



Rocznik Instytutu Europy Środkowo-Wschodniej (Yearbook of the Institute of East-Central Europe)

ISSN 1732-1395

Instrukcje dla autorów i Rocznik online:
<https://ies.lublin.pl/rocznik>

One Belt, One Road Between Three Seas: China's Soft-power Policy Towards 'New' EU Members

Bartosz Dziewiątowski-Gintowt^a

^a Wyższa Szkoła Pedagogiki i Administracji im. Mieszka I w Poznaniu

Opublikowano online: grudzień 2019

Sposób cytowania: B. Dziewiątowski-Gintowt, *One Belt, One Road Between Three Seas: China's Soft-power Policy Towards 'New' EU Members*, „Rocznik Instytutu Europy Środkowo-Wschodniej” 17 (2019), z. 3, s. 93-114, DOI: 10.36874/RIESW.2019.3.6.

„Rocznik Instytutu Europy Środkowo-Wschodniej” („Yearbook of the Institute of East-Central Europe”) jest kwartalnikiem. Poszczególne teksty bądź całe zeszyty publikowane są w języku polskim lub angielskim. Na liście czasopism naukowych MNiSW z 31 lipca 2019 roku „Rocznik IEŚW” znajduje się z liczbą 70 punktów. Jest również uwzględniony w bazach ICI Journals Master List, Central and Eastern European Online Library, BazEkon oraz ERIH PLUS.

Bartosz Dziewiałtowski-Gintowt*

Mieszko I University of Education and Administration in Poznań (Poland)

One Belt, One Road Between Three Seas: China's Soft-power Policy Towards 'New' EU Members*

Summary: China's soft-power practice in its international activity boils down to four areas: culture, education, diplomacy, and economy. The most important element of China's soft-power policy seems to be the Belt and Road Initiative (BRI). Announced in 2013, the BRI is a complex, long-term and large-scale strategic political and economic project by the Chinese government with an infrastructure character. In this way, China is seeking to invest its capital surpluses in resurrecting the ancient Silk Road to create railroad and maritime networks with its most important trading partner – the European Union. In these circumstances, in September 2015, the presidents of Central and Eastern EU member states announced the establishment of the separate Three Seas Initiative (TSI), a political and economic project bringing together 12 EU states, including 11 'new' members and Austria. These entities constitute an informal bloc of states between the Adriatic, Baltic and Black seas, though without a permanent secretariat but with rotating leadership. In addition to the lack of a formal structure, the TSI region, located mainly in the EU's eastern part, is characterized by a weaker infrastructure network than Western Europe, lower GDP (except Austria), and high dependence on gas supplies from Russia (except Croatia). To overcome these disparities, the TSI has developed a catalogue of 48 investment priorities in three economic areas: energy, transport, and digitalisation. China's soft-power policy towards the 'new' EU members may be decided by the American patronage of the TSI and the fact that one of the flagship projects is the North-South Gas Corridor, which will enable the sale of American LNG in Central Europe, which has been dependent on gas supplies from Russia, China's partner in the BRI. In the context of the US-China

* Bartosz Dziewiałtowski-Gintowt is Assistant Professor at the Mieszko I University of Education and Administration in Poznań. Research interests: energy, digital and transport security in Central East and Southern Europe, international security. ORCID: 0000-0002-4546-4031. E-mail: bartosz.dziewialtowski@gmail.com.

** This article is the English version of the Polish language work by the same author, which was published in the study *Inicjatywa Trójomorza w wymiarze historycznym, geopolitycznym i gospodarczym*, B. Dziewiałtowski-Gintowt, A. Zbaraszewska (eds), Poznań: Wydawnictwo Wyższej Szkoły Pedagogiki i Administracji im. Mieszka I, 2019.

trade war, White House planners recognise Central Europe as both a peripheral and key area for their policy and seek to strengthen the Three Seas project, which may lead to limiting areas of cooperation under the '17+1' format, involving CEE countries and China. On the other hand, the development of better energy, transport and digital connections in the EU's east clearly intersects with China's idea of building a New Eurasian Land Bridge under the BRI to connect the most economically developed edges of Eurasia. The new U.S. strategy towards the countries of the CEE seems to boil down to involvement in specific energy-related projects. Instead of blocking or diminishing BRI-related infrastructure projects in China, they seem in fact to complement the Chinese activity in the CEE. Increased investment by American enterprises in the region may allow the administration in Washington to maintain control of Chinese infrastructure investments, and the US involvement may even lead to the participation of American companies in projects originally started by Beijing.

Keywords: Belt and Road Initiative, Three Seas Initiative, soft power, New Silk Road, 17+1 format

Introduction

When Joseph Nye first used the term 'soft power' in international relations in 1990, he couldn't have realised that almost three decades' worth of states' subsequent non-military, persuasion-based foreign policy¹ in many aspects would become a sort of Chinese expertise². In 2004, Nye developed the concept of soft power, claiming it is the ability to shape the preferences of others through attractiveness and attraction. A characteristic feature of this phenomenon is the voluntary nature of the attraction. The currency of soft power is composed of cultural, political, and foreign policy³. In practice, the U.S. administration has treated civil instruments of national security, i.e., diplomacy, strategic communication, foreign assistance, civic action, and economic reconstruction and development, as soft power. At the beginning of the second decade of the 21st century, the concept of soft power has expanded to include changes and impact on societies and public opinion through less-transparent channels, as well as lobbying with the help of powerful political and non-political organisations, and through economic impact⁴. Soft power in the Chinese practice of in-

1 J. Nye, *Bound to Lead: The Changing Nature of American Power*, London: Basic Books, 1990, p. 307.

2 J. Nye, 'China's Soft Power Deficit To catch up, its politics must unleash the many talents of its civil society', *The Wall Street Journal*, 8 May 2012, pp. 2-3.

3 J. Nye, *Soft Power. Jak osiągnąć sukces w polityce światowej*, Warsaw: Wydawnictwa Akademickie i Profesjonalne, 2007, pp. 5-7.

4 See: Speech by Robert M. Gates, U.S. Secretary of Defense at Kansas State University, 26 November 2007, <https://web.archive.org/web/20100801065608/http://www.defense.gov/speeches/>

ternational activity boils down to four dimensions: culture, education, diplomacy, and economy. Although Nye included the economic component himself, it was the American sinologist David Shambaugh who noticed that the Chinese specificity of soft power is the government's manipulation and management of almost all the Middle Kingdom's image-related activity⁵. The clearest and most recent element of China's soft-power policy seems to be its Belt and Road Initiative (BRI). Announced in 2013, the BRI is a complex, long-term, and large-scale strategic political and economic project managed by the Chinese government with a strong infrastructure emphasis to build and modernise railroad and maritime networks with its important trading partners, including the European Union (EU).

In this context, in September 2015, at the UN, the presidents of 'new'⁶ EU member states announced the establishment of the Three Seas Initiative (TSI), a separate political and economic project bringing together 12 members of the European Union – Austria, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia – in the project. These entities constitute an informal bloc of states that lie between the Adriatic, Baltic and Black seas. The TSI operates without a permanent secretariat and with rotating leadership. In addition to the lack of formal structure, the initiative is characterised by its members' geographical setting in Central and East Europe and relatively weaker infrastructure network than the rest of the EU, lower GDP (except Austria), and dependence on gas supplies from Russia (except Croatia)⁷. To overcome these disparities with especially Western Europe, the group through the TSI has developed a catalogue of 48 investment priorities in three economic areas: energy, transport, and digitalisation. The planned infrastructure connections are focused on a north-south orientation in Europe⁸.

speech.aspx?speechid=1199 [2019-09-19].

- 5 D. Shambaugh, 'China's Soft-Power push. The Search for Respect', *Foreign Affairs*, vol. 94, no. 4, pp. 99-100.
- 6 Countries that joined the EU in the 2004 'Big Bang' enlargement and later.
- 7 P. Kowal, A. Orzelska-Stączek, *Inicjatywa Trójmorza: geneza, cele i funkcjonowanie*, Warsaw: Instytut Studiów Politycznych Polskiej Akademii Nauk, 2019, pp. 56-60.
- 8 G. Zbińkowski, 'The Three Seas Initiative and its Economic and Geopolitical Effect on the European Union and Central and Eastern Europe', *Comparative Economic Research. Central and Eastern Europe*, vol. 2, no. 22, 2019, pp. 105-119; R. Dorota, 'Europe centrale: l'Initiative des Trois mers', *Politique Étrangère*, vol. 83, no. 2, 2018, pp. 103-115.

To finance its projects, in May 2019 the Three Seas Investment Fund was established on the initiative of Poland and Romania. The fund is, so far, the only institutionalised form of cooperation under this initiative. The fund's initial capital was €500 million, and ultimately it is expected to reach €5 billion in order to have sufficient capacity to participate in infrastructure projects worth a total of €100 billion⁹. In addition to the fund, annual summits of presidents aim to stretch the political umbrella over the investments to facilitate and accelerate the implementation of priority projects. In the absence of a permanent secretariat, the TSI's 'Business Forums' supply expert support for the initiative's members and, starting with the initiative's Bucharest summit, have been held in parallel with the meetings of the presidents.

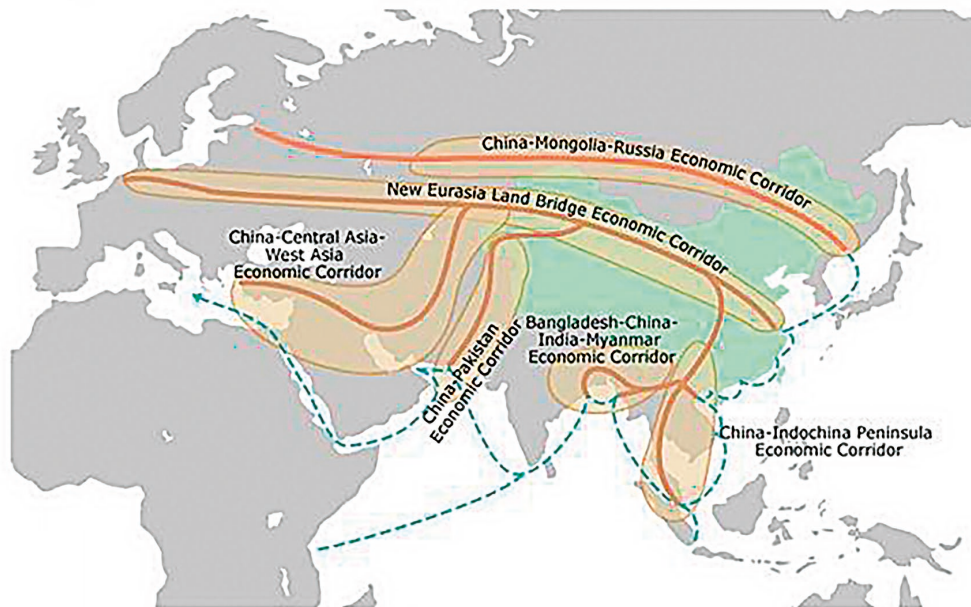
The goal of this article is an attempt to answer the following questions. What are the prospects for developing cooperation between the 'new' EU members and China? If any, what are the likely dimensions, nature, and main directions? What soft-power tools does China have in relation to Central and East European (CEE) countries to develop this cooperation? Is it possible and to what extent can BRI and TSI infrastructure projects in Central and East Europe be coordinated and integrated, despite the different nature of the '17+1' (bilateralism) and TSI (multilateralism) projects? Can China's presence in Central and East Europe be reconciled with the clearly transatlantic nature of the TSI, which is under U.S. patronage? To answer these questions, one should first analyse the features of China's soft power in the EU's Central and East region, and then analyse the main assumptions of both initiatives and China's bilateral relations with the 'new' EU members. Next, it is necessary to take a closer look at the projects to be implemented under the respective initiatives, both in geopolitical terms, as well as in terms of the degree of advancement of individual projects and the scale of involvement of the participating entities.

9 The Official Announcement on the Website of the Bank Gospodarstwa Krajowego (Domestic Holding Bank), <https://media.bgk.pl/60741-fundusz-trojmorza-oficjalnie-zalozony-bgk-podpisal-akt-zalozycielski> [2019-10-02].

1. The BRI as a Chinese soft-power instrument in Central and East Europe

One of the reasons for China's economic soft power in the EU's east is its goal of investing capital surpluses in restoring the ancient Silk Road, both in its land part (Silk Road Economic Belt, SREB) and in its sea part (21st Century Maritime Silk Road, MSR). SREB consists of six land corridors: The New Eurasia Land Bridge Economic Corridor, The China-Mongolia-Russia Economic Corridor, China-Central Asia-West Asia Economic Corridor, China-Indochina Peninsula Economic Corridor, China-Pakistan Economic Corridor, and the Bangladesh-China-India-Myanmar Economic Corridor. The 21st century Maritime Silk Road has two main routes that run from the Chinese coast to Europe through the South China Sea and the Indian Ocean, and from the Chinese coast through the South China Sea to the South Pacific (See: Fig. 1). To finance these ambitious projects, in 2014 the Chinese government set up the Silk Road Fund with an initial capital of \$40 billion. In 2016, the authorities in Beijing established the Asian Infrastructure Investment Bank (AIIB), which has been joined by 73 countries in three years, and another 26 are on the path to becoming members. It is worth noting that the group of permanent AIIB members includes three 'new' EU states: Poland, Romania, and Hungary. The BRI's third financial component is the BRICS New Development Bank, established in 2014 with an initial capital of \$50 billion. The Chinese authorities eagerly emphasize that the BRI, with its planned investments of about \$1.3 trillion in the next 30 years, will far exceed the Marshall Plan, which reached about \$140 billion in constant dollars.

A glance at the BRI maps published by Chinese government services shows that the planned northern economic corridor, SREB, will pass through Central Europe, and more specifically, Poland, to Madrid, and to the Atlantic ports in Rotterdam and Hamburg. For this reason, the EU's eastern part is of key importance to the Middle Kingdom in accessing Western European markets. With this in mind, in 2012, the authorities in Beijing established the '16+1' initiative, an informal and flexible platform for economic cooperation involving 16 Central and Eastern European countries and China. After the SREB announcement by Xi Jinping, the '16+1' formula (in April 2019, it was extended to '17+1', i.e., 12 members of the EU's eastern part and five Western

Fig. 1. The Belt and Road Initiative**The Belt and Road Initiative: Six Economic Corridors Spanning Asia, Europe and Africa**

Source: The Official Website of the Hong Kong Trade Development Council, <http://china-trade-research.hktdc.com/business-news/article/The-Belt-and-Road-Initiative/The-Belt-and-Road-Initiative/obor/en/1/1X000000/1X0A36B7.htm> [2019-10-02].

Balkan countries¹⁰) has become a regional BRI component, focusing mainly on infrastructure to match this project with the global strategy of the Chinese government. For this reason, the permanent secretariat of the '16+1' was located in the Chinese Ministry of Foreign Affairs¹¹.

At the '16+1' summit in Suzhou, China, in 2015, Chinese Prime Minister Li Keqiang encouraged the 16 partner countries to pursue closer cooperation on the Adriatic-Baltic-Black Sea axis, but within the functional limits of the current formula. As mentioned above, in 2015, the presidents of the 'new' EU member states announced the

¹⁰ The 12 EU members involved in '17+1' are Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia. The Western Balkan states in this formula are Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia.

¹¹ All the information on the '17+1' formula comes from its official website: <http://www.china-ceec.org/eng/> [2019-07-19].

establishment of the TSI, which raised a question about the possibility of harmonising the TSI and BRI projects. The formula of cooperation both within the TSI and cooperation with external parties was shaped during subsequent TSI summits in 2016-2019. Although the basis for membership in the initiative is countries with EU membership located between the Adriatic, Baltic and Black seas, this did not preclude the participation of partner countries, including those outside the Union. The declaration of the inaugural TSI summit in Dubrovnik (August 25-26, 2016) stated that the TSI is 'open to a partnership with interested states or business entities from around the world, respecting the fundamental values and principles of the European Union'¹². It was not surprising then that the Chinese deputy foreign minister, Liu Haixing, responsible for relations in Central and Eastern Europe, was present at the summit and welcomed the establishment of a new initiative focused on the EU's eastern part. He emphasized that the new format is 'highly conceptually compatible' with the Chinese '16+1' design, and at the same time appears to be 'fairly consistent in content and identical in pursuit of goals'¹³. In Dubrovnik, the presidents of the TSI member states committed themselves in this declaration to gaining support and undertaking actions for the implementation of cross-border and macro-regional projects that are strategic for countries involved in the energy, transport, digitisation, and economic sectors in Central and Eastern Europe.

Equally general in terms of partnership was the declaration of the 2nd TSI summit in Warsaw (June 6-7, 2017), which stated that the initiative 'was open to interested business entities from around the world and global partners'¹⁴. However, the presence of U.S. President Donald Trump, with his support for the initiative, left no doubt as to who had taken over patronage of this undertaking. The White House administration's involvement in the Three Seas project is associated with the

12 The Official Website of the Three Seas Initiative, 'Joint Statement on The Three Seas Initiative (The Dubrovnik Statement)', 25-26 August 2016, <http://three-seas.eu/wp-content/uploads/2018/06/DUBROVNIK.pdf> [2019-7-30].

13 Quoted after: I. Selim et al., *The emergence of a European project. Three Summits for the Three Seas Initiative*, Warsaw-București: OSW and New Strategy Center, 2018, p. 10.

14 See: The Official Website of the Three Seas Initiative, 'The Second Summit of the 3 Seas Initiative Joint Declaration', 6-7 July 2017, <http://three-seas.eu/wp-content/uploads/2018/06/WARSAW.pdf> [2019-07-07].

U.S. determination to increase its share of the liquefied natural gas (LNG) supply market, describing the move as ensuring 'energy dominance' for the United States. This concept is consistent with the declared goal of the TSI, which is closer energy integration (mainly gas) in the region. In addition, one outcome of the summit, the Warsaw Declaration, recognised the main priorities of the TSI as improving the region's communication links for the further development and integration within the Trans-European Transport Network (TEN-T) and to promote the business nature of joint economic projects and full synergy with EU policies¹⁵.

The declaration of the 3rd TSI summit in Bucharest (17-18 September 2018) modified the initiative's objectives, considered to be to strengthen economic development, increase EU cohesion by modernising the region's infrastructure, and enriching transatlantic ties. This document also specified the institutional dimension of the partnership, which included the European Commission (EC), the European Investment Bank, the European Bank for Reconstruction and Development, and the World Bank. The possibility of strengthening political and economic relations with partners 'from the Euro-Atlantic community' was also emphasized, but mentioned only Germany and the US. In addition, the US economic presence in the Three Seas region was recognised as an opportunity to 'strengthen the transatlantic bond' and 'an additional catalyst for a stronger transatlantic partnership'. Thus, the U.S. was granted the special status of a strategic partner of the project. Also noteworthy is a fragment of the document concerning 'support for EU policies addressed to the countries of the Western Balkans and the Eastern Partnership, and to complement efforts in bringing these two regions closer to the European Union, including the building of better connections'¹⁶. The declaration of the 4th TSI summit in Ljubljana (5-6 June 2019) both maintained the initiative's openness to the Western Balkans and the US economic status in the region¹⁷. Thus,

15 B. Wiśniewski et al., 'Trójmorze – nowy instrument w polskiej polityce zagranicznej', *Polski Przegląd Dyplomatyczny*, vol. 71, no. 4, 2017, pp. 29-30.

16 See: The Official Website of the Three Seas Initiative, 'Joint Declaration of the Third Summit of the Three Seas Initiative', 17-18 September 2018, <http://three-seas.eu/wp-content/uploads/2018/09/BUCHAREST-SUMMIT-JOINT-DECLARATION.pdf> [2019-07-30].

17 See: The Official Website of the Fourth Summit of the Three Seas Initiative, 'Joint Declaration of the Fourth Summit of the Three Seas Initiative', 5-6 June 2019, <https://three.si/joint-declaration> [2019-07-30].

this project has become somewhat competitive to the Chinese '17+1' initiative. For this reason, the Middle Kingdom's absence at the last three TSI summits is not surprising nor is the fact that all the documents quoted completely ignore China's role in the development of infrastructure in the Three Seas region.

2. A summary of TSI and BRI programmatic assumptions

As previously mentioned, the main objectives of the TSI are to strengthen economic development, increase EU cohesion, and enrich transatlantic ties. More specific detail about the objectives can be found on the official TSI website, created ahead of the Bucharest summit. There, one can read that economic development is to be stimulated by building transport, energy, and digital connections mainly, but not only, on the north-south axis. This is to increase unity and cohesion in the EU, to avoid artificial divisions between the 'old' and 'new' Union members and thus stimulating further integration of the European Community. Finally, the transatlantic partnership should be strengthened through a greater US economic presence in the Three Seas region. These priorities are to be implemented in accordance with what is called the 'three Cs' principle: *connectivity*, *commerciality*, and *complementarity*. The first of these principles is to contribute to better communication between EU countries located in the Adriatic, Baltic and Black sea area; the second is to promote closer business cooperation as a benefit of strengthening the EU common market, an indispensable partner of TSI countries, and assisting EU institutions in the implementation of specific projects; the third is intended to support rather than duplicate efforts undertaken within the EU and regional initiatives¹⁸. These principles comprised the slogan of the Warsaw summit and were confirmed in the final declarations from Bucharest and Ljubljana.

These cooperation mechanisms have been included in the set of declared BRI objectives and principles of implementation. In this case, it was necessary to rely on two of Xi's BRI-focused speeches, one he made in Astana in 2013 and the other at the 2nd International

18 The Official Website of the Three Seas Initiative, <http://three-seas.eu/about/> [2019-07-30].

Belt and Road Forum in Beijing in 2017. A joint document by the National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Trade of the People's Republic of China, entitled 'Vision and Actions on Jointly Building the Silk Road Economic Belt and 21st Century Maritime Silk Road', was published in March 2015. A closer study of these documents shows some consistency with the TSI programmatic assumptions. In Astana, the president of China, in announcing the BRI, listed five priorities for states along the New Silk Road for the successful implementation of the projects: the intensification of political dialogue; improving road connections; promoting free trade; improving money circulation; and, strengthening interpersonal relationships¹⁹. In a government document released in March 2015, these priorities for cooperation between BRI countries were upheld and explained in more detail. Officially, this undertaking is to serve five goals: coordination of the development policies of countries located on the New Silk Road; networking of facilities and infrastructure; strengthening investment and commercial relations; strengthening financial cooperation and deepening social and cultural exchanges²⁰. It can easily be seen that the 'new' EU countries would subscribe to these principles. The first of the priorities is seeking mutual complementarity in plans and measures for the development of regional cooperation through consultations in the spirit of seeking common ground, a goal that overlaps to some extent with the Three Seas principle of complementarity. The second BRI component brings to mind the connectivity rule even without having to develop it. The third and fourth course of action of the Chinese initiative is related to commerciality, especially if one considers that only half of the 12 TSI members (Austria, Estonia, Lithuania, Latvia, Slovakia, and Slovenia) are in the eurozone. Other members of the initiative, including TSI initiators Poland and Croatia, continue to use their national currencies. Not without significance in this context is the fact that three TSI countries – Bulgaria, Croatia, and Romania – remain outside the Schengen zone, which makes the 'new' EU members quite heteroge-

19 X. Jinping, *The Governance of China*, Beijing: Foreign Languages Press, 2014, pp. 318-319.

20 This document is available on the official website of China's National Development and Reform Commission, http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html [2019-09-29].

neous. Even so, how much more heterogeneous must the group of 65 Eurasian countries directly covered by the New Silk Road project with different trading and monetary systems and different levels of economic development be?

Such diversity and number of entities required the initiator to create common rules for all participants in fulfilling the declared implementation priorities. At the inaugural International Belt and Road Forum in Beijing on May 14, 2017, Xi emphasized that the next step in implementing BRI projects was to apply five principles:

1) eliminating hotspots involving participating states through diplomatic means in line with the 'win-win' principle;

2) raising the living standards of underdeveloped countries, including complementarity in each other's national economic development plans;

3) the inclusiveness of economies based on a fair and transparent system of international trade and investment rules, as well as an organised flow of production factors, efficient allocation of resources, and full integration of markets;

4) innovation in areas such as the digital economy, artificial intelligence, nanotechnology, and quantum computing, as well as the development of large datasets, cloud computing, and smart cities to transform them into a 21st century 'Digital Silk Road'; and,

5) strengthening intercultural ties, including student exchanges, creating networks of think tanks and partnerships, creating tourism products to protect the heritage of the Silk Road, exchanges between parliaments, political parties and NGOs, as well as between women and people with disabilities²¹.

The common denominator of the five priorities of the BRI and the five principles that should guide countries in the implementation of specific projects is cooperation, which appears in Xi's speeches and in the 14-page government document with unusual frequency – as many as 167 times. Terms such as 'coordination', 'development', 'integration', 'communication', and 'implementation' are repeatedly men-

21 The full text of President Xi's speech at the opening of the Belt and Road Forum is available on the official website of Xinhua News Agency, http://www.xinhuanet.com/english/2017-05/14/c_136282982.htm [2019-09-24].

tioned, which is typical of China's soft-power approach. This group of concepts also includes the 'three Cs' of the TSI, with 'connectivity' in all three Chinese texts altogether mentioned 36 times, and 'commerciality' and 'complementarity' mentioned only six times. Similar proportions of '3xC' exist among the overarching objectives, presented in a somewhat extended version on the official TSI website and in the declarations of the four TSI summits. While 'connectivity' is mentioned 17 times in total, 'commerciality' is only referred to three times, and 'complementarity' only twice. However, unlike the Chinese usage, 'cooperation' only appears 16 times in TSI texts. Other terms mentioned in Chinese documents are present in summit declarations and on the official website of the TSI, although not as often. Therefore, it can be concluded that between the main programmatic assumptions of the two discussed initiatives there is indeed, at least in theory, the synergy that Liu Haixing talked about at the Dubrovnik summit in August 2016, Li Keqiang a few months later at the '16+1' summit in Riga. In any case, the Riga Declaration, adopted at this meeting, was a *sui generis* commitment to support cooperation between China and the CEE countries as part of the Three Seas project²². This formula was repeated during the '16+1' summit in Budapest (27 November 2017) and most recently in Dubrovnik (12 April 2019).

3. Bilateral relations between China and 'new' EU members in the context of BRI

In analysing bilateral relations between China and the EU's east over the past 10 years, one can notice a clear increase in the turnover of mutual financial transactions since the BRI announcement by Xi in 2013. Like economic relations, a strengthening of bilateral relations has taken place between TSI states in other Chinese soft-power areas, such as diplomacy, culture, and education. The relations of new EU members with the Middle Kingdom are varied and to a great extent dependent on the location of these states, because for the Chinese, the most important factor is easier access to larger EU markets,

²² The full text of the Riga Declaration is available on the official website of the '17+1', http://www.china-ceec.org/eng/ldrhw_1/2016lj/hdxw4/t1413461.htm [2019-09-25].

Germany in particular, Europe's biggest market and China's most important trade partner in Europe. For that reason, of the 12 'new' EU states, the most intensive trade exchange is linked with Poland, the Czech Republic, Austria, and Hungary. These EU states are directly connected – or in Hungary's case, indirectly via the Danube – to Germany. In 2018, the volume of trade in goods with Poland was over €20 billion, with the Czech Republic, €15.3 billion, Austria, €9.7 billion, and Hungary, almost €8 billion. However, each of these countries has seen a trade deficit with the Middle Kingdom in the last decade. The overall trade turnover of the TSI countries with China amounted to over €70 billion, which is more than China-France trade turnover (more than €50 billion) and slightly less than China-United Kingdom exchange (€76.7 billion)²³. It is not a coincidence either, that these countries are the only states in the EU's east that have signed a comprehensive strategic partnership with China, concluding them between 2016 and 2018²⁴. In addition, with the exception of the Czech Republic and with the participation of Romania, during the same period they became members of the AIIB, the BRI's financial instrument²⁵. The Chinese are also trying to connect the infrastructure of the eastern EU states with Germany. The flagship Chinese investment within the '17+1' format – the construction of the Belgrade-Budapest high-speed rail line – is to be joined in the future with the Greek port facilities of Piraeus, leased by China, via Vienna, to the dry port at Duisburg²⁶. It has already been mentioned that one of the fastest land corridors on the New Silk Road is through Poland. That is why in Łódź, a city of 700,000, where the Freedom Highway (east-west) and Amber High-

23 All trade statistics from the official website of the European Commission: 'Imports, exports and trade balance in goods between the EU and China, 2008-2018', https://ec.europa.eu/eurostat/statistics-explained/index.php?title=China-EU_-_international_trade_in_goods_statistics#EU_and_China_in_world_trade_in_goods [2019-09-20].

24 D. Mierzejewski et al., *Aktywność gospodarcza i polityczna Chińskiej Republiki Ludowej w regionie Europy Środkowej i Wschodniej. Raport Ośrodka Spraw Azjatyckich*, Łódź: Wydawnictwo Uniwersytetu Łódzkiego, 2018, pp. 18-19.

25 For more about bank full membership, see: The Official Website of Asian Infrastructure Investment Bank, <https://www.aiib.org/en/about-aiib/governance/members-of-bank/index.html> [2019-09-29].

26 Information about the project and its implementation comes from the official website of the Xinhua News Agency, 'New Silk Road brings more than trade to China, Europe', http://www.xinhuanet.com/english/2018-08/18/c_137399857.htm [2019-09-29].

way (north-south) cross, a Central European Logistics Hub is being created with the participation of the German company BSH. This is one of the largest logistic complexes of its kind in the Three Seas region²⁷. In addition, the Chinese company STECOL Corporation will build a section of the S14 expressway, part of the western ring road around Łódź²⁸. The analysis of announcements made after each of the '17+1' summits reveals a focus on Hungary, the Czech Republic, Poland, and Serbia as leaders of cooperation with China in this format²⁹. It is worth noting that the TSI formula includes the same countries, except Serbia, and Austria. The turnover of these four states with the Middle Kingdom in 2018 amounted to 75% of China's exchange with the Three Seas region³⁰.

In the context of bilateral trade relations with the EU's eastern countries, the actual level of synergy compared to that expressed by Chinese leaders between the '17+1' format and the TSI is another issue. As mentioned above, a separate declaration was adopted at the Riga Summit (November 2016) to support cooperation between Beijing and the CEE countries as part of the Three Seas project. This formula was repeated during the Budapest summit in November 2017 and most recently in Dubrovnik in April 2019. However, it seems that these declarations have not yet translated into multilateral projects, and the authorities in Beijing have stayed focused on their bilateral activities, e.g., investments in Croatian shipyards³¹. China actions in this regard are definitely not sufficient to talk about synergy between the two projects. The case of the investment in the Belgrade-Budapest rail line cannot be considered crucial to the future development

27 The Official Website of the Polish Property News Service, <https://www.propertynews.pl/magazyny/30-tys-mkw-dla-bsh-panattoni-powieksza-central-european-logistics-hub,74940.html> [2019-09-29].

28 Information comes from the official website of the Polish General Directorate for National Roads and Highways, <https://www.gddkia.gov.pl/pl/a/34694/Podpisalismy-umowe-na-ostatni-odcinek-drogi-ekspresowej-S14> [2019-10-02].

29 D. Mierzejewski et al., op. cit., p. 13.

30 Own study based on the European Commission's report: 'Imports, exports and trade balance in goods between the EU and China, 2008-2018', https://ec.europa.eu/eurostat/statistics-explained/index.php?title=China-EU_-_international_trade_in_goods_statistics#EU_and_China_in_world_trade_in_goods [2019-09-20].

31 Official Website of the Reuters Information Agency, 'Croatia's troubled Pula shipyard placed into bankruptcy', <https://www.reuters.com/article/croatia-shipbuilding/croatias-troubled-pula-shipyard-placed-into-bankruptcy-idUSL5N22P1Y6> [2019-10-02].

of north-south routes in this part of Europe. The same goes for other Chinese investments in the TSI region, such as the expansion of the Romanian Tarna-Lăpușești (hydro) and Cernavoda (nuclear) power plants³². In addition, criticism of the Chinese investments in Central and Eastern Europe, such as that from Austrian Foreign Minister Karin Kneissl, are increasingly being expressed by TSI member state authorities, who say they are concerned about the growing influence of the Middle Kingdom in Southeastern Europe. Kneissl said he believes that China's activities in Europe are strategic. China, in its own view, acts not only as an investor but also as a geopolitical player³³. Proof of that is the Belgrade-Budapest rail line, which is financed by a \$1.5 billion Chinese loan, which came under investigation by the European Commission after it was implemented without a tender and deemed to be state aid, which is incompatible with EU law³⁴.

According to experts, the loan was motivated mainly by political bias because the initiative is supposed to minimize the negative effects of the historical Serbian-Hungarian rivalry. On the other hand, the rail connection between Serbia and Hungary is, as mentioned above, part of the wider 'land and sea bridge' project which is part of the Chinese 21st Century Maritime Silk Road³⁵.

It seems, however, that there are signs of synergy between some TSI initiatives and '17+1' projects. For example, Poland could try to connect the Belgrade-Budapest high-speed rail line to the logistics hub in Łódź and extend it further to Warsaw³⁶. Thus, Chinese investment in the Polish capital could be combined with the TSI flagship Rail Baltica project, a fast railway leading from Berlin, Lithuania and Latvia to Tallinn and then to Helsinki. In this way, Warsaw could be-

32 The amount of the Chinese loans for both projects was €3 billion. Information from D. Pavličević, 'A Power Shift Underway in Europe? China's Relationship with Central and Eastern Europe Under the Belt and Road Initiative', in: L. Xing (ed.), *Mapping China's 'One Belt One Road' Initiative*, Palgrave Macmillan, 2019, p. 258.

33 'Austria warns about China's rising influence in Europe', *Japanese Nikkei Asian Review*, <https://asia.nikkei.com/Spotlight/Belt-and-Road/Austria-warns-about-China-s-rising-influence-in-Europe> [2019-10-02].

34 'EU sets collision course with China over 'Silk Road' rail project Belgrade-Budapest', *Financial Times*, <https://www.ft.com/content/003bad14-f52f-11e6-95ee-f14e55513608> [2019-10-02].

35 D. Mierzejewski et al., op. cit., p. 14.

36 See: B. Góralczyk, *Wielki Renesans. Chińska transformacja i jej konsekwencje*, Warsaw: Wydawnictwo Akademickie „Dialog”, 2018, p. 383.

come a central hub between the Mediterranean, Baltic and Black seas and the Danube Valley and further, via Duisburg to the Atlantic coast. However, there are voices that the Piraeus-Duisburg rail connection is contrary to the interests of both Poland and the entire TSI because it will bypass Poland from the south and southwest to reach Germany. In that case, Berlin would become the main playmaker in this route, appearing as the material patron of cooperation in the Three Seas region. This would automatically neutralise the TSI, which aims, after all, to create an independent grouping in the EU's east³⁷. Similar arguments 'for' and 'against' other flagship TSI projects, such as *Rail-2-Sea* (Gdansk-Constanta fast railway), *Via Carpatia* (Klaipeda-Thessaloniki highway), or the *Danube-Oder-Elbe Connection*, connecting the Vistula and Oder basins with the Atlantic ports of Hamburg and Rotterdam and the Black Sea ports at Constanta and Burgas³⁸.

Further harmonisation between the initiatives also seems possible in cybernetic cooperation and Hungary's responsibility for 'smart cities' projects through the TSI. Since the beginning of the '17+1' format, the authorities in Budapest have sought priority in relations with China. In this context, the government of Prime Minister Viktor Orbán, despite American pressure against it, has continued to promote 5G technology solutions with the participation of Chinese concern Huawei, which lends credibility to China as a partner in developing modern solutions. Added to this is Hungary's coordination of 'smart cities' projects, which will increase TSI countries' room for manoeuvre in negotiations regarding EU funding of new technologies. In addition, the Three Seas Digital Highway project was included on a shortlist of TSI priorities, in line with the idea of the Digital Silk Road, as an important component of the BRI. The reason for China's potential interest in TSI priorities seems to be that it gives China the opportunity to participate in projects co-financed by the EU, which cannot be said, for example, about investments in the countries of the Western Bal-

37 See: J. Bartosiak, *Rzeczpospolita między Łądem a Morzem. O wojnie i pokoju*, Warsaw: Zona Zero, 2018, p. 414.

38 Information about all of the TSI projects is available on the official TSI website, 'The Three Seas Initiative Priority Interconnection Projects', <http://three-seas.eu/wp-content/uploads/2018/09/LIST-OF-PRIORITY-INTERCONNECTION-PROJECTS-2018.pdf> [2019-09-30].

kans, which are still outside European structures, resulting in a much weaker bargaining position in relations with the Middle Kingdom.

Chinese efforts to popularise other soft-power elements in the Three Seas countries are also significant. As part of this strategy, in 2017 the first Chinese analytical centre in Europe – the China-Central and Eastern Europe Institute – was created in Hungary. Chinese culture, endowed with great power of attraction and attention to traditional relationships among the communities of the former Soviet bloc, has become a tool in the hands of the communist authorities in Beijing to exert influence on the Central and Eastern European environment³⁹. In 2004, the government implemented a global programme of establishing Confucius Institutes to promote Chinese language and culture, mainly at universities. As of September 2019, 530 of these institutions have been opened, on all continents, with about 110 million students attending. There are 143 such centres in the EU alone, of which 29 are located in 'new' member states of the European Union⁴⁰. Poland has six of the institutes, Hungary five, Romania four, Slovakia three, two each in Austria, Bulgaria and the Czech Republic, and one each in the other eastern countries of the EU. For comparison, just half as many German Goethe Institutes, operating much longer than their Chinese counterparts, are in TSI countries, numbering just 14.

Sinology at universities as part of separate institutes also plays an important role in Chinese scientific diplomacy. These studies are included in the educational offer of universities in Bratislava, Bucharest, Budapest, Cracow, Ljubljana, Olomouc, Poznań, Prague, Riga, Sofia, Vienna, and Warsaw. Based on these centres, among other factors, the Chinese authorities in 2015 decided to create a BRI academic arm in the form of the University Alliance of the New Silk Road (UANSR). This initiative brings together 151 universities from 38 countries located on the New Silk Road. Among the 'new' EU members, three centres in

39 For more about traditional CEE-China relations involving Poland, see: J. Górski, 'China's Strategy towards Central and Eastern Europe Within the Framework of 16+1 Group: The Case of Poland', in: W. Zhang, I. Alon, Ch. Lattemann, (ed.), *China's Belt and Road Initiative: Changing the Rules of Globalization*, Springer, 2018, pp. 118-121.

40 Data from the official website of the Confucius Institute Headquarters Hanban, a public institution affiliated with the Chinese Ministry of Education. It is committed to providing Chinese language and cultural teaching resources and services worldwide, http://english.hanban.org/node_10971.htm [2019-09-15].

Poland and one in Croatia joined the initiative⁴¹. Officially, it is a non-governmental organisation (NGO), but its real purpose is to strengthen cooperation with Chinese universities⁴². Regardless of the chances of the BRI's success, this academic initiative gives the universities the chance to unleash new development potential. The alliance of universities associated with the Silk Road allows China to build a completely new configuration of cooperation between its universities and those in EU countries. In this context, it is worth mentioning the Polish response to this initiative by the Poznan University of Technology, which opened a research centre on the New Silk Road⁴³. It plays a transfer role between partner universities. In other words, the proposal to build the New Silk Road has opened up completely new possibilities for the internationalisation of universities and the opening of a new geopolitical configuration of cooperation between countries along its route. The Chinese authorities also pay attention to international university agreements, thanks to which the number of foreign students in China increased from around 36,000 in 2000 to over 492,000 in 2018.

A significant effort has also been made to increase the quantitative and qualitative levels of Chinese diplomacy. Thanks to this, China in 2017 had the second-largest diplomatic network around the world while also increasing the professionalism of its foreign service. At the same time, Chinese ministries conduct a series of short courses for officials, diplomats, and military officers from developing countries. These classes teach students the specific skills they need but along the way also tries to win their hearts and minds⁴⁴.

Conclusions

The future shape of China's soft power towards 'new' EU members may be decided by the American patronage of the TSI and the fact that one

41 Gdansk University of Technology, University of Gdansk, Vistula University of Warsaw (all from Poland) and University of Zagreb (Croatia).

42 Information comes from the official website of the University Alliance of the New Silk Road http://uasr.xjtu.edu.cn/About_UASR/Members.htm [2019-10-02].

43 C. Kościelniak, 'Szkolnictwo wyższe i dyplomacja naukowa jako narzędzie soft power w polityce ChRL wobec Unii Europejskiej', *Przegląd Politologiczny*, no. 1, 2018, p. 200.

44 D. Shambaugh, 'China's Soft-Power push. The Search for Respect', *Foreign Affairs*, vol. 94, no. 4, pp. 104-105.

of the initiative's flagship projects is the North-South Gas Corridor, which will enable the sale of American LNG in Central Europe, up to now dependent on gas supplies from Russia, China's partner in the BRI project. In the context of the US-China trade war, White House planners – recognizing Central Europe as both a peripheral and key area in US policy – will seek to strengthen the Three Seas project, which may lead to limiting areas of cooperation under the '17+1' format. On the other hand, the better energy, transport and digital network connections in the EU's east clearly complements China's idea of building a New Eurasian Land Bridge through the BRI to connect the most economically developed edges of Eurasia.

Recent efforts by the Trump administration, which has adopted the TSI project, have shown that the goal of the United States is to further deepen the split between Western Europe and Central and Eastern Europe. It is significant that Trump's visit to Warsaw in July 2017 was also the second Three Seas summit in which German Foreign Minister Sigmar Gabriel did not want to participate. As expected, the purpose of Trump's visit was to call on CEE countries to continue infrastructure projects enabling LNG imports from America via terminals in Poland and Croatia. Basically, in the EU's thinking, this plan not only reduces Russian natural gas imports by CEE countries via existing land-based pipelines, but also it undermines Germany's own plans to create a European gas supply and trading centre via the Nord Stream pipeline from Russia directly to Germany.

China's strategy towards the countries of Central and Eastern Europe turns out to be closely correlated to the pragmatic policy of the BRI. The plan as outlined by Beijing seems to boil down to involvement in specific projects related to the New Silk Road, which instead of blocking or diminishing the 'new' EU members' infrastructure projects, seem to complement the TSI priorities, implemented under US patronage. Thus, the increased investment of American enterprises in the region may allow the administration in Washington to maintain control over Chinese infrastructure investments. What's more, this presence may even lead to the participation of large American technology companies (i.e., Apple, Amazon, Microsoft, Google, Facebook) in projects originally started in Beijing.

References

- 'Austria warns about China's rising influence in Europe', *Japanese Nikkei Asian Review*, <https://asia.nikkei.com/Spotlight/Belt-and-Road/Austria-warns-about-China-s-rising-influence-in-Europe> [2019-10-02].
- 'EU sets collision course with China over 'Silk Road' rail project Belgrade-Budapest', *Financial Times*, <https://www.ft.com/content/003bad14-f52f-11e6-95ee-f14e55513608> [2019-10-02].
- 'Speech of Robert M. Gates, U.S. Secretary of Defense at the Kansas State University', 26 November 2007, <https://web.archive.org/web/20100801065608/http://www.defense.gov/speeches/speech.aspx?speechid=1199> [2019-09-19].
- Bartosiak J., *Rzeczpospolita między Lądem a Morzem. O wojnie i pokoju*, Warsaw: Zona Zero, 2018.
- Dorota R., 'Europe centrale: l'Initiative des Trois mers', *Politique Étrangère*, vol. 83, no. 2, 2018.
- Góralczyk B., *Wielki Renesans. Chińska transformacja i jej konsekwencje*, Warsaw: Wydawnictwo Akademickie „Dialog”, 2018.
- Górski J., 'China's Strategy towards Central and Eastern Europe Within the Framework of 16+1 Group: The Case of Poland', in: W. Zhang, I. Alon, Ch. Lattemann, (ed.), *China's Belt and Road Initiative: Changing the Rules of Globalization*, Springer, 2018.
- Jinping X., *The Governance of China*, Beijing: Foreign Languages Press, 2014.
- Kościelniak C., 'Szkolnictwo wyższe i dyplomacja naukowa jako narzędzie soft power w polityce ChRL wobec Unii Europejskiej', *Przegląd Polityczny*, no. 1, 2018.
- Kowal P., Orzelska-Stączek A., *Inicjatywa Trójmorza: geneza, cele i funkcjonowanie*, Warsaw: Instytut Studiów Politycznych Polskiej Akademii Nauk, 2019.
- Mierzejewski D. et al., *Aktywność gospodarcza i polityczna Chińskiej Republiki Ludowej w regionie Europy Środkowej i Wschodniej. Raport Ośrodka Spraw Azjatyckich*, Łódź: Wydawnictwo Uniwersytetu Łódzkiego, 2018.
- Nye J., 'China's Soft Power Deficit To catch up, its politics must unleash the many talents of its civil society', *The Wall Street Journal*, 8 May 2012.
- Nye J., *Bound to Lead: The Changing Nature of American Power*, London: Basic Books, 1990.
- Nye J., *Soft Power. Jak osiągnąć sukces w polityce światowej*, Warsaw: Wydawnictwa Akademickie i Profesjonalne, 2007.
- Pavličević D., 'A Power Shift Underway in Europe? China's Relationship with Central and Eastern Europe Under the Belt and Road Initiative', in: L. Xing (ed.), *Mapping China's 'One Belt One Road' Initiative*, Palgrave Macmillan, 2019.
- Selim I. et al., *The emergence of a European project. Three Summits for the Three Seas Initiative*, Warsaw-București: OSW and New Strategy Center, 2018.

- Shambaugh D., 'China's Soft-Power push. The Search for Respect', *Foreign Affairs*, vol. 94, no. 4, 2016.
- The Official Announcement from the Website of the Bank Gospodarstwa Krajowego (Domestic Holding Bank), <https://media.bgk.pl/60741-fundusz-trojmorza-oficjalnie-zalozony-bgk-podpisal-akt-zalozycielski> [2019-10-02].
- The Official Website of 17+1 Initiative, 'Riga Declaration', http://www.china-ceec.org/eng/ldrhw_1/2016lj/hdxw4/t1413461.htm [2019-09-25].
- The Official Website of Asian Infrastructure Investment Bank, <https://www.aiib.org/en/about-aiib/governance/members-of-bank/index.html> [2019-09-29].
- The Official Website of China's National Development and Reform Commission, 'Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road', http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html [2019-09-29].
- The Official Website of Confucius Institute Headquarters Hanban, http://english.hanban.org/node_10971.htm [2019-09-15].
- The Official Website of European Commission, 'Imports, exports and trade balance in goods between the EU and China, 2008-2018', https://ec.europa.eu/eurostat/statistics-explained/index.php?title=China-EU_international_trade_in_goods_statistics#EU_and_China_in_world_trade_in_goods [2019-09-20].
- The Official Website of the 17+1 Initiative, <http://www.china-ceec.org/eng/> [2019-09-19].
- The Official Website of the Fourth Summit of the Three Seas Initiative, 'Joint Declaration of the Fourth Summit of the Three Seas Initiative', 5-6 June 2019, , <https://three.si/joint-declaration> [2019-07-30].
- The Official Website of the Polish General Directorate for National Roads and Highways, <https://www.gddkia.gov.pl/pl/a/34694/Podpisalismy-umowena-ostatni-odcinek-drogi-ekspresowej-S14> [2019-10-02].
- The Official Website of the Polish Property News Service, <https://www.propertynews.pl/magazyny/30-tys-mkw-dla-bsh-panattoni-powieksza-central-european-logistics-hub,74940.html> [2019-09-29].
- The Official Website of the Reuters Information Agency, 'Croatia's troubled Pula shipyard placed into bankruptcy', <https://www.reuters.com/article/croatia-shipbuilding/croatias-troubled-pula-shipyard-placed-into-bankruptcy-idUSL5N22P1Y6> [2019-10-02].
- The Official Website of the Three Seas Initiative, 'Joint Declaration of the Third Summit of the Three Seas Initiative', 17-18 September 2018, <http://three-seas.eu/wp-content/uploads/2018/09/BUCHAREST-SUMMIT-JOINT-DECLARATION.pdf> [2019-07-30].
- The Official Website of the Three Seas Initiative, 'The Joint Statement on The Three Seas Initiative (The Dubrovnik Statement)', <http://three-seas.eu/wp-content/uploads/2018/06/DUBROVNIK.pdf> [2019-07-30].

- The Official Website of the Three Seas Initiative, 'The Second Summit of the 3 Seas Initiative Joint Declaration', 6-7 July 2017, <http://three-seas.eu/wp-content/uploads/2018/06/WARSAW.pdf> [2019-07-07].
- The Official Website of the Three Seas Initiative, 'The Three Seas Initiative Priority Interconnection Projects', <http://three-seas.eu/wp-content/uploads/2018/09/LIST-OF-PRIORITY-INTERCONNECTION-PROJECTS-2018.pdf> [2019-09-30].
- The Official Website of the Three Seas Initiative, <http://three-seas.eu/about/> [2019-09-30].
- The Official Website of the University Alliance of the New Silk Road http://uasr.xjtu.edu.cn/About_UASR/Members.htm [2019-10-02].
- The Official Website of the Xinhua News Agency, 'New Silk Road brings more than trade to China, Europe', http://www.xinhuanet.com/english/2018-08/18/c_137399857.htm [2019-09-29].
- The Official Website of the Xinhua News Agency, Jinping X., *Work Together to Build the Silk Road Economic Belt and The 21st Century Maritime Silk Road*, http://www.xinhuanet.com/english/2017-05/14/c_136282982.htm [2019-09-29].
- Wiśniewski B. et al., 'Trójmorze – nowy instrument w polskiej polityce zagranicznej', *Polski Przegląd Dyplomatyczny*, vol. 71, no. 4, 2017.
- Zbińkowski G., 'The Three Seas Initiative and its Economic and Geopolitical Effect on the European Union and Central and Eastern Europe', *Comparative Economic Research. Central and Eastern Europe*, vol. 2, no. 22, 2019.