty and issues considered as an internal domain of states, no sooner than in the late 1970s, after Deng Xiaoping became Head of State, China began to make a financial contribution to the UN peacekeeping budget<sup>17</sup> which was formed in the mid-1960s as a separate part relative to the regular budget. Since then, some major changes ensued, and now China's financial contribution to the UN peacekeeping budget

<sup>13</sup> The Department of Defense Indo-Pacific Strategy Report (Preparedness, Partnerships, and Promoting a Networked Region), June 2019. Available at <https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF>, Sept. 16, 2019.

<sup>14</sup> State of play of EU-China relations. European Parliament, January 2019, str. 1. Available at [http://www.europarl.europa.eu/RegData/etudes/BRIE/2019/633149/EPRS\\_BRI\(2019\)633149\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2019/633149/EPRS_BRI(2019)633149_EN.pdf), Sept. 15, 2019.

<sup>15</sup> According to: <https://peacekeeping.un.org/en/china>, Sept. 16, 2019.

<sup>16</sup> France – 743 members, United Kingdom – 557 members, Russian Federation – 71 members, United States – 34 members. Available at: Rankin of Contributions by Country (as of July 2019). Available at <https://peacekeeping.un.org/en/troop-and-police-contributors>, Sept. 16, 2019.

<sup>17</sup> China's Role in UN Peacekeeping. Institute for Security and Development Policy, 2018., p. 1. Available at <http://isdsp.eu/content/uploads/2018/03/PRC-Peacekeeping-Backgrounder.pdf>, Sept. 1, 2019.

is the second largest, just behind the one of the US.<sup>18</sup> After China began deploying troops to UN peacekeeping missions in the 1990s, this process stagnated again in the middle of the decade, and since 2004 a steady increase in the number of Chinese peacekeepers began. Stronger engagement began around the same time the European Union, as a new security participant, began its operations in an international environment within the framework of civilian and military missions in different parts of the world. In this regard, peacekeeping operations certainly represent an area of possible security cooperation between China and the European Union, especially in some parts of the world, such as Africa. China and the European Union are more inclined to use *soft power*, which, in the long run, can have a positive impact on their mutual security cooperation and reconciliation of interests globally, especially in relation to the United States, the Russian Federation, and India. It is precisely this intensified participation in UN peacekeeping missions which is viewed as part of a broader Chinese *soft power* strategy, “by which Beijing can promote its interests abroad, at the same time enhancing its co-operation with other nations while it experiences the so-called “peaceful growth.”<sup>19</sup> China’s involvement in peacekeeping missions and its greater involvement in the United Nations and the international arena, in general, can be perceived as part of a broader strategy that successfully combines military, political, diplomatic and economic resources, so as to achieve its foreign policy goals. Specifically, it is also argued that “Beijing’s current peacekeeping policy helps China expand its diplomacy all around the developing world,”<sup>20</sup> which also reverberates positively in the context of the Belt and Road initiative.

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<sup>18</sup> China’s share of the total UN peacekeeping budget in 2018 is 10.25%. The total approved budget for the period July 1, 2018, to June 30, 2019, is \$ 6.7 billion. According to: How are we funded? Available at: <https://peacekeeping.un.org/en/how-we-are-funded>, Sept 1, 2019.

<sup>19</sup> China’s Role in UN Peacekeeping. Institute for Security and Development Policy, 2018., p. 2. Available at <http://isdpeu.org/content/uploads/2018/03/PRC-Peacekeeping-Backgrounder.pdf>, Sept. 1, 2019.

<sup>20</sup> Lateigne, M., The Role of UN Peacekeeping in China’s Expanding Strategic Interests. 2018., p. 1. Available at <https://www.usip.org/publications/2018/09/role-un-peacekeeping-chinas-expanding-strategic-interests>, Sept. 1, 2019.

## 2. COOPERATION DEVELOPMENT BETWEEN THE EUROPEAN UNION AND CHINA

From the 1970s to the present, relations between China and the European Union (formerly the EC) have evolved to such an extent that the two poles of cooperation perceive each other through the prism of strategic partnership formalized in 2003, despite evident differences in size (territory, population) or the values they represent. The European Union (EU) Delegation to China has been active since 1988, and the PRC also has a mission to the EU, both missions bringing diplomatic relations established in 1975 to a new dimension and dynamism. The very next year, in 1989, the then European Community imposed an embargo on China for the import of weapons, due to the violent suppression of demonstrations in Beijing's Tiananmen, which is in force to this day. Nonetheless, as early as the 1990s, the situation normalized, and relations developed further in economic, political and security terms.<sup>21</sup> Summit meetings were established in 1998 in London, and are held annually. At these meetings, the two sides address different aspects of their bilateral relations, but also global economic, security, development, climate, etc. issues.

The economic dimension of this bilateral relationship is in the background of all other types of interaction, including security cooperation, due to the fact that China is the second trading partner of the European Union (after the USA), while the European Union is China's first trading partner. Therefore, the scope of the mentioned arms embargo is often the subject of dispute between Member States over the economic interests of their arms and military equipment manufacturers, especially in the context of the interpretation of the legally binding EU Arms Control Rules established in 2008<sup>22</sup> that set eight criteria<sup>23</sup> based on which arms exports to third countries should be suspended.

<sup>21</sup> Stepan, M. and Osterman, F., *EU-China Relations – Strategic of Pragmatic, Future or Already the Past?* 2011., p. 20. Available at [https://www.atlcom.nl/upload/AP%202011%20nr\\_%202%20Stepan%20&%20Ostermann.pdf](https://www.atlcom.nl/upload/AP%202011%20nr_%202%20Stepan%20&%20Ostermann.pdf), Sept. 1, 2019.

<sup>22</sup> COUNCIL COMMON POSITION 2008/944 / CFSP of December 8, 2008, on defining common rules governing the control of exports of military technology and equipment. Available at: <https://eur-lex.europa.eu/legal-content/HR/TXT/PDF/?uri=CELEX:32008E0944&from=EN>, April 16, 2019.

<sup>23</sup> Among other things, the criteria include respecting human rights and international humanitarian law. See COUNCIL COMMON POSITION 2008/944 / CFSP, December 8, 2008, on defining common rules governing the control of military technology and equipment exports. Available at <https://eur-lex.europa.eu/legal-content/HR/TXT/PDF/?uri=CELEX:32008E0944&from=EN>, April 16, 2019; The review of the EU

The scale of mutual economic cooperation goes beyond the very question of the nature of this long-lasting embargo and can be said to shape the European Union's views on political, security, development, cultural and technological cooperation. In recent years, initiatives and programs coming from China, an inevitable global economic player, are finding fertile ground in Europe, both among the EU Member States and among countries with varying degrees of institutional ties with the Union on the path to full membership. In this context, as noted earlier, Europe (and the European Union in particular) is the destination of the two continental and one naval arm of the ancient Silk Road, which has been updated in the Chinese Government's official development strategy. Over the last six years, since it was initiated in 2013, it has become the focal point of discussions in bilateral relations between the European Union and China.

Thus, China's Belt and Road initiative, which focuses on building the infrastructure needed for a more dynamic exchange, or expanding the Chinese trading network (as viewed by critics), encounters interest in the European Union, who has given it an institutional form. Specifically, in 2015, the European Commission and China signed the "Agreement on Establishing a Connectivity Platform between the European Union and China,"<sup>24</sup> with the aim to achieve digital and actual integration of Eurasia, through the synergistic effect of European policies and projects on the one, and the "Belt and Road" on the other hand. In July 2018, at the EU-China Summit in Beijing, European Commission President, Jean-Claude Juncker, reiterated that this partnership is strategically extremely important for Europe: "I always firmly believe in the potential of the EU partnership with China. And in today's world, this partnership is more important than ever. It is simply reasonable for us to cooperate."<sup>25</sup>

The most recent 21st China-EU Summit, held in Brussels, in April 2019, confirmed the intention to strengthen this strategic partnership further and to adopt a new post-2020 Cooperation Program. The joint statement adopted at the meeting, related to some extent to the foreign and the security policy as well, gives out the impression that in this area the two sides are much more "reserved" in regards to other areas of mutual cooperation.

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common position on arms exports: prospects for strengthened controls. Available at: <https://www.sipri.org/sites/default/files/Nonproliferation7.pdf>, Apr 15, 2019.

<sup>24</sup> EU-China Connectivity Platform Short-Term Action Plan. Available at: <https://ec.europa.eu/transport/sites/transport/files/2018-07-13-eu-china-connectivity-platform-action-plan.pdf>, Apr. 4, 2019.

<sup>25</sup> EU-China summit: deepening strategic global partnership. Available at: [http://europa.eu/rapid/press-release\\_IP-18-4521\\_en.pdf](http://europa.eu/rapid/press-release_IP-18-4521_en.pdf), Apr. 12, 2019.

### 3. SECURITY COOPERATION BETWEEN THE EUROPEAN UNION AND CHINA

The European Union and China are participants whose importance in international security has grown since the 1990s. Namely, it was only after the post-Cold War period that the European Union began concrete construction of a security component, through the institutionalization of the common foreign and security policy, and China began to move away from its policy of isolationism and to act actively in multilateral fora. The context of their mutual security co-operation is defined by strategic documents, adopted by one or the other party, or in joint documents resulting from an increasingly intense co-operation in different fields.

The first such comprehensive document was adopted by the European Union back in 1995,<sup>26</sup> the Strategic Partnership endorsed in 2003, and in 2013, the EU-China Strategic Cooperation Agenda for until 2020 was adopted, which should be replaced by a new and deeper program. In addition, the EU's Global Strategy stresses the importance of cooperation with China, within the platforms mentioned above, and within ASEM (Asia-Europe Meeting, which has been operating since 1996 and brings together 53 countries, EU and ASEAN), and also cooperation between the EU and ASEAN.

The area of security is mentioned, for the first time, in mutual cooperation in 1995, in the previously mentioned European Union document "A Long-term Policy for China-Europe Relations", in two ways. On the one hand, it talks about the importance of stability, for China itself, which should continue to be built on the foundations of social, economic and political reform in accordance with international norms, and on the other, it points out that the important security issues in different regions, but also globally, cannot be addressed without China. Then, by noting the growing economic and political influence of China in regional and global contexts, it is stated that the two sides can and should discuss issues of common interest and agree on a range of political and security issues.<sup>27</sup>

In the following document, "Building a Comprehensive Partnership with China", from 1998, the European Union focuses on opportunities for cooperation and China's involvement in addressing security challenges in the Asia Pacific, including drug trafficking, maritime security, arms control,

<sup>26</sup> A Long Term Policy for China-Europe Relations. Communication of the Commission. 1995. Available at [http://www.eeas.europa.eu/archives/docs/china/docs/com95\\_279\\_en.pdf](http://www.eeas.europa.eu/archives/docs/china/docs/com95_279_en.pdf), Sept. 10, 2019.

<sup>27</sup> Ibid.

non-proliferation, and the Korean Peninsula security. ARF, or the ASEAN Regional Forum, is underlined as a favorable pre-requisite for stronger joint engagement in responding to multilateral challenges in the region, as a platform which brings together a number of non-regional actors besides ASEAN members.

By the early 2000s, a series of changes took place on both poles of this cooperation – more precisely, European integration grew deeper (the Amsterdam and Nice Agreements), and China's economic and political influence continued to grow (China became a member of the World Trade Organization in 2001). New instruments have been formed on the European side, which could further deepen and regulate relations with China. Thus, the 2001 Communiqué of the European Commission outlines the potential of mutual cooperation in addressing international, regional and transnational challenges, in the context of mutual political dialogue, issues such as peacemaking between the two Koreas, resolving the situation in Myanmar, resolving territorial disputes in South China Sea, relations with Taiwan<sup>28</sup>, arms control and disarmament, multilateral dispute settlement within existing fora (ARF, UN, ASEM), support for United Nations peacekeeping operations, etc.

The Strategic Dialogue between the European Union and China,<sup>29</sup> which will become one of the three pillars of the implementation of the Strategic Cooperation Program for until 2020, adopted in 2013, began in the same period, in 2005. Apart from the Strategic Dialogue, which discusses possible areas for security cooperation, there are also the Economic and Trade Dialogue and the biennial "People to People" Dialogue. The high-level strategic dialogue, held annually, indicates that the focus of the EU-China relations "is shifting" from economic and trade to broader, global security challenges and problems (human rights, South China Sea, North Korea ...).

Finally, in 2013, the current Strategic Cooperation Program for until 2020 was adopted, in which the area of "Peace and Security" became the introductory chapter of the document, which testifies to the transition of the area of cooperation from trade and economic matters to the area of foreign policy and security. By taking into account the European Union and China, as indispensable participants in the *multipolar* world, the program

<sup>28</sup> The EU has no formal diplomatic relations with Taiwan and officially supports the One China policy. However, the EU's position on "one country with two systems" (not supported by the Taiwanese authorities) reflects the Union's interest in maintaining and expanding existing economic and trade relations.

<sup>29</sup> Last held in March 2019 in Brussels.

identifies a number of initiatives and possible forms of cooperation. Among other things, those worth mentioning are:

- “strengthening mutual understanding, deepening mutual trust, building consensus and providing strategic support for promoting bilateral relations and preserving international peace and development” – so as to improve coordination on strategic, political and security issues;
- Strengthening the dialogue on regional issues which are important for both parties, and may have global implications – Africa, Central Asia and Latin America;
- Strengthening the cooperation within the trans-regional and regional fora (ARF, ASEM) – with the construction of regional architecture in Asia, based on the principles of equality, openness, inclusiveness and transparency;
- Strengthening the cooperation in multilateral fora – recognizes the central role of the UN in international affairs – puts emphasis on multilateralism (China as a member of the UN Security Council, and currently two EU members – the UK and France)
- Nuclear security – support for non-proliferation; cyber-security
- Strengthening the cooperation in fighting organized crime, corruption, transnational crime, illegal migration, cybercrime
- Special consultation on counter-terrorism measures
- Maintaining a regular dialogue on defense and security policy, increasing exchange in the field of training, and gradually raising the level of dialogue and cooperation in the field of defense and security – putting emphasis on practical forms of cooperation;

The relationship between the European Union and China is defined in terms of strategic partnerships. Therefore, the partnership in the field of security matters is subsequent to the establishment of cooperation in other functional areas. Having in mind this relatively new dimension, i.e. the fact that the European Union’s Common Foreign and Security Policy is relatively young (it’s been developing since the Maastricht Treaty and it’s been in its current form since 2009 – the Treaty of Lisbon), and that there are also different types of political order, with a different understanding of civil and political rights, different political cultures and traditions, it is not surprising that it takes decades to integrate security into the areas of cooperation. At the recent April meeting, Iran’s nuclear deal was discussed, with both sides supporting the US-North Korea dialogue, along with the full implementation of the Minsk in Ukraine Agreement, and the co-operation and coordination of the peace process in Afghanistan has been agreed upon. However, when it comes to the situation in Venezuela, a certain re-

straint can be detected in a joint statement – both sides are monitoring the situation and advocating a peaceful and diplomatic solution.<sup>30</sup> Thus, in addition to intensifying security cooperation, the European Union and China still have different views on global crises and crisis areas, both in Asia and in Africa. Nevertheless, an effort is made to prevent these different views from adversely affecting the development of general relationships. When it comes to the territory of Europe, China advocates a non-interference policy or a policy based solely on the United Nations documents. This can be seen in the example of Kosovo, whose independence China does not recognize, guided by the United Nations resolutions. Finally, Kosovo is not recognized by five EU member states.

#### 4. CONCLUSION

Although the diplomatic relations between the European Union and China are relatively new, (as they were established in 1975) their overall political, economic and security relations are highly developed and incredibly dynamic. This is the case primarily because of both parties' interests, who want to position themselves in the global community, especially in relation to the United States of America. Political changes in China, and its open politics from the mid-1990s, also affect the cooperation with the European Union, especially some of its members. The pre-requisites for the political co-operation development have gradually been built, and also served as a basis for a more intense economic co-operation within which both sides could quickly recognize their long-term interests. The specific character of China's and the EU's cooperation lies in the fact that China is a state, while the European Union is a community of countries assembled in it. This also affects China's relationship, not only with the European Union, but also with some of its members, or candidates for membership. Thus, China develops special relations with the countries of Eastern and Southeastern Europe through the Belt and Road and 17 + 1 Initiatives, or with individual members of the European Union, such as Germany, France or Italy. Since security issues have been particularly important from the very beginning of the 21st century, China and the European Union have also started developing a more intensive cooperation in the field of security. This is based on the assumption that the European Union is China's strategically important partner and that a strategic partnership is not feasible, let alone without a security dimension. A particularly important issue in the China-

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<sup>30</sup> <https://www.consilium.europa.eu/en/meetings/international-summit/2019/04/09/>, Apr. 16, 2019

EU cooperation is the relationship with the United States. The European Union and the United States are developing a strategic partnership within the Euro-Atlantic community, while the relations between China and the United States, despite the developed economic cooperation are marked by opposite viewpoints in the global community. This tendency to use soft power conditions the development of security cooperation between China and the European Union in many ways. The beginning of their cooperation within the United Nations is particularly important, along with conducting the peacekeeping missions, in which both sides are exceptionally engaged. Achieving security cooperation had become more intense, despite different views on some global security concerns, in order to realize a better position in relation to the United States, the Russian Federation, and India. General relations between China and the European Union are expected to continue to develop and significantly impact relations in the global community. This does not mean that there will be no problems or misunderstandings in these relationships. In this respect, China, unlike the European Union, is in a better position, because it can shape and implement its policies more easily. The success of the cooperation, especially in the area of security, will also depend on the benefits both parties have from this cooperation.

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# Serbia's Accession to the EU and China's Presence in the Balkans

## *Abstract*

As a barrier to the European Union and the land bridge of Eurasia, the Western Balkans have been in the focus of an international power game for a long time. Among those countries, Croatia joined the European Union, successfully, in 2013, while other countries have been treating the EU accession as one of the top priorities of their national strategy. The centripetal force of regional countries has made the EU a major stakeholder in the region. With the cooperation framework of China-Central and Eastern European countries (17+1) and the Belt and Road Initiative (BRI) launched in this region, especially in Serbia, Chinese companies, represented by the China Road and Bridge Engineering Co., Ltd., Hebei Iron and Steel Plant and others, have achieved important commercial progresses in the local market. The current pragmatic cooperation between China and Serbia reinforced the emotional ties between the two nations and set a well-established image among their people and their governments, while China's regional influence is rising gradually. However, the encounter between China and the EU, in Serbia, has led to various speculations about the possibility of either a competition or a cooperation between China and the EU in this region. Some EU countries, represented by Germany, have openly questioned China's motives for the construction of the BRI in Serbia and other Balkan countries, and increased alertness for China's involvement in this region. Therefore, this chapter aims to unveil how China's presence in the Balkans could facilitate Serbia's EU accession and properly address the EU challenges regarding similar issues.

## *Key words:*

17+1 framework, BRI, Serbia, EU, cooperation, Serbia's EU accession

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\* The analysis of this paper is based on author's interview with people involved in related projects.

## 1. A HISTORICAL OVERVIEW OF REGIONAL AFFAIRS

Since the 1980s, Yugoslavia had been gradually collapsing due to the economic slowdown and intensification of inflation and ethnic conflicts. After the regional turmoil of the 1990s, Slovenia and Croatia became the regional leaders to join the EU through the accession negotiations to achieve a faster economic recovery and social development. The remaining former member states of Yugoslavia, plus Albania, and the Kosovo region which unilaterally declared independence in 2008, formed the current West Balkans. As a new term, coined by the European Union, the West Balkans not only carries the geographical connotations of the region, but also implies different distinctions between themselves and the EU countries, in the political, economic, legal and social domains.<sup>1</sup>

Compared to the Yugoslavian era, the economic and social development of the Western Balkans is still far behind. One of the common aims of the regional countries is to become widely accepted as European Union members. However, due to the regional turmoil of the 1990s and the following global financial crisis in 2008, the economic recovery of the region has relatively slowed down for a while. The main constraints regarding the economic growth in the region, identified as a monotonous market structure, capital shortage, and technological under-development, have impeded national development from the very beginning. Therefore, seeking financial and technical support, from the external markets, has become one of the primary tasks for the Western Balkans countries so as to revive their economies. It not only makes it possible for the EU to expand eastward, but also offers opportunities for other external powers, including China, to engage in regional affairs. Due to this circumstance, the ways in which various stakeholders adjust their own strategies towards Western Balkans and properly manage the relations with other stakeholders, have become key issues for regional development, and would, most probably, directly impact the prospective direction of the Western Balkans.

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<sup>1</sup> Pål Kolstø (2016) 'Western Balkans' as the New Balkans: Regional Names as Tools for Stigmatisation and Exclusion", *Europe-Asia Studies*, 68:7, 1245–1263; Todorova, Maria (1996) *Imaging the Balkans*, Oxford: Oxford University Press.

## 2. CHINA'S PRESENCE IN SERBIA: 17+1 AND BRI

Stable Sino-European relations are pre-requisites for the smooth progress of the BRI in Serbia, in the Western Balkans, and even Europe. In 2012, China signed the “China’s Twelve Measures for Promoting Friendly Cooperation with Central and Eastern European Countries”, together with 16 Central and Eastern European countries. At the same time, it launched, in Poland, a format of “16+1”, with Serbia as one of the leading participants for the first time, so as to deepen the economic cooperation, mainly in the areas of infrastructure, telecommunication and sustainable development. In 2019, the format expanded, for the first time, as Greece joined. Out of the 17 partner countries, Serbia has been a leading country in engaging this format, especially when it comes to the number of planned projects and their diversity. Consequently, Chinese companies have gradually entered the Serbian market. After years of diligently conducting operations in the local market, these Chinese enterprises have been widely recognized, by local participants, as trustworthy partners. Therefore, the construction of BRI projects, involving these Chinese enterprises, is gradually progressing and developing into diverse forms, which are based on various channels of financial support. Overall, current BRI construction projects in Serbia could be examined through these three following perspectives.<sup>1</sup>

### 2.1 *The political engagement*

From the political point of view, these two sides have maintained a long-standing friendly relationship ever since the Yugoslavian era. The year of 2016 marked a new stage for the bilateral relations. In June of that same year, President Xi Jinping signed a published article in the leading Serbian newspaper, *Politika*, entitled ‘*Enduring Friendship and True Partnership*’, regarding his official visit to Serbia<sup>2</sup>, where China and Serbia agreed to upgrade the ‘Strategic Partnership’ which was officially established in 2009 to a ‘Comprehensive Strategic Partnership’ during Xi’ official visit. This act was supposed to demonstrate their shared commitment to developing further their cooperation, in order to gain mutual benefits. As President Xi Jinping indicated, during his official visit to Serbia, ‘China and Serbia

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<sup>2</sup> Xi Jinping, *Enduring Friendship and True Partnership*, June 16, 2016, [http://www.chinadaily.com.cn/world/2016xivisituee/2016-06/16/content\\_25737654.htm](http://www.chinadaily.com.cn/world/2016xivisituee/2016-06/16/content_25737654.htm), accessed on December 10, 2019.

are sincere friends and important cooperation partners'.<sup>3</sup> Due to the similarities between the Taiwan and Kosovo issues, China and Serbia have firmly supported each other's sovereignty and territorial claims in the international arena. Meanwhile, the Chinese leadership has expressed their support for Serbia's accession to the EU.<sup>4</sup> And Serbia was one of the first countries which signed the MOU on joint development of the Belt and Road Initiative. The favorable political atmosphere between the two countries has set the foundation for further cooperation in economic and social domains.

## *2.2 The economic buttress*

Within the framework of 17+1 cooperation plan and the BRI, a practical cooperation in the economic domain between these two countries has yielded increasingly good results. At the early stage of the bilateral infrastructure cooperation, a large number of projects, including the Mihajlo Pupin Bridge (Zemun Bridge), the Belgrade-Budapest Railway, and the expansion and upgrade of the Kostolac Power Plant, used concessional loans with low rates and long re-payment periods, provided by the Chinese state-owned banks, such as the Export-Import Bank of China. In recent years, while responding to the host country's BOT (build-operate-transfer) and PPP (public-private-partnership) initiatives, some projects, which are currently conducted by the Chinese enterprises in Serbia, have gradually changed their financial politics from using Chinese concessional loans into direct investments. For example, the purchase of the Smederevo steel mill by the Hebei Iron and Steel Group shows that the local steel industry has not only been revitalized with the Chinese capital, but has also strictly fulfilled all the legal and environmental requirements. In August 2018, Shandong Linglong Tire planned to invest 994 million USD to build 13.62 million sets of high-performance radial tires in the Serbian Free Trade Zone, which is a perfect example of the recently emerged direct Chinese investment. CRBC has also signed a memorandum of understanding with the Serbian government, on the construction of the E763 Motorway, by using the PPP mode of payment. Additionally, Serbia's geo-economic advantages make it

<sup>3</sup> Xinhua English, China, Serbia lift relations to comprehensive strategic partnership, June 19, 2016, <http://english.sina.com/news/2016-06-19/doc-ifxtfmrp2327200.shtml>, accessed on December 10, 2019.

<sup>4</sup> Xi Jinping, Enduring Friendship and True Partnership, June 16, 2016, [http://www.chinadaily.com.cn/world/2016xivisitree/2016-06/16/content\\_25737654.htm](http://www.chinadaily.com.cn/world/2016xivisitree/2016-06/16/content_25737654.htm), accessed on December 10, 2019.

a favorable destination for foreign capital to export products, mainly to the EU markets. More precisely, after years of adaption, Chinese firms have realized the potential and opportunities of the Serbian market.

### *2.3 The institutional and infrastructural connectivity*

Local institutions and norms have been, first and foremost, a great challenge for Chinese enterprises to get adapted to. During the process of designing and creating a budget, the construction, procurement, subcontracting and assessing Serbia's Zemun Bridge, or the acquisition of the Smederevo steel mill and the conduction of other projects, all Chinese agencies strictly complied with local, and even the EU, laws and regulations, and accepted to be supervised by the local engineering team and the owner agents. This has pushed the Chinese companies to adapt to local rules and to design their projects better. Boosting the institutional connectivity between the Chinese agencies and local markets has also been a major goal for other Chinese companies in Serbia's neighboring countries. For instance, the China Road and Bridge Corporate (hereafter CRBC) obtained the Croatian 'Peljesac Bridge' tender, by beating two European consortiums through an open bidding. This bridge was the first large-scale infrastructure project, implemented by Chinese infrastructure enterprises, in the EU market, using EU funds. CRBC has strictly been abiding by the relevant EU laws and regulations throughout the bidding process, and ultimately relied on excellent professional skills, low construction costs, advanced management experience and rich international experience so as to beat the European competitors.

From the aspect of infrastructural connectivity, a part of the BRI-related projects promoted Serbia's interconnectivity with other Western Balkan countries and its EU neighbors. The current road, bridge and railway projects, built by China in Serbian and other Western Balkans countries, have helped improve the transportation network in the region and helped them integrate into the Pan-European transportation network. Among them, the Serbian-Hungarian Railway is a branch line of the B section of the Pan-European Corridor No. 10. The Pelješac Bridge connects the two parts of Croatia divided by Bosnia and Herzegovina. The E763 Highway of the North Extension of the Montenegrin North-South Expressway is part of the Pan-European Corridor. Shanghai Electric Power and Malta Energy Company and Vision Energy Development Montenegro Mozula Wind Power Project have been put into motion, which has important practical significance for Montenegro's entry into the EU with clean and environmentally friendly

energy. It also represents a benchmark for cooperation between China, Europe and the local economy.

#### *2.4 The social influence*

Throughout the years, the people of China and Serbia have been close and had a great cooperation in the department of education, science and technology, culture, and even public health. The two countries have agreed to set up culture centers. The Chinese culture center has been completed in Belgrade, while the Serbian counterpart is located in Beijing. Culturally and educationally, Confucius Institutes have been established at the top universities of Serbia, the University of Belgrade and the University of Novi Sad, and Chinese language is now being taught, as a test trial, in more than 100 primary schools in Serbia. All this indicates the social influence both countries have on each other.

In regards to the infrastructure construction of Chinese enterprises in Serbia, it represents an important driving force for the country to approach the EU countries, when it comes to the level of economic development. At the same time, Chinese companies have trained a number of outstanding local engineering experts in management and people with exceptional technical talent, filling the gaps in the local infrastructure industry and providing a human resource base for the industry, so as to achieve sustainable development. In addition to this, Chinese enterprises invested in the construction of the Belgrade bicycle lane, while the CBRC's donation to complete the reparation of the Tara Valley Bridge in Montenegro is actively fulfilling social responsibilities and ameliorating the relations between the enterprise and the local society.

All in all, China's 17+1 framework and BRI construction, in Serbia, have had a positive impact on the local economic development, infrastructure improvement and industrial development, and have also promoted the accession process to the EU. For Chinese companies themselves, they can also use Serbia and other Western Balkan countries as a gateway to adapt to the EU market rules, gain market access, and, therefore, gain experience in EU market.

### 3. IS CHINA'S PRESENCE FACILITATING SERBIA'S ACCESSION TO THE EU? DOUBTS AND RESPONSES

The Western Balkan region, including Serbia, is the southeastern barrier of the European Union, whose stability is critical to the security of the EU countries. The EU has sent out incentive signals to the Western Balkan countries to reform their political, economic and legal domains, and has offered help to complete the institutional transformation, so as to achieve the goal of European integration. As the United States gradually retreated from the Western Balkan area, the EU has become the most influential participant and the largest stakeholder in this region. From the point of view of economy and trade, the Western Balkans is a very important market with high potential, even though the total trade volume between the EU and the Western Balkans accounts for only 1.3% of the EU's total trade volume. From the security point of view, the West Balkans are surrounded by EU countries and represent the southeastern barrier to the EU. Therefore, the stability of the region is crucial to the security of the EU countries.

However, the EU's eastward expansion has slowed down after Croatia's accession. On the one hand, the EU has to deal with many internal issues such as the European debt crisis, the refugee crisis, Brexit and the rise of the right-wing populism; while on the other hand, the current reform process and ethnic relations in the Western Balkans are not satisfactory to the EU. This makes the rule-oriented Union unable to invest too much in this region, thus impeding the accession process of Serbia and Montenegro, and even some regions such as Bosnia and Herzegovina and Macedonia have even experienced a stagnation in the accession process. As other international forces have been involved in the region more and more, the EU has recently re-oriented its attention to the Western Balkans, with the aim of reaffirming the EU support for the region's prospects for accession, by releasing a series of signals so as to consolidate its presence in the region. For example, in February 2018, the European Commission adopted the strategy document regarding the New West Balkans, the EU-Western Balkans Sofia Summit in May, and the Berlin Summit in London in July, which reaffirmed the EU's positive attitude of welcoming the Western Balkans to the EU. Overall, the main content of the EU's Western Balkan policy includes four aspects, namely, the normative, financial, infrastructural, and societal. The normative aspect implies that the Western Balkans region is positively influenced by and willing to comply with the EU's institutions, values and norms, which resonates with the Normative Power Europe

thesis coined by Manners.<sup>5</sup> Financially, the EU provides funds such as the Instrument for Pre-Accession Assistance for regional countries, while at the same time introduces the Western Balkan Investment Framework to leverage more private investments into the region. When it comes to the infrastructure, the EU has gradually incorporated the Western Balkans into the main Trans-European Transport Network, Trans-European Energy Network and Pan-European Corridors, thus providing better opportunities for these countries to connect their transportation, telecom and energy infrastructure with the EU. As far as the society is concerned, the people-to-people exchange between the citizens of the EU and Serbia has been maintained at a positive level. Also, the EU has provided assistance to the Balkan countries in negotiating the regional trade agreement and bilateral trade agreement with the EU.

As BRI construction continues to advance in the Western Balkans, EU officials and institutions have raised a series of questions about the activities of Chinese companies in this ‘quasi-EU’ region.<sup>6</sup> Accordingly, the manner in which the Chinese participants respond to these concerns has become particularly important for further development of BRI in this region. The following part will address the four main concerns and the response of the Chinese side in, respectively, four dimensions.

### 3.1 *The political alertness*

First and foremost, ideological differences are highlighted at the normative and institutional levels. The research report, from MERICS, believes that China challenges the EU norms and promotes the Chinese model.<sup>7</sup> Germany’s former Foreign Minister, Gabriel, criticized Beijing for using the BRI to create values different from the Western style of freedom and democracy.<sup>8</sup> In addition, the EU has doubts about some of the tendering

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<sup>5</sup> Manners, Ian (2002) Normative Power Europe: A Contradiction in Terms?, *JCMS: Journal of Common Market Studies*, 40(2):235–58.

<sup>6</sup> South China Morning Post (2018) Merkel Warns Against China’s Influence in Balkans, (22 Feb), available at <https://www.scmp.com/news/china/diplomacy-defence/article/2134196/merkel-warns-against-chinas-influence-balkans>, accessed on December 10, 2019.

<sup>7</sup> Benner, Thorsten et al. (2018) “Authoritarian Advance: Responding to China’s Growing Political Influence in Europe”, Global Public Policy Institute & Mercator Institute for China Studies, Berlin, February 2018.

<sup>8</sup> Hanschke, Hannibal, “Gabriel warnt Europäer vor Spaltung durch China”, Reuters, 30 August, 2017, <https://de.reuters.com/article/deutschland-eu-china-idDEKCN1BA1XU>, accessed on December 10, 2019.

methods regarding some infrastructure projects in the Western Balkans and the possible underlying corruption.<sup>9</sup>

To respond to the abovementioned issues, normatively, the expectation of joining the EU, has driven Serbia to continuously reform its legal, political and economic systems, so as to meet EU standards. After a period of 'Europeanization', the relevant standards of infrastructure projects, in Serbia, have been largely compliant with the EU. Most Chinese companies cooperated with local legal firms, so as to keep track of the ever-changing legal system and manage the projects strictly according to both the local law and relevant EU regulations. At the same time, the supervision teams in the Serbian projects are often made up of Western European experts, who are skilled in applying local and European standards. It is fair to conclude that the EU norms and regulations have served as the benchmark for evaluating the performance of Chinese firms in Serbia. Under this circumstance, even if Chinese contractors question the host country's standards, for the most part, they communicate and discuss this with the owners, based on the scientific basis, instead of with the intention to replace them with Chinese standards. Although some Chinese-funded projects have encountered resistance in the Western Balkans, the main factor for it is not corruption and other normative disputes.

### *3.2 The economic anxiety*

The EU participants have been worried that Chinese funds entering the Western Balkans, especially Serbia, will place hurdles on the way of Serbia's accession to the EU. Even though Serbia's need for financial support is urgent and the EU has the ability to provide assistance in this regard, Serbia's willingness to join the EU has only remained 'urgent', as, currently, Serbia cannot meet all the EU standards because the reform process requires a long period of time, and the EU's determination of expansion is not completely assured. Therefore, the EU cannot invest large sums of money into this region. The entrance of the Chinese capital broke Serbia's long waiting process and indirectly weakened its need for the EU funds, which in turn weakened the EU's influence on regional affairs. In addition, MERICS reported that China's investments have political repercussions, with the aim of increasing China's influence on the EU member states, and other countries in the region, in order to differentiate the EU's attitude

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<sup>9</sup> Makocki, Michal and Zoran Nechev (2017) *Balkan Corruption: the China Connection*, European Union Institute for Security Studies (EUISS), Paris, July, 2017.

toward issues such as the South China Sea.<sup>10</sup> Some EU countries, especially Germany, also have similar attitudes.

Financial issues somehow emerged and have been subject to change already. In order to fulfill a number of economic pre-requisites so as to access the EU, Serbia has been, for a long time, concerned about accepting excessive external loans, including loans from China. It clearly shows that the influence of the EU in the region has not been reduced due to the involvement of Chinese capital. At the same time, in comparison to some EU funds (such as the projects of the European Bank for Reconstruction and Development), Chinese concessional loans in Serbia and its popularity lies in its relatively lower interest rate, longer re-payment period, and higher amount of a single loan. From this point of view, Chinese funds are complementary to, and not a substitution for the EU funds. Moreover, the Chinese side has begun to invest more directly in Serbia and other regional countries, which means that the construction method based on preferential loans has come to an end. In the future, increasing Chinese funds will enter the local markets in the form of direct investments through cooperation with European and global partners.<sup>11</sup>

### *3.3 The infrastructural concern*

By doubting the political and economic motives of Chinese activities in Serbia, the EU also questions the fact that China's loans to Serbia and other Western Balkan countries exceeded its solvency, and over-drafted the potential for future development of the region, while, also, suspecting they have set up a 'debt trap'. For example, the EU has sent out an alert regarding the level of Serbia's public debt. Apart from this, the Montenegro North-South Expressway project has, also, been in the focus of Western critics. The project needs a total of 800 million euros invested in the first phase, and 85% of funding has been China's preferential loan, which makes Montenegro's public debt accountable for more than 80% of its GDP. Even if the follow-up bidding plan is carried out in the PPP mode, some observers doubted that Montenegro's possible economic volume and the

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<sup>10</sup> Benner, Thorsten et al.(2018) "Authoritarian Advance: Responding to China's Growing Political Influence in Europe", Global Public Policy Institute & Mercator Institute for China Studies, Berlin, February 2018.

<sup>11</sup> Bastian, Jens (2017) The Potential for Growth Through Chinese Infrastructure Investments in Central and South-Eastern Europe Along the "Balkan Silk Road", Report prepared for the European Bank for Reconstruction and Development, Athens/London, July 2017.

North-South highway's traffic volume would be very prominent so as to meet this profit.<sup>12</sup>

Currently, the infrastructure projects undertaken by the Chinese agencies are either renovating existing projects or constructing new ones which are urgently needed in Serbia. For instance, the Serbian highway project, from Surčin to Obrenovac, is a part of the Serbian E763 highway project and the part that runs through the Pan-European Corridor. Hence, the completion of this project will help Serbia integrate into the Pan-European transport network. The acquisition of the Smederevo steel mill by Hebei Iron and Steel Group has been a great success, for both countries, and has not only revitalized the Serbian steel industry and opened numerous job opportunities for professional workers, but also potentially opened a door to turning the industry into an environmentally friendly project, based on the Chinese experience. Moreover, the wind power project operated by Shanghai Electric Power is a green environmental project which benefits the local environment and reduced the electricity price, thus improving the livelihood of local people. It has been one of the trial projects of the BRI, demonstrating its main aim of high-quality development. It is widely acknowledged by the locals that the infrastructure projects run by Chinese firms are not only in line with the official plans of the Pan-European Transport Network and the Pan-European Corridor, but are also complements to the interconnection agenda of the Berlin process. It mirrors the EU's interconnection agenda and encourages the spirit of cross-border cooperation.

### *3.4 The social effects*

At last, there are opinions in the EU that the Chinese infrastructure projects may have adverse, unsustainable effects on society and the environment. Some scholars have pointed out that China often overestimates the positive effects of infrastructure projects and underestimates their potential risks, whether economic, social or environmental.<sup>13</sup> In contrast, Western measures are more transactional and take into account the economic, social

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<sup>12</sup> Barkin, Noah (2018) Chinese 'Highway to Nowhere' Haunts Montenegro, Reuters, (July 16th) available at <https://www.reuters.com/article/us-china-silkroad-europe-montenegro-insi/'chinese-highway-to-nowhere-haunts-montenegro-idUSKBN1K60QX>, accessed on December 10, 2019.

<sup>13</sup> Bataineh, Bushra et al (2018), How the West Surrendered Global Infrastructure Development to China, Foreign Affairs, (20 May), available at <https://www.foreignaffairs.com/articles/china/2018-05-21/beijings-building-boom>, accessed on December 10, 2019.

and environmental consequences of specific projects. These preventive measures are in the interest of ordinary people in developing countries.

Local people are the best judges when it comes to the social effects of Chinese projects. Most of the interviewees, people either from the host institutes or randomly chosen ones, expressed a positive impression of Chinese activities in Serbia. According to most of the Chinese engineers working in Serbia, their companies managed to anticipate, during the local operation process, possible social, economic and environmental hazards of the project and take corresponding measures, so as to avoid these problems. For example, the China Road and Bridge Corporation not only strictly followed the local construction requirements, but also cultivated a group of outstanding local talents for further local industrial development. In addition, in the case of Hebei Steel Group's acquisition of the Smederevo Steel Plant, it was demonstrated that Chinese companies consider social responsibility as one of the priorities for their local operations.

In short, the encounter of China and the EU in the Western Balkans, especially in Serbia, has triggered various speculations regarding their possible competition or cooperation on regional affairs. By analyzing the specific practices and achievements of Chinese enterprises in constructing the BRI in Serbia, it would be suitable to conclude that the current progress of BRI construction contributes to the implementation of the EU's Western Balkan strategy as a whole and is supportive of the economic development of Serbia. Based on its own advantages in terms of capital and construction, the Chinese side has contributed to Serbia's prospects of becoming a member of the EU. Although Chinese companies may compete with European local enterprises during open bids for large-scale infrastructure projects, it does not exhaust the room for China and the EU to seek better cooperation in the region.

#### 4. CONCLUSIONS

Against the backdrop of intensifying global protectionism, a stable China-EU relationship serves as a pre-requisite for the steady development of the BRI in Europe. When China and the EU meet in Serbia and other Balkan countries, be it whether to engage in regional competition or deepen cooperation in regional affairs, this will have a great influence on any future development of their relations. Based on an analysis of the EU's strategy towards Serbia's and China's BRI projects in the country, this paper argues that China's investment and China-financed infrastructure projects play a

positive role in driving Serbia to join the EU. Chinese funds and technologies not only promote the livelihood of the people in the region, but also help integrate the region's transport and energy networks into the existing Trans-European Networks and Pan-European Corridors. In addition, there is ample room for China and the EU to develop their cooperation in terms of rule-setting, standards, funding and planning. At this stage, the cooperation between China and the EU in the Western Balkans should be based on the 'China-Europe Platform for Interconnectivity' and effectively promote the connection between China and the EU in terms of norms, standards, funding and planning.

In short, at the current stage, a large number of infrastructure projects regarding the construction of the BRI in Serbia have made planning for the pan-European transportation network in this region a reality. It is not only a connection between the BRI and the EU strategy for regional enlargement, but also an initial practice for the China-Europe interconnectivity platform construction. It has the potential to help China and Europe jump out of zero-sum game, by thinking about and cooperating on creating a connection between Asia and Europe.

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## Serbia's and China's Partnership within the New Silk Road

### *Abstract*

At the end of 2013, the president of the People's Republic of China, Xi Jinping, announced a *rejuvenation* of the Silk Road, by launching the most ambitious initiative in modern history, named One Belt, One Road (OBOR). Focused on improving connectivity and cooperation between countries of Asia, Africa and Europe, the One Belt, One Road Initiative is, in China, often referred to as 'the project of the century'. This project has included over 100 agreements with international organisations. Serbia and China have established a strategic partnership, Serbia being one of 16 countries which have signed the cooperation agreements with China within the 16+1 cooperation mechanism, along with other 11 EU member-countries and 5 non-EU member-countries from the Balkans. Given the scope of its bilateral cooperation, number and range of agreed projects, Serbia holds a leading position compared to other participants of the 16+1 cooperation mechanism. By having signed these agreements within the One Belt, One Road Initiative, the People's Republic of China and the Republic of Serbia have strengthened their economic cooperation, and thereby enabled Serbia to boost its economic growth. At the same time, taking into account other segments of cooperation, Serbia is ahead of other countries, since it was the first country to introduce visa liberalisation for Chinese citizens, and one of a few European countries where Chinese language is studied not only at university level, but also in primary and secondary schools.

### *Keywords:*

Serbia, *Silk Road*, One Belt, One Road, 16+1 cooperation mechanism, economic development

## 1. INTRODUCTION

Chinese economy has been developing for the last thirty years, and it has achieved an unprecedented economic growth and a high level of development in modern history. Having been one of the poorest, least developed countries, and one of the most isolated economies in the world, the People's Republic of China (henceforth referred to as China) has become one of the most powerful, most developed and most concrete economic powers in the world in the last thirty years.<sup>1</sup>

Available data unequivocally shows that China is one of the most powerful economies. According to numerous sources, China ranks as the world's second largest economy. The 16<sup>th</sup> Forbes list (*Forbes Global 2000*), from 2018, has analysed companies from 60 countries, and the results show that all the companies collectively account for USD 39.1 trillion<sup>2</sup> in sales, and USD 3.2 trillion in profit; they have USD 189 trillion in assets, their market value is USD 56.8 trillion<sup>3</sup>. China and the USA have, for the first time since 2015, taken the first ten positions on the list, where almost 300 companies were from China (or to be more precise, there are 291 companies from China on this list) and 560 companies from the USA. In order to highlight the importance of these numbers, it should be mentioned that the first Forbes list of this kind, in 2003, included only 43 global companies from China and Hong Kong, and the number of Chinese companies has been gradually rising, even when compared to the previous year (262 companies in 2017); however, USA companies account for almost 30% of all companies on the list.<sup>4</sup> Hence, the current 'trade war' between these two economic powers, China and the USA, does not come as a surprise.

According to some research regarding the most successful companies, 21 companies from China and Hong Kong and 30 companies from the USA belong to the group of the first 100 companies in the world; some very successful companies belong to the banking sector in China, however it should be pointed out that 32 car and truck manufacturers from this list are also from China.<sup>5</sup> China, also, has some of the biggest flight carriers,

<sup>1</sup> Aleksandar Janković, *Privredni razvoj Kine: Povezivanje na kineski način* (Beograd: Centar za istraživanje povezivanja Puta svile – CIPO, 2017), 3.

<sup>2</sup> Trillion (10<sup>12</sup>)

<sup>3</sup> Halah Touryalai and Krisint Stoller, "Global 2000 – The World's Largest Public Companies 2018," *Forbes*, Retrieved on 5 November 2018, <https://www.forbes.com/global2000/>.

<sup>4</sup> Ibid.

<sup>5</sup> Kenneth Rapoza, "China's Largest Companies Prove Why It's the World's No. 2 Economy," *Forbes*, 6 June 2018, <https://www.forbes.com/sites/kenrapoza/2018/06/06/2018-global-2000-china-proves-why-its-the-worlds-no-2-economy/>.

and *Petro China* and *Sinopec*, which are the world's largest oil and gas companies; *Ping An Insurance Group* is the world's largest insurer, which has left behind companies like *Allianz*, *UnitedHealth Group*, *AXA*. A famous company *Alibaba* is certainly worth mentioning, among other successful companies situated in China (*China Mobile*, *Shanghai Pudong Development*, *China State Construction Engineering*, *China Shenhua Energy*, *SAIC Motor*, *China Telecom*, *Hesteel*). Table 1 presents a list of some Chinese companies, i.e. their positions on the Forbes list in the period 2015-2018.

Table 1. Chinese companies included in the Forbes list *Forbes Global 2000* (top 10)

Company	Industry / branch	Assets in 2018 (billions)	Ranking on the <i>Forbes Global 2000</i> / Year			
			2015	2016	2017	2018
ICBC	Banking sector	\$4,210.9	1	1	1	1
<i>China Construction Bank</i>	Banking sector	\$3,631.6	2	2	2	2
<i>Agricultural Bank of China</i>	Banking sector	\$3,439.3	3	3	6↓	5↑
<i>Bank of China</i>	Banking sector	\$3,204.2	4	6↓	8↓	9↓
<i>Ping An Insurance Group</i>	Insurance	\$1,066.4	32↑	20↑	16↑	10↑

Source: Author's research, according to: *Forbes Global 2000: The World's Largest Public Companies*, 2015–2018.

China has recorded an impressive growth with every passing year. The GDP should continue to increase (projected increase for 2018 is 6.6), and according to the World Economic Forum, China is expected to surpass the USA by the year 2030, which would make it, even in present circumstance when the development has slowed down, a leading economy.<sup>6</sup> Over 800 million people have been lifted out of poverty, while the country is focusing on high-quality growth, highlighting the role of labour force and stimulating openness and modernisation. China is a digital leader in e-commerce, with

<sup>6</sup> World Economic Forum, "This Is What China's Economy Looks Like in 2018 – in 6 Charts," World Economic Forum, 7 August 2018, <https://www.weforum.org/agenda/2018/08/china-s-economic-outlook-in-six-charts/>.

over 733 million internet users and 282 million users younger than 25, thus leaving behind Europe with 414 million users, India (with 391 million users) and the US (with 246 million users).<sup>7</sup> China has more internet users than the EU and the USA together, while its fast growing sector of e-commerce accounts for 40% of global electronic commerce.<sup>8</sup>

At the opening of the *China International Import Expo* in November 2018, the president of the People's Republic of China, Xi Jinping, announced that China would buy USD 30 trillion worth of goods in the course of the next 15 years, and that the worth of the services provided to China would amount to USD 10 trillion. This would be the result of China's opening up, including the reduction of import duty taxes, a better approach to its market and its full support to economic globalisation, since it is at trade-war with the USA.<sup>9</sup>

China has moved up compared to the previous year, and it is now ranked 27<sup>th</sup> (out of 137 countries) according to the Global Competitiveness Index for the period of 2017–2018, and at the same time it is ranked ahead of some EU member-countries, like Estonia (29<sup>th</sup>), the Czech Republic (31<sup>th</sup>), Spain (34<sup>th</sup>), Malta (37<sup>th</sup>) and Poland (39<sup>th</sup>).<sup>10</sup>

Business conditions in China are constantly modified and improved, with unyielding attempts by Beijing to modernise the country, reduce the poverty gap and stimulate the development in underdeveloped regions through infrastructure development and economic growth. Rapid economic growth during the previous 38 years would not have been possible without the Chinese economy opening up. Foreign trade and even the policy which encourages foreign investments have both considerably contributed to the economic reform.<sup>11</sup> Adhering to these ideas, one of the most important development plans in modern history has been born.

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<sup>7</sup> Ibid.

<sup>8</sup> Anna Saarela, "A New Era in EU-China Relations: More Wide-Ranging Strategic Cooperation?" (European Parliament's Policy Department for External Relations, July 2018), 41.

<sup>9</sup> Kinling Lo and Sidney Leng, "Xi Promises China Will Buy US\$40 Trillion Worth of Imports in Next 15 Years as Part of Opening Up," *South China Morning Post*, 5 November 2018, <https://www.scmp.com/economy/china-economy/article/2171705/xi-pledges-china-buy-us40-trillion-worth-imports-next-15-years>.

<sup>10</sup> Saarela, "A New Era in EU-China Relations," 55.

<sup>11</sup> Aleksandar Janković, *Privredni razvoj Kine: povezivanje na kineski način*, 89.

## 2. THE NEW SILK ROAD

China has always endeavoured to make its foreign trade the backbone of its economy. In the 3<sup>rd</sup> century AD, during the reign of the Han dynasty, *trade routes* were established – overland routes 6000 km long, which connected central China to Central Asia and Europe, and sea routes, which created a trade network with Africa. These trade routes were well known as the Silk Road and were intensively used until the end of the 15<sup>th</sup> century.<sup>12</sup>

More than a thousand years ago, routes of trade and cultural exchange connected major civilisations of Asia, Europe and Africa. At the end of 2013, the president of the People's Republic of China, Xi Jinping, announced the most ambitious project, i.e. initiative, in modern history titled the One Belt, One Road. What does this New Silk Road represent? The One Belt, One Road Initiative is a plan which should, through its *overland* (economic belt) and *sea* routes, connect central and eastern China with Asia, Europe and Africa, and all seas and oceans along this road.<sup>13</sup>

As a very ambitious project, the One Belt, One Road (OBOR) is focused on improving and enhancing connectivity and cooperation between countries throughout Asia, Africa and Europe. OBOR, which is often referred to as 'the project of the century'<sup>14</sup> by Chinese officials, has been extended, compared to the old Silk Road which connected Asia and Europe. The One Belt, One Road encompasses new territories and development initiatives along with the construction of new networks of roadways, railways, ports, power grids and systems, oil and gas pipe lines, and relevant infrastructures. This project consists of two parts, the first one – the Silk Road Economic Belt includes overland routes and it aims to connect China with Central Asia, Eastern and Western Europe, while the other one – the 21<sup>st</sup> Century Maritime Silk Road includes sea routes and should connect southern coast of China with the Mediterranean Sea, Africa, Southeast and Central Asia; these two names could seem confusing as the *belt* refers to the overland routes, whereas the *road* refers to the sea routes.<sup>15</sup>

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<sup>12</sup> Ibid, 15.

<sup>13</sup> Ivona Lađevac, „Tekuća situacija i mogućnost koordinacije politike 'Jedan pojas, jedan put' Između Kine i EU: Perspektive Srbije,” in *Budućnost saradnje Kine i Srbije*, ed. Ivona Lađevac (Beograd: Institut za međunarodnu politiku i privredu, 2018), 50.

<sup>14</sup> Shobhit Seth, “One Belt, One Road (OBOR),” Investopedia, 14 August 2018, <https://www.investopedia.com/terms/o/one-belt-one-road-obor.asp>.

<sup>15</sup> Ibid.

The One Belt, One Road encompasses 86 countries, according to the data from December 2017, and over 100 cooperation agreements have been signed by China and international organisations.<sup>16</sup>

The main objective of this initiative is to provide free flow of economic factors, highly effective resource allocations and a deep market integration, and to encourage countries along ‘the belt’ and ‘the road’ to successfully coordinate their economic policies and regulations, and deepen and improve their cooperation on a regional level. It would consequently enable them to create and build together an open ‘architecture’ for cooperation which would be regional, economic, fair and inclusive; these projects will help coordinate development strategies for countries along ‘the belt’ and ‘the road’, use efficiently the potential of these markets, promote foreign investment, open up new job opportunities and increase the employment rate, boost cultural exchange between different countries, which would consequently pave the way for “mutual understanding, trust and respect, accompanied by harmonious, prosperous and peaceful life”.<sup>17</sup> The New Silk Road will include the area which is home to about 70% of the world’s population, the area which produces about 50% of global GDP and has about 75% of world energy reserves.<sup>18</sup>

According to the initiative, the Silk Road Economic Belt focusses on connecting China with Central Asia, Russia and Europe (the Baltic countries); on connecting China with the Persian Gulf and the Mediterranean Sea through Central and Western Asia, and on connecting China with Southeast Asia, Southern Asia and the Indian Ocean. The 21<sup>st</sup> Century Maritime Silk Road has been designed to extend from the Chinese coast to Europe, through the South Chinese Sea and the Indian Ocean, i.e. from the Chinese coast through the Southern Sea up to the Southern Pacific (the second route).

How important it is for China to realise this Initiative can be seen in the fact that the government in Beijing stimulates Chinese banks by approving loans to all the countries which are included in this grand project and which are located along this so-called *economic belt* and *maritime road*. One part of the investments, primarily in infrastructure projects, will be funded by the newly established Asia Infrastructure Investment Bank through the

<sup>16</sup> Saarela, “A New Era in EU-China Relations,” 42.

<sup>17</sup> National Development and Reform Commission et al., “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road”, National Development and Reform Commission, 28 March 2018, [http://en.ndrc.gov.cn/newsrelease/201503/t20150330\\_669367.html](http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html).

<sup>18</sup> Wolfgang Lehmacher and Financial Times, “What Can the New Silk Road Do for Global Trade?”, World Economic Forum, 22 September 2015, <https://www.weforum.org/agenda/2015/09/what-can-the-new-silk-road-do-for-global-trade/>.

Silk Road Fund. China has already committed itself to investing in some projects, such as the infrastructure project amounting to USD 1.4 billion (Sri Lanka), and over USD 50 billion in infrastructure and energy sectors in Kazakhstan, Uzbekistan, Turkmenistan, Tajikistan, and it has allocated financial support of USD 327 million to Afghanistan. For the construction of road and railway infrastructures, for energy facilities and water accumulation, USD 10 billion have been allocated to Central and Eastern Europe.<sup>19</sup>

Albeit often criticized, launched amid disagreement with the EU and trade war with the USA, this project is already under way; understandably, not in full swing, but the private sector certainly welcomes this kind of initiative. In 2015, the port of Rotterdam welcomed its first containers, which arrived by freight trains from China, and goods were delivered within a fortnight, which is much faster when compared to 60 days it would have taken if the containers had been transported by sea, and it must be mentioned that now it takes 10 days less to transport the goods to Duisburg (Germany).<sup>20</sup>

### 3. SERBIA: EXPECTATIONS AND ACHIEVED RESULTS

Chinese economy has been steadily growing since the end of the 20<sup>th</sup> century, and according to some experts, this trend is certainly going to continue. China was the third-largest economy, behind the USA and the EU regarding the GDP (in 2017, if the whole EU was taken into consideration)<sup>21</sup>, a permanent member of the Security Council of the UN, a member of the World Trade Organisation (since 2001, after years-long negotiations) and an important strategic partner of the European Union.

The European Union and the European market overall have always been of vital importance for China's economy and economic development. The European Union remains the most important Chinese trade partner, since China has always been committed to developing Eurasian economic corridor, with the sole aim of facilitating bilateral trade between these two partners.<sup>22</sup> China and the EU established a strategic partnership in 2003,

<sup>19</sup> Ladevac, "Tekuća situacija i mogućnost koordinacije politike 'Jedan pojas, jedan put' Između Kine i EU: Perspektive Srbije," 57.

<sup>20</sup> Lehmacher and Financial Times, "What Can the New Silk Road Do for Global Trade?"

<sup>21</sup> Saarela, "A New Era in EU-China Relations," 25.

<sup>22</sup> Liu Zuokui, "Rizici inicijative *Pojas i put* u izgradnji evroazijskog ekonomskog koridora," in *Novi Put svile: Evropska perspektiva – bezbednosni izazovi/rizici unutar Inicijative 16+1*, ed. Vladimir Cvetković (Beograd: Fakultet bezbednosti, 2018), 10.

and in 2013 they adopted a strategic agenda for the cooperation between the EU and China (the EU-China 2020 Strategic Agenda for Cooperation). High level meetings are held regularly with the aim of improving and enhancing their cooperation, and planning future actions and activities. The European Union insists on complying with the EU regulations and rules when realising these projects.

The EU-China Connectivity Platform, established in 2016, aims to find synergies for infrastructure plans and investment projects of common interest in the field of transport.<sup>23</sup> The EU is included in the Belt and the Road Initiative in different ways, within which the most important one is China's institutional connectivity to eleven EU member states (Bulgaria, Estonia, Croatia, Latvia, Lithuania, Hungary, Poland, Romania, Slovakia, Slovenia and the Czech Republic), and five EU candidate countries (Albania, Bosnia and Herzegovina, Montenegro, Macedonia, and Serbia).<sup>24</sup> This cooperation is known as the 16+1 cooperation mechanism between the People's Republic of China and Central and Eastern European Countries (CEEC).

Launched in April 2012, at the summit in Warsaw, this 16+1 cooperation mechanism was the first step in expanding China's trade plans, accompanied by a document titled *Twelve Chinese Measures for Promoting Friendly Cooperation with Central and Eastern European Countries*, which provided a framework for the 16+1 mechanism. This document defined three possible priority areas of economic cooperation: infrastructure, high technologies and green technologies.

The second meeting of China's and Central and Eastern European Countries' government leaders was held on 26<sup>th</sup> November 2013, in Bucharest, Romania, where they underlined that the China-CEEC cooperation was in accordance with a comprehensive strategic partnership between China and the EU and expressed their determination to continue investing efforts in the improvement and enhancement of China-CEEC cooperation, which resulted in the Bucharest Guideline for Cooperation between China and Central and Eastern European Countries. This document formulated the following guidelines and suggested that they should:<sup>25</sup>

<sup>23</sup> Saarela, "A New Era in EU-China Relations," 10.

<sup>24</sup> Žarko Obradović, „*Pojas i put na Balkanu i Srbiji (Izazovi saradnje)*,” u: *Novi Put svile: Evropska perspektiva – bezbednosni izazovi/rizici unutar Inicijative 16+1*, ed. Vladimir Cvetković (Beograd: Fakultet bezbednosti, 2018), 162.

<sup>25</sup> Cooperation between China and Central and Eastern European Countries, "The Bucharest Guidelines for Cooperation between China and Central and Eastern European Countries," January 26, 2015, [http://www.china-ceec.org/eng/ldrhw\\_1/2013bjlst/](http://www.china-ceec.org/eng/ldrhw_1/2013bjlst/).

1. Hold an annual meeting between the government leaders of China and CEEC, so as to review the cooperation achievements and establish the directions for future cooperation;
2. Consider formulating a medium-term agenda for cooperation when appropriate regarding the China-CEEC cooperation development;
3. Promote investments, economic and trade cooperation;
4. Expand financial cooperation;
5. Expand cooperation regarding connectivity;
6. Expand investments in science, technology, innovation, environmental protection and energy;
7. Promote dynamic people-to-people and cultural exchanges and cooperation;
8. Encourage and support cooperation at a sub-national level, as one of important pillars of China-CEEC cooperation;

At this meeting, China, Hungary and Serbia agreed to build a railway between Hungary and Serbia, and this agreement was considered to be a reference point for further China-CEEC cooperation.

The third meeting of government leaders of China and Central and Eastern European Countries was held in Belgrade, on 16<sup>th</sup> December 2014. The summit meeting resulted in the Belgrade Guidelines for Cooperation between China and CEEC, titled the New Driving Force, New Platform, and New Engine and these guidelines state that they should:<sup>26</sup>

1. Support China in hosting the 4<sup>th</sup> meeting of China's and CEEC's government leaders in 2015;
2. Acknowledge the EU-China 2020 Agenda for Cooperation as a guiding document for China-EU relations, where the participants uphold the efforts to start formulating a middle-term agenda for cooperation between China and interested Central and European Countries, as appropriate;
3. Enhance cooperation and connectivity, promote economic cooperation, trade and investment, expand financial and scientific cooperation, cooperation in the field of technology, innovation, environmental protection and energy;
4. Promote people-to-people and cultural exchange and cooperation on a sub-national level;

<sup>26</sup> Cooperation between China and Central and Eastern European Countries, "The Belgrade Guidelines for Cooperation between China and Central and Eastern European Countries – Cooperation between China and Central and Eastern European Countries," 27 January 2015, [http://www.china-ceec.org/eng/ldrhw\\_1/2014bergld/hdxw/t1410498.htm](http://www.china-ceec.org/eng/ldrhw_1/2014bergld/hdxw/t1410498.htm).

5. Uphold the organisation of the first meeting of China's and Central and Eastern European Countries' health ministers in the Czech Republic in 2015;
6. Have the Secretariat for China-CEEC cooperation organise a visit to China for senior CEEC officials in 2015;

The 4<sup>th</sup> meeting of China's and Central and Eastern European Countries' government leaders was held on 24<sup>th</sup> November 2015, in Suzhou, China. Participants greeted the progress seen in the implementation of the Belgrade Guidelines, formulated and announced new guidelines titled New Beginning, New Domains and New Vision. Suzhou Guidelines for China-CEEC cooperation should:<sup>27</sup>

1. Support Latvia in hosting the 5<sup>th</sup> summit in 2016;
2. Have the participants of the China-CEEC cooperation welcome the announcement during the 4<sup>th</sup> summit and underline their determination to implement the medium-term agenda regarding respective realities, needs and priorities;
3. Establish the mechanisms of quarterly meetings between the Secretariat for Cooperation in charge of the relations between China and CEEC, its member organisations and CEEC embassies in China;
4. Work on cooperation and connectivity, economic and financial cooperation, agricultural and forestry cooperation, scientific cooperation, cooperation in technology and health, people-to-people cooperation and cultural exchange; cooperation at the local level;

From 2010 to 2015, the scope of the China-CEEC cooperation increased by 20%, amounting to a total of USD 56.2 billion.<sup>28</sup> As far as the region is concerned, China mostly invests in the regional infrastructure – ports, railways, highways; this strategy is based on the assumption that these countries, including the countries of the Western Balkans, would be integrated in the EU, and thus enable the Chinese companies to approach the EU markets.<sup>29</sup>

<sup>27</sup> Cooperation between China and Central and Eastern European Countries, "The Suzhou Guidelines for Cooperation between China and Central and Eastern European Countries – Cooperation between China and Central and Eastern European Countries," 21 October 2016, [http://www.china-ceec.org/eng/ldrhw\\_1/sz2015/hdxw/t1411473.htm](http://www.china-ceec.org/eng/ldrhw_1/sz2015/hdxw/t1411473.htm).

<sup>28</sup> Sijbren de Jong et al., *A Road to Riches or a Road to Ruin?: The Geo-Economic Implications of China's New Silk Road* (The Hague Centre for Strategic Studies, 2017), 5.

<sup>29</sup> Stephan Barisitz and Alice Radzyner, "The New Silk Road, Part II: Implications for Europe," *Focus on European Economic Integration*, No. Q4/17 (2017): 2, <https://ideas.repec.org/a/onb/oenbfi/y2017iq4-17b2.html>.

The 5<sup>th</sup> meeting of China's and Central and Eastern European Countries' government leaders was held on 5<sup>th</sup> November 2016, in Riga (Latvia), where the inauguration of the 16+1 fund was announced as it was intended to finance projects in cooperation with China. Two important documents were adopted: Riga Guidelines (a roadmap for the events within the 16+1 format in 2017), and Riga Declaration through which the leaders of CEEC governments confirmed their support for the cooperation initiative by focusing on the development of vital transport hubs along the coastal area of the Mediterranean Sea, the Baltic and the Black Sea, all the way along inland waterways, while planning to achieve intensive and close cooperation for the development of ports, industrial parks, transport corridors and infrastructure which would connect Central and Eastern European Countries to China<sup>30</sup>.

The 6<sup>th</sup> meeting of China's and Central and Eastern European Countries' government leaders was organized in Budapest, Hungary, side by side with the Economic and Trade Forum, on 27<sup>th</sup> November 2016. Five initiatives were launched, which would help further promote the China-CEEC cooperation: (1) expanding economic and trade exchange, and stimulating trade and investment liberalisation and facilitation; (2) speeding up major projects regarding connectivity and promoting connections via land, sea, air and the Internet (3) seeking new ways of cooperation, such as industrial parks in the field of production capacity, energy, logistics and agriculture; (4) announcing the establishment of Inter-Banking China-CEEC Association and other types of financial support by the China-CEEC Cooperation Investment Fund; (5) asking these countries to boost their cultural and people-to-people exchange, bolster their cooperation regarding tourism and start cooperation with young people in the field of traditional Chinese medicine, sport and protection of women and children.<sup>31</sup>

The 7<sup>th</sup> meeting of China's and Central and Eastern European Countries' government leaders was held in Sofia, Bulgaria on 6-7<sup>th</sup> July 2018. All the participants formulated and announced the Sofia Guidelines for China-CEEC cooperation named Further Opening and Pragmatic Cooperation

<sup>30</sup> Ministry of Foreign Affairs of the Republic of Latvia and Ministra birojs, "The Meeting of Heads of Government of Central and Eastern European Countries and China Concluded in Riga," 6 November 2016, <https://www.mfa.gov.lv/en/news/latest-news/55295-the-meeting-of-heads-of-government-of-central-and-eastern-european-countries-and-china-concluded-in-riga>.

<sup>31</sup> Cooperation between China and Central and Eastern European Countries, "Spotlight: Promising 16+1 Cooperation Helps Boost European Development, Integration – Cooperation between China and Central and Eastern European Countries," 29 November 2017, [http://www.china-ceec.org/eng/ldrhw\\_1/2016lj\\_1/hdxw4/t1514944.htm](http://www.china-ceec.org/eng/ldrhw_1/2016lj_1/hdxw4/t1514944.htm).

for Inclusive Prosperity, in compliance to the medium-term agenda and previous summit guidelines, and they have stipulated the following:<sup>32</sup>

1. The participants should support Croatia in hosting the 8<sup>th</sup> China-CEEC summit meeting;
2. The 16+1 coordination should be strengthened;
3. Practical cooperation on trade, investment and connectivity should be deepened. They also underlined the need to promote container train services and combined transport solutions, followed by stronger cooperation and customs facilitation for China-Europe Land Sea Express Line, in order to improve efficiency of border crossing management and reduce waiting time at borders. They welcomed China's, Serbia's and Hungary's progress on the Belgrade-Budapest railway project and emphasised their readiness to explore possible new ways for Belgrade-Budapest railway expansion, which would include the Albanian, Croatian and Montenegrin railways;
4. New drivers for cooperation in science, technology, innovation, finance, green environmental protection, agriculture, energy, forestry and health should be cultivated;
5. People-to-people exchange should be expanded;

The 7<sup>th</sup> Summit is expected to be the last one within the 16+1 format, but not because it has failed to achieve its goals. On the contrary, the 16+1 format should grow into the 17+1 format since Greece will certainly join the Initiative. This change points to the growing importance Central and Eastern Europe have for China, and it's closely related to the fact that China is gaining control over the Greek Port of Piraeus through COSCO. It is said that Beijing might be partially responsible for resolving the dispute about the name between Greece and Macedonia, as China aims to connect the Port of Piraeus, through Macedonia with the Belgrade-Budapest railway, and farther with the western part of the continent.<sup>33</sup>

The People's Republic of China, as a longstanding friend and international partner of the Republic of Serbia (henceforth referred to as Serbia), has recognized the potential of cooperation with Serbia, and Serbia has recognized the potential and importance of the One Belt, One Road Initiative. Serbia has established a strong bond with China, the so-called 'comprehensive strategic partnership' and is one of the signatories of the

<sup>32</sup> Ministry of Foreign Affairs, the People's Republic of China, "The Sofia Guidelines for Cooperation between China and Central and Eastern European Countries," 9 July 2018, [https://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/2649\\_665393/t1577455.shtml](https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1577455.shtml).

<sup>33</sup> Emilian Kavalski, "China's '16+1' Is Dead? Long Live the '17+1.'" *The Diplomat*, 29 March 2019, <https://thediplomat.com/2019/03/chinas-16-1-is-dead-long-live-the-17-1/>.

international platform for the China-CEEC Cooperation (Warsaw, 2012), known as the 16+1 cooperation mechanism.

Serbia has always had an important geo-economic position, just at the crossroads between Europe, Asia and the Middle East, and has at the same time found itself at the extended route of the *economic belt* and *maritime road* of the Silk Road. Consequently, Serbia has signed numerous international agreements on free trade (CEFTA, Agreement on Free Trade between Serbia and EFTA countries, etc.), and, given the importance of the Port of Piraeus and Thessaloniki for the One Belt, One Road Initiative, China's interest in a comprehensive cooperation with Serbia seems quite reasonable, as Serbia is one of its key partners in the Balkans, and even in the whole region.

In November 2015, a Memorandum of Understanding between Serbia's Government and China's Government was signed with the aim of promoting the Silk Road Economic Belt and the 21<sup>st</sup> Century Maritime Silk Road.<sup>34</sup> In June 2016, during the visit of the Chinese President, Xi Jinping, a Memorandum of Understanding was signed with the aim of promoting the development of the Silk Road, the information connectivity between Serbia's Ministry of Trade, Tourism and Telecommunications and China's National Reform and Development Commission,<sup>35</sup> and other 21 agreements covering different fields of cooperation.

After establishing cooperation and support, i.e. establishing the 16+1 international platform in the fields of economy, traffic and infrastructure, tourism, agriculture, information technologies and science, education and culture, Serbia has become one of the most active participants of this cooperation. Since then, this cooperation has yielded significant results, i.e. projects, such as:

- The bridge over the Danube in Belgrade – *Pupin's Bridge* – was the first bridge built by China in Europe. It was a USD 170 million worth investment and was seen as the largest Chinese investment in Europe until 2017;<sup>36</sup>

<sup>34</sup> "Memorandum o razumevanju između Vlade Republike Srbije i Vlade Narodne Republike Kine o zajedničkoj afirmaciji Ekonomskog pojasa Puta svile i Pomorskog Puta svile 21. veka". Službeni glasnik Republike Srbije (Official Gazette of the Republic of Serbia) – Međunarodni ugovori (International Agreements), no. 1/2016 -1. January 11, 2016.

<sup>35</sup> "Memorandum o razumevanju o unapređenju razvoja Informatičkog Puta svile za informacionu povezanost". Službeni glasnik Republike Srbije (Official Gazette of the Republic of Serbia) – Međunarodni ugovori (International Agreements), no. 9/2016, October 2016.

<sup>36</sup> Katarzyna Sidlo, Christopher Hartwell, and Directorate-General for External Policies of the Union (European Parliament), *Saradnja Srbije sa Kinom, Evropskom unijom, Rusijom i Sjedinjenim Američkim Državama* (Directorate-General for External Policies of

- E763 Highway – Corridor 11, which will connect Belgrade and Šumadija with south-east Serbia and Montenegro. This would be the first highway in Serbia built by Chinese companies; the total cost for the construction of this highway is planned to amount to EUR 900 million;<sup>37</sup>
- Belgrade–Budapest railway – the construction of this 350 km long high-speed railway is extremely important for the cooperation between China, Serbia and Hungary, including Greece, since it facilitates the transport of goods from the Port of Piraeus and Thessaloniki through Serbia by railway. The construction of the railway is estimated to cost EUR 1.1 billion;<sup>38</sup>
- Kostolac Thermal Plant – Chinese companies have reconstructed and revitalized Block 2, and started building Block 3 of the Kostolac Thermal Plant, and they have expanded the Drmno surface mine providing coal for the Kostolac Thermal Plant.<sup>39</sup> This will be the first new thermal plant block built in Serbia in the past 30 years and the first Chinese project of this kind in Europe.<sup>40</sup>

The China – Serbia cooperation has become increasingly comprehensive. It includes not only infrastructure and energy projects, but also aims to include production, finance, investments, telecommunications, and other projects carried out and supported by the investments Chinese companies made (not conducted only with the help of Chinese loans). By signing the agreements which would promote wind energy and waste-to-energy production, the China – Serbia cooperation was established in the field of renewable energy. Additionally, agreements on agricultural trade have been signed (e.g. on the export of corn and wheat from Serbia to China) and cooperation regarding creating an agro-technical centre has been established.

Some of the largest Chinese companies have invested their business in Serbia. Chinese company HESTEEL GROUP CO. LTD acquired 98 property

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the Union (European Parliament), 2017), 7, [http://www.europarl.europa.eu/RegData/etudes/STUD/2017/603854/EXPO\\_STU\(2017\)603854\\_XL.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2017/603854/EXPO_STU(2017)603854_XL.pdf).

<sup>37</sup> Sidlo, Hartwell, and Directorate-General for External Policies of the Union (European Parliament), *Saradnja Srbije sa Kinom, Evropskom unijom, Rusijom i Sjedinjenim Američkim Državama*.

<sup>38</sup> Ibid, 23.

<sup>39</sup> Blagoje Babić, „Značaj ekonomske saradnje sa Kinom za razvoj privrede Srbije,” u: *Budućnost i saradnja Kine i Srbije*, ed. Ivona Lađevac. Beograd: Institut za međunarodnu politiku i privredu, 2018, 18.

<sup>40</sup> China Radio International CRI, „Mehanizam saradnje „16+1” unapređuje nivo kinesko-srpske saradnje China Radio International,” China Radio International. CRI, 18 June 2016, <http://serbian.cri.cn/1401/2016/06/18/181s168013.htm>.

units of *Železara Smederevo* (*Smederevo Steel Mill*) on 18<sup>th</sup> April 2017,<sup>41</sup> which helped China and its steel production appear on the European market, and with that, emerged on the world stage as well. HESTEEL submitted a binding bid to buy *Smederevo Steel Mill* for USD 46 million, and the total investment is estimated to be more than USD 300 million (it mostly covers the infrastructure and fixed assets).<sup>42</sup>

*Huawei*, the technological giant, announced (in 2016) its plan to make an investment into the 'modernisation of the existing Telekom telephone network', and later on they signed the EUR 150 million worth agreement; a Chinese company, *China National Electric Engineering Company* (CNEEC), announced (in 2014) its plans to invest USD 1.2 billion into power plants, companies involved in mechanical engineering, and in an industrial park; CNEEC has ventured, as a part of that plan, in a joint endeavour with the British company *Scarborough Group International* in order to build a thermal plant in Loznica and invest EUR 230 million.<sup>43</sup> Another Chinese company, CRBS, signed an agreement to build a Chinese industrial park in Belgrade, which would be available not only to Chinese companies, but also to companies from all over the world.

Chinese company, *Zijin*, has been chosen as a strategic partner of the Bor Mine, with a binding business plan which offers 63% of ownership for USD 1.260 million (where Serbia would own the smaller part – 37%), preservation of 5000 jobs and an obligatory recapitalization amounting to USD 350 million, along with the resolution of old debts (which amount to about USD 200 million).<sup>44</sup>

Chinese e-sale giant, *Alibaba*, announced its arrival in Serbia, with a final goal to bring *Alipay*, an electronic payment platform, and *Fligy*, a travel platform, which would certainly and considerably make it easier for

<sup>41</sup> Ministarstvo privrede (Ministry of Economy), „Potpisan kupoprodajni ugovor za Železaru Smederevo” Ministarstvo privrede Republike Srbije (Ministry of Economy of the Republic of Serbia), April 18, 2016, <http://privreda.gov.rs/potpisan-kupoprodajni-ugovor-za-zelezaru-smederevo/>.

<sup>42</sup> Vlada Republike Srbije, „Prihvaćena ponuda 'Hestila' za privatizaciju Železare,” Vlada Republike Srbije, April 5, 2016, <https://www.srbija.gov.rs/vest/262818/prihvacena-ponuda-hestila-za-privatizaciju-zelezare.php>.

<sup>43</sup> Sidlo, Hartwell, and Directorate-General for External Policies of the Union (European Parliament), *Saradnja Srbije sa Kinom, Evropskom Unijom, Rusijom i Sjedinjenim Američkim Državama*, 35.

<sup>44</sup> Ministarstvo rudarstva i energetike (Ministry of Mining and Energy), „Kineski Zidin izabran za strateškog partnera RTB-a Bor,” Ministarstvo rudarstva i energetike Republike Srbije (Ministry of Mining and Energy of the Republic of Serbia), August 2018, <http://www.mre.gov.rs/latinica/arhiva-aktuelno-avgust-2018.php>.

Chinese tourists to travel and visit Serbia.<sup>45</sup> There are also some plans to open a centre for distribution and logistics for *Alibaba*.<sup>46</sup> Abolishing visas for Chinese citizens was the first step towards open tourism, followed by establishing Belgrade – Beijing direct flight (with a stopover in Prague).

Chinese companies invest in car and financial sectors in Serbia (*Meita* group has invested EUR 48 million since 2014, and *Bank of China* began its business activities in 2017).<sup>47</sup> Representatives of the Chinese company *Shandong Linglong* have signed an agreement to build a factory for producing high quality radial pneumatic tyres for cars, trucks and buses in Zrenjanin. With that factory, 1.200 new positions should be opened.

In March, the *Minth Group* started building a new factory for producing car parts in Loznica. This factory would employ 1000 people.

Representatives of the Chinese company *China Poly Group Corporation* were interested in making a joint investment with Serbia and opening a company, in order to develop and produce counter-terrorism equipment, devices for night surveillance and rocket systems.<sup>48</sup>

Chinese companies participated in the realisation of some contracts financed by non-Chinese sources as well, such as the EBRD, for the reconstruction of one section of Rakovica – Resnik railway, with the total amount of EUR 23.8 million.

During 2018, *Hisense Group* acquired over 95% of *Gorenje* shares, in the amount of EUR 293 million, and became a majority shareholder of *Gorenje* which has several subsidiaries in Serbia: a factory of refrigerators in Valjevo, and a factory for washing machine and boiler production in Zaječar and Stara Pazova, which has around 2000 employees.

Closer industrial and cultural ties between Serbia and China have resulted in an influx of Chinese tourists in Serbia, which should be understood as a great incentive to use Serbia's touristic potential in a better way. According to the National Tourism Organization of Serbia, there was an increase of 181% in the number of Chinese tourists in 2017 when

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<sup>45</sup> Aleksandar Mirković, „Alipay Serbia: zna se kada stiže Alibaba u Srbiju,” *PC Press* (blog), 19 September 2018, <https://pcpress.rs/kada-stize-alibaba-u-srbiju-alipay/>.

<sup>46</sup> Gde investirati, „Alibaba je zainteresovana za Srbiju,” Gde investirati, 27 September 2017, <http://gdeinvestirati.com/2017/09/27/alibaba-je-zainteresovana-za-srbiju/>.

<sup>47</sup> Sidlo, Hartwell, and Directorate-General for External Policies of the Union (European Parliament), *Saradnja Srbije sa Kinom, Evropskom unijom, Rusijom i Sjedinjenim Američkim Državama*, 36.

<sup>48</sup> eKapija, “Kineska Poly Group zainteresovana za projekte u namenskoj industriji,” eKapija, 19 January 2017, <https://www.ekapija.com/news/1648429/kineska-poly-group-zainteresovana-za-projekte-u-namenskoj-industriji>.

compared to 2016, while 80.000 Chinese people visited Serbia during 2018, which is 15 times more than in 2011.<sup>49</sup>

It is almost certain that China and Serbia will strengthen and boost their economic and friendly relations through the agreed cooperation within the One Belt, One Road Initiative, and that it would allow Serbia to achieve its goals of economic growth and development.

Serbia is, when compared to other signatories of the 16+1 mechanism, far ahead regarding the quality of bilateral relations with China. The scope and range of the agreed projects can also not be compared. A number of other indicators reflect the quality of the ties established between these two countries – Serbia is, for example, the first country in Europe which has introduced visa liberalisation for Chinese citizens, and it is also one of the few European countries where Chinese language is taught not only at universities, but also in primary and secondary schools.<sup>50</sup>

#### 4. INSTEAD OF A CONCLUSION

President Xi Jinping proposed (in 2017) a long-term development plan, according to which China would, during the first phase from 2020 to 2035, become a 'global leader in innovation', and during the second phase, from 2035 to 2050, a 'global leader with international influence'.<sup>51</sup> However, while on this path to achieve its ambitious goals, China will certainly face a myriad of challenges.

Serbia should study and work hard, build and cherish its friendship and beneficial cooperation with China, since, as Xu Li, the president of the China – Serbia Economy Association, said at the opening ceremony of the round table for The Future of Sino–Serbian Cooperation: "...businessmen cooperating with foreign partners know that for a successful cooperation it is necessary to know and be acquainted with cultural and managerial patterns of the partner country, overall business context of the partner country, and its legislation, while positive experience of other businessmen may be of vital importance, of competent people who know how to present the information, to make it understandable and acceptable to both sides."<sup>52</sup>

<sup>49</sup> TOS, several sources.

<sup>50</sup> Obradović, „'Pojas i Put' Na Balkanu i Srbiji (Izazovi saradnje),” 168–69.

<sup>51</sup> Saarela, “A New Era in EU-China Relations,” 17.

<sup>52</sup> Sju Li, „Govor predsednika Kinesko-srpskog privrednog udruženja,” in *Budućnost saradnje Kine i Srbije*, ed. Ivona Lađevac (Beograd: Institut za međunarodnu politiku i privredu, 2018), 9–10.

Chinese interests in Serbia and its region lie in the field of energy and infrastructure. The Chinese government wants Serbia to become ‘a key hub for air, rail and water traffic’ in accordance with the Initiative.<sup>53</sup> There is no doubt that Serbia should invest more efforts and capacities in order to be able to take chances and improve its cooperation when it comes to mutual interest, through the agreed platform. This refers to, above all else, in the areas which give basis for further economic growth: transport and infrastructure, energy and mining, financial services, telecommunications/ the Internet/information technologies, e-commerce, exchange of goods and services. Areas of common interest, such as joint learning, education and culture, promotion of peace through a comprehensive cooperation and inclusiveness, which has characterized the spirit of the Silk Road for thousands of years and contributed to the development of civilization, are of no less importance.

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<sup>53</sup> Sidlo, Hartwell, and Directorate-General for External Policies of the Union (European Parliament), *Saradnja Srbije sa Kinom, Evropskom unijom, Rusijom i Sjedinjenim Američkim Državama*, 23.

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# The New Silk Road: Cultural Cooperation between Serbia and China

## *Abstract*

Even a superficial look at the Chinese Belt and Road Initiative, Silk Road Economic Belt and 21st-century Maritime Silk Road development strategy reveals with how much attention, desire and passion this way of connecting the world was designed. Serbia and China, two countries incomparable in many respects, can be compared in terms of their boundless wish to preserve their authenticity and freedom. Culture and art are not only the carriers of the soul and spiritual values of a nation, but in many respects the foundation of all relations between countries. Every relationship is culture or lack of culture, depending on our viewpoint. Even though it might not appear so at first sight, culture, regardless of how we define it, has to lie at the heart of every plan for sustainable development of economy, science and all other spheres of societies which deeply respect and promote essential aspects of human creativity and freedom. Were it not so, everything pertaining to man would become meaningless.

This brief overview of cultural relations between Serbia and China, within the Belt and Road Initiative, describes the points of great importance for the relationship between our two countries in the last decade or so.

## *Keywords:*

culture, freedom, sense, Serbia, China

Although a small country, Serbia has great political significance in the Balkans and Europe owing to its geographic location at the crossroads of Southeastern Europe, where important waterways and land routes meet.

Despite obvious differences in size and significance, China and Serbia first became strategic (2009) and then comprehensive strategic partners (2013, 2016). Applying the principles promoted in the Belt and Road project,

they have begun implementing joint projects in areas such as energy, transportation, agriculture, telecommunications, finance and academic and cultural exchange. These include the Zemun–Borča bridge, the Kostolac thermal power plant, the Belgrade–Budapest high-speed rail, the steel manufacturer Železara Smederevo, the Bor copper mining and smelting complex, the tire factory in Zrenjanin, the Surčin–Obrenovac freeway, the renewal of Serbia's energy supply system and telecommunications network, the introduction of the UnionPay financial services network, etc. China, on the other hand, is extremely important to Serbia as one of the key actors in global politics and a country that has maintained friendly relations with Serbia. Given the adversities and tragic events in Serbia's recent history, good relations between China and Serbia have an impact not only on Serbia's development but are also vital for its stability and prosperity.

## 1.

If it is indeed true that the project, idea, dream, or vision of the Belt and Road, launched by Chinese President Xi Jinping in 2013, is enhancing regional economic integration, connecting numerous strategic and geostrategic locations, and making the world more global and closely connected than it has ever been, then these infrastructural connections between countries, regions and parts of the world can be seen as an opportunity, chance, possibility, or need. Italy and Greece have joined the project, alongside sixteen countries in Central and Eastern Europe and the five BRICS countries, adding to the number of countries that wish to participate in the implementation of the Belt and Road. As in life, such long-term projects require certain preconditions, a certain mindset and a specific environment.

The BRICS banks and the founding of Chinese investment banks (the Asian Infrastructure Investment Bank (AIIB)) are undoubtedly an alternative to the International Monetary Fund (IMF) and the World Bank. Various actions taken by Eurasian countries, including China, Russia and Iran, are aimed at creating stable, sustainable and self-sufficient regions of cooperation out of regions plagued by endless conflict, war and instability. The multipolar world is characterized by great diversity, mutual respect and cooperation. If they are exercised in good faith, divergent worldviews, unequal starting points, differing philosophies of life, civilizational differences and disparate cultural patterns do not necessarily need to lead to tragic developments, struggle, adversity and conflict. Furthermore, the

question arises as to whether the logic of military-industrial complexes and banks will preserve their hegemony and continue to lead the world into new “circles of hell” or whether opportunities will present themselves to embrace different spatio-temporal and ideational coordinates. Regardless of how we choose to describe the world, it is difficult to say from today’s perspective how numerous unresolved issues will be settled and how history will unfold.

But let us go back to the mosaic we mentioned earlier.

After the 2008 financial crisis, China’s economy remained stable and it demonstrated the capability of weathering the most complex financial difficulties. China and Russia are using national currencies, rather than dollars, in trade and energy agreements. This is an important first step in creating the conditions for a different world. An interbank system independent of Western financial institutions is a precondition for providing new starting points in the creation of a multipolar world.

To this end, a competition has begun between two concepts, two value matrices, two conflicting ideas – the ideas of the “old” and “new” worlds, of the imperial colonial world and the free world. Those prone to religious simplifications describe it as a fight between “good and evil”, between “light and darkness”, “freedom and slavery”... This poses issues as soon as we attempt to understand the very essence of good, evil, light, darkness, freedom... The dangers posed by simplifications of violent and destructive forces, blundering, and intolerance are not insignificant.

Even those with a superficial knowledge about Chinese civilization are aware that for the Chinese people time is not a real category. The body, the soul and the spirit converge around values from which meaning is derived. These were given different names at different times in the history of Chinese civilization depending on its dynastic cycles: love, benevolence, knowledge, wisdom, faith, being in harmony with cosmic energy flows, etc. Upholding these axiomatic elements of tradition, China has begun its entry into modernity and, given such heritage, it is undertaking the implementation of the Belt and Road in a similar way.

It has been clear from the beginning that there are no blocs or special alliances; everything depends on the situation at hand and each situation is unique. China does not try to influence the relations between countries – they are as they are and should be determined by life itself and by practical experience. This is why, for example, China sometimes applies the principles of “business before politics”, “development before democracy” and “mutual non-interference in internal affairs”, which are conducive to a flexible entrepreneurial spirit based on mutual respect. This starting position reflects the fact that that these projects will not be instances of

imperialist expansion and that China will wait for other countries to put forward their propositions, which will then be implemented after mutual agreement and interests have been arrived at and certain conditions have been met. Or, as Chinese President said in Davos in 2017: “We should strike a balance between efficiency and equity to ensure that different countries, different social strata and different groups of people all share in the benefits of economic globalization. The people of all countries expect nothing less from us, and this is our unshirkable responsibility as leaders of our times. [...] Today, mankind has become a close-knit community of shared future. Countries have extensive converging interests and are mutually dependent. All countries enjoy the right to development. At the same time, they should view their own interests in a broader context and refrain from pursuing them at the expense of others. [...] Countries, big or small, strong or weak, rich or poor, are all equal members of the international community. As such, they are entitled to participate in decision-making, enjoy rights and fulfil obligations on an equal basis.”<sup>1</sup>

Let us provide a broad overview of how the favourable conditions for the Belt and Road are gradually being created.

In November 2008, Chinese President Hu Jintao signed a \$3.4 billion arrangement allowing the China Ocean Shipping Company (COSCO) to upgrade and run part of Greece’s main port in Piraeus. This opened up the opportunity to build a third dock and increase the port’s capacity with the aim of tripling its transport and transshipment operations to 3.7 million units by 2015. As the present-day transit area connecting Chinese harbours, factories and goods with ports and consumers all over Europe, the Middle East and North Africa, Greece is an important point along the Belt and Road. The “silk railway” along the so-called northern route from China to Europe (via Kazakhstan, Russia and Belarus) is another thread in the weave of the Belt and Road. The railway has been operating since June 2011, when the first freight train left Chinese Chongqing for Germany’s Duisburg. It only took thirteen days to cross the distance. If we add all former Yugoslav countries, Romania, Hungary, Bulgaria, the Czech Republic, Slovakia, etc. and countries from other continents to the equation, we can see that the Belt and Road is simply a label for a megaproject of global proportions and significance. One of the prerequisites for the project is to build high-quality infrastructure where it is lacking in a mutually beneficial way (the

<sup>1</sup> Si Đinping, *Zajedno preduzeti odgovornost vremena i unaprediti globalni razvoj*, *Almanah Instituta Konfucije XV–XVI*, Filološki fakultet u Beogradu, 2017, pp.69–80. [The translation into English: Full Text: Xi Jinping’s keynote speech at the World Economic Forum, The State Council Information Office (retrieved from [http://www.china.org.cn/node\\_7247529/content\\_40569136.htm](http://www.china.org.cn/node_7247529/content_40569136.htm), accessed 8 December 2019).]

famous win-win strategy). The idea is to form a network of connected “silk” routes for the flow of goods, ideas, people, cultural values, etc. Or, as the old Chinese proverb goes: *Let the water flow if you want to breed fish.*

The ancient Silk Road referred to the totality of human relations, to the meeting of civilization and the exchange of goods across the Eurasian space over the course of over two thousand years. It was an ancient transcontinental transportation and communication network, which was not developed during Han dynasty’s China and the Roman Empire, as some are inclined to think, but had existed for thousands of years prior as a crossroads of various routes for the movement of people and goods. These routes, rather than one route, connected three continents: Asia, Europe and Africa. They crossed China, Afghanistan, India, Iran, Iraq, Syria, and Turkey, all the way to Rome. Ancient manuscripts reveal that people traded in jade, precious stones, gold, aromatic resin, aromatic milk, sesame seed, glass, fabric, silk, horses, bronze mirrors, wine, fruit, vegetables, paper, weapons, tea, hides, animals, people, etc. The goods were transported by mules, horses, yaks, camels, etc. But it was the exchange of ideas that spread along the route that was far more important for the meeting and understanding of civilizations. In this way, shamanism, Judaism, Buddhism, Manichaeism, Eastern Christianity, Islam, Western Christianity, Confucianism, etc. all mixed. Languages and alphabets, arts and literatures, religions and philosophies all became intertwined.

Now, what does the Belt and Road offer regarding the meeting of cultures of China and Serbia?

## 2.

As far as the meeting and cultural cooperation of China and Serbia through the Belt and Road are concerned, three events stand out. The first was the founding of the Confucius Institute in Belgrade at the Philological Faculty, University of Belgrade in 2006<sup>2</sup>; the second was the 2014 international Belgrade Book Fair<sup>3</sup>, when China was the guest of honour; the third was the visit of Chinese President Xi Jinping to Serbia in 2016<sup>4</sup>.

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<sup>2</sup> Radosav Pušić (Ed.), *Deset godina Instituta Konfucije u Beogradu*, Filološki fakultet, 2016.

<sup>3</sup> According to the majority of experts, China was the most successful guest of honour to date at the Belgrade Book Fair.

<sup>4</sup> The significance of the visit, the agreements concluded during the visit, and the projects agreed upon by Serbia and China make this the most important visit of a Chinese president to Serbia in the history of the relations between the two countries.

### 3. THE CONFUCIOUS INSTITUTE IN BELGRADE

The opening of the Confucius Institute in Belgrade (2006) launched a series of activities aimed at introducing various elements of Chinese culture and civilization into Serbia's cultural and social space. These included the celebration of Chinese holidays (the Spring Festival, Chinese New Year, the Mid-Autumn Festival), the National Day of the People's Republic of China (1 October), the Global Confucius Institute Day (23 September), etc. A plan was outlined for presenting various segments of Chinese culture, which included the Chinese Film Week, the Contemporary Chinese Photography Exhibition, the Chinese New Year Prints Exhibition, the Chinese Cuisine Course, Chinese Calligraphy and Painting Courses, the Chinese Paper-cut Exhibition, the Chinese Film and Documentary Festival, the Tai Chi Course, etc.

In 2012, a delegation from the Beijing Municipal Commission of Education visited Serbia. The delegation met with representatives of the Confucius Institute in Belgrade and made an arrangement for Chinese language learners from the Institute and secondary schools in Serbia to participate in the Beijing International Student Summer Camp, organized by Beijing's municipal government. Since then, our secondary school students have had great success in representing Serbia at this event.

Alongside exhibitions and celebrations, the Institute has also organized several series of lectures on Chinese religion, philosophy, art, literature, etc., held by prominent Serbian scholars. In order to promote interest in Chinese culture and language, the Confucius Institute and Serbia's Ministry of Education, Science and Technological Development conducted a teacher training seminar (Teacher Training Seminar for Local Chinese Language Teachers). In cooperation with the Embassy of the People's Republic of China, the Institute also held the Forum on Chinese Language Teaching for primary and secondary schools in Serbia, attended by one hundred school principals, staff members and Chinese language teachers from 47 primary and secondary Serbian schools. The forum saw open discussions on issues, current topics and difficulties in Chinese language teaching, as well as on the issue of promoting the interest of primary and secondary school students in Chinese culture and language.

The Confucius Institute in Belgrade also engages in scholarship and publishes research, monographs and books from various projects (the journal *Almanah Instituta Konfucije u Beogradu*<sup>5</sup>, a Chinese calligraphy

<sup>5</sup> The first double issue of the journal *Almanah Instituta Konfucije u Beogradu* came out in 2009.

textbook<sup>6</sup>, etc.). The Institute has also published the *Curriculum for Chinese Language Teaching in Primary and Secondary Schools*, *Phonetic Rules for the Transcription of Chinese Syllables into Serbian*, and several volumes on Chinese civilization. The Institute has implemented two projects: Linguistic and Cultural Comparison of Text Messages in Chinese, Serbian and English and Chinese Philosophy up to the Qin Dynasty.

The Institute has participated in several international events such as the international Archaeology Film Festival (organized by Serbia's National Museum and the relevant ministry), the international forum "Kontrapunkt" (organized by Serbia's Ministry of Culture), etc. Two international conferences were also held by the Institute: *Modern China and Its Tradition* (2008) and the *Promotion of Chinese Language and Culture* (2012). The opening speeches to these conferences were given by ministers from Serbia's relevant ministries and the Chinese ambassador. Through their research and participation, scholars from Serbia, China, Russia, the United States, Slovenia, Bulgaria and Switzerland all made a major contribution to the promotion of a wide variety of China-related topics.

The Institute has also participated in numerous art events. The visits of ensembles from the Northwest Normal University (2011) and the China University of Geosciences in Hubei (2014), organized by the Institute, have helped enhance the awareness of the great artistic ability of ensembles from China. If we also take into account the visits of Chinese artists organized by various government institutions in Serbia, the prominence of Chinese art can be said to have increased significantly over the last decade or so.

The National Museum of China from Beijing held the exhibition titled *All Faces of Culture: the Painting and Life of Scholars in Ancient China* (November 2018 – February 2019), comparable in importance and scope to the exhibition *Royal Bronze: the Treasures of Chinese Xia, Shang and Zhou Dynasties*, dedicated to the era of the oldest Chinese dynasties Xia, Shang and Zhou (59 exhibits: pots, musical instruments, agricultural tools, weapons, coins, mirrors, horse tack and carriages), which was held at the Museum of Yugoslav History in 2006.

The Confucius Institute in Belgrade worked with the steel manufacturer *Železara Smederevo* and provided both Chinese language courses for its Serbian employees and courses on Serbian culture and language for its Chinese engineers and workers (two cycles of classes for Hestil employees in 2017), which undoubtedly helped the company's employees to become better adapted culturally and overcome intercultural differences.

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<sup>6</sup> Li Dunming, *Jen Čenćingova kaligrafska tehnika standardnog pisma (stilaKai) iz dinastije Tang*, Filološki fakultet, 2010.

#### 4. 2014 BELGRADE BOOK FAIR AND THE 2016 VISIT OF CHINESE PRESIDENT XI JINPING

China was the guest of honour at the 2014 Belgrade Book Fair. The delegation of Chinese writers consisted of the most illustrious figures from China's literary world such as Liu Zhenyun (who opened the Fair), A Lai, Zhang Yueran, Yu Hua, Mai Jia, etc. The central area of the Chinese pavilion featured books describing "the Chinese dream and the Chinese path". Interestingly, the slogan chosen by the Chinese guests was "Books Cultivate Friendships, Cooperation Builds the Future". The Chinese stand at the Fair had a small tea room, where the visitors could enjoy a tea ceremony. The Confucius Institute in Belgrade put together a Hanban stand at the Fair, as well as a series of events such as a public Chinese language lesson and the presentation and promotion of Chinese books. The presentations and discussions – "Chinese Literature and Chinese Society", "China: Children's Books and Books for Young Adults", "Translated Works from Chinese Literature", "Chinese Literature Today: the Traditional and the Contemporary", and "Chinese Poetry Today" – were moderated by the director of the Confucius Institute in Belgrade. The exceptional atmosphere created by Chinese publishers at the Fair and elaborate and exhaustive presentations on Chinese writers, Chinese literature and contemporary China undoubtedly increased the interest for these aspects of Chinese culture in Serbia. During the book fair, China set up 89 different events, one forum, five discussions, 56 meetings between publishers and 27 meetings between writers. The publication of a large number of books, successfully, meticulously and skilfully translated from Chinese, introduced Serbia to the rich tapestry of Chinese literature for the first time. The book fair also included the Serbia-China literary forum "The Development of Publishing and Cultural Cooperation between China and Serbia". Asked to comment on China as the guest of honour at the book fair and forum, Senior Adviser at the Department for International Relations of the Ministry of Culture and Information Mladen Vesković called the Chinese visit a first-rate cultural event, pointing out that: "This is an exceptional opportunity for Serbian and Chinese publishers, graphic designers, digital artists, distributors and representatives of the printing industry to come together and consider all possible forms of business cooperation as well as joint ventures in other countries."<sup>7</sup>

<sup>7</sup> Mladen Vesković, *Veze Srbija – Kina, Almanah Instituta Konfucije XI–XII*, Filološki fakultet u Beogradu, 2015, pp. 137–140

Chinese President Xi Jinping came to Serbia for a three-day visit between June 17 and June 19 2016. This was the first visit of a Chinese president in 32 years. Chinese President Xi Jinping and Serbian President Tomislav Nikolić laid the foundation for the Chinese Cultural Centre at the location of the Chinese embassy destroyed during NATO's aggression against Serbia. At the event, they also unveiled a monument to Chinese philosopher Confucius. Economic matters that took place during the visit included an agreement to build a motorway between Surčin and Obrenovac and the takeover of the steel manufacturer Železara Smederevo by Chinese Hestil.

The visit of Chinese President Xi Jinping to Serbia was an event with the potential to change not only the relations between the two countries but also the cultural policies relating to those relations. In cooperation with the Embassy of the People's Republic of China in Serbia and the Office of the President of the Republic of Serbia, the Confucius Institute in Belgrade, or rather some of its students, gave a performance during the celebratory dinner. The prominence of the Confucius Institute in Belgrade during the visit of the Chinese president was not only a sign of recognition of its work but also an opportunity to demonstrate at the highest official level the cultural cooperation between the two countries and peoples in practice.

The founding of the second Serbian cultural centre in the world, which was opened in Beijing, China by Serbia's Minister of Culture Vladan Vukosavljević and China's Minister of Culture and Tourism Luo Shugang, serves to complete the picture of the cultural ties between the two countries in the past twenty years or so. The cultural centre was named "Ivo Andrić" after our Nobel Prize Winner. On this occasion, the Serbian Minister of Culture said:

I believe and hope that the Ivo Andrić Cultural Centre will be a home not just to Serbian culture but a true home to the friendship between the Serbian people and the Chinese people. Bridges that abolish obstacles between people and nations are the central symbol in the works of Ivo Andrić, whose novel *The Bridge on the Drina* was translated into Chinese a long time ago. May the institution that we are opening tonight be a sturdy and lasting bridge between our friendly nations.<sup>8</sup>

There are more than three million inhabitants living in the economic belt along the Silk Road, with large markets and enormous potential. The diversity of their historical and cultural heritage not only obligates but also necessitates cultural cooperation and exchange.

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<sup>8</sup> Report from the opening of Serbia's cultural centre in Beijing, published in *Politika*. <http://www.politika.rs/sr/clanak/416882/Otvoren-Kulturni-centar-Srbije-u-Pekingu>

Everything man does is reflected in natural and cosmic realms. Cultural cooperation, which is perhaps the best and most pervasive element of interpersonal and international relations, has a mission. Two words are closely connected to it – ‘dream’ and ‘road’.

Translated by  
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# Projects of the New Silk Road in Central East Europe with a special look at the Republic of Serbia

## *Abstract*

After the establishment of the cooperation mechanism between China and Central European countries (“16+1”), Serbia became one of the most active participants in this project. In this sense, Serbia’s role is extremely important because the country is connected to Central and West Europe by its position on the New Silk Road and, therefore, it is on the crossroads of important land and river routes. China’s geostrategic interest in this part of Europe is primarily economic – for the most part as a transit area to the West and much less as a potential market. The West is suspicious of China’s intentions, and the benefits that Central East European countries will have from China’s breakthrough, the realization of the New Silk Road project, depend on the capability and will of the political power carriers. Due to good Sino – Serbian relations, the Republic of Serbia starts up more and more practical projects of cooperation with the intention of creating conditions for a stable and sustainable economic development.

## *Keywords:*

infrastructure, projects, China, economic development, Central East Europe

## 1. INTRODUCTION

What characterizes the world order today is not the lack of bipolarity or multi-polarity, but the division of political and economic interests with the geopolitical ambitions of the world powers, which leaves room for redefining roles in international relations. With the end of the Cold War and the fall of

communist regimes in Eastern Europe and the USSR, few countries keep a stable communist government, of which China has the largest international influence. For more than 20 years, China's breakthrough on the world stage has not been characterized by military expansion, but rather by economic expansion: the Chinese Yuan has finally become an international currency, China has become a member of the European Bank for Reconstruction and Development (EBRD). Due to its initiative, the New Development Bank (BRICS Development Bank) has been founded, and as a pinnacle of economic development, in 2013, China launched the "One Belt, One Road" initiative, which is one of the largest economic ventures in globalization. In the post-bloc era, apart from Russia and China, there is a noticeable strengthening of other countries which could find their place on the global map as carriers of multi-polarization (Brazil, India and South Africa). Their breakthrough is followed by a strategic integration precisely with Russia and China through international, primarily economic, but also military organizations such as BRICS and SCO (Shanghai Cooperation Organization: Kazakhstan, China, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan, where the affiliated members are India and Pakistan). Cooperation in 2016 was strengthened by forming a multilateral development bank: Beijing-based Asian Infrastructure Investment Bank (AIIB), with 87 members worldwide (including the United Kingdom, Russia, Germany, United Arab Emirates, Norway, France, Qatar, India, etc.). By working with Russia and other member states of the Shanghai Cooperation Organization, the Eurasian Economic Community, and the BRICS, China maintains a balance of power and influences the establishment of multi-polarization in international relations (Timothy R., Kristen, & Cortez A., 2018).

Extending to 9.596.960 m<sup>2</sup>, accounting for two-thirds of the East Asian space, with a population of 1.3 billion, making up one-fifth of the world's population, with the world's most dynamic economy, armed with nuclear weapons and being one of the five permanent members of the UN Security Council, the People's Republic of China is a country with superpower potential at the beginning of the 21st century (Brzezinski, 1999). According to the IMF report, China is the second-largest in terms of economic strength based on nominal GDP, has the highest purchasing power parity, and is also the largest exporting country, i.e. trade power (IMF, 2017). In terms of total military potential, China is ranked third among 136 countries in the world (GFP, 2018), and according to budget allocations for the military power, it is ranked second (Perlo-Freeman, 2014). China's "New Silk Road" strategy focuses primarily on improving the economic, financial, cultural, scientific and technological cooperation with countries in Asia, Africa, and Europe in order to achieve overall progress, regional security and achieve internal

political stability and economic prosperity. The 'New Silk Road' is a huge undertaking, spanning across 70 countries through two trade routes (land and sea) to better connect China with other countries.

## 2. THE REPUBLIC OF SERBIA AND THE "16+1" INITIATIVE

Serbia is a small continental country (88.361 km<sup>2</sup>), located mostly in Southeastern Europe and to a lesser extent in Central Europe. Serbia ranks 48 in the World Bank's Doing Business list for 2019, with a constant GDP growth over the past few years, which is 3.8% in the second quarter of this year (SORS, 2018), which is higher than the International Monetary Fund's forecast of 3.5%. Its largest economic sector is services (over 60%), followed by industry and agriculture. However, more than a quarter of a century since the collapse of socialism in Southeast Europe, this region, including Serbia, has failed to catch up with the developed countries of the West economically. Serbia, with its collapsed economy after the sanctions and wars of the 1990s and unresolved issues of the southern province, is trying to find its place and impose itself as a regional leader, at least in the Balkans.

After the establishment of "16 + 1"<sup>1</sup>, the cooperation mechanism between China and the countries of Central and Eastern Europe CEEC (11 are members of the European Union and 5 countries of the Balkans), Serbia became one of the most active participants. The Republic of Serbia has special significance for China, because of its position on the "New Silk Road" that connects it with Central and Western Europe by two routes, the first being the southern gate of Europe from the Greek ports of Piraeus and Thessaloniki through the railway-road corridor to Northwestern Europe (through Serbia to Hungary and further to Austria and Germany). The second one connects Eastern Europe through Russia, Turkey and Bulgaria using the Black Sea basin and ports in the region, then across the Danube to the Rhine-Main-Danube canals to the major ports of Rotterdam and Hamburg and also to Western Europe. The project New Silk Road involves upgrading and extending the existing ones, and building brand new road and sea corridors and logistics along the way (road, water and air corridors, ports, industrial parks, energy projects, etc.). The importance of establishing a strategic partnership between Serbia and China has positive effects on

<sup>1</sup> Cooperation between China and Central and Eastern European Countries (CEEC): <http://www.china-ceec.org/eng/>

optimizing Serbia's foreign policy position in international relations and on consolidating its position within the "16 + 1" mechanism. This mechanism is established with the purpose of strengthening co-operation between China and the countries of Central and Eastern Europe, and implementing the goals of China's "New Silk Road" development strategy and its initiatives "Silk Road Economic Belt" and the "21st Century Maritime Silk Road", briefly referred to as "One Belt, One Road" (OBOR). So far, the hosts of "16+1" summits which take place every year have been Warsaw (2012), Bucharest (2013), Belgrade (2014), Suzhou (2015), Riga (2016), Budapest (2017) and Sofia (2018).

Thanks to good Sino-Serbian political relations, more and more practical cooperation projects are being launched. The first major step, considered to be a complete intensification of relations between the two countries, was made in 2009 when the Agreement on Economic and Technical Cooperation in Infrastructure Projects was signed and further strengthened within the '16 + 1' platform. It should be noted that Serbia is the first country in Europe the Chinese citizens need no visa to enter (and vice versa). China and Serbia have been improving their economic relations for years, mainly through important infrastructure projects in various fields, such as,

- Energy: (China National Machinery and Equipment Import & Export Corporation (CMEC) is participating in the construction of a new block of TPP "Kostolac B" and the expansion of the Drmno surface mine. China Environmental Energy Holdings (CEE) and Shenzhen Energy Group (SEC), in a consortium with "Electric Power Industry of Serbia", participate in the construction of Block 3 of TPP "Nikola Tesla B");
- Infrastructure: (China Road and Bridge Corporation (CRBC) built Zemun – Borca Bridge (Pupin Bridge); China Railways International and China Construction Company will do the works on Belgrade – Budapest railway line (MGSI, 2918) (350km) /works already started on the 75 km long railway line from Belgrade to Novi Sad /; China Shandong International Economic & Technical Cooperation Group Ltd. Of Shandong Hi-speed Group Co. Ltd. and Shandong Hi-speed Group Mansion built the Obrenovac – Ub (51km) and Lajkovac – Ljig sections of the E 763 turnpike (MGSI-E763, 2012); signing the memorandum of understanding on the reconstruction of Belgrade – Nis Railway Line, which is a highly important railway section when it comes to connecting the Piraeus Port and Central Europe; Signing a framework agreement between the Government of Serbia and China on giving Serbia a concession loan for the realization of Belgrade bypass construction project, and the contract on the state

- concession loan for the Belgrade Bypass construction project as part of E70 / 75 turnpike, the section Bridge across the Sava near Ostružnica – Bubanj Potok);
- Mining: (Zijin mining group became a strategic partner (63%) of RTB Bor as of January 1, 2019) (MRE, 2018);
  - Metal Processing Complex (Hestil – Smederevo Ironworks) (HBIS, 2018);
  - ICT sector (Through Huawei Technologies, China participated in the modernization of the Integrated Telecommunication System “Serbian Railways”);
  - A Mei Ta Company factory, producing car parts, was opened in Obrenovac. The opening of a Shandong Linglong Tire Factory was announced, which means that China will invest \$ 1 billion in this new factory in Zrenjanin;
  - Borca Industrial Park CRBC (*China Road and Bridge Corporation*) – China’s largest industrial park in Europe – is also planned.

*Figure 1. Serbia and the “ New Silk Road “ (IN4, 2018)*  
 (Europe (The Baltic Sea); Russia; Central Asia; China. Europe; the Mediterranean Sea; the Persian Gulf; Western Asia. South Asia; Southeastern Asia; the Indian Ocean. China: the South China Sea;



the South Pacific) Land economic belt of the New Silk Road  
Maritime belt of the New Silk Road

After Hungary, the Bank of China (NBS, 2018) opened in Serbia in 2017. It covers the whole of Southeast Europe. It is logical that by realizing infrastructure and transportation projects (mainly financed through loans from major Chinese state-owned banks), China will invest its highly accumulated foreign exchange reserves and engage its large civil engineering and other companies. Together with China Investment Corporation and Export-import Bank, China Development Bank is the co-founder of the 'New Silk Road Fund', established in 2015, with the initial capital of 10 billion dollars. The users of this Fund are 16 CEE countries (VPI, 2014).

### 3. CENTRAL EAST EUROPE AND THE '16 +1' INITIATIVE

Chinese investments within the '16 +1' initiative are mostly used by Hungary and Serbia, while other countries use them to a lesser extent. Greece, although not formally a member of the 16 + 1 initiative, is the focus of Chinese state investment. Greece is very significant because it is the southern gateway to Europe. Chinese state-owned electric power company took over 24 percent of ADMIE, Greek power distributor in 2016, and the same year Chinese firm COSCO took over the Piraeus Port in Greece. In addition to Piraeus, COSCO invested in port infrastructures in Albania and Montenegro. Montenegro received a loan from China's Exim Bank in the amount of 809 million euros (about \$937 million) with an interest rate of 2 percent for the first section of the turnpike from Bar to the border with Serbia, to be built by CRBC (CEEC, 2018). Croatia and China signed a Memorandum of Understanding and Cooperation in the area of ports and port industrial parks in 2016, and apart from announcing the investment of €30 million in the tourism potentials of Krapinske Toplice and the contract on the construction of the strategically important Peljesac Bridge, there are no serious changes in this form of cooperation. The electric vehicle manufacturer *Rimac Automobili* (founded in 2009) signed a €30 million deal with the Chinese company Camel Group Ltd (CEEC, 2018). This way, the largest battery and accumulator company in Asia will finance the development of new models of electric cars and bicycles in Croatia. An investment in the Tuzla Thermal Power Plant is planned in Bosnia and Herzegovina, and a memorandum was signed to grant a 42-kilometer turnpike concession that will connect Banja Luka and Prijedor with a total

value of €297 million (Xinhua, 2018). As far as Bulgaria is concerned, China is interested in restarting the Belene Nuclear Power Plant on the Danube, and building turnpikes and railroads. The Chinese HNA Group is granted a Plovdiv airport management concession for 35 years, which “raises high hopes for faster penetration of Chinese companies and investments in the Bulgarian market and boosts Bulgarian exports to China” (China – CEEC, 2018). China’s interest in the region is primarily focused on the purchase and construction of road networks for faster transportation of Chinese goods and services. In this regard, two major Black Sea ports in Bulgaria: Burgas and Varna have maritime connections with major Chinese seaports such as Ningbo. This is a direct link to the Danube Corridor VII. Koziencice Substation Expansion and Reconstruction Project in Poland by Chinese Pinggao Group Co., Ltd. is the first general contract for electricity transmission and transformation projects completed by a Chinese company in the European Union. Chinese car maker BYD opened its first European electric bus factory in the northern Hungarian city of Komárom. BYD is expected to invest a total of €20 million in the project (CEEC, 2018). The Chinese sector FinTech came to Lithuania, which helps the two countries cooperate in the field of banking supervision, changes in the financial sector, and expand the possibilities of trade relations between the European Union (EU) and China (CEEC, 2018).

Chinese investments in Central Eastern Europe have been steadily rising for years. With the economic power, there is a growing cultural influence of China in this region. In addition to concrete infrastructure projects and the acquisition (recapitalization, strategic partnerships) of enterprises, China’s influence is expanding with the help of the so-called soft measures. Those include the fields of politics, culture, art, and film production. For example, supporting the opening of a Chinese restaurant in Prague, photo exhibition “Belt & Road” in Romania, shooting the first Sino-Serbian co-production film in Belgrade, the establishment of Confucius Institutes in Belgrade and Novi Sad, joining the Estonian Opera Festival, promoting Chinese folklore in Estonia, organizing “Chinese Modern Film Weeks” in Warsaw, etc. (CEEC, 2018). China has always had an attractive traditional culture, which is why it opened 1500 Confucian institutes around the world, so as to teach about languages and cultures. Although extremely pluralistic and diverse, China is one of the oldest civilizations and its unity can be seen in efforts to preserve the Chinese civilization as a cultural entity. Attempts were made by the West to impose its values of democracy and liberalism as universal values, to maintain its military dominance, and to expand its economic interests, increase the risk of other civilizations implementing countermeasures (Huntington, 1998). However, China still lacks a cultural

industry, such as the American Hollywood, universities are lagging behind those in the West, and the media and the internet are state-controlled. Therefore, China must find a way, in Europe, to benefit from the enlarged area of trans-continental European co-operation in trade, communications, investment, and education.

#### 4. POSSIBLE RISKS OF CHINA PENETRATING CENTRAL EAST EUROPE

Although some EU countries welcome the construction of infrastructure, paid for and built by China, others fear wider Chinese influence in the volatile countries of Central and Eastern Europe. Despite the fact that “16 + 1” was presented as a pure investment initiative, it entails intense political engagement. China made a huge impact in recent years and is in the process of making an even greater impact, not only in the Western Balkans, but throughout Europe. However, the One Belt – One Road initiative still has weak institutional structures (secretariat and national coordinators). The ‘16 +1’ cooperation mechanism is implemented through the China-CIEC Cooperation Secretariat, which is an institution of the Chinese Government. Also, China prefers to negotiate bilateral projects, often without public bidding, while the European Union advocates multilateral treaties and transparent and public tenders. Finally, one should distinguish between direct investments by Chinese firms on the one hand and relatively favorable loans on the other. China finances projects primarily in the form of loans, thus threatening the underperforming economies with potentially negative consequences. Big loans can put small countries in a serious debt crisis.

The Center for Global Development in London estimates that out of 71 countries, users of OBOR credit line, eight more in addition to Sri Lanka and Malaysia, have a serious loan repayment risk: Djibouti, Kyrgyzstan, Laos, Maldives, Mongolia, Montenegro, Pakistan and Tajikistan (Panday, 2018). By analyzing Chinese measures to this date on the “New Silk Road”, even the IMF warns of the risk of indebtedness of countries involved in infrastructure projects under this Chinese initiative (Lagard, 2018). It is estimated that due to the inability of those countries to repay those loans, China will turn its claims into capital, meaning that it will become the (co) owner of Gwadar and Hambantota ports, which, if converted into naval bases, will allow the Chinese Navy a permanent presence in the Indian Ocean. Sri Lanka, unable to repay its accumulated debt to China, formally handed over

its strategic Hambantota port to Beijing for a 99-year lease by agreement in 2017 (Mitra, 2017). A similar fate is predicted for the Doraleh container terminal in Djibouti and the important maritime route. However, China prefers political stability and responsible and professional governance, as Beijing promotes cooperation with countries above all else. China does not show political destructiveness against the countries of Asia, Africa, or the countries of Central and Eastern Europe, but it uses democratic and political deficits to create economic opportunities. The European integration of the countries of the region is definitely a slow and complicated process, obtaining funding from European institutions for infrastructure projects is also a complex and conditional process, especially in recent times when the EU is focused on its own problems. This leads to many countries in the region turning to China, as it is easier and faster to get funding for these purposes. As Joseph Nye (a professor at Harvard University) stated, in 2010, China was the headquarters of two of the largest banks and four of the ten largest banks in the world (Nye, 2012). No one can dispute the fact that China is considered to be a great power. That is why every country has the right, and should consider cooperating with China. According to some estimates, Chinese investments in Germany exceed the total funds allocated to CEE countries and these investments are undisputed. Many Chinese companies are active in Serbia and the wider region of Central and Eastern Europe. The Republic of Serbia, like all countries in the region, currently has a large foreign trade deficit with China, which is expected, given the fact that Serbia does not have enough production capacity to supply the Chinese market with a sufficient quantity of certain products. China, on the other hand, has great potential and a number of opportunities, and it is not difficult for it to not only supply this market with its products, but also to invest part of its free funds in infrastructure projects.

The region of Western Balkans is always perceived as a place of confrontation between the geostrategic interests of the great powers, the West, i.e. the EU and the United States, on the one hand, and the East, above all Russia and China on the other. Russia is not the only one of the most powerful nuclear and military powers, but also one of the strongest economies and business states of the world, which, by developing its economy, turns its policies towards China, same as the EU, but also to India and the Pacific (ASEAN countries), Turkey and the Middle East. In contrast to Russian and American interests, China's geostrategic interest in Central and Eastern Europe is primarily of an economic nature – largely as a transit area to the West and only a smaller part as a possible market. It does not have (or at least does not exhibit) ambitions for domestic policymaking or regime change, as the West and Russia have. Baldwin does

not perceive power as an absolute category, but rather as relative potential which enables it to achieve certain goals (Baldwin, 2016), which is why the West is in fact afraid of Chinese expansion. When we are acquainted with the current positions of China and Russia and the growth of their global power and influence, we can understand, more easily, the battle of great powers to take over various parts of the world (including the Balkans) and the needs of the Euro-Atlantic countries, in particular, to take control over both the transportation and energy corridors and key raw material resources. The economy, thus, becomes a tool of power, allowing control and smooth exploitation of resources and transportation of goods. The US and China are already waging a trade war and have political quarrels, instead of tackling, together with the EU and Russia, the issues of fostering a possible transcontinental system of security and cooperation with those who significantly exceed a loose and anarchic international structure. The possibility for the EU to benefit from the 'New Silk Road' is best illustrated by the fact that several of Europe's largest countries, including the United Kingdom, France, Germany and Italy, support China in creating a new international development bank, the Asian Infrastructure Investment Bank.

The West is suspicious of China's efforts to find a springboard at the borders of the European Union. One of China's rise critics, Joseph Nye, believes that Chinese state-owned enterprises are inflexible to the demanding global market, which (without questioning the ownership structure of, let's say, the leading Western energy companies), proves to be an incorrect claim just by buying a business and building infrastructure on the New Silk Road. Still, in his opposing views, Nye acknowledged that China constantly demonstrates the ability to organize the Olympics, build fast railroads, stimulate economic development, have the strongest banks, etc. What worries him is that their military power grows with the economic power, but he does not limit it only to the two types of power, he also extends it to political power and influence (Nye, 2012) without explaining what that Chinese political influence would change in Europe or the world. Other authors have a similar view, so Jacques Martin states that emerging powers use economic power to spread political, cultural, and military power and influence. In this sense, China, which has a communist system of government, does not fit into any Western models of development. The dominant Western view is that globalization is a process by which the rest of the world should become Western, by adopting free markets, importing Western capital, privatization, the rule of law, human rights, and democratic norms (Jaques, 2012). In this regard, Chinese policy does not have strict demands, nor does it enter into the social arrangements of the country

with which it cooperates, or the culture which prevails. It does not impose its political or cultural imperatives, although it does work on its cultural promotion. China's main driving force is the economy and (self) economic interest. According to Goldman Sachs, the three largest economies in the world, by 2050, will be China, America and India, followed by Brazil, Mexico, Russia, and Indonesia. European countries, once leading powers of the world, the United Kingdom and Germany, will, respectively, be ranked ninth and tenth (Wilson & Stupnytska, 2007). This is best illustrated by the fact that the leading BRICS countries will have more global influence than the G7's most developed industrial countries (France, Germany, Italy, Japan, Canada, United Kingdom, and the United States).

## 5. CONCLUSION

The One Belt, One Road initiative could revitalize European economies, promote sustainable development and create an endless path for economic and cultural cooperation which would take into account the interests of all participants. The countries of Central and Eastern Europe are aware that economic growth should be accompanied by a modernization of existing and construction of new infrastructure networks, mainly relying on loans and grants from European financial institutions, but increasingly turning to Chinese lenders. However, increased levels of debt pose a threat to macroeconomic stability, especially if loans continue to be a major source of finance investments. Therefore, it is desirable to think intensively about alternative options for financing, such as public-private partnerships, i.e. concessions, without further borrowing. Infrastructures in Serbia, Macedonia, Bosnia and Herzegovina, Montenegro and Albania are funded through the European Investment Framework for the region of Western Balkans (*Projects of Energy Community Interest (PECI)*), which is a mix of loans and grants, and the Chinese Belt and Road Initiative, which is based solely on loans. What European and Chinese financiers have in common is that they direct most of their investments into transportation and energy infrastructure and that their use of funds is conditioned by the involvement of firms from their countries. However, unlike other global powers, China does not act through imposing its own models of cooperation, or through any model related to normative conditions, as the EU does. Large steps, such as the takeover of Bor Mining and Smelter Basin and Smederevo Ironworks, are something very useful for Serbia which it could not get from the West. These are large investments, in which no western companies were interested. After all, one of

the worse investment ventures was the US purchase of Smederevo Ironworks (US Steel), which resulted in huge losses and contract termination.

China will have an economic impact in Central and Eastern Europe, and throughout the European Union, because both as a producer and exporter, and as an importer, it is gradually becoming a major force in the world. There is no real choice whether or not to cooperate with China, as such cooperation is necessary. What is important to achieve is profit for all participants, not just one side, in the long run. For Serbia, integration processes in the post-Soviet area (Eurasian Economic Union, Organization of Collective Security Agreement, etc.) are particularly important. The Strategic Agreement of the Eurasian Economic Union (Russia, Belarus, Kazakhstan, Armenia, and Kyrgyzstan) signed with Serbia in 2016, which includes the free trade agreement, enables free placement of goods produced in Serbia on this large market of 170 million consumers, which is a huge economic and development opportunity. Due to Serbia's central position on the Danube waterway (two and a half times cheaper than railroad transportation, and six times cheaper than truck transportation), it is necessary to develop services, fleet and terminals, i.e. infrastructure and logistics for the needs of Chinese companies, whose business volume will only grow through container, river-sea, railroad and air transportation of various commodities in the fields of agriculture (grains), metal processing complex (sheets, iron ores), chemical complex (artificial fertilizer), mining, timber industry, etc. Achieving these goals will require strong policy frameworks so as to ensure high-quality projects, sufficient macroeconomic and institutional capacities in partner countries and absorb investment flows and reap the benefits.

The region of Central and Eastern Europe, especially the post-socialist countries, should be aware of the historical moment and the opportunities which open up and formulate serious development strategies and ways of realizing national goals, relying primarily on human knowledge as the most important resource. Through the "New Silk Road", the Republic of Serbia could accelerate its economic development and, in the short term,

become a key country in the region and a mainstay for its Eastern partners by enabling enormous economic prosperity.

Translated by  
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# EU Danube Macro-Regional Strategy and 16+1 Initiatives: Serbia Case Study

## *Abstract*

Despite the EU's and Germany's growing suspicion that China's influence in Europe is competitive and, therefore, harmful, it is necessary to stay optimistic and find mutual interest. In many ways, the initiatives adopted by the 16 + 1 format are in line with the EU's strategic priorities. The implantation of the EU Danube Macro-regional Strategy is one of the points of mutual interest. The Danube strategy is more important in every aspect and it is based on three pillars: (a) establishing a system of safe navigation, development of transport and supporting infrastructure (river ports, canals); (b) protection of environment and sustainable use of natural recourses; (c) economic development and further strengthening of cooperation and partnership in the macro-region. Danube was declared continental Corridor 7 by the EU. This corridor should connect the Black Sea in the east with Atlantic shores in the west with the transversal Constanta-Rotterdam. Ten EU members take part in the Danube strategy – Germany, Austria, Hungary, Czech Republic, Slovakia, Slovenia, Croatia, Bulgaria and Romania, and four countries that are not EU members - Serbia, Montenegro, Ukraine and Moldova. At the moment, 95% of the Danube river transport goes on between the German port Passau and Budapest and only 5% in the lower reaches of Danube, from Budapest to the Black Sea. Undoubtedly Corridor 7 has a huge development potential and its mechanisms can be used for achieving some of the goals laid out by OBOR. In this paper, using the synthetic-analytical method, the possibility of implementing the EU Danube Macro-regional Strategy through the format 16 + 1 on the Serbia case study will be considered. The paper consists of four parts. The first part is devoted to the analysis of the current positioning of the EU and Germany according to Chinese initiatives in the CEE. The second chapter describes the Danube Strategy and its main objectives. The third part is reserved for the case study of Serbia or

the question of how and in what way the EU and China objectives overlap in this case. The fourth part includes final considerations.

*Keywords:*

16+1, OBOR, EU Danube Macro-regional Strategy, Serbia

## 1. EU AND CHINA: COOPERATION OR COMPETITION

“The German Foreign Minister Sigmar Gabriel appealed to the EU members to pursue a common foreign policy vis-à-vis China to counter Beijing’s tactics: *If we do not succeed, for example, in developing a single strategy towards China, then China will succeed in dividing Europe*, he said. China is perceived by the EU as an increasing threat. There are two reasons for that. First being that the economies of Western Europe are afraid of Chinese competitors in the CEEC. While the Chinese people in CEEC sold textile products and opened restaurants, there were no problems. Today, when China exports sophisticated products to CEEC, usually cheaper than their West European counterparts, China has become a threat. Furthermore, joint ventures by Chinese investors and CEEC governments are creating companies ready for competition in Western European markets. Secondly, better political relations between China and the CEEC are affecting these European countries, changing their views on China. When defining a relationship with China, the EU insists on issues such as human rights, media freedom and democratic elections, which often leads to disagreement between Brussels and Beijing. The CEEC countries do not have political disagreements with Beijing, or have minimized them. This endangers the implementation of a Common EU Foreign and Security Policy. Germany and France are the ones most affected because those two countries invested a lot in the making of a common EU policy. That’s why Sigmar Gabriel’s statement should not come as surprising. Such actions of senior EU officials, and the leading EU countries officials will become more frequent. From the Brussels’ point of view, China-CEEC cooperation will be acceptable only with EU supervision. And that will open up a number of different issues and bring us new problems“<sup>1</sup>.

In the eyes of key West European countries, Germany and France above all, China is a competitor, rather than a party with which it is possible to

<sup>1</sup> Dusan Prorokovic, “China – CEE relations need new strategies“, *China Daily*, November 27 2017, p. 9.

define a framework for future cooperation. Thus, amongst other things, in the analysis of Chinese growth, four groups of arguments are most often brought up to explain the “fear of the rise of China”: “1) China’s military budget has grown even faster than its GDP, averaging over 12 percent for over a decade. The 2.3-million-strong People’s Liberation Army is developing high-tech weaponry, from stealth fighters to precision missiles and nuclear submarines. Its first aircraft carrier is due to enter service in August. Clearly, the goal is a show of power at a time when Beijing continues to cast a covetous eye over Taiwan and is locked in territorial disputes with neighbors in the South China Sea and beyond; 2) China’s vast pool of cheap labor, its absence of social or environmental restraints means it can undercut the rest of the world. Its unfair practices are killing jobs around the globe. Failure to protect intellectual property rights means competitors are cut out of the profits and consumers swamped with substandard counterfeits. China’s insatiable demand is raising oil and mineral prices in the world. The world’s biggest polluter is also destroying the planet, its carbon emissions have gone up 171 percent since 2000; 3) China uses its immense economic power to get other countries dependent on handouts. Chinese aid and investment have secured an unhealthy hold over nations across Africa, enabling it to harvest their mineral resources and exploit their workforces. Its grip on \$1.261 trillion of American debt looms over the US economy. Now, this cloaked colonization has reached Europe, as China grabs Portuguese power companies, Greek ports and whatever other bargains appear in the euro-crisis fire sale; 4) China is a direct threat to European and US hopes of spreading democratic values. Beyond its repression of domestic dissidence, China has been a consistent barrier to UN efforts to curtail despotism from Burma to Sudan and Syria. Beijing’s Africa policy runs counter to EU attempts to link development to human rights and China’s very economic success undermines the West’s aspirations to be a model for others to follow.”<sup>2</sup>

However, despite these attitudes, it is important to underline that European countries (both Western and Eastern) have two important reasons for deepening and expanding cooperation with China.

The first reason is that “The 16 + 1 mechanism, established in 2012, has produced spectacular results. Today, China is more present in CEEC in every respect. Furthermore, businessmen, scientists and artists from the CEE countries are discovering China at high speed. For them, this is a

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<sup>2</sup> „Arguments for and against fearing the rise of China”, *Debating Europe*, June 2018, <https://www.debatingeurope.eu/focus/infobox-arguments-for-and-against-fearing-the-rise-of-china/#.W19QcFhR-Ul>

huge market, a source of ideas and a generator of cultural impulses. Logic tells us that dynamic co-operation should continue. It is of mutual benefit. It would also be a contribution to reaching the goals set out in the idea of *Building a Community with a shared future for Mankind* proposed in the 19th Party Congress of the CPC.”<sup>3</sup> The second reason is that relationship between Western Europe and the USA is at its worst it has been since 1945. Europe sees the protectionist measures of the US President Donald Trump’s Administration as the beginning of a trade war. The counter measures will follow as the EU is angry with President Trump. Undoubtedly, there will be even more tension between Washington and Brussels. This can no longer be prevented. The problem for the EU is not that relations with the USA are worsening; this had to happen sooner or later. Hence the USA is creating numerous divides in Europe. The latest in the series is an American geopolitical initiative - *Intermarium*. The USA would like to connect CEE countries into one functional block, emphasizing the issue of energy security and thus breaking the EU’s strategic plans. The two summits have already been organized. Third one is planned for this year. How can the EU shape its own foreign and security policy if the USA is initiating the creation of new sub-continental and regional blocs within the EU? The answer is simple: France and Germany cannot do this on their own. “If the EU wants to be independent in the contemporary world politics, then it has to completely redefine its current position. The precondition for the EU to get out of the very unfavorable framework of cooperation with USA, where it is always seen as a younger partner or minority shareholder, is to improve relations with Russia and China.”<sup>4</sup> The EU must stop looking at China as an aggressive competitor that disturbs its economic interests in CEE. Instead of loudly expressing their dissatisfaction with ambitious plans that are being discussed in the “16 + 1” format, the EU leaders should join them. A strong and fruitful relationship between Brussels and Beijing can be created by harmonizing EU macro-regional strategies and their strategic goals with plans that China and CEE countries have set in the „16+1” formate. Cooperation and no confrontation with China is the way for the EU to strengthen its influence in the world. China has its own economic interests in Europe but this does not undermine regional security nor will it in any way destabilize the EU<sup>5</sup>.

<sup>3</sup> Dusan Prorokovic, “China – CEE relations need new strategies“, *China Daily*, November 27 2017, p. 9.

<sup>4</sup> Dusan Prorokovic, “EU must adopt new approach toward US“, *China Daily*, July 5 2018, p. 9.

<sup>5</sup> More about this in: Liu Zuoki, “16+1 cooperation in the context of The One Belt One Road Initiative“, In: Vladimir Cvetković (Ed.), *The One Belt, One Road: The Balkan*

## 2. THE EU STRATEGY FOR THE DANUBE REGION (EUSDR)

“The Danube Basin extends over an area larger than the territory of France, Switzerland, Belgium, the Netherlands and Luxembourg together. Together with the Rhine, Elbe, Oder and Wisla basins, the Danube Basin enriches the Central European geopolitical space, a continental space that lies between the Black Sea in the east, the North Sea to the west, the Baltic Sea in the north, and the Adriatic and Aegean seas in the south. After the completion of the Rhine-Main-Danube Channel in 1992, the Danube became *a spine* of European geopolitical horizontal, and the Rhine and Danube basins form the most important geostrategic space on the Continent, with enormous geo-economic potential.”<sup>6</sup>

This is one of the reasons why the European Commission adopted the Macro-regional strategy for the Danube region in 2011. “The EU Strategy for the Danube Region (EUSDR) was created as the second EU macro-regional strategy after the EU Strategy for the Baltic Sea Region. The Aim of the Strategy is to set a framework for cooperation in order to address common challenges in region through projects and closer cooperation.”<sup>7</sup> In the EU documents macro-regional strategies are presented as projects with synergetic potential that should bring added value and impact on the development of the countries that participate in them. Using the experience gained thus far, the EU used several things in order to define macro-regional strategies: 1) promotion of transnational projects; 2) including non-member countries of the EU in the projects; 3) encompassing large territorial units in one strategy.<sup>8</sup> These are the unique documents that show the EU’s desire to form macro regions at the continent that will also encompass countries that are not members of the EU<sup>9</sup>.

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*Perspective. Political and Security Aspects, Faculty of Security Studies, University of Belgrade, Belgrade, 2016, pp. 45–70.*

<sup>6</sup> Dušan Proroković, „Bitka za kontrolu Dunava i uticaj na geopolitički položaj Srbije“, *Međunarodna politika*, LXV, 1153–1154, 2014, pp. 114–115.

<sup>7</sup> “The EU Strategy for the Danube Region (EUSDR)”, Government of the Czech Republic, 2.12.2016, <https://www.vlada.cz/en/evropske-zalezitosti/evropske-politiky/podunajska-strategie/the-eu-strategy-for-the-danube-region-eusdr-151489/>

<sup>8</sup> More about this in: Dühr, Stefanie “Baltic Sea, Danube and Macro-regional strategies: a model for transnational cooperation in the EU”, *Notre Europe*, 26.09.2011, Jacques Delors Institute.

<sup>9</sup> When it comes to the EU macro regional strategies, one should mention Baltic strategy (that includes Russia), and idea of an Alps strategy (that would include Switzerland, Monaco and Lichtenstein, as non EU countries).

The Danube strategy is more important in every aspect and it is based on three pillars: (a) establishing a system of safe navigation, development of transport and supporting infrastructure (river ports, canals); (b) protection of environment and sustainable use of natural resources; (c) economic development and further strengthening of cooperation and partnership in the macro-region<sup>10</sup>.

Danube was declared continental Corridor 7 by the EU. This corridor should connect the Black Sea at the east with Atlantic shores at the west with the transversal Constanta-Rotterdam. There are ten EU members participating in the Danube strategy – Germany, Austria, Hungary, Czech Republic, Slovakia, Slovenia, Croatia, Bulgaria and Romania and four states that are not EU members - Serbia, Montenegro, Ukraine and Moldova<sup>11</sup>. At the moment, 95% of the Danube river transport goes on between the German port Passau and Budapest and only 5% in the lower reaches of Danube, from Budapest to the Black Sea. Undoubtedly Corridor 7 has a huge development potential and its mechanisms can be used for achieving some of the goals laid out by OBOR.



Map 1. Danube: Pan-European Corridor 7<sup>12</sup>

<sup>10</sup> According to: [http://ec.europa.eu/regional\\_policy/en/policy/cooperation/macro-regional-strategies/danube/](http://ec.europa.eu/regional_policy/en/policy/cooperation/macro-regional-strategies/danube/)

<sup>11</sup> According to: <http://euobserver.com/regions/32175>

<sup>12</sup> Dušan Proroković, „Bitka za kontrolu Dunava i uticaj na geopolitički položaj Srbije“, *Međunarodna politika*, LXV, 1153–1154, 2014, pp. 116.

The third goal of the EUSDR is fully compatible with OBOR objectives. It is still necessary to underline that “Macro regional strategies are not funding instruments. A macro-regional strategy is an integrated framework (endorsed by the European Council), which may be supported by the European Structural and Investment Funds among others, to address common challenges faced by a defined geographical area relating to Member States and third countries located in the same geographical area which thereby benefit from strengthened cooperation contributing to achieving economic, social and territorial cohesion. They rather seek to create synergies and coordination between existing policies, funding instruments and initiatives taking place across a given macro region.”<sup>13</sup>

An excellent mechanism for the development of the entire Danube region can be established by harmonizing the objectives of EUSDR and OBOR.

### 3. SERBIA CASE STUDY

Although a lot was expected from the implementation of EU macro-regional strategies, the results are not satisfying for two reasons: (a) internal crisis in the EU has caused other issues to become a priority; (b) smaller countries and weaker partners in this project (such as Serbia, for example) have no political power or financial resources nor the administrative capacity to initiate activities. This is especially true of the Adriatic-Ionian strategy where almost nothing has been done.

Serbia has harmonized two development strategies with the EUSDR: (a) the development of tourism; (b) the development of rail, road, inland waterway, air and intermodal transport. The first one analyzes the whole range of activities and facilities in the Danube region, with the aim to increase overall economic growth<sup>14</sup>. In line with the ongoing project of modernization of the Belgrade-Budapest railway and a potential increase in the number of Chinese tourists that will visit these two cities, it will be interesting to follow the further initiatives for the development of tourism in the Danube region, and the contents that can be offered to tourists.

The second strategy is considering the issues of establishing intermodal transport on Corridor 7, the development of river ports and related infrastructure. It involves linking the river ports on the Danube with modern railways, increasing their capacity, the construction of new

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<sup>13</sup> “The EU Strategy for the Danube Region (EUSDR)”, Government of the Czech Republic, 2.12.2016, <https://www.vlada.cz/en/evropske-zalezitosti/evropske-politiky/podunajska-strategie/the-eu-strategy-for-the-danube-region-eusdr-151489/>

<sup>14</sup> *Strategy of tourism development*, Government of the Republic of Serbia, 2006, pp. 143–152.

facilities for the transshipment of various goods as and attracting investors in this geographic zone<sup>15</sup>. River Sava can be included in this development concept (Sava flows into the Danube in Belgrade), since it is navigable in part of its course through Serbia, Croatia and Bosnia-Herzegovina. Four countries from the Sava basin (the three mentioned and Slovenia) have established the International Sava River Bassin Commission, whose task is to establish an international regime of navigation on this river and its navigable tributaries, including the establishment of conditions for safe navigation<sup>16</sup>. The strategy of development of intermodal transport is completely in line with the OBOR objectives.

However, it is noticeable that further initiatives are missing. By themselves, these strategies cannot influence long-term development without new initiatives. *“Putting the fate of the Danube into the hands of the EU is not a solution for underdeveloped countries from the lower flow of the river. Comparison with the Rhine region is adequate. The five states through which the Rhine flows are at roughly the same level of development, with traditionally large interchange and interdependent economic and scientific systems. The Danube countries are at different levels of economic development. For example, GDP per capita of Germany is six to ten times higher than that of Romania, Bulgaria and Serbia.”*<sup>17</sup>

Table 1: *GDP per capita at the Danube region countries (in US dollars)*<sup>18</sup>

Germany	41,513	Serbia	4,943
Austria	47,083	Bulgaria	7,033
Slovakia	16,899	Romania	7,935
Hungary	12,736	Moldova	2,037
Croatia	12,972	Ukraine	3,877

<sup>15</sup> *Strategy of development of railway, road, inland waterway, air and intermodal transport in the Republic of Serbia 2008–2015*, Government of the Republic of Serbia, Belgrade, 2008, pp. 5, 11. Available at: [www.putevi-srbije.rs](http://www.putevi-srbije.rs), also at: [www.gs.gov.rs](http://www.gs.gov.rs).

<sup>16</sup> *Strategy of water transport development for the period 2015–2020*, Government of the Republic of Serbia, Belgrade, 2015, pp. 2–8.

<sup>17</sup> Dušan Proroković, „Bitka za kontrolu Dunava i uticaj na geopolitički položaj Srbije“, *Međunarodna politika*, LXV, 1153–1154, 2014, pp. 122–123.

<sup>18</sup> *Ibidem*, p. 122.

By combining EUSDR with OBOR objectives, this can be achieved. More active involvement of China in the implementation of EUSDR for Serbia is a part of the solution. First of all, since 2016, two large Chinese companies are present in Serbia: (a) the construction of a casting factory for company Mei Ta Europe began in March; (b) in April, the company Hesteel Group Tangsteel Company purchased the Smederevo steel factory<sup>19</sup>. In addition to already implemented investments, several major Chinese companies have opened their offices in Serbia. In September 2015, the company CWE (China International Water and Electric Corporation) has established its branch in Serbia. This company is interested in participating in projects in the field of renewable energy and road infrastructure on the territory of Southeast Europe, especially in Serbia which is considered to be the center of the region.

In early 2016, CEFC (China Energy Company Limited) and the CBI (China Balkan Investment) also opened their branch offices in Serbia. These companies are interested in privatization of large state-owned Serbian companies, projects in agriculture, traffic and energy infrastructure, financial sector and telecommunications. The arrival of CEFC can be interesting because of the potential privatization of the Electric Power Industry of Serbia (EPS) in the coming decades.

The first infrastructural project implemented by China in Serbia, agreed upon in 2009, was the building of a bridge in Belgrade across Danube. After the 16+1 Summit in Bucharest in November 2013, further Chinese investments were agreed upon: (a) investment of 642 million euro in road infrastructure – building the Corridor 11 that connects Montenegro and Serbia; (b) investment of 999 million euro in the energy sector – reconstruction of the thermal power plant Kostolac.

All these investments and initiatives are being implemented in the Danube Basin. Also, it is necessary to keep in mind the long-term project - the idea of linking the Danube and the Aegean Sea<sup>20</sup>.

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<sup>19</sup> Chinese investors pledged to invest at least 300 million EUR, and not to lay off any of the 5000 workers. The privatization of Smederevo Steel plant differs from most other privatizations done in Serbian since 2001. Purchase of Serbian companies is usually followed by a number of layoffs and various corruption scandals. Depending on how they continue to act, these two major Chinese investors are likely to affect the attitude of Serbian public opinion on Chinese companies in the future.

<sup>20</sup> The possibility of building the Morava-Vardar Canal was first mentioned in 1907 when the American government established the American engineering commission for the observation of the Morava-Vardar waterway in New Jersey. After the outbreak of the war in 1914 this project had been put aside until 1961 when it reemerged as one of the options for spatial planning of the economic development of Serbia. In the late 20<sup>th</sup> and early 21<sup>st</sup> century, this plan was presented as one of the key elements of the

Based on the initiative of the Serbian president Tomislav Nikolić, in 2012, the possibility of building the canal between Danube and the Aegean Sea was considered. This canal would connect the sea port in Thessaloniki with the river port in Smederevo and would stretch along Serbia, Macedonia and Greece from north to south using the hydro potential of Morava and Vardar. Ministry of natural resources, mining and space planning of Serbia published the Feasibility Study on Morava Canal done by China's Gezhouba Corporation Limited in 2014. In the conclusion of this study it is said that the project of Morava Canal through Serbia is doable and profitable and would have positive effects in the following areas: 1) navigation (since it connects Western and Central Europe with Aegean Sea it lowers the costs of transport and improves mobility, security and quality of life); 2) production of electric energy (it increases the quantity of renewable energy in the system that brings economic benefits and positively affects the optimization of the energy structure in Serbia); 3) industry, agriculture, tourism, traffic (the land is arable and therefore is suitable for growing different sorts of plants – wheat, corn, fruits etc); 4) irrigation (it is making it possible to create the irrigation systems that positively affects agriculture); 5) more stable supply of drinking water; 6) flood protection. After meeting with Serbian officials in 2015, the president of the Chinese company Bon Project Zedong Jang repeated that this project is still very attractive. Estimates on the costs of this project differ.

According to the analysis by Internal Navigation from Europe (INE) average external marginal costs of the road traffic are 24.13 euro / 1.000 tons per km; average external marginal costs of the railway traffic are 12.35 euro / 1.000 tons per km; average external marginal costs of inland navigation are 5.0 euro / 1.000 tons per km.

It is obvious that within the disposable traffic system, external marginal costs for inland navigation are the lowest. In addition, the idea of connecting the waterways along the Morava River and the construction of a new channel from the river Vardar to the Aegean Sea is in accordance with the European strategy for the promotion and improvement of river navigation. To enhance mobility, safety and quality of life, it is necessary to establish inland waterway transport in the context of multi-modal

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spatial planning and a very significant segment of the national program of Serbia. The preliminary project has been done in 1908, and in 1961 the governments of Greece and Yugoslavia developed another project. In 1973 UN experts confirmed the validity of this project finding it to be economically justified. Based on this assessment EC funded the Study of Water Management Planning of Vardar in 1990. The distance between the Danube and the Aegean Sea is 650 km. The fall is 1.25 m per kilometer, making it possible to carry out this project from the technical standpoint.

transport policy. When it comes to the energy, following the completion of the planned cascades, installed capacity will be increased by 360.1 MW, and the production capacity will be increased by 1427.8 GWh. Serbian energy system will be further optimized, and pollution will be decreased.

The use of coal will be more economical and more rational. Based on the calculation of prices for electricity at 0.06 euros / (kW • h), the annual income from electricity production would amount to 85.67 million euros.



Map 2. Danube-Aegean Sea Canal (the existing waterways; required enlargement and regulation of river basin; necessary building of dams and canal)<sup>21</sup>

## 4. CONCLUSION

European Commissioner for Regional Policy Johannes Hahn warned of China's role in the Western Balkans and the possibility that Beijing will transform the region's countries into *Trojan horses* that will one day be members of the EU.<sup>22</sup>

<sup>21</sup> Dušan Proroković, „Bitka za kontrolu Dunava i uticaj na geopolitički položaj Srbije“, *Međunarodna politika*, LXV, 1153–1154, 2014, p. 123.

<sup>22</sup> Ryan Heath, Andrew Gray, “Beware Chinese Trojan horses in the Balkans, EU warns”, *Politico*, 27.07.2018, <https://www.politico.eu/article/johannes-hahn-beware-chinese-trojan-horses-in-the-balkans-eu-warns-enlargement-politico-podcast/>

This approach by the EU officials is extremely bad. In such a way, the countries of the Western Balkans will sooner or later be forced to choose: the EU or China! This could jeopardize the regional security of the Western Balkans, and would also inflict irreparable damage to the EU itself. The EU is at the beginning of a trade war with the United States. In this context, China could be a useful ally, and not a rival for the official Brussels. What is shown in the case study of Serbia is that the EU has no overreaching concerns. Instead of insisting on a geopolitical confrontation with China, it is necessary to look for points of possible collaboration and future cooperation. One of these points is certainly the EU's macro-regional strategy. The EUSDR is an ambitious project, which includes EU members, EU candidates and states such as Ukraine and Moldova. However, due to the internal crisis of the EU, and due to the lack of funds, the results of this project have not been seen so far. OBOR objectives are fully compatible with the third goal of EUSDR. Hence the conclusion that the Chinese participants in the implementation of the EUSDR are not only useful, but also necessary in order to fully implement it. For Serbia this would mean the possibility of planning long-term development in a new way. The "exploitation" of the Danube is of great importance for Serbia, Bulgaria, Romania, Croatia, Moldova and Ukraine. And for the whole of Europe, it is important to consider implementing strategic projects such as the Danube-Aegean Sea Canal. This would strengthen European geopolitical horizontal, and China-European relations would be elevated to a whole new level.

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# Critical Infrastructure Continuity in the Belt and Road Initiative\*

## *Abstract*

Critical infrastructure (CI) protection is considered to be an intersection between natural hazards, politics, business, technology and risks. 'One Belt, One Road' initiative develops connections between the spaces and states from Asia (China), through Africa and Europe including numerous ports, railways and roads, dams, telecommunication facilities, oil and gas pipelines, electricity network lines, powerplants and many other different enterprises. Risks connected to the facilities are both external (theorists, natural hazards, cyber-attacks etc.) and internal (technological accidents, human errors, pollution, occupational health and safety issues etc.). In order to obtain maximal benefits and return on investments, new endeavours need continuity, stability and operational excellence in their business operations. Unfortunately, disruptions can be massive and can be caused by different sources and motives. For example, one of the latest cases, which involves many players is Venezuela and its electricity supply system.

Almost all of the countries involved in 'One Belt, One Road' initiative are classified as developing countries, so their abilities and resources, when it comes to treating potential hazards, are more or less limited. At the same time, some of them are EU members, where CI protection and HSE (Health, Safety and Environment as the business function), are developed or, at least, heavily regulated. 'One Belt, One Road' initiative connects countries, infrastructure and companies and gives

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complete benefits only if all the parts are fully operating. Since protective measures are only as strong as their weakest link, there is a need for the Comprehensive Approach development.

The Comprehensive Approach should include countries, private entities, all governmental and supranational stakeholders, private business and safety & security and science & academia organizations in CI protection. It should have a proactive and preventative, but also an improved resilience role. At the same time, protection from both external and internal hazards is needed. External protection requires a new model which includes the involvement of military power, private intelligence, police, private security and civil protection companies. On the companies' level, new enhanced HSE models and operations are needed in order to obtain synergy.

Constructive cooperation, based on common regulative environment standards, mutual trust, training, research and development, information tools, shared measures and coordinated action should be key factors in reducing the risk of endangering the security of CI and enhancing it, so as to achieve the Comprehensive Approach.

This paper deals with the need to develop the Comprehensive Approach in CI protection within the 'One Belt, One Road' initiative, and gives special attention to particular needs and possible ways of establishment. The establishment of permanent bodies, with the task to explore opportunities and options, should be the first step in enhancing cooperation. The EU model in CI protection is also of interest, in the sense of establishing a regulatory framework.

*Key words:*

Critical Infrastructure, Business Continuity, "One Belt and One Road" initiative, Comprehensive Approach

## 1. INTRODUCTION

Critical Infrastructure (CI) protection is a contemporary need and paradigm. At the moment, we can see a slight difference between countries when it comes to their definition and list of critical infrastructure sectors, but a vast majority of them takes into consideration the following: energy, transportation, agriculture and food, water, public health and safety, emergency services, government, defense industry, information and telecommunications, banking and finance, environmental protection, industry/manufacturing and also science. In the case of the "Belt and Road" project, the ports, airports, railroads, highways, electric power generation and distribution, gas and oil infrastructure are of utmost importance, even though there are also numerous production-oriented developments.

All countries are aware of the CI protection importance and despite different interpretations of it, there is a group of issues linked to the lack of resources and abilities. Regulations are not similar and do not ask for the

same requirements as far as the applicability is concerned in the modern world. Apart from those differences, the regulations have serious lacks in some cases. This problem occurs most often in developing countries. A vast majority of the countries participating in the “Belt and Road” initiative belong to that very group. Contrary to them, there are also the EU members participating in the project with highly developed regulatory systems.

The infrastructure development is predominantly financed through loans or through direct investments. Minor disruptions in the establishments’ work may reduce the system’s performance and cause large economic losses. Developing countries are especially vulnerable and sensitive regarding potential financial gaps. The most recent example is the state of Montenegro with the ongoing public discussion about possible state bankruptcy due to a loan taken from China in order to build a highway [27]. Having in mind that expensive infrastructure projects are not immediately cost-effective, and that they do become cost-effective in the long run, additional disruptions can bring not only economic but also political problems. One of the examples is the Belgrade-Budapest railroad, which can be justified in economic terms only as a significant traffic boost, visible after a longer period of time.

The main CI problem is high dependence among the sectors. For example, if a sector, such as an energy one, is under attack, that would have consequences on all the other sectors. Interdependence among the sectors of CI should be taken into account when establishing the protective programs. It should be understood as a multilevel or domino effect. The primary task is consequently creating the secondary effect, the secondary is creating the third, etc. Eventually, many of them are involved. The actualization of asymmetric forms of endangering state and CI security should, also, not be overlooked. The latest example of Venezuela, when the electricity supply system was interrupted, had tremendous consequences for the whole society. The multilevel or domino effect always requires additional measures and resources, which cannot come from a single company (CI) and, hence, requires the engagement of external, predominantly governmental forces.

The malicious actions are not the only cause of accidents. Natural disasters can also happen together with accidents caused by gaps in business management or technology glitches.

Risk management is one of the key management roles. Owners (public or private) and managers have the task to provide business stability and continuity and to provide safe work conditions for their employees, and to protect the environment. Developing countries, characterized by weak institutions, lack of competence, financial aid, legislative rules and good economy, need to provide better public services and to improve their socio-economic conditions. These countries promote a public-private partnership,

apart from a strictly public (state) and private ownership and professional management at CI.

In order to resist the contemporary global threats and hazards and improve the security situation, an intensive level of integration and interaction between the national and supra-national security structure and the interdependence of national, regional and multilateral bodies should be reached. However, the state's role as a security entity, in international relations, is crucial and indispensable.

## 2. INTERNATIONALLY ACCEPTED APPROACHES AND REGULATIONS

The United States has a National Infrastructure Protection Plan from 2006 [1], where infrastructures and key resources are divided into eighteen sectors. Some of these infrastructure sectors are the following: the agriculture and food protection, treatment of drinking water, energy/power, information technology/telecommunications, transportation systems, defense industrial base, public health, banking/finance, postal/shipping and critical manufacturing. National monuments/icons, government facilities, chemical facilities, commercial facilities, hydro-electric dams, emergency services and commercial nuclear reactors, materials and waste, are key resources. The transport resources alone, which are very diverse, contain 5.000 public airports, 120.000 miles of major roads, 590.000 bridges, 2.000.000 mile of pipelines, 300 ports, and 500 major, urban and public crossings. This undoubtedly resembles the "One Belt and One Road" initiative and its magnitude.

From 2004, the European Commission (EC) has been building the "European approach" with the idea of creating a European Program for Critical Infrastructures (EPCIP) [2, 3, 4, 5, 6, and 7]. The aim is to support companies and governments in the EU as far as their security strategies are concerned. It seeks to provide an all-hazards cross-sectoral approach ([www.ec.europa.eu](http://www.ec.europa.eu)). The regulation makes a clear distinction between Critical Infrastructures of the member countries and the European Critical Infrastructures (the infrastructure important for at least two countries). The corresponding EC Directives are key elements in the creation of the common legislative framework. EPCIP Contact Point meetings are organized in order to exchange information between the Member States of the EU ([www.ec.europa.eu](http://www.ec.europa.eu)). The EU fund is needed in many conducted studies, in order to identify the needs of an adequate critical infrastructure protection.

Article 2 of the Directive (2008) states that the impact must be assessed in terms of cross-cutting criteria (the interdependence of various infrastructures). This refers to the European dimension the security strategies reach when critical infrastructures have essential or vital services in several countries of the EU. The current approach is that the European strategies should focus on systems instead of sectors (critical infrastructures are often too large and more complex). EPCIP is divided into four critical infrastructures, which have a European dimension, in order to optimize their protection and resilience. These sectors are the Euro control (EU Air Traffic Management Network Manager), Galileo (global satellite navigation system), the Electricity Transmission Grid and the European Gas Transmission Network. It's important to consider the latest approach (cross border or multilateral) to the most of the endeavors in the "One Belt and One Road" initiative, which are predominately international and develop the transportation systems.

One of the most interesting establishments in the EU is the Critical Infrastructure Warning Information Network (CIWIN), which gathers experts from the EU to assist the European Commission in establishing network programs which could facilitate information exchange when it comes to threats, vulnerabilities, measures and strategies [8]. One idea was to create a knowledge base, on a European level, with the best practices which would contain recommendations, what-if scenarios and guidelines.

The EU has three main strategies based on the critical infrastructure resilience, i.e. prevention, preparedness and response [2]. Prevention is aimed towards the creation of tools for risk assessment and risk management. The private sector should participate to a profound extent. Considering the fact that intelligence plays a vital role, the EU Intelligence Analysis Centre (INTCEN) is included. The strategies of preparedness and response both rely on gathering the equipment, providing adequate training, raising awareness and conducting exercises.

In terms of critical infrastructure protection measures, all countries, including the Republic of Serbia, must: a) identify CI, b) create CI maps, c) determine an information, hierarchy and content exchange network, d) train the personnel who takes part in the CI jobs and tasks, e) train the CI personnel for an event of a crisis or an emergency, f) establish liaison officers in the CI and g) develop security (protection) plans.

It should be underlined that, as far as the industrial practice is concerned, the EU has introduced an integrated approach, represented through a number of directives, among which the most important are the Integrated pollution prevention and control (IPPC) directive (Directive 2008/1/EC of 15 January 2008, concerned with integrated pollution

prevention and control) and the Council Directive 96/82/EC of 9 December 1996, on the control of major-accident hazards involving dangerous substances (also known as the Seveso II Directive) [9, 10]. Out of the few dozen other directives, ATEX and PED are maybe the most important. This set of regulations aims to reduce the probability of accidents and to improve resilience. Prevention, preparedness, response, documented approach, public and expert verification involvement are all in the basis of this model. Ownership does not hold special significance; every party should execute its legal obligations. The above-mentioned directives have expert and regulatory bodies all over the EU, where at least all member states participate. All risks should be covered by documented protection and emergency plans.

### 3. THE MILITARY, POLICE, PRIVATE INTELLIGENCE, CIVIL AND PRIVATE PROTECTION AND THE CRITICAL INFRASTRUCTURE PROTECTION

By protecting the critical infrastructure, the economic potential is protected as well. The safety and security of CI is the responsibility of the company owner, prescribed by the public laws and driven by the real need not to allow unnecessary losses. Company's safety and security structures are focused on specific protection tasks and develop specific know-how, abilities and resources. Since critical infrastructures can be threatened, by more or less common threats like terrorist attacks, technological failures and natural disasters, the extra value of private security lies in its specialization and targeting sector, more precisely in its know-how and, consequently, specific market segments [11] which would decrease costs for operating companies, due to a higher specialization and better resource use.

In most European countries, critical infrastructure protection is understood as an important task for private security. Subsequently, the protection of critical infrastructures is generally seen [12] as a responsibility which should be organized between the public and private sector. Companies and their personnel must obtain a certification from government authorities and go through a training program if they want to provide private security [13, 14, and 15].

In order to create an effective partnership with different companies, the private security sector should be included from the beginning, i.e. in the design itself (the conceptualization of approaches) and the operation

of critical infrastructure protection [13]. The fact that the private security industry consists of various corporations should not be taken lightly, as the private sector has high competences in risk assessment, security threats identification and has developed specific training for this sector.

Intelligence services play a vital role in planning and executing security strategies regarding the CI. The CI protection is an important task for intelligence services, as they provide advice and all sorts of analysis regarding related threats (e.g. terrorism, treason and also organized crime).

Contemporary military services perform the following five basic tasks [16]:

1. Protecting the state's independence, sovereignty, territorial integrity, and, in the broader context, its citizens;
2. Preserving peace in international relations or peace enforcement;
3. Providing humanitarian assistance in case of natural disasters;
4. Fulfilling the tasks of Homeland Security and
5. Participating in building the nation.

Generally speaking, these are internal and external tasks, or as some would call them, non-traditional and traditional tasks. The Geneva Centre for the Democratic Control of Armed Forces (DCAF), conducted a research in 2012, in 15 consolidated Western democracies<sup>1</sup>, on internal roles of the Armed Forces. The results showed that 20 different roles were identified, and 10 of them can be included in the broader category of law-enforcement-related tasks. Location and personnel security is among those tasks. Only Luxemburg, Spain and Germany don't have this task assigned to its military. The conclusion was that each country is involved in providing aid with military help, in case of natural disasters. It is truly important to underline that the protection of the CI is not an exclusive task of the military forces. Armed forces are, in fact, often considered as a last resort, after a request made by the civil authorities [17].

In Eastern Europe<sup>2</sup> civil defense capacities are seriously disabled due to the lack of financial support and the change of the strategic orientation. The capacity of military forces is also significantly lower, for the same two reasons. In many countries, like Serbia, the police overtook the responsibility regarding all emergency situations, including fires. The police and new established government departments are struggling to

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<sup>1</sup> Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxemburg, the Netherlands, Norway, Spain, Sweden and the United Kingdom, along with the United State and Canada.

<sup>2</sup> Almost all Eastern European countries take part in the 16+ project and the "Belt and Road" initiative lead by China.

reach required capacities and competences. Switching responsibility from one governmental department to another and attributing them different roles caused dangerous misunderstandings and reduced the already disproportionate capacities. At the same time, the probability and quantity of possible accidents within the CI has not decreased, but, on the contrary, has increased due to new infrastructure and industrial developments.

New threats, like Cyber security, require new kinds of highly sophisticated and trained resources. All governmental services and most of the companies lack such capacities.

Everything mentioned previously leads to a logical conclusion that all available forces should be included in dealing with accidents related to CI. The military force is the only government service which could gain a surplus of the capacities. The reason behind that is, for the most part, the fact that most of the military forces have been preparing for a large-scale war during the Cold War era. The military force is traditionally a source of highly trained and motivated personnel as well. New tasks which had been given to the military organization, require a new organization model which is easily adaptable for all kinds of possible tasks, like the one presented in [18].

It is worth mentioning that generally known roles of military forces, as far as the new age is concerned, like defeating the enemies, maintaining peace and helping the local and global hazard operations, are usually opposed to the military tactical capabilities design, organization and technology use, if uncovered as joint requirements. This urges the defense planners, especially for land and joint forces, to leave behind the tactical twentieth century military organizations, and to recognize a new approach in military engagement.

Sharing and exploiting internationally crucial resources and infrastructures, within the homeland area, have colossal international risks, especially in the form of asymmetric or terrorist warfare actions. The question of military capacity implementation in the prevention process and potential asymmetric threatening situations should be considered as national and international military defense tasks. At this very moment, the majority of military forces belonging to small countries do not have appropriate capacity, technologies or organization flexibility, so as to be included effectively in different missions, along with any civil emergencies or infrastructure protection risk operations.

Low budgets burden the military, other governmental agencies and institutions, and ultimately ask the national economies to develop joint, civil and military emergency capacities so as to share responsibility when it comes to the defense, peace and security protection in risk variable tasks.

This refers to the appropriate participation of military forces, joined together with other civil (armed) and not armed forces, such as civil protection, gendarmerie, police, Special Forces, private homeland or international security units.

Encompassing abilities of civil governmental and non-governmental agencies and participants in joint military formations, based on various situational bases, represent beneficial and prominent practices in a large-scale homeland hazard disaster and can, also, be expected in an international mitigation or peace keeping missions. Also, civil hazards can help integrate required resources, in comprehensively planned operations for the military forces and can be a part of modular constituents of the battle teams.

Military organizations, like NATO, have the aim to protect energy supply lines. NATO's role in energy security was first defined in 2008 at the Bucharest Summit and has only been strengthened since [26].

According to [19]: "In the Persian Gulf area and Israel, concepts have been developed which, along with the responsibility of companies themselves, offer cooperation to the government in the interest of security. Generally speaking, the Police and the Armed Forces can be hired to protect gas pipelines. In those instances when the military power or the police cannot take care of the gas pipelines security, for whatever reason, private companies could be put to work. Companies, i.e. owners of gas pipelines, should be responsible to their partners, customers and investors. Some of the tasks private security companies have are to lead strategic consultations, to assess existing risks and to defend those facilities and employees.

The Baku – Tbilisi – Ceyhan oil pipeline security system may serve as an excellent example of a modern approach to pipeline security. The oil pipeline will be in its entire length situated in the ground; there will be only terminals and compressor stations on the surface. Apart from that, additional security measures will be taken so as to protect the installation from theft and any damage. The oil pipeline will be fully covered by the security personnel, even cavalry will be used, while modern techniques and technologies will also be applied (such as optical and similar cables).

According to the "Gazprom" standards, compressor stations should be lined with a two-meter high metal fence on the top of which there should be three barbed wires on both sides. It should be 2 meters and 50 cm tall overall. In order to protect from or prevent any unlawful interference when it comes to compressor station functioning, as linear pipeline management, a security service must be hired. Objective judgment, group discussions and following commands of the security service will provide safety to the security compressor stations, along with the linear parts of the gas pipeline. The personnel of the security service should be trained in a special way,

licensed to do that sort of job, and most importantly, they should have adequate equipment. Compressor stations should be secured round the clock, by armed personnel who is set up on guard posts, and appropriate equipment for signalization should be set up (alarms, cameras, etc.).”

So as to protect the “South Stream” gas pipeline, it was planned to engage the Sector for Emergency Situations of Serbia’s Ministry of Interior, Center for Emergency Situations from Niš and Serbian Armed Forces.

Some examples of non-traditional military engagement are: a) in 2008, when around 1.000 soldiers were sent to guard high-profile public places, such as train stations and St Peter’s Cathedral in Rome, and b) when more than 3.000 Italian military officers were deployed to support police patrols in their fight against crime in 2008 [17].

All of the above mentioned examples justify the need to employ all source resources in CI protection. This is much more important when it comes to complex endeavors like the „One Belt one Road” initiative, where participating countries do not have a plethora of resources and competences.

#### 4. NEW DIRECTIONS IN CRITICAL INFRASTRUCTURE PROTECTION: THE INTRODUCTION OF RESILIENCE

In 2009, the NIAC released a study [20] called ‘Critical Infrastructure Partnership Strategic Assessment Study’, which highlighted some interesting results. It focused on the importance of resilience, for the public and private sector, when it came to creating their risk assessment strategies. Infrastructure resilience is ‘the ability to reduce the magnitude, the impact and/or the duration of disruptive events. The effectiveness of a resilient infrastructure or enterprise depends on its ability to anticipate, absorb, adapt to and/or rapidly recover from a potentially disruptive occurrence’. Risk management should, therefore, focus on the resilience of a critical infrastructure.

Three features alone characterize critical infrastructure resilience [20]. They are robustness (the ability to maintain operations and functions in the middle of a crisis), resourcefulness (the ability to prepare for, respond to and manage a crisis or disruption as it unfolds) and rapid recovery (the ability to return to and/or reconstitute normal operations as quickly and as efficiently as possible after a disruption).

The above-mentioned approach is what the developing countries should develop, in order to improve the cost and effectiveness of their CI protection systems.

## 5. CORPORATE SAFETY AND SECURITY MANAGEMENT (HSSE MANAGEMENT)

Corporate Safety and Security management systems (also known as Health Safety Security and Environment – HSSE) have as their main goal to systematically identify failures in technological and management activities and monitor management interventions, so as to control risk in companies. Their aim is to see the wider picture, to show relative safety priorities and manage effectiveness of remedial actions.

The HSSE sets out a company's safety and security policy<sup>3</sup> as an integral part of its overall business. Each company should implement a system which works best for them – there is no 'one-size-fits-all' system. Ultimately, HSSE becomes woven into the fabric of the organization and becomes part of its culture. Many of the leading companies have a similar HSSE structure, policies, or techniques based on the management standards like ISO 9001, ISO 14001, ISO 31000, ISO 45001 etc. and an integrated system of safety standards and directives in the EU.

There are numerous elements of safety in a security management system. The main elements could be classified in the following way [21]:

- “1. A safety and security policy which would underline the commitment of the organization which is responsible for safety and security;
2. A structure which would assure the commitment to safety and security would be implemented;
3. A training which would equip personnel with adequate knowledge, so as to work safely and without security risks to any third parties or other personnel;
4. In-house security and safety rules which would provide instructions for achieving safety and would manage security objectives;
5. A program of inspection which would identify hazardous conditions and rectify any such conditions at regular intervals or when needed;

<sup>3</sup> The term 'policy', refers to general intentions, approaches and objectives of an organization, along with the criteria and principles which make up the actions and responses. An effective security and safety policy would set a clear direction for an organisation to follow. It would contribute to all aspects of business performance, as a part of an apparent commitment to continuous improvement.

6. A program which would identify hazardous exposure or risk such exposure has for the workers and any third parties and would provide suitable protective equipment, as the last resort, where engineering control methods are not as feasible;
7. An investigation of any accident or incident which would discover the cause and would develop prompt arrangements in order to prevent recurrence;
8. Emergency preparedness which would develop, communicate and follow through with plans which are prescribing effective management of emergency situations;
9. Evaluation, selection and control of sub-contractors which would ensure that sub-contractors are fully aware of their safety obligations and are in fact meeting them;
10. Safety committees;
11. An evaluation of hazards related to work process or potential hazards, and development of safety and security procedures;
12. A promotion, development and maintenance of safety and security awareness;
13. A program for accident control and hazard elimination, especially when it comes to the personnel's and third parties' exposure to any risk;
14. A program which would protect workers from occupational health hazards."

Companies' HSSE systems are an inseparable part of the overall CI safety and security system. If this system functions in the best possible manner, it then decreases possibilities and consequences of the unwanted events. By doing so, it relieves a significant part of an always scarce state, which has created the resources and costs. That is exactly why improvements on the company level have to be an inseparable part of any CI protection system/organization.

## 5. A COMPREHENSIVE APPROACH TO THE PROTECTION OF THE "ONE BELT AND ONE ROAD" CI

The protection of the CI is itself a very complex and demanding activity. Having in mind the abundance of critical infrastructures, especially in such large-scale projects as the „Belt and Road” initiative, significant challenges in the CI protection can appear, such as [22]:

- The creation of complex critical infrastructure sectors, because it would be impossible to protect an entire critical infrastructure and its components, for example, in the transportation sector it would be almost impossible to protect numerous kilometer-long communication lines, a large number of airports, sea ports, numerous bridges and similar structures.
- The lack of supervision and responsibility in a sector where several public and private institutions work together.
- Not sharing enough information between institutions which are working together, which would lead to a new vulnerability and impact the response-efficiency when it comes to the CI protection.
- The creation of complex knowledge which should include a large quantity of special skills.
- The creation of a strong interdependence of individual sectors of the CI and between its sectors.
- The creation of flawed tools for the CI and its vulnerability analysis.
- The occurrence of asymmetric conflicts, as an especially efficient form which could affect the CI vulnerability.

There is also a misunderstanding between the public and private sector when it comes to the perception of vulnerability and efficiency, as the main aim of the private one is efficiency conditioned by market activity, while vulnerability is only considered if the situation compels them to it.

Additional problems lie in a) the rapid change in incident sources or nature which would impede with investigations regarding creating counter-measures, b) a strong political influence, as incidents can affect the domestic and international political environment, c) an unpredictable environment as not all causes or consequences can be foreseen. Therefore, CI protection must be examined to such an extent that it can have a multidisciplinary scope. The changing landscape of prevention of and protection from accidents would require a scientific standpoint which would implement segments from several disciplines, i.e. the science of resolving conflicts, defense studies, economy, technology, governance, law, sociology, criminology, etc.

The asymmetric nature of modern day risks and threats for the CI asks for undisputed and conditional comprehensive security measures. Having in mind the complex character of the endeavors and participants included in the 'One Belt, One Road' initiative, the aim of the approach can also be defined as creating procedures and practices for the purpose of strengthening the resilience of the CI and its readiness for prevention,

mitigation, response and recovery (similar to the Canadian National Strategy for the CI [23]).

The achievement of the goal can be reached only through a Comprehensive approach which should include at least:

- The identification of national, regional or sectoral CIs which would be connected to the sustainable functioning of the “Belt and Road” initiative and its auxiliary structures,
- The identification of national, regional or sectoral risks and hazards for the CI;
- The examination of the risks, hazards or gaps in protection plans for the CI,
- Establishing the stakeholders and interested parties,
- Building partnerships among the stakeholders,
- Implementing an all-hazards risk management approach,
- Establishing the minimum criteria when it comes to joint regulations and resources,
- Developing the business continuity practice,
- Establishing the coordination bodies,
- Improving and establishing the academic and scientific cooperation and its capacities,
- Developing procedures which would address intentional and accidental incidents, both within the homeland area and internationally,
- Training and developing the resources together,
- Enabling information sharing with the stakeholders in due time,
- Managing all the planning and documentation in an urgent manner,
- Establishing appropriate systems for early warning,
- Enhancing communication about risk among the states, companies, citizens and the general public,
- Obtaining greater commitment from governmental bodies and participants in regards to incident prevention and management,
- Monitoring progress,
- Constantly analyzing and improving the approach.

The approach should cover all accidents, despite the nature of their causes: 1) natural disasters, 2) errors (technical failure or human error), and 3) organized violence activities (terrorism, crime, war) etc. [24].

All the improvements in conducting the approach would be seen in higher rates of competitiveness, productivity and cost-effectiveness, but also higher social responsibility when it comes to the operation of the CI.

Responsibility for national and general security is, above all else, in the hands of each nation-state. States are obliged to provide a systematic

framework when it comes to responding to various types of crisis in the field of critical infrastructure. A large number of and many types of CI indicate that all levels of government should take part in the CI protection. Companies should use all their required resources as well, as accident occurrence is, luckily, not a permanent and every day kind of situation, so it would not be rational to establish and maintain preventive measures and resources separately. Merging resources, sharing information and knowledge are the best and the most sustainable ways to use the resources in terms of effectiveness and cost. That's precisely why the CI protection within the "Belt and Road" initiative must rely on cooperation between the involved states, on the national and subnational level, on the PPP, private entities, resources and information sharing.

## 6. ESTABLISHING A COMPREHENSIVE APPROACH

In order to secure a sustainable, safe and cost/effective CI protection system, it should have the following features:

- shared values,
- understanding of the situation and common aims,
- coordination mechanisms,
- an information sharing mechanism,
- structures for development and planning,
- structures for monitoring and detecting early warning signs,
- Pre-established relationships and multilateral understanding through common education, values, training, analysis and response planning in case of potential CI crisis.

Traditionally limited by time and put in the framework of the well-known "modus operandi", people often forget about the wide range of possibilities when cooperation is achieved. Infrastructure and regulations often represent a serious obstacle as well.

Coordination mechanisms and bodies are necessary in order to erase any gaps in system functioning, deal with the lack of resources or knowledge, or even to decrease the respond time. Those coordination bodies have to be permanent. Establishing permanent bodies, which would have the goal to explore opportunities and options, would be the first step in improving cooperation and resolving issues in:

- Mitigating different issues among countries and finding common ground,
- Taking advantage of synergies,

- Determining the cooperation policy when it comes to two options a) whether to be a part of a highly structured organization like the EU or b) to have “freedom” and a less structured coordination mechanism.
- Resolving the first steps in determining the stakeholders, the CI, sharing information and knowledge etc.

A good example to follow is the one from 2016, when China and the Arab countries signed the “China’s Arab Policy Paper” [25]. This mentioned document established the basic principles of cooperation and coordination on multilateral bases.

By using this or a similar approach countries can:

- gradually ‘expand’ their development model and avoid sharp changes,
- choose a dynamic and efficient approach and position themselves in transition for long-term survival,
- find balance between the wait-and-watch strategy and an active reaction,
- mutually develop strategies to be flexible and able to evolve quickly in response to anticipated changes,
- Set up goals and priorities when it comes to the investment in, operation, research or development of future technologies.

## 7. CONCLUSION

Critical infrastructure (CI) protection is in the meeting point between natural hazards, politics, business, technology and risks. The ‘One Belt, One Road’ initiative should develop connections between the states from Asia (China) through Africa, all the way to Europe, including numerous ports, railways and roads, dams, telecommunication facilities, oil and gas pipelines, electricity network lines, power plants and many other different enterprises. Risks connected to the facilities can be both external (terrorists, natural hazards, cyber-attacks etc.) and internal (technological accidents, human errors, pollution, occupational health and safety issues etc.). In order to gain maximum benefits, new endeavors need continuity, stability and excellence in their business operations. Unfortunately, disruptions can be massive and can come from different sources and have different motives. Venezuela and its electricity supply system are just the latest example which involved many participants.

Almost all of the countries which are involved in the ‘One Belt, One Road’ initiative are classified as developing countries, so their abilities

and resources when it comes to treating potential hazards are more or less limited. At the same time, some of them are EU members, where CI protection and the HSE (Health, Safety and Environment as the business function) are either developed or heavily regulated. The 'One Belt, One Road' initiative aims to connect countries, infrastructures and companies, and to offer various benefits, if all the parts are fully operational. Since protective measures are as strong as their weakest link, a Comprehensive Approach should be developed.

A Comprehensive Approach has to include countries, private entities, all governmental and supranational stakeholders, private businesses, safety and security, scientific and academic organizations in CI protection. It should have a proactive and preventive, but also an improved resilience role. At the same time, protection from both external and internal hazards is needed. External protection needs a new model of joint involvement of military power, intelligence, police, private security and civil protection companies. On the company level, a new and enhanced HSSE model and new operations are needed in order to reach synergy and rationalize the use of public resources.

In order to carry out a Comprehensive Approach, constructive cooperation based on common regulative environment, standards, mutual trust, training, research and development, information, tools and measures sharing, along with coordinated action, should all be key factors in reducing the risk of and improving the security of the CI.

Development of a Comprehensive Approach in CI protection inside the 'One Belt, One Road' initiative is an obvious need and can significantly improve the abilities of all of the involved countries in CI protection. Establishing permanent bodies which have the goal to explore opportunities and options should just be the first step in improving cooperation. The EU model in CI protection is also of utmost importance when it comes to establishing a regulatory framework.

China and other involved countries should have an interest in the protection of the "Belt and Road" initiative and its relation to CI, since their goods would be moved through the developed infrastructure and improve the security of energy supply, increase and speed up the communication channels. Better CI protection would secure economic efficiency as far as investments are concerned and it would cut down on unnecessary losses.

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## *Annex*



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# On educating the Chinese specialists in regional studies within the master's degree program of the SCO University at Moscow State Linguistic University, through the framework of the Belt and Road Initiative

## *Abstract*

This article analyzes the work of the Moscow State Linguistic University (MSLU) on the international project “SCO University” when it comes to training Chinese specialists for their participation in the “One Belt – One Road” initiative. MSLU has been involved in this project since 2009, when it won a national competition. It joined the SCO University's network through regional studies, together with Russian universities such as Lomonosov Moscow State University, MGIMO University and Ural State University.

After the development of this master's program and its approbation at partner universities, MSLU was the first to make a *pilot issuance* of these master's degrees and accept first foreign students for a semester. From 2009 up until 2019, 130 foreign students, including 75 from China and 55 from the countries of Central Asia, attended the master's program of the SCO MSLU University for one or two semesters. Foreign students received a certificate from the SCO University upon their graduation.

Currently, within the framework of the SCO University, MSLU cooperates with Chinese universities such as Beijing Foreign Studies University, Capital Normal University, Dalian University of Foreign Languages, and Lanzhou University. Chinese students improve their knowledge of Russian and English during study at MSLU, they study regional studies, develop their master's theses, and get acquainted with the cultural life of Moscow and other Russian cities. At this moment, the MSLU is addressing the following issues: work deployment in new areas of *pedagogy* and *economics*, transition to the system of obtaining *two diplomas* and development of studies within *the undergraduate program*.

Educating Chinese students for their master's degree at MSLU within the framework of the SCO University project, by also taking into account its linguistic-cultural direction, should contribute to their future practical activities, including their participation in the implementation of the Chinese innovation initiative the "One Belt – One Road".

*Keywords:*

Moscow State Linguistic University, SCO University, master's degree, bachelor's degree, Chinese universities, regional studies, pilot issuance, "One Belt – One Road".

In 2007 at the SCO summit the President of Russia put forward the idea of creating the University of the Shanghai Cooperation Organization. The University was established in 2009 as a network of existing universities in five Member States of the SCO: Kazakhstan, Kyrgyzstan, China, Russia and Tajikistan. It was divided in five priority departments: regional studies, nanotechnology, IT-technology, ecology and energy. Three best universities, in each area and from each country, were to be part of the SCO University.

In May 2009, Moscow State Linguistic University participated in a national competition and was one of the winners. It joined the SCO University network, through regional studies, together with Russian universities such as Lomonosov Moscow State University, MGIMO University and Ural State University. Only 53 universities out of five SCO Member States, including 16 Russian universities, joined the SCO's network structure of at this stage.

Now the network of the SCO University is influential in seven areas of training (pedagogy and economics were added) and it includes *78 leading universities* from 5 Member States, including 19 Russian universities from cities such as Astrakhan, Barnaul, Belgorod, Yekaterinburg, Krasnoyarsk, Novosibirsk (two universities), Moscow (seven universities), St. Petersburg (two universities), Ufa, Khabarovsk and Chelyabinsk as well. All of them are main universities of the SCO University.

Thirty universities participate in the SCO University network, in the field of *regional studies*, including 4 universities from the Republic of Kazakhstan, 13 from the People's Republic of China, 2 from the Republic of Kyrgyzstan, 8 from the Russian Federation and 3 from the Republic of Tajikistan. One university from each country operates as a national coordinator for a specific area of training. Thus, the MSLU is a national coordinator for regional studies.

Practical activities of the SCO University began with the development of master's degree educational programs. The master's program of the MSLU named "Regional studies, linguistics and international communication in the SCO Member States" was developed in 2009-2010. It was tested, with the examination and coordination as well, in a number of linguistic universities

of the Commonwealth of Independent States (CIS). These universities, most of which are also head universities of the SCO University's project, welcomed wholeheartedly the master's degree program of MSLU.

Subsequently, the MSLU signed the bilateral *Agreement on joint training of qualified personnel in the agreed education programs of master's degree in the field of "Regional studies" within the SCO University*, with a number of head (main) universities. Among them are:

- ❖ *From the Republic of Kazakhstan:*
  - Al-Farabi Kazakh National University;
  - Kazakh Ablai Khan University of International Relations and World Languages;
  - L. N. Gumilyov Eurasian National University.
- ❖ *From the Republic of Kyrgyzstan:*
  - Bishkek Humanities University,
  - Kyrgyz National University named after Jusup Balasagyn.
- ❖ *From the People's Republic of China:*
  - Beijing Foreign Studies University;
  - Capital Normal University;
  - Dalian University of Foreign Languages;
  - Lanzhou University.
- ❖ *From the Republic of Tajikistan:*
  - Russian-Tajik Slavonic University.

In the academic year of 2010/2011 the MSLU was the first of main universities to make a *pilot issuance* of MA degrees within the SCO University. Thirteen students from universities from Kyrgyzstan and Tajikistan were educated for the master's degree in this academic year. Since 2013 students from *all the SCO Member States'* universities, which are included in the network, have been attending these MA programs of the SCO University at MSLU.

In just 9 academic years (since 2010/2011 to 2018/2019) a total of 135 *foreign students* have completed their master's programs at the SCO University at MSLU (either one to two semesters), among them there were:

- *From the Republic of Kazakhstan* – 16 people (ENU – 8, KAUIR & WL – 5, KazNU – 3);
- *From the Republic of Kyrgyzstan* – 23 people (BSU – 20, KNU – 3);
- *From the Republic of Tajikistan* – 20 people (all from RTSU);
- *From the People's Republic of China* – 76 people (DUFL – 27, CNU – 26, BFSU – 20, LU – 3).

Table 1 shows the numerical data about foreign students of the master's program within the SCO University who attended one or two semesters at MSLU.

Table 1. MA Students of the SCO University at MSLU

	China		Kazakhstan				Kyrgyzstan		Tajikistan		Total:
	BFSU	CNU	DUFL	LU	KazNU	KAUIR&WL	ENU	BSU	KNU	RTSU	
1	2	3	4	5	6	7	8	9	10	11	12
2010-2011 (2)								5		8	13
2011-2012 (1)					1+1	2		1+3		4	12
2011-2012 (2)								1	2	5	8
2012-2013 (1)					1	2		3			6
2012-2013 (2)	1	2	1	+3							7
2013-2014 (1)			5				(2)	(2)			9
2013-2014 (2)		5									5
2014-2015 (1)			5				2	2	1		10
2014-2015 (2)	4		1				2			1	8
2015-2016	3	3	4			1	2	2	2	2	17
2016-2017	4	4	5								13
2017-2018	4	6	2					1			13
2018-2019	4	6	4								14
Total:	20	26	27	3	3	5	8	20	3	20	135

In the academic year of 2015/2016, we moved on to *two-semester education programs* for foreign students. To this date, the master's educational program of MSLU has finally established *two-semester modules* intended for educating foreign students from partner universities. These modules include the following subjects:

*1<sup>st</sup> semester:*

- A workshop on the culture of oral communication (second foreign language – English);
- The language of the member States of the SCO (Russian language) (a priority course in MSLU);
- Global integrated regional studies;
- Actual problems of regional studies;
- Ethno-psychology of the people of the region of specialization;
- Political decision-making in the region of specialization;
- Security issues and conflicts in the region of specialization;
- Political systems and different cultures in the region of specialization;
- Central Asia: possible problems and prospects.

*2<sup>nd</sup> semester:*

- Professionally oriented foreign language course of international communication (English);
- The language of the member States of the SCO (Russian language) (a priority course in MSLU);
- Actual problems of regional studies;
- Russia's policy towards the region of specialization;
- Integration processes in the region of specialization;
- Regional sub-systems of modern international relations in the region of specialization;
- The fundamentals of political science;
- Information support for analytical activities.

Each module is organized for one semester: it consists of 648 training hours (18 credits), with 26 hours of classes per week and 18 weeks in total. During the examination session (3 weeks), students take three exams, with three differentiated tests and three regular tests.

Apart from the compulsory subjects of these two modules, at students' request, they can attend some classes in other academic disciplines, within the module "Foreign regional studies", taught at the Department of Theory of Regional Studies.

All classes are held in the morning, at the most optimal time for studying, in the main building of the University, in a special modern auditorium

designed for the MA studies, equipped with the most modern information tools, including the equipment for electronic presentations.

In compliance to the dean's decision, all MA students have consultants from the Department of Theory of Regional Studies and other departments of the University which can *provide advice regarding the development of their MA thesis*. At the same time, because a number of Chinese universities gives priority to *Russian language* and related academic disciplines, teachers from other faculties of MSLU are also involved as consultants.

It should be mentioned that a significant number of students of the master's program manage not only to move forward with the development of their MA thesis, but also manage *to get published in the Bulletin of MSLU* (which is included in the list of High Attestation Commission). This would include the articles on the topic of dissertations in co-authorship with the teachers of MSLU – their scientific consultants.

*An electronic database* of dissertation subjects regarding relevant contemporary problems, integrated in regional studies, has been created in the MSLU. This gives us an opportunity to identify promising areas of scientific knowledge and specialty which could be developed in the future.

Foreign students' study within the framework of the SCO University program in MSLU is not limited to classes held in regular classrooms and offices of the University. The University gives great importance to students' *extracurricular work*. They take tours of Moscow and the region near Moscow, with visits to the well-known sites related to the life and work of famous Russian writers, poets and other figures important for Russian culture and art (Pushkin, Tolstoy, Turgenev, etc.). We attach great importance to Russian language improvement and value the study of Russian culture in the MA program for Chinese students within the framework of the SCO University project.

The MA students of the SCO University have been on study trips to *the State Duma of the Federal Assembly of the Russian Federation*, where they have been introduced to the peculiarities of all the practical activities of this Russian government's legislative body.

Chinese students have repeatedly, on the recommendation of their teachers and with the permission of the MSLU dean, went on self-standing study trips to Moscow's suburbs and even visited other cities of Russia (for example, St. Petersburg, Suzdal, Vladimir, etc.) on holidays and weekends. In addition, some University students were encouraged to conduct a series of activities in Russia. Thus, two Chinese students of the SCO University MA program took part in the Third SCO Universities Youth Forum (2018), held in May 2018 from 22<sup>nd</sup> to 25<sup>th</sup>, which was organized based on the Belgorod state National Research University (NRU "BelSU"). A large

number of foreign students was also involved as interpreters for their national delegations which have participated in these events, through some conferences, symposiums and seminars held in Russia.

Since the academic year of 2016/2017 our university sends students *to study in foreign universities-partners*. Since then, seven of our students have completed a semester of their studies at Chinese universities as part of the SCO University project. In the next academic year, we plan to send five students to Chinese universities for one semester.

It should be noted that a special section, dedicated to the implementation of the SCO University project, has been displayed *on the MSLU website*, which regularly provides up-to-date information on various activities of the SCO University regarding the MA program in MSLU.

We can see the following *prospects* of the MSLU's development in the international project "The SCO University":

- deployment of work in new areas of *pedagogy* and *economics*;
- transition to the *two diplomas* system;
- studies within *the undergraduate program*;

Taking into account the set linguistic-cultural direction and the emphasis on Russian language improvement, we believe that the education of Chinese MA students at MSLU, within the framework of the SCO University project, will contribute to their future practical activities, including their participation in the implementation of the Chinese innovation, the "One Belt – One Road" initiative.

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