

WORKING PAPER

The Openness of the Belt and Road and China-EU Cooperation

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Presently, the Belt and Road initiative proposed by China has become a bright spot in global economic cooperation, which also adds some new content to China-EU cooperation. Of course, many people in the world including some European countries have some worries over the initiative, as they doubt the security risks involved, the division of its benefits and China's strategic intentions associated with it. Beyond any doubt, any government should first of all protect their respective national interests. Therefore, it is natural for them to balance and have meticulous consideration of such a huge cooperation scheme, and it is reasonable and understandable as well for them to have some misgivings. It is worth pointing out, the Belt and Road initiative itself is in a process of continuous exploration, whose openness is manifested in the concept, approach, content and prospect of cooperation, aiming fundamentally at achieving mutual benefit and win-win. In such a process, Europe can doubtlessly be a major cooperation partner of China, while claiming opportunities for common development from the Belt and Road cooperation.

I. The Open Nature of the Belt and Road Itself

First of all, the original intention of the Belt and Road initiative is to open up. Since the financial and debt crises, there has emerged a tide against globalization, trade liberalization and even economic integration, such as the "trade war" waged by the Trump administration of the United States. For this, we cannot blindly engage in criticizing, but rather see that many of the contradictions have been accumulated in the process of economic globalization including economic integration, which exploded collectively under the impact of the crises. In essence, as many of the nations in the world have met with bottlenecks in their development, populism to some extent is the protective response to both internal and external impact. In fact, many countries of the world have been obsessed with issues of the same essence, though showing in different forms. This does not mean globalization is out of date, but the structure needs to be adjusted. All in all, in today's world, protectionism can hardly solve any problems, while driving back in history is more unrealistic. As an old Chinese saying goes, "a boat sailing against the current must forge ahead or it will be driven back". China's 40-year experience in reform and opening up has indicated, only by persisting in development, can any country solve the dilemma of development. Over the years, China has been promoting the concept for innovative and inclusive development, which is intended to find a way out for the dilemma of global development. From the Hangzhou G20 Summit in 2016 to President Xi Jinping's speech made at Davos in January 2017, China has been trying to send a message to the world that China is not only the biggest beneficiary of globalization, but also making efforts to undertake its share of responsibility for global development. The Belt and Road initiative has emerged against such a background, which is the solution China has offered for global development, intended to promote development by further opening up and enable the people

of all countries to benefit from the new form of globalization. As President Xi Jinping pointed out at the Belt and Road Forum held in Beijing in 2017, we hope that the participating countries support the initiative of “version 2.0 globalization”.

Secondly, the concept of the Belt and Road cooperation emphasizes openness. In 2017, the Xinhua News Agency of China publicly defined or standardized the usage of certain domestic news terms, including the Belt and Road initiative rather than the Belt and Road strategy. Although there is only a minor difference in the expression, the connotation is entirely different. The Belt and Road is not a national strategy forcefully pursued by China, but an initiative actively proposed by China for cooperation and common development with other cooperation partners. As some scholars pointed out, China would expand its influence in the regions along the Belt and Road, and increase its geopolitical power. As it were, this is the inevitable result of the Belt and Road cooperation, which we should not evade or deny. However, if people look at things in a one-sided way, they are bound to fall into misunderstanding. First, it is only one of the actual results achieved by the Belt and Road initiative promoted by China, which is neither everything nor China’s major starting point. China has wished to realize common development of the world by providing more and better public goods, and through close cooperation with its partners. Of course, China’s leadership and achievements will gain more recognition from its cooperation partners in such cooperation, which will naturally raise China’s international status and expand its influence. Second, the effect produced by the Belt and Road is reciprocal. According to the analysis of national influence by Professor David Singer from the University of Michigan of the United States, there will be apparent defects if influence is only defined as an ability of “A trying to change B’s behavior” or “A trying to make B do what it does not want to” in political and social psychological terms, as B is just doing or will do things in a way A expects B to, or A is trying to promote B to keep on doing so through various means. Moreover, the international system is not a simple diad, as a country’s behavior is in fact influenced when trying to influence another country.¹ In another word, when China is exerting its influence onto other countries through the Belt and Road, the participation of other partners is also changing China as such cooperation is a reciprocal and interactive one. Third, further still, China’s rising influence does not necessarily give rise to contradictions and problems. In international relations, influence itself is defined both as coercive and non-coercive, while China is exerting a non-coercive influence through promoting the Belt and Road cooperation. Therefore, the key lies in how China uses its influence, just as we cannot attribute the outbreak of wars to the weapons, but to the people who use the weapons. If China’s chief intention is to make the cake bigger rather than simply re-cut the cake, and is not to sacrifice the interests of other countries while seeking its own interests, there will not be any problem as its influence grows. China has always upheld such a concept that only when the Belt and Road benefits more people of the world, can China be more benefitted.

Thirdly, the Belt and Road cooperation follows an open approach. Just as said above, the Belt and Road initiative is first of all a concept for mutual benefits and win-win, which has

¹ J. David Singer Inter-Nation Influence: A formal Model, Mental Health Research Institute, University of Michigan, 1963.

determined that its approach to cooperation is inevitably diversified. A grand interconnected trade and economic corridor will bring a huge space for development to the whole world. First, the infrastructure improvement of the countries along the Belt and Road calls for not only financing, but also technology, which will boost the development of relevant industries, create jobs and promote growth for the participating countries. Second, with their infrastructure improving, the countries along the Belt and Road will attract more investment from abroad, get indigenous economy boosted and increase local market demand so as to create more business opportunities for other countries. Third, synergy of the Asian Infrastructure Investment Bank (AIIB) and the Belt and Road with the European Strategic Fund (the Juncker Plan), and cooperation between the Silk Road Fund and the European Bank for Reconstruction and Development (EBRD), can not only bring about greater scale effects and increase mutual benefits, but also effectively lower the risks. Last, it is conducive to creating a more leveled playing field for businesses to compete. For quite a long time, private enterprises have played an important part in China's investment abroad, but many countries have doubts over the fact, believing it is not transparent and unfair. With the progress of the Belt and Road initiative, the share of private businesses in China's foreign investment is getting bigger and bigger, almost taking half of the total at the present. In the development of the Belt and Road, China's private enterprises will get more and more opportunities, which will not only make China's own economic structure more reasonable, but also offer fairer opportunities for business partners from different countries to compete.

Fourthly, the content of the Belt and Road cooperation is open. China is trying to draw a blueprint for the Belt and Road, with some of the plans going to be implemented. But, the blueprint is not all a fixed one. The basic principle of the Belt and Road initiative involves mutual consultation, joint construction and co-sharing, which means that China will seek cooperation projects jointly with its cooperation partners that are beneficial for both parties. If studies prove the projects are feasible, parties involved will start construction jointly, and share the benefits produced. If the projects fail to pass the feasible studies, or the risks faced are big, parties concerned will start all over again and look for new projects for consultation. On the whole, the general principle is to realize multiple-wins by gathering both human and material resources. For instance, China has now become the country that has the largest population of mobile internet users in the world, with its network business platforms developing rapidly, and a huge number of internet logistics enterprises like Taobao, Jingdong emerging. According to statistics of the International Bureau of Statistics, the electronic commerce transaction volume of China reached 29.19 trillion RMB in 2016, with a year-on-year growth of 11.7 percent.² These network platforms will bring new opportunities for many small and medium-sized enterprises, particularly small family corporations with good products, while much reducing the cost of their marketing efforts and making it easy for them to get into China's huge consumer market. At the same time, the Chinese consumers can enjoy better-quality products and services at lower cost, which can not only better satisfy the

² CIECN: "Investigation by the State Statistical Bureau of the E-commerce trading platforms indicates: the overall volume of E-commerce trading in China grew by 11.7 percent in 2017", posted on February 28, 2018, and accessed June 21, 2018, http://www.ec.com.cn/article/dsyj/sjzs/201802/25900_1.html.

growing demand of the Chinese people for a better life, but also increase China's import of foreign products, conducive to the balanced development of China's international trade.

Fifthly, the prospect of the Belt and Road is open. First, the blueprint of the Belt and Road is open. China has taken the lead to propose the Belt and Road cooperation initiative and actively promoted its construction, but the blueprint of the Belt and Road is not completed, nor is it fixed. Therefore, this initiative is not an affair for China only, but a cooperation platform for partners. Presently, although some of the plans are mainly proposed by China, plans may be proposed in the future by other countries including the European countries, or proposed jointly by parties concerned. Second, the scale of the Belt and Road is expanding. In future, the Belt and Road initiative will not be confined only to Eurasia, but may extend to the Southern Pacific, Africa and Latin America. Moreover, the interconnection and interworking will not be limited to land, air and sea transportation, but include electronic communication, energy and networks. Third, the cooperation projects involved in the Belt and Road initiative feature growth. China's well-known writer Lu Xun once said, "there is no road in the world, but too much walking makes a road." The same is true of the Belt and Road, as many of the cooperation projects involve infrastructure construction, which calls for huge investment and long periods of construction. Although these projects bring indirect impact on the economic growth of the countries along the Belt and Road, they will lay a solid foundation for their future growth and development, and give a full play to their development potentials. As a result, we must look at many of the cooperation projects involved in the Belt and Road from a longer and growing perspective, and these projects will produce long-term benefits rather than short-term ones, so we must be patient and remain composed, pinning our eyes on their growth potentials. For example, the China-Europe scheduled freight trains started in March of 2011, running an accumulated total of more than 8000 trains, with 61 domestic lines and 43 cities involved in China, while reaching 41 cities of 13 European countries. At the beginning, for every 4 containers shipped by the China-Europe scheduled freight train to Europe, there was only one container shipped back to China from Europe, and now the ratio is less than 2 to 1; while the 12-day one-way transport time will hopefully be reduced to 8 days.³ The development of the China-Europe scheduled freight train in the past years has indicated that the Belt and Road cooperation is growing.

II. The Feasibility for China and EU to Strengthen the Belt and Road Cooperation

The China-EU cooperation has been well grounded, while the openness of the Belt and Road has determined cooperation between China and Europe by way of the Belt and Road will enjoy broad and bright prospects. The Belt and Road initiative is not intended to sacrifice the interests of one party for the benefits of another, but rather trying to achieve the effect of 1 plus 1 > 2. It is quite likely that China may be better benefitted on certain projects, while on some other projects China's cooperation partners may be better benefitted. Just as President Xi Jinping stressed China will "lay equal emphasis on righteousness and interests" in its

³ People's Railway Net: "the China-Europe scheduled freight train runs more than 1000 trains this year", posted on March 30, 2018, and accessed June 21, 2018, <http://www.peoplerail.com/rail/show-456-374633-1.html>.

foreign policy, China has never maltreated its cooperation partners, as China upholds a long-term point of view and insists on win-win cooperation.

Firstly, the China-EU cooperation has rested on a sound political foundation. China and Europe are far apart geographically, but it also means there is no direct geopolitical conflict between the two. China has always appreciated the efforts made by the EU in its integration, while firmly supporting euro during the European debt crisis. This is because China and EU play important roles in global governance, and share many similar views on global affairs. For instance, both China and EU support multi-polarization, respect free trade under WTO rules, and especially they advocate resolving international conflicts through dialog and consultation. In 2013, China and the EU established comprehensive strategic partnership, which is now 15 years of age, while the China-EU leaders' meeting mechanism has been set up for 20 years. In the age of post financial crisis, global governance is met with multiple difficult problems, calling for joint response of China and the EU. Although China and EU are at different stage of development and hold different views on certain issues, they have always maintained certain degree of political mutual trust, focused on the overall situation of cooperation, and persisted in dialog and cooperation, which is exactly the political basis for both parties to strengthen cooperation under the Belt and Road initiative.

Secondly, the China-EU cooperation has rested on a sound trade and economic foundation. The European countries are close trade and economic partners of China and EU is also China's biggest export market, while EU is in possession of many world-famous large corporations, advanced technologies and products. At the same time, EU has been an important external driver for China's reforms and opening up. Moreover, as a region with highly developed economy, EU has quite some successful experiences in innovation and sustainable development, which are well worth China's learning and referring to. In addition, China and EU have made many satisfactory achievements in trade and economic cooperation on the sub-regional level, especially with the "16 plus 1" cooperation mechanism producing more and more good results. In 2017, China's trade with the 16 Central and Eastern European countries reached US\$ 67.98 billion with a 15.9 percent increase compared with the previous year, and faster than the average growth rate of China-EU trade.⁴ In addition to cooperation with the Central and Eastern European countries, China has started tentative and sub-regional cooperation with the Northern and Southern European countries. All of this will be an important pivot for the China-EU cooperation under the Belt and Road initiative, and a good supplement to the overall China-EU cooperation.

Thirdly, the China-EU cooperation has rested on a sound cultural foundation. Both China and EU have glorious civilizations. The Chinese are fond of European history and culture, in favor of European literature and art, and particularly like European fashions, while there are, of course, many friendly personages in Europe who are acquainted with China and making unremitting efforts to promote the China-EU cooperation. So to speak, this friendship offers a cultural basis for China and Europe to achieve mutual understanding, mutual respect, and friendly consultation under the framework of the Belt and Road initiative. If EU plays a more

⁴ Xinhua Net: "China's trade with 16 Central and Eastern European countries grew by 15.9 percent on a year-on-year basis in 2017", posted on June 1, 2018, and accessed June 21, 2018, http://www.xinhuanet.com/2018-06/01/c_1122926420.htm.

active part in the construction of the Belt and Road, it will not only set good examples or make demonstrations that help other countries to deepen their cognition and understanding of the Belt and Road, but also add more cultural elements to the Belt and Road cooperation, which is conducive to raising EU's influence so as to add more contents to the overall China-EU cooperation.

Fourthly, both China and EU are faced with arduous task of reforms. Since the financial and debt crises, EU has been beset with many serious problems, such as populism is on a big rise, the UK is exiting from the EU, the National Front of France and the AfD of Germany are rising, a referendum for independence was held in Spanish Catalonia, and Italy has established a coalition government with certain populist colors, all of which indicate that some European countries including the EU are confronted with huge challenges. Just as mentioned above, the issue of development needs to be resolved by development, while development calls for persistent reform and innovation. For China, reform and development are primary tasks in the future. The 19th National Congress of the CPC has proposed clear objectives for this, and the coming few years will be a critical period for China to build a moderately prosperous society in all respects and also a decisive moment for China to realize the Chinese Dream of national rejuvenation. Therefore, reform is equally important and pressing for both China and EU. The Belt and Road not only provides the world with a new approach to resolve the problems faced, but also offers an opportunity for China and Europe to promote their respective reforms.

Fifthly, The China-EU cooperation is conducive to cracking the security nuts. The construction of the Belt and Road involve many projects with a huge amount of investment and relating to many countries, which call for great support of the governments concerned. If the European countries can give a full play to their traditional influence over the countries along the Belt and Road, and China and EU engage in close political cooperation in this respect, it will not only lower the security risks of these projects to some extent, but also increase the transparency and help to rid some people of their misgivings over China's strategic intentions. Taking the AIIB with many European countries joining in for example, since its establishment, China's policy-related loans to the countries along the Belt and Road have much reduced, while loans provided by the AIIB have greatly increased and the source of the loans has much diversified in a mixed way.

Rome is not built in one day, nor is the Belt and Road, which is an open and growing endeavor, and whose blueprint for cooperation calls for China and its partners including those from Europe to draw together and problems need to be resolved through mutual consultation. In this respect, Europe has doubtlessly its unique part to play. So to speak, it is feasible for China and Europe to strengthen cooperation under the Belt and Road initiative.

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