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The Rising Impact on China-EU Relations - The Belt and Road Initiative

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Researched under the supervision of
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DIREITOS DE AUTOR E CONDIÇÕES DE UTILIZAÇÃO DO TRABALHO POR TERCEIROS

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In the end, to my parents, for their unconditional and everlasting love.
STATEMENT OF INTEGRITY

I hereby declare having conducted this academic work with integrity. I confirm that I have not used plagiarism or any form of undue use of information or falsification of results along the process leading to its elaboration.
I further declare that I have fully acknowledged the Code of Ethical Conduct of the University of Minho.
The Rising Impact of the “One Belt One Road Initiative” on China-EU Relations

Abstract

Currently the global situation is grim and complex, and most States are facing development problems. In response to this situation, Xi Jinping’s Chinese government officially announced the B&R Initiative in 2013. Rising influence of the B&R for international economic development is an increasing concern for countries along the route, as well within the European region. The purpose of the present research study is to explore what promotion can be made in order to achieve mutually beneficial results for China-EU cooperation under the B&R? By conducting an in-depth analysis, namely to studies on relevant EU policies, documents, statements, news reports, and China’s own policy papers on the EU, one gets a comprehensive understanding of the development of the recent history of China-EU relations. By analysing the existing problems in China-EU relations and the respective influential factors, we can help both sides formulate more accurate policies and adjust their strategic positioning. As stated in our, there are several countries in a political situation of unrest along the route, therefore, there are geopolitical and investment risks faced by China-EU cooperation that need to be seriously considered by both sides. For China, to keep improving its level of economic reforms, optimizing the environment for foreign investment, regulating unfair competition, improving the related implementation mechanisms, laws, and regulations, in order to provide a reliable institutional guarantee for EU corporations to invest in China and to attach importance to cooperation with important stakeholders has become an inevitable choice. EU member states have diverse requirements for national development, therefore it is difficult to speak in a single voice towards the B&R. Moreover, both sides lack relevant, qualified expert professionals.
**Key word:** China-EU relations, the Belt and Road Initiative
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<table>
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<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>AIIB</td>
<td>Asian Infrastructure Investment Bank</td>
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<td>B&amp;R</td>
<td>The Belt and Road Initiative</td>
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<tr>
<td>CEE</td>
<td>Central and Eastern European</td>
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<tr>
<td>China</td>
<td>People’s republic of China</td>
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<td>EU</td>
<td>European Union</td>
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<td>UK</td>
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<td>United Nations</td>
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INTRODUCTION

In 2013, the President of China, Mr Xi Jin Ping proposed to build a “Silk Road Economic Belt” and the “Twenty-first Century Maritime Silk Road”, i.e., “The Belt and Road Initiative” (The B&R Initiative), also known as the “One Belt One Road”, shortly, the “BRI” or “OBOR” (Fig.1). This proposal is reminiscent of “the United States proposed New Silk Road Initiative in 2011, a metaphor which is hardly new, with China being the owner of the Silk Road terminology” (Pantucci & Lain, 2017). The B&R Initiative is a national top-level strategy proposed by China to face the current international situation. It relates to Chinese interests, but also involves the common interests of the states in the area and even other regions of the world (H.E., 2017).

Fig.1: China’s proposed Belt and Road Initiative


The B&R advocates peaceful development, by actively developing economic
partnerships with other states along the proposed route. It aims to build a community of common interests, a future, and responsibilities in the fields of political trust, economic integration, and cultural inclusiveness. The BRI is an open proposal from China to Europe - and to all its partners in the world - to forge a platform for diversified cooperation, to integrate China’s development strategies with the development strategies of other countries, to generate synergies between government policies, and, ultimately, to reduce the risk of the “Thucydides Trap” (war between states due to power competition). The B&R aims at improving connectivity between Asia, Europe, and parts of Africa in five main areas: policy coordination, infrastructure construction, trade facilitation, financial integration, and people-to-people exchanges (Amighini, 2017, p. 8-9). States along the B&R route have different resources - which constitute economic complementarity – and thus there is great potential for mutual cooperation.

Not only has the B&R included the contents of regional economic cooperation, but it has also expanded the scope for cultural cooperation. Economic and cultural cooperation are two of the crucial pillars of the B&R. Economic cooperation is the hardware support of the B&R, and its contents cover three main aspects: first, to maintain free trade; second, to strengthen facilities connectivity; and third, to promote currency circulation. Cultural cooperation is the software support of the B&R, manifested through two main aspects: to strengthen communications policy, and to strengthen communication among the people of the states along the route.

Capital is an important guarantee for implementing this initiative. Thus, in order
to facilitate the implementation of the B&R, China has established the Silk Road Fund under the concepts of openness, inclusiveness and mutual benefit, aimed at providing financing support for economic and trade cooperation and connectivity under the framework of the B&R; and also to cooperate with domestic and overseas enterprises as well as with financial institutions for promoting common development and prosperity, both for China and for the countries and regions involved in the B&R Initiative. Besides, the establishment of the Asian Infrastructure Investment Bank (AIIB) by China arouse vigilance by some states, such as the United States. The US believes that the operation of AIIB by China may fall outside the jurisdiction of the World Bank. Washington excluded itself from the initiative and appears to have encouraged partners and allies to do the same. However, some EU member states - such as Germany and France - have already joined the AIIB (Strategic Comments, 2015). These EU member states joined the AIIB, not only to pursue economic interests, but also to exert their influence on the “Belt and Road” strategy, in order to prepare for any possible changes in the Asia-Pacific region.

The B&R links China in the east, to Europe in the west. Historically, China and Europe have always felt attracted to each other. The ancient Silk Road was originally a product of mutual attraction between China and Europe. This attraction has been extremely powerful, so much so that people can overcome numerous difficulties and dangers, and travel over land and sea, to meet and trade with each other (Zhou, 2017). The power of the ancient Silk Road has always been a two-way partnership, rather than one-way. Although partnerships between the East and West have ebbed and
flowed during different stages in history, the Silk Road has always linked China and Europe since ancient times.

In the twenty-first Century, peace and development have become the world theme, but the international situation is quite complex and changeable. With the rapid expansion of economic globalization and frequent cultural exchanges, international competition has become increasingly fierce. China and the EU have both put forward their own strategic development plans - China’s two centenary goals and 12th Five Year Plan, and the EU 2020 Strategy - which include various possibilities for enhancing cooperation for mutual beneficial results. The two sides committed to promote the China-EU Comprehensive Strategic Partnership in the next decade (China-EU 2020 Strategic Agenda for Cooperation, 2013).

**Research Problem**

Chinese General Secretary Xi Jinping proposed a concept of global governance under the principles of wide consultation, joint contribution, and shared benefits. The suggestion is for building a community of shared future for mankind. Promoting the development of various states and regions is a fundamental way for solving many of the existing problems. China’s latest top-level design - the B&R - will have a continuous impact on EU member states in the long term. Ever since the B&R was launched in 2013, its influence has grown and spread from region to region. However, EU’s response to the B&R Initiative is still not clear, and there are several doubts and
criticisms, although several projects under the B&R framework are already going on in many industries in various EU member states, and although many EU member states are actively seeking cooperation with the B&R, as cooperation under the B&R favours the interests of both sides.

Therefore, in order to achieve mutual beneficial results from China-EU cooperation under the B&R, what promotions can be made?

**Significance and Purpose of the Theme**

Europe is one of the key regions for the construction of the B&R. How to promote China-EU cooperation under the framework of this initiative has great significance to China-EU cooperation and to deepen bilateral relations. The implementation of this initiative will have a significant impact on the development of China-EU relations, and will provide new opportunities for the development of mutual relations. Both China and the European Union are advocates of multilateralism, and are important ambassadors of world peace. The promotion of future bilateral relations will be conducive to the maintenance of peace and stability in human society. It is significant for the “Belt and Road Initiative” to be implemented smoothly, so as to seize the opportunity to deepen bilateral relations. (Hou, 2015, p. 2).

The Eurasia interconnection transportation infrastructure serves as the basis for the Silk Road Economic Belt. Ranging from the east junction of the East Asian
economic circle, it goes through Central Asia and Eastern Europe, and extends over more than 7,000 kilometres across 18 countries, with more than 40 countries within the inner radius, eventually arriving at the Western economic circle.

In 2013, in the context of the European debt crisis, European Commission President Juncker proposed a strategic investment plan named the “Juncker plan”. It aimed at promoting investments in infrastructure, information technology, and new energy technology that are congruent with the goal of the B&R, which is to promote international capacity cooperation. Additionally, since 2012, China has sought cooperation on all possible projects with participating Central and Eastern European (CEE) states through the ‘16+1 framework’, with the Annual 16+1 Summits being backed up by a new fund. The aim of the ‘16+1 cooperation’ framework - launched in Warsaw in 2012, as a platform for regional cooperation between China and CEE states - is to also strengthen the bilateral ties of cooperation between China and Europe. By the end of 2017, this framework had already reached various achievements in the fields of politics, trade, investment, finance, and infrastructure (Liu, 2017). If the B&R manages to promote the mechanism above, it will build a more comprehensive strategic partnership between China and the EU.

This dissertation also dwells on the process by which the B&R has been gradually accepted by the various EU member states, from initial doubts and criticism

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1 The ‘16+1 Framework’ is an initiative by the People’s Republic of China aimed at intensifying and expanding cooperation with 11 EU Member States plus 5 Balkan countries, namely Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia. Moreover, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Poland, Romania are EU member states.
to acceptance, and to the active participation of some member states. This study will analyse the different interpretations and attitudes towards the B&R, both from China and the EU; especially the EU’s initial doubts and criticisms on the B&R - as far as the participation of some members - until the active participation of some EU main member states, and how from the EU’s opinion on the B&R have emerged positive voices.

Assuming Social Constructivism as the theoretical framework, the initial hypothesis of the present dissertation is: how will the B&R Initiative influence China-EU relations. Can the B&R Initiative contribute to the development of China-EU relations, and move forward the interests of both actors?

In International Relations theory, Realism and Liberalism developed out of the anarchy hypothesis. Social Constructivism emerged after the Cold War. In the article “Anarchy is what States Make of It: the Social Construction of Power Politics,” Alexander Wendt argued “that self-help and power politics do not follow either logically or causally from anarchy and that if today we find ourselves in a self-help world, this is due to process, not structure. There is no ‘logic’ of anarchy apart from the practices that create and instantiate one structure of identities and interests rather than another; structure has no existence or causal powers apart from process. Self-help and power politics are institutions, not essential features, of anarchy” (Wendt, 1992, p. 391). What Wendt means is that the structures of human association are determined primarily by shared ideas, rather than by material forces, thus, anarchy is not inherent in the international system, as classical International Relations theories
envisioned. It is rather a construct of nation-states within the system. The idea of state is enabled by the ongoing processes of social practice and interaction, rather than inherent (Wendt, 1999). Actors are not simply governed by the imperatives of a self-help system; their identities and interests drive their action. When it comes to the state, interests and identities are central determinants of state behaviour. Finnemore and Wendt emphasize that, while ideas and processes tend to explain the social construction of identities and interests, those ideas and processes form a structure of their own, which impacts upon international actors (Finnemore, 1996; Wendt, 1998). The identities and interests of purposive actors are constructed by those shared ideas, rather than given by nature (Wendt, 1999).

Methodologically, Constructivism first emphasizes the role of society in regards to the individual. At international society level, it accounts for the role of the international structure in regards to the state. From an ontological viewpoint, Wendt denies pure materialism and advocates attaching importance to the role of ideas. He stresses the significance of system culture (or shared knowledge, shared concepts, etc.). He recognizes the objective existence of material factors, but emphasizes that objective factors can only influence the meaning of behaviour through the common concept of actors. The social structure of international politics not only affects the behaviour of actors, but also constructs the identity and interests of the actors themselves.

Secondly, it adopts the principle of anti-materialism, that is, the basic structure of international politics is not only the material construction, but also the social construct.
This principle does not deny the objective existence of matter, but opposes the view of pure materialism and intuitionistic materialism: that the objective existence of matter is the only and main reason for explaining the behaviour of actors. The existence of social categories has a material basis. The state is not only a social category, but also an abstract social concept that cannot be observed directly. However, the existence of the state is an objective fact.

Thirdly, the distinction between subject and object in research is not as clear as it is in the natural world, but it can still be distinguished. The international system is an objective social existence for researchers of International Relations. There is an objective basis for social phenomena. Constructivism acknowledges this objective basis and regards it as the fundamental basis of Constructivist methodology. In Constructivism, the unit is the state, the main actor of international relations (Wendt, 1999).

Wendt considered the role of the cultural structure of the international system in building national identity and interests. Thus, Constructivism explores ontology, and focuses on the construction process between structure and actors. That means, the international structure constructs the identity and interests of actors, and actors can only take actions commensurate with their identity and interests.

There are three main elements in Constructivism. The first and most fundamental element is common knowledge or culture. Common knowledge refers to the perception and expectation shared by actors in a specific social environment. In this environment, common knowledge constructs the identity and interests of actors. For instance, the
security dilemma is such a shared knowledge or structure: when expectations and perceptions among actors are suspicious, there will always be the worst estimation of motives and intentions of the others. Thus, when one side increases its armament, the other side will inevitably feel threatened, resulting in a security dilemma (Baylis, 2017). The second is the role of material factors. The structure contains material factors, such as the power of a state. However, the significance of material factors is very limited: only when its exists in the social structure, will it virtually impact the behaviour of actors. Third, as regards conditions for the existence of social structures, Wendt believes that the formation and existence of social structure itself is the result of the social practices of actors: the interaction between actors forms social construction. This argument emphasizes its process, and also includes the possibility of variability in the social structure. In Constructivism, the structure is dynamic: actors can construct a structure or decompose it, and build another structure, formed by different ideals. For instance, states can construct a security dilemma or a security community. Once the actor’s ideals change, its actions can change, as well as the structure of the international system (Wendt, 1999).

Constructivism emphasizes the interactions between the actor and the structure. This involves two important relations in constructivism. The first is the role of the actor to the structure; the second is the role of the structure to the actor. The interaction of actors forms the structure, which, in turn, constructs the identity and interests of the actors. For instance, if two countries never interacted, they have no common knowledge and, therefore, no structure. Once the interaction begins, the initial
behaviour will make the two sides in the interaction produce and strengthen certain concepts through reciprocal mechanisms and may begin to share these concepts, thus forming a culture.

Constructivism is relevant to this dissertation, as it may explain the factors that influence China-EU relations. If the relationship with the EU improve, will depend on the sequence of the interaction between China and the EU. Assuming Social Constructivism as the theoretical Framework, and that China and the EU are major proponents of multilateralism, the initial hypothesis of the present dissertation is that the B&R Initiative may move forward the interests of both China and EU.

On the side of China, the 19th Chinese People’s Congress has established President Xi’s leadership by amending the Constitution, which effectively guarantees the sustainable implementation of the B&R (Jiang, 2018). On the EU side, from initial doubts, to the responses of some member states, up to the cooperation of multiple projects under the framework of the B&R conducted in the EU region. Although the attitude of governments, the Media and public opinion is still unclear in some EU member states, in fact, there is no lack of enthusiasm and confidence in the cooperation with China under the B&R framework in EU society (Putten et al., 2016). The action taken by theses member states, as Robert Keohane argued that the functions of international regimes is based on the assumption that governments behave as rational egoists (Keohane, 2005). In order to revitalize their economies, the EU member states involved in the B&R - due to their different levels of development - have different requirements, therefore, it is difficult to form a unified response internally from the EU.
Thus, considering the existing historical contexts on the development of this process, each transformation is catalysed by various influencing factors. No matter how positive China’s propaganda on the B&R might be, or how negative international public opinion might be, the actual present achievements are the persuasive evidence to assert the B&R since it was proposed in 2013 (China Government, 2017).

The B&R initiated by China has been inspired by China’s own economic development. It emphasises investment on infrastructure development, in order to promote trade. It is an open initiative - open to all countries - in which the implementation of detailed plans and regulations are processed through constant practice, exploring and developing. All participating countries decide on the direction for future development and policy formulation.

To define the nature of the B&R, according Robert Keohane, who defined multilateralism as “the practice of coordinating national policies within groups of three or more states” in 1990, even considering the AIIB - a multilateral development bank - as one of its financial components, the B&R cannot however be considered as a multilateralism mechanism. As argued by Grzegorz Stec “China’s Belt and Road Initiative is neither a strategy, nor a vision, it is a process” (Stec, 2018).

There are several reasons why the EU and most member states refused to sign the B&R cooperation agreement, the first of which is the fact that the concept of the B&R is too broad, unable to be specific about what it supports.

In addition, at least 11 EU member states within the China-led “16+1 framework” have raised concerns that the Beijing initiative is aimed at splitting the EU.
Secondly, the United States have questioned the B&R, which has also put off some main EU member states, such as France and Germany. Still, most of the countries in the world welcome the opportunities presented by the B&R (Pantucci and Lain, 2016). Within EU academic circles, there are various pragmatic perspectives that focus on and criticize the conflicts of interests between China and the EU in the B&R. Regarding such criticisms, as we have been able to observe that there is a contradiction between the political negative attitude and the commercial positive, cooperative attitude, this means that, in fact, there are some aspects that are in the interest of the EU.

The next step of the B&R is *multilateralization*, with Chinese characteristics. This means that such a multilateral framework retains Chinese characteristics, allowing China to keep ultimate control over key projects, while at the same time engaging with other developed countries, especially European countries and South Korea. “In other words, China is willing to make compromises and to share benefits with other countries, but it ultimately strives to preserve the BRI’s non-Western model” (Herrero and Xu, 2019). Accordingly, given that the B&R is not yet a mature framework, the involvement of the EU in policy-making during the B&R development process is crucial for the EU.

As stated above in the research objectives, this dissertation focuses on the impact of the B&R upon China-EU relations. Thus, it requires deep inquiry on both the official and unofficial interactions between China and the EU since the B&R Initiative was launched in 2013, as well as understanding the responses and actions from both sides.

This dissertation aims at providing a comprehensive interpretation of the building
of the B&R, namely by demonstrating that it is a new opportunity and platform to enhance China-EU relations, and for discovering areas of common interest. This dissertation also highlights existing internal issues between China and the EU, as well as the influence of other major powers in the world, while also trying to provide related information for enhancing cooperation between China and EU member states, which may have a practical impact.

The B&R is conducive to promoting the healthy development of China-EU relations. China is playing a more and more significant role in the world stage. The European Union is the largest regional international organization, with the highest level of integration in the world. Thus, in a sense, cooperation between China and the EU is highly complementary.

The “Belt and Road Initiative” conforms to the long-term interests of both China and the EU. It will help expand cooperation between China and the EU in a number of fields and raise bilateral relations to a higher level. For China, it will be beneficial for solving its growing dependence on imported energy and maritime commercial lanes (Wang, 2016). For the EU, the European Commission and China have concluded their technical work, allowing Beijing to start pouring up to €10 billion under the so-called Juncker Plan (Valero, 2017). Infrastructure construction is one of the key fields of the “Juncker plan”. Therefore, it is in accordance with China’s “Belt and Road Initiative”. Both sides have made a very important breakthrough in the “Belt and Road Initiative”. The Chinese New Silk Road can become a way out for the EU, which has been suffering from a protracted economic slowdown, and may strengthen Eurasian
continental powers, both politically and economically ("Sputniknews", 2015).

It will also contribute to the maintenance of world peace and stability. The EU is one of the most developed economic areas in the world, and has been an important trade partner of China for several years. In recent years, the comprehensive strength and influence of China has been rising continuously, increasingly making China one of the most important international forces, and its development has attracted the attention of the rest of the world. China and the European Union are two important forces to foster the development of world multipolarization, as well as to maintain world peace and stability (Cao, 2017, p24). This B&R Initiative will not only promote the development of China-EU relations, but will also promote world prosperity and stability for the states along the route.

Relevance and Contribution of this Research Study

China and the EU have established diplomatic relations for more than 40 years. The development of China-EU relations has evolved from a “partnership” in 1998, to a “comprehensive partnership” in 2001, and then to a “comprehensive strategic partnership” in 2003. This evolution has established “peace, growth, reform, and civilization” as the main content of the “comprehensive strategic partnership.” Therefore, the stability of China-EU relations is becoming increasingly clear. With the launch of the B&R Initiative, China-EU relations are facing new development opportunities.
Europe is still in a debt crisis, and, moreover, China is going through a crucial period of restructuring its economy. If both sides want to engage in overall planning, and in developing bilateral relations in the direction of mutual benefit and win-win results, they should not lack any preventive measures for existing and anticipated problems (Wu & Jensen, 2017). Throughout history, China and Europe have always needed each other. I personally believe that China and the EU need to develop a mutual cultural identity. In particular, there is a need to improve the inherent understanding of Europe and to break the ideological opposition between China and Europe, in order to accomplish, not only an economically significant relationship, but also the spiritual civilization that the B&R will help achieve.

**Scope of the Dissertation**

Initially, this thesis will briefly review the China-EU interaction after the establishment of diplomatic relations. It will focus on the period from 2013 onwards - when the initiative was proposed - and on the main interactions and transformations in China-EU relations that have developed since then, such as the fact that several EU member states have joined the AIIB, despite countervailing pressures from the US for the EU not to join; China’s accession to the EBRD (European Bank for Reconstruction and Development), which forged synergies between the B&R and the EU Juncker plan; the “16+1 framework” mechanism between China and Central and Eastern Europe; the joint development of complementary industries with other EU
member states; as well as on the cultural exchanges between China and Europe. Chapter 2 elaborates on how the B&R Initiative has been proposed, some major achievements and its significance. Chapter 3 scans the role of the EU in the B&R, and focuses on the interaction between China and the EU since the B&R has been proposed. Chapter 4 provides an in-depth analysis of the existing risks and obstacles for China-EU cooperation in the implementation of the B&R. In the Conclusion I will make some suggestions on how to promote China-EU relations, namely related to the support from relevant expert professionals; to the requirements on China’s side regarding relevant institutions and legislation; to various requirements internal to the EU; and to the political risks along the route in several states.

**From the Literature Review**

Currently, the global situation is grim and complex. China and the EU are two of the most important economies in the world, and they are the two main markets for promoting common economic development in the world. Both of them are going through a critical stage of reforms and development (Hooijmaaijers, 2017). The “Belt and Road Initiative” makes both sides stand on a new starting point with increasing potential for development. Development is the main direction of the “Belt and Road Initiative”. It is not only an important measure for deep reforms and opening-up China, it also represents the exploring of a new mode of international cooperation by China. The Chinese government is actively seeking cooperation with the EU (H.E.,
China’s joining the EBRD is conducive to more investment opportunities by Chinese enterprises. Not only does it contribute towards the “Belt and Road Initiative”, but it also opens up increased financing channels for cooperation in Europe (Xinhuanet, 2015). Ultimately, for the “Belt and Road Initiative”, Europe is not merely an important target market for the “Belt and Road” construction, the reactions and attitudes of the EU will also affect the “Belt and Road Initiative” within international public opinion. Can China cooperate with the EU in third markets through the “Belt and Road Initiative”? Namely in projects in Africa, for instance? All of these will deeply influence the success and overall dimensional expansion of the “Belt and Road Initiative”.

With the passing of time, the EU has obviously changed its response to the “Belt and Road Initiative”. Since the announcement of the “B&R”, until 2014, EU member states had remained quite apathetic about it. From 2014 to early 2015, with the “16+1” cooperation mechanism, European States began to offer a positive response to the “Belt and Road Initiative”. After 2015, the “Belt and Road Initiative” began to receive more comprehensive prominent responses within Europe. After better comprehending the “Belt and Road Initiative”, European States began to show a stronger willingness to cooperate with China. In fact, in 2014, China’s Foreign Direct Investment (FDI) in Europe amounted to 10.84 billion dollars; the year-on-year growth rate was as high as 82.2%. Among China’s FDI in Europe, the investment within the EU accounted for 90.3%, reaching 7.90 billion dollars. By the end of 2015, China had direct investments with 2,300 enterprises in the EU, and it had covered all 28 member states
of the European Union, hiring nearly 90 thousand foreign employees. Economic
interactions were complemented by numerous official dialogues, covering a wide
range of issues. The year of 2013 was the 40th anniversary of the establishment of
diplomatic relations between China and the EU. The “EU-China 2020 Strategic
Agenda for Cooperation” and the perspectives of an agreement on investment offer
the impression of a highly dynamic partnership, cultivated by both sides (Prodi and
Gosset, 2013).

The initiative is bound to become a tremendous economic opportunity, as well as
a challenge for the European Union: “There is the risk, in fact, that a scramble for
Chinese money could further divide EU member states and make it difficult for
Brussels to come up with a common position vis-à-vis Beijing” (Casarini, 2017).
Holslag argued: “Yet, a closer look at documents, plans and programmes prepared by
different Chinese government departments reveals that the New Silk Road serves a
strategy of offensive mercantilism. Offensive mercantilism implies that China is
shifting from protecting its industries in domestic markets to supporting them in their
penetration of foreign markets” (Holslag, 2017). He argues that the initiative will
benefit China’s exports to EU member states and lead to competition between China
and EU member states, which would reduce EU member states exports.

The cooperation between China and the EU within the “Belt and Road Initiative”
has also some existing problems: the complexity of resource allocation and
coordination in China, the scarcity of specialized professionals with high levels of
literacy, the complexity of interaction within the EU system, the fallout of the great
power struggle, political unrest, and the threats of non-traditional security issues (Austermann & Vangeli, 2017). The inherent cognitive differences regarding the B&R between China and the EU will particularly affect the expansion of China-EU cooperation under the framework of the B&R Initiative.

**Methodology**

The main research methods used for this thesis are literature analysis and the qualitative method.

Literature analysis will be conducted by browsing the relevant literature on China-EU relations and on the BRI available in the Internet, especially the websites of relevant government departments. Namely by analysing studies on relevant EU policies, documents, statements, and news reports, and China’s policy papers on the EU, in order to get a comprehensive understanding of the development of the history of China-EU relations, especially of the development of bilateral relations since the EU adjusted its policy towards China. By accessing such materials, my aim is to grasp the profound connotation and significance of the B&R Initiative. Literature analysis is the most relevant method for writing this dissertation.

As for the qualitative method, it will help interpret official policy documents by assessing the strategic position between the EU and China. By analysing the existing issues in China-EU relations and the respective influential factors, it will help both sides formulate more accurate policies and adjust their strategic positioning. Also,
through the research conducted on the rising impact of the B&R, I will be able to demonstrate how valid it is for this initiative to be implemented.
1. Implementation and Significance of the Belt and Road Initiative

The B&R refers to “the 21st Century Silk Road Economic Belt” and “the 21st Century Maritime Silk Road.” It is an important development strategic initiative put forward by the government of China. Based on the experience of China’s own economic success, on the changing global situation, on examining the development gap between China and the international community, and on China’s overall national and international status, it integrates the historical symbolism of the ancient Silk Road with the new demands of today’s world. Through the B&R Initiative, China intends to inherit and develop the spirit of the ancient Silk Road: peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit. In other words, to build an interconnected and interoperable system in the new era of ‘peace, development and win-win cooperation’. On the one hand, the B&R will deepen the Chinese ‘opening-up’ policy, enabling China to integrate in greater depth the mainstream global economic system, while on the other hand, contributing to exploring a new model of international cooperation and global governance.

1.1. The Proposal and Development of the Belt and Road

The B&R stemmed from the ancient Silk Road, which was “an ancient network of trade routes connecting the East and West. It contributed to cultural and economic interaction between the regions for many centuries. The ancient Silk Road refers to
both the terrestrial and the maritime routes connecting East Asia, Southeast Asia, West
Asia, East Africa, and Southern Europe. The Silk Road derives its name from the
lucrative trade in silk carried out along its length, beginning in the Han dynasty (207
BCE–220 CE). The Han dynasty expanded the Central Asian section of the trade routes
around 114 BCE through the missions and explorations of the Chinese imperial envoy
Zhang Qian” (Elisseeff, 2001, p. 3).

The “Maritime Silk Road refers to the maritime section of the historic Silk Road
connecting China to Southeast Asia, Indonesian archipelago, Indian subcontinent,
Arabian Peninsula, Somalia and all the way to Egypt, Uganda, and finally Europe, that
flourished between the 2\textsuperscript{nd} Century BCE and the 15\textsuperscript{th} Century CE” (Iwanek, 2018). The
ancient Silk Road is a maritime channel for political and economic exchanges between
ancient China and other empires, which further promoted the ideological and cultural
exchanges between the East and the West.

The Chinese economy has experienced astonishing growth in the last few decades,
that has catapulted the country to become the world’s second largest economy (Focus
Economics, 2017). Such Chinese economic development has attracted worldwide
attention. China has become an economic power; however, with the largest population
in the world, and while still maintaining an unbalanced regional economic development
internally.

Since the beginning of the 21\textsuperscript{st} Century, the political and economic situation of the
world has undergone a series of complex, profound changes, accompanied by the
complexity of the world’s multi-polarization, economic globalization, and the
emergence of the political security crisis. The different countries are facing various important challenges, as for instance those of economic development, defence and security.

As a response to the current international situation and to China’s own internal issues, General Secretary Xi Jinping proposed the B&R Initiative. It represents not only the demand for a new round of reforms and for further opening up of China, but also represents a desire to further promote regional cooperation in Asia. It is committed to contributing towards world peace and stability, and to improve joint demand through long-term development cooperation. (Wu, 2014).

There are four main aspects of China’s domestic background:

a. Overcapacity and excessive foreign exchange assets. The IMF estimates that China’s total capacity utilization rate is under 65%, therefore China desires to expand its overseas market and to participate in the global market competition, while the countries lacking infrastructures are precisely in need of the high quality-price ratio of Chinese infrastructure construction.

b. China’s oil, gas and mineral resources are highly dependent on foreign imports.

c. China’s industry and infrastructure are concentrated along the coast, once it encounters external aggress in this area, it is easy for it to lose these core facilities. China wishes to break the original development pattern of dots and blocks by extending in the vertical and horizontal directions, emphasising inter-provincial interconnection and strengthening regional
coordination.

d. The overall situation of China’s border region is at its best status ever in history, and the willingness of neighbouring countries to strengthen cooperation with China is generally increasing, which will help rebalance the influence of the United States and Japan on the Eurasian continent (Hua, 2018, p.3).

In September 2013, during the visit of General Secretary Xi Jinping to Central Asia, he delivered a speech entitled ‘Promoting People-to-People Friendship and Creating a Better Future’ at the University of Nazarbayev in Kazakhstan on September 7th. Mr Xi proposed to build a ‘Silk Road Economic Belt’ with Central Asian Countries, from just a point to an area, from a line to region, gradually enhancing regional cooperation to a certain level (Ministry of Foreign Affairs of China, 2013). It was the Chinese leader himself that proposed this major strategic concept of building a ‘Silk Road Economic Belt’ at an international public forum for the first time. In the following month of October, General Secretary Xi Jinping put forward a proposal to jointly build the ‘Maritime Silk Road of the Twenty-first Century’ in the speech entitled ‘Building a China-ASEAN future community’ at the Indonesian Congress during his visit to the Central and South regions of Asia (Xi, 2013). So far, these two initiatives are the first known elements of the B&R. In the same year, Chinese Premier of the State Council Li Keqiang emphasised building a Maritime Silk Road and forming a strategic fulcrum to promote the development of the hinterland with ASEAN member states, when he attended the China-ASEAN Exhibition in 2013 (Fan, 2017).
On October 24 2014, the finance ministers and authorized representatives of the first 21 intending founding members, including China, India, and Singapore, among other countries, signed an agreement in Beijing to establish the Asian Infrastructure Investment Bank, which is something different from the Silk Road Fund.

On November 8 2014, General Secretary Xi announced that China will invest 40 billion US dollars to establish the Silk Road Fund at the 2014 Asia Pacific Economic Cooperation (APEC) dialogue on strengthening interconnections and partnerships. In the same year of 2014, Chinese Foreign Minister Wang Yi confirmed that more than 50 countries along the B&R route had already responded positively in 2013 - the year when the B&R had been proposed - and that China is willing to link up with the respective development strategy of these countries (Zhai, 2015).

In the beginning of 2015, the B&R Initiative was gradually incorporated into China’s national development strategy, namely into the governmental document ‘Vision and Actions on Jointly Building the Silk Road Economic Belt and the 21st Century Maritime Silk Road’ announced on March 28th, which can be regarded as the formal launch of the B&R Initiative. In generally, the B&R Initiative then entered the stage of co-construction and implementation of cooperation with countries along the route. On November 7, General Secretary Xi delivered a speech at the National University of Singapore, declaring that China is welcoming the participation and cooperation of neighbouring countries. At the annual conference of the ‘BOAO Forum for Asia’ in 2015 Mr Xi stated that “In order to promote this initiative, China will follow the principles of wide consultation, joint contribution, and shared benefits. The
development programs will be open and inclusive, not exclusive. It will be a real chorus including all countries along the routes, and not a solo for China itself. Building the Belt and Road does not have the purpose of replacing existing mechanisms or initiatives for regional cooperation. Much to the contrary, it will build on the existing basis to help countries align their development strategies and create complementarities. (…) The Belt and Road Initiative is not meant as rhetoric. It represents real work that can be seen and felt to bring real benefits to countries in the region. Thanks to the concerted efforts of all parties, the Vision and Action paper of the initiative has been developed. Substantive progress has been made in the establishment of the AIIB. The Silk Road Fund has also been launched, and the construction of a number of infrastructure connectivity projects are moving forward” (Xi, 2015).

On October 17 2016, Mr Xi emphasised ‘pursuing joint development and benefits on the basis of equality and mutual benefits’ when promoting the symposium on the B&R construction work in Beijing. On September 4 2016, Mr Xi delivered a keynote speech at the ‘2016 G20 Hangzhou Summit’, where he said that “China’s development has benefited from the international community, and we are now ready to provide more public goods to the international community. I proposed the initiative of building the ‘Silk Road Economic Belt’ and the ‘21st Century Maritime Silk Road’ to share China’s development opportunities with countries along the Belt and Road, and to achieve common prosperity” (Xi, 2016).

On January 17 2017, Mr Xi announced that China would hold the ‘Belt and Road Forum for International Cooperation’ in Beijing at the annual meeting of the Davos
World Economic Forum. On May 14 2017, the ‘Belt and Road Forum for International Cooperation’ was held in Beijing. It drew 29 foreign heads of state and government, as well as representatives from more than 130 countries and 70 international organizations (CGTN, 2017).

From the end of 2013 to the beginning of 2017, China has actively promoted the B&R Initiative at both bilateral and multilateral level. Especially at bilateral level, Chinese General Secretary Xi Jinping and Chinese Premier of the State Council Li Keqiang were frequently visiting other countries. For instance, according to existing statistics, from 2013 to 2017, Mr Xi visited 50 regions and international organizations (Sina, 2018).

At domestic level, many provinces referred to the B&R in their local government work reports, and have been actively seeking to participate and integrate the B&R framework, which became a common attitude at all levels of the country. At international level, the attitudes of the various countries regarding the B&R are quite diverse. However, the concerns of the international community on the B&R became increasingly heated since sections of its implementation have been launched (Ifeng, 2017).

The B&R originally based on the ancient Silk Road - but not just limited to the ancient Silk Road - inherits and promotes the spirit of the ancient Silk Road, while also intending to meet the new contemporary demands of the world. It can be considered as the continuation and development of the ancient Silk Road, as can be seen in the B&R development process from its very germination to its top design, and then to its
implementation, as can be observed in its entire process from a proposal to its development. Furthermore, another important aspect is that the B&R is not a strategic plan exclusively designed by China. It is constantly changing and developing over time; its content is being constantly enriched, its measures are constantly innovating, and its method is constantly improving in the interactions with the countries along the route. The path for jointly building the B&R framework is based on goal coordination and policy communication. “It is not a deliberate pursuit for consistency, it is endowed with high flexibility and elasticity, and it will be a diversified and open cooperation process” (National Development and Reform Commission, Ministry of Foreign Affairs, Ministry of Commerce of the People’s Republic of China and State Council, 2015).

1.2. The Main Measures and Substances of the Belt and Road

The ‘Vision and Actions on Jointly Building the Silk Road Economic Belt and 21st Century Maritime Silk Road’ (‘Vision and Action’), launched in the beginning of 2015, presented the strategic plan for the B&R on eight main aspects, such as Background, Principles, Framework, etc. The geographical scope of the B&R is described in its Framework as follows: “The Silk Road Economic Belt focuses on bringing together China, Central Asia, Russia and Europe (the Baltic), linking China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia, and connecting China with Southeast Asia, South Asia and the Indian Ocean. The 21st Century Maritime Silk Road has been designed to start from China’s coast to Europe through
the South China Sea and the Indian Ocean in one route, and from China’s coast through the South China Sea to the South Pacific in the other route” (National Development and Reform Commission et al., 2015).

According to the ‘Vision and Action’, it emphasises joint building through consultation, in order to meet the interests of all participant countries. To promote a new mode of regional economic cooperation, the implementation of the B&R is conducted according to the principles of ‘planning together, building together and benefiting together.’ These principles - accepted by various countries - are aimed at encouraging the countries along the B&R route to participate in the implementation of the B&R. “It promotes practical cooperation in all fields, and works towards a community of shared interests, future and responsibility, featuring mutual political trust, economic integration, and cultural inclusiveness,” which are the cornerstone of mutually beneficial and pragmatic cooperation, in order to constantly expand the intersection of interests and transform the complementarity of the various economies into mutual assistance development. In addition, the huge Chinese consumer market, the rapid growth of Chinese demand for energy and other raw materials, the relatively high cost-effectiveness of huge commodity supplies to China, as well as the economic, investment and financing capabilities of China, are actual development opportunities for the countries along the B&R route. It conforms to the development demands of the countries along the B&R, especially in regards to developing countries. Therefore, the participant countries along the B&R route may gain in terms of development opportunities coming from the economic development of China (National
The B&R was designed to foster cooperation in five main areas with Eurasian states, namely, the formation of mutually complementary policies, connectivity of road systems, trade facilitation, monetary circulation, and strengthened people-to-people exchanges. Mainly covering the following three dimensions:

First, to manage the direction of cooperation. “From the B&R route and the countries involved, there are six main lines in the B&R, passing through 68 countries and regions in the world. There are two directions of cooperation for the B&R, the direction of the Silk Road Economic Belt and the direction of the 21st Century Maritime Silk Road, an international shipping channel” (National Development and Reform Commission et al., 2015).

Second, to build a corridor for international economic cooperation. On land, it relies on the main international channel, to support the key cities along the B&R route, while the most important economic and trade industries constitute the cooperation platform. At sea, the important ports act as connections, to build a feasible, safe and efficient maritime transport channel.

The third is to promote the creation of a new pattern for regional economic integration, with a wider scope, a wider field, and towards a deeper level. The implementation of the B&R aims at achieving greater regional interconnectedness, intimate economic ties, mutual political trust, and more extensive and deeper people-to-people exchanges (Xinhua net, 2015).
This report highlights six main land corridors to be built in the *Silk Road Economic Belt* (see Fig.2):

Figure. 2: With the Silk Road Initiative, China aims to build a global infrastructure network

(Source: MERICS, 2015, https://external-preview.redd.it/4je9fwm3KtISUr3E6LSq_PbfX2G2YwYQcJxqwn1gXLs.jpg?size=effecd5263370477435a5110b4e716f6f09aa0d5)

a. The New Eurasia Land Bridge Economic Corridor: a network of connections between Chinese and European cities, passing through Kazakhstan, Russia, Belarus and Poland.

b. The China–Mongolia–Russia Economic Corridor: an agreement to increase trilateral cooperation, combining the SREB, Russia’s part of the Eurasia Land
Bridge and Mongolia’s Steppe Road project.

c. The China–Central Asia–West Asia Economic Corridor: a commitment towards building infrastructure and cooperating on trade, investment, finance, transports and communications with the five Central Asian states, as well as Turkey and Iran (West Asia).

d. The China–Indochina Peninsula Economic Corridor: a commitment towards greater infrastructure cooperation between China and the five Indochina Peninsula countries, namely Laos, Vietnam, Thailand, Cambodia, and Myanmar.

e. The BCIM Economic Corridor: aimed at improving connectedness between Kunming and Mandalay, Dakha and Kolkata.

f. The China–Pakistan Economic Corridor: aims to offer an alternative solution for the connection between China and the wider world, mainly focused on the infrastructure field. It includes the projects in Gwadar port and city, roadway projects, railway projects, and energy sector projects. The CPEC is intended to rapidly modernize Pakistani infrastructure and strengthen its economy through the construction of modern transportation networks, numerous energy projects, and special economic zones, while also fostering economic development in the western region of China (Raffaello Pantucci & Sarah Lain, 2017, p. 10-11).

On the whole, by analysing the content of the B&R, a major feature is the B&R emphasis on developing and taking advantage of economic benefits. It includes the construction of infrastructures, a free trade area, transnational economic cooperation,
an economic corridor, financial investment, and many other areas. Another feature is that development is the main guideline.

Actually, the B&R Initiative also covers the content of regional economic cooperation, namely to expand the scope of humanistic cooperation. In other words, economic cooperation and humanistic cooperation appear at the two main pillars of the B&R Initiative, and this is precisely the main content of this initiative.

Economic cooperation is seen as the hardware support for the B&R, which includes three sections:

The first, is to promote free trade. The key to promoting free trade is to increase the level of facilitation of trade and investment. To that end, the existing trade barriers between the countries along the route have to be removed, in order to create an open trade environment. Bilateral or multilateral free trade zones must also be established among the countries along the route, to broaden the areas of mutual cooperation and to expand the scale and scope of trade and investment; and also to promote the amending of the trade structure, and to explore new trade growth points, while consolidating and expanding traditional trade areas, and focusing on promoting the development of services for modern trade.

The second, is to improve connectivity facilities. The connections between the countries along the route need to be strengthened, including roads, railways, and other transport facilities. While the connection of energy and communication infrastructures also need to be strengthened, including pipelines for oil and gas, communication networks, and other infrastructures.
The third, is to enhance financial integration, namely by promoting exchange and settlements in local currencies in order to reduce transaction costs; by promoting efficient financial settlements; by promoting and deepening trade and investment among countries along the route, and consequentially by enhancing the international competitiveness of the regional economies.

Humanistic cooperation is seen as the software support for the B&R, and its content is manifested in two main aspects:

The first is to strength policy coordination. Although the B&R Initiative was proposed by China, the implementation of the B&R is not unilaterally led by China. It will reflect the interests of each country along the route, and has to be negotiated and jointly built by the countries along the route (Yuan, 2014). Due to the fact that the various countries involved have different resource endowments and levels of economic development, in order to find a common ground and to maximize the effective connection between the B&R Initiative and each country’s strategies, these countries need to strengthen communications and exchanges in economic development strategies and policies, as well as to develop practical and feasible cooperation strategies, and the specific measures of implementation through negotiations between participant countries, thus eventually contributing to the promotion of pragmatic cooperation.

The second is to enhance people-to-people bonds. To promote the spirit of friendly cooperation of the ancient Silk Road, and to increase mutual communication and perception among people in the various countries along the route. To this end, educational and cultural exchanges will be launched, harmonious coexistence among
people of participant countries will be fostered, and the foundation of public opinion for regional cooperation will be consolidated.

1.3. The Financial Component of the ‘Belt and Road Initiative’

On the November 8 2014, President Xi proposed that China will invest 40 billion US dollars to establish the Silk Road Fund. On December 29th of the same year, the Silk Road Fund officially began to operate. The Silk Road Fund - with investment from the China State Administration of Foreign Exchange, China Investment Corporation, Export-Import Bank of China and China Development Bank - will directly contribute towards the B&R, to promote infrastructure connectedness under the B&R framework (Xinhua, 2015). The Silk Road Fund is a special fund to serve the B&R Initiative. It was initially established to support and promote the implementation and promotion of the B&R. It is in line with the development strategy of various countries, and its aims are to provide financial support for the construction of infrastructure and other fields under the B&R framework; to promote the development of participant countries in various fields such as transportation, energy, and communications; as well as to contribute towards promoting regional economic integration and the sustainable development of the world economy (Silk Road Fund, 2014).

In January 2016, the Asian Infrastructure Investment Bank (AIIB) began to operate. The AIIB, headquartered in Beijing, is a multilateral development bank with the mission of improving social and economic outcomes in Asia. Until the end of 2017,
the AIIB had grown to 87 approved members worldwide. Mainly focused on investing in areas such as sustainable infrastructure and other productive sectors in Asia and beyond, with the aim of creating better connections between peoples, services and markets (AIIB, 2016).

The AIIB was not specifically designed for the B&R, but both actually complement each other. The implementation of the B&R is based on the construction of interconnection infrastructures, moreover, the AIIB operates according to a multilateral development bank model and structure, primarily providing loans to invest in Asian infrastructure. In addition, most of the countries along the route are developing countries, requiring huge investments in infrastructure. Therefore, the AIIB works as a complement to the existing regional and world multilateral development institutions.

**1.4. The Significance of the ‘Belt and Road Initiative’**

**1.4.1. Leading the New Pattern of the Economic Development in China**

There are still many issues with regard to Chinese development. For instance, the regional unbalanced development of China’s Eastern and Western regions, caused by differences in geographical position and respective recourses, as well as by national policies; the irrational economic structure has caused serious sacrifices to China in terms of natural resources and the environment; the development of the third sector is lagging behind, which is caused by the irrational industrial structure; although in the past decade the Chinese third sector has made great progress (Economic Daily, 2018),
there is still a significant distance compared to the level of developed countries; the existing unbalance and lack of coordination between urban and rural development, and the gap is constantly increasing. China has achieved rapid economic growth as a direct benefit from the Chinese economic reform policy, and now the B&R Initiative will foster the development of a new pattern for the Chinese economic reform policy, to conform with the demands of China’s regional balanced development and to create new points for economic growth (Song, 2015, p.31).

In the past, China mainly focused on the development of its eastern coastal areas. The Silk Road Economic Belt will now trigger the development of the western area, under the Chinese economic reform policy, and will open the country to the central and western regions of Asia. In other words, the BRI provides a solution to the unbalanced and uncoordinated economic and social development between the eastern, central and western regions of China (Li & Li, 2015, p.56).

The 21st Century Maritime Silk Road will continue to expand the hinterland and the market for economic development in the eastern region of China. To promote industrial restructuring and economic transformation, and to allow the efficient allocation of existing resources, the market can be further integrated, and new forces of economic growth can be promoted, to support the sustainable and stable development of the Chinese economy.

The B&R also provides a solution to the overcapacity issue and to the adjustment of China’s industrial structure. Currently, industries such as the steel and cement industries suffer from overcapacity in China, but these industries still have market
space in less developed countries along the B&R route. The B&R will promote these industries to “go out”, which conforms to the demands of countries with an imperfect industrial structure. Additionally, it can also effectively alleviate overcapacity issues in China, thus promoting the process of industrial restructuring (Pei & Yu, 2015).

Moreover, it will reduce the risk of unnecessary destructive confrontation with the US (zhongnanhai), and China will be able to fill the present economic and security spaces (Pantucci, R. & Lain, S., 2016, p. 9).

### 1.4.2. Promoting prosperity and development of countries along the route

The B&R will form a trans-regional economic cooperation network, as it creates both new opportunities for economic and social development in China, and benefits for countries and regions along the route. The B&R Initiative seeks mutual benefits - it aims at considering the interests as well as the advantages and potentials of all participant countries for building mutual beneficial connections for China and for the other countries and regions along the route (Cheng, 2015). Actual achievement of road, maritime channels, power grids, and communications connections will be conducive to enhanced cross-border communications between countries and regions along the route, therefore benefiting trade, and eventually promoting the development and prosperity of countries along the route (National Development and Reform Commission et al., 2015, p. 2).
The B&R promotes extensive cooperation between participating countries and regions in various fields, especially in the field of trade. Construction of the B&R infrastructure will form an international logistics cooperation network across the Eurasian continent, thus enhancing the convenience of trade between states, thanks to the B&R framework. The Silk Road Economic Belt includes division of labour between different hubs by fostering numerous logistic parks, gradually building a logistics industry with scale effects and a radiation service system with a channel function. The 21st Century Maritime Silk Road connects various cities along the countries involved, to achieve an interconnected network between the interior and coastal areas, gradually forming a competitive international logistics channel to support and promote the development of other industries (Wang, 2014).

1.4.3. Promoting Global Sustainable Development

The subprime mortgage crisis seriously hindered world economic development. Although it has been a decade since the outbreak of the financial crisis, the negative influence still remains.

The current global economic recovery is still weak; the emerging powers are challenging the original international order; relations between the greater powers are moving towards uncertainty; and regional conflicts are intensifying. The international security situation has deteriorated; unstable factors constitute a threat to the development of various countries and even to the world. Although economic
globalization greatly promoted the development of social productivity, it also deepened the polarization of social wealth. Under this background, China proposed the B&R Initiative to advocate peaceful development, and to promote cooperation and mutual benefit, which will contribute to the development of the states along the route, and at global level (Li & Cui, 2015).

The B&R Initiative offers an opportunity for global development, especially for less developed countries and regions. The initiative may become a new driving force for world economic growth, and provide an impetus for global sustainable development (Bai, 2015). The B&R commits to developing the fields of infrastructures, economy and culture, to promoting regional prosperity, and reducing poverty, thus contributing to mitigate international security threats, which can be considered as a new scope of global governance (CCTV, 2017).
2. The Development of China-EU Relations in the Twenty-first Century

The advent of the 21st Century brought about new opportunities for bilateral political relations between China and the EU. From 1998 to 2008, the two sides built a constructive partnership. During those 10 years, China-EU relations were continuously rising. In 2001, the two sides established a comprehensive partnership agreement, which then became a comprehensive strategic partnership in 2003. There were frequent mutual visits between Chinese and EU leaders. The year of 2005 was labelled as China’s “European Year” (Guan, 2005). Since 2006, within the scope of the comprehensive strategic partnership, China-EU relations entered a period of competition and partnership. The EU began requesting that China take up more responsibilities, which gradually highlighted some instability factors in China-EU relations, and the friction between both sides increased.

In the beginning of 2002, the formal circulation of the Euro meant that the EU had accomplished its monetary integration, meaning that the overall economic strength of the EU has been enhanced. Meanwhile, the continuous development of China’s economy had created a growing political and economic impact on the region and the world. China’s foreign policy was becoming more active and constructive.

In September 2003 the European Commission introduced a policy document, “EU-China Relations: A Maturing Partnership”. The document reiterates five objectives of the EU policy towards China, reviews the implementation of the action plans of 1998 and 2001, and also formulates a strategy for the development of
EU-China relations in the following three years (European Commission, 2003). As a response, the Chinese Ministry of Foreign Affairs issued a document on October 13th, which was the first document issued in its history of foreign relations, namely, “China’s Policy Paper on the EU” publicly expressing, for the first time, China’s interests and goals in the relations between China and the EU (China Government, 2003). The European Union responded promptly on October 14th - through the President of the European Commission, Romano Prodi - saying that the “China’s Policy Paper on the EU would contribute to further strengthening the dialogue and cooperation between the EU and China,” also, he stated, “the EU would consider the proposals issued in the document” (People’s Daily, 2003).

The year of 2005 was the celebration of the 30th anniversary of the establishment of diplomatic relations between China and the EU. The positive affirmation of bilateral relations had reached its peak; the political leaders of both sides affirmed that the relations between China and the EU are at its best in history, and decided to establish a “Comprehensive Strategic Partnership”. However, at that time, uncoordinated voice began to emerge. The European Parliament adopted the Annual Report on Human Rights in the World for 2004 on April 28, 2005 (European Parliament, 2005b). The EU policy towards China on this matter was as follows: “Welcomes the fact that China is engaging with the EU in the human rights dialogue; asks Member State governments, the Commission and China to use this dialogue as a real opportunity to bring about changes in the internal policies of China, where major human rights concerns continue to exist, in particular concerning the use of the death penalty and the suppression of
freedom of association and religion; stresses that an increasingly positive trade relationship must be contingent on human rights reforms; is concerned at the recent reversal of EU policy by the Council in relation to the embargo on arms sales to China, and strongly recommends that the arms embargo remain intact until greater progress is made on human rights issues; calls for an official reassessment of the Tiananmen events\(^2\) by the Chinese authorities, the publication of the list of political prisoners and their unconditional release; notes with concern the treatment of people in Tibet and Xinjiang in the areas of the freedom of association and religion (European Parliament, 2005a).”

Actually, during the years of 2004 and 2005, the EU received much pressure from the USA when the EU prevaricated on lifting the arms embargo on China – in place since 1989 – which would soon be lifted, especially with the support of France and German. (In the Spring of 2004, French and German leaders noted publicly that the embargo was an anachronism and should be abandoned). The lifting of the arms export embargo on China gradually became a triangular political issue, leading to a trans-Atlantic debate. Washington threatened that the EU’s response to this issue would be seen as a test to its loyalty. The resulting internal dissension within the EU scuttled the lifting of the embargo, and instead intensified USA-EU joint consultations and intelligence sharing on China. (Barysch, Grant and Leonard, 2005, p. 13, 17; Godement, 2005).

\(^2\) In 1989, a wave of liberalization was launched in Chinese society. Liberalists promoting democracy and liberty; advancing of the anti-Communist Party of China and anti-socialist activities. A number of college students marched in protests in the capital city and in other cities. Some unscrupulous people took the opportunity to disturb the social order (such as by engaging in robbery, violence, destroying social property, committing arson), and the protests quickly developed into turmoil. In the end, the turmoil was suppressed by the Chinese government, which caused international opprobrium, and as a response, the EU put in place arms embargo on China.
Besides, the tendency for EU’s trade protectionism towards China was intensified. The EU does still not recognize China’s market economy status, and various trade disputes have been frequently exposed. For instance, in the summer of 2005, the ‘textile wars’ - also referred to as the ‘bra wars’ between the EU and China - have been blown out of proportion (White and Gow, 2005). According to The Agreement on Textiles and Clothing (ATC), after the ten-year transition period of ATC implementation, trade in textile and clothing products is no longer subject to quotas under a special regime outside normal WTO/GATT rules. Thus, all the restrictions ended on January 1 2005, and thus trade will continue under the general rules and disciplines embodied in the multilateral trading system (WTO, 1994), which means that as of January 1 2005, bilateral trade between both regions will automatically continue under the general rules and disciplines embodied in the multilateral trading system.

In 2005, the EU, responding to the high-growth of textile imports from China, called for a bilateral meeting, and the two sides engaged in consultations on the exports of certain Chinese textile and clothing products to the EU in Shanghai, China, and eventually concluded an agreement on June 10, 2005 (Cronin, 2005; European Commission, 2005). After the agreement was signed, about 80m items of Chinese-made clothes blocked at European ports were released. Stuart Newman, the FTA’s legal adviser, said: “The reason why we have a backlog is that the quota levels were set too low (before the Shanghai agreement).” The new agreement, brokered by EU trade commissioner Peter Mandelson, and his Chinese counterpart, Bo Xilai, was
achieved after more than 24 hours of tense negotiations in Beijing (White and Gow, 2005).

On October 24 2006, the European Commission issued a statement entitled, “Communication from the Commission to the Council and the European Parliament, EU-China: Closer Partners, Growing Responsibilities”, the EU’s sixth policy paper on China with an attached paper on trade issues entitled ‘Accompanying COM (2006) 631 Final: Closer Partners, Growing Responsibilities, A Policy Paper on EU-China Trade and Investment: Competition and Partnership’. This was the first policy document to China from the European Commission at that time. The document considered China one of the most important EU partners, and the rise of China was welcomed once again. It stated that a closer and stronger strategic partnership was in line with the interests of both the EU and China (European Commission, 2006a). In 2005, there was a trade friction between China and the EU, however, as Mandelson argued, far from being at war, China and Europe are building stronger ties as each other’s first or second trading partner (White and Gow, 2005). In the accompanying policy document, the EU confirmed the benefits of mutually open markets between China and the EU. In the meantime, the EU believed that the competition with China posed serious challenges to EU member states in some important manufacturing sectors. Both EU documents had requested China to learn more from European values and legal concepts, to respect the vested interests of the EU at global level. Meanwhile, it also demanded that China strengthen its protection of intellectual property, and pointed out that China should take up more responsibilities and expectations (European Commission, 2006b).
In 2007, the EU released the ‘China Strategy Paper, 2007-2013’. This document reviewed cooperation with China under the “Chinese National Guidance Outline” in 2002-2006, and introduced existing departmental dialogues and cooperation projects. It listed three main objectives for EU policies on China, aimed at providing support to China in the fields of the environment, climate issues, and human resources development, in which fields China and the EU established sectorial dialogues (EEAS, 2013).

Along with the relations between both sides achieving a more mature stage, there were also some unstable factors and frictions between China and the EU. In 2008, the Tibetan unrest incidents broke out. On March 14, protesters - some in monks’ robes and some yelling independence slogans - torched vehicles, attacked banks and offices, and used stones and knives against the police in Lhasa, and the unrest spread outside the region onto Chinese provinces neighbouring Tibet (The New York Times, 2008). The Chinese government eventually quelled the unrest and punished separatists and violence according to Chinese law, while the EU’s human rights report accused the Chinese government of torturing and mistreating prisoners. Some Media conducted vigorous propaganda on the Tibet issue, even resorting to false reports. Thus, the EU-China Summit conference was suspended in 2008.

Furthermore, the EU and the United States had signed a joint declaration denouncing issues on human rights violations in China. Later, the Olympic torch relay (Beijing 2008 Summer Olympics) was hindered in London and Paris. In the same year, in the beginning of December, the EU issued its “anti-dumping measures” towards
Under China’s outcry against, during the rotating presidency of the EU, French President Nicholas Sarkozy said that, as the French President and even within the rotating presidency of the EU he is free to meet the Dalai Lama, which conforms to his values and convictions (Zheng, 2010). This behaviour eventually led to the delay of the “11th EU-China summit”. At the end of 2008, the subprime crisis broke out in the United States and evolved into a global economic storm. That was a new turning point that emerged in the China-EU relations, when both had to confront this common crisis.

In 2009, China-EU relations were back on the right track after a turbulent year. Confronted with the great impact of the financial crisis, China and the EU leaders realized that the stalemate between China and EU was not in the interest of both sides. The incumbent Prime Minister of the China State Council, Wen Jiabao, visited Europe. In May of that same year both sides held the ‘11th China-EU Summit’ in Prague, Czech Republic. In the joint press communiqué issued after the meeting, the leaders of China and the EU pledged to fully implement the statement of the “G20 London Summit 2009”, resisting and opposing various forms of protectionism. After that, Mr Wen Jiabao visited Europe once again expressing China’s highest attention to the China-EU relations (Wu, 2009).

In November 2009, the 11th China-EU Summit, after several zigzags, was showing...
an unprecedented global strategic height, which was affirmed in a subsequent joint document stating that “in the context of the complex and changing international status, China-EU relations are increasingly transcending the bilateral scope and have international significance”. So far the responses to “climate change, financial crisis, energy and resource security, food security, environment and public health security, anti-terrorism”, as well as the “severe global challenges”, such as weapon of mass destruction, transnational organized crime, and major infectious diseases, serve as the direction for China-EU cooperation and as an impetus to further enhance the relations from bilateral to a global level (China Government, 2009). The strategic positioning of each other has been enhanced, and China and the EU strengthened their cooperation in regional and global governance.

It is a tricky bridge to build, and there is much suspicion and disbelief to overcome. In order to handle the phenomena of lagging behind social interaction and social communication between both sides, in 2012, the ‘14th China-EU Summit’ decided to establish a high-level dialogue mechanism between China and EU as the third pillar to be pursued, in parallel with the China-EU political and strategic dialogue and the high-level economic and trade forum. China and the EU announced the establishment of the “The EU-China Urbanisation Partnership” in 2012, focusing on promoting exchanges and cooperation in the field of urban sustainable development (European Commission, 2012; China Government, 2012a). Both sides held their first ‘High Level Meeting on Energy Security’ in May of 2012, agreed to strengthen exchanges of experience in the implementation of the energy strategy, to participate in global energy
governance, and to jointly build a safe, stable, economic, clean and diversified energy supply system (China Government, 2012b).

On the November 21th 2013, the Premier of the Chinese State Council, Li Keqiang, the President of the European Commission, José Manuel Durão Barroso, and the President of the European Council, Herman Van Rompuy, co-chaired the 16th China-EU Summit’ in the Great Hall of the People, a main location for political activities in Beijing. As a result, the two parties jointly issued the ‘EU-China 2020 Strategic Agenda for Cooperation’. This strategic agenda defines the common goals of China-EU cooperation in the fields of peace and security, prosperity, sustainable development, and people to people exchanges. It outlined the promotion of further development of the China-EU comprehensive strategic partnership in the ensuing years. (EU-China 2020 Strategic Agenda for Cooperation, 2013, p.3-16). The ‘EU-China 2020 Strategic Agenda for Cooperation’ became a programmatic document to integrate the development strategy of both sides. The agenda covers 13 areas of cooperation in the field of peace and security4, 28 areas of economic and

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4 Cooperation in the field of peace and security: 1. Consult fully and effectively on major bilateral, regional and international issues of mutual concern. 2. Strengthen dialogue and communication on international and regional issues with major implications at global level. 3. Reinforce cooperation in all relevant trans-regional and regional fora. 4. Reinforce cooperation in multilateral fora. 5. Strengthen coordination and cooperation, working for just, reasonable, and effective rules in key fields. 6. Reinforce cooperation on promoting nuclear security. 7. Support and promote the establishment of a peaceful, secure, resilient and open cyber space, promoting mutual trust and cooperation through such platforms as the EU-China Cyber Taskforce. 8. Deepen exchanges on human rights at bilateral and international level on the basis of equality and mutual respect. 9. Strengthen EU-China cooperation under the framework of the United Nations Convention against Transnational Organized Crime, and the United Nations Convention against Corruption. 10. Hold regular dialogue meetings on defense and security policy, increase training exchanges, and gradually raise the level of EU-China dialogue and cooperation on defense and security, advancing towards more practical cooperation. 11. Continue the existing cooperation on maritime security, including on counter-piracy, and conduct joint counter-piracy exercises. 12. Develop joint activities to promote maritime safety and security; share expertise related to relevant international law; develop exchanges on the Artic, including joint research projects. 13. Intensify cooperation with a view to promoting and facilitating the delivery of humanitarian aid. (European Commission, 2013)
trade cooperation, as well as cooperation in trade and investment, industry and information, agriculture, transportation, and infrastructure. And also in science and technology innovation, energy and towns, and in the field of sustainable development. There are 39 areas of cooperation in 10 different aspects, as well as two major projects, and 10 cooperation projects in human communication. In addition, China and the EU also strengthened exchanges and cooperation on the cyber space and on the existing platforms, such as the China-EU Cyber Taskforce. Moreover, the agenda achieved consensus on cooperation in the carbon emissions trading system, and on resuming cooperation in spatial science and technology (China State Council, 2013), which marks the highest achievement in the China-EU strategy.

From March 22 to April 1, 2014, the current Chinese leader, Xi Jinping attended the third “Nuclear Security Summit” in The Hague, Holland. Later, he made a state visit to four European Union member states, namely to the Netherlands, France, Germany, and Belgium, and also visited the headquarters of UNESCO and the headquarters of the European Union. The visit established a new status in bilateral political relations (China Embassy, 2014). Mr Xi’s visit to the European Union headquarters was the first visit ever made by a Chinese leader. Subsequently, China and the EU jointly issued the ‘Joint Statement on Deepening the EU-China Comprehensive Strategic Partnership for Mutual Benefit’, which expressed the desire to establish a new era of stable and healthy development of political relations between China and the EU, and to establish peace, growth, reform, and civilization as the four main partnerships (Zhang, 2014). On the March 31st, 2013, Xi Jinping stated that China and the EU are the “two major forces,
two major markets and two major civilizations” in the world, during the meeting with European Council President Herman Van Rompuy. During the visit to the EU headquarters in March 2014, Mr Xi Jinping proposed as “precepts for China-EU relations from a strategic perspective, to combine the two major forces, the two major markets, and the two major civilizations to jointly develop partnerships for peace, growth, reform and civilization, pointing the strategic direction for China-EU relations and contributing towards world development and prosperity” (Xinhua net, 2014; European Council, 2014). In the subsequent official documents issued by China, the ‘Four Partnerships’ were explained in detail, and for the first time China-EU relations have been clearly defined as “an integral part of China’s efforts to build long-term, steady and healthy relations with major powers, and a priority for its foreign policy,” and that “the Chinese government places high importance on the status and role of the EU” (China Government, 2014a, p. 3). In the context of a constantly changing international security landscape, it is significant for China and the EU to strengthen dialogue and cooperation in the security field. China and the EU unanimously agree to further enhance China-EU dialogue and cooperation on national security and defence. As one of the achievements of Mr Xi’s state visit, the ‘EU-China dialogue and cooperation on defence and security meeting’ was held in October 2014, and high-level exchanges were conducted. Security dialogue, personnel training, international peacekeeping, maritime escort, and promotion of peace and security in Africa became the main topics of common concern (European Commission, 2014).

The B&R Initiative became integrated into the EU’s development strategy
(European Commission, 2015; Ministry of Commerce of China, 2014). In the context of the B&R Initiative and the *Investment Plan for Europe* (‘Junker Plan’), China and the EU promoted three main coupling points according to the 17th China-EU Summit in 2015, namely between initiatives launched by the EU and China. The B&R Initiative is in line with the European development strategy, China’s global cooperation on production capacity is in line with the EU’s Investment Plan for Europe, and the “16+1 framework” with Central and Eastern European countries is in direct contact with China-EU cooperation. In addition, in that same year, in the arduous negotiations to reach the Paris Agreement there were important contributions made by both China and the EU (China Ministry of Foreign Affairs, 2015).

### 2.1. Implementation Issues of China-EU Relations

Since the beginning of the 21st Century, China and the EU aimed at promoting healthy, stable bilateral relations. China-EU relations evolved from a strategic partnership to a comprehensive strategic partnership, which demonstrates a positive trend in China-EU relations. However, there are still several friction points and instability factors that remain in China-EU relations, and that have a deep impact on China-EU relations. This chapter will focus on these issues, with the intention of highlighting the five main impediments on China-EU relations, in order to further understand China-EU relations.
2.2.1. Value Discrepancies between China and the EU

As far as its political system, China is a *communist* state, which is essentially different from the *capitalist* states of the EU. The existing differences in terms of culture, values and ideology had created an intrinsic mutually recognised gap, barriers, and even frictions in bilateral relations. In details, there are still tensions between the EU and China regarding each other’s perceptions on norms and values. Underlying the EU’s engagement has been an emphasis on civil society and human security, which contrasts with China’s preference for regime stability and state-centric security concepts (Chiasy and Zhou, 2017, p.47).

For instance, human rights issues have been repeatedly criticized by the EU in various ways, which have been influenced by the different ideologies to a considerable extent. The EU merely makes it estimates based on its own concept of values, in order to make criticisms on Chinese human rights issues, although China holds a different opinion on these issues (Ren, 2008, p. 89-90). Besides, the existing national conditions in China are greatly different from those of EU member states. China is a unified multi-ethnic state. Its territorial extension ranks second in the world, and is the world’s most populous country, with a population of around 1.404 billion (UN, 2017, p. 18). There are 56 ethnic groups in China, with many different religions and cultural traditions among the different ethnic groups. Within these groups, there are Chinese followers of the three main religions in the world, namely Christianity, Islam and Buddhism, plus of other minority religions as well, which is totally different from the
national contexts of EU member states.

2.2.2. Internal Differences Between EU Member States

As a result of the continuous progress in European integration, as of January 1st 2018, the number of EU member states is presently 28. Although the Brexit procedure began on March 29 2017, the UK is still a EU member state as of March 29 2019. The overall strength of the EU has been growing as the number of members grows. However, with the expansion of the EU, due to the existing differences in history, traditional culture, and level of economic development, the contradictions in terms of interests among member states have also become increasingly prominent. Driven by each one’s own interests, their respective positions on some issues are inevitably divergent, which limits the functioning of the Common Foreign and Security Policy (CFSP).

The “arms embargo” policy on China was agreed in 1989, although, in actuality, “the European Union had no common position on what items were covered under the expression ‘arms embargo’. Therefore, it was up to individual member states to interpret the embargo within the context of their national laws, regulations and decision making processes” (SIPRI, 1997). There was a possibility of lifting the arms ban in 2005 (Financial Times, 2005), but the “arms embargo” is still existing until now, and is one of the main issues causing internal disagreements between EU member states. Whether to lift the “arms embargo” on China is a controversial issue for EU member states, as both active support and strong opposition to lifting the “arms embargo”
coexist (Cendrowiz, 2012). According to the provisions of the European Union on diplomatic and security affairs, lifting of the “arms embargo” on China has to be agreed upon by all member states, and to be approved by all member states, which has caused the failure of lifting the “arms embargo.”

Regarding whether to acknowledge China’s Market Economy Status (MES), there are differences among EU member states on their positions, caused by the different requirements imposed by different industries on this issue. Each EU member state puts particular emphasis on certain industries, and therefore it is difficult for the EU to reach a consensus on this issue (Steinbock, 2016).

The decisions of the EU on many issues in China-EU relations largely depend on the position of all member states, thus the internal divisions among EU member states constitute a negative impact on China-EU relations.

2.2.3. The American Interference Factor

The alliance formed between the EU and the United States since the Cold War, namely NATO (the North Atlantic Treaty Organization) – known as “the American defensive “umbrella” – provided an easy defence and security solution for Europe, but it also left it without the ability to take autonomous military actions (Demetriou, 2016, p. 4).”

As stated in the “Summary of the 2018 national defence strategy of The United States of America”: 
“Fortify the Trans-Atlantic NATO Alliance. A strong and free Europe, bound by shared principles of democracy, national sovereignty, and commitment to Article 5 of the North Atlantic Treaty is vital to our security. The alliance will deter Russian adventurism, defeat terrorists who seek to murder innocents, and address the arc of instability building on NATO’s periphery. At the same time, NATO must adapt to remain relevant and fit for our time – in purpose, capability, and responsive decision-making. We expect European allies to fulfil their commitments to increase defence and modernization spending to bolster the alliance in the face of our shared security concerns (U.S. Department of Defense, 2018, p. 9).”

Although the EU and the US have points of disagreement, as mentioned above, the U.S. requires European allies to “increase defence and modernization spending.” The other issue of disagreement relates to each area’s response to Climate Change. Due to “the Presidential decree that the Paris Climate Accord “demeaned” American sovereignty and unfairly burdened the U.S. economy. The United States was saying goodbye [to the Paris Agreement]” (Palmer, 2017). And therefore the Trump administration withdrew from the Paris Agreement. On the EU side, certainly, considering the EU’s leadership in global governance, it covered the issue of Climate Change. For instance, “Donald Tusk, the President of the European Council, described Trump’s withdrawal from the Paris pact as a big mistake, but said the fight against climate change would continue with or without the US” (Boffey, Connolly & Asthana, 2017).
However, the existing differences did not have any major impact on the US-EU alliance. The EU and the US still maintain a relationship of solid allies, which demonstrates that their common interests far outweigh their differences. In addition, in response to Climate Change, China has the same aspirations as the European Union. Furthermore, Chinese Prime Minister, Li Keqiang, told reporters that “China believed in abiding by international rules. There have been changes in the international situation and there have been rising uncertainties and destabilising factors, and in such circumstances it is important for China-EU relations to become more stable (Boffey, Connolly & Asthana, 2017).”

As far as China–United States relations, the United States is still the first superpower in the world. China has risen to the second largest economy in the world, and its comprehensive national strength continues to increase, and both nations play an important role in world peace and development, with frequent contacts and close co-operation that continued throughout recent years in bilateral economic and trade relations, with a wide range of common interests (Ye, 2015, p. 222-227). However, China was described as a strategic competitor in the “Summary of the 2018 National Defense Strategy of the United States of America”:

“Long-term strategic competitions with China and Russia are the principal priorities for the Department, and require both increased and sustained investment, because of the magnitude of the threats they pose to U.S. security and prosperity today, and the potential for those threats to increase in the future.” (U.S. Department of Defense, 2018, p. 2).”
In the same year, in March 22, US President Donald John Trump signed the “Presidential Memorandum on the Actions by the United States Related to the Section 301 Investigation”, under which the US conducted a unilateral investigation on trade with China. The investigation involves 60 billion US dollars (Trump, 2018). The Chinese side stated that the US unilateral tariff survey violates the spirit of the WTO. Chinese Foreign Ministry Spokesperson Hua Chunying said that, “as to the Section 301 investigation, we do not hope to have a trade war with anyone, but we are never afraid of it. We have the confidence and capability to cope with any challenge. We hope the US will take cautious decisions and avoid placing China-US trade relations in danger” (Hua, 2018).

Furthermore, the US Congress passed the “Taiwan Travel Act,” which caused strong dissatisfaction in China (Zhou, 2018). The Taiwan issue is a legacy issue from the Cold War. Taiwan was part of China. During the period between 1927 and 1949, there were two civil wars in China, the first for ten years, and the second for four years. One of the consequences of the final war was that the defeated KMT (Kuomintang, is a major capitalist political party in Taiwan) retreated and dominated Taiwan, and this opposition between China and Taiwan still exists until nowadays. Thus, the “Taiwan Travel Act” was a cause of tension between China and the United States. Comparing the relations between China, the EU and the United States, EU-US relations are most intimate and stable. The firmness of EU-US relations is incomparable to China-EU relations. As a consequence, the US has had a long-term major impact on China-EU relations.
Returning to the issue of the EU arms embargo on China, as mentioned before, apart from internal disagreements among EU member states, there is also the involvement of the US. In 2005, while the EU was beginning to consider to lift the arms embargo on China, in April that same year, US Deputy Secretary of State Robert B. Zoellick visited the EU, and said that lifting the EU arms embargo on China was not conducive to the interests of the US. Then in June, Lockheed Martin, one of the largest US arms giants, threatened the EU that if it would lift the ban, the United States would interrupt several military cooperation projects with the European Union (Zhang, 2007, p. 112). Also, “given that 19 EU member states are also NATO allies, this could worsen US-European tensions within the alliance” (US Department of Defense, 2018, p.26). In the end, the EU arms embargo on China failed to be lifted, and the American interference factor cannot be ignored in that outcome. The US became a strong external force opposing the lifting of the ban, which led to the failure of lifting the EU arms embargo on China.

2.2.4. The EU Lacks Trust in China

From a long-term perspective, the existing issues and frictions between China and the EU have constituted a negative impact on the development of China-EU relations. Such as for instance the human rights issue, the MES, as well as the EU arms embargo on China, all still remain as and are negative aspects on China-EU relations. That is, the existence of these issues has led to EU’s distrust on China, or has had implications on the EU’s distrust on China. In recent years, the achievements of China’s economic and
social development have significantly improved its hard power and soft power, which have changed the original gap between China and the EU. As China has become increasingly active on the international stage, the EU has become full of doubts as to whether China can rise peacefully as a world power, as it asserts. Whether the rise of China constitutes an actual “threat” to the EU is an on-going debate. On the one hand, the actual concerns stem from four main aspects:

1. Militarily, the development of China’s armament is unprecedented. Chinese military spending keeps increasing, and the military power of China is greatly enhanced.

2. Economically, China is accused of its lack of intellectual property rights and increasing deterioration of environmental issues.

3. The influence of China’s economic power in the world has increased and arisen many problems. Such as China’s presence in Africa, being criticized as neo-colonialism; China is America's biggest foreign creditor; and in Europe, various acquisitions and investments made by China are criticized as “colonization by stealth”.

4. China has been considered as a direct threat to European and US hopes of spreading democratic values (Debating Europe, 2012).

On the other hand, there are also positive facts stemming from four other main aspects:

1. China is an “engine of the world economy.” Its economic achievements
have contributed to keep the world economy afloat, and Chinese spending power has greatly increased as well. China’s rise offers boundless opportunities to the rest of the world.

2. The existence of China is a force for stability in the world.

3. The rise of China tends to lead to a multi-polar world.

4. In turn, if there is no rise of China, that is, if China is fragile and poor, the “China threat” will become a serious issue for this world. If China’s growth were to grind to a halt, sparking social unrest among its 1.3 billion people, the world might really have something to fear (Debating Europe, 2012).

Although China and the EU established a comprehensive strategic partnership as early as 2003, bilateral economic and trade cooperation has only made great progress in recent years. “China is the EU’s biggest source of imports and its second-biggest export market. China and Europe trade on average over €1 billion a day” (European Commission, 2018a). China and the EU have established a number of consultation mechanisms; frequent interactions in official and unofficial fora; bilateral relations had a sustained development, however, political mutual trust between China and the EU does not keep up with the development of economic relations. In the field of EU investment in China, there is the Chinese domestic environment issue, which China still needs to improve further. Furthermore, the EU also has concerns about the rapid expansion of China’s investment in Europe, “Europe is pushing for more stringent vetting of foreign investments, with an eye on Beijing” (Alderman, 2018). Also, the
European Commission has been taking decisions to extend its anti-dumping measures on Chinese steel products (European Commission, 2018c).

In terms of practical policies, the governments of EU member states have strengthened their economic cooperation with China. However, EU institutions and public opinion play a balancing role. Strengthening cooperation with China in the economic and trade fields to get rid of the crisis has gradually become the mainstream practice in the development of relations between EU member states and China. Nonetheless, the cognitive orientation of EU member states towards China still remains an unresolved issue, oscillating between “challengers” and “partner.” In particular, European interest groups and public opinion on China are more negative and alarming.

On the one hand, in order to maintain an international strategic balance, the EU expects that China should be strong, but on the other hand, the EU might not appreciate the rapid rise of China, as it is concerned that the growing power of China will place the EU at a disadvantage in strategic competition, and even pose a threat to EU member states. The prominent criticism on China on the existing ‘16+1 cooperation framework’ (further discussed in Chapter 3), that includes China and 16 Central and Eastern European (CEE) countries (newer, poorer members, Fig.3) – and although China’s position has been of consistently supporting the integration of Europe – is that this framework is criticized for splitting Europe (Kynge & Peel, 2017). As mentioned before, when confronting issues related to China, EU member States form internal division groups, and therefore, China’s diplomacy with the EU has also established cooperation with different member states and on different subjects - the ‘16+1
cooperation framework’ is one of such examples.

Fig.3: China’s 16+1 grouping built around EU’s newer, poorer members

(Source: https://www.ft.com/content/16abbf2a-cf9b-11e7-9dbb-291a884dd8c6)
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<td>1998 1st EU-China summit</td>
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<td>1999 PT returns Macau 2001 Council paper downplaying HR (EU-China)</td>
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(Source: https://www.cairn.info/revue-politique-europeenne-2013-1-page-158.htm)
3. The Role of EU in the B&R Initiative

Europe is a critical region in the B&R Initiative. As mentioned in the ‘Vision and Action,’ ‘the Belt and Road runs through the continents of Asia, Europe and Africa, connecting the vibrant East Asia economic circle as one terminal, developing the European economic circle as the other terminal, and the surrounding countries have a huge potential possibility for economic development’ (National Development and Reform Commission et al., 2015).

There are two main relevant lines for China and Europe regarding the B&R construction. First, the main link is a ‘New Eurasian Land Bridge’, the railway-based transport corridor. The train lines start in different regions in China, and the trains reach London and Madrid, which are the southernmost terminals in Europe. The second is the connection between the coastal cities in South-eastern China and the main coastal cities in Europe, namely the terminal is the port of Piraeus in Greece. Therefore, the B&R involves a wide range of states in the European region, including Central and Eastern Europe, as well as Western Europe.

Europe is the one of the terminal destinations of the B&R route. The projects under the B&R framework require extensive participation by the European region. In the final round of negotiations and examination of the B&R projects the EU is in charge of the region of EU member states, and therefore, the EU plays a crucial role in the implementation of the B&R.

According to the evaluation made by the EU, China is presently the EU’s
second-biggest trading partner, just behind the United States (European Commission, 2017). From 2004 to 2017, the EU remained as China’s largest trading partner. By the end of 2015, China had established 2,300 enterprises in the EU through direct investment, covering all 28 EU member states and employing nearly 90,000 local employees (Ministry of Commerce of China, 2015, p. 7). There is no doubt that comprehensive and in-depth cooperation between both major economies will bring a new vitality to global economic development.

In order to alleviate the pressure of the European debt crisis, EU member states are looking for a way to get out of the financial crisis, and to revitalize the economy. Both, the more developed Western European states and the less developed Central and Eastern European states are in urgent need of funds and of other economic resources to advance their development projects and to revitalize their economies. On the other hand, the broad market space in Europe under the B&R will help repair the issues of overcapacity and economic structural upgrading in China.

Undoubtedly, the response and attitude of the EU to the B&R Initiative is a major factor affecting the implementation of the B&R in Europe.

In the beginning, when the B&R was proposed, there were diverging voices from the international community. As one of the terminals of the B&R, and since it is a region with significant international influence, the EU’s perception and practical response to the B&R will greatly affect the opinions of other states on the initiative, as well as that of the international community.

Furthermore, European countries can cooperate with China in the markets outside
the EU and outside China, which will greatly promote mutual cooperation under the B&R. Overall, there is an obvious development gap among the countries along the B&R framework. As the origin and the destination points of the B&R, China and Europe are relatively stable regions, with a relatively high degree of economic development. However, in the regions along the B&R route, the overall degree of economic and technological development is relatively low, and there are many complex social issues.

On the other hand, there are different development advantages between European countries and China. China’s main advantages lie in labour, capital and a powerful state apparatus. It has shown its unique advantages in mobilizing resources from various national sectors, in order to concentrate them on major events, and in promoting economic growth and maintaining social stability. The EU is a normative power with economic strength, very advanced in science and technology, as well as in management concepts. Actually, there are no direct geopolitical conflicts between China and the EU. There are certain differences in terms of interests, but there is still much common ground for pragmatic cooperation (Song, 2014).

3.1. The Interactions Between China and the EU Since the B&R has been Proposed

China defined the concept of the B&R Initiative in its ‘Vision and Action’, but the perception of the EU on the B&R is a crucial factor affecting its implementation,
especially in the European region. In order to understand the impact of B&R on China-EU relations, we need to know the perception gap between the EU and China on the B&R Initiative, and also to observe the practical responses and actions that have come up in the European region.

There is has been a changing process in the EU’s response to the B&R Initiative. Based on a number of phenomena and data analysis, including observations of intergovernmental interactions, academic evaluations, and public opinion, EU’s response to the B&R Initiative can be broadly divided into three stages:

In the first stage, from 2013 to the beginning of 2014, there were very few reactions from European countries to the B&R Initiative; then, from 2014 to mid-2015, a few European countries began to respond to the B&R, and project-based cooperation between China and European countries gradually began, and by the end of 2015, various projects under the B&R had been implemented in European countries. So we will consider the mid of 2015 until the present as the third stage, as for instance in 2018, the strategic document issued by the EU repeatedly mentioned strategic cooperation with China in the field of Eurasia connectivity. Furthermore, China has been mentioned more frequently than Japan, India, and ASEAN in this document (European Commission, 2018).

The first stage refers to September 2013 to March 2014. By the end of 2013, the B&R Initiative launched by China had attracted a certain degree of attention within the international community. However, as observed, after the B&R was proposed, six months later, European countries still maintained doubts about the B&R. Both sides
had hardly any interaction related to the B&R Initiative.

For instance, let us look at international conferences. In the end of 2013, the ‘16th EU-China Submit’ was held in Beijing, nevertheless, the B&R Initiative was excluded from the agenda of this conference, as well as from both sides’ jointly issued document ‘EU-China 2020 Strategic Agenda for Cooperation’. Also, in public opinion, in research studies or in the literature, references to the B&R coming from European countries were very scarce. Throughout all relevant literature and comments, the B&R was mostly linked to the Asian Infrastructure Investment Bank and to the Shanghai Cooperation Organization, which were regarded as just another one of a series of current Chinese foreign policy initiatives in the field of international cooperation. So the B&R had not been emphasized or highlighted anywhere.

The following three reasons may help explain this phenomenon: the first is that in the beginning, in the initial proposal of the B&R Initiative, the Chinese government did not define the role of Europe. As the initiator of the B&R Initiative, China did not clarify or offer a clear signal to the EU, which is one of the main reasons why European countries were initially indifferent towards the B&R Initiative. The second, in this stage, was that the concept of the B&R has just been put forward. So European countries were not clear about various elements of the B&R, such as its potential for development, its strategic positioning, etc. Therefore, they maintained a cautious attitude. The third, we believe, is connected to the fact that the interests of the various EU member states are not uniform. Therefore, it was difficult for Europe as a whole to come up with a prompt and precise response to the B&R Initiative.
The second stage refers to the developments between March 2014 and June 2015. During this period, several European countries began to respond positively to the B&R Initiative, with Central and Eastern European countries being the main force. In the beginning of 2014, it is remarkable that Chinese Vice Foreign Minister Zhang Yesui said that “the B&R will be the two wings that will keep revitalizing Asia as a whole, and contribute to connecting the various regions of Central Asia, South Asia, Southeast Asia, West Asia to part of the European region” (Li, 2014). Thus this statement confirmed the strategic position of the European region within the B&R Initiative.

The possible reasons for this transition are as follows: Firstly, during this period, under the context of the economic crisis, Central and Eastern European countries were in need of infrastructures, investment, and trade. Thus, cooperation with China under the B&R became an important path for most Central and Eastern European countries, in order to develop their economies and overcome the impact of the European debt crisis. In the construction of the B&R, the role of Central and Eastern Europe comes up not only as a logistics channel to connect to the traditional core European region, but also as an increasingly important investment and consumer market (Long, 2016, p. 119). Secondly, after 2012, under the annual meeting of the ‘16+1 framework,’ it continued to develop the interconnection between Central and Eastern European countries and China, which caused a positive impact on bilateral cooperation in this region.

However, during this phase, China-EU cooperation under the B&R still maintained various negative issues. The first, among the countries that had responded positively, several doubts still remained on the specific implementation policy of the
B&R Initiative. For instance, in case of Slovakia, the government was concerned whether China would want to include Slovakia in the framework of the B&R Initiative, and it was also unclear about how to accept such cooperation, what would be the specific projects, and when Slovakia could initiate such cooperation with China (Pleschová, 2016, p. 53-55). Countries had seen the huge potential benefits of the B&R, but there were still doubts related to the relatively scarce information that still existed on the B&R, such as on specific projects, on its actual implementation, and on the material approach.

In fact, the perception on the B&R Initiative by EU member states is based on the official document issued by Chinese government. However, the content of the document is a broad narrative lacking the valuable information channel and the specific targets or projects. Furthermore, most EU member states kept doubts in regards to the actual motivation behind the B&R. As Nadège Rolland argued, the B&R was coming forward with a thick political colour, as it was committed to improving China’s influence in regional affairs and to ensuring China’s leading position in the world order. “The infrastructure diplomacy initiated by Beijing also has a critical strategic motivation (...) its grid across the Eurasian continent opens an array of new economic and strategic possibilities (...) that could further intensify intra-European divergences over Asia policy, cause deep differences between the United States and its European allies, and sharpen commercial rivalries” (Rolland, 2015). Milomir Stepić, from the institute for political studies of Serbia, and Ivan Zarić, from the Ministry of Defence of Serbia, argued that China’s strategy on the B&R may conflict with the geopolitical
strategies of powers such as the US, Russia, the EU, and even India (Stepić and Zarić, 2016, p. 447-464).

Some scholars believe that the implementation of the B&R in Central and Eastern Europe is *splitting Europe*. “While there are undoubtedly great economic opportunities, China’s Belt and Road Initiative – and its corollary of growing Sino-European monetary ties – also presents the EU with a major political challenge. Here is the risk, in fact, that a scramble for Chinese money could further divide EU member states and make it more difficult for Brussels to fashion a common position *vis-à-vis* Beijing. Furthermore, China’s economic penetration into Europe may lead to a populist backlash and the fate of the port of Piraeus could be the first of such cases” (Casarini, 2015, p. 9). Moreover, “this could reinforce the idea of a ‘two-track’ Europe-China diplomacy in which individual countries and (sub)regions come before the (European) Union” (Vangeli, 2015, p. 25). Europe does not have a unified and consistent attitude, with some considering the B&R Initiative as an unprecedented opportunity, while others see it as a threat and insist that the B&R Initiative will cause internal divisions in the EU and undermine the unity of the EU. Critics argue that it lacks transparency and does not conform to the norms of the EU.

To sum up, these arguments are mainly concerned with existing political risks in the implementation of the B&R Initiative in Europe. We observed that several European countries – especially Central and East European countries – began to respond positively to the B&R Initiative. Meanwhile, several other European countries had made a negative assessment of China’s B&R Initiative, and had doubts and
criticisms on the motivations behind it.

The third stage refers to the period from June 2015 up to the present. Generally, from the EU level and from individual European countries, Europe begun to offer a more comprehensive response to the B&R Initiative during this phase.

In the beginning of 2015, first the UK announced its participation in the Asian Infrastructure Investment Bank, and became one of its founding member states (HM Treasury and Osborne, 2015). The AIIB is a crucial financial component for the B&R in terms of Asian infrastructure, and is the property of a governmental multilateral financial institution.

Since then, European countries announced their accession successively. So far, as of October 8th 2018, there were 87 member states in the AIIB (AIIB, 2018a), including 16 EU member states, and 3 non-EU member states in Europe5 (AIIB, 2018b). In addition, the China-EU Summit Joint Statement in 2015 stated that “the EU looked forward to co-operating with the AIIB in the future” (European Commission, 2015).

The Joint Statements from the annual EU-China Summits issued from 2015 to 2018 demonstrated that the EU’s perception on the B&R had changed. For instance, “leaders decided to support synergies between these Initiatives (the ‘Investment Plan for Europe’ and ‘The B&R Initiative’), and directed the EU-China High-Level Economic and Trade Dialogue in September to develop practical avenues for mutually beneficial co-operation, including through a possible China-EU co-investment vehicle”

5 So far, as of October 8th 2018, the AIIB EU member states are Austria, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Luxemburg, Malta, Netherland, Poland, Portugal, Spain, Sweden and the UK. Iceland, Norway and Switzerland are AIIB non-EU member states in the European region.
(European Council, 2015), which included for the first time the B&R Initiative in a bilateral official statement. This was stated in the 17th EU-China Summit joint statement issued on June 29 2015. Then on the July 17 2018, the Joint Statement from the 20th EU-China Summit stated that, “the two sides will continue to forge synergies between the initiatives of China and the EU, including the EU Investment Plan and extended Trans-European Transport Networks, and to promote cooperation in hardware and software connectivity through interoperable maritime, land and air transport, energy and digital networks. The two sides stressed that this cooperation should improve the economic, social, fiscal, financial and environmental sustainability of Europe-Asia connectivity. Such cooperation should abide by the shared principles of market rules, transparency, open procurement and a level playing field for all investors, and comply with established international norms and standards, respective international obligations, as well as the law of the countries benefitting from the projects, while taking into account their policies and individual situations” (European Council, 2018). The issuance of this joint statement confirmed to intention of EU-China cooperation by the EU on the B&R Initiative.

Subsequently, the intentions for cooperation by individual EU member states increased, and the cooperation between both sides spread at various levels and fields. (Further details in the following item 3.2). In addition, in the last Connecting Europe and Asia - Building blocks for an EU Strategy by the European Commission issued on September 19 2018, China was mentioned four times, which was more than other regional powers, such as Japan, India and Russia. This clearly demonstrates that the EU
recognizes the role of China in Asian regional affairs. Furthermore, the document highly confirmed the significance of the Eurasian connectivity, and its role in driving Eurasian economic growth, which conform to the target of the B&R Initiative in the infrastructure field (European Commission, 2018b).

During this phase, the valuation, perception, and reaction of the European region tend to be increasingly positive in terms of response to the B&R Initiative, which considers the B&R as mainly a vehicle for promoting economic and trade cooperation with countries along the route by fostering the interconnection with involved countries (Wang, Picciau, 2018, p. 30). With the development of cooperative projects in the European region, the B&R is being considered as a project that attaches importance to economic interests. In terms of the cognition of “what is the B&R Initiative”, it gives emphasis to the fields of infrastructures, investment, trade, and economic development. However, criticisms still remain. For instance Jonathan Holslag argued that China is shifting from defensive mercantilism, which aims to protect the homeland market, towards offensive mercantilism, as it seeks to gain market shares abroad (Holslag, 2017, p. 46). The perception shifted from a geopolitical perspective to that of China’s internal demands (Gu, 2015). From the perspective of China’s internal demands, the B&R comes mainly as a solution to its domestic overcapacity, it aims to enhance return on investment, and contributes towards stable economic development, which is a long-term target to revitalize the Chinese economy with consumption as the leading factor (Lo, 2015). More importantly, as Fina argued, the new stage of forged synergies between China and the EU on the B&R is not only on traditional economic and trade
exchanges but also, in building a platform for cooperative development and resource integration, while benefiting both China and the EU. Furthermore, it will actively explore third-party markets and act as a catalyst to spread the radiation (Fina, 2015).

Through data analysis and economic calculations, Alicia Garcia Herrero and Jianwei Xu, from ‘Bruegel’ (the Brussels-based economic think tank), made an analysis to the trade advantages that the B&R will bring to the EU. They argued that the “results indicate that the reductions in transportation costs from the Belt and Road Initiative should benefit the vast majority of EU countries, especially landlocked countries (…) the EU, [being] the biggest winner from the reduction in transportation costs” (Herrero and Xu, 2016, p. 2, 9, 11). Besides, various European scholars believe that the B&R will contribute to the economic development, and therefore, to benefiting European regional prosperity and stability. For instance, Verlare and Putten argued that “the European Union faces great challenges when it comes to stabilizing its own neighbourhood and it should, therefore, welcome the opportunity to strengthen its security role in these regions. Engaging with China’s ‘Belt’ and ‘Road’ Initiative would serve the dual purpose of keeping a close eye on China’s growing influence, while simultaneously cooperating towards greater regional stability” (Verlare and Putten, 2015, p. 5, 6). The B&R is thus seen as an opportunity to strengthen the EU-China relations, not only in terms of trade and economic exchanges (Hard Connection) but also in terms of Soft Connections, by reducing the cultural distance in order to establish a strong strategic partnership based on mutual understanding (Picciau, 2016, p. 2).

The ‘Belt and Road Initiative’ has been receiving increased support and
recognition by the European region, as cooperation and interconnection of trade between China and the EU under the Belt and Road Initiative is in the interest of European countries. The B&R may contribute to the reconfiguration of international institutions and towards the emergence of a more multi-polar global order, as some scholars have argued. “We are now witnessing the reconfiguration of multilateral and international institutions, as well as the emergence of a more multi-polar global order that precisely expresses itself and draws from concrete projects like OBOR (One Belt One Road)” (Wang, Joël, Xavier, 2017, p. 14). In addition, in the latest observation by Grzegorz Stec from the European Institution for Asian Studies, he argues that “indeed, the initiative has constantly been in flux since first being introduced (...) due to the nature of Chinese foreign policy, we should see the BRI as a process rather than a defined strategy or a clear vision. The BRI progresses through an evolutionary process” (Stec, 2018).

During this phase, Europe has attached increasing importance to the B&R Initiative, which has gradually caused a positive response within this region. From the initial suspicion and criticism up the present position, we believe that there are three main reasons for this transition: firstly, the European economy is in urgent need of recovery after the debt crisis. With the development of the projects under the B&R Initiative - and as European countries have seen that the B&R Initiative is not an empty shell - it can bring tangible benefits to this region, which is the most crucial reason. Secondly, the Chinese government made a great effort for promoting the synergies between the B&R Initiative and the European regional development strategy, as well as
in active interactions at the various levels of diplomacy. As mentioned before, Chinese leaders have paid frequent visits to Europe in recent years. Chinese President, Premier of the State Council, and other senior officers have frequently visited European countries, participated in various major conferences in China and Europe, vigorously promoted the B&R initiative in various international fora, and committed to the implementation of concrete projects. This series of actions effectively increased the positive perception on the B&R Initiative within the European region. Thirdly, the success of the B&R Initiative in other regions, such as Central Asia, West Asia, and in Central and Eastern Europe, has produced benefits that enabled European countries to understand the opportunities of the B&R Initiative.

Many scholars and EU member governments regard that China’s huge investments in infrastructure, real estate, and other industries, as well at the Chinese tourism consumption in the European region, reflect the transformations that are happening in China and in the European economic status, to a certain extent. Which many regard as a decline in Europe’s opposition to the rise of China, and that this is part of the complex system of China-EU interaction, and not simply the Chinese capital flow that is going to Europe (Chen and Julia, 2015, p. 5-12). Indeed, China’s economic, financial, and military strength has dramatically increased, while China still faces multiple and complex challenges at internal level. Meanwhile, China is attaching increasing importance to external affairs and to its influence on the outside world. In addition, Chinese General Secretary Xi showed his preference for an approach of ‘pushing towards the bottom-line without breaking it’, undertaking a substantial
transformation of its foreign policy, which caught its partners under-prepared, somewhat confused, and with increased chances for miscalculation (Shi, 2015).

In a nutshell, the process of perception and response to the B&R Initiative in the European region is increasingly positive. Meanwhile, the EU also believes that the B&R will have an extremely complex impact on China-EU relations. Europe attaches great importance to potential cooperation with China, and expects it will contribute to European economic recovery, while it also interprets the rise of China as ‘facing the challenges of emerging powers’.

**3.2. Three Examples of China-EU Cooperation Achievements**

**3.2.1. The Synergies between the Investment Plan for Europe and the B&R**

Towards the end of 2014 the EU launched the *Investment Plan for Europe* (Juncker Plan), and the European Fund for Strategic Investments (EFSI), expected to trigger €3,440 billion in investments, and China will contribute to the Commission’s €315 billion Investment Plan for Europe. The funds shall be mainly invested in strategic infrastructures, digital, energy, core industrial projects, interconnected transportation infrastructure, education, research and development projects. (European Commission, 2015; Ministry of Commerce of China, 2014). Among them, the interconnected transportation infrastructure is one of the priorities of the Investment Plan for Europe, which confirms China’s B&R Initiative, and can be a catalyst for China-EU cooperation.
The details of such cooperation are stated in the Joint Statement of the China-EU 2015 Summit: “identify co-operation opportunities between their respective policies and sources of funding, including The Belt and Road Initiative and Trans-European Networks” (European Parliament, 2015). On September 2015, the Chinese government stated at the China-EU Trade and Economic High-level Dialogue that it will invest in the Investment Plan for Europe, thus becoming the first non-EU state announcing its intention to contribute to the Investment Plan for Europe (European Commission, 2015).

On June 2017, the Silk Road Fund and the European Investment Fund signed a Memorandum of Understanding aiming at facilitating a co-investment framework for Promoting Co-investment, which aims to promote synergies of collaboration between the initiatives launched by China and the EU (Silk Fund, 2017).

Included in the collaboration mentioned above are several transnational railway lines of the China Railway Express that have successively be set into operation between China and Europe, such as the ‘Chongqing-Xinjiang-Europe Railway (2011)’, the ‘Yiwu–Madrid railway line (2014)’ and the ‘Yiwu–London railway line (2017)’. As mentioned before, one of the purposes of the B&R is to integrate existing projects.

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6 Yu'Xin'Ou Railway is a freight railway route linking the southwestern Chinese city of Chongqing with Duisburg, Germany. It crosses the Alataw Pass into Kazakhstan, and crosses Russia, Belarus and Poland before arriving in Duisburg (Brautlecht, 2014).
7 The Yiwu - Madrid Railway line is a railway route for container trains from the Chinese city of Yiwu to the Spanish city of Madrid. The railway crosses Kazakhstan, Russia, Belarus, Poland, Germany and France, ending in the Spanish capital (Shepart, 2016).
8 The Yiwu – London Railway Line is a freight railway route from Yiwu, China, to London, United Kingdom. From Yiwu, a trading center 300 km south of Shanghai, the railway line crosses 9 countries, namely China, Kazakhstan, Russia, Belarus, Poland, Germany, Belgium, France, and the UK. In order to get to the UK (Egorava, 2017), the route passes through the Channel Tunnel between France and the UK. The London end of the line is located at the DB Eurohub in Barking, East London (BBC, 2017).
These railway lines are part of a growing railway network connecting China and Europe under the B&R framework, which should benefit the vast majority of EU member states, notably by reducing transportation costs. In addition, by the end of September 2018, the number of China Railway Express operation cases was more than 10,000 (Xinhua, 2018), directly accessing 34 cities in 12 countries in Europe (China Business Network, 2018).

Thus, we can observe that common interests are the main element of China-EU cooperation. Several consensuses have been reached at top level in terms of cooperation design, between China and EU, with remarkable results and clear prospects.

3.2.2. “The 16+1 Framework”

Geographically, the Central and Eastern European region constitutes an important pivot for the B&R Initiative. Also, as mentioned before, it was the first region to offer a positive response to the B&R Initiative in Europe. Interconnectivity is one of the main areas of the ‘16+1 framework’. The cooperation achievements between China and the 16 European countries are mainly in the following areas:

The first area is interconnectivity on infrastructures, such as the ‘China-Europe Land-Sea Express Route (from the Piraeus Port, in Greece, to Budapest, in Hungary, passing through Skopje, in Macedonia, and Belgrade, in Serbia)’ (China Government, 2014b). The second area is in the field of international industrial capacity, since there is
a huge demand for infrastructure construction in Central and Eastern European countries, and China has a rich experience in the field of infrastructure construction\(^9\).

The Chinese Government has encouraged homeland enterprises to invest in factories in Central and Eastern Europe, to actively participate in the construction of various industrial parks, aimed at promoting local employment and upgrading and transforming Chinese industries (Xinhua net, 2014), as well as to cooperate in the financial sector. China set up a $10 billion special loan, a scale of $3 billion investment fund, and launched the second phase of the $1 billion China-Central and Eastern Europe Investment Cooperation Fund (Huang and Liu, 2017, p. 30-31; Caixin Media, 2014).

In addition, as mentioned before, the EU is a normative power in terms of standards setting in various areas. The EU has a final say over EU member states on many subject matters in Europe, such as procurement procedures, tendering procedures, quality of equipment, which means the EU actually has the power to shape the future of certain projects under the B&R Initiative (Islam, 2018).

3.2.3. The Case of the UK

The UK is one of the founding members of the AIIB. First of all, as the first European country to join the AIIB, it fully demonstrates its interest in the B&R Initiative. And meanwhile, with the advancement of the B&R, the number of cooperation projects between the UK and China are increasing. For instance, on

\(^9\) China's landscapes vary significantly across its vast width and breadth. China’s railway network, with a route length of over 100,000 km ranks as the second biggest railway network in the world, and the rapid expansion of China’s high-speed railway network in recent years makes it by far the largest in the world (Gupta, 2014), indeed, giant Chinese infrastructure projects are reshaping the world (Weller, 2017).
October 2015, EDF Energy reached an agreement with China General Nuclear Power Corporation (CGN) for a nuclear power plant at Hinkley Point Somerset, worth 24.5 billion pounds sterling. CGN will pay £6bn for one-third of this plant (BBC, 2015).

Various regions in the UK are seeking to forge synergies between the B&R Initiatives and regional development strategies. Tim Summers, from Chatham House, argued that the UK government has emphasized a proposal to boost economic growth in the North of England, and its high-end manufacturing industry, to support synergies with the B&R Initiative. As there is strong complementarity between these projects, the B&R will contribute to the economic recovery and development of the region (Gou, 2015; UK Government, 2015).

In the financial field, during Chinese General Secretary Xi Jinping’s visit to the UK in October 2015, the two sides reached an agreement on issuing RMB (renminbi, the Chinese currency) bonds in London. Therefore, London has the first-ever sovereign RMB bonds issued outside of China (UK Government, 2016), which has greatly promoted the internationalization of RMB since it was included in Special Drawing Right (SDR).
4. The Existing Risks and Obstacles for China-EU Cooperation in the Implementation of the B&R Initiative

4.1 China’s Own Domestic Issues

In the case of China’s internal issues, it lacks the capacity to make overall arrangements, to make comprehensive plans and to take all factors into consideration.

One of the factors is whether China’s economy can maintain its pace of growth, for China and the EU to successfully cooperate under the B&R. The Chinese economy has grown at a fast pace in the past decades, which was lead by three main factors, namely consumption, exports and investment. But problems remain at three main levels, which are the growth rate of investment is much higher than the growth rate of consumption, and thus the gap between consumption and investment has gradually increased, which means that consumption cannot digest the huge output of investment.

In 2008, the financial crisis spread all over the world, thus China’s external demand declined, as well as its economic growth, with the problem of overcapacity becoming particularly serious. At present, China’s economy is gradually entering a new period. Its economic growth rate has changed from high-speed growth to medium-high-speed growth, and China is in urgent need of accelerating its economic restructuring (Li and Sun, 2016). In this context, in order to maintain internal social stability, the Chinese government has to deal with the slowdown in the economy.

China’s internal issues are mainly caused by the complexity of resource co-ordination caused by its imbalanced domestic economic development. The B&R
covers 18 provinces, including 10 key cities, namely Xi’an, Lanzhou, Chongqing, Xining, Chengdu, Changsha, Wuhan, Hefei, Nanchang and Zhengzhou. As shown in Figure 4 below, the overall nature of China’s economic development is that most cities in the eastern coast of China are much more developed than those in west interior China. The region involved, which was mentioned above, includes both relatively developed and relatively backwards regions (Shen, Teng and Song, 2018, p. 12). These regions have different economic conditions, development requirements, and strategic positioning. How to coordinate and allocate resources under the B&R becomes an important issue.

Fig. 4: China economic development map
So far, the internal unfair competition for resources between provinces and cities has affected the implementation of the B&R. For instance, it has affected the *Sino-Euro cargo railway*, a major support for the development of the Silk Road Economic Belt. Compared with traditional maritime transportation, international railway lines greatly shorten the time for cargo to be carried between China and Europe. However, in the initial operating period, such transportation of railway cargo is limited due to the relatively high cost of railway transportation caused by lack of supply of goods. Under the benefits-driven principle, there was domestic competition between local governments in China deviating from market law, and thus there was unfair competition. The main measure that was undertaken was to implement *government subsidies*, which reached 10% to 40%, and it became a common phenomenon in most trains.

For instance in the ‘Chongqing-Xinjiang-Europe Railway’, since 2001, the freight subsidy was maintained for two years. In case of the ‘Zhengzhou-Xinjiang-Europe Railway’, through local government subsidies, freight rates in the Henan Province were reduced to $4,500 per standard container, whereas the cost of freight (including trailer) for goods outside the province is $6000 per standard container. For the ‘Chongqing-Xinjiang-Europe Railway’, the local government especially subsidized the freight costs for laptop manufacturers, which reduced freight rates by 20% on the basis of $9,000 per container. The ‘Wuhan-Xinjiang-Europe Railway’ received local government subsidies to keep its freight rates at the same level as those of maritime
These measures made China unable to negotiate with the rest of the world based on unified standards, which caused losses in economic benefits, increased burden on local governments, and even prevented efficiency and standard setting in the implementation of the B&R.

In Eastern Europe, the former Yugoslav Republic of Macedonia had a constitutional crisis in 2015. “The then main opposition party ‘Social Democratic Union of Macedonia’ published 38 batches of recorded conversations which allegedly featured high-ranking politicians from the ruling parties discussing direct payments from a selected Chinese company” (Agence France-Presse, 2016). More than 50 public figures, including top politicians were embroiled in a wire-tapping scandal. “The scandal also refocused attention on the role of Chinese infrastructure projects in fuelling corruption in the wider Western Balkan region” (Makocki and Nechev, 2017, p. 1). Furthermore, Chinese investments in the Western Balkans will continue to increase in the coming years (Agence France-Presse, 2016; Makocki and Nechev, 2017, p. 1). As a result of the bribery and corruption scandal, Chinese enterprises were faced with a very adverse public opinion environment in this region, and the context for investment in the Western Balkans deteriorated. The Macedonian ruling party of the time is responsible for the incident, however, the lack of a legitimate operation mode along with staff inability, plus the ignorance of European countries’ laws and regulations caused various negative impacts on the implementation of the B&R in Europe.

Hence, it is imperative to set up a group of professionals specialized in
cooperation under the B&R between China and Europe. The participants in the implementation of the B&R must have comprehensive knowledge of the language, local laws and regulations, industry standards, local conditions, and cooperation prospects in European countries. So far, Chinese enterprises still lack professionally qualified personnel in its industries.
4.2. EU’s Own Domestic Issues

The implementation of B&R is confronted with the continuous developments of European integration, and interaction with the two-tier approach in Europe has become a practical feature of cooperation in the European region (Rachman, 2016). According to the Lisbon treaty, the EU formulates common policies, and member states participate in the process of EU policy-making and as the object of their implementation (European Parliament, 2007, p. 36). This is one of the characteristics of China-EU cooperation under the B&R - which is different from other regions - and will have a profound impact on such cooperation. Therefore, there is a complex policy-making system within the EU, as the policies released by the EU impose constraints upon member states to a certain extent, and, on the other hand, the measures proposed by member states play an important role in EU policy-making. Specifically, such complexity is demonstrated by disagreements between the interests of the entire EU as a whole vis-a-vis the interests of single member states. There is both disagreement and unification on the binding force of the EU’s authority towards its member states, and the autonomy of member states. This complex system increases the difficulties for the implementation of the China-EU cooperation under the B&R Initiative.

Firstly, there is divergence of interests between the EU and its member states. For instance, in order to benefit economic recovery, the EU tends to attach much importance to attracting Chinese investment, while East and Central European countries are more concerned about cooperation on infrastructures and capacity with
China, then, countries like the UK, France and German also tend to attach importance to cooperation with China in third-party markets. These complex interests at stake and their concomitant requirements, coupled with the complex EU policy-making system, lead to complexities in China-EU cooperation under the B&R.

For instance, the most typical case is EU’s perception on the “16+1 framework” during the initial period. It could be observed that Central and Eastern European countries gave positive signals and participated in the B&R Initiative. However, as mentioned in the previous chapter, the EU considers that the existence of the “16+1 framework” tends to cause internal divisions within the EU, and will have a negative impact on EU’s common trade policy. Actually, the EU has set limits on cooperation under this framework. Of the 16 Central and Eastern European countries, 11 are member states of the European Union, 5 of which are part of the Eurozone. This policy orientation undoubtedly affects the degree of desire of relevant states to cooperate with China.

In a nutshell, under the two-tier approach, how to distinguish and coordinate disagreements is a crucial issue for China-EU cooperation on the B&R.

Secondly, under the two-tier approach, the authority levels of the EU and the member states may generate uncertainties from an economic as well as political point of view. The relevant EU policies and regulations, and the content of the B&R Initiative have demonstrated that the trade policy and the direct investment policies involved in the B&R are at the core of the EU, which has to do with EU Economic and monetary affairs. Therefore, cooperation in the economic field is the main
content of China-EU cooperation under the B&R Initiative. Furthermore, the EU has exclusive decision-making capacity over the Common Security and Defence Policy (CSDP), one of the outcomes of the Lisbon treaty. And although the B&R is mainly attached to economic activity, and does not directly involve foreign affairs matters, nor security and defence, it will definitely lead to a huge alteration on the geopolitical space in Eurasia. As many criticise, the B&R will be accompanied by the corresponding geopolitical impact from China.

There are no doubts that the relevant EU policies will profoundly affect the development of the B&R in the European region. In certain fields, such as infrastructures, cultural exchanges, etc., the EU does not monopolize the policy-making power, and therefore, member states maintain a relatively high degree of autonomy in these fields.

As mentioned before, the integration of the EU is in the making. Namely the level of autonomy and range of EU policy-making mechanisms are still developing. In general, China’s perception of the complexity between EU and member states national laws and regulations remains insufficient, and will be a barrier for China-EU cooperation under the B&R Initiative.

Meanwhile, some European countries and regions are going through an unstable political condition, which has also increased the difficulties in implementing the B&R in this region. For instance, the case of the port of Piraeus in Greece - part of the China-Europe Land-Sea Express Route, as mentioned in chapter 3. The investment of Chinese enterprises, plus its additional effects, may contribute to about 10% of the
Greek GDP, and help with employment issues in Greece (Liu, 2016). However, as the Greek sovereign debt crisis deteriorated, its political status turned to turbulent, and the administration changed frequently. In 2015, the incoming Prime Minister Alexis Tsipras on the day of inauguration stated that Greece had halted the privatisation plan to sell 67% of the shares of Piraeus port, which put China Ocean Shipping Company and other four bidders into plight (Koutantou, 2015), although ultimately the China Ocean Shipping Company acquired 51% stakes in Piraeus Port (Georgiopoulos, 2016).

The turbulent political condition raises huge political and economic risks to the Chinese investments made in certain European countries.

Furthermore, the refugee crisis in Europe, terrorism and other security threats continuously generate negative impacts on China-EU cooperation under the B&R. For instance, the debt crisis, plus the refugee crisis, is leading European extreme-right wing parties to acquire more power, and to the emergence of xenophobia in certain countries, which manifest as opposition and resistance to foreign investors (Bremmer, 2018).

4.3. The Instability Element between China and the EU

There are significant differences between China and the EU.

From the economic point of view, the asymmetry in economic and social development creates different priorities, as far as industries to be developed and development strategies in China and in the EU. The differences are also present in the degree of internal market development and in the ability to attract foreign investment
(Zhou, 2018). In economic and trade relations between China and the EU, these differences may provide opportunities for cooperation as well as divergence of interests (Zhou, 2018).

From the political perspective, China and the EU pursue different values and are based on different political systems. These differences affect the trend of China-EU relations in the long run, and also affect cooperation between China and the EU under the B&R. For instance, such differences will be reflected in China-EU cooperation under the B&R, namely in terms of labour standards, human rights, and environmental standards. Both China and the EU see economic development as a pillar for stability, but the development bases and approaches of each region are different. China has tended to emphasize physical infrastructure and no-strings-attached investment, which is based on its own development experience. However, the EU has tended to promote institutional reforms, governance, and rule of law, as pre-conditions for inclusive economic growth. Both approaches are necessary, but neither one alone is sufficient to achieve sustainable development. And while from the theoretical point of view these different approaches are complementary, the EU emphasizes normative values such as human rights, democracy and civil society in a way that makes it more difficult to engage in cooperation (Ghiasy and Zhou, 2017).

4.4. At the Global Level

On March 22 2018, the US administration decided to rely partly on Section 301 of
the Trade Act of 1974 to prevent, what it calls, unfair trade practices and theft of intellectual property. Since then, the China-US trade war arose, and, with the response from US Allies, the issue scaled up to a global level (Alexandra, 2018). At present, the two sides have stalled the trade war that was afflicting both countries and rattling financial markets. The White House stated that both parties will “immediately begin negotiations”, and has set a three-month negotiation deadline. Failure to negotiate would lead to a further escalation of the tariff war (McDonell, 2018; Perkowski, 2019; Sanger, Perlroth, Thrush and Rappeport, 2018).

In this connection Europe is uniquely positioned; on the one hand, due to its longstanding strategic alliance with the US, and while, on the other hand, due to its growing economic connections with China, economic links between the US and China are pervasive, those between Europe and China are deeper. The total of Europe’s investment flows to China were more than twice those of the US between 2005 and 2016, according to United Nations agencies. But America’s latest tariffs on China will hurt Europe too, given Europe’s links with the Chinese economy. Also, the EU is not involved in a great power rivalry with China (Huang, 2018).

The Eurasian Economic Union (EEU) came into force on January 1st 2015. Its members include Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia (Eurasian Economic Union, 2014). As an integrated single market, the EEU aims at promoting the free movement of goods, capital, services, and labour (Vinokurov, 2017). Virtually, the B&R offers opportunities for further cooperation, and the initiative has also received wide consideration from political and academic circles in Russia. On May 8th

In 2009, the EU proposed Eastern Partnership (EaP) involves the former Soviet states of Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine (European Union external action, 2016). The Eastern Partnership is intended to provide an avenue for discussions on trade, economic strategy, travel agreements, and other issues between the EU and its Eastern European neighbours. It also aims at building a common area of shared democracy, prosperity, stability, and increased cooperation (European Union external action, 2016). So far, Russia accused the EU of trying to carve out a new sphere of influence, which the EU denied (Lungescu, 2009). Since the crisis in Ukraine began on November 21 2013, it has caused serious tensions on Russia-EU relations (Higgins and Kramer, 2014). Whether China can balance the cooperation with the EU and the Russian lead Eurasian Economic Union, is a great question. But promoting the coordinated development of all three sides, requires the attention of the three sides. Besides, the Indo-Pacific Spotlight being promoted by America, India, Japan and Vietnam, intend to impact China’s influence in the Asia-Pacific region (Parameswaran, 2018).
All these factors have increased the risks and obstacles of China-EU cooperation under the B&R.

4.5. Unstable Regions Along the Route

The national conditions of the countries along the route are different. In certain countries, the authority of the government is weak, which constitutes a serious threat to the security of foreign investment. For instance, Afghanistan is a multi-ethnic and mostly-tribal society (Afghanistan Government, 2004). The government authority loses control over the tribal areas. Moreover, certain tribes are self-contained and even exist as closed societies, which also regard external forces as threats to their tribes. Furthermore, there are contradictions within different tribes, which cause a negative impact on China-EU cooperation in countries like Afghanistan.

There is also terrorism, ethnic separatists, and religious extremists in certain countries or regions along the B&R route. The existence of these forces have caused social panic, destroyed social stability and unity, and seriously endanger the political security and stability of countries and regions, which greatly hinders social economic development, and increases the risks for foreign investment (Lu, 2015). Afghanistan occupies most of the global drug market, and the scale of drug cultivation is still expanding. The drug smuggling network is also expanding rapidly, and currently the income from drug smuggling has become an important source of funding for terrorist forces, which is conducive to the long-term existence of terrorist groups (McCoy, 2018).
The current situation of terrorism poses a direct threat on EU security; it also constitutes a negative impact on the interests of China and other countries involved, and the potential risks of foreign investment in this region cannot be ignored.
Conclusion

Currently, the global situation is grim and complex, and most states are facing development problems. In response to this situation, the Xi Jinping-led Chinese government in 2013 officially announced the B&R Initiative. This initiative constitutes the legacy and continuation of the ancient Silk Road, and has an important impact on the bilateral relations between China and the European Union.

The B&R Initiative is the way the Chinese government decided to follow to tackle its domestic and external challenges in the present situation, while also implementing the new stage of Chinese economic reform policy, which mainly involves international and domestic balanced development, and regional and sub-regional cooperation. For China, the strategic objective of the B&R construction has to do with the fact that China’s export-oriented economy made remarkable achievements since the Chinese economic reform policy, however, there are still some issues such as its imperfect financial market, unevenly distributed economic space, and uncoordinated regional development. Promoting the implementation of the B&R can safeguard the security of China’s Western region and optimize its peripheral diplomacy; it will help deal with transnational criminal activities, safeguard sub-regional security, and therefore promote regional peaceful development. The Chinese economic reform policy has entered a new stage. The B&R has been supported and participated by most of the countries along the route. This may play a role in enhancing China’s political, economic and cultural influence, thereby improving China’s national security.
China’s economic development experience, based namely on advanced industrial technology and on the equipment manufacturing industry, especially in high-speed railways, nuclear power, and Beidou satellite navigation industries - which are in a leading position in the world -, will play a significant role in realizing the “interconnection” between the countries along the route. In addition, China’s foreign exchange reserves and its high degree of policy coherence comply with the demands of the long-term implementation of the B&R. In terms of financial support, certain financial cooperation models were established, such as the Asian Infrastructure Investment Bank and the Silk Road Fund.

The B&R covers the Eurasian continent, involving many different regional patterns such as Central Asia, Southeast Asia, Central and Eastern Europe, South Asia, the Middle East, and the European Union. “The Silk Road Economic Belt” and “the 21st Century Maritime Silk Road” will connect the different Eurasian regions. Consequently, the implementation of the B&R will change China’s geopolitical context. The implementation of the B&R involves elements of regional geopolitics, security, and economy, based on five principles, namely policy coordination, facilities connectivity, free trade, financial integration, and people-to-people bonds – it will thus strengthen China’s geopolitical ties with countries along the route.

With the passing of time, the EU’s response to the B&R has changed significantly. European countries initially raised doubts and even criticisms on the B&R when it was put forward in 2013 and early 2014. From March 2014 to June 2015, several Central and Eastern European countries represented by the ‘16+1 cooperation framework’
begun to respond more positively to the B&R Initiative. Then, in recent years, an increasing number of member states have become involved in the B&R. The perception on the B&R by EU member states’ public opinion is gradually becoming positive, compared with the initial period, which demonstrates that the aspiration for cooperation by member states is increasing.

As regards the theoretical framework employed in this dissertation, which is Constructivism, its main premise is that the interaction among actors in the international scene will reshape their identity, perceptions, and interests. Such interaction will influence the relations between states, such as is the case with China and the EU member states within the context of the B&R framework.

The B&R Initiative has the potential to drive common security by forging economic development, since EU member states have joined all kinds of components of the B&R, such as the AIIB, and the ‘16+1 framework’. The projects under the B&R mainly operate on the field of infrastructure, which will contribute towards enhanced trade between all states along the route. Its five principles are policy coordination, facilities connectivity, free trade, financial integration, and people-to-people bonds. The interaction between participant states has been promoted in many respects. EU member states have demonstrated that there are certain shared interests between China and the EU. Furthermore, China and the EU also feel threatened by certain global issues. However, due to the value discrepancies between both sides, there are still obstacles in China-EU cooperation as regards the B&R. From the perspective of Social Constructivism, national security issues can be solved by developing a common
community and common interests. The social structure could define common perceptions, expectations, and consensus. Constructivism believes there is space for cooperation between states, especially by emphasizing the inter-subjective understanding between states. In other words, depending how each international actor evaluates the other, there could be cooperation or competition between them.

The assumption that governments behave as rational egoists, specifically China and the EU, is not supported by this dissertation due to the various multi-level, diverse cooperation projects under the B&R framework. At EU level, both sides have decided to support synergies between the Investment Plan for Europe and The B&R Initiative. At sub-regional level, the ‘16+1 framework’ between China and Central and Eastern European Countries is operating. At the level of individual member states, in order to revitalize their economies, the UK, France, Germany, and other member states are seeking to forge synergies between the B&R and their own domestic economic development plans. Therefore, the level of progress in implementing the B&R within the EU is remarkable, and the growing aspirations of EU member states to join in demonstrates that China-EU cooperation under the B&R framework is in line with the interests of both sides.

The B&R Initiative has catalysed a new development of China-EU relations. However, under the framework of this initiative, China-EU cooperation is also facing several risks.

The underlying objective of the present dissertation consisted in assessing what promotion can be made in order to achieve mutually beneficial results for China-EU
cooperation under the B&R.

EU member states have actively joined the AIIB, in order to forge synergies between the initiative and the EU strategy, however, several countries along the B&R route are in a political situation of unrest, and thus there are geopolitical risks and investment risks on China-EU cooperation which need to be addressed by both sides.

China needs to further clarify the role of the EU in the B&R, as well as to enhance the transparency of the B&R Initiative before the local governments and the public, which will effectively enhance mutual trust between both sides. China needs to keep improving its level of economic reforms, optimize the environment for foreign investment, regulate unfair competition, improve the related implementation mechanism, laws, and regulations, in order to provide a reliable institutional framework for investment by European corporations in China. Moreover, on the basis of the concept of equal cooperation and mutual benefit, both sides should intensify their cooperation in the fields of infrastructures and finances, and take advantage of the initiative to explore broader areas of cooperation and to enhance bilateral cooperation.

Also, China needs to attach greater importance to cooperation with important stakeholders such as Russia and the US, as well as with other overseas markets. It is important to fully consider the interests of all stakeholders. For instance, for the EU, enhanced cooperation with Central Asian countries is conducive to the goal of EU’s energy development, that is, to achieve diversification of energy supply, thereby reducing its energy dependence on Russia.

Indeed, due to differences in languages and culture, there is a lack of relevant
expert professionals to support both sides, i.e., negotiators who can develop interactions in an efficient way, which requires skills such as being familiar with the laws and regulations of both sides and speaking several languages, etc. Furthermore, since there is a lack of mutual trust between China and the EU, plus the complexity of China’s internal resource allocation and overall planning, the lack of transparency in China’s implementation, the lack the relevant institutions and legislation, the differences between China and Europe in terms of values and ideology, and the differences in the level of economic development of EU member states - and thus EU member states have diverse demands for national economic development - it is difficult to form a common response to the B&R from the European side. Additionally, the implementation of the B&R is also threatened by the political instability in several countries along the routes, by regional non-traditional security, and by the interference of the US. All these factors will affect cooperation between China and the EU under the context of the B&R Initiative.

To overcome these various difficulties, more dialogue among the various actors on different aspects of cooperation is required, including participation of civil society and other non-state actors, without however confining the issue to a purely academic discussion or it becoming the target of exaggerations from Media.

In a nutshell, there is still much work to be done on China-EU cooperation under the B&R Initiative, which means that this dissertation provides an avenue for further academic inquiry, as the present operation remains understudied, whether at EU level or at member states level, despite the current surge in academic research on subjects
related to the B&R.

The present work has addressed the positions of China and the EU as two regions with somewhat significant differences in ideology that can however share some areas of their strategies under economic cooperation. Nevertheless, it seems that the ultimate solution for issues such as global security, regional conflicts, poverty, and a series of other global issues, is global governance. The common challenges require unity and cooperation in order to improve the present status.
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