

The "One Belt One Road" strategy between opportunities & fears: a new stage in EU-China relations?

Picciau, Simona

Veröffentlichungsversion / Published Version

Zeitschriftenartikel / journal article

Empfohlene Zitierung / Suggested Citation:

Picciau, S. (2016). The "One Belt One Road" strategy between opportunities & fears: a new stage in EU-China relations? *IndraStra Global*, 1-14. <https://nbn-resolving.org/urn:nbn:de:0168-ssoar-47931-0>

Nutzungsbedingungen:

Dieser Text wird unter einer CC BY-NC-ND Lizenz (Namensnennung-Nicht-kommerziell-Keine Bearbeitung) zur Verfügung gestellt. Nähere Auskünfte zu den CC-Lizenzen finden Sie hier:

<https://creativecommons.org/licenses/by-nc-nd/4.0/deed.de>

Terms of use:

This document is made available under a CC BY-NC-ND Licence (Attribution-Non Commercial-NoDerivatives). For more information see:

<https://creativecommons.org/licenses/by-nc-nd/4.0>

THE PAPER | The "One Belt One Road" Strategy Between Opportunities & Fears: A New Stage in EU-China Relations?

indrastra.com/2016/02/PAPER-OBOR-Strategy-Between-Opportunities-and-Fears-EU-China-002-02-2016-0066.html

By **Simona Picciau**^[1]

PhD Candidate at Université Paris Diderot,

Researcher & Project Coordinator of the Center for European Strategic Research (CESR)



Abstract:

This article aims at discussing the impact of the OBOR on the relations between China and the European Union and its consequences in terms of regional integration and unity. The first part of the article describes the One Belt One Road strategy and its proposals. Sequentially, a short historical account will be presented on the EU-China cooperation since the establishment of diplomatic relations in 1975, characterized by contrasts, but at the same time, the necessity to build a solid partnership. The third part includes an analysis of the EU response to the OBOR, specially focussing on the issues concerning the capability of EU to produce a regional strategy and utilize the opportunity to improve its regional connection and strengthen its relations with the Asian giant. Finally, we will consider the OBOR as an opportunity to strengthen the EU-China relations not only in terms of trade and economy exchange (*Hard Connection*) but also in terms of *Soft Connections* necessary to reduce the

cultural distance, in order to establish a strong strategic partnership based on mutual understanding. The article will also discuss the opportunity to negotiate the modality of the OBOR implementation not only at a bilateral level but also in multilateral instances that already exist, such as ASEM (Asia-Europe Meeting).

Keywords: China, European Union, One Belt-One Road, New Silk Road

Introduction

The development of China since the opening reforms promoted, especially at the beginning of the 1980s by Deng Xiaoping, has transformed the nation from a poor country to the second strongest economy in the world. But today the Chinese leadership faces a difficult transition from an essentially export-based economy to one based on domestic consumption and innovation, in a scenario of a diminished GDP and issues related to an increasing social inequality, the internal migration from the countryside to the urban area and a high degree of pollution, etc.

In order to guarantee social stability China needs new markets for its products and a favorable international environment. Through the concept of *pacific ascensions* the Chinese government seeks to assure its partners regarding its commitment to accept more responsibilities and obligations through a greater contribution to peace and global development.

In this context China adopted the *One Belt One Road* (OBOR) project, also named the *New Silk Road*, a China-led initiative that aims to expand and deepen its integration into the world economic system, strengthen its cooperation with the countries in Asia, Europe, Africa and the rest of the world through improvement of the connectivity in terms of infrastructures, trade exchanges and people-to-people interactions. OBOR is an ambitious project through which China intends to shape the structure of the international economic order and confirm its position as a global actor.

This article aims at discussing the impact of the OBOR on the relations between China and the European Union and, in particular, its consequences on the issues that are related European regional integration and unity.

In the first part of the article we discuss the *One Belt One Road* strategy and its proposals. Next, a short historical account of the EU-China cooperation is presented since the establishment of the diplomatic relations in 1975, characterized by contrasts and simultaneously the necessity to build a solid partnership. In the third part, the EU response to the OBOR will be analyzed emphasizing the issues concerning the ability of the EU to deliver a regional strategy and accept the opportunity to improve its regional connection and strengthen its relations with the Asian giant. Finally, the OBOR is presented as an opportunity to strengthen the EU-China relations, not only in terms of trade and economy exchange (*Hard Connection*) but also in terms of *Soft Connections*, to reduce the cultural distance in order to establish a strong strategic partnership based on mutual understanding. This article will also discuss the opportunity to negotiate the modality of implementing the OBOR, not only at a bilateral level but also in the multilateral instances that already exist, such as ASEM (Asia-Europe Meeting).

1. The One Belt One Road project

For a long time the West and East have been connected by a network of trade and cultural routes via Central Asia that enabled interaction and exchange between the people of Europe, Asia and Africa.

Centuries after its decadence, the Chinese government, in 2013, presented the *One Belt and One Road* project (commonly termed the *New Silk Road*), an ambitious and mega interconnection plan of the 21st century that aims at linking infrastructures, coordinating policies, promoting trade and commerce, circulating currency, as well as connecting people's hearts and minds.^[2]

During his keynote speech titled *Promote Friendship between Our Peoples and Work Together to Create a Bright Future* delivered at the Nazarbayev University (Astana, Kazakhstan) in September 2013, the Chinese President Xi Jinping proposed the initiative of jointly building the *Silk Road Economic Belt* (SREB). One month later, during a speech made at the Indonesian Parliament he raised the initiative on a joint construction of the 21st-Century *Maritime Silk Road* (MSR), presenting China's willingness to strengthen maritime cooperation with the ASEAN countries. SREB and MSR are jointly termed *One Belt and One Road*.

The project reflects the Chinese ambition to affirm itself as a global player, by re-discovering its "centrality" as a great power and represents an important step in the realization of Xi Jinping's *Chinese Dream*, an extensive development project of the Chinese nation and as a consequence of the world's people, in order to pursue a common development strategy.

As indicated by Yang Jiechi, State Councillor and former Minister of Foreign Affairs of the People's Republic of China: " *The Chinese dream requires a peaceful and stable international and neighbouring environment, and China is committed to realizing the dream through peaceful development. Since the Chinese dream is closely linked with the dreams of other peoples around the world, China is committed to helping other countries, developing countries and neighbouring countries in particular, with their development, while achieving development of its own.*"^[3]

From an economic perspective, the nation is moving from an export-oriented economy model to one based essentially on consumption and outward investment. Post the 2008-'9 global financial crisis that affected especially the United States and European countries, China has strongly intensified its investments in the developing countries as well as in developed economies. China is imposing itself at a very fast pace as a finance source for the South nations towards building critical infrastructures, which will reduce developmental progress.^[4]



Through the concept of *peaceful ascension*, China desires to assure its partners that its ascension is an opportunity for all the

nations of the world and not a threat, as it is often understood worldwide. This was the reason for the Foreign Minister Wang Yi's statement that OBOR should not be viewed as an out-dated Cold War mentality,^[5] thus, in order to avoid any association with the Marshall Plan, the project has been presented as Beijing-led, neither as a one-way export initiative nor as a project with an ideological connotation or against a nation or a group of them. Zhang Yesui (China's Executive Vice-Minister of Foreign Affairs and former Ambassador to the United Nations and to the United States) highlighted that OBOR is not directed against any specific nation and can be considered a useful complement to the existing international and regional institutions.^[6] The Chinese leadership views the OBOR as representing a significant opportunity for the development of the nations involved: poor, developing countries as well as the developed regions of Europe, which experience a considerable gap in terms of infrastructures between the western and the eastern countries.

In promoting the *New Silk Road*, China aims to satisfy, first of all the needs of its own economy; China GDP being the lowest since the 1990s. China needs new markets for its manufacturing sector and new economic engines. Infrastructure constructions in Central, South and South East Asia are important, guaranteeing the furnishing of natural resources for its economic needs and in its territory to sustain the growth and development of China's less-developed areas, by linking the north-western and north-eastern Chinese regions with the Central, South and West Asian countries. China's south-western regions will be connected more intimately with the Southeast Asian countries.

The Chinese government has already established a \$40 billion Silk Road Fund (SRF), focused on infrastructure investment. The Fund, already active, has already signed a Memorandum of Understanding (MoU) with the Russian state development bank, the Vnesheconombank, and with the Russian Direct Investment Fund in Beijing (in September 2015) witnessed by Chinese President Xi Jinping and Russian President Vladimir Putin in order to plan joint investments in infrastructure construction and industrial cooperation projects, especially in the electricity and energy sectors.^[7]

In order to respond to the initial accusation of the lack of transparency and the necessity for clarity, the OBOR has politically and officially presented in March 2015 the paper, *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road* issued by the National Development and Reform Commission of Foreign Affairs and Ministry of Commerce of the People's Republic of China. Here, particular emphasis has been placed on the "*Silk Road Spirit* of peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit."

OBOR can be considered a global project because it involves strategic areas and 65 countries. This article therefore focuses upon the European Union region, positioned in one of the two extremities of the Road and considered, by the Chinese leadership, a strategic actor for its realization.

2. EU-China relations

While scholars and political leaders question the future of the European Union as a global actor, it is called upon to decide on which aspect its role in the implementation of the OBOR strategy could be, and China is exerting pressure on the EU in order to have it involved. Europe has played a historical role in the ancient Silk Road and of course its involvement is essential for the realization of the project.

The imminent crisis that EU has to face at this point in time, such as the refugee crisis, the war on terrorism and the UK in-out referendum entails that it is hard to imagine that the EU's engagement in the OBOR will be the center of the discussions in the near future. Nevertheless, the rapidity with which China is engaging herself globally and implementing concrete actions (for example, we can mention the establishment of new international financial Institutions such as the Asian Infrastructure

Investment Bank (AIIB) and the New Development Bank (NDB) in the framework of the cooperation of the BRICS's group) with the objective of shaping international development not only in its own region but also, by now, in each region of the world (Europe, Africa, Latin America) cannot leave Europe indifferent, especially considering China's growing influence as an emerging power and a global player. That the Chinese are willing to realize a Eurasian connectivity with a long-term strategy is not insignificant for the EU.

But before continuing with the analysis of a possible EU involvement in the OBOR, it is necessary to frame the status of the bilateral relations between the EU and China because it is within this framework that the new co-operation should be realized. Primarily, it is important to state that EU began its relation with the PRC since 1975, and the years of diplomatic relations established between them have progressed very slowly and been characterized by a substantial mutual mistrust, that represents till today, the hard core of the relationship.

Since 1975 many changes have occurred. At that time the European Community had been an association of only nine nations; today EU is an organization composed of 28 countries representing the main economic bloc of the world. China, from a former position of isolation in international affairs, is quickly becoming a global power, regaining its centrality in the new global order and representing an unavoidable partner for all the actors.

The Tiananmen Square incident in 1989 and the consequent European embargo on arms sales have undoubtedly represented a point of rupture in the bilateral relations, even if it has been circumvented by bilateral trade between individual European countries and China. Generally speaking, although an internal discussion developed concerning the possible cut-off of diplomatic and trade issues with China, pragmatism and economic interest prevailed, proven by increasing bilateral relations that tripled between 1985 and 1994.^[8] The European refusal to give to China the status of Market Economy (MES) presented another difficulty in the bilateral relations between China and EU, especially because their relation has, since the inception, been focused on economic interest. China is the second European partner after the United States and EU is the first Chinese partner. The lack of a European hard power, and substantial security interest in the Asian region, contrary to the USA, has normally brought the EU to establish a relationship with China focused mainly on trade issues.

In the mid 1990s, following the first Communication of the European Commission dedicated to Asia, *Towards a New Asia Strategy*, published in 1994, EU elaborated in 1995 the first strategy paper *A Long-Term Policy for China-Europe Relations* focused mainly on the establishment of a dialog with China, the integration of China in the world economy, the rising of the EU's profile in China and the promotion of human rights and rule of law. The inclusion of the promotion of human rights and rule of law, the core of the European values and union's construction, in the first common political approach is part of the normative attitude of the EU on which its soft power is fundamentally based.

The successive period, especially the years 2003-2005, defined as the "honeymoon" period, has been characterized by a general positivism and enthusiasm diffused both in Europe and in China.^[9] In the first *European Security Strategy* of June 2003, the Solana Report, China was regarded as one of the Strategic Partners of the EU, a concept reaffirmed in September of the same year in the European Commission's document *A maturing Partnership: Shared Interests and Challenges in EU-China relations*, where it affirmed that China and EU have greater interests to work together as strategic partners. In China, the first *EU policy paper* was published in October 2003, in which EU is described as a major force in the world and as an actor that will play an important role in both regional and international affairs. This mutual consideration was reaffirmed in the EU-China summit, held in Beijing in October 2003, during which the bilateral relationship was defined as a strategic partnership, underlining the increasing maturity of the relationship. The *EU-China Comprehensive Strategic Partnership* in 2003 has since deepened and broadened the cooperation in a wide range of areas. The bilateral trade relations was confirmed to be very strong and the two parties signed the *Galileo Program* and other cooperation agreements in different sectors, such as climate change, peaceful use of nuclear energy, etc.

All these advancements in the bilateral relations reinforced the idea that China and the EU could establish functional cooperation despite the differences in terms of the values and political approaches. But very soon the honeymoon started to show signs of ending, bringing up the idea, once again, that the difficulties concerning mutual perceptions and mistrust could represent a barrier difficult to overcome. The EU started to exercise its normative power on China putting pressure on issues like human rights, trade restrictions and intellectual property. China refused these advances and began feeling frustrated because of the European requests, its insistence in the lifting of an EU arms embargo and the granting of MES to China continued to remain unheard.^[10]

Despite all these points of friction and the fact that in reality neither China nor the EU treated each other as the most important partners, it was nevertheless clear that the international environment placed all the actors in a situation of interdependence, making them perceive the bilateral relations as being of strategic importance.

Europeans often accuse the Chinese of bureaucratic infighting and not being transparent in their negotiations. Furthermore, China perceives the European insistence on issues concerning the rule of law, good governance and human rights as a tentative to assume a tone of “moral superiority.”^[11] The huge sum of money invested by the EU over the last two decades and the establishment of the *EU-China Human Rights Dialogue* in 1995 has been considered by the EU institutions themselves as not having culminated in any significant result.^[12] Some authors have pointed out that the ability “to get China to be more respectful of the human and civic rights of its own citizens is equally very limited.”^[13]

The economic cooperation remains till today, the most developed area of collaboration. In 2014, the EU and China registered a two-way trade worth 467 billion euro, configuring a reciprocal interdependence.^[14] On the contrary, the other two pillars of dialog, the political and the people-to-people dialogs remain largely underdeveloped. Nevertheless, the economic ties have raised the point of contrasts too. European companies complain about the limitation of access to the Chinese market. Moreover, European companies are facing stronger competition from the Chinese products that are becoming more and more sophisticated and with a higher technological content and level than in the past.

The European Union has lost its credibility in its capacity to deliver common answers and to show a strong European diplomacy, weighing heavily on its image as a global player. This has led China to increase its negotiations with individual state members, starting with Germany which alone accounts for 30% of the total trade between China and the EU, followed by other strong states such as UK and France. Recently, China has furthermore started to strengthen its relationships with the central and eastern European countries inaugurating the so-called 16^[15]+1 format in Warsaw in 2012, a framework of cooperation in which China has offered credit lines and know-how in infrastructure building after the global financial crisis.

Despite the numerous failures of tentative attempts to collaborate together in a concrete and successful way on many occasions, the potential for strategic cooperation remains enormous. The issue of an *EU-China 2020 Agenda for Cooperation* adopted at the 16th EU-China Summit in November 2013 and Xi Jinping’s visit to Brussels in 2014 to the EU headquarters for the 40 years of the diplomatic bilateral relations demonstrate that both parties are aware that their cooperation is not only necessary for them but for the international community and a common agenda of discussion and concrete dispositions have become an absolute necessity and are no longer an option. Xi Jinping called for forging four major China-EU partnerships for peace, growth, reform and civilization and to strengthen cooperation at different levels: China-EU, Asia-EU and global level.^[16]

As China is a developing nation and the EU is a post-industrial society, it therefore becomes evident that expectations, norms,

standards and interpretation of common challenges, cannot converge in the short-term but only in the medium- and long-term.^[17] Nevertheless, considering that the difficulties and contrasts resulting from the two different systems of thinking and acting, or what the German ambassador Volker Stanzel called “cultural dissonance”^[18] appear to be an endemic characteristic of the relationship, therefore, China and the EU are called to strengthen their cooperation in a mature manner.

3. What are the consequences for EU?

The implementation of an efficient policy towards China seems difficult for the EU, mainly due to a lack of cohesiveness among its members and, as we have already affirmed, the imminent crisis that is affecting Brussels. Nevertheless the determination through which China is pursuing its objective in the realization of the *New Silk Road* cannot leave the European Union indifferent, and in any case its realization will affect the EU in different ways.

From the time the Chinese leadership announced its intention to initiate the OBOR, it has been largely ignored by the European Union and this reaction has been perceived by China as a turning away, leaving Beijing’s leaders with a sense of frustration and irritation that invested energies in order to get Europe to engage in the project. In particular, Vice-Premier Zhang Gaoli, chairman of the OBOR Small Leading Group and the Premier Li, have been active in promoting the OBOR in Europe. Zhang Gaoli visited Russia, Lithuania, Serbia and Kazakhstan (between 17 and 26 June) in particular, while Li visited Belgium, France and the headquarters of the OECD and co-chaired the 17th China-EU Leaders meeting.

In whatever specifically concerns the interconnection with Europe, China has already been active and taken a series of actions. Even before the announcement of the OBOR’s project some cargo railways have been built connecting Europe and China and passing through Kazakhstan, Russia, Belarus and Poland: in 2011 the Yixin’ou railway has been inaugurated linking Chongqing (China) and Duisburg (Germany) and in 2012 the line has been extended to Antwerp (Belgium). In April 2013 the fastest line between China and Europe was launched connecting Chengdu (China) and Lodz (Poland) in 12 days and the Zhengou railway that links Zhengzhou (China) and Hamburg (Germany). In 2014 the Hanxinou railway was inaugurated linking Wuhan (China) with Lodz (Poland) and the Yixin’ou railway that links Yiwu (China) and Madrid.^[19]

From the European side, since 2015 the situation appears to be slowly changing. More and more the EU is debating on its role in the implementation of the OBOR. Of course, the EU is interested in elaborating a long-term strategy with the aim of strengthening and building infrastructures in the southern, eastern and central European countries and in the Balkan.

As expected, during the last EU-China Summit both parties discussed the mutual benefits of a common strategy in the implementation of the OBOR. In particular, the two parties discussed the benefits that could arise from the synergy between the OBOR and European Commission President Juncker’s Investment Plan (IPE) which is intended to finance the re-launch of the EU’s economy.

The Investment Plan focuses on removing the obstacles to investment, providing visibility and technical assistance to the investment projects and making wiser use of the new and existing financial resources. To achieve these goals, the plan was activated in three areas: mobilizing investments of at least €315 billion in three years, supporting investment in the real economy and creating an investment-friendly environment.^[20]

The decision taken during the EU-China summit to set up a “connectivity platform” gave the assumption that the EU was seriously considering the debate concerning its participation in the *One Belt, One Road* project. Juncker referred to the *New Silk*

Road as: “an ambitious plan that will call for substantial resources, saying the most significant need is to have an environment enabling large-scale, transnational investment in Asia.”^[21]

Of course, the EU’s response to the OBOR will be strategically very significant because it puts at least three main aspects on the line: the first and most important, because it is the essential element of the other two aspects, is the EU’s unity in elaborating a concrete action in response to the OBOR, viz., the modalities through which the EU will engage itself. The second dynamic is the future of the EU-China relationship that will be strongly influenced by the manner in which the EU will participate in the project. The third aspect is its image in the global scenario, a strong regional strategy will of course contribute towards ameliorating its image as a global actor; conversely a fragmentary strategy based mainly on the national interest of the member states will reinforce the idea of the Chinese leadership (and of the other international actors) of an EU weakness in terms of foreign policy.

The attractiveness of China and its economic opportunities has driven the EU members to develop their own strategy beyond that of the European Union. China has developed a very strong relationship with Germany, in particular, and its chancellor Angela Merkel who visited China seven times since the beginning of its mandate. According to some scholars the economic crisis that occurred in Europe commencing in 2008 pushed Germany to strengthen its relations with the most dynamic markets, especially those in Asia.^[22] This has led China to identify Germany as its main European interlocutor; Angela Merkel has been for China the main interlocutor concerning the European crisis.^[23] A Chinese officer has affirmed: “If you want to obtain something from Brussels, you have to talk with Berlin.”^[24] Like Germany, other countries like France and UK, are strengthening their relations with China and seeking a privileged relationship with her. For example, in 2015 France signed an agreement with China for cooperation in third-party markets.

This attitude raised the question regarding the possibility of their trying to take advantage from the OBOR through a national strategy, and about their will to elaborate a regional strategy based on the real interest of all the members that could bring real effectiveness to the EU peoples in terms of infrastructure development, mobility, connectivity and people-to-people dialog.

Another important issue that the EU needs to consider is the recent strengthening of China’s relations with the CEE (Central and Eastern Europe) region that has led to the institution of the 16+1 group, fundamental for the realization of the OBOR because, as mentioned by the former Prime Minister Wen Jiabao, in 2011: Central Europe will play the role of a “bridgehead” in the expansion of Chinese companies in Europe. This privileged relation that China is building with this region and especially the enthusiasm with which the region is welcoming the Chinese investments is spreading the idea in EU that China is putting in place the “divide and rule” strategy.^[25] During the third Meeting of Heads of governments of China and the 16 central and eastern European members that was held in Belgrade in December 2014, the Chinese Premier Li Keqiang highlighted the important role that this region would play in the OBOR project.^[26] Hungary is the first EU country to have signed an MoU with China in order to integrate OBOR in Hungary’s *Opening to the East* and *Opening to the South* strategies.

Greece, because of its geographical position, occupies a very important part in the OBOR. China is working on a land-sea route project, financed with 2.5 billion dollars by the China Export-Import Bank, that will link the port of Piraeus, one of the key container ports in Europe with six or eight Eastern European countries in order to make it a Chinese hub for trade with Europe. The Chinese shipping company COSCO has already won 35 years concession in the Greek port.^[27]

The ability of the Chinese to deal with nation groups is growing rapidly, for example the *China-CELAC*^[28] *Forum* inaugurated in Beijing in 2015. The decision to establish a Secretariat for the group of 16+1 is a demonstration of the importance for China’s interest in this region. As a group composed of EU and non EU-members, the EU desires that all the activities be conducted

according to the standards and regulations set up by the European Commission.

One of the main instruments instituted by China in order to realize the OBOR project is the establishment of the Asian Infrastructure Investment Bank (AIIB) with the objective of financing the project, especially with respect to the infrastructures, and spread connectivity in the developing countries mainly situated in the Asiatic region. With a starting capital base of US \$ 100 billion, the bank has the potential to play an important role in the multilateral development finance. The decision to establish the AIIB, together with other two important financial institutions, the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA), both created as a BRICS's initiative but in which China plays a central role, shows on the one hand China's disapproval of the existing international financial institutions where it feels that itself and the other emerging powers (especially the BRICS members) are under-represented, and on the other hand its ability to contribute towards shaping the new global order, that appears as an important objective of its foreign policy strategy.

Surprisingly, 13 European countries (Austria, Denmark, Finland, France, Germany, Italy, Luxembourg, Malta, the Netherlands, Poland, Portugal, Spain and Sweden) following UK (together with some African and Latin America nations) and despite opposition from the USA, have joined the AIIB as Prospective Founding Members (PFMs). By joining the AIIB, European members certainly expect to have returns of economic benefits, especially after the long economic crisis that continues to persist in Europe; however, their participation can also be interpreted as a strategy to demonstrate their support to China in its process toward its engagement in the multilateralism, encouraged by the European countries since a long time.^[29] The decision to join the bank was not coordinated; in reality there is no representation of any European institution, for example, the European Investment Bank. This makes the question regarding the participation of the European region in the OBOR project even more legitimate, and specifically if it will be developed at the European or national level sanctioning a *de facto* disunity of the EU members in this project but more in general before the Chinese ascension on the international scenario.

Wang Yiwei, a well-known Chinese scholar, claims that the OBOR will provide Europe with “a historic opportunity to return to the centre of the world through the revival of Eurasia” and to balance its “asymmetric position” within the transatlantic relationship.^[30] According to him the OBOR will offer to Europe seven great opportunities viz., an opportunity to build a greater Eurasian market and to revive European civilization; an opportunity for Europe's regional integration: Poland, Greece, the Balkans, Hungary's railway, the port of Piraeus have become competitive products in the 16+1 cooperative projects, as well as bridges to link the overland and maritime silk roads; an opportunity for EU-Russia conciliation; an opportunity for the EU to participate more easily in the Asia-Pacific Affairs, an opportunity for the EU to enhance its global influence: it would also be an opportunity for China and the EU to cooperatively develop and operate on third-party markets like West Africa, the Indian Ocean and Central Asia; an opportunity to transform and upgrade the China-EU comprehensive strategic partnership and an opportunity to balance the development of the trans-Atlantic relationship.^[31]

The OBOR implementation and especially the modality of the engagement of the EU represent a challenge for the future of the EU-China relations because it concerns their capacity to establish a win-win cooperation making their strategic partnership a reality.

In order to have the EU involved in the project, China is emphasizing the benefits that Europe can gain from its participation in terms of infrastructure and improvement of the intra-regional connectivity; however, if a synergy between IPE and the OBOR is found it will require lengthy and detailed discussions on the leadership and management of the projects and funds. EU will, of course, place as a condition of its engagement, the respect for high standards of governance and technical issues, for example environmental requirements.

If it is true that both parties will be advantaged by the OBOR in terms of bilateral trade, an in-depth discussion is necessary. The

Bilateral Investment Treaty (BIT) is still on-going, and China is, of course, looking to increase its opportunities to sell its products in Europe while Europe is seeking to create new opportunities for its companies in order to facilitate a more balanced trade. But the EU is also concerned that a hypothetical lack of transparency rules and opaque financing deals may threaten the competitiveness of the European enterprises.^[32] This is the reason for China's assurance to the EU regarding its willingness to respect certain principles such as joint discussions, sharing, openness and tolerance and compatibility with the local frameworks of cooperation.

3.1. What about Soft Connections?

Definitely, the *New Silk Road* represents an ambitious project that involves opportunities not only in terms of trade and infrastructure development, but also in terms of social development and people-to-people relations. As the Chinese scholar Jing Men has clearly stated, OBOR is not only a question of *hard connectivity* but also of *soft connectivity*.^[33]

Beyond the opportunities that the *New Silk Road* can bring in terms of trade and investments through the improvement and construction of the infrastructure structures (*hard connections*), it can also be considered for its potential in terms of strengthening the relations between the European and Chinese societies and those situated along the Road (*soft connections*).

In order to be a really effective strategy, able to face the challenges of the XXI century, OBOR has to be thought of as a broader strategy for enhancing the exchanges between people through the inclusion of the non-state actors, such as the business community, ONGs, students, cultural actors, etc.

Europe and China now have a new opportunity to strengthen the bridges between their cultures and establish a win-win model of mutually agreed cooperation.

Considering the number of nations involved and the wide sectors of cooperation that the project engage, it will be necessary to engage several channels of cooperation, not limited to the bilateral cooperation but extending to multilateral instances. The European Union and China could, for example, develop the discussion regarding the implementation of the OBOR in the ASEM framework (Asia-Europe Meeting), an inter-regional forum of cooperation that engages numerous nations involved in the OBOR project and that disposes of the instrument that could sustain OBOR to become not only a mere project of hard connectivity (trade, investments and infrastructures) but a broader multicultural and multilateral project of development, including social and cultural issues.

ASEF (Asia Europe Foundation), created within the ASEM in 1997, in order to promote greater mutual understanding between Asia and Europe through intellectual, cultural and people-to-people exchanges, could for example serve as the platform to enhance the relations at a societal level. The TEIN (The Trans-Eurasia Information Network) project, another important instrument realized within the ASEM framework, a high-speed international research network provided for the use of researchers and research institutes, rather than for commercial use, could be engaged in the OBOR in order to improve the soft connectivity between the two continents. Today, many international joint research projects have resulted in addressing issues like climate change, remote medical service, remote cultural performance, agriculture, etc., thus contributing to the share of knowledge and transfer of know-how from the developed nations to the poor and developing ones.

Certainly, the ASEF and TEIN need economic support in order to continue to develop their work. If investments in roads and even more in general infrastructures are fundamental for the development of nations constituting the physical bridges to build

closer relations between economies, the investments in research, culture and education represent a fundamental complement required for human development and social inclusion, which represent an important challenge for the XXI century.

Conclusions

The *One Belt One Road* strategy announced by the new Chinese government and its leader Xi Jinping appears as an ambitious project that aims to mark the ascension of China as a global actor in a changing, and more and more multi-polar world. The realization of the OBOR is part of a broader objective, the realization of the Chinese Dream in which China realizes the development of its society and discovers again its centrality in the international system.

In order to avoid suspicions and mistrust in its partners about the real intentions of China, the government has coined the concept of a "pacific ascension" based on the principles as cooperation, friendship, mutual respect and development for all nations.

The engagement of the European Union in the *New Silk Road* project appears to be of fundamental significance, although the modality of its involvement still remains uncertain. After an initial period of indifference, the European Commission is appearing to start to evaluate the manner in which the EU can be involved in the OBOR and benefit from the opportunities that it can offer in terms of trade exchange, better connectivity and infrastructure structure within the EU. In particular, it is seeking whether the possibility of a synergy between OBOR and the Juncker's Plan Investment can be found.

At the national level, European leaders, on the contrary, driven by the continuing economic crisis, have already become members of the AIIB and are attempting to utilize all the opportunities that the OBOR can offer. The uncoordinated decision to adhere to the AIIB raises the question regarding the capacity of the EU to elaborate a regional strategy for its engagement in the OBOR. It is of even more concern, if we consider the member states' interest in the OBOR, including the central and eastern European countries that are strengthening their relations with China in the framework of the 16+1 group.

Finally, in order to be able to face the challenges of the XXI century, the OBOR has to be considered as a broader strategy, including both hard and soft connections through the inclusion of non-state actors from those like the ONGs, the business community, students, cultural actors, etc. EU and China are both key players in global governance and the establishment of a strategic partnership pass by mutual understanding and cooperation that cannot be limited to economic exchanges. The cooperation is based on the realization that the OBOR can be an opportunity to once again discuss the establishment of a mutually agreed upon win-win model of economic, political and cultural cooperation.

About The Author:

Simona Picciau, (C-4503-2016) PhD Candidate Université Paris Diderot, Researcher and Project Coordinator of the Center for European Strategic Research (CESR). E-mail: simona.picciau@cesr-eu.com.

Cite This Article:

Picciau , S. "THE PAPER | The "One Belt One Road" Strategy Between Opportunities & Fears: A New Stage in EU-China Relations?" IndraStra Global 002, no. 02 (2016): 0066. <http://www.indrastra.com/2016/12/PAPER-OBOR-Strategy-Between->

References

Brown, K., Crossick, S. The EU and China: Time for a change? Asia Programme Paper: ASPPP 2009/03, London: Chatham House, 2009 p. 6.

Casarini, N. China's inroads into the West. In: The World Today Chatham House, the Royal Institute of International Affairs, September 2015, Volume 71, Number 5.

Available at: <https://www.chathamhouse.org/publication/twt/chinas-inroads-west>.

Chen, J. China's \$40b Silk Road Fund signs MoU with Russian firms. China Daily, 3 September 2015. Available form: http://www.chinadaily.com.cn/china/2015-09/03/content_21785297.htm.

Contipelli, E., Picciau, S. China's Global Order: A New Paradigm in South –South Relations. Croatian International Relations Review, XXII (73), 2015.

European Commission's web site: http://ec.europa.eu/priorities/jobs-growth-investment/plan/index_en.htm.

Godement , F., Fox, F. A power audit of EU-China relations. European Council on Foreign Relations. London: European Council on Foreign Relations, 2009.

Grevi, G. Mapping EU Strategic Partnership. FRIDE, p. 17. Available at: http://fride.org/download/Mapping_Book.pdf.

Heiduk, A.C. Conflicts images? Germany and the rise of China. German Pol, vol 23 (1-2), 2014, p. 118-133.

Kundnani, H., Parrello-Plesber, J. En quoi la relation Chine- Allemagne est-elle si importante pour l'Europe? Le monde, 16 Avril 2012. Available at: http://www.lemonde.fr/idees/article/2012/05/16/chine-allemande-en-quoi-l-emergence-de-cette-relation-est-elle-si-importante-pour-l-europe_1701032_3232.html.

Ministry of Foreign Affairs of the People's Republic of China. Foreign Minister Wang Yi Meets the Press, 8 March 2015. Available from: http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1243662.shtml.

Ministry of Foreign Affairs of the People's Republic of China, *Xi Jinping Holds Talks with President Herman Van Rompuy of*

European Council, 31 March 2015, <http://www.fmprc.gov.cn/ce/cedk/eng/ztbd/xjfo/t1143124.htm>.

Pedroletti, B. When it comes to China, which side is Germany on? *The Guardian*, 12 September 2013. Available at: <http://www.theguardian.com/world/german-elections-blog-2013/2013/sep/12/china-which-side-is-germany-on>.

Prodi, R., Gosset, D. The European Union And China On The New Silk Roads, 16 October 2015. Available from: http://www.romanoprodi.it/articoli/the-european-union-and-china-on-the-new-silk-roads_12159.html.

Rémond, M. The EU's refusal to grant China 'Market Economy Status' (MES)', *Asia Europe Journal*, 2007. 5: 345-356.

Renard, T. The Asian Infrastructure Investment Bank (AIIB): China's new multilateralism and the erosion of the West. Security Policy Brief, No. 63, April 2015.

Report to the European Parliament on trade and economic relations with China, 17 January 2009.

Shambaugh, D. Europe-China relations: a delicate dance. Lanham, Md: Tiersky and Van Oudenaren (eds.). 2010.

Shuai, R., Yan, L. Interview: Europe to benefit from China's One Belt, One Road initiative: EC chief'. *Xinhuanet*, 7 May 2015. Available at: http://news.xinhuanet.com/english/2015-05/07/c_134218780.htm.

Stanzel Volker. The EU and China in the global system, in Shambaugh, D., Sandschneider, E., Zhou, H (eds.), *China-Europe Relations: Perceptions, Policies and Prospects*. London and New York, NY: Routledge.

Sutter, R. G. *Chinese Foreign Relations*. Maryland: Rowman & Littlefield, 2008.

Yang, J. Innovations in China's Diplomatic Theory and Practice Under New Conditions. English Edition of *Qiushi Journal*, Vol.6 No.1 January1, 2014. Available from: http://english.qstheory.cn/magazine/201401/201401/t20140121_315115.htm.

Jing, M. China and the EU: Partners for growth? In Islam, S., Kabir, S. *EU-China Shaping a shared future*. Friends of Europe, Brussels, Spring 2015, Friends of Europe, pag. 80.

Ju, W. Developing China's Relations with CEE Countries with the Silk Road Economic Belt. In *Contemporary World*, No. 4, 2014.

Wang Y. China's "New Silk Road": A Case Study in EU-China Relations. In Amighini, A., Berkofsky, A. *Xi's Policy Gambles: The Bumpy Road Ahead*, ISPI Report, 2015, p. 100.

Zhang Y. The 'One Belt, One Road' initiative is not a geopolitical tool. Speech at China Development Forum, *Xinhua*, 21 March 2015.

Zhao, M. China's New Silk Road Initiative. IAI Working Papers15/37-October 2015.

Endnotes:

PhD Candidate Université Paris Diderot, Researcher and Project Coordinator of the Center for European Strategic Research (CESR). E-mail: simona.picciau@cesr-eu.com.

Zhang Y. The 'One Belt, One Road' initiative is not a geopolitical tool. Speech at China Development Forum, *Xinhua*, 21 March, 2015.

Sutter, R. G. Chinese Foreign Relations. Maryland: Rowman & Littlefield, 2008, p. 340-342.

Rémond, M. The EU's refusal to grant China 'Market Economy Status' (MES)', *Asia Europe Journal*, 2007. 5: 345-356.



AIDN0020220160066 / INDRASTRA / ISSN 2381-3652